

PRICES - CONTROLS & CONVENTIONS

1992

UK demands justice on killings

LONDON — Britain has applied extreme pressure on the Angolan government to track down the killers of four British tourists murdered there last week

A spokesman for the Foreign Office said that the British charge de affaires in Luanda held urgent talks with the Angolan foreign ministry yesterday

The authorities were asked to "investigate, report and bring to justice those who were responsible", said the spokesman

He said it was too soon to speculate about who was responsible for the killings in southern Angola on Friday. The tourists were travelling 300 metres from an approach road to a camp for former Unita rebel soldiers when they were ambushed

Sapa-Reuter reports from Abidjan, Ivory Coast, that Angolan opposition leader Jonas Savimbi said at a media conference there yesterday his former rebels were not responsible for the deaths

But the Unita leader also said he did not think it was wise for foreigners to travel in a country which had just ended a civil war

"While I deplore the killing of tourists, it is not the time to generate tourism in

VICTORIA HOLDSWORTH

Angola," Savimbi said. "We have just finished 16 years of civil war"

Seven Britons were travelling in three Land Rovers when they were attacked near Quilengues in Angola's southern Huila Province. One of the three survivors was shot in the legs

Dr Mercedes Mackendrick, 25 and her boyfriend James Pilbeam, 27 were said to be making their way to Cape Town through Zaire and Mozambique.

Dr Caroline McGuinness, a flatmate of Mackendrick said she had received a letter from her friend in which she had described the fighting in Zaire. In it, Mackendrick said other travellers had persuaded them to use the 'safer' Angolan route

The other two murdered Britons were named as Andrew Chandler, 31 and Paul Couchman, 28.

Savimbi suggested former government troops might be to blame. He claimed 40 000 of them had left encampment sites and many had not been paid. — Sapa-Reuter

Anglicans do not oppose Sunday trading

ANGLICAN authorities say they are not officially opposed to Sunday trading

This follows a recent decision by UK Anglican Church commissioners to try prevent big stores from trading on the Sabbath

Sapa reports that commissioners who administer the Church of England's £2.5bn investment portfolio wrote to major supermarket and retail chains, in

ANDREW KRUMM

which the church is a major shareholder, deploring Sunday trading

Church of the Province of SA provincial executive officer Father Rowan Smith said his church held no official view on the matter. He said a recent circular among senior Anglican officials found a divided response. Views ranged from

the orthodox religious viewpoint towards more "liberal" values

Smith said there had been consensus among all church officials that family life should be protected and store workers not forced to work seven days a week.

He believed Sunday trading would not erode traditional Christian values as individuals had a choice. Smith said he was opposed to Sunday liquor trade

HARMFUL PRACTICE (245)

Baring teeth FM 10/11/92.

The Harmful Business Practices Committee has closed an operation which advertised that it could guarantee five-year transport contracts that would net respondents R14 000 a month for every truck they put on the road

The scheme was operated by Riaan Coetzee, of Halfway House, Transvaal, who was stopped from trading and advertising for three months in terms of the Harmful Business Practices Act. The three months ended on December 20 and he is technically free to continue his enterprise, which the committee describes as one of the most ingenious and profitable business practices on record.

David de Villiers Graaff, Deputy Minister of Trade, Industry & Tourism, has however signed an order authorising the committee to stop Coetzee from trading completely. A notice will appear soon in the *Government Gazette*

The committee is investigating five similar operations. It also recently put an end to a fraudulent offer to help hard-up people pay their debts ■

LICENSING LAWS CHANGED TO BOOST TRADE —
BUT CITY OFFICIALS FEAR A BOOM IN WAR LORDS

A new deal frees small businesses

(245) ~~scribble~~ S/Times (CM) 12/11/92

By EVELYN HOLTZHAUSEN

SWEEPING changes in business licensing laws have done away with red tape, freeing certain categories of the need for licences, and opening the way for the growth of small enterprises and informal trading.

But some councillors and officials are worried that the deregulation may lead to a free-for-all

The new legislation is embodied in the Business Act passed during the last session of Parliament and is being phased into effect from January 1

The new laws have been welcomed by the Small Business Development Corporation, businessmen and informal traders — but have come under fire from councillors and council officials who believe they will lead to a dramatic loss of council revenue and control over business in Cape Town

Many also fear that the move could open the way for the "rule of the gun" like the bloody warfare over routes that followed the deregulation of the taxi industry

"I think we are in for a whole heap of trouble — at least until things settle down," said the city's business licensing officer, Mr Henry "Boet" Windell.

No control

"We could get into a situation where some traders in a particular area attempt to eliminate their competition through strong-arm tactics, as in the taxi war

"In the past we could limit the number of traders in the same business in a particular area

"Now there is no control other than market competition"

Mr Windell said problems could also arise for the Receiver of Revenue as the council helped him keep track of licensed businesses by forwarding him lists

"The Receiver will now have no record of the establishment of new businesses," he said

"On the positive side, more people will find it easier to establish their own businesses and earn an income."

Mr Windell's fears were shared by Mr Leon Markovitz, chairman of the city's Utilities and Works Committee

"It means we have lost control over a large sector of business in Cape Town," he said

"We will also lose revenue and have no formal record of exactly what business are operating in the city This could open the way for an unsavoury element to begin trading in areas where we do not want them, such as near primary schools"

The regional manager of the Small Business Development Corporation, Mr Wolfgang Thomas, said the corporation welcomed the new laws

"I believe much of the credit for the implementation of the new legislation is due to the efforts of the Small Business Development Corporation

"There is no doubt that it is a dramatic breakthrough

"There are still lots of 'ifs' and 'buts' which will cause a lot of tension but, on the whole, deregulation and the cutting of red tape to make it easier to establish a business must be welcomed"

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"There are still lots of 'ifs' and 'buts' which will cause a lot of tension but, on the whole, deregulation and the cutting of red tape to make it easier to establish a business must be welcomed"

The opportunity for the "gross abuse" which had taken place under the licensing system — particularly in township businesses — had been largely eliminated, Mr Thomas said

He dismissed fears that the new laws would lead to a drastic loss of council revenue

In terms of the entire budget, the money lost was "peanuts", he said

Forces

He agreed that the new laws could lead to over-trading and "mafia-style" protection rackets. These could include high-street shoot-outs between competing traders and traders resorting to enlisting the help of "war lords" to ensure their businesses survive.

"We live in a complex society, but in the end I think market forces will prevail and things will settle down," Mr Thomas said

The changes are intended to remove much of the red tape that impeded the launching and growth of small businesses

The legislation has had the effect of repealing between 60 and 80 local ordinances governing business activities

The statutory requirements that remain deal essentially with health and other by-laws, including those concerned with areas of trading, town planning and safety and noise regulations

A list of prohibited areas where trading will be banned is to be published by the Administrator in February or March.

Who needs business licences? — Page 3

Riaan Coetzee damned for harmful business practices

Govt bans trucking tycoon

By June Bearzi
Star Line

Controversial and flamboyant "trucking king" Riaan Coetzee has been banned outright by the office of the Minister of Trade from operating his multimillion-rand trucking and cartage ventures. The ban took effect on Fri-

day and follows a month-long saga initiated by Star Line in which Mr Coetzee failed to stop The Star publishing its findings after an in-depth probe into his Midrand ventures named Truckkor, Conomy, Contruck and SA Rebuild.

An official probe has also revealed that Mr Coetzee raked in about R16 million and that not one of his 250 clients made a profit.

David Graaff, Deputy Minister of Trade and Industry, confirmed to Star Line from his Cape Town offices that he had decided to outlaw Mr Coetzee's operations following a damning report received from the Harmful Business Practices Committee.

Mr Coetzee had come under heavy fire from dozens of financially devas-

tated clients who told Star Line they were cleverly ensnared in his complex trucking ventures.

Crushing blow for truck king — Page 13

He has been described as a "big-spender" and "smooth talker". He lives in a hilltop mansion and owns an

R245 million stable of luxury cars

He is said to use his Mercedes sports as a runabout and drives his Ferraris, Bentley, Lamborghinis and Porsche on more formal occasions.

Mystery still surrounds a black Lamborghini Countach he drives. It is registered in the name of a former client, Robbie Nicholls, who com-

mitted suicide four years ago

While Mr Coetzee is said to live the high life and to surround himself with beautiful mini skirt-clad women, his clients say they have endured heartbreak and lost homes and life savings.

A Dutch immigrant family who arrived in South Africa with R450 000 said they were

reduced to begging Mr Coetzee for money to feed their starving children after investing in his scheme.

Although Star Line and the Business Practices Committee tried on several occasions to get Mr Coetzee to state his case, he refused.

He even ignored a summons served on him by the committee to appear before it.

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Govt must drop protectionism, says foundation

THE southern African branch of the International Freedom Foundation has slammed SA's "protectionist" economy, criticising its maintenance in a report released yesterday.

The report from its Johannesburg branch argues that protection of local industries and products has led to spiralling prices, inflation, unemployment, misallocation of resources, skewed economic development, creation of monopolies, and to a generally sluggish economy.

It cites as an example an agreement between the SA Tea Council and local packers — requiring local packers to take 54% of their requirements from local crops — which has increased the price of a cup of tea for the consumer from 3,5c to 5c; and says that while protectionism has led to South Africans paying R2 800 a ton for PVC polymers, the world average price is R1 300 a ton.

Because the local economy has failed to substitute many items despite government's efforts to make SA self-sufficient, both industry and the consumer are often forced to buy imported goods, which, because of import tariffs, are more expensive than they need be, it says.

Indirectly, the consumer also has to pay more through high taxes to subsidise local industries

"In short, the consumer ends up paying twice, and sometimes even more — particularly when an already protected, high-priced product is used in the manufacture of other items," the report says

It recommends that SA abandon attempts to compete with cheap foreign products, and says it should rather develop a niche in those areas of the market in which it has a comparative advantage — Sapa

Emergency water supply on tap for eastern Cape

THE drought-stricken eastern Cape could be supplied with water from the Orange River within six months, says the Water Affairs and Forestry Department.

While the PWV was under no threat of a water shortage, the eastern Cape and northern Transvaal would need good rains soon to avert a crisis.

The Paul Sauer Dam, which supplies water to Port Elizabeth and Uitenhage as well as irrigation to farmers in the Gamtoos Valley, is 18% full, while the Njelele Dam in Venda is only 10% full.

Crops cultivated below the 53-million cubic metre Njelele Dam needed constant water and the dam level had dropped rapidly.

The department said under an emergency scheme first proposed for Port Elizabeth and surrounding areas in 1989, water was to be pumped from the Orange River into the Sundays River to replenish the Paul Sauer Dam.

The temporary pumps and treatment works were still on standby, and could be installed at short notice.

However, as the cost of running the scheme was carried by end-users, the measures would be implemented only if the water supply worsened "considerably"

PAUL ASH

At the moment, the most cost-effective measure was the imposition of water restrictions

Meanwhile, a permanent scheme to supply water from the Orange River was expected to be completed later this year

Water supply to the PWV area was assured by the 2 617-million cubic metre Sterkfontein Dam. It supplies water to the Vaal and Bloemhof dams, which are currently about 53% and 47% full.

The deep Sterkfontein Dam, fed largely by run-off from the surrounding Drakensberg, had a smaller surface area than the Vaal Dam and lost less water through evaporation. It is 97% full.

Rainfall for the PWV during January was 113mm, down on the long-term January average of 131,9mm.

Water consumption on the Witwatersrand has not increased significantly, Rand Water Board PR Louise Fourie said yesterday.

"We are not really worried at this stage," she said, although a protracted drought could affect the board.

Drought to be debated in Parliament

CAPE TOWN — The drought in large parts of the Republic is to be debated in the House of Assembly today as a matter of public importance.

The House's Order Paper showed the debate was proposed by CP chief whip Frank le Roux.

Agriculture Minister Kraai van Niekerk is scheduled to visit the drought-stricken summer grain-producing areas early next week.

He expressed concern about the critical situation in the Free State and Transvaal in particular.

The SA Agricultural Union is to discuss the gravity of the situation with the Ministry of Agriculture at a meeting scheduled for February 14.

The Red Meat Producers' Organisation warned producers could face serious problems unless it rained soon — Sapa

Harvesting to

New deal on business licences

CAPE TOWN — Most businesses no longer have to apply for trading licences in terms of new legislation

The Cape Provincial Administration says in a statement that only certain business, such as restaurants, nightclubs, theatres, escort agencies and massage parlours, still require trading licences in terms of the new Business Act.

Licensing of businesses

will in future be regulated directly by the provincial administrations.

The Licensing Ordinance had been repealed and the Trading Hours Ordinance had been amended to remove restrictions on business hours during the week. The ban on trading on Sundays and religious holidays, however, remained in place

The Business Act limited the right of local

authorities to withdraw or refuse trading licences at their discretion and aggrieved applicants could now appeal to the Administrator

Trading licences for hawkers could be refused only if the applicant's licence had been withdrawn during the preceding 12 months. Licensing authorities could no longer limit hawkers to certain stands or require them to operate at a certain distance from other businesses. — Sapa

Regulatory bodies blamed for food price inflation

STAR 27/2/92

By Sven Lunsche

The SA Chamber of Business (Sacob) has blamed "obvious intrusions into the food industry by statutory marketing organisations" for the escalating food prices

In its submission to the Board of Trade and Industry committee, currently investigating the reasons for soaring food prices, Sacob also rejects the notion of a price cartel between the major retail groups.

"The retail industry is merely passing on price increases of the products supplied to them," Sacob says

Sacob makes no mention of recent claims that a cartel of three major wholesalers and distributors of meat products was partially to blame for the hike in prices

The majority of food retailers and wholesalers are members of Sacob

Sacob's submissions to the BTI are summarised

in the chamber's latest newsletter

Sacob is sharply critical of the direct intervention in the marketing of agricultural commodities through the Marketing Act, which "has both discouraged competition and promoted a high degree of concentration in the food processing industry"

Numerous regulatory measures have been introduced for controlling the marketing and processing of food and over twenty commodity boards operate with varying degrees of power, Sacob says

"None is designed to promote competition and, in essence, they have led to the protection of the inefficient through a centrally determined price for production"

Sacob singles out a number of other factors which need to be addressed in order to find a

long-term solution to food price rises

- Labour productivity — a slow rate of productivity growth causes prices to accelerate

- Crime-related costs and shrinkage, which account for up to two percent of turnover in the retail industry

- Adjustments to the delivery and reception mechanisms

- Transport costs, which have a high impact on prices

Sacob has serious misgivings over the methodology employed in compiling the Consumer Price and Producer Price indices and doubts whether it is possible to compare the two indices

Turning to the retail industry, the chamber says the retailers' position at the end of the food chain makes them the inevitable "whipping boys" of the public

More than any other factor, they are sensitive to price

At the retail level, the food industry is in a state of permanent price war where no company can be out of line with its major competitors

"An examination of the balance sheets of the four major retail groups over the past three years reveals that none of them showed a profit before tax in excess of three percent," Sacob says

The chamber is unequivocal "in its support for the elimination of impediments that curb competition" but stresses that food price increases are not the cause of inflation, but the indicators of it

"The true cause of inflation is a complex set of factors which include an inflexible approach to interest rates, an inability to contain government spending and the inflationary expectations attuned to the evidence of the past 15 years," Sacob concludes

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Business bodies to act on new law

Sowetan 5/3/92

245

THREE business organisations are to embark on a massive campaign for the speedy implementation of specific clauses in the new Business Act, to come into effect later this year

The Small Business Development Corporation

(SBDC), African Council of Hawkers and Informal Business (Achib) and Foundation of African Informal Business (Faibs) say some local authorities are opposed to the new law

The Act, published in May 1991, has been de-

layed in many of the Conservative-Party controlled towns

It repeals trading licences for all but three of the 60 to 80 different categories of business for which they were previously required. It also removes all restrictions on trading hours from Monday to Sunday and allows hawkers, apart from a few prohibited areas, to trade anywhere.

SBDC's managing director Dr Ben Vosloo has expressed concern over the delay in the implementation of the Act and said "We have played an integral role in lobbying for the removal of unnecessary regulatory constraints which add to the burdens of starting and running business."

The corporation was concerned, however, Vosloo said, about some of the provincial regulations which have been published for comment as they seemed to be going against the spirit of the new Act.

Achib president Mr Lawrence Mavundla, said that the Act would make the "poor to become rich" and create jobs. He explained that in terms of the Act, no licences were required for people who wanted to start business.

Faibs general secretary Mr Ngebulana Mhlangabezi said the repeal of the Act was necessary if underprivileged people were to create jobs for the community.

UNIT TRUSTS

General Equity Funds	Buyers	Sellers	Yield
BOE Growth	140.92	131.68	4.79
Fedgro	121.89	113.81	7.89
CU Growth	115.61	107.93	5.49
Guardbank Growth	2337.38	2188.25	5.40
Momentum	238.26	222.90	4.99
Metfund	185.33	172.62	3.61
Metlife	117.23	109.58	n/a
NBS Hallmark	893.29	834.28	6.86
Norwich NBS	337.45	315.14	6.88
Old Mutual Investors	2832.38	2641.68	4.23
Safegro	131.15	122.61	5.36
Sage	2440.07	2277.14	4.58
Sanlam	1662.72	1552.28	4.68
Sanlam Index	1292.64	1207.40	4.38
Sanlam Dividend	453.14	422.80	5.13
Senbank General	121.88	113.67	13.23
Southern Equity	186.40	174.39	5.06
Standard	1112.44	1045.69	7.35
Syfrets Growth	270.48	253.14	4.59
Syfrets Trustee	116.30	109.01	n/a
UAL	2018.98	1891.68	5.14
Volkskas	137.92	129.03	6.95
Specialist equity Funds			
Guardbank Resources	148.13	138.69	5.57
Sage Resources	117.69	109.88	7.28
Sanlam Industrial	969.22	905.47	3.70
Sanlam Mining	305.61	285.32	5.50
Senbank Industrial	1245.34	116.97	11.74
Southern Mining	136.78	127.97	5.60
Standard Gold	178.99	167.65	7.27
UAL Mining and Resources	378.91	354.56	5.01
UAL Selected Opportunities	1717.41	1606.03	4.25
Old Mutual Mining	249.26	232.12	5.45
Old Mutual Industrial	359.09	334.51	4.15
Old Mutual Gold Fund	114.99	106.99	5.71
Old Mutual Top Companies	246.26	229.65	n/a
Income/Gilt Funds			
Metboard Income	99.09	98.05	17.61
Guardbank Income	112.55	110.24	16.75
Old Mutual Income	106.84	105.68	14.85
Standard Income	93.25	92.26	14.83
Syfrets Income	105.83	104.77	15.12
UAL Gilt	1132.69	1121.37	14.63

HELPING YOU MAKE THE MOST OF THE STOCK EXCHANGE



FM 13/3/92
& Technology June 28) (245) ~~1571~~

These changes should have been made by the beginning of this year, but only the Cape Province has implemented the Act so far

Supporters of the Act now fear that not only are the provincial authorities dragging their feet, but also are attempting to thwart the Act's purpose Says Small Business Development Corp (SBDC) MD Ben Vosloo "We are concerned that some provincial regulations that have been published for comment go against the spirit of the new Act"

Law Review Project executive officer Louise Tager admits that there is an impasse, but says the other three provinces have agreed to approach President F W de Klerk for interim relief "The plan is to have a proclamation signed that will immediately exempt traders from licensing their businesses while the authorities sort out the technicalities of implementing the Act" She explains that, without such relief, traders still can be prosecuted for operating without a licence, though the Act has scrapped most licence requirements

"The delay means that entry into the economy is being stopped at a time when we can least afford it"

Opponents of the Act argue that licensing provides a necessary control over businesses by ensuring compliance with health, town planning and other laws They are particularly concerned that deregulation of the informal sector will cause chaos and threaten established businesses The provinces also are not keen to lose licensing revenue

Tager stresses that the Act still ensures

DEREGULATION (245) ~~1571~~
FM 13/3/92
Bureaucrats revenge

Last year, parliament passed the Business Act to deregulate trading By scrapping trading licences for most businesses, lifting restrictions on shop hours from Monday to Saturday and allowing hawkers greater freedom, government hoped to give the informal sector a big boost

But, one year later, many of the hurdles that the Act sought to remove still remain The problem is that the drafters of the Act gave the provinces a hand in implementing the law and like bureaucrats everywhere, provincial officials also took an arm and leg The Act cannot become fully operational in a province until the provincial administrator publishes certain regulations and repeals the ordinances mentioned in the Act (*Business*

FM 13/3/92

discipline without interfering with freedom of trade She says the Act removes barriers to entry into the economy without affecting existing laws, for example, liquor laws and residential trading laws Tager, who made substantial proposals when the Act was drafted, suggests that while the Act rightly prevents hawkers from blocking entrances to buildings and public walkways, confining them to a demarcated area would deny the reality that street trading is here to stay

Certainly, most of the fears about the Act are unfounded Trading licences are still required for the preparation and sale of foodstuffs, except where food is prepared and sold in a private dwelling or farm stall, or on private land Also still regulated are escort agencies and similar businesses However, licences no longer have to be renewed annually

The Act still restricts trading on Sundays to certain goods, except for Natal Hawkers who fail to remove their goods from a prohibited area may have their goods impounded, but the goods can no longer be confiscated or destroyed as before

The SBDC vows to continue campaigning against regulations that unnecessarily restrict small businesses Says the SBDC's Johan Naude "Next we hope to see the enactment of one set of standardised health regulations for the manufacturing, distribution and selling of foodstuffs to replace local

health by-laws that now require compliance with costly standards in terms of equipment and premises"

The SBDC also would like to see an end to the control exerted by the Marketing Boards over small and medium enterprise producers and traders

(245) ~~1571~~

Bid to get details of 'secret' grants

Monday 20/3/92

LEADING members of SA's engineering fraternity are demanding that Trade and Industry Minister Derek Keys lift the veil of secrecy covering 84 projects paid for with taxpayers' money in the form of non-repayable grants to private companies.

Engineering News reports this week it has sent a 400-signature petition to Keys demanding details of 73 projects on which about R41,6m of taxpayer's funds have been spent so far, and for which another R200m has been earmarked over the next five years.

The publication's editor Martin Creamer said in a statement yesterday that for more than two years Engineering News had requested the names of companies which had received, and would receive, non-repayable grants. So far only sketchy details of the spending of R2m on 11 projects had been forthcoming.

The petition, it was hoped, would elicit further information on the remaining 73 projects. Creamer said the 11 recipients known so far had claimed only "puny amounts".

"Our objections centre on the refusal by government to allow a free flow of information relating to state expenditure, to the fact that the identity of recipients is revealed to taxpayers only when the 'final milestone payment' is claimed," he said. If recipients did not claim the "final milestone payment", then their identities might never be known, he added.

Department of Trade and Industry chief director for technology and industrial strategy Hennie Smith said

LINDEN BIRNS

last night the funding was part of the Innovation Support Scheme for Electronics, announced two years ago.

Through the scheme, Trade and Industry undertakes to put up 50% of the development costs of a project, provided the project was for a new invention which would give a local company a competitive edge in domestic and foreign markets.

"We cannot disclose project details as then competitors would hear about the projects, and the entire purpose of the support scheme would be defeated," Smith added.

Because Trade and Industry was providing only 50% of the development funds (in fact, it has given up to only 37% in the past), it did not have the right to disclose project details. That was the prerogative of the firm undertaking a specific project.

Smith said funding was made in the form of non-repayable grants instead of on a loan basis for two reasons.

Firstly, a similar scheme in France, which operated on the basis of grants being repayable if projects were successful, and written off if they failed, encouraged some firms to declare their projects failures. They would then enter the market with a derivative product, and thus avoid having to repay the grant.

Secondly, SA's Treasury was able to recoup the grant outlay through company and other taxes on the profits of successful projects, and was able to obviate spending on unnecessary red tape and project policing activities, said Smith.

Luxury hospital opens in Bop

KATHRYN STRACHAN

A R25m luxury private hospital, financed by the Sefalana Employees Benefit Organisation (Sebo), opened earlier this week in Bophuthatswana, near Rustenburg

Hospital director Gavin Stassen said the Ferncrest Hospital at Tlabane was built in Bophuthatswana because it was "impossible" to get a licence in SA for a private hospital

According to MD Dr Jack Shevel, 230 000 people in the immediate vicinity of the Ferncrest were serviced by one state hospital and a small private clinic in Rustenburg

Another reason for siting the 120-bed hospital in the area was to tap the substantial pool of local skills

"Most of the 140 nursing posts have gone to trained staff from Rustenburg. All wage-paying jobs in ancillary sections went to locals

"Our policy at all times is to give local job-creation top priority," said Shevel

The venture had also provided investment opportunities, Shevel said, with 43 local doctors of all races taking a total 60% shareholding in Ferncrest

Although the present occupancy was mostly white, Stassen believed the hospital would attract black patients as many people in the area were covered by medical aid

He said Bophuthatswana's largest medical aid society, Bopmed, had grown by 300% in the last six months

Local authorities to rule on Sunday films

CAPE TOWN — Local authorities will soon be able to decide whether cinemas may show films on Sundays, according to Justice Minister Kobie Coetsee

Replying to a question from Houghton MP Tony Leon yesterday, the Minister said it had been accepted in principle that the power to regulate on this issue should be devolved to provincial or local level

He said consideration was now being given to a framework for this

Discussion

The Minister said he had conducted "numerous discussions" with members of the industry on the issue of showing films commercially on Sundays and the possibility of devolving authority for this to local level had been raised

This was already happening with various other Sunday activities, which were regulated by provincial and or local enactments

Replying to a supplementary question from Leon who noted that there was a cinema in Goodwood, Cape Town which was already showing films on Sundays, the Minister said that this supported his approach "that a local authority was in the best position to gauge the sentiments of a local community"

Replying to a second question from

Political Staff

Leon, the Minister confirmed government was considering changes to gambling legislation governing operation of casinos in SA

He said it had been pointed out last year that

Gambling and lotteries purely for material gain were unacceptable and remained illegal,

There was cause to investigate the legalisation of games of chance as funds were raised for health, welfare and educational institutions this way, and

The case for fund-raising competitions in which chance played a role and which is controlled by the state had not been made yet

The Minister said government would approach the matter very carefully and would not take any steps before having all the available facts, and having consulted the churches

He said his department, and that of National Health and Population Development, were in the process of preparing a Green Paper, in which proposals for amendments to the Gambling Act would be made

The Green Paper would be published and interested parties would be afforded the opportunity to comment

Heel-drag Over Act

STIMES (BUS) 22/3/92 245
By CIARAN RYAN

PROVINCIAL authorities are dragging their heels over the implementation of the New Business Act, which scraps the need for business licences in all but three of about 80 business categories.

So far only the Cape Province has implemented the provisions of the Act relating to licensing. The Act is fiercely opposed by local authorities, as it spikes their control over informal business activity, forcing them to open their CBDs to informal traders.

Gone will be the days of traffic officers confiscating and destroying traders' goods for bylaw infringements, once the law is implemented in all provinces.

Also scrapped is the right of law-enforcement officials to force traders to move for settling too long in one spot, or to impose fines and withdraw business licences. Gone, too, is the right of city councils to declare areas of the city restricted to informal

traders.

The Act also removes all restrictions on trading hours from Monday to Saturday and allows hawkers to trade anywhere, apart from a few prohibited areas.

"This is an important piece of legislation," says Professor Louise Tager, executive officer of the Law Review Project. "It does not mean that the cities will become a free-for-all where anyone can do what he likes. Traders will still be subject to various controls, but it will make their lives much easier."

Overturn

"It is disappointing that the other provinces were not able to implement the law by January this year, as did the Cape," she said.

Local authorities fear that their CBDs will be overrun by traders, leaving them without recourse in law. Professor

Tager replies that the primary purpose of the Act is to remove obstructive legislation which made the lives of informal traders a misery.

In a recent study into the informal sector by BMI Industrial Consulting, it was revealed that local authorities were linking the issue of business licences to compliance with onerous bylaws, thereby emasculating small-business growth.

For example, anyone wishing to sell goods in Springs must live in the municipal area, making it virtually impossible for blacks to trade in the town.

Hawkers failing to comply with the local bylaws have had their business licences withdrawn by law-enforcement officials. Nelspruit forces hawkers to rent trolleys from the local authority at R2 a day, but provides only 42 trolleys, according to the report.

In contrast Johannesburg adopted a liberal attitude to informal-sector businesses — more than 61 000 hawkers' licences have been granted over the past three years.

According to the Johannesburg City Council, law-enforcement officials, instead of harassing street traders, are now helping them understand the law so that bylaws are observed. These laws prescribe where a trader may operate.

Entertainment

Under the new law it is illegal to trade 10m from a road, to obstruct traffic, pavements or entrances, or to sell goods outside a store selling the same goods without the permission of the owner.

In terms of the Act, only those businesses involved in food preparation, entertainment (discos, escort agencies, cinemas) and health-related activities such as gyms require licences.

Clive Mantle of BMI Indus-

trial Consulting welcomes the new law but says it has not been well received everywhere. "We phoned 30 municipalities and they were very upset that the new law meant that they had less control over their own areas."

Municipal bylaws still apply, but infractions of these laws have no bearing on the right of a trader to earn a living. Municipalities will now have to prosecute traders who break bylaws instead of issuing summary spot fines, confiscating goods or withdrawing licences, thereby creating a legal nightmare for law-enforcement officers intent on preserving order.

Deregulators have called for a waiver of health and safety laws, minimum wage regulations and a plethora of restrictive regulations which raise the cost of business entry for small entrepreneurs. In some areas, such as Soweto, these laws are widely ignored and township vigilance has impeded their enforcement by law officers.

COMPANIES

No merger, say FNB and Nedcor

MERVYN HARRIS
and SHARON WOOD

SPECULATION hotted up again on financial markets yesterday about a possible merger between FNB and Nedcor, but both denied there were plans to join forces

Nedcor CEO Chris Liebenberg said a merger could not be done without Old Mutual, because it was the majority shareholder in Nedcor and it was not looking for a buyer. FNB senior GM Norman Axten said the two parties had not spoken and had no intention of merging.

Speculation was bound to happen after the Absa/Bankorp merger, Axten said. FNB and Standard Bank were seen as unlikely partners and this left a possible Standard Bank/Nedbank merger or an FNB/Nedbank merger, and markets had settled on the latter.

The rumours first started circulating about a month ago after Absa announced it would be taking over Bankorp. While some

analysts initially scoffed at the suggestion, the persistence of the rumours has given credence to such a possibility.

An analyst said Anglo American would probably be happy to reduce its stake in the financial services sector. It had recently reduced its interest in FNB.

On the other hand, FNB would be favourably inclined to increasing its share of the home loan market through the Perm, which was part of the Nedcor group.

There could be cultural synergies between Nedcor and FNB, the analyst said. While Old Mutual would have to have discussions with Anglo's insurance-arm Southern Life, analysts pointed out that Old Mutual already had interests in all the major banks.

Immediate investment rush unlikely, says poll

Business Day Reporter

THERE has been a subtle post-referendum shift in sentiment towards investment in SA among UK investment brokers, according to a survey.

But while the referendum will provide impetus to the renewed global interest in SA, it is unlikely to galvanise institutions into immediate investment activity.

This has emerged from a snap survey of influential brokers by London communications consultancy Financial Dynamics.

James Capel broker John Taylor said SA was now increasingly viewed as a legitimate market. "The final moral impediments are now out of the way and the stigma of unacceptability has been removed," Taylor said.

But without exception, brokers did not expect the reform mandate to kick-start investment in SA immediately, the survey found.

Capital House CE Norman Riddell told Business Day yesterday there was still a lot of work to be done before SA could expect any significant inflow of funds.

Inflation remained a hurdle and the country could not expect any serious in-

vestment until government had addressed the problem, Riddell said.

Smith New Court analyst Steve Oke said there had not been a flood of activity into the market but the way had been cleared for investors to make informed decisions about SA.

The brokers surveyed were still looking forward to positive words from ANC leader Nelson Mandela regarding US investment.

"This, coupled with the clear positive message from the referendum, will provide the much needed boost of American interest. The frustration of still having American investment potential excluded continues to dampen the market," the poll found.

Investors could still take the view that the balance between risk and reward did not yet lie favourably. Although the attraction of the financial rand discount did not go unnoticed, liquidity was a serious hindrance and the market was considered expensive.

Govt slated for backing takeover

LINDA ENSOR

CAPE TOWN — Government action in overturning the Competition Board's ruling against the takeover by FSI of Arwa raised doubts about its commitment to the promotion of competition, Cape Town Chamber of Commerce acting president Herbert Hirsch said in a statement yesterday.

Government had counteracted the first major action by the board in recent years to combat monopolistic practices, as FSI's takeover of Arwa created a monopoly in the manufacture of women's hosiery, Hirsch said, adding that government should instead give the board its support.

EXECUTIVE SUIT

HELLO THERE JONATHAN HI
WE MUST GET TOGETHER FOR I



COMPETITION POLICY

The Arwa case

Government's decision this week to overrule the Competition Board and allow FSI to take over Arwa's ladies' hosiery division was interesting for three reasons

Firstly, despite all the rumblings from the ANC that it would break up conglomerates and put an end to monopolies, government allowed a purchase that gives a conglomerate, FSI, 99% of one market, ladies' hosiery. Secondly, for possibly the first time, government cast import competition in a positive light instead of in the negative light it always invokes when it is slapping on higher tariffs or imposing anti-dumping duties.

Finally, government not only overturned a board decision for the first time in five years, but the board's recommendation was a reversal of its own decision 15 months ago.

The board recommended that FSI should be forced to divest the Arwa acquisition on the grounds that it would create a horizontal monopoly. The board would have given FSI four months to make the sale, if a suitable buyer could be found — a requirement that was by no means a formality. FSI would have had to make monthly progress reports to the board

But government's decision does not mean that the "horizontal monopoly" will last for long. Public Enterprises Minister Dawie de Villiers, in making the announcement, said imports could enhance competition in the market by offering a "viable alternative source of supply"

So government will ask the Board of Trade & Industry to review the 15% tariff on hosiery imports. At the same time the Competition Board will monitor the market "to prevent any possible exploitation of a concentration of business activities."

Arwa, as the board explained in its report to government, was a failing company under threat of liquidation. The liquidator had to choose between disposing of Arwa's divisions separately or selling the company in one piece. SA Breweries considered acquiring the entire company but the liquidator believed that more money could be raised through piecemeal sales. Under this process, FSI bought the hosiery division for nearly R14m — cut from R25m after a large reduction in the book value of the assets and other adjustments.

In its first decision, in 1990, the board agreed to let FSI's purchase go ahead to maximise the proceeds from Arwa for its holding company, Tollgate, and its principal creditor, Senbank

But, this year, the board reopened the matter and reversed itself, citing complaints that.

- Arwa's assets had been valued at a far lower level than had been first expected,
- Other potential purchasers had been ignored; and
- FSI had abused its monopoly

But De Villiers pointed out that the

board's report did not justify the change of mind. He said the downward rating of Arwa's assets — as a result of investigations by two independent auditors — would have affected other offers. And he said that FSI's potential domination of the market could be countered by imports. ■

FISHING INDUSTRY

Unhooking the long lines

Fishermen who trawl for hake have finally won their long battle against anglers who catch the fish using long lines

Environment Affairs Minister Louis Pienaar has defined a long line as a fishing line with more than 10 hooks. This definition now allows officials of the Fishery Inspectorate of the Cape Provincial Administration to enforce the year-long ban against long-line hake fishing and to prosecute offenders.

The ban could not be carried out until now because there was no legal definition of a long line (*Business & Technology* February 21) FM 27/3/92

Long liners, who use lines up to 15 km long with a hook every metre, are catching thousands of hake in the rocky sea bottoms

continue

PUBLISHING TIE-UP

FM 27/3/92

One of the first fruits of last week's Yes vote in the referendum is a joint publishing venture between Times Media's *Leadership* and Britain's *First* magazines. In June, they will publish a major survey that will assess the chances of a democratic SA becoming the engine of growth in southern Africa and providing a buoyant market for British trade and investment.

In the normal style of both magazines, much of the material will consist of interviews with leading business and political figures in SA and Britain. They will discuss key issues such as nationalisation, the repatriation of dividends, and the honouring of international loans and agreements.

The publication will be called *Partnership* "to reflect the restored relationship between the political and business communities of both countries," says *Leadership*'s editor, Martin Schneider. At least 35 000 copies will be distributed in Britain and SA. The cost of advertising in *Partnership* will reflect the decision-making power of its anticipated readers. A full-colour page will cost R20 000.

First, which is a quarterly published in London independently of any major publishing group, is now six years old. Like *Leadership*, its editorial content consists largely of contributions from leading political and business figures.

Govt go-ahead for Sunday movies

245 Sunday Times Reporter 292

SUNDAY movies have been given the nod by the government — 10 days after Nu Metro was ordered to halt its popular Sunday shows at N1 city following a "single" complaint to police.

Both Nu Metro and Ster-Kinekor have announced that they will begin legal Sunday screenings from today at several cinemas throughout the Peninsula and at selected movie houses in Johannesburg and Durban.

But the announcement by Justice Minister Mr Kobie Coetsee takes the strict Sabbath observance laws into account by including a proviso that cinemas could show films on Sundays between noon and 5pm and from 8.15pm, to ensure that they did not interfere with church services.

ST Times 5/4/92
Although this permission only runs from April 5 to April 30, industry sources believe shows would be allowed to continue after this "experimental" period ended.

Mr. Coetsee's decision follows applications from Ster-Kinekor and Nu Metro.

"The views of the local authorities were a dominant factor in taking this decision. Due consideration was also given to the interests of the churches," said Mr Coetsee.

Cape Town cinemas which are to open from today are Golden Acre, Maynard Mall, Blue Route, Nu-Metro Claremont, Nu-Metro Stuttafords and Nu-Metro Sea Point.

Nu-Metro will show Sunday films at noon, 2.45pm and 8.15pm and Ster-Kinekor at noon, 3pm, 8.15pm and 10.15pm.

How government boosts unemployment

245

Early last year, Rex Williams bought a caravan and set up a general dealer's shop in his backyard, in a coloured township near Vryburg in the Cape Wilms — unemployed for nearly five years — ploughed his life's savings and a great deal of hard work into the venture. Business boomed for the father of two.

Then came some unwelcome attention from the municipality.

Williams was operating with a valid hawkers' licence but the municipality won an interdict in the Supreme Court against his operation in mid-December and halted his livelihood. The council argued that Williams' caravan operation contravened the Town Planning Scheme which prohibits trading from a residential site. Instead, the council wants him to trade only from a few remote areas, where, Williams argues, there is hardly any market.

Williams is appealing with the help of the Small Business Development Corp (SBDC), but, almost five months after he was forced to stop trading, he has no idea when the matter will be resolved. So he and his family wait patiently and survive on his wife's meagre earnings.

Government has taken several major steps in recent years to help entrepreneurs like Williams. In particular, the Businesses Act, passed last year, abolished trading licences for most businesses, lifted restrictions on shop hours and allowed hawkers greater freedom.

But regulations continue to harass small businesses, often blocking entry to the marketplace. Unnecessary laws still restrict the acquisition and use of land, and the production and distribution of foodstuffs and liquor by small businesses. Misguided usury laws also retard small businesses by capping the interest rates on loans at far below the level that banks can profitably lend to this sector.

Government bureaucrats, fearful that deregulation might end their jobs, also frustrate the reform process. In the case of the Businesses Act, President F W de Klerk has been asked to hasten its implementation to avoid further delays by foot-dragging local authorities.

This is illustrated by the Williams case, where a Supreme Court interdict was obtained despite provisions in the Businesses Act.

Says the SBDC's Johan Naude "Our current statutory framework is still bent on controlling and restricting access to business opportunities." Deputy Trade & Industry Minister David Graaf, however, stresses that government is committed to continued deregulation, though administrative bottlenecks are a problem.

Still, many argue that a stroke of the legislative pen would immediately free conditions for countless businesses and create

much-needed jobs.

In any economy, while large corporations get most of the attention, small businesses create a large percentage of the jobs. In SA, small and medium businesses contribute an estimated 45% to GDP, according to SBDC GM Ben Vosloo.

This sector can be stimulated in many ways.

Take for instance property ownership. While the demise of the Group Areas Act ushered in greater property ownership rights for blacks, the procedures and requirements for obtaining ownership are still complex, unrealistic and costly.

This is particularly so for an entrepreneur trying to acquire a business stand in a township. Says Naude "An applicant can obtain ownership only through a cumbersome method of tender, even where the applicant has occupied the stand for 20 years." He explains that there is a mechanism that allows the occupant the first option but this is subject to the cost.

"The administrator can intervene and allow the occupant's tender where this is lower than another tender. But the occupant's tender cannot be less than the cost of the property — an amount determined by the cost of services and the market value." In reality



Deregulation this entrepreneur could sure use some

this mechanism provides scant relief and much uncertainty.

Applicants must approach the administrator in a delegation — a lengthy and costly procedure that, at the end of the day, doesn't guarantee any success, he says.

Laws restricting the use and zoning of land also hamper many businesses. The mixed use of land — for residential and business purposes — is mostly prohibited and rezoning is costly, lengthy and usually unsuccessful.

An application to rezone takes an average of six months. Says Naude "We need a system that provides for the flexible usage of land for business and residential purposes. Successful economies rely on mixed usage,

with nuisance standards (such as for noise) acting as the only control measure." He points out that this was the route adopted by countries such as Taiwan, Japan, South Korea and Hong Kong.

The entrepreneur who manages to clear the first hurdles to find premises then faces a host of statutory controls regulating the production and sale of agricultural products.

Says Naude, "Almost 30 marketing boards control small producer and trader involvement in a manner that restricts competition and results in unnecessary costs." He suggests that quality control can take place without stringent controls on marketing.

Onerous health standards

The Law Review Project's Louise Tager says the standards imposed by health authorities also hamper small businesses. "Requirements are unnecessarily high and involve large capital expenses, effectively barring entry into the market."

But health authorities have long argued that the regulations are essential to ensure quality control on products and services. For example, a person wanting to start a food outlet must ensure the premises comply with rules on lighting, tiling, ablution and many other factors.

Naude says all that's needed is one set of standardised regulations for the manufacturing, distribution and selling of foodstuffs that would replace the various costly by-laws. "Regulations tend to overregulate by providing for every theoretical risk. Legislation needs to provide only minimal regulation. We can deal with the exceptions as they arise."

Tager says regulations to impose health requirements based only on cleanliness and hygiene are now under consideration.

Another area that restricts small business is labour law. Many of the hard-won labour gains enshrined in the numerous Industrial Council agreements hamper rather than help small businesses.

Naude points out that small businesses are disadvantaged by the centralised bargaining in forums dominated by larger businesses. "As a result, agreements impose requirements more suitable to big companies," Naude says.

He suggests that a differentiated approach is needed to cater for small businesses. In this regard, the proposals of the National Manpower Commission, published in last week's *Government Gazette*, go some way to alleviating the plight of small businesses.

Tager admits that mediation to encourage small business will always be at the cost of labour rights. She suggests an economic forum is needed to resolve this issue.

"It's a sensitive issue requiring debate and consensus."

Law on Sunday movies expected in months

245 STEPHANE BOTHMA

LEGISLATION enabling local authorities to decide themselves on the screening of Sunday movies will be tabled in Parliament within the next two months, a Justice Department spokesman said yesterday.

Earlier statements by Justice Minister Kobie Coetsee indicated it was unlikely that temporary permission would again be granted to cinemas to screen films on Sundays pending the passing of the new legislation.

At the time, Coetsee was adamant that he would not extend permission "on a weekly basis" until the matter was in the hands of local authorities.

A four-week trial exemption from the ban on Sunday film shows ended at the weekend.

Coetsee was expected to issue a statement clarifying the matter later this week, his department said.

"In terms of the current Act, the screening of films on Sundays and religious public holidays is prohibited, but the Act also makes provision for exemption to be granted if the Minister gives permission," the spokesman said.

Reform

Film distributors would have to reapply to the Minister for permission to reopen theatres on Sundays.

BILLY PADDOCK reports from Cape Town that the DP's newly appointed justice spokesman Tony Leon will take up the issue with Coetsee today.

In a statement yesterday Leon said he would attempt to persuade Coetsee "to extend this very necessary and long overdue reform".

Leon said the party believed the exemption and trial period should continue until Parliament had enacted the necessary legislation.

"It seems wrong in principle and practice to deprive cinema goers of the newly enjoyed right and freedom to go to movies on Sundays, something which tens of thousands of people have taken advantage of during the past three weeks," he said.

● Comment: Page 6

Tough govt stand on gambling

GOVERNMENT had accepted proposals for draft legislation that would clearly outlaw gambling for personal gain, Justice Minister Kobie Coetsee said yesterday

Introducing the debate on the Justice Vote, he also said he did not intend to extend permission for Sunday films until the new legislation came before Parliament *B10 am*

The departments of Justice and of National Health, in a document on proposed amendments to the Gambling Act, had suggested gambling and lotteries for pure personal gain were unacceptable and should remain illegal *30/4/92*

Coetsee said he was pleased to be able to say that this proposition — gambling in the true sense of the word was unacceptable — had been accepted by government

On the issue of Sunday films, Coetsee stood firm

He did not intend extending the present concession after it expired on April 30

"The relevant legislation is already ready and will be considered by Parliament very shortly," he said. — Sapa

Minister gets report on consumer codes

245
GERALD REILLY

PRETORIA — Harmful business practices are "pretty well" recognisable in all areas involving consumers, according to a report on consumer codes drawn up by the Business Practices Committee.

Presenting the 79-page report to Deputy Trade and Industry Minister David de Villiers Graaff at a function at the Reserve Bank yesterday, committee chairman Louise Tager said the codes outlined a new approach to consumer protection and could become an important educational tool for all South Africans.

The codes, which are designed to protect consumers, apply to advertising and trading in motor vehicles and furniture. B/Dam 1915792

The report said that while the codes were not automatically enforceable by law, this did not imply they were merely "well-intentioned expressions of good behaviour".

The sheer volume and value of transactions in motor vehicles and furniture meant that when harmful business practices did occur, they affected many consumers. But the report said business and harmful business practices were not synonymous.

It said there was a growing perception that the legal system did not achieve a fair balance in redressing consumer grievances.

Consumers who failed to pay their debts or who stole from businesses were dealt with harshly.

The committee believed the benefits of the general regulation of harmful business practices through a rigid regulatory regime were overshadowed by the benefits of a more flexible approach.

The committee plans to publish a general code on deceptive or unfair business practices.

PAC's plan to meet FW may lead to participation

THE PAC would shortly announce a meeting with President F W de Klerk that could serve as a prelude to PAC participation in elections for a constitution-making body, PAC deputy president Dikgang Moseneke said yesterday.

He said the meeting would be a follow up to talks held with the OAU and would be an attempt to involve "external interlocutors" in constitutional negotiations.

Moseneke said the PAC's major concern centred on the issue of neutrality during an electoral process. He said he saw a role for the OAU in ensuring neutrality.

The PAC was looking for an agreement on the sort of election that would be held and the functions of a constituent assembly.

"We do not believe that the par-

ties themselves can untangle the logjam," he said.

ANC president Nelson Mandela had already come round to PAC thinking in his call for international monitoring of violence and an international peacekeeping force.

The PAC pulled out of Codesa in the preparatory stage to press home demands for a democratically elected constituent assembly.

The PAC envisages a pre-constituent assembly meeting with government without becoming involved in complicated interim arrangements. Its stance puts it at odds with its patriotic front partner, the ANC. However, an ANC rethink on an elected parliament serving as a constitution-making body, brings it closer to the PAC. This raises the prospect of a revitalised patriotic front pressing

government through negotiations and mass action.

Moseneke said Codesa II had delivered no surprises. Government wanted to retain power and the ANC had conceded too much. Codesa had proved itself inefficient and obese and he suggested it shed weight by ridding itself of homeland leaders. Lack of progress at Codesa II had reinforced the PAC's opposition to the institution.

A spokesman for De Klerk's office said yesterday the President did not divulge his meetings schedule. However, he had said he was prepared to meet any parties in an attempt to find solutions, and this included the PAC.

An ANC source said the PAC was desperate to find a way back to the centre stage of negotiations and would probably agree to take part in elections.

Sunday movies likely from the end of June

CAPE TOWN — South Africans will be able to see Sunday movies again from the end of next month — if their local authorities give the go-ahead.

A Bill tabled yesterday and scheduled to be passed by Parliament before it rises next month will give local authorities the power to allow the showing of movies on Sundays and certain public holidays.

The Prohibition of the Exhibition of Films on Sundays and Public Holidays Amendment Bill was anticipated after Justice Minister Kobie Coetsee earlier this year gave permission for movies to be shown on Sundays during the Easter holidays.

However, he withdrew this after the holidays so as "not to put

pressure" on local authorities de-liberating the issue.

The Act in terms of which the showing of movies on Sundays had been banned gave only the Minister of Justice the power to waive the restriction.

This has now been broadened to give this power to local authorities, and it is expected that most of the country's major cities will approve.

FOCUS: *Trying to stamp out harmful business practices*

Codes won't prevent misconduct

w/m ail 22/5-28/5/92

245 ~~245~~

WITH an attempted fanfare in the plush Reserve Bank building this week, the Harmful Business Practices people and the Department of Trade and Industry launched their codes of conduct aimed at consumers and concerning three industries

The industries, all noted for the ease with which many of their operators have abused consumers in the past, are advertising, the furniture business and the motor car trade

The codes are not backed up by any legislation and rely instead on the notion of "educating" consumers who will then be able to "enforce their rights"

Throughout the presentation, consumers were informed that they had to look out for their own interests and the need for education was stressed as if in some way even an illiterate consumer cannot tell when she has been ripped off by a furniture dealer or second-hand car salesman. However, the codes are elaborate and written in small type and assume a high level of literacy

The codes will be of help to some. Those of us who have the wherewithal to be able to have our rights enforced will benefit

Additionally, the codes will run alongside enforceable legislation which may lead to the declaration of a harmful business practice

The major problem is the notion that there is some intrinsic good in furniture dealers — when they are the same people who arrive in the dead of night to repossess goods at gunpoint

It also presumes that the car dealers who specialise in advertising one car on the stand and then selling a lemon in its place, will suddenly find it in their hearts to repent and observe the code of practice

It also assumes that many advertisers who deliberately skate on the very thin ice of misrepresentation will suddenly decide to come clean and tell it like it really is

There is legislation or agreements and codes already dealing with these problems and there are certain entrepreneurs who go on ripping

CRITICAL CONSUMER

Pat Sidley's weekly advice on what to buy ... and what to avoid



off millions of black consumers regardless.

Consumers have little recourse when this takes place and these voluntary codes are unlikely to help those most in need

For instance, the advertising code deals with issues such as how to advertise "slimming", mail order advertising, ads aimed at children and young people, and medicines or other products which make health claims. There is much legislation on this already — often disregarded by the pharmaceutical trade

I would just love to see some of the timeshare operators who ignore the voluntary codes that already exist suddenly have a change of heart and give out copies of this code as they diddle you into a timeshare you do not want and cannot afford

Parts of the advertising code will be perceived by some (this critical consumer among them) to be censorship. Newspaper proprietors are unlikely to curtail voluntarily taking adverts for things such as astrology, fortune-telling and palm reading because they cash in on fear or superstition, etc

Ads which may lead to violence are also to be (voluntarily) ended — but then the debate about what words will or can lead to violence is as old as the hills

Louise Tager, who heads the Business Practices Committee, believes perhaps naively that one major furniture dealer — known as among the worst offenders — will give out a copy of the code of conduct to all its consumers as a piece of furniture is bought

The retailer can afford to do this. Most of the

clauses in the code are those any reputable furniture dealer already adheres to. The problem is those who deal with consumers who cannot even read their own (often illegal) contracts and then suffer the most extraordinary abuses when repossession time comes round

Whatever was in the minds of the well-dressed crew who drew this up when they concocted a bunch of elaborate and unenforceable codes?

The answer: They wanted to help educate the consumer.

Although consumer organisations and the Legal Aid Bureau had been canvassed before the codes were drawn up, I will lay odds that none of the officials spent a morning in the dingy and heartbreaking Legal Aid offices in Johannesburg hearing the ghastly tales of consumers being ripped off and the absolute inadequacy of present legally enforceable measures to deal with their woes

A question to one of the presentation crew left me with the distinct impression that little investigation was done in the consumer organisations in Britain or in the United States. Had this been done, they would have been left with the indelible impression that enforceable legislation is the only way to deal with many of the reprehensible business practices we have in this country

We have special commercial circumstances here. We have a large, disadvantaged, disenfranchised and economically unempowered black population which has been preyed upon since merchants first began to arrive from Europe. The inequalities became legally entrenched in different ways by apartheid

Surely something less inadequate could have been dreamt up to deal with these inequalities? The only redeeming feature this critical consumer can see is that at least they tried. The African National Congress has done absolutely nothing and the VATcom people only slightly more

It's time for the Convention for a Democratic South Africa or the Economic Forum — or whatever — to look at consumer issues

Business practices probed

THE Competition Board was investigating about 50 alleged restrictive business practices, chairman Pierre Brooks said yesterday, including the iron and steel and paper industries as well as SAB's agreement with Guinness. *Bl Day 9/6/92*

Brooks said the board was conducting about 30 preliminary investigations either at the board's initiative or as the result of complaints. These relate to refusals to supply, restraint of trade clauses in agreements, unwarranted tariff protection and alleged restrictive practices.

Unfair competition by Unifruco and certain parastatals were also being looked at, he said.

Brooks said another investigation into

(245) ~~110~~
GERALD REILLY

alleged restrictive practices in the distribution of iron, steel, stainless steel and scrap metals was in its initial stages.

The allegations were against companies reprocessing metal products, he said.

Brooks said the SAB/Guinness probe was aimed at ensuring there was nothing in last month's brewing and distribution agreement between the two companies which could be seen as undesirable in terms of the Maintenance and Protection of Competition Act.

An SAB spokesman said the board had asked for copies of the agreement and

□ To Page 2

Business probe

Bl Day 9/6/92 (245) ~~110~~ □ From Page 1
later for clarification on some issues. No formal investigation had been launched.

The Unifruco probe resulted from complaints by smaller deciduous fruit producers that Unifruco had a monopolistic marketing advantage which excluded them from marketing their products abroad.

Complaints had also been received from private sector organisations that privatised parastatals such as Armscor were competing unfairly.

Brooks said a probe into claims that paper companies Mondi and Sappi enjoyed unwarranted tariff protection was at a preliminary stage.

Complaints had come from other sectors of the paper industry and from the Press.

Brooks said investigations were continuing into alleged collusion in the fixing of the bread price and the supply, price and distribution of school textbooks.

A draft report on school books had been completed but still had to be reviewed.

A probe into allegations of discriminatory pricing in the distribution of prescription medicines was based on allegations by pharmaceutical wholesalers and retail pharmacists that they were being prejudiced by the discriminatory pricing policies of certain manufacturers.

Board 'not probing Sappi and Mondi'

COMPETITION Board chairman Pierre Brooks says there are no investigations into pulp and paper industry leaders Sappi and Mondi for unjustified tariff protection

Brooks was responding to reports yesterday that a probe into Sappi and Mondi was at a preliminary stage

The board is investigating about 50 companies for allegedly unfair practices, including SA Breweries and Unifruco, according to the reports

5/17/92
Brooks said the board had, however, handled a complaint into Sappi and Mondi's practices and presented a short report to the Board of Trade and Tariffs (245)

The report suggested the Board of Trade and Tariffs take into account the essentially oligopolistic nature of the market in which Sappi and Mondi operate, if a tariff increase was being considered, Brooks said — Sapa

Body to look into abolishing control boards

CAPE TOWN — Government has decided to appoint an independent committee of inquiry to investigate whether agricultural control boards should be abolished

The committee will be headed by Stellenbosch University agricultural economist Eckart Kassier. The four members, including agricultural economists from Pretoria, Port Elizabeth and Natal universities are to receive their letters of appointment from Agriculture Minister Kraai van Niekerk this week

While there have been other inquiries into control boards in the past, this new committee is believed to be the first independent probe with members having no

B/day 15/6/92
LINDA ENSOR
vested interests in the agricultural sector. The appointment of the committee follows the findings of a Board on Tariffs and Trade investigation into food prices. The board's report recommends that agricultural control boards be stripped of their powers to set prices and to force farmers to use boards to market their produce.

The board found that control boards added about 1,5% to food prices. Agriculture director-general Harry Hattingh said the committee's brief still had to be worked out, but would include investigating whether agricultural control boards

(245)
should be abolished. "If control boards are contributing to higher food prices, then we must look for alternatives," Hattingh said.

He said farmers and other interest groups believed control boards were necessary. If abolition was necessary, the farmers would have to be convinced.

He said farmers favoured control boards as they gave them collective strength to bargain prices with a few purchasers.

The committee's brief would be narrow and it would be required to report within three months.

Hattingh said it was important to appoint independent committee members

To Page 2

Control boards

B/day 15/6/92
(245)
Kassier, who has been head of Stellenbosch University's agricultural economics department since 1965, is a specialist in agricultural policy and management. He has sat on a number of government-appointed committees, including the Rörich committee on the sugar industry and several CSIR committees.

He said the new committee would look at the whole issue of control boards.

"It is an exceedingly important committee, especially coming after the Board on Tariff and Trade's report," Kassier said.

He said the investigation probably would be the first probe into control boards where committee members did not have a vested interest in the outcome.

Our Cape Town correspondent reports

From Page 1
that Homestead Dairies GM John Jacobs said last week the Board on Tariffs and Trade's recommendations to lessen the control of the boards would lower prices and remove "bloated bureaucracy" which operated at the expense of smaller businesses. "The more competition, the lower and keener the prices," he said.

But the Red Meat Producers' Organisation chairman Basie Malherbe said "There must be some control to ensure reasonably priced meat reaches the consumer."

Wheat Board GM Ivan Hemingway said the boards' abolition would mean huge foreign conglomerates would be able to dump their surplus wheat in Africa, effectively "killing off" local farmers.

● Comment: Page 6

BUSINESS

Free the markets, urges BTT

w/mailed 19/6 - 25/6/92.

THE long-awaited government study of food prices comes down heavily in favour of deregulation. Its stance is strongly against intervention, such as control boards represent, and in favour of free market solutions

The Board on Tariffs and Trade (BTT), which undertook the study, issued a preliminary report last week.

As reasons for persistent food price inflation above the rate of general inflation the board rounded up some of the usual suspects

It mentions wage increases which outpaced productivity improvements, hijackings, removal of subsidies, indirect taxes like Value-Added Tax on food, regulation and marketing board-administered schemes to drain off excess food production

The board found it impossible to identify specific culprits abusing special privileges. But it did find concentration at agricultural board and processing levels.

"The fact that cost increases can be readily passed on to the consumer seems to indicate a lack of effective competition in certain areas."

The report clears farmers themselves, and it does not make any arguments for breaking up

Agricultural control boards are not the only villains of the food price spiral. Deregulation and breaking down of concentrations are needed, the recent government report found. By REG RUMNEY

as being at the root of the concentration "It is at the intermediate levels of crop purchase and storage, primary processing and wholesale distribution that concentration tends to be greatest.

"Significantly, it is also at this level that intervention is most common. In the BTT's opinion this intervention increases concentration more often than it disperses it."

The BTT goes on to say that *concentration stemming from control boards contributed to further upstream concentration.*

In the course of its investigation the board has taken a close look at profit margins and returns in various parts of the food chain. But

it urges circumspection about this statistical evidence, arguing that conclusions on efficiency, exploitation, or fairness cannot be arrived at by studying statistics alone

This could be aimed at among others arguments put forward by the big retailers that their low margins showed they were not exploiting the consumer.

The board notes elsewhere the declining productivity of workers in food retailing, compared to wage rises. It also notes "The co-operatives do virtually all the wheat storage. Only two companies distribute refined sugar. Seventy percent of maize milling is done by six major companies. About 85 percent of all dairy processing is done by seven major players. Approximately 63 percent of all fresh vegetables are sold on the 15 national markets"

The report does not single out the retail chains or the processors. It merely advocates removing barriers to competition, and identifies a wide variety of such barriers for consideration.

The board believes import tariffs should replace quotas to allow competition from food imports, and that eventually tariffs should only be used against dumping

It recommends replacing minimum standards with a clear marking of quality and grade.

It urges that the scope of the Competition Board be broadened to that of an "ombudsman" to which anyone could appeal to remove competition-inhibiting laws, including health regulations.

Several issues are not fully dealt with, such as the effect of VAT and whether the official food price inflation figure correctly reflects what is happening to food prices, but the board promises to look at these as well.

●See PAGE 18

Competition Board wants legal 'teeth'

THE Competition Board wants the law changed to prevent the Government from overturning its decisions

By CIARAN RYAN

restrictive practices and price collusion

Dr Brooks points to some major successes in the promotion of competition.

"We investigated medical schemes and many of our recommendations have been included in the proposed legislation to amend the Act. Restrictive practices in the dry-cleaning industry were stopped and we have made various recommendations to the Cabinet on deregulation in tourism."

There is no doubt that industries involved in price collusion and restrictive practices are more cautious because of the board's vigilance

Bread

It does not always wait for a complaint before it investigates a company or industry

A case is the recent 5c to 6c a loaf increase in bread prices. The baking industry is dominated by five groups, all of which announced the same price increase. It looked like collusion in an industry which was deregulated and

the bread subsidy removed

Dr Brooks says "We asked them why this was so. It turned out that all the bread companies supplying supermarkets and major retail outlets cannot afford to be even a cent out on price — or the business goes to a competitor"

"They had to give one calendar month's notice of a price increase and each company made separate announcements."

There was no evidence of price collusion. Price leadership is not a restrictive practice, says Dr Brooks

One of the more difficult investigations is that into alleged restrictive practices in the distribution of steel, iron, stainless steel and scrap metal

Complaints were received that Macsteel, SA's largest privately owned company, had virtually cornered the market. Price collusion was alleged. The investigation continues

Also receiving attention is the entrepreneurial zeal of newly commercialised State corporations. Transnet's efforts to compete with the private-sector laundries were halted by the board on the

grounds that it was a departure from its core business.

SA Airways is being investigated to ensure that it does not compete unfairly with Flitestar. SAA denies allegations that it threatened a price war with Flitestar because of its application to fly to Mombasa.

Transnet is the subject of investigations about its refusal to allocate land to Island View Storage in Richards Bay for a bulk liquid storage facility

Threat

Transnet says it has an agreement with Richards Bay Bulk Storage — owned by Rannies, AECI and Sen-trachem — which precludes the building of a second storage facility by a third party

CSIR is a potential threat to the private sector because of its technology resource which could easily be turned into productive capacity. Dr Brooks says CSIR is careful to avoid unfair competition

Recommendations were made about the privatisation of Abakor, the State-owned abattoir group, as part of a wider investigation into the red-meat business

"Some farmers prefer a regulated industry because it guarantees floor prices. But others want it scrapped. Under the present system the movement of cattle is controlled by quotas. One area of concern was the complex meat grading system, but this has been simplified"

The pharmaceuticals industry is also being investigated. Some manufacturers are selling drugs direct to doctors and pharmacies below the wholesale price. Some doctors are alleged to be selling the drugs on to pharmacies and retailers at a margin.

Little

Ethical codes preclude doctors from this business

"The important question is the extent to which, if at all, dispensing doctors who compete with pharmacists should be advantaged by discriminatory pricing policies by manufacturers"

Little escapes the attention of the Board. The Absa-Allied-Volkskas-Bankorp merger was scrutinised before it was made public. Allegations of unfair competition by Unifruco are being studied. SA Breweries' agreement with Guinness was recently cleared



PIERRE BROOKS Powerful lobbies of vested interests at work

Control boards 'stop inflation's decline'

LINDA ENSOR

(245)

CAPE TOWN — The entrenched structural problems of administered prices, control boards and monopolistic practices would prevent a sustained lower inflation rate in the current economic cycle, Syfrets economist Elmen de Kock said

In the latest Syfrets Quarterly Economic Review, she said it was possible the consumer price index would reach about 12,5% by year-end.

She did not foresee immediate economic recovery. Fixed investment was set to decline 3% this year and consumer spending would be squeezed by deterioration in consumer's financial position through high interest rates, heavy taxes, negative real salary and wage increases and widespread retrenchments.

However, De Kock added that the recovery in world economies would eventually benefit commodity prices as well as those of SA exports. Personal disposable income would then recover in response to the increased activity, lower interest rates and slightly reduced inflation.

Syfrets investment manager Rob Nichol advised caution on the JSE, which he said was now fully priced.

He said the stock market was technically overbought, with market ratings at historic highs.

He said a continued conservative approach towards the equity market was warranted.

Nichol said the equity market, which moved ahead in anticipation of economic recovery, was likely to pause because the recovery had been postponed even further.

This was because of the absence of a political settlement, a strict monetary policy and a slower than forecast US recovery.

He added, however, that the delayed economic recovery, together with falling short-term interest rates, had positive implications for the capital market.

He said the strong performance of fixed-interest portfolios over the past three quarters should continue.

Syfrets mining analyst Peter Major said the low sulphur content and clean burning properties of SA coal made it likely to escape costly environmental legislation in other countries.

A carbon tax was being mooted in European circles as a way of cutting down on environmental pollution.

Major said demand for low cost steam coal from the US, Australia and SA should grow well over 2-3%, as most European production was highly economic.

Board head calls for more powers

61 DAY 1577192
PRETORIA — The Competition Board ought to become a quasi-judicial tribunal, board head Pierre Brooks said yesterday

Concurring with the recommendations of the State President's Economic Advisory Council, Brooks said in an interview yesterday that the powers of the board could and should be extended

The board currently operates as an investigatory body which advises government

Brooks said that after his four-year service at the coalface he had no doubt that the board would be able to resolve many issues without referral to government.

The board could be more efficient if it moved away from a criminal sanction and moved toward a system of administrative fines, operating like comparable bodies overseas

The board should have the power to decide on fines, which would be subject to appeal in court

The board also needed the power to investigate the pyramiding of company shareholdings, which gave a few shareholders in a holding company power over subsidiaries.

In addition, he said, legislation was necessary to curb multi-directorships in competing companies, a fairly painless process which would

(245)
TIM COHEN

make a significant contribution

In addition to economic power being concentrated in the hands of too few people, the SA economy was marked by too many interlocking directorships, which raised the danger of "the big five" not competing

According to current legislation, an interlocking directorship — as opposed to a multi-directorship — was not considered a restrictive practice

The problem was not that individual businessmen were directors of several companies, it only arose when individual directors accepted positions on the boards of competing companies, said Brooks

These directors inevitably had very serious fiduciary problems.

Brooks said the board had been accused of being too soft but competition policy had been implemented only a decade ago when there was already a concentration of ownership.

He said this situation made the board's work much more complex, as it was forced to take into account the possibility that jobs might be lost if competition policy was rigorously applied. What was necessary was a delicate balancing act, combined with economic co-ordination and a sensible tariff policy

REALLY HELPFUL Drafting codes

the order, quoting a reference for correspondence, should be sent by return of post

However, if the consumer wishes to be reimbursed for the reasons given in the previous paragraph, the advertiser should refund the money

● **Cosmetics** Claims that a product contains ingredients with special properties should be supported by acceptable medical or scientific evidence that the ingredient is indeed beneficial for the purposes referred to

● **No advertisement** is allowed which leads children to believe that if they do not own the product advertised, they will be inferior in any way to other children or that they are liable to be held in contempt or ridicule for not owning it

Motor vehicles.

The Code for Motor Vehicles strikes me as being less specific than the other codes. It also appears to lay down what the responsibility of dealers, manufacturers and purchasers is, rather than deal with complaints the consumer may have

But it still gives useful guidelines to consumers

● **New Vehicles** A warranty will not extend to cover defects arising from a failure by the customer to have the vehicle serviced and maintained in accordance with manufacturers' recommendations

When a vehicle is sold with a period of the warranty left to run, the new owner must inform the manufacturer through a franchised dealer of the transactions and request that the unexpired portion of the warranty be transferred to him

● **Used Vehicles** All descriptions, whether used in advertisements or in negotiations regarding the sale of used vehicles, should be honest and truthful

All information obtained by the dealer will be disclosed to any purchaser (So if he knows it's been in an accident, he must tell you)

Any material defect which is evident or which has been established by the seller should be disclosed to the purchaser

● **Repairs and Servicing** Any parts replaced during the course of repairs should be available for return to the consumer at the time delivery is taken of the vehicle

Dealers should exercise adequate care in protecting customers' property while it is in their custody, and should not seek by disclaimers to unreasonably avoid their legal liability for damage or loss

When asked to do so, repairers should supply customers with written estimates of the cost of repair, including labour and materials. No such estimate shall be exceeded by more than 15 percent without prior approval of the customer

'was easy part'

THE man in the code-drafting hot seat was Dr Evert van Eeden, a full-time member of the Business Practices Committee, and the representative of the Department of Trade and Industry

"We've done the easy part," he believes "Now we must make sure the codes get to the people so they can make use of them"

"In the past there was always lip service paid to consumer education, but nothing came of it. We needed documentation — now we have it"

"But we must have an educational effort behind it. The press can help, but we need a strong effort from education authorities, now that there is something to use as a teaching aid"

Dr van Eeden said that the code setting out a general guide to business practice, as opposed to the three specific codes on the motor, advertising and furniture industries, is vital

"From this code consumers will have an overall knowledge of how business should, and should not, be conducted"

He also believes that consumers are not aware of the work being done by existing industry self-regulatory bodies

"Consumers may see them as being in the enemy camp, but we must get what we can out of them. Some see them as only looking after their own members, but they are doing good work. It's usually in their own interests to look after consumers"

"It's a sad day when consumers and industry can't live together"

Dr van Eeden said the impetus for the codes had come from the Department of Trade and Industry, and they stand up well in comparison with overseas regulations

SOME CLAUSES WHICH YOU MAY FIND

ALTHOUGH the new codes are based on consumer practices that have supposedly been standard in their industries for years, many consumers will not know what they offer, as they have not been widely publicised.

Based on what I've learnt from complaints to my column, here are some clauses which will be particularly helpful to consumers, and of which they — and possibly even the businessman supplying the service — may not be fully aware.

General guidelines on unfair or deceptive acts or practices.

● There must be no false representation during a business transaction. This includes claiming, among others, untrue price advantages, that goods are new when they are used, that goods have previously been sold at higher prices when they have not, that repairs are needed when they are not and a failure to state a material fact.

Furniture retailing

● Cooling off period. Any consumer who has offered to purchase an article should have the right to cancel within 72 hours after placing such order, or before delivery of the article to the consumer has taken place, whichever is the later. The customer is entitled to a full cash refund.

(This doesn't apply where arti-

cles are not normal stock items and have been made to order at the request of or to the specification of the purchaser, and the retailer is unable to cancel with the supplier without incurring loss.)

It also doesn't apply to used goods which aren't in a fit state to resell as new articles. If the order is cancelled after delivery, the consumer is liable for cost of delivery and collection.)

● When an order has been accepted for delivery by a specific date and delivery is unreasonably delayed on the part of the retailer, any contract should be cancelled and money refunded, if a revised delivery date is unacceptable to the consumer.

● If goods are delivered incomplete or with a major deficiency, the consumer should be allowed to cancel the agreement and get a refund if the deficiency is not cured by the retailer within a reasonable time.

● Repossession should only be considered as a last resort. Only lawful procedures should be followed by the retailer to obtain possession of furniture which has been sold. No intimidation or deception should be used to dispossess the consumer.

● No consumer should be requested to sign any document containing any voluntary surrender clauses at

the time an agreement is entered into.

● Delivery charges should take into account the value, size and ease of handling of the article, and the distance over which delivery will be effected.

● Goods advertised should be readily available. Where they are available in limited quantities, this should be shown in any advertisement, but claims of a limited number shouldn't be made if this is not true.

Advertising industry

● Advertisements must not be submitted for publication unless the advertiser has reasonable grounds for believing that he can supply any demand likely to be created by the ad. In particular, no attempt should be made to use the advertising of unavailable or non-existent products to assess likely public demand.

● Work from home schemes. Advertisements for homework schemes are not acceptable unless, when offered to the media, they are accompanied by full details of the work involved and of the conditions imposed on the homeworker.

● Direct selling. Direct sale advertisements are not acceptable without adequate assurance from the advertiser or his advertising practitioner that the products ad-

vertised will be supplied at the price stated in the ad, within a reasonable time, from stocks sufficient to meet potential demand.

● Mail Order Advertising. The name of the advertiser and a street address at which he can be contacted must appear in full in the body of the ad.

Where a coupon is included in the ad, adequate arrangements should exist at the street address for inquiries to be handled by a responsible person available on the premises at normal business hours. Samples of the goods advertised should also be made available for public inspection.

The advertiser should refund all money paid for both goods and their despatch when they are returned undamaged within seven days of receipt. The date of posting or handing to the carrier will be taken as the date on which the goods are returned to the advertiser.

The advertiser should make it clear to consumers whether or not they may try out the goods, subject to these remaining undamaged. If no indication is given, it will be taken that trial by the consumer is permitted.

When an order cannot be fulfilled immediately and no date for despatch is quoted in the advertisement, an acknowledgement of

✓

A FAIR DEAL

PUT these addresses in your little black book, on your home noticeboard or into your computer. This is where you can contact the organisations that will administer the codes when you have a complaint.

The Secretary, Business Prac-

Numbers for watchdogs

tices Committee, Department of Trade and Industry, Private Box X84, Pretoria 0001

Advertising Standards Authority of South Africa (ASA), PO Box 41555, Craighall 2024 Phone

(011) 880-4440, fax 880 5547

National Association of Automobile Manufacturers of South Africa (NAAMSA), PO Box 40611, Arcadia 0007 Phone (021) 323-2980, fax (012) 326-

3232

Motor Industries Federation, PO Box 2940, Randburg 2125 Phone (011) 789-2542

The Furniture Traders' Association of South Africa, 12th Floor, Medical Arts Building, 220 Jeppe Street, PO Box 5492, Johannesburg 2000 Phone (011) 29-8010/18/19

Sunday Times Special Feature

Codes a joint effort towards a better deal for consumers

STimes [C/Metro] 26/7/92

THE consumer codes are the initiative of the Business Practices Committee, set up by the Department of Trade and Industry under the Harmful Business Practices Act of 1988.

Professor Louise Tager is the chairman of the committee. We talked to her about how the codes will help the man in the street.

GWEN GILL Why have the motor, advertising and furniture industries been chosen as the first codes to be published? Are they the big baddies for consumers?

PROFESSOR LOUISE TAGER Not at all. But they are the areas where the greatest volume of business is done, so by starting with these codes we address the greatest number of complaints.

GG How were the codes compiled?

LT It was a joint effort by the committee, the industries themselves and consumer bodies. These three industries already had self-regulatory codes and they were used as the basis for the new consumer codes.

The codes set down the reciprocal rights and obligations of business and the consumer. They incorporate legal rights and what businessmen recognise as the appropriate way to do business in their sector.

GG How will they be administered and what must consumers do when they have a complaint?

SOUTH AFRICAN consumers got one of their biggest breaks ever with the launching in May of consumer codes laying down guidelines on how business should be conducted. Codes for the motor industry, advertising and furniture retailing were published at the same time, and codes for other areas of business are in the pipeline.

Sunday Times consumer writer, **GWEN GILL**, talked to the people behind the codes to find out what's in them for you, the consumer.

harmful business practice and stop the company trading. They should also use the Consumer Council to get their problems sorted out.

GG The codes aren't going to work unless every home in the country has one. How do you propose to distribute them?

LT We have limited funds, so we are looking for sponsorship to get the codes as broad a readership as possible.

We expect furniture trad-

ers and everyone in the motor trade to give them out to every consumer who comes into their premises. We hope consumer bodies will also assist.

And it would be wonderful if they could be available at schools and used as a basis for consumer education. At the moment they can obtain copies by writing to the Business Practices Committee, Private Bag X84, Pretoria 0001.

GG In which languages are

the codes to be published?

LT At present, with our limited funds, in English and Afrikaans only.

GG For which other industries are codes to be produced?

LT We're well on the way to a code for the building industry, and we're working on timeshare, beauticians (for want of a better word), breakdown or towing services, grey goods and cement.

Many other industries already have or are working on codes which we may put into this form.

GG These codes are not legally enforceable. Would it not have been better to give them legal teeth?

LT It's cold comfort to lay a charge these days. The codes empower the consumer, armed with knowledge, to get redress. A well-informed consumer public is its own best protection.



PIONEER Professor Louise Tager, chairman of the Business Practices Committee

LT The codes are to be administered by the industries concerned, not the committee. Consumers should try the store first, and remind them of the code. If consumers don't get satisfaction there, they can take their complaint for arbitration to the industry's association. Simultaneously they could go to the Business Practices Committee or the Consumer Council.

GG And what if the complaint is against a company which isn't a member of their industry's association?

LT They should inform the Business Practices Committee which can declare the basis of the complaint a

'Tariff restructuring is needed'

B/DAY 27/7/92

GAVIN DU VENAGE

A GRADUAL lowering of tariff protection would improve SA's competitiveness, Board of Trade and Industry policy director-general Johann Reinhardt said on Friday

An Industrial Development Corporation (IDC) report on the need to increase competition constituted an important input to the process of tariff protection formulation, he said

The report has yet to be released.

To promote economic growth SA had to be able to compete effectively in the export of value-added products on the world market, he said

Tariff restructuring would be accompanied by incentives for investment, upgrading of machinery, innovation, training and retraining.

However, the process would be subject

to SA's obligations under GATT.

International tariff agreements would give countries the chance to capitalise on their particular competitive strengths, he said.

GATT would remain the driving force behind SA's tariff policy, especially in view of the requirements after the Uruguay round.

Restructuring would also be subject to a range of conditions, including the threat of job losses and the need for upgrading skills and anti-dumping measures

He said the DTI would work in close consultation with interested parties, and would be managed partly by the IDC, the Board of Trade and Tariffs and the Department of Manpower.

Board preaches competitiveness

THE Board of Trade and Industry (BTI), now the Board of Tariffs and Trade, would like to see import tariffs simplified and lowered, no formula duties, the phasing out of rebates and less frequent tariff changes, former chairman Lawrence McCrytal said in his 1991 annual review.

The board's last annual report under the BTI name continued to propagate its view that SA's manufacturing sector should become more internationally competitive.

An effective anti-dumping mechanism should also be put in place.

Opposition could be expected at the implementation stage of such a strategy, but the board was convinced this was the course SA would have to follow if it was to survive as a reasonably stable economic entity.

He slated industrial protectionist policies by saying "even in recent years the general view has been that import replacement should continue to be promoted simultaneously with a more outward orientated policy, despite the fact that these are conflicting policy objectives".

SA's customs tariffs were not un-

EDWARD WEST

duly high compared with many other developing countries. However, certain tariff peaks were excessively high while the tariff structure was far too complicated, he said.

SA's manufacturing sector contracted by 2,7% in real terms last year.

Manifest

Merchandise export volumes, excluding gold, grew by 4,4% in 1991, but the volume of manufactured goods grew by only 2,2%. Manufactured goods represented 28% of exports. Merchandise import volumes rose by 5,2%.

A trend towards a more rapid growth in exports of manufactured goods started to manifest itself.

The average effective exchange rate of the rand fell by 6,3% in 1991. Because the rate of increase in SA's consumer and producer prices far exceeded those of its trading partners, the competitive position of SA producers deteriorated.

Our Cape Town correspondent reports nearly 70% of manufacturers in the western Cape expected no improvement in the economy for at least a year, according to a survey carried out by the Cape Chamber of Industries (CCI).

This has shown that 38% expect an improvement in 12 months' time, 30% think it will take 18 months and 20% expect it to take even longer.

Political uncertainty and the threat of mass action emerge as the main reasons for this gloomy outlook, together with the fact that so many firms have gone to the wall during the prolonged recession.

CCI deputy director Colin Boyes commented yesterday "The situation has definitely deteriorated further, with talk of a recession being replaced with talk of a depression and the most severe economic crisis since the Second World War".

The survey showed that only 5% of respondents were finding business good at present, compared with 45% who found it fair and 50% poor.

THE PROFESSIONS

FM 7/8/92

Attacking the cosy cartels

245 ~~248~~

An array of legal restrictions bar qualified people from performing many routine tasks that are reserved for lawyers, doctors and other professionals. But recommendations by the Competition Board would end this job reservation for professionals, along with the numerous rules that restrict competition in each profession and guarantee professionals their sometimes exorbitant fees.

When the proposals are formally released this month they are sure to spark fierce opposition from the various professional associations that have protected their guild-like privileges for decades. But it appears unlikely that govern-

as being more profitable than another "The view that professions are noncommercial is simply unrealistic. Because a professional service is supplied with a view to profit, the suppliers should be subject to the same norms as other profit-directed undertakings"

The board stresses that certain restrictions on entry into a profession can be justified, such as requirements that protect the health and safety of the public, or funds invested by the public. "No responsible institution would advocate that heart surgery be performed by an unqualified person"

The board also supports the practice

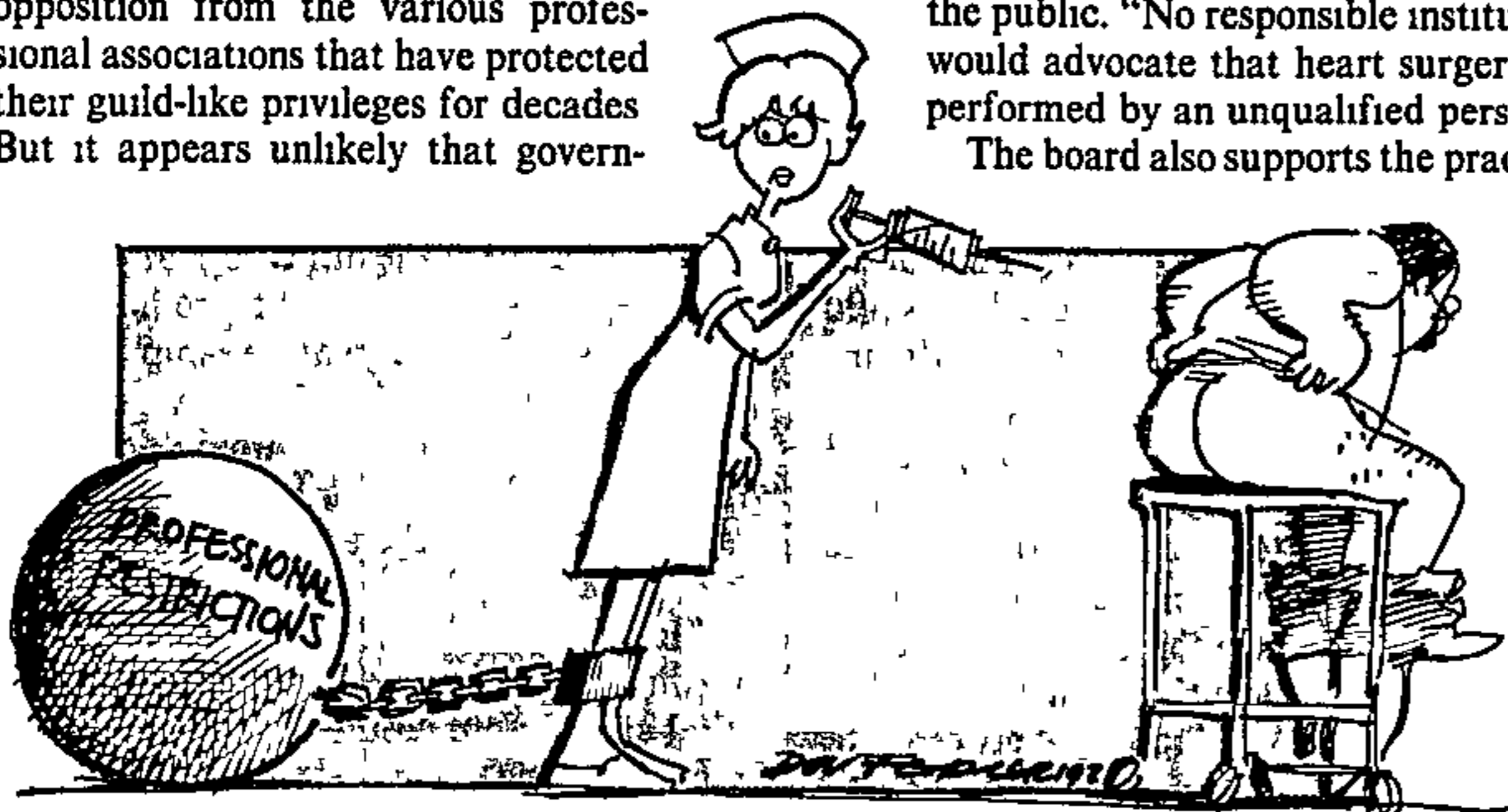
showed that many routine bond deeds are almost always completed by experienced deeds typists, often with the aid of computer programmes. Strict controls by the deeds office serves as an additional safety measure. "Ordinary attorneys — those not qualified as conveyancers — should at least be allowed to do work of a routine nature"

Former Association of Law Societies president Graham Cox, however, stresses that the law of property is extremely complicated and it is difficult to anticipate when a deeds transfer will become complicated.

Cox does support the board's belief that the bar on attorneys appearing in the Supreme Court hurts the public by raising costs and limiting the choice of representation. Brooks says removing this bar would mean also allowing advocates to solicit business directly from the public.

The board says flexible entry requirements into each profession would help open it up. It suggests that requirements often entail extensive training that is not fully utilised when the lawyer, doctor or other professional goes to work. For example, it recommends that a public defender for criminal cases needs only to study subjects applicable to the type of law he will practise, rather than undergo a comprehensive legal training.

The board sharply criticises the numerous restrictions that prevent price competition and marketing. In particular, the board views the fixing of fees — minimum, maximum and recommended — as uncompetitive. Minimum fees mean that the consumer usually can't obtain the service for less than the set fee and often ends up going without it. Maximum fees usually become the prevalent tariff. Instead, the board recommends that fees be fully negotiable.



ment will be sympathetic to the old arguments that keep professional barriers in place, supposedly to keep standards high.

The proposals, if adopted by government, would mean the end of monopolies that conveyancers and some other specialists have on their line of work, the end of restrictions on advertising and marketing that preserve the status quo, and many other reforms.

Many of these professional restrictions have the force of law because they were approved by Acts of parliament over the years, others are traditional practices that would be banned under the Competition Act. Chairman Pierre Brooks says some of the professions already adhere to many of the board's proposals.

The board, after a two-year study ordered by the Cabinet that resulted in a 22-page report, is particularly critical of the professions regulating the supply of their services to their own liking.

"This means that a profession can exercise control over how many persons are allowed to supply a certain service, the requirements that need to be met for entry, and the fixing of identical fees — actions typical of a cartel."

The board is adamant that professions do not in essence differ from other types of work. It stresses that, at the end of the day, a professional service is rendered for remuneration only. It also points out that it is not a coincidence that one profession is described

of experts in a profession setting its entry requirements, though it says these experts should not necessarily be only practising members of the profession, who have a direct interest in setting the entry requirements as high as possible.

Nevertheless, the board says many of the restrictions on entry hurt the public when they're too strict because they reduce competition and force up prices. For example, the board says some professions require a doctorate, but a lesser requirement would serve the public better because there would be more practitioners.

The board also criticises rules that require unnecessary specialisation. While it accepts that more qualifications might be justified for certain medical procedures, they are not justified in other instances. For example it is not necessary for an attorney to be further trained as a conveyancer. "Additional requirements could mean that certain areas are reserved for higher-qualified persons to the detriment of the public"

Beware of dangerous drugs

But the Medical Association of SA says a great deal of health care is already being provided by less highly qualified personnel, but it stresses that the highly technical and skilled functions as well as the prescription of dangerous drugs must be reserved for those who are adequately trained and qualified.

With conveyancers, the board's study

ABACOR'S PRIVATISATION

A competing proposal

The highly suspect privatisation of the Abattoir Corp (Abacor) and "deregulation" of the meat industry have been under attack for allegedly being just a smoke screen for the sector's vested interests to maintain control.

Now the Competition Board has joined the fray by making four recommendations for Abacor's privatisation and the industry's deregulation that, critics say, largely contradict government's plans.

The recommendations, released by chairman Pierre Brooks last week, follow by a few weeks the announcement that Abacor will go for a listing on the JSE this year (*Business & Technology* July 17). They're closely in line with proposals made by the supermarket

Continued

Board says: open the professions

CONSUMERS should negotiate tariffs with doctors, lawyers, architects and accountants without restriction, while professionals should be allowed to freely advertise their fees, the Competition Board has recommended

The board's long-awaited report on the professions has come out strongly against price setting

It also recommends that the professions should no longer enjoy unqualified self-regulation. Outside, non-practising experts should be involved to prevent practising professionals dominating their statutory controlling bodies. The 22-page report recognises that "a professional service is just like any other commodity" and says restrictions on competition should be "speedily" removed

Coming out against requirements for unnecessary qualifications, the board says lawyers not qualified as conveyancers should be allowed to do routine deed work

It also proposes "incremental" access in which partially trained people will be able to compete with fully trained practitioners, as with medical technologists who can now compete with pathologists

The board further states that defining "work reservation" — the area of operation which can only be performed by specific professionals — should be carried out, in all profes-

sions, with the concurrence of the board. There are too many differences between individual practitioners to believe that a specific tariff is reasonable

"If one takes seriously the notion that free competition is usually to the advantage of consumers, professions should not be allowed to issue even a system of so-called recommended fees. This would entail that every practitioner and client should negotiate on a completely open basis regarding fees.

"If the fee structure of a specific profession is considered to be justified in the public interest, it can be accommodated in terms of existing competition legislation," it says

The board rejects restrictions on associations between professionals. If, for example, attorneys and accountants could practise together, clients could benefit from the combined expertise of such a firm, without having to pay for repeated consultations

Proposing greater freedom in advertising, the board says "The present set-up where professional services are cloaked in secrecy does not protect the public, but the profession"

The 22-page report will now be used by the board as a working document in negotiations with the professions concerned about the guidelines

PETER DELMAR

Gwynne fights the small man's battle

S/Time (BUS) 13/9/92 (245)

APARTHEID may have disintegrated, but small entrepreneurs are still battling against restrictive laws.

The Sunnyside Group, formed in 1987 under the auspices of the Urban Foundation, gave voice to about 250 000 small businesses, many of which ran foul of the law in a battle for survival.

Sunnyside co-ordinator Gwynne Main says "With employment running at about 40% we need to remove obstacles which inhibit job creation"

She spends her days in battle with regulators and an assortment of vested interests with no desire for economic deregulation. She has only one helper and Miss Main commissions expert reports to help her in the battle against hude-bound authority

Prime

Sunnyside's latest success was a demonstration of the cost of regulation in the meat trade. Meat was sent from an abattoir to a Randburg butchery by the Organisation of Livestock Producers, bypassing the normal marketing and distribution channels. Prime cuts were sold for R9 a kilogram — half the normal retail price

Miss Main says "This shows what meat would cost if we didn't have inappropriate regulations"

She says meat prices shot up by 40% last year and look set for a similar jump this year

The Randburg butcher was threatened with prosecution by the Meat Board in the face of mounting public opposition to its control of the trade and the effect it has on prices

More than 1 000 regulations govern the red-meat

Many laws inhibit business and growth. But the Sunnyside Group, SA's answer to America's Ralph Nader, is here to break down regulation and bureaucracy. By CIARAN RYAN.



GWYNNE MAIN: A battler

trade, which is worth R3-billion a year at the producer level and R8-billion at the retail counter. The difference is the cost of intervention, regulation and retailers' mark-up

Red meat is the largest part of the farming sector. The effect of controlled marketing and price-support schemes in the red-meat trade resulted in per capital consumption declining from 41,9kg in 1956 to 25,1kg in 1988, according to research by the University of Pretoria on behalf of privately funded Sunnyside Group

Relief

The Meat Board is expected to implement some of Sunnyside's deregulatory proposals soon

Miss Main is unconvinced about retailers' protestations of innocence about rising prices. She says "There is a high degree of concentration in the food industry, coupled with extensive vertical and

horizontal integration. Everyone in the food chain is contributing to price rises"

Miss Main says that until the Competition Board has the power to enforce its recommendations, State-sanctioned monopolies and cartels will continue.

The liquor trade is also receiving attention from the Sunnyside Group. An Ennerdale shebeen operator's application for a liquor licence was refused without reason by the Liquor Board, even though all the conditions set by the board were met

There are an estimated 100 000 shebeens in Soweto and few have licences. Countrywide, shebeens net an estimated R65-million a month, a cause for concern among licensed liquor outlets

Miss Main says "Because of the proliferation of shebeens there has been a shift in trade from formal outlets. Police harass the shebeen owners, confiscate their liquor and offer bribes for the drink to be returned"

One of the successes of the Sunnyside Group was to influence Government to raise the threshold at which VAT applies to small businesses from an initial R50 000 to R150 000. Sunnyside proposed a threshold of R500 000

Another success was the acceptance by the National Manpower Commission of several Sunnyside recommendations on labour legislation. It was recommended that small businesses be granted relief from the Un-

employment Insurance Act and the Workman's Compensation Act on the grounds that the costs of compliance were too onerous

Sunnyside has asked the Government to exempt very small businesses from certain requirements in labour law on the basis that emerging entrepreneurs may be illiterate and do not have the capacity to comply with complicated laws

By exempting small businesses from income tax, the estimated loss of revenue to the fiscus would be less than 1,5%. The move would benefit 180 000 registered vendors and 900 000 individual taxpayers

But given the revenue shortfall, the proposals are likely to fail

Banging heads with the regulators throws up some interesting anomalies. Tax, labour, health and safety and municipal by-laws are widely ignored in the townships which have become virtual no-go areas for the authorities

Roads

But there seems to be no shortage of manpower to harass entrepreneurs in other areas

An entrepreneur trying to run his business from home in a northern Johannesburg suburb is threatened with closure by a local authority after a two-year unsuccessful wait for the go-ahead and R25 000 in legal fees

Miss Main says "This area has no services to speak of and no tarred roads. You'd think the local authority had better things to concentrate on."

Next on the battle list is the Public Accountants and Auditors Board. Miss Main says many accounting services are reserved for chartered accountants. Other accounting professionals are equally capable of carrying out the task, but are precluded by law

SA taxi drivers battle Swazis

THEO RAWANA

SA taxi drivers were engaged in their second cross-border feud in three months when fighting broke out between SA and Swazi operators in Manzini at the weekend.

Minibus operations into Zimbabwe are still on hold after SA operators clashed with the Zimbabweans and SA vehicles were stoned in Bulawayo two months ago.

Sapa reports several people were injured at a Manzini terminus when taxi drivers fought over the transportation of mineworkers. Swazi police had to fire warning shots

The Swazis are reported to oppose SA minibuses taking their business. Government efforts to resolve the dispute have failed.

SA taxi boss Peter Rabali, who is chairman of the National African Federated Transport Organisation, yesterday confirmed reports of the fighting, but said he did not have details. Reports said combatants hurled stones at each other and then fought with fists. At least 100 people were involved

After the fighting, police and the knobkerie-wielding mineworkers escorted the SA minibuses out of Manzini.

Leon attacks govt over gambling Bill

BIDAM 22/9/92

THE controversial Gambling Amendment Bill designed to shut a loophole in the Act which allows hundreds of "illegal" gambling dens to mushroom throughout SA is expected to be approved next week by the standing committee.

In the interim, President F W de Klerk and his government have come in for severe criticism by the most vocal opposition on the parliamentary standing committee on justice - MP Tony Leon (DP Houghton)

Leon has opposed the Bill most fervently because it "flies in the face of free market principles", and he complained yesterday that government had excluded him from attending the vital session through its lack of sensitivity and bigotry

He said the committee was meeting on Monday and Tuesday, two of the three most important Jewish religious holidays, Rosh Hashanah, which meant no self-respecting Jew could attend to testify.

He accused De Klerk of flaunting both democracy and "the free market principles he has so recently come to espouse" "De Klerk operates with clear contra-

(245) BILLY PADDOCK

diction and deliberate sleight of hand, committing his government to free market principles and then ordering that legislation be passed effectively in favour of the Sun International cartel," he said.

He pointed out that De Klerk, in his speech to the NP Transvaal congress last week, was in favour of gambling continuing in the TBVC states, while he was busy negotiating the reincorporation of these into SA

Former chairman of the committee and now Law and Order Deputy Minister Gert Myburgh said the Bill was not amending the principle of the Act which was to prohibit hard gambling, and he expected Parliament to pass it in October

He said all the parties in the other two houses had indicated their support for the change in definition of hard gambling to bring it in line with the Interpol definition

"The principle of the Act remains and the NP is opposed to hard gambling. But because there were no prosecutions being brought because of the loophole in the Act we have had to shut it down," he said

Trader facing illicit gem deal charges

STEPHANE BOTHMA

DIAMOND dealer Maurice Katz was arrested by gold and diamond branch detectives moments after allegedly concluding an illegal diamond deal worth R530 000.

Katz, 44, and co-accused Lous Auttard, 38, both of Bedfordview, appeared briefly in the Johannesburg Regional Court yesterday on a charge of illicit diamond dealing

The two men were released by Magistrate H Wolman with a warning to appear on October 28.

Katz, a businessman and registered diamond dealer, and Auttard were arrested on Friday when they allegedly bought diamonds - 189 carats worth R530 000 - for R275 000 from undercover detectives, Witwatersrand police liaison officer Capt Eugene Opperman said

The arrests took place minutes after the conclusion of the alleged illegal deal, and followed months of investigation

Officials check on Chinese hawkers

ADRIAN HADLAND

HOME Affairs Department inspectors were sent to Johannesburg's CBD yesterday to check on Chinese informal traders' work and residence papers, department spokesman Chris Pretorius said

The move followed complaints from the African Council of Hawkers and Independent Business last week that Chinese hawkers had access to duty-free goods and were undercutting local traders without the required permits

Reports at the weekend also suggested some Chinese immigrants were being misled by promises of work and residence in SA by agents in their home countries

Civic and church leaders said tension between local and Chinese hawkers had increased dramatically in recent weeks

A Johannesburg City Council licensing official said the number of informal traders in the city was swelling by almost 1 000 a month with about half of the new licences issued to Chinese traders. Hawkers did not have to present work and residence permits to obtain licences.

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Price rises dismay Competition Board

57mL 13/10/92
The Competition Board has expressed grave concern at the continuous rise in prices of virtually all commodities, and has accused certain professions of "blindly protecting" vested interests in apparent blatant disregard of the interests of consumers.

In its annual report tabled in Parliament yesterday, the board said it was being frustrated in its attempts to deregulate these professions.

The board also said occasion could arise for it to decide on the "excessiveness" of a price — which, since its inception, it had never formally done

The report noted that various

(245) factors contributed to continuing price rises, including unsatisfactory productivity levels in many industries, interest rates, large-scale theft, the low rand exchange rate, allowance for inflation in budgets as a matter of course, a cost-plus determination of the price of goods, tariff barriers, and excessive regulation in many areas

Most of the board's activities in implementing and enforcing competition policy related to prices did not require it to decide on the "reasonableness" or "excessiveness" of the price of a particular commodity

"However, as the import of the Maintenance and Promotion of Competition Act 1979 sug-

gests, there may be occasions when it will be obliged to do so

"More particularly, this will occur when the board is required to decide whether a monopolist is making excessive profits, or whether someone in a dominant position in a particular market is engaged in unreasonably low pricing to force competitors out of the market or to discourage new entrants"

The report said that in many instances, restrictions on professional services were in direct conflict with accepted competition norms, and that action in terms of the Act was prevented solely by the fact that these restrictive regulations were statutorily authorised — Sapa

GERALD REILLY

BTT report on food inflation due soon

PRETORIA — The Board on Tariffs and Trade (BTT) final report on food price inflation would be submitted to the Agriculture and Trade and Industry Ministers by the month end, a board spokesman said yesterday

Consumer organisations are hoping that this time around the BTT investiga-

tion will pinpoint links in the food chain causing unnecessary price pressures

Other issues expected to be dealt with in the final report include BTT recommendations on deregulation, and a more positive role for the Competition Board

Sacob in its representa-

tions supported the position that the statutory powers of control boards be modified to allow a more market-driven system

The SA Agricultural Union and other farming organisations rejected the recommendation. They said it was based on a lack of understanding of the functions of the boards

Sacob also supported the removal of quantitative import controls, but was concerned about the harmful effects of dumping

In a further representation to the committee, the Housewives' League called for greater detail in Central Statistical Service food statistics

COMPETITION
Board chairman Pierre Brooks yesterday proposed a sweeping review of existing competition policy, including the possibility of forcing uncompetitive companies to give up market share to new entrants

A discussion document compiled by Brooks said deficiencies within the current system of competition administration needed urgent remedy

The document proposed replacing the board with a Competition Tribunal and an appeal court. The board's current investigations directorate would take over most of the existing board functions.

Brooks said yesterday the system would remove government's direct role in policy implementation. Currently the board only made recommendations to government. It was not envisaged there would be government representation on the tribunal, although members would be state-appointed.

The board's investigations directorate should be renamed the Office for Competition Matters and handle complaints, conduct investigations and prepare reports for presentation to the tribunal.

In addition to acting against price-fixing, market sharing, resale price maintenance and collusive tendering, the tribunal should be able to outlaw other anti-competitive behaviour on an ad hoc basis.

Board calls for competition rules review

(245) ~~480~~
BIDM 14/10/92
PETER DELMAR

Brooks suggested facilitating the entry of viable companies into uncompetitive markets by "persuading or obliging the company or companies already operating in it to dispose of a portion of its or their share of the market to the potential entrant at a reasonable price"

Brooks said the board had accepted that some measure of corporate conglomeration was not only tolerable, but desirable. "However, the degree of economic concentration in SA is probably too high"

The holding of directorships of competing companies within or outside conglomerates should be prohibited.

"Where group policies require the allocation of business to companies within the group to the exclusion of outside competitors, this could constitute an unjustifiable barrier to entry, warranting investigation as a possible restrictive practice"

□ To Page 2

Competition

(245) ~~480~~
BIDM 14/10/92
Brooks said affirmative action was reconcilable with a progressive competition policy and cited the examples of efforts to give Flitestar a realistic share of the domestic air industry, as well as protection of the sorghum beer industry.

Brooks recommended that parties to

acquisitions should be compelled to make prior notification of their intentions if these deals were of a "predetermined magnitude" or would lead to "predetermined levels of concentration in a given market". The document did not elaborate as to how this measure would be implemented.

From Page 1

Changes to building societies tabled

LINDA ENSOR

CAPE TOWN — The Mutual Building Societies Amendment Bill, bringing mutual building societies into line with deposit-taking institutions in terms of minimum capital and reserve requirements, was tabled in Parliament yesterday.

The Bill empowers mutual building societies to issue permanent, unredeemable interest-bearing shares to drum up a hard core of capital.

This in turn will enable them to strengthen their capital bases to meet the new capital and reserve requirements.

The memorandum to the Bill, which would come before Parliament next year, said it had become imperative that mutual building societies be subjected to the same prudential requirements as deposit-taking institutions in the light of the greater freedom they had been granted by the adjustment made this year to their mandatory financial ratios.

Competitive

These new ratios made it necessary for mutual building societies to conform with a standard of risk management commensurate with the risk exposures that would be encountered as a result of the extension of their business.

New regulations came into effect on July 1 enabling mutual building societies to utilise their operating capital more profitably in the highly competitive financial services market.

The maximum ratio of operating capital that they were permitted to apply to business advances and general advances was increased from 30% to 70%. The minimum ratio of operating capital building societies were required to apply on housing advances was lowered from 70% to 30%.

Govt forces gambling legislation through

Political Staff

CAPE TOWN — In spite of vigorous opposition, government yesterday forced its controversial anti-gambling legislation — which will outlaw "hard gambling" from February 1 — through Parliament.

Crucial to its success was the support of the ruling House of Delegates party, Solidarity, which had blocked the legislation in the standing committee before the end of this year's parliamentary session on June 19.

The DP, with support from the Labour Party, argued vigorously that the legislation should have been suspended until the Howard commission completed its probe into gambling.

However, the NP majorities in the House of Assembly and the Solidarity support in the HoD gave government the numbers it needed to push through the legislation.

In terms of an amendment to the Gambling Amendment Bill, the legislation will only be come applicable on February 1 Justice Minister Kobia Coetsee said that this was to give "illegal" casinos time to wind up their business. However, there was still hope for at least some of the estimated 2 000 casinos that have

ANC 'will ignore

CAPE TOWN — The ANC has chosen to ignore President F W de Klerk's insistence that it must control its radicals before joining the NP in a government of national unity, saying "we have heard it all before".

Spokesman Gill Marcus said the ANC would not react to the President's headline pre-conditions, but sources in the organisation have already described them as unacceptable.

Marcus said the ANC's reaction to De Klerk's speech in Parliament on Monday still applied. In that, the ANC said the President's "indul-

sprung up this year Coetsee confirmed yesterday that the Howard commission was to be expanded to include an urgent investigation into the desirability of permitting gaming in regions or areas where it was presently banned.

It is understood that areas or cities such as Cape Town, without easy access to a homeland casino, could be considered for an exemption. Coetsee yesterday defended government's actions, saying it had no other aim than to create order in the present chaotic hard-gambling situation.

The DP mounted a scathing attack on the legislation during the debate, with Houghton MP Tony Leon saying it was a "piecemeal", "futile" and "knee-jerk" measure which made a mockery of careful and considered law-making.

The CP supported the Bill as the party was "strongly opposed to gambling", said Roodepoort MP Jung Prinsloo

FW's demands

Political Staff

gence of his McCarthyite proclivities was as undignified as it was puerile. That he and members of his party still entertain the hope of sowing tension in the ANC by targeting members who are communists betrays a naivety that is laughable," it said.

Sapa reports CP leader Andries Treurnicht called for De Klerk's resignation and demanded government crack down on the ANC.

● Comment: Page 8

Would more power help?

FM 16/10/92
 In SA's highly uncompetitive and heavily State-owned economy, companies may wield too much power. So the Competition Board believes it needs more power too in order to level the playing fields

In an 18-page report released this week, Board chairman Pierre Brooks suggests a new competition policy that dramatically expands government's role in creating competition. If implemented, the proposals could avert harsh anti-trust legislation by an ANC government that would simply break up big companies. But the proposals also would give government wide powers over business.

The report, called *Future Developments in SA Competition Law and Policy*, suggests:

- Creating an Office for Competition Matters to handle complaints, conduct investigations and prepare reports, a Competition Tribunal to adjudicate these issues and a Special Court to deal with appeals against tribunal decisions;
- Granting the tribunal the power to declare anti-competitive behaviour — as well as price-fixing, market sharing, resale price maintenance and collusive tendering, which are already outlawed — “on an ad hoc basis as they arise;”
- Granting the tribunal the power to order reports from businesses on price increases when two or more major companies in an oligopolistic industry — defined as when the market share of the top three companies is more than 70% — raise prices by a similar percentage or amount in a three-month period;
- Compulsory notification of all proposed acquisitions of a certain size, or that would lead to a certain level of concentration;
- Prohibiting interlocking directorates between competing companies within or outside conglomerate groups and investigating possible barriers to entry and restrictive practices;

continue →

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BUSINESS & TECHNOLOGY

- FM 16/10/92 (245)
- Giving powers to the tribunal to investigate “unfair” competition by government or State-owned companies and drawing up clear rules or guidelines for the competitive behaviour of these bodies, such as requiring full disclosure of all subsidies and having independent regulatory bodies to approve all price increases by public utilities; and
 - Raising criminal fines dramatically (he believes the current maximum, R100 000, is too low) and granting powers for more proactive — rather than the board's current reactive — investigations.

Brooks's suggestions are criticised by several experts on business competition, who warn against giving more power to a statutory board that could be politically abused.

“To make the economy more competitive, one needs to reduce import tariffs and get rid of control boards and statutory monopolies,” says University of Cape Town economist Brian Kantor. “Imports would force local companies to compete on a global scale and this is the best remedy for perceived inequities in the local market.”

And, adds Wits economist Daniel Leach, Brooks seems to take aim at the private sector when his real target should be statutory monopolies. “In my studies I found that private monopolies are the result of business efficiency and should not be punished.”

Brooks says his report concedes that tariffs are a barrier to competition which needs to be removed, but this lies outside his power. And, he adds, the report agrees that “big is not necessarily bad.”

“What we need to investigate in SA,” he says, “are so-called restrictive practices and acquisitions that limit competitive choice in the market.”

“I also ask for added powers to investigate non-competitive behaviour by government and the parastatals. And all my recommendations are in line with modern competition law developments elsewhere.”

This statement raises an amber light for Leach. He says US anti-trust laws, as well as actions by the UK competition authorities, have operated to reduce competition and should not be duplicated here. “In the UK, authorities have acted to protect competitors, when their aim should be to promote competition.”

Brooks says he has no desire to introduce US- or UK-style laws in SA. But he adds, “It is clear that there are deficiencies in the existing system that need to be remedied. In fact, a comprehensive reappraisal of the situation is necessary.”

NEWS FOCUS

'More deregulation needed'

15/10/92
19/11/92
 BANANA revolutionary J J Viljoen is not alone in his quest to flog his produce where and when he wants. Development Bank of Southern Africa analysts have recommended the deregulation of marketing boards and have also called for anti-trust measures in the food processing industry.

In an occasional paper, Johan van Rooyen, Nick Vink and Mosebajane Malatsi said some 70% of SA's production by value was marketed through marketing boards.

Other monopolistic mechanisms provided control over a range of products, with control vested in big business or, in the hands of commercial farmers.

A report by the Board on Tariffs and Trade (BTT) said control boards pushed the inflation rate up by some 1.5%, while lack of competition in the food processing industry contributed a further 3.5% to inflation.

"Continued deregulation of the marketing boards is therefore recommended. It could be safely argued that anti-trust measures in the food processing industry is also called for," the Development Bank analysts said

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 would occur unless some other mechanism could be found to replace the current system. Inefficiencies in the system, he said, appeared to occur more on agent than board level

A change in the marketing system appeared inevitable, however. He urged prompt reform to eliminate uncertainty. An effective reform of futures market would have to be provided for. A surplus removal system via a floor or intervention price mechanism was essential and would have to be financed by central government, if not done by boards.

Export subsidies would have to promote off-loading of excessive surpluses in the face of unrealistic ruling world prices. It should be ensured that control board monopolistic practice did not translate into market control by co-ops through the use of public assets. Opening the current marketing system to real competition would reduce costs, but would increase the burden on farmers.

Farmers near factories or ports would earn more, while farmers or co-ops in remote areas would receive concomitantly less and be left holding any surplus.

LLOYD COUTTS

Adjustment of agricultural marketing policy to encourage acceleration of the current trend of declining real land prices should also continue, they said.

Single-channel, fixed-priced marketing schemes operated by the Maize and Wheat boards, for instance, caused land prices to be 41% and 43% higher in the 1980s than would have been the case under a free market.

Food Logistics Forum chairman Hamish McBain warned, however, that a free market could lead to inevitable shortages and wild price fluctuations. In a review of a BTT recommendation that statutory control over agricultural markets be terminated, McBain said no nation could produce exactly what it required.

"If there is no strategic stockpile, prices will rocket or be fully dependent on import costs. Prices will drop dramatically unless there is some orderly means of surplus removal."

Export of surpluses would almost inevitably be at a loss and dramatic price fluctuations

Bank: We're borrowing less and saving more

S (Times (Buss)) 6/12/92

HOUSEHOLDS are reducing debt and increasing savings in response to poor economic conditions and growing insecurity about the future, according to the Reserve Bank in its December Quarterly Bulletin.

Abounding fears over future earnings and job security have resulted in a strengthening in the ratio of personal savings to personal disposable income to 3,5% in the third quarter. This is up from a low of slightly less than 1% in the third quarter of 1990 and has improved from 3% in the second quarter.

But the improved level of savings was outweighed by government dissaving, or borrowing requirements, in the third quarter.

Demand for credit has also slowed because of the depressed economy, falling inflation and the relatively high cost of borrowing.

The growth of hire purchase credit and "other loans and advances" — which mainly consist of overdrafts — have contracted.

The Bank says the rate of increase in hire purchase credit over periods of 12 months decelerated from 6,7% in December 1991 to only 1,3% in June 1992, before rising again to a still low 2,3% in September.

The rate of increase in "other loans and advances" dropped from 12,6% in December 1991 to 1,5% in June 1992 and to a negative 0,7% in September.

In contrast, the annual growth rate in mortgage advances by deposit-taking institutions contracted only slightly from 18% in December 1991 to 16,9% in September 1992.

The Bank says the growth

By ZILLA EFRAT

in mortgage advances has remained relatively high because of lower interest rates and cash-flow advantages.

Another factor is that deposit-taking institutions have actively promoted mortgage lending because of lower capital requirements attached to these loans.

Poor economic conditions and growing insecurity have also left their mark on fixed investment spending.

The ratio of gross domestic fixed investment (GDFI) to GDP — at 16% in the third quarter — was the lowest recorded level in 46 years.

After 11 consecutive quarters of real GDFI decline, this ratio is a poor showing after an average of 23,5% in the 80s. In the same decade, industrialised countries averaged

21% and newly industrialised countries 31%.

The Bank says this ratio must be strengthened, and the productivity of such investment improved, if SA is to regain its past economic performance and create employment opportunities.

Following a sharp decline in the third quarter, real GDFI has shown a cumulative decline of 21% from a high point in the fourth quarter in 1989.

The first nine months of this year have been tough. In addition to retrenchments, consumers are feeling the pinch of lower property income, smaller salary increases and conservative dividend payouts.

Real disposable income fell at an average annualised quarterly rate of 2,5% during the period.

Real outlays on private consumption have now contracted for six consecutive quarters. In the first three quarters it was 3% lower than the same period last year.

Depressed

The real estate market has become increasingly depressed. The value of property transactions shrank from R7,1-billion and R6,1-billion in the first two quarters to R5,9-billion in the third.

The Bank says the average number of fixed property transactions in the first nine months of 1992 was 18% down on the same period last year. The average value of property transactions rose by nearly 6,5% to R131 000.

The Bank says GDP has contracted 3,5% from the beginning of the economic downswing in the first quarter of 1989 to the third quarter of 1992.

It says the decline in real output in 1992 may well be 2%, following falls of 0,5% in both 1990 and 1991.

Secure sales practice backed

ROBERT WICKS

SUPPLIERS who reserve ownership when supplying goods on credit might not endear themselves to liquidators or other creditors, but they do give themselves a fighting chance of protecting their interests

So says Ernst & Young Liquidations & Insolvencies partner Philip Reynolds. *BIDM*

Opinion is divided on the acceptability of the practice of reserving ownership until goods are paid for in full, but Reynolds argues that it provides suppliers with a good shot at securing their debts due. *9/12/92*

He suggests that if this strategy is contemplated some basic principles must be applied

"It is essential to have a proper supply agreement drawn up and signed by a person, able to contractually bind the customer."

Suppliers should bear in mind that only goods in the possession of creditors on the date of liquidation could be considered as security. In addition, they would have to positively identify goods not yet paid for. If practical, goods should be marked with serial numbers

The supplier should also be able to identify invoices not paid. So good accounting records were essential. *(246)*

Copalcor test of the watchdog's teeth

w/mail 18/12 - 22/12/92

By REG RUMNEY

IN a decision which will make or break its credibility as a public watchdog, the Competition Board has attempted again this year to stop a monopolistic merger. The board has halted the R600-million merger of Haggie subsidiary Copalcor and Non-Ferrous Metals (NFM) group.

Its attempt to stop the takeover of Arwa by the FSI Group was overturned earlier this year by Minister for Public Enterprises Dawie de Villiers, underlining a perception of the board as a toothless watchdog.

The board has opposed the Copalcor-NFM merger on the grounds the merged company would represent a monopoly on both ends of the market, both in buying scrap metal and selling it as finished product.

The merging parties can and will appeal to De Villiers to have the board's judgment overturned.

Haggie managing director Chris Murray stresses the export benefits to the country of the merger. "Both companies cannot grow. Both are fighting over a small local market and cannot optimise exports" Neither can afford the capital investment now needed to stay abreast of world

markets.

He cites Copalcor's need for a new extruder, and questions why it has to pay R20-million for one when NFM has a machine which is only used a third of the time it could be

Asked whether the deal would lead to a monopoly, he says it depends on how "monopoly" is defined.

Murray says Copalcor is monopolistic in large segments now. The two companies don't overlap in all areas, he says. In some segments big customers only buy from one company or the other. Tariff protection is 15 percent on average, he contends. The board doesn't buy any of Copalcor's arguments, and is hoping the minister won't. It is trying to signal its seriousness about upholding competition.

Competition Board chairman Pierre Brooks says: "We are trying to get this message across: If a company makes an acquisition in an area in which they have a dominant position they have to be convincing about how it serves the public interest."

The copper companies merger holds out the possibility of increased exports, he says, but this is speculative. However, these exports mainly benefit the companies concerned rather than the

public.

Brooks explains the minister's decision on Arwa hinged on competition from imports.

"The minister told us to ensure that tariff protection must not stand in the way of imports. We had to monitor the situation for probable abuses." Having done that, the board was able to facilitate substantial imports in consultation with the Department of Trade and Industries.

A similar situation applies to the copper firms merger. "It is regulated on both sides of the market. You can't have a monopoly and have tariffs," remarks Brooks. Nor, despite the Arwa decision, is it the board's business to address the tariff. "The barriers must first be removed before the merger can go ahead, but we don't control the barriers."

Brooks notes too that the decision hasn't been taken in a vacuum. "The downstream users were agitated and were forthright in expressing their fears about what might happen if the merger took place."

What has been overlooked is an aspect of the merger which may attract more attention under a new regime — that of further concentration of economic power.

The merger would mean a private company, NFM, is taken over by a company owned by conglomerates Anglo and Sanlam. The move, coming so soon after its own anti-trust conference has attracted the attention of the African National Congress.

ANC department of economy policy's Tito Mboweni noted the board's action with interest. "They seem to be waking up. Whether the move is indicative of a changed approach or just panic is not clear."

However, he noted the decision could still be overturned. If it is, the board will have suffered a blow to its public credibil-

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Getting credit without banks or HFP 246

W/M ad 18/12 - 22/12/92

Weekly Mail Reporter
WORKERS are finding a way around inaccessible loan requirements and prohibitively high interest rates by joining credit unions.

Credit unions — savings and loan schemes offering very low rates of interest on loans to members and paying interest rates comparable to any financial institution — are growing in popularity.

By March 1994 there will be 20 000 credit unions in the country with combined deposits of R5-million, estimates the South African Credit Union League (Sacul).

The league has 36 credit unions under its wing with combined savings of R582 000. It provides central

accounting, auditing and legal services to the credit unions and also administers a fidelity insurance fund which protects savings against theft. Sacul has been given the go-ahead to establish credit unions among National Union of Mineworkers members and hopes to bring other trade unions into its fold.

One of Sacul's most successful unions was started at the South African Council for Higher Education (SACHED), a service organisation. Called Tusanang — "to help each other" — the union is run by a board made up of a director, a secretary and treasurer who decide on loans, interest rates and pay-back clauses. Tusanang saves R4 000 a month

and collects a loan pool of R20 000 a month for members to borrow from. It started with just R160 a month in 1990. SACHED has encouraged the credit union by establishing stop-order facilities, doing collections and furnishing Tusanang with monthly statements.

For Eric Kgantsi, joining the credit union has meant he will never have to enter into another hire purchase agreement. He is still suffering the effects of the bad credit record he established after taking two months too long to pay off a fridge he had bought on HP and has since borrowed from the union to buy other commodities. "Tusanang has worked wonders. I

can stand up and tell the whole world," says Clothilda Mvelase. Without her loan, she would never have been able to secure a deposit big enough to put on the car she coveted.

SACHED employees have also been helped with study loans, home loans and even lawyers fees.

It is easy to secure the loan because members do not have to motivate their requests or provide security "because we work together and that is enough security", says Mvelase.

As Tusanang increases its capital, it will lower its interest rates and extend the six-month pay back scheme. It will also probably be able to lend more than the current maximum of R4 000 to individuals.

STA 23/12/92

'Immoral' toy AK-47s removed from shelves after public outcry

By Charlotte James (246)

After an outcry from the Housewives' League and the public, toy AK-47 rifles imported from the Far East were taken off OK Bazaars shelves yesterday.

The AK-47 — one of South Africa's most infamous deadly weapons — was being sold alongside fluffy toys and games

Housewives' League president Jean Tatham said it was "totally immoral to sell any toy weapon which could be mistaken for the genuine article"

OK Bazaars marketing director Arthur Solomon said "Due to the sensitivity surrounding the sale of this controversial toy, we have reacted to our consumers' requests by removing all stock from our stores immediately."

Tatham said she would

write to the Minister of Trade and Industry to request that the AK-47s and other toy imports representing genuine guns be prohibited

"It is wicked in any society to perpetuate the gun myth, but in our particular time it is criminal," she said.

Parents choosing Christmas presents should be wary of toy guns because children were incapable of distinguishing between the toy and the real thing. This could cause tragedies, she said.

The Daisy pellet rifle, also sold in toyshops, was "heavy enough to kill a man with its weight alone", Tatham said

Checkers/Shoprite spokesman Surita van Wyk said the store did not carry the toy AK-47s

Highgate Hyper general manager Gerald Berndt said he had seen "nothing of the sort" in any Pick 'n Pay store.



'Educate consumers'

STEPHEN COPLAN

CONSUMER education programmes are essential to counter ignorance and exploitation, the Consumer Council says

Its editorial in the SA Consumer said a survey had found that low-income consumers in particular were unsophisticated in the market place and unaware of their rights and responsibilities.

The need for more guidance to consumers on how to obtain product knowledge and where to search for information had also become clear.

As a result of the survey, the Consumer Council would revise and update its information brochures and guides and was planning educational seminars

The editorial said consumer education programmes should stress the benefits of using available information

Optimism as SA consumers reduce debts

CONSUMERS' efforts to reduce their debts were creating a sound basis for a recovery in private spending, Deputy Reserve Bank Governor Jaap Meijer said yesterday

Figures in the Quarterly Bulletin show consumers saved more as they cut back on their debt burden. The ratio of personal savings to disposable income rose from less than 1% in the third quarter of 1990 to 3,5% in the third quarter of this year. There is further evidence of individuals' reluctance to add to their debt burden in the monthly statistics on money and banking — credit extended to the private sector is rising at an annual rate of less than 9% against about 18% a year ago.

Meijer saw the reduction in consumers' debt burden as a positive factor for the

928 21/11/92 (246)
GRETA STEYN

economy next year, but cautioned against expecting fireworks. "We do not expect an increase in private consumption spending next year, but rather a slowdown in the rate of decline. Consumption spending should bottom in 1993."

He said other factors that should brake the fall in spending were pent-up demand for durables and more normal demand for non-durables.

He described the continued decline in consumption spending this year as "highly unusual". Private consumption spending fell by an annualised 3% in the third quarter of this year.

The Bank expected moderate economic growth next year, Meijer said. However,

robust quarterly growth rates would be required to bring the level of GDP back to where it was at the beginning of 1992.

The Bank is understood to have scaled down its growth forecasts for next year from almost 2%. Meijer did not want to disclose exact figures for forecasts.

The key economic variable for next year would be the 1993/94 Budget, Meijer said. SA's longer-run economic health required a drastic reduction in the fiscal deficit, but short-term pressures would create problems in meeting the challenge.

Meijer said the Bank accepted that a drastic reduction in the deficit to 3% of GDP from its present levels was "out of the question".

● See Page 3

PRICES - CONSUMER Protection Bodies

1992

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Moveable goods may secure loans

B [unclear] 6/1/92 (246)

SUSAN RUSSELL

INDIVIDUALS may soon be allowed to offer moveable property as security for credit without losing possession of the pledged goods, if recommendations by the SA Law Commission are accepted by government.

This means a debtor would be able to offer moveable goods, such as a vehicle, as security for a loan and still retain full use of it while the debt is being repaid.

In a statement at the weekend the commission said there was clearly a need in the commercial world for such a system to operate — in much the same way as is done with immovable property at present.

The Law Commission has presented the recommendations to Justice Minister Kobie Coetsee

"After consideration of various proposals and a comparative study, the commission recommends that the provisions of the Notarial Bonds (Natal) Act 18 of 1932 should be made applicable in the rest of the Republic," the statement said

At present this particular Act applies only to Natal.

The Act provides that moveable property, over which a notarial bond is registered in the Deeds Office and which is specifically described in the notarial bond, be afforded the same security as a pledged object that is delivered to a creditor.

With this system, the creditor would have a secured claim over concurrent creditors if the debtor went

insolvent

If the debtor sells the moveable property in question the rights of the creditor would not be affected and he would be able to vindicate the property from a third party

A third party intending to buy the object or accept it as security would be able to ascertain whether it had already been registered in the Deeds Office.

"The commission is of the opinion that this proposal is a big step forward in facilitating the granting of credit and the protection of creditors and consumers," the statement said.

It said various other forms of tendering security existed in practice which allowed the debtor to retain possession of the secured goods, such as hire purchase and lease contracts

These forms of security were not satisfactory, however, the commission said, because the object could be fraudulently tendered to more than one creditor

Various creditors might then obtain conflicting rights to the object in question.

"Furthermore, certain legislative measures confer a preferential status on the State and other institutions as against other creditors," the commission said.

A dishonest debtor could also alienate the object to a bona fide third party so that, in the end, the creditor had no good security, it said.

The year you get out of debt

STAR 7/1/92

246

Hope amid the gloom
With personal debt levels soaring to record levels as a result of the longest post-war recession in South Africa, many people will find themselves in trouble this year, perhaps even facing bankruptcy. But there is hope . . .

PEOPLE don't get themselves into debt overnight. Like putting on weight, it's a slow and gradual process. Getting out of debt takes quite a while. It also takes hard work and discipline.

Getting into debt is like stepping out into the ocean, venturing ever deeper, until you find you're way over your head.

All it needs is one unexpected wave to knock you off your feet and you're in trouble.

The same happens with your personal finances.

What do you do? Do you try and avoid the issue, hoping that it will go away, which it won't?

Here is a step-by-step guide on how to get out of debt in 1992.

- Commit yourself to ridding yourself of debt. Bring the problem out in the open and get some idea why you are in debt. Enlist the support of your family or very close friends and enjoy the here and now — you are not starving or sleeping on the street yet.

- Develop a positive mental attitude. Tell yourself, morning and evening, that you will achieve your goals. Once you have begun to visualize a better life and to set specific goals, you must persist until you begin to see results.
- Use the power of the subconscious. If you have an urgent problem, try to think consciously of possible solutions, recording them on paper. Remember the power of persistence. Make a point of learning from people who have overcome their diffi-

TOMORROW
Half a century after the nuclear industry began accumulating radioactive waste, no one has yet found a safe, permanent way to dispose of it, says a new report.



can be made.

- Plan your spending: Decide what is essential — only then can you trim back on discretionary spending.
- Decide what you can seriously afford to repay your creditors.
- Communicate with your creditors. Deal with secured debt first, then with unsecured arrears. Deal with officials by name and be honest about your circumstances.
- Sell surplus assets. This is a quick way to cancel unwanted debts, but take the time to learn how to sell. Sell only what you don't want or need.
- Increase your income. Identify your main strengths and weaknesses and try to find work which will best use your abilities and experience.

You must make strenuous efforts to get extra income — part-time work is the first thing to look for. If possible, get some training in a field that will enhance your market value, such as computers or book-keeping.

- Learn how to save and invest. Get into the savings habit by putting away a part of your income each month.

Try to get into the habit of saving something from everything you earn. Adjust your budget according to this habit. A good pension scheme is an excellent savings vehicle. Remember the saying: People who fail to plan, plan to fail.

- Magnus Heystek's latest book, "World of Money", is available from The Star Promotions Department, Box 1014, Johannesburg 2000, at R35 per copy. **TRENDS REPORTER**

whether it has to be secured on your home or other assets? Another question you should ask is what procedure will be followed if you are unable to meet the repayments.

- Understand the cost of debt. Make sure you ask the lender what the annual percentage rate of the loan is, how much it will cost in total and

- Find out where your money goes. Record every expenditure you make, divide your spending into categories and record these weekly or monthly. Begin to identify where economies

FM 10/1/92

HP AND LEASING

246

Bouncing back

The third quarter of 1991 showed a surprising jump in HP and lease credit creation by banks, according to a Nedfin analysis

The total rose in that quarter by 4,17% to R1,2bn. Though this is well below the average quarterly growth rate of 6,1% since 1988, it is substantially higher than the rise of less than one percentage point in the previous quarter.

Nedfin strategic research manager Basie Jordaan suggests that dip, after 4,3% growth in the first quarter, flowed from decisions by customers to wait for the introduction of VAT so that they could claim input credits on capital goods.

"By the third quarter," says Jordaan, "the 15% wear-and-tear allowance had been introduced and proved particularly attractive. Also, there is normally a seasonal upswing in this quarter." He suggests business confidence could be higher than is generally assumed.

Fourth-quarter figures will show whether this is the case, when businesses put into effect postponed decisions. ■

Sharp rise in business failures is on the way

S/Times (Buss)

12/1/92

By CIARAN RYAN

A POST-CHRISTMAS shock is on the way for many businesses, according to Credit Guarantee Insurance Corporation.

Senior general manager Mike Truter says: "It is traditional to see an increase in failures after Christmas when businesses wind down after the rush and are faced with commitments — wages, bonuses and normal overheads."

By January many companies are unable to foot bills carried over from the previous year

Latest figures from Central Statistical Services suggest the economy is still a long way from emerging from recession

The value of civil default and consent judgments shot up by a third to R1.94-billion (R1.45-billion) from January to September compared with the same time in 1990

But the number of civil default and consent judgments rose by a slimmer 9.7% to 397 475 compared with the same time in 1990. This indicates that the size of judgments continues to rise at a faster rate than that of business closure

Close

Close corporations and companies were liquidated at an average rate of 157 a month between January and October 1991 according to CSS. The rate was 133 a month in 1990

The number of liquidations between last January and October was 1 568, a 15% increase over the comparable months in 1990

The number of individual and partnership insolvencies between January and September was 2 831 compared with 2 344 for the same months in 1990

Credit Guarantee economist Luke Doig says reasons for the sharp rise in the value of default and consent judgments are the long recession and high interest rates

"We thought that most businesses had learnt their

lessons from the previous recession. They should have paid attention to cash flow and carried lower stocks

"But high interest rates must be the main reason for the increase in the number and value of business failures"

It was widely expected that the economy would bottom in the last quarter of 1991 and turn around in the first half of 1992. But economists have revised their forecasts, projecting an uptick in the second half of the year

Mr Doig says "Economic conditions are still flat. Businesses will continue to fold at a similar rate for the first six months of this year"

Base

The rate of business failure usually rises when the economy picks up because of the time lag in administrative processing and the increased demand on cash flows to finance inventories

The increasing incidence of business failure and debtor delinquency has increased the demand for credit insurance, say Credit Guarantee and Credit Underwriting Agency (CUAL)

Credit Guarantee's insured turnover increased by 13% to R20.9-billion in 1991 in spite of an ailing economy after a 32% growth in the book size in 1990

But the difficulties experienced in business are reflected by the 45% rise in claims paid in the year to June 1991 to R92.6-million.

CUAL managing director John Manners says his company's insured turnover grew by 65% in the year to December 1991 off a relatively small base. But gross claims, which are not disclosed, were also sharply up

Both companies expect claims to taper off in the second half of 1992

A problem with credit insurance is that for reporting purposes, the books are left open for three years. Claims are generally made in the years after a policy is written

Fewer debt cases but judgment values soar

STAR 17/1/92

246

Consumer Reporter

The value of debt judgments rocketed to R328 million last month compared to R134 million during December 1990, according to a leading credit information bureau.

Information Trust Corporation spokesman David Rosin said that in rand terms, individual judgments went up from R118 million in December 1990 to more than R270 million last month. However, there were 29 326 judgments against individuals in December last year compared to 29 605 in December 1990. Mr Rosin attributed the

slight decline to the high cost of litigation.

"Although the number of judgments has remained constant, the rand value of these judgments is going through the ceiling," he said.

In the business sector, the number of judgments increased from 2 674 in December 1990 to 3 785 last month.

This increase in the number of judgments for businesses indicated there would be quicker moves to resolve debt than before.

The actual value of judgments against businesses last year was R57 943 000 compared to the R16 million in 1990. The total amount of judgments during December 1991 was 33 111

opposed to 32 279 in 1990.

"There was not a substantial increase in the number of judgments taken, but the rand value increased dramatically.

In December 1991 it was about R328 million compared to R134 million in December 1990," said Mr Rosin.

Many cases of dishonoured cheques never made it to court, said Mr Rosin, who foresaw a continuation of the credit trend in coming months.

"The number of inquiries for cheques was exceptionally high up to Christmas Day," said Mr Rosin. There was a dramatic decline between Christmas and New Year when credit inquiries moved to the coast.

According to Mr

Rosin, Transvaalers made up the greater part of the debt in the country. This was followed by the western Cape, Natal, eastern Cape and the Free State.

The high debt in the Transvaal could be attributed, partly, to the dense concentration of people Areas such as the Free State, where there were fewer people and more personal contact, showed that the smaller type of environment could be more controlled.

In magistrate's courts the biggest number of individual judgments was in respect of consumer goods, whereas in the Supreme Court individuals were brought to book mostly for debts on bonds.

In the commercial sector — business to business — judgments were brought for debts firstly on goods, services and cheques. Next came claims from the Receiver of Revenue for outstanding general sales tax.

Restraint

Consumers and businesses would have to take action, he added.

"This year, 1992, will have to be a year of restraint. Consumers have to show more restraint than ever before," said Mr Rosin who added that businesses would also have to be more careful.

Last month, retailers reported that consumers were using more credit than previously during the festive season. These figures, however, will filter through only during the latter half of January and early February as a number of stores are still "clearing up" dishonoured cheques.

Consumer Council assistant director, communications, Daan Kruger said credit had become part of the economic scene but it was still a facility which consumers should be urged to use judiciously.

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Graham Linscott looks at business practices in the new SA



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What has happened to ethics and morality?

STAR 20/1/92

FAMILIAR South African story two armed men burst into a suburban home in daylight They pistol-whip the gardener, demanding money and guns.

They pistol-whip the maid, who has managed to push a terrified infant under a bed and out of harm's way Nobody else is home

They take what little money is about, the TV set, the radio, clothing and bedding, and leave in the car standing in the garage The car is found abandoned next day, its engine cooked

Familiar South African story Part 2

The householder is only too thankful his child and the domestic were unharmed He is insured, all will be well

He files a claim But the insurance company rejects it because

the policy specifies all accessible opening windows shall be burglar-guarded An assessor says the house has several small fanlights not burglar-guarded The policy, on which all premiums had been paid, is therefore void. The company has no liability

Never mind that the robbers entered through the door in daylight, not through the fanlights

The insurance company will not pay for the goods stolen or for the towing of the stolen car or for repairs to it

Worse still, because the policy is void, the cover of the householder's other car is also void

And because he is in dispute with an insurance company, no other company will touch him

And, unbelievably worse, his other car is stolen, this time from outside his place of work In spite

of having paid all the premiums, he has no claim at all on the insurance company.

But the householder is welcome to sink his life's savings into a battle in the Supreme Court with the insurance company's lawyers

I mention the incident merely to ask What has happened to this country? What has become of ethics, morality? The insurance industry can bleat as hard as it likes about hard times and actuarial contingencies Its lawyers can bleat about the letter of the law and caveat subscriptor.

But they know inside themselves that what we are discussing here is business morality.

A great struggle of ideas is on in this country — free enterprise versus Big Government. Insurance is surely one of the great un-

derpinnings of the free market

But if insurance companies can make use of absurd fine-print clauses to escape liability to their clients, do they not bring the entire ethos of free enterprise and business into disrepute?

The moral and ethical test can be applied right across the business sector — to retailers who pay 10 percent VAT and pass it on as 12 or 15 percent, to price-riggers and a host of rip-off artists.

How on earth, with these attitudes in the business sector, are the vast, disadvantaged masses to be persuaded that there is any special morality or value in the free enterprise system, or why they should not use their weight in numbers to get their share of the action when it comes to ripping people off? □

Food prices

jump 22,7 pc in 12 months

STAR 22/1/92

By Paula Fray
Consumer Reporter

Consumers reeled under an average 22,7 percent increase in basic food prices from November 1990 to November last year, says a Housewives' League survey

The Consumer Council has called for a Board of Trade and Industries committee probe into food prices to be completed as soon as possible. The committee, appointed by the Government in July last year to make an urgent investigation of food prices, has yet to hold a report-back meeting.

Board of Trade and Industries deputy chairman Dr Helgaard Muller has said no progress report could be given as the committee would meet only at the end of this month.

Consumer Council assistant director Daan Kruger said it was important for the results to be made known because remedies could be formulated when problems had been identified.

The latest statistics put food inflation at 15,5 percent, while the producer price index has dropped to 7,9 percent.

The Housewives' League survey, which takes the average price of 31 items in five stores in the Roodepoort area, totalled R215,28 last year when there were four zero-rated items under VAT. In November 1990, when there were 14 GST-exempt items in the consumer basket, the total was R175,59. The rate of GST was 13 percent opposed to 10 percent VAT.

"The highest percentage increase was for a 900 g tin of smooth apricot jam which increased from R3,21 in 1990 to R4,44 in 1991 (42,3 percent)," the league says in the latest edition of the publication, "Rands and Sense".

"At the other end of the scale, it is interesting to note a decrease in the price of a coffee/chicory mix 750 g tin from R7,56 to R7,50 and in the price of pilchards — a 425 g tin decreasing by 3c from R2,09 to R2,05," says the league.

Pilchards were taxed under GST, but zero-rated until March under VAT.

The league says the average price of a loaf of brown bread rose by 27 percent and a white loaf by 26,1 percent in the year. It also notes that the bread size decreased from 900 g to 800 g when the bread subsidy fell away in March 1991. Brown bread is zero-rated under VAT.

Among the other increases noted were butter 500 g (31,9 percent), margarine 500 g (39,5 percent), tinned sliced peaches 825 g (29,9 percent), scouring powder 500 g (37,7 percent), cornflakes 500 g (22,8 percent), fish fingers 1 kg (26,6 percent) and seven cuts of meat (34,2 percent).

Meanwhile, the Consumer Council found that the price of a basket of food and household necessities at the stores of three retail chain groups in five urban areas has increased by 5 percent since October 1991.

The Consumer Council's January survey of 58 products found that eggs had increased by 19 percent since October 1991, table salt by 17 percent and toilet paper by 8 percent.

VAT has to be included on all quotations - dept

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STAR 23/1/92

Consumer Reporter

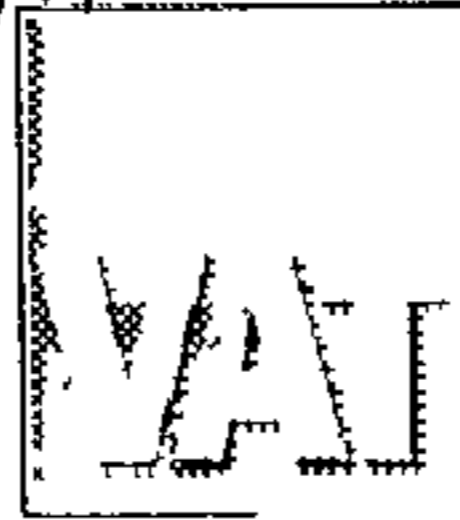
Value-added tax has to be included in all quotations for services and goods given to consumers, a spokesman for the Department of Finance has confirmed.

This followed a consumer's complaint that she was charged VAT on a machine and the services of a plumbing company in addition to the initial quotation given to her.

In terms of section 65 of the VAT Act, any price charged by any vendor in respect of the taxable supply of goods or services should, for the purposes of the Act, be deemed to include any tax payable "whether or not the vendor has included tax in such price".

"The amount of any deposit payable to or refundable by a vendor in respect of a returnable container shall be deemed to include tax," says the Act.

An addition, the Act has the following provisos: Where the price inclusive of tax and the price excluding tax are



advertised or quoted, both prices should be advertised or quoted with equal prominence and impact, price tickets on goods need not state that prices include tax if this is stated in prominent displays at all entrances and payment points, and provided the Commissioner approves any other method of displaying prices or goods during an approved period.

The spokesman said the department had received a number of similar complaints, which had been followed up.

Consumers who were charged 10 percent VAT on top of the initial quotation were within rights to question the charge.

VAT prices see-sawing

SO WELKOM 24/11/92
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SOME basic foodstuffs are costing more than before VAT came into effect, according to a countrywide market survey by Vatwatch

The prices of zero-rated maize meal, milk powder, samp and brown bread increased, which negated the effects of zero-rating

On the other hand, canned fish, rice and fresh milk had become less expensive, according to the report

On average, the price of goods and services decreased by 0,27 percent

On the whole, the average monthly increase in prices had been 1,5 percent since the introduction of VAT, compared with 2,4 percent in the months preceding VAT

The latest survey showed that the rate

BY GRACE RAPHOLO

of increase in the cost of services appeared to be slowing down. Dental fees, vehicle servicing, TV rental, plumbing and electrical services were now increasing at a greatly reduced rate

The cost of accommodation is increasing by 9,9 percent a month and that of visiting a general practitioner was rising by 6,7 percent a month

The Vatwatch survey focused on a basket of 104 and other products at 105 outlets countrywide

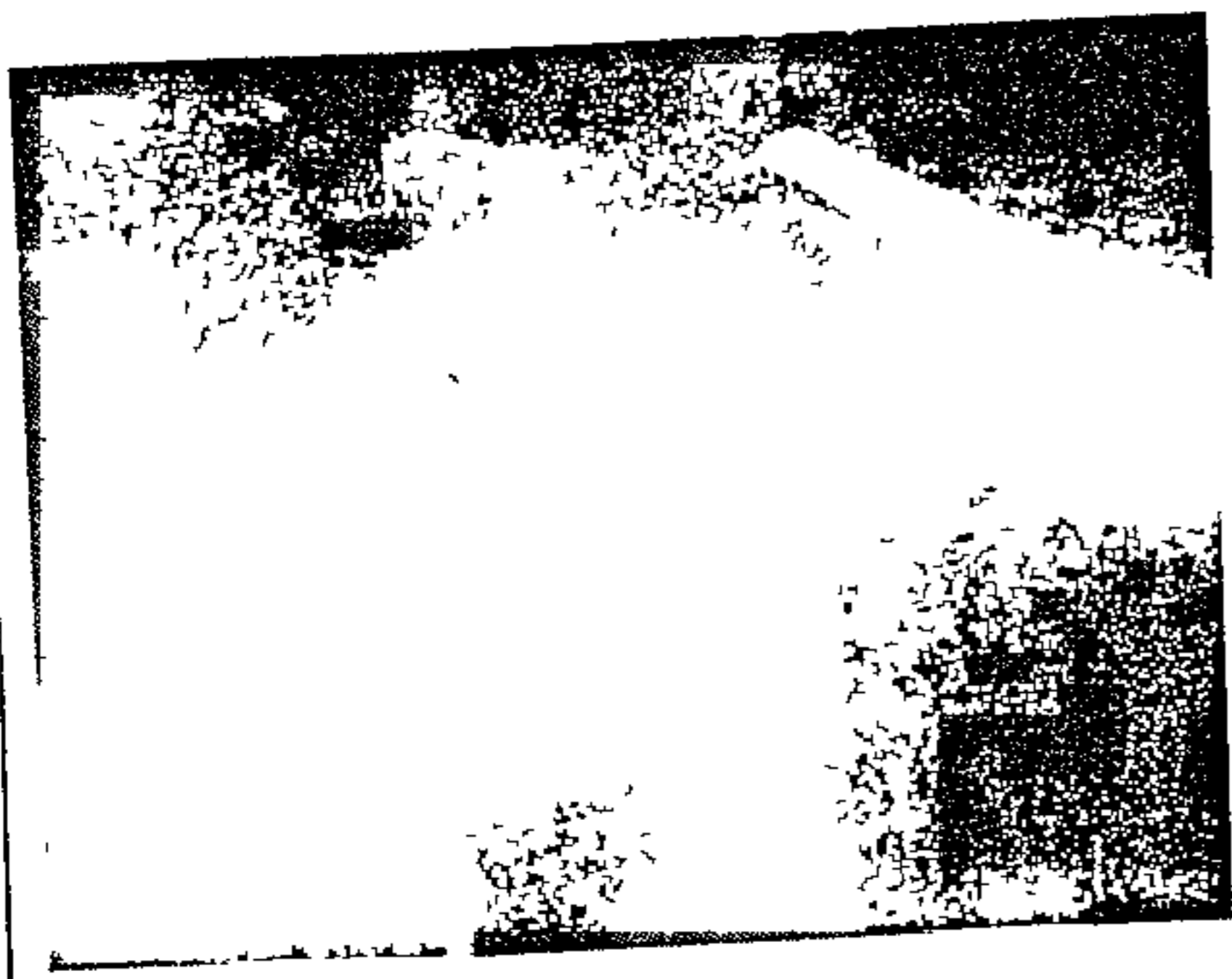
Vatwatch chairman Professor Louise Tager this week said the slowing down in the rate of prices appeared to be developing into a definite downward trend

"Retailers appear to have experienced disappointing sales in December.

"We would be pleased to see the price slow-down sustained, but it may be too soon to make such a claim," she said

However, the savings which the private sector was beginning to experience following the demise of sales tax, were enabling some firms to cut prices without decreasing profits

"The recent announcement by the building industry that commercial building construction costs were decreasing and that home building costs were rising, at most, by 1 percent following VAT, is an indication of the savings which can be achieved when VAT is correctly implemented"



LOUISE TAGER

230 000 ignore the risk of bad debts

S/T Time (BUSS) 26/11/92 (246)

ONLY 5% of South African companies are insured against debtor losses — in spite of the dismal state of the economy and the rising number of liquidations

About 11 500 companies have taken out credit insurance or credit-risk protection. But about 230 000 businesses probably need this cover

Company liquidations increased by 45% in the three months to last October and insolvencies rose by 24%, according to Central Statistical Services

In recent months, however, businesses have become more aware of this type of cover. Only a few years ago, it was virtually unknown in SA

Credit Guarantee Insurance Corporation (CGIC) offers domestic and export cover and Credit Underwriting Agency (CUAL), a member of Commercial Union, covers the domestic market

Johan Engelbrecht of Profguard Insurance Brokers says there has been a sharp increase in the number of businesses inquiring about this form of insurance. It effectively protects companies against bad debts, can be used as an additional method of raising funds and can be considered an asset in the

BY DON ROBERTSON

case of a company that changes hands

Mr Engelbrecht says insurance is particularly valuable for small companies which might face ruin if a major creditor should be forced into liquidation

The insurer guarantees a payout and allows companies to meet their own debts

Advice

In a typical instance, CGIC or CUAL will underwrite up to 80% of a company's debtor book at a fixed premium, renewable annually and zero rated for VAT

The premium will depend on the "age" of the book and the creditworthiness of the debtors, all of which will be established by the insurance companies and treated confidentially

Depending on any increase or decrease in the size of the book, the premium, perhaps 0,2% of the total value, will be charged

Accounts are monitored monthly and advice can be offered on debt collection

In the event of a debtor company facing collapse, both CGIC and CUAL will

pay out on provisional liquidation

A company wishing to raise capital on the strength of its debtor book is traditionally restricted to 50% of the total value. But with credit insurance, it can be increased to as much as 90% of the debtor book's value

In most instances, the premium for credit insurance, is less than a possible debt write-off.

Shareholders in CUAL are Commercial Union and KreditInform. CGIC is backed by most commercial banks and insurance companies. Political risks are covered by the Department of Trade and Industry

In the year to June 1990, CGIC collected premiums of R18,5-billion compared with R2,8-billion in 1981 and paid R63,9-million in claims compared with R2,8-million

Urgent appeal over food-price inquiry

SHERIDAN CONNOLLY

THE 28.3% surge in food prices in the year to December has prompted consumer bodies to call for the urgent conclusion of government's investigation into price structures in the food chain

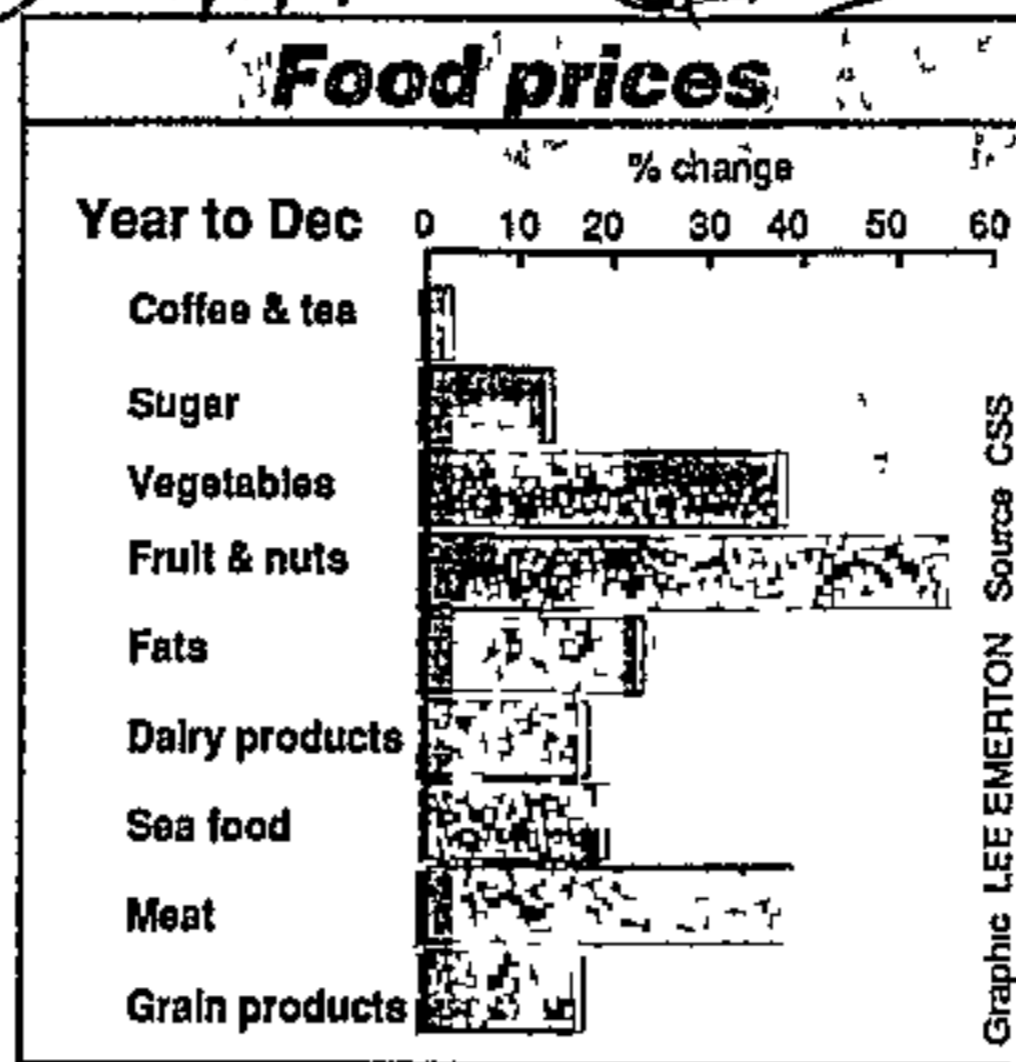
The Housewives League and the Consumer Council have condemned the rise in food prices, saying current levels were unacceptable

Figures released last week by the Central Statistical Service showed "unbelievable" price rises in various food categories

Meat prices rose 38.8% and vegetable prices 38.1%, while prices of fruit and nuts rose an astonishing 56.4% in the period

Results of the Board of Trade and Industry's (BTI) investigation into price structures will probably only be made public in early March

The Consumer Council said in a



statement that the continued rise in food prices was unjustifiable as factors influencing prices should have lead to decreases in prices, if not price stability

"The food price index of 28.3% for December and the consumer price index of 16.2% compare most unfavourably with the welcome 7.9%

drop in the producer price index. If it is now cheaper to produce, why then do products cost more?"

The council said it was eagerly awaiting the findings of the BTI investigation as it was expected to pinpoint the exact cause of price rises. Food prices needed to be brought within everyone's reach, it said

GERALD REILLY reports that a member of the BTI's food investigating committee said the probe had been given "urgent priority" and rejected claims by critics, including the Housewives' League, that it had become bogged down.

To speed up the investigation in the face of a staff shortage at the BTI, outside consultants had been appointed.

When the results of the probes were completed, hopefully by the end of February, the committee would have a data base on which to work and assess price levels, he said.

Hands off, tax man is told

STAR 28/1/92
Consumer Reporter

The Consumer Council has come out in support of the retention of tax deductions for contributions to retirement annuities as an incentive for people to make extra provision for their retirement.

This follows a proposal by the Commissioner of Inland Revenue that these deductions be terminated.

Council director Jan Cronje said the rising cost of living was resulting in retired persons barely being able to keep their heads above water with an income from an employer's pension fund alone. Retirement annuities offered consumers a convenient way of putting aside more money for their old age.

"The concession that contributes to these annuities may be deducted from taxable income encourages people to invest in them. Even though they do have to pay tax when the annuities are paid out after retirement, they are enjoying a tax benefit in the meantime," said Mr Cronje.

He pointed out that if the proposal was approved, people would be discouraged from buying annuities since there would be tax on contributions as well as payouts.

"If contributions are also taxed, holders of annuities may find it more advantageous to cease contributions and to make the annuities fully paid up," he said.

Call for new organisation to take place of watchdog

STAR 30/11/92 (246)

By Paula Fray
Consumer Reporter

A new organisation, concentrating on consumer complaints related to price increases, should replace Vatwatch when the tax watchdog finally stops functioning, according to the South African National Consumer Union.

The call comes amid recognition that Vatwatch achieved something not necessarily on its agenda: raising consumer price awareness.

Consumer Union chairman Lilibeth Moolman said that when Vatwatch's task finally came to an end, there would be no outlet for consumer complaints and no national monitoring of price hikes.

"If Vatwatch does not continue, a similar body must be established. It



will have to be financed by the Department of Finance so that it performs a useful function of ensuring that prices don't get out of hand," said Mrs Moolman.

Vatwatch chairman Professor Louise Tager yesterday confirmed the organisation's active role was coming to an end.

"It was never intended to be a permanent body,"

she said, noting that it was established to facilitate the fair implementation of the new tax.

Although the Vatwatch consumer lines had closed down, consumers were still sending written complaints. The second phase of the Vatwatch programme — to monitor and audit company records — had begun and results were expected soon.

According to the Consumer Union, a "price-watch" body which monitored prices would mean that anomalies could be picked up sooner.

"Then consumer bodies can react on unfair price increases immediately, rather than wait for the consumer price index figures to be released at a later stage," said Mrs Moolman.

Consumers want new body to ⁽²⁴⁶⁾ watch prices _{ARGT 30/1/92}

The Argus Correspondent

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"Then consumer bodies can react on unfair price increases immediately, rather than wait for the Consumer Price Index figures to be released at a later stage," Mrs Moolman said

This could lead to an effective consumer/government fight against inflation, she added

However, Professor Tager said that any body formed to monitor prices would have to be done after widespread discussions with the wider consumer community — not only established consumer organisations

Public views on VAT sought

STAR 312192
Consumer Reporter

Finance Minister Barend du Plessis has been called on to give evidence at the VAT Coordinating Committee's public hearings on value added tax as the body begins to mobilise South Africans to vote on the new tax system.

The VCC has called for negotiations on aspects of VAT to be reopened urgently.

On February 14 and 15, the

public will be able to phone or visit commissioners of the VCC in eight centres.

The VAT vote toll-free number, to be used on these days, is 0800-11-7611.

The VCC believes that the hearings will "have greater legitimacy than the investigation being conducted behind closed doors".

Among views sought are:

● What problems do you have with VAT?

● What do you feel about how VAT was implemented?

● What changes do you propose to VAT?

A report will then be compiled to be presented to the State President as well as local and international bodies.

Besides personal or telephonic "votes", the VCC has arranged for written submissions to be made. These can be sent to Box 260483, Excom 2023 before February 15.

Recession (246) reflected by debt figures

GERALD REILLY (183)

PRETORIA — Rising debt figures continue to reflect the poor state of the economy and the recession. 61 days 2492
Central Statistical Service figures released yesterday showed summonses for debt issued in the three months to end-November increased to 268 516. This was 10,2% up on the same three months in 1990.

And civil judgments for debt increased by 7,2% to 135 618 in the same three months.

CSS said that in November 44 274 judgments for debt were passed.

Not only were the numbers greater, but the amounts involved were also sharply up.

The average amount per judgment in the September-November period was R5 286.

Compared with the corresponding period in 1990, this was an increase of 22,6%.

NO HIR payments needed after the purchaser dies

When you buy something on hire purchase, you put down a deposit, then agree to pay a certain amount each month until you have paid off the full amount.

Once you have paid the deposit, you can take the goods home, but they do not belong to you until they are fully paid for.

But what if something happens to the buyer before all the payments are made?

Cynthia Chibeh, co-ordinator of the National Black Consumers' Union (NBCU), says that every hire-purchase agreement that a buyer completes, has insurance coverage. If anything happens to the buyer, the insurance company will pay the company for the loss.

The insurance always covers death and often disability, Ms Chibeh says. But she says that many companies do not want their insurance costs to increase, so they force the relatives to complete the payments. Sometimes the managers make people pay because they don't know the rules. Ms Chibeh gave us two examples of cases she had dealt with.

Lawrence Mbamba of Dobsonville, Soweto, bought a dining room suite on hire purchase from Savells Furnishers in Roodepoort. He

made his payments regularly until he died.

Nine days after his death, his daughter, Emma, went to Savells to hand in her father's death certificate.

Threat

The store manager threatened to repossess the furniture if Emma did not make the payments for the amount owed.

A few months later, Emma lost her job and could no longer pay the monthly instalments.

When Savells arrived at her home to repossess the furniture, Emma's neighbours helped her to pay the R100 so that the furniture would not be taken away. But the next month she still had no job, and Savells took the furniture.

Emma went to the NBCU to get help. Ms Chibeh says that she spoke to Savell's head office, who said the furniture would be returned to Emma. The store manager, under instructions from head office, arranged to deliver the goods and refund Emma the money she had paid.

In another case, soon after Molly Teke died, Triangle Furnishers went to her home and forced her pensioner mother to take

Companies cannot make you take over the hire-purchase payments of a relative who has died. Martha Gordon of *Learn & Teach* magazine explains your rights, and what to do if this should happen to you.

over her payments

Christina Lebati was so scared that she made payments every month from her small pension. She felt that it would be disrespectful if her daughter's things were taken away.

For a year and a half, Ms Lebati paid what she could — a total of R800 — until her niece urged her to go to the NBCU. At that time, the amount owed was R5 000.

The manager at the store was unhelpful so Ms Chibeh contacted Triangle Furnishers' head office. "We insisted that they pay back the money because it was their responsibility to process the insurance claim," Chibeh explains.

A month later, Triangle Furnishers gave Ms Lebati the R800 that she had paid and allowed her to keep all the furniture. Things to remember:

- Companies must accept

death certificates. It is the store manager's responsibility to give the relatives the claim forms to fill in. Then the company must process these forms.

- In the case of serious disability, the manager should get forms from the doctor that prove a person has been disabled. Again, it is the manager's responsibility to give the person the claim forms to fill in. The manager must process those forms.

- No one should threaten the relatives of someone who has died with repossession or force them to pay money that is owed on the purchase. The mourning relatives should be treated with the respect that they deserve.

Explain

- Salespeople and managers should know the rules of hire purchase and they should explain the rules carefully to every customer they deal with.

Helpful Tips

- Always read a document carefully and make sure you understand what it says before you sign it.

- If you are not sure of something and you do not trust the salesperson, take the document home and ask a friend or relative to read it and explain it to you.

- Ask the salesperson questions such as what will happen if you lose your job or cannot make the payments.

- If a relative dies, find out what agreements he or she signed. Make certified copies of the death certificate and take them to every place that your relative owed money to.

If the manager of the shop is rude and unhelpful, contact the company head office.

- Make copies of every letter you send and keep letters you receive. They can help you prove your case.

- If you need more help, then go to your nearest advice centre or contact the National Black Consumers' Union at 211 Connaught Mansions, 215 Bree Street, Johannesburg 2001 or Box 1595, Johannesburg 2000. Tel (011) 337-6210.

Learn & Teach magazine is available from street corners and bookstores at R1,95

Debt mountain 'still rising'

PRETORIA — SA's alarming debt mountain had not yet reached its peak, Information Trust Corporation (ITC) CEO Tony Leng said yesterday

He was commenting on the latest Central Statistical Service debt figure which showed 487 413 judgments for debt were granted during the 11 months to end-November

Involved, he said, was a massive R2,4bn — an increase of 31% compared with January-November 1990 *6/21/92*

Individuals were responsible for R2,112bn. Businesses carried unpaid debts totalling a record R288m — 12% of the total

Leng said the numbers and values were the highest on record. Indications were

GERALD REILLY *246*

they would become a lot worse before levelling out

On the reduction of home loan interest rates by some institutions, he said this could assist overextended household budgets

But this could not lead to either an upswing in consumer confidence or spark a consumer spending spree. Leng said black consumer credit buying had grown at least seven times more than that of other communities

To a large extent this had maintained consumer buying momentum, but current signs pointed to a slowing down of credit applications from the important black section of the buying public.

The watchers and the watched

Central Statistical Service December figures on consumer prices show an increase of 1,3% but Vatwatch, which monitors movements of a basket of 104 household and grocery items, found a decrease of 0,27%. The discrepancy raises questions about each organisation's method of monitoring prices and the validity of their findings.

CSS's Martie Grobler says it sends out about 5 400 questionnaires to storeowners countrywide each month to measure about 88 000 prices. Calculations are based on responses. The same item in the same shop is monitored each month on the same date. "We investigate in the field if there are discrepancies or anomalies," says Grobler.

David Geldenhuys, of Interfact, a market research company that monitors prices for Vatwatch, says it does a monthly check on 104 grocery items at 105 points countrywide. The points are divided almost equally between urban and country areas.

"In urban areas we monitor major outlets like supermarkets and hypers as well as small independent black stores. Outside the cities, we survey a representative sample of larger towns (Pietersburg, Nelspruit, Lady-smith, Queenstown) and small rural towns, a typical rural area (western Transvaal) and two points in each self-governing state," Geldenhuys says.

He adds. "We have chosen basic products like bread, meat, milk, vegetables and cleaning materials, perishables, health and beauty products and general items like batteries and candles."

Dry items carry a weighting of about 50% in rand value, perishables about 32% and health and beauty items about 18%.

Information is collected on the same date each month and the same stores and same items are monitored.

December's decrease, according to Interfact, followed increases of

- 2,56% in August (corresponding CPI monthly figure was 1,4%),
- 2,26% September (1,4%),
- 2,71% October (1,9%), and
- 2,1% November (1,0%)

Interfact found that, in December, 11 out of the 16 regions surveyed showed a similar decrease. Geldenhuys attributes this to slack demand and strong competition.

The discrepancy between Interfact and CSS surveys for December could be because the former is done at the end of a month and the latter at the beginning. The discrepancy over a number of months may arise because Interfact's survey captures more information on outlets that cater for blacks.

Geldenhuys says "Our survey shows a 2,41% average monthly price increase before VAT and a 1,51% increase post-VAT." This follows the switch from 13% GST to 10% VAT on a wider range of goods.

He adds that perishable items demonstrated the strongest pre-VAT price increases averaging 6,2% a month, dropping to 3,29% after VAT.

The case of milk powder (branded and nonbranded) shows the power of inflationary expectations. When GST was applied, price

increases averaged 6,7% a month. Post-VAT, when this item was zero-rated, price increases still averaged 5,6%.

Other anomalies emerged in the pricing of VAT zero-rated items. Geldenhuys says "Post-VAT canned fish prices dropped by about 5,6% a month. Branded milk powders increased by about 4,6% while nonbranded milk powders increased even more sharply — by about 6%."

Rice, which carried GST and is now zero-rated "behaved much better" — prices fell about 12%.

Since VAT's introduction, increases of more than 3% were recorded in milk powders, bread, Cheddar cheese, chicken portions, eggs, margarine, frozen peas, some fresh vegetables, mince, boerewors and beef. "Perishables, which are the most popular items, increased the most after VAT was introduced."

Meat remains a major source of inflation. Interfact monitored only mince, boerewors and stewing beef but, in all three cases, post-VAT price increases were about 27% over the three-month period.

Housewives League president Lyn Morris doubts it is possible to monitor price movements accurately countrywide. She says the league does its own spot checks. The league's figures show in the year to November, apricot jam (tins) increased by 43,2%, baked beans 30%, sliced peaches 29,9%, white bread 26,1% and brown bread 27%, three cuts of red meat 34,2% and grocery items aggregated 22,7%.

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FM 7/2/92

Reform ⁽²⁴⁾ urged for Consumer Council

MICHAEL MORRIS
Political Correspondent

THE Consumer Council is ineffective and unrepresentative and the government should transform it into a more powerful body to curb exploitation, crack down on business malpractice and boost waning confidence in the free enterprise system, says a report by the President's Council.

It has also been urged to convene a yearly or half-yearly forum of government, business, labour and consumer leaders to help set economic objectives through consensus and cultivate confidence in government economic policy.

These are two key recommendations in the 150-page economic report tabled in parliament yesterday.

The report blasts the existing Consumer Council saying it is not representative enough, not accessible, has achieved little for consumers in the past 20 years, has achieved little as a research body and operates largely on an ad hoc basis.

While the report endorses the government's economic restructuring programme, it expresses deep concern at the effect of continual price increases.

These, it says, "create the feeling with many consumers that they are being exploited and this undermines the acceptability of the free market system".

"This mistrust of the motives of suppliers of goods and services by consumers gives rise to demands for price control and other forms of government interference in the free market system.

"The lack of confidence in the free market system could therefore lead to forms of control that would undermine the ability of the market economy to create wealth."

The report highlights the necessity of winning over consumers in the fight against inflation and exploitation.

It also finds there is a "serious need" on the part of business to promote higher standards in the provision of services, and adds: "Costs owing to poor management (and factors like shoplifting) should not simply be recovered from consumers, but should rather be avoided through better business management."

Naamsa asks Govt for easier HP on car sales

STAR 11/2/92

246

By Sven Lunsche

The National Association of Automobile Manufacturers (Naamsa) has appealed to the Government to relax hire-purchase provisions on new and used motor vehicles sales

In January car sales fell by 2,1 percent to 14 766 units compared with January 1991, continuing a downward trend from last year

Naamsa said yesterday that trading conditions in all segments of the market were expected to remain extremely difficult and competitive during the months ahead and unit sales would re-

main negative in the first quarter

"In the absence of any relief on the interest rate front and specifically in order to assist private buyers Naamsa believes that some relaxation in the hire purchase provisions should be considered by the authorities"

January's new car sales were 9,8 percent, or 1 320 units, higher than the unit sales of 13 446 recorded in December last year

Big slump

Stephanus Loubser, the managing director of Nissan Marketing, said the increase on the De-

ember figure should be treated with caution as December sales were seasonally low

He said in a statement that the severe drought would have an adverse effect on the economy and the motor industry should get ready for a big slump towards the middle of the year if conditions did not improve.

"The light commercial vehicle segment in particular will be hard hit by the ongoing drought," he added

Naamsa also provided a breakdown of new car sales, a list which is headed by Toyota with 4 062 sales, followed by VW with 3 317 sales, Samcor (2 489), and Nissan (1 693)

Sales of new light commercial vehicles, bakkies and mini-buses at 7 069 in January showed a decline of 11,3 percent on the January 1991 figure and a fall of 4,7 percent on December's sales

Medium and heavy commercial vehicle sales during January remained at historically low levels falling by an annual 9,5 percent to 541 units

46 000 complaints ⁽²⁴⁶⁾

Consumer Reporter

More than R3,7 million was recovered by Consumer Council negotiations on behalf of consumers during 1991 when about 46 000 complaints were investigated, the organisation said this week.

Council executive director Jan Cronje said this amounted represented the monetary value of, among others, products that were replaced due to consumers' dissatisfaction, cash refunds and unsatisfactory re-

pairwork which had to be redone.

"Of the 46 180 complaints that consumers reported, more than 98 percent have been settled," he said.

The council received nearly 37 000 telephonic complaints and a further 9 300 written complaints.

"Most of the complaints arose out of problems with time-sharing, short-term insurance and housing. Consumers countrywide also complained about shoddy repairwork on vehicles," said Mr Cronje.

STAR 12/2/92

Watchdog sniffs out bad deals

THE Consumer Council recovered more than R3,7 million last year for consumers dissatisfied with products or business services

Consumer council executive director Mr Jan Cronje said most of the money was compensation for unsatisfactory repair work and cash refunds

Consumers had become far more critical in their buying pat-

terns and complaints to the council had risen dramatically, Cape regional director of the Consumer Council Mr Wander Hoon said.

The Cape Town office, one of six offices countrywide, was now handling about 1 000 cases monthly, many of these being complaints about electrical repairs and household goods

Mail order scams were also on the increase, owing to "tricky"

sales campaigns on television, he said

"Consumers often complain that they have to wait three months before receiving their goods or that the products are not up to standard"

To avoid this consumers should ensure that the company selling the product is a member of the Direct Marketing Association.

246 CT 12/2/92

Credit may be a boon to us all in this day and age, but there are many pitfalls

There has been an increase in fraud where people obtain goods and services on credit even though they never intend paying for them. The losses incurred by credit granters are enormous.

In 1990, nearly 900 000 summonses were issued relating to unpaid consumer debts. This led to half a million judgments being handed down, involving nearly R2 billion.

While some of this money may be paid as a result of court action, it is clear that vast amounts of money are lost to the economy as

a result of bad debt.

The result is lower profits for credit granters and ultimately higher prices for consumers, since losses due to bad debt may be included in prices as a cost of doing business.

Credit granters try to limit losses by employing sophisticated methods to assess creditworthiness. These methods include the use of credit bureaux to obtain credit references and the use of computerised credit scoring systems.

Consider for a moment what it would be like not to have access to a credit card, fi-

nance for your motor vehicle, loans to improve your home, a cheque account or an account with a clothing store. In today's world, it is almost unthinkable.

Furthermore, with the use of modern technology, your credit record is available anywhere in the country. Lastly, collateral relates to the wealth you possess in the form of assets that you may own. If you were to apply for a sizeable credit facility, the credit granter would want to establish your wealth, so that if you default on your debt,

other assets to a similar value to the debt outstanding could be attached.

If you own your own home and have assets such as investments and insurance policies, you are more likely to be granted credit.

Remember that credit is a privilege and not a right, and therefore has to be earned. Your credit record is an invaluable asset that will help you obtain further credit and it should be protected by your taking a responsible approach to its use.

Bank credit cards are an important

Coupled with the increase in the use of credit over the past few decades has been the corresponding increase in consumers who have financial difficulties

as a result of overcommitting themselves. Magnus Heystek, in *The Allied World of Money*, discusses the pitfalls and uses of credit cards.

source of credit for many families. They are sometimes criticised as a way to easy

credit, but it has to be recognised that cards, like other forms of credit, can be abused.

In South Africa the granting of credit cards is carefully monitored. There are two types of credit cards.

Charge cards, such as American Express or Diners Club, differ from bank credit cards in that the full amount on your monthly statement must be paid within a set number of days from billing date. Credit cards, on the other hand, do not have to be settled in full.

Instead, the statement indicates the

minimum payment that must be made. The balance can be paid over successive months. You will be charged interest on the balance outstanding and you must remain within your credit limit.

Another facility offered by credit cards is the budget account, which is normally used for buying items with a value of more than R200. Budget accounts can be paid off over six, 12, 18 or 24 months and have the added advantage that, unlike credit instalment agreements, they do

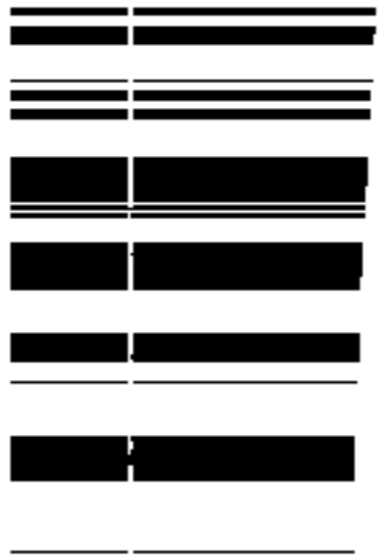
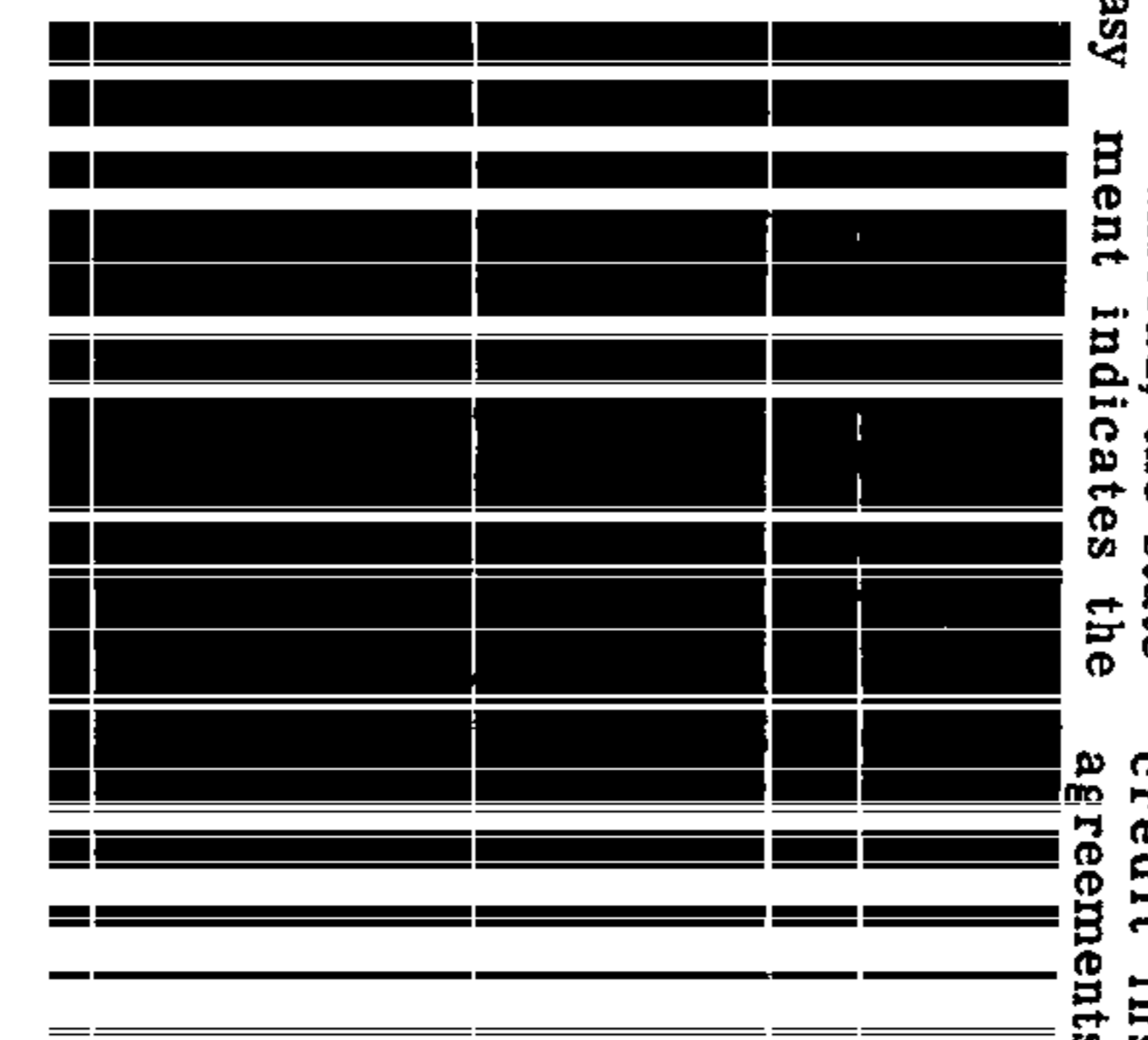
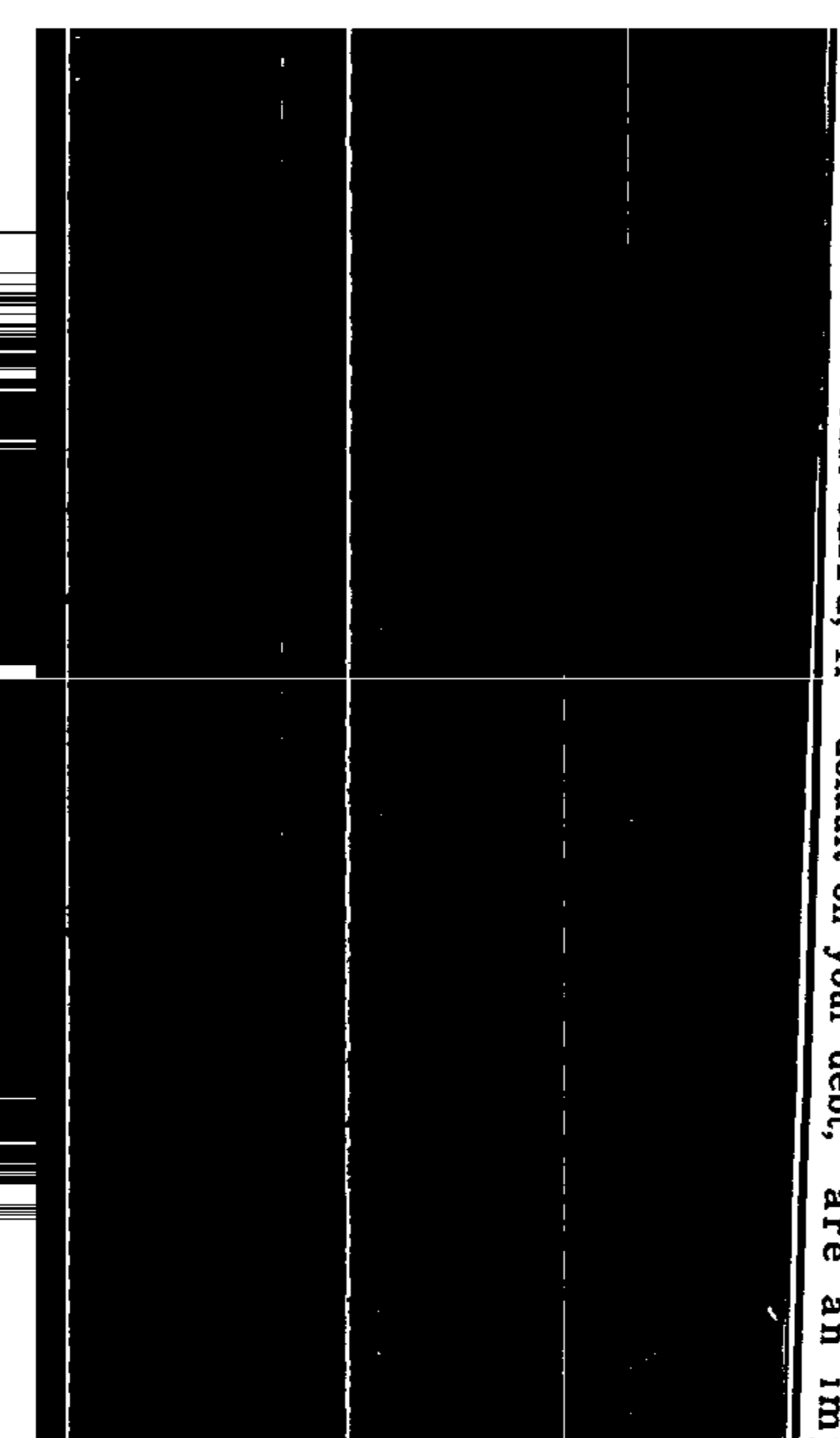
not require a deposit. One of the major benefits of credit or charge cards is that you get a period of "free" credit. This is the period between the purchase of an item and the settlement date as indicated on your card, on which you pay no interest. Depending on when you make the purchase, you could receive up to 55 days' free credit.

Cards are now also offered by large retailers, hotels and car hire companies. While some of these are in reality charge cards,

many retail stores offer store cards that provide a revolving credit facility. They usually offer up to six months' credit without the buyer incurring interest charges.

If a store card user defaults on his payments, interest may be charged on the balance. It will also result in his credit limit being reviewed and the credit bureau being advised of the default thereby affecting the holder's credit rating.

The *Allied World of Money* is available from *The Star* at R35



Motor-makers seek HP relief as cuts loom

THE beleaguered motor industry has asked the Government for help as it faces more production cuts and short-time working. *(Time X Buss)*

It wants hire-purchase restrictions on new and used cars to be eased

The National Association of Automobile Manufacturers of SA (Naamsa) says that in the last quarter of 1991 capacity use was lower than in the three months to September 16/2/92

In car manufacturing it dipped to 80,1% from 80,4% in the September quarter. The light commercial vehicle (LCV) sector was down at 61,1% from 61,9%. Capacity use for medium commercials (MCVs) fell to 46,9% from 50,2% and in heavy commercials (HCVs) to 41,5% from 48,25%

Some manufacturers operated at only 65% of capacity in cars, 18% in LCVs, 11% in MCVs and only 10% in HCVs

Capital investment also fell — R87,1-million compared with R107,8-million. One coastal manufacturer reported that expenditure for the year had been reduced by about 34% to R64-million, of which 41% represented model-related tooling

Because of the retrenchment moratorium agreed to

By DON ROBERTSON

between employers and employees, staff numbers are expected to remain stable at 37 000

The report says the price of imported components rose by about 10% last year. SA components were about 12% more expensive than in 1990

Naamsa has asked the Department of Trade and Industry to relax HP restrictions

Some manufacturers call for total deregulation of the industry and the scrapping of all HP curbs

They want banks to be allowed to determine the creditworthiness of buyers

(1992) Balance (246)

The Association of General Banks backs Naamsa, suggesting that HP payments be extended to 48 months from 42

Naamsa asks for 60 months, believing that the longer life of vehicles justifies it

Naamsa fears that interest rates will remain high. It asks that deposits on vehicles be reduced below 15%

Naamsa says the 1989 restrictions which lifted the deposit and cut the repayment period were introduced because of severe balance of payment problems

This is no longer the case and if the authorities are eager to get the economy moving, an improved vehicle market could be one way of doing it

High demand for credit as cost of living increases

ST Times CROSS 16/2/72

THERE has been increasing demand for personal credit due to rising interest rates and high inflation causing the cost of goods and services to escalate.

Banks are now developing lending products specifically to cater for the needs of different market segments. Traditionally, banks only offered an overdraft facility, which was generally difficult to obtain.

Banks also failed to recognise that a large percentage of the population were not in a position to provide some form of security, yet would be in a position to facilitate repayment of the loan over a reasonable time.

A spokesman for the Standard Bank, says "personal overdrafts are only granted to creditworthy clients and are subject to prior approval by the branch manager."

Acquire

"They are intended to assist customers in financing their short-term needs or with their day to day operations. They are granted for specific periods of up to a year at a time but are subject to review."

"Factors taken into consideration before a personal overdraft facility is granted include financial position, assets and liabilities, security, previous bank record, amount of loan and purpose of loan."

Revolving credit provides a continuing line of credit within an agreed limit. Applicants may borrow up to three times their gross monthly income, subject to a maximum limit of R15 000 and a minimum of R1 000

Personal financial plan-

ning requires short to medium term savings facilities which are offered by banks and building societies. These enable customers to acquire material items such as motor vehicles and household goods and to finance the unforeseen, such as retrenchment, major medical expenses or the death of a family member overseas.

Competition within the financial institutions means that most banks offer similar types of savings accounts.

Fighting for consumer rights

By Des Parker

246

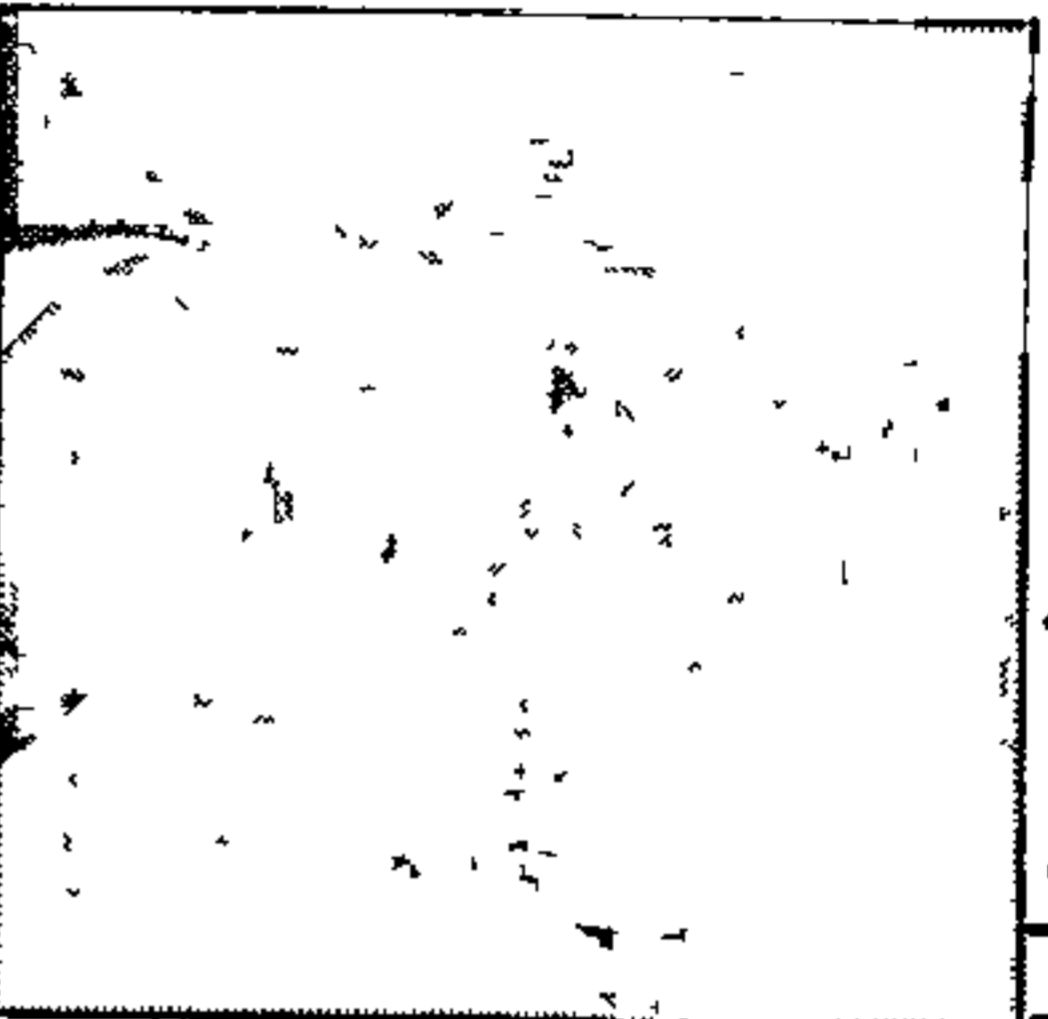
STAR 18/2/92

Quietly but efficiently, Johannesburg legal academic and consultant Louise Tager is unobtrusively making her mark in the fight for consumer rights, ethical business practice and deregulation.

Winding up Vatwatch — the body established by the Government under her chairmanship to monitor prices before, during and after the introduction of VAT — she is using her network of acquaintances and publicity sense in her work with bodies like the Harmful Business Practices Committee, the Law Review Project, the Co-ordinating Consumer Council and the Free Market Foundation.

Professor Tager divides her work into two broad categories. On one hand acting as an agent of deregulation through her chairmanship of the Law Review Committee, her involvement in Leon Louw's Free Market Foundation and with the promotion of informal business, on the other, fighting for consumer rights by raising the level of protection provided by the law.

"We have an alarming level of so-called white collar crime in this country. It pervades all levels of society and it is very



Professor Tager... role of investment brokers coming in for close scrutiny

worrying," she said in an interview recently.

The Harmful Business Practices Committee, which she chairs, strives to avoid interfering in legitimate business activity while using what Professor Tager calls "networking" — a process relying on informed and influential people in a variety of places — to right wrongs. Its authority is exercised not only in dealing with small, one-off fly-by-night operations — the type that have gained the most publicity — but also in more topical and high-profile areas.

"We are very worried about the 087 telephone information

services, or more specifically, the advertising for them. There is no indication of the overall charge for calls in the ads and people's telephone accounts do not show what portion of charges are for these calls and what are for ordinary calls.

"Through the Advertising Standards Authority, we have appealed to the advertising media to play a bigger watchdog role by assuming greater responsibility for the content of the ads.

"The question of billing is being taken up with Telkom, which has a 25 percent take-off from fees and I'm sure has the ability to differentiate charges on its accounts."

But altogether more pernicious than phone services, says Professor Tager, is the rapid increase in the number of scams involving apparently reputable organisations, companies, brokers and debt distribution organisations.

With the Witwatersrand Attorney-General's office reportedly handling white-collar crime involving close to R7 billion, the role of investment brokers and the people they represent is coming in for close scrutiny.

"Times are particularly hard financially at the moment,

which provides a fertile breeding ground for scams of every kind. People take incredible risks trying to protect their assets against inflation, putting their money — or management of their debts — into the most dubious hands."

Professor Tager maintains people are duped by the "corporate facade" — the apparent legitimacy of companies making unsubstantiated claims.

"We are very concerned about the role of brokers selling shares in companies which exist only on paper. Another activity we have acted to stop is the debt distribution racket, where you hand over all your available cash to an organisation which undertakes to pay off your debts.

"Of course that doesn't happen and you end up in bigger trouble than before."

The Harmful Business Practices Committee though has a "very limited framework". For example, its terms of reference would not extend to its taking over the price-monitoring work of Vatwatch.

Only where a pricing policy was considered a harmful business practice, deceiving or defrauding the public, would it come in for scrutiny by the committee.

VAT hearings hailed a success

Consumer Reporter

The first public hearing on Government policy — last weekend's survey on Value Added Tax — has been hailed an "outstanding success" by the organisers.

Although statistics and papers are still being collected around the country, Cosatu spokesman Lisa Seftel said an estimated 900 to 1 000 representations had been made during the two-day public hearing.

A report on the hearing is being compiled and a formal memorandum will be delivered to the State President before Budget Day on March 18.

On the first day alone, 654 people gave evidence to the commissioners at various points in the country, according to the VAT Co-ordinating Committee. Results from Pietersburg and Port Elizabeth were not included.

More evidence was received on Saturday, said Cosatu. On Friday, 272 people came to deliver their evidence in person, 370 called in on the toll-free lines and 12 letters were received.

"A number of regions have phoned in to say they wish to continue the public hearings during the coming week and are arranging commissioners to go out to smaller towns," said a spokesman for the VCC.

"The response is far above the normal level of response received for inquiries by statutory bodies. It shows that the public has seriously considered the VAT issue and has a well-thought out point of view which has not been heard up to now," said the VCC.

Ms Seftel said the hearings had not only been successful because of the number of people who had made representations but also because of the range of people involved. Callers reportedly came from a broad spectrum of public interest groups.

No response was received to the invitations extended to Finance Minister Barend du Plessis and Government to make representations.

"Big business also failed to respond," said the VCC.

Among those giving evidence was Cosatu secretary-general Jay Naidoo who said that Government's refusal to reopen talks on VAT meant Cosatu was "seriously" considering stepping up its fight for an overhaul of the entire South African tax system.

"VAT has led to an increase in the cost of living of all people and has had a detrimental effect on poor people in particular."

He said Cosatu hoped public submissions at the VCC public hearings "would be a powerful indicator to the Government that it is not only fruitless but dangerous to keep the door (of negotiations on VAT) closed."

Immediate changes Cosatu wanted to see were:

- No VAT on basic foods, water, electricity, medicines and medical supplies
- Special provisions for small business
- Adequate poverty relief programmes which were properly negotiated

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STAR

20/2/92

1000 10



Big stores challenged on meat claims

Staff Reporter *SM 24/4/92*

Supermarkets were challenged on television today to prove to consumers that reports in the Sunday Star about huge meat price mark-ups were false

Taking part in a panel discussion on "Good Morning South Africa" to thrash out allegations of huge price mark-ups on red meat, the Consumer Union's Lillibeth Moolman strongly backed Sunday Star economics editor Claire Gebhardt, who said the gap between the producer and consumer retail price index had widened over the past six years

The Sunday Star's series on the meat industry has drawn countrywide reaction, specifically from consumers who have bombarded Ms Gebhardt with complaints about price fixing after revelations that the entire market was controlled by three major companies

The Sunday Star said the market was controlled by the Meat Board, Imperial Cold Storage, Kanhym and Vleissentraal who were allegedly holding the market hostage.

It was claimed meat inflation was running at 38 percent

Blue Ribbon representative Gareth Ackerman claimed today that retailers were making the money Pick 'n Pay butcheries was making only 1,5 percent net profit after they had sold meat to the consumer

He said costs included cutting, packaging and equipment

"You only make 1,5 percent profit after a 100 percent mark-up My heart bleeds," Mrs Moolman said

While Ms Gebhardt claimed supermarkets controlled 80 percent of the market, Eddie Bielowich, chairman of the Association of Meat Traders, said the figure was anything from 30 to 60 percent

Staying afloat in a sea of troubles

STAR 25/2/92

246

GOOD DEBTS
Credit-worthiness should be considered as an asset.

CONSUMERS are drowning in a sea of debt. But credit, provided it is very carefully managed, could prove to be a lifeboat for many people, say the experts.

By the end of August last year, no fewer than 351 795 judgments for debt, totalling R1,485 billion, were granted by South African courts.

By October the total value of debt judgments reached R2,2 billion. And by November figures showed that the debt position had become considerably worse — an increase of 32 percent over the same period in 1990 — to hit a new level of 487 413 bad-debt judgments, totalling an incredible R2,4 billion. While this sum covers individuals and businesses, consumers should bear in mind that they accounted for R1,9 billion of the R2,2 billion in October with businesses making up the balance, says Information Trust Corporation chief executive Tony Leng. "Creditworthiness should be considered as an asset that has been earned through regular payment patterns and should receive the same care and attention as all your other assets," said Mr Leng.

It is all too easy to spend on credit and temporarily "remove" yourself from the agony of parting with your hard-earned money. Credit has become increasingly more available.

"Credit is easy to obtain if there is no default record," says Mr Leng. "Provided credit is used judiciously and re-



payment habits are regular, the creditworthiness of the consumer will improve accordingly.

"In light of the record levels of judgments for bad debt recorded last year, consumers should always plan their credit expenditure

carefully, keeping credit purchases within their means and always viewing it as a privilege," he adds. "When you use credit, try to reduce your monthly repayments by making as large a deposit as possible. You can also save money in terms of interest repayments if you pay the balance over the shortest possible time — some merchants, for example, offer interest-free repayment provided the purchase price is fully paid within six months," he notes.

Recent figures indicate that credit is increasingly being used on necessities rather than luxury items. Daan Kruger, the Consumer Council's assistant director, believes credit is still freely available — but it would certainly not be in the consumers' interest to buy luxury items with it.

"If you can't afford it, don't buy it," says Mr Kruger. "Bearing in mind the ease of payments, consumer credit is, at best, an alternative to cash transactions. However, I would urge consumers to use cash whenever possible."

It was extremely worrying, said Mr Kruger, that a situation had arisen in which so many bad-debt judgments had been made. However, he conceded, the number of judgments was probably a good indication of the economic straits in which most consumers found themselves at present.

TRENDS REPORTER

27/2/92
Debt summonses up (24)
CIVIL: summonses for debt in 1991 increased by 9,1% compared with 1990, the Central Statistical Service said yesterday. Judgments for debt in 1991 shows an increase of 7,8% compared with 1990

Consumers go for bargains as recession bites

STAR 27/2/92
Consumer Reporter

South Africans are increasingly becoming a nation of bargain-hunters because of the poor economy, according to a consumer awareness study done recently by the Consumer Council and the University of Port Elizabeth.

The joint survey recommended that consumers urgently needed more consumer education and information.

"The public must be given more guidance on how to obtain product knowledge, where to look for information and when to exercise their legal rights," said UPE professor of industrial and organisational psychology Deon Rousseau.

"Consumer education programmes should therefore emphasise the personal benefits of using information and the negative effects of not doing so," he said.

Consumer Council executive director Jan Cronje said the report highlighted the urgent need for programmes to promote informed consumers.

"Information collected in this survey confirms

the Consumer Council's stand that an informed consumer is a more effective consumer.

"It also indicated the need for the council to be enabled to bring its education and information service within the reach of all consumers."

The survey was done among about 560 urban consumers in all four provinces. It showed consumers were concentrating increasingly on bargain-hunting.

Professor Rousseau said this underscored the poor economic conditions in which many South Africans now found themselves.

"Efforts to save more by comparing prices before buying seems to be the consumer's only weapon against the inflation spiral," he said.

For this reason, retailers and the media could be of greater assistance to consumers by providing accurate price information.

"The manner in which general consumer and product information is presented will determine who will be able to use it effectively. Consumer educators must therefore take their target audiences' comprehension and perception levels into account."

VAT food summit (246)

■ THE VAT Co-ordinating Committee says plans for its food price summit are right on track. More than 200 political, labour, welfare and professional organisations are to gather in Cologneburg for the meeting next week, which will press for zero-rating of basic foodstuffs.

Report by Wacky Mail staff

W/Mail 28/2-53(92)

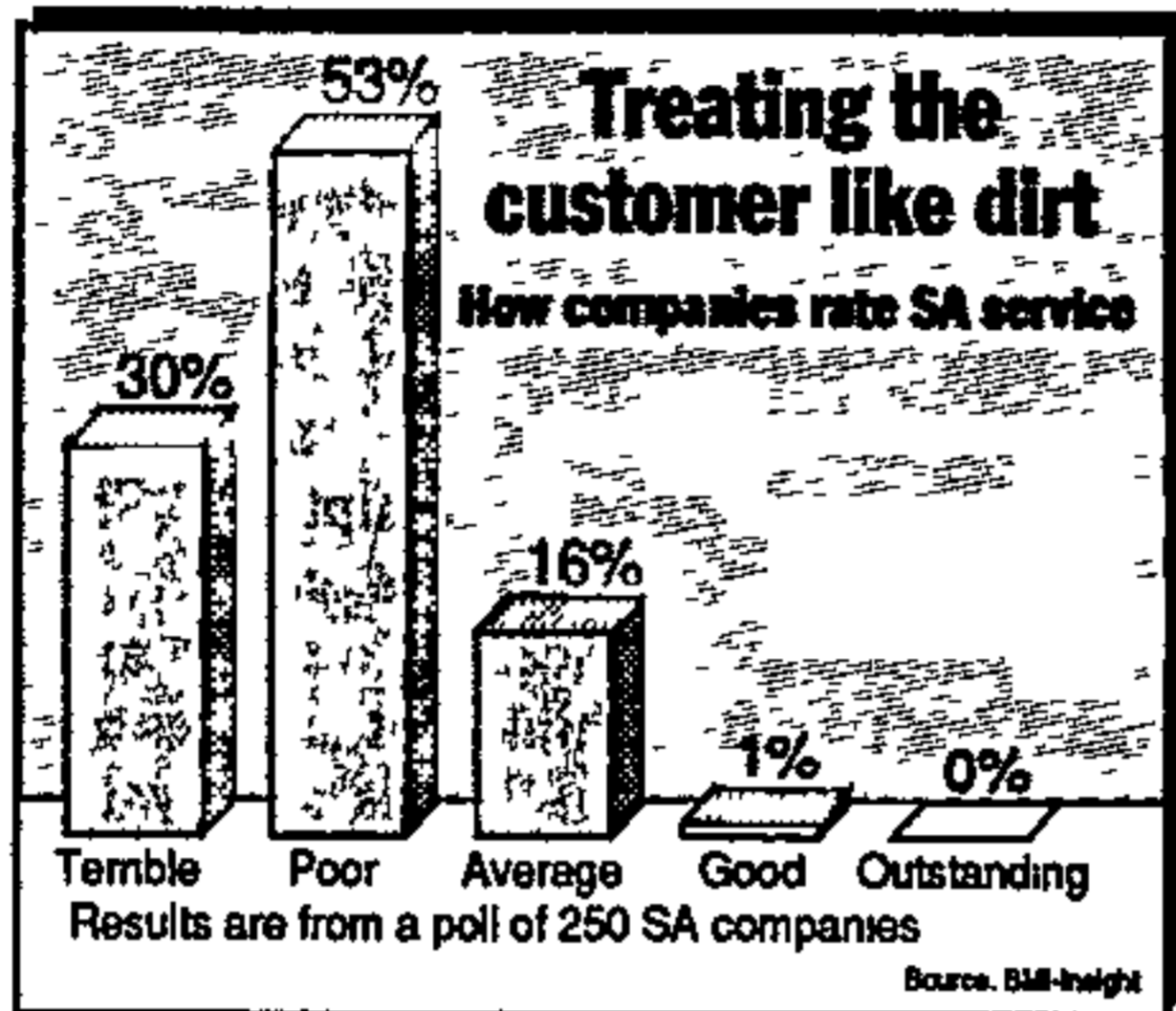
CUSTOMER SERVICE
Pointing fingers

FM 28/2/92
 246

Customer service is terrible in SA, as every customer knows. Now an exhaustive study on customer service helps explain why.

In the study, conducted by Rivonia-based marketing consultants BMI-Insight, 83% of companies surveyed rated local customer service as terrible or poor. But 79% of companies rated themselves as the service leader in their industry. With most companies pointing fingers at everyone else, service remains shoddy.

But the study, which looked at more than 250 organisations in 17 industries, ranging



from banking to manufacturing, did turn up some bright spots. One is that business is becoming increasingly aware that service and not price is the dominant factor in business, that "exceptional service will command premium prices."

And the study shows that business is looking at improving service as a way to increase market share. It estimates that some R4,9bn is spent on upgrading service each year.

That said, the study states soberly that SA has a long way to go in implementing service-improvement strategies. For example,

continue →

BUSINESS & TECHNOLOGY

American companies have been dealing with the issue aggressively for more than 10 years, while Japanese companies have some 40 years experience in the field.

Of the industries surveyed, the pharmaceutical, textile and clothing, and motor industries were rated among the leaders in local service performance. Improved service by the textile and clothing sector has helped it to boost export sales by 41%.

BMI-Insight also rated the service of companies and, not surprisingly, no company got the highest, four-star rating. Only 29% of the companies received three stars. When companies rated the service of other companies, Toyota, Volkswagen and Woolworths got the

most recognition

Says BMI-Insight MD Peter Matthews, "There is fairly extensive lip-service paid to the concept of service improvement. Management's approach is fairly superficial and many are naive as to what's required for fundamental change."

He says management is either consciously or unconsciously avoiding the painful steps needed to improve service. Service programmes that were successfully implemented had the direct participation of senior management — usually the MD or CE and senior executives. Says the report: "Throughout the study, management's visible commitment was regarded as an essential

prerequisite for success."

Also high on the agenda is the monitoring of customer satisfaction. Some 88% of companies interviewed believe that such monitoring is critical, though only 62% had installed such a system.

The survey warns that employees at all levels must be incorporated into the service-improvement effort. Says the report: "Only 58% of respondents believe that black staff understand the concept of service quality. Unions have different priorities than management. Until the primary financial, political and social demands of unions are more fully satisfied, it's unlikely there'll be significant support for service improvement."

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FM 28/2/92



'Plastic' kept the bad times at bay

SOUTH Africans kept the bad times at bay at Christmas by waving "plastic" at them — and going into debt

Figures issued by the Reserve Bank show that credit card purchases in December soared by R177 million to a record R1 092 million. This is almost double the December 1990 increase of R95 million, and compares with an increase of R11 million to R730 million in December 1989 and an increase of R44 million to R580 million in December 1988.

Bankers in the credit card business said a jump in transactions at Christmas time was normal, but expressed surprise at the size of the last December's increase.

Now they are waiting for the figures for January credit card purchases. As the

STAR
29/12/92 DEREK TOMMEY (246)

banks often process much of the Christmas transactions only in January, the figures for that month's credit card usage is normally higher than the December figure.

In January 1989 the increase was R78 million making an increase since the end of November of R122 million or 22,8 percent. The following year in January 1990 the increase was R116 million. This brought the total increase since November to R127 million or 17,7 percent.

In January, 1991 credit card purchases rose by R99 million to R1 010 million which was an increase of R194 million or 23,8 percent from the end of November.

An indication of the greatly increased use of credit cards last Christmas is the percentage increase in December on November was 19,3 percent. This is not much less than increase in December and January in 1988-89 and in 1990-91.

However, South Africans normally make a huge effort in February to repay their credit card debts incurred during the season.

In February 1989, outstanding credit card debts were reduced by R176 million or 26,7 percent. In 1990 they were reduced by R256 million or 27,9 percent, while in February, last year R310 million or 30,7 percent of the amount outstanding was repaid.

One wonders whether this will be the case this year.

Consumers 'overextend' credit limits

By Sharon Wood
2/3/92

CASH-STRAPPED credit card holders are spending above their limits and failing to repay their minimum monthly payments, bankers say.

The pattern of repayment has deteriorated during the last two years and has become even worse in the last few months, Standard Bank card division GM Alistair Graham says. (246)

"The level of arrears on credit card payments show customers are becoming overextended."

Credit cards are only a small part of the personal debt market and most debt is found in the form of fixed-term payments, such as HP and revolving credit schemes. (246)

"If they don't pay, we chase them," says Graham, whose bank has fairly lenient credit arrangements with customers.

"We contact clients and ask if they are having problems repaying their debt. If they are, we ask them how much they can afford to pay and reach an agreement on the amount to be repaid monthly."

An FNB spokesman says there is no doubt that consumers are cash-strapped. But FNB has anticipated this and introduced controls on its Firstcard to reduce problems. He would not comment on what the controls were.

Credit card payments had deteriorated during the last 18 months but FNB did not have a "terrific bad debt problem"

Lifting of VAT exclusions to be challenged

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THE VAT co-ordinating committee is holding a meeting on Thursday to discuss soaring food prices and to express its dissatisfaction with the way in which VAT has been applied to basic foods. Committee spokesman Lisa Seftel said participating organisations were primarily concerned about what would happen when the temporary zero ratings on basic foods were lifted

B1 Day 3/3/92
KATHRYN STRACHAN

at the end of the month. At present only brown bread and mealie meal have been permanently excluded from VAT. Another eight basic foods were excluded temporarily and the co-ordinating committee has requested that government extend the period. According to Seftel, government decided to lift the exclusions at the end of

March because it predicted its poverty relief programmes would be established by then. But Seftel claims that by end January the state had spent only R15m of the R22m allocated to the programmes. Seftel said the "summit" of VAT co-ordinating committee participants would focus mainly on consumer

groups, who would discuss forming a united consumer front to approach producers, wholesalers, retailers and relevant government departments. The summit will be held at 10am on Thursday at the Park Lane Hotel. The meeting will be opened by Operation Hunger executive director Ina Perlman.

(246)

Group to fight high prices

Sowden 4/3/92 (246)

THE second phase of the VAT Co-ordinating Committee's campaign against certain aspects of VAT begins this month with a summit that will look at the controversial increases in the price of foodstuffs

"Since the introduction of VAT, food prices in South Africa have rocketed. Food has gone up 28 percent since last year, meat prices increased by 38 percent and fruit and nuts by over 50 percent

No response

"Although this is an issue which vitally affects us all, there has been no effective public response," the committee said

The summit will be held in Johannesburg tomorrow and will discuss the effect of VAT on basic foods and the possibility that the zero-ratings them

Big probe into homes rip-off

Sowetan
5/3/92

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By JOSHUA RABOROKO

A MASSIVE investigation is to be launched by lawyers representing potential black home owners who have been allegedly ripped-off of hundreds of thousands of rands by "fly-by-night" property developers and contractors in Soweto.

This was confirmed to *Sowetan* Property by a spokesman who said that most of the would-be developers collected money from poor black families seeking low cost housing

These people, the spokesman said, promised clients that they would build them homes after paying deposits ranging between R2 000 to R6 500.

They also promised possible home buyers that land was available in the sprawling township where new homes would be built at low prices

Most of these alleged property developers and contractors attracted their victims by placing advertisements in newspapers serving the black community

Predicament

They were apparently taking advantage of the acute shortage of homes in the country and exploiting that predicament in order to enrich themselves.

The spokesman said 12 of the clients have paid a total of R39 000 to a white property developer who has since disappeared

Three other developers have allegedly collected more than R200 000; R60 000 and R20 000 The matter has been reported to the Estate Agents Board

The spokesman said that the number of incidents involving the racket was increasing at an alarming proportion "We are attending to almost 10 to 20 people a day," he said

The investigations would include checking with the registrar of companies about the whereabouts of the culprits, and "if found out that the enterprise is illegal, appropriate action will be taken against them"

He declined to give further details because "we suspect they might run away and, some cases are *sub judice*," he added

65 groups to fight for lower food costs

SIXTY-FIVE organisations yesterday pledged to launch a national campaign to lower food prices.

The organisations, under the umbrella of the Vat Co-ordinating Committee, agreed at a food price summit to embark on a programme of action which would include a march on Parliament on March 18 to coincide with the Budget.

Committee chairman Bernie Fanaroff said there would be demonstrations and marches throughout the country leading up to the Budget.

Participating organisations include the Housewives' League, the ANC and PAC, the Consumer Council, Cosatu, Nactu, Fabcos, Nafcoc, Sabta, various unions, churches, civic associations and small business groups.

KATHRYN STRACHAN

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8/10/92 6/3/92

Food

national starvation crisis, but that there was hope as the summit had been a "long step forward in creating a consumer movement in this country."

According to Fanaroff, the principal demands of the group were that government not announce a VAT rate increase in the Budget, as was feared, and that zero ratings on staple foods be extended. He said government would be approached to reduce staple food prices — and possibly to freeze prices for at least a year. Organisations would also call for subsidies, especially on maize, to be reintroduced.

The committee would meet the Milk Board to discuss next week's expected 15% milk price hike. Other price hikes expected included a 20% increase for maize and a substantial increase in processed meats, Fanaroff said.

From Page 1

The groups also called for the immediate implementation of the poverty relief programme to cushion the effects of VAT, as well as the effects of high food prices and the drought. According to Mboweni, the IMF had recommended VAT be implemented only if there were a poverty relief programme in place. Although the National Health Department had budgeted R220m for the programme, only R15m had been spent so far, he said.

Operation Hunger executive director Ina Perlman told the summit SA would face a hunger crisis of enormous proportions unless a massive hunger relief programme was launched within the next few months. "The public must realise it is not a question of preventing malnutrition anymore. In some areas it will be famine. We need massive hunger relief."

To Page 2

Drive for lower food prices will include marches, pickets

STAR 6/3/92

By Paula Fray
Consumer Reporter

The Co-ordinating Committee on VAT (VCC) has organised mass marches, protests and pickets as part of a campaign for lower food prices leading up to the Budget on March 18, when protesters plan to march on Parliament

In the broadest local consumer alliance ever, about 65 organisations, including major consumer groups, yesterday joined forces with unions and welfare bodies to launch the campaign at a VCC-organised "food summit" in Johannesburg. VCC convener Bernie Fanaroff said the summit had identified that the nation was on the brink of a national starvation crisis. High food prices, exacerbated by the drought, could mean malnutrition for millions. Delegates unanimously resolved that the VCC committee

should meet the Government urgently to demand that there be no increase in the VAT rate, at present set at 10 percent, as well as ask for an extension of the temporary zero-rating of eight basic foodstuffs

The committee was also asked to demand that the Budget include provisions for the reduction of staple-food prices

An appeal by Operation Hunger executive director Ina Perlman that the Government reintroduce subsidies on imported maize would also be presented to the Government

Unless maize was subsidised, consumers could face price increases of as much as 20 percent for the staple food, Mrs Perlman said

According to Mrs Perlman food was, for most poor people, the only variable in their budgets and it was "frightening" to see the number of people who had already begun cutting down on the amount of food bought each month

Operation Hunger figures indicated that 30 percent of South African children were malnourished — and the figure was even higher in the rural areas

Mrs Perlman said about 1,8 million people already needed urgent help. In view of the growing number of retrenchments and lay-offs and the soaring drought, this figure could escalate to between 2 million and 2,5 million by the middle of the year

The VCC was also called on to request further negotiations for an effective poverty relief programme. It was asked to bring together agricultural producers, retailers, marketers, agricultural control boards and consumers to identify and remedy the causes of the food price increases

Closing the summit yesterday afternoon, Consumer Union chairman Lillbeth Moolman described the meeting as remarkable. "This is the broadest representation of organisations,

and bodies well for joint consumer action in future. It will belie the recent President's Council report which said consumer action has not been effective," she said

Delegates heard how high food prices kept inflation at an average 16 percent — which in turn kept up interest rates and delayed the end of the recession

A report on food price increases and its causes, commissioned by the VCC and compiled by Labour Research Services (LRS), pointed out that there was no problem in terms of food production — the problem arose from income

The LRS identified the following possible causes of excessive food price inflation: the absence of competition, the excessively high cost structure of retailers, an inelastic demand for food, VAT, and the market power of food companies, control boards and manufacturers' associations

Record issue of debt summonses

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GERALD REILLY

PRETORIA — More than 1-million debt summonses were issued last year — a new record, Information Trust Corporation (ITC) CE Tony Leng said yesterday.

This was 13% higher than the last peak of 908 314 summonses in 1986.

About 50% of the actions resulted in judgments, which totalled 519 703 last year — another record figure.

Leng said the value of judgments against individuals had increased at a compound rate of 36% since 1988.

The average 1988 judgment was R1 906 compared with an average R4 779 judgment last year, indicating consumers had been committing themselves way beyond their ability to pay. *Bidan 10/3/92*

Sequestration of individuals rose by 17% in 1990 and 23% last year to 3 542.

The increasing trend of larger court actions was an early warning signal that 1992 insolvencies would reach the 1986 level of 4 310.

The incidence of bounced cheques was also rising sharply with about 30% more individual judgments compared with 1990.

Leng said there was a 34% increase in summonses against business enterprises last year but judgments increased by only 12,6% indicating better responses to repayments demands.

Car firms in bid to ease HP deals

B(0ay 10/3/92

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EDWARD WEST

REPRESENTATIVES of the motor industry will meet government this week to lobby for extended hire purchase (HP) agreements from 42 to up to 60 months in an attempt to bring private buyers back to the market.

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said yesterday the results of the meeting with the Department of Finance would probably be known at the announcement of the Budget on March 18.

"Assisting affordability for the motorist by relaxing HP provisions will increase consumer spending and stimulate demand. HP provisions should be deregulated and banks allowed to determine their own provisions," he said.

Vermeulen said relaxing HP provisions could help stimulate the economy and keep interest rates high to curb inflation as this appeared to be government's policy.

Toyota SA marketing MD Brand Pretorius said the industry recognised there was an affordability crisis among private sector motorists, but the industry's hands were tied when it came to direct cost reductions on new vehicles.

"Without improved productivity, substantially higher volumes to improve plant utilisation and economies of scale, costs will remain under pressure." The negative effects of exchange rate depreciation also increased the cost of imported content, he said.

Vehicle financing institutions had also indicated their wish to see HP provisions eased, said Pretorius.

If the payment term was moved to 48 months, a vehicle buyer would have an extra R2,80 a month for every R1 000 of finance at his disposal, he said. A 2% drop in interest rates would place a further one rand a month per R1 000 of finance at the buyer's disposal, said Pretorius.

The restrictive measures of a minimum 15% deposit and a maximum payment period of 42 months were introduced at a time when SA was under a balance of payments (BoP) siege, said Pretorius.

The measures represented an effort by government to limit foreign exchange usage by the motor industry. This pressure had fallen off with the introduction of the Phase VI local content programme and an improvement in the BoP, he said.

STAR 11/3/92

Car industry seeks easier credit terms as sales plunge

By Sven Lunsche

New car sales continued to fall in February as the National Association of Automobile Manufacturers (Naamsa) issued a renewed appeal for easier monetary conditions

Naamsa reported yesterday that total car sales for the first two months of this year at 30 602 units were 5,2 percent below those of the comparative period last year.

February sales at 15 839, however, were slightly higher than the 14 763 units sold in January.

The weaker year-on-year trend was evident in all four vehicle sectors

Sales of light commercial vehicles, bakkies and minibuses for the first two months were down 8,6 percent at 15 120 units, while sales of medium and

heavy commercial vehicles showed declines of 11,9 percent to 601 and 6,9 percent to 820 respectively

Naamsa says the generally low business and consumer confidence, aggravated by the drought, stringent monetary policy and subdued investment trends, would continue to impact negatively on the motor industry

Difficult trading

Trading conditions in all segments of the market are expected to remain extremely difficult in the months ahead and unit sales would probably remain below those of last year for the first half of this year

"Any modest improvement in sales will only occur once interest rates start to decline, cou-

pled with some relaxation in hire-purchase provisions applicable to new and used vehicles," Naamsa says

In its comment on the forthcoming referendum the Association says an ongoing commitment by all parties to negotiation was necessary to enhance SA's economic future

"The SA motor industry remains highly dependent on continued access to international technology and remains vulnerable to any renewed isolation and trade restrictions

"Naamsa therefore supports continued progress in the socio-political negotiations process as this will ultimately promote confidence in the economy, stimulate investment and economic growth"

● The agricultural machinery industry expects worse sales in

1992 than in 1991 as a result of the persisting nationwide drought

"Extreme pressure will therefore be placed on companies providing the agricultural sector with machinery," says the latest sales report released by the SA Agricultural Machinery Association (SAAMA)

Tractor sales

In the 1991 calendar year, tractor sales were 26,5 percent lower than 1990 sales

According to SAAMA's estimate, tractor retail sales are expected to be around 2 000 units this year

SAAMA also reports that during February, 203 tractors were sold, compared with 254 in February last year



Consumer lists: Council may face legal action

Staff Reporter *ET* 12/3/92

CITY legal adviser Mr Barney Botha believes the council is leaving itself open to being sued by providing lists of names and addresses of its electricity consumers or ratepayers to outside agencies.

He was asked his opinion after an objection was raised to the inclusion of someone's name and address in a street directory without their permission.

In this particular instance, the street directory company was instructed not to pass on the lists to any other organisation, and also not to use them for distributing advertising materials or circulars.

At first sight, he said, it would seem that just providing lists of names and addresses "would appear to be an infringement of common law principles relating to privacy".

An outside legal opinion is to be sought. (246)

BAD DEBTS: The figures keep rising, and further increases are expected as the drought bites

Sad Millionaire 'milestone'

246

SABC 14/3/92

MAGNUS HEYSTEK

THE relentless grip of the longest post-war recession is clearly showing up in the summonses for the recovery of bad debt. In 1991 debt summonses rose sharply to breach the one million mark for the first time.

Further increases are expected this quarter, especially from the farming community which has been devastated by the drought and persistent high interest rates.

According to the latest figures from the Central Statistical Services (CSS) in Pretoria, debt summonses in 1991 rose to 1 028 913, 13 percent higher than the peak of 908 314 reached in the previous recession of 1986.

The figures

The total number of liquidations of companies and close corporations for the three months up to January 1992 showed an increase of 32,8 percent compared with the corresponding period of the previous year.

Central Statistical Services said during January 1992 that a total of 169 liquidations were recorded — an increase of 23,4 percent compared with the 137 liquidations recorded for January 1991.

The CSS added that 3 961 insolvencies were recorded for 1991, 27,6 percent higher than for 1990.

A more disturbing factor is that about half of the summonses issued last year — 509 703 in total — resulted in judgments.

Says Tony Leng, chief executive officer of Information Trust Corporation (ITC), the country's largest supplier of business and credit information: "The disturbing aspect of this upward trend is that the value of judgments against individuals has increased at a compound annual rate of 36 percent since 1988."

"The average amount of 1988 consumer debt judgements was R1 906. Last year this average rose to R4 779."

Disturbing

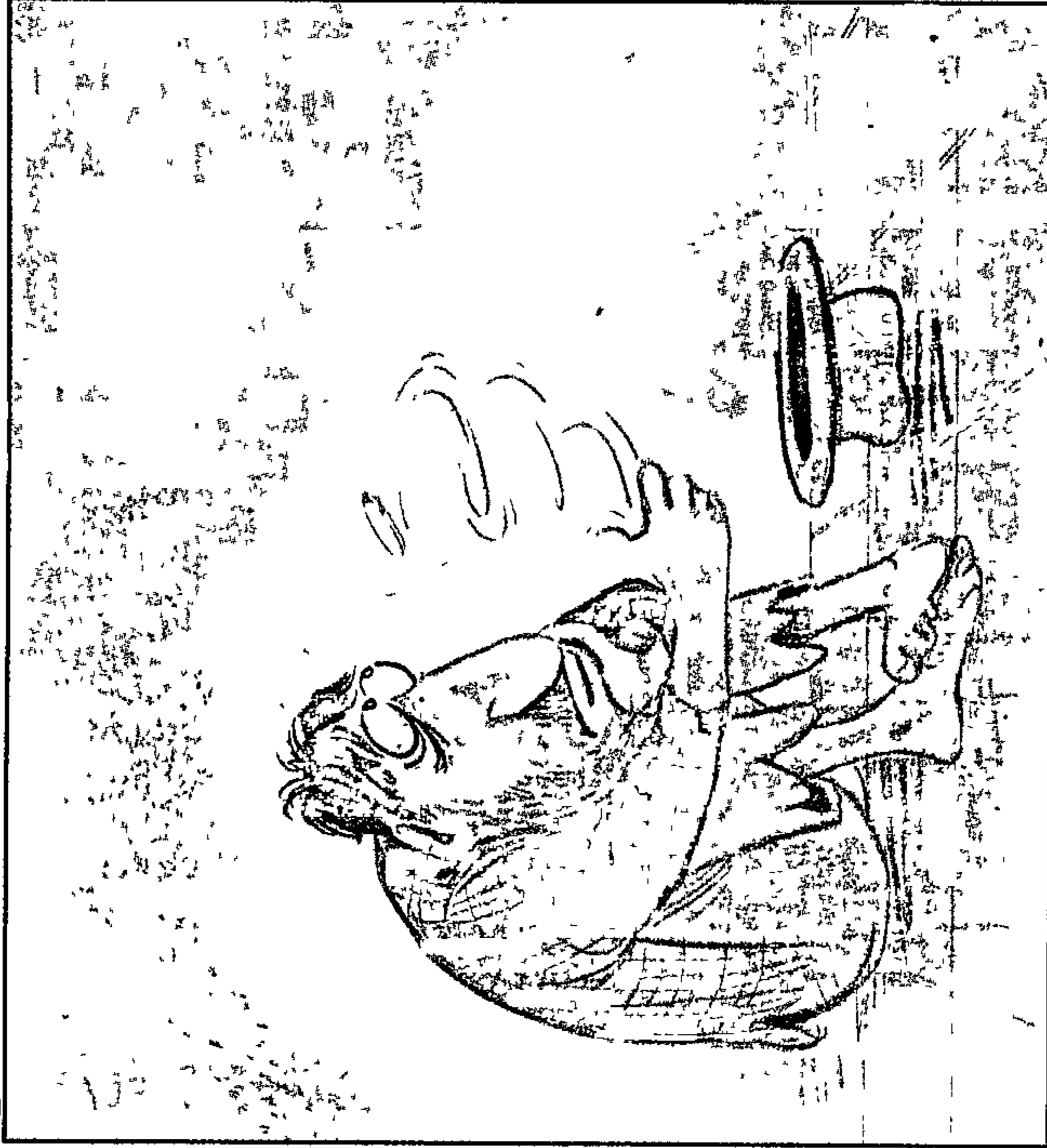
"This increase is well in excess of the official inflation rate as measured by the Consumer Price Index."

"Even more disturbing is that it indicates that consumers have been committing themselves far beyond their means — in the face of persistently high lending rates which are far higher than the prime bank rate of 20,25 percent," he says.

The trend of increasing court actions is clearly an early warning signal that insolvencies this year will exceed the level of 4 310 in 1986 — particularly if this trend is aggravated by increasing levels of unemployment, lower salary increases and a stubbornly high inflation rate.

According to Mr Leng the trend towards people issuing bank cheques against insufficient funds is also on the increase.

In this category 39 percent more individual judgements were issued last year compared with



SOARING INSOLVENCIES: many consumers, hit by inflation and rising costs are going to desperate lengths to keep body and soul together.

1990

The total value of last year's 43 101 judgments in respect of promissory notes, bills and credit

cards was R310 million — an average of R7 207 per judgment.

"Last year's volume of dishonoured paper was up 85 percent on

the 1990 total.

"These substantial increases in numbers and value indicate the desperate lengths to which thou-

sands of consumers have gone to maintain their standard of living," said Mr Leng.

The present degree of political and economic uncertainty has caused many to defer credit purchase decisions.

The attendant drop in demand, combined with lagging credit collections, has placed a severe strain on the cash flows of many companies, especially smaller ones.

Summonses

This has resulted in an increase of 34 percent in the number of summonses served on businesses last year. However, judgments in that year increased by only 12,6 percent, indicating a better response by business to payment demands than by consumers.

In the short term — six months — liquidations may well hit an average of more than 160 a month. The average last year was 157 a month which in turn was 18,3 percent higher than the level of 1990.

Comment: The outlook for an improvement in the financial position of the consumer is bleak. Another reduction in the prime overdraft rate, currently at 20,25 percent, would provide welcome relief, but an increase in salaries and wages at an after-tax rate higher than the inflation rate is the only way for consumers to reduce their debt burden.

Several factors have contributed to delay this. The severe impact of the drought on business conditions, as well as the uncertainty about the outcome of the referendum, has delayed any economic upswing for at least two to three quarters.

Churches fight for no VAT on basic food

STimes (CM)
By KURT SWART

AN inter-denominational committee of churches opposing the reimposition of Value Added Tax on basic foods started a "Don't Crucify the Poor" campaign this week.

The campaign was launched at St George's Cathedral on Friday with a press conference and a placard picket on the steps

15/3/92
Other actions will include a picket focusing on mothers and children tomorrow and another focusing on pensioners on Thursday

The church leaders will participate in the Cosatu/ANC "People's Budget" march from the Grand Parade on Wednesday and the campaign will draw to a close next Friday with an Ecumenical service at the Methodist Church on Greenmarket Square

ANC president Mr Nelson Mandela is scheduled to speak at the service

The campaign aims to arouse public consciousness to the "injustice of VAT in terms of what its application to basic foods and health care will mean for the poor"

The committee said Christians in the Western Cape had formed the Churches' Committee on VAT and had drawn up a declaration of concern for the poor and needy Church leaders had signed the declaration on behalf of their churches and large numbers of ordinary church members had also signed it

Threat

The declaration included specific demands that the government abandon its threat to terminate on March 31 the zero-rating on the few foods that were presently tax-exempt, extend the list of tax-exempt foods and totally exempt from taxation all health care for the poor

Said the committee "We do not dispute that in general VAT may be a better system than GST Our concern, however, is that VAT as applied in South Africa adds to the already heavy economic burden on the poor

"Instead of being graded to make the poor pay less and the rich more, it shifts part of the burden of taxation onto the shoulders of the working class"

If the church campaign was ignored by the government, the state would be "blatantly choosing to trample the heads of the poor into the dust"

The imposition of VAT on basic foods and health care would be "fatal" for many of the poor

According to the Labour Research Centre at least 16 300 000 people in South Africa were living below the breadline and in need of financial help to survive

The government had set aside R200 million for poverty relief programmes but this would have little effect as the amount worked out at only R2,25 a person

Vehicle slump backs HP case

1972
246
SI Times (13455)
15/3/92

By **DON ROBERTSON**

THE motor industry's case for an easing of hire-purchase requirements is strengthened by vehicle sales figures for February

In the first two months of this year, car sales are 5.8% lower than in the same time last year

Light commercials (LCVs) are 8.6% down, medium commercials (MCVs) 11.9% lower and heavy commercials (HCVs) 6.9% below last year's total

The National Association of Automobile Manufacturers of SA (Naamsa) has asked the Department of Trade and Industry to increase the repayment period to 60 months from 42 and to reduce the deposit to 12% from 15%

It fears that if private buyers cannot buy cars, short-time working will become common in the industry

Naamsa believes that this negative trend in sales will continue in the first half of this year

Any recovery will be a "slow process and a modest improvement in the sale of vehicles will only occur once interest rates commence their long-awaited decline"

Toyota continues to dominate the industry. Car sales at 4 765 gave it 30% of the market. Then came Volkswagen with 3 454, combined Ford and Mazda sales of 2 564, Nissan (1 596) and Delta (1 259)

Govt eases cost of HP financing

STAR 20/3/92

By Sven Lunsche
Finance Staff

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CAPE TOWN — The Government is set to announce easier hire-purchase credit financing next week, the Director-General of the Department of Finance, Gerhard Croeser, said yesterday.

Addressing Old Mutual's Budget seminar in Cape Town, he said the move followed representations by motor manufacturers and the furniture industry, and would be gazetted next week.

The motor industry, which has been hard hit by the slump in consumer spending, in particular will benefit.

The deposit on HP financing for new and used vehicles would drop from 15 to 10 percent, while the maximum repayment period would be extended from 42 to 54 months, Mr Croeser said.

For furniture and so-called "white goods" the required deposit will be lowered from 12 to 10 per-

cent, but the repayment period will stay unchanged at 24 months.

Interest rates on HP financing remain unchanged at around 28 percent.

There were no indications that monetary policy in general, and interest rates in particular, will be eased as a result of the Budget.

Reserve Bank Deputy Governor Dr Jaap Meijer said that the Budget "has done nothing to convince us that we should now ease our monetary policy".

He said that the Budget certainly was not deflationary. "As long as inflation stays high, we cannot consider lower interest rates. Our whole objective would be defeated if we give way now."

He added that the Reserve Bank will once again take a hard look at its overall monetary strategy when it set the 1992 money supply guidelines later this month.

Mr Croeser said the reduction in the VAT rate from 12 to 10 percent had cost about R4 billion in additional revenue in the 1992/3 fiscal year.

Govt acts to boost consumption

Hire purchase restrictions to be relaxed

B/Dav 20/3/92

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CAPE TOWN — Hire-purchase restrictions will be eased next week, says Finance director-general Gerhard Croeser.

Yesterday, Trade, Industry and Economic Co-ordination Minister Derek Keys also said measures to stimulate consumption in the economy would be announced next week.

Keys declined to detail the measures, but intimated that one would originate in his department. His reluctance to specify any other stimulus left open the possibility that a cut in official interest rates has been agreed with the Reserve Bank.

Croeser, speaking at the Old Mutual/Nedbank Budget forum yesterday, said the new HP conditions would be gazetted next Friday.

Minimum deposits on cars would drop to 10% (15%) and the maximum repayment period would be lengthened to 54 months (42 months). Minimum deposits for furniture would fall to 10% (12%) but the repayment period would remain at 24 months. Minimum deposits on imported white goods would also drop to 10% (12%).

Keys, responding in an interview to criticisms that the Budget did not do enough to stimulate growth in an economy still experiencing its longest post-war recession, said: "By next week it will be apparent the Budget isn't the whole story."

He said government was watching the economy's consumption levels more closely than its investment flows, and that consumption was more important and easier to monitor than investment.

On the Budget being devoid of economic

BILLY PADDOCK, SIMON WILLSON and LINDA ENSOR

incentives to foreign investment at a time when political obstacles were falling away, he said there was no reason to give foreign investors an advantage over local investors.

"I don't think I could ever justify giving the foreign investor a special deal that the SA investor could not get. We are not in a position to compete for the truly mobile international investor who will go to places like Ireland, which is much closer and has no tax."

SA did not want to compete in that league, he said. SA did not want "the marauding investors", such as international textile companies intent on getting out of other countries where they were tied to restrictive agreements. Should they come to SA the same measures would have to apply to prevent their opportunist practices.

Foreign investors would come into the SA market when they wanted to. "I am in possession of a great truth when they want to come in, they will come in on their own terms. They will negotiate with us and we will do business."

Foreign companies "would come in their droves" once SA had the conditions where local companies were investing more concertedly.

Keys said there would be no new incentives to stimulate local export industry, beyond that announced on Budget day, because local industry was operating at below capacity and there was no need for

□ To Page 2

HP restrictions

encouragement and enticements. Taken with the General Export Incentive Scheme, full VAT input credits and GST scrapped on capital, there was nothing more government could do.

The Budget was exactly the sort needed at the bottom of a recession and the large deficit was necessary at this stage. The deficit would not have been allowed had there been any pressure or difficulty in access to capital, he said.

He said the state was at this stage not involved in talks about an economic forum because this would have to come through Codesa. But some business and employed labour were involved with talks.

Once an interim government had been established, a triangular arrangement for talks would get off the ground formally. At the interim government stage economic policy would become the number one priority. It would be critical to come to some arrangement about labour, linking wage increases with productivity and generally stabilising increasing wage demands.

Keys said deregulation was proceeding

192 (246) From Page 1

but government could change things only at a primary level. As soon as this was done, second- and third-tier authorities jumped in to re-regulate.

He said there was a great "head of steam" behind the Industrial Development Corporation report on tariff protection when he arrived in office, "but I called a hold on it". He said SA needed an anti-dumping mechanism in place before tariffs were reduced. "If we want to carry deregulation through we have to go for a cultural change deeper than that we have had so far," he said. Five years was too short a period, 10 years was a better goal.

With regard to privatisation, Keys said no one would want to buy the Post Office, Telkom or Spoornet at this stage because they were not yet ready to be bought.

Privatisation was not seen by government as a source of revenue but as a means to stimulate competition. He said the process was going ahead to commercialisation — the halfway stage to privatisation

● See Page 3

● Comment Page 10

Mandela threatens VAT action

C/PRESS 2213/92
ANC leader Nelson Mandela has threatened to "destroy the economy" with mass action if necessary to halt a planned tax on basic food.

Mandela, speaking to about 300 mainly black pensioners on Friday, said it was the ANC's duty to protect the poor and it would use unprecedented protests to stop the tax.

He said the protests would be more crushing than the nationwide two-day anti-VAT strike in November that virtually brought the country to a standstill.

He condemned Finance Minister Barend du Plessis's decision in his 1992/93 Budget to revoke the temporary exemption of certain basic foods - including maize meal, the staple of many poor blacks - from the 10 percent VAT.

"We cannot accept it. We would like to warn that hard days are coming for SA," he said.

Mandela said increased budget allocations for housing, education and health were appropriate, but not enough to start redressing the imbalances of 40 years of apartheid.

The worst drought in decades had already slashed the poor's buying power, he said.

The new tax applies to more items, including medical services, and critics say it hurts the impoverished black majority.

When government leaders made decisions such as imposing new taxes, they should not only consult the ANC, "they must get our express approval," said Mandela, speaking from the pulpit of Cape Town's Metropolitan Methodist Church.

Even though the government was discussing reforms, it remained "insensitive" to the needs of black people, Mandela said "They are thinking of the interests of whites."
- Sapa-AP-Reuter

New HP rules ²⁴⁶ to bring relief ^{22/3/92}

By FRED ROFFEY

HARD-PRESSED consumers will get some relief on Friday when new hire purchase regulations are gazetted

Minimum deposits on cars will drop from 15% to 10%, and the maximum repayment period will be lengthened from 42 months to 54

Minimum deposits for furniture will fall from 12% to 10%, but the repayment period will remain at 24 months

On imported "white goods" — fridges, stoves and other large appliances — minimum deposits will drop to 10%

The easing of certain hire purchase restrictions was announced by the director-general of finance, Gerhard Croeser, at the Old Mutual/Nedbank budget forum held at the Old Mutual head office in Pinelands

The meeting was told that the Inland Revenue Department was investigating new sources of revenue and would "address capital gains tax later in the year".

up for Saturday's open-air chess tournament in Joubert Park.

Picture Etienne Rothbart

STAR 23/3/92
Zambia to ask for aid for reforms

LUSAKA — Zambia will today ask Western donors for more than \$1 billion (about R2,8 billion) to help implement an economic reform programme and fight a severe drought

"We are asking for the most Zambia has ever asked before," Agriculture Minister Guy Scott said yesterday, on the eve of a Paris donors' meeting

President Frederick Chiluba ousted Dr Kenneth Kaunda on promises to abandon economic policies Dr Kaunda borrowed from the former Soviet bloc

The new government inherited more than \$7 billion (about R19,6 billion) in debts

Mr Chiluba has adopted Western-prescribed economic reforms but needs financial help to make them succeed

Zambia's traditional donors, led by the World Bank and the International Monetary Fund, meet in Paris today and tomorrow — Sapa-AFP.

STAR 23/3/92
Help for peeved new homeowners

Consumer Reporter

Owners of dwellings in low-cost housing projects can now apply directly to the Consumer Council in Pretoria for arbitration if they are dissatisfied with the construction and finish of their homes

The critical national housing shortage has a direct bearing on consumer willingness to tolerate poor or slow workmanship, according to the council

"Owing to the housing shortage, many people are prepared to accept poorly built or even

semi-completed houses," Consumer Council executive director Jan Cronje said at the weekend "Once they have moved in, they discover shortcomings and defects in the houses' construction and finish"

In many cases it was unclear what had been supplied, and owners claimed that builders did not provide what had been promised Developers, in turn, claimed building plans did not make provision for that which the owners expected

Other complaints included poor workmanship, resulting in

poor quality, latent defects such as walls which develop cracks and roofs which start leaking, insufficient reinforcement of foundations in unstable ground which leads to walls cracking soon after completion, and houses not completed in accordance with approved plans

"The council is compelled to appoint arbitrators They investigate each case on behalf of the council and try to get the parties to settle," said Mr Cronje

● Consumers can call At Meyer or Lion de Necker of the arbitration service at (012) 28-3512

Pick



Southern Transvaal

Supermarkets



Help for peeved new homeowners

STAR 23/3/92

(246)

Consumer Reporter

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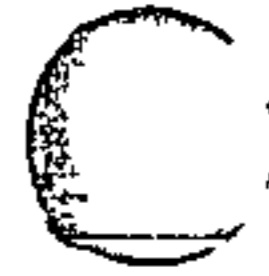
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HP growth was 'normal'

Biday 23/3/92

SYLVIA DU PLESSIS

THERE was a "relatively normal" rise in hire purchase and lease-credit creation in the last quarter of 1991

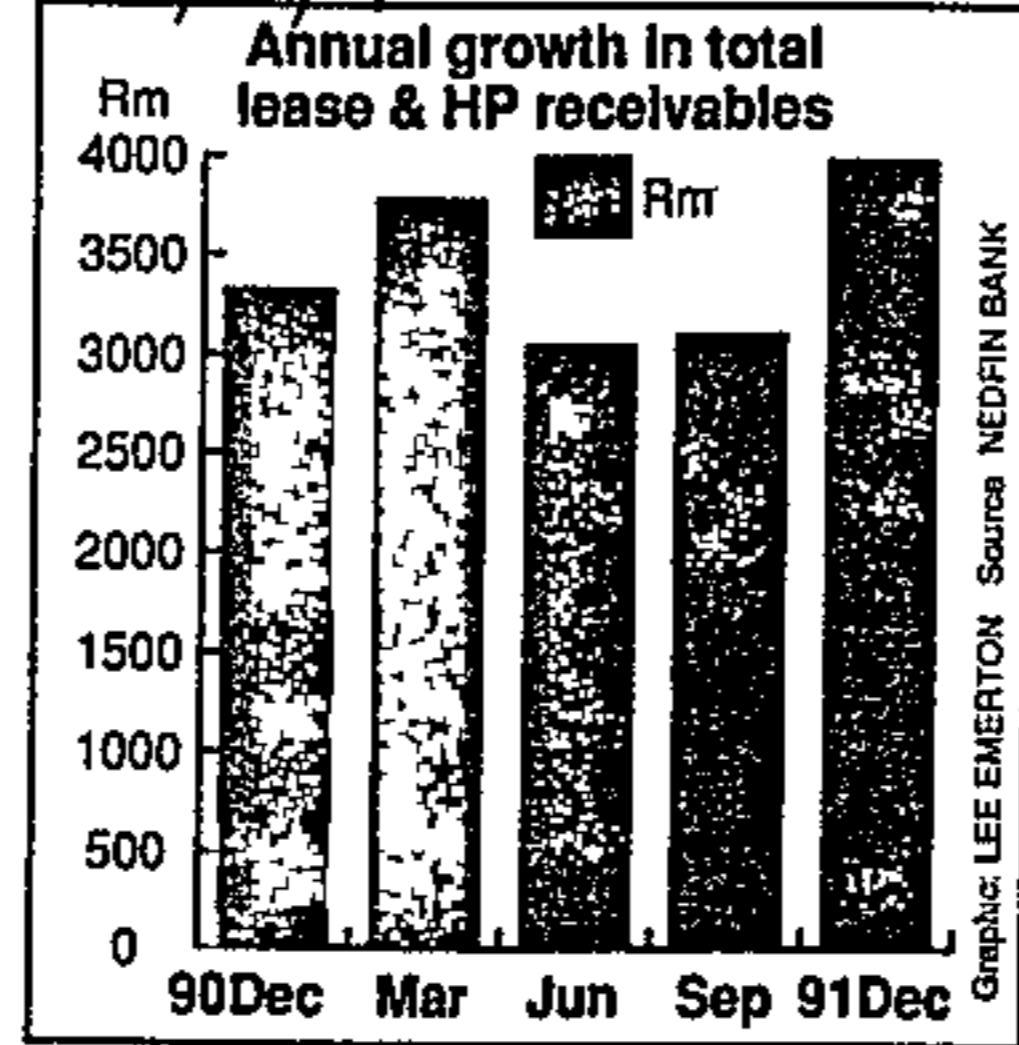
This emerges from an analysis of the D1900 (BA9) returns — the forms banks send to the Registrar of Banks detailing their assets and liabilities

Nedfin Bank CE Christopher Beatty said in a statement on Friday that total receivables for the period grew by R1,460bn to a total market size of R31,650bn — a 4,8% increase

This growth rate was "well above" the 3,8% average experienced for the corresponding quarter over the past two years. Growth on an annual basis was R3,980bn, or 14,3%. This was much in line with the generally accepted rate of inflation. (246)

"From a seasonal point of view, credit creation through hire purchase and leasing is back to its old pattern of a fourth-quarter surge," he said

Growth in credit creation could be attributed to many companies being



forced to make more use of credit facilities other than their own cash resources, in view of the recession

This was supported by the growing number of company liquidations

Beatty added it was interesting that since the introduction of the DTI regulations in February 1991, HP and leasing had grown at an annual rate of 15,4% compared with 11,3% for total private sector credit (55)

Wyse wants more of SA Unix market

WITH more than 50% market share in many countries, Wyse Technology hopes to increase its SA penetration

GM for Northern Europe and SA Mark Jordan said during a visit last week that although the company had not yet opened an office in SA, it was investing in promotions and other resource input

Wyse is the world's largest independent supplier of general purpose terminals

Jordan said that because of its high-end products, like those for the one to 300 user Unix market, there were significant opportunities in SA, which has a substantial Unix user base

The company has chosen Altech subsidiary Wise Decisions to distribute its terminals, PCs, monitors and Unix-based systems

CSS Distributors sells the terminal range, and CS Systems is a SuperVAR (Value Added Reseller) for the Unix-based systems

PROFESSIONAL

Govt set to place tax on basic foods

By Paula Fray ^{STAR} 24/3/92
Consumer Reporter

The Government plans to go ahead with the lifting of the VAT zero-rating of nine basic foodstuffs next Tuesday, despite the threat of a general strike.

A spokesman for the Finance Ministry confirmed yesterday that the zero-rating would be lifted at the end of the month.

This means only brown bread and mealie meal will remain, zero-rated foodstuffs

Extend

He noted that Finance Minister Barend du Plessis' statement in September had made it clear that the zero-rating of the foodstuffs was a temporary move.

The Minister's statement still stood, he said.

Major consumer bodies, the ANC and the VAT Co-ordinating Committee have called on the Government to extend the temporary zero-rating of these items.

ANC leader Nelson Mandela said yesterday that a statement by him about the economy of

the country being destroyed had been quoted out of context.

"A speech I made in the Cape last week has been interpreted as a threat by the ANC to destroy the economy," Mr Mandela said.

"This was not so. What I actually said was that if the zero-rating of certain basic foods was removed, we could not accept that."

"Just as we pulled 3 million people out on the streets before, so we will do it again and that will lead to the destruction of the economy."

"I hope the Government will not put us in this position," he added.

Mr Mandela was referring to the fact that VAT exemptions on certain basic foods are due to expire on April 1.

An Inland Revenue spokesman said legislation enabling the zero-rating of these foodstuffs had stipulated it was in force until March 31.

Mr du Plessis announced on September 29, the eve of VAT's introduction, that certain products — sump, powdered milk, mealie rice, whole mealies, dry beans (including soya beans), lentils, fresh milk, canned pilchards and rice — would be zero-rated until March 1992.



Before it's taxed

Thirika Modikoe with hard-earned provisions

Picture Alf Kumalo

Mixed views on VAT

CALLERS to the *Sowetan* Radio Metro Talkback Show last night expressed mixed views on the Government's imminent introduction of VAT on basic food stuffs.

Anthony told host Tim Modise that the introduction was necessary because it would have long-term rewards

He said the Government needed a wider tax base because of the rising unemployment.

Nick from Durban suggested people should campaign against the move, but felt that mass action was not an appropriate option as it would hurt blacks



Audrey from Westbury suggested that negotiations be held with the Government to resolve the issue

Mr Neil Coleman, Cosatu's information officer, justified the call for mass action by explaining that South Africa did not have a good social aid plan for the poor.

He said basic food stuffs in other countries were ei-

ther exempted or charged on a lower VAT rate

'We must call for a stop to the unilateral restructuring of the economy by the Government

"This system concentrates a lot of wealth in the hands of the wealthy. This will help to abort the redistribution of wealth when a new political order takes over," he said

Nadia from Johannesburg felt blacks should campaign against the introduction of VAT on basic food stuff because the Government had channeled tax payers' money to secret funds that perpetuated violence among blacks

C

Debt collecting breeds

STAR 30/3/92.

its own malpractices

Own Correspondent 246

CAPE TOWN — Tough economic times spell trouble for the most of us trying to maintain our standards of living.

It's also tough for businesses, which, in an attempt to maintain turnover, have generally loosened the requirements for credit facilities.

The failing economy saw more and more defaulting debtors going to court and creditors into liquidation.

There was a marked increase in the number of liquidations and sequestrations last year, while civil debt that was processed by the courts reached a figure in excess of R1 billion. An estimated further R500 million in debt did not reach the legal stages.

But as the recession took its toll, there was one industry that was booming — debt collecting. An estimated 80 percent of last year's debt was collected by debt collectors rather than attorneys, says the chairman of the Association of Debt Recovery Agents, Frank Thurman.

Traditionally, attorneys are empowered to collect debts and are legally entitled to charge collection fees as laid down by the Law Society. But with the proliferation of defaulting debtors, attorneys were overburdened with the business of debt collecting, and it was not long before somebody saw the potential for a new industry. Unfortunately, the new in-

dustry was uncontrolled and debt collectors set their own standards and ways of operating.

In some cases, these "heavies" disappeared with the cash.

Creditors took to using the debt collecting agencies because, while lawyers claimed fees regardless of whether the debt was collected or not, agencies charged only a percentage of what was recovered. But sometimes this figure was as high as 30 percent of the original debt.

Debt collecting agencies have, however, adopted the practice of charging their collection fees to the debtors. But this is illegal in terms of the Magistrate's Court Act, which prohibits anyone other than an "agent of the court" from charging collection fees to debtors.

Exorbitant

Until last year this prohibition was toothless, since there was no punishment prescribed. But now debt collectors charging fees to debtors face a fine of R4 000 and/or imprisonment.

The proliferation of malpractices in the industry prompted the editor of *De Rebus*, journal of the Law Society, to write that in some cases the agents illegally recover "exorbitant collection costs which very often exceed the amount of the original debt".

All the agencies called during this investigation insisted that they charged

their fees to the creditors. But documented evidence shows that the two largest debt collectors in the country are claiming amounts in excess of the original amounts from debtors.

Snyman Associates, reputedly the largest debt collector in South Africa, added about R200 to an original debt of R643 in one case, and added R70 for the collection of a debt of R20 in another.

Barclay Moore Associates, the next biggest agency in South Africa, in one instance added R172 to an original debt of R158, claiming a total of R330 from the defaulting debtor.

Snyman Associates refused to discuss the details of its cases but admitted charging "necessary costs".

Debt collectors who disguise their costs with the phrases "necessary costs" or "disbursements" seem to think they have found a loophole in rule 52(1)(d) of the Magistrates Court Act.

Mr Thurman says these are overhead expenses which are incurred in the recovery of debts, including office stationery, postage and tracing fees. These fees, he says, can total between R80 and R150. According to legal advice, he says, charging these costs to debtors is legal.

But both the Cape and Transvaal Law Societies have denounced this practice as illegal, claiming it is a misinterpretation of the rule.

Captain Shane Keohane of the SAP Commercial Branch said his unit would be willing to accept complaints about such malpractices.

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**Meat price
gap worries
watchdog**
STARZ 30/3/12
Consumer Reporter

The Consumer Council is "disturbed" by the ever-widening gap between the producer and consumer price of red meat, the consumer watchdog said at the weekend

According to the council it appeared, from a recent survey by the Meat Board, that meat at butcheries was considerably cheaper than at supermarkets

It found this "ironic" since supermarkets bought larger quantities of meat and had greater negotiating powers. Their meat, said the Consumer Council, should consequently be cheaper

"With the market currently over-supplied with meat, the benefit is not being passed on to the consumer," it added

Anger over food zero-rating grows

STAR 30/3/92

246

By Paula Fray
Consumer Reporter

Finance Minister Barend du Plessis faces a groundswell of resistance against Government plans to go ahead with the lifting of the temporary zero-rating of nine basic foods on Wednesday

The Democratic Party and several leading businessmen yesterday joined big business, consumer organisations, the ANC and the Vat Co-ordinating Committee (VCC) in protesting against the lifting of the concessions.

The Minister is expected to clarify the issue later today at a press conference in Pretoria

DP finance spokesman Ken Andrew said yesterday the imposition of additional tax on food at this stage would be inhumane and politically provocative.

Mr Andrew appealed to the Minister to abandon his plans to charge VAT on the foodstuffs "It makes no economic, social or political sense to institute VAT on foodstuffs previously zero-rated."

Consumer organisations have expressed alarm at Government intentions to lift the concession aimed at poorer consumers while the South African Chamber of Business has appealed to the Minister to postpone the lifting of the zero-ratings for a further six months

At the weekend, the South African Milk Organisation (Samo) joined cries for the zero-rating to be extended in view of the crippling drought.

"The extraordinary drought has already exerted much pressure on costs and prices, and this pressure will only increase," said Samo chairman Dr Marthinus Hermänn. "The additional increase due to VAT has thus come at an extremely inconvenient time"

Checkers/Shoprite managing director Whitey Basson said that in implementing the Government's programme of economic recovery it was vital not to lose sight of the reality that many people were living below the breadline

Inflation

According to Mr Basson the drought and recent increase in the fuel price had exacerbated the plight of consumers already in a critical financial position due to a depressed economic climate and the high rate of food inflation

In the light of reports that millions of consumers were currently living way below the breadline, Mr Basson said the imposition of VAT on basic foodstuffs would expose lower-income groups to malnutrition and, in many cases, famine

The ANC reiterated its call for the VAT exemption of all basic foodstuffs and said any government "with a modicum

of humanity" would be alarmed at the rocketing food prices and its effects on the lives of the downtrodden

"However, the De Klerk Government insists on perpetuating hunger and its attendant hardships. This is unacceptable and must be challenged with all the might of public opinion," it said in a weekend statement.

The ANC said although the Government had argued that the zero-rating of foodstuffs was temporary to allow for the institution of relief programmes for the poor, these programmes had not been implemented in any meaningful way.

According to the VCC the widespread calls supporting the extension of the zero-rating of VAT on basic foods showed that an "increasingly wide spectrum of South African society recognises the urgent need for the Government to reconsider its position on this issue"

"This is a matter of life or death for hundreds of thousands of South Africans. Starvation is already widespread. Food prices have rocketed. The burden on the poor is crippling," said the VCC.

The VCC appealed to President de Klerk to meet and discuss the application of VAT, how to bring down food prices, the negotiation of an adequate poverty relief programme, and measures to address the problems VAT was causing for small business.

VAT on food may be put on hold

246



Sowetan 31/3/92

Sowetan Correspondent

THE Government looks set to bow to concerted public pressure on VAT and is today expected to announce a temporary extension of the zero-rating on certain basic foods

Cabinet sources yesterday indicated the Government would not budge from its original plan to impose VAT on all but the most basic foods from tomorrow

Three Cabinet Ministers, including Minister of Finance Mr Barend du Plessis, were to hold a Press conference yesterday.

They were expected to announce that VAT would be slapped on nine food items - including samp, powdered milk, mealie rice, whole mealies, dry beans, fresh milk, canned pilchards and rice

These were the food stuffs for which a temporary VAT-free concession was granted when VAT was introduced on September 30 last year

The press conference has been postponed to today

Yesterday Du Plessis consulted with his colleagues, including President FW de

Klerk, on the issue

It is likely that a decision to temporarily extend the zero-rating of basic food stuffs was taken during these consultations

Apart from averting a threatened strike by trade unions, the Government's decision may well have been influenced by the knowledge that most major business organisations also favour an extension

Business organisations are today expected to appeal to Du Plessis to postpone imposing VAT on basic foods, which would have left the Government standing alone on the issue

Last night Du Plessis would not divulge on what he would announce today but gave a strong hint at flexibility and concession

"We never want to be perceived as being dogmatic and putting the plight of the poor in any subservient position on the priority list

"Therefore we must seek to deliver our assistance to the best advantage of the needy and at the lowest cost to the taxpayer. This strategy can vary from time to time," he said

A key lesson — how to deal with your debtors

THERE were a number of lessons learnt from SA's recession. One of these, says KreditInform MD Ivor Jones, was that more companies learnt about risk management and categorising debtors according to the risk they represented.

"And as we move out of the recession, the need to categorise risk will remain important for companies wishing to boost their bottom line profits."

Full study

Many companies took advantage of KreditInform's risk categorisation service, which involves a full study of the debtors' ledger. A report is produced on each debtor or on those in a certain section of the ledger with outstanding amounts over a specified level.

The exposure of each debtor is taken as a percentage of the full ledger, and each is categorised from low to high risk.

"Each debtor is placed

within a risk matrix, which in turn is split into five risk categories.

"Our next step is to consult with the client to discuss the spread of his debtors' book because existing policies may either be too restrictive or lenient when it comes to granting credit. The debtor exposure indicates whether the book is well balanced or distorted."

"In many cases we see that companies have few debtors which represent the majority of their sales revenues, often the 80%/20% theory holds true, because 80% of goods will be bought by 20% of the company's debtors," says Jones.

The next step is to advise the client about an information policy. He may need to have certain debtors monitored constantly, while others may need only an annual report. Those which seem to represent high risk to the client may need a credit limit review if their spending exceeds a specified level.

Also emanating from the risk categorisation process is advice on a collections strategy. Low risk debtors could simply require a "reminder letter", while those in the next category may need a phone call and a letter.

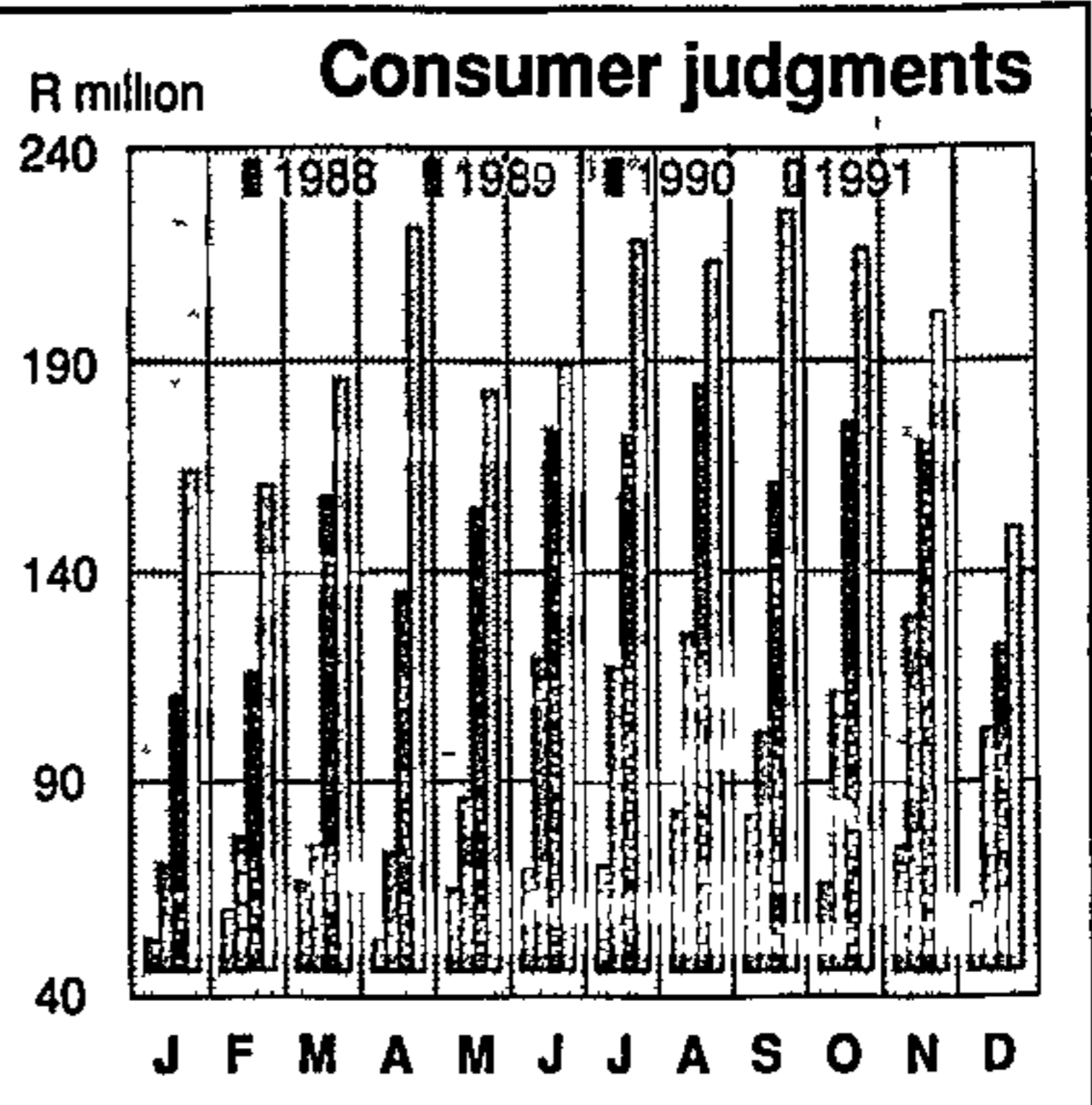
"The higher risk debtors will require frequent checking, cheque collection, or even for their accounts to be reconciled and a cheque collected immediately," he says.

Opportunity

But an important opportunity which emerges from the categorisation process, is that certain debtors may prove to be perfect sales opportunities.

"If they are good risks, good payers and have a low exposure to the company, they could well represent good sales opportunities," he says.

"Knowing the risk of any debtor is key to the relationship between companies and their clients. If the debtor is a good risk, it



Graphic FIONA KRISCH Source KREDITINFORM

The growth in consumer judgments slowed a little in 1991 after two years of devastating growth rates of more than 80%. 1991 showed a relatively smaller 27% growth in judgments over 1990. The figure of 27% growth, while still very high, is considered to be an indicator of two particular trends. The first is that consumer spending has been lower in real terms for the past number of years as the recession has taken its toll. The positive and second trend is that consumer judgments are one of the first indicators of a slowdown in the economy.

is often worthwhile knowing to what extent his debts can be extended, instead of him dictating the levels."

As SA moves into a better economic situation, Jones says, companies which concentrate sales efforts among others who are

good credit risks, are likely to do better.

Another outcome of the risk categorisation process is that clients may be advised about credit insurance for their high risk, high exposure debtors so risk levels are minimised.

(246)
Support for zero-rating basic food

THE Co-ordinating Committee on VAT yesterday welcomed calls by Sacob and the SA Milk Producers Association supporting the extension of zero-rating VAT on basic foods

Sowetan 3/13/92
"The calls by these two major business organisations, following soon after the powerful demand by the president of the ANC, Nelson Mandela, show that an increasingly wide spectrum of South African society recognises the urgent need for government to reconsider its position on this issue

"This is a matter of life or death for hundreds of thousands of South Africans. Starvation is already widespread. Food prices have rocketed. The burden on the poor is crippling.

"Government's refusal to extend the zero-rating on basic foods is heartless and ill-thought out. We cannot accept that the technical symmetry of a tax system should be achieved at the expense of widespread suffering" - Sapa

Telling pressure from business

Barend backs down on food zero rating

Blom 1/4/92

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CAPE TOWN — Businessmen wary of conflict and labour disruption put pressure on government to back down on VAT and extend the zero rating on certain foodstuffs.

It has been reliably learnt that senior businessmen contacted President F W de Klerk to warn him of serious consequences for the economy should Finance Minister Barend du Plessis persist with his plan to abolish the zero rating.

Yesterday Du Plessis announced the zero rating on 11 basic foodstuffs (including brown bread and mealie meal) would be extended indefinitely, but fresh milk and rice would no longer be exempted.

At a news conference in Pretoria Du Plessis denied any political motivation for the move, or that government was afraid of a confrontation with labour organisations. No action government took would have satisfied these groups, he said.

"We have no illusions that these latest steps we have taken will be met with joy from Cosatu and others with a political agenda," he said.

He said those with a political agenda had no understanding of how the economy worked, were not operating out of compassion and had, in fact, already planned their mass action last year.

Du Plessis said he had not spoken to the

BILLY PADDOCK

VAT Co-ordinating Committee because it refused to speak to him and wanted to speak only to De Klerk. "The (committee) is a front organisation for socialist and even communist groups and we are too far apart to reach agreement," he said.

PICK 'n Pay pre-empted government by placing a newspaper advert — before the Minister's announcement — offering customers a VAT holiday on milk and rice for the month of April. But Pick 'n Pay chairman Raymond Ackerman denied the group had any prior knowledge of what would be zero rated. The chain had decided to absorb VAT on some items — but had had no idea its assumptions would be spot on.

VAT was an emotionally sensitive issue and "we have to listen to responsible church and business leaders".

Du Plessis insisted he had not changed his mind on the issue but had consulted widely. Cabinet had made the decision after weighing up the implications.

Announcing the extensions, Du Plessis said there were three deciding factors:

□ The responsible and persuasive repre-

□ To Page 2

VAT

Blom 1/4/92

sentations from business and church leaders,

□ The scientific investigation into food price increases that still had to be completed, and

□ The fact that the geographic implementation of the food relief programme had not yet been satisfactorily completed.

He said the extension was indefinite. The Treasury would lose R136m if it was kept in place for a full year. If all 13 foodstuffs had been zero rated, the loss would have been R380m. So by bringing fresh milk and rice into the VAT net, government was saving R244m. Government would have to find ways of making up the lost revenue.

Brown bread and mealie meal were permanently zero rated as announced in last year's Budget. The other nine items now affected were samp, mealie rice, dried whole mealies, dried beans, soya beans, lentils, tinned pilchards, milk powder and dairy powder mixtures.

Du Plessis said abolishing the zero rating on the nine items depended on the results of the food prices investigation and the satisfactory implementation of the food relief programme.

Blom 1/4/92

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From Page 1

Du Plessis rejected the allegation that the rise in food prices since the introduction of VAT was primarily caused by the tax. "This is refuted by the fact that the prices of certain foodstuffs which were zero-rated have risen by more than 10% since the introduction of VAT," he said.

DP finance spokesman Ken Andrew said Du Plessis should stop playing games with VAT on basic foodstuffs. "It is a pity that important economic decisions continue to be characterised by brinkmanship, bluff, vacillation and capitulation rather than timeously negotiated agreements on how to resolve our challenging problems."

MARCIA KLEIN reports that Sacob welcomed the decision. A VAT system with as few exemptions as possible was still desirable, a Sacob statement said, but the current economic circumstances required a flexible approach.

Sapa reports the VAT Co-ordinating Committee welcomed the announcement, but said it was not enough to address poverty and starvation.

Pick 'n Pay and the OK said they would absorb VAT on fresh milk and rice for a short time.

● Comment: Page 12

VAT exemptions to remain on 7 basic foodstuffs

Barend 'fails to go far enough'

By Paula Fray
Consumer Reporter

The Government's decision not to impose VAT on seven basic foods until further notice was last night described as "not going far enough"

Finance Minister Barend du Plessis yesterday backed down from his intention to lift the temporary zero-rating on nine basic foodstuffs as from today

However, rice and fresh milk will now be liable for VAT. The foods which remain temporarily VAT-free are samp, mealie rice, dried whole mealies, dried beans, soya beans, lentils, tinned pilchards, milk powder and dairy powder mixtures

Brown bread and mealie meal are permanently zero-rated

According to Mr du Plessis, the Government would collect an additional R244 million this year following the lifting of the VAT zero-rating on milk and rice, while the temporary zero-rated items would cost R136 million

He said the Government had responded to "responsible representation"

Factors which influenced Cabinet to extend the zero-ratings included the fact that Dr Rina Venter was in the process of extending the nutrition development programme. He said Government was also awaiting the results of an investigation into high food prices

Also, the present economic situation had been "slow to recover"

"If we err, we would rather err on the side of compassion," Mr du Plessis said

He said he did not believe the concessions would find favour with the "excessive demands of Cosatu".

Shocked

The Minister would not comment on when the concessions would be dropped

Housewives' League president Lyn Morris said she believed the extension was good as it was aimed at assisting the poor.



Nabbed . . . police hold a man in an Alexandra backyard during their investigations into yesterday's Third

By Bronwyn Wilkinson

4 killed in Alex rampage

Four people — including a seven-year-old child — were killed and scores were injured when armed Zulus went on a rampage in Alexandra yesterday morning, the ANC has claimed

But police said only one man was killed in a gun attack near the Madala hostel at 9 am

In another attack at 5 pm, three people were wounded when gunmen attacked a taxi rank at the entrance to

the township. ANC spokesman Ronnie Mamoepa claimed that about 10 armed Zulus launched the attack from the hostel, shooting at people in yards and at children at the MC Weiler Lower Primary School in Second Avenue

The child who was shot dead was a member of a choir visiting Alexandra from Lesotho. His guardian,

"Robert", said the child had been in a minibus near Third Avenue at about 9 30 am when the shooting started

"They killed my one child and three of the others were injured. When we got out of the kombi further on, it was hijacked," Robert said

Police had no record of the attack. Witwatersrand liaison officer Captain Eugene Opperman said "Police

were called to a school area, but when they there, nobody could say what was going on"

ANC PWV spokesman Floyd Mashele told a conference in the town that, after the attack on school, "the (attackers) retreated back into the tel and came back with reinforcements". He said then ran down Third A-

Bank rescues African Unity games

By Jeff van Blerk

South Africa's athletes can breathe a sigh of relief. The African Unity Athletics meetings are on

In a last-minute reprieve, Nedbank launched a R700 000 rescue act to put South African athletics on

ed the games to be cancelled. Frantic appeals by SA athletics officials to the African Amateur Athletics Confederation led to an extension of time to raise funds

At a press conference in Johannesburg yesterday, it was announced that Nedbank had advanced R700 000

in Dakar, Senegal, on April 18, immediately after the SA Senior athletics championships in Bloemfontein

South Africans will compete in their first official international meeting in green and gold, but without the Springbok

The Germiston meeting,



Du Plessis . . . political moti...

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Shocked

The Minister would not comment on when the concessions would be dropped.

Housewives' League president Lyn Morris said she believed the extension was good as it was aimed at assisting the poor.

However, Checkers/Sho-prite MD Whitey Basson expressed shock at the decision to include fresh milk and rice in the VAT bracket.

He said the imposition of VAT on these items would be a hard blow to consumers.

Mr Basson reiterated his call to government to terminate the taxation of basic foodstuffs until economic recovery was well under way.

Democratic Party spokesman Ken Andrew said the Minister should stop playing games with VAT and continue with zero-rating on all basic foodstuffs.

South African Chamber of Business chief Dr Ben van Rensburg said Sacob supported the decision against the background of the present economic situation.

"We still believe in a clean VAT system but think this step is necessary as an interim measure until such time when the poverty relief programme is in place," said Dr van Rensburg.

VAT Co-ordinating Committee (VCC) convener Dr Bernie Fanaroff said that once again Mr du Plessis had reacted to pressure and made ad hoc changes. While the VCC welcomed the move it did "not go far enough" in two respects, he added.

The crisis of poverty and starvation in the country would not be properly addressed until a poverty relief programme was established.

The second issue which the VCC considered essential was that the Government should consult broadly on the issues of budgetary measures such as VAT and the stabilisation of food prices.

TELSTAR

VCC calls for radical overhaul of VAT

By Mike Siluma

The VAT Co-ordinating Committee (VCC) yesterday called on the Government to radically overhaul the value-added tax system.

The VCC made the call at a press conference in Johannesburg, where it released a report on the effect of VAT on the public, commissioned after the imposition of VAT in October.

The 42-page report, titled "Value Added Tax: Time for an overhaul", is based on research findings and evidence submitted to the VCC's public hearings in February, and will be submitted to the Government.

Changes in the system suggested by the report include:

- Differential VAT rates, which would allow for the zero-rating of food while raising the rate for luxury goods as

high as 20 percent. The VCC report gave examples of other VAT countries where the system was used.

- That, as a starting point, basic foodstuffs, water, electricity, medicines and medical services be permanently exempted from VAT. Exempted foods would include fresh meat, poultry, fresh vegetables, fresh fruit, cooking oil and all milk and grain products

- The relaunching of the current poverty relief programme, which had been made more urgent by the drought. Such a scheme to focus not only on farmers but also on the rural poor

- The revision of VAT provisions which affect small businesses, to include compensation for compliance costs.

The report said VAT had failed to produce most of the benefits which the Government had expected. For instance, the price inflation rate had gone up in

the run-up to the introduction of VAT and in the months following.

Speaking on behalf of the VCC, the ANC's Tito Mboweni said: "Government has been wrong on almost every issue. VAT revenue is lower than calculated, businesses failed to co-operate in passing along the VAT savings; and the nutrition programme which was designed to offset the effects of VAT on the poor has fallen hopelessly short of the scale of the problem."

"The research findings in this report show conclusively that VAT has some severe shortcomings, and we hope that this time the Minister of Finance will be open to discussion."

Rejecting Government assertions that differential rates would be complex and expensive to administer, Mr Mboweni said it was "wrong to preserve simplicity at the expense of social justice".

STAR 8/4/92

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Don't fall into the credit trap

WIM call 1014-15442

(246)

Interest rates are dropping, HP terms are improving — but is it time to dash out and buy the luxury item you've had your eye on? By MONDJI MAKHLANYA

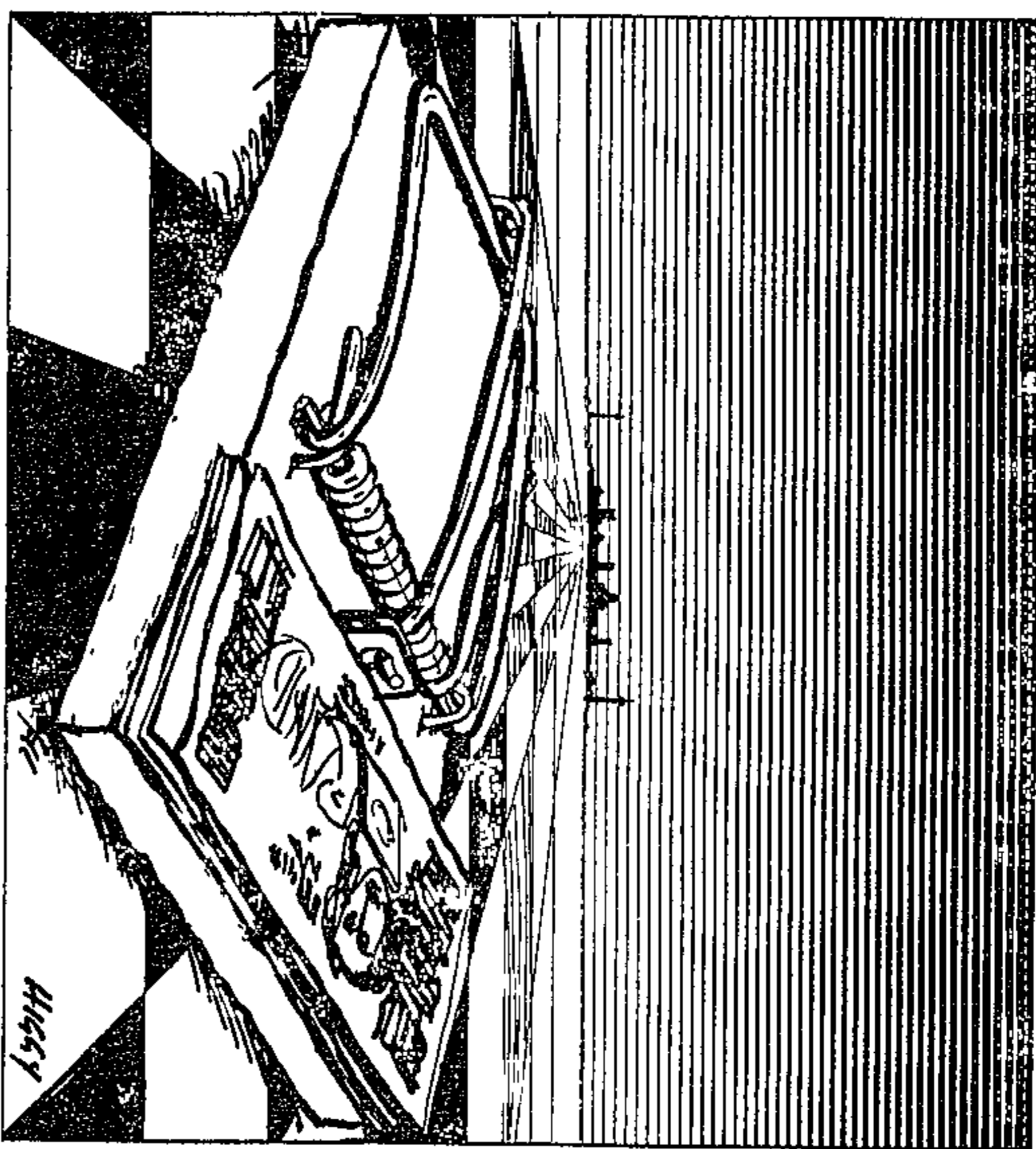
HIRE purchase restrictions relaxed, screamed newspaper headlines. Interest rates cut, they added two days later. It's time to buy, reasoned Joe Soap

Doubtless, many felt the same way. Joe Soap felt that momentous March week when the authorities seemed to have finally felt sympathy for the little man. On the Thursday the government announced it would be lowering the deposit restrictions on new cars from 15 to 10 percent and lengthening the repayment period from 42 to 54 months. Furthermore, furniture deposits would drop from 12 to 10 percent but the maximum repayment period would remain at 24 months.

A day later Reserve Bank governor Chris Stals announced a cut in the Bank Rate from 17 to 16 percent. This allowed the major banks to lower their prime rate — the rate at which they lend to their best customers — by one percentage point.

But for private consumers the drop in the interest rates is not of much significance as yet. The decline in the prime rate will mainly affect corporate borrowers, since they are the ones classed as the "best customers". Ordinary borrowers will be charged anything between prime and the annual finance charge rate, the maximum allowed by the Usury Act. This is presently 29 percent for sums above R6 000 and 32 percent for purchases below R6 000. The rate you will be charged will depend on your credit record and also your relationship with your bank manager.

Since the revision of the annual finance charge rate often lags a couple of months behind interest rate



changes, consumers will be paying much the same interest as they have been in the past. There will however be some relief. Reduced interest rates and extended paying period will make certain goods more affordable. The monthly instalments of most goods will come down.

But that, however, is not to say that you should rush out and buy. The principles of buying on credit have not changed. It is still essential to assess whether you will be able to maintain your instalments, even with the new interest rates.

As Information Technology Corporation credit bureau managing director Tony Leng notes, a lot of consumers will fall into the "trap" of taking out credit now in the belief that things are going to be much easier. "People must look at their income

and present expenditure. From there they must see whether they will be able to meet the repayments if they buy a certain item on credit," advises Leng.

Another factor to be borne in mind is that although the reduction in interest rates is aimed at stimulating the economy, the economy will not respond to this stimulus immediately. In the United States for instance, where the Bank Rate was reduced from 12 to six percent over the past two years, the economy is only now starting to feel the effects.

As far as the local economy is concerned then, a growth rate of no more than one percent is forecast for the latter half of this year and the effect of a one percentage point interest rate drop will be negligible. Job losses will continue as companies rationalise and

small businesses crash. So don't throw yourself into a credit arrangement before you know what's in store. Neither should we be overly excited at the easing of HP regulations. While the reduction of minimum deposits and the extension of the repayment period certainly will make things slightly easier for consumers, there's a catch.

"The total cash outlay will be much greater and the price you pay for the product at the end of the repayment period will be much greater than if you stuck to shorter repayment period," warns Deloitte Pim Goldby's credit management consultant Charles Godfrey.

Putting down as large a deposit as you can afford helps bring down your instalments and the total amount you pay.

As always, it is still best to arrange your own credit from a financial institution than to rely on the retailer to do this for you. This has several fundamental advantages. For instance, if you are purchasing furniture, the rate of interest which the dealer will charge will be at his own discretion. Retailers often make sure they charge you the 29 percent or 32 percent maximum rates. On the other hand if you went to seek an overdraft from your bank, you would be able to negotiate the rate with the branch.

Another major advantage of seeking credit from banks rather than buying through HP is that under HP you do not own the item until you have fully paid for it. If you get credit from a bank, you have legal ownership of the item and the banks needs legal backup to repossess it from you. Banks, however, are reluctant to repossess and are keen to work out a repayment schedule with you.

Helping hand for all the black consumers

STAR 2/14/92

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TIMELY AID
Ever wondered who to turn to when those goods or services received just don't come up to scratch? The past year has seen a marked increase in consumer awareness and activities. Several new consumer organisations have sprung up in the wake of the huge outcry around Value Added Tax. But, most consumer organisations are still tackling basic consumer problems.

Consumer Trends will be running a series every Tuesday to highlight the roles played by the various consumer groups as well as to help members of the public make an informed choice about which group to join, and which to approach for help.

Today **PAULA FRAY** focuses on the National Black Consumers' Union and its feisty president, Nonia Ramphomane.



The logo of the National Black Consumers' Union.

nity, don't know their rights," says Mrs Ramphomane. Education is thus a major thrust of their work.

The union also helps establish co-operatives — whereby members buy in bulk to save — to assist during the present economic climate, and go some way towards alleviating the effects of the recession, and skyrocketing prices.

Despite the name (essential to put black consumers at ease and to target the needy group, says Mrs Ramphomane), the National Black Consumers' Union does assist consumers of all races.

"I don't think the name was a mistake. It (the union) was meant to address black problems, consumers feel at home with us. But we don't just handle black problems. We will assist any consumer of any race who comes to us with problems."

Members of the public can join by paying a R25 annual fee. Group membership of national organisations is R100 a year; regional bodies pay R50 and small organisations pay R25.

In exchange, the union offers pamphlets and information as well as workshops presented by experts on a wide range of subjects.

But talk money and the union begins to list the

projects they would like to tackle, but cannot afford. "Because of lack of funds we don't have a monthly newsletter but do have publications on various issues. We are restricted by lack of money."

"Although there has been interest in establishing offices in the Free State and the Cape after recent workshops there, this has been restrained. We are not subsidised by the Government."

Mrs Ramphomane lists the union's fight against hydroquinone — used in skin lighteners — as its major achievement. "We initiated it at the start and took it right up to the Department of Health."

Another notch on their success pole has been the large number of workshops held as well as their recent project to promote breast feeding.

The union sees its future work as continuing with co-operatives as a way to build up the economy while making the best of a "small pay packet".

Mrs Ramphomane has a dream "I dream that in the 'new' South Africa, consumers will be a major pressure group on government watching food prices, new products and the quality of products."

● Consumers can telephone the National Black Consumers' Union on (011) 337-5210/1 or call at 215 Bree Street, Johannesburg



Reaching out for consumers, Nonia Ramphomane Picture Karen Fletcher

TOMORROW

Nuns, female students, woman prisoners, sisters, and mothers and daughters have often remarked on the unusual menstrual synchrony that seems to develop within their communities

Bottle deposits taxed

Consumer Reporter

Ignorant or unscrupulous shopowners are refusing to give consumers the full refund on their deposits for bottles despite a clear directive from the SA Federation of Soft Drink Manufacturers when VAT was introduced *STAR*

Consumers complain that certain shopowners are not repaying the full 88c deposit on empty 1 litre bottles — instead they are deducting the 8c VAT. *284192*

One consumer said he represented only "the tip

246
of the iceberg" after being asked to leave a cafe when objecting to the smaller refund

When VAT was introduced on September 30, federation chairman Hennie Viljoen said consumers would be assured of a full refund on returnable bottles

All returnable bottles of 1 litre or more will be subject to a deposit of 88c while other bottles carry a deposit of 33c

A spokesman for Natbev advised aggrieved consumers to contact their local office of the Department of Trade and Industry

SMOOTH SERVICE

The South African Consumer Council has no members as such. It aims to serve the entire population, reports PAULA FRAY, in the second in a series on who to turn to when the consumer going gets tough.

WITHOUT a competent and informed consumer corps, South Africans face a bleak economic future, says Consumer Council executive director Jan Cronje

It is no surprise, therefore, that over the years the council has made education its top priority

The Consumer Council was founded in September 1970 and within its first year only about 200 consumer complaints and inquiries were directed to the fledgling body

Last year, however, the council handled a record number of 60 000 complaints successfully

Over the past two decades, the Consumer Council has fought its way to the forefront of consumer activism in South Africa

The council has 16 voluntary councillors and is at present chaired by Professor Leon Weyers. The directorate, which takes care of the day-to-day running of the organisation, is headed by Mr Cronje

Apart from its head office in Pretoria, there are also branches in Bellville, Durban, Bloemfontein and Vereeniging

The council serves consumers in a variety of ways, including

- Council representatives serve on the executives of various private and public sector bodies and other forums to ensure that consumer interests are represented when decisions are made
- It holds education clinics at schools and its officers address various other groups to promote consumer awareness

Protect

● The council offers a Consumer Advisory Service to the public and thousands of consumers contact the council for advice on complaints and other consumer matters

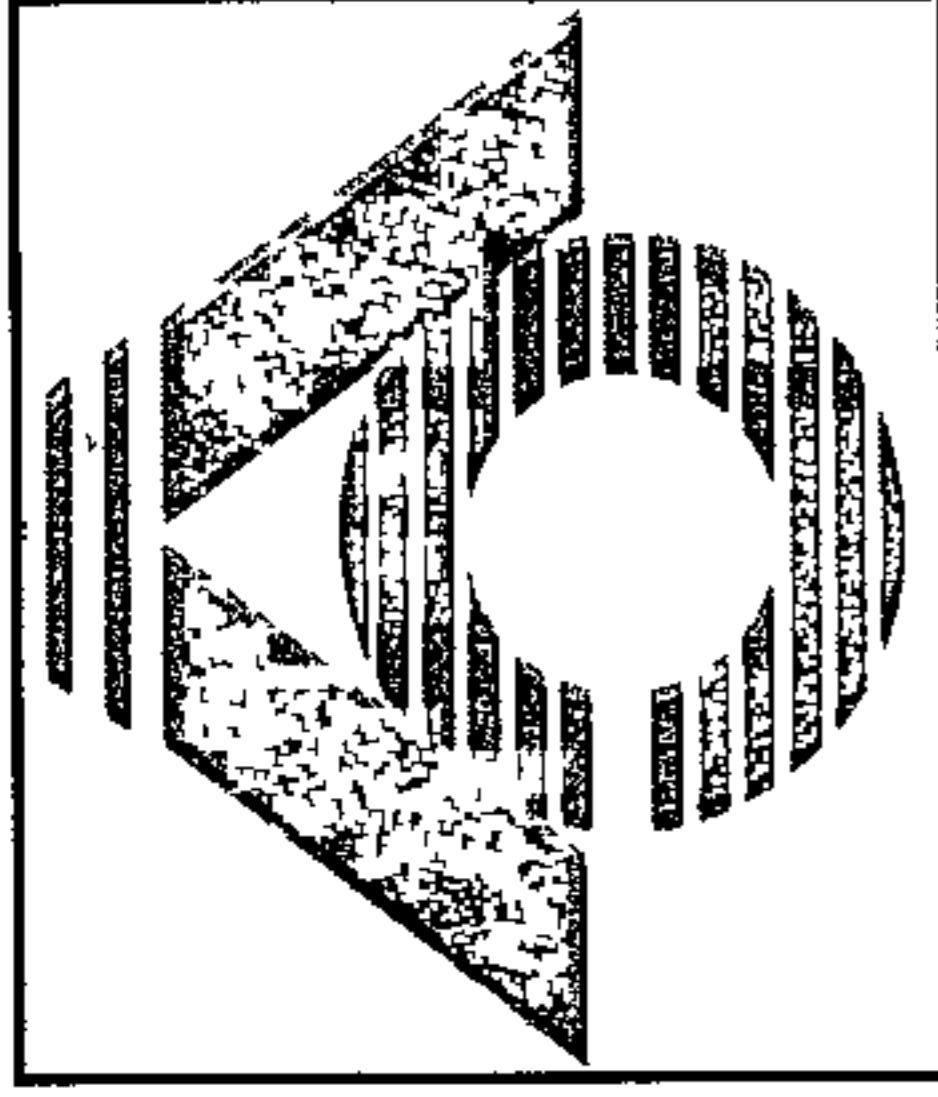
● It also promotes consumer awareness by communicating its views via the media as well as liaising with consumer organisations in South Africa and in other countries

"The council aims to protect and promote the rights and interests of consumers and to create a knowledgeable consumer corps who have the ability to competently play an important role in the economy," says Mr Cronje

The council has no members as such — anyone, from any walk of life, can approach it for help. "We serve the entire population as they are all consumers," Mr Cronje emphasises

"The council recently stepped up the hosting of its consumer clinics — especially in areas where lesser privileged people are resident

"To enable us to fund this and other educational projects, the Consumer Education Trust was established whereby private sector companies contribute to this fund



START
28/4/92
246

"The council also intends to establish more branch offices, as and when funds are available, to make the council more accessible to the whole population"

The council has a long list of significant milestones. These include

- Participation in the establishment of the Small Claims Court and the Trade Practices Committee
- Participation in the formulation of a variety of legislation to protect the rights of consumers
- The achievement of international recognition
- The publication of brochures covering more than 50 consumer topics and a quarterly magazine read by 150 000 readers

Education is an important feature of the council's future aims. Another field in which the council is steadily gaining ground is in product testing

"Product testing and the publication of the results should also serve to boost authoritative information on the effectiveness and reliability of various products," says Mr Cronje

"The council would also like to establish a broader base of interest groups to participate in policy formulation and also to create specialist working committees consisting of experts in their fields to enable more effective analysis and dissemination of relevant information"

Its future role?
"The council foresees that its representative, educational and informative roles will become all the more important in the free market economic system that has established itself across the world.

"Without a competent and informed consumer corps we all face a bleak economic future," says Mr Cronje

● Consumers who need advice regarding complaints they cannot resolve themselves are welcome to send the details to The Executive Director, SA Consumer Council, Box 56658, Arcadia 0007



Jan Cronje

he and his fellows at the Consumer Council resolved 60 000 complaints

her

The rights of consumers

STAR 51592

(246)

Fighting on a wide front for

BIG Brother is out there watching you. That's the feeling the Consumer Union has created among organisations which affect consumers at large, says feisty chairman Lilibeth Moolman, who has had a long association with consumer affairs.

The South African National Consumer Union was formed in 1961 as a federation of the major voluntary women's organisations in the country. Today there are 25 affiliated organisations.

"We handle only the consumer interest component of these organisations," explains Mrs Moolman. Each group sends three representatives to Union meetings, has voting rights and helps determine the policy of the Sancu.

"We invite other organisations to join us as we believe as wide a spectrum as possible of interest groups is the best way in which the interest of all our consumers can be represented."

Membership of the Union falls under three categories. These are:

- Affiliated membership at R45 a year

- Associate membership, which includes representatives from business, marketing boards, self-regulatory associations. This costs R750 a year and this group has no voting rights

- Private members are invited to join the Sancu because of their particular interest in consumer matters. Membership is R23 a year.

The Consumer Union has played a leading role in the present negotiations with Telkom for a fair deal for consumers — including the facility of blocking numbers such as the "087" premium numbers.

"We were the first organisation to approach Telkom about our concerns regarding these numbers and have had several meetings with them," says Mrs Moolman.

The union has also made representations to the relevant parties on State help for the disadvantaged as well as the high cost of medical care.

The Sancu's efforts to present con-

sumers at the broadest possible level are reflected in the number of organisations to which it sends representatives. The union also had a representative on Vatwatch and on the Co-ordinating Committee on VAT.

Sancu, says Mrs Moolman, aims to inform and educate the consumer at every opportunity. It passes individual complaints on to the Consumer Council for investigation but identifies problems which affect consumers in general and then takes those further by lobbying and making representations at various investigations.

"We are at present working with other consumer groups on an infor-

publication last year, "Buy Right", is an informative guide for consumers and one of which they are particularly proud.

"The first edition has already been sold out. This shows the need for knowledge about consumer protection," says Mrs Moolman.

During the past three decades of its existence, the union has seen a change in consumer attitudes. "It is much more common for people to insist on their rights than it used to be and most retailers these days are very aware of this and have special departments to deal with problems."

Mrs Moolman lists the union's finest past achievement as "creating an awareness of consumers as a

mal basis where we meet regularly and identify common problems on which we can make a united stand," adds Mrs Moolman.

The Sancu's campaign to inform and educate consumers is its top priority.

Last year it held a successful seminar, Consumer Countdown, which looked at problems in consumer affairs.

The Sancu booklet, "Self-Help Approach to Consumer Problems", which is distributed free, has been so popular that it is completely out of stock. The union is now looking for a sponsor to help print a new edition, to be updated annually.

The Consumer Union's second

most important and influential sector."

"We have created a feeling that there is a big brother out there, watching you," she says. "For the future we will continue with our task of identifying consumer problems and taking them up and we will continue to inform and educate where we can."

The union also believes it is especially important that a common platform be created for consumer organisations. "Consumers can wield a tremendous amount of influence."

- Consumers can telephone the Consumer Union on (012) 343-5585 or write to Box 26242, Arcadia 0007.

to Gulf countries
Two top DTI officials are expected to be part of a Saffo mission to the Gulf this week.

used service to the region.
Several SA banks are establishing reciprocal relations in the region.

DAVID GRAHAM First step in putting SA

Wheels banks wary of low-deposit deals

SITING (BUS) 10/5/72
THE Government's decision to ease hire-purchase rules in an effort to boost new-car sales has put "wheels" banks in a quandary.

They hope for more business, but fear the creditworthiness of buyers who have only enough money to pay a 10% deposit.

In March, the minimum deposit was reduced to 10% from 15% and the repayment period was extended to 54 months from 42.

Some of the major institutions financing car deals say that in most cases buyers who have only a 10% deposit tend to be financially weak. Often the money put down is insufficient to cover lenders.

Motor dealers, always keen for trade, say the reduced deposit has had little effect on business. Only the longer repayment period is likely to attract business.

Sales figures for a full month under the new HP scheme are not yet available. But indications are that new-car sales in a holiday-shortened April will be below

14 000 compared with 17 390 in March.

Brian Hardie, assistant general manager, retail operations at Stanmic, says there are no indications of an increase in business since the rules were eased.

"It is essential that we look carefully at an applicant offering only a 10% deposit to establish whether he can pay."

Doubtful

Weshank marketing manager Ronnie Watson says few deals are done on a 10% deposit. These would-be borrowers tend to be "weak". The bank wants a bigger deposit from them.

"We are happy to accept a deal at 10% if the customer is creditworthy," says Mr Watson.

Joe Kirsten, general manager of the motor and trade finance division of Bankfin, says that "as a rule we sup-

port the new regulations"

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"If it is an old used car, sold by a doubtful dealer, we might ask for the repayment period to be reduced to, say, 36 months. We would investigate the customer's creditworthiness."

The extended repayment period is unlikely to influence sales to any great extent because the saving amounts to only R30 for each R10 000 of vehicle value.

Dealers agree that the financial institutions need more equity in a deal at this low deposit rate, especially when VAT and insurance are taken into account.

Some believe the banks are being ultra-conservative in assessing financial risk.

A dealer says "They generally do not approve a 10% deposit. Such a borrower must be a blue-chip person if the deal is to succeed."

"We were able to do many more deals at the previous minimum deposit of 15%. It seems that the banks have not adjusted their credit requirements to take into account the lower figure."

Housewives' police

tenaciously yours

246

STAR

12/5/72



LIKE Chinese water torture, the Housewives' League persistently chips away at consumer abuses of the day. The League's position as an organisation dealing with bread and butter issues has its source in its founding on September 23 1935 by Dr Martha Webb

Dr Webb, a nutritionist, had first-hand experience with the effects of the depression of the '30s, the aftermath of the 1933 "dustbowl" drought and the long-term effects of the Wall Street crash. Concerned that women should be able to feed their families nutritionally and economically, she was spurred into action when the cost of a pound of sugar was increased by half a penny. Nearly 57 years and several consumer issues later, the

League is headed by yet another tenacious and down-to-earth activist, Lyn Morris, who has been in the firing line as president for the past six years.

"We try to ensure that the consumer gets value for money spent when buying goods and services," explains Mrs Morris, adding that the league's motto is "For the good that we can do".

"We help and show consumers how to solve their problems. Being a voluntary organisation we don't have the manpower to solve their problems for them, but usually point them in the right direction."

This is preferable, she says, as it makes better and more knowledgeable consumers who are then confident to tackle any subsequent problems.

Despite its name, membership is open to all — irrespective of occupation — at R15 a year.

Members attend a monthly branch meeting, where they receive a monthly newsletter, "Hands and Sense".

Those who want to be kept abreast of consumer issues but do not want full membership can subscribe to "Hands and Sense" at R24.50 a year. The newsletter deals with present issues and contains useful information on what action is or will be taken as well as what to look out for or avoid.

Although the League is constantly conducting price surveys, an announcement on any issue which needs to be tackled can make that the priority of the moment.

"Over the last month or two, we have been dealing with 087 numbers, we have also done quite a lot on VAT, including making submissions to Valcom, having a representative on Valwatch and worrying about the VAT exemptions. This remains an ongoing issue," explains Mrs Morris.

"One thing we did win recently — not only the League but other interested parties — was getting the Telkom metering period back from three to five minutes for calls up to 50 km. We were very pleased about that."

The question of food prices remains a permanent issue

"that nags us all", according to Mrs Morris. "Another aspect we are always looking at is safety — safety in appliances and in food."

The League has highlighted five priorities: food, housing, clothes, medical care and transport.

"We made food our main priority, which is why we keep track of prices, availability, labelling and safety."

According to Mrs Morris, the League's major "victory" is that, after nearly six decades, it is still around. Tenaciously chipping away at bureaucracy and issues which affect consumers negatively.

"There are lots of things we've done, including getting better labelling, date stamping, getting the cold chain observed in supermarkets... in all of them getting a degree of success."

"But consumerism is totally ongoing. A lot of consumerism is just like little drops of water wearing things away. One example is with the standardisation of school uniforms — an issue they have been dealing with since Piet Koornhof was the Minister in charge of schools. Although the League was instrumental in working with the SABS to reduce the number of uniforms, Mrs Morris believes the battle is far from won.

And its future aims? "To foster better shopping habits, more consumer awareness in stores, not only price awareness but labelling awareness... making sure you have a choice, in size and product."

● The Housewives' League can be contacted at Box 4532, Randburg 2125, or (011) 886-1963 in the mornings.

NEWS

Debt judgments at all-time high

By Sven Lünsche

STAR
13/5/92

Consumers resorting to loan finance are defaulting at an increasing pace

An analysis of Central Statistical Services figures by Credit Guarantee economist Luke Doig shows that default and consent judgments surged to an all-time high of R360,5 million in February, 102 percent upon February last year.

The largest contributor to this inordinate rise occurred in the "money lent" category to

private persons (including mortgage bonds)

Default and consent judgments in this category rose from R104 million in January this year to R232 million in February.

The number of insolvencies of private persons, individuals and partnerships for the first two months of the year increased by "only" 16,3 percent to 876 compared with the preceding two months

The number of liquidations also continued to rise in the first quarter of the year, CSS

reports

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In the January to March period the number of companies and closed corporations, which were liquidated, increased by 40,8 percent compared with the last quarter of 1991

The CSS says there had been a marked increase in the number of wholesale and retail traders, and catering and accommodation services which were liquidated in March. Some 128 stores in these categories were liquidated in March compared with 76 in February

Less dough for more dough row

CT 13/5/92 (246)

Own Correspondent

DURBAN — Many standard bread loaves have been found to be under the minimum required weight and the SA National Consumer Union has lashed out at bakeries giving shoppers less dough for their money

The union yesterday warned that tests by the Bureau of Standards (SABS) here had shown that many cases white and brown loaves did not conform to the 800gm minimum

It is also concerned about a massive 27% hike in the price of brown bread and 26,1% for white since the deregulation of bread in March 1991. In two years the price of brown bread has leapt from 96c to R1,24 and white from R1,11 to R1,48

"If it is found that standards are not adhered to, steps are taken against the bakeries. We would like to encourage consumers to put the loaf on a scale and weigh it and if the weight is not right, inform SABS," the union said in a statement

'Policing of quality'

A panel representing different sectors of the industry will discuss the issue of escalating food prices at a general meeting of the union next Friday. Bakeries in Durban said their products were regularly submitted to tests by the SABS.

"We have come through with a clean record. I suppose it boils down to the ethics of the company and the policing of quality," said Mr Ray Smethurst, the general manager of BB Bakeries which supplies more than half of Durban's standard bread

Meanwhile, most retailers believed that shoppers were unaware of the poor quality of bread and did not bother to check the weight. Store managers had not received many complaints

"Our store always tests a loaf from each delivery. But generally one can tell if a loaf is drastically underweight from the size," said the general manager of Pick 'n Pay Hypermarket by the Sea, Mr Chris Murch

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

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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 □

H... GARY BEN...
this's first clash
with the law...

Consumer rip-off (246) on bread and petrol exposed by SABS

ARCT 14/5/92

MICHAEL MORRIS
Political Correspondent

SOUTH African Bureau of Standards inspectors have revealed a "frightening lack of business ethics" among bakers who consistently produce under-mass loaves, and it has reported inaccurate petrol pumps and road weighbridges.

The SABS annual report tabled in Parliament yesterday claimed these inspections, and complaints by consumers, represented the "tip of an iceberg" of business malpractices.

The SABS blamed consumer apathy and reported "Sharp operators in industry seem to rely on what are regarded as inadequate inspection services and insignificant penalties, which enable them to continue with malpractices.

"Consumer organisations in their turn should alert consumers and urge them to report cases of short measure. The SABS, for its part, will seek amendments to legislation to enable the courts to impose more appropriate sentences on those operators not amenable to reason."

SABS inspectors found in a survey in April and May, 1991 that 30 percent of bread sampled did not conform to mass requirements. Bakers were warned to comply or face legal action.

"The results of a second survey, in September, revealed a frightening lack of business ethics in some sectors of the industry, and an almost unbelievable cynicism about control measures."

Most loaves found to be underweight

(246) CT 14/5/92

By BRENT SIMONS

MOST of the loaves of bread weighed at two major retail stores yesterday weighed less than the government-stipulated 800 grams, as indicated on the wrapper

A Cape Times team visited three retail chain stores to weigh loaves and found that most weighed under the actual total printed on the wrapping

At the OK Bazaars in Adderley Street five of seven Duens and Albany white loaves weighed above 800gm, but 10 brown loaves weighed less

A spokesman for OK said that they regularly weighed bread.

At the Pick 'n Pay supermarket in the Gardens Centre six brown loaves baked at their "in-house" bakery weighed well below the prescribed standard. Some loaves weighed less than 760 grams

A floor manager admitted that the scale on which flour was weighed was "set on 800 grams minus 15 grams" and as a result the loaves would then weigh less than 800gm

He could not explain why the scale had been set in such a way

Duens and Albany brown bread weighed at this store also weighed less than it should have

At Woolworths in Adderley Street all the bread weighed measured between 815 and 845gm

A spokesman said that they had in the past asked a supplier to take bread back as a "few" loaves weighed less than 800 grams

Spokesmen for major bread suppliers in the Western Cape said yesterday that some loaves sent out to shops could weigh less than the prescribed standard of 800gm

Spokesmen for Albany and Duens said it could not be expected that bread should weigh 800gm after it had been on a shelf for hours

They said that bread dried out and lost its moisture, causing it to weigh less

Consumers fleeced on essentials, says SABS

Consumer Reporter

246

Consumers are being short changed on a wide variety of essentials, ranging from petrol to bread, and criminal charges have been laid, according to the 1991 annual report of the South African Bureau of Standards tabled in Parliament yesterday.

Rip-offs range from underweight bread and pre-packed food to inaccurate petrol pumps, the report revealed.

And, according to SABS director-general Dr JP du Plessis, these malpractices are only the "tip of an iceberg".

"Until consumer apathy to the reporting of malpractices can be overcome, these problems will continue to flourish," said Dr du Plessis in his review.

Criminal charges have been laid following the discovery of such widespread trade malpractices regarding the short counts and measures.

"The SABS is giving consideration to the wider publication of

malpractices and will seek amendments to legislation to enable the courts to impose more appropriate sentences," said Dr du Plessis.

Consumers are encouraged to report such cases.

According to the report, a snap survey of bread in the metropolitan areas in April/May 1991 revealed that no fewer than 30 percent of the breads tested did not conform to mass requirements.

In September, another survey was conducted when the mass of 17 192 loaves at 218 bakeries was determined — with even worse results. It was found that half of the bread tested weighed less than the prescribed 800 g. A further 12 percent had a mass of less than the prescribed minimum of 760 g for individual loaves.

Charges were subsequently laid against 48 bakeries.

"The result of the second survey reveals a frightening lack of business ethics and an almost unbelievable cynicism about control measures," said Dr du Plessis in his review.

STAR 14/5/92
"Although bakeries were warned after the first survey that a second survey would follow, and the matter was widely publicised, they continued their practices."

According to the SABS report, the accuracy of petrol pumps was monitored on a national basis in September.

A total of 1 159 pumps were tested at a random of 247 filling stations, leading to 232 pumps being rejected for non-compliance with specifications. Meters were inaccurate in 116 of the latter and the use of these pumps was prohibited until meters had been recalibrated.

During the last nine months of 1991, 226 complaints were received from the public regarding goods where short measure or short count was suspected. It included mealie meal, tooth picks, ice-cream and imported chickens.

● Consumers are encouraged to report cases of short count or short measure by calling the SABS customer service line on (012) 428-6666

Six helicopters and a fixed-wing aircraft have been "buzz-

Food costs too big a bite, says watchdog

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1991/92

FOOD will become unaffordable if prices are not monitored continuously, says the Consumer Council

A survey showed that the price of a sample basket of foodstuffs reflected only slight differences for the first five months of last year

Prices skyrocketed when the government announced that VAT would be levied on most food and that prices would include VAT

The result was that a basket costing R78,54 in January 1991 cost R92,34 in October, the council said in its 1991/92 annual review tabled in parliament yesterday.

Although the basket included meat and fresh produce not taxed previously, the tax on all other food had not decreased by three percent as expected

Private armies may help police

PRIVATE armies could be used for community service in the form of crime prevention, the Minister of Law and Order, Mr Hernus Kriel, said in the Police Budget vote debate

"We must talk of ways of linking up and achieving this goal" - Sapa

Violent crimes: Low

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Consumers' woes

Political Staff

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CAPE TOWN — Various factors contributed to the deterioration of the consumer's situation during 1991/92, the SA Co-ordinating Consumer Council said yesterday. *B/D ay 15/15/92*

"Despite his efforts to make ends meet, the economy did not improve for him and he was increasingly worse off," director J Cronje said in the council's annual report, tabled in Parliament yesterday.

"The weak rand, staff retrenchment which was compounding the already high unemployment, an inflation rate which remained unacceptably high, oppressive interest rates, drought which felled the farming sector and soaring food prices numbered among the facets of the economic scene over which consumers have no control, but which were the bane of their lives. Uncertainty was increased by a wave of crime and unrest as well as protracted violence."

However experts had agreed that a turning-point had been reached and the economy was going to recover from the recession, Cronje said.

Council chairman Prof Leon Weyers said the consumer had looked on helplessly while prices of all products and services rose.

The council received 41 825 telephone enquiries and 10 398 written complaints in the year. The monetary value of resolved complaints amounted to R4 999 631, compared with R3 321 676 the previous year.

HP changes could bring cash savings

CHANGES in the hire purchase teams for buying cars will result in a worthwhile savings in cash flow, according to Neville Frost, director of the Toyota Marketing Finance Co

"The monthly savings in cashflow work out at approximately R30 per R10 000 a month of the cost of the car," he said

"We believe this relaxation of the hire purchase terms will help to stimulate sales in a depressed market

(Cape metro)

"It will be particularly welcomed by the private, family motorist who faces an affordability crisis not only in terms of the purchase price of a new car, but also in terms of the effect of monthly payments on his monthly cash flow."

Car dealers point out that new car prices begin at around R30 000, with repayments at 15% deposit extending over 42 months at 24% interest and repayments at 10% deposit extending over 54 months at 24% interest.

17/1/92

(246)

17/1/92

Don't just lie back and get ripped off

SI Times 17/5/92

246

SO YOU were shocked when you read this week that half the country's bakeries turn out underweight bread. That a tenth of the petrol pumps could be crooking you because their meters are inaccurate.

"We trusted them, how could they do this to us?" you no doubt asked yourself. I, along with the South African Bureau of Standards, which disclosed these unpleasant reflections on the honesty of many of our businessmen, would rather ask: *How could you do this to yourself?*

For if South African consumers took half as much interest in the way they spend their money as they do in making it, none of this could happen.

How many of you knew before you read it in the papers this week that a loaf should weigh 800g, let alone put your bread on your scales? How many of you can even give an answer down to the last cent to "what's the price of petrol?"

The abandon and ignorance with which consumers let their hard-earned money slip through their fingers is legend. Almost as legendary as the malpractices of South African business.

So what can ordinary people do to stop the spiral of apathy? Steal an hour off a week from being a couch potato and

Who is to blame for the sorry state of consumerism in this country? Sunday Times consumer columnist GWEN GILL says that until we get off our backsides we'll continue to be fleeced

become an active, assertive consumer.

Take this week's disclosures. If they don't spur shoppers to put their bread on the store's scales before they put it in their trolleys and report short weight to the manager, then consumers deserve to take home one slice less per loaf.

If they don't write to the petrol company which supplies their local garage asking for a guarantee that its pump meters are accurate — and a copy of the latest inspection certificate — they deserve fewer kilometres of motoring.

But petrol and bread are by no means the only rip-offs that consumers apathetically let happen to them day after day.

DID you ever boycott meat, potatoes and other high-priced items and write and tell the producers, the manufacturers, the store and your MP that you were doing it and why?

No, you sat back, grumbled to your friends and said "my Johnny can't do without his meat."

When did you last read a con-

tract through, fine print and all, to make sure you knew its conditions — and crossed out those that took away your rights?

Do you even know your rights?

And it's not easy to find out what they are unless you ferret out the information.

The *Reader's Digest Family Guide to the Law* isn't a bad place to start. Nor are the consumer columns in the press, radio talk shows and the monthly magazine of the Consumer Council.

Join the Housewives' League and at one meeting you'll double your knowledge — yes, men can be members too.

Want to get back at the people who do you wrong? Here are some useful numbers: Consumer Council (012) 28-3512 (and local branches in big cities), which will take up individual complaints; the Housewives' League (011) 886-1963, the SABS's client service line (012) 428-6666 (for short measure and weight), and the Small Claims Court in your town.

Go on, talk to someone who can help, not your friends.

Minister gets report on consumer codes

GERALD REILLY

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PRETORIA — Harmful business practices are "pretty well" recognisable in all areas involving consumers, according to a report on consumer codes drawn up by the Business Practices Committee.

Presenting the 79-page report to Deputy Trade and Industry Minister David de Villiers Graaff at a function at the Reserve Bank yesterday, committee chairman Louise Tager said the codes outlined a new approach to consumer protection and could become an important educational tool for all South Africans.

The codes, which are designed to protect consumers, apply to advertising and trading in motor vehicles and furniture. *B/Dam 1415792*

The report said that while the codes were not automatically enforceable by law, this did not imply they were merely "well-intentioned expressions of good behaviour".

The sheer volume and value of transactions in motor vehicles and furniture meant that when harmful business practices did occur, they affected many consumers. But the report said business and harmful business practices were not synonymous.

It said there was a growing perception that the legal system did not achieve a fair balance in redressing consumer grievances.

Consumers who failed to pay their debts or who stole from businesses were dealt with harshly.

The committee believed the benefits of the general regulation of harmful business practices through a rigid regulatory regime were overshadowed by the benefits of a more flexible approach.

The committee plans to publish a general code on deceptive or unfair business practices

Assurance on food report

GERALD REILLY

PRETORIA — The Board of Trade and Industry's report on food prices would not "be swept under the carpet" and could be published before being submitted to the responsible Ministers — of trade and industry and agriculture — a BTI spokesman said yesterday. *BTI 19/9/92*

He said the report should be ready by the month-end.

DP trade and industry spokesman Brian Goodall said claims of a possible cover-up of the report were disturbing. It was vital that consumers be told why food prices had soared in the past 18 months and which links in the food chain were responsible for unwarranted price rises. *(24/2/16)*

Housewives' League president Lyn Morris said: "If government is attempting to kill the report, we must be told why. If vested interests are involved, this must be made public."

The investigation started in July last year.

FOCUS: *Trying to stamp out harmful business practices*

Codes won't prevent misconduct

w/m ail 22/5-28/5/92

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WITH an attempted fanfare in the plush Reserve Bank building this week, the Harmful Business Practices people and the Department of Trade and Industry launched their codes of conduct aimed at consumers and concerning three industries

The industries, all noted for the ease with which many of their operators have abused consumers in the past, are advertising, the furniture business and the motor car trade

The codes are not backed up by any legislation and rely instead on the notion of "educating" consumers who will then be able to "enforce their rights"

Throughout the presentation, consumers were informed that they had to look out for their own interests and the need for education was stressed as if in some way even an illiterate consumer cannot tell when she has been ripped off by a furniture dealer or second-hand car salesman. However, the codes are elaborate and written in small type and assume a high level of literacy

The codes will be of help to some. Those of us who have the wherewithal to be able to have our rights enforced will benefit

Additionally, the codes will run alongside enforceable legislation which may lead to the declaration of a harmful business practice

The major problem is the notion that there is some intrinsic good in furniture dealers — when they are the same people who arrive in the dead of night to repossess goods at gunpoint

It also presumes that the car dealers who specialise in advertising one car on the stand and then selling a lemon in its place, will suddenly find it in their hearts to repent and observe the code of practice

It also assumes that many advertisers who deliberately skate on the very thin ice of misrepresentation will suddenly decide to come clean and tell it like it really is

There is legislation or agreements and codes already dealing with these problems and there are certain entrepreneurs who go on ripping

CRITICAL CONSUMER

Pat Sidley's weekly advice on what to buy ... and what to avoid



off millions of black consumers regardless.

Consumers have little recourse when this takes place and these voluntary codes are unlikely to help those most in need

For instance, the advertising code deals with issues such as how to advertise "slimming", mail order advertising, ads aimed at children and young people, and medicines or other products which make health claims. There is much legislation on this already — often disregarded by the pharmaceutical trade

I would just love to see some of the timeshare operators who ignore the voluntary codes that already exist suddenly have a change of heart and give out copies of this code as they diddle you into a timeshare you do not want and cannot afford

Parts of the advertising code will be perceived by some (this critical consumer among them) to be censorship. Newspaper proprietors are unlikely to curtail voluntarily taking adverts for things such as astrology, fortune-telling and palm reading because they cash in on fear or superstition, etc

Ads which may lead to violence are also to be (voluntarily) ended — but then the debate about what words will or can lead to violence is as old as the hills

Louise Tager, who heads the Business Practices Committee, believes perhaps naively that one major furniture dealer — known as among the worst offenders — will give out a copy of the code of conduct to all its consumers as a piece of furniture is bought

The retailer can afford to do this. Most of the

clauses in the code are those any reputable furniture dealer already adheres to. The problem is those who deal with consumers who cannot even read their own (often illegal) contracts and then suffer the most extraordinary abuses when repossession time comes round

Whatever was in the minds of the well-dressed crew who drew this up when they concocted a bunch of elaborate and unenforceable codes?

The answer: They wanted to help educate the consumer

Although consumer organisations and the Legal Aid Bureau had been canvassed before the codes were drawn up, I will lay odds that none of the officials spent a morning in the dingy and heartbreaking Legal Aid offices in Johannesburg hearing the ghastly tales of consumers being ripped off and the absolute inadequacy of present legally enforceable measures to deal with their woes

A question to one of the presentation crew left me with the distinct impression that little investigation was done in the consumer organisations in Britain or in the United States. Had this been done, they would have been left with the indelible impression that enforceable legislation is the only way to deal with many of the reprehensible business practices we have in this country

We have special commercial circumstances here. We have a large, disadvantaged, disenfranchised and economically unempowered black population which has been preyed upon since merchants first began to arrive from Europe. The inequalities became legally entrenched in different ways by apartheid

Surely something less inadequate could have been dreamt up to deal with these inequalities? The only redeeming feature this critical consumer can see is that at least they tried. The African National Congress has done absolutely nothing and the VATcom people only slightly more

It's time for the Convention for a Democratic South Africa or the Economic Forum — or whatever — to look at consumer issues

Sellers climb aboard drought bandwagon

By Paula Fray
Consumer Reporter

Drought profiteering is the latest blow for hard-pressed consumers already facing high food prices.

While there have been genuine cost increases as a result of drought-related market shortages, consumer groups are concerned that the farmers' dilemma could be used by unscrupulous businessmen.

They point to potato prices as a case in point. Despite a surplus at local markets, there has been a steady price increase in recent months.

Inquiries by The Star revealed that, in at least one instance, the price rose by more than 100 percent from the produce market to the store shelves.

Potato Board general manager Jerry van Vuuren said a survey had shown a retail price high for potatoes last Friday of R37,90 for 10 kg. This compared with a high of R17,61 for a 10 kg pocket of

average class-1 medium-sized potatoes at the National Fresh Produce Market.

Potatoes, explained Mr van Vuuren, were mostly grown under irrigation. The only dryland potato-growing areas were in the Free State, but the effect of the smaller crop would be offset by other areas coming into production.

Therefore, the lack of rain should not have a big effect on supplies and the price.

Last Friday, the average market price for class-1, medium potatoes in 10 kg bags was R17,61 in Johannesburg, R16,67 in Pretoria, R15,95 in Durban, R15,49 in Cape Town, R14,05 in Port Elizabeth and R13,28 in Bloemfontein.

The board checks retail prices but has no powers to act on unreasonable increases.

A survey last week revealed potato prices in the stores ranged from an exorbitant R3,79/kg (R37,90 for 10 kg) to a reasonable R1,86/kg (R18,60 for 10 kg).

According to the Potato Board, there is still a surplus

of potatoes. On Friday last week, 108 000 pockets of potatoes were put up for sale in Johannesburg — of which only 43 000 were sold.

Consumer Union chairman Lillibeth Moolman said prices were already high at market level despite sufficient demand for the product.

Mrs Moolman said it was worthwhile buying potatoes in bulk during winter.

The Potato Board agreed "If we can give any advice to consumers, then it would be to buy a full pocket of potatoes. The consumer can also buy at the National Fresh Produce Markets and pay the normal price of the day."

At least one Johannesburg consumer, angry at high retail cost for potatoes, intends starting a petition against exorbitant food prices.

Ada Mandelstam said that while Middelburg farmers were being paid about R7 for a 10 kg bag of potatoes, some retailers were charging between R22 and R25 a pocket in Johannesburg. "I've had enough."

STAR 2715792

Fewer of the people questioned, however, bought (or planned to buy within a month) houses, furniture or stoves

Significantly, the most noticeable aspect was that most of the buying was done by blacks, according to the HSRC's Andrew Whiteford. "This means a huge increase in the size of the market for manufactured goods. This should enable manufacturers to benefit from economies of scale. It also indicates that redistributive forces in the economy — such as scrapping legislation that restricted black economic activity, and the pursuit of affirmative action programmes by many companies — are working."

Consumer sentiment is sensitive to changes in employment and income — changes in consumer expectations usually presage a shift in a country's economic growth rate by three to six months.

The HSRC's survey, done for the first time last year, will now be conducted quarterly. It canvasses roughly 1 900 people across the country, excluding Transkei and Bophuthatswana. Business confidence is sampled regularly but this is the only survey that measures consumer confidence. The findings are based on answers to questions on, among other things, unemployment, economic growth, household incomes and their relationship to inflation, and durable-goods buying patterns.

The latest survey shows that the ravages of inflation continue to reduce most people's real incomes, with the exception of black managers, professionals and clerical workers. Of those questioned, only 6% had income increases higher than the rate of inflation.

The survey also found that only 4% believe the employment picture improved in the previous six months, while 82% maintain unemployment has increased. Nevertheless, 24%

believe an improvement is on the cards. Of those surveyed 51% feel the economy declined in the previous six months but only 30% believe this trend will continue in the next six. On this question, whites were more pessimistic than blacks ■

CONSUMER CONFIDENCE
Hopeful sign Fm 29/5/92 (246)

Consumers, especially blacks, have begun buying more durable goods this year and the trend could be the first sign of economic recovery, according to a March consumer confidence survey by the Human Sciences Research Council (HSRC)

Though confidence declined by three points since October, to 22 on a scale of one to 100, purchases of goods such as TVs, hi-fis, refrigerators and washing machines rose.



'Collusion on bread' (246)

23/9/77
Linc

THE Consumer Council has slammed the recent announcement by bakeries and bread distributors that the bread price would rise, alleging price collusion in the industry and asking for Competition Board intervention

8/10/92
3/6/92

Zero-rating complaint

RETAILERS were disregarding the zero-rating on certain food-stuffs, the Consumer Council said yesterday. It urged consumers to ensure they were not overcharged when buying basic commodities.

Civil debt judgments

soaring

By Sven Lunsche

STAR
3/6/92

The total value of civil debt judgments could soar to R3,5 billion this year, as the recession is leading to an ever worsening debt spiral for individuals and private companies

Central Statistical Service figures released this week show that the value of default and consent judgments for the first three months of this year reached R927,65 million, an increase of 66,7 percent on the same quarter last year

Credit Guarantee economist Luke Doig comments that the average monthly figure of R309 million this year was significantly higher than last year's average of R214 million and pointed to total debt judgments of R3,5 billion this year.

"While this represents an increase of 40 percent on 1992's R2,564 billion there are no indications that the Reserve Bank will drop interest rates — recessionary conditions are now prevalent in most sectors of the economy and will remain unless drastic measures are taken now," Mr Doig warns

Providing a detailed breakdown of the figures he says that the average amount per judgment increased by an annual 49,5 percent from R4 554 to R6 807

Dishonest agents 'exploiting' buyers of low-cost homes

STAR 316192

246

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".

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.

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."

Twenty percent of the centre's clients also claim that

Reports by Frank Jeans and Meg Wilson

their homes have been repossessed because they could not afford bond instalments.

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

"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"

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

The the try dar com mab ly co

Interest on home deposits still being lost

BlDany 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."

246

Food price hikes 'a scandal'

COSATU yesterday described as a "national scandal" the warning by Foodcorp that prices of basic foodstuffs could rocket by up to 45% this year. *(SAPA)*

"This comes on top of 28% food inflation over the last year. The suggestion that this can all be attributed to the drought is indefensible," the union federation said in a statement.

Government, food producers, boards, and the wholesale and retail sectors were all to blame for the "totally unacceptable burden" consumers had to shoulder. *B/Day 4/6/92*

Cosatu believed that government had the capacity and the resources to intervene decisively to arrest the crisis, but lacked the political will.

Government intervention should see

A zero VAT rating on basic foodstuffs,

Reduction and regulation of food prices, and *(SAPA)*

Renegotiation of drought relief to ensure that it went to the most needy. *(SAPA)*

Cosatu said the VAT coordinating committee, at a meeting with government last week, had secured an undertaking that high food prices and VAT would be negotiated. *(246)*

However, lengthy negotiations could delay meaningful action — Sapa.

Extra drought relief urged

Mounting fury over food costs

246

STAR 5/6/92

By Mike Siluma
and Kaizer Nyatumba

The revolt against spiraling food prices is growing.

An increasing number of political and economic organisations are adding their support to demands that the Government stabilise basic food prices and allocate more relief for drought victims

The Co-ordinating Committee on VAT (VCC) has called on the Government to use "the billions of rands in State secret funds" to prevent predicted increases of up to 45 percent on basic foodstuffs, and the ANC has warned that 18 million South Africans could starve to death because of the drought if aid is not mobilised soon

The ANC said reports that the Government stood to make a R400 million profit from the import and sale of wheat reflected a callous disregard for the plight of the millions facing famine.

Earlier this week, two of South Africa's largest trade union bodies, Cosatu and the National Council of Trade

Unions, called on members to "mobilise" against the predicted increases.

VCC co-ordinator Dr Bernie Fanaroff yesterday said the organisation wanted the Government to use the profit it made on wheat imports last year, together with the R80 million saved on subsidies, to stabilise food prices.

ANC economics department head Trevor Manuel warned that South Africa was heading for disaster on a massive scale if the Government insisted on single-handedly dealing with the crisis caused by the drought.

Effective

He said, at the end of a two-day workshop on problems resulting from the drought, that all political and welfare organisations had to come together and devise effective and co-ordinated approaches to the crisis.

Mr Manuel said more than R100 million of the R220 million budgeted for drought relief in the last financial year had been carried over to this year because Pretoria did not have the infrastructure to organise relief effectively

He said the ANC, with structures across the country, could play an important role in this regard.

Also absent was a national nutrition surveillance scheme to identify areas where hunger was spreading

Reiterating the VCC's demand for the exemption of all basic foods from VAT, Dr Fanaroff said the food crisis in SA was one of "high prices and poverty", rather than one of availability.

"Solutions must therefore be based on reducing and stabilising the cost of staple foods to the consumer," Dr Fanaroff said.

The VCC summit next week will be asked to endorse demands including one that "the billions of rands (allocated to) secret funds should be used for stabilising food prices and for drought relief"

The VCC would negotiate with major food processors and retailers to reduce staple food prices

Dr Fanaroff said the VCC had gained the impression in its meetings with food manufacturers that the largest mark-ups were caused by retailers and Government taxes

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FOCUS: *Stop the drop in the quality of bread and the rise in prices*

Bring back control boards

w/Mail 5/6-11/6/92

THE Competitions Board is to look at this week's increase in the price of bread, from a new point of view. agreements between millers and bakers

This move was suggested by the Consumer Council which has, in the past, expressed its support of the free market system and the virtues of competition as a way to keep quality up and prices down

This is not the case in the price of bread

Since deregulation of bread prices, the vanishing of subsidies, the introduction of Value-Added Tax on white bread and the Wheat Board's lack of muscle to whip cheating producers into line (as they were once empowered to do) with the threat of subsidy removals, the price of bread has risen steeply. Consumption has fallen off and, according to the South African Bureau of Standards, reducing the statutory size of bread is rife in the industry

Most consumers of bread are poor, although the poorest usually give bread up eventually as a luxury. And almost all of those consumers who are not already below the proverbial bread-line are encouraged to slide below it as the milling and baking concerns rake in the profits on basic foods

Bread consumption in this country is a good measure of general hardship. When the subsidies are removed and the price goes up, consumption dips

When VAT was introduced this year on white bread (all bread had previously been untaxed), a high proportion of consumers switched from the more expensive white loaf to the slightly cheaper brown loaf

There has, says Ivan Hemingway, general manager of the Wheat Board, been a general decrease countrywide in the consumption of wheat, the main ingredient of bread

CRITICAL CONSUMER

Pat Sidley's weekly advice on what to buy ... and what to avoid

246



Consumption had been growing at two to three percent per year, but now it's in decline

Wheat is currently being imported, and has been for the past few years. The international price of wheat is substantially cheaper than that produced locally. But bread sold in South Africa is priced according to the local price of wheat

According to the Wheat Board, when there is a surplus of locally-grown wheat, South African consumers eventually pay for the difference, as local wheat is exported at considerable loss

But, Hemingway complains, consumers do not reap the benefits when cheaper wheat comes into the country. The profit on the difference goes straight to the government (the importer of the wheat) which, he says, consistently refuses to put that bonus back into the price of bread to give consumers a break

Under the old system of price-controlled bread and subsidies, millers and bakers were allowed — by the government, through the Wheat Board — to make a fair profit. In those days, according to Hemingway, the baker's margin was about 4c a loaf. Today, he says, it is between 15c and 25c a loaf — although some of the increase is accounted for in other

increased costs

Under the old system, the statutory size of a loaf of bread was 850g (reduced eventually to 800g). And in the good old days, the Wheat Board monitored what constituted an 850g loaf by measuring the weight of the dry ingredients before the loaf was baked. This, said Hemingway, is the only failsafe way to check the weight

In those days, the Wheat Board could force a baker to comply by withholding the government subsidy. One consistent cheater had R70 000 worth of subsidies withheld till he changed his ways

This has all changed, including the method by which the bread is weighed, leaving too large a margin for error. The fines for transgressions, says Hemingway, are so pitiful they would not discourage a baker from continuing to short-change consumers, whereas the withholding of subsidies did

Meanwhile, the Consumer Council has advised consumers to shop around to find a slightly cheaper loaf, as not all bakers put their prices up. This suggests that the general dealers (through whom 47 percent of bread is sold), the café owners (another 29 percent) and spazas and hawkers (16 percent) will sell their bread at the lowest price they can

Nonsense — most will put it as high as the market will bear, nor are they beyond adding VAT on to brown loaves

"What really worries me," says Hemingway, "is that the consumer representatives and organisations believe the free market will guarantee lower prices and better quality with competition"

He does not believe this has been the case with bread, and this Critical Consumer believes he is right. Come back, control boards, all is forgiven

embarked on action in help and support of leaders of the country's

Even 3% rate cut will not restore confidence

246
Star 6/6/92
THE Reserve Bank is the wrong place to go knocking for an upswing in the economy, because even a 3 percent Bank rate cut will fail to get things moving, says the chairman of Campbell's Business Information in Pretoria, Rowan Haarhoff.

He explains: "Recent hire purchase relaxations and the modest drop in interest have had little discernible effect on the demand for durables, and the man in the street is clearly not biting. He knows this time things are fundamentally different."

South Africa has never before faced such political and economic uncertainty and every citizen, black and white, is filled with doubt, he says.

Retrenchments have been everyday occurrences and no reasonably prudent man is going to sign a three-year HP agreement when he does not know if he will have a job next month, let alone in 1995.

Until a new government is in place and clearly demonstrating sound free-market principles, only the reckless will be tempted by lower interest rates to commit themselves beyond 12 months, Haarhoff adds.

— Sapa.



Sanlam 'bonus'

ANLAM Unit



Focus on VAT and food prices

Bday 10/6/92

KATHRYN STRACHAN

246

THE Co-ordinating Committee on VAT (VCC) is meeting in Johannesburg today to discuss negotiations with government on VAT and the stabilisation of food prices.

The VCC will meet Finance Minister Derek Keys later this month to find solutions to VAT-related problems

VAT group set to take on the Govt

Sowetan 10/6/92

(246)

THE Co-ordinating Committee on VAT meet today to formulate a strategy on negotiations with the Government on the zero-rating of basic foodstuffs.

The meeting at a top Johannesburg hotel starts at 5.15pm

Summit co-ordinator Ms Melody Emmett said the meeting would receive reports of contacts held with the Ministers of Finance, National Health, Agriculture, the Board of Tariffs and Trade and the National Interim Committee of Nutritional Development Programme.

She said "The summit will be asked to approve proposals for negotiation with the Government on VAT, stabilisation and reduction of food prices and changes to the poverty relief and drought relief programmes

"The summit is also expected to ap-

By IKE MOTSAPI

prove proposals for negotiating with the major food manufacturers and retailers for a reduction in the prices of staple foods."

Emmet said the Minister of Agriculture, Mr Kraai van Niekerk, had agreed in a meeting with the committee that he would "circulate for discussion proposals for the restructuring of the Control Boards and for the deregulation of the industry."

Endorse a demand

She said: "The summit will be asked to endorse a demand that there should be much greater representation of consumers on the Control Boards and that changes should not be made without full consultation with all parties"

She said a detailed proposals for poverty relief programme would be presented.

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

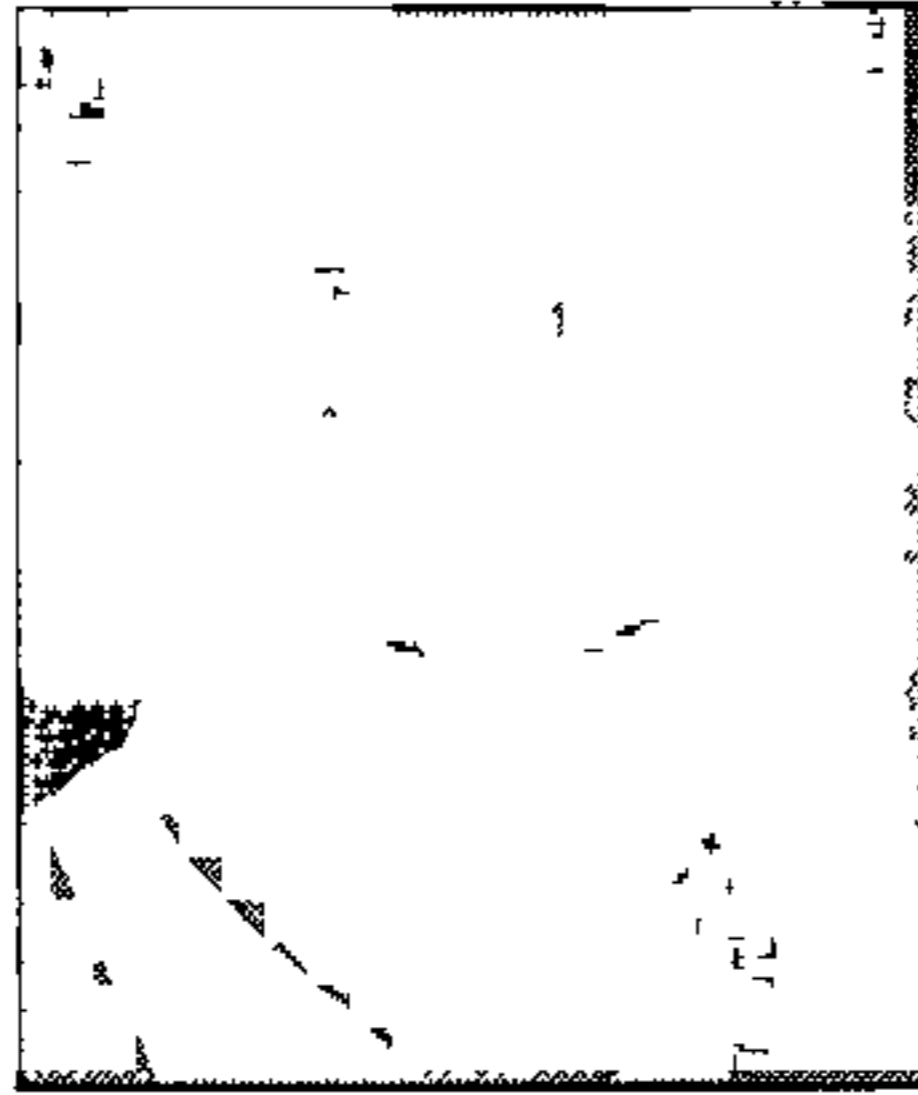
"The only institutions which have been badly burnt are ones that have gone very aggressively into the lower income group market.

"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

STAR 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

Anti-VAT group warns Govt

Sowetan 11/6/92

THE Co-ordinating Committee on VAT has warned it would link its struggle against VAT and poverty to the proposed mass action unless progress was made in its talks with the Government.

The warning was made after a summit of VCC constituent organisations in Johannesburg yesterday.

The organisations included Nactu, the ANC, Cosatu, business, church and consumer groups.

The summit endorsed the following demands, in preparation for forthcoming talks with both the Government and the food industry.

- The exemption of basic food stuffs (including meat, bread, maize meal, milk and vegetables), electricity, water and medicines from VAT.

- That the price of staple foods be reduced and stabilised until such time as an adequate "safety net" is established for the poor;

- That manufacturers and retailers do something to drive down the price of staple foods,

- That the existing control boards be restructured and that all deregulation and tariff changes in the food industry be carried out only in consultation with "representative organisations".

The summit decided to convene again in mid-July to assess progress made in talks with retailers and the Government.

A VCC delegation is due to meet Finance Minister Mr Derek Keys on June 25 to discuss its demands.

It has already met representatives of Foodcor and Premier Foods, and is scheduled to meet those of Tiger Oats and Pick 'n Pay shortly.

VAT, mass action link mooted

By Mike Siluma

The Co-ordinating Committee on VAT (VCC) yesterday warned it would link its struggle against VAT and poverty to the proposed mass action next month, unless it made progress in its talks with the Government on the issue

The warning was made after a summit of VCC constituent organisations in Johannesburg, which included the National Council of Trade Unions, the ANC, the Congress of SA Trade Unions, and business, church and consumer groups.

The summit endorsed the following demands, in preparation for forthcoming talks with both the Government and the food industry

● The exemption from VAT of basic foodstuffs (including meat, bread,

maize meal, milk and vegetables), electricity, water and medicines

● That the Government should reduce and stabilise the price of staple foods until an adequate "safety net" was established for the poor.

● That manufacturers and retailers drive down the price of staple foods.

● That the existing control boards be restructured and all deregulation and tariff changes in the food industry be carried out only in consultation with "representative organisations"

The summit decided to convene again in mid-July to assess progress in talks with retailers and the Government. A VCC delegation is due to meet Finance Minister Derek Keys on June 25 to discuss its demands. The VCC has already met representatives of Foodcor and Premier Foods,

STAR 11/6/92
and is scheduled to meet those of Tiger Oats and Pick 'n Pay shortly

VCC co-ordinator Bernie Fanaroff said the summit had decided to meet other organisations to draw up a plan of action to back its demands. This might include boycotts and demonstrations — linked with the proposed mass action — against sections of the food industry

Also yesterday, the VCC criticised the Government's poverty and drought relief programme, saying there was a need for short-term emergency aid incorporating all Government-funded schemes

Various organisations, including the ANC and Cosatu, have already indicated they would include demands on food prices and VAT in their mass action campaign, which is mainly over the Codesa deadlock.

Food price probe criticised

STAR 12/6/79

By Carina le Grange
and Own Correspondent

(246)

A Government-initiated investigation into the causes of the food price spiral in South Africa has largely failed to pinpoint any culprits — drawing sharp criticism from consumer groups

A preliminary report by the Board of Tariffs and Trade (BTT), released in Pretoria yesterday, recommended that the statutory powers of control boards and other bodies should be terminated

The BTT said it would continue to investigate rising food prices and would establish a committee on which the Co-ordinating Committee on VAT (CCV) and other consumer groups would serve.

The report said rising food prices were part of the inflation process and could not be seen as a primary cause of inflation

"Rising food prices are therefore a symptom and not a cause. There is continual interaction between food prices and other prices"

Housewives' League presi-

dent Jean Tatham said it had taken too long for a mere preliminary report to be issued which contained little more than the appointment of a committee to "carry out the investigation that we thought they had been carrying out for the past six months. The Government cannot wash its hands of its responsibilities".

Black Housewives' League president Sally Motlana criticised the report, saying prices kept rising, creating further hardship for disadvantaged people.

Call to terminate control boards' power

Pretoria Correspondent

The statutory powers of control boards should be terminated, according to the preliminary report of the Board of Tariffs and Trade (BTT) into the food price spiral in South Africa

This was one of several recommendations contained in the BTT report released yesterday. It said terminating the stat-

utory powers of control boards and other bodies with statutory powers would enable farmers to freely market their produce through control boards or other organisations

The report added that where it might currently not be appropriate to remove the statutory powers of a particular control board, that control board should be reconstituted to ensure it became a non-representative

board with members not representing any particular interest.

The report also recommended

- A review of health and hygiene regulations with a view to eliminating all regulations that limited competition and served as a barrier to entry.

- The issue of regulations to ensure the consumer was at all times aware of what he was buying.

Hout Bay is entitled to keep and retain what it has. This Government does nothing. It sits back and allows things to slide, also in Hout Bay. For that reason the CP will get up every time and fight for the people of Hout Bay, because except for the CP, they do not have people who fight for them.

*The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING Mr Speaker, the hon member for Overval's credibility has grown immeasurably here. The CP sent in their HNP advance guard here and we had to deal with a CP-HNP mentality that has no answers to the problems of South Africa [Interjections.]

When one talks to them about squatting their policy is not intellectually justifiable, and it does not even stimulate one intellectually [Interjections.]

That hon member says one should keep what one has. I paid a few visits in that area yesterday and I discovered exactly what is happening there.

In brief our policy in respect of urbanization is the following. Unlike in the past, we will not locate Black people as far as possible from their place of work. I spoke to everyone in the Hout Bay squatter camp that I could get hold of yesterday [Interjections.] They had work there [Interjections.] They were working at various places. Those people need places to work and live. Therefore we try to ensure people's stability in smaller packages near their places of work [Interjections.]

Secondly, local communities must make provision for the informal housing needs in their country as well.

Thirdly, I should like to give hon members the assurance that it is unreasonable and not the standpoint of this House to locate people as far as possible from their places of work [Interjections.]

There is no way that we can wish these people away and we shall continue to hold talks with the people with established rights as well as those that work in the area but simply do not have accommodation there, as I suggested when I originally put my standpoint.

Debate concluded.

industry in general. The reform of tariff policy is an example of that. [Interjections.] The Government wants to give the assurance that it regards the question of food prices as serious and very sensitive and that it will be treated with vigour and responsibility. [246]

With regard to the second question, after studying the final report of the Board on Tariffs and Trade when it comes to hand, together with other reports which may have a bearing on the subject, the hon the Minister will make a statement on the whole matter. The recently released report is a provisional one made available for comment and as a discussion document.

We are aware of the tremendous difference in escalation of prices between the farm gate and the shop shelf. It is the divergence between the rates of increase of these two different prices—in other words, the divergence between PPI and CPI—which was the subject of this investigation [Time expired.]

Mr D H M GIBSON Mr Speaker, the hon the Deputy Minister's boss has made himself notorious in the eyes of South African taxpayers by telling them that they are not particularly highly taxed. I expected the hon the Minister to come today and perhaps tell consumers that they are wrong and that food prices are not too high. Instead of that, the hon the Minister has chosen to sit quiet and send the hon the Deputy Minister into the firing line. Instead of savaging the hon the Minister, I have to be a little kinder to the man who is only half responsible for the situation.

I did not hear anything from the hon the Deputy Minister which makes me believe that food prices will come down soon. One day after I gave notice of this interpellation, the long-awaited report of the Board on Tariffs and Trade was suddenly released. There is now a flurry of activity and announcements because the Government has at last realised that the consumers have had enough.

The long-suffering consumers want to know when they can expect action. They are tired of inquiries, reports, ministerial musings and commitments. They are even more tired of the never-ending inflation and the inexorable rise in food prices. Consumers believe that they are being ripped off when they hear that food prices may increase by as much as 45% this year. Most

of them believe that it is not the farmers and the primary producers who are the culprits. The real exploiters are further up the food chain and these include the control boards, the packaging companies and the supermarkets, which always claim to be the consumer's friend.

While they are making that claim, they manage to mark up meat by 103% at Woolworths, 105% at Pick 'n Pay and 108% at OK Hyperama. I am indebted to the *Sunday Star* of 16 February for those figures. Right now one can go and buy potatoes at the market for R21 to R24 a pocket, and go to the supermarket and pay between R35 and R37 for those same potatoes.

Those are not the friends of the consumers. The excuse is always that inflation is causing the increase in the prices, instead of the other way around. This Government has dedicated itself to stopping inflation, and this must be one of the longest-running shows in town, because nothing ever happens.

The economic restructuring that South Africa needs to place it on a satisfactory growth path cannot happen while double-digit inflation flourishes. It requires the best efforts of both Government and business working together to take decisive action to ensure that inflation is slowed or stopped. When this happens, the food price escalation will also stop.

*Mr D G H NOLTE Mr Speaker, the CP is especially concerned about the increasing gap between the price of the farmers' product and the price of food to the consumer. Statistics at the end of March 1992 confirmed the fact that at 28.9%, food prices increased far more rapidly than the general inflation rate of 15.7% and the farmers' product price of 11.9%.

Furthermore, it is also known that the farmer's share in the final consumer price of food is low, approximately 39.4% and that it is continuously decreasing. The question is therefore, if the farmers do not receive the money, where does it go?

Hence the investigation by the Board of Trade and Industry the first draft report and recommendations of which were made public last Friday. The report's basic recommendation that the statutory powers of agricultural marketing boards should be taken away to promote competition, still does not answer the basic question of

where does the money of the increasing gap is going and what the solutions are. According to the report only approximately 29% of the increasing gap can be attributed to the fact that some boards restrict competition. What about the other factors to which approximately 71% of the blame can be attributed but in respect of which no recommendations were made? (246)

The following are examples from the report itself. Firstly, one of the most important causes is general inflation pressure which comprises approximately 40% of the cause which, according to the report, can *inter alia* be attributed to overspending by the State. Secondly, wages and trade union action are not in line with productivity. Thirdly, industries are being overprotected in the name of self-sufficiency. In the fourth instance six large food companies provide more than 60% of the processed food products. They are part of the big conglomerates in the country and their share prices increased more rapidly than those of the other industries. In the fifth instance the gap increased especially after the introduction of VAT in 1991, especially also as a result of the taxability of food which can therefore be linked directly to State policy. [Time expired.]

THE DEPUTY MINISTER OF TRADE AND INDUSTRY Mr Charman, the hon member for Yeoville said he would let me off lightly with his savage attack. Of course, the classic comment on being attacked savagely is that it feels like being savaged by a sheep. [Interjections.] I thank him for his gentleness. [Interjections.]

The hon member for Delmas referred to the report of the Board of Trade and Tariffs in which there is an attempt to make an analysis of the divergence between the producer-price index and the consumer-price index. It is interesting to note that the media have run away with this report and interpreted this divergence as being solely the result of control boards.

They correctly pointed out, however, that food inflation is a part of inflation in general. I do not intend to become involved in an argument on macro-economic policy at this stage. It also points out that 2% of that divergence was due to an increase in wages, and also due to an increase in so-called shrinkage in the retail chain. Shrinkage means theft, mainly on the part of the employees of those retail chains.

It goes further and says that 0.2% is due to the fact that price subsidies on food have been removed. It says that 0.3% is due to the fact that certain controls have been removed. It goes further and says that 1% is unidentifiable.

The popular notion, however, is that control boards are the great evil. I have to state that it was in the [Time expired.] (246)

MR E K MOORCROFT Mr Speaker, five years ago here in Cape Town, I was shocked to see, for the first time in my life, a person scrounging for food in a garbage can. That sort of thing, I thought, only took place in Ethiopia or Bangladesh. Today, however, the sight of hungry people scrounging in garbage cans has become commonplace. One can see it during any lunchtime on a walk up Government Avenue.

It is but one of the many symptoms which indicate the cruel poverty in which increasing numbers of underprivileged people in this country are beginning to live. As my colleague the hon member for Yeoville has pointed out, we do not have to look very far for at least one of the causes of poverty, and that is the ever-increasing spiral in the cost of basic foodstuffs.

The hon Deputy Minister has a knowledge of France and will be aware of the political consequences of shortages of affordable food. He will know what happened to Marie Antoinette when, on being informed that there was a shortage of bread, advised her subjects to eat cake instead.

The first thing the hon the Minister should do, as my hon colleague has suggested, is to study carefully the recently tabled report of the Department of Trade and Industry. He should seek ways of decreasing the ever-increasing gap between producer and consumer prices highlighted in that report. One of the best ways of doing that is to improve the climate for free choice. Both producer and consumer must have free access to markets of their choice. The State should make it possible for this choice to be exercised. [Time expired.]

MR D H M GIBSON Mr Speaker, the hon the Deputy Minister's reference to sheep was enough to make the consumer's mouth water, because there are many of them who have not been close to that expensive meat for a long time. I was talking about the hon the Minister himself, and I believe he has enormous clout in Govern-

ment, as well as in business, because of his background. I also believe that he should be using the influence he has with the business community to start turning South Africa around. I believe that the hon the Minister is uniquely placed to persuade both the Government and big business to co-operate. One suggestion is that they refuse to grant wage increases larger than 10% for this year. Then they must start limiting price increases, whether administered by the Government or decided upon by business, to no more than 10%. (246)

This would be a contribution to breaking the back of inflation, and would give the consumer hope of a far deal in the future.

THE DEPUTY MINISTER OF TRADE AND INDUSTRY Mr Speaker, I think the hon member for Yeoville came very close to proposing a wages-and-prices policy. [Interjections.] I believe that this is an experiment that has been tried elsewhere, especially in the United Kingdom, and it has failed miserably. [Interjections.] I believe that the one option that is not open to us in solving this problem is price control. This is something which only serves to distort the economy, to create a situation in which people are producing products for which there is no demand.

However, we are looking at ways and means of breaking this inflation spiral in food prices. We believe that there must be increased competition. We believe we must go further down the road of deregulation, especially with regard to health and hygiene standards. I believe we must look at all measures that inhibit trading.

I believe that the new Businesses Act goes a long way towards enabling the informal sector also to play its part in the distribution of food.

We are looking very carefully at the renewal and reform of the whole issue of customs tariffs and import control. The hon the Minister of Agriculture and our Department will also be looking very carefully at the possibility of increasing imports on basic foodstuffs in order to prevent this spiral, but under the very strict proviso that it does not serve to disrupt the agricultural community and the rural economy of South Africa.

As hon members may have seen in the newspapers, the hon the Minister has appointed a special committee under the chairmanship of

prof Kasser to investigate the role of marketing control boards in South Africa. [Time expired.]

Debate concluded (246)

QUESTIONS

+Indicates translated version

For oral reply

General Affairs

State President

Total cost of overseas visits

*1 Mr D P DU PLESSIS asked the State President +

What was the total cost of the overseas visits undertaken by him and his entourage (a) in 1991 and (b) during the period 1 January 1992 up to the latest specified date for which information is available? B780E

THE STATE PRESIDENT

(a) R2 790 357

(b) R2 614 724

These amounts are based on the latest available information and reflect the expenditure for all components which were involved in the overseas visits, namely

- (1) The State President's Office
- (2) The Department of Foreign Affairs
- (3) The security component, as provided by the National Intelligence Service

Second Interim Report: Goldstone Commission

*2 Mr L FUCHS asked the State President

- (1) When was the Second Interim Report of the Commission of Inquiry Regarding the Prevention of Public Violence and Intimidation (the Goldstone Commission) received by him, (2) whether this report was released immediately after being so received, of not, (a) why not and (b) on what date was it released?

B801E

Telkom cuts Consumer Council's phones (246)

6 (Day) 19/6/92

ADRIAN HADLAND

THE Consumer Council, at the forefront of moves to put pressure on Telkom to restructure, had its phone lines cut by accident this week

There was a misunderstanding about the date of the council's head office move to another building in Pretoria later this year, a council statement said yesterday

Pressure on Telkom to introduce itemised phone bills and get phone bills right — it admitted it had despatched 22 000 incorrect bills during May — will come from the Housewives' League, consumer groups and the Post Office and Telecommunications

Workers' Association (Potwa) at a Telkom news conference on Tuesday

Another consumer group spearheading demands that bills be itemised, the SA National Consumer Union (Sancu), reported almost half its executive committee had received "incredibly high phone bills" So had members of the Black Housewives' League, including its president Ellen Kuzwayo, chairman Lilibeth Moolman said

Sancu, the Housewives' League and the Black Housewives' League, would meet

Telecommunications Minister Piet Welgemoed in August, Moolman said

Potwa would meet over high bills and tariffs, a representative said

Meanwhile our Cape Town correspondent reports Telkom western Cape regional manager Bryan Waldron said Telkom had given thousands of customers itemised billing on request

He claimed a Telkom taskforce was looking into implementing additional software and modifications to provide the service at an acceptable tariff

● Comment Page 8

Spending slump blues wail on

ALIDE DASNOIS, Business Staff

THOUGH the slump in the retail and wholesale sectors may be bottoming out, unemployment and high personal taxes will dampen consumer spending for the rest of the year, forecasts the Stellenbosch Bureau for Economic Research in its latest survey of commerce

Spending, already financed by savings and expensive credit, is not likely to take off this year, says the Bureau today

"Measures aimed at bringing relief to the average consumer are not on the horizon, and a drop in bond rates will not give sufficient scope to consumers to increase their spending significantly"

Nearly three fifths of white consumers surveyed expect the general economic situation to worsen in the short term

Blacks are more optimistic than whites, says the Bureau

About 65 percent of black households surveyed expect the economic situation to improve over the next 12 months, with young men (16 to 24 years old) and higher income families expressing the most optimism

The bureau attributes the relatively high degree of optimism among black consumers to expected changes in the political situation (The survey was conducted before the break-down in the Codesa talks and the Boipatong massacre).

However, neither black nor white consumers intend to invest in consumer durables for the moment and the durable goods market will probably continue to shrink for the rest of the year, says the Bureau

For the first time since 1991, a small net percentage of retailers reported an increase in sales for the second quarter, especially in foodstuffs and pharmaceuticals

Volumes of sales in the wholesale sector are also up, says the bureau and in general both wholesalers and retailers are more optimistic than in previous surveys

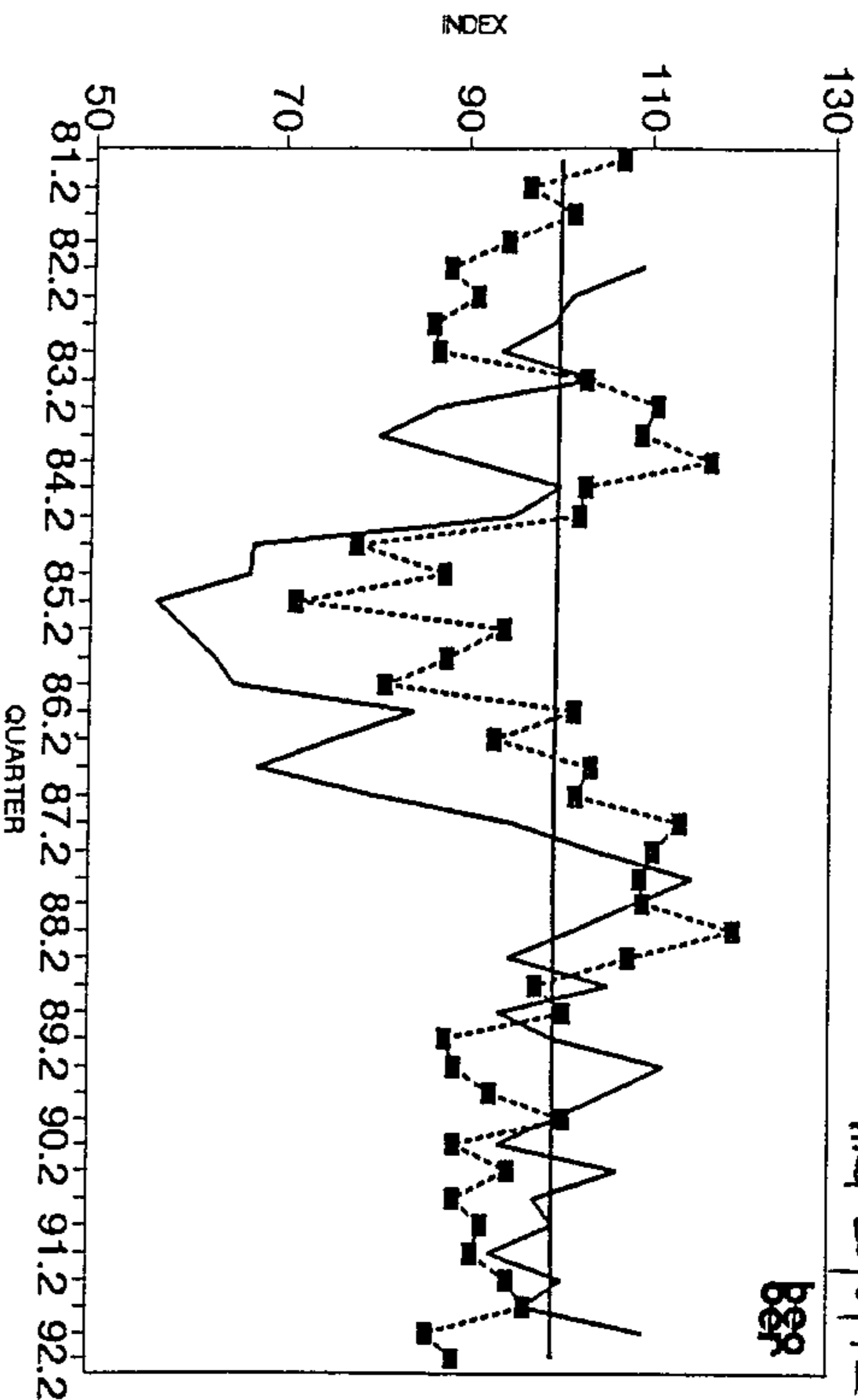
Motor dealers are still facing lower sales volumes than a year ago and a majority expect sales to drop further this year

The employment situation in the South African economy was deteriorating with regular announcements of more retrenchments, the bureau said

"Threats of mass action, stayaways and go-slow strikes will also not contribute towards stability in an already troubled and politicised labour force"

CONSUMER CONFIDENCE INDEX
COMPOSITE INDEX

246
Avg 25/6/92



--- WHITES — BLACKS

Black consumers are more optimistic than white about the economy in the next year, the Stellenbosch Bureau for Economic Research says in its latest survey.

Regarding the general economic situation in South Africa over the short-term, about 45 percent of white consumers anticipated an improvement in the economy during the next 12 months while 53 percent foresaw a deterioration

Consumers in the Cape Province were the most optimistic followed by Transvaal and Natal, with the Free State the weakest

On a regional basis it appears the greatest optimism among blacks prevailed in Cape Town and the Bloemfontein/Welkom area, where a majority of 67 percent expect their financial position to improve over the next 12 months. Most pessimistic were respondents in the Durban/Pietermaritzburg area.

Through the roof for the bouncing cheque writers

BOUNCED cheques have increased by 800% in the past three years, says OK Bazaars group information systems director Taffy Hewson.

Mr Hewson says 40% of them have a serial number below 100, indicating they are signed by people with new cheque books

It irks him that the banks "are making a fortune because they charge R20 to R50 for every RD cheque"

But a Standard Bank spokesman says the charge is to deter customers from issuing an RD cheque and to cover the bank's cost of reversing it through the system

Retailers claim that the banks are not being selective enough when handing out cheque books

Retailers have united under the Retailer's Bank Liaison Committee (RBLIC) to pressure banks to be more careful in issuing cheque books.

Mr Hewson says "We have written to the Reserve Bank and are holding meetings with the commercial banks to get them to change the system"

Edgars chain credit manager Andrew Gardiner says cashiers scrutinise cheques with a serial number below 100

The value of bounced cheques is not public knowledge. The clearing bureau does not keep count, banks are unwilling to give figures because that would

By TERRY BETTY

put them in a bad light and the retailers do not want to divulge their costs to competitors.

But one source estimates that cheques with a face value of about R3,9-million bounce in the Transvaal each month. He says this amounts to about 200 000 bounced cheques a month.

Mr Gardiner says retailers first met the banks two years ago. But the banks have not dealt urgently with the problem

Formats

"For example, the banks will not give retailers details of the issuer of the cheque, making it difficult to trace the customer. Nor will the banks say whether a customer has funds to cover a cheque"

Mr Gardiner also complains about the banks taking too long to return the bounced cheque

"We are still receiving cheques from a year ago"

Mr Hewson says retailers want the banks to issue a courtesy cheque card to customers stating what their limit is —

as most countries do. Mr Hewson says 32 different cheque formats exist in SA

"The system is complicated and uncoordinated. Some have a bank guarantee, some require a number on the back while others require one on the front."

Mr Hewson suggests that the individual's details be printed on the cheque to save them and the customer time when filling out the cheque

Banks and retailers agree that issuing an RD cheque should be made a criminal offence — as it is in most countries

A Standard Bank spokesman says it is not up to banks to clamp down on RD cheques, although they might close an account if it regularly goes into overdraft

Nedbank assistant general manager Tom Bangert attributes the increase in bad cheques to the poor economy and to the growth in the current account base. "The more accounts there are, the greater the likelihood of RDs"

However, he believes Nedbank customers are sophisticated and responsible and should have proportionately fewer bounced cheques.

Absa banks try to contain the increase in RD cheques by helping customers to maintain financial discipline

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

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"

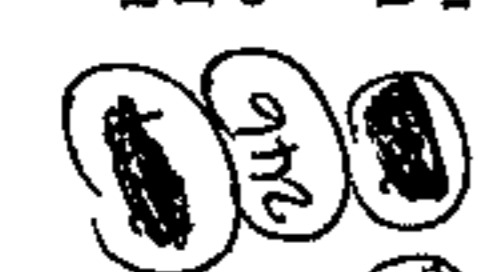
The centre will now be called Lawyers for Human Rights - Housing Von Wiedlgh and Commissioner streets, PO Box 5156 Johannesburg Telephone (011) 331-3465/66 from July 1 1992.

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 Zameza House, corner Von Wiedlgh and Commissioner streets, PO Box 5156 Johannesburg Telephone (011) 331-3465/66 from July 1 1992.



clp news 28/6/92

'Housing rip-off is getting worse'

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



HOME SWEET HOME ... Brian Leveson, Corlett Cetiojane and Una Gumede 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.

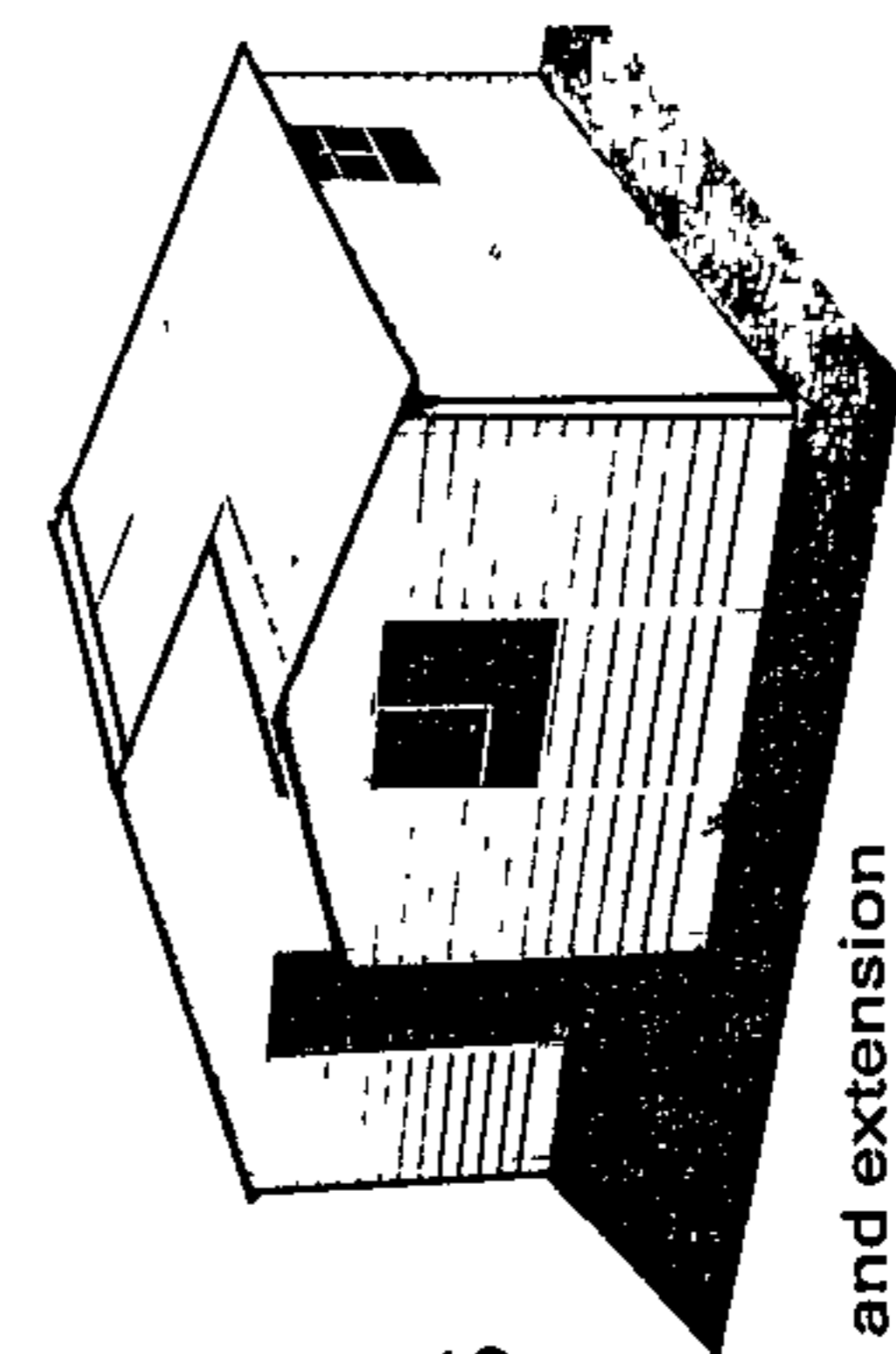
clp news 28/6/92
THE first of 64 community creches to be built by the National Council for Child Welfare has opened in Ivory Park, Midrand

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 Mamelodi near Pretoria

In the next few months, creches will be built in Phola Park, Wattville, Bekkerdal, and Delmas The rest of the 64 creches will be built in other urban and rural areas throughout the country



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No progress in Vat talks (246)

NO progress was made on VAT and food prices this week in talks between Finance Minister Derek Keys and the Co-ordinating Committee on VAT (VCC). *Press 28/6/92*

The VCC accused the Minister of having not "really applied his mind to preparing for the meeting". At the meeting, the VCC restated that VAT should not be charged on all basic foods.

The VCC said Keys was only prepared to discuss the possibility of confirming the existing zero ratings and the possibility of extending the zero rating to one or two other foods, but only if this would lead to the issue being closed.

VCC gets little joy from keys



246

Sowetan 21/6/92

THE VAT Coordinating Committee at the weekend said it had made no progress on Friday in talks with Finance Minister Derek Keys over Value Added Tax and rising food prices.

The VCC, in a statement, called on the minister "to take more seriously the immediate needs of the majority of South Africans" and to accept that his policies needed to be more "multi-dimensional".
"The VCC delegation felt the minister had not re-

ally applied his mind in preparing for the meeting".
Finance Minister
spokesmen could not immediately be reached for comment.

On inquiry after the meeting on Friday, army ministry spokesman said it was unlikely that the Minister would be issuing a statement on the talks.
According to the VCC, Keys had been prepared to discuss the possibility of extending zero ratings "to one or two other foods", but only if this brought an end to the issue.
The committee said it

had proposed that all basic foods, including red and white meat, vegetables, maize and maize products, bread, and milk, be exempted from VAT.

"The Minister also said that he was not prepared to interfere in any way with the free market for food, and that there was no money for any subsidies or for the removal of VAT on foods," the VCC claimed.
Keys had allegedly further said that South Africans were saving less and less and that economic growth required a cut in consumer spending.

"In discussions, the VCC representatives stated that the Minister appeared to be cutting where he

could, rather than where he should he was cutting spending which benefited the poor because he could

not cut back on the huge waste of other Government spending".
The VCC also charged

that the food industry was not a free market, but dominated by three conglomerates - Sappas.

VAT talks 'achieve nothing'

The Vat Co-ordinating Committee said on Saturday it had made no progress the day before in talks with Finance Minister Derek Keys over VAT and rising food prices. It said Mr Keys had been prepared to discuss extending zero ratings "to one or two other foods", but only if this brought an end to the issue.

STAR 29/6/92

(246)

High rates take their toll on lease credit financing

SHARON WOOD (246)

HIGH interest rates took their toll on lease credit financing, which shrank by R600m to R31bn in the first quarter this year, Reserve Bank figures show.

Nedfin CE Christopher Beatty says it is the first drop in instalment credit and leasing business by financial institutions in recent years, and comes despite government sector efforts to encourage capital investment.

"Amendments to the Credit Agreements Act have yet to work their way through. The slight relaxation signalled by these changes won't really influence the figures until next quarter. However, I do not anticipate any major impact," he adds.

A Nedfin study of credit-leasing business at the banks in recent years shows 27,7% growth in the year ended March 1990, while in the year after growth was down to 15% and this year it was halved to 7,4%. BIDAN 30/6/92

"Interest rates were kept high throughout the period. Inflation remained stubbornly high as well ...," he says.

The DI 900 analysis provides further ammunition for economists who argue that high interest rates are not effective in bringing down inflation

This may encourage some observers to step up calls for relaxation of the interest rate climate.

"It is apparent that certain parts of the economy are hurting badly and that consumers and businesses are reducing debt where possible and delaying new commitments," Beatty adds.

The sectors feeling the pinch are agriculture, mining, the motor industry, housing and construction, he says.

Tar 'cartel' may meet a sticky end

CAPE TOWN — The Competition Board is prepared to review the exemption granted to a cartel in the road tar industry following the Cape Town City Council's cancellation of a large order after it received five identical quotes from five suppliers during a recent tender.

Competition Board chairman Pierre Brookes yesterday said in the light of changed circumstances, such as the lifting of the UN's mandatory

oil embargo on SA in April, it would welcome a submission to drop the exemptions granted to the five suppliers in September 1987.

The five companies are Abecol, Felbitem, Roadtech Binders, Spreitenkers and Vialit.

The exemption allowed the companies to fix prices, share the market and control tendering and conditions of supply.

Own Correspondent

246

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices"
 - Adam Smith, Wealth of Nations

During the course of its investigation into bread-price increases, the Competition Board discovered no evidence of collusion by bakers

Cynical industry-watchers will not be surprised: the board has investigated a number of industries over the years with little result

After probing the country's quite open cement cartel some years ago, for instance, the board decided to leave it alone. The acquisition of Bonny Bird by Rainbow Chickens gave Rainbow 58 percent of the broiler market, but this was okayed by the board. In each case, the board had cogent reasons for not being able to act

It did recommend that the acquisition of hosiery company Arwa by the FSI group should not go ahead as this would result in a monopoly, but it was overruled by the government

The surprise that greeted those decisions is bound to be repeated. Pick 'n Pay's food director, Sean Summers, asks how the board reached its conclusion on the baking industry when three suppliers to his group raise their bread prices by exactly the same amount on the same day

In terms of the narrow legalistic approach the board is constrained to follow, it is probably quite correct: there is no proof of collusion among bakers to set bread prices

Board chairman Pierre Brooks explains that the investigation was initiated with the idea of getting hard evidence of collusion to present to the attorney general for criminal prosecution. "That didn't materialise," he says.

Nevertheless, what the board did discover during its investigation makes disturbing reading

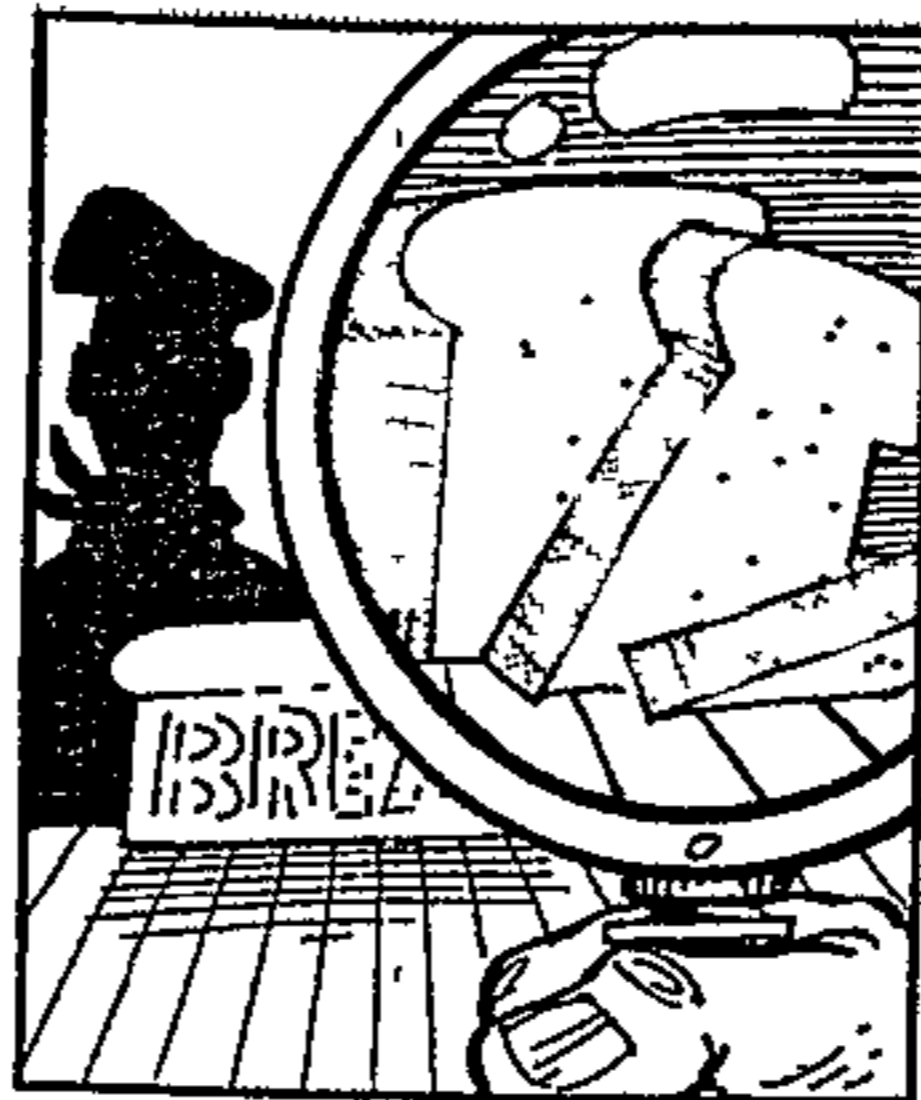
It found that 228 bakeries, including the big groups, belong to the Chamber of Baking. The chamber, among other functions, has a costing committee which calculates each year the average production cost of a standard loaf of bread, based on the actual cost of a representative number of bakeries. The calculation, according to the board, provides members with a standard against which they can compare their own results.

"The role of the cost determination by the chamber in the decision-making process of the baking groups is not decisive or important in the determination of selling prices. Bakeries mentioned that this cost is calculated on a national basis and that it is regarded as 'interesting' by them," states the report.

The board also found that five groups dominate the baking business. Three of them — Premier Milling, Tiger Foods and Sasko — each hold about 25 percent of the bread mar-

Which side of bakers' bread is buttered?

w/Man 3/7-9/7/92



The Competition Board has cleared the baking industry of collusion on bread-price rises. Whether its conclusion is correct or not, the report has huge holes, argues REG RUMNEY
 317-917/92

ket. All are vertically integrated: they mill flour as well as baking and distributing the bread

This economic concentration, vertical integration and information sharing lead to suspicions of the kind of "conspiracy against the public" quoted from Adam Smith, the father of free-market economics, at the beginning of this article.

How, then, did the Competition Board come to the conclusion that there was no price collusion among bakers?

Well, says Brooks, the board concluded that if there had been collusion, bakers would have been able to raise their prices much more than they did. There is no evidence, he says, that they are making exorbitant profits; on the contrary, their margins are being squeezed by the supermarkets which, for a one-cent price difference, send business to a competing baker

Brooks adds, however, that the board will be taking a closer look at the way the Chamber of Baking determines costs

The report asserts that since the deregulation of the bread industry, the profit margin of the retailers, which used to be set at four cents a loaf, has risen and "alleged margins of 20 percent to 25 percent are believed to be commonplace" But Pick 'n Pay's Summers flatly denies this "We still make two cents a loaf — maximum," he says, adding that often supermarkets sell at cost or below

More damaging to the board's case is Summers' assertion that 80 percent of bread is not sold through supermarkets but by corner cafes and small shops. The report confirms this "The estimated share of the chain stores in the total bread market amounts to between 15 percent and 20 percent on a national basis, and is higher if only urban areas are taken as a basis."

Despite noting that the chain stores have only up to 20 percent of the market, the report goes on. "Chain stores therefore fulfil an important role in the marketing of bread and are apparently in a position to force bakeries to act in a certain way." (The italics are mine nowhere in the report is there an explanation of how the chain stores put pressure on the three major bakers which, with around 75 percent of the market, should have much bigger clout)

It is true that, as the board notes, the millers' two big input costs, fuel and wheat, are the same for all bakers. The fuel price is set by the government, the wheat price by the Wheat Board. Agricultural boards were recently identified by the Board of Tariffs and Trade's study of food prices as a hindrance to the operation of the market; this is a good example of how a control board can influence pricing further along the chain of distribution

Moreover, Brooks is correct to point out that profits alone do not indicate exploitation and that financial indicators such as return on assets also need to be looked at. The board, says Brooks, has employed a chartered account to do these exercises.

The phrasing of the conclusion of the report is interesting. "Deregulation of the bread industry took place about a year ago and has resulted in a competitive market. On the one hand there is a number of large suppliers, none of whom dominates the market, and on the other hand a number of large buyers that exert pressure on suppliers regarding prices and terms. This will not ipso facto prevent collusion among the suppliers. However, based on this investigation, it would appear that there was no collusion on the latest price increase."

So, at the same time the market is competitive and collusion is possible. And the remark that no supplier dominates the market does not negate the possibility that acting together the big suppliers might dominate the market, which amounts to the same thing

In 1986, Stef Naude, then chairman of the Competition Board, promised that the government would come down hard on collusive practices. Among those mentioned as being in the board's "firing line" were the liquor, baking, building, cement, chemical, elevator, engineering, flour, paint, newspaper, cigarette and travel industries

Six years and numerous reports later, the silence resounds. Either Naude was wrong or there is something wrong with the mechanisms for finding and acting against practices that impair the efficiency of the free market

Interest rates knock lease-credit business

By Day 7/7/92

HILARY GUSH

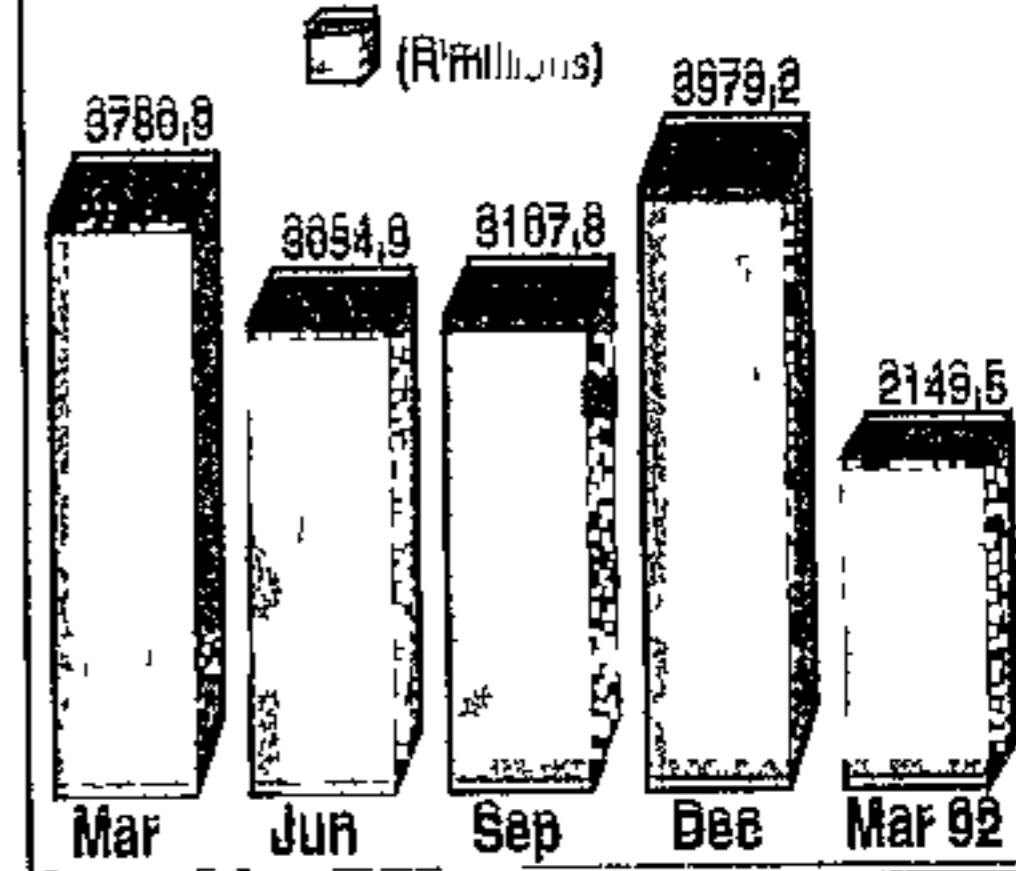
HIGH interest rates caused contraction of SA banks' instalment credit and leasing business, figures released yesterday by Nedfin Bank showed. Nedfin's analysis of DI 900 returns the forms detailing each bank's total assets and liabilities — submitted to the Reserve Bank showed lease-credit business for the March quarter down R600m from the previous quarter to R31bn.

DI 900 returns in the years to March 1990 and March 1991 showed total receivables growth of 26,7% and 15% respectively. In the year to March 1992 growth was 7,4%.

Recent amendments to the Credit Agreements Act eased hire-purchase restrictions by extending maximum repayment periods.

Nedfin Bank CE Christopher Beatty said yesterday the slight relaxation signalled by these changes would not influence the figures until next quarter. Even then he did not expect any major effect on the credit and leasing business. The sectors most affected by high interest rates were agriculture, mining, the motor industry, housing and construction.

Annual growth in total lease and HP receivables



Graphic: RUBY-GAY MARTIN Source: NEDFIN BANK

Debt judgments rise 3.7%

THE number of civil judgments for debt in magistrates' courts countrywide rose 3.7% in April 1992, compared with April 1991, the CSS said yesterday.

While the number of judgments rose, the number of summonses issued in the same period dropped 5.9% from about 90 000 in April 1991 to 84 298 in April 1992. *5/day 7/7/92*

The CSS said the rise was primarily related to a 31.6% hike in judgments involving promissory notes, bills, returned cheques and credit cards — the cumulative value of which jumped 72.1% on April last year.

However, a rise in the total value of all debtor judgments was less acute, increasing only 0.3%.

Standard Bank group economist Nico Caypionka said when taking inflation

into account, the more than 9% increase in the value of debtor's judgments was not significant.

However, the very high level of judgments and summonses — 141 518 and 282 541 respectively in the quarter ending April 1992 — indicated the deterioration of the economy.

The high incidence of summonses and judgments reflected stretched finances and employment conditions and was indicative of pressure from high interest rates and negative cashflows, Caypionka said.

The CSS said judgments for the quarter ending April 1992 were up 11 000 on last year, while summonses for the quarter had risen by more than 12 500 on the same period last year.

ANDREW KRUMM

Private debt spirals as families sit tight

Bloway 9/7/92
PRETORIA — Spending on luxuries had come to a dead stop for most SA families, Absa economist Adam Jacobs said yesterday.

He was commenting on an increase in the amount of debt involving promissory notes, bills, "bounced" cheques and credit cards.

The increase was a huge 72% in April to R52,3m for the month compared with April last year.

Spiralling food prices and steep rises in municipal rates plus service

GERALD REILLY

charges in most areas had caused an alarming increase in basic costs.

Company results in the hotel industry indicated that travel and holidays had become impossible for many families, while May's new car sales were down by more than 19% compared with May last year.

Jacobs said economic recovery was unlikely this year.

He said spending by black consum-

ers — which accounted for up to 50% of total consumer spending — had also been hard hit by unemployment and wage increases which failed to compensate for inflation.

The "no work, no pay" strikes policy had also affected the incomes of thousands of black workers.

Recent Central Statistical Service figures paint a gloomy picture. For instance, civil judgments increased by 9,3% to a record high of R258,6m in April compared with April 1991.

Value of judgments 'could exceed R3bn'

KARIN FRANKEN

THE combined value of judgments for debt could well exceed R3,3bn by year end, the Information Trust Corporation (ITC) warned yesterday. (246)

This would be accompanied by an increase in unemployment, poor consumer confidence and dull trading.

"The current state of our economy together with predictions of a worsening situation will ensure a record year in terms of bad debt judgments," ITC CE Tony Leng said in a statement.

Central Statistical Service (CSS) figures released last week showed the value of judgments granted for debt in the first four months of 1992 rose by almost 50% to R1,185bn from R793m.

Leng said: "While there were some positive signs during the first few months of 1992 and a possible slow recovery in the last quarter, current political developments in SA will allow little improvement in the short to medium term." 8/09 147/92

In April, 224 close corporations and limited companies were liquidated, in which 12 daily liquidations were reported during April's 19 working days. March's liquidation figure of 290 was the highest in almost six years.

Furthermore, consumer confidence was at its lowest.

"More than 1 000 individuals have been sequestrated this year and have lost everything," Leng said

Easing of HP terms has not benefited taxi sector

THE taxi industry has not benefited from the hire purchase relaxations announced by government in March and this has left owners with a burden of higher deposits and shorter repayment periods.

Add for a taxi operator who barely makes R5 000 a month on his vehicle, it is an uphill struggle when expenses such as fuel, labour and maintenance are taken into account, says one bank official.

Instead of the new 10% deposit and 54-month repayment period set by government, taxis have to pay an average 25% deposit and settle their debt within the old 42-month period, in line with finance scheme arrangements with banks.

This leaves them with a higher monthly repayment burden than they would have had under the longer period.

Banks with taxi finance schemes cite the minibus taxi's short life span as the reason for the different terms.

"The taxi will have run up a high mileage at 54 months and we are guarding against default," says FutureBank GM Phil van den Heever.

Because the bank is conducting the scheme for business purposes, it is

not governed by any stipulation regarding the repayment period.

FutureBank has taken over the Sabta Foundation scheme and requires a first-time buyer to put up a guarantee of 30% of the purchase price and vehicle insurance into a fund. He then has to pay R3 000 as a first instalment.

A taxi operator who has been with the fund for three years puts up 20% and R3 000, while a client with a proven record of good payment has to contribute 15% and pays no deposit.

Confidential

Money deposited into the fund is a safeguard against default, is surety for the individual member and is refundable at the end of the repayment period, Van den Heever says.

On minibuses ranging in price between R55 000 and R70 000, owners paid between R3 500 and R3 700 monthly.

Van den Heever says the rate of defaulters had been constant, but he refuses to give a percentage.

"That is confidential information," Stannic passenger transport finance manager Veli Mokoena says his bank, which deals with the National African Federated Trans-

port Organisation (Nafto), requires an applicant to pay 15% of the value of his debt, including finance, into the finance fund. This works out at between R10 500 and R11 000.

"To lessen his debt burden, we ask him to pay a R3 000 deposit including insurance," says Mokoena.

"The 15% is refundable once the account has been cleared."

Interest is put into a separate interest account, which covers any defaults.

"We have to make the repayment period 42 months because of the short life span of a taxi," he says.

Mokoena says the default rate is not too high.

"We have a bad debt of 18% which we hope to recover, and have written off only 2%."

Asked if, in his opinion, the taxi operators could manage under these terms, Mokoena says "The taxi industry has been oversold as the industry and has attracted a lot of people, including a host of consultants bent on making a fast buck. The operators are far from making money and the maximum monthly income for a taxi operator is R5 000."

"So, with all the expenses he has to contend with — from fuel to labour and the repayments — the man is left with precious little at the end of the month."

THEO RAWANA

ADRIAN HADLAND

Jo'burg plans a healthier environment

A CITY health plan to reduce worker absenteeism and medical care costs was being investigated by the Johannesburg City Council, environmental health director Yon von Schirnding said last week.

The ultimate goal of the plan, the Healthy City Project, was to improve the health of all people living or working in the city, Von Schirnding said.

The project is part of a World Health Organisation initiative to improve city communities' awareness of health and environmental issues. The WHO scheme includes technical and cultural exchanges between different cities of the world.

Possible programmes include community action to clean up streets, finding better

methods of waste disposal and food and nutritional advice schemes.

Von Schirnding said a project office staffed by professionals from different disciplines would be established to develop and implement health plans for Johannesburg. Surveys would also be conducted on health and environmental issues to establish the needs of different social groups.

"The time is right in Johannesburg for the launching of a healthy city project, with increasing community concern about the impact on the environment, the housing crisis, rapid urbanisation and industrialisation," Von Schirnding said.

Bad debts add to woes

PETER GALLI

THE increasing risk of bad debts and subcontractor insolvencies must be added to the construction industry's numerous woes, Ovcon director Jan Kaminski said in the latest annual report. BIDAY 2017/92

"Extremely difficult market conditions reported last year have worsened, becoming by far the longest recession in our memory. However, in spite of this all our divisions improved profitability compared to their budgets, even on the lower turnovers available," he said.

Chairman Andrew Ovenstone said the group was concerned about the state of the economy, but expected it would at least maintain pre-tax earnings in the present financial year. "The economy needs to move forward so that jobs can be created and advances on the political front are successful. Ovcon is presently operating below capacity and is well poised to take advantage of renewed infrastructural spending."

Ovcon was restructured and listed in March 1991 to involve broader management in its shareholding. The relationship between Ovcon and its previous controlling shareholder, Ovbel Holdings, remained close, he said.

In the year to end-March, Ovcon declared dividends of 12.5c a share on the back of earnings of 46.8c a share

Paralysed victim of Ladysmith massacre blames cop ● Phone bill cut by R29 285

Excessive bill cut 246

■ The Consumer Council comes to woman's rescue and gets R129 659 telephone account slashed to R374

THE CONSUMER Council this week managed to reduce an elated Sharpeville woman's telephone bill from R129 659 to R374

The council's Vaal Triangle consumer adviser, Mr John Kubheka, said Ms Gloria Marumo complained to the council last Friday when she realised she was having no luck with Telkom

When she queried her May account at Telkom, she said she was told she had used the 087 services which had sent her bill soaring and she was asked to pay the bill in "affordable instalments"

Teikom's Mr Andre Koekemoer said the account was an "unfortunate error" that had been rectified quickly

Ms Marumo could not be reached for comment - her telephone has been disconnected

Mixed reaction from consumer interest groups

ST Times [C/W/201]

26/7/92

246

CONSUMER bodies have mixed reactions to the new codes

The newly-elected president of the **Housewives League**, Jean Tatham, who was involved in the drafting of the furniture code, said there was a tremendous need for the codes

"But the proof of the pudding will be in the eating," she said, adding that she wished copies could be put in everyone's phone and electricity accounts to give them a wide distribution

Mrs Tatham has a few misgivings. She would have liked to have seen simpler language used and is worried whether the codes will be applicable for old complaints arising from before their launch

"I'd also like them to have been legally enforceable, but obviously that's difficult in present circumstances"

Jan Cronje, executive director of the **SA Consumer Council**, said one of the main aims of compiling the codes was to get co-operation from the business sector to the benefit of both business and consumer

"They are still 'on trial'," he said "If they don't accomplish what they are designed for, we shall, in all probability, ask that they be legally enforced"

The council played a major role in compiling the codes, with Mr Cronje, who is a member of the Business Practices Committee, councillors and staff spending

long hours discussing them and providing relevant information

"We hope they will achieve their aim of alleviating the amount and the extent of consumer problems. We call on the business sector to take them seriously"

SA Consumer Union chairman Lilibet Moolman said the codes have yet to prove themselves

"Some voluntary codes have been in operation for years. These include the Advertising Standards Authority, the Master Builders, the furniture trade and the Motor Industry Federation

"They haven't had the effect of diminishing complaints in their sectors"

Mrs Moolman said the codes were only applicable to and enforceable by the members of the industry bodies. This means that companies which do not belong to their own self-regulatory body cannot be disciplined

"But the codes have the backing of the Business Practices Committee which has assured us that it will measure all suppliers and services in the industries covered against the codes, and will declare transgressors 'harmful' if needs be"

Mrs Moolman, whose members were also involved in the drawing up of the code provisions, said she believes they should be made legally enforceable

The **Automobile Association**, not strictly a consumer body, but certainly one that has the interests of consumers at heart, believes that consumer codes, while not replacing legal and common law rights, can provide a cost effective dispute mechanism for the public

"Consumer codes have, in theory, great potential to serve as accurate barometers of the consumer's legal and moral standing in relation to any particular area of commerce," said a spokesman.

"It is, however, imperative that such codes are seen to be consumer-driven and that the reasonable expectations of consumers are reflected in such codes"

"They shouldn't be mere public relations exercises on the part of industry and trade associations. Public acceptance of the codes will depend, to a great extent, on the level of consumer consultation that preceded the code, as well as in the constant review of them"

"The AA will, over and above undertaking its own pro-active measures to safeguard the rights of the motorist, actively participate in the drafting and review of consumer codes that could impact on these rights."

"Our mission is to ensure motoring peace of mind in the most cost-effective manner possible, and consumer codes are a means of achieving this"

Among the industries that consumer bodies consider need codes urgently are building, swimming pools, electrical appliances, timeshare, home improvements, computers and repair work such as plumbing and electrical repairs

Sunday Times Special Feature



KNOW YOUR RIGHTS ... furniture salesman Nazeer Subjee explains a hire purchase agreement to customer Barry Mashaba Picture. ANDY KATZ

MOTOR DEALS MADE SAFER

THE code for the motor industry covers both new and second-hand cars as well as repairs.

Unlike the other sectors covered, the new car industry did not have an existing code, said Nicó Vermeulen, executive director of the National Association of Automotive Manufacturers of South Africa (NAAMSA).

"However, individual manufacturers had provisions under which they worked, so our part of the motor code was based on practices existing in the industry."

"We believe it covers every conceivable contingency. It's based on the relationship vehicle manufacturers have with customers — on real life practice."

"The representatives of manufacturers who drafted the code have dealt for years with customer relations and issues."

"It's a pragmatic attempt to inform the consumer of his/her rights and obligations, and how to complain. And it's also a guide to dealers."

"We endorse the code whole-heartedly and welcome the initiative taken by the government."

How will NAAMSA ensure that staff dealing with the

public carry out the provisions of the code?

Mr Vermeulen said he has asked manufacturers to ensure staff know of its obligations, and will carry them through.

"If complaints can't be dealt with at dealer/manufacturer level, NAAMSA will handle them," he said.

NAAMSA represents manufacturers BMW (BMW and Isuzu), Delta (Opel), Mercedes (Mercedes and Honda), Nissan, Samcor (Ford and Mazda), Toyota, Volkswagen (Golf, Jetta, Audi), AAD (Landrover), as well as three other makers of industrial vehicles and buses.

The used car and repair side of the industry is represented by the Motor Industries Federation (MIF).

Executive director Nic Fourie calls it the "automotive after market", and it covers all motor transactions beyond the manufacturing stage — second hand vehicle, tractor and motor cycle sales, automotive engineers, tyre retreaders and the body repair industry (or panel beaters, as we call them).

The MIF has 9 000 members countrywide, and eight

□ Turn to Page 12

Motor deals made safer

□ From Page 11

regional offices throughout South Africa. It deals with 3 000 customer complaints each year.

"When Kent Durr, the then Minister of Trade and Industry announced the codes, we were the first industry to say 'you have our full co-operation'."

"We already had our own code, and we tried to create something that should be a norm in the marketplace," said Mr Fourie.

"We also believe that a big advantage of the code is to educate the public as to what they should expect from a dealer."

"Full credit goes to Louise Tager and Evert van Eeden, who went out of their way to get consensus between consumer bodies and the industry."

"The final result is that we're not afraid of the code and promise to see it honoured."

Mr Fourie recommends, because the MIF only has authority over its members, that consumers deal with MIF members whenever possible — particularly when buying a used car.

He also advises consumers to deal with the right person when they have complaints.

"Consumers phone me and say they've spoken to the mechanic or the storeman and got nowhere. I tell them to go to the top, to the dealer-principal to solve their problems. I rarely hear from them again because by doing that their complaint is addressed."

"If there's a serious complaint, I arbitrate. We're here to look after the interests of the public, which also means looking after the interests of the industry."

FILE NUMBER 0070/R

STimes (C/moto) 26/7/92 246

REALLY HELPFUL

the order, quoting a reference for correspondence, should be sent by return of post.

However, if the consumer wishes to be reimbursed for the reasons given in the previous paragraph, the advertiser should refund the money

● **Cosmetics** Claims that a product contains ingredients with special properties should be supported by acceptable medical or scientific evidence that the ingredient is indeed beneficial for the purposes referred to

● **No advertisement is allowed** which leads children to believe that if they do not own the product advertised, they will be inferior in any way to other children or that they are liable to be held in contempt or ridicule for not owning it

Motor vehicles.

The Code for Motor Vehicles strikes me as being less specific than the other codes. It also appears to lay down what the responsibility of dealers, manufacturers and purchasers is, rather than deal with complaints the consumer may have

But it still gives useful guidelines to consumers

● **New Vehicles** A warranty will not extend to cover defects arising from a failure by the customer to have the vehicle serviced and maintained in accordance with manufacturers' recommendations

When a vehicle is sold with a period of the warranty left to run, the new owner must inform the manufacturer through a franchised dealer of the transactions and request that the unexpired portion of the warranty be transferred to him

● **Used Vehicles** All descriptions, whether used in advertisements or in negotiations regarding the sale of used vehicles, should be honest and truthful

All information obtained by the dealer will be disclosed to any purchaser (So if he knows it's been in an accident, he must tell you)

Any material defect which is evident or which has been established by the seller should be disclosed to the purchaser

● **Repairs and Servicing** Any parts replaced during the course of repairs should be available for return to the consumer at the time delivery is taken of the vehicle

Dealers should exercise adequate care in protecting customers' property while it is in their custody, and should not seek by disclaimers to unreasonably avoid their legal liability for damage or loss

When asked to do so, repairers should supply customers with written estimates of the cost of repair, including labour and materials. No such estimate shall be exceeded by more than 15 percent without prior approval of the customer

Drafting codes

'was easy part'

246
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SITimes [C] [week] 03
THE man in the code-drafting hot seat was Dr Evert van Eeden, a full-time member of the Business Practices Committee, and the representative of the Department of Trade and Industry

"We've done the easy part," he believes "Now we must make sure the codes get to the people so they can make use of them"

"In the past there was always lip service paid to consumer education, but nothing came of it. We needed documentation — now we have it.

"But we must have an educational effort behind it. The press can help, but we need a strong effort from education authorities, now that there is something to use as a teaching aid"

Dr van Eeden said that the code setting out a general guide to business practice, as opposed to the three specific codes on the motor, advertising and furniture industries, is vital

"From this code consumers will have an overall knowledge of how business should, and should not, be conducted"

He also believes that consumers are not aware of the work being done by existing industry self-regulatory bodies

"Consumers may see them as being in the enemy camp, but we must get what we can out of them. Some see them as only looking after their own members, but they are doing good work. It's usually in their own interests to look after consumers"

"It's a sad day when consumers and industry can't live together"

Dr van Eeden said the impetus for the codes had come from the Department of Trade and Industry, and they stand up well in comparison with overseas regulations

A FAIR DEAL

PUT these addresses in your little black book, on your home noticeboard or into your computer. This is where you can contact the organisations that will administer the codes when you have a complaint.

Numbers for watchdogs

Business Practices Committee, Department of Trade and Industry, Private Bag X84, Pretoria 0001
Advertising Standards Authority of South Africa (ASA), PO Box 41555, Craighall 2024 Phone

(011) 880-4440, fax 880-5547
National Association of Automobile Manufacturers of South Africa (NAAMSA), PO Box 40811, Arcadia 0007 Phone (021) 323 2980, fax (012) 326-

3232
Motor Industries Federation, PO Box 2940, Randburg 2125 Phone (011) 789-2542
The Furniture Traders' Association of South Africa, 12th Floor, Medical Arts Building, 220 Jeppe Street, PO Box 5492, Johannesburg 2000 Phone (011) 29-8010/18/19

Sunday Times Special Feature

Codes a joint effort towards a better deal for consumers

S(Times [C]metro) 26/7/92 246

THE consumer codes are the initiative of the Business Practices Committee, set up by the Department of Trade and Industry under the Harmful Business Practices Act of 1988.

Professor Louise Tager is the chairman of the committee. We talked to her about how the codes will help the man in the street.

GWEN GILL Why have the motor, advertising and furniture industries been chosen as the first codes to be published? Are they the big baddies for consumers?

PROFESSOR LOUISE TAGER Not at all. But they are the areas where the greatest volume of business is done, so by starting with these codes we address the greatest number of complaints.

GG How were the codes compiled?

LT It was a joint effort by the committee, the industries themselves and consumer bodies. These three industries already had self-regulatory codes and they were used as the basis for the new consumer codes.

The codes set down the reciprocal rights and obligations of business and the consumer. They incorporate legal rights and what businessmen recognise as the appropriate way to do business in their sector.

GG How will they be administered and what must consumers do when they have a complaint?

SOUTH AFRICAN consumers got one of their biggest breaks ever with the launching in May of consumer codes laying down guidelines on how business should be conducted. Codes for the motor industry, advertising and furniture retailing were published at the same time, and codes for other areas of business are in the pipeline.

Sunday Times consumer writer, **GWEN GILL**, talked to the people behind the codes to find out what's in them for you, the consumer.

LT Harmful business practice and stop the company trading. They should also use the Consumer Council to get their problems sorted out.

GG The codes aren't going to work unless every home in the country has one. How do you propose to distribute them?

LT We have limited funds, so we are looking for sponsorship to get the codes as broad a readership as possible.

We expect furniture trad-

ers and everyone in the motor trade to give them out to every consumer who comes into their premises. We hope consumer bodies will also assist.

And it would be wonderful if they could be available at schools and used as a basis for consumer education. At the moment they can obtain copies by writing to the Business Practices Committee, Private Bag X84, Pretoria 0001.

GG In which languages are

the codes to be published?

LT At present, with our limited funds, in English and Afrikaans only.

GG For which other industries are codes to be produced?

LT We're well on the way to a code for the building industry, and we're working on timeshare, beauticians (for want of a better word), breakdown or towing services, grey goods and cement.

Many other industries already have or are working on codes which we may put into this form.

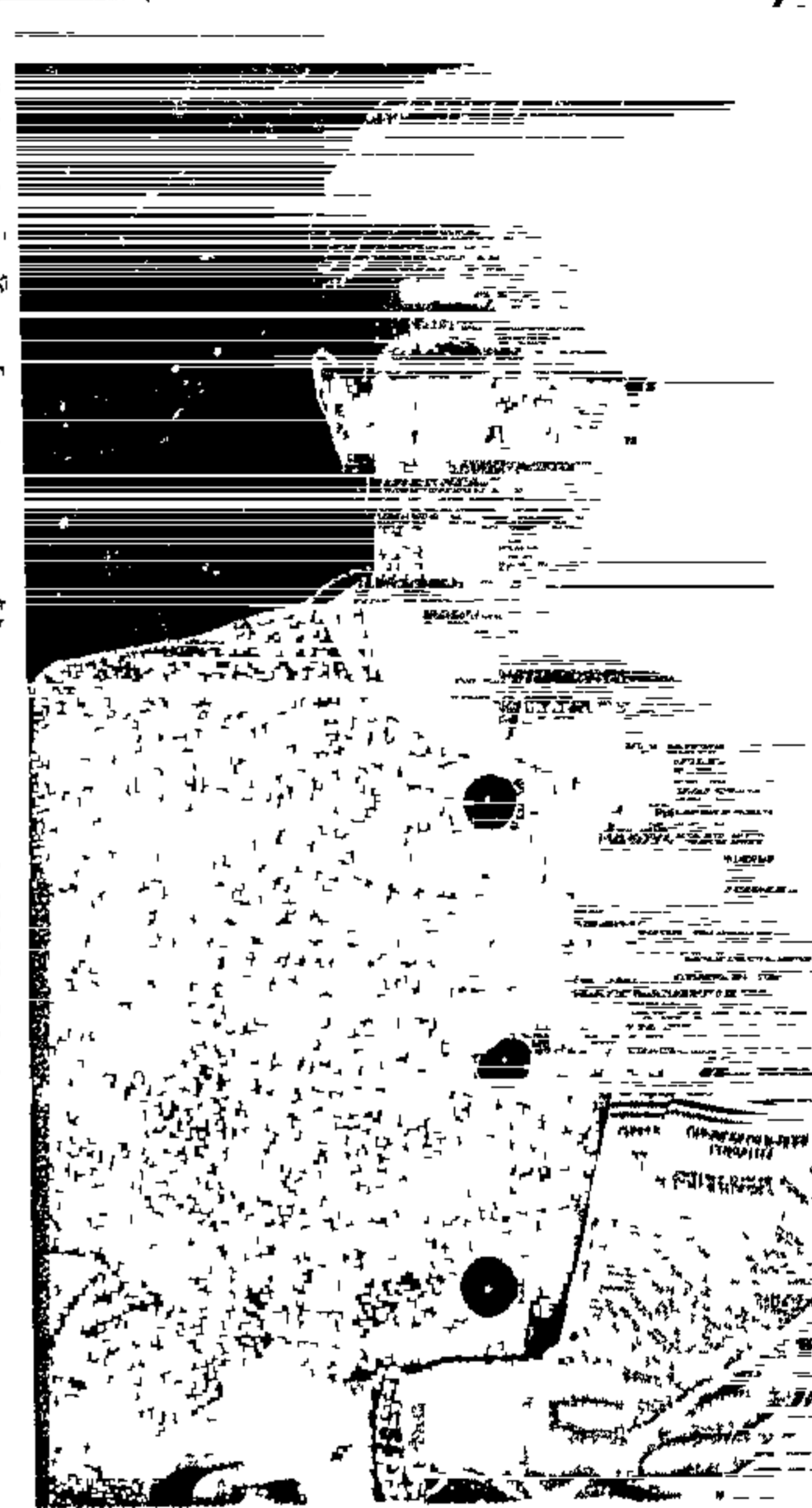
GG These codes are not legally enforceable. Would it not have been better to give them legal teeth?

LT It's cold comfort to lay a charge these days. The codes empower the consumer, armed with knowledge, to get redress. A well informed consumer public is its own best protection.

LT The codes are to be administered by the industries concerned, not the committee. Consumers should try the store first, and remind them of the code. If consumers don't get satisfaction there, they can take their complaint for arbitration to the industry's association. Simultaneously they could go to the Business Practices Committee or the Consumer Council.

GG And what if the complaint is against a company which isn't a member of their industry's association?

LT They should inform the Business Practices Committee which can declare the basis of the complaint a



PIONEER Professor Louise Tager, chairman of the Business Practices Committee



STANDARD PRACTICE . . . Furniture Traders Association executive director Frans Jordaan
Picture: SUE KRAMER

Furniture code builds on 'good business practice'

STimes 26/1/72 [Metro] 24/6

FURNITURE Traders Association executive director Frans Jordaan said the code laid down for his industry is just good business practice.

"The newly-published code set out by the Business Practices Committee is based on the one we've had for 10 years, though it is a little more comprehensive," said the former manager of a small chain of furniture stores in the Eastern Transvaal, who has been the FTA's director for six years.

The association which has been in existence in the Transvaal since 1931 and merged with the Cape association to become nationwide in 1949, has 300 members, including 10 major furniture groups. In total, 2 700 retail outlets are represented.

Mr Jordaan believes about 300 shops, many of which he would class as furniture boutiques, are not members of his organisation.

"The BPC has taken our codes and built on them. If anyone contravenes the code, it can be declared a harmful business practice. But there'll always be someone who finds a way round the odd clause," he said.

"I don't think there's anything in the codes that members won't try to adhere to, though it may be a bit difficult explaining to a shopful of 50 customers the ins and outs of a contract and their rights on a Saturday morning."

Asked if all his members would stick to the clause setting down a cooling off period whereby customers could cancel within 72 hours of purchase or before delivery (whichever is the later), Mr Jordaan said they should have been doing this already.

"What purpose do you achieve by not agreeing to cancel? You only make trouble for yourself. Sooner or later, if a customer is unhappy with a purchase

they'll stop paying, and then you've made more work for yourself

"When I was in retailing, it was standard practice"

He advised consumers to first try and resolve complaints at store level, or if they are dealing with a big group, with its customer liaison officer.

"The code will only work if every consumer is educated to understand it," he said, admitting he wasn't sure how this could be brought about.

He also thought it would be difficult to train all staff in all furniture outlets in all aspects of the code.

But he believed big groups can ensure staff know that it is their policy to abide by the codes.

"With smaller ones, if we get a complaint, we can go there and say you're not training in line with the codes."

On an encouraging note, he considered it likely that some stores would use the code as a marketing tool. He said potential purchasers should look for the orange and black logo of the FTA in stores. They should then get satisfactory service.

Asked if the furniture trade had any specific problems, Mr Jordaan said that upholstery material, which was never guaranteed, did cause complaints.

"Much of the fabric used for furniture in South Africa is imported — we don't have a good range here — so that becomes a problem."

"I wish I could do something about upholstery."

Mr Jordaan said electrical appliances bought from furniture stores would also be covered by the code. He added that complaints received by his organisation from the Consumer Council, which always passed furniture problems on to him, have not increased over the past two years.



COMPLAINTS WELCOME .. Advertising Standards Authority executive director Mrs Delima Beukes believes complaints can help advertisers prepare their ads better Picture HERBERT MABUZA

Advertising watchdog welcomes complaints

DELIMA BEUKES, executive director of the Advertising Standards Authority (ASA), initially expects an increase in complaints from the public if the code on advertising is distributed widely.

"And we'll welcome this," she said. "The more consumers are aware of their rights, the better advertisers will prepare their ads. So, in the long run, the number of complaints should drop."

The advertising consumer code is based on the ASA's existing code, which has been in place for 23 years, since the organisation was set up.

"Basically nothing has been changed, though some of the technical details, which are of concern to advertisers rather than consumers, have been left out.

"I believe consumers will now

know in more detail what they can complain about. It will make them more sophisticated and knowledgeable.

"We shall be doing a presentation to advertising agencies to make them aware of the contents of the code, so they can ensure they meet the standards expected of them."

Offend

She said the code was based on British and international codes prepared by the International Chamber of Commerce.

Asked how ASA could assist if consumers had a complaint about advertisements, she said:

"We can request advertisers to amend ads. If they don't respond, we can ask member bodies not to accept the offending ads. That soon makes them conform," said Mrs Beukes. The ASA dealt with 1 300 consum-

er complaints last year. Over the past five years complaints have risen by about 22 percent a year.

"We require a written — it can be faxed — complaint, which includes a copy of the ad and a brief statement on what the consumer believes is wrong with it.

"When the complaint is submitted we'll go to the other side and get their point of view. We'll then adjudicate at ASA level. But if the parties aren't happy, they can go to one of our committees.

"There's a further, third level of appeal, called the Appeal Committee, but it only gets to that stage about five times a year.

"This is usually a clash between two competitors — for instance the famous BMW/Mercedes fight a few years ago.

"All newspapers are members of the ASA, through the Newspaper Press Union, as are TV stations.

"The ASA checks all SABC TV ads prior to screening — though not M-Net's.

"We check the script first and also the substantiation of any claims made in an ad. Substantiation is the main cause of complaints from consumers, so we check this carefully. We see the ad again before it is screened.

"We're even checking every direct marketing ad now, since the Madsells handbag offer took so many consumers for a ride.

"We do not clear radio ads, but it's interesting that many radio advertisers are voluntarily coming to us these days to get clearance before broadcasting."

All members have a responsibility not to accept an ad that doesn't conform to the ASA's code.

Does the ASA see the new code as the be all and end all, as far as advertising is concerned?

No, she says. Advertising is a never stagnant, and there will be a constant need to update, possibly once a year.

Complaints

The ASA is working on rules for advertisements on 087 numbers, green products and products in the area "between cosmetics and medicines". They will be included in the code when standards have been set.

Which ad have they had the most complaints about from the public? Very definitely, in recent years, the Madsells ad.

"But in some ways good came out of that. We were brought in and asked the TV stations to tighten up. That's why we are now clearing direct mail ads on the SABC."

SOME CLAUSES WHICH YOU MAY FIND

ALTHOUGH the new codes are based on consumer practices that have supposedly been standard in their industries, for years many consumers will not know what they offer, as they have not been widely publicised.

Based on what I've learnt from complaints to my column, here are some clauses which will be particularly helpful to consumers, and of which they — and possibly even the businessman supplying the service — may not be fully aware.

General guidelines on unfair or deceptive acts or practices

● There must be no false representation during a business transaction. This includes claiming, among others, untrue price advantages, that goods are new when they are used, that goods have previously been sold at higher prices when they have not, that repairs are needed when they are not and a failure to state a material fact.

Furniture retailing

● Cooling off period. Any consumer who has offered to purchase an article should have the right to cancel within 72 hours after placing such order, or before delivery of the article to the consumer has taken place, whichever is the later. The consumer is entitled to a full cash refund.

(This doesn't apply where arti-

cles are not normal stock items and have been made to order at the request of or to the specification of the purchaser, and the retailer is unable to cancel with the supplier without incurring loss.)

It also doesn't apply to used goods which aren't in a fit state to resell as new articles. If the order is cancelled after delivery, the consumer is liable for cost of delivery and collection.)

● When an order has been accepted for delivery by a specific date and delivery is unreasonably delayed on the part of the retailer, any contract should be cancelled and money refunded, if a revised delivery date is unacceptable to the consumer.

● If goods are delivered incomplete or with a major deficiency, the consumer should be allowed to cancel the agreement and get a refund if the deficiency is not cured by the retailer within a reasonable time.

● Repossession should only be considered as a last resort. Only lawful procedures should be followed by the retailer to obtain possession of furniture which has been sold. No intimidation or deception should be used to dispose the consumer.

● No consumer should be requested to sign any document containing any voluntary surrender clauses at

the time an agreement is entered into.

● Delivery charges should take into account the value, size and ease of handling of the article, and the distance over which delivery will be effected.

● Goods advertised should be readily available. Where they are available in limited quantities, this should be shown in any advertisement, but claims of a limited number shouldn't be made if this is not true.

Advertising industry

● Advertisements must not be submitted for publication unless the advertiser has reasonable grounds for believing that he can supply any demand likely to be created by the ad. In particular, no attempt should be made to use the advertising of unavailable or non-existent products to assess likely public demand.

● Work from home schemes. Advertisements for homework schemes are not acceptable unless, when offered to the media, they are accompanied by full details of the work involved and of the conditions imposed on the homeworker.

● Direct selling. Direct sale advertisements are not acceptable without adequate assurance from the advertiser or his advertising practitioner that the products ad-

vertised will be supplied at the price stated in the ad, within a reasonable time, from stocks sufficient to meet potential demand.

● Mail Order Advertising. The name of the advertiser and a street address at which he can be contacted must appear in full in the body of the ad.

Where a coupon is included in the ad, adequate arrangements should exist at the street address for inquiries to be handled by a responsible person available on the premises at normal business hours. Samples of the goods advertised should also be made available for public inspection.

The advertiser should refund all money paid for both goods and their despatch when they are returned undamaged within seven days of receipt. The date of posting or handing to the carrier will be taken as the date on which the goods are returned to the advertiser.

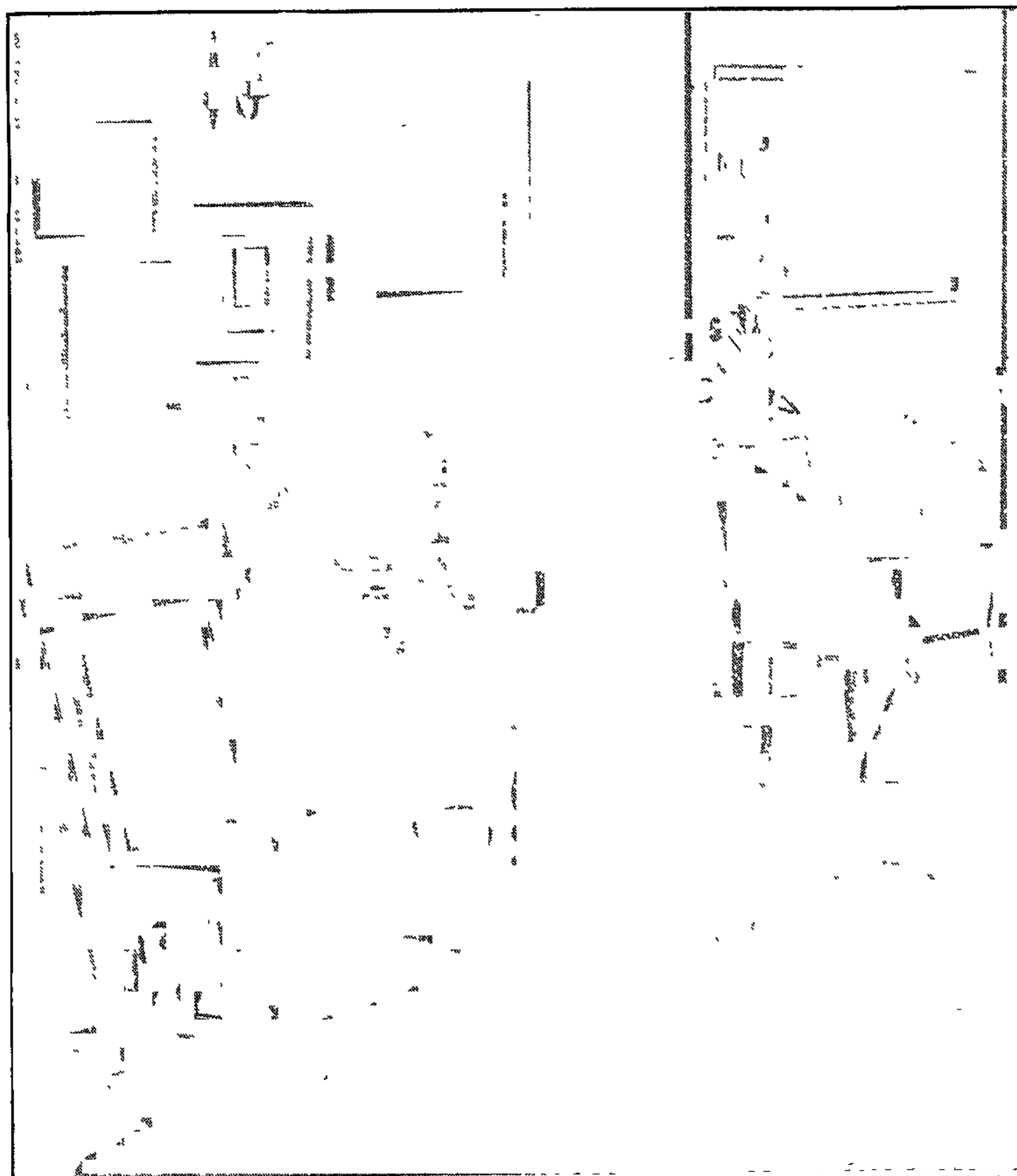
The advertiser should make it clear to consumers whether or not they may try out the goods, subject to these remaining undamaged. If no indication is given, it will be taken that trial by the consumer is permitted.

When an order cannot be fulfilled immediately and no date for despatch is quoted in the advertisement, an acknowledgement of

✓

against credit card fraud ● In the longer term unit trusts are a great investment

sequestration be a for the debtors?



Your belongings, some of them of sentimental value, could be up for grabs if you go insolvent.

with the insolvent's household effects where for the purposes of the valuation junk furniture is substituted for quality items

During the sequestration process, which normally lasts 18 months or so, the insolvent must provide the trustee with details of monthly income and expenditure

If his income is significantly in excess of expenditure, he is required to contribute to the insolvent estate At

this stage he may start accumulating a new estate but it would be at a low level because the Master may still require a contribution to the estate Foot notes that it usually goes better for an insolvent when he applies for rehabilitation if he has contributed to the insolvent estate during this period

Also, during the winding down of the estate and until rehabilitation, the insolvent may not be a director of a company or obtain credit Again, there are ways around

Sowetan
30/7/92 (246) ~~246~~

⌋ The worst is probably still to come, and an avalanche of liquidations can be expected. The level of interest rates, particularly the mortgage rate, is given as a major factor in pushing an individual into insolvency ⌋

The red tape

INSOLVENCY

Insolvency (unable to pay one's debts) can be either voluntary or forced by creditors.

PROTECTING ASSETS

Putting assets into the potential insolvent's spouse's name is not a sure-fire method of protecting those assets from creditors.

CREDIT

It is possible for the insolvent to get credit by, for example, not divulging his insolvent status to the credit institution.

these restrictions but there are penalties for doing so

It is possible for the insolvent to get credit by, for example, not divulging his insolvent status to the credit institution Wesbank GM Robin Shales says that although the bank does not ask specifically whether the applicant is an insolvent, the fact he is will be picked up by the bank's routine computer credit check

The directorship restriction is often circumvented by an insolvent operating through a front, for example by the insolvent husband working through the name of his wife Automatic rehabilitation comes five years after sequestration, ie at the confirmation of the first accounts at the end of the 18-month period But for a first-time insolvent where no criminal involvement has been found, rehabilitation may be granted on application only six months after the first accounts are confirmed

Even if criminal acts were detected the insolvent may apply for rehabilitation after two years

So you reckon that it might pay to go insolvent? Just remember that, whatever the legal technicalities, the stigma is not easily overcome

Could relief

■ **GOING BUST** The South

African economy is in crisis;

Penelope Morgan of

Finance Week talks over the
issues of personal insolvency:

Sowetan 30/7/92

CAN IT BECOME AN honourable way for someone who can no longer pay his debts? For those who aren't too squeamish about the stigma attached to personal insolvency, technically known as sequestration, it can provide a welcome relief to the burden of debt.

At best, the process and consequences are inconvenient and uncomfortable. Trustees report that, once the sequestration process is underway, most individuals feel relief rather than despair.

As long as there have been no criminal offences involved, the process is bearable. The payoff is that the insolvent's financial liabilities are wiped out.

Like corporate liquidations, there certainly has been an increase over the past few months in the number of personal sequestrations. The worst is probably still to come, and an avalanche of liquidations can be expected in the new year. The level of interest rates, particularly the mortgage rate, is given by trustees as a major factor in pushing an individual into insolvency.

Another reason currently prevalent is where a businessman has signed surety for a loan to his company. When the company folds, the businessman's personal assets are then attached by creditors.

INSOLVENCY

Insolvency can be either voluntary or forced by creditors. But there must be at least R4 000 worth of assets in the estate before the Master of the Supreme Court will allow a sequestration.

Crucial questions facing a would-be insolvent are whether it is possible to hide assets from creditors before sequestration and how soon after the event can the insolvent start establishing another estate.

The insolvent is automatically allowed to retain all assets held in a pension fund as well as up to R10 000 worth of life assurance policies. But on the matter of hiding assets, trustees are unanimous: it is easy to do, jewellery and Bop bonds being favourites, but it is illegal.

At present the penalty for hiding assets from a trustee is a maximum R1 000 fine or one year in prison, and of course a criminal record.

An irritated attorney complains the level of the fine hasn't kept pace with inflation, but he warns that the insolvency legislation is currently under review. Penalties might soon be higher.

PROTECTING ASSETS

Putting assets into the potential insolvent's spouse's name is not a sure-fire method of protecting those assets from creditors.

It is a matter of timing. Robert Walters, MD of The Board of Executors trust arm, explains: "It's a question of onus. If goods were in the wife's name for two years or longer before the sequestration, the onus is on the trustee to prove they were transferred to her for the purpose of avoiding attachment."

"If the assets went to her less than two years before the sequestration, the onus shifts and the insolvent must prove the goods were not transferred to her to avoid creditors."

Mtrust director Garth Foot points out it is much easier to prove assets belong to the wife in her own right if her earnings constitute a reasonable proportion of the household's finances. Even so, most trustees will accept her sworn statement to the effect that the assets belong to her.

In theory the liquidators are required to leave only a cupboard, bed and clothing for the insolvent, in fact, on insolvency the household furnishings are valued and the insolvent is given the option to buy back the assets. In most cases this happens.

Trustees point out there is plenty of scope for fiddling

Food stored as poor starve

Sowetan Correspondent

Sowetan 30/7/92

STOCKPILE SHOCK Tons of red

FOOD IS BEING stockpiled because consumers cannot afford to buy it. About 9 000 tons of red meat will be in storage by the end of July, according to the Meat Board.

meat is being hoarded in cold storage because of the flagging economy:

The chicken industry had huge stock build-ups between January and June which a large producer attributes to the flagging economy.

Consumer demand usually exceeds supply in the fishing industry but this is not the case at the moment.

This was largely because of slower sales owing to the state of the economy, a spokesman for a major fish wholesaler said.

Dairy Board general manager Mr Edu Roux said that the poor economy had also affected the dairy industry.

"Although there is still a shortage the trend is towards a surplus in about a year's time," Roux said.

The Meat Board predicts a six per cent producer price increase for 1992.

According to the latest consumer price index, the price of meat has risen 27 percent over the past year. This figure includes 10 percent VAT.

A spokesman for a major retail chain disputed the CPI figure. He said his chain had reduced prices in accordance with the meat surplus. The average price in October was R16,38 compared with R14,98 this month.

Hard-pressed consumer

Stockpiles of chicken had largely disappeared because sales had picked up. The cost of chicken relative to red meat, said County Fair group marketing manager Mr Jeremy Owen.

Just where should hard-pressed consumers turn for essential protein?

Mziwonke Jacobs lays the blame at the door of the Government.

"Food surpluses should be a factor in looking at the poor relief programme the Government is supposed to be addressing," Jacobs said.

"It is extremely distressing that there should be artificial price boosting in a supposedly free market economy."

Enraged consumer bodies have called for an urgent probe into the food industry following the release yesterday of CPI figures which showed an overall food price increase of 29,3 percent in the past year. Vegetable prices alone rocketed 83,2 percent between June 1991 and June this year because of the drought.

According to Consumer Council director Mr Jan Cronje, the food price index for June was nearly double that of all consumer index prices - "a clear indication that food prices must be probed urgently."

The Meat Board denies that stockpiling translates into price boosting. The Housewives' League of South Africa disputes a Meat Board statement that meat can be frozen for up to five years without a reduction in quality.

Mrs Sally Mollana, president of the Black Housewives League, feels the situation is a disgrace.

"Unemployment is very high which directly affects the eating habits of poor people. They try to run away from red meat to fish but the price of fish goes up."

"They look to dairy products and see them pouring milk down the drain because of surpluses."

The Meat Board pointed out that meat was 50 to 60 percent cheaper if bought in bulk.

Mollana said bulk sales were directed at high income earners and were not affordable in poorer, black communities.

ANC publicity officer Mr

Court told of 'illegal acts' by debt collector

SA Times (L.M.) 7/10/10 (240)
A DEBT collecting agency, which calls in as many as 1,5 million alleged debts throughout South Africa each year, was this week accused in court of using unlawful and questionable methods.

The methods used by the agency, Snyman and Vennote, were revealed in the Wynberg Civil Court in an action brought against the company by Mr Aaron Masika, 61, of NY 122, Guguletu

In a settlement reached on Wednesday, Snyman and Vennote undertook to pay Mr Masika R2 150 and his legal costs. The company said it had concluded the settlement without any admission of liability

On Friday Mr Matthew Walton, an attorney acting for the Legal Resources Centre — which acted for Mr Masika — said he was compiling a report on the alleged activities of Snyman and Vennote and would refer at least 10 complaints either to the police or the attorney general "within the next week"

A spokesman for the attorney general's office confirmed that they would "certainly look into the matter"

Interest

In court this week Snyman and Vennote, said to have at least 100 branches throughout South Africa, were alleged to have

- Charged a R100 "tracing fee" in spite of the fact that they had had no difficulty in contacting the person by phone,

- Compounded interest monthly on the outstanding debt when it was not entitled to,

- Claimed fees and remuneration in contravention of section 60 (2) of the Magistrate's Court Act, in terms of which only an attorney is allowed to collect fees. Anyone contravening the Act is liable to a fine of R4 000 (or 12 months imprisonment),

- Handed over only half of the money it collected from debtors and retained the balance for their own

fees and costs, also an illegal act,

- Threatened alleged debtors that if they failed to pay, legal action would be taken against them and they would "definitely" be sent to prison

In terms of an interim order granted on July 2, Snyman and Vennote were restrained from collecting any money from Mr Masika, or from making any attempt to communicate with him

They were also restrained from using any written offer or acknowledgement of debt to apply for judgment in the Magistrate's Court against Mr Masika

The court heard that Mr Masika and his wife had bought a site in Khayelitsha from Plan Trust to build a house, at a cost of R80 000 for the land and the house. They were allowed to pay off the deposit of R8 000

During 1990 his wife became ill and lost her job and his taxi was burnt out during the taxi war. Because they were without an income and could no longer pay for the house, they cancelled the bond agreement with the bank

In mid-February last year, Mr Masika received a letter from Snyman and Vennote demanding payment of R5 681,29. A Mrs Miller at the agency's Claremont offices told him he was obliged to pay it off at R300 a month

Mr Masika said he was told that if he did not

Sunday Times Reporter

arrange to pay off the money he would be in trouble and would "definitely" be sent to jail

Out of fear, he signed a document agreeing to pay R300 a month and made eight payments totalling R2 150. But when he lost his job as a security guard, he could no longer keep up the payments

He approached the Legal Resources Centre (LRC) and they wrote several letters to Snyman and Vennote, which failed to either respond or provide the information and copies of documents requested, he said

He learnt that while he had paid Snyman and Vennote R2 150, they had only paid Plan Trust R806,25 retaining more than half of the sum collected (R1 343,75) as fees or remuneration.

All the expenses, fees or remuneration recovered by Snyman and Vennote were unlawfully, and possibly illegally, obtained and he was entitled to repayment, Mr Masika said

Double

His attorney, Mr Matthew Walton, told the court he had represented several clients who were being pursued by Snyman and Vennote for the payments of alleged debts

Mr Hendrik Johannes Snyman, managing director of Snyman and Vennote, said in papers that after Mr Masika had failed to pay the outstanding balance, Plan Trust ceded its claim to his firm

After he had signed an acknowledgment of debt, the company recovered necessary expenses (including interest) incurred in collecting the debt, he said

Mr Masika said in order for him to have paid off his "debt" he would have had to pay double the amount claimed by Snyman and Vennote (R11 362,58)

Mr Francois Steenkamp, managing director of Plan Trust, denied that his firm had ceded its claim to Snyman and Vennote and said after learning that Mr Masika had paid double the amount that Snyman and Vennote had collected for him, he had referred the

More in debt

ONE in every two summonses issued against businesses and individuals goes to judgment, says business and credit information supplier ITC. (246)

"Previously debtors on receipt of a summons used to react very quickly to meet their commitments. Now individuals are receiving summonses, but are unable to meet the demands," says ITC's David Rosin.

The value of judgments against individuals for the first five months of this year was R1,334-billion compared with R881-million for 1991 — an increase of 33%. The value of judgments against businesses rose to R174,271-million (R127,659-m) — an average increase of 20%.

ST Times (Buss) 9/8/92

Debt collection methods queried (246)

5/24/97 12/8/97
RAY HARTLEY

THE public should pay outstanding debts only to lawyers, not to freelance collection agents who were involved in a growing number of "rip-offs", Association of Law Societies (ALS) spokesman Igna Klynsmith said yesterday.

"Conclusive proof supported by documentation exists to prove that sometimes the public is exploited atrociously and that disgraceful methods are used by some collection agents," he said.

Most worrying, he said, were the exorbitant fees charged. "We don't know where some of the charges like administrative charges come from."

Klynsmith said some collection agents extracted commissions and recovery fees

from debtors — an illegal practice which could lead to a fine of R4 000 or a one-year jail term.

Clients signed over debt-gathering rights to collection agents who had free rein to use whatever methods they wished to extract money from debtors, he said.

"Money that is collected by an attorney is protected by the Fidelity Fund. There is no such protection when a collection agent is used," he said.

Klynsmith said most attorneys had computerised their collection systems, making information about fees accessible to clients.

Judgments for debt are soaring

GERALD REILLY (246)

PRETORIA — The value of debt judgments against individuals rose by 33% in the first five months of the year over the same period last year, latest Information Trust Corporation figures show. *BIDAY 13/8/92*

The value of the judgments on individuals soared to R1,334bn compared with R881,768m in the January-May period last year.

The value of judgments on businesses increased by 20% during the period, to R174 271m (R127 659m)

ITC's David Rosin said one of every two summonses issued against businesses and individuals was going to judgment, indicating a growing number of debtors were financially prostrate

Rosin said previously debtors "jumped to it" after receiving summonses. He pointed out the increase in judgment values for individuals far exceeded the inflation rate.

This was due to increasing pressure on consumers, including high taxation, soaring prices and high interest rates.

Hard-pressed consumers and businesses would continue to default on debt payments until these factors were addressed and consumers were encouraged "not to spend what they haven't got".

Demand for bank credit decreases

By Sven Lünsche

(246)

STAR 25/8/92

Credit extension by the country's banks to the private sector has slowed significantly over the past year, but there has been a noticeable shift from hire-purchase to leasing and mortgage financing.

Providing a detailed breakdown of the type of credit extended, the Reserve Bank says that hire-purchase financing showed an annual growth rate of only 1,3 percent, while the rate of increase in other loans and advances (mainly overdrafts) receded to 0,3 percent in June.

The Bank says in its 1992 annual report that the slow rate of increase in HP was due to decreases in HP credit for the purchase of goods such as new motor vehicles (-2,9 percent),

agricultural machinery and industrial, commercial and office equipment

Over the same period (June '91 to June '92) the utilisation of HP credit for used cars showed a 9,4 percent rise

In contrast to the slow rise in HP and overdraft financing, mortgage advances rose by 17,2 percent in the year to June, well in excess of the inflation rate

The Bank comments that this increase relates to a slower rate of capital repayment, higher transaction values and the increased use of this kind of credit to finance consumer spending.

However, the main alternative to HP credit seems to have been leasing financing, which was used by 35,5 percent more individuals and 10,2 percent

more business enterprises than a year ago

Overall, the leasing finance transaction rose by 23,3 percent in June over June '91, with the major growth being experienced in sectors which suffered large declines in hire-purchase spending

The use of leasing finance to buy new and used cars rose by an annual 34,7 percent and to purchase industrial, commercial and office equipment by 50,1 percent

Overall, however, the Bank says that credit extended by the monetary institutions at 9,1 percent in June was well below the prevailing inflation rate.

"The low growth rate was largely related to the depressed economic conditions and higher real interest rates - households became less inclined to make

use of additional consumer goods, while businesses cut expenses to maintain profit levels"

The Reserve Bank also notes that since 1990 the amalgamation of banks and building societies has led to a far higher level of concentration of banking activities

At the end of April this year the number of registered deposit-taking institutions had fallen to 48 from 59 at the end of February last year

In addition 75 percent of credit extended to the private sector in March this year was handled by the country's four largest banks - Absa, Standard Bank, FNB and Nedcor. In March 1990 the largest five banks only controlled 50 percent of credit extension

the impala mineral process plant in Bophuthatswana.

"Rammy sustained serious leg and shoulder injuries and is currently in a stable condition at Impala's hospital in

the athlete might never walk again, Tshabalala made a remarkable recovery, competing in the ultra marathon again earlier this year. — Sapa

Rammy Tsebe

STAR 2718192. 246

DP hammers supermarket bosses

By Peter Fabricius
Political Correspondent

The Democratic Party has slammed Pick 'n Pay chief Raymond Ackerman and other supermarket bosses for claiming to be the consumer's friends while imposing "enormous" mark-ups on food prices

DP Yeoville MP Douglas Gibson told a report-back meeting in his constituency

last night that Mr Ackerman had received a great deal of favourable publicity from a recent high-level summit on food prices.

The conference was closed and only three important matters emerged. that VAT on food should be abolished; that the consumer price index had to differentiate between food prices at supermarkets and those at other

stores; and that an investigation was to be carried out.

"With great respect . . . the whole thing looks to me and to the consumers of South Africa like a public relations exercise," Mr Gibson said.

No concrete proposals had emerged for cutting food inflation "The very people who claim to be the consumer's friends are the people who feel able to impose enormous mark-ups," he said.

Bank will not help Masterbond victims, says Stals

MASTERBOND victims cannot expect the Reserve Bank to provide them with financial relief, says Bank Governor Dr Chris Stals

He announced during the Bank's annual meeting this week that the Bank was investigating the possibility of introducing a limited deposit insurance scheme for private investors to protect them from loss of savings

When Saturday Star asked him whether this could include Master-

bond victims who invested through banks, the answer was a firm "no"

Banks acted as agents for Masterbond, taking millions of rands from thousands of pensioners even though this was illegal in terms of the Deposit Taking Institutions Act

Stals said the registrar of deposit-taking institutions — who was answerable to the Bank — had paid out certain investors who suffered when some small banks were liquidated recently. This threatened to create the false impression that the Bank

STM 29/8/92
BRENDAN TEMPLETON

was a lender of last resort.

To clarify the situation, the Bank intended to determine exactly when it would be willing to pay out private investors. The only guideline the Bank would use was whether such payouts were in the interests of the banking industry as a whole

Masterbond fell outside the Bank's ambit as it was not a registered deposit-taking institution, Stals said

Others differed with him. They believed the registrar should have forced Masterbond to register because it was taking deposits from the public.

The registrar claimed Masterbond fell outside the ambit of deposit-taking institutions legislation as it accepted deposits on behalf of property development schemes and therefore acted only as an agent

However, Masterbond also had shares in some of the properties,

and Don MacKenzie, of the Masterbond Victims' Disaster Fund believed this meant it could not claim to have been merely an agent

Stals said he wished to end the five-year "marriage" between the registrar and the Bank

The registrar had a regulatory role to play which could bedevil the Bank's proper function — the control of monetary supply

"The registrar does not really belong in the Reserve Bank," he said

War over 'promised land'

STAR 29/8/92

THIS week's skirmishes over land raised quite a bit of dust

The attempt to auction off 53 pieces of Government land on the Reef was stopped by ANC pressure and Deputy Minister of Land Affairs Johan Scheepers, verbally pelled by his critics, issued persistent denials that self-governing homelands were to get grant "gifts" of land.

Between partial retreats and coded messages it was hard to make out precisely where the battle was going.

Were these controversial Government moves, involving privatisation and homeland control of land, simply blunders due to the lack of a coherent land strategy?

Or were they purposeful, if risky, steps taken in pursuit of a land strategy intended to undermine the National Party's political/negotiating position?

Incorporation

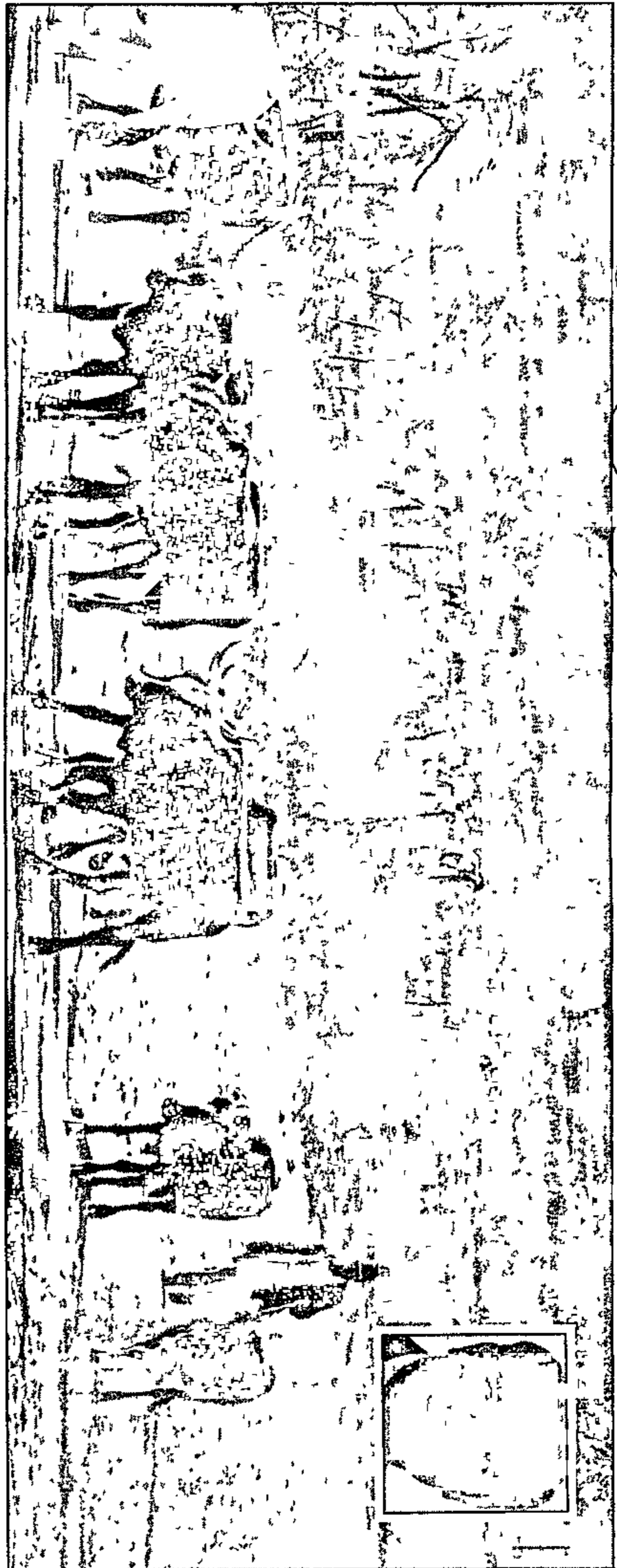
Scheepers made it clear that, while the Government was avoiding full-blown incorporation of land into the homelands, it was not going to deny homeland governments some say over what he called their "promised land".

The land in question, totaling about a million hectares, belonged to the now-defunct South African Development Trust. It was part of the infamous "13 percent" earmarked under the old Land Acts for black settlement and eventual incorporation into the homelands.

As Scheepers refined his details of an outright gift of this land to the homelands, it became clear that the Government would probably share administration of these areas with the homeland governments.

To give the homelands ownership or sole control of the land would be to flout the White Paper on Land Reform, the Deputy Minister said.

"We are not shifting aside the White Paper. It is still a work-



TUG-OF-WAR COUNTRY A herdsman goes about his work in Leuwatonien, one of the "incorporation hotspots" INSET Deputy Minister of Land Affairs Johan Scheepers

ing document. But when you investigate possibilities you go beyond the White Paper.

Joint administration would, in all likelihood, be accompanied by the sale of this land — effectively State land — to individuals or communities, Scheepers indicated.

Land rights groups, such as the Natal-based Association for Rural Advancement and the National Land Committee (NLC), have stated plainly that joint administration is as bad as outright homeland control, which is in turn as unacceptable as transferring ownership to the homelands.

Memories of incorporation are recent and bloody — in Moutse, Braklaage and Leuwatonien in the Transvaal where resistance to the new administration gave rise to brutal vigilanteism and security force repression. The Moutse land grab hit the fuse to virtual civil war in KwaNdebele in 1986.

Even the extension of homeland administration of areas beyond its borders has been resisted. For instance, the Border village of Mgwalu brought a successful court action to have the arrangement declared unlawful.

The pointers from the past

THE Government found itself in a bit of hot water this week over its attempt to auction off land earmarked for black settlement. The question JO-ANNE COLLINGE asks is: what did it think it was playing at?

are unequivocal by introducing even an element of homeland rule, the Government has chosen a path which runs a high risk of conflict. It seems strange that it should do this when political parties across the spectrum accept the imminent demise of the self-governing homelands.

The very obvious problem of landlessness and overpopulation in the homelands is the spur, says Scheepers. "We see the main issue as landless people in need of land adjustment to self-governing territories. When we talk to self-governing territories, they say: Our people need more

land".

Although a considerable portion of the 1 million hectares is already heavily populated, a fair chunk constitutes agricultural land currently being leased to white farmers, he points out.

The NLC's Joanne Yawitch asks: Why this sudden about-face? And ANC sources point out that it is entirely feasible to offer land to the landless without drawing homelands into the solution.

While squatter settlements mushroom, the Transvaal Provincial Administration, for one, has been less than adept at

finding land to give the homeless secure tenure.

Earlier this month a Transvaal Supreme Court judge attempted to nudge the TPA into securing land for the people of Welverdiend a community left high and dry on a deproclaimed diamond digging in the western Transvaal.

Postponing a hearing which could feasibly end in eviction, Mr Justice Myhardt ordered that a copy of his judgment be sent to the TPA to urge it to find a real answer for Welverdiend. The court heard that TPA negotiations over about a year had been fruitless.

The ANC's local affairs chief Billy Cobbett describes it as a "cautious scotched earth strategy", while the NLC observes that the NP is intent on "pre-empting the possibility of a new government implementing a coherent and carefully planned process of allocation, State land".

The land policies of the ANC and the Government differ fundamentally.

But during the period of negotiations, many believed the policy differences were almost academic as implementation would remain suspended at least until the first democratic elections were held.

However, there is now some evidence that the Government has a land strategy in addition to a policy, and how the ANC and its supporters will match remains to be seen.

The extremely limited powers given to the State President's Advisory Commission on Land Allocation set up to redress some of the injustices of forced removal is regarded as a further comment on the depth of the Government's concern with landlessness.

These factors suggest that the land deal is at least as important to improving relations between the homeland governments and the NP Government as it is to relieving population pressure. To the NP's political opponents it appears more than coincidental that homeland governments are being consulted about land just as President de Klerk's meeting with parties interested in strong regional government comes into view.

ANC sources charge that State resources are being used quite crudely by the NP for the party-political purpose of alliance-building. How far this will succeed remains to be seen.

The six self-governing homelands are divided down the middle politically — Leboa KaNgwane and KwaNdebele falling into the pro-ANC Patriotic Front camp and Gwaqwa, KwaZulu and Gazankulu siding with the NP.

Pre-empting

PUBLIC AUCTION
SMUGGLED GOODS DESTINED FOR USA
REDIRECTED TO RSA DUE TO US CUSTOMS
SEIZURE OF IRANIAN MERCHANDISE
FINAL BALES

MASSIVE LIQUIDATION — WITHOUT RESERVE AT THE ISANDO WAREHOUSE, JH BACHMANN & CO (PTY) LTD, CLEARING AGENTS

Resulting from demonstration in USA/Iranian relations and current embargo on Iranian goods 23 boxes of Iranian and Oriental rugs redirected to RSA on SA Wintomburg bill of lading No 625397 to be sold by public auction to pay pending fines and penalties imposed on US in border by US customs.

Bank will not help Masterbond victims, says Stals

STC 29/8/92

BRENDAN TEMPLETON

When Saturday Star asked him whether this could include Masterbond victims who invested through banks, the answer was a firm "no".

Banks acted as agents for Masterbond taking millions of rands from thousands of pensioners even though this was illegal in terms of the Deposit Taking Institutions Act.

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The registrar claimed Masterbond fell outside the ambit of deposit-taking institutions legislation as it accepted deposits on behalf of property development schemes and therefore acted only as an agent.

However, Masterbond also had shares in some of the proprietors and Don Mackenzie, of the Masterbond Victims Disaster Fund, believed this meant it could not claim to have been merely an agent.

Stals said he wished to end the five year marriage between the registrar and the Bank.

The registrar had a regulator role to play which could be a vital part of the proper functioning of the monetary supply.

"The registrar does not really belong in the Reserve Bank," he said.

Bringing justice a little nearer

STAR 1119192

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246

WINSTON Matthews was furious when a Mercedes Benz owner drove through a red traffic light and all but destroyed his R15 000 bakkie. He was even angrier when the errant motorist refused to pay damages.

He was pretty sure he could have won his case, but legal costs frightened him from taking the case to court.

An innovation introduced recently by the Law Society of Transvaal (LST) may help bring justice a little closer to people like Mr Matthews. The LST's special fee arrangement allows a Transvaal attorney to agree to demand

payment only if his client's claim succeeds.

The arrangement is aimed at individuals like Mr Matthews who tend to be put off litigation by fear of up-front commitment to legal costs.

As an electrical firm employee with a R1 400 monthly income, Mr Matthews falls into the group of people without the means to take their claims to court but still too wealthy to qualify for Legal Aid.

Johannesburg law firm executive Lindsay Madden said, "I think it is an excellent idea." And Pretoria lawyer Stephen Bezuidenhout said, "It

PHILIP ZOIO looks at a new fee arrangement for those intimidated by legal fees.

will be used for the benefit of the man in the street."

According to the arrangement, the client must be a natural person (not a company) and the claim cannot be conceded. The arrangement may be made only for damage claims following breach of contract or delict (a violation or offence).

Payment conditions set by the LST effectively prevent an

attorney from taking more than his rightful chunk of the payout — he may not receive in excess of damages and costs recovered by the client.

Fees are paid out at a fixed rate depending on the attorney's standing, and range from R160 to R240 an hour — below the normal rate.

But with the risk involved and the mediocre reward, many attorneys are not too excited.

Miles Carter, a partner in a large Johannesburg firm, said most Johannesburg attorneys felt they would be "no better off" after a successful claim under the arrangement than

after normal litigation — which guaranteed payment regardless of success or failure.

But the arrangement could work in the plateland, where costs were lower, he said.

Senior Johannesburg attorney Errol Knowles said, "I don't believe it will serve its purpose. The fee is not sufficiently attractive to make it viable on a contingency basis."

The other problem was the delay of payment, Mr Carter said. Not every lawyer would be prepared to work without remuneration during the months preceding the payout. □

Debt judgments soar to new high

GERALD REILLY (246)

PRETORIA — The credit bubble was bursting at last after two years of irresponsible credit, granting and wild spending by consumers, Information Trust Corporation CE Tony Leng said yesterday. *BIDAY*

He said the value of debt judgments had hit a record high.

In June alone, debt values soared 25% to R235,6m from R184,18m in June last year. *11/9/92*

Leng said it was estimated that R3bn worth of judgments would be taken against individuals in 1992.

On the basis that for every two summonses, one reached judgment stage, the total value of debt where legal processes were involved would be more than R6bn.

The credit binge that individuals went on in the '80s had caught up with them, he said.

Financial institutions and merchants should carry part of the blame as they allowed the individual to sink deeper into debt as they chased turnover. Many businesses boomed as consumers abused the easy credit available.

High interest rates, severe economic recession, widespread unemployment and irresponsible spending were taking their toll.

The time had come for merchants to be tightfisted in granting credit to heavily overcommitted consumers and new clients would have to given lower credit limits.

There was a clear lack of discipline among consumers.

Leng said any lowering of interest rates should not be grasped as an opportunity to encourage spending. It should be seen rather as an opportunity for debt-ridden consumers to meet their obligations.

STAR 21/9/92

More seeking credit

— The value of credit researched by KreditInform reached a record high in July this year, says managing director Ivor Jones

It peaked at R776 million in July, which represents a 13,6 percent increase over July last year in the number of written research reports commissioned by credit granters

Economists see an increase in the granting of credit as an indicator that economic activity is picking up, but Mr Jones is wary of this analysis

“Quite simply, most companies are now extremely cautious when granting credit to any customers or even supplying repeat orders to

existing ones,” he says

The value of credit being investigated by credit-granting users through KreditInform's online system is unknown and is not reflected in the written report figure of R776 million, but is expected to add substantially to the total

Mr Jones cautions financial and credit managers not to overreact and to maintain a level head. (246)

“They should monitor the situation very closely, follow the same philosophy as in better economic conditions, but stay alert to changes in customer activity and trading performance,” he says — Sapa.

STAR 28/9/1972
246

Consumer protection a priority, says Govt

By Zingisa Mkhuma
Consumer Reporter

The Government was constantly investigating ways in which consumers could be protected against malpractices, Deputy Finance Minister David Graaff said at the weekend.

He was speaking about the future of consumerism in South Africa at the SA National Consumer Union's annual meeting in Pretoria on Friday.

The union has urged the Government to sign and implement guidelines for consumer protection adopted by the United Nations. This would "strengthen consumer protection policy and encourage international co-operation".

Mr Graaff said the Harmful Business Practices Act was the most important legislation that formed the basis of consumer protection in the country.

The Business Practices Committee — formed in terms of the Act — aimed to identify and investigate harmful business practices and to recommend remedial action.

Govt busy on consumer shield

GERALD REILLY

246

PRETORIA — Government was investigating how consumers could be given greater protection and assistance through legislation, Deputy Finance and Trade and Industry Minister David Graaf said at the weekend.

Speaking at the National Consumer Union's AGM, he said to emphasise government's seriousness on the issue of consumer protection, an ad hoc technical committee on consumer legislation under the chairmanship of Prof Louise Tager had been set up.

The consumer as an individual was in a weak bargaining position against commerce and industry.

However, legislation gave some protection and the Harmful Business Practices Act was a most important form of basic consumer protection.

The Credit Agreements Act ensured consumer protection against exploitation, and trade inspectors were investigating daily contraventions of the Act.

The SA Co-ordinating Consumer Council was being restructured to make it more representative of the population.

Inkatha, KwaZulu pulled out of talks after summit

INKATHA leader Chief Mangosuthu Buthelezi yesterday withdrew his party and the KwaZulu government from the negotiation process following the ground-breaking summit on violence between government and the ANC on Saturday

He rejected the agreement and cancelled a meeting set for later this week with President F W de Klerk, saying he wanted first to consult colleagues and democratic leaders

"We will either have bilateral negotiations between government and the ANC which will lead to the victory of revolutionaries over institutionalised South African influences and democratic forces, or we will have multilateral negotiations leading to a fair, race-free democracy in which the ANC is one party"

Buthelezi said he would go to his constituency to seek rejection of the summit agreement that put the negotiation process back on track

"My view now is that negotiation for the future constitution for SA cannot go ahead," he said

What was required was that:

- Agreement be reached in a multi-party negotiation forum,
- That Umkhonto we Sizwe be dis-

banded immediately,

Agreement be reached on the structure and process of negotiations, which would safeguard against any single party ever again disrupting the negotiation process

He said Inkatha and the KwaZulu government would not be bound by decisions reached in bilateral negotiations between government and the ANC. Any laws which government might pilot through Parliament, making legal bilateral agreements between itself and the ANC, would be rejected as "spurious and illegitimate" by his organisation

He rejected "with contempt the notion that two out of the 18 participants in Codesa have the right to decide, unilaterally, when and under what conditions negotiations can be resumed" Inkatha and the KwaZulu government rejected the notion of a constituent assembly becoming SA's constitution-making body

A constituent assembly elected in the present climate of intimidation could not be expected to be truly representative of South African opinion, Buthelezi said

BILLY PADDOCK

Farmers' input

GERALD REILLY

PRETORIA — Agriculture and its associated industries contributed 25% of total GDP, Agriculture Minister Kraai van Niekerk said at the opening of the Nootgedacht Agricultural Development Centre at the weekend.

Agriculture was the greatest provider of jobs and the cornerstone on which rural economies and community development rested. The drought and its effect on agricultural production had significantly contributed to negative economic growth.



Standard Bank Investment Corporation Limited

(Registration number 69/17128/06)
("SBIC")

Result of share offer in lieu of the cash dividend

The offer to receive new ordinary shares in lieu of the cash dividend made to shareholders registered on 5 Feb 1992 at 1002 closed

Supermarkets 'charge up to 220% more'

PRETORIA — Certain fruit and vegetables cost between 40% and 221% more at supermarkets than at local fresh produce markets, according to a spot survey by the Consumer Council in five major cities in the country. *BIDM 2/10/92*

Council executive director Jan Cronje said yesterday the survey — in Pretoria, Durban, Cape Town, Bloemfontein and Vereeniging — had shown the following percentage increases in the price per kilogram in the supermarkets of three chain groups over that charged at markets.

Oranges 221%; onions 197%, tomatoes

86%; potatoes 76% and bananas 68%. Potatoes in 10kg bags had cost 40% more.

"Due to the repackaging of fresh produce and the fact that size and classification are often omitted, it is impossible to compare the price of all fresh produce to market prices," Cronje said. *(246)*

He appealed to retailers to indicate size and classification when produce was repackaged to enable consumers to compare prices, and also pointed out that in some instances apples cost 1 000% per gram more when sold separately in a supermarket than at produce markets — Sapa

Look twice, else your 'special deal' could backfire

RECSSION has led motor manufacturers and dealers to offer a wide array of special finance plans on their products. However, financing schemes offering low interest rates can backfire, says BMW marketing manager Ivan Honeyborne.

"Buyers should not base their purchase decisions only on a low interest rate or monthly repayment," Honeyborne cautions. "There are several other issues that buyers should consider which, if ignored, could prove problematic or costly later on."

"It is in the motorist's own interest to ask himself several questions before entering into a contract. Firstly, he should try to assess the total cost of ownership. In this case he should look not only at the

interest rate and monthly payment on the basic motor car but also take into account whether the purchase price includes free maintenance.

"Cost of maintenance can be a substantial amount each year and is rising rapidly. Obviously, the longer the period of free maintenance, the better the deal."

"Other factors to be taken into account are resale value and what features are included as standard and what will cost the buyer extra."

The next important factor is the disadvantage of high residual values or guaranteed buy-back financing schemes. In many cases the residue owed by the buyer at the end of his financing contract is very high — up to 80 percent of the original value of the car. Because the financing covers only interest and a very

small portion of capital, buyers will find it very difficult to terminate or prematurely end such financing agreements as the market value of the car will not match the balance owing under the financing agreement until virtually the end of the contract.

In the case of guaranteed buy-backs the guarantee is often only in respect of trading in your vehicle on another from the same manufacturer. This does not give you the freedom of choice to change to another manufacturer should you so wish, he says.

High residual values or guaranteed buy-backs can also have drawbacks in terms of insurance write-off. In the event of a total write-off as a result of accident or theft, most insurance policies will pay only the market value of the vehicle at the time

This could leave you looking for a substantial sum to settle your financing obligation. Alternatively, you will have to pay considerably more in monthly premiums to ensure that the insured value of your car is sufficient to settle your outstanding indebtedness in terms of your financial contract.

"Finally," says Honeyborne, "potential buyers should look not only at the initial interest rate but also at the rate over the entire period of the contract. Some schemes offer a low initial interest rate which rises after 12 months. This means your monthly payment will rise sharply from year two."

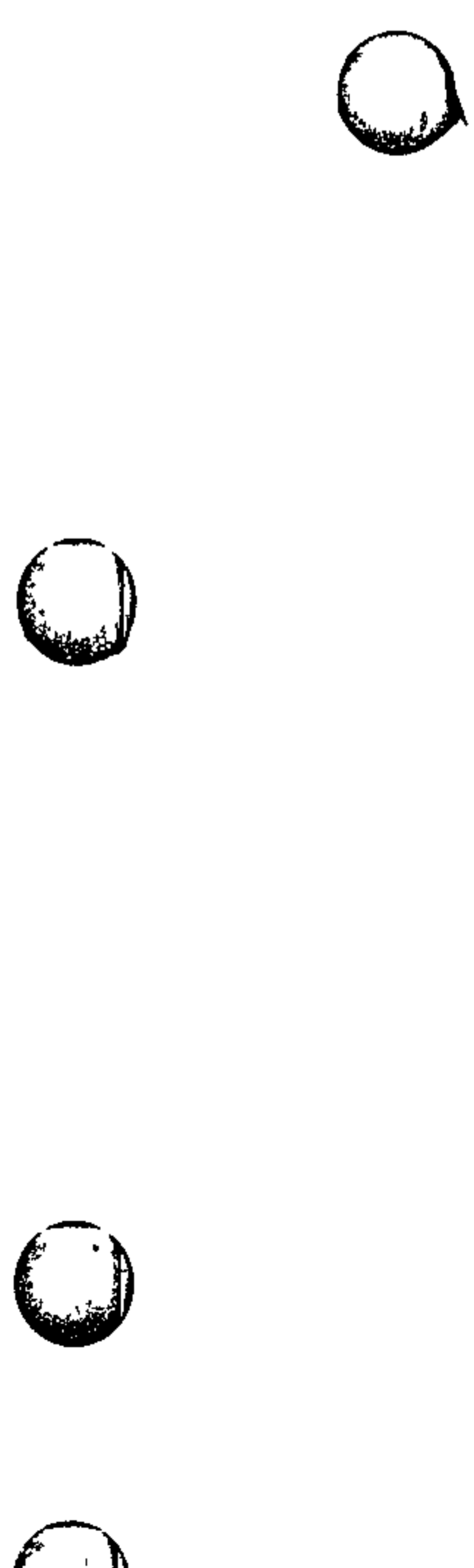
Unless a potential buyer takes all these factors into account, "he could be in for some expensive surprises somewhere down the line."

246



3/10/92

STAR



Soweto 5/10/92

Townships feel the pinch of price spiral

■ Lack of supermarkets means shoppers have to pay more:

By Pearl Majola

(246)

WITH yet another hike in food prices, township people who have no easy access to the big supermarket chains are probably feeling the pinch more than people in other urban areas.

According to Mr Lucas Hlahane, a store manager at one of Soweto's big discount stores, it is almost impossible for general dealers to offer consumers the same competitive prices as supermarket chain stores

"Chain stores get their goods at discount prices because they can buy in bulk and they have storage space," he said "They are then able to pass their savings on to the consumer."

Fruit and vegetable survey unfair, claims chain store

Consumer Reporter

A major chain store has labelled as unfair a recent Consumer Council survey which showed that certain fruits and vegetables cost 40 percent to 221 percent more at supermarkets than at local fresh produce markets.

Shoprite/Checkers managing director Whitey Basson said the survey appeared to be misleading in that it did not compare "like with like" and left out additional costs incurred by consumers who bought directly from the markets.

Mr Basson said the price of fresh produce in chain stores included transport, storage and packing costs as well as the wastage factor involved in bulk purchases.

The council survey results showed that the price of a kilogram of fresh produce in three chain groups was higher than at the local fresh produce market.

The survey was done in Pretoria, Cape Town, Durban,

Bloemfontein and Vereeniging and showed that in supermarkets, potatoes cost 40 percent more; tomatoes 86 percent; onions 197 percent; bananas 68 percent and oranges 221 percent.

The council's executive director Jan Cronje said that due to repacking of fresh produce and the fact that size and classification was often omitted, it was impossible to compare the prices of fresh produce to supermarket prices.

Mr Basson said Shoprite/Checkers was involved in efforts to bring down the high food inflation rate and had supplied the Board of Trade and Tariffs with figures to assist it in its investigations.

"We think it is about time the debate on food inflation was taken to its final conclusion, and that the culprits responsible for high prices were brought to book. But there are thousands of rumour mongers, each with their own research, propagating their theory on this issue."

Debt judgments 'will rise'

PRETORIA — SA's debt scenario is likely to darken by the year-end due to chronic unemployment, continued high interest rates and low consumer confidence, says Information Trust Corporation CEO Tony Leng.

But he says Central Statistical Service figures indicate the M3 money supply within government guidelines and a further reduction in interest rates could result soon.

Leng says the number of debt judgments against individuals will continue to

rise as increasing numbers of consumers come under financial stress

Between January and July this year, judgments for debt had soared 24% compared with the same period last year, he said

In the first six months of the year 2 234 individuals had been sequestrated — the highest number on record in a six-month period.

The number of companies and close corporations liquidated in the seven months to end July had increased by almost 60% on last year to 1 387.

**Drug price
mark-ups
criticised**

DUMA GOUBULE

THE Competition Board has criticised high mark-ups in the pharmaceutical industry.

Board chairman Pierre Brooks yesterday said established nominal margins in the industry had become so entrenched that prices determined in this way for products had become the benchmark.

Wholesalers automatically put a mark-up of 21% on prices charged by manufacturers, while retailers added another 50%.

This meant a R10 increase at the manufacturing level led to a cost of R18,30 at retail level.

As a result, the medicine component of total medical expenses in the private sector was greater than similar conditions abroad, he said.

Dispensers in many instances ignored actual acquisition costs of prescription medicines, relying rather on retail prices as their pricing guide. Most contracts between pharmacies and medical schemes were based on discounts from retail prices, he said.

The board had told the pharmaceutical industry to "get their house in order". The board's current investigation into the pharmaceutical industry had concentrated on allegations of price discrimination between purchasers in respect of equivalent transactions. A price structure based on manufacturers' prices with no equivalent transaction discrimination would comply with competition policy, he said.

ARC 12/10/92

Consumer body ready for a much larger role

ROGER FRIEDMAN (246)
Staff Reporter

THE work of the South African Consumer Council has been stymied by the disinterest of the public and the government, says Council consumer adviser Johann Leibold.

But this is set to change when an African consumer conference is held in Kenya at the end of the month with the goal of setting up a co-ordinating African consumer body.

"We foresee playing a much larger role in the so-called new South Africa — there is certainly a need for it," Mr Leibold said.

The council is a watchdog body which aims to educate and inform people on a variety of consumer related issues.

They do this by conducting surveys and talking to women's groups and school pupils.

"Our biggest problem is that consumers are often too impulsive, signing contracts before researching the market," Mr Leibold said.

"We deal with anything from bad service and rip-offs to consumer complaints and hang-ups."

The council strives to maintain a good working relationship with all

major companies, especially food suppliers.

Mr Leibold's advice to those wishing to complain is to speak to the manager of the business concerned first, not the salesman.

Discuss the complaint amicably with the purpose of solving it as quickly as possible. But if you get nowhere, approach the council.

If the council believes your complaint is valid they expect you to put it in writing.

Companies investigated are usually very co-operative. Should they not be, they are immediately blacklisted.

The council advises consumers not to deal with companies on the blacklist and sometimes goes to the extent of publishing names of unco-operative companies.

"But we have a success rate of over 90 percent in settling matters out of court, leaving both parties relatively happy."

The council deals with an average of 900 complaints monthly.

"We would like to expand our service but don't have the funds to do so. We are in the process of motivating for additional funds through the President's Council," Mr Leibold said.

Nature's costly bounty

Star 13/10/92

SHOP AROUND Vegetables are rapidly becoming luxury items, beyond the reach of ordinary people. Even those street-side vendors are jumping on the price-hike bandwagon **ZINGISA MKHUMA** reports.

THE price of fresh vegetables is becoming hard to digest for most consumers, making it more important than ever to shop around for nature's bounty.

Fresh vegetables now cost on average 80 percent more than they did last year.

A Trends survey shows the importance of comparing prices to benefit from low prices, be they from street vendors, the supermarkets or the fresh produce market.

A 10 kg bag of large potatoes, selling for R18 at the Johannesburg fresh produce market, was priced at R21.99 at Pick 'n Pay in Rosebank. A packet of the same brand weighing about 2 kg sold for R4.50 on the streets. This means the hawker is making R22.50 from the same bag of potatoes.

A bag of eight cabbages cost R5 at the market (about 63c each). At Pick 'n Pay the same size cabbages were sold for 89c while hawkers sold them for R1.50 each. Pick 'n Pay would make R7.12, while hawkers would make R12 from the same bag. Not bad going for vendors who have no overheads!

In general, we found it much cheaper to buy some vegetables, such as spinach, onions, broccoli and cauliflower from the market, rather than from Pick 'n Pay or the hawkers.

A recent survey done by the Consumer Council shows that certain fruits and vegetables cost 40 percent to 221 percent more at supermarkets than at local fresh produce markets.

The council looked at prices of fresh produce in supermarkets in Pretoria, Cape Town, Durban, Bloemfontein and

Vereeniging. Prices per kilogram at three supermarket chains were higher than at local markets.

Potatoes were 40 percent higher; tomatoes 86 percent; onions 197 percent; bananas 68 percent; oranges 221 percent.

Council executive director Jan Cronje says it is impossible to compare the prices of all fresh produce to market prices due to repackaging and because size and classification are often omitted.

Pick 'n Pay general manager Malcolm Baxter says although he is in favour of regular checks on fresh produce prices, people have to compare like with like to know what is cheaper.

Baxter says the council survey is meaningless because it is 'not clear if other attributes such as grade, size and variety

of the product were considered. Baxter says street hawkers play an important role in today's fruit and vegetable market.

"Even though their prices per kilo are sometimes way, way up, it is still convenient for people walking along the streets to be able to see something they want and then buy it," he says.

Consumers are warned that only bulk buying is allowed at the markets and stockpiling fresh vegetables is not often wise, especially in summer.

Council spokesman Paul Roos advises consumers to club together once a month and buy directly from the market to benefit from the cheaper prices.

"Consumers should also look out for farmer markets — where farmers bring their produce to specific areas and sell directly to the public", he says.



Forking out — the price of fresh vegetables has sky-rocketed

Picture Joao Silva

Price rises dismay Competition Board

57mz 13/10/92
The Competition Board has expressed grave concern at the continuous rise in prices of virtually all commodities, and has accused certain professions of "blindly protecting" vested interests in apparent blatant disregard of the interests of consumers.

In its annual report tabled in Parliament yesterday, the board said it was being frustrated in its attempts to deregulate these professions.

The board also said occasion could arise for it to decide on the "excessiveness" of a price — which, since its inception, it had never formally done.

The report noted that various

factors contributed to continuing price rises, including unsatisfactory productivity levels in many industries, interest rates, large-scale theft, the low rand exchange rate, allowance for inflation in budgets as a matter of course, a cost-plus determination of the price of goods, tariff barriers, and excessive regulation in many areas.

Most of the board's activities in implementing and enforcing competition policy related to prices did not require it to decide on the "reasonableness" or "excessiveness" of the price of a particular commodity.

"However, as the import of the Maintenance and Promotion of Competition Act 1979 sug-

gests, there may be occasions when it will be obliged to do so

"More particularly, this will occur when the board is required to decide whether a monopolist is making excessive profits, or whether someone in a dominant position in a particular market is engaged in unreasonably low pricing to force competitors out of the market or to discourage new entrants"

The report said that in many instances, restrictions on professional services were in direct conflict with accepted competition norms, and that action in terms of the Act was prevented solely by the fact that these restrictive regulations were statutorily authorised — Sapa.

Judgments

for debt
~~240~~ (246)
increasing

57m 13/10/92
Finance Staff

Latest credit statistics from the Central Statistical Department and ITC (Information Trust Corporation) reflect the pattern of the previous year's credit spending

Tony Leng, ITC's chief executive, reports that the M3 money supply was well within government guidelines and could result in a further reduction of interest rates, thus offering some relief to the man in the street

He cautions, however, that as more and more people experience financial stress owing to the current recession, the level of judgments against individuals can be expected to continue for some time to come

Between January and July this year, judgments for debt granted against individuals continued to rise. Almost 240,000 judgments were given, representing an increase of 24 percent on the same period for last year.

"During the first six months of this year, 2,234 individuals were sequestered, the highest number on record," says Leng.

The number of companies and close corporations liquidated in the seven months to the end of July this year has grown by almost 60 percent.

"The one positive aspect of the current economic environment is that it acts as a learning curve for both individuals and businesses," says Leng. "Once the economy starts to improve, we'll see financially stronger individuals and businesses emerge."

Board takes swipe at vested interests

246

BIDM 13/10/92

CAPE TOWN — The Competition Board has expressed grave concern over the continuous rise in prices of virtually all commodities, and has accused certain professions of "blindly protecting" vested interests in apparent blatant disregard of the interests of consumers.

In its annual report tabled in Parliament yesterday, the board said it was being frustrated in its attempts to deregulate these professions.

The board also said occasion could arise for it to decide on the "excessiveness" of a price — something which, since its inception, it had never formally done.

The report noted that various factors contributed to ongoing price hikes, including unsatisfactory productivity levels in many industries, interest rates, large-scale theft, the low rand exchange rate, allowance for inflation in budgets as a matter of course, a cost-plus determination of the price of goods, tariff barriers and excessive regulation in many areas.

Most of the board's activities in implementing and enforcing competition policy related to prices, and did not require it to decide on the "reasonableness" or "excessiveness" of the price of a particular commodity.

"However, as the import of the Maintenance and Promotion of Competition Act 1979 suggests, there may be occasions when it will be obliged to do so.

"More particularly, this will occur when the board is required to decide whether a monopolist is making excessive profits, or whether someone in a dominant position in a particular

market is engaged in unreasonably low pricing to force competitors out of the market or to discourage new entrants into it."

The report said that in many instances restrictions on professional services were in direct conflict with accepted competition norms, and action here in terms of the Act was prevented solely by the fact that these restrictive regulations were statutorily authorised.

Some of the measures regarding professions undoubtedly served the best interests of society.

"It is however an entirely different matter to accept as a general point of departure the superficial view that since a group of experts are involved they must have a completely free hand in the practising of their profession.

"The board is being frustrated in various respects in the implementing of the deregulation policy in this area. The main reason is, however, that certain professions blindly protect vested interests and practices with an apparent blatant disregard for the interests of consumers of the professional services concerned."

The board was currently considering the possibility of not approving the reservation of work for particular professions if those professions' controlling bodies did not properly amend regulations relating to restrictions on marketing, and specifically advertising, as a quid pro quo

It intended to "persist doggedly" with implementing government's deregulation policy and to eliminate excessive and cost-inefficient regulation of professions — Sapa

NEWS Tribute to African art from p

Consumer organisations unite

Sowetan 30/10/92
■ To present education boards with course outlines intended for schools: 246

A LIAISON group of African consumer bodies was established on Wednesday after the first meeting of the Conference of African Consumer Organisations (COA).

The three-day conference in Kempton Park, co-hosted by South Africa and Kenya, was attended by delegates from Ghana, Mauritius, Zimbabwe Botswana, Namibia, Swaziland, Lesotho, Bophuthatswana and the

Transkei

SA Consumer Council's Jan Cronje said countries should share experiences.

COA will present educational boards with course outlines to be studied at schools and also utilise non-governmental organisations.

Kenya Consumers Organisation's Dr Jasper Okelo said a working committee would liaise with the International Organisation of Consumer Unions - *Sapa*

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Blacklist returns

THE Consumer Council had reinstated its blacklist of businesses which failed to react to its inquiries and those which continued to render unacceptably bad service, executive director Jan Cronjé said yesterday. (246)

He said in many cases where inquiries were made consumers had already paid for products or services and the businesses in question failed to carry out contractual obligations. Blom

REPORTS: Business Day Reporters, Sept. 21/11/92

Buy-aid group to pay out R14m in bonuses

CAPE TOWN — The R277m buy-aid organisation Cape Consumers would pay out nearly R14m in bonuses to its approximately 25 000 members, an increase of 13,9% over last year's bonus figure, GM Piet Hugo announced yesterday

Turnover for the year was more than R277m *B10m 12/11/92*

Bonuses paid by Cape Consumers are derived from the discounts received from

LINDA ENSOR

the more than 2 000 contracted suppliers with whom members do business

Bad debts were restricted last year to 0,5% of turnover Irrecoverable debts of R1,4m were written off compared with R338 673 the year before *246*

Membership grew 15% last year. *20*

Act now to end debt or suffer in 246 the future

OFFICIAL statistics show that debt levels are soaring and that summonses now exceed one million a year.

Behind these cold statistics are human beings suffering as a result of the recession and, being unable to pay their creditors, they stand to lose their important assets — even their homes.

What can one do to get out of debt?

There are four basic principles to get rid of this burden which is depressing so many families.

■ Work out exactly what you owe and how much is needed every month to reduce the outstanding amount as quickly as possible. Do not become disheartened if the total amount is far higher than you can afford. It may even be higher than your monthly income!

■ Determine exactly what happens to your monthly pay. What is the minimum you need to exist? The balance can then be used to repay the outstanding amount.

■ Stop immediately entering into new hire purchase contracts or whatever new debt you may need to maintain your standard of living.

■ Increase your monthly income. Sit down and do some serious planning about this.

It will simply make the pain worse in the long term if you allow yourself to go deeper into debt. There is no such thing as a miracle that will make your debts disappear.

Try to get a second job over weekends or in the evenings, even if it means

CIPRM 1511192
■ MONEY TALK
.....

driving a taxi for a few hours every day to enable the full-time driver to get some rest.

If possible, sell your skills or learn a new one. Even if it means learning how to repair shoes! A wise Greek philosopher once said the only real security in life comes from enhancing your personal skills.

In other words, you must be able to provide something that other people need.

When compiling a complete list of your total debts make a point of establishing exactly what amount of interest you are paying.

Some shopowners, for instance in the furniture industry, charge very high rates, especially if you have fallen behind with your instalments and have asked for an extension.

You may well find that consolidating your debts will be the best way out. You can try to obtain a loan for the total amount from a bank or even your employer using your pension fund as security and repay the lot.

A monthly repayment you can afford and a reasonable rate of interest on the outstanding amount can then be negotiated.

Whatever plan eventually evolves, make sure that you adhere to the four principles mentioned at the beginning of this article. Happiness in today's world is to be as debt-free as possible.

Ombudsman reports ²⁴⁶

~~REPORT~~ LINDA ENSOR ~~REPORT~~

CAPE TOWN — Disputed disability claims featured prominently among the complaints handled by the life assurance ombudsman last year. ~~387~~

Of the 441 complaints handled (345 in 1990), 49 were disability claims, 43 were claims repudiated by life assurers on the grounds of alleged non-disclosure and 39 related to lapsed policies. *Blom*

A total of 31 cases of misleading, unethical or negligent conduct by intermediaries was reported, leading the ombudsman — former Appeal Court Judge G P C Kotze — to praise the role of broking and intermediary disciplinary bodies for their efficient supervision of members.

Of the complaints against intermediaries, 14 were resolved in favour of complainants *16/11/92*

Of the 332 cases finalised, partial or complete relief was recommended in 58% (190) of cases.

Bread price in townships too high consumer body

B1 DM 19/11/92
MEREDITH JENSEN

THE National Black Consumers' Union said yesterday bread prices in the townships had rocketed. Although after last month's bread price increase the Agriculture Minister recommended a maximum retail price, many spazas and cafes were charging up to R1 above the suggested price for a loaf of bread, a spokesman said.

The Consumer Council, which has been monitoring the price of bread since last month's price hike, said yesterday it had identified various retailers and cafes which had ignored the Minister's suggested prices.

Consumer Council executive director Jan Cronje said an investigation undertaken by the council had shown the average supermarket price for an 800g

loaf of white bread was R1,56, while brown bread sold for R1,32. He said these prices were below the government-recommended price of R1,75 for white bread and R1,50 for brown.

"In cafes, prices fluctuate between R1,79 and R2,29 for white bread and R1,55 and R1,80 for brown bread," Cronje said.

However, the black consumers' union spokesman said its monitoring of prices had not included spazas and corner stores in the townships, whose residents could least afford to pay the higher price for bread.

"The monitors tend to look at the prices of the major retail chains," the spokesman said. He added that a loaf of white bread bought in Vosloorus township cost R2

He suggested bakers and

millers form a watchdog group to help monitor bread prices, especially in areas where people were fed by organisations such as Operation Hungar.

"Often, bread is subsidised at the wholesale level, but retail prices don't seem to reflect this," he said

SA Chamber of Baking chairman Nick Alberts said the chamber was looking for ways to deliver bread less expensively to those people being fed by government schemes.

However, Alberts said, the most effective way to influence prices was to heighten consumer awareness.

"Consumers, especially in the townships, should be made aware of these recommended prices so that they can stand up for themselves if someone tries to overcharge them," Alberts said.

Consumers hail Telkom move

(246) (267)
■ **Complaints to be investigated:**

Sowetan 20/11/92
THE Committee of Consumer Organisations (CCO) has welcomed the Government's decision to appoint a special investigative team to deal with consumer complaints regarding high telephone bills.

The CCO - an umbrella body for the Housewives' League, the National Black Consumer Union, the SA Co-ordinating Consumer Council and the SA National Consumer Union - on Wednesday congratulated the Minister of Posts and Telecommunications for the decision.

Dr Piet Welgemoed earlier this week announced the appointment of an ombudsman-mechanism in co-operation with Telkom.

The team of yet unnamed people is expected to start operating from the Postmaster-General's office on December 1.

R9m housing scam exposed

By Joe Mdhlela
Consumer Reporter

246
Sowetan 20/11/92
■ 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.

Now's the time to buy a car

THE SA motor industry is in the midst of its worst recession in many years and dealers in new and second-hand cars will try their best to maintain turnover by making special offers.

Some very attractive deals are at present on the market if you are in a position to buy a new car. But beware! As usual, there are good reasons for these "specials", one being the fact that virtually all the large manufacturers are introducing new models during coming months.

The new car market in SA is essentially fashion-

MONEY TALK

driven. If, however, you are one of those citizens to whom value matters more and you are prepared to keep the same car for an extended period, you can pick up excellent value if you buy one of the "old" models. Apart from the fact that you will probably be able to negotiate a large discount, you will be getting a car that has been on the market for many years. Most of the car's mechanical "bugs"

will be out of its system.

A tip in this regard: There are always good reasons why a certain model becomes the top-seller on the market. So try to buy the most popular car you can afford.

Another hint: Register your new car in 1993. It is then regarded as a 1993 model which may well mean a few hundred rand extra when you re-sell.

There are two main factors one should consider when buying a used car. Firstly, one should ensure that it is mechanically sound and, secondly, be careful what financing package you accept.

Some special discounts on the price of the vehicle are not really discounts the moment you look at the small print. (246)

Many car dealers will cleverly disguise the actual rate of interest you pay on the instalment contract by emphasising the monthly payment. They then compensate for the "discount" by charging the highest possible interest rate.

On the mechanical side you must never take anybody's word. Have the car checked by the AA, an independent garage or a friend with sound mechanical knowledge.

Consumer group to extend services

By FRED ROFFEY

CAPE Consumers, one of the largest buy-aid organisations in South Africa, is to extend its range of services and products next year.

Discounts are currently negotiated on foodstuffs, wine, clothing, travel and motor equipment.

Early next year discussions start with suppliers for discounts on furnishings, white goods, videos and hi-fi's.

The discounts are paid back to members at year-end in the form of bonuses based on a percentage of the amount they have spent during the year.

*5 Times
Cape Metro*
Record

This year Cape Consumers is to pay out nearly R14 million in bonuses, 13,9 percent higher than last year.

The record turnover of more than R277 million was spent by about 25 000 members with more than 2 000 suppliers of goods and services.

Cape Consumers guarantees payment to suppliers and so enforces tight credit control and monitors overspending by members.

General manager Piet Hugo said bad debts had been restricted to 0,5 percent of turnover, on par with last year.

"Next year we are budgeting for a turnover of about R310-million," he said.

Broke consumers use bonds to pay for cars

FINANCIALLY strapped consumers are putting new cars on their mortgage bonds, Nedfin CE Chris Beatty said at the week-end

He said an analysis of the instalment credit business showed it had been knocked heavily by the recession in the third quarter of this year with business creeping up by just 1.2% to R33.2bn from R32.7bn in the second quarter

The year-long trend showed no sign of turning around as banks experienced a major stall in their credit business, he said Reserve Bank DI 900 returns showed

SHARON WOOD

that growth in banks' total receivables in the third quarter of 1991 was 4.2%, compared with the previous year's 4.5%. Beatty said the current third-quarter performance represented a shrinkage in the banks' credit business

He attributed the sluggish growth in instalment credit to a change in lending patterns because, while there had been an effective shrinkage in banks' credit books, there had been upward movement in the amount of mortgage business written

"On the face of it, this does not add up as the property market remains in the doldrums," he said

"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"

The market reacted to this phenomenon earlier this year when certain motor manufacturers began co-operating with banks on lease deals which could run for as long as eight years

ant when dealing with developers

Swindle tales	
<i>Sowetan 25/11/92.</i>	
Income: Home-seeking families affected come from the income range of around R950.	Number of bond applications forged by sales representatives: 196.
Period in which clients paid their deposits: June 1990 and September 1992.	Number of houses not completed or builder going insolvent 245.
Number of lost deposits on new houses: 1960	Number of clients whose house were repossessed: 294.
Number of lost deposits on council match-box houses: 1029	Most clients interviewed responded to newspaper adverts
<i>(246) (32) (31)</i>	

Help for credit card buyers of mail orders

SA 27/11/92
Consumer Reporter

Consumers using the convenience of credit cards to buy mail-order goods can get their money back if the goods are not delivered as promised.

This reassurance comes from the SA Direct Marketing Association (Sadma) after renewed concern about an increase in the number of television adverts urging people to "call now", with their credit card numbers, for a wide range of household goods.

However, Sadma said few customers had complained about not receiving goods after placing an order through the television advertising sales.

Sadma spokesman Gillian Williams said the few people who had complained about not receiving goods were given their money back after Sadma had intervened.

"Even if you are dissatisfied with the quality of the goods, we would make sure you got what you ordered or your money back."

Williams added that companies advertising on television were thoroughly scrutinised by M-Net and the SABC before their adverts were accepted.

Further checks were also made by the banking institutions.

Amalgamated Bank of South Africa (Absa) spokesman Gavin Webster said "We make sure these companies are reputable and quite strong financially before we accept them as merchants."

"However, we must stress that we only act as agents between the buyer and the seller."

"But if there is a dispute, we may have to do an investigation — and the seller would have to prove there was a bona fide transaction. If he cannot, then we reverse the transaction."

Debt figures escalating ⁽²⁴⁶⁾

GERALD REILLY

THE number of civil summonses issued for individual debt this year should exceed 1-million for the first time. Information Trust Corporation figures show: *610 My 30/11/92*

Nearly 100 000 summonses a month are being served on debtors. The total for last year was 924 663.

In the first eight months this year the 657 252 summonses involved an amount of nearly R2bn. The monthly average was R264m.

Last year the total was R2.256bn — a record then.

Summonses served on businesses also reflected the recessionary pressures.

In the first eight months the total was 79 547 with a monthly average of 9 943.

The monthly average of amounts involved was R36.427m and the total for the eight months rose to R291.421m.

The year's total in 1991 was R307.326m — a total which is certain to be overtaken in 1992.

Debt has also increased. In 1988 the vital value of civil judgments for debt individuals and businesses was R860.461m, less than a third of this year's expected figure.

PRICES - CONSUMER PROTECTION BODIES

1993

Year	WHITE	COLOURED	ASIAN	AFRICAN	TOTAL
1989	-	-	-	-	-
1988	-	-	-	-	-
1987	73.2%	10.0%	0.2%	7.8%	1912
1985	71.8%	10.9%	1.1%	2.5%	1639
1983	67.7%	18.3%	3.7%	1.1%	1778
1981	72.9%	9.8%	10.5%	0.2%	1756
1979	77.6%	20.5%	0.3%	0.0%	2334
1977	75.6%	13.7%	2.0%	0.0%	1902
1975	82.0%	9.8%	0.2%	0.0%	1143
1973	-	-	-	-	-
1971	-	-	-	-	-
1969	-	-	-	-	-
TOTAL	WHITE	COLOURED	ASIAN	AFRICAN	TOTAL

2.35 Women as a percentage of Total Apprentices

Year	WHITE	COLOURED	ASIAN	AFRICAN	TOTAL
1989	-	-	-	-	-
1988	-	-	-	-	-
1987	81.3%	10.6%	0.3%	7.8%	2096
1985	82.4%	13.7%	1.3%	2.7%	1900
1983	72.8%	21.7%	3.7%	1.8%	1958
1981	78.9%	10.3%	10.6%	0.2%	1880
1979	79.0%	20.6%	0.3%	0.0%	2372
1977	84.4%	13.7%	2.0%	0.0%	2085
1975	89.8%	10.0%	0.2%	0.0%	1241
1973	91.3%	7.2%	1.5%	0.0%	1901
1971	97.9%	1.7%	0.4%	0.0%	2906
1969	98.4%	1.3%	0.3%	0.0%	2761
TOTAL	WHITE	COLOURED	ASIAN	AFRICAN	TOTAL

2.37 Percentage Distribution of Apprentices

Year	WHITE	COLOURED	ASIAN	AFRICAN	TOTAL
1989	-	-	-	-	-
1988	-	-	-	-	-
1987	1703	223	6	164	2096
1985	1565	260	24	51	1900
1983	1426	424	73	35	1958
1981	1484	193	200	3	1880
1979	1875	489	8	0	2372
1977	1759	285	41	0	2085
1975	1114	124	3	0	1241
1973	1736	137	28	0	1901
1971	2844	49	13	0	2906
1969	2718	36	7	0	2761
TOTAL	WHITE	COLOURED	ASIAN	AFRICAN	TOTAL

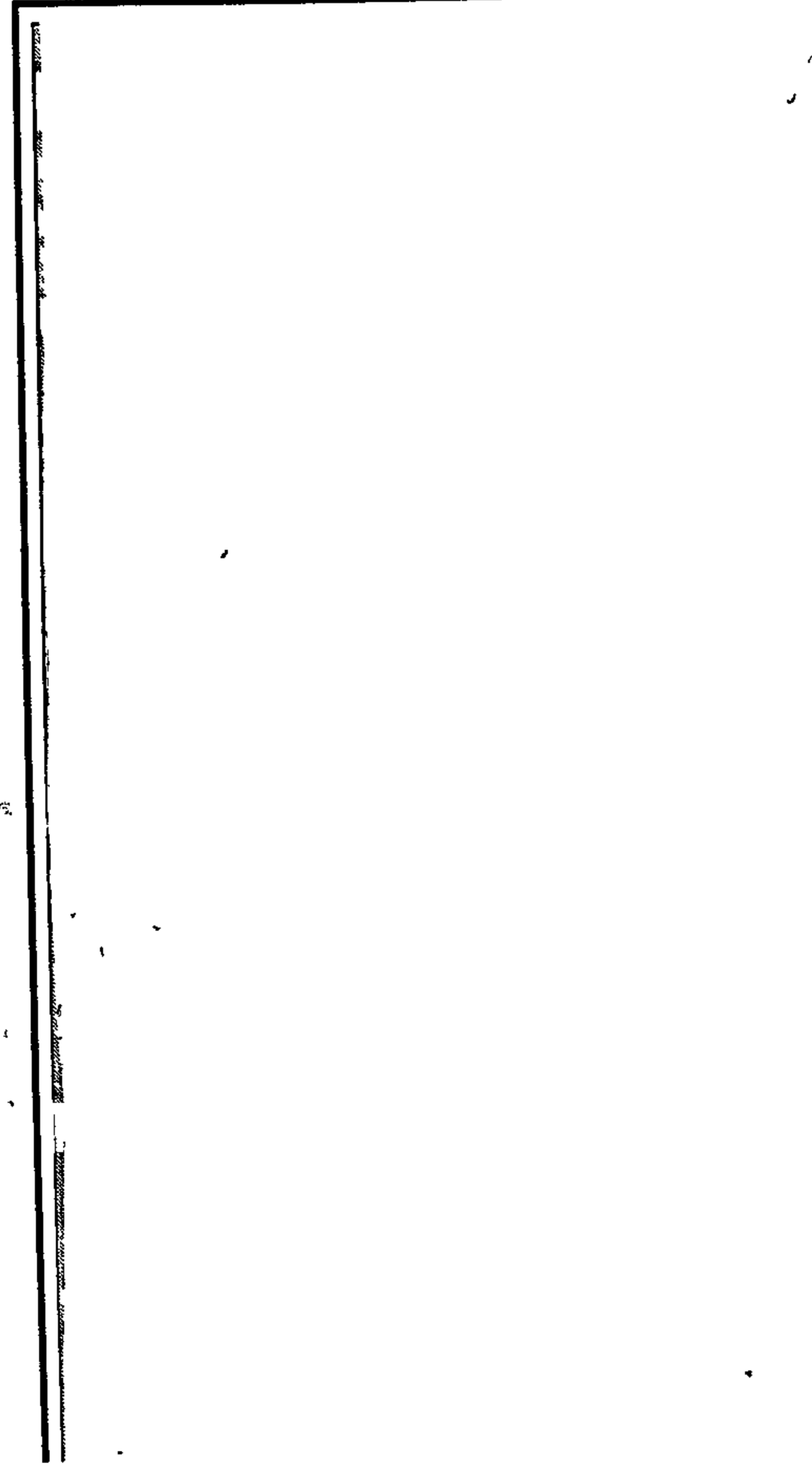
2.36 Total no. of Apprentices by Population Group

Year	WHITE		COLOURED		ASIAN		AFRICAN	
	M	F	M	F	M	F	M	F
1989	-	-	-	-	-	-	-	-
1988	-	-	-	-	-	-	-	-
1987	168	1535	14	209	2	4	0	164
1985	201	1364	53	207	3	21	4	47
1983	100	1326	66	358	0	73	14	21
1981	114	1370	8	185	2	198	0	3
1979	35	1840	3	486	0	8	0	0
1977	183	1576	0	285	0	41	0	0
1975	96	1018	2	122	0	3	0	0
1973	1736	-	137	-	28	-	-	-
1971	2844	-	49	-	13	-	-	-
1969	2718	-	36	-	7	-	-	-
	M	F	M	F	M	F	M	F
	WHITE		COLOURED		ASIAN		AFRICAN	

HAIRDRESSING

2.35

Local trade unions call for solidarity ● Interest on deposits withheld



Estate agents fleece tenants

Sowetan 20/1/93

246

■ Estate Agents Board backs members:

By Joshua Raboroko

MANY tenants giving deposits to estate agents are losing thousands of rands in interest accruing from such deposits because they are "ignorant of their rights".

A retired bookkeeper, Mr Bernard Rosengarten, said this week that when a tenant signed a lease with an estate agent, the agent received a deposit of between R2 000 and R10 000.

The money was deposited into a building society or bank on a savings trust account which only earned a low rate of interest.

However, the tenant was normally not informed that the interest accruing from the deposit would be forfeited unless the tenant claimed it.

He claimed that estate agents enriched themselves by sharing the interest equally with the board in terms of the Estate Agents Board Act. Most people were ignorant of the law

"People are putting down large deposits and foregoing the loss of interest and this works out to a considerable sum over a number of years," he said

Money collected on deposits ran into millions of rands each year, with thousands being made in interest.

Legal adviser of the Estate Agents Board Mr H Scheepers said agents were not obliged to tell tenants that they could earn interest on a deposit

Tenants must inform estate agents in writing that they wanted the deposit placed in a trust account, otherwise they would forfeit the interest.

Hard times hit taximen

Sowetan 25/11/93.

By Joshua Raboroko

FINANCIAL institutions repossessed about 800 minibus taxis in the past six months, citing feuds, decline in the economy and bad money management as some of the main reasons

Others reasons were given as unprofitability on certain routes, boycotts, arrears and the spiralling cost of living

The repossessions affected members of the South African Black Taxi Association (Sabta), the National African Federated Transport Organisation (Nafto) and individuals

The public affairs manager of Sabta, Mr Mike Ntlatleng, said the number of vehicles repossessed in the six months (June-December 1992) was 450

About 350 taxis were repossessed during the same period in 1991. The 1992 figure represented an average of 2,5 percent of the total number of vehicles bought through the Sabta Foundation Scheme

Sabta members were financed by Wesbank but all those accounts had been transferred to FutureBank which opened two years ago

Nafto president Mr Peter Rabali said more than 300 taxis financed by the Wesbank and Standard Bank were repossessed during the same period

Chairman of the Cape Organisation of Democratic Taxi Associations Mr Kidwell Maqwayi said about 100 taxis were repossessed by financial institutions

Most of the repossessions took place in the Transvaal, the Western and Eastern Cape and Natal where violence has become a way of life for taxi owners

The general manager of FutureBank, Mr James de Smith, said many minibus taxis were repossessed because owners were in arrears. He did not have the exact number of clients affected but estimated the figure at about 450

He said taxi feuds, unprofitability of routes, the bad economic climate and high instalments contributed to the downturn in the taxi industry

"The bank normally negotiates with clients before such actions are taken," he said, adding "Depriving them of their livelihood is the last thing we would like to do"

'Heavy beating'

Senior marketing manager of Stannic (car financing wing of Standard Bank) Mr Andrew Reekie said the taxi industry had taken a "heavy beating" as a result of the downturn in the economy

Many owners were unable to meet their financial obligations and the banks had been left with no option but to repossess vehicles.

Owners were normally given 30 days after repossession to reclaim vehicles. Taxi organisations have expressed concern at the frightening rate of repossessions countrywide

The black taxi industry, one of the fastest growing enterprises, is worth more than R1 000 million and has about 80 000 members affiliated to different organisations, according to a study by the executive consultant of Toyota Taxi Business Service, Mr Paul Browning

He said a taxi owner today usually got less income than he or she received in the past. The survey had shown that an owner was presently earning between R1 500 and R2 000 a month compared to about R3 200 the previous

■ Financial institutions repossessed 800 minibus taxis in past six months:

Many owners are unable to meet their financial obligations and the banks have no option but to repossess vehicles



year.

He attributed the plunge to the increase in the price of minibuses

"The community cannot afford to pay higher fares as a result of unemployment, poverty and the escalating cost of living," Browning said

Ntlatleng said in an attempt to solve the problems Sabta was employing people to advise clients

They were also negotiating with local-regional associations and the management of banks to see if arrears could not be settled

Taxi wars and boycotts would have to be stopped in the future because they were detrimental to the industry

Referring to bad management by taxi owners, Ntlatleng said it was important that drivers be taught how to run a business

"Taxi owners must learn to pay their employees a living wage so that they will stop pilfering. Some drivers do many trips to make what their employers expect and then put the rest in their pockets," he said

Rabali said that the industry was "overtraded" as a result of deregulation and that caused feuds on the routes.

Representatives of taxi organisations would ask the Minister of Transport, Mr Piet Welgemoed, to subsidise the taxi industry. They were due to meet the minister on Wednesday.

Maqwayi said taxi wars in the Western and Eastern Cape had a serious effect on the industry. Many vehicles were burnt out, resulting in owners not being able to pay instalments

He said "We managed to talk to financial institutions about our plight

"The war is over and many vehicles are back on the road. We are just praying that no further wars take place"

— TAURUS —

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R 9355

Consumer Union in crisis 246

THE NATIONAL Black Consumer Union, the only organisation involved in consumer-awareness programmes aimed at illiterate rural people, may close its doors tomorrow because of a lack of funds

Sowetan 28/1/93

NBCU president Ms Noma Ramphomane said yesterday that unless the union raised R45 000 its office in Bree Street, Johannesburg, would have to close. This would leave thousands of consumers unprotected.

Taxis are returned

Sowetan 29/1/93.

By Joshua Raboroko

■ Lawyers for taxi owners reclaim illegally seized minibuses:

LAWYERS representing taxi owners have been able to recover many repossessed minibus taxis costing thousands of rands because no court orders were issued against clients

East Rand lawyer Mr Simon Haskins said his clients were not given court orders before their vehicles were taken away by bank officials and policemen

Haskins, who represents about 32 taxi owners on the East Rand, said many minibus taxis were repossessed by officials claiming they were in arrears with their instalments

A Cape Town lawyer said he helped more than 30 taxi operators get their vehicles back after they had been repossessed

The lawyers said they were able to secure the release of the vehicles and warned "No court order, no repossession"

Their warnings come in the wake of reports that about 800 minibus taxis have been repossessed by in the past six months

Mr April Madhlaba of Benoni said three white officials and policemen came to his house and took his minibus after claiming he was in arrears. The vehicle was worth R67 000

He said "I was not given a chance to explain. I was not in arrears. I decided to see my lawyer. I got my vehicle back after two days"

Blacks target of fake financial consultants

■ Applicants pay large deposits in vain for loans:

By Joe Mdhlela
Consumer Reporter

(244)

COMPANIES styling themselves financial consultants are fleecing desperate blacks of large sums of money, a *Sowetan* investigation has found

The victims are black people who are desperate for financial help

One such person is Mr Michael Mudau, who was promised financial help by Finplan Investments

Mudau, whose home is in Venda but works as an assistant clerk at Tara Hospital in Sandton, was promised R5 000 on condition he paid an administration fee of R110 "up front"

He paid the fee at a post office in Johannesburg on February 10 1992.

After paying the amount, he received a letter dated March 7 1992. The letter stated "We thank you for your application. It is unfortunate to advise you that in order to continue with your application we require additional security."

The company also suggested that if he did not have an endowment insurance policy, he could borrow one

"You may borrow such a policy from anybody, a friend, family member. In fact anybody can lend you their insurance policy which you can use as security for your loan."

Spokesman for the company Miss Betsie Husteen said the fee was to cover "correspondence and clerical costs"

She said her company advertised in a black newspaper, as well as in *Beeld* and *Keur*.

"We may not advertise in all the major newspapers because we may not be able to handle the volume of work generated by wide-scale advertisement," said Husteen

In another incident, two Sharpeville women were ripped off by whites mas-

Sowetan 29/11/93

I was told that if I paid a deposit of R2 000 I would have a loan finalised in a matter of days

querading as financial consultants

They are Mrs Pauline Seyame and Mrs Elizabeth Malakoane

Both work as nursing assistants at Sebokeng Hospital

Seyame and Malakoane paid a "security fee" of R75 and R135 respectively to Alpha Omega Financial Consultants

They said they were each promised a loan of R2 000 if their applications were approved

Their first visit to the company was in September, but they were shocked when they found the premises deserted two months later.

Mr Patrick Nemutandani of Soweto was also a victim of a shady financial consultant, Regal Finance

The company was based in Germiston until "it disappeared into thin air," Nemutandani said.

Nemutandani wanted R20 000 for a taxi business.

He said he had been to a number of banking institutions without success when he eventually saw an advertisement in a newspaper.

"I immediately approached the company. I was told that if I paid a deposit of R2 000 I would have a loan finalised in a matter of days," he said

Nemutandani paid the R2 000 in April 1991.

Attempts by *Sowetan* to reach the companies were fruitless.

Telkom hopes to woo public with media drive

246

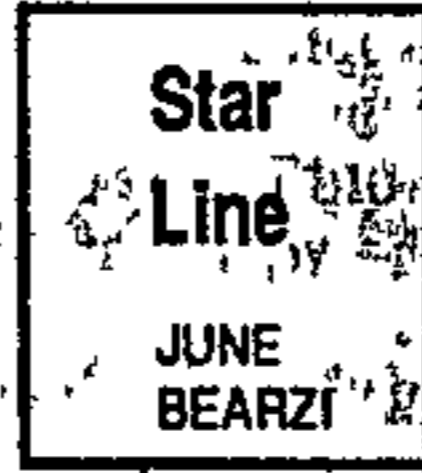
Telkom will launch a huge television and print campaign within two weeks in a concerted effort to reverse the badly dented public image it acquired in its first year of privatisation.

The campaign follows an undertaking given to The Star by Telkom chairman Jack Clarke in November to clean up the service, block the 087 premium lines and create a new "user-friendly and efficient era".

At the time, Clarke was reacting to Star Line reports of sustained subscriber criticisms of sky-high bills, false meter readings, technicians plugging in to private lines to make costly calls, and computer errors resulting in service cut-offs.

Telkom blamed abuse of the 087 numbers and said it would have to write off R77 million because of unpaid premium line accounts. But the Consumer Council and other consumer bodies shrugged off the excuse and urged consumers to demand detailed accounts from Telkom and, if they were still unhappy, to sue.

"Legal action is the only alternative for consumers whose telephone lines have been cut



because they refused to pay," Consumer Union chairman Lilibeth Moolman said.

Within days of the adverse publicity, Clark gave his "friendlier ring" commitment in an exclusive interview with Star Line.

Part of the clean-up campaign will reportedly include a "pep talk" on CCV at 8 am on February 12 by managing director Danie du Toit to Telkom employees, pointing out the errors of the past and how these must be avoided in future.

"The customer is king," they will be told, and subscribers will be able to "eavesdrop" by tuning into CCV.

On February 15 Telkom will reach out to the public in a massive media campaign.

Subscribers will also receive a letter with their accounts in which the telephone company admits its mistakes and asks for suggestions from the public.



Rands & Sense

An advice column for consumers

HP — not always as easy as it looks

South African consumers lose millions every year, their homes, livelihoods and self-respect because they do not know their rights. Worse, people are cheated by crooked, greedy dealers who take advantage of their naivety. This is the first of a fortnightly column to keep you informed of your rights: (246)

DECEMBER is the court, ordered to pay the account or serve time behind bars. 6/2 - 10/2/93.
Mrs Beulah Hendricks, of Grassy Park, bought a new lounge suite for R1 299 in December 1991. After paying a deposit of R200, she had to pay the furniture store a monthly instalment of R128 for 12 months. She made her first payment in January 1992, but her husband was fired from work in February and she missed a payment.

For the next three months the family struggled to pay rent, electricity and water accounts on only her salary and there was no money to spare to pay the furniture store.

In June 1991, a delivery van from the store arrived one afternoon when only Hendricks's daughter

was home from school, and removed the furniture. Not only did she lose the furniture, but she was informed by the store that they had sold it for R100 and she still owed the balance of almost R1 000.

In July, a summons arrived at her home, ordering her to appear in the Wynberg Magistrates Court in a civil claim the store was bringing against her.

The court ordered her to pay the balance within 90 days or serve 90 days in prison.

Hendricks went to jail.

This can happen to many people if they do not make arrangements to sort out debts early enough with the companies they owe.

The Grassy Park/Lotus River Advice office helps hundreds of people unable to pay their debts and learn how to avoid the kind of trouble Hendricks faced.

If you could not make your first payment in January, contact the store and inform them of your difficulties. List your income and your expenses in a letter, proving that you do not have extra money to meet your debt.

Offer to pay a smaller amount than you owe, and ask if they are willing to extend the period during which you have to pay. If the period is extended, you have to pay additional interest on the account.

If the company does not accept such an arrangement and you still can't pay, they may want to repossess your goods. There are two ways of doing this.

● First, there is voluntary repossession where the owner of the goods signs a form giving permission to the store to repossess. The

goods are valued and the owner still has to pay the balance outstanding. Some stores have been known to force their way into people's homes and take goods. Others get young children to sign the repossession forms. This is illegal and customers can lay a charge of trespassing.

● Second, there is involuntary repossession. If the customer is brought before court for not paying an account, the court can order that the store takes the goods back.

If the store sends a summons for the outstanding money, the customer has to pay the legal fees. If it results in a court case, the customer is obliged to pay the court messenger's fees as well as the sheriff's.

Once a customer is unable to pay an account, their bad debt is recorded with the Credit Bureau which keeps track of most credit transactions throughout the country. A customer with a bad record may find it difficult to get credit again.

LOTUS River/Grassy Park Advice Office has some guidelines for consumers:

● Before entering into an HP agreement, explore other options. Check newspaper columns or visit second-hand stores for goods.

● Never buy beyond your budget. If you do not have spare cash for an extra account, don't buy.

● Don't buy to be fashionable. Often people have furniture or appliances which are in good working order, but buy new goods just

because neighbours have them or because they have seen an advertisement for a new gadget.

● If a store offers "six months as cash", try and budget for that option. Entering an agreement to pay over 12 or 24 months means additional interest fees.

HP guidelines

● Keep a copy of your contract and receipts of payments. This will help you prove how much you have paid in case of a dispute.

● Delivery costs add extra Rands to the deal. Try to borrow transport and fetch the goods from the store yourself.

For advice contact ...

● Most advice offices in the Western Cape are able to assist consumers who are experiencing problems with hire purchase agreements.

● The Lotus River/Grassy Park Advice Office can be contacted at (tel) 706-3870.

● Lawyers for Human Rights can also assist with legal queries. They can be contacted at (tel) 47-6168.

● Save a bigger deposit. This will reduce monthly instalments.

● Buy at a store with a good reputation. This could help reduce conflict with the store.

● If you are married in community of property and your spouse purchases goods but cannot pay, you can be held liable for the debt.

● Learn your rights. Never sign a contract without reading the details and do not be afraid to contact the store if you are having problems paying your debts.

Consumers may start using courts

By DAN SIMON

PRODUCT liability cases are expected to become a feature in South African law courts as consumers become more aware of their rights with regard to product defects or the physical harm caused by manufactured goods.

This is the view of Cape Provisional Division Acting Judge Mr Justice Milton Seligson who addressed delegates attending the International Bar Associa-

tion's first regional conference in SA. Mr Justice Seligson said there only a handful of what could be termed "product liability cases" had been reported in SA since 1910.

"Until relatively recently many products sold in this country, or at least some components thereof, were manufactured abroad. This created considerable difficulty for a consumer wishing to sue the foreign manufacturer."

However, this was changing as SA had

embarked on intensive industrialisation and large-scale manufacturing and marketing of manufactured goods

"Undoubtedly our courts will be faced sooner or later, as has happened in the US and the UK, with claims by consumers that cigarettes have caused lung cancer or the use of medical drugs or vaccines have caused physical or mental injury

"Such cases will raise factual and legal issues of enormous complexity", he said



Star 12/2/93

Controls criticised (246)

Surveys by the Bureau for Standards had shown that controls over commercial measuring equipment such as scales and petrol pumps were inadequate, Deputy Minister of Trade David Graaff told Parliament yesterday. — Sapa.

Star 17/2/93
**'Blame ignorance
of consumers'** (24)

CAPE TOWN — Public ignorance about consumer matters was the biggest cause of harmful business practices, Brian Goodall (DP Edenvale) said yesterday.

Speaking in the second reading debate on the Harmful Business Practices Amendment Bill, he said liaison committees that advised the Harmful Business Practices Committee were of considerable benefit.

Self-regulation was important to commerce, and of great importance to industry as it created confidence. — Sapa

Star 17/2/93

Bid to protect bank customers

CAPE TOWN — The disclosure of interest rates and finance charges would prove to be the most important way to protect the public from malpractices, Minister of Trade and Industry David Graaff said yesterday.

Replying to debate on the Usury Amendment Act, he said he shared the misgivings of other MPs regarding the actions of certain banks, but was convinced that full disclosure of charges and interest rates would terminate such action.

Earlier, Dr Chris de Jager (CP Bethal) said, he was concerned that because the Act had been too complex, interest rates and charges had been misunderstood. — Sapa. (246)

Star 17/2/93

Economic malpractices curb growth — Minister

STAR 17/2/93

CAPE TOWN — Government expenditure had to be contained and the productivity and international competitiveness of the economy lifted to a far higher level to raise economic growth, Deputy Minister of Trade and Industry David Graaff said yesterday.

Introducing second reading debate on the Harmful Business Practices Amendment Bill, Graaff said one of the first goals of consumer protection must be to generate viable and sustainable job growth through economic progress.

The Government could not do it alone, and it would require

the will of the masses to energise the economy

The Government would also have to support economic policies sympathetic to economic life and liberty

Private property and freedom of contract were institutions which merited strong recognition in any Bill of Rights.

"These values must be protected and jealously safeguarded if the widely experienced human suffering caused by a struggling economy is to be ameliorated."

Intervention, such as provided by the Harmful Business Practices Act, was sometimes necessary to protect these values.

"When commercial behaviour

deceives the consumer, he is entitled to look to the Government for help"

The Act had introduced a system of consumer codes which would serve various purposes, including guidelines for possible ministerial action.

They outlined the difference between acceptable and unacceptable commercial conduct, and furnished a basis for consumer education.

The Bill also provided for the appointment of a curator in cases where urgent action was required to prevent the squandering of the public's money or its removal from the country

There were 80 investigations by the Business Practices Committee in progress. — Sapa.

Bill 'to combat deception of public'

CAPE TOWN — The aim of the Harmful Business Practices Bill, originally initiated as a result of the Kubus milk culture scandal, was to combat business practices which deceived the public, Deputy Trade and Industry Minister David Graaff said in Parliament yesterday.

The Bill, if enacted, will replace the existing Harmful Business Practices Act.

It would introduce a system of consumer codes which would set the parameters for possible ministerial action.

The codes outlined the difference between acceptable and unacceptable commercial conduct and for the appointment of a committee to consider when urgent

BIDAN 17/2/93
TIM COHEN

action was required to prevent the squandering of the public's money.

DP MP for Hillbrow Lester Fuchs said while his party supported the Bill in principle, he was concerned that if the Bill were to become law it would allow the attachment of assets without first obtaining a court order.

"We should be mindful of vesting in a committee, or in a curator, powers which the courts themselves are reluctant to exercise," he said during the second reading debate on the Bill.

Stores sell bread at high prices

Sowetan 17/2/93
■ Consumers warned not to be misled: 246

BREAD is being sold at "much more" than the recommended price, according to the Consumer Council.

Council executive director Jan Cronjé claimed in a statement yesterday that chain stores were charging 11c more for white and 9c more for brown bread than three months ago when they undertook to keep prices as low as possible.

"Most cafes clearly ignore the recommended maximum price of R1,75 for a standard 800g loaf of white and R1,50 for brown bread. They are still selling white bread for up to R1,96 and brown bread for up to R1,80," Cronjé said.

"Consumers are warned not to be misled. The price for all other kinds of bread are clearly visible except bread subject to the recommended maximum price" — *Sapa*

Medical ombudsman urged

By Paula Fray
Medical Reporter

The South African National Consumer Union (SANCU) has called for an independent ombudsman to vet accounts of private patients in view of the proposed Medical Schemes Amendment Bill.

SANCU president Lillibeth Moolman was speaking at the launch on Tuesday night of the Care Smart Card Network — which allows members to manage their own benefit funds and pay immediately for medical services and medicines — by the Botshelo Health Care Systems

Moolman said only 15 percent of the population had consistent

access to private health care while 80 percent of the population was being taken care of by the State under an ever-diminishing budget

"A cause for concern in the medical aid system is that premiums keep going up and benefits keep going down. We are aware that many medical aid schemes are in deep financial trouble," said Moolman

Running

Amendments to the Act could lead to medical schemes running their own hospitals and pharmacies "This will have to be watched carefully to ensure that this does not have the effect of making health care even more expensive instead of less so," she added.

The union felt strongly that

certain rights had to be guaranteed to the patient. "We would very much like to have an independent ombudsman who could be asked to vet an account," said Moolman, who added that the union would also press for a statutory body for private hospitals.

And, she said, the time was past when all decisions as to the patient's financial treatment could be made without discussions with the people concerned — consumers of health services.

The Medical Schemes Amendment Bill, under debate in Parliament, would give medical aids some leeway in rearranging their mechanisms and structures to curtail rampant cost escalation and make affordable health-care cover available to a broad spectrum of the community, said Medi-

cal Schemes' Registrar Danie Kolver.

Kolver said there would always be three major players: the medical scheme, the patient and the providers of services. And, as medical services and health-care costs escalated, new and innovative structures would be brought into play.

The Botshelo Health Care Smart Card operates through a special savings account into which the member's monthly benefit fund contributions are placed. The member is issued with a card to pay directly for his medical expenses.

Tax-free interest is paid on the savings and, if members manage their funds, they can build up substantial amounts in their savings accounts to provide for major medical expenses later in their lives.

FOCUS: Telkom spends R7,5-m on improving its image. But what about the service?

Telkom's tears. Consumers' trials

TELEVISION viewers should line up several boxes of tissues when they watch 90 seconds of advertisements, in both official languages, featuring Telkom's chief executive, Danie du Toit, apologising to consumers.

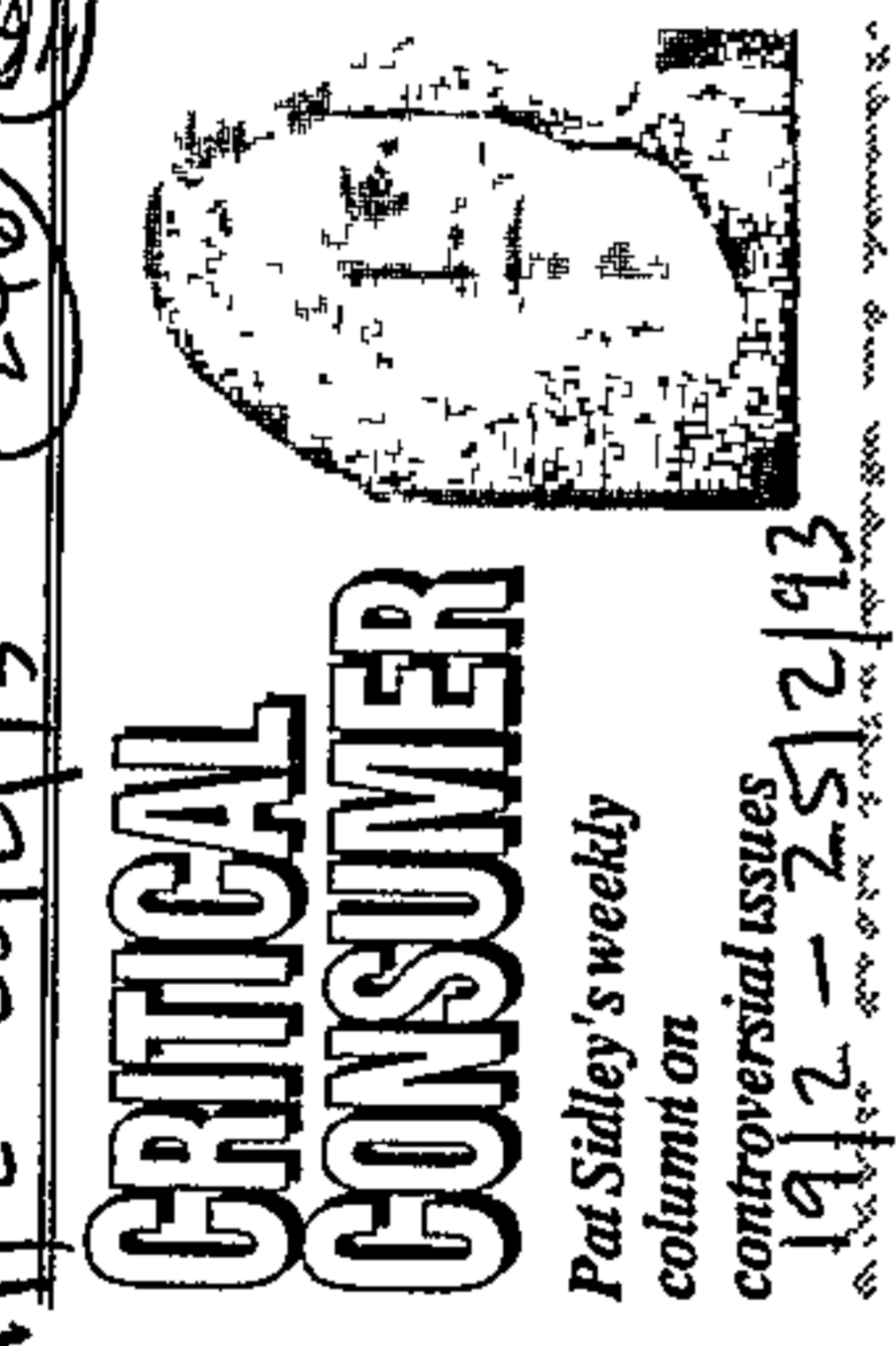
He is backed up by a thousand violins playing something awfully mournful — perhaps a funeral dirge over a body of bad service. He apologises for the appalling service we have all had to suffer and promises better.

This TV advert, plus advertisements in the press, will cost the company R7,5-million.

And now, reporters were told at the launch of the advertising campaign, the cabinet is working out what increases Telkom can pass on to consumers to help the company jacking up its dismal performance — although it is making a nice profit at our expense.

The campaign is poorly timed. Journalists were told by way of explanation for the campaign that the 64 000 Telkom staff members will all be trained and retrained to render better service. But nobody in the upper echelons, it would seem, has been fired for delivering such a bad service — and they do not seem to be getting any retraining either. Instead, corporate soul-searching has produced the need to hire more experts at the top and, to a large extent, to blame the change of culture from government to private enterprise for the poor service.

It may be so, but this Critical Consumer has a longer memory than those at Telkom. There was a period when the telephone service was run by the government and the service was terrible. Then the government brought in Louis Rive and it improved dramatically. Service slipped again after Rive's retirement



black, female and speak several different languages.

The only change since privatisation is that parliament cannot force a modicum of accountability with the ending of formal government control of the telephone service.

There will not be any rapid change to the services available to consumers. Telkom has warned that it cannot extend the service of detailed billing to all consumers as the technology is not available everywhere. And the cost of providing a detailed account will be passed on to consumers.

Telkom faces a major legal problem here, however, as the Cape Town Supreme Court recently upheld a consumer's right to keep his service because Telkom could not prove that the consumer had run up the extremely high bill.

Other services may not be introduced either. A journalist asked if Telkom would offer reduced rates at off-peak hours for overseas calls. She was told that the other country would receive the calls during working hours and that research would have to be done.

All the competing telephone companies in the United States offer this service; so do the Dutch, Singapore and Australian services as well as British Telecom and its rival, Mercury. Their consumers can dial some country with another time zone and get the benefit of reduced rates at the time the call was made in the country of origin.

Danie du Toit and Co have placed their already sullied reputations on the line. Consumers may have little choice but to sit back and see if the phone company delivers the goods. They will need the tissues for the tears, if not from deep sadness, then from laughter.

— a slide which continued until privatisation when the gradient became steeper

Telkom should perhaps have reorganised its people at the top, fired those with a proven track record of incompetence (making money out of a monopoly by forcing exorbitant charges out of the public takes no skill), and done the retraining it says it will do.

Only then could it have advertised its achievements to a public that would have tasted corporate contrition in an improved service — the place it really counts. It could have played triumphant, happy music to reinforce our by-then improved feelings towards Telkom.

The counter argument is that Du Toit has placed his butt on the line and he will simply have to produce the goods. If he does not, will the culture of corporate responsibility take its toll in the old government way (leaving all intact with feathered nests) or the new privatised way (with a Bob Aldworth-like fall from grace)? This Critical Consumer is sceptical that any meaningful changes will take place.

Most of the top structure of Telkom is white, male and Afrikaans. The majority of its present, and potential, consumers are

20 South business

February 20 to February 24 1993

People's Bank lends a hand

Credit Unions, providing cheap loans for those unable to afford bank loans, have existed for more than a decade

Waghied Misbach finds out what these unions are all about:

THE CREDIT union movement is growing rapidly in South Africa.

Known as the "People's Bank", a credit union is a financial co-operative, owned and controlled by its members. Its main aim is to encourage saving and provide loans cheaply to members.

Credit unions started in 1980 in Cape Town with the Cape Union League as a project of the

from churches and township residents, but are increasingly involving

workers from other sectors

The union provides an important service to people from rural areas who have little access to banks, said Savings and Credit Co-operative League of South Africa (Saccol) education officer Ms Olivia Henwood.

Credit unions also provide loans at rates well below that of banks.

Unlike ordinary banks, Saccol members are forced to make loans at the beginning of the year

takes into account the money a family earns through informal work. About 30 percent of their loans are for funerals, said Henwood. She said township residents often have to transport bodies of relatives back to the homelands, which accounts for the high cost of funerals.

"Banks are not prepared to give loans for funerals, which can cost well over R1 000"

The second largest slice of the loans is for education, where members are forced to make loans at the beginning of the year

business & labour 21

AS CONSUMER products become more hi-tech, many unsuspecting buyers face the risk of serious injury if something goes wrong.

Add to this the "klutz" factor — that's when people are silly about how they use new gadgets — and you wonder what is the consumer to do about this?

In the US and, increasingly, in Europe, consumers are hitting back. They are filing product liability lawsuits, forcing manufacturers and even distributors to pay up. They are suing them for either not making good, easy and safe-to-use prod-

More hi-tech, more lawsuits?

SOUTHERN 2012-24/2/93

ucts or not issuing them with adequate instruction booklets.

Of course, in the US this has been taken to an extreme length. Once a woman sued a microwave oven manufacturer when she was horrified to find she could not dry her poodle by microwave. Needless to say, she lost her case.

In South Africa, such cases are rare. So are genuine cases of aggrieved consumers trying to bring

Acting-Judge Martin Seligson told a recent city International Bar Association conference this was because laws did not allow for strict liability by manufacturers for the quality of their products.

Instead, consumers had to prove "unlawful and negligent conduct by the manufacturer or supplier which has caused personal injury or loss"

This is not easy, especially when they have to prove the product was not used incorrectly.

But Seligson said he believed matters would start changing soon.

"It is to be questioned whether, in a modern industrialised economy such as in South Africa, in which the mass marketing of consumer products has become common, the prevailing negligence doctrine is adequate to protect the legitimate

interests of consumers," he said. He expects the law to change so that consumers can sue companies fairly easily. This change could be speeded up if, as has happened in the US and Europe, people start suing cigarette or medicine manufacturers for the damage or illness caused by their products.

US litigation expert Mr Marc Whithead said local manufacturers had to realise their best defence against claims was producing good, reliable and clearly marked products that even the "klutz" could not misuse — **LYNDA LOXTON**

20 Southbusiness

Credit Unions, providing cheap loans for those unable to afford bank loans, have existed for more than a decade **Waghied Misbach** finds out what these unions are all about

'People's Bank' lends a hand

THE CREDIT union movement is growing rapidly in South Africa. Known as the "People's Bank", a credit union is a financial co-operative, owned and controlled by its members. Its main aim is to encourage saving and provide loans cheaply to members. Credit unions started in 1980 in Cape Town with the Cape Credit Union League as a project of the

Catholic Welfare Bureau, with three credit unions and 75 members. It has now grown to over 5 000 members with funds of more than R1 million. It is estimated that by March 1994, there will be 10 000 members with deposits over R5 million. Credit unions draw members from churches and township residents, but are increasingly involving

workers from other sectors. The union provides an important service to people from rural areas who have little access to banks, said Savings and Credit Co-operative League of South Africa (Saccol) education officer Ms Olivia Henwood. Credit unions also provide loans at rates well below that of banks. Unlike ordinary banks, Saccol

takes into account the money a family earns through informal work. About 30 percent of their loans, are for funerals, said Henwood. She said township residents often have to transport bodies of relatives back to the homelands, which accounts for the high cost of funerals. "Banks are not prepared to give loans for funerals, which can cost well over R1 000". The second largest slice of the loans is for education, where members are forced to make loans at the beginning of the year to pay for school fees. Other loans are given for home improvements, electrification and buying livestock. Average deposits of members are R250 each with the 36 Saccol credit unions averaging about R25 000 each in funds. Credit unions are independent, but there are rules. For instance, Saccol would crack down hard on any union who spent more than 80 per cent of their deposits as loans. The first credit unions were all church-based, but others were soon formed among workers such as domestics and muners. The movement spread to the Transvaal, Northern Cape and later Namibia and eventually changed its name to Saccol. Saccol is affiliated to the African Confederation of Savings and Credit Co-operatives and the World Council of Credit Unions (Woccu), which has affiliates in over 80 countries with a combined membership of 77 million. Woccu has estimated savings of about R696 billion. While the South African credit union is not as advanced as that overseas, they still provide a necessary service to those not catered for by banks. Funds are well protected. Audits are carried out on each credit union. Credit unions are currently under scrutiny as they do not fall under legislation governing savings. Henwood said that changes this year to the Deposit-taking Institutions Act were likely to benefit the movement. A benefit could be exemption from tax, she said. While this was not ideal and legislation covering credit unions would be welcomed, "some legislation is

Ladysmith Black Mambazo
beautiful, but I don't think
West will get into it!"

- Record company executive, 1975



Wrong!

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Blacklist the car sharps

S/ Times (Busb) 21/2/93 (246)

THE insurance industry is looking to introduce a black list to protect itself against fraud. Bogus car theft alone is estimated to total R360-million.

SAP head of vehicle theft, Lieutenant-Colonel W C Smith, says that 45% of about R800-million claimed annually in insurance is believed to be fraudulent and the cars have been sold or hidden.

It is harder to assess the extent to which other insurance claims are fraudulent or inflated, but it is estimated to run into hundreds of millions of rands each year.

The main source of concern is the extent to which bogus claims have recently increased, says Auto & General joint managing director Jannie Potgieter.

Register

The Consumer Council, the police and representatives from the insurance industry have held meetings to address the problem.

Mr Potgieter says the only way to effectively deal with burgeoning insurance fraud is to introduce a register of all claims made.

He says it is impossible to correctly price a person's policy unless all the facts about his or her claims history are known.

"This information is not available at the moment. If one insurance company refuses to insure a person who tried to defraud them, that person can just insure elsewhere.

"The chances of the guy

By TERRY BETTY

being caught are slim, because many insurance companies work on a decentralised basis with little computerisation so there is a poor flow of information.

"If there were a central register of claims it would be easy to verify a person's claims history and price the policy accordingly."

Mr Potgieter explains that at the moment everybody is thrown into one big basket, resulting in higher premiums. "It would prevent people with a clean history from subsidising others who frequently claim."

However, not the entire industry is clamouring for the new system. Consumer Council spokesman At Meyer says that, in certain companies, people in the lower ranks who actually deal with claims feel there should be some sort of black list.

But the top management is not as happy with the idea, as it might give their competitors vital information about their client base. "They would rather absorb the cost and push up premiums."

Mr Meyer says that, considering the potential savings, it would not be costly to implement. The most rudimentary system would cost R30 000.

Mr Meyer adds that it would have to be run with the aid of the SA Insurance Association (SAIA) as it is an independent body, and this would assure confidentiality of important information.

Mr Meyer says the Consumer Council is also looking at the acceptability of lie detector and voice stress tests.

Colonel Smith also says he is working on something that will drastically cut back on bogus car thefts. But he would not give details. "I do not want to give the crooks any tips."

Costly

But it seems fraudsters know all the tricks already. Mr Potgieter gives the example of a man who last month claimed for a stolen car, but the insurance company was tipped-off — a passer-by saw the man burying it in his garden.

It would be impossible to glean from court convictions the extent to which this happens, as charges are seldom laid.

Mr Potgieter says it is costly to involve senior management in lengthy court proceedings. It is easier to allow the person to withdraw

the claim and refuse to insure that person again.

But the majority of the fraud comes from people over-claiming. Captain Strini Govender says that when people are robbed they invariably claim to have top of the range stuff stolen.

"It is amazing how many people have Ray Bans in their car and costly car radios, as well as lots of money in their purse, when their car is broken into."

It is this aspect that is difficult for assessors to pick up. But Mr Potgieter says somebody with a track record of having frequent claims would be picked up if there was a central register of claims.

SAP statistics show that 67% of uninsured vehicles are recovered while only 17% of insured ones are recovered, indicating these are more effectively disposed of.

Colonel Smith says most of these are sold across SA's borders and have been found as far afield as Cyprus.

More bond business, less credit

By Sven Lunsche

246

STAR 22/2/93
September quarter and R3,73 billion in the June quarter

Despite the consistent drop in interest rates last year the rate of growth of credit business written by the country's banks has fallen rapidly.

Analysing fourth quarter 1992 lease and hire-purchase figures, Nedfin chief executive Christopher Beatty calls for urgent economic stimulation.

In the December quarter, instalment credit (lease and HP receivables) demand rose by a mere 1,8 percent, or R568 million, on the previous quarter

Compared with the December 1991 quarter the increase was R2,12 billion, a marked slowdown on year-on-year growth of R3,01 billion in the

Beatty says on an annualised growth in demand for instalment credit has fallen by about 46 percent and at the end of last year the balance on the banks' books in the instalment credit field amounted to R33,7 billion.

"The picture is one of stagnation and suggests there is limited room for manoeuvre in the Budget."

Beatty draws two main conclusions from the figures. "Some easing of monetary policy seems advisable, while there is also little wisdom in taking amounts of money out of the economy in the form of higher taxes."

He says the motor industry has been particularly hard hit by the slowdown in credit demand, as vehicle financing represents about 68 percent of all instalment credit business written.

Nedfin's analysis also points to a shift in the way in which major purchases are being financed.

"Comparisons with other sectors of the banking industry suggest that bond business is being written on purchases which were previously arranged through HP or on a lease

"South Africans appear to be getting into the habit of buying a car and putting it on the bond," Beatty says.

High rates take their toll

By Sven Lünsche

The value of civil debt judgments against both individuals and businesses soared last year as high interest rates continued to take their toll.

According to Central Statistical Service figures released at the weekend, the number of debt judgments against individuals rose by 6,1 percent to 500 828 last year, involving a total of R2,82 billion, up 25 per-

cent from the previous year.

More than 53 880 judgments were made against business enterprises, involving R444 million, 44,4 percent up on 1991.

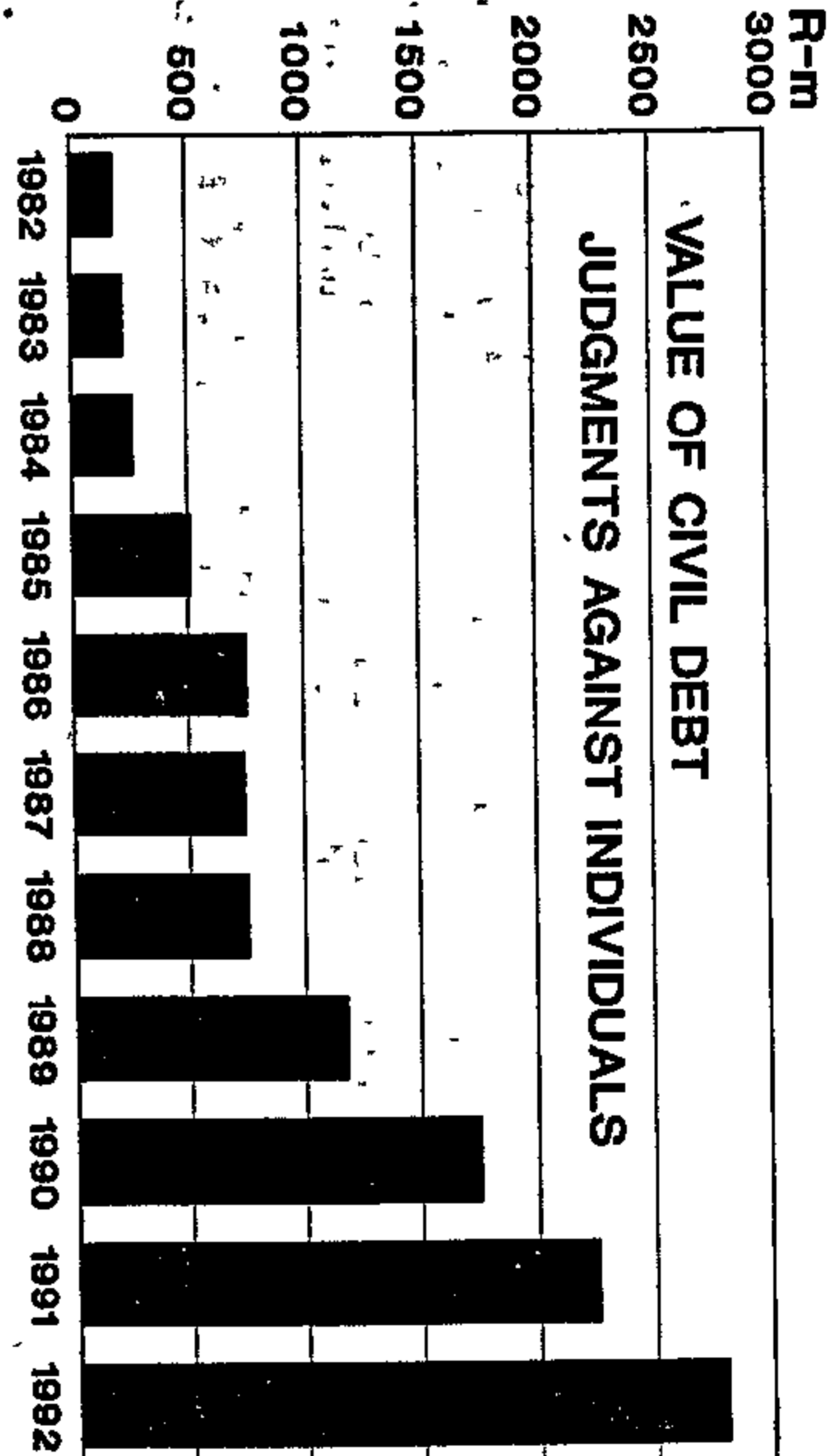
Worst category

The average value of judgments against individuals was R5 636 (18 percent up on 1991), and against businesses R8 238 (up 27,3 percent).

According to Credit Guarantee economist Luke Doig, the worst overall category was defaults on instalment sale transactions, which soared 55,2 percent.

He warns that 1993 could still bring a consistently high number of civil debt judgments as previous recession have shown that an upward trend in civil debt takes between two to three years to respond to lower interest rates.

*Star 213/93
246*



abuse I have already told the hon member that we are concentrating on issuing identity documents as a means of identification, because they contain a photograph and indicate age and citizenship. There is therefore no problem in that respect

I know that in some circles the use of birth certificates, marriage certificates and drivers' licences has been suggested, but I am afraid those documents are easily forged. If I could have my way, I would definitely not use those documents for identification purposes. That is why—this is in reply to the hon member for Groote Schuur too—I am talking about a short method. When push comes to shove and we see that 95% or 99% of the voters have not been issued with identity documents in the usual sense of the word, then we can look at alternative methods. For example, we could consider issuing a voting card to registered voters, but one which contains an element of identification such as a signature or a thumb-print. I would like to inform the hon member that that kind of voting card was used with great success in the elections in Namibia. [Time expired]

*Mr L LOUW, Mr Chairman, it is my contention that the NP is not concerned about what sort of control there will be over who may or may not vote in a so-called election or referendum

After *Agenda* on Sunday evening they are especially worried about who will vote for them if there is ever an election or a referendum. [Interjections] The hon member for Worcester who on Sunday evening was either behind the curtain, a member of the editorial team or supplying the hon the Chairman of the Ministers' Council in the House of Representatives with answers, must have put his hon colleagues in the picture. [Interjections] Now the NP is complaining about the unfair treatment they received from the SABC. Imagine that! [Interjections] They should be the last to complain about that.

The NP has suddenly realised that they now have the least support in the other population group from which they had hoped to get the most votes. [Interjections]

I should like to point out to the hon members on the other side—I do not think they understand

HOUSE OF ASSEMBLY

Africa. This Government is turning South Africa into a land of anarchy. [Time expired]

*THE MINISTER OF HOME AFFAIRS, Mr Chairman, both the hon members who have just spoken did not really talk about the question and I do not think there is much more to tell them. [Interjections] The debate was too general. However, what I can say is that while they may have reservations, we have confidence in our ability to hold a fair election in this country in which only registered voters will participate and which will produce a fair result. [Interjections]

Debate concluded

IOCU: consumer rights

2 Mr D H M GIBSON asked the Minister of Trade and Industry

(1) Whether a comparative study has been made of the legal position of South African consumers in respect of consumer rights and that of consumers in Europe and the United States of America, if not, why not, if so, with what result;

(2) whether he will consider introducing legislation which will define and protect consumer rights in terms similar to those laid down by the International Organization of Consumer Unions (IOCU), if not, why not, if so, what are the relevant details?

B309E INT

THE DEPUTY MINISTER OF TRADE AND INDUSTRY, Mr Chairman, a specific comparative study of consumer law per se has not been conducted. However, the comparative study of consumer law is an ongoing process. This is conducted by various bodies. Academics, the legal profession and the SA Law Commission are, on an ongoing basis, engaged in the study. We have an ad hoc technical committee on consumer legislation, under the chairmanship of Prof Louise Tager, who is, on an ongoing basis, engaged in updating and continuous research of this issue. The Government is taking cognisance of this research all the time.

We believe that the cornerstones of commercial and entrepreneurial freedom, and therefore of consumer welfare, are the recognition and protection of freedom of contract and property rights. Any effective consumer law must be built on these foundations. Without these foundations the consumer is doomed to poverty, irrespective of any laws that may stand on the Statute Book.

With regard to the second question, we are not envisaging a specific Act describing consumer rights. However, it is our endeavour that the rights of specific groups be addressed by way of legislation applicable to specific fields. We believe that there are approximately 62 parliamentary Acts which pertain to consumer protection. They are too many to mention, but some of the most important ones are the Housing Development Schemes for Retired Persons Act, the Usury Act, the Credit Agreements Act, the Estate Agents Act, the Price Control Act, the Standards Act, the Trade Metrology Act, etc. The main Act recently implemented, which is our cutting edge for consumer protection, is the Harmful Business Practices Act. Because of time restrictions I will not be able to discuss this more fully.

The hon member also referred to the International Organisation of Consumer Unions, and let me state specifically that they do not have legislation as a prototype. They provide guidelines for consumer protection. These guidelines are with regard to the consumer's right to safety, to be informed, to choose, to be heard, to redress, to consumer education and to a healthy environment. [Time expired]

Mr D H M GIBSON, Mr Chairman, I thank the hon the Deputy Minister for his interesting and informative reply. He will forgive me if I say it was a bit lacking in dynamism, because the impression he creates is that it has all been done and that the consumer has all the protection and all the rights which he or she should have. [Interjections] I want to assure him that in the real world that is not so.

South Africa has an abysmal record when it comes to the rights and the protection of consumers. The consumers should be the most important people in the country, because every man, woman and child in South Africa is a

HOUSE OF ASSEMBLY

consumer. Too often they allow themselves to be exploited and ripped off. This Parliament helps to allow that exploitation and ripping off, because we are not pro-active in protecting them.

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The secret of powerful and successful consumerism is access to the law-making system at the very highest level. This Government has not shown that it really cares about the consumer or about consumerism. If it did, the Government would start by appointing a Minister of Consumer Affairs. Secondly, it would reform the joint committees of Parliament and make them accessible and responsive to all of the consumer representative bodies and to the lobbies which speak up on behalf of consumers. An example of where this works so well is the USA, where lobbies are a very important part of government. We need informed, intelligent and active consumers who are satisfied with nothing less than good quality and service at reasonable prices. There are many formulations around the world of what consumer rights should be, and the formulation by the International Organisation of Consumer Unions was one formulation which caught my fancy. The hon the Deputy Minister referred to it, and I therefore will not repeat it. He also referred to the fact that they had produced no standard legislation.

I should like to draw his attention to one interesting publication which I saw recently in relation to a Consumer Guarantees Bill in New Zealand where the Minister of Consumer Affairs, Katherine O'Regan, introduced this Bill in their parliament. She said it would clarify the rights and obligations of manufacturers, traders, service providers and consumers in a manner appropriate to the demands of the modern marketplace.

I invite the hon the Deputy Minister to come out on the side of the consumer and to help us create a favourable climate for successful consumerism in the new South Africa.

*Mr D G H NOLTE Mr Chairman, the question may justifiably be asked why it is essential to entrench the position of the consumer in South Africa against the actions of business undertakings. After all, the market in a market-oriented and a capitalistic-oriented economic system will find its own level, especially when there is sufficient competition in the economic system.

omy. That competition does not only imply competition between suppliers, it also implies bargaining between business undertakings and consumers.

That is exactly where the problem lies in South Africa. The policy is that there should be concentration of power on the supply side, so much so that in many cases there is no effective competition. The result is that, in spite of the Competition Board, the consumer cannot really exercise a choice when a particular business undertaking renders poor service.

On the demand side we have the Consumer Council, a statutory body which was created in an effort to protect the consumer against harmful business practices and poor service by business undertakings. The reality, however, is that the Consumer Council has no legal power. They can only try to follow up the problems and complaints of consumers about the poor service of business undertakings and then solve the problems by means of moral pressure. There simply is no quick and practical means of addressing problems. In the case of a contravention of the law, the procedure is of such a nature that many consumers simply cannot afford it.

We say that the efficiency of the economy could be improved considerably if there was a quick, practical and judicially just course of action at the disposal of the consumer.

THE DEPUTY MINISTER OF TRADE AND INDUSTRY Mr Chairman, I want to point out to the hon member for Yeoville that the Government regards consumer legislation as a dynamic process. It is not statutory and it is not static. We do not claim that we have all the answers. As civilisation develops worldwide we will adapt and update our legislation in this regard. In this session of Parliament my department will be introducing five amendments to existing Acts on consumer protection, which is proof of the fact that we are indulging in this dynamic process. The hon member proposes that we appoint another Minister, specifically for consumer affairs. I do not believe that is necessary.

We have to look at two very specific philosophies on consumer legislation. There are two schools of thought, namely the so-called European school which believes in regulation and in

putting things in the law book and the Anglo-Saxon school which believes that disclosure of the terms of contract is the safest way to protect the interests of the consumer.

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South Africa is very much following the Anglo-Saxon route, because in a society like ours, in which there is a large Third World component, to overregulate is self-defeating. In fact, it causes more damage to the consumers than it aids them, because in the end the consumers pay for overregulation. [Time expired.]

MR L FUCHS Mr Chairman, quite frankly the response of the hon the Deputy Minister inspires little confidence, because he implies that the consumers have all the protections they need. Hon members should know that that is simply not the case. The consumers do not have all the protections they need. For too long South Africa's consumers, who are notoriously apathetic, possibly even ignorant of their rights, have allowed their common law rights to slide into disuse. Consumers in this country must certainly acknowledge that their passivity and their land-back attitude have cost all consumers very dearly. We cannot, however, lay blame on the consumers only. We all have an obligation to ensure that the rights of the consumers of this country are not trampled on.

Consumer organisations, and the Government in particular, have pivotal roles to play in promoting consumerism and in ensuring a fair deal for the beleaguered consumers of our country. Organisations such as the Consumer Council and the Housewives' League have to become more effective in protecting the persons who purchase goods and services on a daily basis. They have to be more imaginative and successful in implementing quality checks, exposing dishonesty, and organising effective lobbies and campaigns in the interests of all consumers. The Government also has an important role to play, and while it cannot on its own halt all exploitation or shape a perfect world or environment, it can provide an effective balance system for the protection of the consumers. It can also take positive steps to prevent consumer exploitation, but unfortunately it has failed in this aim.

Firstly, this Government has failed the consumers of this country by neglecting to take the lead of countries such as Great Britain, where the common law rights of consumers have been

consolidated into a simple, usable statute. [Time expired.]

MR D H M GIBSON Mr Chairman, the hon the Deputy Minister was not impressed by my suggestion that a Minister of Consumer Affairs should be appointed. I would like to remind him that the three new appointees do not have half a job between them. Those three departments which the three new Ministers are going to deal with should be given to one, and then one of those spares could perhaps deal with consumer affairs. [Interjections.]

Up to now consumerism has been kept alive and kicking by people like Lilbeth Moolman and by journalists like Isabel Jones, Gwen Gill, Claire Gebhardt and Zangisha Mkhuma.

The DP also cares about consumers. We believe that the ongoing research which the hon the Deputy Minister referred to and the inquiries all have a place. Certainly they must do that, but we have to tackle the matter dynamically if we want to see dynamic solutions. We must serve notice on the hon the Deputy Minister that he has to be on his toes if he wants to impress us with the fact that he is on the side of the consumer and believes with us that the customer is right.

THE DEPUTY MINISTER OF TRADE AND INDUSTRY Mr Chairman, what is apparent from this mini-debate is that the speakers on behalf of the DP have not come up with one positive suggestion as to what legislation should be in place that is not in place. They are following their normal route of sitting back and criticising, without offering any possible alternatives.

I would like to put it to the hon member for Hillbrow that we need a balance in consumer protection. I am sure he will agree that one can overlegislate in this regard, and that overlegislation and overregulation could in fact do more damage to the consumer than not doing anything at all. I believe the consumer must not forget that he is also responsible for his own welfare. The IOCU refers to the consumer's right to a healthy environment, but this is not always economically possible in a Third World country.

I believe South Africa is in step with modern

thinking on consumer rights, because the most effective consumer protection can only be achieved by educating the consumer and creating awareness of his rights

Some legislation is necessary to protect the consumer, but as I have said, legislation can also harm the consumer. Legislation, and particularly poorly enforced legislation, creates a false sense of protection for the consumer. He is lulled into believing that since there is legislation to protect him, he is relieved of the responsibility to take care of himself.

Consumer codes of self-regulatory bodies are being formulated in consultation with consumer bodies [Time expired]

Debate concluded

QUESTIONS

†Indicates translated version

For oral reply

General Affairs

Question standing over from Wednesday, 24 February 1993

Robben Island: future of prison

*4 Mr D J DALLING asked the Minister of Correctional Services

- (a) (i) How many prisoners are being held on Robben Island at present and (ii) in respect of what date is this information furnished and
- (b) when is it anticipated that the prison on the island will close? B129E

†The MINISTER OF CORRECTIONAL SERVICES

- (a) (i) 723
- (ii) 3 March 1993

(b) During 1991 the Government approved that the interests of the Department of Correctional Services on Robben Island should be scaled down on a phased basis. As Correctional Services, who up to now has been the main role player on Robben Island, will thus eventually

HOUSE OF ASSEMBLY

phase out its interests on Robben Island, the Regional Development Advisory Committee (RDAC), Region A (Western Cape) was requested to advise the Government on the future utilization of Robben Island as well as the identification of a future chief role player. The RDAC has since delivered its report which was duly considered by the Government. Consequently the following decisions were reaffirmed/taken by the Government on 3 March 1993

— that a Ministers Committee and the Administrator of the Cape Province shall oversee and report back to the Government from time to time;

— that the Cape Provincial Administration be appointed as chief role player to take further initiatives with regard to a utilization plan for Robben Island which includes a management and development plan;

— that a Robben Island Advisory Committee be established to assist the Cape Provincial Administration in the drafting of a management and development plan for Robben Island. This Advisory Committee should comprise experts from the public and private sectors concerned,

— that in the drafting of the management and development plan, the Robben Island Advisory Committee must consult as widely as possible (with all interested parties),

— that particular attention be given to the establishment of a museum on Robben Island in which the eventful history of Robben Island will be incorporated, preserved and depicted,

— that an expert consultant can be utilized to assist the Cape Provincial Administration, and

— that the following elements be contained in the management and development plan

HOUSE OF ASSEMBLY

• the intensifying of a programme to protect the fauna and flora,

• the development of a programme to extend the cultural-historical interests of Robben Island, the protection and preservation of shipwrecks in the territorial waters of Robben Island,

• a plan which will ensure maximum involvement of the community in the development of Robben Island,

• the promotion of educational programmes to offer the youth maximum exposure to the historical heritage of Robben Island,

• the establishment of a tourism component which will make the sights more accessible to the public without detrimentally affecting the nature conservation and cultural-historical interests, and

• greater accessibility to and the better utilization of Robben Island's harbour by the seafaring community in general

Given the high occupancy level of prisons country-wide in the Western Cape in particular, it is imperative that the prison accommodation on Robben Island be utilized until alternative accommodation is obtained in the Western Cape. However, financial realities will determine when this alternative accommodation will be available. It is therefore not possible to indicate when exactly the prison on Robben Island will be closed but a target date has been set for the end of 1996.

Mr D J DALLING, Mr Chairman [Interjections]

†The CHAIRMAN OF THE HOUSE Order! Hon members place questions on the Question Paper, and in many cases it demands an enormous amount of time and work from the Ministers and their staff to reply to these questions thoroughly. There are hon members who are interested in the information that the hon Min-

HOUSE OF ASSEMBLY

isters are providing. If there are hon members who are not interested in it, I am not going to allow their loud conversation to make it impossible for other hon members to hear the information. I shall ask those hon members to leave the House. We cannot carry on like this. The hon member for Sandton may proceed.

Mr D J DALLING Mr Chairman, arising out of the hon the Minister's reply, I would like to ask whether he can give us the assurance that those organisations such as the ANC and the PAC, whose members stayed on the island as involuntary prisoners for many years, will be fully consulted in the planning of the redevelopment or the development of Robben Island in the future, involving such aspects as the museum, the recreational issues etc.

The MINISTER Mr Chairman, the answer is yes. As I have pointed out in my reply, all interested parties will be consulted.

†Mr D G H NOLTE Mr Chairman, further arising out of the hon the Minister's reply, could he perhaps tell us what has become of Lucky Malaza?

†The MINISTER Mr Chairman, that has nothing to do with this question, but I should like to say to the hon member that legislation will be tabled in this Parliament later this year so that we can remedy and rectify the matter of Lucky Malaza, in which an error was made.

†Adv C H PIENNAAR Mr Chairman, further arising out of the hon the Minister's reply, could consideration not be given to making the hon member for Simon's Town a tourist attraction on Robben Island? [Interjections]

New questions

Mines: work on Sundays

*1 Mr P J PAULUS asked the Minister of Mineral and Energy Affairs†

- (1) Whether he at any stage granted exemption to mines that had applied for permission to carry out blasting operations and other work on Sundays, if so, (a) when, (b) to which mines and (c) in terms of what legal provisions and/or other regulations,

HOUSE OF ASSEMBLY

Consumers' protection

CAPE TOWN — Legislation to protect consumer interests — particularly if poorly enforced — created a false sense of security in the consumer, Deputy Trade and Industry Minister David Graaff, said yesterday.

He was replying, in an interpellation debate in the House of Assembly, to Douglas Gibson (DP, Hillbrow), who said SA had an abysmal record of consumer rights and protection.

Graaff said legislation could lull the consumer into believing he no longer had actively to look after his own interests.

However, overprotection could do more to damage the consumer than doing nothing at all.

SA was in step with modern thinking on consumer rights.

810AM 4/3/93
"We will adapt and adopt and update our legislation. This session my department will introduce five amendments to existing Acts on consumer protection, which is proof that we are indulging in this dynamic process."

He said any effective consumer law had to recognise and protect freedom of contract and property rights. — Sapa.

Star 4/18/93

(246)

Bid to put brake on shady business operators

By June Bearzi
Star Line

Legislation is in the pipeline which should put a halt to shady business operators who fleece the public.

Draft laws giving wide-ranging powers to the Harmful Business Practices Committee (a Government watchdog body working under the aegis of the Department of Trade and Industry) provide it with the clout it has lacked over the years to clamp down on recalcitrant

business promoters and protect the public's interests

It allows the Trade and Industry Minister to grant the body powers to shut down a business for six months while it is being probed, wrest financial control from it, install a curator, and freeze and seize assets

The committee's inability to prevent trucking king Riaan Coetzee from running scam operations brought shortcomings in the Harmful Business Practices Act into sharp focus

Several of Coetzee's victims believe that if the committee

had been able to force him to relinquish the reins of his Midrand ventures Truckkor, Conomy and SA Rebuild, they would have recouped at least some of their money

Star Line has investigated and exposed several other schemes in which consumers lost hundreds of millions of rands. This prompted the committee to probe them

Some of the exposés were on money-lending boss Spokie Lucifer van Zyl, who ran Novio and Reficul Financial Advisors,

Execulease, which promised to take over car leases but failed to pay out clients for their vehicles; and wayward timeshare schemes Flexi Club and Summer Leisure

Tow truck racketeers who snatched cars from accident scenes and held them to ransom until exorbitant fees were paid as well as certain retirement villages were also probed by the committee after Star Line investigations. However, in all these instances, consumers lost their money as the committee did not have sufficient powers

UNLISTED SHARES TRAP THE UNWARY

THOUSANDS of investors are placing their money at risk by buying shares and debentures in unlisted companies without obtaining adequate information, says Harmful Business Practices Committee (HBPC) chairman Louise Tager ⁽²⁴⁶⁾

The HBPC has several investigations under way into various operations. It has also reported some cases to the police where fraud was suspected. ^{(232) (21)}

Professor Tager says the average person is often the target of risky ventures because the amounts involved are usually small. Brokers frequently have little knowledge of what they are selling. ^{STimes (Buss) 7/3/93}

She says investors must seek advice from other sources and ask for recently audited financial statements before making decisions.

BUSINESS PRACTICES (246)
FM
12/3/93
Caveat emptor

As the recession deepens, the number of schemes capitalising on the willingness of the unemployed to try anything to make ends meet are multiplying. Worthless training programmes and college courses, pyramid schemes and work-at-home jobs are just a few of the ways that people are being separated from their money after reading advertisements in the classified pages of newspapers.

Though most of the ads are aimed at unskilled job-seekers, it's not surprising that one recent scam sucked in dozens of people who could afford to pay R36 000 to "ensure" R300 000-a-year jobs in the Kuwaiti oil fields. In this case, the Commercial Crime Unit made arrests. But for most victims, there's little chance of retribution.

Continued →

BUSINESS & TECHNOLOGY

FM 12/3/93

(246)

In one ad checked by the *FM*, a Johannesburg company, advertising jobs for waiters, told callers they had a good chance of being placed if they would first undergo a brief training course at a cost of R150. A television casting consultancy often advertises that it is looking for people who want to make money in part-time or full-time acting for TV commercials. Respondents, however, are advised to go on one or another course such as voice training at a cost of about R1 200 and there are no guarantees of work.

Another advertiser asked for people who want to teach children. After telling respondents who had no background in education that they had passed the selection test, the company then offered them a short course that would give them the necessary skills, for a fee of over R1 000. Again, no work could be guaranteed on completion of the course "due to variation in demand."

A computer company based in Roodepoort takes a different route, it telephones people and offers them the chance to make money part-time by marketing. The deal is simple, you buy a computer setup for R7 000 and they pay you R500 a month to mail 1 000 letters. It relies on most people quickly tiring of this tedious, low-paying venture and opting to pay for the machines out of their own pockets.

It's not just the down-and-out, however, who get ripped off. Many well-educated peo-

ple with money to spend have been lured by the promise of something for nothing.

Pyramid-selling organisations offer the unwary — and greedy — a chance to make fortunes by selling to family and friends. Only a small number of people make money at the start of these extended family selling schemes and, as sales opportunities dry up, the others end up becoming the suckers who threw their cash at the few at the top.

Louise Tager, of the Harmful Business Practices Committee, says the pyramid-selling regulations need to be reviewed, since they were written some time ago. Much so-called multilevel marketing is taking place and can work where the administration is sound. But she adds that the promises made and the way schemes are marketed determine whether they constitute harmful practices.

Then there are ads such as these that appear every day: "Money Ladies, you will earn lots of it in beautiful surroundings working in a large private house. Our massage studio is very classy and professional." Many ladies have discovered, to their horror, that they are actually applying to become prostitutes.

An Advertising Standards Authority spokesman says the organisation gets few objections to misleading job advertisements, though it does have the authority to get publishers to suspend or withdraw ads.

"There are more complaints about the money-making schemes, such as the one that advertises that you can earn R1 500 a month filling envelopes, gets you to send off money and then just gives you information" ■

New food laws welcomed

Staff Reporter

GREAT improvements in food regulations are about to be implemented, the Housewives' League said yesterday.

The new legislation would make basic training compulsory for all food handlers, set new standards for hygiene and improve food labelling, league

national president Ms Jean Tatham told the annual Food Science Symposium in Somerset West yesterday. (246)

She said it had been a source of concern for the league that no educational requirements had been laid down for owners of food establishments or for those who

worked there.

New basic standard hygiene requirements for food premises were also to be set by the Environmental Health Officials' Association (16/3/93)

Premises that qualified under the regulations would be awarded a seal of approval "which will inspire consumer confidence", she said (68)

In addition, new labelling legislation would increase the minimum size of lettering on packaged food items from 1mm to 1.5mm.

However, Ms Tatham was disappointed the authorities were not prepared to insist on nutritional information being printed on all labels

Large handouts for white farms

TIM COHEN

CAPE TOWN — Just under 40% of the Agricultural Development Department's 1991/92 expenditure was spent on subsidies, according to a report tabled in Parliament yesterday

The department, which is concerned with "white" agriculture, published its report on the 1991/92 financial year.

Agricultural financing was the largest expenditure item of the department's R771,7m allocation, accounting for 40,3% of spending

Almost all of the agricultural financing was devoted to subsidies

Financial assistance consisted mainly of loans and subsidies made available to farmers from the agricultural credit account.

Aid for debt consolidation came to R98,7m, crop production loans were R157,1m. Land bought was R10m.

Subsidies paid came to R305,3m of which interest subsidies on carryover debt and new production credit accounted for R112,6m. Drought aid to stock farmers was R50,3m and farm labourer housing R16,5m.

ANC branches to thrash out regionalism policy

BILLY PADDOCK

THE ANC will hold a national conference at the weekend to finalise its position on regionalism and it is understood that the Consultative Business Movement's (CBM) report on the issue will be discussed.

All 14 ANC regions will meet in Johannesburg on Friday and Saturday to discuss amendments to a draft policy on regionalism, which ANC negotiators say has contributed positively in talks with government

They claim positions in the draft document contributed to a deal on a government of national unity

The draft did not specify the number of regions that should be demarcated. But the ANC has at other times proposed 10-region and 16-region demarcations. Experts gathered by the CBM favoured the smaller number of regions

An ANC source yesterday said the draft policy was not expected to be altered substantially, although there would be considerable debate on the number of regions

Another issue that will draw heated debate is the status of regions in a new SA. It is understood that some branches within the ANC would favour greater autonomy than others.

All the branches appear to favour a strong central government that would devolve powers to regions but retain ultimate control over them

The source said the final proposal on regionalism would be presented to the proposed commission on delimitation, and then to the elected constitution-making body.

Our political staff reports from Cape Town that the ANC yesterday called on government to unilaterally end the "independence" of Transkei, Bophuthatswana, Venda and Ciskei. The ANC warned that there could be no resolution of the SA conflict unless and until the TBVC homelands were reincorporated and citizenship restored unconditionally to their inhabitants

It said there was no possibility of holding national elections without the participation of the millions of people in the TBVC homelands

The ANC said it was disturbed in the light of this to learn government was "touting for the concept that Bophuthatswana should be treated as a special case and not be subject to agreements on reincorporation"

Bill modernises rights around movable goods

CAPE TOWN — A Bill was tabled in Parliament yesterday aimed at modernising the rights of notarial bondholders of movable goods

The Security by Means of Movable Property Bill also strengthens the rights of the grantors of credit compared to those of landlords where a lessee is in default

The Bill notes that although pledge offers an excellent form of security, it no longer satisfies the needs of the modern commercial world, primarily because the pledgor loses the use

and enjoyment of the goods

The Bill acts on a finding of the SA Law Commission which recommends changes that will mean goods will be deemed to have been pledged to the bondholder as if they have been delivered to him in pledge

The Bill effectively extends to the whole country the situation that exists in only Natal

Currently a notarial bond regis-

tered in Natal with regard to specified movable property has the effect of a real right, because legislation provides that the property is deemed to have been given in pledge even though delivery has not taken place

A landlord currently has a tacit hypothec (a charge in property in favour of a creditor) over the lessee's property if the lessee is in arrears with rent

The legislation proposes removal of this right in respect of most goods sold in terms of credit agreements

centage points on VAT will hurt the most — and the impact will be immediate. Living standards will plunge

such assurances have been given in the past

This time, however, business-sector observers are op-

that would have a ripple effect on all commodity prices.

Syfiets economist Elmien

promote growth and discipline as well as the incentives for job creation.

Star 18/3/93

Consumers bear the brunt

By Peter Fabricius and Sven Lünsche

CAPE TOWN — Consumers will bear the brunt of Finance Minister Derek Keys's bad-news R114 billion Budget, with a 40 percent increase in VAT and a 16c/l rise in the petrol price.

Keys squeezed drinkers and smokers with a wide range of increased excise duties, ranging from 4,8c a litre on beer to 2,45c more for 10 cigarettes.

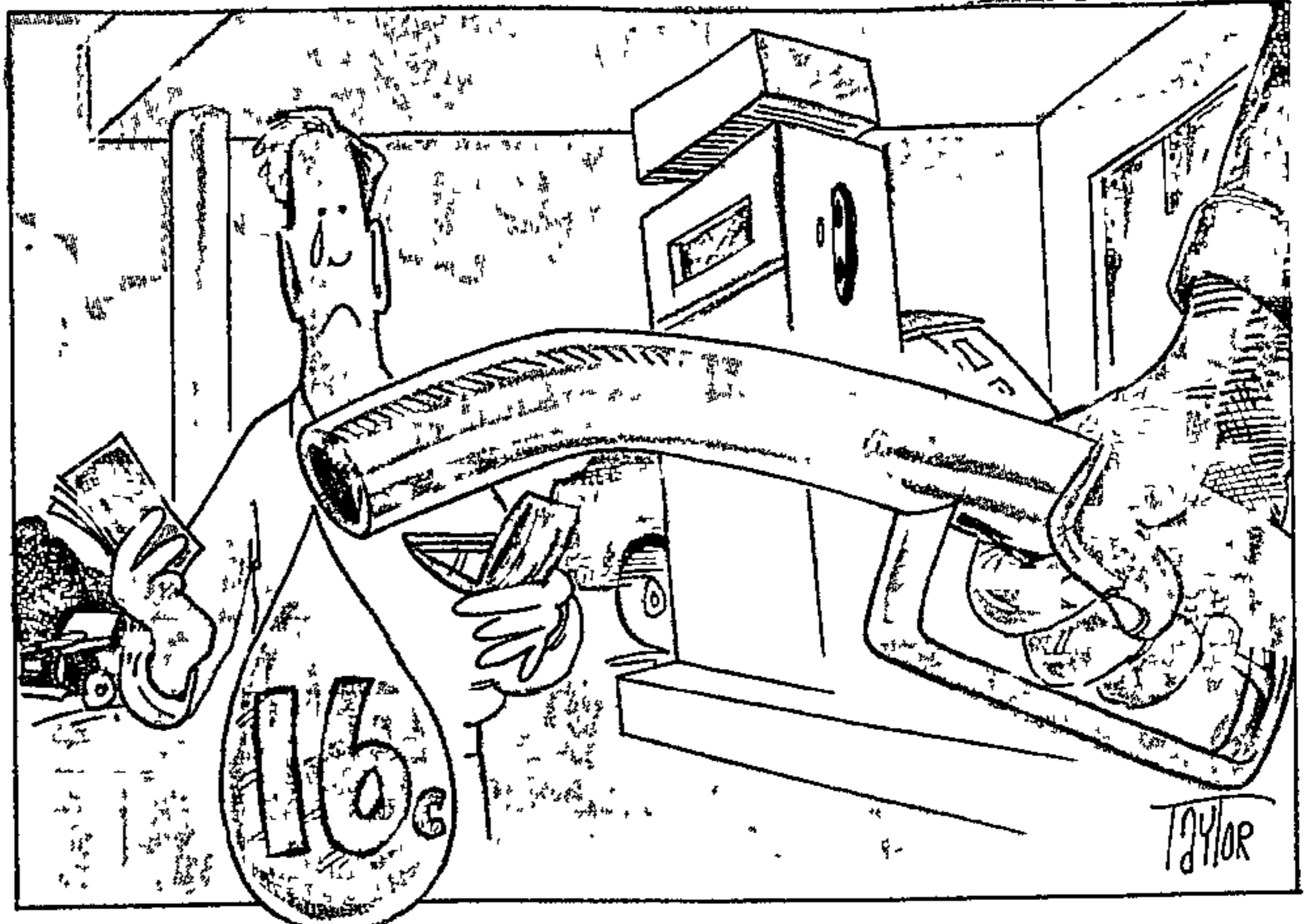
But he offered some relief to the very poor, with full social pension parity among different races, and announced a number of job-creation and other welfare benefits.

His increase in the VAT rate from 10 to 14 percent provoked an outcry.

The new rate will net the Government an extra R7,5 billion, to bring total VAT income to R24,9 billion in the 1993/94 fiscal year.

Although personal income tax rates were not increased, individual taxpayers will make an even larger contribution because of fiscal drag — adding another 15,5 percent to bring their contribution to R37,6 billion.

Companies were given some relief with a reduction in the corporate tax rate from 48 to 40 percent. But this was coupled to a new tax of 15 percent on dividends and other income dis-



For motorists petrol price is going up 16c a litre on regular and premium.

tribution.

The increases in excise duties on alcohol and cigarettes included:

- An extra 37,7c on a 750 ml bottle of spirits.
- An extra 4c per 750 ml of fortified and unfortified wines.
- An extra 1c a litre on sorghum beer.

And the defence budget fell even in nominal terms by 4 percent — part of a general reduction in spending on protection services from

22 percent of last year's Budget to 18 percent of this one

Main items of social spending are:

- Education. R22,7 billion, up 19,2 percent on last year.
- Housing R1,6 billion, up 27 percent.
- Health R11,07 billion, up 10,9 percent.
- Social security and welfare. R10,6 billion, up 5,7 percent.

Keys kept the overall Budget increase to 8,8 percent above last year's spending of

R104,9 billion. (246) Social pensions of different races are to be equalised by September 1,

White pensions will go up from R345 a month to about R370 in July, coloured and Indian pensions will rise from R318 to about R342 and black pensions from R293 to R315.

By September 1, all pensions will be raised to the white level of about R370.

● More Reports — Pages 2, 6, 7, 18 and 21

Rough time ahead for consumers

Star 18/3/93

By Zingisa Mkhuma
and Paula Fray

Any benefits for battered consumers from the recent food zero-ratings would be wiped out by yesterday's double blow of a 40 percent increase in VAT and a hike in fuel prices, consumer groups and businesses warned last night.

Consumers were in for a tough time, said SA National Consumer Union chairman Lilibeth Moolman.

"The new Minister of Finance may have done the best he could in the circumstances, but his overall proposals gave consumers little relief," she said.

Any advantages on VAT food exemptions would be wiped out by the increase in VAT to 14 percent and the 16c a litre fuel rise.

"They will increase consumer prices across the board and reduce the sale of manufactured goods which will, in turn, lead to weaker markets and more unemployment. There is no encouragement to consumers to save, nor any incentive to work

impact on food prices by increasing transport costs, warned Pick 'n Pay marketing director Martin Rosen.

Should the industry be deregulated, said Rosen, his company could discount fuel by between 7c and 8c.

AA spokesman Robin Scholtz said the fuel increase on the Reef would have a negative effect on all consumers and put an added pressure on already shrinking disposable incomes.

The increase would not benefit the oil companies as they were increases in fuel tax insurance and an adjustment to the basic price, said Caltex Oil.

Blue Ribbon Meat Corporation chief executive Gareth Ackerman said the VAT increase only made matters worse for meat consumers and the ailing meat industry.

"We have strongly objected to meat remaining a VATable item at all, since there is no question that it is a basic foodstuff and we are naturally even more alarmed at a 40 percent increase in VAT which can only further exacerbate the 16,4 percent decrease in meat retail sales," he said.

harder," said Moolman.

Consumer Council executive director Jan Cronje described the higher VAT rate and fuel levy as a "blow to consumers" at a time when millions were unemployed and living below the breadline.

"These increases will contribute to inflation, with the fuel

price in particular causing a ripple effect on all commodity prices. Many consumers are also disappointed at not being afforded personal income tax relief," he said.

Housewives League spokesman Lyn Morris made an impassioned appeal to retailers and manufacturers to be "re-

sponsible" when they applied the fuel increases.

"Let the business sector absorb all they possibly can and let us share the burden," said Morris, who warned shoppers to monitor prices and ensure the cost of zero-rated items dropped. Shoprite Checkers slammed

the "unreasonably" high VAT increase and reiterated its call to Government to extend the list of zero-rated basic foodstuffs.

Marketing director Brian Weyers said the VAT increase and the fuel price rise would have a damaging ripple effect. Yesterday's fuel rise would

Star 23/3/93

Checks on zero-rated foods

The Consumer Council embarked on a nationwide campaign yesterday to monitor prices of basic foodstuffs to be exempted from VAT from April 7. The foods include rice, fresh fruit, vegetables, vegetable oils, fresh milk, cultured milk, brown wheat meal, eggs and dried peas. (246)

Retailers raise prices before VAT increase

RETORIA — Consumer organisations said yesterday that some retailers had already begun to raise prices ahead of next month's VAT and petrol increases. **246**

Some of the price increases had even affected basic foodstuffs scheduled to be zero-rated. **B. IDAM 243/93**

The prices of cool drinks, cigarettes and alcoholic beverages as well as some basic foodstuffs had already been raised at some outlets, the organisations said.

Shelves were being cleared in some cases to mark up old stock to new prices.

ADRIAN HADLAND

said a Housewives' League representative. A Consumer Council spokesman announced that incidences of retailers putting up prices on zero-rated foodstuffs in order to announce reductions on April 7 had also been reported. **(2)** **(3)**

Calling on consumers to be vigilant and to report incidences of profiteering, the Consumer Council, SA National Consumer Union and the Housewives' League had all stepped up price-monitoring surveys.

Housing ripe for investors

B/DAM 24/3/93
LINDA ENSOR

CAPE TOWN — Property offered a good investment, with weak house prices and relatively low bond rates, Boland Bank economist Lous Fourie said yesterday.

Fourie was speaking at a Cape Town Chamber of Industries seminar on the effect of the Budget on the construction industry.

He said the current weak price of existing houses was apparent from the 20% deficit between the cost of existing houses and new ones of the same size — despite low building costs which had not kept pace with inflation.

As the property market lagged behind the economy by 12 to 18 months, and there was no indication of an economic upturn, any improvement in the property market was unlikely for some time.

Fourie said that during the period 1970-1991, no region in SA had recorded annual house price increases higher than the rate of inflation.

Residential building plans passed and buildings completed looked poor but not bleak, Fourie said, but the non-residential property market was weak and getting worse.

"I am worried about the future of the non-residential building sector over the next two years."

Study 'a victory for environmentalists'

B/DAM 24/3/93
RICHARDS BAY — Moves to discredit the CSIR's environmental impact assessment of mining and tourism at St Lucia could cause "the greatest harm done in any country" to environmentalism, Richards Bay Minerals officials said yesterday.

Company PRO Barry Clements said the study had been a victory for environmentalists "whichever way the decision went". Inferences that the report had favoured Richards Bay Minerals were totally without grounds because 52 scientists involved had acted independently.

Clements said part of the study had been carried out by the Natal Parks Board and there were "possible buyers on both sides".

The company would compile its objections to the report and submit these to the CSIR. It preferred not to discuss them with the media, he said.

Clements said the report had been misinterpreted to mean that only R153m would be earned by mining the St Lucia dunes. This was a discounted figure. The mine would, at today's rand value, earn R1,1m a day during its 17-year life.

It would generate about R7bn in foreign exchange earnings, R1,3bn in taxes and a further R100m in royalties, Clements said.

RAY HARTLEY

The mine would support the firm's entire operation for five years, keeping its 2 500 workers employed and creating 159 new jobs at the mining site.

Richards Bay Minerals mine and works senior GM Jack Goedhals was confident that when mining started in the year 2000, if government gave the go-ahead, the minerals would still be in demand.

"Richards Bay Minerals has a product that is in very big demand internationally. This demand is growing even in recession."

Suggestions that radioactive monozymes would create a health hazard for workers processing mineral from the dunes were exaggerated, he said.

Monozyme levels at St Lucia were "very, very much lower than the west coast of Australia" where problems had been experienced with radioactivity.

Exposure of workers to the radioactive substance was less than 40% of accepted international limits and conformed to the Council for Nuclear Safety requirements.

Of the 2 500 workers in the plant, only eight worked in the controlled area where such exposure occurred, he said.

Retailers raise prices before VAT increase

PRETORIA — Consumer organisations said yesterday that some retailers had already begun to raise prices ahead of next month's VAT and petrol increases.

Some of the price increases had even affected basic foodstuffs scheduled to be zero-rated.

The prices of cool drinks, cigarettes and alcoholic beverages as well as some basic foodstuffs had already been raised at some outlets, the organisations said.

Shelves were being cleared in some cases to mark up old stock to new prices,

ADRIAN HADLAND

said a Housewives' League representative. A Consumer Council spokesman announced that incidences of retailers putting up prices on zero-rated foodstuffs in order to announce reductions on April 7 had also been reported.

Calling on consumers to be vigilant and to report incidences of profiteering, the Consumer Council, SA National Consumer Union and the Housewives' League had all stepped up price-monitoring surveys.

Homebuyers

Star 25/3/93

Find a friend



Thousands of low-income black families have fallen victim to swindlers when trying to buy homes. They are now being promised a fair deal and protection from exploitation, reports MICHAEL CHESTER

TORNIFY Brian Leveson adds new names every week to the black list he keeps within quick reach at the offices of Lawyers for Human Rights (LHR) in Johannesburg.

The dossier is a rogues gallery of scores of pin striped comment and fly by-night builders who have been tracked down as culprits behind scams that have swindled millions of rands out of low-income black homebuyers.

The blacklist is the first reference to be checked by Leveson, director of the LHR housing rights unit, when he picks up the legal cudgels on behalf of dislodged families who arrive in an almost daily stream to seek help when their dreams of a new home have turned into financial nightmares.

Leveson has lost count of the number of legal battles he has fought in the courts or taken to the Harmful Business Practices Committee. However a recent rough calculation put the number of homebuyers who had been ripped off in a web of exploitation and corruption at more than 5 000 — with losses running at more than R10 million and still climbing.

No fewer than 3 500 bulging files spell out the details of thousands of couples whose life savings have been lost by financial trickery — or contractors who saddled homebuyers with houses on the point of collapse under sagging roofs and cracked walls from shoddy workmanship.

What adds to the tragedy, said Leveson, is the look of utter despair on the faces of couples who have tried to buy a first real home for their families — and have fallen into traps laid by operators who have spotted their desperation and exploited it to the limit.

By now he has been able to draw the typical profile of the average victim: a low-income wage-earner struggling to keep a whole family going on about R950 a month anxious to offer a wide and three dependants (children and/or relatives) a better future than a squatter camp or backyard shack but handicapped by no more than a Std 4 education when it comes to putting a signature on complex paperwork.

LHR have by no means been

alone in the battle against skulduggery. Alarm over the growing number of scams operated by ruthless builders and landlords has also been voiced on several occasions by the Urban Foundation which warned in its latest annual review.

The exploitation of low-income families desperate to resolve their own housing needs is seriously undermining civil society. It is imperative that a new culture is created in South Africa — a culture which upholds the right to a fair deal in the

purchase and rental of housing. The Legal Resources Centre was in the vanguard of volunteers to join forces when the foundation announced a special project to search for new answers. In turn support was rallied from across the entire socio-political spectrum.

The outcome has been the launch of a brand-new combined initiative by legal, business and social experts determined to thwart unscrupulous operators. The promise of a square deal

Fight against exploitation
victim of scams in the low-income housing market. About 5 000 homebuyers have been ripped off. Picture Joao Silva

for future homebuyers came nearer with the creation in Sandton yesterday of the Housing Consumer Protection Trust with backing from a formidable list of key players in political and community affairs whose terms have been frayed by the scale of fraud in the low-income housing market.

As matters stand, said the trust in a first salvo, there are endless instances of hard-earned savings being stolen, and dreams shattered by unscrupulous operators. We mean to call a halt to the exploitation. The warning, it stressed, was intended to be heard by all the main players in the housing business — developers, contractors, landlords, land speculators, Government officials, estate agents and financial brokers.

New alerts were sent out to homebuyers about such risks as suspicious building contracts, sub-standard construction work, buying land from anyone without proof of legal ownership — and coercion into signing financial deals that pushed household budgets into danger zones.

The focus of the Trust explained Abstar Rendall of the Development Action Group will be on a four-point action plan.

Introducing legal mechanisms to ensure that low-income families have adequate and reasonable protection against undesirable practices backed by amendments to current legislation.

Appointing a new ombudsman and a special arbitration panel to settle disputes over housing deals.

Intervening in the market process to encourage higher standards of behaviour within the low-income housing market — monitored by teams of independent licensed building inspectors.

Extending legal services and consumer education to help low-income families become more discriminating customers who can enforce their housing rights and ultimately prevent their own exploitation. That goes hand-in-hand with the setting up of homeowner advice offices and access to legal services.

Exploitation

Consumer exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country. It is receiving the forum's highest priority and many parties welcome the new initiative.

The Trust summed up "In today's gross overcrowding of existing houses, and with the growth of spontaneous settlements in all major urban areas and a proliferation of backyard shacks the quality of life of communities is being seriously undermined."

Against this background many low-income families will explore whatever means possible to secure access to shelter.

"As desperate consumers, often with inadequate education and inadequately informed about the workings of the housing market, they are vulnerable to exploitation."

"The Trust intends to introduce homebuyers to a whole package of protection measures. Racketeers — beware. □"

Trust for low-income housing consumers

GOVERNMENT, civics and the private sector have joined forces to establish the Housing Consumer Protection Trust to prevent exploitation and corruption in the low-income housing market

"Low-income families are being exploited by a range of unscrupulous developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers," Trust chairman Humphrey Khosa said at the launch yesterday

Exploitation included prejudicial building contracts, theft of deposits, sub-standard building construction, sale of land not owned and coercing people into financial

arrangements they could not afford

Geoff Budlender of the Legal Resources Centre said it had been found that 90% of home buyers in this market were subject to some form of exploitation

"This is because the huge housing backlog and shortage of serviced land effectively means consumers have to take what they can get. They also do not have adequate access to existing legal structures."

National Housing Forum co-ordinating committee chairman Matthew Nell said consumer exploitation had to be high on

the agenda of negotiating a housing plan

The trust would be governed by 33 trustees from the business sector and community-based organisations, including the SA National Civics' Organisation, the Legal Resources Centre, Lawyers for Human Rights and The Urban Foundation

To date R1m had been raised from the Estate Agents' Board for a public education and awareness campaign, and R50 000 from the Kagiso Trust to investigate the establishment of advice centres countrywide. The IDT was funding all the administrative costs for the first year

PETER GALLI

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Star 25/3/93

Over 5 000 bankruptcies

In 1992, 1 686 companies had been liquidated and 5 303 people were declared bankrupt in the seven divisions of the Supreme Court, Justice Minister Kobie Coetsee told Parliament yesterday.

FOCUS: Forged bank notes — it seems consumers must pay unless it's ...

Back to the barter system

W/Mant 26/3-1/4/93

246

BEFORE *Weekly Mail* photographic editor Kevin Carter travelled to the Sudan on assignment this month, he ordered both travellers' cheques and hard currency in dollars from the Simmonds Street branch of the United Bank

When Carter arrived at Nairobi airport, he gave a \$100 note to a cashier, who placed it in a "dollar verifier" machine

The machine rejected the note as forged and Carter was detained by the airport authorities for attempting to "defraud the state".

He managed — with some difficulty — to talk his way out of trouble. He was lucky. He could quite easily have spent a few years in a Kenyan jail

On Carter's return, he went to his bank to demand compensation. Various officials told him the problem was his, not the bank's.

So Carter turned to the *Critical Consumer*, who took the matter to the top of Absa, whose senior managers agreed to refund Carter.

But they stressed that the position of most banks is to take no responsibility for forged currency. They will give some individual complaints a second look, but only if the complaint is from a valued customer

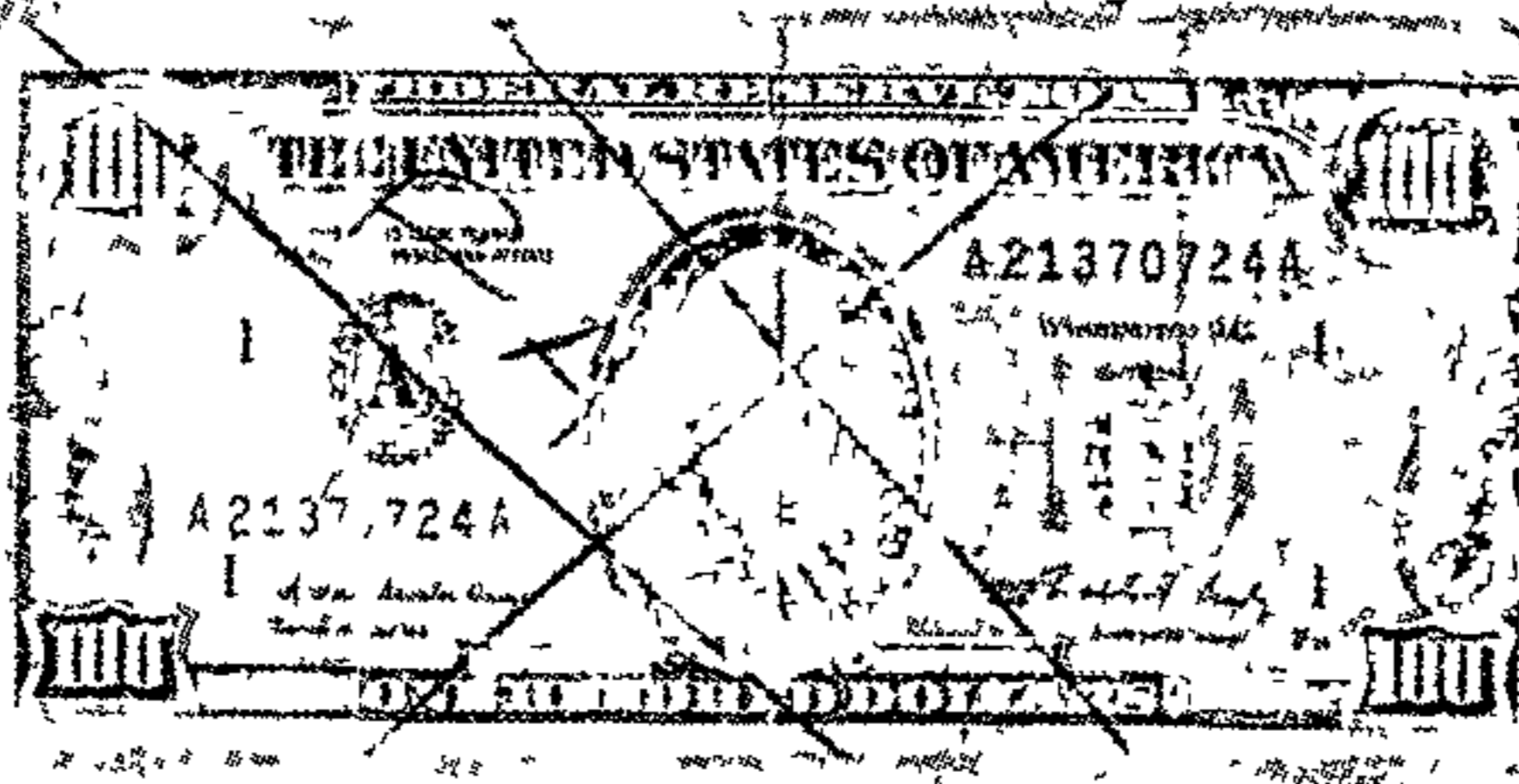
This *Critical Consumer* checked the position out with another bank, asking the foreign exchange teller what would happen if that bank dispensed a forged note, either local or foreign. The teller was not told he was speaking for the record, and his responses were similar in essence to those at Absa. The problem would be mine. Even if I had noted the numbers on the dollar or R50 notes at the bank, they would disclaim responsibility.

From the banks' point of view, the issue is: How can the consumer prove that the notes were given out by the bank?

It's all a question of consumer philosophies. In this country, the philosophy is "let the buyer beware". In many other countries, which perhaps have product liability built into their consumer laws, manufacturers and other commercial enterprises have to ensure that the product or service they sell does no harm to consumers

CRITICAL CONSUMER

Pat Sidley's weekly column on controversial issues



Forged \$100 note ... but the bank's not interested

Absa were eloquent in explaining the problem, which is admittedly severe. General manager Kevin Gibb and media relations manager Gavin Webster went as far as to call in the bank's forgery expert to show this *Critical Consumer* a collection of forged notes, many of which could not be told from the real thing by consumers. The notes had all been passed to the bank by consumers and represent a minute chip off the tip of the iceberg. But for this, the bank — unlike consumers — is ultimately insured.

It emerged in the meeting that Absa has sent a circular to all its branches stating that they should not give compensatory banknotes when customers bring in forged notes, even if they claim the note was given by the bank.

Gibb and Webster said each issue is treated on its merits. If the customer has been valued and is known to the bank, and has taken other appropriate measures, like gone to the police and laid charges, the bank may view the problem more sympathetically. Despite this possibility, it is clear the position stated in the circular is the policy at most banks, including Absa.

Most notes that come into the bank when

they are bought in bulk or through other channels are checked to see if they are forgeries. But the system is far from foolproof. Mostly, the notes are checked by hand and eye and not by electronic detection systems of the kind used at Nairobi Airport. At month end or other times of great banking congestion, millions of notes come into the bank through the tellers and inevitably these cannot all be checked before they, too, are given out to customers. But then why should an innocent customer carry that can?

What if Finance Minister Derek Keys asked the financial institutions to come up with a solution which would not leave the consumers out of pocket, what would Absa propose? Gibb said the question made certain assumptions, and he failed to come up with any answers.

But whatever the assumptions, it is the question most consumers would ask. And they would suspect that if it were the bank that was the end-point victim, the banks would

find a way of addressing the problem.

The government, through the Reserve Bank, allows only certain types of institutions to deal in currency, either local or foreign. In the opinion of this column, both the government and the institutions then bear the responsibility to see to it that consumers do not lose out.

In the absence of any suggestions from the banks, which are protected by insurance, their own edict and their power over consumers, perhaps legislation is the only way around this: some system, perhaps, in which banks are obliged to record the numbers of notes they give out and keep a record of those numbers for a set amount of time.

Bank policy is blunt enough, even on this point: even if the consumer could prove, by citing numbers, that the bank gave the note, the bank would not compensate. Perhaps it is time for consumers to take legal action against their banks in the civil courts to establish their rights.

Meanwhile, a joking remark by Absa's Webster may hold some answers: a return to a system whereby consumers bring their cows to town and trade them for pots or pans may be the only way around currency forgery.

New trust rises in city

■ Scheme to help low income groups:

By Joshua Raboroko

A NEW trust aimed at preventing exploitation in the low-income housing market was launched in Johannesburg this week

The Housing Consumer Protection Trust intends to safeguard low-income families against being exploited as a result of desperation

The director of the Human Rights Housing Rights Unit, Mr Brian Leveson, said the types of exploitation included unscrupulous building contractors and the theft of deposits paid

The aims of the trust were to educate and inform low-income consumers of their housing rights. Organisations involved in the formation of the trust are the Legal Resource Centre, Lawyers for Human Rights, Housing Rights Unit, Planact, South African National Civic Association, the Urban Foundation, the Built Environment Support Group and the Development Action Group

UF executive director Ms Jill Strelitz said the trust was important because it attempted to reduce the hardship and heartbreak experienced by families affected

Sanco's Dan Sandi said the trust brought together a wide range of diverse organisations that were working to solve the housing problems

He said the trust would do much to empower the disadvantaged families to demand a fair deal when acquiring housing

Chairman of the Coordinating Committee of the National Housing Forum Mr Matthew Nell said exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country

"It is receiving the forum's highest attention and many parties welcome an initiative like the trust"

The Project Coordinator of the Development Action Group, Mr Alistair Randall, said the trust would focus on

- Introducing legal means to ensure that low-income families have adequate protection against undesirable practices,

- Intervening in the market process to encourage standards of behaviour within the low-income housing industry, and

- Extending legal services and consumer education to help destitute families

The trust will be governed by 32 trustees from various bodies

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BUSINESS

By BARBARA LUDMAN

A RANGE of trade unions, civics, industry groups and service organisations launched a trust this week intended to fight exploitation and corruption in the low-income housing market

The Housing Consumer Protection Trust alleges exploitation by "unscrupulous operators, including developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers"

Its function will be the education of

New protection for the homebuyer

W/week 26/3-11/4/93

consumers and the creation of mechanisms to fight such abuses as prejudicial building contracts, the theft of deposits, sub-standard construction, the coercion of buyers into financial arrangements they cannot afford, "misrepresentative marketing practices" and the sale of land which is not owned by the seller.

The trust grew out of the Consumer Protection Initiative formed in

November 1990 and was devised by a committee including the Urban Foundation, Legal Resources Centre, Housing Advice Centre, Development Action Group (DAG), Planact and the South African National Civic Organisation. Among organisations participating in the trust are Lawyers for Human Rights, Built Environment Support Group and the South African Housing Trust, plus trade union feder-

ations the Congress of South African Trade Unions and the National Council of Trade Unions

The trust, says the DAG's Alistair Rendall, will:

- Propose amendments to existing legislation to ensure protection for low-income families and explore the possibility of an industry ombudsman and an arbitrating body to settle disputes.

● Intervene in the market process to encourage acceptable standards of behaviour That could include the establishment of a housing watchdog, voluntary builders' associations and the use of independent licensed inspectors

● Extend legal services and educate consumers so that they can enforce their housing rights. Advice offices are also planned

The trust is funded by the Estate Agents Board, Independent Development Trust and Kagiso Trust.



of protest.

Pay R25 extra and save R30 000 on your bond

ST Times (Cape Metro) 28/3/93
I DON'T suppose you've ever worked out exactly how much you will actually pay on your bond over its 20 years. Well, I've done it for you — and I hope you're sitting down because you're in for a shock.

If you have a bond of R100 000, and that's not a large one these days, you will pay back more than three times that amount.

At an interest rate of 16,75 percent your 240 monthly bond payments will amount to R347 476,80, of which R247 476,80 is interest. In other words almost a quarter of a million rand paid to the bank or building society to swell their profits.

But there is a way to bring that huge sum down.

Pay an extra R25 a month — which will make your payment R1 472,82 instead of R1 447,82 — and you'll save a massive R33 766,14 over the life of your bond. And it will be paid off in 17 years and nine months instead of 20 years.

Put in an additional R50 a month — about what a family night at the cinema costs — and the saving comes to R56 899,72. Your monthly payment will still only be R1 497,82. But the millstone round your neck will be removed in 16 years and two months.

Find yourself an additional R200 a month — and for that you may have to make a few sacrifices such as cutting down on eating out or not buying that new outfit — and the rewards are really great.

You would save a whopping R125 021,10 in interest and your bond would be cleared in almost half its normal length of time — 11 years and three months.

Calculations

These precise figures don't apply to every home-buyer because bond sizes differ. To find out exactly what you can save, pop down to your bank or building society and ask them to make the calculations for you.

There are other ways to keep your total bond payment down. At the Standard Bank (which kindly did these calculations for me), you could, on a R100 000 bond, save R2 453,46 over 20 years just by paying your bond two days earlier each month. Pay it 15 days earlier and the saving jumps to R17 386,08.

Another scheme is to transfer money you have temporarily (perhaps cash you've saved to pay the taxman at year end) into your bond account for a short while. Put in R5 000 for six months and you'll save R467,54 in interest. Leave the same amount there for a year and the saving is R904,86.

Remember, even if the wolf is at the door, don't ever extend your bond to a 25 or 30-year period. You will pay hundreds of thousands of rands extra and your payment will be just a few rands less a month.

To make really big savings you must start paying extra right from the word go. So, if you're thinking of buying a house now, make sure your bond repayment is low enough to afford a bit extra each month.

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Commission wants credit laws simplified

BI Day 1/4/93
SA's complicated credit legislation should be simplified and include a measure of deregulation, the SA Law Commission said in a working paper released yesterday

The Usury Act and Credit Agreements Act should be replaced by a single Credit Act, and lay-by regulations under the Price Control Act should be replaced by a Lay-By Sales Act, the paper said. *(246)*

The commission said the Trade and Industry Ministry should be given "wide powers" including the authority to bar "certain classes of persons from entering

Business Day Reporter

into credit contracts as credit grantors".

The report is the result of a three-and-a-half year investigation by the commission into the Usury Act, the Credit Agreements Act and lay-by regulations under the Price Control Act.

"The research committee is of the opinion that the legislation protects the consumer and that it should not apply to persons and bodies that are not consumers," the paper said.

Star 2/4/93
Beware dealers

charging 14% (243)

Many unscrupulous retailers were already charging consumers the proposed 14 percent VAT on goods although the official implementation date is April 7, the Consumer Council said yesterday. (320)

Council executive director Jan Cronje said that retailers charging more than 10 percent VAT on goods before April 7 were guilty of fraud and warned that their names would be forwarded to the relevant authorities. (246)

He urged consumers to report such cases to the Council. —
Consumer Reporter.

Probe to look at grey goods

S Times 4/4/93

By ZILLA EFRAT

GREY market imports — seen by some as a consumer trap and by others as a godsend — are back in the spotlight.

They are the subject of a Harmful Business Practices Committee (HBPC) investigation aimed at protecting the consumer. Submissions must be in later this month.

Grey imports, also called parallel imports, are genuinely branded products imported by a party other than the official South African agent.

They have been around for many years, especially during the sanctions years, and can sometimes be 30% cheaper than products sold by official agents.

Authorised dealers have often come out strongly against grey marketers, alleging that they piggy-back on their marketing efforts and do not keep adequate spare parts or provide back-up customer services.

Effort (24b)

However, parallel import company FSA Distribution chairman John Glennie claims that the attack is a weak attempt to derail competition and that authorised distributors often use scare tactics to get business.

He contends that many authorised distributors become monopolistic, which leads to inefficiencies and higher prices to cover rising overheads. Profiteering and price control also take place.

He says grey marketers are able to undercut prices because they are more efficient and have lower overheads. They also put more effort into buying.

The competition benefits the consumer, who gets better prices and services as well as more available sources for the product.

FSA has grown 30% in the past year — “proof of demand for our services and products,” says Mr Glennie.

He argues that smaller retailers, with low volumes and limited buying power, are able to compete for big business by buying from parallel importers.

In addition, grey marketers help create other small business opportunities, like those in the field of engineering support.

Mr Glennie claims parallel importing is totally legal in SA as long as three principles are not broken: trademark infringement, copyright infringement or passing products off as something that they are not.

Many “authorised dealers” accuse grey marketers of ruining product image, but Mr Glennie says it is important to distinguish between bad business providing bad service and grey importers.

However, the Business Equipment Association (BEA) believes there is no bona fide reason for parallel importers in the marketplace because fierce and healthy competition already abounds.

It says grey marketers are able to discount prices because they are not saddled with the overheads required by overseas manufacturers and do not build the costs of guarantees into their prices.

According to the BEA, some grey marketers specialise in closing shop when the burden of fulfilling guarantees becomes too great and re-open under different names.

Code

The BEA says consumers often buy well-known brand names believing that they enjoy the full support of the manufacturer. When technical support is required they find that the supplier is unwilling or incapable of providing support.

When they turn to the authorised dealer he cannot fulfil the parallel importer's guarantee and has to charge for repairs.

Often the product is not one authorised by the manufacturer for distribution in SA and the authorised dealer does not carry the spare parts or have the expertise to support the product.

HBPC chairman Professor Louise Tager says the investigation will look at all points of view.

NOTICE 301 OF 1993**ADMINISTRATION: HOUSE OF DELEGATES****DEPARTMENT OF LOCAL GOVERNMENT,
HOUSING AND AGRICULTURE****APPOINTMENT OF MEMBERS OF THE
SLUMS CLEARANCE COURT**

It is hereby notified for general information that the Minister of Housing in the House of Delegates, in terms of sections 4 (2) (a) (ii) and 4 (2) (b) of the Slums Act, 1979 (Act No 76 of 1979), and under and by virtue of the powers assigned in terms of section 26 of the Republic of South Africa Constitution Act, 1983 (Act No 110 of 1983), appointed the undermentioned persons to be members of the Slums Clearance Court for the consideration of matters relating to the Indian population group. The term of office of such members is from 1 April 1993 to 31 March 1994

Chairman:

Mr S. J. Mundhree

Members:Mr D. Naicker.
Mr H. N. Marsh**Alternate member:**

Mr W. W. Walsh.

(8 April 1993)

NOTICE 302 OF 1993**SOUTH AFRICAN LAW COMMISSION**

The South African Law Commission hereby releases its working paper entitled "THE USURY ACT AND RELATED MATTERS—New credit legislation for South Africa" In the working paper South African consumer credit legislation is thoroughly investigated with a view to possible law reform The legislation includes the Credit Agreements Act, No 75 of 1980, the Usury Act, No. 73 of 1968, and the Lay-by Regulations made under the Price Control Act, No 25 of 1964. This legislation plays a vital role in the economy. It affects every individual who wishes to borrow money or who wishes to buy goods on instalment, who has a debit balance in a cheque account or a credit card, who wishes to borrow money to buy a house, who hires goods or who obtains services on credit There are few private law enactments that have a greater effect on consumers and traders than credit legislation If legislation in this field does not function effectively it could seriously disrupt the economy

The investigation has been conducted on behalf of the Commission by the Centre for Banking Law of the Rand Afrikaans University The research team concludes in the working paper that existing legislation in this field is in many respects inadequate and new legislation is proposed to rectify this position

The Commission invites all interested persons and bodies to comment on the working paper in question or to make suggestions for the development, improvement, modernisation or reform of this branch of the law

KENNISGEWING 301 VAN 1993**ADMINISTRASIE: RAAD VAN AFGEVAARDIGDES****DEPARTEMENT VAN PLAASLIKE BESTUUR,
BEHUISING EN LANDBOU****AANSTELLING VAN LEDE VAN DIE
SLUMOPRUIMINGSHOF**

Dit word vir algemene inligting bekendgemaak dat die Minister van Behuising in die Raad van Afgevaardigdes ingevolge artikel 4 (2) (a) (ii) en 4 (2) (b) van die Slumswet, 1979 (Wet No. 76 van 1979), en kragtens die bevoegdheid verleen in terme van artikel 26 van die Republiek van Suid-Afrika Grondwet, 1983 (Wet No 110 van 1983), die ondergenoemde persone aangestel het as lede van die Slumopruimingshof vir oorweging van sake wat op die Indierbevolkingsgroep betrekking het Die dienstermyn van die lede is vanaf 1 April 1993 tot 31 Maart 1994.

Voorsitter:

Mnr. S. H. Mundhree

Lede:Mnr. D. Naicker.
Mnr. H. N. Marsh.**Alternatiewe lid:**

Mnr W W Walsh

(8 April 1993)

KENNISGEWING 302 VAN 1993**SUID-AFRIKAANSE REGSKOMMISSIE**

Die Suid-Afrikaanse Regskommissie stel hiermee sy werkstuk getitel "DIE WOEKERWET EN VERWANTE AANGELEENTHEDE—Nuwe kredietwetgewing vir Suid-Afrika" vry. In die werkstuk word die bestaande Suid-Afrikaanse verbruikerskredietwetgewing grondig ondersoek met die oog op moontlike regshervorming. Die wetgewing wat ter sprake is, is die Wet op Krediet-ooreenkomste, No. 75 van 1980, die Woekerwet, No 73 van 1968, en die Bêrekoopregulasies uitgevaardig ingevolge die Wet op Prysbeheer, No. 25 van 1964 Die betrokke wetgewing speel 'n baie belangrike rol in die ekonomie Elke individu wat geld wil leen, 'n saak op afbetaling wil koop, 'n oortrokke tjekrekening het, oor 'n kredietkaart beskik, geld wil leen om 'n huis te koop, 'n saak huur, of dienste op afbetaling bekom, word deur dié wetgewing geraak. Daar is min privaat-regtelike wetgewing wat 'n groter invloed op verbruikers en handelaars het as kredietwetgewing Indien wetgewing op dié gebied nie na wense funksioneer nie, kan dit die ekonomie ernstig ontwrig

Die ondersoek is namens die Kommissie gedoen deur die Eenheid vir Bankreg aan die Randse Afrikaanse Universiteit. Die navorsingspan kom in die werkstuk tot die gevolgtrekking dat bestaande wetgewing op die betrokke gebied in baie opsigte gebrekkig is en nuwe wetgewing word voorgestel om die posisie reg te stel

Die Kommissie nooi alle belanghebbende persone en instansies uit om kommentaar te lewer op die onderhawige werkstuk of om voorstelle te doen vir die ontwikkeling, verbetering, modernisering of hervorming van hierdie faset van die reg

It would be appreciated if written comments or suggestions could reach the Commission by **31 May 1993** at the address given below

The working paper is obtainable free of charge from the Commission on request

The Commission's offices are on the Eighth Floor, NG Kerk Sinodale Sentrum, 228 Visagie Street, Pretoria. Correspondence should be addressed to

The Secretary
South African Law Commission
Private Bag X668
PRETORIA
0001.

Telephone (012) 322-6440 (Mrs P Kotze)

(8 April 1993)

NOTICE 304 OF 1993

DEPARTMENT OF TRANSPORT

AIR SERVICE LICENSING ACT, 1990 (ACT No 115 OF 1990)

Pursuant to the provisions of section 15 (1) (b) of Act No. 115 of 1990 and regulation 8 of the Domestic Air Services Regulations, 1991, it is hereby notified for general information that the application(s) details of which appear in the Schedule hereto, will be considered by the Air Service Licensing Council

Representations in accordance with section 15 (3) of Act 115 of 1990 in support of, or in opposition to, an application, should reach the Air Service Licensing Council, Private Bag X193, Pretoria, 0001, within 21 days of the date of publication hereof

SCHEDULE

APPLICATIONS FOR THE GRANT OF LICENCES

(A) Full name and trade name of applicant (B) Full business or residential address of applicant (C) Class of licence applied for (D) Type of air service to which application applies (E) Category of aircraft to which application applies.

(A) Michau Malan Huisamen, Icom Aviation. (B) P O Box 2150, North End, Port Elizabeth, 6056 (C) Class II. (D) Type N1 and N2 (E) Category A4

(A) Bell Air Charter (Pty) Ltd, Bell Air Charter (B) P O Box 198, Empangeni, 3880 (C) Class II (D) Type N1 and N2 (E) Category H2.

(A) Bell Air Charter (Pty) Ltd, Bell Air Charter (B) P O Box 198, Empangeni, 3880. (C) Class III. (D) Type G3, G4, G7, G8, G10 and G15. (E) Category H2

(8 April 1993)

Dit sal waardeer word indien skriftelike kommentaar of voorstelle die Kommissie teen **31 Mei 1993** by onderstaande adres bereik.

Die werkstuk is op aanvraag gratis van die Kommissie verkrygbaar.

Die Kommissie se kantore is op die Agste Verdieping, NG Kerk Sinodalesentrum, Visagiestraat 228, Pretoria. Korrespondensie moet asseblief gerig word aan:

Die Sekretaris
Suid-Afrikaanse Regskommissie
Privaat Sak X668
PRETORIA
0001.

Telefoon: (012) 322-6440 (Mev P Kotze)

(8 April 1993)

KENNISGEWING 304 VAN 1993

DEPARTEMENT VAN VERVOER

WET OP DIE LISENSIERING VAN LUGDIENSTE, 1990 (WET No. 115 VAN 1990)

Hierby word ingevolge die bepalings van artikel 15 (1) (b) van Wet No. 115 van 1990 en regulasie 8 van die Regulasies vir Binnelandse Lugdiens, 1991, vir algemene inligting bekendgemaak dat die Lugdienslisensieringsraad die aansoeke waarvan besonderhede in die Bylae hieronder verskyn, sal oorweeg.

Vertoe ingevolge artikel 15 (3) van Wet 115 van 1990 ter ondersteuning of bestryding van 'n aansoek moet die Lugdienslisensieringsraad, Privaat Sak X193, Pretoria, 0001, binne 21 dae na die datum van publikasie hiervan bereik.

BYLAE

AANSOEKE OM DIE TOESTAAN VAN LISENSIES

(A) Volle naam en handelsnaam van aansoeker (B) Volle besigheds- of woonadres van aansoeker. (C) Klas lisensie waarom aansoek gedoen word. (D) Tipe lugdiens waarop aansoek betrekking het (E) Kategorie lugvaartuig waarop aansoek betrekking het

(A) Michau Malan Huisamen, Icom Aviation. (B) Posbus 2150, Noordeinde, Port Elizabeth, 6056 (C) Klas II. (D) Tipe N1 en N2. (E) Kategorie A4

(A) Bell Air Charter (Edms) Bpk, Bell Air Charter (B) Posbus 198, Empangeni, 3880 (C) Klas II. (D) Tipe N1 en N2 (E) Kategorie H2

(A) Bell Air Charter (Edms) Bpk., Bell Air Charter. (B) Posbus 198, Empangeni, 3880 (C) Klas III (D) Tipe G3, G4, G7, G8, G10 en G15 (E) Kategorie H2

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relates to contracts between consumers and creditors, including determination of minimum deposits and maximum instalment periods,

Usury Act 73 of 1968 which, among other things, determines the ceiling on interest rate charges, and

Lay-by regulations, made under the Price Control Act 25 of 1964, which protect purchasers on lay-by

The working paper recommends that the first two Acts should be replaced by a single Credit Act and that the lay-by regulations should be replaced by a Lay-by Sales Act. The consolidation of the existing legislation by itself considerably simplify the legislation in a legal sense.

The paper urges deregulation "where possible." It recommends that legislation should not apply to

Juristic persons,

Transactions in excess of R200 000,

Fixed-sum money lending contracts where the principal debt is less than R2 000,

Contracts where money is borrowed on the strength of a participation bond, and

Cash transactions or certain other contracts where there are no finance charges

On the other hand, the paper recommends measures to increase consumer protection. It proposes that criminal courts be granted the power to order persons contravening the Credit Act to refund payments received in contravention of the Act.

It recommends also

The cooling-off period allowed a debtor should be considerably extended,

Administration fees or remuneration for credit quotations and credit investigations be prohibited;

Disclosure requirements be expanded,

Certain key rights granted under the draft Credit Act should appear in bold type on the face of the contract,

Credit receivers be allowed to repay their debts on an accelerated basis, subject to 90-day notice, and

Unscrupulous collection of debt should be subject to both civil and criminal sanctions.

The paper proposes that the Credit Act should distinguish between revolving credit and fixed-sum credit. "The Usury Act," says Otto, "doesn't make this distinction. It was designed for typical instalment credit or money loans."

Some of its provisions are difficult to reconcile with revolving credit like overdraft accounts, when it comes to calculating finance charges.

The Law Commission invites "reasoned comments" and suggestions by May 31. ■

USURY ACT

Fm 9/4/96

Balancing Act

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Proposals contained in a working paper on "the Usury Act and Related Matters" are an attempt to balance the interests of consumers against those organisations which extend credit, says Jannie Otto, professor of mercantile law at the Rand Afrikaans University.

Otto is a member of a team which has spent over three years investigating consumer protection in SA, for the SA Law Commission.

The legislation reviewed in the 600-page report was the

Credit Agreements Act 75 of 1980, which

Hospitals rebel over SABS-backed gloves

SITIMES 11/4/92

By CHARIS PERKINS

MORE than 21 hospitals are refusing to use surgical gloves carrying a SA Bureau of Standards mark of approval — on the grounds that they are dangerously defective

The hospitals have told the Transvaal Provincial Administration the gloves tear easily, do not fit and are sometimes discoloured or holed

The hospitals fear the poor quality of the gloves could lead to the spread of AIDS and infections during surgery

The gloves, supplied by Union Drug, a Taiwanese-owned factory on the Natal North Coast, have been used in all Transvaal and military hospitals, and in most homeland hospitals, since September 1990

Now, after years of persistent complaints, including a sworn statement from a former foreman about unhygienic practices at the factory, the TPA has suspended the supply of the gloves and asked the standards watchdog to think again

Johan Keuler, manager of the SABS rubber and plastic division, said yesterday he "wouldn't like to hazard a guess at what went wrong"

SABS inspectors visited Union Drug once a month, but they had not picked up anything irregular. It was the first time the SABS had heard any complaints, said Mr Keuler

"We are perturbed that a thing like this can happen, but our inspection only lasts a few hours and we cannot control what happens during the rest of the month," he added

"We will investigate as a matter of urgency"

The SABS awarded its mark — which covers the product, the manufacturing company and its facilities — in April 1992

Cheap

In a letter sent to the SABS late last month, the Chief Director of Procurement Administration in the Department of State Expenditure, Mr C Dreyer, wrote

"This chief directorate is perturbed by the fact that the quality of a SABS mark-bearing product could be questioned, and it is considered essential that the complaints be thoroughly investigated"

Union Drug's managing director, Mr Morgan Wu, said he was happy with the quality of his product.

"The hospitals are against me because I am from Taiwan," he said "I am disappointed. We are doing a good thing for this country by producing cheap gloves, but no-one appreciates us"

He added he could do nothing about ill-fitting gloves because the sizes had been specified by the SABS

The State Tender Board awarded a two-year contract for the supply of the gloves to Union Drug in September 1990, on the recommendation of the TPA's standing tender committee, chaired by General Coen Scheepers

A senior TPA source, who asked not to be named, said the award had been

SAFE HANDS: these surgical gloves may look sterile, but are they really? Doubts hang over gloves supplied by a factory in Natal
Picture
CHRISTINE NESBITT



The gloves did not have an SABS certificate of compliance at the time, and they did not undergo a standard Clinical Trials Committee test, he said

He added the TPA did not inspect the factory until General Scheepers visited in April last year

Despite continuing complaints, the State Tender Board re-awarded the tender to Union Drug in October last year on the TPA's recommendation

TPA spokesman Lenette Roeleveld said Union Drug's tender had been the lowest, but the Sunday Times has learnt that a competing quote was only 0,03 cents higher

In 1991, the TPA ignored an urgent appeal from Union Drug's production foreman, Mr Moonsamy Naidoo, to investigate appalling conditions at the factory

In a sworn statement, he

said that although there was a laboratory for testing gloves, there were no lab technicians and the gloves were not tested for tensile strength

He said tests were sporadic and were carried out by untrained workers. Gloves were inspected for obvious tears and cuts, but pinprick holes went undetected

(246) Masks

He said none of the employees wore uniforms, caps or masks, and workers did not wash their hands before packing. "In fact, food was even eaten while packing," he said

Mrs Roeleveld said this week the affidavit had been "a matter between Union Drug and its employee". She claimed Mr Naidoo's lawyer had, in fact, requested the TPA to ignore the affidavit.

The Sunday Times visited the factory at Verulam this week and found that conditions had only improved slightly since Mr Naidoo made his sworn statement

The Sunday Times's inspection found that

- A microbiologist is now employed as a quality controller, but she was eating lunch in her "sterile" laboratory during the visit.

- Most staff now wear surgical gowns, caps and masks. But one worker said they only changed their masks once a week.

- Cleaners in ordinary overalls were sweeping the floor in a room where women were inflating gloves to check for holes in a cloud of powder.

- The factory's production lines, in a big open-ended warehouse, are exposed to dust blown in from outside

Is your banker taking you for a costly ride?

C/Pres 11/4/93

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By SIPHO KHUMALO

A COMPANY of Natal business consultants is claiming that banks are fleecing clients of millions of rands by overcharging interest on overdrafts and hire purchases.

Wespro Business Consultants, based in Richards Bay, has already submitted more than R30-million in claims for clients of banking institutions.

"The claims arose out of interest overcharged on overdrafts and hire purchases of which clients seldom, if ever, receive a written or verbal notification," says Wespro executive head Jaap Spelt.

He said several million rands had already been paid back to clients, adding clients had been requested in writing by some of the banks not to make the information known. The back payments to clients are often done as "a goodwill gesture without prejudice of the law". Spelt, who also runs a financial consultancy in Pretoria, dismisses this as "a bluff".

Spelt, a former banker who has developed a computer program that enables customers of banks to check if there has been any interest overcharging on their accounts, has for three years been crusading against breaches of the Usury Act.

"The fact that Volkskas Bank decided as recently as last month to plead guilty at Warrenton to three acts of infringement of Article 10 (6) of the Usury Act is only the tip of the iceberg," he said.

Volkskas paid R600 in admission of guilt fines for contravening a section of

the Usury Act. The bank failed to notify a client within a stipulated time of a change in interest rate applicable to his overdraft. Spelt's company had helped in formulating the case.

More than 200 outstanding and pending complaints of interest malpractice and alleged abrogation of the Usury Act have already been carried over to the Department of Finance, he said.

Twenty-four cases that have been reopened are presently receiving attention, Trade and Industry deputy minister D de Villiers Graaff told parliament on February 16.

Graaf said members of the public had lodged 122 complaints, 13 of which had been referred to the SA Police.

Spelt said in his discussions with the Consumer Council and political parties there was strong support for the professional investigations into the alleged overcharging of interest and violations of the Usury Act.

He said of the 2 560 clients whose bank statements and hire purchases his company has investigated, more than 90 percent of them had faults.

"Many repayments, even as high as R230 000 in a single case, have already been made," he said, adding a countrywide petition aimed at formulating alterations to the law and preventing possible abuse by financial establishments had been launched.

"Thousands of users, especially those that make use of overdraft facilities, support the case. It is specifically on the public insistence that we have decided to go ahead," he said.

Watchdog Star 14/4/93 proposals welcomed

By Derek Tommey



The Government's proposals to prevent a repeat of the Masterbond and Supreme debacles have been generally welcomed by the financial services industry.

But there is feeling that care will have to be taken to ensure that the proposals do not lead to a cumbersome or bureaucratic structure and that they do not result in some losing their livelihood.

The proposals, submitted by the Melamet Commission, call for a watchdog to oversee all financial services, to be known as the Financial and Investment Services Commission (Fisc).

Its duty will be to protect the interests of non-professional investors and users of financial services.

But the commission makes it clear that Fisc must inform the public that it cannot give any guarantees against risk.

David Alston, editor of the insurance magazine, *Cover*, who has many years' experience in the financial services industry, says that while Fisc should provide investors with greater protection, it will not protect them from their own folly.

They must still take care and examine all the facts carefully when they make an investment.

It appears from the commission's proposals that Fisc will oversee several financial sectors, including banks, building societies, unit trusts and the insurance industry.

He says the authorities might find it difficult to define what a "fit and proper" person is (those who have to supervise intermediaries such as brokers and agents) without making the description so onerous that no one can comply with it.

He believes there may have to be a "grandfather" clause in any regulations that might be prescribed so that existing intermediaries who do not comply with the regulations are not debarred from carrying on their occupations.

He welcomes the call for self-regulation by the parties concerned, but hopes that financing the body will not add a heavy burden to a financial services industry that is already paying large levies to existing supervisory organisations.

BIDAM 15/4/93

AML to endorse deal

THE Association of Mortgage Lenders appears set to endorse at a council meeting next week an agreement reached with the SA National Civic Organisation to establish an unemployment bond insurance scheme and "new procedures" for handling arrears, defaults and repossessions.

HEROITS Business Day Reporter, Sep. Own Correspondent

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BUSINESS**Tax burden 'will worsen debt'**

THE heavy tax burden would push people deeper into debt this year, Credit Guarantee senior economist Luke Doig said yesterday.

"Many individuals are incurring debt or running down their savings to meet daily living expenses. Yet, in its 1993/'94 budget, government requires the private consumer to provide some 42% of total tax revenues, up from 32% five years ago."

Company contributions to the fiscus had dropped from 23% in 1988 to less than 14% this fiscal year — more a result of a decline in profits during the recession than any beneficial tax structure.

Doig said four interest rate cuts in the past year had given the individual a measure of relief, but little additional respite could be expected in the near term.

In 1992 insolvencies rose 24% to more than 5 000. Default and consent judgments

ANDREW KRUMM

against individuals rose 25% to R2,8bn.

The high individual tax burden would depress consumer demand which, with protracted negotiations and labour unrest, would impair business confidence, investment plans and performance. Company liquidations and civil default judgments against firms were expected to remain at uncomfortably high levels in 1993.

In the first two months of this year liquidations were 16% higher than in the corresponding year-earlier period. Civil default and consent judgments against businesses were virtually static at R27m.

"There exists the real possibility of a fourth successive year of economic decline, unless a dramatic turnaround occurs in the next three months. Credit analysts will have to exercise extreme caution well into 1994," Doig said.

Unregistered hauliers face prosecution

ROAD transport operators not registered in terms of the Road Transport Quality System (RTQS) would be prosecuted after July 1993, NPA Road Traffic Inspectorate deputy chief John Schnell said yesterday.

Schnell told the Outlook for Trucks seminar in Johannesburg operator registration had been poor, reflecting a lack of awareness and urgency. Since July 1992, 11% of the 40 000 operators had registered. He blamed this on lack of information about requirements and the purpose of RTQS which was to create an environment

TRACY SCHNEIDER

of safety and quality in road transport deregulation.

Operator registration was a key element to ensure performance, compliance and safety were placed with proper officials.

Legislation required all operators to be registered by July 1993.

"Given the present tempo of registration, it is clear that many operators will not comply," said Schnell.

**dividend declarations
March 1993**

*on and
ofit up*

**Elandsrand Gold Mining
Company Limited**

Registration number 71/01477/06

Quarter ended	Quarter ended	Year ended
Mar 1993	Dec. 1992	Dec 1992 (Audited)
4 680	5 164	18 682

SA low on productivity

PRETORIA — SA's competitiveness and productivity were rated among the lowest of 14 newly industrialised countries, the Swiss-based International Institute for Management Development said recently.

Its report also found SA to be a forerunner in alcohol and drug abuse, divorce and road accidents. SA employees were not motivated and attitudes and values were not conducive to competitiveness and high productivity.

In the study SA was compared with 13 other newly industrialised countries, including Mexico, Singapore, Korea, Greece, Pakistan and Venezuela.

Factors looked at were science and technology, management quality, infrastructure, the role of government, human resource development and motivation — Sapa

By PAT SIDLEY

SOUTH AFRICAN consumers do not often litigate but when they do, they often lose.

This is particularly true in the area of product liability, when consumers disregard legal mechanisms to sue when a product they have bought injures them in some way.

Part of the reason lies with the law itself. South African statutory law is very different from that in the United States, the United Kingdom, the European Community countries and Australia.

There has also been very little local litigation of this kind, so there is not much case law to go on if a consumer is looking for authority on how to take some matter to the courts.

Add to this the extraordinarily high costs of lawyers, law courts, litigation and justice—and the law simply seems to most consumers, far too remote a way of redressing a problem.

On the other hand, consumer bodies are ineffectual in many areas, including litigation on product liability.

Consumers themselves are docile to a point of meek acceptance of the most dreadful things commerce and industry perpetrate on them.

It would not be too strong a claim to make that even death would not prompt relatives of some consumers to take appropriate action.

Transvaal consumers saw this in the case of scores of infants who died mysteriously in paediatric intensive care units of hospitals attached to intravenous drips.

Professor Louise Tager, who sits on the board of the Consumer

Council as well as running the Harmful Business Practices Committee, adds a uniquely South African explanation for the problem of consumer inaction.

"There is a fear of victimisation in this country. Black South Africans may in particular be afraid of trouble if they take action," she says. "It could ultimately be the result of apartheid."

Asked why consumer groups have not themselves taken legal action, she says an organisation such as the Consumer Council does not have the legal standing to take such action.

Senior South African advocate Milton Seligson, speaking at the International Bar Association conference in Cape Town earlier this year, said this country "boasts no trail blazing decisions in the field of product liability."

"Had there been a spate of product liability claims in earlier years," he says, "the courts may well have responded by developing a theory of strict liability."

Seligson excuses some of this legal inactivity by referring to the "relative isolation" of South African lawyers, and the "absence of a strong organised 'plaintiff's bar' in this country with a vested interest, through the contingency fee system ... in advancing the frontiers of delictual liability in the courts".

However, Seligson believes it is inevitable that sooner or later consumers will claim lung damage from cigarette or asbestos manufacturers.

But in the end, he predicts; "statutory reform of the law in the area of produce liability is not only desirable, but inevitable."

SA's docile
consumers
should
demand
their rights

23/4-29/4/93

24/6

Big companies leave union in the lurch

25/4/93.
St James (Cape metro) 246
THE National Black Consumers' Union, which helps black buyers — and sometimes those of other hues — to get justice on consumer complaints, is virtually broke

Time was when the huge corporations that annually rake in billions of rands from black consumers — furniture, car and home-building companies among many others — were prepared to take out a R1 000 corporate membership to help fund the union

By last year, the number had dwindled to one company — the OK Bazaars. Now, not one of the institutions that spend fortunes on sports sponsorship can come up with the R1 000 required to help run an organisation that's essential, given the lack of consumer education in this country

It is a lack that few of the companies which happily sell to black people do little to counteract.

Nonia Ramphonane, 68, who heads the union, said: "These days, we operate only with voluntary staff, most of whom have their own businesses to look after

"Our individual membership fees of R25 a year and association memberships of R100 fund our R650 rent, and allow us to hire a fax machine and computer

Decreasing

"But, with high unemployment, even those fees are decreasing"

The lack of staff has forced Nonia and her team to hand over car problems to the Consumer Council and home-building problems to Lawyers for Human Rights

"We still tackle hire purchase and lay-by complaints," said Nonia, who has hardly had a day off since she retired from community nursing four years ago

"We'd like to be out there educating consumers to prevent complaints from arising in the first place, but we just don't have the resources

"We'd also love to have a fundraiser and offices in other parts of the country, but we need a minimum of R8 000 to achieve this"

Among the consumer practices that Nonia condemns — and often has to fight — is that of companies, particularly furniture stores, insisting on customers signing voluntary repossession orders when they buy goods

This does away with legal procedures which include sending a registered letter when monthly payments aren't made, waiting for 30 days and obtaining a court order

"Stores with voluntary repossession orders can just repossess the goods when payments are missed. It's terrible, and I'd like to see it outlawed," said Nonia at the union's sparse office in the centre of Johannesburg

"Delivery charges are another rip-off, and purchasers should always make sure they negotiate fees. I heard of one customer being charged R300 to have furniture delivered to Tumahole from Parys (about the same distance from Johannesburg to Soweto)

"Another malpractice comes from stores which don't explain that the insurance charged on HP agreements covers the balance of the account when a purchaser dies

Accounts

"They keep on sending the accounts, which ignorant consumers will continue to pay"

Nonia often has to help buyers who put items on lay-by and then realise they can't afford them

"Shops make them buy something else with the money put down, and consumers don't know that, by law, 93 percent of money paid on lay-by must be returned to the customer," she said

"Often, shop assistants have never been told this by store owners"

Come on, you big corporations out there. Surely you can spare R1 000 (or more) from your giant horseracing, soccer, cricket, rugby and other sponsorship funds to help such a worthwhile organisation

• Union negotiators might consider demanding membership of the National Black Consumer Union when negotiating with companies that sell consumer goods to their members

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FOCUS: *A new law will enable consumers to buy cheaper drugs*

Trimming the pharmacies' excess fat

PHARMACISTS, needless to say, are not happy that legislation likely to be enacted later this year will allow supermarkets or other enterprises to operate pharmacies and sell drugs. This was previously the preserve of the pharmacists.

Nobody else shares their dismay, mostly because consumers assume supermarkets will sell the drugs more cheaply — an assumption which may not be realistic.

But there are some things consumers and the regulatory authorities may wish to watch out for if, say, Clicks, Pick 'n Pay or any of the other stores carry drugs.

They already have a huge "shrinkage" problem and prices have soared as a result. The drug industry and pharmacies also suffer from theft. One hopes that supermarket crime will not escalate once they have drugs on the premises. And one also hopes that drugs will be kept in an environment more sterile than the loading areas one tends to see around supermarkets.

Pharmacists have also expressed the concern that their professional standards and ethics may be compromised if the operator of a supermarket where they might be working tries to force them to compromise on certain technicalities of their work — like, for example, whether to wait for a written prescription on certain scheduled drugs, or to dispense the medicine after phoning the doctor. This problem, of course, would apply to any employed pharmacist. But in any case, it is the opinion of this Critical Consumer — and backed up by more thorough research by the Consumers Association in the United Kingdom — that self-employed pharmacists are often more motivated by monetary gain than ethical considerations.

In any event, the whole arena of what pharmacists, doctors and others in the health care industry may or may not do within a collapsing structure generally is now more fluid than ever before, and there should be plenty of scope for

CRITICAL CONSUMER

Pat Sidley's weekly column on controversial issues



pharmacists to continue to earn a living.

The proposed legislation may well enable group practices — that is, the notion that a group of doctors, nurses, specialists and pharmacists can set up together and practice as a group.

Additionally, it would seem as though medical schemes will be able to manage the dispensing of drugs to their own members — although because they have been so liable to corruption and mismanagement up until now, this would have to be carefully monitored.

It is all the more evident that things are changing and need change when consumers take note of some information coming out of this week's Pharmaceutical Society conference in Durban.

Drug prices are among the highest in the world, according to an African National Congress spokesman. Most consumers know this and one hopes that either this government or the next will be in a position to regulate the situation, not only in supermarkets, pharmacies and the like, but at the source of the drugs and the high prices — the companies themselves.

Pharmacy is a largely white, largely urban profession. Only a handful of black pharmacists exist, almost none in private practice. Certainly it would be true to say that the majority of South Africans living in urban areas or in rural areas do not have the service of a pharmacist.

Few pharmacists go into the public service to work in hospitals, and again this shows the same

maldistribution. Those who are in the public service are in the wealthy white urban areas.

Says Dr Coen Slabber, the director general of the Department of National Health, in the homeland areas (excluding the TBVC states) there are only 36 pharmacists. Of 8 742 pharmacists in the country, well over 80 percent are in private practice. He also noted in Durban that many pharmacists were undertrained and suggested that pharmacists were in large part responsible for their own problems. This Critical Consumer finds herself agreeing with the government on this.

While pharmacists bemoan their fate with inroads made into their earning capacity by dispensing doctors, supermarkets and so on, they should instead look back at how they have regulated their own profession and, in so doing, have sown the seeds of the present situation.

They have not trained black pharmacists, they have declined to work in black areas, they have refused to work in the public service — mostly in the name of personal gain. Now they would seek to blame the government, doctors and everybody else for a system they willingly participated in, and are responsible for.

But an enormous amount of the ills in the industry lie at the feet of the pharmaceutical industry which holds societies here and elsewhere to ransom, stating that if their fat margins are cut or regulated, they will not be able to do research into new drugs.

What they are effectively saying is: let us fleece you and maybe we will find a cure for Aids. Trim us, and you'll suffer and die from some horrible, dread disease.

It's blackmail of the worst order, keeps prices up — and it is untrue. They would have to continue to make money for their shareholders, do research and carry on as before — with slightly less fat around the middle.

And that applies to us all here, pharmacists included.

W/M and

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CIPress 16/5/93

Housing scam

Set to crumble

CIPress 16/5/93

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EST

Dozens of people have been left homeless and a few thousand rands poorer following vindictive and misleading action by property developer Venio Nankan, who refused to refund deposits when contracts were cancelled because clients could not get bonds.

COLLETTE CAINE reports that Lawyers for Human Rights' Housing Unit are taking legal action against Nankan and her company, Ven Rich Housing.

VENIO Nankan boasts that hard work and determination brought her from humble beginnings in a matchbox house in Durban's Chatsworth to a Sandton mansion and a chauffeur-driven Mercedes.

But she refuses to admit that her business practice as a housing developer in black areas has left dozens of people not only homeless, but thousands of rands poorer for having dealt with her Johannesburg company, Ven Rich Housing.

Despite City Press reports two months ago that Lawyers for Human Rights Housing Unit was investigating 40 complaints against Ven Rich, Nankan has failed to resolve any of these complaints.

The only reaction received by LHR was from Ven Rich attorney Krish Nandoo who asked for details of the 40 complaints. LHR director Brian Leverson said this information had been supplied in the past and Ven Rich had failed to honour numerous undertakings to resolve the problems. These ranged from failure to build at all, to refusing to refund deposits when contracts were cancelled because clients could not get bonds.

LHR is continuing with legal action against Ven Rich. The flamboyant and assertive Nankan, who owns Ven Rich with her husband Rishraj Nankan, hit the headlines - and the airwaves - about 18 months ago in a vociferous campaign which accused financial institutions of racism against black bond applicants in town-

ships. She boasted about her ANC membership and was reported in one publication as saying she had "always dreamed of supplying houses to our leaders". At a low-cost housing conference which she attended without an invitation, Nankan loudly announced her membership of the Alexandra ANC branch. She left the gathering after being confronted by executive members of the branch who were attending the conference, and who had never met her before.

MISSELL'S FINANCIAL COURT MURDER
SOWETO nurse Nomasami Zazayokwe had to cancel her contract with Ven Rich and is taking them to court to get back her R5 200 deposit. When she applied to Ven Rich she qualified for a housing subsidy of R47 000 from her employers. She paid Ven Rich a deposit of R5 200 and waited for them to start building. Several months went by without Ven Rich starting to build. When they were ready to start work, Ven Rich told Nomasami she would have to fill in other forms because of changes in the housing subsidy rules at her work.

On radio talk shows she claimed to be speaking up for black South Africans who could not get bond finance because of discriminatory practices by banks and building societies. But, at the same time, Ven Rich was apparently ripping people off - the very people Nankan said she was standing up for against big business. There is a common thread running through the 40 complaints being handled by LHR. Ven Rich took deposits from people who did not meet bond requirements - then refused to refund the deposits when people failed to get bonds. Joseph Letsholo is fighting to get back his deposit after he was forced to cancel it when his employer went under and his housing subsidy fell away. Ven Rich had not started building and Joseph no longer qualified for a subsidy but Ven Rich claimed he still had to forfeit the cancellation LHR asked for a breakdown of costs Ven Rich had incurred but, despite promises to do so, Ven Rich has still not complied with this request.

VEN Rich submitted bond applications containing false income information and, on the basis of this, bonds were granted. Eight City Press readers complained their bonds obtained from Saambou by Ven Rich, were much higher than the payments Ven Rich originally quoted them.

City Press referred the readers to Legal Resources Centre who negotiated with Saambou on behalf of them. Investigations revealed five of the eight were granted bonds on the basis of false income statements - usually involving a fictitious employer for the unemployed wife of the applicant.

In some cases Saambou agreed not to repossess houses but to accept reduced bond repayments in other cases, people's homes were repos-



CASTLES IN THE AIR. Venio Nankan promised the earth and plenty of fabulous houses to black buyers, then failed to come up with the goods. Pict. GISELE WULFSOHN/COSMOPOLITAN

Dashing duo's fast

Readers' Holiday

tions revealed five of the eight were granted bonds on the basis of false income statements - usually involving a fictitious employer for the unemployed wife of the applicant

In some cases Saambou agreed not to repossess houses but to accept reduced bond repayments, in other cases, people's homes were repossessed and Saambou entered lease agreements with them

When City Press asked Nankan about these allegedly falsified income statements she blamed clients, saying they must have given false information to her agents

In some applications, the fictitious employer is Mankobi Project, a civil engineering firm in the same building as Ven Rich. At the time the false applications were submitted, a director of Mankobi Project was in partnership with Nankan in an upmarket townhouse development in Sandton

After City Press questioned this coincidence Nankan stopped returning our calls

Ven Rich refuses to refund deposits even where cancellation of a contract was no fault of the buyer. Even where Ven Rich has not started building, deposits are being retained

Bongani Stuurman is fighting to get his R6 500 deposit back from Ven Rich, despite the fact that First National Bank has confirmed in writing the reason his bond was turned down had nothing to do with him but was because Ven Rich "did

CASTLES IN THE AIR . . . Veno Nankan promised the earth and plenty of fabulous houses to black buyers, then failed to come up with the goods.

PICTURE BY GISELE WULFSOHN/COSMOPOLITAN

Readers' Hot Line



Helping you with your problems

PO Box 548
Kengray 2100

Dashing duo's fast cars and mansion gained at expense of black buyers

not meet with our criteria"

Despite this evidence, Ven Rich has refused to refund his deposit and lawyers are preparing a summons

Joel Makama is still living in a back room and is struggling to get his R2 900 deposit back from Ven Rich. After he had made the down payment, Ven Rich said the price of the house he wanted had gone up

Joel could not afford the higher price and would not have qualified for a loan. Ven Rich refused to refund him

A cancellation clause in Ven Rich contracts states that if a contract is cancelled for any reason whatsoever, clients will forfeit R1 200

Leveson disagrees. He

says clients can't be penalised for cancellation through no fault of their own and they can't be expected to forfeit R1 200 if the house was not built because of Ven Rich's actions, or lack thereof

Leveson says Ven Rich agreed - in consultations more than a year ago - to calculate how much money they had actually laid out in these deals and to deduct these costs then refund the rest of the deposit

"We are tired of waiting. We are going ahead with legal action," he said this week

Ven Rich is accused by several clients of not supplying fittings and finishes as stipulated in the contract they signed. Some allege that items were crossed off the contract after they had signed and that they were

never given copies after signing

Some time ago City Press accompanied a group of disgruntled clients to a meeting with the Nankans to discuss alleged omissions from contracts and high bond repayments

Nankan produced copies of contracts showing clients had agreed, for example, not to have kitchen cupboards, carpets, stoves and other finishes

The clients did not have copies of the contracts so could not hope to prove Nankan wrong

Ven Rich offered clients package deals, including land, but in many instances did not own, nor have the legal right to develop, the land they were building on

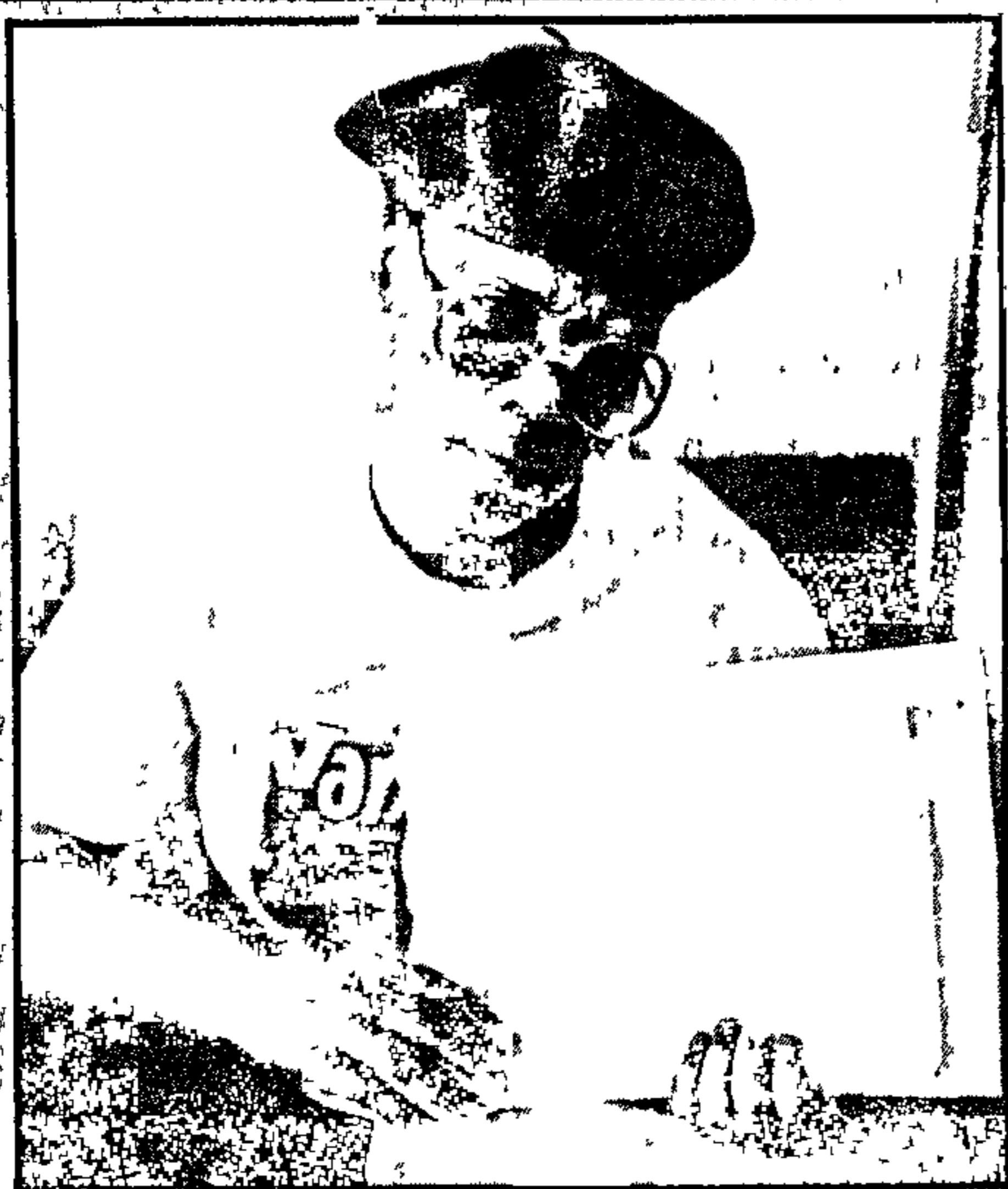
In some cases, clients signed only a building

contract, but not a contract for the land, which is a contravention of the Alienation of Land Act

In one case, Ven Rich took R49 000 in cash and built the client's house on someone else's land. The client, assisted by LHR, took Ven Rich to court and obtained a judgment for R49 000

The sheriff attached office equipment and furniture to the value of R49 000 and was about to proceed to auction when Ven Rich organised the purchase of the land and transfer into the client's name

Lawyers involved in the new Housing Consumer Protection Trust agree that these complaints against Ven Rich are typical of the business practices of unscrupulous developers and builders in the black housing market



NO DEPOSIT . . . Elizabeth Lobi is owed R1 200.

Firm denies 'manipulation'

COMPANY Ven Rich is not only refusing to refund Elizabeth Lobi R1 200 they retained from her deposit, but has applied to have a judgment against them overturned through the Small Claims Court.

Lobi took Ven Rich to the SCC when they refused to pay back R1 200 of the R5 000 she reclaimed when Ven Rich failed to build the house she bought from them.

Lobi obtained a default judgment when Ven Rich failed to defend the case. Then Ven Rich claimed they had not known of the case and applied for another judgment

□□□□

IN the case of single mother Omca Rapedi, reported

in City Press in March, in which Rapedi lost R14 000 because of a false income statement from Mankobi Project, Veno Nankan stuck to her story that the Mankobi connection had nothing to do with her

She blamed Rapedi - who has sworn under oath that she had never heard of, let alone worked for, Mankobi. At the time of her application, Rapedi worked for a bank and did not earn enough to qualify for a bond. Her bond application said she had worked at Mankobi for four years and earned enough to pay off the bond.

When the falsified bond applications came to light, Saambou stopped dealing with Ven Rich, as did First National Bank

S (Times) (Buss)
Blacklist 16/5/48

THE Consumer Council has blacklisted these companies for ignoring or failing to respond to its inquiries: Perfect Towing Service, Johannesburg; Edgeco Carpets, Cape Town; Chop Chop Pools, Pretoria; Centurion Insurance Brokers, Pretoria; Elpro Electrical Repairs, Bloemfontein and CBS Promotions, Durban (246)

Instalment credit grows

TIM MARSLAND

246
INSTALMENT credit grew 2,67% to R34,6bn in the three months to end-March partly due to a flurry of buying to beat the VAT increase, Nedfin Bank said yesterday.

Nedfin CE Christopher Beatty said that according to Reserve Bank figures, total instalment credit grew R812m in the three months.

The new car sector accounted for about 70% of the financing activity.

"Some vehicle replacement decisions could hardly be delayed any longer Nedfin figures show that the average age of vehicles in the 'national car park' is now of the order of more than eight years."

He said that normally, one would have been tempted to see the level of activity as the first hint that consumer confidence had picked up.

BIOM
However, the assassination of SACP leader Chris Hani in April could have put a damper on sentiment.

81593
"Initial indications for the first month of the new quarter are that business is sharply down," he said.

"Soundings in our sector indicate that all banks wrote record business in the first three months of the year."

Plea for tax

on frozen *Star 19/5/93* vegetables

Consumer Reporter (246)

In an unusual turn of events, the Housewives' League has written a letter to the Commissioner of Inland Revenue, requesting that frozen fruit and vegetables be removed from the list of zero-rated items.

League president Jean Tatham said in the consumer body's latest newsletter, Rands and Sense, that to include this category of food-stuffs in the list of zero-rated items was totally contrary to the spirit of the concessions which were purely to assist the poor.

Vegetables
"If you have a freezer you can afford to pay the VAT on frozen produce," she said.

Tatham said the league would like the regulations to be amended urgently to exclude both frozen fruit and vegetables (although there is no frozen fruit on the market).

Market
"If any other exemptions are contemplated, baked beans, plain or in tomato sauce, would be welcomed," Tatham said.

Harare runs out of burial space

MICHAEL HARTNACK

HARARE — A crisis is looming for African traditional culture following the Harare City Council's warning that it is running out of graveyard space and cremations may soon become compulsory.

"We fear what might happen later. The spirit of the dead person may come back and punish us for cremating the body," a traditional healer from the Nkayi area of central Zimbabwe, Rosemary Mazorode, said in reaction to the council's announcement yesterday.

Four of the capital's seven cemeteries are full and three others are close to capacity, while the government delays acting on city council demands for commercial farms to be expropriated in the Mount Hampden area for new burial plots.

Deliberately burning the body of a relative is "unheard of" in African culture, said Mazorode.

"There are some rituals which have to be carried out on a person's grave. We cannot perform such rituals on a tiny grave, or over ashes."

Two years ago the city's medical chief warned that a crisis was inevitable in the late '90s due to the projected death toll from AIDS.

Farmers bitter at the compulsory purchase of their land for peasant resettlement are even more resistant to seeing flourishing fields of maize and tobacco turned into a sterile area of mounds and tombstones. Burial plots cost up to R205 each

Delay 'likely' in oil deregulation

CAPE TOWN — As SA waits for the release of a government study on the merits of deregulating the oil industry, analysts predict no major action is likely until 1996.

Mineral and Energy Affairs Minister George Bartlett said recently the report had been completed and would be released shortly. Industry sources expect it within a week.

Analysts did not expect any major changes until at least January 1996, when warranties on the tariff protection given to Sasol 3 lapse.

"But what we can expect is some relaxation of the secrecy surrounding the whole industry because of the UN oil embargo," said one.

This could be eased as early as June, depending on when the proposed transitional executive council was set up, he said.

Although the ANC has said it would accept the lifting of most financial sanctions on SA once the transitional council system was established and a date for elections was announced, it wanted embargoes on oil and arms supplies to be retained until a democratic government was installed.

The Petroleum Products Act restricts publication of information on the source and price of SA oil supplies. However, oil companies believe

amendments to the Act could lead to better-informed public debate on the whole issue of deregulation.

Deregulation in respect of oil supplies was a "somewhat trickier issue", said an analyst. "The main considerations are likely to be the effect on the synthetic fuel producer, Sasol, and on the already strained balance of payments, of allowing a free-for-all on oil imports."

The regulations governing the industry have come under increasing attack from businessmen such as Pick'n Pay chairman Raymond Ackerman, who has said that if retail pump prices were deregulated, he would be able to cut fuel prices by 6c/l-7c/l at his hypermarkets.

But analysts warned that the ensuing price war could lead to the loss of up to 50 000 jobs at petrol stations around the country.

Small operators would not be able to cross-subsidise their fuel sales with non-fuel sales and would be forced to cut back on staff or close.

There was also a fear, said one, that deregulating fuel prices could prompt some service station owners, especially in rural areas with no access to hypermarkets, to "charge what the market can bear, thus pushing up fuel prices in less developed areas". — Reuter.

Pact reinforces links with Zambia

DURBAN — The signing of the "winning" agreement between Umgeni Water and Lusaka Water & Sewerage yesterday was the latest sign of increasing contact between SA and Zambia.

Umgeni Water CE Graham Atkinson said the twinning "signals the start of an agreement between the two undertakings to exchange information and staff".

The agreement preceded the opening of the Water Institute of Southern Africa conference, which attracted a number of international experts.

"The staff from the Zambian company will be receiving in-house training at some of Umgeni's plants, and some of

Umgeni's staff will be contracted to the Zambian company to lend expertise while training staff," Atkinson said.

The pact also involved development of laboratory services, computerised billing and customer service.

Atkinson believed Umgeni Water would be able to contribute to Lusaka Water because Umgeni had been recognised as "a leader in the field of water management and especially the supply of water to rural areas, where the drought has been severe".

Lusaka Water MD Jeff Hendrich said he hoped this would be the first of many mutual agreements. — Sapa

Kitchen fraud burning buyers

GULLIBLE home owners were losing up to R6m a year to fly-by-night kitchen manufacturers, industry sources said recently.

Kitchen Specialist Association (KSA) chairman Martin Macphail said the incidence of fraud among kitchen manufacturers had reached "epidemic proportions". Losses to unsuspecting customers were estimated at R500 000 a month.

"The situation is difficult to control. All we can do is make customers aware that they should deal with a reputable company," said Macphail.

He said one trader had opened under five different names, taking R100 000 in deposits with him each time. Individual customers had lost up to R30 000.

Many incidents were not brought to the KSA's attention and deregulation of the

industry had allowed the problem to grow to the point "of disaster".

However, the KSA was considering asking the Business Practices Committee to approve its code of conduct, thereby making any contravention of the code a harmful business practice.

Under the new constitution, members were bound to conform to a strict code of ethics governing design, manufacturing, installation and service standards. Macphail said the total market turnover was estimated at R175m a year, with 80% of this from the PWV region.

The industry had done better than expected for the first quarter because there had been a move towards home improvement and renovations

Decrease in furniture complaints

By John Miller
Star Line

(216)

The Consumer Council and the Furniture Traders' Association (FTA) both report a decline in the number of complaints from customers.

Spokesmen for the council, which still separates black and white complaints, blame non-delivery or incorrect delivery as the number one problem in the industry.

Whites' complaints usually concerned incorrect statements.

The FTA's Frank Jordaan said consumers were becoming more sophisticated and rip-offs were on the decrease.

"It is usually some kind of communication problem, shoddy service or sub-standard goods or non-delivery that are problems," he said.

A Star Line investigation revealed that there were only a few stores which supplied customers with details of the FTA code of ethics.

FTA members adhered to a voluntary code until May last year, when the majority of it was used as the official furniture code of the Business Practices Committee.

Jordaan said the Credit Agreement Act should go a long way towards protecting consumers. It will include consumer rights to be written into each agreement.

Couple's dream house 'expensive nightmare'

A NEWLY-WED Cape Town man's dream of becoming a homeowner has turned into a nightmare of broken promises at the cost of thousands of rands

Nine months after he paid a deposit to a local development company, Innovation Designs, Mr Lesley Johnson, 21, of Kensington is still waiting to see a single brick of his dream house go up on the plot he "bought" in Maitland

This week a Cape Town attorney who was handling the transfer of the land to Innovation Design, confirmed that they did not own the land and have been summonsed for payment of the outstanding purchase price.

Mr Johnson says he concluded a written agreement of sale with Innovation Designs in August last year for the plot. He also entered a separate agreement in which the company agreed to build a house according to an agreed plan

The house was to be

By CIARA CARTER

one of six to be built on a sub-divided plot of land purchased by Innovation Designs

Mr Johnson, who received approval for a bond from the NBS, says he paid Innovation Designs R12 244 in August last year as a deposit on the total purchase price of R96 050. He says he was promised occupation by December last year

In February this year, the company informed Mr Johnson that building had been delayed as a result of a delay in sub-division — but promised the house would be built by the end of April this year.

According to the Johnson family, who have now sought legal assistance, the company has refused to refund the deposit and has not responded to their repeated inquiries

'Very simple'

Mrs Val Titto of Innovation Design acknowledged there had been a delay in the project, but said the Johnsons "did not understand the process involved"

She said the reason for the delay was "very simple" and could be traced to a delay in sub-division which was to take place before the company took transfer from the original owner

Mrs Titto said until the company took transfer, they could neither begin building nor transfer the plot to Mr Johnson

She said the company had written to the Johnson's attorney this month informing him that construction would probably begin in July this year

However, the attorney dealing with the transfer of the property — who does not want to be named — from the original owner said transfer had been up for registration "several times".

He said Mrs Titto had not paid the full purchase price for the property and he had issued summons for payment



HOUSE HORROR... Mr Lesley Johnson at the spot where his dream house should have been built
Picture JACK LESTRADE

Greater effort made to improve packages

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FINANCIAL link-ups by motor manufacturers and banks are flourishing in an effort to tailor a greater variety of vehicle purchasing financial packages to attract greater market share.

While many such partnerships started with sales and full maintenance leasing schemes for commercial vehicles, they have extended rapidly into passenger cars.

Some manufacturers, including their dealer networks, are tying up with different banks for different models of the same make of vehicle.

The McCarthy Toyota group has links with Wesbank, Stannic and Bankfin. Most manufacturers have similar arrangements.

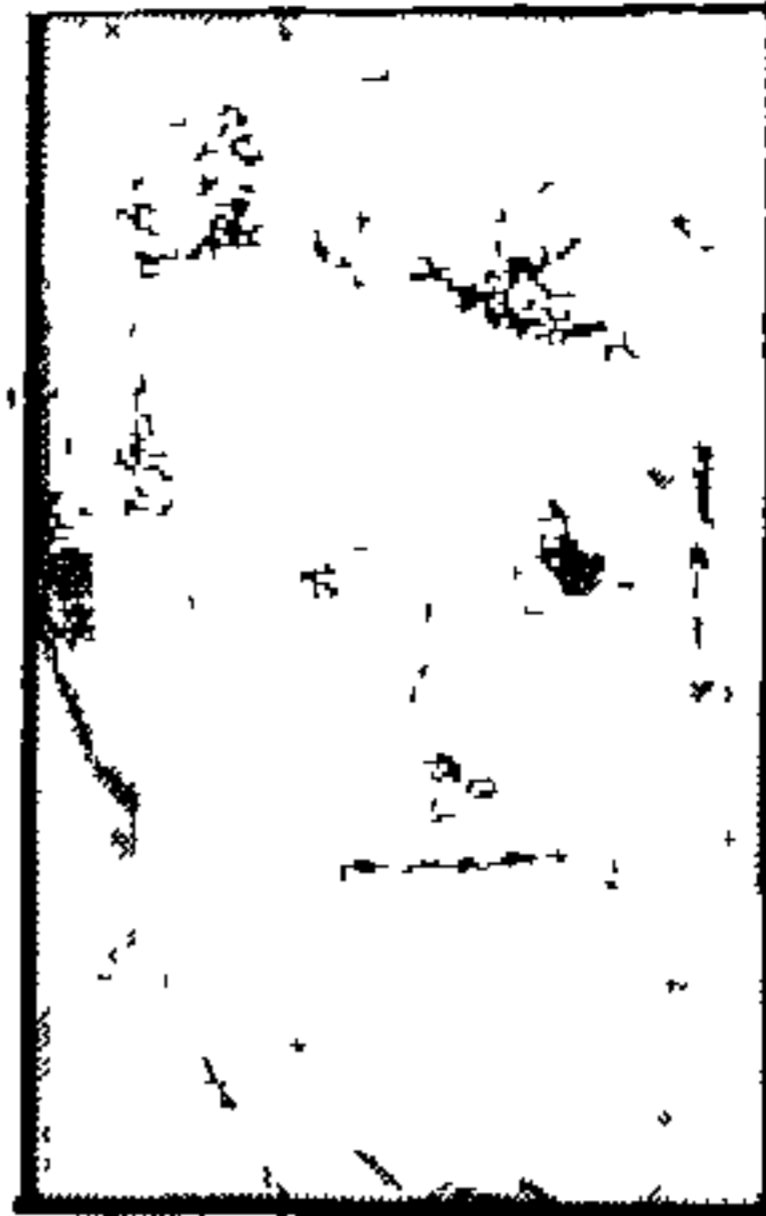
246
Nissan SA GM (fleet and government sales) Pieter Ackermann says "We are considering creating more joint finance companies with banks, in order to become more flexible and offer a wider variety of financing options."

However, each scheme varies. He says demand is for lowest interest rates or least monthly repayments.

Conjunction

Packages developed and marketed by Nissan in conjunction with a number of banks include the Uno programme, which offers the Wesbank Wheelsave, including maintenance for 36 months.

Others include its Bankfin scheme, which is for the



PIETER ACKERMANN

Nissan Maxima and the Champ 1800 bakkie.

"We have also received several requests to look at finance options for trucks," says Ackermann.

"This flexible approach has produced excellent results and our banking partners are satisfied with the business generated through the Nissan network."

Good news debt figures 'a mirage'

Buss. Day 4/16/93

GERALD REILLY

PRETORIA — Commercial and consumer debt dropped dramatically in May compared with April, the Information Trust Corporation said this week, but economists warned that it was likely to have been a statistical aberration.

They said there were no good reasons for a turnaround in the trend of increasing overall debt. (246)

ITC figures showed a decline of more than 10 000 to 34 111 in consumer debt judgments in May compared with April. Also the value of judgments dropped from R2,8m to R2,03m. (246)

Commercial debt judgments decreased from 5 532 in April to 5 279 in May. The amounts involved totalled R55m in April and R51m in May.

However the year-on-year figures show a big increase. In May last year there were only 3 836 judgments, involving R24,573m.

This supported the view of economists that comparisons of May's figures this year with those of April could prove to be an economic mirage.

The number of liquidations of companies and close corporations declined to 141 in May from 157 in April, and sequestrations of individuals and partnerships fell to 256 from 370.

There was also a decline in the value of dishonoured cheques — to R1,9m in May from R2,7m in April.

Absa senior economist Adam Ja-

cobs recommended caution in interpreting the figures. They could be and probably were a statistical aberration, he said.

Underlying factors pointed to little change in the trend for debt, insolvencies and sequestration to remain at uncomfortably high levels.

A basic reason for the debt problem was that too many people were unwilling to compromise their living standards and were falling deeper into debt.

For a number of reasons — including higher VAT, high interest rates, unemployment and inflation — disposable income would continue to shrink.

The present distress could continue until a new government was in place, and then it would improve only if that government inspired confidence and trust.

Stellenbosch University Bureau for Economic Research economist Nils de Jager said the bureau's surveys continued to show continuing retrenchments in most sectors.

Although there would be no significant turnaround in the debt problem by the year's end, inhibiting factors such as continued high interest rates, political uncertainties, unrest and bracket creep could dampen credit demand.

Another factor was that the creditworthiness of many spenders had been exploited to the full.

B1 Day 10/16/98

Probe into investment schemes

THE Registrar of Banks was investigating "quite a few potentially illegal investment schemes" worth millions of rands and had handed some over to the police, a spokesman for the Registrar's office said yesterday.

The office has issued a warning to the public to beware of such schemes, which had come to the fore in recent weeks. The statement said the public should guard against "so-called investment schemes that provide an excessive yield on an investment", as well as investment opportunities provided by companies which were not registered as banks.

"Investors should also ascertain whether their funds are entrusted...

GRETA STEYN

on an agency or principal basis," the statement said, noting that agents should have a properly agreed mandate and should disclose the commission earned on the transaction. When companies solicit funds as principals, they should be registered with the Registrar of Banks or the Financial Services Board.

The spokesman declined to name companies involved in schemes, and added that legal action was not up to the Reserve Bank. Cases were handed over to police so they could complete investigations and hand them over to the attorney-general. (246)

FOCUS: When you next buy a can of baked beans from Checkers...

Remember the workers

W/maul 11/6-17/6/93



CONSUMERS doing their shopping just up the street will have noticed Checkers workers outside their stores with placards stating they are on strike.

To many consumers this is pure nuisance value. To others, it means they may be intimidated. Still others will not give it another thought.

But consumers from the black communities hit by the strike may well be boycotting the store already by the time this piece appears.

This Critical Consumer believes those who are not thinking about the issues need to give them some thought.

When one buys a can of baked beans from a supermarket shelf, one is not just buying the can and the beans. It comes with a package. Sometimes the store pushes the package, using motives other than price or quality to get consumers to buy. So Pick 'n Pay is "green" conscious and supports worthy causes such as helping the physically handicapped.

Many years ago, so the tale goes, OK Bazaars was the first large store to accept that the colour of money counted more than the colour of the consumer. Many Africans have shopped at the OK since, although the company has been through phases when its management appears to have forgotten its history.

The process is not confined to supermarket chains. Nedbank pushes its conservation theme, for example, while First National Bank tried hard to abolish its politically broad-minded image during the State of Emergency.

It all serves to push consumers in various directions basically unrelated to the commercial concern's major activity — but ultimately directed at making them buy.

South Africa's black consumers have established a worthy tradition (in this columnist's opinion) of showing just how much power the rands in their pockets carry. And a well-timed and well-placed consumer boycott has forced even the most recalcitrant to better behaviour; the strategy is by and large more efficient in effecting change than is the use of AK47s.

Which is where Checkers comes in. The store has been bedevilled by poor management for

CRITICAL CONSUMER

Pat Sidley's weekly column on controversial issues



many years; in reality, there can be little other reason for its consistent losses.

When the company changed hands, it appeared as though it had turned the corner financially. Practically speaking, from a consumer's point of view, not much changed. But from the staff standpoint, a good deal changed.

The new owners, Pepkor, brought with them a new era of conflict with the union.

Through the eyes of this Critical Consumer there seems to be a rather crude attempt to close unprofitable stores and dismiss workers, using a strike provoked by a management which may be gifted in making money but is not noted for its gifts in managing people.

The basic issue is a recognition agreement — the document by which the relationship between the management and the union is regulated. It sets up the basic manner in which the two will relate to one another, resolve disputes and carry on business so that workers feel secure and less exploited and management can count on the co-operation of its staff as it carries out its task of making money. It is this document which Shoprite Checkers has scrapped, offering to negotiate a new one — curtailing many rights that the union had in the old one.

Shoppers may want to know some of the union's gripes. According to a spokesman for the South African Commercial Catering and Allied Workers' Union:

●Checkers in Potchefstroom use prison labour to replace strikers, the legality, not to mention the morality, of this move is dubious.

●Shoprite workers are obliged to buy their own uniforms, which can cost R150, and if they

do not wear them they can lose their jobs

●When Pepkor took over the Grand Bazaars group two or more years ago, workers' wages were cut substantially — without any union negotiations.

●In Kimberley, a Shoprite store tried to open with a notice expressing the desire to hire only coloured labour but was forced by an immediate consumer boycott to amend its policies.

●Some strike-hit Checkers shops are using coloured labour to replace strikers. The union says it is not upset by the use of coloured staff per se but believes management has introduced racism into the picture.

●The union fears its present good maternity leave benefits in Checkers, after management imposes its new regime, will resemble those at Shoprite: Female workers are effectively fired when they go to have a baby.

These accusations and others were put to Shoprite Checkers, which declined to comment on them. Instead, the company sent copies of the few press statements it has made on the strike and a copy of the letter it sent to the union — copies of which it also sent to Cosatu, what it referred to as the National Peace Commission, African National Congress general secretary Cyril Ramaphosa and the Institute of Mediation.

Among other things, the letter says the firm will not be taking legal action against the strike.

The letter is seven pages of ugly invective couched in legal terminology. But the fight between management and the union has little to do with legal issues. For both sides, it is a war about power. And from the union's point of view, it involves allegations of *baasskap* and other similar issues.

Black shoppers, who used to frequent Checkers in larger numbers than Pick 'n Pay, will have cast their votes in this dispute by boycotting in large numbers. White shoppers, who do not have as much at stake in their communities, and do not believe they have to make similar choices, should ponder the issues next time they buy a can of baked beans from a store shelf.

Buyers left high and dry as TV marketer crashes ⁽²⁴⁶⁾

By John Miller
Star Line

Hundreds of TV viewers who bought products from one of South Africa's best-known direct marketing companies have been left high and dry as the firm has been placed under provisional liquidation.

Fonem International Group Corporation, of Ferndale and managed by Michael S Levitt, was provisionally liquidated last month.

In November 1989 the company began advertising its various products on TV — one of the first of its kind to do so local-

ly. But last year the company changed hands and Levitt took over.

The most recent products include rhinestone fashion accessories, a complex stepladder, a hair styler, a sewing kit and embroidery sets.

Jeanette Honiball, manager for Direct Response, which deals with M-Net's mail order-type advertising, said Levitt asked her to stop advertising his products on May 5. ⁽¹²⁷⁾

On May 10 Levitt told Honiball he did not wish to discuss his company, saying he wanted to re-evaluate the business.

On May 13, Honiball said, the carpet was pulled from under her. "He told me he was going to apply for provisional liquidation."

"At the time there was no reason to believe the company was in trouble. All our credit checks, which are done regularly, came back clear."

The outlook for consumers who have placed orders and paid for products is not good. According to a circular which is about to be sent out by the liquidators, creditors will receive payouts of very small proportions.

Scheme to protect mail order buyers

Star 14/6/93

246

By John Miller
Star Line

Direct mail order companies are considering an insurance scheme to protect consumers should firms fold before goods are delivered.

Executive director of SA Direct Marketing Association (SADMA) Mel Brooks said consumer protection was a high priority.

The decision to launch an insurance scheme is timely following the recent liquidation of Fonem International Group Corporation, one of South Africa's best-known and the first marketing company to advertise on TV.

Fonem, which was a member of SADMA, has left hundreds of consumers out of pocket and they are likely to receive very little from a liquidation settlement.

Brooks said one of SADMA's members had gone to the UK to study protection schemes for consumers.

One proposal is that members take out insurance which will cover them in the event that they fold. An insurance company will pro-

vide a quote shortly, he said. We are serious about this and are working flat-out to have it up and running by December this year."

Unfortunately, like the association, the scheme will be voluntary. Members who join the insurance scheme will get "an enhanced logo", said Brooks.

The association is also considering barring and throwing out members who refuse to join the insurance scheme.

Brooks pointed out that not all mail order companies ask for money upfront. In fact the biggest such company did not.

Under the code of practice, he said members were not supposed to clear and bank credit card deposits until goods had been sent.

Lynn Morris, national president of the Housewives' League, welcomed the proposed insurance scheme and said it was long overdue.

Morris suggested that companies should not be allowed to deposit any money until the goods were posted. This could be part of the agreement with the insurance company.

Council to blacklist proprietors of firms

Friday 14/6/93

PRETORIA — The Consumer Council's company blacklist would include the names of proprietors as well as businesses from next month, a council spokesman said at the weekend.

The list was reintroduced in November last year, and 21 companies had been placed on it for rendering "unacceptably bad service" to the consumer, a statement said.

Besides being distributed to the local and national media, copies of the list were available at any regional council office, the council's advisory service manager At Meyer said.

As some companies closed down after a short while and reopened under a new name, the council had de-

ADRIAN HADLAND

ecided to publish the names of the people involved, Meyer said.

Organisations which had assisted in the compiling and following up of the blacklist included the Harmful Business Practices Committee, Lawyers for Human Rights, the Legal Resource Centre and the police.

"We have found that the police are often investigating companies we are about to blacklist," Meyer said.

However, complaints from consumers constituted the main source of information on companies not fulfilling their contractual obligations.

Companies were listed when they

failed in their legal duties to clients and consistently ignored council requests for restitution.

"In some instances, despite numerous letters, faxes and phone calls, there has been total silence from the companies involved," Meyer said.

Consumers were advised to contact the council for advice on problem firms and to check the blacklist to prevent problems, he added.

Companies included on the council's latest blacklist include Lupin Kitchens, Ven Rich Housing and the Bumper Exchange (Johannesburg), Concorde Verhuising (Pretoria), Jay's Bargain Centre (Ermelo) and Summer Pools (Maritzburg).

Biday 17/6/93

Overcoming shortages of working capital

CASH flow and management time can be improved through factoring, which is suited to rapidly expanding businesses inhibited by a shortage of working capital

Standard Bank senior manager (factoring division) Clive Brebnor says company cash flow problems tend to stem from delayed debtor payments, difficulty in collecting and administering the debtors ledger and a lack of working capital generally.

He says bad debt risk can be minimised through professional credit advice and efficient debtors administration.

Although poorly structured companies may not

qualify for a factoring facility, those which stand to gain most are the under-capitalised, highly geared or over-traded

While factoring options can be tailored to suit different business requirements, full factoring offers a professional debt collection service and a computerised management information system

Linked

Benefits include:

□ A financial facility directly linked to turnover with no limit constraints in the case of first-class debtors, for instance where the borrowing limit fluctuates in line with the debtors book; (246)

□ The availability of finance to secure settlement discount, benefits from bulk purchases and generally better bargaining power;

□ Ability to extend debtors terms instead of having to grant trade discounts;

□ The opportunity to draw on knowledge and experience gained by the bank in diverse industries.

In carrying out its primary factoring service, Standard Bank Factors (SBF), for example, offers to check, approve, administer and reconcile sales ledgers, debt collection, general credit decision-making and provide management information.

"This implies at the outset that we become our client's credit manager and adviser.

"We also finance the company's debtors. In effect, we are lending against the security of a company's debtor's book."

Agent

Explaining the option of agency factoring, he says this gives the supplier that factors the chance to act as an SBF agent.

Here the supplier is responsible for its own ledger administration but merely makes use of the financing facility — that is borrowing up to 75% of its debtor's book from SBF.

S. A. LAW:
 your guide to
 the legal profession
 Stat. Sovereign

'Let the buyer beware' of the contract

Star 17/6/93 (246)

THERE ARE TIMES in SA when a verbal contract is binding on all parties

THERE is a phrase in Latin that legal people use as a guiding principle

It is *caveat emptor* and it means "let the buyer beware".

As consumers making purchases of goods and services, this phrase is a warning to us that it is we who take the risk that the work or product may be of poor quality

Unless we take precautions at the time of making the purchase, or are aware of the law that gives some protection to consumers, there is no recourse if the item we have bought does not work as we thought it would. It cannot be returned and the seller does not have to replace it.

Some of the items we buy have very high values — such as electrical appliances for the kitchen, motor cars and a house.

At that cost, few people can afford to lose their investment, and yet regularly items are sold which are defective and services offered which fall short of the promise made.

The legal instrument which provides the opportunity for consumers to protect themselves in these and other cases is the contract.

A contract is an agreement between two or more people in terms of which one party offers to do or sell something and the other party accepts this offer. Often, such as with an instalment sales agreement or an offer to purchase a house, the contract will be in writing, but in South African law, this need not be the case.

If you go to a restaurant and order food from the restaurateur which you then eat, a contract between you and the owner of the restaurant exists even though there is no

A contract is an agreement between two or more people in terms of which one party offers to do or sell something and the other party accepts this offer

written agreement between you. He offers to provide you with food and you agree to pay. You are legally bound to pay the bill that will be presented to you at the end of the meal.

What distinguishes a legal from a moral agreement is that if you do not conform to the terms of the legal contract which you entered into at your own free will — such as paying for the food you have eaten at the restaurant — you can be sued for the amount owing.

Conversely, no legally binding agreement exists if you are stood up by a girlfriend who does not arrive for a date, even though you both agreed on the time and the place.

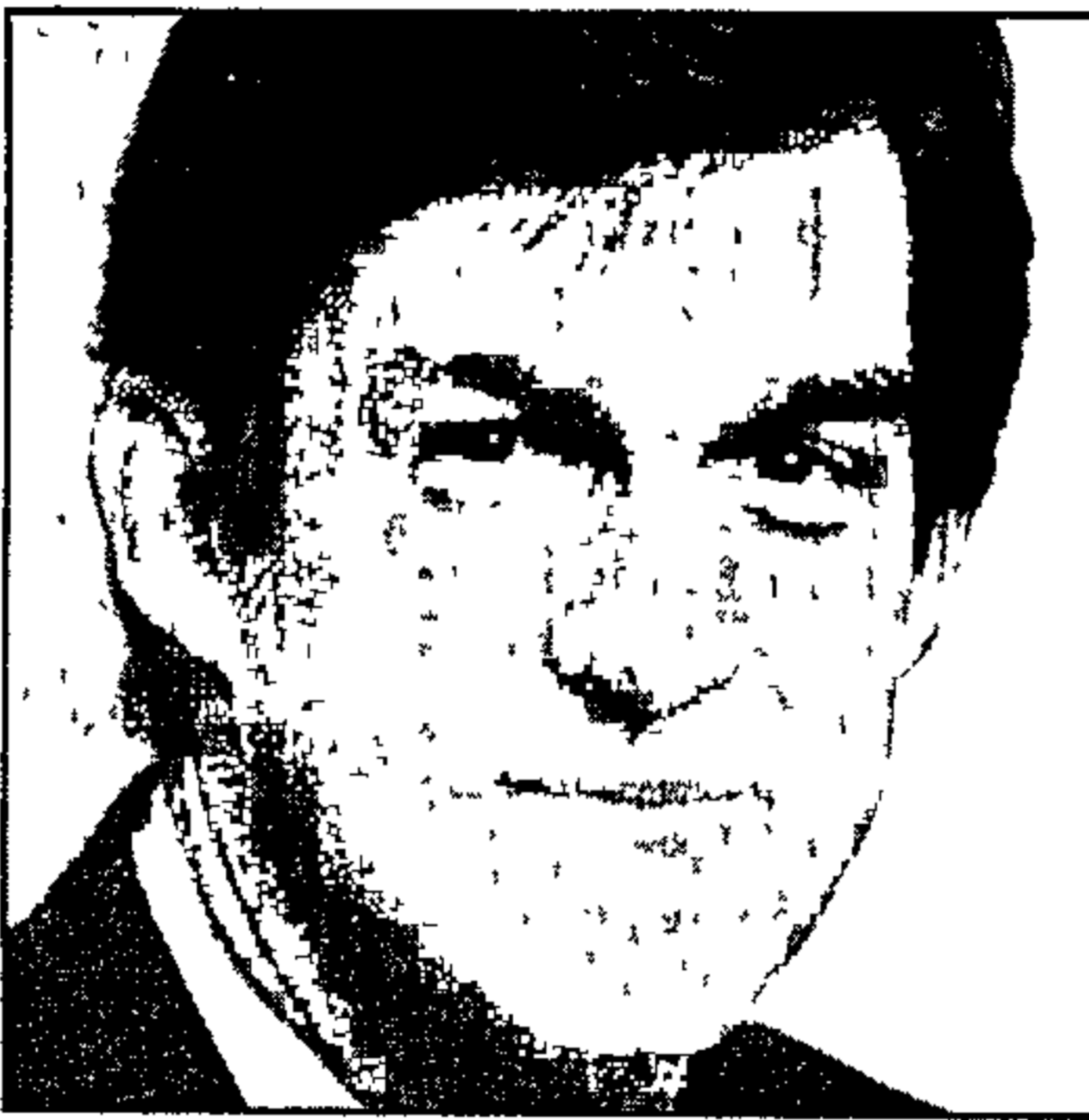
Because a contract is an

agreement between two parties it is not one-sided as consumers tend to think it is.

Each side should consider the terms very carefully and suggest changes, inclusions and exclusions where they seem appropriate. If the contract is a written document, it probably will be wise to consult an attorney before signing it.

Legal services are expensive, but the consequences of entering into a contract could cost much more.

This is of particular importance when buying or building a house. No matter what the value is of the house or stand, a legal transaction is taking place. You may simply be buying a piece of ground with



Igna Klynsmith ... president of the Law Society of the Transvaal.

paying and pay no more than that.

If it sounds difficult and complicated to make the investigations suggested, you will understand why attorneys offer the service they do.

They are experts in the law and can quickly look through a contract and point out any areas that may become troublesome for you. On your instructions they could redraft the contract and, if you require it, negotiate the modified terms with the other party.

You would have to pay for this service, but recognising the importance of the service they provide, the profession has taken a number of steps to make access to legal advice easier for those who need it but worry they cannot afford the price.

The First Interview and Referral Scheme operated by the Law Society of the Transvaal, is often the first step. This means that for a nominal fee of R25, you will spend up to thirty minutes with an attorney who will discuss the proposed agreement with you and advise you on how to proceed.

By the definitions offered in this article, we are entering into contracts almost every day. The occasions on which you will need legal guidance in these decisions are few.

However on those importance occasions when property transactions are being negotiated, a will needs to be drawn up, a major asset is being acquired, or the property and legal consequences of marriage are being determined, it makes legal and common sense to consult an attorney.

The less you want, the more you pay

Review/ Law in W/mond

18/6-24/6/93

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24/6

CONTROVERSY rages among lawyers about the lifting of limitations on interest rate charges for small loans. On December 31 1992, Finance Minister Derek Keys exempted all loans of R6 000 or less from the provisions of the Usury Act.

Previously, the stipulated maximum interest which could be charged on these loans gave some protection to the young, the inexperienced and the poor.

What the change means is that moneylenders — banks, building societies, certain non-governmental agencies involved in money lending, pawnbrokers and loan sharks — can all charge interest as high as they like on small loans.

Until the Usury Act was changed, the maximum interest rate was 31 percent on loans of R6 000 or less and 28 percent on loans in excess of R6 000 (By comparison the interest rate on home loans, whether R40 000 or R400 000 is currently about 16 percent.)

This means that consumers who borrowed R6 000 under the old Usury Act (31 percent maximum interest rate), would have paid R1 860 interest in one year and R5 580 interest over three years.

Today, consumers borrowing R6 000 at, say, 42 percent, would pay R2 520 interest in one year, and R7 560 interest over three years. In other words, the borrower will now have to earn an extra R1 980 to repay the higher interest bill.

It is a complex issue. The moneylender wants low risk, secure returns — an interest rate higher than the cost of the lender's own funds — and profitable administration. At the same time, small non-corporate borrowers are viewed by lenders as a high risk — they lack the profile and credit worthiness of the corporate clients who, until recently, have been the mainstay of most financial institutions.

Christine Glover is the manager of the non-

If you want a mortgage or a large loan from a bank, the interest rate is fixed by law. But people who want very small loans — less than R6 000 — have to pay astronomical rates, reports ODETTE GELDENHUYS

profit Group Credit Company which makes small loans to borrowers in the black community, who would not be able to obtain loans from commercial banks. She says costs attached to such loans are so high that had they not been exempted from the limitations of the Usury Act, her company would not have been able to survive.

In the view of Professor Louise Tager, executive director of the Law Review Project and one of those partly instrumental in the change, one must be realistic and ensure laws reflect the reality of what already exists out there.

Small borrowers have long complained about their lack of access to credit. With the promise the informal sector holds for emergent black business in an otherwise hostile economy, renewed efforts are being made to extend credit to this new class of borrowers. In addition, the desperate housing shortage has made it essential to increase finance for those who want to expand their homes or even purchase materials for informal building.

Moneylenders argue that small borrowers present a higher risk than big borrowers due to lack of security or guarantees that the lender will pay. To counteract this problem, the Group Credit Company is using a new scheme which has built into it an incentive to repay.

Their effective interest rate on a loan under R6 000 over two years is about 49 percent per year. "Good" borrowers over the whole two-



Professor Louise Tager ... Laws must reflect what's already out there

year period would receive 25 percent back at the end of the loan period, thus paying an effective interest rate of 36,7 percent.

"Bad" payers are borrowers who pay late or not at all. "Bad" payers would pay the full interest — R2 934 in interest in order to have access to a loan of R6 000.

But, according to a leading development lawyer who asked not to be named, the very notion of charging interest rates over 30 percent to the poorest, is offensive. "It is socially unacceptable to charge the poorest of the poor the highest interest rate."

Bankers on the other hand say that with the Usury Act restriction on small loans now lifted, the higher interest rate can compensate for the higher risk and higher administrative costs. If this is so, credit should soon be extended to small business people and consumers on a much larger scale than ever before. Sceptics, however, say such claims have been made in the past about other credit schemes, and have usually not lived up to expectations.

The changes in the law do give consumers at least one benefit: at the time the loan is granted, the moneylender must now stipulate in rands and cents what the consumer has to pay — including details of the interest. This makes small credit transactions much more transparent. It is an innovation in consumer protection that should also be applied to hire purchase agreements and other small transactions.

Was there no alternative to raising the costs of borrowing? Perhaps financial institutions, the primary backers of the Usury Act exemption, must accept their social responsibility in respect of ordinary people in this country.

I believe financial institutions could cross-subsidise within their consumer base and charge the small borrower less rather than greater interest on loans.

This would mean the borrower paying a more reasonable monthly interest charge, thus increasing the likelihood of repayment followed by further borrowing.

As the development lawyer quoted earlier says, "The interest of the banks must be balanced against the interest of the poorer communities. It is a social issue, not only a financial issue. The banks must look at their viability in the long terms as financial institutions but they must also look at their role as socially responsible institutions."

Odette Geldenhuys is an attorney with the Legal Resources Centre, Johannesburg.



The unacceptable face of capitalism

A NATIONAL debt-collecting operation has been trenchantly criticised in a magistrate's court judgment, with its treatment of a debtor labelled "the unacceptable face of capitalism".

Snyman & Vennote is a group of companies with 100 offices that run through the alphabet from Alberton in the north to Wynberg in the south. Group managing director Eugene Joubert says they collect debts from more than 1,5-million debtors each year. At a conservative estimate the turnover of the Snyman & Vennote operation therefore exceeds R100-million a year.

Lena Wilson's story illustrates why it is essential that the law should allow class actions in cases like this. Her plight eventually came to the attention of the courts after the Cape Town Legal Resources Centre brought an action on her behalf. But there are hundreds of thousands of others against whom Snyman continues to act.

Unless Wilson's experience is unique — and some 30 other cases handled by the Cape Town LRC suggest strongly it is not — Snyman's right to claim some or all of the money it is demanding and collecting from them is highly questionable — and the law offers little help.

In 1988, Wilson bought a music centre from Furniture Fair on instalments. Because of financial difficulty she did not pay the last R195.

In May 1991, although Wilson knew nothing about it, Snyman took over her debt from Furniture Fair. The two companies signed a standard form agreement, prepared by Snyman. Serious doubt was cast by the court on the validity of this form in the Wilson case, but indications are that the company is continuing to collect debts taken over with this form.

Once Wilson's debt was handed over to Snyman it just kept growing. On the day Wilson's debt was entered into Snyman's books, and by a process that has never been explained, it grew instantly from R195 to R395.

Snyman had the opportunity to explain this in its court papers, but declined to do so. On the same day Snyman added two amounts to this "new" capital debt of R395: "a proportioned necessary tracing and administration fee" of R110 and interest charges of R48.

Thus in Snyman's hands, Wilson's debt jumped overnight from R195 to R553 — more than 200 percent. Each month thereafter, the company added 18,5 percent compound interest.

In July 1991, she received a letter warning her to call at Snyman's to prevent "summary summons in connection with an extremely serious matter". A member of Snyman's staff told her to sign a document and to pay R71 a month to the company.

When her case came to court it turned out that the document she signed was an "admission of liability" in terms of which she admitted

Review/land in W/Mail 18/6-24/6/93
A company which takes over other people's debts and then collects the money owing, plus a lot more, was slammed by a judge recently.

By **MATTHEW WALTON**

indebtedness to an unnamed "plaintiff". Wilson also told the court she did not understand the document she signed.

For four months, Wilson paid the R71. By her calculations, this then cleared her debt to Furniture Fair. However after making her fourth payment, she asked Snyman's staff how much she still owed. She was told her debt was R373 — despite the fact that she had paid Snyman R284.

Wilson decided to pay nothing more, but she began receiving letters from the company in which they threatened to take a civil judgment against her, to obtain an order attaching part of her wages, and to have her imprisoned. This drove Wilson to consult the LRC.

First, the LRC obtained an interim order against Snyman, then the matter went to court. The court ruled that Snyman had had no right to claim any payments from Wilson, made the interim order final and ordered Snyman to pay the cost of the action.

The Wynberg magistrate who heard the case ruled that the attempted cession by Furniture Fair of Wilson's debt to Snyman was not proper or complete, and cast severe doubt on the validity of the Snyman standard form cession agreement.

The magistrate also found the "admission of liability" signed by Wilson was invalid, among other reasons because the "plaintiff" to whom the "debt" was owed was not identified. The magistrate referred to the document as "objectionable" and "a crude attempt" to circumvent the Credit Agreements Act.

The court ruled also that Snyman was not entitled to the R110 tracing and administration fee in Wilson's case.

If the Wynberg magistrate's findings are correct — and Snyman has not appealed the judgment — then all other debtors whom Snyman has pursued in the same manner and with the methods as in the Wilson case, have a claim for repayment. The judgment therefore has potentially far-reaching implications for people who have paid money to Snyman.

● Joubert said no generalisation should be made from one case especially since Snyman was granted about 2 000 applications for judgment in its favour every month. He added that all the company's actions and documentation were regularly screened by senior counsel to ensure the company acted ethically and legally.

● Matthew Walton is an attorney with the LRC in Cape Town.

'No deposits before job is done'

By John Miller
Star Line

The scrapping of deposits by all home-improvement companies has been called for by Lynn Morris, president of the Housewives' League.

She appreciated that many small, even bigger, companies had a cash problem, but this should not become the customer's problem.

"My attitude is that I will pay you once the job has been done," she said.

"I accept that people do not trust each other today so companies want

some kind of guarantee that they will be paid.'

Morris said she was surprised to hear that many companies still insisted on deposits.

"I would have thought that they would have been fighting everybody off to get the work."

She also believed that because of the economy there were probably many more one-man and small businesses operating. She felt sorry for the person forced to start a business, but the customer should be even more on his guard.

Star
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"Anybody can have a printed contract but nevertheless your money can go down the drain if you are not careful."

A survey conducted by Star Line showed that while most companies did not advertise or voluntarily offer alternative finance schemes, they were prepared to accept payment through a trust account or bank guaranteed cheque.

The customer must therefore ask for these terms and invariably discuss them with the owner or financial director of the company.

Phillip for SA private consumption spending

ST 21/6/93

(246)

From GRETA STEYN

JOHANNESBURG. — Consumers spent more in real terms in the first quarter of this year while the collapse in investment spending slowed down — fuelling government and Reserve Bank optimism that the economy was moving out of recession.

Bank deputy governor Jaap Meijer disclosed at the weekend that real private consumption spending had shown a small annualised increase in the first quarter this year from the final quarter of last year. In 1992, consumers cut spending by 2,5% in real terms Meijer declined to provide figures for this year as these would become available only when the quarterly bulletin was released later this month.

“While the increase in private consumption spending was small, it is significant

because spending did not continue to decline. The news should boost sentiment.”

Meijer noted fixed investment spending had continued to fall, but at a slower rate than in the final quarter of 1992, when investment shrank by an annualised 5% in real terms from the preceding quarter's figures. A pick up in investment spending usually lagged a rise in consumption spending.

Further encouraging signs included net inventory investment in real terms in the industrial, commercial and mining sectors in the first quarter of this year.

There were signs of an upward trend in international commodity prices.

Meijer echoed Finance Minister Derek Keys's view that there might be some small economic growth this year. He said he viewed the economy with a “rather more positive spirit” than private sector economists did.

He said one of the factors underpinning the recovery in consumption was a reduction in consumers' debts to banks between 1991 and early 1993. This was reflected in the low rates of increase in bank credit, which could be viewed as “somewhat too low for comfort”.

The positive effect on spending of a fall in households' indebtedness would be further reinforced by their growing need to start replacing consumer durables and the effect on sentiment of a higher gold price and JSE share prices. He added that the possibility of a further easing of monetary policy could not be precluded.

The Bank's econometric model suggested the overall balance of payments situation should be “manageable” while the average inflation rate would fall this year and continue to fall next year. The projections assumed a higher dollar gold price and improved agricultural production.

... but
consumer
confidence
~~(244)~~ (246)
at eight
CT 21/6/93
year low

CONSUMER confidence in South Africa has plummeted to its lowest level in eight years, Stellenbosch University's Bureau for Economic Research says in its latest survey released yesterday

The survey said the composite consumer confidence index for whites fell in the second quarter of this year to its lowest level since 1985

Black consumer confidence also dropped to its lowest level since 1986, particularly with respect to consumer confidence in the employment-creating ability of the economy

This reflected a drastic drop in black expectations since 1990, when the confidence level was relatively high

Cape Town consumers were relatively more optimistic while pessimism reigned in the Durban/Maritzburg area.

The bureau said the employment deterioration rate had, however, slowed down in the retail sector, and was recovering in the wholesale sector

Retailers, wholesalers and motor dealers reported poor sales and they were not optimistic about conditions in the third quarter of this year

The bureau maintained its view that the economy would at best bottom out during this year and the gross domestic product was forecast to decrease by about half a percentage point, but a real growth rate of about 2% was forecast for 1994 — Sapa

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Consumers spend more

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JOHANNESBURG — Consumers spent more in real terms and the fall in investment spending slowed down in the first quarter this year — fuelling optimism that the economy is moving out of recession.

Reserve Bank deputy governor Mr Jaap Meijer said real private consumption spending showed a small increase in the first quarter.

But Stellenbosh University's Bureau for Economic Research says consumer confidence is at its lowest since 1975.

● Full reports — Page 8

entered under heading

Bill aims at banking for the poor

Star 23/6/93

(246)

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CAPE TOWN — The main objective of the Mutual Banks Bill was to create banking institutions which would attract the custom of members of the lower-income communities, Deputy Finance Minister Dr Theo Alant said in Parliament yesterday.

Introducing the second reading debate on the Bill, he said the corporate constitution of a mutual bank would be structured so as to facilitate its membership and greater participation by members in the exercise of control in a general meeting.

Jasper Walsh (DP Pine-lands) said that nowhere was the lack of suitable credit facilities more obvious than in low-cost housing and small business development.

While welcoming the Bill, the DP cautioned that South Africa could not afford a failure in the banking sector as this would lead to a loss of credibility, and nothing would hasten the demise of these institutions more speedily than political action such as boycotts and bond instalments being withheld. — Sapa

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builders or civil engineers to borrow money against a pledge of this type of asset. On the other, the ability to borrow on a secured basis against the security of certain assets downgrades the position of the landlord on insolvency. It also opens the door to fraud by the debtor against the lender through borrowing twice against the security of the same set of assets.

A crucial feature of the Act is that the special notarial bondholder does not need to take possession of the assets listed in the bond in order to "perfect" (establish) his security, though, says Van den Berg, it seems a special notarial bond registered before the commencement of the Act would still require to be perfected to protect the lender.

The Act places a special notarial bondholder at an advantage relative to the landlord, says Van den Berg. The landlord has a specific form of security available to protect his claim for rent in the event of the tenant's insolvency. This is known as the landlord's lien or hypothec.

This form of security also does not require to be perfected before insolvency. However, to the extent that some of those assets have already been made the subject of a special notarial bond, the position of the landlord is correspondingly weakened. To make matters worse, the Act gives the special notarial bondholder precedence over the landlord's hypothec, even if the landlord's claim arose before the bond was registered.

The Act applies only to special notarial bonds, that is bonds on specified and identifiable moveable property. The bond must be executed by a notary and then registered at the appropriate Deeds Registry. As the registration process can take several weeks, this provides a window of opportunity during which a dishonest borrower can offer the same set of assets as security to two lenders and there is no means of verifying that a previous pledge exists. ■

INSOLVENCY LAW

FM 25/6/93
Threat to landlords~~252~~ (246)

The law affecting the rights of certain creditors on insolvency has been fundamentally changed by recent legislation, but there is no unanimity that it is for the better. Landlords' rights to attach tenants' moveable property to secure rent are particularly affected.

The Security by Means of Moveable Property Act, which came into force on May 7, confers a secured right over certain types of moveable property owned by the debtor. The type of asset to which the Act could be applied includes large identifiable individual items which form part of the permanent capital of a firm — for example earthmoving equipment or vehicles.

On the one hand, says Werksmans' partner Maas van den Berg, the change in the law makes it easier for companies such as

The cheque isn't in the post



A box of chocolates was all a small businessman used to need to sweet-talk a customer's accounts clerk into pushing his payment ahead of the queue. Now that no longer works, chocolates have given way to threats, debt collectors and law suits as small businessmen fight to get their money out of tight-fisted customers, including some of the biggest companies in the country.

After four years of recession, something had to give. Cash flow is drying up as each business tries to pass some of the pain on to the next. Liquidations for the first quarter of the year rose 4,1%, to 683, compared with the same period a year ago. Forced insolvencies were up 3,3% to 1 004 in the same comparative period. Last year 1 142 close corporations were liquidated, 60% more than in 1991.

Obviously not just the small fries are suffering. Credit specialists say some big companies are on the verge of insolvency and will take some innocent bystanders down with them.

"The morality of business has changed over the past few years, co-incidentally together with the enduring recession and uncertain political future," says Credit Guarantee senior economist Luke Doig. "Lack of security has forced many to operate on a short-term horizon only and strength is the key to survival."

"Ethics are on the back burner and a rape mentality exists, for example survive the day. The small enterprise can rarely compete, let alone prosper, in such circumstances."

For a small businessman, remaining competitive often means letting unfinished work slide while he tries to get paid for jobs already done. Nobody wants to list names for fear of making enemies, but all agree it's rare for a company to pay its bills on time.

"I spend half of my days collecting debts. You have got to thump on desks," says Clint Husemeyer, the MD of Pictech, a Johannesburg firm that imports air-conditioning equipment. "Every company has instructed all of its people to lengthen the period of payment."

Husemeyer says there's always a run-around these days, it's part of the system. The company needs a statement from the surveyor — in Rustenburg. With that piece of paper in hand, the company then decides it needs a statement from the accountant — in Rosebank. Then it needs three weeks to prepare the cheque. At the end of the three weeks, you're told the paperwork simply disappeared and could you please deliver duplicates?

The cycle begins when those on the receiving end of the slowdown have no choice but to delay paying their own creditors and suppliers.

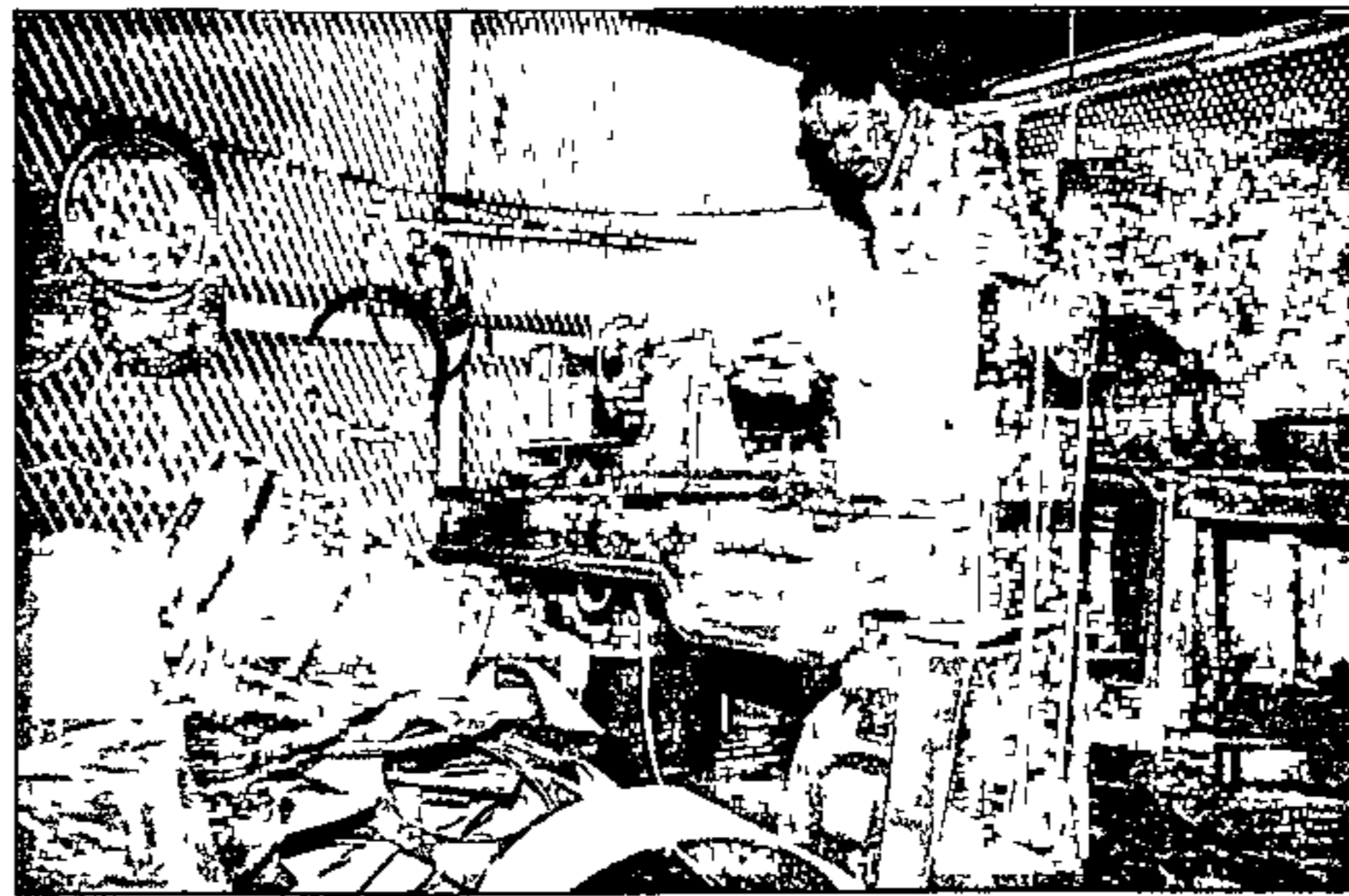
"Big businesses pay very slowly but collect quickly," says Small Business Development

Corp (SBDC) assistant GM Dawie Crous. "We advise small businessmen to do the same."

SBDC senior GM Jo Schwenke says the song-and-dance routine is typical and comes down from the highest corporate levels. "When the economy goes into decline, two directives go out. The first goes to the sales staff to cut back on credit terms. The second goes to buyers to take longer credit. Small, private firms can put up little resistance in the face of such an onslaught."

"The decision is usually made in some boardroom. The board says terms must be increased from 60 days to 90 and if suppliers won't play ball, find new ones. And the managers carry it out because it makes the bottom line look better."

But Kreditinform MD Ivor Jones scoffs at the notion that the big, bad conglomerate is taking advantage of the poor, unsuspecting small business owner. He says it's a problem



Working for a living but will the customer pay?

of too-high expectations among the little guys, many of whom are playing with the A-team for the first time.

"All companies are not paying on time. Few pay right on the nail. Most extend their terms. As the recession has worsened over the past few years, they have begun to look at their creditors as a means of finance. But they must be educated to believe that they will not get away with nonpayment."

Jones says the problem is that small businessmen fear rocking the boat of a big business by demanding payment on time. He says the "nice little letter" after 90 days gets thrown in the bin.

And, he adds, too few small businessmen are willing to demand interest on overdue accounts, even if that condition is included in the contract.

His advice? "When the cheque is due, be there. Take a tough line. You have to be upfront. Let them know that you will be on their doorstep. After a while, the clerk will remember the nagging woman from XYZ who's on his back again."

But small businessmen, who are usually workers as well as bosses, argue that they are often too busy doing a job to pester the accounts clerk. On a Friday at the SBDC hive in Johannesburg, many of the work stands are empty because the proprietors are out hunting down their money. And, if truth be told, they are, indeed, afraid of the consequences of being that squeaky wheel that demands its oil. They can't help but ask themselves: What if?

Husemeyer has his own way of eking out payment. He drives around in a battered old bakkie and pretends he's just one of the humble employees instead of the MD. "I get them to feel sorry for me by telling them my boss will fire me if I don't collect."

Jones, naturally enough, suggests enlisting a credit information bureau to provide background on potential customers. A credit report sets out a company's ability to pay debts and tells you whether it pays on time. Armed with this, a businessman can make deals knowing what to expect.

Like many other entrepreneurs, Husemeyer depends on personal judgment rather than a professionally prepared credit investigation, which he believes often contains dated, irrelevant information. He has his own tricks. For instance, he is wary of taking on new clients because it could mean their credit has been cut off elsewhere. One strict rule is that he never deals with a customer who drives a Porsche or doesn't haggle over price. "He doesn't haggle because he has no intention of paying you, no matter what the price."

Schwenke acknowledges that it's not practical or even possible to find additional customers now, so it's important to learn to live with the ones you have. "We would urge the small businessman who is being squeezed to have an open, honest discussion with the company at the highest level and to have a good go at it."

He says it might be possible to compromise with a recalcitrant corporate client by offering enhanced service or perhaps some concessions in exchange for prompt payment.

"The wise companies take a reasonable approach," Schwenke adds. "They use their muscle with discretion. They know that without suppliers which offer good quality on time, they don't have a business. Suppliers are not something to screw left, right and centre."

Warning on 'pyramids' in marketing

Star 11/7/93

By John Miller
Star Line

(246)

The Consumer Council has cautioned people who think they can "get rich quick" through multilevel marketing schemes.

The warning follows numerous inquiries to its offices as well as to the South African Direct Marketing Association (SADMA) and the Direct Selling Association (DSA)

Multilevel marketing involves the sale of products by private individuals who receive stocks from a central supplier or from a distributor in a complex marketing web.

A spokesman from the Consumer Council said would-be participants should first decide if those behind the scheme were merely using the product as a pretext to recruit people. Con-

sumers should also establish whether the same product could not be bought cheaper in shops.

Promoters in the nutritional supplement market are the latest operators to climb on the networking bandwagon.

Avroy Shlain from the DSA said claims by certain companies that participants could earn more than R70 000 a month were way out of line.

"People must earn money by selling a product and not receive remuneration through recruitment of people," she said.

Mel Brooks, executive director for SADMA, said he did not have anything in principle against multilevel marketing provided people were selling a product and not recruiting.

"People must be engaged in the selling of a product and not in some thinly disguised pyramiding operation that makes money out of introducing people into the system."

Consumers 'still need education'

By Zingisa Mkhuma
Consumer Reporter

Much work still has to be done to educate consumers about their rights and responsibilities, and how to complain effectively, outgoing chairman of the Committee of Consumer Organisations (CCO) Lillibeth Moolman has said. (246)

Moolman has been CCO chairman since it was formed two years ago.

She said in her annual report that bridges had been built and greater understanding of the problems and needs of consumers had been achieved.

However, she added. "Much work still has to be done on the broader front to educate consumers on how to complain effectively

"Consumers in South Africa are either too lax or too lazy to complain. Poor service and shoddy goods must not be tolerated."

Moolman said while deregulation was an important process, the time had come to look at protecting consumer safety.

She cited the deregulation of the meat industry and stressed that it didn't mean "the total deregulation of meat hygiene standards".

At the helm of the CCO are four organisations — the Housewives' League, the Black National Consumer Union, the SA National Consumer Union and the Consumer Council of Bophuthatswana (CCB).

CCB chairman Paul Masimong will be the next chairman of the CCO until June 1994.

Southbousiness 19

SBDCC package gets NBF support

The Small Business Development Corporation is launching a new "Pioneer Project" aimed at black businesspeople to address past inequalities. WOLFGANG THOMAS explains:

WITH unemployment assuming frightening proportions all over the country and formal sector job vacancies showing no signs of rapid increase, more attention has fallen on the ability of people to "create" their own jobs through self-employment

The Small Business Development Corporation (SBDCC) has in the past been criticised for neglecting black micro-enterprises — and allegedly channeling too big a share of its funds towards viable, white-controlled small and medium enterprises

The corporation has now embarked on a major initiative aimed at black businesspeople

The bulk of the funds allocated to the SBDCC in this year's budget have been earmarked for a comprehensive support package destined to

reach thousands of micro-enterprises

In fact, the new "Pioneer Project" has also received the nod of the National Economic Forum, where unions are particularly concerned about creating new jobs

Experience overseas and in the country has helped shape the SBDCC's new support strategy. Rather than just waiting for loan applicants to approach the SBDCC — with applications which are often poorly thought out or barely viable in a business sense — two dimensions characterise the new initiative.

● Firstly, there is an emphasis on co-operation and interaction with other NGOs and community-based organisations already active in the sphere of self-employment, entrepreneurship stimulation and micro-enterprise support.

The SBDCC does not want to "go it alone" or work in competition with other bodies in this field, since

the self-employment challenge is too vast to waste financial or managerial energy.

● Secondly, the provision of micro loans is just one element of a broad support package — in many cases it may not even be the critical factor; far more emphasis will in future fall on the training of people with entrepreneurial potential and business initiative, with the training often started long before financial support is considered.

In the past, the SBDCC has been criticised for either turning down loan applications (because of poor prospects and lack of business expertise) or acting too strictly against loan defaulters.

In both cases, the lack of business education, appropriate training and other support networks were usually the real underlying problems which now have to be addressed on a broader basis.

The SBDCC has the following new plans:

● Micro loans for viable enterprises, with amounts ranging from R200 to R5 000, and interest rates at 30 percent gross a year and 20

percent net, in the case of timely payment.

The latter scheme of a 10 percent interest discount has recently been introduced to encourage prompt payment of loans over six to 24 months, as initially arranged. If the loan is repaid promptly, the client receives the interest payment as a lump sum in cash.

● Comprehensive Assistance loans for the more experienced business person, with amounts ranging between R2 000 and R50 000 (or more) and interest levels between 12,5 and 17 percent.

Other assistance will be in the areas of marketing, providing advice in the form of mentors, and the formation of industrial hubs located near high density townships.

The SBDCC hopes to trigger off a

whole movement of grassroots business able to give micro enterprises in this country the vital big push it needs.

WOLFGANG THOMAS



Star 12/1/73

Council warns on 'get rich' schemes

By John Miller
Star Line

The Consumer Council has asked the public to report to it any complaints about multilevel marketing companies.

During the past few months two companies in particular, Network Marketing (NWM) and Sportron International, have come under the spotlight (246)

The council, the South African Direct Marketing Association and the Direct Selling Association have all received scores of inquiries about one or both of these companies and have warned people to be cautious.

Athol Reid from NWM and Dr Alan Tomlinson from Sportron International claim their products are competitive and that no one is forced into signing up as an agent.

A spokesman for the Consumer Council believed certain marketing methods could result in it asking the Harmful Business Practices Committee to investigate this type of selling

Consumers save more than R11m

SA CONSUMERS saved nearly R11,6m in refunds and replacements during the year ending March 1993 by approaching the Consumer Council for help in resolving their complaints.

The latest issue of SA Consumer said that according to the council's annual report, this amount was 131% higher than in the previous year.

During 1992/93, written complaints increased by about 26% to 13 444.

Telephonic complaints increased by 5,1% to almost 44 000.

"Respondents were contacted directly and compromises could often be reached through negotiations," the report said.

Consumers complained mostly about repairs to electrical appliances and motor vehicles, citing poor workmanship and repair costs which exceeded the quoted price, short-term in-

MARIANNE MERTEN

surance and incorrect telephone accounts.

Consumers were still largely ignorant about short-term insurance. Household contents were underinsured because of unaffordable premiums.

Expensive items not insured separately could not be replaced when stolen, the report said.

The council, it said, referred about 1 500 complaints to Telkom regarding "incorrect telephone accounts due to misuse of 087 numbers".

Meanwhile, ADRIAN HADLAND reports that the Committee of Consumer Organisations said in Pretoria yesterday that a clause on consumer rights should be included in SA's future charter for fundamental rights.

The committee represents a range of consumer

bodies including the National Black Consumer Union, the SA National Consumer Union, the Housewives' League of SA and the Consumer Council of Transkei.

It said it would approach the multiparty negotiating forum in Kempton Park to lobby the issue.

An immediate meeting had been requested with the forum chairman to put consumer rights on the agenda, committee chairman Lillibeth Moolman said yesterday. The request had also been forwarded to Justice Minister Kobie Coetzee, the SA Law Commission and to the ANC.

Finance Minister Derek Keys had been asked to recognise consumer rights by advising government to sign the UN guidelines on consumer protection, Moolman said in a statement.

Consumer rights to be included in a charter of fundamental rights covered areas such as physical and economic safety, the right to information, education, redress and the right to form consumer groups. It was time consumer issues took their rightful place.

"It is the state's and other non-governmental organisations' responsibility to ensure that consumers are protected."

31 Nov 14 7 193
Fuel price plea

ADRIAN BAWLANE 214

A FUEL price increase should be delayed as long as possible, Consumer Council executive director Jan Cronjé said yesterday.

Millions of people, many jobless, would find it even more difficult to make ends meet with the ripple effect of a fuel price increase.

"Considering that relatively low cost fuel is now freely available on the open market, and that the local fuel price contains a tax component of almost 50%, consumers will not readily accept another price hike."



Stand up and fight for your rights

Star 27/1/93

246

A LITTLE LEARNING

South African consumers have a lot to learn when it comes to their rights and responsibilities and how to complain effectively. ZINGISA MKHUMA reports.

WHEN consumers are not satisfied with goods and services, they usually just sit back and whinge. Seldom do they actively insist on good value for money.

Outgoing chairman of the Council for Consumer Organisations (CCO) Lilibeth Moolman says passivity and an unwillingness to complain about inferior goods and services, are states of mind that South Africans must learn to overcome.

"Every time you make a wrong decision in the market place you send the wrong signals to the businessmen. If you accept shoddy goods, a manufacturer will think that he must carry on supplying them. If you complain he would have to stop."

The tendency not to complain means that the market is flooded with inferior quality goods which are sold at inflationary prices which in turn damages the economy, she says.

Consumer exploitation in this country is at its worst in the services sector. She urges people to demand and get a quotation for any service, from hairdressing to panel-beating and plumbing.

"Ask for hidden costs, you don't want surprises. Remember that you cannot go to jail for non-payment of an account until a court order has been issued against you. This applies even to hire-purchase agreements," she says.

The CCO is an umbrella body for four consumer organisations — the Housewives' League, the SA National Consumer Union, the Bophuthatswana Consumer Union and the National Black Consumer Union. The CCO is lobbying for the incorporation of consumer education into the school syllabus.

Calls have been made to the Government to become a signatory to the 1985 United Nations Guidelines on Consumer Protection. The people at the multiparty Negotiation Forum have also been urged to put consumer rights on their agenda.

Moolman says that the CCO affiliates are unanimous in that consumer rights should take their rightful place in a Charter of Human Rights.

She says that most of the problems they have encountered could have been easily resolved between customer and seller if the consumer knew his or her rights in the first place.

If we can succeed in getting schools to teach consumerism, people can learn at an early age to tackle minor problems without asking for help from consumer organisations or the media.

"Our people have to be taught to stand their ground and be firm but friendly when complaining. When you go off your rocker you lose ground."

However, National Black Consumer Union (NBCU) chairman Nonia Ramphomane says there is a need for consumer education in the black community more than any other in South Africa.

"Because of a history of intimidation and degra-

The SA National Consumer Union has a self-help booklet for consumers.

It lists the following steps to take when complaining:

- Complain to the right person — the manager or store owner — not the shop assistant. If you are not satisfied you may in certain instances complain to the manufacturer or distributor.

- Keep the number and date of all invoices, receipts or warranties and take the relevant documents along when you complain. Don't hand these documents to others, make copies and keep the originals.

- Note the name of the person you complain to.

- Put important complaints in writing and keep copies of your correspondence.

- Be brief and set out your complaints clearly. Long rambling complaints tend to lead to delays.

- If you do not receive a reply, send a follow-up letter and attach a copy of your original complaint.

- Be polite and fair and ensure that your facts are correct.

The South African Government has been asked to adopt the eight United Nations Guidelines for Consumer Protection which are:

- The right to safety.

- The right to be informed.

- The right to choose.

- The right to be heard.

- The right to basic needs.

- The right to redress.

- The right to education.

- The right to a healthy environment.

TOMORROW

The more boring your love-making, the more your relationship is likely to succeed.

ation, we blacks don't question things. We don't even inspect the goods that we buy. We don't know that there are latent forces that surface after usage," she says.

Ramphomane bemoans the lack of funds to keep the NBCU on its feet, saying that most companies are not eager to fund them when they would willingly sponsor sporting events.

Price wars: Competing with the oligopolistic 'consumer munchers'

Margarine and the missing muscle



Critical Consumer

Pat Sidley

IT'S official there was no collusion in the recent price increases of margarine. At least, that is the legal position after being considered thoroughly by the Competition Board.

For consumers, the belief will inevitably be that they were "ripped off", that the manufacturers colluded in some way to force on them the higher prices.

They believe that about many items — quite justifiably.

However, legally speaking, there has been no incident of collusion at least since 1988, when the present chairman of the Competition Board, Dr Pierre Brooks, took over.

According to Brooks, collusion has to be proved beyond a reasonable doubt. And when it is proved, all the participants are liable to a fine of R100 000 or five years in jail, or both.

But nobody has been able to produce the evidence. Take the margarine case, for instance. There are four margarine manufacturers. Vandenbergh Foods, which is owned by multi-national Unilever; Tiger Oats, which is owned by Barlow Rand, Premier Food, which is owned by Anglo American, and Willowton Foods, apparently a smaller independent. Vandenbergh has more than 50 percent of the market, so when it speaks, everybody jumps.

The past 18 months, according to a report by Competition Board, was characterised by a price war which meant that "smaller" manufacturers could not put up their prices as the larger manufacturers kept prices low.

Oilseed, which is a basic raw material in margarine, rose by 11 percent to all the manufacturers (which wasn't illegal collusion — just single-channel marketing) and those almost identical plastic tubs in which we buy margarine cost manufacturers more this year.

Vandenbergh decided in May that enough was enough, and dropped all its discounting as well as pricing its margarines at prices which reflected all the increases. This led to the possibility that medium-fat margarine could increase by



up to 84 percent.

The others followed suit. (The "lite" margarines have water in place of the fat, so presumably manufacturers will keep the prices real low.)

What would have been required to prove that the manufacturers had colluded was evidence that they had all met on a particular day and, with no prompting other than the profit motive, all decided to up their prices by a similar amount on the same date.

Evidence of this was not found, therefore, no collusion. But the board notes that it did not investigate the "extent or justification of any envisaged price increase."

It's all a lot of nonsense for consumers. Three of the four margarine manufacturers are oligopolistic "consumer munchers."

They have endless muscle and hardly know what competition really is. They import their basic raw materials through the same single channel and, from beginning to end, control what happens to their product.

To accuse them of competing on the open market is a bit like former state president PW Botha's claim when the tricameral constitution was being introduced that it was "broadening democracy."

That from people who did not know

what democracy was. This from people who would go bankrupt if real competition ever happened here.

Brook, who wants the public, merchants and others to participate in these issues by laying complaints with the board where they believe competition has been compromised in some illegal way, believes that his board may be able to do more if other measures are introduced in some new dispensation.

Anti-trust legislation may be one route. Other measures could include the ability of the board to investigate why and how prices rise in any particular industry and at a given time, so that the board could more effectively pronounce on whether there is collusion in the sense that we consumers may see it.

Either way, Brooks and his board need consumers to help set the pace. "We can't do our job without people," he says.

There are, of course, other areas to look at. Retail price maintenance — when manufacturers tell retailers at what price their goods may be sold — is illegal, but it is alive and well and being practised in various forms all over town. So are various other "restrictive practices" taking place.

These include luxury items sold at extremely high prices to maintain an image, and woe betide the retailer who discounts them without the permission of the supplier.

The retailer will be cut off with no further supplies of the goods.

That kind of practice is illegal, but hard to prove if nobody comes forward with hard evidence. Naturally, there will be arguments suggesting that the practice under certain circumstances is fair.

But so far, the successful prosecution rate (virtually nil) illustrates the point that more legislative muscle and change is needed to help the Competition Board.

Our market is characterised by a handful of companies which produce through a chain from the cradle to the grave. Competition takes place between two departments in the same firm, not in the open market. And we consumers pay.

Perhaps somebody, somewhere is giving this some serious thought for our much-vaunted new South Africa.

Margarine tastes like hell, anyway. Butter is better.

246
WM 30/7-5/8/93

News in brief

Sowetan 10/8/93

'Rights' culture lacking in SA

A PROLIFERATION of consumer organisations which would help consumers could be the answer to eradicating malpractice in the business sector.

This was said yesterday by director of Lawyers for Human Rights Mr Brian Currin at a consumer seminar at the University of South Africa

Currin said factors militating against the protection of consumers were, among others, the absence of a "rights" culture, a lack of accountability in the marketplace and a shortage of credible and effective enforcement mechanisms

In an environment with a culture of corruption, it was difficult to pay attention to the rights of consumers, he said. In the past five years fraud in the business sector had increased by 700 percent

(2/16)

Train deaths: Two in court

TWO suspects appeared briefly in the Johannesburg Magistrate's Court yesterday in connection with the killing of five people on a Johannesburg-bound train last Friday

No charges were put to them and the case was postponed to August 24

Witwatersrand police Spokesman Lieutenant Andy Pieke said more arrests were expected

Cash for returnees

RETURNED exiles whose Voluntary Repatriation Application Form numbers appear below are asked to report - with their certified Vrafs - to the Smal Street branch of Nedbank in Johannesburg from noon today to collect their money, the United Nations High Commission for Refugees said yesterday. The numbers are 069431 and 081156

July violence toll tops 581

JULY'S violence toll of 581 was the highest since August 1990 when 709 people were killed, the Human Rights Commission said in its monthly report released yesterday. The PWV recorded the highest number of deaths (343), bringing the total number of deaths in the region over the past seven months to 784

In Natal 182 people were killed while 56 died in other parts of the country. The total number of deaths in the country so far this year was 1 984

(2/14)

HUN

Legislation 'fails to shield consumers'

PRETORIA — Despite the existence of more than 60 relevant Acts, consumers were provided with inadequate statutory protection, Legal Resources Centre director Mohamed Navsa said yesterday.

He told delegates at a Unisa conference on consumer rights that while access to courts was difficult for most consumers, many of the Acts were insufficient. The Harmful Business Practices Act was too bureaucratic, time-consuming and lacked teeth. The Usury Act failed to address community concerns as loans of R6 000 or less were exempted from maximum rates of interest. While the Small Claims Court was a step in the right direction, its monetary limit should be raised.

Consumer Council executive director

ADRIAN HADLAND

Navsa 10/8/93
Jan Cronjé said introducing a Consumer Act was not necessarily the best way to protect consumers. Industries should establish voluntary mechanisms to help consumers. Codes of conduct, standards and recommendations involving consumers and business could produce better results than legislation. (246)

Navsa appealed for the expansion of the Small Claims Court, introduction of independent ombudsmen to regulate industries and the use of community paralegals to advise people of their rights

Cronje said the best model would combine a decent level of consumer protection with a workable level of regulation.

Bid to form militant consumer front

■ BY ZINGISA MKHUMA
CONSUMER REPORTER

Consumer organisations, businessmen and lawyers have come out in support of the formation of a "militant and activist" united consumer front to raise the con-

sumer's bargaining power.

This emerged in Pretoria yesterday at a seminar on Consumer Rights in the Culture of Corruption, hosted by the SA Coordinating Consumer Council.

At the meeting it was decided that consumer bodies did not ap-

pear to be vociferous enough about interest rates, exploitation, and lack of statutory protection for consumers

Nor did they complain enough about how the Government had abdicated its role in providing low-cost housing

(246)

Twenty errant firms blacklisted

PRETORIA — Twenty businesses were included in the Consumer Council's latest company blacklist released yesterday.

The offenders had all been the subject of numerous, unanswered complaints from members of the public, a council spokesman said.

Those blacklisted were Johannesburg firms Bumper Exchange, Instant Walls, Lupin Kitchens, National Courts and Pools, Perfect Towing Service and Ven Rich Housing; Pretoria firms Acacia Paving, Centurion Insurance Brokers, Concorde Removals, Deomax builders and developers, The Bike Ranch, Chop Chop Paving, Homestead Kitchens and Cupboards, Shunters furniture manufacturers and Neatway/Broadway/Atlantis Furniture Removals, CBS Promotions of Durban, Edgeco Carpets of Cape Town, Elpro electrical repairs of Bloemfontein, Evens Health Products of New Germany, and Summer Pools of Maritzburg.

Consumers who felt they had been wronged by these or other companies were requested to contact a local branch of the Consumer Council, the spokesman said.

Because of public demand, the council had decided to issue its blacklist on a monthly basis, he said.

Students up in arms over Wits violence

THE "silent majority" of students at Wits University who have not been part of SA Students' Congress (Sasco) protests yesterday vowed to fight back against class disruptions which have left the campus in turmoil for the past week.

Engineering Students' Council president Lisa Buckley said there were at most 300 — out of a student population of 19 000 — involved in the protests, and temperatures among the rest were running high. Also, there were indications that many of the protesters were not students.

Incensed students were threatening to take charge of the situation, and a mass meeting would be held by the joint faculty councils tomorrow to provide a channel to express their anger, she said.

Class disruptions and intimidation of students continued yesterday, she said, and tempers flew when Sasco members broke in on a group of 400 engineering students writing a test. The Sasco students threw a brick at the lecturer and threw chairs and sprayed firehoses at students.

Buckley added that students believed the administration had failed to handle the violence effectively.

KATHRYN STRACHAN

While students went on the rampage again yesterday, police waiting in Casspirs outside could not enter until they had an instruction from acting vice-chancellor June Sinclair.

Meanwhile, talks between the administration, Sasco, the SRC and the national Health and Allied Workers Union (Nehawu) continued yesterday. SRC president Linda Vilakazi-Tselane said the meeting, which revolved around the arrests of more than 100 students last week, was held under the neutral chairmanship of Judge Richard Goldstone and law professor Edwin Cameron.

The SRC said it would try to persuade the administration to drop its court interdict against Sasco and establish a "university transformation forum" to investigate the feasibility of the university council, she said.

Sasco spokesman Joe Mokluana told Sapa the organisation would call for the dismissal of Sinclair and deputy registrar of student affairs Ron Carter. These conditions had to be met before negotiations could begin on student demands.

Legal advice for would-be homeowners

Star 1/9/93

■ STAFF REPORTER

Help is finally at hand for people with housing problems with the opening today of a free housing advice service

The service, named the Housing Consumer Protection Trust (HCPT), will allow prospective homebuyers and anyone else with housing problems to call a national toll-free number and get advice from a panel of legal practitioners. (246)

The HCPT has been established by more than 30 organisations representing community groups, the private sector and other professional service bodies in a bid to "halt the increasing exploitation of low-income would-be homeowners".

It is funded by the Estate Agents' Board. (123)

Depending on the nature of the problem, the HCPT's Johannesburg advice office will take calls or refer them to a number of other organisations, such as Lawyers for Human Rights, the Legal Resources Centre or the Estate Agents' Board.

The HCPT's toll-free number is 0800-111-663.

Tager argues for consumers' rights

BISA 9/9/93
SUSAN RUSSELL

THE small claims courts must be expanded and their jurisdiction increased to provide consumers with a forum to enforce their rights, Prof Louise Tager told the 14th SA Law Conference in Sandton yesterday.

She said there was an urgent need to include consumer education in the high school, and even primary school, curriculum. A strong consumer movement was healthy in any country because it kept business on its toes.

SA consumers, generally, were not assertive and did not know what their rights were, she said. (24b)

"I am sure there are many who believe they do not have any rights at all. It took an event like the introduction of VAT to shake SA consumers out of their apathy and galvanise them into active opposition."

Tager said the emphasis had to be on consumers' rights and their ability to enforce them.

"Consumer education at high school and even primary school should become an essential part of the curriculum.

"The excellent street law programmes which were developed by the University of Natal's law faculty provide a basis on which a syllabus for consumer education can be developed. This is a matter which requires most urgent attention."

Tager said a knowledgeable consumer was one who would be less vulnerable to exploitation, but had to be able to enforce his rights.

"He must have access to affordable and speedy justice. He must have a forum in which he can obtain redress. Rights, the most basic common law rights, are meaningless unless they can be enforced.

"There has to be justice for the man in the street and the legal profession has to ensure that such justice is available."

The small claims courts' jurisdiction had to be increased, possibly up to an amount of R5 000, and they should sit on a full-time basis, Tager said.

Rise of the consumer — at last?

246

ARG 18/9/93

Black activism spurs wider revolt

■ The rumblings of a volcano of South African consumer resentment are being heard after years of apathetic acceptance of price hikes, increases in taxes, and soaring inflation. Protest by taxi drivers about the fuel price increase is an example — and the middle-class is not immune to the new spirit of activism.

CLIVE SAWYER, Municipal Reporter

CONSUMER resistance to price increases are taking root in the recession and a changing national culture, says economic researcher Ockie Stuart

Dr Stuart, of Stellenbosch University's Bureau for Economic Research, said the consumer backlash could have a good effect on the economy

It had taken many years for South African consumers to get "price-sensitive"

The new resistance, born in a sick economy and a time of freer political expression, had to be welcomed

"The positive result will be that consumer resistance will make it harder for retailers to pass on increases, and by so doing push down inflation.

"But the negative side is it could shrink the profit margin of businesses."

One of the most successful campaigns was that against value-added tax on basic foods

The 1992 mass action campaign won an extension of the VAT exemption on foods such as fresh milk, rice and samp, and signalled to battered consumers that you could "fight city hall"

Dr Stuart said this week's taxi protests were the first time consumers had reacted so vehemently to a fuel price increase.

He said the rise of consumer protest was linked to a new realisation of the plight poorer sections of the community had gained

Consumer resistance in South Africa has a chequered past

Years of apartheid and oppression of resistance created an economy which artificially benefitted one sector while forcing down another

In past decades, there have been isolated outbreaks of consumer activism in the Fifties, there was a march on parliament demanding action on the meat shortage

Consumer resistance came into its own as a tool of political resistance, from the bus boycotts of the Sixties onwards

Eighties resistance to the tricameral parliament and newly-founded black local authorities took the form of rent and service boycotts

Years of boycott in the townships led to the collapse of black local authorities and the accumulation of huge arrears, and directly strengthened the arm of those seeking democratic local government

Deregulation and the mercurial growth of the minibus taxi industry brought its own new dimension to the culture of resistance, with minibuses taking part in protest actions and on occasion being boycotted themselves

Post-February 2 reforms allowed new opportunities for marches and protests, and the ending of the state of emergency allowed television and newspapers to convey the workings and effect of protest to a wider public

At one point in May this year, 12 towns throughout the country were on the receiving end of consumer boycotts

December last year the 25 000-member National Taverners Association called a boycott of SA Breweries products, to back demands for bulk discounts on beer, contributions by SAB to a fund for victims of political violence, and representation on the Breweries board

Talk of rates boycotts became frequent as southern suburbs lost faith in their city councillors, and businesses in St George's Mall were said to contemplating withholding rates in protest at the mushrooming of informal trading

In Milnerton municipality right-wing objectors said they would withhold their rates and pay them into a special account in protest at plans for a less formal settlement at Du Noon.

The valuations crisis in Cape Town municipality brought the first real possibility of a widespread rates boycott

Dr Stuart said whether the middle class would stay as keen to deploy "dollar votes" against private enterprise and government depended on the future of the economy

"Once the economy gets going again, this (activism) may change," he said

In the meantime, the stirring of South African consumers from years of apathy had to be welcomed

Code to protect consumers proposed

Grey imports probed

Star 29/10/93

■ BY ZINGISA MKHUMA
CONSUMER REPORTER

The Business Practices Committee yesterday proposed a consumer code which will force dealers to indicate in their warranty whether their guarantees are backed by a manufacturer or licensed distributor

This would protect consumers against exploitation, committee chairman Professor Louise Tager said in Pretoria when tabling the report into parallel or "grey" imports.

Tager said that curbing grey imports was not the solution, because the global trend was to move away from regulated markets and protectionism. (246)

Licensed importers had made submissions to the committee alleging that parallel importers tend to enter markets in which demand for particular products has already been stimulated, thus reaping where they have not sown.

Tager said that protecting licensed importers was not the solution because this

could ultimately do the economy more harm than the importing of products which did not match local conditions

Consumers also had the right to buy goods for which there was no warranty or back-up service, provided they were fully aware of this and made an informed decision to buy the products, she said

The committee has asked for written submissions from other interest groups in regard to the consumer code, which will be published

Help for home buyers

South 3/12 - 7/12/93

THE newly-formed branch of the Western Cape Housing Consumer Protection Trust (HCPT) is determined to protect homeowners against "unscrupulous" developers and contractors

In just a few weeks the trust has already handled 30 complaints from would-be homeowners

Funded by the Estate Agents Board and represented by over 30 community-based organisations, the private sector and other professional service bodies, the Trust intends helping consumers make sound decisions before buying homes.

Said Mr Mandla Mdludlu, HCPT legal advisor "Buying a home is a huge investment and not to be taken lightly. Potential home buyers should phone us or come see us before they sign anything."

"We have found that the market needs a great deal of education on how to go about buying a house and help with contracts, deposits, credit and the like."

He said one of the main problems was that potential homeowners were paying huge sums of money without previously entering into a legal and binding contract

"A lot of the building in the townships seems to be conducted on a verbal agreement.

"To combat this we take potential home buyers through the procedure of a house sale, who is involved in the procedure, what rights the homeowner has, what to look out for in the house itself, the advantage of owning a house, the written contract and financing the sale."

(246)
The Trust also publishes a blacklist of companies and individuals in the low-cost housing market who have taken "people for a ride"

A blacklist of 30 companies has been published in the Transvaal and a Western Cape one will follow, said Mdludlu

● The offices are open five days a week at 47-7006 for free advice

PRICES - CONSUMER
PROTECTION

1994 - 96

Blacklist of rip-off firms

Stev 8/1/94

Comprehensive service offered to consumers

246

CAPE TOWN — Companies will no longer get away with ripping off customers or refusing to react to complaints ... and this is no pipe-dream.

For some years the Consumer Council has been drawing up monthly blacklists with the names of businesses which were not responding to inquiries sent to them by the council on behalf of consumers, or who were involved in harmful practices.

Now this is to be incorporated in a new, comprehensive blacklist, compiled by many dif-

ferent organisations, including the Advertising Standards Authority, banks, Lawyers for Human Rights, the building industry and the Motor Industries Federation.

The Consumer Council's consumer law projects manager, At Meyer, said the blacklist had become so popular that it could not keep up with all the inquiries.

If the media did not publish the blacklist, there was no way for consumers to know which companies were on it, unless they telephoned the council.

But once the new central business register was in place — hopefully within the first half of

the year — anybody would be able to subscribe to it and check companies' bona fides before doing business with them.

Meyer said the Consumer Council had started to keep track of the people behind companies, so that they could not simply open a similar business under a new name to avoid the effects of the blacklist.

THE Consumer Council, Lawyers for Human Rights and other bodies are to pool information on errant businesses, LIBBY PEACOCK reports.

When the new central blacklist — which would operate much like a con-

sumer credit bureau — was in place, businesses on it would not be allowed to advertise.

Many organisations supported the establishment of the register, he said.

Consumer Council regional manager Geoff van Zyl said the council had decided in May 1989 that it would publish a blacklist with the names of businesses which were

not responding to inquiries addressed to them by the council on behalf of consumers.

The Consumer Council's function was to assist consumers in resolving complaints objectively.

The object of publishing the names was to warn consumers against businesses who refused to react to customers' complaints and to warn them that no co-operation could be expected from these organisations in the event of alleged defective goods or shoddy service.

"It must be emphasised that revealing these names does not necessarily imply ex-

ploitation of consumers by these businesses. It merely signifies that despite all efforts by the council, the organisations neglected to respond to correspondence."

Since the inception of the blacklist, many complaints had been satisfactorily resolved on behalf of consumers, Van Zyl said.

From time to time names were removed from the blacklist if the council got "a better response".

The publication of the list not only protected consumers but also acted as an incentive to better retail-customer relationships and to improve customer service.

Big Brother to watch businesses

LIBBY PEACOCK
Weekend Argus Reporter

COMPANIES will no longer get away with ripping off customers or refusing to react to complaints and this is no pipedream

For some years the Consumer Council has been drawing up monthly blacklists with the names of businesses which were not responding to council inquiries on behalf of consumers, or which were involved in harmful practices

Now this blacklist is to be incorporated in a new, comprehensive blacklist, compiled by many different organisations, including the Advertising Standards Authority, banks, lawyers, the building industry and the Motor Industries Federation

Consumer Council consumer law projects manager At Meyer told Weekend Argus the

council's blacklist had become so popular that it could not keep up with all the inquiries

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Consumer Council regional manager Geoff van Zyl said the council had decided in May 1989 that it would publish a list with the names of businesses which were not responding to inquiries addressed to them by the council on behalf of consumers

The Consumer Council's function was to assist consumers in resolving complaints objectively

The object of publishing the names was to warn consumers against businesses who refused to react to customers' complaints and to warn them that no co-operation could be expected from these organisations in the event of alleged defective goods or shoddy service

"It must be emphasised that

(246) ARG 8/1/94
revealing these names does not necessarily imply exploitation of consumers by these businesses. It merely signifies that despite all efforts by the council, the organisations neglected to respond to correspondence"

Since the inception of the blacklist many complaints had been satisfactorily resolved on behalf of consumers, Mr Van Zyl said

From time to time names were removed from the list if the council got "a better response"

The publication of the list also helped to improve customer service

■ The Consumer Council is still drawing up the blacklist for December, but the previous list, drawn up in November, included only two Cape Town companies Edgeco Carpets and Soundprop CC, trading as Corporate Woman

White spending static

Reg Runney LJM 17-23/6/94

THE average white South African household has seen no increase in its spending power in the past 18 years, according to a study by Unisa's Bureau of Market Research.

The report on household spending also shows that the average black South African saw a real increase in spending between 1975 and 1993. However, the spending of an average black person in 1993 amounted to only around 11 percent of that spent by a white person.

In real terms, the spending of white households rose by one percent a year, when adjusted for inflation. The white population increased by the same amount, so there was no real increase in spending among whites. Spending by blacks rose by 3.2 percent a year between 1975 and 1993, and the black population increase was 2.7 percent a year. Hence they saw a small increase in real spending.

In the past 18 years household spending rose from R19,2-billion to R2 741-billion, an increase of 15,9 percent a year before adjusting for inflation. Taking inflation into account, the increase is only 1,8 percent a year.

South Africans are spending more on phones and the taxman and less on getting their clothes cleaned than

18 years ago. The report notes household spending on communication and income tax went up faster than on any other of the main categories of spending. The slowest increase in spending was in dry cleaning and laundry.

Real spending dropped in eight main categories, the sharpest drop being in education.

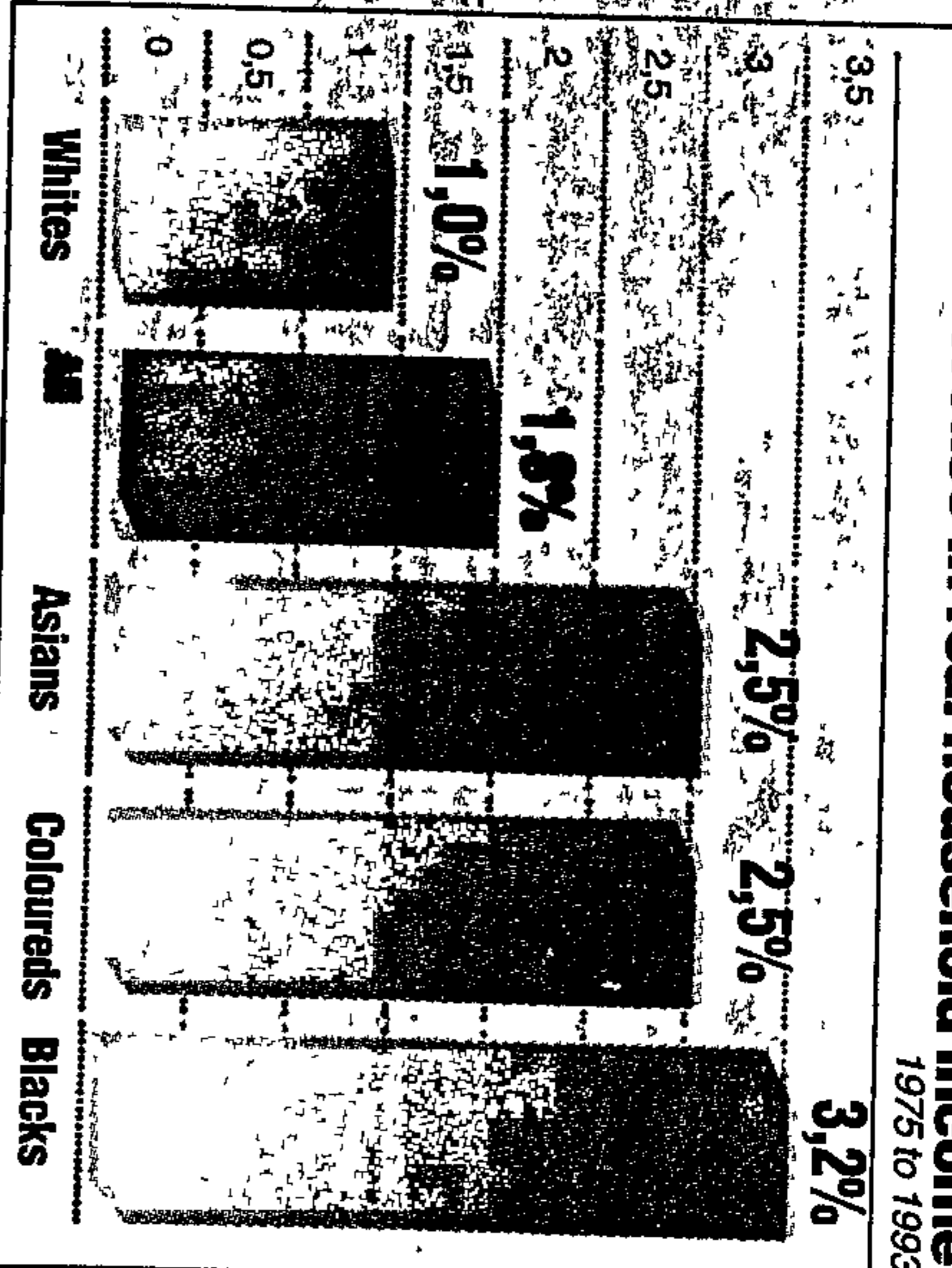
Residents of the metropolitan areas make up 30,8 percent of the population and were responsible for 60,6 percent of total household spending in 1993. Their spending on 21 of 22 main spending items represented over half of South Africa's total spending on these items. Domestic fuel and light (wood, coal, candles, etc) were — naturally enough since the rural poor would be likely to use these more — the exception.

Those living in Johannesburg accounted for 22 percent of the R169,1-billion spent by the all the inhabitants of metropolitan areas.

Whites spent 53,5 percent of total household spending in 1993. Black households accounted for 32,5 percent of total spending of R1 049-million on fuel and light, 84,3 percent of the R4,7-billion spent on support of relatives, and 79,5 percent of the R911-million spent on dry cleaning and laundry in 1993.

Also, spending by blacks represented more than half of total spend-

Annual increase in real household income 1975 to 1993



ing on alcoholic beverages (58,4 percent); washing materials, plastic bags, insecticides and disinfectants (56,8 percent); clothing, footwear and accessories (55,7 percent); cigarettes and tobacco (55,5 percent); and food (50,6 percent). Whites accounted for more than three quarters of total spending on servants (87,2 percent); holidays (84,5 percent); and income tax (80,4 percent).

Spending on food represented 22,7 percent of total household spending in 1993, followed by housing and electricity (14,7 percent) and income tax (9,9 percent).

Black households spent 33 percent of their budgets on food as against 29,9 percent for coloureds, 25,8 percent for Asians, and 14,7 percent for whites.

The Receiver of Revenue demanded more from white households than hunger. Income tax took 14,9 percent and food 14,7 percent of white household spending. Housing and electricity (18,9 percent) accounted for an even greater share of the household budget.

'Consumers must challenge prices'

CAPE TOWN — Consumers had a duty to question inappropriate food price increases and had to apply their buying power discerningly, Agriculture Minister Kraai van Niekirk said at a news conference yesterday.

He said both producers and consumers had a role to play in guarding against food price hikes

"The consumer in a deregulated market can and should play an important role by shopping around to find cheaper prices"

Van Niekirk said he found it difficult to understand the "outcry" from the milling and baking industry following his call for consumers to question the latest bread price increase

"My concern is with food prices generally. If prices go too high, the

market will grow smaller and fewer farmers will be able to produce for that market," he said. 16/11/94

The Competition Board was investigating the recent 6% increase to millers, which had resulted in bread price hikes of between 10 and 11 cents a loaf from November 1.

"Somehow the increase to consumers is way out of line. Somewhere, someone is adding on something"

Van Niekirk said a new Marketing Act had been drafted to bring agricultural marketing practices in line with the new constitution, its Bill of Rights, SA's general agreement on tariffs and trade (GATT) obligations and international trends. A Bill would be tabled in Parliament during the second quarter of next year.

Van Niekirk said government would not completely deregulate markets because this could lead to dumping and destroy domestic agriculture. Other producers such as the US and Europe heavily subsidised their farmers, which meant they could sell food at much lower prices.

As a result, SA could only be a follower, and not a leader in implementing the tariff cuts required under the Uruguay Round of GATT as it would not cut tariffs unless such subsidies were abolished. (246)

But the recent decision to reduce to zero import tariffs on pork, to help ease the meat shortage, indicated that government was "adopting a dynamic approach to managing the meat situation". — Sapa-Reuter.

Manuel wants to plug the gaps in consumer protection

BRUCE CAMERON

CRUCIAL negotiations start in Cape Town today between the ministry of Trade and Industry and the provinces on the future protection of consumers. In terms of the existing constitution, consumer protection passes into the hands of the provinces, but Minister of Trade and Industry, Trevor Manuel, is concerned that the proliferation of legislation and control will result in the "crooks slipping between the cracks"

Instead of fly-by-night operations there will be "fly-by-province scams" as shady business operations are moved from one region to another. South Africa's consumer protection legislation is weak in comparison with other developed countries and Manuel fears it could be weakened further. Manuel told Personal Finance he was concerned about the potential for abuse that currently existed. There was an urgent need to tighten up on consumer-protection legislation

and administrative control. The minister would like to see consumers given greater protection and the scope of legislation consolidated, toughened and broadened. At the moment there are 10 separate laws, which to a greater or lesser degree affect consumer protection and are controlled by the Department of Trade and Industry. These are:

- The Harmful Business Practices Act.
- The Usury Act

- The Trade Practices Act
 - The Estate Agents Act
 - The Alienation of Land Act.
 - The Property Time Sharing Control Act
 - The Housing Development Schemes for Retired Persons Act
 - The Credit Agreements Act
 - The Sale and Service Matters Act
 - and,
 - The Protection of Business Act
- Manuel said the constitution created problems in this regard

Law 23/3/96

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legislation

"If there is an inquiry against a bank, how will this be carried out across the provincial boundaries?"

"If a company is black-listed in one province under the Harmful Business Practice legislation, how will it be prevented from trading in another province?"

"The problem is that the dishonest will take advantage of any loophole," Manuel said. "The meeting would be the start of a process to work through the problems."

Amendment allows consumer courts

Ingrid Salgado

(246)
DD 13/5/96

THE Harmful Business Practices Act could be amended to make way for consumer courts — a measure designed to give teeth to legislation protecting consumers from business scams, Gauteng's economic affairs standing committee heard on Friday.

The courts had been proposed in uniform legislation put forward by the nine provinces, but the new constitution provided for consumer affairs to be a concurrent national and provincial competence, Gauteng consumer affairs and business regulations head Collette Caine told the committee.

A meeting of the trade and industry department and provincial representatives on Friday decided that the Act could be amended, Caine said.

The department was "keen" to exercise its concurrent legislative competence by improving the Act. The department was in favour of many of the improvements linked to the proposed provincial legislation and there was a commitment at national level to improving consumer protection, she said.

Nail these cheats, says campaigner Isabel

'Pathetic' consumers come in for their share of criticism
as commission hears how the same scams
and con artists keep popping up all the time

By **KARIN SCHIMKE**
Gauteng Reporter

Consumer knowledge was pathetic and consumers needed protection by laws which ensured penalties on unethical business people were heavily enforced, consumer journalist Isabel Jones said yesterday

Jones was one of several people making submissions to the Gauteng legislature's economic affairs standing committee which held public hearings about the draft Consumer Affairs Bill

She and others maintained that present legislation was not hard-hitting enough and unscrupulous business people were able to continue plying their unethical trade in different guises.

"The sharks leap from one business to another, often starting a new business on the same day," Jones told the committee

She said she knew of at least five individuals just in the motor vehicle industry who were "still carrying on their nefarious businesses in contempt of the law" Other villains were financial insti-

tutions, insurance companies, legal practices, sheriffs of the court and members of the medical profession

"They hide behind a protective wall, arrogantly feeling themselves above the law," said Jones

Consumers felt unprotected and "totally ignored", so speedy, affordable means of bringing

“
**They
arrogantly
feel
themselves
above the law**
”

guilty parties to book were needed

African Consumer Foundation chief executive officer Malcolm Gema's submission also reflected this sentiment He said the bill had to provide help and pre-

vent malpractice

The consumer bill provides for sub-regional consumer complaints offices

According to Sheila Weinberg of the economic affairs standing committee, these offices would be able to settle most complaints, but they would also keep records so that emerging patterns of consumer exploitation could be referred to an investigations office

A consumer court would be the final port of call for unscrupulous businessmen before cases were finally resolved, she said This court would have the power to impose fines of up to R200 000 or jail sentences

But Jones was adamant that money and manpower were needed to enforce such fines.

"Just chucking the villains in jail sharpens their skills Some kind of heavy community service, that is going to make them aware of how wrong their deeds are, needs to be imposed," she said

Jones did not, however, spare consumers She said at times their apathy and laziness still allowed "villains to spring out of the woodwork".

(246) Star 31/7/96

Call for tougher law on CT 31/7/96 (246) consumer protection

JOHANNESBURG: Consumer knowledge was "pathetic and pitiful" and consumers needed to be protected by laws which ensured that penalties on unethical business people were heavily enforced, well-known consumer journalist Isobel Jones said yesterday.

Jones was one of several people making submissions to the Gauteng legislature's economic affairs standing committee on the draft Consumer Affairs Bill.

She and others maintained that present legislation was not hard-hitting enough.

"The sharks leap from one busi-

ness to another," Jones told the committee. She knew of at least five individuals in the motor business alone who were "still carrying on their nefarious businesses in contempt of the law".

Other villains included financial institutions, insurance companies, legal practices, sheriffs of the court and medical practitioners.

The Consumer Bill provides for the establishment of six sub-regional consumer complaints offices and a consumer court with the power to impose jail sentences or fines of up to R200 000 —
Special Correspondent

Mixed feelings on new consumer Bill

Ingrid Salgado

BD 31/7/96

(246)

CONSUMER unions welcomed the Gauteng Consumer Affairs (Harmful Business Practices) Bill at public hearings on the Bill yesterday, saying the legislation was a "godsend" to consumers as it allowed for the establishment of a consumer affairs court.

The Bill, which forms part of uniform provincial legislation in the nine provinces, provides for the establishment of an office to investigate harmful business practices and consumer advice offices through which the public can lay complaints against offenders.

Complaints not resolved through dispute resolution mechanisms can be referred to the consumer court.

Consumer journalist Isobel Jones told Gauteng's economic affairs standing committee that consumers received an unfair deal at the hands of big business and unscrupulous small businesses. The consumer had the right to expect transparency in business dealings, fair enforceable laws and speedy and affordable recourse to legal action.

Consumers' knowledge of their rights was "pathetic and pitiful" and they had to be educated from a young age to protect them from being ripped off. Jones called for heavy community service as punishment for those who transgressed the law.

The Legal Resources Centre said the common law did not protect consumers sufficiently because it was based on the assumption that parties negotiated as equals in arriving at the terms of a contract.

The centre recommended that the consumer court base its decision on whether a business practice was harmful on both law and fairness.

It said consumers should at least be entitled to approach the consumer court directly should the investigating office decide not to proceed with action in the court. It also recommended that only end-user consumers be protected in the Bill—the office could otherwise be swamped with business disputes, draining its limited resources.

The Advertising Standards Authority (ASA) said the Bill in its current form would lead to "untenable and inequitable" treatment of various players in the advertising industry.

The Bill should instead allow for complaints relating to advertising to be referred to the ASA for adjudication and enforcement of the authority's codes and procedures. Where there was non-compliance with the ASA's decision or where consumers sought compensation, the authority would refer the matter to the consumer court or its investigative arm.

This approach would allow self-regulation to co-exist effectively within a statutory framework, the ASA said.

The Association of Marketers said devolution of the national Harmful Business Practices Act to provinces would lead to misinterpretation, confusion and "undue harassment" of ethical businesses due to competitor and consumer vendettas. The provinces should instead have a monitoring function linked to the National Harmful Business Practices Board.

Funds earmarked for nine projects

Business Day Reporter

BD 31/7/96

(247)

THE welfare department has earmarked R3m for nine projects — one in each province — to fund programmes aimed at providing unemployed mothers with economic opportunities.

More than 1 000 women will benefit from the initiative and each project will provide an opportunity for about 120 to 180 women in a targeted area.

Projects, designed to improve self-reliance and thus remove the need for state grants, will include activities such as farming, garment making and home building.

Profits will be reinvested in the community. The first project — a vegetable farm — was launched yesterday in Northern Province in collaboration with the province's health and welfare department.

In order to provide an integrated approach, the department has set a key performance indicator with the involvement of stakeholders including nongovernmental organisations and other government departments.

They will assist in planning and monitor progress. Projects will be operative in all other provinces within the next three months.

Number of consumer bodies 'cause for concern'

(246) BO 7/8/96

Samantha Enslin

THE proliferation of consumer protection organisations was becoming a cause for concern, the Life Underwriters' Association of SA said yesterday

The association said that despite the business practices committee being set up in 1988, a Harmful Practices Bill was now before the Gauteng provincial legislature which would in effect set up another nationwide network of consumer protection offices

At the same time the Financial Services Policy Board had proposed that

an investment services business practices committee be set up under the finance department

Association executive director Henne Oosthuizen said the proposed structures could lead to a complaints-driven process which would necessitate a massive bureaucracy if all complaints were to be followed up.

"Most of the structures operate on the same lines. So as far as possible we should use existing structures."

Reserve Bank financial markets advisor Roy Bamber said complaints would initially be referred to the om-

budsman but if a wider problem was identified then the matter would be investigated by the investment services business practices committee

Bamber said the business practices committee was under-resourced and dealt specifically with general business complaints whereas the proposed investment services business practices committee would focus solely on financial services

It had been suggested that the marketing of insurance and banking products fall under the ambit of this committee, he said

Consumer Affairs Bill a first for SA

(246)
By PRISCILLA SINGH
Date: 6/9/96

Gauteng has pioneered South Africa's first Consumer Affairs Bill aimed at dealing effectively and quickly with violations in the marketplace, and, more importantly, at protecting buyers' rights.

The MEC for Finance and Economic Affairs, Jabu Moleketi, said Gauteng consumers were the first in the country to get real protection after the bill was tabled in the provincial legislature yesterday.

He said the bill had been introduced mainly to break away from the past, when poor, ordinary people could not afford lawyers to go to court to fight trade injustices, and where the existing law failed to protect consumers.

The bill would provide for the investigation and prohibition of unfair business practices in the province, would establish an office for these investigations and a consumer court to deal with issues that needed litigation.

Common violations of buyers' rights, which affect the majority of citizens, included fly-by-night housing contractors, problems with financial institutions such as banks and insurance companies and contracts that contained unfair terms, Moleketi said.

One or more courts would be established to hear evidence presented by the office. The first court

First court expected in place by Christmas

was expected to be in place before Christmas.

The director of consumer affairs, Collette Caine, said Christmas was the time of year when shoppers were most abused and exploited, and the court would be able to deal effectively with unfair business practices.

Moleketi said the Consumer Court would consist of a chairman with legal experience and four additional members with appropriate knowledge and experience of consumer advocacy, economics, industry and commerce.

"These members will be interviewed and appointed through a public process, and nominations will be invited as soon as legislation is passed."

"The Consumer Court will have the power to pass a maximum sentence of a R200 000 fine or five years' imprisonment, or both."

"Consumers appearing in this court will be allowed free legal counsel," Moleketi said, adding that his department would pay the costs of setting up and running the consumer offices and its appendages.

The consumer court will be established at the Office of Consumer Affairs at 94 Main Street, corner of Harrison Street, in central Johannesburg.

Regional offices have also been budgeted for and will be established in Soweto, the Vaal region, the East and West Rands and Pretoria.

Consumer courts to punish business cheats

(246)
MAUREEN MARUD
CONSUMER REPORTER

ARC 10/9/96
Consumer courts with power to prosecute businesses and individuals who deceive the public through harmful business practices are to be set up nationwide next June.

The courts, able to impose maximum fines of R200 000 and five-year jail terms, will be set up in terms of new legislation to protect consumers, said Tony Ruiters, deputy director general of the Western Cape provincial Department of Economic Affairs.

"This will affect every person and every business operation," he said.

Known as the Harmful Business Practices Act, the law would govern consumer protection and allow for the prosecution of business "that deliberately rip off consumers", Mr Ruiters said.

The new Act will allow for greater co-operation between the department of economic affairs, the new courts and police

Courts to protect consumers

Sowetan Correspondent

CONSUMER courts with powers to prosecute businesses and individuals who willfully deceive the public through harmful business practices are to be set up countrywide next June

The courts, able to impose maximum fines of R200 000 or five years in jail, are to be set up in terms of new legislation to protect consumers, says Mr Tony Ruiters, deputy director general of the Western

Cape department of economic affairs

"This is going to be far-reaching legislation that will affect every person in the street and every business operation," Ruiters said

Known as the Harmful Business Practices Act, the new law will govern consumer protection and will allow for the prosecution of business "that deliberately rip off consumers"

The new Act will allow for greater cooperation between provincial depart-

ments of economic affairs, the new courts and police agencies.

"For example, where necessary, we will refer cases to the attorney-general's office and to the office of Serious Economic Offences," Ruiters said

Cases the courts will hear will include false advertising, misrepresentation of products and businesses that misrepresent their own operations

"Any business operation that purports to offer a product that is not what

it is represented as, will be guilty of a harmful business practice"

Initially one consumer court will hear cases of harmful business practices in the Western Cape That court is expected to be in place in June next year, with another one to follow

It will be headed by a retired judge or magistrate who will be assisted by up to four assessors They will be members of the public who have no interest or association with business.

(246) *Sowetan 11/9/96*

Housewives' League set to close due to lack of voluntary staff

By PRISCILLA SINGH

The Housewives' League of South Africa - which has been fighting for the rights of the consumer for more than 60 years - is losing the battle to keep its services going.

National president Pauline Kellett said the league was regrettably winding down and was set to close by the end of the year.

"As with many other voluntary organisations, the shortage of willing and able workers is hampering our

(246) Star 16/9/96
excellent service, much of which is behind the scenes and not obvious to the general consumer.

"The lack of voluntary workers is putting a greater burden on the founder workers and we simply cannot go on in this way," Kellett said.

The league was started in 1935 and in six dedicated decades has helped thousands of pensioners, disabled groups and many others to shop economically with their meagre grants.

Kellett said that during the lifetime

of the league, members had been able to recruit women from all sectors of the community, but the 1990s changed the scenario for voluntary workers.

"Economic pressures have meant that many of the women in communities from where we were able to draw workers have returned to the commercial field."

She added it was very sad the league had to end this way, but during the years when it was up and running, it had been effective and helpful to consumers all over the country.

Court will narrow gap on consumer violations

(246) BD 22/11/96

Pearl Sebolao

THE Consumer Affairs Court would help narrow the gap between the existing legal framework and continued consumer rights violations, Gauteng finance and economic affairs MEC Jabu Moleketi said at the launch of the provincial court yesterday.

Moleketi said that the Consumer Affairs Act of 1996 provided that the court had the power to impose a fine of up to R200 000 and/or imprisonment of up to five years on those found guilty.

The Consumer Court can also issue a summons to empower an investigating officer to search premises and seize documents. It can also summon people to appear before the court.

Moleketi pledged the provincial government's active support in ensuring the court would be a success. Gauteng was the first province to set up a court and it would set an example for the other eight provinces.

He said the provincial government would set a budget for the court, but

the amount had not yet been finalised.

"The challenge facing the consumer court is not a minor one. It will be a steep and uphill battle in the beginning because not all consumers understand what their rights are," he said.

Court chairman Willie Seriti said the consumer act was a serious attempt at balancing the interests of service providers and the consumers. This was necessary since the majority of consumers relied on the mercy of service providers, Seriti said.

The court consists of five members including Seriti. The other four are advocate Matilda Masipa, consumer journalist Isabel Jones, businesswoman Angie Makwetla and Allen Francis.

Advocate Maggie Victor is the alternate chairman and Nonhlanhla Madlala, consumer activist Pauline Lipson, Stranger Kgampe and Jean Tantham are the alternate members.

The court were chosen by a panel consisting of Gauteng MPs and officials from the finance and economic affairs departments.

New court gives consumers more clout

mtg b7a/12/96

Mungo Soggot

AS the consumer's best friend, Isabel Jones has always been powerful. But with the help of a new Act that was quietly passed by the Gauteng legislature in September, the consumer journalist will now be able to shut down a business, strike down contracts, and impose fines of up to R200 000 and jail sentences of up to five years.

Jones will be one of five members of Gauteng's new consumer court, a tribunal armed with massive powers which has, in the words of a senior University of the Witwatersrand law academic, "come like a bolt from the blue".

Set up two weeks ago under the province's new Consumer Affairs (Unfair Business Practices) Act, the court's importance has largely passed Gauteng lawyers by.

The Act's preamble reads: "Whereas people have the right not to be exploited as consumers; and whereas in our modern society and in the light of the common law, people are inadequately protected against consumer abuse."

Pierre Naude, a partner at Deneys Reitz who is one of the few Gauteng attorneys familiar with the new Act, says: "There appears to be little doubt that the Act probably will have far-reaching consequences for many of our corporate clients and insurance policies will have to be scrutinised even more carefully than before."

Naude said that by far the most important weapon in the court's armoury was the power to strike down clauses in contracts which clashed with the Act.

Most other lawyers approached this week knew very little of the court's powers, and if they did, expressed reservations. But a common verdict was that the court's establishment was replete with "noble intentions, but has very serious implications".

There is some concern about the suitability of some of the tribunal's five-person team. Jones's colleagues include businesswoman Angie Makwetla, advocate Matilda Masipa and attorney Ellen Frances. Its chairman is attorney Willie Seriti, a leading light in the Black Lawyers' Association, while advocate Margie Victor, who recently became the first woman to be elected to the Johannesburg Bar Council, will serve as alternate chairman.

"These officials will be dealing with life-determining amounts of money," said one Johannesburg attorney.

Naude says that once a complaint has been lodged the court can summon the accused business to court to set about stopping its "unfair business practice". It can also interdict a business from continuing anything related to an "alleged unfair business practice" before proceedings begin.

If the court believes an "unfair business practice" exists, it can order the business to close down and reimburse consumers.

Like the industrial court, the consumer court will not rely on precedent — a decision which alarms some lawyers. Others say this approach will allow the court to arrive at equitable decisions instead of being inappropriately locked into the approach set by a previous, similar case.

The Act that sets up the court has also established a consumer protector, which will serve as the first line of defence. Both the protector's office, which will be able to search premises for documents, and the court will have unfair business practices in their sights.

PRICES - CONSUMER
PROTECTION

1997.

SPECIAL COURT PLANNED

New clout for consumers



BATTLE-WEARY consumers take heart — help is on its way. Consumer Writer **JACKIE CAMERON** reports on the proposed laws to help people who have fallen into the jaws of unscrupulous business people.

WESTERN Cape consumers are about to get teeth in the form of a Consumer Protector who has the power to close down businesses.

A Consumer Court, which can hand down fines of R200 000 and imprison unscrupulous business people, is also expected to open soon.

The Western Cape Consumer Affairs Law has been drafted and is expected to be passed by the provincial legislature in March.

This will be the first comprehensive piece of legislation focusing on protecting consumers' rights.

Until now, there has been little recourse for down-trodden consumers — short of spending thousands of rand pursuing a matter in the Supreme Court.

The government-controlled Consumer Council, which dissolved last year, focused primarily on mediating between consumers and errant business people. Many other bodies set up to watch over specific industries have not had

enough clout to shut down mischievous members.

Gauteng and the Northern Province have already passed legislation which closely mirrors that proposed for the Western Cape. Although the courts are not yet up-and-running, Consumer Affairs officials are readying themselves to battle for consumers.

In particular, they are looking forward to working their way through their bulky list of dishonest car dealers and mechanics who have been reported to them — and service providers who mislead uneducated people to lure away hard-earned, and often meagre, savings.

A public blacklist of businesses that have been the focus of complaints — even if these complaints are resolved out of court — is also in the pipeline.

Here is an overview of the proposed laws that have been designed to snare business sharks.

- Investigators are to be appointed to probe unfair business practices. They will be entitled to search premises and seize docu-

ments on the case.

- A consumer protector is to handle complaints about the private sector and government departments, and will decide whether a case should go to court.

- The consumer protector can summon victims and "suspects" to produce documents, and question them. Failure to co-operate can lead to prosecution.

- If people refuse to take the oath or make an affirmation, refuse to answer questions or make false statements, they can be prosecuted.

- The consumer protector can close a business while investigators finalise their case to prevent other consumers from being ripped off.

- Complaints must be written and will be investigated before court action is taken.

- A five-person committee, headed by a retired Supreme Court judge, will preside over the court. Interviews with nominees to this committee — who may not be civil servants — will be public.

- Court decisions will be made by a committee vote.

- The court can award costs, issue temporary orders restraining businesses from operating and attach assets to ensure that affected consumers are repaid.

- Help will be free to consumers, with the government footing the bill.

CT 20/1/97 (246)

The head of the Western Cape's Consumer Affairs department, Mr Geoffrey van Zyl, said "The old Consumer Council didn't have powers to act. Now there will be better protection for the consumer. The public must be protected by the government."

Van Zyl said his department received more than 1 000 complaints each month, and that more staff would be employed this year to cope with the workload.

"We've sent the draft bill to political parties and business associations for their perusal and comment. Our department must be up-and-running, and we must be accessible to people by March. We are working to a strict time frame."

He said the only business people "worried" about the proposal were "the crooked ones."

Mr Eric Mathabathe, assistant-director of consumer affairs in Gauteng, said "This law is also sad in that people who have undertaken to supply services and products and are supposed to take pride in what they do have to be reminded in this way of their undertakings. It's a sad indictment on the South African business community."

Satellite Consumer Affairs offices should be opened in the Western Cape by mid-year. Meanwhile, those in need of help can contact Van Zyl at 483-3910 or 483-4162.



FLEXING MUSCLES: The Western Cape's Consumer Affairs Department head Mr Geoffrey van Zyl (left) and consultant Mr Sizwe Ngentsu discuss the new consumer legislation. **PICTURE: THEMBINKOSI DWAYISA**

Business concerned about new legislation ⁽²⁴⁶⁾

CT 20/11/97

CONSUMER WRITER

THE spectre of an all-powerful consumer protector and a consumer court has sent alarm through the Western Cape business community, with some businesspeople fearing that spurious complaints could put people out of business and cost jobs

A spokesperson for the Cape Chamber of Commerce, which has a copy of the bill, said "We are not really for or against the proposed bill, but we have certain concerns

"The establishment of a consumer protector, investigating office and inspectorate and a consumer affairs court will be an additional financial burden on the Western Cape Province

"From a business perspective, we have also inquired about how spurious complaints and consumer vendettas are to be dealt with

"We want to know what protection will be afforded to the overwhelming number of honest businesses. Unless this is built into legislation, spurious complaints could prove not only costly to the state, but also involve business in an

inordinate amount of time and legal costs

"We would suggest that a clear business plan and detailed budget be prepared and that submissions be made to central government for additional funding"

Western Cape industrialist Mr Douglas de Jager said "I would like a copy of this draft bill. The problem is that what starts off as being very noble ends off not being so noble. For example, when an umpire gives the wrong decision he becomes the villain

"My first reaction is that this proposed legislation is fantastic. I think the consumer deserves protection. My second question is: what kind of people are going to enforce the law?"

De Jager expressed concern that honest businesspeople who made genuine mistakes could be unfairly treated and lose their businesses, with resulting job losses

"I know, for a fact, of people using unscrupulous methods of getting rid of competitors. This couldn't be a lightweight job. The people who serve on these committees must have the community's best interests at heart"

ANALYSIS

Consumer Court's penal, judicial powers are frightening

SA CONSUMER legislation is outdated and ill suited to the realities of the modern SA marketplace. What little legislation exists, such as the Usury Act of 1988, the Credit Agreements Act of 1980, and the Harmful Business Practices Act of 1988, does not begin to address the needs of SA consumers, many of whom are unskilled, ignorant or even illiterate.

Unlike more sophisticated economies, such as those in the US, the UK and Australia, SA's has no unfair contract terms legislation, which would enable a court to void unfair contractual terms imposed on parties in a situation of unequal bargaining power.

Given our vast income disparities, one would imagine that this would enjoy the urgent attention of the trade and industry department. Instead it is an issue which has been left to the SA Law Commission, whose valiant endeavours at outlawing unreasonable contractual terms are yet to receive the attention of the government draftsman.

Partly as a result of this and undoubtedly as an attempt to be seen to be consumer-friendly, the provinces, rather than central government, have sprung into action. In Gauteng, the underworked legisla-

SA legislation does not begin to address the needs of consumers, many of whom are unskilled or even illiterate, writes Peter Leon

BB 22/1/97

extensive powers of search and seizure (after a search warrant is granted by the Consumer Court).

The institution of the Consumer Court is the most notable feature of the act. Not content to leave the adjudication of unfair business practices to the ordinary courts, the act establishes specialist Consumer Courts of five members each, four of whom need not be lawyers. Each court may be established on an ad hoc or permanent basis by the economic affairs and finance MEC and its members may be appointed and dismissed, apparently at the MEC's pleasure, although in appointing a Consumer Court, the MEC must obtain the agreement of the relevant standing committee of the Gauteng legislature.

What is notable about the members of the Consumer Court is that they enjoy no security of tenure. The act provides that the MEC may not only establish and disestablish the court, but that each member's tenure and remuneration shall be "for such period and (at) such remuneration and allowances" as the MEC may determine

"Different" remuneration and allowances may be determined for different members. None of these provisions would be material if the Consumer Court had no penal jurisdiction. Curiously, it does, being able to fine recalcitrant witnesses or imprison them for up to 12 months, as well as the power to punish those in contempt of the court's orders with fines of up to R200 000 or imprisonment of up to five years.

It is in a coercive, Orwellian, sense that the Consumer Court's powers are most worrying. First, the court may, apparently without notice to the suspected party, temporarily prohibit an unfair business practice and attach the assets of such party.

Next, once an investigation has been completed, the court may prohibit an unfair business practice permanently and, among other things, dissolve the responsible company. As an adjunct to this, the court may appoint a curator to take control of the business. The curator may in turn sell the assets of the business for the benefit of consumers.

The powers of the court, penal and judicial, are frightening. There appears to be nothing to stop the court closing down any business, whether temporarily, finally or by way of curatorship, which it believes to be

involved in an unfair business practice. In view of the fact that none of these powers has, historically, ever been entrusted to any court other than the superior courts, it is a matter of concern that Gauteng has seen fit to vest these powers in what is, in effect, a lay tribunal which is manifestly not independent of government.

Although provinces undoubtedly (and, in my view, correctly) enjoy concurrent competence with Parliament over consumer protection, they do not, unlike in Canada, enjoy the power to establish courts of any description.

On this basis alone, the establishment of the Consumer Court is constitutionally questionable under schedule 6 of the interim constitution, as well as schedule 4 of the final constitution.

Moreover, section 96 of the interim constitution provides that the judicial authority of the republic vests in the courts established by that constitution and any other law, while the final constitutional is even more explicit. It states that the judicial authority of the republic is vested in the courts, which are described in section 166 as the Constitutional Court, the Supreme Court of Appeal, the High Courts, the Mag-

istrate's Courts and "any other court established or recognised by an act of Parliament".

Not only is the court neither established nor recognised by any act of Parliament, but, on any test, it is not constitutionally independent. Its members enjoy neither security of tenure nor financial security. Indeed, the MEC's power to establish and disestablish the Consumer Court means that it has no institutional independence. By contrast both the interim and the final constitution explicitly guarantee the independence and impartiality of the judiciary.

In Canada, this precise issue has occupied the attention of the Canadian Supreme Court, which ruled, more than a decade ago in *Valente v The Queen* [1985] 2 SCR 673 that the constitutional guarantee of judicial independence meant that all courts must meet three overriding requirements:

- Security of tenure (no dismissal except for cause related to an incapacity to perform judicial functions),
- Financial security (salary rights must be fixed by law), and
- Institutional independence (the judiciary must be able to control its own internal process)

□ Leon is leader of the Democratic Party in Gauteng

TEAMS

minimum fee of R7 000 000 (SEVEN THOUSAND 000 000) minimum charge R200 000

plished within 14 (fourteen) days from the date of sale. This Purchaser shall, on the day of the sale, pay the full

being the authorized agents of the owners of Even 227 to 236 Houghton Estate Johannesburg. Vendor's call notice

55(1)(b) OF THE TOWN PLANNING ACT, 1976 (ORDINANCE 15 OF 1986)

Consumer Court enjoys unconstitutional powers

Lay tribunal may order fines of up to R200 000, or jail terms of up to five years

Star 12/2/97 (246)



BY PETER LEON

No one would deny that South African consumer legislation is ill-suited to the realities of modern South Africa. What little legislation exists, such as the Usury Act 1968, the Credit Agreements Act 1980 and the Harmful Business Practices Act 1988 does not begin to address the needs of South African consumers.

Unlike more sophisticated economies, South Africa has no unfair contract terms legislation, which would enable a court to void unfair contractual terms imposed on parties in a situation of unequal bargaining power.

Given our vast income disparities, one would imagine that this would enjoy the urgent attention of the Department of Trade and Industry. Instead, it has been left to the South African Law Commission, whose attempts at outlawing unreasonable contractual terms are yet to receive the attention of the Government draftsman. Partly as a result of this and undoubtedly as an attempt to be seen to be consumer-friendly, the provinces, rather than the central Government, have sprung into action.

In Gauteng, its underworked legislature recently enacted the Consumer Affairs (Unfair Business Practices), Act, 1996.

The stated object of the act is to protect Gauteng's consumers through the creation of a consumer protector and office for the investigation of unfair business practices which may, in turn, institute unfair business practice suits against miscreants in Gauteng's newly established Consumer Court.

The act deliberately defines "business", "business practice" and "investment" very widely.

The idea, presumably, behind this was to bring all business activities within the purview of the act, so that the definition of unfair

business practice ("any business practice which, directly or indirectly, has or is likely to have the effect of unfairly affecting any consumer") is sufficiently elastic to apply to a wide variety of situations.

As the act's principal investigative arm, the office is responsible for the investigation of all unfair business practices. It possesses sweeping powers of subpoena, both in relation to individuals as well as to documents, which are fortified by even more extensive powers of search and seizure (after a search warrant is granted by the Consumer Court).

It is the institution of the Consumer Court which is the most notable feature of the act. Not content to leave the adjudication of unfair business practices to the ordinary courts, the act establishes

Penal and judicial authority frightening

specialist consumer courts, of five members each, four of whom need not be lawyers.

The Consumer Court has the power to fine recalcitrant witnesses or jail them for up to 12 months, as well as the power to punish those in contempt of the court's orders with fines of up to R200 000 or up to five years' jail.

It is in a coercive, Orwellian, sense that the Consumer Court's powers are most worrying.

First, the court may, apparently without notice to the suspected party, temporarily prohibit an unfair business practice and attach the assets of such party.

Next, once an investigation has been completed, the court may prohibit an unfair business practice permanently and, among other things, dissolve the company. As an adjunct to this, the court may appoint a curator to take control of the business responsible for

the unfair business practice, who may in turn seize all its assets.

The powers are frightening. There appears to be nothing to stop the court from closing down any business which it believes to be involved in an unfair business practice.

It is a matter of concern that Gauteng has seen fit to vest these powers in what is, in effect, a lay tribunal which is manifestly not independent of government.

Although provinces enjoy concurrent competence with Parliament over consumer protection, they do not, unlike in Canada, enjoy the power to establish courts of any description. On this basis alone, the establishment of the Consumer Court is constitutionally questionable under schedule 6 of the interim constitution, as well as schedule 4 of the final constitution.

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- Financial security (salary rights must be fixed by law),
- Institutional independence (the judiciary must be able to control its own internal process).

As a consequence of *Valente*, the Canadian Supreme Court has recently outlawed courts martial on the grounds that their largely lay composition, which is not independent of the military, precarious tenure and lack of institutional independence all undermine the constitutional guarantee of judicial independence.

Recalcitrant witnesses may be imprisoned

When viewed against the Canadian experience and our own constitutional guarantees of judicial independence, it seems unlikely that the Consumer Court will pass constitutional muster.

A number of questions flow from this. How many people must suffer under the court's yoke before its jurisdiction is challenged and undone? How could the Gauteng government – and other provincial governments – embark on such a naive exercise without obtaining adequate professional advice?

How can the act itself survive in the event that the court is declared unlawful?

Why was such a constitutionally defective instrument devised? It is to these questions which the citizens of Gauteng are entitled to answers.

■ Peter Leon is a member of the Gauteng legislature.

Call for national body to protect consumers

Lucia Mutikani

(246)
BO 11/9/97

THE SA National Consumer Union has called on government to establish a national consumer council and a dedicated ministry to prevent the fragmentation of laws to protect the rights of customers

The union said since the disbanding of the SA Co-ordination Consumer Council last year, and the establishment of consumer affairs offices in the provinces, there had been no central organisation to co-ordinate a national policy for consumerism.

"It will be untenable to both consumers and business to have different consumer regulations in different provinces."

The establishment of a consumer affairs ministry would prevent fragmentation of consumer protection legislation and educate consumers on a national scale

The union said a ministry to regulate the food industry should also be considered

"Models from other countries show it is possible to concentrate all matters relating to food in one area — under a ministry or department such as the Food and Drug Administration in the US"

509
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Union calls for national consumer council in SA

(246)
BD 29/9/97
Lucia Mutikani

THE SA National Consumer Union has recommended a national consumer council be established to co-ordinate provincial consumer affairs departments

The union, which held its annual general meeting on Friday, said the council would consist of representatives from provincial consumer affairs departments and representatives from the

nongovernmental organisations "The union sees this as an integral part of a ministry of consumer affairs, and reiterates its request to government to establish such a ministry in order to prevent fragmentation of laws which must protect the rights of consumers," the union said

"A very important function of the ministry would be to provide education for consumers about their rights and

responsibilities."

It said that following the disbanding of the SA Co-ordination Consumer Council last year, and the establishment of consumer affairs offices in the provinces, there was no national central organisation to co-ordinate a national policy on consumerism and interact with government and nongovernmental consumer organisations.

"While recognising the benefit of imple-

menting provincial consumer affairs desks, it must be recognised that consumer legislation must be nationally implemented We should also guard against fragmentation of such legislation," said the union

"It will be untenable to consumers as well as business to have different consumer regulations in different provinces."

The union also recommended the setting up of

a central government department for proper control, production, supply and distribution of foodstuffs

(2) whether he will make a statement on the matter? N1991E

The MINISTER OF FOREIGN AFFAIRS

(1) (a) The SADC Trade Protocol was adopted and signed by all member states, except Angola, during the 1996 SADC Summit in Maseru. To date, Tanzania and Mauritius have ratified the Protocol during the first half of 1997.

SADC Ministers of Trade agreed during their meeting in Dar-es-Salaam in August 1997 that certain prerequisites for ratification of the Trade Protocol are in place and urged member states to complete the process of ratification as soon as possible. These prerequisites included the finalisation of the "Study to Determine Tariff Schedules", as well as the conclusion of options and modalities for tariff reduction and time frames for the submission of sensitive products lists. Within this context it is anticipated that South Africa will ratify the Protocol in due course.

Progress in the ratification of the SADC Trade Protocol is dependent on the nature of domestic legislative procedures (constitutional demands) in each member state but a conservative appraisal is that ratification by all member states should be completed by the next annual SADC Summit. The South African position towards ratification is that it (ratification) will depend on the successful outcome of a process of negotiation on the elements of the Protocol.

(b) All SADC member states, with the exception of Angola, are involved in confirmed during the 1997 Summit in Blantyre that she is in the process of signing this protocol.

(2) No

The line-function department responsible for this issue is the Department of Trade and Industry. Minister Erwin is fully *au fait* with the status of this Protocol due to his direct

(and, therefore, to their agents) that their operations are lawful in South Africa while that is not true. Consequently, it is SATRA's view that remedies for such agents lie within the relationship they have with their principals.

Matriculants: choice of 11 languages for second language

*35 Mr L M GREEN asked the Minister of Education

Whether matriculants are to have a choice of 11 languages out of which to choose their second language, if not, what is the position in this regard, if so, what are the relevant details? N1993E

The MINISTER OF EDUCATION

Yes, a Senior Certificate will be issued to a candidate who is not an immigrant and who has offered and wrote examinations in at least six instructional offerings, provided that two official languages, one on First Language level and the other one on either First, or Second Language level are offered. All eleven official languages are currently offered on First and Second Language level and a candidate may therefore, for Senior Certificate purposes, offer any combination of the eleven official languages, provided that one of the languages is offered on First Language level and the second language on at least Second Language level. As far as the nine African Languages are concerned, not more than one language shall be offered from the same group, viz from the group isiXhosa, isiZulu, Siswati and isiNdebele, and the group Sepedi, Sesotho and Setswana.

A candidate may, however, substitute one of the official languages with an approved language, provided that such a language is either a First or Second Language level. Currently only German First Language complies with this requirement.

Complaints about customer service on SAA's domestic services

*36 Mr H K SINGH asked the Minister for Public Enterprises

(1) Whether she or the South African Airways

has received any complaints to the effect that the standard of customer service on the SAA's domestic services does not comply with international standards, if so,

(2) whether she or the SAA intends taking any steps to raise the standard of customer service on the SAA's domestic services to international standards, if not, why not, if so, what steps? N1994E

The MINISTER FOR PUBLIC ENTERPRISES

Transnet Limited furnished the following reply to the hon member's question

(1) No

(2) Falls away

Local government: measures on transparency/consumer protection/options/performance

*37 Dr R RABINOWITZ asked the Minister for Provincial Affairs and Constitutional Development

(1) Whether any regulatory measures are applied in local government to ensure good governance in respect of accountability and transparency, consumer protection in respect of standards and tariffs, efficiency through the encouragement of competition as a matter of general policy, the promotion of the principle of local options, the monitoring of performance and/or the involvement of stakeholders in decision-making, if so, what measures, if not,

(2) whether it is the intention to take any steps aimed at creating such measures, if not, why not, if so, (a) what steps and (b) when? N1995E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

(1) Yes. The *Local Government Transition Act Second Amendment Act (Act 97 of 1996)*, requires municipalities to implement a range of measures to ensure effective service delivery, proper planning and budgeting, sound financial management, accountability to

the local electorate and monitoring of performance

Section 10G (1) of the Act is of particular relevance. It states that every municipality shall

(a) conduct its affairs in an effective, economical and efficient manner with a view to optimising the use of its resources in addressing the needs of the community;

(b) conduct its financial affairs in an accountable and transparent manner;

(c) prepare its financial plan in accordance with the integrated development plan in respect of all its powers, duties and objectives;

(d) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of its community, and promote social and economic development within its area of jurisdiction and support the implementation of national and provincial development programmes;

(e) manage its financial resources to meet and sustain its objectives;

(f) regularly monitor and assess its performance against the integrated development plan, and

(g) annually report to and receive comments from its community regarding the objectives set out in its integrated development plan

Guidelines have been drawn up for municipalities by the Department and issued to all municipalities. In addition a number of workshops and training programmes have been arranged on these subjects

(2) See reply to Section (1) above

Questions transferred for oral reply in accordance with Rule 202

Marrevale mine: place of safety

*1 Mr J A RABIE asked the Minister for Welfare and Population Development † [Written Question No 786]

in detention in any prison or police cell after May 1998. An extension of this section has been approved by Parliament to enable the provinces to finalise their facilities

Representations from persons refused admission to graves of family members/ancestors

*2 Mr A S BEYERS asked the Minister for Agriculture and Land Affairs † [Written Question No 848]

Whether his Department received any representations in the past financial year from persons who were refused admission to the graves of their deceased family members or ancestors, if so, how many? N1491E

THE MINISTER FOR AGRICULTURE AND LAND AFFAIRS

No, no representations were received

*3 Mr D DE V GRAAFF - Finance [Written Question No 856] [Removed]

Minister: present/absent during Question Time

*4 Dr E A SCHOEMAN asked the Minister of Water Affairs and Forestry [Written Question No 864]

(1) Whether he was present in the House during Question Time on 4 June 1997, if not, (a) what was the reason for his absence, (b) who granted leave of absence to him and (c) what were his whereabouts at the time,

(2) whether any Minister or Deputy Minister was acting on his behalf during his absence, if so, who,

(3) whether the reasons for his absence were made available to the public, if not, why not, if so, what are the relevant details,

(4) whether he was on a visit abroad at the time, if so, (a) who did he meet, (b) what was the purpose of the visit (c) how did such visit benefit South Africa and (d) what advice did he obtain from the Minister of Foreign Affairs concerning such visit.

(5) whether he met with any institutions and/or bodies during this visit, if not, what is the position in this regard, if so, (a) which institutions and/or bodies and (b) when was the last time a Minister visited each such institution and/or body? N1510E

THE MINISTER OF WATER AFFAIRS AND FORESTRY

(1) No

(a) I had to officiate at the opening of a Water-wise demonstration garden as part of the National Water Conservation Campaign launched and run by my Department. This was held at the National Botanical Gardens in Kirstenbosch

(b) A written apology was sent to parliament stating the reasons for my absence. Furthermore, I had no questions to reply to on that day and MY absence therefore did not in any way impede the normal functioning of Parliament nor did it result in any questions, as far as my Department is concerned, to stand over or to remain unanswered. As a general rule I try to attend the proceedings at Parliament on a regular basis, but obviously as a Minister, my presence is often required at other functions throughout the country

(c) As mentioned in (a) above, I was in Kirstenbosch Cape Town

(2) No

(3) The reasons for my absence were not made available to the public as this is not normally done. A press release regarding the function at the National Botanical Gardens was issued and carried in the printed media. Some of the general public may have noted this

(4) No (a), (b), (c) and (d) Fall away

(5) (a) and (b) Fall away

Minister: present/absent during Question Time

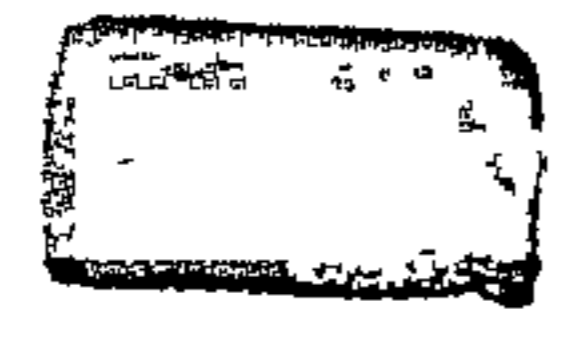
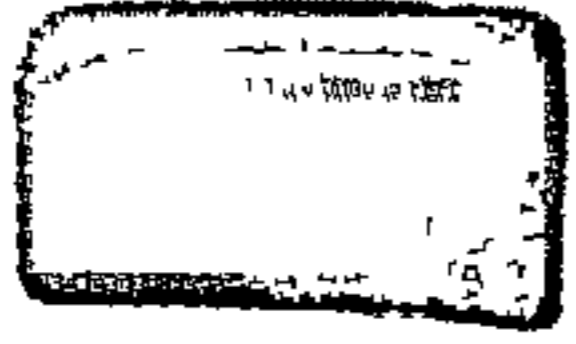
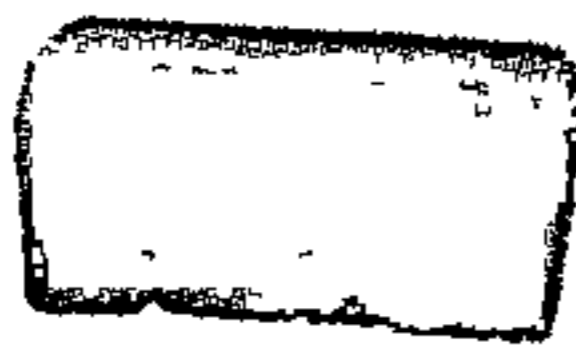
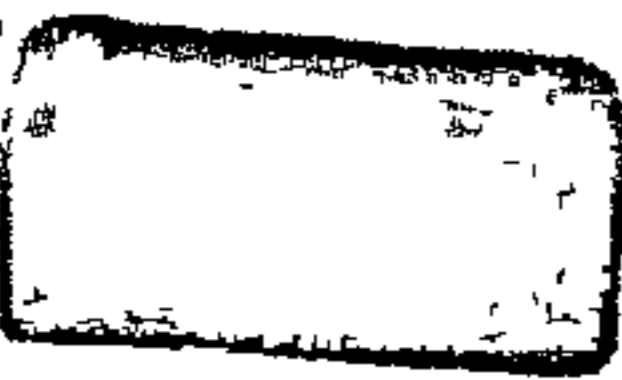


*5 Mr P C MCKENZIE asked the Minister for Welfare and Population Development [Written Question No 876]







Consumers short-sliced on bread purchases

Star 3/10/97

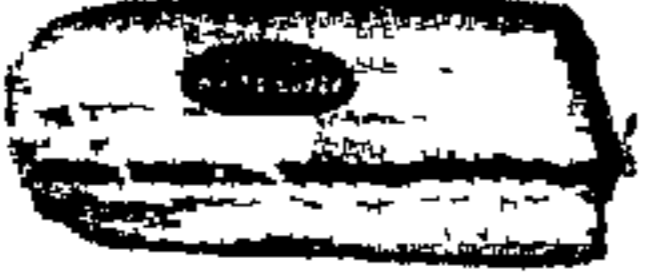
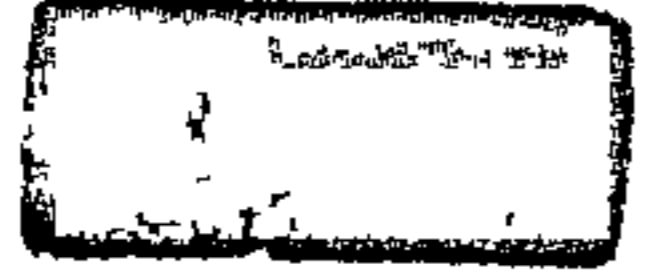
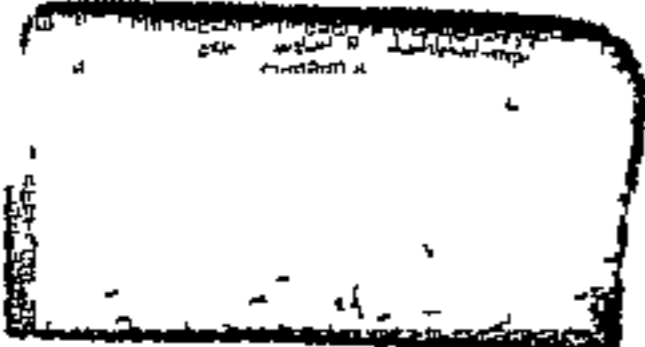
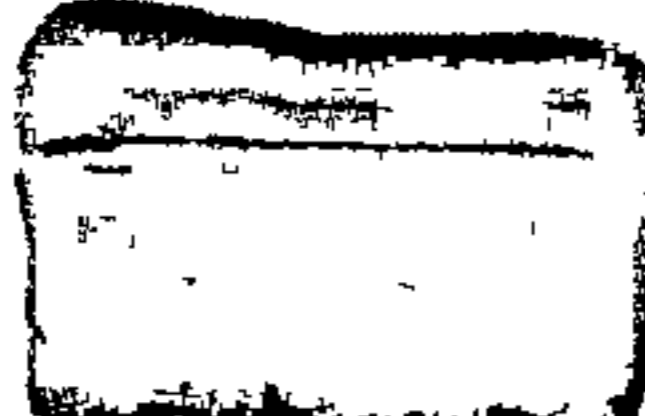
By Anso Thom
~~WHEAT~~ (246) (244)




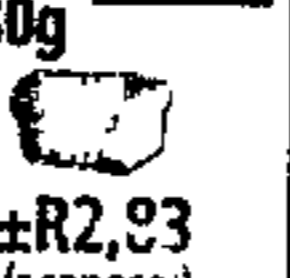
BELOW THE BREADLINE Who's selling you short

Bread	Supplier	Weight	Price
	Engen Quick Shop	680g	R2,90
	Shoprite	700g	R2,73
	Spar	720g	R2,60
	Blue Ribbon	760g	R2,90
	Albany	780g	R2,95
	Pick 'n Pay (Sasko)	780g	R2,85

SHRINKING SIZE INSLING PRICE PER COVA
908g 1938  6c
908g 1946  6c
908g 1955  8c
900g 1961  9c
900g 1974  16c
850g 1985  65c

Value for your dough

	Woolworths	800g	R3,19
	Cafe (own bakery)	800g	R2,90
	Friendly Grocer	820g	R2,70
	Bakery	840g	R2,60

850g 1990  R1,20
800g 1991  R1,27
800g 1995  R2,27
680g 1997  ±R2,93 (proposai)

Consumers are unwittingly getting less daily bread than they bargain for, according to claims by wheat organisations representing both farmers and bakers as well as findings of a random survey conducted by The Star.

By law, a standard loaf of brown or white bread has to weigh 800g. But the Wheat Producers' Association (WPA), which represents wheat farmers, says the average is closer to 712g, which translates into a shortfall of about four slices of bread a loaf. This means that the consumer ends up paying the full price for a lighter loaf.

Executive director of the SA Chamber of Baking (SACB), which represents bakers, Peter Cownie, said the SACB was proposing a 680g loaf to meet consumer demands. He admitted many bakers were already selling lighter loaves without adjusting the price. "There are an awful lot of loaves being sold under 800g anyway," he said.

It had become increasingly difficult for bakers "playing the game" to compete with less scrupulous competition.

Chairman of the WPA Chappie Ferreira said wheat farmers were opposing the proposal of a lighter loaf which would lead to 100 000 tons less wheat being sold.

He said loaves were already much lighter. "Where will this all end? One thing is sure, the consumer will continue to pay the same price even though the bread is lighter," he said.

The Star's survey found that six out of 10 loaves weighed less than 800g. Of the six, three were below the SA Bureau of Standards limit of 760g.

An unmarked loaf bought at an Engen QuickShop weighed 680g, a Shoprite loaf 700g and a Spar loaf 720g.

► Bread probe

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Graphic: Jignasa Diar

Discrepancies in bread weight sparks product-control probe

By Anso Thom

Although by law, a standard loaf of brown or white bread has to weigh 800g, and the SA Bureau of Standards limit is 760g, a survey by The Star this week found a wide weight disparity among different stores' loaves.

Shoprite's loaf weighed 700g. Spokesman Sarita van Wyk said the bread dough in the independent bakery was scaled at 890g, which should produce a baked product of between 805g and 808g.

She said Evan Poulos of HotBake put the incident down to human error and gave the assurance that an immediate investigation would be launched into product control.

(246) Shoprite Checkers marketing director Brian Weyers said the supermarket group had issued an immediate communique to all stores to audit the controls implemented when scaling. He agreed that the variance was unacceptable.

Engen Quick-Shop's weighed 680g. National buying and distribution manager Pierr Roodt said Engen was negotiating a deal with a reputable bakery to allow outlets to bypass independent bakeries.

"We are looking seriously at

doing a national baking deal which would make it easier to monitor the situation," he said.

Spar's loaf weighed 720g. Retail and operations director, Neville Koertzen, said the group tried to monitor the situation as far as possible. "We take it very seriously and will make sure that this is an isolated problem rather than an ongoing one," Koertzen said.

A Mayfair, Johannesburg bakery came out tops in terms of weight (840g) and price (R2,60).

66
**We'll make
sure it's an
isolated
problem**

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STON 3/10/97
Deputy director at the Department Trade Metrology at the SABS, Stuart Carstens, confirmed that the bureau did random checks "We go to the bakery to conduct the tests," he said.

He said the SABS worked on a weight variance of between 760g and 880g.

The entire batch is also weighed with the average determined at 800g or more.

Carstens said the SABS followed several options if the baker had not complied with the stipulations.

These included freezing the entire stock and barring the baker from selling it, fining or warning the offender (depending on the circumstances), or publicising the name of the offender.

Consumer court held back by lack of staff

(246)

Proceedings to deal with complaints about unfair business practices, scheduled to start in August, likely to get under way only in the new year

BY BUNTY WEST
City Reporter

South Africa's first consumer court - already flooded with complaints about unfair business practices - has yet to sit because of a shortage of trained staff

An unofficial court source, who does not wish to be named, said proceedings were scheduled to start in August

Court officials are logging complaints and passing them on for the public protector and the police to follow up because court sessions are now expected to start only in the new year.

No one was available to comment officially on the con-

sumer court's inability to begin sitting, despite several attempts to speak to those in authority

The court was set up to protect the ordinary citizen, who cannot afford to institute legal action in the civil courts, from unfair business practices

A panel of three members, including attorneys, will sit in the court to hear complaints. Legal representation is allowed and consumers will be called as witnesses. All services and costs are free of charge.

The court is empowered to hand down fines of up to R20 000 or prison sentences of up to five years

By using a specially de-

signed computer program to collate information about companies using unfair business practices, consumer court officials can trace repeat offenders throughout the country.

The computer system logs all complaints and generates letters of acknowledgement.

The system also builds a database of offenders that is available at all consumer court offices.

Offices, where complaints can be lodged, are in place throughout Gauteng, and courts will be set up country-wide next year.

Queries about the service can be made by calling (011) 355-8008.

Star 10/11/97

Consumer watchdog smoothes out the kinks

AYESHA ISMAIL (246)

CONSUMERS are standing up for their rights — but some of their complaints have taken Cape Town's consumer watchdog, Lyndon Johnson, by surprise.

Among the complaints that the consumer services has had to field include a G-string that caused a rash, an inflatable doll that popped and a weak vibrator

Johnson, a Dutch Reformed Church deacon and Sunday-school teacher, said he had to keep a straight face and deal with all kinds of complaints in a professional way

"We field up to 500 complaints a day. We have to deal with complaints ranging from sour milk, faulty electrical appliances, get-rich scams, insurance and property scams

"We even had a case where a woman bought a packet of crisps and found a

piece of flesh in it," Johnson said

Every complaint is followed up by Johnson and his colleagues, and they boast a 90 percent success rate.

"After the submission of a valid complaint, an inquiry will proceed. The inquiry includes mediation and liaising with the parties involved so as to resolve the matter amicably."

Johnson warned that, with the festive season now in full swing, a lot of defective goods would be on offer. He advised consumers to "shop wisely"

The consumer services office was established two years ago by the Department of Economic Affairs and the Reconstruction and Development Programme

The Western Cape will soon have a consumer court which will hear only consumer-related cases

The court will be up and running by May and a person found guilty of an unfair business practice could be fined up to R200 000

The court may also impose jail sentences not exceeding five years

ST 30/11/97

PRICES - CONSUMERS
1998-1999

Consumer union paves way forward

By Saint Molakeng (246)

THE National Black Consumer Union (NBCU) said its consumer workshop this week at Braamfontein, Johannesburg, was a historical breakthrough.

The workshop aimed at discussing consumer-related issues and forging a way forward for the union, which was formed in 1984 to protect the rights and interests of black consumers.

NBCU president Mrs Nonia Ramphomane said "We will have a united body that will speak authoritatively on broad matters"

NBCU vice-president Mr Stranger Kgamphe said blacks had experienced peculiar problems which called for special redress

He said that the racial exclusivity of NBCU could be reconsidered because the union had helped consumers of other races

The workshop was attended by delegates from women's clubs, hawkers and business organisations

Delegates at the workshop discussed and formulated strategies aimed at a policy document to be finalised by the end of April. It will then be disseminated among stakeholders for ratification or amendment

The complete policy document will be available from NBCU, telephone (011) 333 8501

News item # 17/4/1998

How hackers steal your air-time

Cellphone users are thrown off the network because someone else is using their number

SHALO MBATHA
in Johannesburg

Hackers have been crooking cellphone prepaid card systems to steal air-time and sell it on the black market, Saturday Argus has discovered.

At least one cellular network, MTN, has taken steps to ensure its electronic access system is more difficult to hack into.

Some hackers have been punching in random numbers to log on to the system on someone else's card, said an anonymous caller to Saturday Argus.

Some users of MTN's Companion and Vodacom's Vodago cards have not been able to use the cards at all, because their numbers have already been assigned.

The caller told Saturday Argus that hackers were offering people

air-time for a fraction of its value.

One hacker told us it was easy, he, and others like him, used random-number generators to get combinations that would allow access to other cards.

Mos Raphaelanyane, 67, who runs an open-air garage, bought a Vodago Prepaid Cellular Pack from Game Stores in Wynberg. When he tried to log on, Mr Raphaelanyane was informed that his Vodago prepaid

number was invalid.

Mr Raphaelanyane tried to return the pack to Game, but was told to come back if he wasn't connected in 24 hours.

When the number still wouldn't work, he went back to Game, where a sales assistant told him his Vodago number had already been activated. He was warned not to come back again, or he would be charged with fraud.

A Game spokesman said inquiries were referred to Vodacom, as the shop was only a service provider.

Joan Joffe, Vodacom's group executive of corporate affairs, confirmed that some customers were sold activated numbers by service providers.

She added that customers should call the general service number if they experienced problems. Ms Joffe claimed scams were "impossible", but said later that only a small per-

centage of customers were affected.

Philip Geissler, Vodacom's group executive of risk management, said some types of frauds could be committed on prepaid systems used only in the Middle East. He said Vodacom and MTN had carried out tests, but found that particular type of fraud "didn't work".

But Mich Mogaale, MTN's general manager of corporate affairs, admitted fraudulent access was pos-

New bill for consumer court system seems 'tangled up in red tape'

SHALO MBATHA

Two years after South Africa's consumers were promised access to justice through a new system of consumer courts, the courts are still not operating.

Gauteng's consumer office said that delays were caused because former premier Tokyo Sexwale signed the wrong draft bill for the setting up

of the court system.

This draft was rejected by the provincial legislature and a new version was tangled in red tape.

If and when the amended legislation is finally passed, it still must be run in the provincial gazette for a period of time before it becomes law. Consumer Affairs assistant director Eric Mathabathe said: "The chair of the consumer court, Advoc-

ate Serote, investigators and clerks of court have been appointed and are ready to start work."

In KwaZulu Natal, there appears to be no hurry to establish a consumer court.

The consumer affairs office deals with most complaints without the need of an adjudicator, according to consumer affairs director Siva Naidoo.

ARL 18/4/98

A senior official of the consumer department in the Western Cape, who wished to remain anonymous,

for fear of being "victimised", said consumer affairs initially fell under economic affairs and RDP, with an African National Congress-elected MEC.

"When the Kriel regime threw out the ANC ministers, the consumer portfolio was transferred to the

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Department of Trade, Industry and Tourism, whose MEC will not take on big business on behalf of the average person in the street."

He claimed that because of this, the bill - which has been ready for approval by the provincial parliament for a long time - had not been passed.

"We are told there are more urgent things than that. We believe this is a

racist attitude because those most likely to benefit from an effective consumer department are black."

He said "We are also grossly under-staffed. How can five people be expected to serve the whole Western Cape province?"

Anyone wishing to contact the Consumer Affairs offices in Cape Town can write to P O Box 979, Cape Town, 8000, or phone 483 3945.



Ex-premier blamed Tokyo Sexwale

Proposals to further watchdog's powers

to 4/5/96

(246)

John Dlodlu

PROPOSALS that widen the powers of the harmful business practices committee are to be tabled before Cabinet this week, a senior member of the trade and industry department said last week.

Lana van Zyl, a director in charge of the national consumer affairs office at the department, said the suggested amendments to the law on the setting up of the committee sought to harmonise the committee's work with the functions of the newly established provincial consumer affairs offices and consumer courts.

The committee is chaired by Louise Tager.

The proposals before cabinet this week would also see an overhaul of the committee, which would be restructured into the consumer affairs committee with a much wider mandate.

The reshaped committee, with representatives from the provinces, would have a broader mandate of dealing with "unfair" business practices, Van Zyl said.

This mandate, supported by provincial consumer pro-

tection bodies, would ensure an effective clampdown on even minor untoward practices such as unfair contracts that were not necessarily harmful. The new committee would conduct countrywide investigations to prevent the movement of censured individuals or companies from one province to another.

Advertisements carrying invitations for nominations for new members would be published after the amendments had been approved by the legislature in the last quarter of the year, Van Zyl said.

Meanwhile, the trade department last week called for nominations for new members of the Board on Tariffs and Trade.

The board, which advises government on customs tariffs, also conducts investigations on allegations of unfair trade against SA firms or those based in the Southern African Customs Union area, which incorporates Botswana, Lesotho, Namibia and Swaziland.

Attempts to invite SA's customs union partners to the board have so far failed to yield the desired results.

Seven in 10 bakeries selling underweight loaves

BY GASANT ABARDER

Almost seven out of 10 bakeries and supermarkets are cheating consumers by selling underweight bread loaves, the South African Bureau of Standards has discovered.

"A countrywide survey conducted during the past week revealed many bakeries are still supplying under-mass bread to consumers," SABS president Eugene Julies said yesterday.

The SABS undertook the national test after a survey by The Star found local supermarkets and bakeries in Johannesburg were selling underweight bread loaves. Trade metrology inspectors visited 72 bakeries nationwide and found 50 did not comply with the standard of 760g to 880g per loaf of bread, as required by the Trade Metrology Act.

"Some bread has the appearance of an 800g loaf and

weighs only between 500g and 700g. Consumers should not be fooled into thinking it is an 800g loaf," Julies said.

Light breads, or 400g loaves, are required to weigh between 380g and 440g.

"I intend to take a hard line on all contraventions. This will include legal action against offenders."

Among several bakeries commended by the SABS was the OK in Eloff Street.

Lilibeth Moolman of the National Consumer Forum said: "The results are of serious concern to us. Shoppers are paying for bread they are not getting."

"Also, there are not nearly enough inspectors to enforce the R1 000 fines for selling underweight bread loaves."

"Consumers," she suggested, "should weigh the bread they buy and inform the SABS of defaulting bakeries."

May 1998

Bigger fines urged for bakers ripping off consumers

(244) (246)
By MELANIE-ANN FERIS

Bakeries which don't comply with the required bread weight standards face maximum fines of R1 000 - if they ever get caught. *Nov 5/5/98*

According to Brian Beard of the South African Bureau of Standards, the SABS does not have enough staff to make proactive inspections on bakeries. They are able to make inspections only where complaints have been received.

"There is a problem: the government does not fund proactive inspections. We are training people at provincial level, but this will take some time," Beard said yesterday.

A furore has erupted over research figures released by the Wheat Producers' Organisation which shows that while prices have increased by up to 40c a loaf over the past few weeks, bakeries are continuing to produce loaves well below the weight standards. Some consumers are paying more than R3 for a loaf which could weigh as little as 700g - well short of the 800g stipulation.

The National Consumers Forum has asked for fines against bakeries that do not comply with stipulations to be increased to as much as R20 000. According to the forum's Lilibeth Moolman, a case could take up to two years before reaching a court.

Bakers blasted over light loaves

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TWEET GAINSBOROUGH-WARING

Customers are getting a raw deal from many Western Cape bakeries which are supplying loaves lighter than the required 800g weight set for a standard loaf of bread

The South African Bureau of Standards carried out a major survey of bakeries countrywide to establish whether they were complying with the standard weights set by the SABS. Offending bakeries supplying consumers less bread for the same price could face legal action.

SABS president Eugene Julius said he believed consumer interests warranted the publication of the names of all the bakeries supplying under-weight bread.

"I also wish to state that, with regard to all compulsory standards upheld by the SABS, I intend taking a hard line on all contraventions negatively affecting consumers

"This will include instituting legal action against the offender where necessary"

Nine bakeries in the Western Cape have been supplying loaves up to 180g lighter than the required weight. According to the SABS they are: Sasko, Enterprise Bakery (Cape Town), Sasko (Claremont), Duens, (Epping), Superior Bakery (Airport Industria), Something Nice (Eerste Rivier), Beverley Bakery (Eerste Rivier), Friendly Grocer (Goodwood), Seven Eleven (Eerste Rivier) and Belrise Bakery (Belhar).

ARL 16/5/98

New law 'will protect consumers'

BUSINESS REPORTER

(246)

ARG 9/6/98

Consumers will get far more protection from monopolies and companies which engage in collusion when the new Competition Bill becomes law later this year.

Presenting a draft of the new legislation to the parliamentary

committee on trade and industry, government adviser David Lewis said the new authority would have considerably more power than the present Competition Board to investigate and act against anti-competitive behaviour

Mr Lewis said the bill's objective was to promote competition, ease the entry of small companies

and the previously disadvantaged into the economy and create new employment opportunities

Among other powers, the new authority would be able to stop mergers if necessary. But companies would still be able to appeal to the Minister to overturn a decision if they could show a merger was in the "public interest"

INSURANCE BILLS *Opposition parties complain of lack of consultation*

Leap forward for consumers' rights

(246) ET (PR) 24/8/98

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — Consumer protection in the insurance industry took a huge step forward on Friday when the national assembly passed the Long- and Short-Term Insurance Bills, but doubts were expressed about whether they went far enough

The bills, overhauling legislation dating back to 1943, emphasise consumer protection, a sound regulatory system and the effective supervision of the insurance industry

Gill Marcus, the deputy finance minister, said the bills should not be seen as the be-all and end-all in consumer protection, since further legislation was being developed in the form of the Retail Investment Services Bill

"The insurance industry has undergone major changes over the period in which the current

act has been in force," Marcus said "Continual amendments (have) resulted in a piece of legislation that is difficult to interpret and administer"

Gavin Woods, the Inkatha Freedom Party finance spokesman, complained that the drafting of the bill received little input from consumer bodies until the Consumer Institute had appealed to the finance committee

The institute had pointed out key points which the Financial Services Board had ignored, and had initiated 15 important changes to the bill over the last few weeks, Woods said



LEGAL RENOVATOR Gill Marcus says more consumer-friendly legislation is on the way

PHOTO JOHN WOODROOF

"This highlighted an inexcusable bias in the production of legislation," he said

"I am led to understand that a not too dissimilar situation has prevailed in the development of the Competition Bill"

Woods said doubts now remained whether the bill covered all the relevant issues

affecting consumers, as not all the institute's recommendations were accepted

Marcus said consumer bodies were now represented on the advisory boards of the Financial Services Board, which "should help strengthen the role

and interests of consumers"

Ben Turok, an ANC MP, expressed concern about the growing number of lapsed and surrendered insurance policies

He welcomed the fact that the bills would tighten up the way in which policies were sold and marketed

Marcus said an investigation had been launched into the reasons for the high number of lapsed and surrendered policies. A report is expected in November

Ken Andrew, the DP finance spokesman, said he was concerned that the discretionary powers of the registrar of insurance were too wide and could be in conflict with the constitution

Andrew also doubted whether the bills contained enough consumer protection. He said he hoped the Retail Investment Services Bill would be tabled soon

New law to give Cape consumers more muscle

(246)

ARG 28/8/98

'Efficient stick' added to carrot

MAUREEN MARUD
ARGUS ACTION

New legislation that will be an "efficient stick" to use on merchants who contravene consumer rights is ready to be tabled in the provincial legislature.

"We have been negligent in providing an efficient stick along with the carrot of education we are using to create a responsible market place," said Helgard Wagener, newly appointed director of business regulation in the Western Cape office of the Department of Trade and Industry.

The intention of the Unfair Business Practices Bill was to do more than the Harmful Business Practices Act, which merely provided an advisory body to prevent certain business practices.

Due to be tabled this week or

next, the bill sought to provide the long-awaited consumer courts to deal with complaints.

The establishment of consumer courts had been held up by questions surrounding their constitutionality, Mr Wagener said.

"We would not want a situation where the court or tribunal is held to ransom by attacks on its validity every time it orders someone to do something."

The bill now being tabled in the Western Cape was the result of efforts to resolve questions of the court's constitutionality.

Mr Wagener admitted that consumers currently had little or no recourse from dishonest or unfair businesses, and that the provincial Consumer Services and Fair Trade office, which replaced the old Consumer Council, had failed to cope with the volumes of consumer complaints.

"It is indeed so that this office is in an abject state. Positions have not been filled since a large-scale staff turnover in the whole Department of Trade, Industry and Tourism with the resignation of former Western Cape ANC leader Chris Nissen and his department director Tony Ruiters," Mr Wagener said.

Of the four consultants originally employed to deal with consumer problems, only one full-time staffer remained, and he was on leave.

The other consultant in the office was mainly responsible for educating consumers about their rights, and dealt only part-time with complaints.

Applicants for the vacant posts would be interviewed early next month. "I would be failing in my duty if things remain the way they are. There is no way we can continue in this manner."

Bureau of Standards prosecuting 7 bakeries caught selling underweight bread

(246) Nov 17/9/98

By CATHY POWERS

Bakeries selling loaves of bread weighing less than 800g are now being prosecuted by the South African Bureau of Standards

The SABS has launched proceedings against seven bakeries in Pretoria, Durban and Port Elizabeth, according to SABS head of trade metrology Patrick Mothapo, who refused to name the bakeries.

A survey conducted by The

Star a year ago found that consumers were getting less bread than they were paying for from at least six suppliers

Engen Quick Shop was selling loaves 120g short of the legally required 800g, Shoprite loaves were short by 100g, Spar and Blue Ribbon loaves were 80g and 40g short, and Albany and Pick 'n Pay's (Sasko) bread was 20g short

One Engen Quick Shop loaf weighing 720g cost R2,90 but a

loaf from a café weighing 800g also cost R2,90

Despite the prosecutions, the situation has not improved markedly, said Stuart Carstens of the SABS "A lot of complaints about under-mass bread are still pouring in, and SABS inspectors are still finding the complaints are warranted"

In its inspections, the SABS takes a sample of 20 loaves, the average weight of which has to be 800g Individual loaves can

vary by as much as 760g to 880g, said Mothapo But if the average weight is below 800g, the bakery could be prosecuted

Although bread is no longer price-controlled, the SABS wants consumers to be aware that cheaper bread may not be a good buy, because lighter loaves could cost more per gram, he said.

A magistrate will decide the penalty, but the SABS has recommended a fine of up to R500 per charge.

Justice within reach at last for (246) consumers

BY CATHY POWERS

Gauteng's Consumer Court, expected to be up and running in Johannesburg shortly, has been widely welcomed as the forum that will fill the gap between costly civil proceedings and failed arbitration.

The court, which is an administrative tribunal and a court in name only, will review matters that the office for the investigation of unfair business practices fails to resolve.

"It is long overdue," said Aynon Doyle of the Consumer Institute of South Africa.

"The consumer doesn't go if mediation doesn't work and if they don't want to pay high legal costs (for court actions)."

The court will be operating once the premier has enacted remaining sections of the Consumer Affairs (Unfair Business Practices) Act.

If the consumer adviser cannot resolve a consumer complaint through mediation, the consumer could go to the Small Claims Court, but this court deals only with claims of less than R3 000.

According to newly appointed Gauteng consumer protector, Fati Manamela, cases will be heard by a panel of five people representing business and consumer interests. The panel will hear the supplier's and consumer's side of the story and will then decide on a solution for the supplier - to reimburse the customer - or against the supplier if the supplier does not comply with the order, the matter will then be referred to an ordinary court as a matter of contempt.

The court can then impose fines of up to R200 000 or a maximum five-year prison sentence, said Moses Moeletsi, director of consumer affairs, business regulation and gambling.

The unfair practice and the supplier's name will be published in the *Government Gazette*.

There is no (up until now) tangible consumer protection in South Africa, said Manamela. "If you talk about justice for the consumer and there is no mechanism, then it's a fallacy."

Highlighting the rights of South African consumers

MON 15/3/99

(246)

If people are informed and educated they can make better choices

By CATHY POWERS

South African consumers are largely ignorant of their consumer rights. So today, International Consumer Rights Day, the Gauteng Consumer Affairs Office joins hands with consumer organisations to bring consumers up to speed on their consumer rights.

Education, particularly in the rural areas, is vital so consumers can make informed choices and take the pressure off cash-strapped NGOs and government organisations.

"We are in our baby shoes," said Consumer Institute of SA (Cisa) director Diane Terblanche, referring to consumer awareness of their rights, the theme this year.

"Informed consumers are much more discerning about what they complain about and where they complain. If people have information they can make better decisions and are less likely to fall into traps."

The prime example of this was a survey Cisa did on electrical appliances, which were supposed to be sold with plugs attached. Few were, and few consumers knew that they were supposed to have plugs attached.

It was only when Cisa and the South African Bureau of Standards (SABS) made a fuss about the issue that consumers became aware they were being taken advantage of by the industry, which eventually complied with the prescribed standards.

While the SABS can nab unscrupulous suppliers, it is vastly under-resourced and has only about 15 inspectors countrywide, a source said. The SABS reacts to complaints rather than pro-actively police suppliers, so the awareness of the person in the street is all the more important.

"If consumers have information, this lessens the burden on government resources," said Terblanche.

Moses Moeletsı, director of consumer affairs in Gauteng, said consumers had a duty to find out what their rights were and how to enforce them.

"Consumers must always remember that consumer rights are human rights," Moeletsı added.

But Terblanche criticised the government consumer affairs offices for not having a cohesive protection policy, which goes beyond legal recourse.

"We shouldn't emphasise legislation too much because enforcing it

These are the watchdogs

These are some of the South African consumer watchdogs you can approach for advice or guidance:

- Gauteng Consumer Affairs Office (011) 355-8008
- Consumer Institute of South Africa (011) 433-0150
- South African National Consumer Union (012) 341-8158
- National Consumer Forum (umbrella body) (011) 333-8501
- The Household Consumer League (011) 452-5283
- Black Housewives' League of South Africa (011) 984-9212
- National Black Consumer Union (011) 337-2688
- Ubuhle Besizwe Advice Centre (058) 821-0755

takes too many resources," she said.

"We advocate a much stronger NGO consumer body and a bigger government focus on education."

The National Consumer Forum's (NCF) Monica Pitje agreed "Consumer rights education is not given due weight on the government agenda."

But Moeletsı said the Gauteng Consumer Affairs Office paid a lot of attention to education, one of the internationally accepted rights of consumers, with campaigns on community radio stations and other media.

"Our efforts are (currently) concentrated on legal recourse but this does not mean that we will keep concentrating on legal recourse in future," he said.

The area that tops Terblanche's ignorant consumer hit-list is the financial sector, such as credit transactions and micro-lending.

Consumers frequently came unstuck in transactions like these, and this impacted on their access to basic needs, she said.

Other problem areas were basic foodstuffs and other goods, an SABS spokesperson said.

Underweight bread was still a problem, despite a recent change in standard masses, and underweight candles and mealie meal were also being sold to unsuspecting consumers.

These are your rights

- Safety – the right to protect yourself from unsafe goods and services.
- To be heard – on policies, programmes and decisions which concern consumers.
- To information – on price, quantity, ingredients, manufacturers of goods, service providers.
- To choose – from a variety of quality goods and services.
- To consumer education – to be aware of basic consumer rights and responsibilities, to make informed choices.
- To redress – on grievances about substandard, unsafe, unfair trade practices.
- To basic goods and services.
- To a healthy environment.

"You can only solve this with policing until the industry regulates itself."

But an informed and aware consumer would bring the spotlight to bear on more unscrupulous suppliers.

"Consumers are not fully aware of what their right to be heard entails. It means that you have the right to complain to the managing director of the business you buy from," Moeletsı said.

Black, rural women have particular problems around consumers' rights. Being the most uneducated and illiterate and at the bottom of the development pile, these women, too, are the most exploited as consumers, Terblanche said.

For instance, they are largely ignorant of expiry dates on certain food items. And the hygiene of some shops in the hinterland leaves much to be desired.

Pitje agreed. Although there were consumer bodies in rural areas, the NCF hadn't achieved its objective of getting into rural areas.

Consumer bodies do valuable work in conjunction with government agencies, but at the end of the day, it is up to consumers to use their common sense.

"Ultimately it is you and I who are prejudiced," Terblanche said. "Once you've entered a transaction and paid money, it is virtually impossible to get it back."

Trade department makes moves to protect consumers

Pat Sidley (246)
and Louise Cook

THE trade and industry department is designing a consumer protection law in line with laws in countries which outline consumer rights and protection measures, Trade and Industry Minister Alec Erwin said yesterday.

He said at a news conference to mark World Consumer Rights Day there was no comprehensive consumer protection legislation to give consumers fundamental rights, and places obligations on businesses in their interaction with consumers.

Consumer protection and consumerism in general have not received the attention they merit from government, the business community and nongovernmental organisations. *BD 16/3/99*

Erwin said regulations for consumer protection as well as legislation in areas like credit would be introduced. The department would continue to work closely with banks and other financial services institutions to ensure consumers obtained fair treatment.

The department's national inspectorate would be strengthened so that it could monitor and investigate contraventions of commercial and consumer legislation more efficiently.

Administrative fines would be imposed for contraventions, which would replace criminal sanctions, to hasten the procedure and to provide efficient enforcement for the new legislation.

Commenting on consumer rights and trade on the internet, Erwin said it was an "extremely complex" issue which government was handling in conjunction with the international community.

"We should have some legislation ready later this year," he said.

Erwin announced that the Year 2000 World Consumer Conference would be held in Cape Town in November next year.

He pointed to several achievements of his department in consumer protection. These included amendments to the Estate Agents Act, a new competitions law and provincial legislation allowing for consumer courts.

However, Erwin said enforcement of laws and regulations was under-resourced and "largely ineffective". Erwin also cited a fragmented and weak consumer movement, a lack of awareness by consumers of their rights and general bad service.

"Consumers are not treated with respect or regarded as a material stakeholder in the consumption process. There are no formal complaints procedures in place," he said.



Trade and Industry Minister Alec Erwin addresses a news briefing in Pretoria yesterday to mark World Consumer Rights Day. He said the trade and industry department was designing a consumer protection law in line with similar laws in other countries.

Picture: TREVOR SAMSON

GILLIAN ANSTEY

LOW fat could mean loaded with fat, according to tests of dairy products carried out by the Sunday Times this week

Not one of the 12 dairy products labelled "low fat" or "fat free" tested for us by the South African Bureau of Standards passed the international guidelines for these labels

The international rule is 3g per 100g for "low fat" and 0,15g per 100g for "fat free".

South African food labelling laws were written a decade ago and are, in the words of one food expert, "10 years old but decades behind the times"

There is no law to determine the maximum fat content of food products labelled "low fat" or "fat free" — the amounts differ from one product to another

Some dairy products received a special government dispensation in 1997 for their fat content to be 20 to 28g per 100g — up to nine times the content allowed by international guidelines — and still be called "low fat"

"Fat free" can have up to 0,5g fat per 100g — more than three times the international standard. There is also no legal requirement for detailed nutritional

information on labels

The international guidelines are established by the Codex Alimentarius Commission. Codex, which has 164 member countries, including South Africa, implements the combined Food Standards Programme of the World Health Organisation and the United Nations

We tested a random selection of low-fat or fat-free cream cheeses, cottage cheeses, hard cheeses and yoghurts

The results showed the worst culprits were the low-fat cream cheeses

● Woolworths Low Fat Cream Cheese with Smoked Ham claims it contains 22,1g of fat per 100g. But the test showed 27,1g — nine times the international standard, and

● Simonsberg Low Fat Cream Cheese Traditional has a whopping 23g fat per 100g — seven

SA food labels are lean on the truth and a recipe for weight gain

ST 13/6/99

(246)

Sunday Times

DEPTH SPECIAL INVESTIGATION

THE FAT FARCE

times higher than Codex allows Woolworths cream cheese is made by Simonsberg

Christine Broadhurst, of Unifoods, which manufactures Simonsberg, says the law allows low-fat cream cheese to be "at least 20 percent but less than 28 percent milk fat. The Codex guidelines are international guidelines and not South African legislation."

Cecil Mitchell, group technical manager for Woolworths, agrees with Broadhurst. He says nutri-

tional information is an average determined over a period of time. This explains the discrepancy between the fat contents on their product labels and the in-depth test results

The cottage cheeses also showed higher fat contents than Codex allows. Two of the cottage cheeses tested claimed to be "low fat", but had no nutritional information on their labels

● Dewfresh Low Fat Smooth contains 7,6g of fat per 100g, and

● Clover Low Fat Chunky American contains 6,9g of fat per 100g

Jean-Phillipe Lhuillier, marketing director for Danone Clover, says its product is checked daily and meets requirements.

Frik Grobler, owner of Grobler Dairies, which manufactures Dewfresh products, says the in-depth fat content is accurate "It is what we call 'creamed' cottage cheese. We start with fat-free cheese and add cream. The fat content is much lower than in or-

dinary cheese, such as Gouda — it fits the Department of Agriculture's prescriptions"

The hard cheeses were closest to the fat contents claimed on their labels, but still contravened international norms

The two fat-free yoghurts had more than three times the fat allowed by Codex and are even higher than generous South African standards allow

● Woolworths fat-free strawberry yoghurt had 0,9g instead of the 0,5g required by law, and

● Gero Diet fat-free strawberry and blackcurrant yoghurt had 0,7g

Woolworths says it will investigate why its "product did not conform to the legal limit"

Food experts and consumer organisations say South African food labelling legislation is in a shambles and that manufacturers will not comply with inter-

national, up-to-date standards until they are forced to do so by law

Diane Terblanche, director of the Consumer Institute of South Africa, says there is no means of checking whether a food label is correct

Terblanche says "This is a very serious problem. South Africa participates in Codex, but just as an observer. The challenge is to engage in the international debate and adopt standards which would be good for us as a country"

"The government needs to talk to consumers. These discussions need to be centrally co-ordinated as there are many different organisations and none has a clue what the others are doing"

Joan Huskisson, head of the nutrition and dietetics unit at the University of Cape Town's Faculty of Medicine, says "At the moment, South African legislation is not very tight about terms such as 'fat free' and 'low fat'. It does very often leave the way open for people to misrepresent their products"

Shan Biesman-Simons, the director of nutrition and education for the Heart Foundation, says the fat content of some low-fat cream cheeses is "horrifying, yet people think they are right on track. It's a minefield out there"

Erwin clamps down on scammers

John Diudiu

Judge will soon be designated to preside over consumer protection court

BD 2816199

(246)

TRADE and Industry Minister Alec Erwin has clamped down on a range of unlawful business activities — including sale of franchise opportunities, a time-share scheme and a "share buy-back" system — as government strengthens consumer protection laws.

The move comes weeks before government names a high court judge to preside over a permanent special court which will hear appeals on unfair business practices cases. Two members of the three-strong court, replacing an ad hoc arrangement under the old Harmful Business Practices Act (now the Unfair Business Practices Act), will be appointed by the president.

The scope of the new act is broader than its predecessor to improve consumer protection. The reshaped law devolves consumer protection functions to the provinces and should foil attempts by unscrupulous businessmen to move their scams from one

province to another.

Lana van Zyl, an inspections director at the trade and industry department, said at the weekend that the number of complaints received had doubled, possibly because of consumer offices' education campaigns.

Erwin is also expected to name the members of the Consumer Affairs Committee soon.

In a recent government gazette he declared as unlawful certain business practices of Nicolaas van der Dussen, an economic risk analyst.

Van der Dussen was asked to refrain from inviting people to invest in his businesses, receiving funds for management or reinvestment, offering clients a "buy-back guarantee" on monies invested and paying interest to longer-standing investors with monies obtained from more recent investors.

Erwin's decision, which shuts down Van der Dussen's complex investment management operations, follows an investigation by the business practices committee of complaints against Van der Dussen. The complaints included one from a client who surrendered insurance policies after hearing Van der Dussen's advice that SA insurers' investments were dwindling because of factors such as AIDS and that there was no guarantee policyholders would receive monies owed to them. Van der Dussen was allegedly involved in an Italian company that did not have the same AIDS risk factor as SA insurers.

He also advised a client to buy shares in one company and undertook to repurchase at R20 000 "a share unit" bought for R10 000 if it was not worth R50 000 or more three years from the date of purchase.

The committee concluded that Van der Dussen's share buy-back undertaking was misleading. "No 'analyst' in his right mind would dream of giving a written guarantee that a particular share would be worth Rx in three years' time," the committee said in its report.

It also found that Van der Dussen had accepted funds from new investors to pay interest to previous investors and "in some cases to redeem their investments" — a practice the committee deemed harmful.

The findings and decisions are among the first made under the revamped legislation.

Erwin also declared that a harmful business practice — which could not be justified in the public interest — existed in the case of close corporation Simply Bellissimo. The corporation, which included among its members

John Kenneth and Janet Alison Kilian, was barred from selling franchises to the public.

People were invited through adverts to "business opportunity" presentations which related to the right to market coffee machines and related products such as ground coffee and coffee beans. At presentations Kilian allegedly said the opportunity guaranteed "sole and exclusive selling and marketing rights in each area" and a "money-back guarantee" allowing the franchisee to terminate the agreement at any time.

The committee concluded that Kilian had misled franchisees by selling rights he did not have.

"He also sold 'rights' of one area to more than one 'franchisee'."

The committee discovered while investigating that the affairs and funds of the Kilians and Simply Bellissimo were commingled and records were incomplete. "This chaotic state of affairs prevented a conclusive assessment of Simply Bellissimo's financial position."

Genetically engineered food gets thumbs-up from SA group

MELANIE GOSLING
ENVIRONMENT WRITER

GENETICALLY engineered food, which has met with extensive consumer opposition in Europe and Britain, has been approved by South Africa's Food Advisory Consumer Service (Facs).

The organisation, which has scientists and representatives of four consumer bodies on its council, issued a "position paper" saying it believed genetic engineering could provide solutions to our food needs.

Dr Pieter van Twisk, the scientific director of Facs, said yesterday: "On sci-

entific evidence, we definitely back genetically engineered food."

This comes as Europe is calling for a five-year freeze on the commercial growing and patenting of genetically engineered (GE) crops, and the world's two largest food companies — Nestlé and Unilever — have announced they no longer will make products from GE crops.

Public opposition to GE food in Europe and the UK has led to major supermarkets, including Sainsbury's, to remove GE foods from their shelves.

Van Twisk believes the opposition to GE foods in Europe is largely emotional. "They are an affluent society and can

be more selective. Their consumer lobby is much bigger," he said.

He said 12% of the world's commercial maize crop and 30% of the soya crop are already genetically engineered.

"There is no scientific evidence that food products derived via the genetic engineering route are inherently riskier than food obtained from natural development by other types of technology."

Facs is an independent body, funded by industry. The resistance in British and European markets has led to some of the giant GE companies in the US, like Monsanto, to shift their marketing drives to Third

World countries, and some critics say the South African government has been swayed by these powerful multi-nationals.

South Africa is already growing commercial crops of GE maize and cotton, and experimental crops of soya, potatoes, sugar cane and canola.

Proponents say GE foods, which are modified genetically to enhance their quality, can increase food production and solve the problem of feeding the world's growing population.

Critics say if there are problems with GE later, it will be too late to do anything once it has entered the food chain. Most South Africans have already

eaten GE soya. Soya is used in products like ice-cream, babyfood, chocolate and soup. We have also been eating GE tomatoes in foods like pasta sauces and pizzas.

Genetic engineering differs from other agricultural technology like hybridisation because it crosses the natural species barriers by taking a gene from one organism and putting it into a gene of an unrelated organism, to produce a third organism with superior qualities.

A gene found in soil bacteria, which produces a toxin that is lethal to insects, is put into crops to make them insect-resistant. Anti-freeze genes are taken from fish and put into strawberries to make

them frost resistant, and genes from various organisms are put into soya beans to make them resistant to herbicides.

Environmental lawyer Miriam Mayer, from Blowatch, said yesterday the government urgently needed to draft a bioethology policy.

"It is very narrow to look at human health only. There are other issues relating to GE, like the effect on the natural environment, the socio-economic problems and companies patenting life forms."

"There is a huge pressure from the commercial trade to push forward with GE. GE is one of the big challenges that the new agriculture minister faces."

CT8/7/99



Consumer Forum founder Terblanche resigns leadership

(2146)
APR 18/7/99

THE CHAIRPERSON of the National Consumer Forum (NCF), Diane Terblanche has announced her resignation from the organisation

Terblanche said the growth of consumerism in South Africa has meant that she could no longer devote adequate time to her voluntary role as NCF chairperson, given her commitments as CEO of the Consumer Institute of South Africa (CISA)

CISA is an independent consumer research organisation that provides consumers with information on local consumer issues

Terblanche established the NCF in 1996 to serve as the umbrella body bringing together the country's disparate consumer organisations

This served to strengthen and coordinate the work done on behalf of the South African consumer

"It has been a privilege to be in-

olved in the launch of the NCF and to have been part of the successful fundraising campaigns that helped to establish the organisation. It has also been a privilege to have been at the helm during the initial years

"I remain convinced of the need for the South African consumer organisations to be organised under an umbrella body such as the NCF. I believe the NCF will continue to go from strength to strength in this important role," said Terblanche

Meanwhile, CISA has called on South African consumers to support a campaign for the mandatory labelling of foods containing genetically-engineering(GE) ingredients or the banning of GE foods that are not labelled

In the latest edition of Consumer Focus, CISA's quarterly magazine, the institute has continued its invest-

igation into the public and environmental safety issues surrounding GE foods

The article quotes the Physicians and Scientists for Responsible Application of Science and Technology, a global network founded in 1998, as saying that the approval of GE foods has been a case in which scientific advisors of international regulatory organs have permitted the release into the environment and use of GE products as food "in spite of considerable deficiencies in the knowledge of health and environmental consequence, and that there are reasons to expect potentially serious complications"

The article states that a myriad of surveys in the UK have revealed that consumers do not want GE foods

It also points out that the UK's largest companies and supermarkets

have been forced by the public to remove GE ingredients from their products as well as GE foods from their shelves

One of the major agrochemical companies, Monsanto is currently involved in litigation in the USA to protect itself against the boycott of its GE crops

Mosanto, which is intending to dominate the world agriculture by selling genetically modified seeds, has set up operations in Gauteng and Kwazulu-Natal

The department of agriculture has recently permitted Mosanto to make Bt Maize and Cotton available to farmers interested in testing these crops

CISA says consumers can compel supermarkets not to sell GE foods by not buying them. Eventually, it says, these foods will disappear.

LETTERS

WRITE TO HOTLINE, PO BOX 56414, SPRINGFIELD 2137

Race-based surveys fail the rich diversity of South African consumers

ANDREW BARKER

Racially based surveys may have limited uses, such as the evaluation of the racial composition of sports teams, company staff and management. But the integration of South African society in recent years has made racially based evaluation of the needs and values of South African consumers obsolete and inefficient.

How then can the marketing industry understand the complex needs and values of consumers and the general public in South Africa - or any other part of the world in which we are trying to compete -

without considering race?

A framework can be found in the work of Clare Graves, formerly professor emeritus of psychology at Union College in New York.

Graves established that the way people think, behave and interact can be understood by examining the environment in which they live and the life conditions to which they have been and are being exposed. This insight led to the development of a psychological map which can be used as a tool for understanding cultural diversity.

Dr Don Beck of the National Values Center in Texas has expanded and developed Graves' work

through more than 60 visits to South Africa, beginning in the 1980s. Beck has provided an innovative and practical framework, called spiral dynamics, for understanding ourselves, our organisations and our society.

The marketing industry should consider this framework essential in the development of an understanding of the needs and wants of our richly diverse South African society, one that is not based on race, culture or gender.

Spiral dynamics recognises the fluidity of human behaviour. Changes in situations and conditions result in a spiral development

of differing patterns and complexities of thinking systems.

Beck draws on memetics, a relatively new school of thought which describes the world of ideas and their relationship to their creators as memes.

A meme is a set of ideas, such as a religious orthodoxy which is self-referential and self-replicating. To Beck, different stages of development and complexity are VMemes.

These are meta-memes or values memes, which attract smaller, content rich memes that are recognised as the "genes of human behaviour". While the study of genes continues to provide astonishing

insight into our biological complexity, memetics unlocks the world of ideas and its cultural matrix.

VMemes reflect variations in world views and perspectives, provide insight into people's inner life and explain belief structures and organisational systems.

Spiral dynamics can assist the marketing industry by providing a framework for understanding decision-making and how consumer needs and desires vary.

Also, the application of spiral dynamics will ensure the most appropriate messages are created for the right targets. Applying spiral dynamics will

provide the marketing industry with a powerful non-racially based marketing tool to ensure that the needs of every sector of our consumer society is comprehensively understood and appropriately addressed.

It will support and explain what many experienced marketing people describe as gut feel. Also, it will enhance the ability of the industry to focus client resources for optimal efficiency and effect and add value to the services provided.

□ Andrew Barker is a private consultant involved in the development of individuals and groups through value management.

Department to look at neglected areas of regulation

(246)(30)
Patrick Wadula
20 9/8/99

THE business regulation and consumer services, a neglected area of the trade and industry department, is to be given urgent attention under new Deputy Trade and Industry Minister Lindiwe Ngwane

Ngwane said recently SA's company laws were outdated and that local companies had problems competing on the international market. Business regulation and consumer services is a directorate whose responsibility includes areas like companies regulations, SA patent and trademarks, gambling, lottery, and liquor regulation. "After a good look at these areas it is clear there is a lot that has to be done, and urgently," she said.

Ngwane said that with the introduction of e-commerce, many companies' regulations and the way companies functioned, signed documents, accepted applications for trademarks and patents, required attention.

She said a chief director for business regulation and consumer services still had to be appointed, and the different divisions had to be staffed. "These people will have to be trained and not be just paper pushers. So there is going to be quite a lot of changes within the sector in the next few years."

Ngwane's other brief is small business. She said that although the small business regulatory review had been prepared, it was not yet a government policy.

"After consultation with the relevant ministries the document will be presented to the cabinet," she said.

Small businesses had to comply with such issues as tax, value added tax and other issues pertaining to running a successful business, she said. However, for small business to grow and comply, government would have to assist it with the capacity to comply with the regulations.

Ngwane said that a small businessman alone does not have the capacity to run his business and at the same time keep proper records on income and expenditure, VAT invoices and tax.

There were labour laws that impinged on the growth of small business, she said.

they have been actively pursued by the ANC government, and there is a commitment to further liberalisation. But one apparently immovable barrier remains. It is job reservation in a different form. Jobs are reserved for those who already have them.

By insisting on minimum wages the employed are keeping unskilled and inexperienced people from ever earning that minimum wage and from acquiring the skills and experience that could eventually earn them far more than the minimum wage. And this is only one of the barriers put up by the employed to keep the jobless in their place.

Not that labour market rigidities are the only distortion left in the economy. But they are certainly the most powerful and the most stubborn.

There is a simple equation at work. On one side are the loggans in the economy, bottling up resources. On the other is inflation. If the loggans are partially cleared inflation will fall.

Now we come to the real point of the story. Whatever level of nominal GDP is targeted by monetary policy, the lower the inflation rate the more room is left for real growth.

The only way to strengthen real growth and reduce inflation is for government to remove the distortions that force money into inflation instead of real growth. It's over to you. Trevor and Tito.

Edith Khasanah

CONSUMPTION PATTERNS

SOUTH AFRICANS SHOW UNHEALTHY APPETITE FOR FOOD

Survey shows people are consummate eaters

(246)

PM 13/8/99

So you thought everybody wanted to be slim and trim, and that they were therefore careful about what they ate? Wrong.

And if you are what you eat, South Africans are a boring lot. They love their food but their tastes are ordinary.

"They are always eating," says Anna Maree, MD of ACH Nielsen MRA, who carried out a survey of the consumption patterns of SA adults and beverage categories.

"South Africans just love their food. And they are not even eating healthy food," Maree says. What she finds interesting is that people's eating habits don't seem to be affected by downturns in the economy. The consumption of red meat, which is expensive, is steady despite the dip in the economy.

The survey, *Eating and Drinking Habits Survey of South Africa*, was carried out in June and October last year, and April this year. The survey, to be updated regularly (Samo) an umbrella body for the dairy industry and it tracks the SA

population's eating and drinking habits.

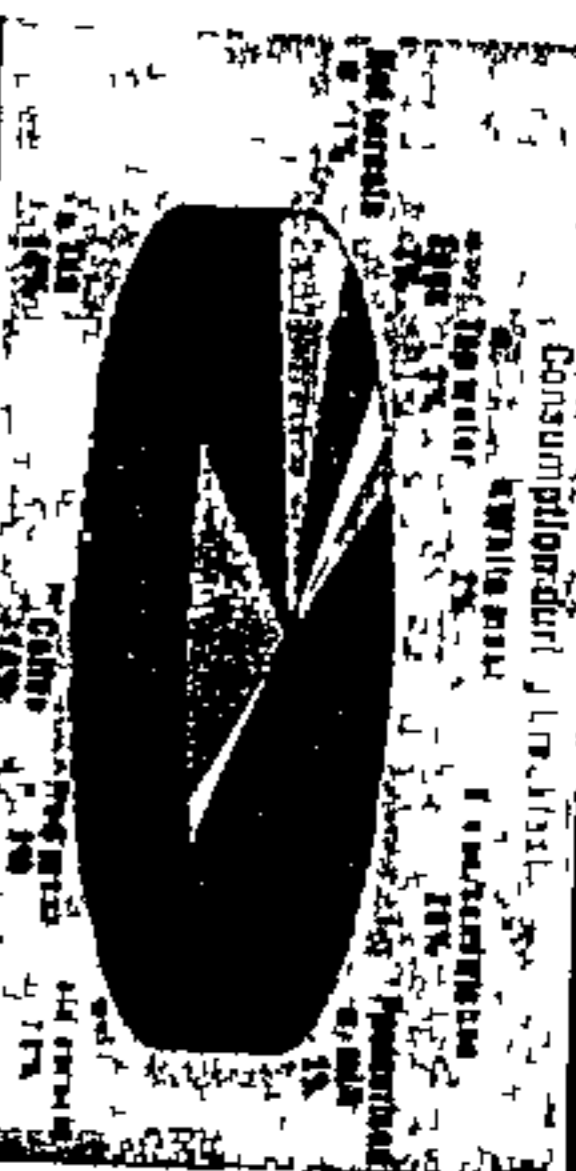
The study measures the consumption patterns not only of what people have eaten during a 24-hour period, but also cross-usage of different products, what they eat during and between meals, and where the consumption takes place (at home or away).

Despite the rat race of modern living the study found that people's eating patterns fit traditional patterns. Many South Africans still enjoy the traditional breakfast lunch and dinner and a surprisingly high number will have something to eat or drink in between these meals.

About 80% of South Africans have breakfast and slightly fewer — 76% — have lunch. But the real meal occasion in an SA home is dinner when 90% of families sit down to enjoy a meal.

A high number of people would have had something to eat or drink by the time they have their breakfast. An estimated 46% of those surveyed admit to eating or drinking something before they have their breakfast, and 43% will have something

WHAT & WHEN WE EAT



before lunch. Though 90% of South Africans have a full meal at dinner, more than half of them

creases only when it's taken with tea or coffee — 47% and 37% — and with hot and cold cereals.

— 48% — will eat or drink something again before they go to bed. A typical SA breakfast consists of bread or sandwiches, porridge or oats, cold cereals — cornflakes or wheat — and eggs. More than half of those who drink a hot beverage prefer tea, compared with 30% who drink coffee.

At the lunch table, bread or sandwiches and porridge take pride of place, except that unlike breakfast, these compete with a fair amount of red and white meat, rice and potatoes or chips.

More red meat and rice is eaten at dinner. But porridge remains king. A substantial number also take red meat, chips, bread and/or sandwiches at dinner.

Almost 80% of people use spices and other flavourants in their food. "We don't like our food bland," Maree says.

Though just under 10% take tap water with their lunch and dinner, SA consumers do not seem to be taking to mineral water. Only 0.1% prefer mineral water.

The dairy industry cannot be heartened by the results. The consumption of dairy products is surprisingly low. Milk on its own is not popular. The use of white drinking milk on its own hovers around 12%. Its consumption increases only when it's taken with tea or coffee — 47% and 37% — and with hot and cold cereals.

As a tea or coffee accompaniment milk has stiff competition from coffee/tea creamers. A high number of consumers especially in black households use creamers with their tea or coffee. This can be ascribed to a lack of refrigeration in black areas and could suggest the use of white drinking milk would increase in these areas as more people have access to electricity.

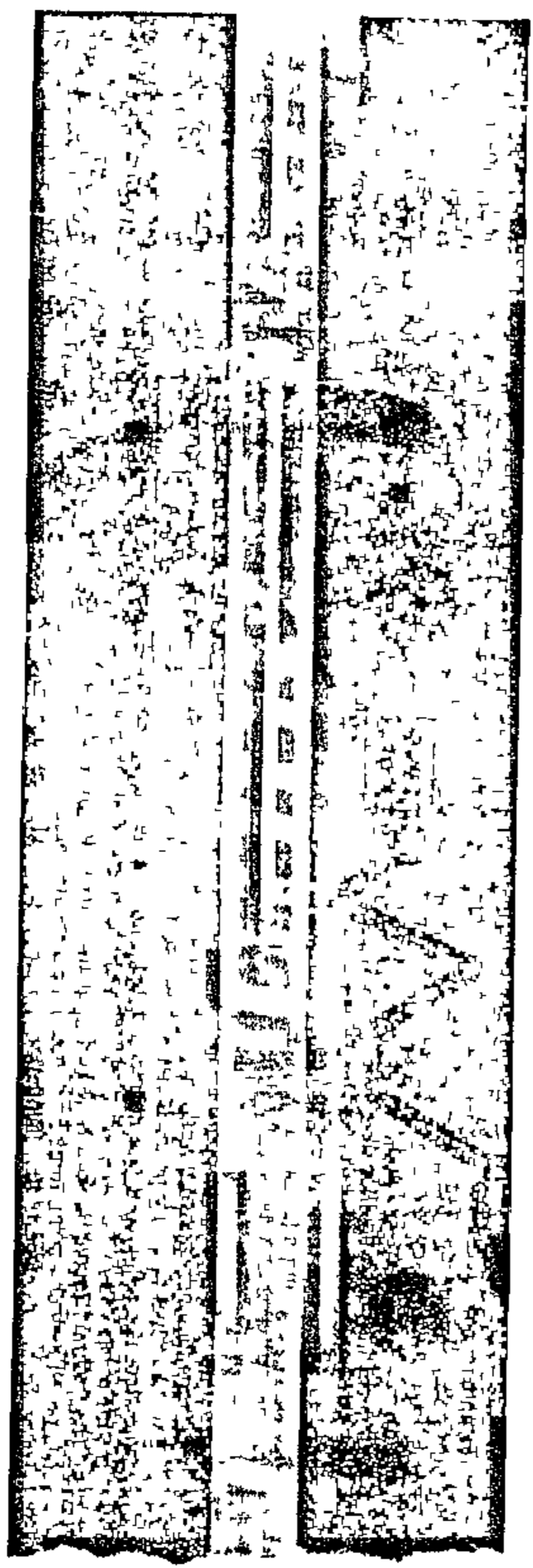
Butter and cheese also have low usage. Around 2% of consumers use butter. Cheese is slightly higher at 6%—8%. The two products seem to have been squeezed out by margarine, which is preferred by 40% of consumers, 95% of whom use it with bread. Margarine is also used in hot cereals and even with potatoes.

SA has hot summers and one would have expected cold niceties such as ice cream to do well. Not so. Only around 2% of consumers treat themselves to ice cream. Fruit, too, is not doing as well as one would have expected.

Maree finds this surprising as fruit is necessary for a healthy diet. "One would have expected that people wanting to live a healthier lifestyle would take more fresh fruit and fruit juices at breakfast time."

But eating habits show a marked difference among high-income bracket (LSM 7 & 8) consumers. For breakfast they prefer cold cereals to porridge, a lot of bread and tend to have more coffee and more milk than the lower-income groups. Lunch for LSM 7 & 8 is not as light as might have been expected given that most of them are career-orientated or business people. Bread, red meat, rice and salads are very prominent.

Barny Edmanhathi



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Public is sold 'underweight bread'

By Charity Bhengu

THE Association Independent Bakeries (AIB) warned consumers yesterday that they were being robbed by unscrupulous bakeries that sold them bread loaves weighing as little as 600 grams instead of 800 grams

Unaware

AIB managing director Mr Se' Higgings said the public was unaware it was paying for 800 grams bread but received bread that was 200 grams less

Higgings said the scam was not

only affecting the pockets of the poor but the profit margins of some reputable bakeries who complied with the rules

According to AIB, South Africa consumed about seven million loaves of bread a day at wholesale prices of R9,2 billion a year

With a markup of about 30 percent, retailers were making a killing of R12 billions a year

"Some retailers have agreed to accept the underweight bread on condition they get an extra discount per loaf," said Higgings

"This is not only illegal, but con-

sumers are actually being ripped off" Hawkers were also used to cheat the public

They were being sold large volumes of what appeared to be a cheaper price and were unaware that the loaf was 600 grams (246)

Legal action

The AIB called on the bakeries to immediately stop ripping people off or legal action would be taken against them

The association said the bakeries should state the weight of the loaf on the packaging

Buying a dream, but sold a lie

M+G 3-9/9/99
David Beresford in Johannesburg and Martin Bright in London (246)

A booming business has started up in South Africa in the illegal sale of skin lightening creams containing a chemical agent which eventually disfigures the consumers

Consignments of the cosmetic creams manufactured in the United Kingdom are pouring into African countries.

In South Africa, where there are strict controls on the sale of the bleaching active agent used in the product — hydroquinone — doctors have been horrified to find the British made products on open sale in pharmacies and supermarket chains

A *Mail & Guardian* investigation in conjunction with *The Observer* in London has established that some of the creams from Britain contain far higher percentages of hydroquinone than is legally permitted in South Africa as well as the European Union.

The products also have misleading claims that they incorporate a sun screening agent on their packaging. Hydroquinone inhibits the production of the skin pigment melanin and is particularly damaging in combination with the sun's rays.

South Africa's Medicines Control Council is trying to hunt down the importers and says there is evidence that the products are being smuggled into South Africa via francophone countries

Manchester based Nish Cosmetics, which makes three of the most popular skin lightening creams in Africa — Jaribu, Mekako and Amira — said it kept strictly to European Union regulations, which allow only 2% hydroquinone in cosmetics

But chemical tests at the Centre for Quality Assurance of Medicine at Potchefstroom University found that although Mekako contained the permitted level of 2% hydroquinone, both Amira and Jaribu contained nearly twice that amount

The creams also claimed to contain "special sun screening agent allantoin". Allantoin is a soothing agent commonly used in cosmetics, but has no sun screening qualities.

A fourth product, Rico Complexion Cream,



False hope: Sales of skin-lightening creams containing a chemical agent which eventually disfigures users are booming in Africa

made by Rico Skin Care in Egham, Surrey, contained more than the permitted levels of hydroquinone

Naomi Pule, a representative for the South African Medicines Control Council, said none of the products were licensed

Steve Dunning, manager of Nish Cosmetics, said his company exported "container loads" of skin lightening creams, although he could not give precise figures

He said 99% of exports were to Kenya, where a local company distributed the creams to the rest of the continent

Dunning said Nish Cosmetics restricted levels of hydroquinone to 1% "It just about works at that," he said. He added that he knew these products were not legal in South Africa, but said counterfeit products were sometimes available

"We are aware that our products have been counterfeited, possibly over here [the UK]. The police have been informed"

A second British company, Anglo Fabrics Ltd of Bolton, a name found on Jaribu and Mekako packaging in South Africa, said it had recently sold its distribution rights to Excom, a company based in Dubai

British dermatologist Sujata Jolly is campaigning for a total ban on skin lighteners in the European Union.

"The proportion doesn't matter. It is the accumulation that causes the problems," she says. "When you originally put it on it seems to work, but it has the reverse effect in the sun, so the person uses more."

"The skin breaks open and it penetrates into the bloodstream, the kidneys and liver. The disfigurements that we see are quite horrible"

The across the counter sale of skin lightening creams containing hydroquinone was outlawed in South Africa in 1992. Regulations were introduced requiring creams

containing up to 2% of hydroquinone to be registered and sold only through pharmacies. Higher concentrations could only be sold on prescription

Dr Hilary Carman, a South African dermatologist involved in the 1992 campaign to control the use of hydroquinone, described the British exports as "immoral"

"It is another example of the exploitation of the Third World by the First World," she said

"Like women the world over, Africans are buying a dream and are being sold a lie"

She said the promise by manufacturers that their products made skins lighter was fraudulent. "They in fact make them darker and disfigure them"

Carman believes there is a huge trade in skin lighteners across Africa.

Skin lightening creams used to contain mercury as the bleaching agent, even though mercury can damage the brain and the skin, but preparations containing mercury were outlawed in South Africa in 1975 and manufacturers replaced it with hydroquinone

In the same year the damaging effects of hydroquinone were reported in the *British Journal of Dermatology* by a professor at the University of Pretoria, George Findlay

He described how the chemical first bleaches the skin, but then coarsens it, creating black lumps which can develop into abscesses and ulcers.

These effects seem to be accelerated by exposure to the sun, making them particularly dangerous in Africa

Research suggests that blacks resort to skin lightening creams because of racial prejudice.

Women using creams told pollsters in a survey carried out in the 1980s that they believed black skins were "inferior"

PRICES - CONTROLS & CONTRAVENTIONS

1994 - 1995

Compete fairly, SABC told

Star 14/11/94

■ BY THABO LSHILO

The Competition Board has agreed that the SABC should refrain from unjustifiably discriminating against private firms in favour of its own production units (245) (245)

The announcement yesterday follows complaints lodged a year ago by the SA Film and Television Institute (Safti), an organisation representing 70 companies and interest groups

Film and television interest groups hailed the decision as a major boost to competition

Safti chairman Carl Fischer immediately welcomed the decision

"In 1990, independent film and television producers handled SABC contracts worth an annualised R156 million. In 1992, after the SABC formed its own business units (in 1990), the volume of those contracts fell to R97 million," said Fischer

The SABC, he said, used to encourage the development of private production but had engaged in unfair competition since it underwent restructuring

Competition Board chairman Pierre Brooks said the corporation should refrain from unjustifiable discrimination in favour of its own units which would be regarded as a restrictive practice

An SABC spokesman said the corporation would comment today

Local firms won't back guarantee

Beware of 'grey' electronic goods

Star 31/3/94

245

■ BY JOHN MILLER
STAR LINE

"Grey imports" of branded electronic products pose a difficult problem for the South African Bureau of Standards (SABS), which does not have the manpower to check on each and every retail outlet

Said SABS's Ben Kruger. "We cannot always get to them (grey imports) in time

"A lot of them are up today and away tomorrow"

Grey products are generally sourced from a third country — not the country of manufacture. Unscrupulous dealers normally buy job lots of unused and unwanted products from "middle-man" nations

These grey goods are shipped in and then offered to South African consumers at discounted prices. However, there is no back-up on the guarantee by the parent firm.

The grey market in electronic goods is a bustling one in South Africa, with up to 50 percent of all available goods falling into this category.

The SABS acts as an agent for the Department of Posts and Telecommunications, whose job it is to oversee and control the use of any electrical item in South Africa.

SABS is there to certify electrical products, ensuring they comply with the correct level of electromagnetic interference.

Kruger said that because of

these standards and the sheer number and scope of electrical items, the SABS would need thousands of inspectors. These it doesn't have, and the country hasn't the money to pay for such an inspectorate, he said.

"If we come across someone selling a grey product, we first test it and, if it does not comply, we force them to take it off the market."

While admitting the consumer was virtually left in the dark about the quality of such goods, Kruger said the Bureau was looking at introducing a mark that could be applied to all certified electrical items.

He could not say how long it would take before such a mark was introduced.

Two new doors to air complaints open up

Codes of ethics to aid consumers

Star 18/4/94

■ BY JOHN MILLER
STAR LINE

The Business Practices Committee this month introduced its latest two draft codes of ethics which it hopes will protect consumers in dealings with credit bureaux and direct mail-order companies

President of the Association of Credit Bureaux, Rowan Haarhoff, believes the code will benefit consumers once it receives final approval.

"Not only can unhappy consumers now complain to the association, but they can take their complaints further."

Haarhoff said the association was instrumental in set-

PROTECTION in dealings with credit bureaux and direct mail-order firms

ting up this code

He said it would ensure that every credit bureau is subject to regulations which at present only apply to voluntary members of the association he heads.

"Consumers with problems must visit the relevant credit bureau. The bureau will give the debtor ideas on how to improve his credit record

"If debts are paid off quickly after a judgment, notes can be made on the record of this happening.

"This also helps the debtor with any future transactions."

Christiane Duval, a spokesman for the South African Direct Marketing Association, also welcomed the proposed code pertaining to direct mail-order companies

During the past few months the Business Practices Committee has introduced several other codes

These include a code on furniture, motor vehicle recovery, another on motor vehicles, cement, and most recently on advertising

245

ABOUT THE MONEY THEY PAY

By **DON ROBERTSON**

THE often-maligned Consumer Council pays its way. It saved the consumer R19-million in disputed claims compared to a budget of R4-million. *Strom*

In the year to March, it resolved 60 500 consumer complaints with a 90% success rate — compared to 61% in 1992/93. *(Buss)*

It operates four branches in Pretoria, Bellville, Durban and Bloemfontein.

Consumer Council spokesman Paul Roos says disputes covered a wide range of topics, including two claims against life assurance companies worth more than R300 000. Claims as small as R50 have also been resolved. *115194*

The Council operates 51 regular clinics, performs educational functions by visiting schools and womens' groups, and its members often give advice over radio stations. *(245)*

It also lobbies parliament for consumers' rights.

CONSUMER PROTECTION

FM 24/6/94
Dirty deeds

The Harmful Business Practices Committee is to investigate abuses in deed-of-sale purchases of land (buying without immediate transfer of ownership) and advance payments to builders

Ampros legal adviser Lionel Crator says most of the problems being looked at are in the low end of the market, especially black urban areas where the desperate need for housing is forcing residents to enter into contracts with irresponsible or even dishonest parties. Substantial payments are being made to sellers of residential stands and builders who abscond with the cash.

The committee is acting on a report by Lawyers for Human Rights, which complained of victimisation of would-be land buyers and home-owners in lower income areas. The report says residential stands not even identified have been sold.

The sale of land in instalments is regulated by the Alienation of Land Act 68 of 1981. It has provisions intended to protect those who buy land on deed of sale. The most important entitles a buyer who has paid half of the purchase price to transfer ownership against registration of a mortgage bond in favour of the seller.

The Harmful Business Practices Act confers on the Minister of Economic Affairs & Technology wide powers to regulate or prohibit business practices on the committee's recommendation.

As part of its investigation, the committee has invited representations from anyone interested before July 12. A committee spokesman says there could be scope for requiring certain classes of payments to be paid into trusts (245) ~~(245)~~

Sage-Schachat MD Hylton Katz says deed-of-sale abuses have gone on for years. He fears imposing more restrictions, short of prohibiting such contracts, will not help.

Building Industries' Federation of SA (Bifsa) executive director Ian Robinson says increasing restrictions on payments to builders would discourage the industry from building houses in black communities — a type of business that has often proved unprofitable to developers and lenders. He says Bifsa has standard contract documentation designed to protect buyer and contractor while being fair to both. If used, the forms should go a long way towards eliminating unfair practices.

Though conceding consumers might need more protection, Moss-Morris partner Selwyn Cohen says imposing restrictions on the receipt of interim payments (otherwise known as draws) by builders could jeopardise their operations. ■

Call to wipe consumers' slate clean

CF 21/7/94
JOHANNESBURG — The Africa Consumer Council yesterday unveiled a plan to rehabilitate consumers blacklisted by credit bureaus (245)

Acoco president Mr Eldridge Mathebula said the organisation's "fair consumer credit information programme" was aimed at providing reliable and transparent credit information to financiers and consumers

Acoco's "rehabilitation credit enabler

programme" was aimed at improving the creditworthiness of blacklisted consumers

Acoco called on banks and financiers to "clean the slate and provide blanket credit indemnity to all blacklisted consumers who were disadvantaged by apartheid"

Acoco would help banks and other financiers recover bad loans while helping blacklisted consumers get access to finance

Acoco would take full responsibility for the debts of consumers it recommended

An Acoco document on the plan, sent to banks and retailers, proposed a committee of creditors and Acoco officials to review the cases of consumers recommended by Acoco

The committee would also attend to the problems and queries of creditors and consumers, and be funded from subscriptions by creditors and consumers — Sapa

Consumer law in SA 'woeful'

Star 3/1/95 (245)

The South African marketplace has been labelled a mecca for fraudsters and sharp operators because consumer protection laws lag behind those in the rest of the world. **JUNE BEARZI** reports

Consumer protection law in South Africa is a toothless bulldog and not a vigilant watchdog. This is the opinion of Johannesburg lawyer Michael Judin.

As the country once again becomes part of the "global village" it should urgently set about emulating consumer protection trends around the world.

This would allow authorities to crack down on recalcitrant operators.

He says unscrupulous businessmen as well as corruption and fraud flourish in the South African marketplace because some laws are weak or ineffectual and open to abuse.

Rights

State-created agencies also lack the clout to do much about this.

"Four decades of totalitarianism have tarnished civil society, eroded fundamental rights normally enjoyed under common law and robbed us of our ability to recognise and assert those rights," Judin maintains.

He points out that the Harmful Business Practices Committee — a Government-sponsored consumer watchdog — has the best potential to protect consumers.

This is because it is empowered to intervene in markets where harmful and immoral practices are in progress.

However, he believes the committee is badly hamstrung in its activities as it is hopelessly understaffed. Judin says the parameters



STAR LINE June Bearzi

Do you feel you have had a raw deal or need help to beat the cheats?

Then STAR LINE, The Star's hard-hitting consumer service headed by JUNE BEARZI, can help. Send your letters to Star Line, Box 10114, Johannesburg, 2000 or telephone all inquiries to (011) 838-2383



within which the committee is allowed to operate are limiting.

He points out that the power exists at ministerial level to terminate any investigations if they are believed to be contrary to the public interest.

"This arbitrary power is a hawk back to the total onslaught days and is a dinosaur that needs to be buried."

The Consumer Council, another State-created agency, provides a co-ordinating body to look after consumer

interests.

But it has no legal power to intervene and can rely only on moral persuasion, Judin says.

Other statutory consumer protection legislation fails because it is financially beyond the reach of the majority of South Africans — even

among the ranks of "the better off".

Legislative attempts to penetrate the corporate veil under the Companies Act have also not been fruitful, Judin complains.

The Act fails to provide adequate protection against persons who knowingly carry on business recklessly or fraudulently.

"The small claims court is a step in the right direction, but is not operational court-wide," says Judin. Similarly, he adds, the

new community-based organisations that genuinely attempt to serve the interests of consumers have limited powers due to lack of resources.

"So where does the solution lie?" Judin asks.

He believes that consumer rights are not rights in a private law sense, but merely claimed rights in terms of consumer expectations.

"It therefore becomes necessary to consider non-legislative means of enforcing them such as codes of conduct, voluntary agreements, standards, recommendations and negotiations.

Hazards

"These principles featured prominently in the 1985 United Nations Guideline Book for Consumer Protection."

"They include protecting consumers from health and safety hazards, protecting their economic interests, giving them access to information to make informed choices, establishing effective ways to address grievances and promoting their right to live and work in a non-threatening environment."

Judin explains that the guidelines propagate a strong relationship between official legislation and non-official means of ensuring consumer protection and asserting consumer rights.

He feels the principles provide a framework which South Africa would be wise to emulate as "we once again become part of the global village".

Keeping tabs on 'baddies'

Good news for consumers is that a computerised national register which is to keep tabs on "baddies in business" should be up and running within months.

It will be labelled the Record of Business (ROB) and will fall under the Council for Better Business which is modelled on the highly effective US consumer organisation The Better Business Bureau.

The Consumer Council will work closely with this watchdog and standard-setting body.

ROB is to have two sections. An open section which will provide the public with information, while information listed in a closed section will be available to companies.

Members of the public and companies will be able to phone in to obtain reports on listed companies.

Companies belonging to the Better Business Council will display a special logo on their letterheads, business cards and shop windows. The logo will confirm to the consumer that a particular company has an approved code of practice and subscribes to a national code drawn up by the Council for Better Business.

Consumers will also be able to ask ROB to supply them with track records which would include criminal, civil and small claims court judgments of any "bad business".

ROB already has a wealth of information, including photographs, aliases used in the past by certain operators, the names of their previous businesses and their associates.

TOMORROW

A local pressure group hopes to make society a safer place for children in 1995 and beyond

Loan sharks feed off the despairing

Star 10/11/95

245

STAR LINE
June Bearzi

Do you feel you have had a raw deal or need help to beat the cheats? Then STAR LINE, The Star's hard-hitting consumer service headed by JUNE BEARZI can help. Send your letters to Star Line, P O Box 1014, Johannesburg, 2000 or telephone all inquiries to (011) 838-2383



Cash the bait
The untimely death of bizarre loan shark Lucifer Spoke van Zyl has once again thrust the often dicey / multimillion-rand money-lending industry into the spotlight.
JUNE BEARZI
reports

During 1994 unscrupulous money-lenders were the scourge of thousands of consumers bucking under debt burdens

This category of wheeler-dealer headed Star Line's most complained of businesses last year, and calls are already pouring in this year from consumers who say they have fallen prey to these operators

Star Line investigations found that many of these loan company bosses made huge sums by luring consumers with promises of instant cash loans repayable at low interest rates. But in most instances these companies took "administration fees and deposits" and then failed to come up with the cash

In all cases handled by Star Line last year complainants did not get their loans and were not able to recoup their deposits as they were told these had been swallowed up by "expenses and fees"

The loss of these downpayments was, in several cases, the last straw for consumers who were struggling to keep their heads above water. They lost everything — furniture, cars and even their homes

The most notorious of these money-lenders was smooth-talking, self-confessed Satanist Lucifer Spoke van Zyl. He committed suicide in his Hillbrow flat last month. Van Zyl, who sported dozens of tattoos of demonic symbols and wore black nail varnish, left dozens of his fee-paying clients with no apparent avenue to seek redress

Star Line has established that over the last year Van Zyl assumed the name Jack Dunn to run a loan company called The Firm from Krutis Street in the Johannesburg city centre

Three years ago Star Line ran a number of exposes on Van Zyl, who at the time was operating loan companies Novo Financial Services and Reficul Industries

As a result of this, an official investigation was launched into his activities and his businesses were closed down. Like many of his ilk in the dicey money-lending industry, he used the

personal columns of various newspapers to entice those beset with debts and financial hardship to do business with him

One of Van Zyl's loan-sharking victims was Lebokanyo Semuki of Soweto. In October last year she read an advert in the Sowetan which promised "housing loans granted within three days"

"I was told that if I paid a R500 deposit I would get a housing loan for R45 000. The people at the office explained that I would have to deal with an L S van Zyl, and if my application was not successful I would get a refund."

Semuki came to Star Line when all she got from the loan company were endless excuses

A new twist to his loan-sharking activities over the last few months was an offer to assist aspirant businessmen to get liquor licences for fees of up to R10 000.

One such client was Peter Panayrides of Johannesburg, who told Star Line he had responded to a newspaper advert in

"When I demanded action or my money back Van Zyl told me he could help me only if I paid him another R5 000."

which an offer was made by The Firm to assist the public in making applications for liquor licences

The ads promised applicants "an answer within 30 minutes", but a month later and R5 000 out of pocket he was still waiting

"After I applied for assistance in getting a liquor licence Van Zyl got back to me and asked for a downpayment. I paid him R5 000 and got nothing in return. When I demanded action or my money back Van Zyl told me he could help me only if I paid him another R5 000."

Now Panayrides believes he will have to write off the money as he has no one to reclaim it from

Shortly before Van Zyl's death he told Star Line that he was merely "a broker" for The Firm which he described as "the agent"

Subsequent to his death all attempts to get a response from his wife Leone, who helped him in the business, have failed. At this stage it is not clear what prospects there are for clients of her late husband to retrieve their cash

Van Zyl died in December, but according to friends he had "a practice suicide session" a number of weeks earlier in which he shot himself through the cheek with a dartgun

Horrified acquaintances said he took great delight in shocking them by sticking a straw through the hole in his cheek and sipping a soft drink through it

Van Zyl remained outlandish right until the end. He committed suicide by climbing into a coffin in his Hillbrow flat and shot himself through the chest.



Holiday scheme probed

TOMORROW

Let 1995 be your year for learning how to get what you want by saying it, forgetting the pain and suffering of preparing for an important speech or interview

The Harmful Business Practices Committee has launched an official investigation into Sun Telemarketing Promotions, Gideon Pitout, Gee and Dee Marketing and Glenton Mitchell.

This was announced in the Government Gazette on Friday

The investigation follows a recent Star Line article in which it was alleged that members of the public were being ripped off in cut-price holiday offers

It was claimed that Pitout and Mitchell were involved in a scheme which

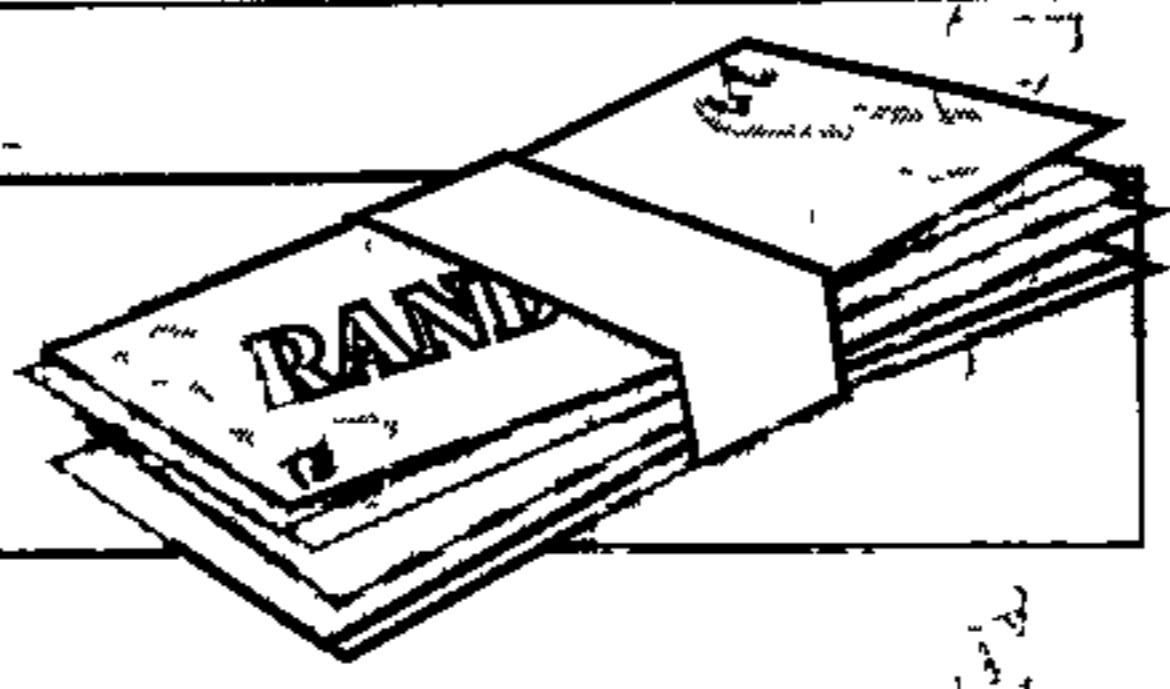
ran a telesales drive in which members of the public were led to believe an enrolment fee of R295 would secure holidays for them at prime resorts around the country.

However, several participants in the scheme said their money had not bought them the promised getaways

Any person may, within 21 days, make a written representation regarding the investigation to The Secretary, Business Practices Committee, Private Bag X84, Pretoria, 0001, or may telephone JM van der Merwe at (012) 310-9579

Star 10/1/95
245

Business



Submit gripes, *(245) sawetan 16/2/95* consumers urged

By Isaac Moledi

THE Business Practice Committee has called on consumers to submit for investigation their complaints of unfair terms in contracts

This follows the launch of the Unfair Contract Terms Committee, established in terms of the Harmful Business Practices Act of 1988, to help consumers deal with unfair terms in contracts

"If the Business Practice Committee discovers that the complaint in relation to unfair terms in a contract is genuine, the operations of the business concerned may be declared unlawful," says chairman Professor Louise Tager.

Unfair terms

People found to be persistently practising unfair contract terms may face up to five years' imprisonment or a R200 000 fine or both

Member of the BPC Advocate AB Mahomed will chair the new committee. Other committee members include Tiego Moseneke, M Navsa, T Orleyn, Advocate L Skweya, K Warren and Professor C van der Walt

Consumers who need their complaints to be considered may phone Mrs Marie van der Merwe at (012) 310-9579



Tiego Moseneke serves on the Unfair Contract Terms Committee.

People found to be persistently practising unfair contract terms may face up to five years' imprisonment

towards training ● Business paper mooted

New business watchdog comes in to save shoppers

(245) some ran 16/2/95

By Isaac Moledi

A NEW complaint bureau has been launched to help consumers in identifying companies, businesses, shops or individuals who are responsible for poor service.

Combrinck and Associates has been formed to give central information to consumers who need more information before making a buying or investing

The service, which will be provided free, will also help people who have been overcharged or have experienced poor workmanship, bad quality goods or services or any person who has lost money in "shady" financial investments.

"As we enter the 21st century, businesses and retailers need to real-

ise that they need to start addressing the needs of the consumers," says Combrinck and Associates spokesman Sidney Haywood

Haywood accused some small and medium businesses of relying heavily on consumer ignorance, misguided advertising and supplying poor quality goods and services to realise their profits

He says although there are presently many organisations, councils and government bodies that consumers can approach if they have had bad buying experience, it is extremely difficult to investigate all the consumer complaints due to financial and other restraints

Unlike the credit bureau operation where consumers are being blacklisted, the bureau will blacklist busi-

nesses for poor business practice. "Consumers will send in their various complaints to us and the information will be electronically collated, assimilated and a business blacklist will be drawn up.

"This list will be readily available to all interested consumers on a monthly basis. The list will be circulated to various councils and organisations for appropriate action," says Haywood.

"By identifying the business culprits consumers will be able to avoid making expensive buying or investment errors," adds Haywood

Consumers can send their complaints to Combrinck and Associates, PO Box 2269, Vanderbijlpark, 1900.

New protection for consumers

Rip-off companies face the blacklist

BY NIKKI WHITFIELD
CONSUMER REPORTER

A newly formed Gauteng organisation is planning to become a credit bureau for the consumer by blacklisting companies whose services are not up to scratch.

The privately funded organisation, whose services are free, will work in the opposite way to credit bureaux — instead of blacklisting non-creditworthy people, businesses responsible for poor service or bad practice will be noted to protect the consumer.

Sydney Haywood, a director of the Vanderbijlpark-based Combrink and Associates, said the company was formed because very little was being done in South Africa to protect consum-

**UNWORTHY
businesses have had it
too easy in South
Africa, but now
disgruntled customers
can fight back**

ers against unworthy businesses

"People are encouraged to write to us telling about bad deals or rip-offs they've experienced," Haywood said. "In the United States there are plenty of organisations which protect the consumer against suspect businesses, but very little exists here.

"What we are trying to do is build up a data base on our sys-

tem of worthwhile businesses, and also a blacklist of companies who are not ideal. The only way we can do this is if people phone in and tell us.

"If five to 10 people complain about a certain company, we can be sure there must be a problem with it," he said.

Haywood said he was working closely with the Africa Consumer Council in the venture, as well as examining the legal ramifications of blacklisting companies.

"Once we have built up our data base, we will publish a booklet of blacklisted companies which will give consumers an idea of where to take their business."

Disgruntled consumers can phone the company on (016)33-6060.

Consumer Council gears to educate young people

■ BY NIKKI WHITFIELD
CONSUMER REPORTER

The Consumer Council has embarked on a project to educate young people on their rights as consumers.

Jan 15/3/95
And to coincide with World Consumer Rights Day today leading members of a junior consumer panel will speak on radio about consumer education. (245)

Christo Lombard, the Consumer Council's manager of consumer education, said the panel was founded recently and

comprised representatives of high schools from Mamelodi, Atteridgeville, Eersterus and Pretoria. The panel met once a month to discuss consumer issues, rights and responsibilities.

"Panel members are also trained to be consumer activists and to become aware of problems people may have experienced with prices of goods or services"

Lombard said he welcomed correspondence on consumer education. His address is PO Box 56658, Arcadia, 0007 Phone (012) 320-2000.

West Cape business shake-up coming

(245) (174)
CT 29/3/95
CHRIS BATEMAN
POLITICAL STAFF

A MAJOR community-led shake-up of unfair business and trading laws in the Western Cape will begin next week following President Nelson Mandela's handing of Business Act powers to the province a fortnight ago.

Anomalies and inequities in the Business Act and the administration of the Liquor Act plus "grossly ignored" protection of consumer rights are now the direct responsibility of Economic Affairs Minister Mr Chris Nissen. Yesterday he announced a series of community meetings to re-draft existing Business Act laws and to enable provincial input to the central government on the Liquor Act. The campaign is also aimed at raising public awareness of consumer rights.

The acting head of the regional Trade and Industry department, Mr Tonie Botha, said fairer trading hours, re-evaluations of restrictions on all legal business and better co-operation between formal and informal traders were among proposed changes to the Business Act

Complex

Long-standing imbalances in liquor trading practices would be redressed in a new national Liquor Act which would be partially drawn up by the Western Cape

Mr Botha cited the Victoria and Alfred Waterfront — which had 14 million visitors last year — being unable to sell wine legally on a Sunday while wine farms traded at will

Complex liquor laws, especially those applying to shebeens, were "impossible" to police, he said.

He had no intention of closing township taverns and shebeens, which he said would just force more drunken drivers on to the roads as they travelled longer distances.

"We don't want to be restrictive. We want to know what communities want, not sit in our ivory towers and make laws," Mr Botha said.

He can be contacted at 483 3841.

Consumer legislation 'could hurt banks'

BANKS and other private sector institutions could be adversely affected by consumer protection legislation should provincial legislatures exercise their constitutional right to enact such laws, Webber Wentzel Bowens partner Peter Leon said at a conference yesterday. (245)

Leon, who is also a Gauteng provincial legislature member, urged banks to lobby central government to enact some form of national legislation which would inhibit provinces from passing their own laws.

ERICA JANKOWITZ

Pointing to the experience in the US, where federal consumer legislation imposes high costs on the banking industry, Leon said a pragmatic approach would not be to oppose any consumer protection, but to push for coherence through a central government policy. BO 29/2/95

To date, provincial legislatures had generated very little legislation.

But Leon said this could change as last year's constitutional changes gave them the competence to draw

up and pass laws pertaining to many issues, including health, housing, education and — perhaps most importantly — consumer rights.

Leon acknowledged the existence of some forms of protection covered by the Usury and Credit Agreements Acts, but said this did little to correct the huge imbalance of power between individuals and institutions in negotiating contractual terms

Something like the British unfair contract terms law should be considered by government to stop gaps in current consumer protection.

Consumer bill faces tough time

(245)
Political Correspondent

TRADE and Industry Minister Trevor Manuel has predicted heavy weather ahead for his Competition Bill

The bill, which is drafted, will aim to promote economic and social justice and punish anti-competitive behaviour

It will also provide a framework for the development of effective consumer protection

ARG 14/6/95
In the debate on his budget vote in the national assembly yesterday, Mr Manuel said groups in the economy differed on whether changes to competition laws were needed

"We are bound by RDP to effect the necessary changes," Mr Manuel said

There was applause when Mr Manuel announced the European Union's Council of Foreign Ministers had mandated the European Commission to grant South Africa access to the Lome Convention.

Mr Manuel will negotiate outstanding issues next week

In September, Mr Manuel will lead a trade and investment delegation to Japan and other Far Eastern countries

National Party finance spokesman Theo Alant said his party supported the proposed revision of South African competition policy

Consumers are ticked off for (245) ignorance

Political Correspondent

THE consumer council handled more than 50 000 complaints last year — but consumers themselves came in for criticism

The council's annual report, tabled in parliament, said most complaints related to problems with

- Television sets, radios and video cassette recorders,
- Used vehicles,
- Poor service, shoddy repairs and inferior spare parts, especially for electrical appliances and vehicles,
- Life and short-term insurance, and **ARCT 19/6/95**
- Construction of houses and swimming pools

The council said consumers, out of ignorance, bought vehicles in poor condition

Many lost money by buying vehicles that had not been paid for fully by previous owners. Others unknowingly bought stolen vehicles

Consumers had failed to read contracts for insurance properly and had not understood stipulations in contracts

With the construction of houses, extensions, paving, boundary walls and swimming pools, consumers had failed to inquire about builders' reputations and had failed to study contracts closely

Consumer Council workers take retrenchment packages

(245)
ARG 5/7/95

ROGER FRIEDMAN
Staff Reporter

MOST Consumer Council employees, including executive director Jan Cronjé, have accepted retrenchment packages to make way for new-age consumer affairs structures to be established at provincial level.

Set up by the-then Minister of Economic Affairs Lourens Muller in 1970, the council was an autonomous body funded by the state

Its governing body, whose term of office expired on June 30, has been replaced by a single official of the Department of Trade and Industries, Lana van Zyl

Senior manager for communications Daan Kruger, one of the employees who chose not to accept a retrenchment package, said yesterday the department had rejected a suggestion by the interprovincial working group for consumer protection that the gov-

erning body be replaced by an interim structure

Ms Van Zyl's "interim" appointment will last until all nine provinces have established bodies of their own

Mr Kruger said 24 of the council's 40 employees had accepted retrenchment packages by the June 30 cut-off date

The organisation's head office in Pretoria was being run by a skeleton staff of 14, while the council still employed four members at each of its three regional offices in the Free State, Natal and Western Cape

Ms Van Zyl holds her first meeting with the remaining staff today

Mr Kruger said "We try to make do with the resources we have. Handling consumer complaints is one aspect of our work and we are also very active in consumer education"

He said some provinces, such as the Western Cape and

Gauteng, were further advanced than others in setting up consumer affairs bodies of their own

The new provincial structures will have several new responsibilities on top of those formerly catered for by the council

Among them are conducting trade inspections

● Retrenchment packages consisted of three months' salary, leave credit, a pro rata service bonus and any additional perks accruing to staff in terms of existing contracts

The pension fund was deregistered on June 30

Mr Kruger said those staff who opted not to accept retrenchment packages did so "on the understanding that they would continue in service and come to some arrangement with the new councils"

He added "We are merely going through a transition which we actively support"

Companies' customer service to be graded

(245)
Staff Reporter

AKG 10/7/95

A STAR grading system is to be introduced to rate companies' customer service levels — and major retailers have promised their support for the scheme

Dubbed "Voice of the Consumer" (VOC), the system is a project of the Consumer Education Trust and forms part of a national campaign to promote service excellence.

The star ratings awarded to individual companies will be based on a detailed survey of the views of as many as 10 000 consumers. The survey is to be conducted in September

Only companies volunteering to take part in the scheme will be assessed — but the organisers hope the positive publicity generated for five-star companies will become an incentive for other companies to join

Nearly 100 national firms have already signed on for VOC, including Shoprite/Checkers, OK Bazaars, Co-mair and City Lodge Hotels. Scores more are expected to join after the scheme's official launch next week

There have also been entries from the banking, motor and insurance industries and the VOC has won the support of Sator, Captour, the Housewives' League and the Institute of Directors.

"The VOC awards aim to give the consumer a tangible means of assessing the companies they deal with," says a spokesman for Zoo Promotions, the Cape Town marketing company which is managing the scheme

"In turn, companies get tangible rewards in the form of a star grading"

Participating companies would also be given confidential reports of consumers' attitudes towards them to help them home in on the areas that needed improvement

The VOC scheme is to culminate in an awards ceremony at Sun City for companies which provide outstanding customer service

After 20 years the Consumer Council is no more Argus Correspondent NIKKI WHITFIELD looks at the new way consumer affairs will be handled

FOR two decades the South African Consumer Council was run by white, middle-class Afrikaners

Now, it is to be dissolved and several members of the Pretoria-based office have opted to take retrenchment packages Things are pretty quiet there at the moment

But at the Gauteng Department of Economic Affairs in Johannesburg, one office is almost constantly busy

Collette Caine, co-ordinator of the newly-formed inter-provincial Consumer Affairs Working Group and consultant to the Minister of Economic Affairs on consumer matters, has a very important task, one that she hopes will change substantially the way consumers are treated in this country

Consumer affairs has been given a Schedule 6 competency, which means its primary responsibility rests with provincial government, not some obscure organisation not many consumers knew very much about

When it comes to consumer matters, South Africa is quite a way behind the rest of the world For years we have put up with bad service, inferior products and lousy deals, whingeing and whining, sure, but ultimately shrugging our shoulders

But now there is hope The aim is to give consumers a better deal where people's basic rights are being addressed, the homeless are getting houses and the jobless are allowed to trade freely in the marketplace

The old Consumer Council's term of office came to an end last month From July 1 to December 31 there will be a new council to oversee this transition, made up of representatives of the provinces and consumer organisations

The old Consumer Council is described in strong terms by critics "Ladies who lunch and dabble in consumer affairs", "people more likely to do something about a crack in somebody's swimming pool than a crack in a family's home", "a totally white, totally middle-class council not representative of the majority of South African consumers"

The council's headquarters were in Pretoria and there were small offices in Bellville in the Cape, in Durban and Bloemfontein, each manned by about four people Undoubtedly it lacked profile



COLLETTE CAINE: "The Consumer Affairs Act will be powerful, it will have teeth and will make provision for businesses to be investigated and closed if necessary"

among black consumers, although to be fair, more recently it did look into complaints from townships

But it lacked credibility and was refused affiliation to Consumers International

That was what things were like then Now, all the provinces will be establishing their own organisations to take care of consumers

For example, in Gauteng the government has allocated consumer affairs a budget of R1,3 million so far, and the first employees will begin work at the beginning of next month

Each province will establish a department of consumer affairs with several advice offices In Gauteng, there will be regional offices on the East and West Rand, in Soweto, Pretoria, the Vaal Triangle and central Johannesburg

The department will be advised by a provincial Consumer Forum, made up of representatives from consumer, civic, labour and other organisations with interests in consumer affairs The Consumer Affairs Department will carry out research, communications and media and consumer education

Ms Caine said it was hoped the whole component would be up and running in all provinces by the beginning of next year The only provinces which might not be able to stick to this schedule were KwaZulu-Natal and North-West

In KwaZulu-Natal, political instability had delayed the

process of establishing provincial and local government structures

In North-West, the new government inherited the former Bophuthatswana Consumer Council with a budget of R11 million and a staff of 117 The province was currently evaluating the role of all parastatals, including the consumer council After this it would decide how to restructure the North-West council

Ms Caine said a draft copy of the Consumer Affairs Act would soon be made available and would be adopted throughout the country, based on the provisions contained in the Harmful Business Practices Act, which allowed for dubious businesses to be banned, and their assets redistributed

The Harmful Business Practices Act is a powerful piece of legislation, but has never been effectively implemented because the Business Practices Committee, set up to administer it, was grossly understaffed and operated on a tiny budget

"But the Consumer Affairs Act will be powerful, it will have teeth and will make provision for businesses to be investigated and closed if necessary, and will therefore have a major influence on consumer affairs," she said

And what about the jobs of the people employed by the old Consumer Council, those who have not gone for the retrenchment packages?

"They are welcome to apply for jobs in the provincial offices"

New Act gives snarl
to the consumer's smile
(245) ART 26/7/95

Improved productivity remains just a wish

Amanda Vermeulen

(245)

SA COMPANIES have failed in their attempts to improve productivity, with statistics showing that over the past decade it has declined 3%

Rex Glanville, joint MD of consultants Decision Process International, said in the company's first volume of its newsletter that in comparison, economies in Europe, the Pacific Rim and North America had achieved substantial productivity gains.

"The environmental circumstances in SA in terms of political, economic and social trends have been very difficult, and can be considered a factor in the country's inability to make productivity gains," Glanville said.

The re-entry into the global business community was challenging the private and public sectors to raise their effectiveness and efficiency to compete with the returning multinationals

The same was true of local companies wanting to market their products and services in the international markets. Glanville said productivity programmes which had been implemented in SA and had failed had been focused on labour costs, rationalisation and short-term cost cutting.

"But they failed to examine strategic requirements from a holistic point of view, and the need to build management productivity into the fabric of the organisation," he said.

In SA there was a belief among middle management that productivity was merely a measure of production output versus labour costs. The correct definition, he said, was the relationship between production outputs and resource inputs.

"While many senior executives have an understanding of this concept, they fail to educate middle management and the workforce"

Glanville said until management tapped into the energy and intelligence of the workforce, the likelihood of the country improving productivity would remain remote

Radical new Bill will protect consumers

(245) WM 11-17/8/95

The consumer court proposed in a new draft Bill will allow for severe measures to be taken against shoddy business practices, reports **Pat Sidley**

A FAR-REACHING Bill giving provinces the power to fine businesses and jail executives for harmful business practices is being drafted by the nine provincial governments

The Consumer Protection Bill will strengthen the rights of South African consumers, creating powerful institutions to protect individuals from shoddy business practices. The provinces have co-operated to ensure that all consumers have the same rights and that businesses and other institutions around the country all play by the same set of rules

If passed, the Bill will

- create a consumer court in each province, with the power to levy fines of up to R200 000, pass stiff sentences of up to five years' imprisonment, and even ban a firm or business engaging in harmful practices.

- give powers of search and seizure to the investigating officers in the provincial consumer affairs office.
- introduce "class action" suits for consumers to join with others similarly affected and bring a single legal action in the consumer court. A major advantage is that this will be free for consumers

The mere discussion of such legislation is likely to send a strong message to commerce and industry that the days are numbered for those who have taken advantage of the lack of protection for consumers, particularly

Pat Sidley

RIPPED-OFF consumers would redress their problems in the future in the following way if proposed laws are enacted.

Let's say you have just bought a car from a second-hand dealer. When you arrive to collect it, you find you have been given a different one to the car you thought you had bought, it has cost you more than the agreed amount, and it gets you home, but it won't start again.

When you confront the dealer, he shows you documents you signed which purport to represent your consent to all this abuse. Then he threatens you with violence.

Shortly after, the dealer disappears and then pops up in other places, pulling the same scam, but setting up different companies everywhere he does this.

You will call in at your local advice office where you will find somebody who understands the law, can cope with the problems, and what's more, knows of several others who have been ripped off by the same dealer.

The advice officer will see if the issue can be resolved between you, the consumer, and the dealer, but he soon sees he's dealing with a major scam and it needs a more serious look.

He refers the issue up the chain and it lands in the offices of the director of inspection services whose staff will investigate the problem.

They pounce on the dealer's latest business premises shortly before he opens for business one Tuesday morning (they have the relevant paperwork to make their raid legal).

Include a proposal that each province have a consumer forum made up of representatives of consumer interest groups.

The provincial consumer offices and forums would communicate with one another through a structure known as the Interprovincial Consumer Affairs Committee.

All of this is to be funded by a budget of about R2-million per province. This amount is to be increased when certain central government consumer functions, such as trade inspections, are devolved to the provinces along with already budgeted amounts

They search his premises and in his safe find enough to back up a case against him to support your claim and all your fellow-sufferers.

This case is then brought before the new consumer affairs court which is in turn presided over by a retired supreme court judge or lawyer who has been around a while, has some standing and knows the territory.

After hearing the case — with your costs borne by the province — he then pronounces that the dealer should either go to jail for five years or pay R200 000 from his ill-gotten gains, and he may order the business and the particular practice banned for all time.

A curator will be appointed by the court to seize the crooked dealer's assets which may then be frozen and redistributed among his victims to compensate them for their losses at his hands.

Provincial consumer representatives have already adopted a charter of consumer rights, based on an international charter, and added the right not to be exploited.

The consumer departments in the provinces will work within a policy framework with many elements likely to make consumers happy and rattle unscrupulous business and other institutions

Among these elements are

- the right to satisfaction of basic needs like basic goods and services, including adequate water, food, clothing, shelter, sanitation, health care, and education

- the right to consumer education and the right to be informed so as to make educated choices.

- the right to be heard — with consumer interests represented in

How complaints will be dealt with

places where decisions are made which will affect consumers,

- the right to safety — to be protected against unsafe products and services;
- the right to choose

To bring this about, the provinces consumer desks hope to

- enact the relevant legislation,
- get the relevant information for consumers and educate them,
- promote the use of plain language,

- carry out inspections in terms of existing laws which cope with credit, weights and measures, etc.
- establish mechanisms so that businesses are accountable to consumers

A major hurdle on the way to this Utopia has been crossed: the will to protect consumers is part of provincial government policy in all provinces and represents a major break from the past.

The previous government disempowered consumers by giving very little support to consumer protection agencies, the promotion of consumer education or the dissemination of information, says a discussion document on policy used by the provinces' consumer committee.

In a section referred to as "the legacy of apartheid", the document refers to a "tidal wave of corruption and incompetence" and adds: "Dealing with corrupt, incompetent, illegitimate and unaccountable government administrations and unscrupulous businesses became a part of life" for most consumers

Existing legislation which may have protected consumers was scattered, watered down and remote from the people it ought to have protected.

While these laws will remain, the structures, policies and proposed new laws will bolster the ability of consumers to have problems dealt with closer to home — and much more effectively.

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QUESTIONS TO BE ANSWERED BY THE MINISTER OF TRADE AND INDUSTRY
ON 11/17/8/95

BY NIKKI WHITFIELD
CONSUMER REPORTER

South African consumers remain complacent about poor service, a recent survey has shown.

The Markinor Gallup poll revealed that as many as 77% of blacks, 60% of Indians, 53% of coloureds and 28% of whites never complained about shoddy service.

The survey results were released by Markinor following a poll in July

Consumers don't complain about poor service - poll

(245) Star 29/8/85

among all population groups in the metropolitan areas of the nine provinces.

"We heard from international visitors during the Rugby World Cup that South Africa has a reputation for notoriously poor service levels," Markinor's marketing direc-

prove until consumers develop a culture which refuses to accept poor service," he said.

The survey also showed the level of satisfaction among those consumers who had complained about poor service was relatively low. Only 25% of whites, 15% of coloureds, 10% of Indians and 8% of blacks felt their complaints had been satisfactorily resolved.

tor Peter Scott-Wilson said.

"Although complaining is an obvious way in which consumers can bring management's attention to poor service, South Africans still fail to voice their complaints.

"Poor service levels in the country will not im-

Consumers 'tired of rising food prices'

(244) (245) Star 1/9/95
■ CONSUMER REPORTER

There was no point in importing food to the detriment of local industry, and using valuable foreign exchange for this purpose, if consumers did not experience lower prices, the newly formed Committee of Consumer Organisations said this week.

The committee - which consists of the Housewives' League, the National Black Consumer Union, North West Consumer Council and the South African National Consumer Union - said that consumers were "sick and tired" of constantly having to pay higher

prices, particularly for basic foodstuffs.

"The price peaks are quickly devolved upon our South African consumers, whereas we hear about price valleys but, we very rarely experience them," said Aletta Geldenhuys, chairman of the committee.

She called on Trade and Industry Minister Trevor Manuel to ascertain what prices were paid for imported food, and what consumers had to pay.

"The committee ... is not opposed to the importation of food, but would like to see lower prices reflected in the market place."

Consumer body has new boss

(245) SP01.4/9/95

BY NIKKI WHITFIELD
CONSUMER REPORTER

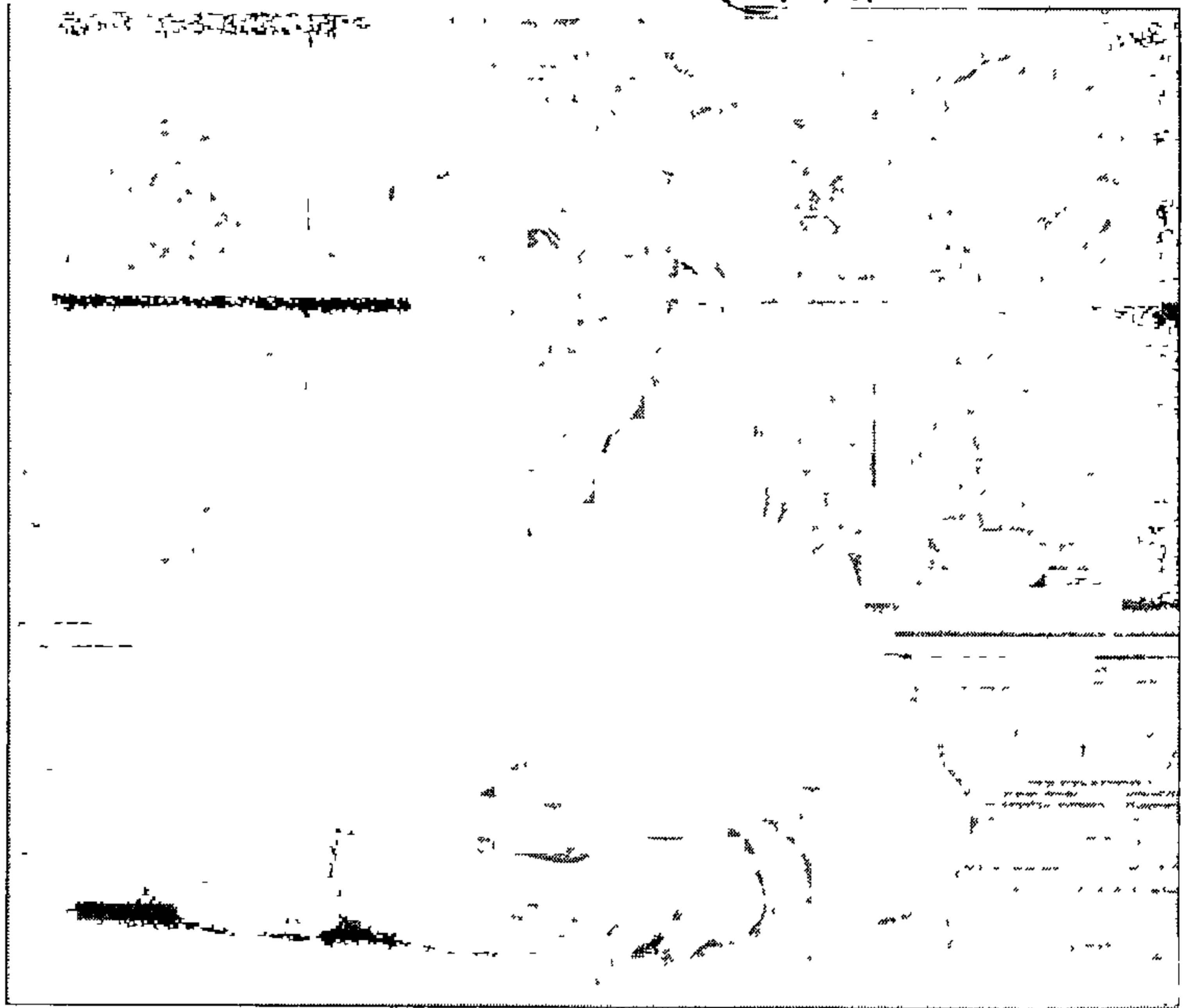
A man once phoned the Housewives' League and asked if it could help him find a wife. Another time, a young mother called up and asked if she could get some advice on how to cope with her new baby.

The callers were disappointed – the league couldn't help them. But what the calls illustrated was that a sizeable portion of the public does not know what the Housewives' League does, although it has been run by a band of dedicated women for 60 years.

The league, a consumer watchdog keeping a close eye on price increases and how prices differ from store to store, now has a new president, Pauline Kellett, who took the reins last month from Lyn Morris, who held the portfolio for eight years.

"I joined the league in 1987 and became hooked pretty quickly," said Kellett. "I find the background to the food industry very interesting. When you just go out and buy groceries, you don't realise how much goes on in the background. Since I joined the Housewives' League I've got a lot more sympathy for supermarket managers.

"For instance, one told me about a shopper who had filled her trolley to the top with groceries and went looking for cornflakes. When she was told by the manager that they weren't stocking them then because they were so expensive, the woman dumped her trolley and left the store. Managers also get exasperated with people who take out a frozen item and then decide they don't want it and dump it on a shelf."



Leader of the league ... Pauline Kellett, new president of the Housewives' League, is excited about new plans for consumer affairs.

PICTURE NATASHA PINCUS

Kellett said she was excited about the new plans for consumer affairs, which are to become the responsibility of the provinces, with each having its own budget and council.

Kellett, a grandmother of three, came to South Africa from Northern Ireland in 1964 with her five young children to join her husband, Barclay. They moved into the Parkhurst home they still

occupy today.

The league is very involved at the moment in helping with the bar coding of goods and the proper labelling of foodstuffs, and has members on a number of committees, including the Food Legislation Advisory Group.

Kellett said the Housewives' League was started in the Depression years by a group of women who, concerned about the

lack of nutritious food in the country at that time, started lobbying the Government to improve the quality of foodstuffs.

The organisation grew to become a consumer watchdog with branches around the country. The monthly publication *Rands and Sense* is a reliable news sheet comparing store-to-store prices and keeping an eye on businesses and consumer issues.

THURSDAY
SEPTEMBER 7, 1995

'MOST DON'T COMPLAIN'

SA condones bad service

THE CONSUMER COUNCIL has challenged the finding of a poll that claims South Africans are complacent about bad service. **LYNETTE JOHNS** reports.

THE vast majority of consumers are complacent about poor service, according to a recent Gallup poll.

The poll, done by Markinor, said 77% of blacks, 60% of Indians, 53% of coloureds and 28% of whites never registered complaints after experiencing poor service.

Markinor marketing director, Mr Peter Scott-Wilson, said. "Although complaining is the obvious way in which consumers can bring management's attention to poor service, South Africans still fail to voice their complaints. Poor service levels in the country will not improve until consumers refuse to accept poor service."

The poll also revealed that the level of satisfaction among those consumers who had complained about poor service was relatively low.

Only 25% of whites, 15% of coloured, 10% of Indians and eight percent of blacks felt that their complaints had been

resolved to their satisfaction.

Mr Scott-Wilson said although one of the constructive steps consumers could take to register their dissatisfaction about poor service was to "vote with their feet" and switch brands or suppliers, South Africans were hesitant to take this step.

Only six percent of blacks, seven percent of Indians, 11% of coloured and 27% of whites said they had switched brands after experiencing poor service.

Changing

Consumer Council acting director, Mrs Ina Wilken, differed with the results, saying "The days of complacent consumers are changing fast and furiously

"Judging by the amount of complaints the council receives monthly it is evident that consumers are beginning to realise that they do have a voice"

(245)

ET 7/9/95

Fruit costs (244) ARL 19/9/95 more but veg prices drop

Staff Reporter

FRUIT prices rose by more than five percent in July but vegetable prices continued to drop.

Among fresh fruit, prices of oranges and pineapples were up the most while bananas decreased 11.9 percent.

The cost of gem squashes, potatoes and lettuces decreased by more than 10 percent.

Other items which rose in price by more than 10 percent included filleted fresh and chilled hake, dried peaches, white pepper, toffees and T-shirts.

But prices of nylon pantihose, coats and boys' underpants dropped more than 10 percent.

The information was disclosed by the Central Statistical Service.



Market quieter

The market quietened down yesterday after busy morning trading though shares still closed higher. Positive sentiment, largely based on the performance of gold, was likely to take the market even higher this week, dealers said. The Overall index gained 20 points to 5650, Industrials were up 18,3 points to 7066 and Golds closed at 1601,3, a rise of 17,7 points

New laws for consumers

(245) Stan 14/9/98

■ BY BRUCE CAMERON

A comprehensive revision of consumer protection laws is under way and is likely to result in new legislation next year, Trevor Manuel, the minister of trade and industry, has confirmed.

Manuel was reacting to objections by the association of bank interest checking companies to legislation that will devolve the administration of the Usury Act to the

provinces

In a request to be heard by the trade and industry parliamentary committee, the Interest Research Association said there were widespread contraventions of the Usury Act, particularly loans made by banks to the taxi industry

Manuel said he was well aware of the problems of loans to the taxi industry but said these would be dealt with when consumer protection legislation was revised by parliament

next year

He said this would include the Usury Act, the Sales and Services Agreements Act and the Credit Agreements Act.

Current amendments to the legislation were aimed at devolving administration of the laws to the provinces in terms of schedule 6 of the interim constitution

However, control and policy would remain in the hands of the department of trade and industry

Red tape may effectively muzzle consumer watchdog

Own Correspondent

(245) ARG 28/10/98
leave consumer affairs in a vacuum

DURBAN — Bureaucratic delays could leave ordinary folk without their traditional consumer watchdog in the new year.

Minister of Trade and Industry Trevor Manuel earlier this year announced the amalgamation of consumer protection bodies into consumer affairs offices. At the same time, he passed the buck for their funding and running — at present via the Co-ordinating Consumer Council — from the department to provincial governments

The consumer affairs offices, one in each province, will draw representation from a broader profile of the community and are to extend tentacles far more widely than the branch offices of the Consumer Council into platteland towns and farmyards.

However, barely two months from the end of the year, important aspects of the transfer have yet to be covered by many provinces, including KwaZulu-Natal.

Siva Naidoo, Durban-based executive director of the Consumer Council in the interim, stresses that the hiatus will not

However, key decisions on staffing and probably more crucially funding, have still to be finalised by provincial economics ministries for ambitious proposed expansion of the portfolio to be effected

"As we know, the wheels turn slowly in the public service but, hopefully, we will make some concrete progress when we meet senior officials of the KwaZulu-Natal Ministry of Economic Affairs next week," he said.

Minister Jacob Zuma's department will have to decide whether it will absorb the six Consumer Council staff in the province's sole office, in Durban. The Public Service Commission in the province will have to approve any new posts

Also to be accommodated in the provincial consumer affairs offices are trade inspectors who currently work for the national Department of Trade and Industry.

From next April 1 consumer affairs funding devolves to the provinces. Mr Naidoo says key aspects of consumer affairs are promulgation of consumer affairs Acts.

1-7

10/7

Consumer plan to blacklist rogue firms

(245) CT (BR) 15/12/95

By ROSS HERBERT

Johannesburg — The nine provinces are co-operating on the development of a nationwide computer system, accessible by the public, that would include a "black list" of companies abusing consumers.

The system will offer a wide range of consumer information and track people and company aliases of those perpetrating scams and re-incorporate them under new names. The idea for the system was developed by an inter-provincial working group. The computer sys-

tem will be developed with Q Data, said Collette Caine, who heads consumer efforts for Gauteng's department of economic affairs.

The system will tackle major shortcomings in consumer protection and provide new tools to fight harmful business practices and criminal scams.

The new system will make it easy to call up the laws affecting consumers — presently scattered through various acts as well as codes of conduct agreed to by various industry associations, and pertinent judgments from the courts.

Under a consumer protection bill to be presented in all provinces next year, consumer courts and assistance centres will be established.

Consumers should have no problem getting a printout of the relevant law to help argue their case. The system will be installed in the consumer assistance centres, about six of which will be set up in each province to handle consumer complaints. It will also help staff in the centres by providing lists of questions to ask and facts to check in certain types of complaints.



REVAMPED The general manager of Paradis, Jean Marc Lagesse, proudly displays the new-look hotel complex

SA tourists flock to island hotel

By JOHN SPIRA

Johannesburg — South African tourists are flocking to Beachcomber's Paradis Hotel in Mauritius, which reopened at the beginning of October following an extensive six-month revamp.

The Mauritius Government Tourist Office reported in August this year that tourist arrivals from South Africa were a steep 54,3 per cent higher than for the same month

last year.

The general manager of the hotel, Jean Marc Lagesse, offers several reasons for the rekindled interest from South Africa, for the Indian Ocean island in general and in Paradis in particular.

"South Africans love their sport, and Paradis offers the widest array of sporting activities in the Indian Ocean. I think the pent-up demand we built up while we were closed is finding expression in the unusually

large number of South Africans spending their holidays at Paradis."

He draws attention to the hotel's 18-hole golf course, and the passion of many South Africans for big game fishing, an activity which is rewardingly pursued off the southwest coast of Mauritius, where Paradis is situated.

In addition, Paradis offers tennis and squash courts, table tennis, cycling, horse riding, a fully-equipped gymnasium and hiking

Consumer to gain from new law (245)

By THABO LESHILO 21/12/95

Johannesburg — The chairman of the Consumer Foundation, Johann Verheem, yesterday welcomed government plans to give the law on harmful business practices more teeth early next year.

The new legislation has the potential to shift the balance of power away from business and towards the consumer.

Some of the measures envisaged under the proposed law include establishing a consumer affairs court in each province, with powers to levy up to R200 000 in fines.

Improvements

"What is envisaged with these improvements is actually too good to be true," said Verheem.

He said the current legislation had not lived up to consumers' expectations since it was introduced 20 years ago.

Verheem blamed the mushrooming of numerous "get-rich-quick" schemes and other harmful business practices on the ineffectiveness of the existing Act.

He appealed to consumers to establish effective consumer organisations in their areas to promote their interests, pointing out that South Africa had only one lobby group representing consumers for each 1 000 groups representing the interests of business.

New act to focus on consumer protection ⁽²⁴⁵⁾

Property Reporter

PROTECTION for consumers will be the main focus of a new act the Estate Agents Board (EAB) will help to formulate next year, says Keith Wakefield, recently elected chairman of the EAB for 1996.

"We must ensure adequate protection for consumers in a field where widespread inexperience and contractual illiteracy are still facts of life," said Mr Wakefield.

"Prospective homeowners are vulnerable to the improper and untoward actions of un-

scrupulous agents. This is evident from the fact that up to 70 percent of payments now being made from the Fidelity Fund are to people new to the property market."

In consultation with all stakeholders, the board would also need to address urgent outstanding amendments to the existing act, he said.

In 1995, the EAB spent considerable time in negotiations and discussions regarding the proposed Property Transactions with Consumers Bill, and "in view of uncertainty regarding the direction of estate agencies" found itself in a

caretaker role for the industry. "While there is already an amendment to the existing act before parliament regarding the composition of the EAB, we will need to tackle other changes which have been outstanding for almost four years," Mr Wakefield said

"At the same time, we will have an important role in the formulation of a new real estate agency act and, in view of past reaction from both consumers and the industry to proposed legislation, in ensuring that this is a participative and transparent process."

He described as non-negotia-

able a statutory code of conduct and a registration screening system for newcomer estate agents, proper disciplinary procedures, and an undiluted Fidelity Fund

"We would be neglecting our primary duty as a consumer protection body if we were not to insist on these provisions."

It was expected that the re-composition of the EAB to realistically reflect the broad base of civil society, and to further strengthen the voice of consumers in its activities, would be approved by parliament early in the new year, Mr Wakefield said

AR 23/12/95