

DEMOCRATIC PARTY.

ADDENDUM D [1]
L3.

NOTES ON THE WORK TO BE DONE BY WORK GROUP 4 TASK GROUP 3 -
THE ADMINISTRATIVE, FINANCIAL AND PRACTICAL EFFECTS OF THE
REINCORPORATION OF THE TBVC STATES

1. The easiest way from a financial and administrative point of view to reincorporate the TBVC states is to have them revert to the status of self-governing territories in the short run. In the longer term, all homelands and provinces would be reorganised into regions.
2. In the short term, existing infrastructure could continue in its present use, development priorities could continue as they are and civil servants could work under the same conditions of employment. The immediate problems would then be:
 - * the governance of territories presently under military rule. These could be put under the control of an administrator plus advisers. There would seem to be little point in returning to representative government until the boundaries of new regions are worked out;
 - * integration of the TBVC military forces with the SADF;
 - * harmonisation of the tax regimes of the TBVC with the rest of SA. Insofar as these affect the viability of business, special transitional arrangements could be made. This question would have to be considered in the light of the future of the industrial decentralization programme.

Until the regional question is sorted out, it seems sensible to put a moratorium on the transfer of land.

3. The following issues will confront the task group:

- (i) It will need to have factual information placed before it within a very short time. Most of this will have to be provided by the SA and TBVC governments. Institutions such as SECOSAF and the Development Bank can also assist.

The topics to be dealt with are:

- * taxation regimes in SA and TBVC - direct personal and corporate tax and indirect tax;
- * the flow of funds between SA and TBVC - recent history and the present position;
- * loans incurred by the TBVC governments: size, terms of repayment and progress with repayment;
- * a description of the military and civil service establishment and posts currently filled;
- * the history and status of land transfers.

(ii) It will need to decide how far to go in setting the framework for the development of new regional government at the financial and administrative levels. Important here will be:

- * the tight time frame, given that a report has to be produced for CODESA 2;
- * the progress made on the regional issue by WG 2;
- * the form of interim government, within which details of regional government will have to be worked out. Here, progress made by WG 3 is relevant.

(iii) It will need to accommodate the position taken by the TBVC delegates. Each delegation has a position of its own and points of similarity and difference need to be clarified on the question faced by the task group.

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