

THESE ARE DRAFT MINUTES, AS APPROVED BY THE CHAIRMAN. THEY ARE CONFIDENTIAL AND RESTRICTED TO THE MEMBERS OF SUBGROUP 3, THE WORKING GROUP STEERING COMMITTEE, THE DAILY MANAGEMENT COMMITTEE AND THE MANAGEMENT COMMITTEE. THEY ARE STILL SUBJECT TO RATIFICATION BY THE SUBGROUP AT ITS NEXT MEETING.

MINUTES OF THE SIXTH MEETING OF SUBGROUP 3 (THE ADMINISTRATIVE, FINANCIAL AND PRACTICAL EFFECTS OF REINCORPORATION OF THE TBVC STATES) HELD AT THE WORLD TRADE CENTRE ON MONDAY, MARCH 30, 1992.

PRESENT:

Delegates	(See Addendum A)
C Simkins	Chairperson
WJ Viljoen	Minutes

1. Chairperson's opening remarks and adoption of draft agenda.

The chairperson welcomed the delegates and the draft agenda was adopted.

2. Ratification of minutes of the meeting of Subgroup 3 held on March 23, 1992.

The minutes of the fifth meeting of Subgroup 3 were ratified subject to the following amendments that were agreed upon:

2.1. 2.2. Replace by "In view of the important progress Subgroup 3 has made, and in the spirit of cooperation that our respective delegations have established at CODESA thus far, as well as in the belief that this spirit of cooperation can be extended to all delegations when needed in future, the National Party decided to withdraw its nomination for Rapporteur, it was agreed..."

2.2. 5. Insert "The Bophuthatswana document was discussed.

The Bophuthatswana delegate indicated their apology during the lunch break for having to be excused from the meeting at no later than 15:15.

3. Progress on assembling material identified in the minutes of Subgroup 3 meeting held on February 18, 1992.

3.1. Transkei Government

1 Document was tabled (See 8: Information received)

3.2. The Development Bank of Southern Africa

1 Comprehensive document was tabled (See 8: Information received)

4. Submissions

The following position papers/discussion papers were received and circulated at the meeting:

4.1. Ciskei Government

- 4.2. Dikwankwetla Party
- 4.3. Inyandza National Movement
- 4.4. NIC/TIC
- 4.5. National People's Party
- 4.6. Solidarity
- 4.7. Transkei Government
- 4.8. UPF
- 4.9. Venda Government
- 4.10. Ximoko

Delegates presented their position papers/discussion papers.

It was noted that 3 Submissions were still to be received:

- Intando Yesizwe
- National Party
- SA Government

5. Draft report from Rapporteur.

5.1. Land Moratorium Resolution (Addendum B)

The Rapporteur presented his draft report and after discussion it was agreed that the Rapporteur will revise the draft report for discussion at the next meeting. This document will be consolidated with the document mentioned in 5.2.

5.2. Draft report from Subgroup 3 on Reincorporation (Addendum C)

The Rapporteur presented his report and after discussion it was agreed that the Rapporteur must attach a list of submissions received to the Draft Report.

It was agreed that a second draft will be presented for discussion at the next meeting.

The Rapporteur was congratulated on the first draft.

6. Date of next meeting

It was agreed that a suggestion be made to the Steering Committee that Subgroups meet prior to the next Working Group meeting on Monday, April 21 1992.

7. Any other business

None

8. Information received

Information received from the Transkei Government

- 8.1. Document titled "Project funded by the RSA Loan Fund: KEOSSA : 1991/92."

Information received from the Development Bank of SA

- 8.2. Comprehensive document structured according to the minutes of the Subgroup 3 meeting held on February 18, 1992.

9. Closure

The meeting was adjourned at 16:10.

NOTE : THE MANAGEMENT COMMITTEE HAS DECIDED TO GRANT THE CODESA STAFF A HOLIDAY FOR THE WEEK COMMENCING MONDAY 13 APRIL 1992.

THE NEXT MEETING OF WORKING GROUP 4 WILL BE HELD ON TUESDAY 21 APRIL 1992 AT 10:00.

SUBGROUP 3 WILL MEET IMMEDIATELY AFTER THE WG4 MEETING ON 21 APRIL 1992. IF THE WG4 MEETING TAKES THE ENTIRE DAY ON TUESDAY 21 APRIL, SUBGROUP 3 WILL MEET ON WEDNESDAY 22 APRIL 1992 AT 10:00.

Addendum A

Attendance Register

ANC	A Nzo
Bophuthatswana Government	DW Schoeman
Ciskei Government	T Sondiyazi
Democratic Party	C Simkins
Dikwankwetla Party	DA Thejane
Inkatha Freedom Party	NJ Ngubane
Intando Yesizwe Party	-
Inyandza National Movement	ND Mokoena
Labour Party	J Douw
National Party	R Radue
NPP	AA Koobair
NIC/TIC	S Singh
SACP	L Nyembe
SA Government	G Croeser
Solidarity	N Singh
Transkei Government	M Titus
UPF	ER Maponya
Venda Government	SE Moeti
Ximoko Progressive Party	-
RAPPORTEUR	GM Memela

WORKING GROUP 4, SUBCOMMITTEE 3 MEETING: 23-03-1992.

Land moratorium:

The meeting reaches consensus on the following in regard to the above subject,

1. that no further attempts be made to identify new Land for transfer to the TBVC Governments.
2. that Land currently in the possession of the S.A. Development Trust should remain in the hands of the Trust until its dissolution, whereafter it will be transferred to the S.A. Government (Successor in title).
3. that the moratorium should apply to all land listed in the Schedule to the Borders of Particular States Extension Act 2 of 1980 which has not yet been exised from South Africa.
4. that this moratorium will apply to all SATBVC States.

However, the meeting notes the concern of the South African Government and National Party delegations about certain legal and contractual obligations which have to be fulfilled as well as land purchased by the S.A. Development Trust from individual South African citizens which has not yet transferred.

WORKING GROUP 4, SUB-GROUP 3

ADMINISTRATIVE AND FINANCIAL IMPLICATIONS OF REINCORPORATION

Introduction

The advisability of preparing a draft report was to some extent dispelled by the fact that some of the parties were not in a position to meet the deadline. However, a synopsis of the similarities and differences based on the available material has been drawn up. The synopsis seeks to highlight areas of common agreement as well as points of divergence which need to be debated. This exercise will allow the parties an opportunity to refine those areas in which they share common views and reach compromise/mutual understanding ⁱⁿ and those in which they differ. It has been considered appropriate and logical to adopt the pattern followed in the position papers ie deal with each topic individually.

1. Reincorporation

The position papers so far received reflect that all twelve parties are in favour of reincorporation. Eight of them viz ANC, Ciskei Government, IFP, NPP, SACP, ^{Inyandza.} Transkei Government and Venda Government share a common view that the idea of reincorporation is closely linked to the idea of regionalisation. The other four, namely Inyandza, Labour Party, Solidarity and Ximoko have not expressed any view on the question of linkage with regionalism. Only three of the twelve parties expressly touched on the question of when these states should be reincorporated and they are the ANC, Inyandza and SACP. They have indicated that they are in favour of reincorporation at Interim Government stage. The IFP, Labour Party, Solidarity and Ximoko are supportive of each other in that the will of the affected communities should be tested. Ciskei raises a question of constitutional proposal which seems to have a bearing on the when. The issues raised above do not directly point to any differences as such but constitute important aspects in regard to reincorporation in respect of which the parties need to reach consensus.

2. Retention of Business Confidence

The parties are unanimous that the process of reincorporation should be conducted in such a manner that it ensures retention of business confidence. Some of the parties have made recommendations as to how business confidence can be retained in these states. These recommendations which will be listed as proposed by the respective parties, should provide a useful guide to the meeting.

- 2.1 ANC
 - 2.1.1 Where there is a conflict between RSA legislation and that of the respective TBVC countries eg legislation relating to casinos, temporary exemptions should be granted until the new legal system is in place.
- 2.2 Ciskei Government
 - 2.2.1 Existing tax concessions should be guaranteed for a reasonable period, of say ten years.
 - 2.2.2 Introduction of export incentives.
 - 2.2.3 Consideration of the retention of Schedule 3 concessions (ie transport and housing).
 - 2.2.4 Protection of existing casino investments.
- 2.3 Inkatha Freedom Party
 - 2.3.1 A suitable mechanism of briefing business people in the affected areas should be discussed.
- 2.4 SA Communist Party
 - 2.4.1 A formal statement of intent should be issued by Codesa 2, by which businesses are informed of the proposed harmonisation of legislation in regard to tax.
 - 2.4.2 A multilateral commission to be set up by Codesa 2 to attend to the question of the tax harmonisation and regulation environments.
 - 2.4.3 The process of harmonisation could be implemented incrementally and revenue could accrue to the TBVC states in the interim.
 - 2.4.4 In cases where prejudices should arise, exemptions should be granted for a defined period from South African laws and regulations.
 - 2.4.5 Except where completely impractical, the granting of exceptions should be fairly automatic up to a certain date, which would be the deadline for harmonisation.

^{Transkei}
2.5 ~~Ciskei~~ Government

- 2.5.1 A close study of the taxation system will have to be undertaken by experts before a uniform tax system is legislated.

3. Land Transfers

At its meeting held on 23 March 1992, the subgroup reached consensus on this matter that :

- 3.1 No further attempts be made to identify new land for transfer to the TBVC governments.
- 3.2 Land currently in the possession of the South African Development Trust should remain in the hands of the Trust until its dissolution, whereafter it will be transferred to the SA Government (successor in title).
- 3.3 The moratorium should apply to all land in the Schedule to the Borders of Particular States Extensions Act 2 of 1980 which has not yet been excised from South Africa.
- 3.4 This moratorium will apply to all TBVC states.

However, the meeting notes the concern of the South African Government and National Party delegations about certain legal and contractual obligations which have to be fulfilled as well as land purchased by the SA Development Trust from individual South African citizens which has not yet been transferred.

4. Disposal/Transfer of Assets

The parties are in agreement that the assets of these states should be transferred to the new government on reincorporation. ^{Five} ~~Five~~ positions ie ANC, Solidarity, SACP and Transkei Government propose a moratorium on the sale, privatisation or commercialisation of all state assets pending reincorporation. Three positions viz Labour Party, Inyandza and Venda Government propose that an inventory of the assets be provided. The SACP further recommends that land registered in the name of the TBVC governments or held in trust by a government official in his official capacity, should also be transferred.

5. Optimal use of Existing Infrastructure

The positions reflect unanimity on the fact that due care should be taken in ensuring that the existing infrastructure is optimally used during transition and after reincorporation. The subgroup may need to furnish recommendations on the mechanisms of achieving this objective.

6. Review of Development Project Priorities

On reincorporation, prioritisation of development projects in these areas should form part of the national prioritisation strategy. The Development of Southern Africa which has been closely linked with the development projects in these states could provide a useful service in this regard.

7. Good Administration During Transition

Efficient and accountable administration should be maintained during transition. The current administration should remain in place until orderly rationalisation takes place. The following proposals which need further consideration and refinement have been made :

7.1 Administration be reorganised around existing structures (SACP).

7.2 A single non-racial administration be created out of existing "own" and "general" affairs as well as self-governing structures as a starting point. On reincorporation, personnel from the TBVC administrations would be absorbed into the central structure (SACP).

7.3 The TBVC administrations must operate under the supervision of the Interim Government during transition (ANC, Inyandza, Solidarity and Venda Government).

7.4 There is unanimity of the proposal that there should be no disruption in the payment of pensions and other welfare benefits.

8. Future of the Civil Service

Civil servants should retain their existing salaries, benefits, conditions of service etc. Any adjustment in the conditions of service should be occasioned by a process of rationalisation as a result of absorption into a non-racial national/civil service. A wide range of suggestions have been made concerning the future of civil servants, namely :

- 8.1 TBVC Departments of Foreign Affairs will disappear on reincorporation and personnel from these departments should be absorbed into other departments.
- 8.2 Personnel from these departments have acquired a lot of experience in foreign relations which could be of value to the future national Department of Foreign Affairs. Such personnel should therefore be absorbed into the national Department of Foreign Affairs on merit (Transkei and Venda Governments).
- 8.3 There should be no retrenchment of workers from these administrations.
- 8.4 There should be no forced retirements, but appropriate inducements to encourage retirements could be put in place (Venda Government).
- 8.5 The armed forces eg Defence, Police and Prisons should be integrated under one national department (DP, ANC and SACP).
- 8.6 Other departments eg health, education and local government should form part of the proposed new regional structures under national departments.
- 8.7 A legitimate, non-partisan body whose working should be negotiated, must be established to implement the process of rationalisation (SACP).

9. Taxation

There is need for harmonisation of the taxation regime with the result that the tax systems of the TBVC states be brought in line with the applicable tax laws in South Africa. This process should apply to all forms of tax structures eg company tax, personal tax, etc. This harmonisation process could form part of the Terms of Reference of the proposed tax commission.

10. Servicing and Repayment of TBVC Debts

The servicing and repayment of TBVC debts should be the responsibility of the new central administration as soon as the states have been reincorporated.