

REPUBLIC OF TRANSKEI

SUBMISSION TO SUB-COMMITTEE 3 OF WORKING GROUP 4

ADMINISTRATIVE, FINANCIAL AND PRACTICAL EFFECTS OF REINCORPORATION OF THE T.B.V.C. STATES

The examination of the relationship between a future South Africa and the TBVC States must take cognisance of the historical origins of these States. Long before the introduction of the Verwoerdian grand Apartheid scheme which fragmented South Africa into the present mozaic of States, the African people had been herded into impoverished pockets of land called reserves and provided sources of cheap labour for the metropolitan businesses especially the mining industry.

These territories were calculatedly neglected, had the barest minimum of infrastructural development and no business activity to stimulate economic growth in these areas. That legacy was handed down to the future TBVC States who currently rely solely on South Africa budgetary transfers for survival and to sustain their administration.

The incentive scheme, which is now currently being reversed has done little to attract investments. Places like Transkei do not have sufficiently developed infra-structure are far from the markets to attract committed investors. The few that have come

have merely sojourned here to enjoy the 7 years tax holiday and packed up and left with their profits.

It is therefore crucial that the TBVC states be re-integrated into South Africa within an economic framework whose objective is to stimulate balanced economic growth by injection of capital into such backwaters like the TBVC territory which will have been absorbed into larger non-racial/non-ethnic geographical provinces.

- (a) The retention of business confidence particularly in relation to existing investments in the TBVC States.

The harmonization of relations between labour and capital is an absolute essential for the retention or acquisition of business confidence. This entails the creation of good working conditions by committed employers who have not been attracted to these territories by low wages.

A contented labour force will not readily cause work stoppages. The labour movement in South Africa is highly politicized by the oppressive racial attitude which permeate to the factory floor. This militancy should not be allowed to undermine business confidence.

Taxation legislation is not uniform in the TBVC States. Company Tax percentage level is higher in the RSA for instance than in Transkei viz. 48% and 35% respectively. Transkei does not wish to take a dogmatic view as to whether the TBVC tax levels should be raised to those of South Africa or vice versa. However experience shows that excessive taxation stifles economic growth. A close study of the taxation system will have to be undertaken by experts before a uniform tax is legislated.

(b) Land transfers by South Africa to these States:

While recognizing the black landlessness and crowding in the TBVC States and South Africa as a whole it is important that a moratorium be imposed on all land transfers until a new democratic government in place. In Transkei, this moratorium extends even to the pieces of land on which agreement for transfer has already been reached.

(c) Disposal/transfer of assets of TBVC Governments:

On reincorporation the assets of the TBVC States will be taken over by the government which is in place at the time. There should be a freeze on the privatization of these assets on reincorpora-

tion until a clear and acceptable policy on privatization has been adopted.

(d) Optimal use of existing infrastructure:

The infrastructure that facilitates development and consequent improvement of the quality of life for the masses of the deprived is not sufficiently developed. We have in mind roads, water reticulation, electricity and other energy sources and communications, schools and appropriate technology institutions. These must be upgraded within the scope a total national development strategy to avoid duplication and the establishment of redundant structures. The pattern of development in the homelands has been to erect a large jail, an imposing stadium and a Casino as well as palatial administrative buildings and residences for the elite. In a new South Africa these will have to be productively utilized. Large sums of money have been poured into the casinos which operate on special licences. In view of the fact that gambling, (excepting horse racing) is outlawed in South Africa, legislation in this regard will have to be harmonized to permit the continued operation of the Casinos.

(e) Review of developmental project priorities:

The TBVC States have from time to time adopted development strategies in accordance with their peculiar resources and needs. Prioritization of development project by the interim government on re-incorporation will place the TBVC projects within the national prioritization strategy. Common among the TBVC States is the need for development oriented education and manpower development in general. This should be placed high on the priority ratings of projects. Rural development which seeks to obviate the acute employment and poverty also falls into this category.

(f) Good administration during transition:

Except for those departments which automatically fall away on re-incorporation, such as Foreign Affairs, the administrative structures in the TBVC States should remain intact during transition to ensure continuity and avoid disruption of services which must continue to be provided to the people. The administrative structures will be related to regional geographical entities once a new dispensation has evolved. It is of utmost importance that the highest standards of administration be maintained during the transition.

(g) Interruption or disruption in administration:

The social services for which the RSA Government transfer funds to the TBVC States in terms of existing bilateral agreements must continue to be provided for the people of these territories during transition to ensure that their position is not worse off than before. Reference is hereby made to the South African Government submission on financial assistance which gives a breakdown of the financial transfers to the TBVC States. These figures should be as minimally affected as possible. The termination of customs revenue transfer to the TBVC States after re-incorporation will require that the interim government makes up for this short-fall from another vote.

(h) Future of Civil Servants in the TBVC States:

It is important that the future security of the TBVC Civil Servants is secured. These territories departments of State will be absorbed into the national administration. One foresees these departments forming part of the regional administration under a national central government administration. The maintenance and upgrading of stand-

ards in the TBVC States is crucial because of the inequalities of the past that exist between White and Black civil servants.

The personnel of the Department of Foreign Affairs which will have fallen away at re-incorporation will be absorbed into other departments. Personnel with the necessary attributes and inclination to pursue career diplomacy must be placed in the national Foreign Affairs Department at Head Office and in foreign missions. It goes without saying that their training should be upgraded as they have not had the opportunity of wide exposure due to non-recognition by the:

i) Servicing and Repayment of TBVC debts.

According to government submissions total state debt in the TBVC's is as follows:

	Debt (Rand millions)
Transkei	2 406
Bophuthatswana	655
Venda	762
Ciskei	1 757
TOTAL	5 590

No foreign loans are listed among the categories of TBVC debt.

The major component of TBVC debt comprises DBSA and KEOSSA loans, and overdrafts which have been guaranteed by central government. The central government has a responsibility for the settlement of these debts, and these would be taken over upon reincorporation of the TBVC's.