for employees should not be based on race or colour, although it is normal practice in most firms in Western countries to have better quality offices, dining rooms and toilets for senior grades of staff. In other words, the standard of the amenities provided varies with the grade of staff using them, and not the race or colour of the personnel.

From the point of view of a South African firm, providing canteens, toilets etc. in sufficient numbers and in appropriate places to meet the needs of the total number of employees divided by grade, and not by race, would be a cost-reducing measure, at least for new establishments. Older establishments, however, who have divided the amenities by race, would incur extra costs in up-grading and re-arranging existing facilities, as well as, perhaps, installing additional ones to meet the new demands for separation by grade rather than race.

The authors of the Codes are, presumably, more interested in ensuring that equal and desegregated facilities are provided for various grades of workers, with the ultimate aim of convincing employees that they can relax together, as well as work together, during working hours. This has been the experience of at least one multi-national company in South Africa. The company runs two subsidised canteens, both of which are multi-racial and each offers roughly the same choice and quality of food. Higher prices are charged in the one with a better general standard of surroundings, and the company has found that there tends to be "a natural clustering based on status" rather than colour, in each canteen.11) Once the idea of social integration in the work place is accepted, it should make integration more easily acceptable in other spheres of life.

11) The writer is indebted to Mrs Hulserman, the Personnel Manager of Hoechst (S.A.)(Pty) Ltd., Johannesburg, for this and other information relating to fringe benefits; August 1978.
Employers should, therefore, consider this a practical and relatively simple, procedure to adopt, in the interests of improving working relationships between the various racial groups. For new firms and establishments it will also be in their own interests, as a method of reducing costs.

3.2.2.2 Fringe Benefits

Until recently, many firms operating in South Africa only offered fringe benefits to their White employees. Frequently, this was a result of the high labour turnover rates amongst Black employees, which created considerable administrative difficulties in extending such schemes to Blacks. Today, some firms offer such benefits to all employees as a matter of course. Nevertheless, this attitude is still not widespread, and hence the Codes include comments on this aspect of employment practice. The EEC Code specifically demands "company funds should be set aside for use ... (1) in the housing of black African personnel and their families; in transport from place of residence to place of work and back; (2) in providing leisure and health service facilities; (3) in providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence, and their employment; (4) in pension matters; (5) in educational matters; (6) in improving medical services, in adopting programmes of insurance against industrial accidents and unemployment and in other matters of social welfare". The UF-SACCOLA Code is also explicit, requesting firms "to strive constantly for the elimination of discrimination based on race or colour ... (in respect of) ... the provision of pensions, medical aid, leave, sick pay, employee insurance, assistance with housing, and like facilities".

3.2.2.2.1 Medical Aid and Health Services

The Workmen's Compensation Act provides insurance against accidents incurred in the normal course of work for all
South African employees. However, ill health resulting from other causes, and requiring medical attention, is not covered by any government insurance scheme. Most companies offer their employees and their dependants insurance cover under private medical aid schemes. This has been common practice for many years amongst Whites, but Blacks have frequently not joined such schemes because they receive hospital treatment either free of charge or for a nominal fee. State hospitals for Blacks in the White areas provide approximately 71,500 beds, while a further 26,000 beds are available in State hospitals in the homelands. Non-Whites may not be admitted to private nursing homes in White areas, unless a special permit is granted by the Minister of Community Development. Presently, a group of Black doctors and businessmen are considering building a private nursing home for Blacks in Soweto. The number of private Black medical practitioners is not known, as the South African Medical and Dental Council is a non-racial body, and does not keep separate statistics for each racial group.

However, when Black doctors refer their patients to hospitals (either White private nursing homes or Black State hospitals) they can no longer continue to treat them after admission, as is the case with White doctors and patients. These factors limit the choice of Blacks to visit a doctor of their own choosing, and to specify the hospital in which they wish to be treated.

It is presumably for these reasons, that the Codes stress that medical aid schemes should be open equally to all employees, and that the EEC Code asks for company funds to be set aside to assist with such schemes as building private nursing homes and clinics for Blacks, and improving medical services generally.

Perhaps a more basic aspect of health care is a leave allowance on full or part pay when employees are absent through ill health. The fact that the UF-SACCOLA Code

specifically includes **sick pay** as a standard employment practice to be adopted, suggests that it is not an automatic practice for all firms in South Africa. Nevertheless, the Factories, Machinery and Building Works Act states that an employee shall be granted at least ten working days sick leave on full pay in any period of twelve consecutive months,\(^{13}\) while the Shops and Offices Act grants employees a minimum of thirty days sick leave on full pay.\(^{14}\) Similarly, the Mines and Works Act allows the Minister to specify, by Government Regulation, the minimum period of paid annual sick leave.\(^{15}\)

Therefore, all employees in establishments to which these Acts refer, are legally entitled to paid sick leave. Moreover, the majority of Industrial Council agreements also make provisions for sick leave with pay. For example, the agreement for the Liquor and Catering Trade (Witwatersrand and Vereeniging) allows employees a minimum period of fourteen days sick leave in twelve consecutive months on full pay,\(^{16}\) while the agreement for the Iron, Steel, Engineering and Metallurgical Industries (R.S.A.) allows for two weeks sick leave on half pay.\(^{17}\)

This aspect of the Codes may, therefore, be considered irrelevant in present-day South Africa.

**3.2.2.2 Annual Leave**

Paid annual leave is another widespread employment practice of most firms, and applies to the majority of workers. The exceptions in the industrial sector include

\(^{13}\) Factories, Machinery and Building Works Act, s 21A(1)

\(^{14}\) Shops and Offices Act; s 7(1)

\(^{15}\) Mines and Works Act; s 12(1)(v)

\(^{16}\) Liquor and Catering Trade (Witwatersrand and Vereeniging), Main Agreement, Government Gazette, 28 July 1978

\(^{17}\) Iron, Steel, Engineering and Metallurgical Industries (R.S.A.), Main Agreement; Government Gazette, 23 June 1978
seasonal and outworkers, while annual leave (paid or unpaid) for agricultural employees and private domestic servants depends entirely on the individual employer. However, as a general rule, most domestic servants and farm workers are granted at least one week's holiday per year, usually with pay. Migrant workers pose a special problem in this context, since they are employed for a specified length of time on a contract basis. When the contract expires, the employee leaves, and since he is no longer working for a firm, periods between contracts are not annual leave and, therefore, are not paid. However, since 1977, the mining companies, who employ large numbers of migrant workers, have introduced a partial system of paid annual leave. As an incentive to encourage employees to return to the mines for a further contract period, "workers in skilled jobs are given paid leave at the end of a contract. If they return to the industry after a month's leave, they are guaranteed their same job at the same level of pay,"\(^{18}\) plus a R50 'bonus'. These and other problems associated with the migrant labour system will be discussed more fully in section 3.2.6.1 below.

3.2.2.2.3 Pensions

As has been mentioned earlier, old age pensions payable by the State are subject to a strict 'means test', and constitute only a minimum amount. For this reason, most of the larger firms run private retirement pension schemes for their employees. In 1973, there were 2.3 million members of privately administered pension funds, but the Department of Social Welfare and Pensions pointed out that this was "only a small part of the economically

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active section of the population," namely about 34 per cent.19)

The membership data is not broken down by race, but it is probable that, at least in the past, most of the contributors were White persons. This is partly because the concept of saving for old age has always been an accepted practice amongst Whites, whereas historically, Blacks have tended to rely on younger working relatives for support in their old age. However, this attitude is now changing, and many Blacks contribute regularly to some form of savings fund. Nevertheless, the relatively low wages of Blacks cannot encourage them to make high voluntary contributions, since this would reduce their net earnings further.

Membership of privately administered pension schemes is not always compulsory for all employees, and in some cases the schemes are not open to Blacks at all. There are two main reasons why Blacks have been excluded in the past. In the first place, few work continuously from school leaving age through to 60 or 65 years of age. Secondly, periods of employment are rarely with the same firm. Hence if pension rights were offered, the contributions would be for several relatively short periods and from different employers.

In an attempt to alleviate these problems, an agreement was reached in 1975, between most of the homeland governments and one of the large insurance companies, in terms of which a central pension fund was established in each homeland.20) Employers pay regular contributions to the appropriate fund, which are credited to each employee's name. When an employee leaves his job, cash benefits are


not paid out, but the full credit remains in the fund to accumulate for his ultimate pension. Those firms who are not parties to this agreement, and who do offer pension rights to Blacks, usually find it easier to pay the worker's share to him in a lump sum when he leaves the company. Frequently, it is also part of the rules of the pension fund that when an employee resigns from his post, he must also resign from the fund, and hence he must receive a lump sum payment in cash. 21) All too often, such amounts are spent during the succeeding short term, especially as it may be a period of unemployment, and any unemployment insurance benefits to which the worker is entitled, may not be sufficient for his needs. This attitude is not confined to Blacks, and the Department of Social Welfare and Pensions' investigation found that "in most cases the money is used for a variety of purposes without thought being given to their old age. In this way the cash value of accumulated pension rights is squandered." 22) As far as Black employees are concerned, there is an additional problem of tracing them after retirement, as they may return to a rural homeland area without leaving a forwarding address. One of the reasons why the Government was not prepared to consider implementing a contributory pension scheme in 1970 was "in view of our multi-national society the Government foresaw administrative problems with the collection and payment of money. The extent of the administration would be enormous." 23)

Short periods of employment with different firms could be overcome by concluding similar agreements to that mentioned above, or by transferable pension rights. The question of transferable pension rights for all employees is presently being studied by employer associations, trade union movements, insurance companies and the government, even

22) Ibid.
23) Ibid: p.13
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\(^{22}\) Ibid.

\(^{23}\) Ibid; p.13
though the Report of the Department of Social Welfare and Pensions also recommended that "the system of transferability of pension rights be made compulsory".  

The Report's main proposal was that a single pension fund be established for all employees. However, there were objections to this, and hence, none of the Report's proposals have been adopted, including that part relating to the transferability aspect. It therefore remains in the hands of the individual as to whether he spends any lump sum payments he may receive during his working life, or whether he invests them in a private life assurance policy, or other savings scheme.

The Codes' request for pension rights for Blacks and Whites on an equal basis would appear to present few administrative difficulties to firms. Deductions from the gross pay of all eligible workers are already made for payments to the Unemployment Insurance Fund, and pension fund contributions would be of a similar nature. However, there are two aspects which should be noted. Since net earnings will be reduced if compulsory pension schemes for all are introduced, it may well be necessary for firms to incorporate into their induction courses an explanation of the future long term benefits of such deductions, especially for Black employees who may have no knowledge of such a concept, but also to point out to all employees that pension fund contributions are a form of saving for retirement, and not for ad hoc expenditures on consumer durables or holidays or the like. Secondly, firms should ensure that all workers are aware of their rights to claim such monies when they retire, even if they move to another area. The same information should be made available to persons who become unemployed, and in this case, Blacks should receive special attention, as in terms of the Unemployment Insurance Act, Black workers may only claim these benefits in the area in which they are entitled to register as workseekers.

24) Ibid: p.(i)
3.2.2.2.4 Housing

The EEC and UF-SACCOLA Codes also request firms to pay attention to the housing needs of employees, and particularly Black employees. This item does present problems for firms.

As far as White workers are concerned, many large firms offer low interest loans to certain senior grades of staff for the purchase of private houses. They also provide assistance with temporary accommodation for staff recruited from outside the local area.

Laws relating to the mobility of Blacks and the areas within which they may live, make it impossible for firms to offer the same facilities to Black employees. Thus, s 9 of the Blacks (Urban Areas) Consolidation Act allows the Minister to designate parts of urban areas as being solely for occupation by Blacks, and to specify that they may not live in any other part of such urban areas.

Housing is, therefore, only available in the designated areas, and there are acute shortages of accommodation.

Black workers recruited from outside the local area are normally migrants, i.e. those hired through the rural or homeland labour bureaux to work for a particular firm for a specified length of time. Such recruits are normally housed in hostels built especially for the purpose in a local Black township. Employers have no say in the accommodation provided for such employees, as the hostels are run by the local municipality. Companies who regularly employ migrant labour in large numbers provide similar hostel-type accommodation in a compound on the company's premises. In these latter cases the firms are in a position to ensure that the facilities meet certain standards, and presumably the authors of the Codes expect them to do so. It should be noted however, that the provision of hostels inevitably increases the total labour costs of a firm, which encourages the introduction of capital-intensive production methods. The UF-SACCOLA Code specifically asks firms to commit themselves to promoting "the accelerated creation of employment..."
opportunities for the South African population", while job-creation for Blacks may be inferred from the other Codes. Hence to increase the number of job-opportunities for Blacks, the emphasis placed on assistance with housing must be interpreted in the broad sense of private housing for all employees. Hostels which increase labour costs and, therefore, favour reductions in numbers employed, can hardly be considered a 'good' employment practice, although they will continue to be necessary as long as the migrant labour system exists.

Black employees recruited locally live in townships administered by the local Administration Boards. Facilities provided in each township vary, but are generally considered to be sub-standard, in the sense that there is little electricity, roads are poor, shopping facilities are minimal, houses are small and usually overcrowded, and the schools have a very high pupil-teacher ratio.

Moreover, until recently, Blacks were only allowed to rent houses, and there was little security of tenure. However, in August 1976, the Government proposed that Blacks be granted 99 year leasehold rights in urban areas. The details of the scheme were finally published in December 1978, and are to be effective from 1st April 1979. In terms of the Regulations, "qualified persons" may acquire from the State a "Right of Leasehold" issued for a period of 99 years in respect of specified sites within an urban Black area. The areas within which the rights may be acquired include all land reserved for Black occupation, outside the areas proclaimed as homelands, i.e. the areas presently under the jurisdiction of the various Administration Boards for Blacks. "Qualified persons" are men and women who are eligible for permanent

residential rights in the urban areas in terms of s 10(1)(a) and s 10(1)(b) of the Blacks (Urban Areas) Consolidation Act. However, homeland citizens born after the date of independence of their relevant homeland, are not "qualified persons", unless they are descendants of "qualified persons" and have also been granted residential rights in terms of s 10(1)(a) or (b). Effectively, leasehold rights may be acquired by Blacks who are South African citizens and comply with s 10(1)(a) or (b), and such persons may sub-let, sell or bequeath the leased property to any other "qualified person". If the property passes to a descendant who is not a qualified person, the rights remain vested in those persons, but they may not reside in the house, i.e. they must sub-let, sell or bequeath it to a person who is qualified. Normally, the holder of the lease has an exclusive right of occupation (providing he/she is a qualified person) for residential, business, religious or welfare purposes, subject to the residents and businessmen concerned being Blacks only. Religious and welfare agencies may include some non-Black persons. The leaseholders are also given the right to erect, alter or demolish buildings.

What is not clear from the Regulations, is the cost of purchasing a house on these terms. A formula is stated which includes a land usage valuation, the cost of providing certain services, and the cost of erection of, or improvements to, buildings. At the time of writing (March 1979), no precise figures have been suggested. However, the Regulations do state that the minimum deposit shall be R300 or 5 per cent of the purchase price, whichever is the lower, and the implication is that the lowest purchasing price will be in the region of R6000, which amount may be repaid over a maximum period of 30 years.

Be that as it may, the granting of leasehold rights is certainly a step in the right direction, making it worthwhile for Black employees to consider investing in the purchase of a house, or of improving it. Because of the past lack of security of tenure, few residents in
these areas have bothered with home improvement schemes, and the problem has not been alleviated by the generally low income levels of Black households, estimated at R2760 per annum in 1977 in the Johannesburg area. The average annual income of individual Black workers in manufacturing industries was R1696 in the same year. Thus, a leasehold house costing R6000 would involve annual repayments of about R200, or 7.2 per cent of average annual household incomes, although the leasehold may, in fact, only be granted to one person, except in the case of business, religious or welfare organisations.

It is the aim of the Codes to encourage firms to assist their Black employees financially so they can invest in household improvement schemes. Again, no details are given, but low interest loans would allow Blacks to extend their homes, purchase some form of fuel storage system suitable for providing hot water, heating and cooking facilities, and generally improve the internal and external appearance and amenities.

One multinational company has a policy of making housing loans available to all employees, and the value of the loan is only limited by the ability of the person to repay. The financial circumstances of each applicant are thoroughly investigated before a loan is granted, and the firm has legal redress should the employee resign before repaying the loan. As far as Blacks are concerned, they must have a minimum period of five years service with

27) In 1975, household incomes of Blacks were 63 per cent higher than individual earnings, i.e. household incomes amounted to R2273, and individual incomes to R1394 (Martin, Report for the Bureau of Market Research, UNISA). This estimate is based on the assumption that this relationship had not changed in 1977, and that average earnings of Black workers in manufacturing industries are representative of individual incomes of Blacks living in Johannesburg.

29) Regulations; Op.Cit; s 8(2)
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\textsuperscript{28} South African Statistics 1978; p.7.5

\textsuperscript{29} Regulations; Op.Cit; s 8(2)
\end{flushleft}
the company before they may apply for a loan, and they
must also be eligible for housing in terms of the laws. 30)

However, the ability of firms to offer loans to their
Black employees is restricted by law. An amendment to
the Black Labour Act in December 1976, allowed firms to
make loans "for acquisition of a site or erection or
improvement of a dwelling" provided that monthly repayments
do not exceed 25 per cent of the employee's salary. 31)

This may be a sensible limit, but it is debatable whether
the government should decide such a personal matter. It
is surely the prerogative of an employer to decide how
much he is prepared to loan to an employee and on what
terms, and for an employee to consider, in conjunction
with his employer, how much he can afford to repay each
month.

Individual firms are not in a position to act directly on
the lack of infrastructural facilities in the townships,
and the Codes do not cover this aspect specifically.
However, it is generally accepted that, through their
various employer organisations, firms should put pressure
on the appropriate authorities to improve these common
needs.

This has been the case with the installation of
electricity supplies to households in Soweto, the Black
township near Johannesburg. In 1976, a consortium of
private firms, including banks and construction companies
(notably Barclays National Bank and Roberts Construction),
proposed that this should be done, and agreed to finance
the project, and provide the necessary technical
expertise. It was also envisaged that Soweto residents
would be trained to supply most of the labour force.
The proposals were rejected by the Administration Board
for the West Rand, which controls Soweto, but, in turn,
the Board established its own group of consultants who

30) Comment by the Personnel Manager of Hoechst (S.A.)
Ltd., August 1978.
31) Blacks Labour Act, No. 67 of 1964; Amending Regulations
made by the Minister in terms of s 28(1)
drew up a second set of proposals. These were put into
abeyance, following the election, in 1978, of the Soweto
Council. (The latter is comprised of Black residents,
but has little effective power, partly because the
Administration Board continues to maintain ultimate
control, and partly because the elections were 'boycotted'
by the majority of Soweto residents.) The Council
decided to obtain a third set of proposals from a
consortium of private firms, known as ECOPLAN. Some of
the private firms concerned with the original proposals
are also part of this last group. Their report was
presented to the Soweto Council in March 1979, but the
details have not yet been published. In spite of the
administrative delays during the 3 years since the plan
was conceived, many private sector firms are still
committed to bringing the project to fruition, in spite
of the fact that the cost of the scheme was estimated
at R94 million in July 1978,\(^\text{32}\) and will no doubt be
higher when work actually commences. Moreover, a
training college offering courses in subjects appropriate
to the electrification scheme has already been established
in Soweto, and a number of students are enrolled.\(^\text{33}\)

3.2.2.2.5 Transport Assistance

Assistance with transportation for Black employees is also
specifically mentioned in the EEC Code. This aspect is
included because Black employees live in townships which
are often some distance from their place of employment,
and between which, public transport services may be
inadequate or even non-existent. Frequently, the journey
from home to work and back is time-consuming, lengthy and
expensive. It is for this reason that the Codes request firms to offer assistance in this field.

\(^{32}\) \text{Financial Mail, 29 July 1978.}

\(^{33}\) The writer is indebted to an officer of the Urban
Foundation for this summary of events.
Such assistance may take the form of financial help with fares or, where many employees live in the same area, provision of company transport. The latter service has grown slowly during recent years and, frequently, is also used by White employees living en route. While this must be considered an expense item for firms, it has the advantage of ensuring that employees arrive to start work at the stated time. From the employees' point of view, it reduces both the cost and the time of travelling. These costs are important in terms of the incomes of Black households, being estimated at about 8 per cent in 1970, or approximately one-sixth of the amount spent on foodstuffs.\(^{34}\)

The saving in travelling time would allow firms to more actively pursue another recommended employment practice, namely that of providing leisure and recreation facilities. This is a very broad field, covering such facilities as company sports and social clubs and grounds which are open to all races, and financial assistance for employees attending evening classes in any subject. Obviously only large firms could operate the former, but even small firms could probably adopt the latter.

3.2.2.2.6 Educational Assistance

The EEC Code also recommends that firms offer financial assistance in educational matters. Generally, this has been interpreted to mean assistance in the education of Black employees' children. Schooling is neither compulsory nor free for Blacks, although it is for White children. Social researchers have established that Black parents are anxious for their children to receive a good education, and while firms can do nothing about the compulsory aspect of it, they can help with the payment of school fees, the purchase of books and other equipment, and the setting up of scholarship funds. Some larger, multi-national firms already run such schemes, but the cost involved could be large. Hoechst, for example, provides bursaries for employees' children attending

\(^{34}\) Optima, September 1977; p.44
university, while they also pay the fees and purchase books for employees attending evening classes with the prior knowledge and agreement of the management. Naturally, financial assistance is more readily offered to persons studying subjects which are relevant to their work, but help is also available for employees studying other subjects.35) Also, in the mining industry, literacy and arithmetic lessons are provided on a voluntary basis in most training centres. At one centre, 1300 men are taught simultaneously, but advance at their own speed, and the usual time taken to reach the equivalent of Standard 6 has been found to be 7 months. The cost is estimated at about 11 cents per person, per 4 hour period.36)

It is true that any form of educational assistance constitutes an investment in the future, in the sense that the educational level of the next generation of school leavers will be higher than the present generation, but firms can have no guarantee that they will individually benefit from such a long term investment, and hence only a few very large and profitable companies are likely to actively pursue this aspect of the Codes.

A further point listed under 'Fringe Benefits' in the EEC Code, concerns assistance for Black employees in their dealings with various central and local government authorities. It mainly concerns migrant workers and will be discussed below. In so far as local Blacks are affected, it is not especially difficult for firms to ensure their employees have all the necessary legal documents, although it may be time-consuming.

3.2.2.2.7 Summary of Fringe Benefits

The benefits listed include financial assistance with education, leisure and recreation, transport and housing, and the provision of pensions, unemployment benefits, paid annual and sick leave, and medical aid.

35) Comment by the Personnel Manager, Hoechst S.A. Ltd, August 1978.
36) M C MacMurray; Op.Cit; p.25
From the point of view of individual firms, unemployment benefits are already available for many workers; paid annual and sick leave rights apply to an increasing number of employees regardless of race; while pension and medical aid schemes are gradually being extended to cover Black as well as White staff. The costs involved in offering these benefits to all employees could involve firms in considerable expenditure. For example, in 1977, some 99500 employers paid contributions to the Unemployment Insurance Fund for 2,9 million workers. The employers' share of the contributions totalled approximately R21,8 million, indicating that the cost per employee, per annum, is about R7,50. The total economically active population is in the region of 9,5 million persons. Hence if employers paid contributions for all employees, the additional annual cost would be about R50 million in total. There is every reason to believe that the costs of extending the other benefits to all employees would be of a similar order of magnitude. In these circumstances it is only possible to ask firms to phase-in all employees gradually, which, in fact, is what is happening.

Assistance with transport, leisure and recreational facilities will certainly involve firms in high outlays. In the case of transport, these costs would be recoverable, to some extent, from fares. Financial assistance for evening classes, for example, could also be provided on a loan basis, and the direct money costs would then also be recoverable in the long term, although the firm may, in fact, also benefit in the medium term from better educated employees, even though this would be difficult to assess accurately.

Loans for home improvement schemes would also be recoverable. The major problems are the large initial capital outlays, the length of time involved before full repayments could be made, and the legal difficulties involved in making loans available to Black employees.

37) Department of Labour, Report of the Unemployment Insurance Fund for the Year ended 31 December 1977; sections 3 and 6; Government Printer, Pretoria.