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COMMERCE - General

1-9-80 - 31-12-80

1/5/80

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Credit Agreements Bill
(Third Reading).

See Hansard II Cols 5319 - 5335

29/4/80

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Copyright amendment ~~Act~~ Bill

(2nd Reading)

See S. Hansaid 6 Cols. 1269 - 1275

29/4/80.

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Trade Practices Amendment Bill
(2nd Reading).

See S Hansard 6 Cols. 1263 - 1269

14/5/80

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<u>Credit agreements Bill - Second Reading</u>

See. 5. Hansard 8. Col. 1671 - 1726

14/5/80

(30)

Credit agreements Bill.
Pnd Reading

See S. Hansard 8 cls 1671 - 1726

25/4/80

3D

Credit Agreements Bill -
Committee Stage Resumed

See Hansard 10 cols 4824 - 4871

24/4/80

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Credit Agreements Bill - Committee ~~Sta~~ Stage.

See Hansard 10 Cols 4745 - 4796

21/4/80

(30)

Credits Agreements Bill
(2nd Reading)

See Hansard 10 Cols 4425-4456

Hansard 8 col 3619 →

here. The hon. member wanted to know whether this Act had come into operation yet, whether the two year period of grace was over and whether the organization was registered. I do not believe that that has anything to do with the Bill, and he will excuse me if I do not reply to it at this stage. What I can tell him in reply to his question as to whether I would be prepared to leave clause 5 as it is, is that I am not prepared to leave it as it is. So if the hon. members feel obliged to oppose me at this stage, they must do so.

Mr. A. B. WIDMAN: Mr. Speaker, may I ask the hon. member a question?

The MINISTER: Yes.

Mr. A. B. WIDMAN: I want to refer to clause 5 of the Bill. In the first place there are the words "any person", then "or registered branch" and then "or other organization". If the "knowingly" only applied to organizations, I would support the hon. the Minister's argument, but does the hon. the Minister not think that the word "or" actually relates to "any person" as well? Those three categories, viz. "any person", "or registered branch" and "or other organization" have to do it "knowingly". The "knowingly" does not only apply to organizations, but also to "any person" as well. That means that I, as "any person", and if I do not "knowingly" do it, am guilty. [Interjections.]

The ACTING SPEAKER: Order! The hon. member is not permitted to make a speech when asking a question.

*The MINISTER: The answer is simple. It is "no". [Interjections.]

Question agreed to (Official Opposition dissenting).

Bill read a Second Time.

TRADE PRACTICES AMENDMENT BILL

(Second Reading)

*The MINISTER OF COMMERCE AND CONSUMER AFFAIRS: Mr. Speaker, I move—

That the Bill be now read a [illegible] Time.

The Trade Practices Act came into [illegible] on 1 April 1977. As the hon. [illegible] probably know, this legislation heral[illegible] completely new era in South Africa in [illegible] of the combating of undesirable trade [illegible]tices in order to protect the consumer. [illegible] understandable, therefore, that as more [illegible]cal experience is gained of the imp[illegible]tation of the Act, it may be necessary [illegible] time to time to introduce appropriate [illegible]ments to it.

The Act was amended during the [illegible] Parliamentary session, but it has [illegible] appeared that further amendments to the [illegible] are essential, especially with a view [illegible] extending the powers of the Minister [illegible] Commerce and Consumer Affairs and [illegible] Trade Practices Advisory Committee, [illegible] also in order to improve the procedure [illegible] connection with the finalizing and announce[illegible]ment of notices in terms of which certa[illegible] trade practices are prohibited or regula[illegible] under this Act. In this connection I want [illegible] say that the implementation of the Act [illegible] largely in the hands of the Trade Practices Advisory Committee, which was established by this Act. This committee consists [illegible] representatives of commerce, industry, [illegible] motor vehicle industry, the Press, the Indi[illegible] and Coloured communities, the trade unions and the consumers in the country.

The amendments to the Act which I [illegible] now proposing were all suggested by [illegible] Trade Practices Advisory Committee with a view to improving the operation of the Act.

In the first place, it is proposed that [illegible] definition of the expression "trade practice" be amended by replacing the reference in [illegible] definition to "monopolistic condition" [illegible] terms of the Regulation of Monopolistic Conditions Act, 1955, by a reference [illegible] "restrictive practice" as defined in the Main[illegible]tenance and Promotion of Competition Act [illegible] 1979. The reason for this substitution is [illegible] the latter Act, which came into operation on [illegible] January 1980, repeals the Regulation of Monopolistic Conditions Act of 1955.

In terms of the present provisions of the Trade Practices Act, the Trade Practices Advisory Committee actually has no power [illegible] undertake any meaningful inquiry, on its own initiative or otherwise, into any undesirable [illegible] practice and to submit recommendations [illegible] connection to the hon. the Minister for [illegible] consideration. A proposed 4C is being [illegible] to provide that this committee may, at [illegible] request of the Minister concerned, investi[illegible] any matter covered by the Act, and [illegible]more, that the Trade Practices Advi[illegible] Committee may of its own accord [illegible] that certain steps be taken by the [illegible] in connection with certain provisions [illegible] Act. What is important here is that the [illegible] is being authorized in terms of this [illegible] to investigate matters relating to [illegible] Act of its own accord and then to make [illegible]mendations to the Minister. In addition, [illegible] proposed section 4C provides for wit[illegible] to be subpoenaed and evidence to be [illegible] by the committee, which will mean that [illegible] will be easier for the committee in practice [illegible] conduct investigations. The subpoena pro[illegible] is explained in the proposed 4D.

Business suspended at 18h30 and resumed [illegible].

Evening Sitting

*The MINISTER OF COMMERCE AND CONSUMER AFFAIRS: Mr. Speaker, I shall [illegible] my speech where I left off before [illegible] was suspended for dinner.

Section 10 of the Act prohibits the giving, [illegible], sale or publication of trade coupons [illegible] connection with the sale of goods or the [illegible] or provision of services.

However, section 11(1) of the Act pre[illegible] contains seven exceptions to the prohi[illegible] regarding the sale, delivery or giving [illegible] a trade coupon, as contained in section 10. Only with regard to three of these qualifying provisions, however, is the Minister autho[illegible] to prohibit the acts in respect of a trade coupon mentioned in section 11(1) or to [illegible] conditions in this connection.

Since the Act came into operation, several [illegible] with regard to the above-mentioned exceptions have been submitted to the Trade Practices Advisory Committee for its con[illegible]ation. During the investigations of these [illegible] undertaken by the committee, it appeared that the exceptions which appear to [illegible] under paragraphs (c), (e) and (f) of section 11(1), and which may therefore be investigated by the committee, often had a bearing also on those paragraphs of section 11(1) which cannot be investigated. Of course, this state of affairs often made meaningful investigations by the committee in connection with trade coupons almost impossible. The committee has therefore urgently requested that it be authorized to investigate all the exceptions to the prohibition in terms of section 10 and to submit recommendations to the Minister with regard to possible action to be taken.

In its representations, the committee points out that its members are representative of the private sector, and therefore remain in close contact with those sectors of the country's economic activities in which this kind of conduct occurs. In addition, every act in connection with section 11 is in any event subject to the provisions of section 16 of the Act.

Section 11(2) is therefore being amended to provide that the above-mentioned powers of the Minister will henceforth apply to all seven provisions of section 11(1).

Section 14 of the Act is amended to the effect that, in addition to the powers to issue certain regulations in connection with advertisements, the Minister is empowered to prohibit any advertisement subject to the provisions of section 16.

The extension of the Minister's powers also to enable him to prohibit an advertisement, results from investigations which have been conducted by the Trade Practices Advisory Committee pursuant to representations about and objections against advertisements. These investigations have revealed that it is often not possible to achieve the desired result by merely prescribing conditions as is at present intended in section 14 of the Act. In this connection the committee has pointed out that advertisements are often in their essence unacceptable and that such advertisements can only be combated by means of a total prohibition.

The present wording of section 16 of the Act causes difficulties in practice in regard to co-ordination between the functions which the Minister performs and the activities of the Trade Practices Advisory Committee.

The amendment of this section establishes a meaningful sequence of the steps which have to be taken in order to enable the Minister to regulate effectively or to prohibit a particular trade practice. The present word-

For full text of debate see Hansard.

within a certain period. The words "the failure to advise the prosecutor in the said manner" in the proposed section 18(2) concern the passage of time as well as the requirement that the person must be identified. Perhaps I understand Afrikaans better and the hon. member understands English better, but we disagree completely on this. [Interjections.] Let us vote on it then, if we must.

Amendments negatived (Official Opposition dissenting).

Clause agreed to.

House Resumed:

Bill reported without amendment.

Bill read a Third Time.

COPYRIGHT AMENDMENT BILL

(Second Reading)

*The MINISTER OF COMMERCE AND CONSUMER AFFAIRS: Mr. Speaker, I move—

That the Bill be now read a Second Time.

Since the Copyright Bill, 1978, Act No. 98 of 1978, which came into operation on January 1979, was passed by Parliament, the Copyright Advisory Committee appointed in terms of section 40 of the Act has received representations from a large number of interested parties concerning matters arising out of certain provisions of the Act which have caused difficulties in practice. One of the problems experienced is that there is doubt as to the interpretation of certain sections or subsections of the Act. The necessary amendments are now being effected in order to eliminate this doubt.

The amending Bill does away with the requirement that sufficient effort or skill must have been expended on making a literary, musical or artistic work before it is eligible for copyright. The reason for this amendment is that the requirement as stated in the existing Act causes confusion because it is virtually possible to determine what constitutes sufficient effort or skill in any particular case.

Then, too, problems have been experienced particularly with regard to the provision in the Act that copyright vests in the author, subject to the proviso that an author can transfer the copyright wholly or in part to any other person. Section 5 of the Copyright Act, 1965 contained a similar provision, but provision was made for certain exceptions as in the case of an employer-employee relationship where the copyright in a work undertaken by an employee in terms of a contract of service or apprenticeship or in terms of a commission from another person, vests in the employer or the person who commissioned the work.

The fact that the existing Act does not make provision for the exceptions just mentioned has lead to employers having to conclude agreements with their employees in order to ensure that copyright which would vest in the employee in terms of the Act, are transferred to the employer. Particularly among the larger private organizations and statutory bodies it was an enormous task to conclude all these agreements.

†In view of the importance of the matter the advisory committee thought it advisable to call for further representations. For this purpose a Press statement was released and a suitable notice published in the *Government Gazette*. In addition the committee also heard oral evidence on 18 and 19 June 1979.

After completion of its investigation the members of the advisory committee were unanimous in their decision to recommend that provision be made in the Act for the vesting of copyright in a person other than the author in certain circumstances on the same basis as the provisions which were contained in section 5 of the Copyright Act, 1965.

A draft amending Bill containing the proposed amendments was published in the *Government Gazette* of 30 November 1978 for general information and comment. The draft Bill was well received, and the proposed amendment of section 21 of the Act, providing for the re-introduction of the provisions which were contained in section 5 of the Copyright Act, 1965, was, with two exceptions, particularly welcomed.

It should be noted that the Bill does not make provision for all the recommendations for the amendment of the Act which have

Hansard 8 Col 3647 →

been received. This is due to the fact that they are still being considered by the advisory committee and the relevant subcommittees. Some of these matters are not only very complex, but solutions to the problems are being further complicated as a result of conflicting interests and diversity of opinions.

Mr. I. F. A. DE VILLIERS: Mr. Speaker, we very much welcome the fact that the advisory committee, which was constituted on the recommendations of a Select Committee which sat in 1978, has been looking at some of the problems which arise out of the complexities of the Copyright Act as it stands, in relation also to the Patents Act and the provisions for the protection of designers. We have some difficulty in dealing with this Bill because, as the hon. the Minister has just said, the advisory committee has made recommendations in order to bring about certain improvements in the existing Act, while leaving aside other matters which have not yet been resolved or which are still points of controversy. Therefore, in criticizing this Bill at the Second Reading, we have some difficulty knowing precisely what matters we may deal with legitimately as having been disposed of by the advisory committee, and which other matters may or may not still be under discussion by the advisory committee, and possibly the subject of further amendments in the future. I should like to illustrate my point by referring first of all to the amendment proposed in clause 2 of the Bill. The hon. the Minister will know that one of the major difficulties in the existing Act—as it also was in the previous Act—was to draw a clear distinction between the copyright of an artistic work on the one hand and a design entitled to patent protection on the other hand. There did exist in the original Act a definition of a kind which sought to separate the two. In the Act of 1978 an attempt was made again to define the difference between the two. That was an important difference. In the Act of 1978 it is laid down—in section 2—that—

Subject to the provisions of this Act, the following works shall be eligible for copyright—

(a) literary works;

(b) musical works;

(c) artistic works;

(d) cinematograph films, to which are assimilated works expressed by a process analagous to cinematography . . .

I specifically want to refer to artistic works, because that is what we are talking about in this particular instance. Section 2 of the Act lays down that an artistic work or artistic works, subject to the provisions of the Act, of course, shall be eligible for copyright. It then goes on, in the second part of the same section, to stipulate what shall not be eligible for copyright and under what conditions it will not be eligible for copyright. Section 2(2) of the Act reads as follows—

A literary, musical or artistic work shall not be eligible for copyright unless—

(a) sufficient effort or skill has been expended on making the work to give it a new and original character; and

(b) the work has been written down, recorded or otherwise reduced to material form.

We now know what it has to be, and we also know what it is not to be. We have to go further, however. We have to look at the definition to see what is in fact an artistic work. In terms of the definition in the Act an "artistic work", irrespective of the artistic quality thereof, means—

(a) paintings, sculptures, drawings, engravings and photographs;

(b) works of architecture, being either buildings or models of buildings; or

(c) works of artistic craftsmanship, not falling within either paragraph (a) or (b).

Now the problem begins to become clearer. Let us assume there is a drawing of an engineering nature; an engineering design, for instance. I mention this in particular because there has been a case before the Transvaal Provincial Division arising out of just such a difficulty, and it may even be going on appeal

For full text see Hansard.

Hansard!

Soweto: trading licences

The DEPUTY MINISTER OF CO-OPERATION replied to Question *8 by Mrs. H. Suzman:

5 (315) 7/3/80 (30) (340)

Question:

How many trading licences were operative in Soweto as at 1 January 1980?

†**Reply:**

1585.

MIF discount guidelines under fire

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Stme 2/9/80

By Diann Shoebotham
Fair Deal Reporter

The Motor Industries Federation has come under heavy criticism for the circular it sent to members, laying down compulsory discounts on motor spares.

In the circular, wholesaler members of the MIF were told to give specific discounts to retail spares dealers and to fleet owners. If they did not, their discounts from manufacturers would be cut.

There has been some controversy as to whether this would raise or lower prices to the man in the street.

Peta Lomberg, PRO for a supermarket chain says her company is against any form of price maintenance. "If the MIF tries to control our suppliers' prices, we will go out of our way to find a source of supply where there is no price setting," she said.

Legal academics have said the Federation is skirting on the edges of contravening the Resale Price Maintenance Act.

Mr R T Frieslich, a senior buyer for another food chain, told Fair Deal price control is not altogether a bad thing. "It is not necessary on fast moving items such as spark plugs," he said, "but in some areas it is justified.

"Parts dealers render a service to the public," he explained.

"They have to stock spares for each make of car, and for each model of that make, for at least 10 years. During this time the mark-up may be as much as 200 percent, and in the end he may never sell the parts."

Motor spares have also given cause for concern because of the number of fake parts on the market.

FORGED

Counterfeit tail-light lenses were found being sold in Durban, and forged "Hella Halogen" lights were sold in a box bearing that trade name.

The National Motor Parts and Equipment Association is trying to stamp out this illegal practice. Most of the fake parts they discovered, were made in Taiwan.

A legal expert has made it clear it is extremely difficult to prevent copyrights being broken when the product is manufactured outside the country of sale.

CONCERN

Mr Michael Wei from the Embassy of the Republic of China expressed concern for the bad reputation his country was gaining in South Africa trade circles.

He gave an assurance that his government was doing its best to prevent copyright regulations being broken. "It is the only government in the world doing so," he said.

In other countries copyright contraventions are dealt with through civil courts.

Deal to end liquor discounts

(30)

STAR 5/9/80

RDM 5/9/8

By Maud Motanyane and Pieter de Vos

South Africa's major liquor wholesalers last night agreed to set up a pricing system which will cut out discounts to retailers, including supermarkets.

The move means the public will no longer be able to benefit from cut-price competition between retailers and some wholesalers.

The decision was announced last night by Mr Riaan Kruger, director of the Cape Wine and Spirits Institute, which represents all the major producing wholesalers in the country.

In a statement Mr Kruger termed the new system a policy of "non-discriminatory pricing."

Today Mr Richard Cohen, a director of the Pick 'n Pay supermarket chain, said: "It is certainly a blow to the consumer. He is going to pay more — and wholesalers are not going to be able to sell more. In fact they will be able to sell less.

"It will take away the excitement of wine counters for the retailers."

Request

Mr Kruger said in his statement the decision for a "non-discriminatory pricing" system had been taken at the request of the Federated Hotel Association of SA, which also represents major retailers.

In practice the decision means that wholesalers will no longer give special discounts to liquor dealers or supermarkets, but a few independent operators are not likely to be affected.

Prices from members of the Cape Wine and Spirits Institute to all retailers, large or small, will be the same.

Wholesalers will no longer be allowed to mount special promotions of certain products in liquor stores.

"The idea is to ensure free and fair distribution of liquor products to retailers," Mr Kruger said.

Rebel liquor outlet chain said today they would still be able to give discounts because they bought in bulk, but the discounts would not be as large as before.

Decision

The idea behind the marketing decision, according to members of the Institute, is the same as that behind the withdrawal of liquor wholesalers from the retailing side of the business.

This will prevent wholesalers from promoting their products through certain outlets to the disadvantage of other wholesalers.

Some members of the Institute said this move would not lead to any price increases.

Mr Brian Joseph, a leading wholesaler and retailer as well as an Institute member, said the decision was contrary to the principles of free enterprise "and I am not going to be a party to it.

"If you buy in bulk you are entitled to a discount."

A legal expert speculated that some form of disciplinary measure might be used by the Institute to get its members to comply with the agreement.

If the Institute does that, he said, it would be contravening the Resale Price Maintenance law.

He said pressure could be put on members who did not comply by refusing them supplies or by discriminating against them.

However if the agreement was a "gentlemen's" one where prices were recommended and not forced, the Institute's agreement could be legal.

GROUP AREAS ACT

Restricted trade

FM 5/9/80 (30)

There is still little indication that SA's racially grouped business areas are to be opened to black traders. In fact, some recent developments suggest that hopes for true free enterprise for all, raised by the Riekert recommendations on removing restrictions, have been stonewalled.

The major black business organisation, the National African Federated Chambers of Commerce, Nafcoc, has had its application for office space in Pretoria turned down, and an Indian corporate finance company, Finance and Investment Services Corporation, has been refused permission to operate from an office block in mid-Johannesburg.

Both have come up against the Group Areas Act, which is still used to stem the free flow of all-race business in the commercial and industrial hubs.

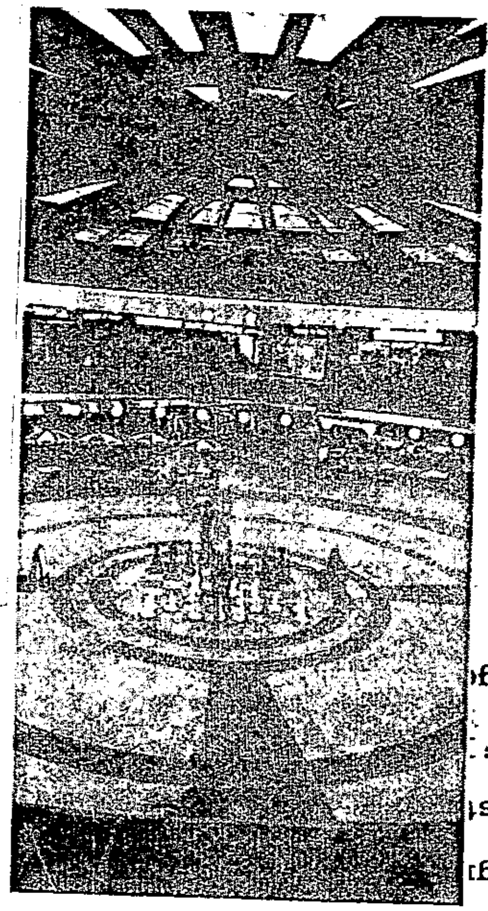
The Act has a provision, under Section 21, for permits to be issued to blacks to lease premises in the reserved areas. But red tape and the prospect of a veto from local authorities and the Group Areas Board have deterred many applicants.

Black entrepreneurs also suffer from the disadvantage that a permit can be withdrawn at any time without reasons given; and that even if they are permitted to be in a "white" business zone, they are confined to a particular building. In practice, this means confinement to the poorer parts of the CBDs.

Many have opted for a simpler route — the appointment of a white nominee who leases premises for other race groups. This has caused bitterness. "Why should a black need to go through a white person to operate a business or practise a profession where every race group is freely allowed to buy?" asks an Indian businessman. "The practice of nominees, encouraged by the law, is making us dishonest."

And Nigel Mandy, of the Johannesburg CBD Association, tells the *FM* that the practice holds "the possibility of corruption."

Though the CBDA is now acting as a sponsor of black business and professionals seeking permits, it has pledged itself to a total removal of racial barriers. Mandy says: "Let's have permits freely in the meantime," a move that could make it easier for the bars to fall and pave the way for the free trade areas accepted in principle by government.



Central business . . .
Pretoria's move

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GREATERMANS 30

True recovery?

FM 5/9/80

Activities: *Largest retail group in SA. Chains include Greatermans department stores, Ackermans and Checkers.*

Chairman: *I Kaye.*

Capital structure: *5,6m ordinaries of 50c; 7m cum part prefs of 25c; 175 000 6% prefs of R2; 325 000 5% cum prefs of R2; 225 000 second 5% cum prefs of R2; 500 000 third 5% cum prefs of R2. Market capitalisation: R54,9m. R13,8m. Net cash: R11,4m. Debt: equity ratio: 43,4%. Current ratio: 1,1. Group cash flow: R14,4m. Capital commitments: R17,4m.*

Share market: *Price: 980c (1979-80: high, 1 020c; low, 275c; trading volume last quarter, 233 000 shares). Yields: 16,9% on earnings; 6,1% on dividend. Cover: 2,8. PE ratio: 5,9.*

	'77	'78	'79	'80
Return on cap %	15,2	23,6	11,5	20,2
Turnover (Rm)	555	596	680	792
Trading profit (loss) (Rm)	7,2	7,3	(3,8)	10,0
Gross margin %	2,6	2,4	1,2	1,7
Earnings (c)	22,7	15,1	—	165,4
Dividends (c)	36	20	5	60
Net asset value (c)	790	697	700	736

Though there are sceptics on the market who consider Greatermans' turnaround to be only a temporary reflection of the currently high levels of consumer demand, others view the vastly improved performance revealed in the latest accounts as having, in fact, a sound base.

The earnings increase, certainly, indicates that some re-rating of the share, currently on a 6% historic yield, might be justified. Even if the 60c dividend declaration was in part aimed at restoring shareholder confidence in what has in the recent past been an unexciting investment, a 6% yield seems conservative, given that consumer spending is not considered likely to slow before the middle of 1981.

Of course, it may be safest to stay on the side of the sceptics until management treats outside shareholders to better quality reporting. It is simply not good enough that no breakdown is given of the various chains' operations. As one stockbroker critic of the company put it, that could lead to an embarrassing comparison between Checkers and Pick n Pay, while any recovery by the Greatermans department store chain may be shown to be more illusory than real. Unfounded criticism, perhaps, but a criticism management can only refute by fuller disclosure.

The group seems set on expanding capacity to take advantage of the upswing in spending. The only factor inhibiting expansion, according to chairman Isaac Kaye, is a lack of suitable sites on which to place new Checkers and Ackermans stores. Five existing Checkers supermarkets are to be relocated as "superstores," four new supermarkets are to be opened, and 16 stores are to be revamped.

Another welcome factor, Kaye says, is the improved sales contribution from the non-food sector, which operates at higher margins, and which has helped counter a relatively low rate of growth in food sales.

Ackermans increased retail space by about 25% towards the end of the last financial year through the opening of four new stores. A major rebuilding programme at the group's Cape Town flagship store will be completed before the end of calendar 1980, and four new stores are due to be opened before the start of fiscal 1982. Generally, sales are now on an improving trend, and MD Stewart Cohen is confident that refurbishings and more stores will have a significant effect on earnings in the near future.

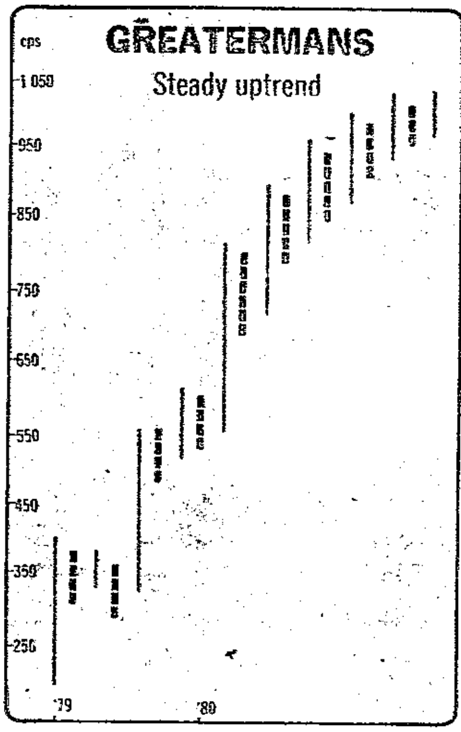
The group currently has seven department stores operating and, though no new ones are envisaged, a re-organisation of the Pretoria site is on the cards. Sales from department stores have been ahead of budget since the year-end and Kaye is confident that the division is heading towards an "acceptable level of profitability."

The group's balance sheet has been restructured to cut back sharply on long-term debt and to enhance the net cash position. There should be no trouble in finding funds to finance expansion, despite a capex target of R17,4m (R8,5m); especially as cash flow is greatly improved at R14,4m (R870 000).

Operating margins, however, remain very slim, and presumably the department stores will have to be brought to significantly higher levels of operating efficiency before margins widen. If the new management is capable of doing this, of course, a further good earnings improvement could be in sight, despite the considerably higher base from which the group is now operating.

But at risk of labouring the point, management can only prove that it is equal to others in the industry by better disclosure. Until then, the share will probably suffer a lower rating than those of competitors.

Scott Hocker



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Edgars - Chairm

FM 5/9/80

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"I count the transformation in c

As we enter a new decade, it is instructive to contrast the circumstances of our Group in the early seventies with what comprises our corporate resources, and represents our outlook, TODAY:

- SALES then aggregated R51 214 000 and would grow (at an average compounded rate of 19,2% per annum) to R296 152 000.
- Average STORE SIZE was only 150 square metres as against 745 square metres today; TOTAL RETAIL SPACE then of 68 000 square metres is now 319 000 square metres; STORE SALES averaged R113 000 vs R692 000; SALES PER EMPLOYEE R9 100 vs R31 300; our TOTAL STAFF was 5 600 as against 9 476 currently.
- On a pre LIFO basis, EARNINGS PER ORDINARY SHARE have risen from 162 cents to 975 cents; NET WORTH per share from 794 cents to 3 435; return on SHAREHOLDERS' FUNDS from 20% to 31%. DIVIDENDS per ordinary share have mounted from 65 cents to 385 and annual RETAINED EARNINGS have risen from R1 416 000 to R11 027 000 this last year.
- Also pre LIFO, CAPITAL EMPLOYED has increased from R27 034 000 to R113 820 000 and CURRENT ASSETS from R31 695 000 to R153 008 000.

But I count the transformation in our OUTLOOK as of far more significance than the burgeoning numbers. Mindful that it is technology (conversion of new knowledge into wealth) which represents the fountainhead of the future, we have unabashedly reached out for it.

Accordingly, the continual flow of recently retired executives from major American and European chain store organisations has conditioned the minds of our people; accustomed them to big company thinking; got mature guidelines in place; disclosed valuable methodologies—and generated an exhilarating working environment. It also enabled me to avoid the blind alleys into which we had stumbled in the past.

Clearly, there is ample reason to be grateful for the willingness of our people to remain open to learning, to diligently digest and employ their new found insights—and to blend it creatively with what came to their own minds whilst grappling with their responsibilities.

At the outset of the past decade:

- We had yet to enter SHOPPING CENTRES, such as Sandton City, Eastgate, Sunnypark Centre (Pretoria), Sanlam Centre (Randburg), Kenilworth Centre (Cape Town), Constantia (Port Elizabeth), and La Lucia (Durban);
- The first of our highly successful FLAGSHIPS was not even in focus;
- Only EDGARDALE's design brief was in preparation—after which planning and construction got under way;
- The site of our major MANUFACTURING enterprise (which now employs 818 workers) was still a sugarcane field in Tongaat, Natal;
- Our highly rewarding branch AMPLIFICATION programme had yet to be formulated; meanwhile we were "scratching the surface" in stores of the most rudimentary sort;
- JET, now our fastest growing Chain, was struggling to come alive; its distinct target market still to be defined;
- LONG TERM PLANNING procedures were being initiated, but QUALITY ASSURANCE had still to come;
- CAREER DEVELOPMENT SEMINARS, and a host of other initiatives designed to develop our Human Resources, were only beginning to gain traction.

This process continues and, as we enter the EIGHTIES, it is reassuring to recognise the considerable distance we can still travel towards our new horizons.

Human resources:
Adequate staff to cope with the velocity of our development (especially at a time when there is a substantial shortfall of qualified individuals in our Country) can only derive from extensive TRAINING TECHNOLOGY.

Consequently there has been a considerable increase in our budget on this score, and such contemporary concepts as Competency Models; Learning Contracts; Behaviour Modelling; and Career Growth workshops are being introduced. Since, so much of the time, we are dealing with others in an effort to accomplish objectives, the effective use of learning resources equips them to respond more productively.

Altogether, when it comes to Retail Training, we are increasingly being recognised as "The Academy".

Meanwhile, there has been an impressive number of promotions from within, many of them at senior level. Although this has long been our policy, it has never been as manifest as during this past year.

Management Information systems:
On this important frontier of our future effectiveness (when the scale of our transactions will defy manual methods) we are spending some R4 million this year with 130 people working exclusively on the development of systems at Store, Area, Divisional and National Headquarters level.

Our first inhouse Main-Frame computer will be installed in October, and we are very determined to develop Management Information Systems which will contribute significantly to making us better merchants in every respect.

Merchandise:
The record results portrayed elsewhere in this Report were, of course, favourably influenced by the emergent economic climate in our Country; but in large measure reflect the enhanced capacity of our people to respond fittingly to the higher level of demand.

The needs of our customers are now better understood than ever before, and our amplified stores provide an environment in which customers enjoy their shopping. At long last, our MENSWEAR assortments are being recognised as positively the very best obtainable.

Our Merchandise Managers now have much under way of which they can be truly proud; notably their increasingly competent planning with our suppliers to ensure continuity of the substantial requirements of our stores.

There have been such significant improvements in product development and quality on the part of South African manufacturers, that it provides much pleasure to compliment them on their impressive achievement. Regrettably, we still experience serious problems with deliveries (usually due to fabric shortages) so an improvement in this sphere would be much appreciated.

A buoyant economy means that the majority of South African factories are now at full capacity—leading, inevitably, to serious supply problems. Additionally, all factories face significant cost increases which will, in turn, sharply raise the consumer price index for clothing, footwear and household textiles. We very much regret this—after decades during which these industries managed to mitigate the impact of inflation by keeping costs exceptionally low.

Imports:
In the last few months the national press has carried coverage of the debate on South Africa's strategy for the importation of clothing, footwear and textiles. This was initially prompted by the Government's declared intention to ease back on controls over imports generally, in light of the large improvement in the balance of payments.

The South African textile and clothing industry, which employs some 225 000 people, is sophisticated and efficient and has benefited enormously from the Government's policy of protection over many decades. This protection should continue in a modest form to guard the various branches of this industry against unfair forms of competition from overseas, and especially certain countries in the Far East.

an's statement

OUTLOOK as of far more significance than the burgeoning numbers."

Nevertheless, a degree of international competition is good for South African industry and, furthermore, a measure of imports is essential if we are to provide our people with merchandise assortments which are reasonably comparable to those in the Northern Hemisphere. Therefore, we advocate a pragmatic approach in the interests of all parties, and especially our customers – the families of Southern Africa.

It is your Company's policy to always "Buy South African" whenever an item is available locally. Only where this is not the case, and the item is in distinct demand, will we import; even then the quantum will never exceed 10% of any one specific category of merchandise. At the moment we import a mere 1,8% of our merchandise; implementation of this policy is unlikely to grow this level of imports much beyond 5% – and that will probably take some years.

It is desirable that the emotive contentions regarding imports should gradually modify into a more rational debate between all parties, since I believe that in this way we can emerge with a national plan of benefit to all. Certainly your Company will always seek to help develop local industry, and thus achieve import replacement.

Distribution:
Twenty-six per cent of our merchandise now travels direct to our stores from suppliers, thus obviating the cost and delay inherent in passing through our central distribution facility.

As its contribution to our PRODUCTIVITY theme, the Distribution Centre itself last year processed 15,1% more merchandise for each Rand of cost. Distribution costs, related to sales, have accordingly been reduced from 1,83% to 1,48%.

Store development:
During the past year gross trading area was increased by 25 000 square metres to a total of 319 000 square metres. As at the end of the year we operated 428 stores – the reduction of 5 being due to the rationalisation of our representation in certain towns.
The past year saw many substantially enlarged stores open, including Edgars Bloemfontein (4 000 m²), Edgars Pretoria (6 900 m²) and Jet Bloemfontein (3 800 m²), the latter the largest of all our JETS – and highly successful.

Our policy of store amplification, first implemented during the mid-1970's, continues to yield extremely rewarding results. Accordingly, we will slightly accelerate the enlargement and modernisation of existing stores, as well as the establishment of new stores – particularly in the highly successful Jet Chain – and during the current financial year we plan to open at least 30 000 square metres of additional space, involving some 8 new stores and over 30 enlarged stores.

LIFO:
Much research and many discussions were eventually rewarded with approval from the Secretary for Inland Revenue to value group stock on a "last-in first-out" basis, i.e. LIFO and this has been adopted for the past financial year.

It has had the effect of reducing reported pretax profit by R4,5 million (and earnings by 138 cents per share) but, concomitantly, our tax liability will reduce by R1,9 million, with a commensurate increase in cash flow. Best of all, there will now be a notable improvement in the quality of our earnings.

Prospects:
Management's preparedness for the economic upturn was largely responsible for the results recorded in this Report and, if the present climate persists, I am confident that the current year will produce an even more gratifying outcome.

However, with the United States, the United Kingdom, and many other countries encountering distinctly depressed economic conditions, some caution is called for: It would not be surprising if, eventually, some curtailment of our own prosperity resulted. Meanwhile, a more immediate threat to our economic well-being is INFLATION and, since "supply and demand" represent an implacable law, the only effective answer we can make is: PRODUCTIVITY.

It has long been obvious to commerce and industry, and must soon be obvious to ALL, that to produce more requires the participation of the Black component of our Country to an extent unknown before; and this calls for a considerable upgrading of their (largely undeveloped) skills. Indeed South Africa's impressive future is a theoretical future unless we address that task.

Fortunately, in the last few years, we have entered a new period of realism in our national affairs – and the way to accomplish this crucial objective is now open.

The Government having reversed itself regarding many past restrictions, it is now up to us all to do whatever we possibly can to compose the prime problem confronting our Country: The stark contrast between the Black and White components of our society.

There is no room for bystanders; we are all involved; none of us can escape the consequences of neglect.

I believe that misgivings about the Prime Minister's new dispensation are misplaced because such statements always precede actual changes in people's lives by substantial timeframes. The initial, cursory euphoria having evaporated, we must now return to

realities. There are formidable, deep-seated dimensions to this problem which no nation, anywhere on our planet, has yet resolved.

Nevertheless, whilst our capacity to respond sensibly to new directions and relationships in South Africa is being tested, there are vast reserves of human decency in the people of our Country (Black and White) to draw upon.

Directorate
During the year Mr. D. D. Preston resigned after nine years as a member of our Board. On behalf of us all, I express sincere appreciation for the valuable contribution which he made to our affairs and wish him a happy and healthy retirement.

Thanks
An impressive measure of what was achieved by Adrian Bellamy, our resourceful Chief Executive Officer, and his Management Board colleagues, was a sales increase four times the official inflation index of 6,9% for clothing, footwear and household textiles.

Effective controls and consistently tight thinking ensured that much of this increased market penetration emerged as net earnings.

For this masterly performance our Management Board merits the highest praise and, in turn, is indebted to many colleagues here at Edgardale – and in the field.

Once again, members of the Corporate Board responded most helpfully to all the demands made on them, and I am infinitely grateful for the sage direction which they gave our affairs.

Sydney Press

29 August 1980

Copies of the complete Annual Report may be obtained from:

The Secretary,
Edgars Stores Limited,
P.O. Box 100, Crown Mines 2025

Publishers welcome new SA book law

The Star Bureau

LONDON — The Government's new legislation ordering firms importing books into South Africa to do their own censoring has been cautiously welcomed by major British publishers.

Most of the firms with South African offices pointed out that they have for years been carefully selecting which books to release in South Africa and which to hold back.

"I would think that a few adventurous booksellers in South Africa would now be prepared to take a chance on books which before would have been regarded as doubtful," said Mr John Blake, export sales manager of Penguin Books.

But the publishers agreed that the main difficulty would be defining exactly what was meant by "undesirable."

"It's always a vague term, whether it be in Britain, the United States or South Africa," said Mr Blake.

Mr Warrick Bailey, export director of Hodder and Stoughton, said most reputable publishers did not handle books likely to be banned.

"So the new law will affect us very little. We've done our own censorship for years."

Mr Bailey said he did not believe in statutory censorship.

Copyright hearings extended

THE advisory committee on Copyright Law is to hear further oral evidence from October 7 — 9 from all interested people in connection with any matter pertaining to the Act, but particularly concerning copyright in machine drawings.

Announcing this in Pretoria yesterday, the chairman of the committee, Mr Justice A P Myburgh, said anyone — whether in a personal or in a representative capacity — who wished to give evidence was requested to advise the registrar of copyright, on or before September 19. His address is Private Bag X400, Pretoria 0001.

"Such persons are also requested to submit written representations in connection with the oral evidence which they wish to give."

The advisory committee was appointed in terms of the Copyright Act, 1978, to make recommendations from time to time to the Minister of Commerce and Consumer Affairs in connection with amendments to the Act. — Sapa.

Proof of the pudding lies in the sales

30

STAR 8/9/80

Tens of thousands of rands are spent each year by manufacturers who want to sell their product to the greatest number of people possible.

Huge campaigns are launched to get the message of a new product on the market across to the public.

But the proof of the pudding in all marketing campaigns is — does the product sell, and if so, how much did advertising contribute towards the sales?

DIFFICULT

The effect of an advertisement is one of the most difficult things to measure, and even market research leaves a few grey areas as far as recall and top of mind awareness is concerned.

The SA Society of Marketers has this year instituted an Effective Advertising Award for those campaigns which really do work. The best entry received was judged to be the Heineman Samite Campaign produced by Tyrrell Oosterbroek and Associates. The Samite range is only now coming into full production and orders worth R0,5m have already been received, which represents 60 000 units. This is an increase of more than 25 percent over normal sales of circuit breakers and earth leakage equipment.

WORTHY R10M

The total South African market for domestic circuit breakers (used on control boards in homes) is worth about R10m plus R8m for earth leakage installations in the same market. The market is growing at about 15 percent a year, and there is a growth potential of 25 percent a year in the export market.

Heinemann's present share of the market is 70 percent. After undertaking a R4m research and development programme, Heinemann developed a new range of domestic electrical distribution and protection products offering space saving of up to 48 percent on panel boards with circuit breakers designed on the hydraulic-magnetic principle. The new range was eventually called Samite.

MESSAGE

The people who influence the decision to buy the new range are electrical distributors, wholesalers contractors, consulting electrical engineers and municipal engineers. These are the people that the marketing message had to get to.

(a) The aim of the campaign was to increase Heinemann's market share from 70 percent to 78 percent;

(b) To procure the greatest possible return on the investment in research and development undertaken for Samite;

(c) To introduce the Samite range in a planned and co-ordinated series of phases which makes it easier for customers to specify Samite products in conjunction with existing equipment during the introductory period;

(d) To begin preparing the export market for further development as soon as the product has been effectively established in South Africa;

(e) To launch Samite before competing products offering similar benefits are available in South Africa.

The advertising objectives were:

- To make the maximum number of people in the target audiences aware of the Samite range, rapidly and cost-effectively;
- To establish awareness of Samite as a South African development;
- To project the user benefits of Samite components;
- To enhance the corporate image of Heinemann;
- To pre-empt the launching of similar products by competitors.

CAMPAIGN

Heinemann instructed Tyrrell Oosterbroek and Associates to plan and execute a complete launch campaign aimed at achieving the market objectives for their new product range. This had to include a product name, a product package, unified identity for the complete system, a series of advertisements, marketing aids and editorial policy.

The creative thinking went along the lines of evolving a name and a single visual identity for the entire Samite system so that the concept should suggest South African origin, space saving quality, durability efficiency, and the fact that the whole Samite range was an integrated system.

The name Samite was evolved from SA suggesting South Africa and Mite, which contains the double suggestion of compactness and strength.

IDENTITY

Then came the development of a single concept and visual identity to personify the quantities inherent in the name. To illustrate space saving, the cheeky little man, South Africa's space-age pioneer, was evolved.

The evolution of the concept, including the design production and print of the colour brochures, design and origination of packaging, and the production of five Samite models cost R12 750.

The advertising campaign consisted of five successive right hand pages in electrical and municipal publications. Several lines of Afrikaans was used to stress Samite's South African origin, but these were used for non-vital information only.

The first page was a teaser showing only the Samite figure and the bilingual headline "Min dae, Samite is coming soon".

EMPHASIS

The second page showed the circuit breaker in position and the third emphasised the space saving qualities. Only on the fourth page was Heinemann mentioned and the fifth page gave a brief resume of the range of accessories.

The direct mail shot included the advertisments with a 12 page 2 colour leaflet with two pages proclaiming 1980 "the year of the Samite".

The production and placing of advertisements and the production and print of the leaflet for mailing cost R21 208.

By using a 4-page colour leaflet for use as a bound-in insert in magazines as well as a mail shot and general promotion an amount of R25 000 was saved in media space costs, calculated against an equivalent number of pages of full colour advertisements and printing leaflets separately.

THE COST

The cost of producing and printing the 4-page full colour general leaflet, including media costs, production and printing, special Time Switch leaflet and invitations plus fees for Press liaison and photographs came to R19 257.

Marketing aids including audiovisual, sample cases and presentation folders added another R727 to the overall cost.

The grand total for the Samite campaign, being 1,5 percent of the development cost, amounted to R60 493.

'It's up to the housewives'

Professor Sandra van der Merwe hits out at housewives.

Too many creative marketing campaigns are losing credibility because the promises they make are not being kept when put to the test.

Sandra van der Merwe, Professor of Marketing at the University of the Witwatersrand business school, hit out at housewives at a meeting of the National Council of Women for perpetuating the problem by not being discriminating or assertive enough.

"Free enterprise is in danger of becoming obsolete and an undiscriminating purchasing force only adds to the problem," said Sandra.

While marketing until now had been to create life-styles, inflation had altered its role to some extent into a consumer service helping to make decisions on the maintenance of living standards. It had an important role to play in consumption patterns.

Until top management realised the importance of what happened at point of sale where the consumers came into direct contact with the companies' products and services through sales staff, professional marketing could not truly be effective.

Sandra emphasised that housewives needed to be more demanding about getting what they deserved and to communicate dissatisfaction to management when it was necessary. This could only improve productivity and the quality of service in the country.

When consumers rewarded efficient companies and penalised the inefficient, free enterprise flourished. Consumers had a free choice and they should learn to exert it in a responsible way.

Sullivan set to beef up code for firms

EPM 30 47 12 139 11/9/80

By STEVEN FRIEDMAN
Labour Reporter

DR LEON Sullivan's labour code for United States companies operating in South Africa will be toughened next year by increasing minimum wage stipulations for black workers and by stricter measures to ensure firms desegregate facilities.

Another new and controversial stipulation for companies under the code is that they must join the National African Federated Chamber of Commerce as associate members. Nafcoc is the spokesman for black businessmen.

This emerges from a questionnaire circulated to US companies who have signed the code. The Rand Daily Mail has a copy of the questionnaire.

It is, however, likely to disappoint black trade unions, because its instructions to signatories about black unionism are still ambiguous.

But it was drawn up shortly before Dr Sullivan's recent trip to South Africa and informed sources say he has hardened his support for unregistered black unions since the visit.

Dr Sullivan warned last week that firms which did not sign his code or did not adhere to it could face demands in the US that they withdraw from South Africa.

According to the document, companies who do not comply with the new stipulations will be told they "need to become more active", which could increase pressure on them.

Another feature of the document is that it emphasises that companies are obliged to make their rating under the code known to their black workers and to review its implementation with representative black workers.

On the trade union issue, employers are asked whether they are prepared to recognise an unregistered black trade union, thus implying that this is demanded by the code.

However, a guide to the questionnaire says companies are merely required to indicate their workers' right to "form or belong to" a union.

This could open the way for companies to claim that they are abiding by the code if they do not stop workers joining a union, but nevertheless refuse to recognise it.

Dr Sullivan emphasisied during his visit, however, that signatory companies must recognise representative unions, whether or not they are registered.

According to the document, Dr Sullivan plans to add a new stipulation next year that companies must pay their lowest paid workers a set percentage — "say 30%" — above the various poverty datum lines for black workers.

Up to now companies have only been asked to pay "above" these levels and no amount has been specified. Laying down a set amount will prevent signatories from paying only slightly more than the minimum level.

Dr Sullivan will also demand "complete desegregation" of facilities. Although the code demands desegregation, Dr Sullivan apparently believes that some firms are "formally" desegregating their plants, but not doing so in reality.

The demand that companies join Nafcoc is seen as part of an attempt by Dr Sullivan to encourage them to assist the development of black business. By becoming associate members of Nafcoc, companies could presumably provide the organisation with finance and resources.

The document asks companies whether they have assisted any Nafcoc endeavours in the last year, or have supported the development of black, coloured or Asian business.

A black business source said yesterday that Nafcoc's constitution did allow non-black businesses to join as associate members and added that a number of white companies had already joined the organisation in this way.

(30)
FM 12/9/80

AUGUST CAR SALES

	1980 Aug	% of Market	1980 Jan-Aug	% of Market	1979 Jan-Aug	% of Market
Sigma	5 041	20,06	36 778	20,84	30 645	21,75
VW	4 904	19,51	36 107	20,46	30 241	21,46
Ford	4 404	17,52	25 451	14,42	21 429	15,21
Datsun	3 496	13,91	19 602	11,11	15 134	10,74
GM	1 979	7,87	17 179	9,73	11 389	8,08
Toyota	1 786	7,11	17 233	9,76	11 738	8,33
BMW	1 015	4,04	7 049	3,99	5 311	3,77
UCDD	1 007	4,01	6 086	3,45	4 779	3,39
Alfa	702	2,79	4 482	2,54	2 735	1,94
Leyland	440	1,75	2 685	1,52	2 759	1,96
Fiat	342	1,36	3 799	2,15	4 717	3,34
Other	17	0,07	46	0,03	46	0,03

August total .... 25 133 (33,03% up on 18 893 last year)
Jan-Aug total .... 176 497 (25,24% up on 140 923 last year)
July total 24 313

COMMERCIALS

	1980 Aug	% of Market	1980 Jan-Aug	% of Market	1979 Jan-Aug	% of Market
Toyota	3 219	27,88	21 560	26,55	15 546	23,96
Datsun	2 866	24,83	21 600	26,60	15 069	23,23
Ford	1 802	15,61	10 828	13,33	8 960	13,81
GM	1 222	10,58	9 908	12,20	8 329	12,84
Sigma	903	7,82	5 865	7,22	6 993	10,78
VW	582	5,04	3 509	4,32	2 614	4,03
UCDD	346	3,00	2 719	3,35	2 373	3,66
Leyland	219	1,90	2 487	3,06	2 097	3,23
Fiat	117	1,01	952	1,17	1 487	2,29
International Harvester.	75	0,65	509	0,63	340	0,52
MAN	71	0,61	439	0,54	452	0,70
Oshkosh	32	0,28	243	0,30	103	0,16
Magirus-Deutz	21	0,18	103	0,13	120	0,18
Vetsak	21	0,18	127	0,16	116	0,18
Malcomess-Scania	20	0,17	105	0,13	83	0,13
ERF	17	0,15	115	0,14	89	0,14
Fodens	13	0,11	112	0,14	92	0,14
VSA	—	—	23	0,03	18	0,02

August total .... 11 546 (33,06% up on 8 677 last year)
Jan-Aug total .... 81 204 (25,16% up on 64 881 last year)
July total .... 11 212 (August 5,58% up)

The motor industry continued on its winning way in August, with passenger car and commercial vehicle sales both up more than 33% compared with last August, and up 25% in the year to date. (The remarkable thing about this year's figures is that cars and commercials have enjoyed equal increases.)

Big gainers in the car market were Datsun (1 300 better than July) and Ford (plus 1 000), while GM, Toyota and Sigma lost ground.

Black butchers may be forced to close

Sowetan 13/4/80

30

Staff Reporters

ONE of the country's major frozen food companies said yesterday chicken and fish sales had shot up dramatically — by between 17% and 25% — in the wake of the red meat price rise two weeks ago.

The president of the Black Housewives' League, Mrs Sally Motlana, said many Soweto butcheries would be forced to close due to lack of demand.

And a national supermarket chain spokesman said the demand for chicken at their stores had increased by 20%, but there had not been a decrease in red meat sales because the chain had "frozen prices" last week.

Another large supermarket chain spokesman said the consumer trend was away from more expensive cuts and reported increased sales of chicken and fish.

The managing director of a Soweto supermarket confirmed increased demand for poultry and cheaper cuts and said he had had a 10% drop in sales of red meat. He was, however, concerned that the increased demand for poultry would also push up the price of white meat.

Two of the country's major stores and two major poultry concerns would not comment when contacted by the Rand Daily Mail yesterday.

Mrs Motlana said: "The price of meat is now beyond the ordinary black family. In fact, I think many butchers in Soweto are going to close. I run a butchery myself, and I know that people can't afford the higher prices.

"The consumer never stops to think of the pay packets of the black man. One kilogram of prime beef now costs R2.13.

"If butchers are to make a living, they have to sell it at R1,20 to R1,50 more — and the black man cannot afford to pay R3,33 to R3,63 for a kilogram of beef," she said.

In a snap survey, the Rand Daily Mail found that the price of chuck ranged from R2,40 per kilogram in Berario, Northcliff, to R3,20 in Diagonal Street, Johannesburg.

Supergrade fillet ranged in price from R7,20 in the northern suburbs to R4,80 in a city centre butchery catering mainly for blacks.

Prices for other meats were: Topside mince, R3 to R3,80; boerewors, R2,70 to R3,20; rump (super), R6,80 to R4,30; topside and silverside, R3,20 to R4,40.

The chairman of the Meat Board, Mr Flip du Toit, said in a statement in response to meat boycott rumours that if the South African consumer did not make it possible for the meat producer to continue producing meat, the consumer himself would eventually have to bear the brunt.

"People in responsible positions who incite the public against meat and advocate meat boycotts are shortsighted and acting irresponsibly."

The consumer ombudsman for the South African Council of Churches, Mr Eugene Roelofse, said a national enquiry into the meat trade should be called for rather than a boycott of meat.

Mrs Joy Hurwitz, president of the Johannesburg Housewives' League, said: "We have been asking for an inquiry into the meat industry since last year.

"The Housewives' League and members of the public were asked to boycott meat at a Press conference on Tuesday. They have been asked to buy meat only twice a week and to make their purchases at independent butcheries, because the small butcher is what we want to keep in the market."

Cape firms should do well in car boom

13/9/80 ARGUS

(30)

THE motor trade is booming. It sold almost 37 000 new cars and trucks in August, which is a record number, and could have a turnover from new vehicle sales this year of around R3 000-million.

As this very roughly is about R1 000-million more than the trade earned from new vehicles last year, it means that most motor dealers must be doing about 50 percent more business than a year ago.

While costs in the motor trade — like everywhere else — have continued to rise, it does seem on these figures that the level of profits will still be rising much faster.

RECORD

Therefore, although motor shares have had a good rise on the Johannesburg Stock Exchange recently, they probably still have some way to go.

Three companies which should do well out of the motor boom are the Cape Town based Diroyals, Robbs and Schus.

All are enjoying record business and are looking forward to even better conditions in the months ahead.

An investment in a local company, moreover, can also be much more interesting than in an upcountry one, as you can get a better idea of how it is faring.

You can attend its annual meeting, watch its Press and radio advertising, and learn by word of mouth how it is running its business.

Diroyal Investments, to give it its full title, controls Motors WP, the agents for Volkswagen. It also has a number of other factoring and manufacturing.

In the six months ended June Diroyal's taxed profit rose 79 percent to R113 000, while earnings rose 70 percent to 9,0c a share.

Diroyal's directors say that earnings in the second half of the year should not be less than in the first half.

This means that the company should earn at least 18c a share this year.

However, since June the tempo of new car sales has accelerated, 49 400 being sold in July and August.

This is almost 30 percent more than the 38 200 sold in the first two months of the year.

TOP SELLER

This, plus the fact that the Volkswagen Golf is proving to be the country's top seller, suggests that Diroyal's earnings for the six months ending December are likely to be considerably higher than in the first half of the year.

A 30 percent increase could lift them to 12c to make a total of 21c for the year.

If Diroyal continues with its present policy and holds its dividend cover at 2,5, it could pay a dividend of 8,4c a share.

At 98c this puts Diroyal shares on a prospective dividend yield of 8,6 percent.

ROBBS

Robbs Holdings is one of the country's largest Sigma dealers with several branches in the Western Cape and recently bought Sigma dealer which also has branches at Alberton and Benoni.

Robbs has just reported a taxed profit of R1 073 000 for the 12 months ended June — equal to 40,0c a share — out of which it paid dividends totalling 12c.

This was virtually double the R553 000, equal to 20,3c a share, earned in the previous year, out of which dividends totalling 6,0c were paid.

40c A SHARE

However, the interesting aspect of Robbs' profits was that it had earnings of only 9,5c a share in the first half of the year and then earned three times as much — 30,5c — in the following six months.

If it is assumed that the motor trade's profits in the second half of this year will be about a third higher than in the first half, then Robbs could earn 40c a share between now and December and 80c for the full year.

But even if this is overstating the company's earnings by 10c, Robbs should still be able to report earnings of 70c.

From this it could pay a dividend of 18c if it keeps to its present policy of three times cover.

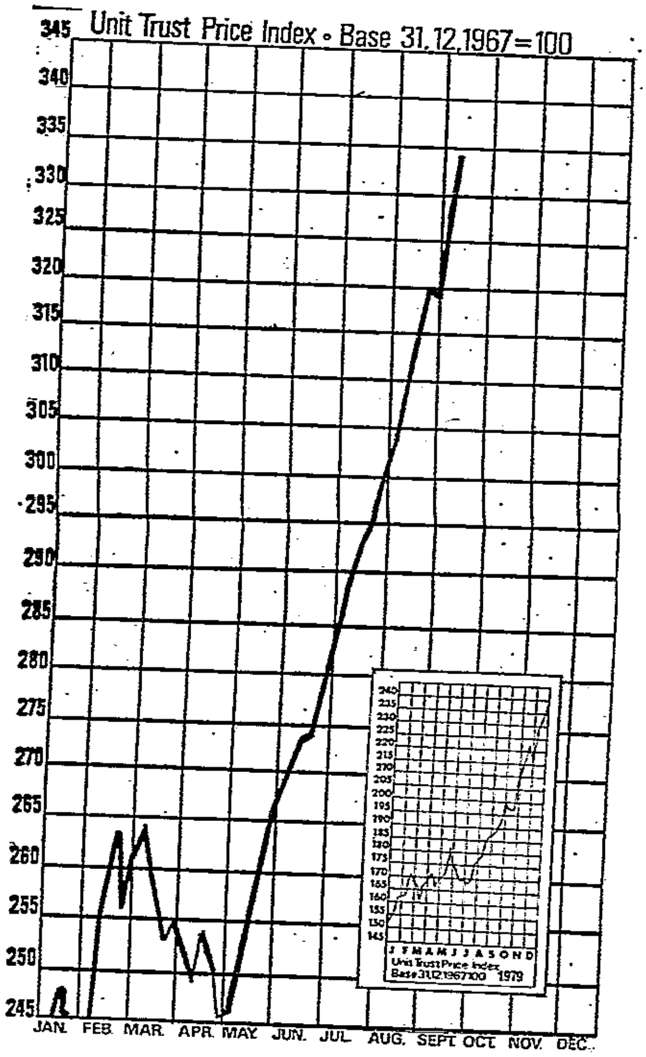
But the company may well reduce dividend cover in the face of the higher earnings and pay a higher dividend.

Admittedly, this is speculation, but it does indicate that Robbs' shares could give a potential dividend yield of 10 percent at their present price of 185c — which still includes the 8c final dividend for 1979-80.

SCHUS

Last but not least is

tailing, ship chandlering Germiston Motors, a



INVESTORS who put their money in unit trusts have gained a huge bonanza over the last 20 months as The Argus unit trust graph — which rose 6,80 points this week to 333,82 — shows. Unit trusts went up 60 percent last year and so far this year have risen 36 percent, making a total increase of about 120 percent since the beginning of 1979.

Schus Holdings.

This company went through a difficult time during the recession but is now well on the way to recovery.

Schus is the agent for Datsun and Sprite caravans.

In the 12 months ended February the company earned R473 136, equal to 26,3c a share. However, of this figure R367 722, equal to 20,4c a share, was earned in the second half of the 12 month period.

Just given a continuation of the conditions existing in the six months to February, Schus should earn more than 40c a share this year.

However, the company's managing director recently reported that it was experiencing an outstanding year and demand for new cars was strong.

FEASIBLE

In the light of this an increase in Schus's earnings to 60c a share would seem feasible, out of which it could quite possibly pay dividends totalling 20c a share.

However, a word of caution is necessary.

Owing to its assessed losses Schus paid no taxation last year.

While it may still have some tax losses to carry forward these will not last long when the company makes record profits.

Schus could therefore soon find itself paying full tax again which would substantially dent its earnings.

Schus shares are 165c at present after rising from 130c in the past four weeks or so.

The managing director has said the company will resume dividends in 1980-81 and they will not be token payments.

It is difficult to gauge how much further Schus shares will rise.

But at their present price they are probably giving a potential dividend yield of between 8 percent and 10 percent.

— TODAY: THE CASE FOR DEVELOPING A NEW CENTRE NEAR DURBAN —

A HOME FOR HERBS

Sunday Tribune special report by Wanda Edkins

4/9/80

INYANGAS, isangomas, diviners, witchdoctors — those who throw the bones, speak to the spirits and deal in herbs — are as much a part of black culture in South Africa as the springbok blood they put in their potions.

And while in Zimbabwe the traditional healer is being incorporated into the mainstream of health services and several Salisbury witchdoctors have predicted an 80 per cent drop in surgical operations in the country's hospitals if herbal remedies are applied, moves are being made on a small scale in this country to incorporate some traditional methods into modern medical practices.

At present the 1 042 members of the Natal/KwaZulu Inyangas Association are working towards establishing a herb and medicine wholesale depot with a research and teaching centre at Clermont near Durban.

"There are some herbs and medicines available only in Zululand. It would be far more convenient if all stocks were available in one place," Mr Julius Mapisane, secretary of the association, said this week.

"We inyangas don't want a hospital, but a big centre for teaching and research — so if someone dies he doesn't die with his knowledge but will be able to pass it on first," he said.

Mr Elias Conco, chairman of the Association and an inyanga for 60 years who learned the herbs from his father and his grandfather before [illegible]hat, says his group are [illegible]ot pushing for incorpora[illegible]ion into South Africa's [illegible]ealth service but: "If the [illegible]overnment wanted it we [illegible]ould be ready to accept. [illegible] think it would be a good [illegible]ing".

"Our people have ail[illegible]ents that are natural to [illegible]em. These can't be heal[illegible] by a doctor.

If an ailment is caused [illegible] witchcraft it must be [illegible]ated by an inyanga. [illegible]nty of people go to hos[illegible] for sickness who [illegible]ld be treated by an in[illegible]a," he said.

[illegible] Conco said some ail[illegible]s were referred to [illegible]rs. "We know the ail[illegible]s that we cannot [illegible]" he said.

[illegible] while it is the in[illegible] with his knowledge [illegible]herbs, roots and animals who is doing most to promote his particular brand of healing, his area is not held in the highest regard in the medical field.

Dr Walter Loening, president of the Natal Coastal Branch of the Medical Association of South Africa, said although a lot of discussion had taken place on the subject, it was unlikely inyangas would ever become part of the recognised health service in South Africa.

"They are an amorphous group. You can't say all of them do either this or that. Anyone can call himself an inyanga, and while there are genuine ones many are charlatans fleecing the people to feather their own nests," he said.

But in some areas the value of the traditional to the modern has been recognised.

Dr Neil Goodwin, principal specialist in the Intensive Care Units at Durban's Addington and King Edward VIII hospitals, has instructed his unit at King Edward to fit in with traditional beliefs.

"I think a doctor has to adapt his medicine to his patient. A person has to have faith and believe. If he has no confidence in the doctor, he won't get well," says Dr Goodwin.

"King Edward's ICU is run in terms of Zulu tradition. We talk in terms of evil spirits rather than germs and bacteria because to many people disease and trauma are merely manifestations of the presence of evil spirits, caused by spells that have been cast by wizards, or failure of the individual to honour ancestral spirits.

"If a person believes in something, you must work along his lines.

"If a person needs a respirator and we have to perform a tracheotomy (open the windpipe), we tell him we're making a hole to let out the evil spirit.

"This he can understand whereas he would make n[illegible] sense out of the medical jargon."

Dr Goodwin says a[illegible] staff in the unit work th[illegible] way. "I don't personall[illegible] examine patients or a[illegible] them what is wrong. I t[illegible] them — because that [illegible] what the witchdoct[illegible] does."

He says the approach gives meaning and psychological comfort to patients. "You have to appreciate the thought processes of the patient," he says.

Dr Goodwin said he believed the isangoma, in contact with the spirits, but not prescribing medicines, might be able to give patients some sort of psychological relief much like a parish priest visiting the hospital. But a lot of drugs administered by inyangas resulted in serious complications.

"We're not happy with some of the drugs they use and I haven't found any I'd want to incorporate in my treatment," he said.

Dr Loening said a pilot study was being carried out through the Medical School of the University of Natal to upgrade and make better use of the traditional birth attendant.

"We have such vast areas in this country where there is no formal health care and where traditional means of healing are the most common," he said.

"Among the most important are the traditional birth attendants and we are hoping to work with them, to give them some basic knowledge of labour, delivery, early warning signs of complications so they know when to refer patients to the doctor, the importance of sterilising any instruments used and what they should do after the birth."

He said the one other area where steps might be taken to incorporate the traditional is with the "umthandazeli" or faith healer.

"The part played by these people is becoming more prominent, particularly in urban areas. They pray over sick people and it's possible that, at a later stage, steps will be taken to integrate them more into our health practices," he said.

Mrs Lillian Radford, a Durban social anthropologist and lecturer in the Department of African Studies at the University of Natal who specialises in work of the traditional practitioner, says there are countless arguments for and against the greater use of trad[illegible] treatment and care.

"We find westerners who go to spiritualists or form prayer groups at hospital bedsides for extra help. And things like acupuncture are now being taken seriously.

"Each culture has its own category of illness. African people have a whole lot of illnesses that go under the heading 'ukufa kwabantu' and which they believe whites don't understand.

"These are caused mainly by sorcery or anger of the ancestors, and can cause disturbances to behaviour and even health."

Mrs Radford points out that while modern medicine [illegible] psychological level traditional healers who share the same world view as their patients can often be more helpful than the trained therapist.

"We whites accept chance but many Africans don't accept a big area of chance in their lives. Things have to happen for a reason," she explains.

"In general the African has many difficulties in his day-to-day life. He has housing shortages and job shortages. He has to make sense out of [illegible]

Mrs Radford admits criticisms can be levelled at the traditional practitioner.

"A patient can go without necessary and proper treatment for a long period. There are the ones who give things as drastic as engine oil.

"Some of the treatments — particularly for babies, where enemas are given for everything — can be very dangerous.

"Acceptance into the recognised medic[illegible]

Protus Cebe, an Umlazi inyanga

QUOTE: OUR PEOPLE HAVE AILMENTS THAT ARE NATURAL TO THEM. THESE CAN'T BE HEALED BY A DOCTOR

Elias Conco, Estcourt inyanga

Julius Mpisane, Claremont inyanga

Scheme to open areas for mixed trading praised

16/9/80 ARGUS

(30)

THE move to proclaim several large areas of Woodstock and Salt River as mixed trading areas was today warmly welcomed by the business sector and Opposition parties in Cape Town.

A meeting of the Western Cape Traders' Association was called last night to discuss the scheme. An executive said the association was delighted to hear about it and welcomed the gesture:

'Thousands of black commuters employed in industry, shops and businesses in the central area spend the bulk of their money there. The Western Cape Traders' Association believes that traders other than whites should be allowed to enjoy the benefits of this market.'

On top of the benefit to traders, he said, would be increased job opportunities.

SUPERMARKETS

'It has always been the cry of the association that shops in the townships, established by the City Council or the Administration Board, should be allowed to expand. It never materialised and now the big white giants are coming in to the townships in the form of supermarkets.

'The new plan of mixed trading will alleviate some of the present distress of black traders.'

The Association also believed that District Six should be proclaimed an open area.

'District Six has become a ghost town. We say it should become an open area so that people of all races can participate in the central business area,' he said.

'At this time of unrest we would like to promote harmony and understanding on the business side. The sooner there is economic integration, the better it will be for South Africa.'

The proposed area — including Victoria Road between Sussex Street and Salt River Road, and Albert Road between Rochester Road and Salt River Road — could become the largest area in South Africa proclaimed for mixed trading.

Representations by people with an interest in the area were invited in a newspaper advertisement placed by the Department of Community Development on September 5.

NO OBJECTION

Mr B van der Vyver, deputy director-general of the department of Community Development, said interested people had until the end of the month to get in touch with the regional representative. So far no objections had come to his attention.

The scheme, the first of its size, was still in the initial stages, he said.

'A public meeting will be held on October 24 in Cape Town where those who have made representations will have the opportunity to elaborate. Thereafter there will be an investigation by the Group Areas Board who will draw up a report and make recommendations.'

The aim was to establish a trading area to the benefit of all and that investigation into similar schemes for further possible areas would follow.

Asked to comment on the scheme, Mr B MacLeod, director of the Cape Town Chamber of Commerce, said: 'In a country which supports the principle of free competitive enterprise, no restraints should be placed on the entrepreneur, irrespective of race or colour, as to where he may or may not be permitted to open a business.

'Any move towards opening up trading areas to all races is to be warmly welcomed.

CONTRADICTION

Dr Alex Boraine, MP for Pinelands said: 'Restricted trade areas on the basis of race is simply a contradiction in terms with free enterprise. In a country which is committed to free enterprise we should open all areas to businessmen of all races. There shouldn't be any pussyfooting around.'

Mr Fritz Botha, New Republic Party, MPC for Groote Schuur, in whose constituency a large part of the proposed mixed business area falls, today welcomed the move.

He said the various race groups had lived together harmoniously in the area for a long time and he believed the plan was an excellent starting point.

The NRP believed that no restriction should be placed on the right of any individual in relation to the occupancy of or employment in commercial and industrial areas.

Schus revs up for the Eighties

(30) WDH 16/9/80.

By SHAUN HOLLICK

AFTER several lean years, Schus, the Western Cape motor dealer, is poised to enter the 80s "with confidence and determination" says the annual report for the year to end February 29 1980.

But after increasing pre-tax profits 36% to R473 136 (R326 527) on a 25% rise in turnover, Schus has not paid a dividend.

The last ordinary dividend (4c) was paid in 1976 as was the last preference dividend (4,3c).

The company anticipates paying arrear preference dividends.

It adds that "should the existing improved turnover and profit trends continue, ordinary dividends will be resumed for the year ended February 28 1980".

The caravan division was hit hard by the large fuel price rise during June 1979 and took several months to pull out of the slump says the report. It adds that this year's results were "gratifying".

Lower vehicle usage due to expensive fuel and speed restrictions lead to a lower accident rate adversely affecting the motor parts section.

However, the agricultural division had a "remarkable" year of improved profits and franchise penetration according to the report.

The new and used car divisions were bolstered by increased spending on consumer durables says Schus.

The company is optimistic on future prospects. It considers it "unlikely that future petrol price increases will exceed the general rate of inflation".

The motor market is "buoyant" according to Schus chairman, Mr Jossel Lipshitz.

Facing a 20% reduced interest bill (because of lower general rates and higher retained profits) Schus has budgeted for a 20% increase in turnover this year.

Beares' earnings up 30,3%

RDM 16/9/80

Financial Reporter

BEARES has reported attributable earnings of R8 406 000 for the year to June, 1980, an increase of 30,3% over the previous year's R6 450 000.

Income for the year after provisions for unearned charges and doubtful debts amounted to R14 561 000 (R11 133 000) and taxation took R6 155 000 (R4 683 000).

Because of the greater number of shares in issue, earnings per share increased only 8% from 61,3c to 66,3c.

The board has declared a final dividend of 10c, making 16c for the year compared to last year's 13c.

Dividend cover is 4,14 compared with 4,71 last year.

The directors comment that "with our future plans for the development of all divisions we are well poised to take advantage of the upturn in the economy during the coming year".

Koornhof to probe border licences

RDM 16/9/80 30

By GERALD REILLY AND ROBERT FYSH
Pretoria Bureau

THE Minister of Co-operation and Development, Dr Piet Koornhof, has called for a report from his department on the conditions under which trading licences are granted to whites on the borders of homelands.

This emerged yesterday and follows a "Mail" report that Nationalist MP, Mr J C B Schoeman, was granted a trading licence on the Bophuthatswana border.

Dr Koornhof was not available for comment yesterday.

Meanwhile, according to the Transvaal Board for the Development of Peri-Urban Areas, since 1971 only six applications for trading licences near to the BophuthaTswana border were received.

Mr Schoeman's was the seventh. Five were rejected and only part of a sixth was granted — for a butchery.

The rejected applicants applied for general dealers' licences, cafe, cinema, a small paint mixing establishment, building material dealer and shopping complex licences.

The chairman of the Peri-Urban Board, Mr R B J Gouws, said yesterday the approval of the licence for Mr Schoeman had nothing to do with the fact that he was a Member of Parliament.

"All applications are treated on merit. In this particular case we knew who Mr Schoeman was, but this had not the slightest influence on the granting of the application."

Asked to comment on the report that the board's senior officials recommended the licence should not be granted, Mr Gouws said: "These are committee issues, and there can be no comment on them. But I can assure you that we often go against the advice of officials where we believe this to be justified."

Approached last night, Mr Schoeman refused to enlarge on his Wednesday statement that "I know people in the Government, high in the ranks, who do business on the border.

"I am not prepared to say who they are. It would be unethical," he said.

When told that Dr Koornhof had asked for a report regarding his application for a trading licence, Mr Schoeman said that he was not afraid of it.

"I am a private tax-paying citizen of this country and everything I did was within the law."

Mr Schoeman said he did not know beforehand that three major new roads would converge on his trading site opposite the entrance to Ga-Rankuwa in Bophuthatswana.

"I never knew about it when I made my original application some time last year. I only found out about it later and it did not influence me in any way."

He claimed that he was a victim of a political conspiracy.

"The PFP tried to get me out of Johannesburg and now they are trying to do it again."

Mr Schoeman said it was a blatant lie that his recent licence application had been given preferential treatment by the Peri-Urban Board.

"I had to wait just like anybody else."

Mr Schoeman said that it would not make any difference to his intended trading complex when told that the Secretary for Commerce for the BophuthaTswana Government, Mr Solomon Rathebe, had stated he would bring the matter of white border trading to the attention of President Lucas Mangope.

'No' to homeland trading rights

By CHRIS FREIMOND
Southern Africa Bureau

TWO homeland leaders yesterday strongly condemned the principle of granting trading rights to white businessmen on the borders of black states.

This week the "Mail" revealed that the National Party MP for Witwatersberg, Mr J C B Schoeman, had been granted business rights at a prime position on the BopthuthaTswana border in contravention of Government guidelines.

The Chief Minister of KaNgwane, Mr E J Mabuza, said: "We are totally opposed to this."

White-owned businesses on the borders of KaNgwane had, for many years, been attracting customers from within the homeland to the serious detriment of local traders, he said.

Any further developments of this kind had to be opposed as vigorously as possible, although the KaNgwane Government was unaware of any legal steps that could be taken to stop the granting of such rights, Mr Mabuza said.

The Chief Minister of QwaQwa, Mr Kenneth Mopeli, said: "It's clear and simple. We don't want white-owned businesses on our borders."

His government was already discouraging people from shopping in neighbouring white towns and was appealing to them to s[illegible]t local businessmen.

The BophuthaTswana Secretary for Commerce, Mr Solomon Rathebe, told the "Mail" earlier this week that the granting of trading rights to Mr Schoeman would be brought to the attention of President Lucas Mangope.

The leaders of other black states were unavailable for comment yesterday.

ROBBS SET FOR GROWTH

(30)

Argus 18/9/80

ROBBS MOTORS is planning to increase its sales by expanding its outlets, Mr. F Carter, chairman, says in the company's annual report.

He reports that the profitability of the group has been improved in recent years as a result of cost controls and rationalisation.

But the group's activities have reached the stage where further rationalisation will not have any significant further impact on profitability.

To sustain growth some expansion is necessary. To achieve this and to lessen its dependence on the Western Cape, the company had bought an interest in the Germiston Motor Group.

BORROWING

Funding of the group's expansion will come partly from increased borrowing and partly from retained earnings.

Robbs' turnover rose by 34 percent in the year ended June largely as a result of the increase in new and used car sales.

The percentage margin earned on Sigma vehicles was maintained and the increase in sales resulted in a substantial increase in the contribution from this franchise.

An exceptional demand for the Jaguar ahead of its impending withdrawal improved the percentage margin earned on Leyland vehicles.

Net income rose from R187 000 to R338 000 in the year to June.

Derek Tommey

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Trouble struck stack is declared safe

16/8/80

The 275 m Matla power station chimney — tallest structure in Africa — will not be demolished after the mysterious accident during which a flue inside collapsed late last month.

A preliminary investigation has shown that the outside shell of the enormous concrete stack is safe and that two of the three flues inside, each serving 600 Mw boilers in the generating plant, can be repaired.

The stack, near Witbank, cost about R3,5-million to build and is the first in the world to have suffered a collapse.

K & L back with a sparkler

RDM 19/9/80.

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Deputy Financial Editor

AFTER A loss of R622 000 in the year to end February 1979, Katz and Lourie, the diamond wholesaler and retailer recently taken over by Theron Holdings, achieved a taxed profit of exactly R1-million in the 16 months to end June.

Turnover rose 110% in the 16 months, compared to a 2,2% gain in 1979. Pre-tax profit was R1 356 000, compared to R378 000 in 1979, when a R510 000 currency loss hit the company hard. The tax rate at 26% made the tax bill R356 000, leaving taxed profit of R1-million.

Earnings in the most recent accounting period were 106,4c, compared to the 1979 loss of 40,7c. The dividend will be announced in the annual report in four weeks.

Annualised, the 16 months figures give a pre-tax profit of R1 017 000, taxed profit of R750 000 and earnings per share of 79,8c. So, on an annualised basis, Katz and Lourie has achieved an effective turnaround of 120,5c a share.

As Theron Holdings has 70% of the equity of Katz and Lourie, R700 000 of the earnings for the 16 months is attributable to Theron.

The report says these results are a record in Katz and Lourie's 85-year history and an excellent Christmas is expected. The group has plans to open new branches.

Chairman, Mr Arnold Katz, says the vertical integration of Theron and Katz and Lourie is already paying off. Katz and Lourie had a useful stockpile of diamonds, which it could sell on local or export markets if the diamond price rose.

Asked how earnings came to be a neat R1-million, Mr Katz said these were pre-audited figures. The actual taxed profit was about R1 000 more than a million and it was decided to round the figure off until the annual report came out with audited figures.

COMMENT: Domestic diamond sales look set to continue their recent rise for some time. Nevertheless, another takeoff on the scale of 1979-80 seems unlikely. After all, a portion of these sales must have come from profits on the JSE, which may not perform as well in 1981.

Katz and Lourie has large Swiss franc loans and a strong rand or dollar is positive for the company.

The company does seem to be dramatically on the mend but is hard to value without a dividend and a truly comparable track record.

RETAIL SALES (30)

Pace slackens

FM 19/9/80

There are signs that the growth rate of retail sales is losing some momentum, although they are still advancing at a cracking pace.

Latest Department of Statistics figures show that at current prices the value of retail sales in the first five months of this year was 22,7% higher than in the same period last year. The average value of retail sales from June 1979 to May 1980 was 16,9% higher than the average for the previous June to May.

Goods most in demand are durables, followed by semi-durables and food.

Retailers prepared to give rough guides to turnover indicate that sales of such items as furniture, hardware, toys, appliances and TV sets are up by 50% on the same time last year. Clothing and textiles sales have increased by 30% and food by 25% to 30%.

But for the third month in a row, there has been a decline in the increase in the value of retail sales in the three months preceding that month-end, compared with the previous quarter. Thus at current prices, estimates of the value of retail sales from July to September rose by 4,0% compared with April to June. June to August retail sales, by contrast, were 5,1% up on March to May.

This levelling-off is supported by retailers liaison committee estimates which show there was 36% growth in the sales of the major national retail chains in July 1980 compared with July 1979 but only 29% growth in August.

Committee co-ordinator Doug Parker, however, thinks the final August figure could be a lot higher. There may also have been substantial "anticipatory buying" in July while a high growth rate in August last year reduces the base from which this August's comparison is made.

Retail bosses canvassed agree that delivery periods for most supplies are lengthening, especially for furniture, fashionware and clothing. But non-food prices should not increase much before Christmas as prices are already fixed for stock to be bought before then.

For the future, Parker thinks it unlikely that spectacular rates of expansion will continue. He notes the value of retail sales "has been well above growth in employment and earnings."

Restraints on blacks attacked

NM 20/9/80 30

Patrick Leeman

THREE prominent speakers at the 'Work For The Future' conference on job creation in Durban yesterday attacked Government-created constraints facing black businessmen.

Top Umlazi businessman Mr A Mkhwanazi said 'black businessmen seemed to be ineffectual in removing unemployment because of their inability to provide job opportunities'.

Blacks were not allowed to take part in decision-making exercises involving issues such as where to live, how to live, how to trade and where to trade.

Mr J N Ferreira, a director of Norton Business Advisory Services and member of the National Africa Chamber of Commerce, said it was high time the question of legal and other restrictions hampering black businessmen was considered.

'In creating jobs in this country the small black businessman is the key,' he emphasised.

Mr J N Reddy, managing director of the New Republic Bank, said the black businessman could not work in a climate different from that required by the white man.

Black people had to be given the opportunity to generate capital and the Government would have to allow all black people to be educated in engineering and technology.

5. List t... t the Tutorial Systen...

6. List the Points Which You Liked Least About The Tutorial System:

Re: Term 3: Here it is suggested that a discount factor equal to (or slightly higher than) the interest rate on a comparable loan should be used for this term. This stream is riskier than the stream in Term 2 because the lessee requires to have a taxable income to get the cash flow.

Re: Term 4: The riskiness of this flow is likely to be equal to that of Term 3 thus the same discount factor is suggested. To facilitate a fair comparison with leasing the most rapid method of depreciation allowed by the Receiver of Revenue should be used. Furthermore depreciation in this context includes the investment and initial allowances.

Re: Term 5: The riskiness of this flow is likely to be equal to that of Term 3 thus the same discount factor is suggested. This stream is the tax shield arising from the tax deductibility of the interest on an equivalent (the displaced) loan.

The general approach will now be applied to the problem in MAN. 530 which follows.

Page 6

'Soweto needs estate agents'

01/9/80 5805

30

By MANDLA NDLAZI

ESTATE agents were needed in Soweto following a property boom in 99-year leasehold home ownership, Mr Nico Malan, chief executive officer of the Soweto Council, said this week.

"We need them desperately and there is a growing demand for them."

He said this was because of the sudden increase in housing construction after the announcement of the leasehold scheme.

Mr Malan said estate agents would be a "great help" to the community. They would keep up-to-date records of the total number of houses that were up for sale, the types of houses, their prices and location. This would save those in search of homes from running into different offices, he said.

Mr Malan said estate agents could buy or build as many houses as they could afford and then resell or rent them out to the community. He said agents would also be in a position to advise or financially assist buyers.

"But the snag," said Mr Peter Makhubu, a Soweto architect, "is that as blacks we have been denied to buy and own land." He said this would be the "greatest disadvantage" to estate agents in Soweto.

Toncoro chief spells out brick problem

(30)

RDM 22/9/80

TONCORO is now producing enough bricks to build 350 average-sized houses daily and yet the stock brick delay is about 12 months, according to Mr A R Kemp, chairman of the group — manufacturer of more than half the stock bricks about 75% of the face bricks in South Africa.

At a Press conference in Johannesburg, Mr Kemp said he hoped the position would start improving from April next year. At that time the first of three new Corogroup factories, this one at Odendaalsrust in the Free State, would come on stream.

Two further new plants were planned for the Transvaal and they would make their contributions some months later.

Mr Kemp said from a position in mid-1979, when the group had 450 million bricks in stock — "at a cost of 15 per cent per annum" — and eight factories either shut down or partially closed, the position had swung dramatically.

"If I had then put it to my board that we resume operations, spend millions and re-employ some 2 000 workers which had been laid off, they would have laughed at me."

He said no one could then have predicted the scale of the boom.

"In the middle of last year, the upturn started in the building industry. Usually, it is a slow building-up process. Normally we have ample warning. But not this time."

He gave five reasons — "as I see it" - for the sudden surge in building activity and the concomittant demand for his company's products.

"Minerals, especially gold, prices have rocketed. Government building plans, some shelved previously, have come back on stream. Demands for better housing, schooling and hospitals were being answered.

"The general atmosphere of economic optimism has encouraged housing developers. There was an increase of building related to the defence of the Republic."

Mr Kemp said approaches had been made to the Government for greater forward planning and that instead of committing public funds for one year, it was suggested that this should be done on a three-year basis.

He added that the Government and quasi-Government bodies absorbed about a third of the country's brick requirements.

"This proposition has gone forward and I understand it is being considered.

"All it really means is that the Government commits itself forward for three years, and not for one year as is presently done."

As a result of the action the group was now taking, "we believe that we will break the back of this problem (the brick shortage) by the middle of next year". — Sapa.

STAR 25/11/80 30

Professor's appeal to 'go easy' on hawkers

By Linda Loxton
Municipal Reporter

The Johannesburg City Council and the West Rand Administration Board were yesterday urged to reconsider their attitude towards hawkers.

Delivering his inaugural lecture, Professor Keith Beavon, head of the department of geography and environmental studies and professor of human geography at Wits University, said hawkers found themselves in a crisis situation.

As part of the "informal sector," hawkers had resorted to their line of business as a survival strategy but in recent years had faced increasing harassment from the authorities.

Professor Beavon said measures aimed at easing the lot of hawkers would not remove the causes of poverty which led people into hawking. Nor would it lessen unemployment. But it was necessary to implement measures that would bring about noticeable and rapid relief.

In downtown Johannesburg, where anti-hawker measures were most severe, Professor Beavon suggested that:

- The city council and WRAB should agree that all black hawkers should be allowed to apply for hawkers' licences.
- The restricted area in the city centre, where hawking activities are most strictly controlled, should be reduced to at least exclude the traditional hawking areas around bus termini and stations.
- The section of the by-laws that requires hawkers to move 25 m every 20 minutes and not return to the same spot within 24 hours, be dropped.
- The red tape involved in obtaining licences should be cut and the cost made more realistic.
- The number of fixed council-owned stands for hawkers should be increased. There is a limited number available at present and the cut in the number of flower stalls for example, has increased competition and dissatisfaction.
- The formation of a hawkers' association that the authorities can negotiate with should be encouraged.

Professor Beavon said the situation was desperate in Soweto. Because so many hawkers were unable to get licences because of the stringent regulations, the whole area was in effect restricted and many operated "illegally."

But, he said, even if all applicants could get licences, little would be achieved apart from a possible end to harassment.

ROBBS HOLDINGS 30

On the move

FM 26/9/80

Activities: *Sells new and used cars, with Sigma and Leyland franchises. Based in and around Cape Town but now moving into the Transvaal market through the acquisition of Germiston Motors. Directors have a 41,6% interest.*

Chairman: *E Carter; managing director: B J L Porter.*

Capital structure: *2,6m ordinaries of 50c. 162 500 5,5% cum prefs of 200c. Market capitalisation: R5,3m.*

Financial: *Year to 30 June 1980. Borrowings: long- and medium-term, R1,4m. Net cash: R1,3m. Debt:equity ratio: 19,4%. Current ratio: 1,5. Net cash flow: R796 000. Capital commitments: R4m.*

Share market: *Price: 200c. (1979-80: high, 205c; low, 35c; trading volume last quarter, 54 000 shares). Yields: 19,6% on earnings; 6% on dividend. Cover: 3,3. PE ratio: 5,6.*

	'77	'78	'79	'80
Return on cap %	—	10.0	12.7	22.7
Turnover (Rm)	30.9	34.3	36.8	49.2
Pre-tax profit (loss) ('000)	(659)	421	751	1 756
Gross margin %	—	2.8	3.1	4.1
Earnings (c)	—	15.3	19.9	39.1
Dividends (c)	—	—	6	12
Net asset value (c)	206	224	238	267

The estimated 20% increase in national dealer unit sales of passenger cars and light commercial vehicles in the year to June 30 was not the only reason for the group's recovery after its 1977 losses. Chairman Eddie Carter says that profitability has been improved over the past three years through a deliberate strategy of cost control and rationalisation. And from the resulting considerably stronger financial base, the group now intends expanding to sustain profit growth.

Funds for expansion will come both from increased borrowings and retained earnings. The balance sheet certainly looks healthy enough to sustain this — increased liquidity last year enabled the early repayment of long-term borrowings of R400 000, and after two years of conservative dividend cover (around 3.3 times), the debt:equity ratio is a low 19,4%.

The group has already acquired 50% interest in Germiston Motors, effective July 1, and has an option to acquire the remaining 50% in or after February 1982. The company is a Sigma dealer on the East Rand. The acquisition represents a timely move into the larger Transvaal market and this lessens group dependence on the relatively depressed Cape market. It will also, according to management, provide an opportunity for the purchase in the Transvaal of used vehicles for the Cape.

The inclusion of Germiston Motors is likely to have a significant effect on this year's earnings. The company estimates that if the first 50% interest had been consolidated in fiscal-1980, earnings per share would have been 12,7c higher at 52,7c instead of the 40c (on the company's calculation) actually achieved. On this basis, the group can expect at least a 30% increase in earnings this year over and above the growth expected to come from the industry as a whole.

Last year, when national sales increased around 20% on average, Robbs' Sigma sales grew by 23%. Despite the drop in Leyland unit sales following the withdrawal of several models, this division's contribution was higher because of strong demand for executive vehicles.

This was particularly true of the Jaguar where demand was exceptionally high ahead of its impending withdrawal from the market, due to Phase V local content requirements. Once this happens, demand is likely to fall away as buyers will then have to pay 100% duty as on other luxury imports.

Demand for Sigma vehicles, however, should continue in line with, or even higher than, overall industry growth. Most car manufacturers see the current buoyancy continuing at least until September 1981. If they are right, the existing Robbs operation should do more than merely maintain last year's profitability.

On this basis, even a 10% organic improvement, coming on top of the 30% increase from Germiston Motors, should enable the group to pay about 18c (12c) on possible earnings of 58c (40c).

The current share price of 200c reflects little, if any, of this outlook. On an expensive market, where industrial yields are averaging around 4,4%, this motor share has ample room for growth on a prospective 9% yield.

Fiona Halse

26/9/80 GG 7237 (30)

KENNISGEWING 674 VAN 1980

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

WET OP KREDIETOOREENKOMSTE, 1980

Die volgende konsepregulasies kragtens die Wet op Kredietooreenkomste, 1980 (Wet 75 van 1980), welke Wet die Wet op Huurkoop, 1942 (Wet 36 van 1942), herroep, word hierby vir algemene inligting en kommentaar gepubliseer.

Kommentaar moet voor 20 Oktober 1980 aan die Sekretaris van Handel en Verbruikersake, Privaatsak X84, Pretoria, 0001, gestuur word.

VOORGESTELDE KONSEPREGULASIES KRAGTENS DIE WET OP KREDIETOOREENKOMSTE, 1980 (WET 75 VAN 1980)

Ek, Schalk Willem van der Merwe, Minister van Handel en Verbruikersake, promulgeer hiermee kragtens artikels 2 en 3 van die Wet op Kredietooreen-

NOTICE 674 OF 1980

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

CREDIT AGREEMENTS ACT, 1980

The following draft regulations in terms of the Credit Agreements Act, 1980 (Act 75 of 1980), which Act repeals the Hire Purchase Act, 1942 (Act 36 of 1942), are hereby published for general information and comment.

Any comment should be forwarded to the Secretary for Commerce and Consumer Affairs, Private Bag X84, Pretoria, 0001, before 20 October 1980.

PROPOSED DRAFT REGULATIONS IN TERMS OF THE CREDIT AGREEMENTS ACT, 1980 (ACT 75 OF 1980)

I, Schalk Willem van der Merwe, Minister of Commerce and Consumer Affairs, hereby promulgate, in terms of sections 2 and 3 of the Credit Agreements Act,

See Gazette for full text.

SEAT BELT SUPPLIERS

REMITTANCE ADVICE

31 JULY 1979

Balance as per statement : 25 July 1979	1 800
Less: trade discount on invoice 210	120
	1 680
Less: cheque forwarded on 20 July	140
	1 540
Add: overcast on statement	10
	1 550
Less: Invoice No. 312	120
	1 430
Less: credit note No. 25 treated as an invoice	30
	1 400
Less: discount 5%	70
	1 330
Less: cheque payment	1 710
Refund due:	R 380

JOHN ORR (30)

Curtsey to Milady

FM 26/9/80

There is a strong possibility that John Orr will be able to resume dividend payments this financial year. After a loss of R1.8m in fiscal-1980, the group has made an interim pre-tax profit of R590 000 for the six months ended August 31. After the deduction of minorities, interest on prefs and tax, attributable profit is R221 000, equivalent to 4.2c a share. The tax rate of 55% is abnormally high and is the result of group profits being taxed with no offsetting benefits from the loss-making divisions. The tax rate for the full year is expected to come down, however.

No dividend has been declared in the first half. Having just pruned the number of stores down to those profitable operations which will ensure a satisfactory return on capital, expansion will be cautiously undertaken. The current year's programme calls for R513 000 capex, the bulk of which will go into the most profitable area, Milady's. The sale of properties has now been completed except for a suspensive sale agreement on the Benoni property. Maturation of the agreement will see almost R600 000 flow in early in February.

John Orr . . . recovery in progress

This capital inflow will doubtless be used to reduce short-term debt. The anticipated level of sales over the next three months will, I understand, be turned over at considerably improved margins than the group was able to achieve in the last two years. Given a 30% increase in sales to R58m in fiscal 1981, earnings, on the improved margins, could reach 17.5c a share. The directors give no indication at this stage of targeted cover but a 2.5 times covered payout of 7c a share looks feasible.

With the ords currently trading at 175c and a prospective yield of 4%, that seems to be what the market is expecting as a minimum payout. At 95c the prefs yield 6.3% and would appear a better bet right now.

Jan Mes?

30

Boom in private security business

CAPE TIMES 26/9/80

By GORDON KLING

THE PRIVATE security industry in South Africa has been swept up in the economic boom, with a massive boost in manpower, the number of firms and its sophistication as commerce and industry respond to government appeals for improved protection of their operations.

There is not unanimous agreement, however, on expanding the private organizations' services to supplement police protection of communities in general, as recently suggested by a Cape Town City Councillor, Mrs Eulalia Stott.

Membership of the Security Association of South Africa has almost doubled in the past year to 800 firms according to its general manager, Mr Donald Simpson.

"I think this is due to commerce and industry reacting to remarks from politicians to put their house in order and improve security," he said yesterday in an interview from Johannesburg.

"Firms can't just rely on the police and army to come along in times of unrest, and of course there is the need for training which we supply in the form of various courses and seminars."

The secretary of the Transvaal Employer's Association of Security Services, Mr John McBrearty, agreed that demand for private security had risen dramatically during the year.

"What we have also noticed, and it is something that is very gratifying, is that the new demands are not just for increased quantity, but also for greater sophistication. Companies are now prepared to devote a much more realistic percentage of their turnover to protection. Businesses are also starting to realize that good security is not an expense, but a contribution to profitability.

Mr Eddie Tappan, secretary of the association in the Cape, believed heightened demand was now being reflected in considerably increased employment opportunities in the industry.

"It is hard work, but it is certainly there and of course the jobs are for all races."

But quantification is difficult. Mr McBrearty believed it almost impossible to obtain an accurate figure for the number of people employed in the industry, let alone the number of firms engaged in it. This is evidently not for lack of organisation, but simply because of the nature of the business, which epitomizes the free enterprise system.

"Any meaningful figure would have to include everyone from the giants to policemen doing extra work off duty, right down to the watchman in a shed at the back of the garden," he maintained.

"There is no registration and anyone can start a security company, even the person who has just emerged from jail."

Referring to the proposals for private firms to protect township residents from skollies, he said he did not believe the economics would prove competitve, but there was some merit in the idea.

Salaries offered by the security firms were higher than what the police were paid, but then the police received subsidized housing and free medical aid. In addition, a private firm would have to establish control, command, and transport facilities to operate in any given township which would already

Shop hours won't change

30

KOM 11/10/80

FLEXIBLE shopping hours will not be introduced in the Transvaal, according to a letter to the Association of Chambers of Commerce (Assocom) from Mr Theo Martins, a member of the Transvaal executive committee.

The letter read: "The executive committee has, after careful consideration of the representations received on the matter, decided not to accede to the request for the introduction of flexible shop hours in this province."

A joint reaction to the letter has come from the president of the Johannesburg Chamber of Commerce, Mr S Matus, and the president of the Pretoria chamber, Mr A de Beer.

These chambers, which have been active in seeking greater flexibility in trading hours, said that the only conclusion that could be drawn from this decision was that provincial legislators and administrators were totally out of step with current central government thinking — evidenced by a movement away from rigid controls.

The chambers said the decision was all the more incomprehensible if it was taken into account that the entire organised consumer movement strongly supported the plea from business to be allowed an opportunity to cater for their needs, particularly in the metropolitan areas. — Sapa.

C. Times 1/10/80

Shares for 'coloureds only' (30)

Staff Reporter

THE SHARE offer in Pick 'n Pay's Mitchell's Plain supermarket published yesterday will be for "coloureds only" and the company's directors will be authorized to ask subscribers to prove that they are coloured.

The offer of 300 000 ordinary shares at 200 cents each represents 51 percent of the company's capital, which, says Mr Hugh Herman, an executive director of Pick 'n Pay, must be owned by coloured people as required by the Group Areas Act.

According to the prospectus the shares can be issued, transferred to and registered in the name of coloured persons.

Mr Chris Pearce, of Union Acceptances Limited, the issuing house, said yesterday the directors of the company can call on subscribers to prove they are coloured.

Mr Pearce also appealed to would-be subscribers to obtain cheques or bank drafts and not to approach the vendors with cash.

Traders move in at Mitchell's Plain

Cape Times 2/10/80

30

Staff Reporter

TENANTS of the new Mitchell's Plain town centre moved in yesterday and will open their doors for trading on October 29.

The major supermarkets and chain stores such as OK Bazaars, Woolworths and Pick 'n Pay are required to have a 51 percent coloured shareholding and some of the companies have gone into partnership with their senior coloured management to achieve this.

Before yesterday, the supermarkets had already been given beneficial occupation of their premises.

The Director-General of the Department of Community Development (which is financing and developing the centre), Mr L Fouche, said this week he was pleased "that we have been able to create business opportunities for many independent coloured businessmen and retailers".

The residents of Mitchell's Plain, through the Combined Mitchell's Plain Ratepayers' Association (Compra), selected the 120 retailers for the centre.

Mr Fouche said his department had been encouraged by the 800 applications received. Commenting on the number of independent coloured businessmen and retailers Mr Fouche said that 46 percent were opening further branches of business in the centre, 24 percent were opening a new store with either their previous employers as minority shareholders, or diversifying their existing business interests into new retailing fields.

Uitgereik deur die Departement van Buitelands[...] ig
op versoek van die Ministerie van Samewerkin[...]

Issued by the Department of Foreign Affairs [...]
the request of the Ministry of Co-operation [...]

PRETORIA

17 October 1980

Permits needed for 'open' trading

ARGUS 9/10/80

(30)

UNDER present legislation black businessmen will require permits to open shops in the Woodstock Salt River area if it is proclaimed an 'open' trading area.

This has been confirmed by a senior official of the Department of Community Development who said that even though this restriction would apply, permits would be 'freely' available.

Under Section 19 of the Group Areas Act, if the area is declared 'open' to businessmen of all races, blacks will still require permits to occupy white-owned business sites.

OPPOSED

A spokesman for the 2 160-member Western Cape Traders' Association said the association would definitely oppose the plan if the 'restrictive' permit system applied.

'We initially welcomed the plan, but not now that the permit issue has been exposed. If they want open trade they will have to amend the Group Areas Act before we trade in the area.

'We want an open area with no strings attached.'

ENDORSED

Other trading associations on the Cape Flats have endorsed the stand which the Western Cape Traders' Association has taken.

The Department of Community Development, which has already mapped a proposed area as part of their investigation into the possibility of proclaiming the area 'open,' will hold a hearing on October 24.

Thereafter there will be an investigation by the Group Areas Board, which will draw up a report and make recommendations.

RDM 10/10/80

First step towards industry in Soweto

30

By PATRICK LAURENCE

THE first concrete step toward establishment of small-scale industry in Soweto will be taken at the weekend when the Industrial Development Corporation (IDC) invites tenders for construction of an industrial centre in Orlando West.

The centre will provide accomodation for 40 small homecraft manufacturers. The first of three centres planned for Greater Soweto, it will symbolise the switch in official policy toward black businessmen in urban areas.

Until the mid-1970s black businessmen in "white" urban areas faced a series of stringent controls which forbade the establishment of manufacturing industries and prohibited all business activity which did not provide for "essential daily requirements".

The decision to encourage small-scale manufacturing in Soweto and black townships generally, announced in July by Mr Louis Rive, chairman of the Greater Soweto Planning Council, came as the climax to a series of moves which removed the old legal restraints on black businessmen.

The policy shift has been variously described as facilitating the emergence of a "stable and responsible black middle class" and of extending the benefits of private enterprise to the black community.

However, in an article in the current issue of the "Journal of Southern African Studies", Dr Roger Southall, of the National University of Lesotho, characterised it as a policy of encouraging the growth of a black "petty bourgeoise" as an ally of white-controlled capitalism.

The three industrial centres will be located at Orlando West, Meadowlands and Dobsonville. Premises will be let to 120 small-scale manufacturers by the IDC, which will provide managerial advice to the entrepreneurs.

As an additional incentive to would-be black businessmen, the immediate past Minister of Industries and Commerce, Dr Schalk van der Merwe, announced in August that the IDC would consider granting financial assistance to small-scale enterprises.

The IDC has already received inquiries from Soweto businessmen and is busy processing applications.

The Soweto scheme to encourage small-scale industry is modelled on a project already in operation in black homelands, where about 280 small businessmen are working from industrial centres established by the Corporation for Economic Development.

The essence of the project is to provide centralised facilities and advice on production and marketing for small-scale entrepreneurs, some of whom had previously operated literally from their backyards.

Gazankulu has been the main focus of the homeland operation, accounting for about 130 of the 280 entrepreneurs.

In his article, Dr Southall drew attention to the increase of licensed traders operating in Soweto since the new policy was applied seriously in the wake of the 1976 unrest.

The latest figure on West Rand Administration Board records is for 1979, when there were 1 700 licensed traders, an increase of 80 on the figure for 1978 quoted by Dr Southall.

General dealers accounted for most of the licensed traders, with green grocers filling second place. The 1 700 figure excludes Soweto's 788 licensed taxi owners.

Figures quoted by Mrs Marie Held, the board's statistician, pointed to an increase in the number of doctors from 18 to 30 between 1978 and 1979.

Another facet of the policy of encouraging the growth of a black middle class was last November's decision to allow black-white business partnerships on a 51-49 basis to operate in black townships.

But, according to Mr Nico Malan, executive director of the Soweto Council, there has been no white investment in Soweto on the partnership basis since it announced nearly a year ago by Dr Piet Koornhof, the Minister of Co-operation and Development.

The Soweto Council has approved a tender by an all-black company, Soweto Holdings Development, to develop a R10-million business complex at Jubalani, Mr Malan said.

By law the tender has to be approved by Dr Koornhof, whose decision is still awaited, Mr Malan added.

NFS MOTORS (30)

Looking for funds

FM 10/10/80

Activities: *Marketing of motor vehicles, agricultural machinery, and industrial and construction machinery. Wholesale distribution of parts and accessories. Vulcanising.*
Chairman: *C E Fairweather; managing director: W A Archbold.*
Capital structure: *2,6m ordinaries of 50c; 18 740 5% cum prefs of R2. Market capitalisation: R5,1m.*
Financial: *Year to June 25 1980. Borrowings: long- and medium-term, R1,3m; net short-term, R3,0m Debt: equity ratio: 65,9%. Current ratio: 1,5. Net cash flow: R999 000. Capital commitments: R86 000.*
Share market: *Price: 195c (1979-80: high, 193c; low, 87c; trading volume last quarter, 9 000 shares). Yields: 20.3% on earnings; 5,9% on dividend. Cover: 3,4. PE ratio: 4,9.*

	'77	'78	'79	'80
Return on cap %	9.3	8.7	14.0	16.5
Turnover (Rm)	40.0	46.9	47.5	57.5
Pre-tax profit (Rm)	1.1	1.1	1.0	1.6
Gross margin %	4.3	3.7	3.3	3.5
Earnings (c)	*33.9	*39.2	27.5	39.6
Dividends (c)	*10	*10	11	11.5
Net asset value (c)	*265	*289	250	280

* Adjusted for 1975 one-for-one cap issue

Northern Free State Motors pulled earnings up sharply in the year to June 25 as increased profits flowed from all major divisions. In addition the group has been active on the acquisition front which, with the bullish outlook for the motor and agricultural machinery markets this year, augurs well for another profit advance.

Earnings last year increased 44% to 39,6c (27,5c) but the dividend was lifted only marginally to 11,5c (11c) for a 3,4 times cover. The group traditionally pays out only a small percentage of earnings, preferring to maintain the payment through thick and thin. Turnover rose to R57,5m (R47,5m), with an improvement in margins, though MD Bill Archbold says the market remains highly competitive.

Last year NFS bought Kroonstad Bearing Works for R618 000, which increased earnings by 3c. And in the next few days it will pay Barlows about R1,5m for Tractors & Motors in Klerksdorp. Archbold reckons this acquisition will add some 4-5c to earnings. In view of this expansion of activities, NFS issued R2m 12% debentures in August which has pushed the debt:equity ratio to around 93% compared with 66% at the year-end.

Despite the R6,8m borrowings total at end-August, the group's cover on its annual interest and leasing bill should still be adequate. At the year-end this cover was 4.4 times while total loans could have been repaid out of less than four years' cash flow.

Though borrowings are still below the self-imposed 100% debt:equity ceiling, NFS is planning to rights issue to give a more satisfactory balance between debt and fixed capital so as to be able to maintain expansion. No details are available on the amount to be raised, but an additional 1m ords are being created and Archbold says it should be a fairly substantial issue. This will give NFS further scope for acquisitions and, judging by recent experience, earnings should benefit.

The outlook for the current year seems encouraging. Chairman Ted Fairweather says all group motor divisions are performing well and supply problems are being overcome. He expects improved returns from motor activities after unsatisfactory yields in recent years. In addition, good weather is boosting tractor sales, as is the rush to buy ahead of the opening of the Atlantis diesel plant next year which, many think, might force prices up.

EARNINGS SOURCE

	1979 %	1980 %
Motors	24,5	26,2
Agricultural machinery	51,0	41,9
Industrial/construction machinery	10,3	9,3
Tyres	5,8	8,3
Admin, service & property	8,4	7,0
Automotive engineering	—	7,3
	100	100

A bull point for the company is the emphasis being placed on service and parts and accessories, where margins are better Preliminary reports on this increased involvement in ancillary motor services are promising, says Fairweather.

With motor sales slated to rise through 1981, and prospects of a good agricultural season, the profit base looks secure. But the rights issue could increase the number of ordinary shares in issue by 30-40%, indicating that management must be looking for attributable profits this year of at least R1,3m (R985 000) in order to show some small growth in earnings per share. In view of the comfortable cover on dividends there seems every likelihood of at least some increase in this year's payment. But ahead of the rights details, potential investors might be best advised to sit tight.

Des Kilalea

ELLERINE (30)

Costs bite

FM 10/10/80

Activities: *Retails furniture from 188 outlets, mainly to blacks. Trades under the names Ellerine, Rheingold, Subway, Royal, Volks, Fishers, Town Talk, Jako and Oxford. Tedelex owns 50,5% of the equity.*
Chairman and managing director: *E Ellerine.*
Capital structure: *6,9m ordinaries of 50c. Market capitalisation: R37,6m.*
Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R10m; net short-term, R12,7m. Debt: equity ratio: 64,2%. Current ratio: 2,8. Net cash flow: R7,6m.*
Share market: *Price: 545c (1979-80: high, 610c; low, 230c; trading volume last quarter, 72 000 shares). Yields: 22,5% on earnings; 5,7% on dividend. Cover: 4,0. PE ratio: 4,4.*

Ellerine . . . looking beyond 200 stores

Given the same buoyant economic climate, chairman Eric Ellerine expects the group to again produce "excellent results" in the current financial year. Management appears to be looking to turnover growth being maintained at last year's level of around 30%, although higher operating costs — particularly as regards wages — might mean a somewhat smaller improvement in profits.

This is the same pattern as in the year to end-June. Although, like most other retailers, Ellerine is seeing better volumes of goods moving through its outlets, benefits in terms of the spread of fixed overheads over the wider base are being eroded by escalating costs. The result is that pre-tax margins have continued to decline and, at 14,7% last year, are the lowest since 1972. One of the main factors here, according to the company, is its commitment to improving the remuneration of its largely black staff.

	*'76	**'78	'79	'80
Return on cap %	†28.2	†17.0	19.1	20.4
Turnover (Rm)	32.8	87.6	76.0	100.9
Pre-tax profit (Rm)	5.8	12.0	11.4	14.8
Gross margin %	20.5	16.7	17.2	16.6
Earnings (c)	49.8	103.1	95.4	122.8
Dividends (c)	9	28	24	31
Net asset value (c)	380	456	483	592

* 6 months to December 1976
** 18 months to June 1978
† Annualised

Apart from the improved spending power of blacks, the group benefited last year from 1979's exceptionally active store opening programme in which 27 new outlets — one every 13½ days, as company pointed out at the time — were brought on stream. A full contribution from these, plus partial contributions from the 17 additional outlets opened during fiscal-1980, boosted the volume of goods sold by some 23% (based on the consumer price index increase for furniture/household appliances of 9,7% for the 12 months to June).

For the current year, the group envisages having its 200th store in operation by about March 1981, compared with 186 at end-June. Expansion will not stop here, however, and management sees considerable scope for new outlets in the independent black states and neighbouring territories — some of which have hardly been touched yet.

As regards funding, the group had a very comfortable year. Stock and debtors both rose at a slower rate than turnover (partly as a result of the completion of the switch-over to computerised control systems), while creditors were up 71%, or nearly twice the turnover increase. The effect was that working capital (being stock plus debtors less creditors) at year-end was the equivalent of only 75,1% of turnover against 82,5% previously. This meant that there was a saving in funding requirements of about R7,5m, compared with the position as it would have been, had working capital requirements moved in line with turnover.

As it is, however, the group was able to fund virtually all its requirements internally. With 75% of profits continuing to be retained, the debt: equity ratio came down from 71,6% to 64,2% and cash resources increased from R2m to R3,5m.

On the basis that turnover growth is maintained, earnings should be up at least 25% this year to 155c, from which dividends totalling 39c would probably be paid. This puts the share ar 545c on a prospective yield of 7,2%. There can be no doubt that the black consumer market is one of the most promising long-term growth areas of the economy, and Ellerine looks well-placed to participate fully. It consequently seems underpriced at the present level.

Brian Thompson

McCARTHY (30)

In top gear

FM 10|10|80

Activities: *Largest retail motor organisation in SA with 98 branches. Franchises include BMW, Datsun, Ford, Leyland, Mercedes-Benz, Peugeot, Sigma, Renault, Toyota and Volkswagen. Also distributes Kawasaki motorcycles and Perkins engines. The directors hold 11,2% (8,8%) of the equity.*

Chairman and managing director: *B C McCarthy.*

Capital structure: *17m ordinaries of 50c; 150 000 5,5% cum prefs of R2. Market capitalisation: R42,5m.*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R7,3m. Net cash: R5,2m. Debt:equity ratio: 21,2%. Current ratio: 1,7. Net cash flow: R6,1m. Capital commitments: R80 000.*

Share market: *Price: 250c. (1979/80: high, 290c; low, 57c; trading volume last quarter, 1,2m shares). Yields: 21,0% on earnings; 7,6% on dividend. Cover: 2,8. PE ratio: 4,8.*

The 126% increase in pre-tax profit to R15,8m no doubt owed much to such factors as concessions on speed restrictions, fuel selling hours and hire-purchase terms, which significantly boosted the motor industry. What the 1980 accounts make clear, however, is that the overall profitability of the group also improved as management efficiencies were honed in areas like stockturn, asset utilisation and debtor collections.

	'77	'78	'79	'80
Return on cap %	11,1	17,4	17,1	31,6
Turnover (Rm)	253	301	354	442
Pre-tax profit (Rm)	3,1	6,0	7,0	15,8
Gross margin %	2,9	3,1	2,9	4,0
Earnings (c)	9,5	18,8	21,7	52,4
Dividends (c)	6	7,5	8	19
Net asset value (c)	193	204	219	251

Stockturn, considering supply delay problems, remained high at 9,1 times (10 times), while debtors collection periods were reduced from about three weeks to two weeks. These rapid collections reflect the fact that most HP transactions are financed outside the group. Only R2,3m of the R18m debtors represented McCarthy's own HP book: the group obviously took the decision that its funds were better employed in areas other than HP financing, and the internally-financed portion of debtors declined to 12,3% of the total compared with 22,9% in 1979. Despite increased turnover, a strong cashflow enabled the group to repay more than half its borrowings, leading to a 48% reduction in the interest bill. Cash resources, at the same time, rose to R7,7m (R53 000).

Though pre-tax profit jumped 126%, a reduced off-take by minorities, coupled with a lower tax rate of 42,2% (43,2%), boosted the attributable earnings growth rate to 142%. But despite the high liquidity and strong cashflow, cover was maintained at 2,7 times, giving a payout of 19c a share.

Chairman Brian McCarthy says that apart from the improvement in vehicle sales from the second quarter onwards (passenger and commercial vehicles were 17% up), motorcycle sales leapt 180%. No divisional breakdown of profits is given, however. Though the motorcycle division cannot yet be contributing anything near the proportion of other motor retailing activities, this division must be fast gaining in importance, as evidenced by the increase in market share from 0,5% in 1975 to 16% in 1980.

Management now views the near-total commitment to the motor industry (70% of gross assets are in motor retailing) as being undesirable, largely because of the cyclical nature of this industry. McCarthy says, however, that any diversification will preferably be into "transport related activities." The group has considerable scope for acquisition as, after last year's borrowings repayments, it is undergeared. If the debt:equity ratio was to be bumped up to, say, 65%, this would give the group the potential to negotiate a line of credit of around R20m.

McCarthy is confident that 1981 will again see increased earnings, though he warns that shortages of goods and services, combined with worsening inflation, could squeeze margins.

The past year was an exceptional one after the group's unexciting 10-year profit and dividend growth history. It has, however, survived what must have been an enervating five years of compounded industrial woes. If management has learnt anything over the past few years, and if 1980's results are an example of future management efficiencies, these factors, combined with a judicious diversification out of pure retailing, could add attraction to the shares. Though McCarthy's relative strength in industrial equities is not that high, there are short-term income attractions at the current yield of 7.6%. Ian Muil

30 10/10/80

Non-discrimination in the work place — it's no easy job for SA companies

THE SOUTH AFRICAN business community is probably the most closely monitored on earth with three major codes, two of them orginating from abroad, regulating company employment practices. In an attempt to evaluate some of the consequences of this scrutiny and how firms react to it, the Cape Times Industrial Reporter, **Gordon Kling**, has undertaken a survey of key firms representing a cross-section of commerce and industry in the Republic. The survey is based on a questionnaire compiled by the US State Department. This questionnaire must be completed by purchasers in South Africa wishing to make use of valuable benefits available from the $5-billion worth of US Export-Import Bank assistance approved by the American Senate for fiscal 1980. It is an appropriate vehicle, illustrating the onerous red tape encountered by the carefully watched community and the discouraging consequences: no successful applications have yet been processed.

FIVE OF the biggest industrial and commercial concerns operating in South Africa have supplied the Cape Times with a comprehensive analysis of their progress in implementing non-discriminatory policies and practices throughout their fields of activity.

All endorse the fair employment principles set forth in the US Export Import Bank act, which in essence demands compliance with non-segregation of races in all work facilities; equal and fair employment for all employees; equal pay for equal work; training programmes to prepare blacks for supervisory, administrative, clerical and technical jobs; increasing the number of blacks in management and supervisory positions; willingness to engage in collective bargaining with labour unions; and improving the quality of life for employees in housing, transportation, schooling, recreation and health facilities.

Tollgate Holdings, however, responded it had never formally endorsed the principles "for the simple reason that for very many years it has been company policy to apply them in practice. By the same token no formal communication of the endorsements was required — the policy is very well known to all personnel".

Referring to black promotion to management and supervisory positions it said this was subject to the strict proviso of merit. Historical legal restrictions on the admission of blacks to registered trade unions were a problem and attempts were now "underway to have blacks admitted to membership of unions representing their white and coloured colleagues, or where this is technically impossible to registered black unions".

The companies responded as follows to the detailed information requested in the questionnaire:

- How has this endorsement of fair employment principles been communicated to all your personnel?

Barclays, for example, answered that it has "a manpower plan which has been circulated to regional managers throughout the country who are in turn responsible for the implementation of the strategy set out in the plan. The plan has and continues to be commmunicated at presentations to executive staff responsible for executing relevant strategies."

The staff manual, readily available to each member of staff, detailed formal personnel policies. Staff circulars were set to all staff whenever changes in policy matters were introduced. The internal house journal regularly published articles on these matters and the managing director's review and photographic features in the bank's annual financial statements also reported on these matters. There was also "verbal communication by regional personnel managers to branch executive staff in their areas".

Pick 'n Pay said it had about 20 people in its personnel department which carried the task of communicating company policy to its employees. "The department is very involved in the welfare and development of people," said chairman Raymond Ackerman, and to support this he enclosed with the completed questionnaire a copy of the 1980 annual report, a "Welcome to Pick 'n Pay" booklet, a 1980 special report and a photostat copy of a staff vacancy advertisement with the equal opportunity logo.

BP replied that it got the message across through: Publication of our social reports; at induction and orientation programmes; at "Know your BP courses"; subscribing to the principles contained in the EEC code of conduct; publication of BP personnel and industrial relations policies in local newspapers; handbooks relative to working conditions and benefits; company personnel policy manuals and through consultative committees.

Ford had posted copies of the Sullivan principles on notice boards and had discussed their implications with management, supervisors, employees and representatives of the black, coloured and white unions.

That was just one question. Another 24, often requiring more detailed replies and considerable research follow in the questionnaire, but it is those pertaining to training which provide one of the most dramatic indications of the pace of change.

BP said that in collaboration with the National Institute of Personnel Research, it had completed a study to assess the development potential of all its black employees with eight or more years education, to enable planning of their training and careers, and to promote them to more senior positions.

An objective had been set to fill 50 percent of all vacancies in middle and senior positions for which outside recruitment is necessary with non-whites, providing the canditates were available and could be trained. The company gave a breakdown of positions showing blacks, coloured people and Asians now occupied numerous positions previously held by whites.

Figures provided by Ford showed that non-whites were being trained at twice the rate of whites and expenditure on their training was also double.

Pick n Pay said it now has two blacks in senior management, four coloureds and 2 Asians. Whites are now in the minority in middle management.

"The company has recently begun to get involved in organizational development with outside consultants."

Questionnaires can cause extra problems

FORM DS-1800 seeks exhaustive information in an ei questionnaire on employment policies and practices African purchasers of US capital goods before the Expor Bank will grant trade loans, guarantees or insurance.

The form, according to South African businessmen, is s codes now monitoring the abolition of discriminatior workplace: The Sullivan code for local subsidiaries of U the EEC code for those with European parent companies SACCOLA/Urban Foundation code orginating in South A

All of this means an immense amount of often unpr work, which although virtually impossible to quantify, reached proportions where it is actually threatening plementation of some advancement programmes.

Companies which participated in the survey were th particularly good images and they made clear that they ered themselves in the vanguard of progressive employe clays National Bank, Ford, Tollgate Holdings, Pick 'n Pay Southern Africa.

Those which did not take part were Volkswagen which adhered to the EEC code and was prepared to provide a of its compliance record; General Motors which provided comprehensive information in the form of a recent public report; Barlow Rand which said it could not further bu group as it had its own code of employment practice — on was being monitored in great depth — and some of its co were also involved in a SACCOLA questionnaire; Total a African Breweries for similar reasons; and the South Railways which simply said it could not comple questionnaire.

South African Breweries went deeper into the pro intense monitoring of its affairs imposed by the co questionnaires. "Due to the numerous questionnaires gen a voluminous nature that companies are being confronted the present time, it has been determined that we w consider responses to organised and recognised bodies SACCOLA, FCI, etc and then only subject to w considerations.

"We have found that the assembly of numerous detail and the completion of long-winded forms is taking up a nate amount of time and these are really distracting us f endeavours of actually implementing our goals and objec the critical areas of labour and community affairs."

In subsequent issues the Cape Times will fully on the detailed replies to the list of ques

STAR 11/10/80

169

288

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Only one mix can save that little bar

Smaller hotel bars and off-sales outlets must become multiracial if they are to survive, according to Johannesburg managers and owners.

Affected by escalating costs and competition with larger hotels and outlets, the owners of the one-star and two-star city hotels say they need urban black trade.

They were reacting to retailers' calls for the elimination of segregation and discrimination in the liquor trade.

"We are only just surviving here," said Mr Nicholas Ladakis, owner of the Radium one-star hotel in Marshall Street. "The giants are killing us and we are only just managing to pay the rent."

"Why don't they end apartheid?" was Mr Simon Sequeira's plea at the New Library Hotel, Commissioner Street. "Our off-sales trade is 99 percent black anyway."

PUBLIC v LADIES

Many managers and owners said it was impossible to maintain the legally required segregation in the off-sales outlets. It would lead to having one side crowded and the other empty.

Many were unsure what the reaction of bar customers would be to multiracialism.

"In the public bar there would be a hell of a reaction," said Mr Silvio Vasconcelos at the Waverley in President Street. "People in the ladies' bar might accept it more easily.

"Everything else is changing so this must change as well.

"A MASSACRE"

"It is the only way white and black will meet and could provide a very important social meeting place for the races."

He said he had been in Rhodesia when the law was changed. "There would be a massacre if it was changed overnight here because the people are just not used to the idea."

At the Springbok Hotel, Mr Roy Amoils, manager and part-owner, said: "It just concerns me how we would bring multiracialism into practice.

"Some people would be reasonable, others would cause terrible fights. If we mix in the wrong way we could be landed with our own civil wars."

own.

"But that's dirty pool," I said.

"We have no choice. We have to play hardball in order to catch up with them. You saw the shock in the US when we announced we were working on the Stealth fighter.

STAR 14/10/80

(30) ~~84~~

CBDA starts probe on a mixed municipality

By Lynda Loxton, Municipal Reporter

Johannesburg's Central Business District Association has come out in favour of integrated municipalities and would like to see Pageview become an Indian area under the control of the Johannesburg City Council.

Mr Nigel Mandy, chairman of the CBDA, said today that his association had briefed private consultants to investigate the feasibility of establishing a residential area for Indians in Pageview.

The Government decided last month that Pageview should remain a white area.

The first report is expected by the end of December.

Mr Mandy said that the consultants had been told to base their study on the fact that it was Government policy to have separate residential areas and schools, but that it was not necessarily Government policy to have separate municipal areas for the different race groups.

He said the CBDA disagreed strongly with the view expressed in Nelspruit last week by Mr J J S. van der Spuy, the outgoing president of the Transvaal Municipal Association, that integrated municipalities would have a negative effect on black, coloured and Indian residential areas.

"The report of the Browne Committee has highlighted the serious administrative problems economic burdens and wastage that would result from trying to create ethnically separate local authorities. The metropolitan area of greater Johannesburg is a single economic unit, and efforts should be directed towards metropolitan co-ordination rather than towards fragmentation, said Mr Mandy.

The CBDA points out that the Pageview area has historically been occupied mainly by Indians. Although, most of the houses have been demolished, the area still contains many commercial, civic, religious, educational, recreational and cultural facilities for the Indian community.

If the feasibility study is positive, the CBDA plans to publish it and make representations to the Department of Community Development and the President's Council to allow private re-development of Pageview for the Indian Community.

FM 17/10/80

SEPTEMBER CAR SALES

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	1980 Sep	% of Market	1980 Jan-Sep	% of Market	1979 Jan-Sep	% of Market
Sigma	5 358	20,23	42 138	20,76	34 102	21,76
VW	5 008	18,91	41 116	20,25	33 486	21,34
Ford	4 713	17,79	30 164	14,86	23 570	15,04
Datsun	3 025	11,42	22 627	11,15	16 908	10,78
Toyota	2 823	10,66	20 056	9,88	13 341	8,51
GM	2 245	8,47	19 424	9,57	12 394	7,91
BMW	1 044	3,94	8 093	3,99	6 074	3,87
UCDD	800	3,02	6 886	3,39	5 526	3,52
Alfa	720	2,72	5 202	2,56	3 175	2,02
Leyland	442	1,67	3 127	1,54	2 959	1,88
Fiat	298	1,12	4 097	2,02	6 237	3,34
Other	14	0,05	60	0,03	50	0,03

September total .... 26 490 (66,92% up on 15 870 last year)
Jan-Sep total .... 202 987 (29,46% up on 156 793 last year)
August total 25 133

COMMERCIALS

	1980 Sep	% of Market	1980 Jan-Sep	% of Market	1979 Jan-Sep	% of Market
Toyota	3 285	26,57	24 845	26,55	17 752	24,39
Datsun	2 898	23,42	24 496	26,17	16 698	22,94
Ford	2 083	16,85	12 911	13,80	9 957	13,68
GM	1 532	12,39	11 440	12,23	9 343	12,84
Sigma	747	6,04	6 612	7,07	7 764	10,67
VW	627	5,07	4 136	4,42	2 930	4,03
UCDD	500	4,04	3 219	3,44	2 729	3,75
Leyland	283	2,29	2 770	2,96	2 391	3,27
Fiat	125	1,01	1 077	1,15	1 593	2,19
MAN	98	0,79	537	0,57	529	0,73
Int Harvester	49	0,40	558	0,60	394	0,54
Oshkosh	44	0,36	287	0,31	135	0,19
Magirus-Deutz	27	0,22	130	0,14	125	0,17
ERF	24	0,19	139	0,15	106	0,15
Malcomess-Scania	22	0,18	127	0,14	83	0,11
Fodens	13	0,11	125	0,13	100	0,14
Vetsak	9	0,07	136	0,15	127	0,17
USA	—	—	23	0,02	20	0,02

September total .... 12 364 (56,61% up on 7 895 last year)
Jan-Sep total .... 93 568 (28,56% up on 72 776 last year)
August total 11 546

BRADLOWS (30)

No padding

FM 17/10/80

Activities: *Furniture dealer with 50 outlets nationwide, three stores in Zimbabwe and two men's clothing stores in Durban. Controlled by Bradlow Investments, which is jointly held by the Bradlow family and W & A. Great Universal Stores (UK) holds 30%.*

Chairman: *E P Bradlow; managing director: G R Baker.*

Capital structure: *1,7m ordinaries of 40c; 100 000 6% cum prefs of R2; 100 000 'A' cum prefs of R2. Market capitalisation: R7,8m.*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R3,4m; net short-term, R953 000. Debt:equity ratio: 45,6%. Current ratio: 2,5. Net cash flow: R1,3m.*

Share market: *Price: 460c (1979-80: high, 540c; low, 160c; trading volume last quarter, 2 000 shares). Yields: 21,6% on earnings; 5,9% on dividend. Cover: 3,7. PE ratio: 4,6.*

	†'77	†'78	*'79	'80
Return on cap %	13.5	12.1	15.6	19.4
Turnover (Rm)	22.5	21.0	25.9	33.1
Gross profit (Rm)	2.0	1.7	2.4	3.4
Gross margin %	8.8	8.0	10.1	10.3
Earnings (c)	35.8	34.1	66.4	99.5
Dividends (c)	12.5	12.5	15	27
Net asset value (c)	454	464	534	606

† 12 months to end-February
* Annualised

Unfortunately, the only way of discovering the directors' view of the group's immediate prospects is to read not the Bradlows report, but the W & A directors' report.

There, the upgrading and restructuring of Bradlows management is reported as having had "its desired effect and another successful year is anticipated." More low-key the board could not be.

Figures tell their own story it is true but, in a business as consumer-oriented as the highly cyclical furniture industry, a chairman's review is called for. At the least, Bradlows should amplify its directors' report which, in its current form, merely complies with the minimum Companies Act requirements.

The group's ten-year trend indicates that profitability has returned to a satisfactory and sustainable level. In the early Seventies, the group was not sufficiently geared to take full advantage of sales growth. Return on capital consequently suffered, averaging about 6% in the three years to 1973.

Borrowings were then utilised to fund expansion and the debt:equity ratio rose to a high of 78% by 1976; return on capital improved dramatically, however, averaging 16% in the three years to 1976. The downturn in furniture sales in 1977-78 caught the highly-geared group somewhat off-guard and returns dropped to 7,5% in 1977 and 1978.

The 28% sales increase in fiscal 1980 combined with moderately improved margins and a reasonable stock turn. Stock was turned over 7,5 times in fiscal 1980 to give a 51,9% year-on-year increase in attributable profit compared with 8,9 times in the 16 months to June 30 1979. This is a slight deterioration if taken over a 12-month period. It is also evident that much of the sales expansion was self-financed — debtors collections have deteriorated from 5,9 months to 7,3 months. This situation would have given some cause for concern, were it not for the high level of liquidity; the quick ratio is an abnormally high 2:0.

Though cash flow is adequate and improving, further expansion of sales will require higher working capital and borrowings may be bumped up as current gearing leaves some room for manoeuvre. The present stock situation, only 11,6% higher at R4,6m on June 30 1980, points to some caution in group planning.

The future for the furniture industry continues to look good and Bradlows should at least maintain penetration in an expanding market. As an investment, however, the poor marketability of the share is the main detraction. It is probably only a matter of time before W & A considers taking out minorities. The Bradlows family is well entrenched and likely to remain so. But the stake held by GUS could be negotiable.

Ian Muil

Fast expansion

FM. 17|10|80

Activities: *Sells furniture on hire-purchase to blacks through 53 outlets nationwide. Recently acquired a 75% interest in retail food chain Jazz Stores, which has six outlets in Johannesburg. W & A owns 56% of the equity.*

Joint-chairmen: *H Rose, R Swidler.*

Capital structure: *5,7m ordinaries of 50c. Market capitalisation: R8,0m.*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R1,6m; net short-term, R553 000. Debt:equity ratio: 34,4%. Current ratio: 2,2. Net cash flow: R1,3m.*

Share market: *Price: 140c. (1979-80: high, 195c; low, 75c; trading volume last quarter, 98 000 shares). Yields: 23,1% on earnings; 5,9% on dividend. Cover: 3,8. PE ratio: 4,3.*

	'77	'78	'79	'80
Return on cap %	17.8	16.8	18.2	18.7
Turnover (Rm)	16.4	16.7	18.9	24.8
Gross profit (Rm)	1.7	1.9	2.6	3.1
Gross margin %	13.6	15.3	16.8	14.9
Earnings (c)	16.7	21.2	25.2	32.3
Dividends (c)	6.0	6.5	7.25	8.25
Net asset value (c)	85	100	117	141

On the basis that consumer spending continues to grow, particularly in the black retail market, World looks set for strong profit advance this year. Joint-chairmen Harry Rose and Ruben Swidler warn of the dangers to consumer spending in the form of inflation, but given the group's preparations for the current year, a dividend increase to 9,5c seems well within reach.

Last year's 31,3% turnover growth to R24,8m was in the slower growing black retail market and appeared to be at the expense of profit margins. Pre-tax profit grew 22,6% to R2,9m, giving a lower 14,9% (16,8%) gross margin. However, this appears to be a result of the store expansion programme which saw 11 new outlets opened last year — five of them in the final two months. Rose and Swidler say all but the last five contributed to profit.

As part of the gearing up to meet expected demand this year, stock levels more than doubled to R1,6m (R764 000). New stores accounted for part of the increase, but expected supply shortages and World's budgets for sales were also responsible. These stocks were largely financed by creditors which were valued at R10,2m (R6,9m) at end-June.

Increased furniture sales last year were achieved with an improvement in World's hire purchase collection rates. The debtors:turnover ratio was 100% (104%) at the year-end which, with increased use of creditor finance, allowed borrowings to remain almost unchanged at R2,7m (R2,6m). And with the higher earnings, cover on the annual interest and leasing payments improved to 4,4 (3,8) times.

Since the year-end, World has acquired 75% in Jazz Stores which runs six retail food outlets in Johannesburg. No material contribution is expected in 1980-81 but, longer-term, the acquisition reflects World's aim to diversify more in the black retail market.

Though shareholders are not told how many stores are planned for this year, World has the capacity to expand its borrowings base significantly to cater for expected future demand. With the introduction of TV2 in 1982, plus moves to electrify black townships, furniture traders look forward to a relatively buoyant 12 to 18 months.

The group's aim is to maintain real growth in earnings and dividends. This implies minimum earnings this year of 38c and a 9,5c dividend. At 140c. World thus yields a prospective 6,8% which is attractive relative to the market, but probably offers little immediate upside.

Des Kilalea

TRUWORTHS [redacted] (30)

Temporary setback

FM 17/10/80

Truworths' Shawzin . . .
disappointed with profits

Activities: *Manufactures and retails women's fashion wear, and retails menswear. Operates 372 (362) stores under the Truworths, Topic, Top Centre and Hamells names. Fifty percent of its share capital is held by Bonmore, in which the directors hold a 49% interest.*

Chairman: *L. Shawzin; managing director: A G W Williamson.*

Capital structure: *1m ordinaries of 50c; 500 000 6.75% cum prefs of R2; 297 200 7% red cum prefs of R1. Market capitalisation: R40m.*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R12.9m; net short-term, R13.3m. Debt:equity ratio: 81.8%. Current ratio: 2.0. Net cash flow: R5.6m. Capital commitments: R3.3m.*

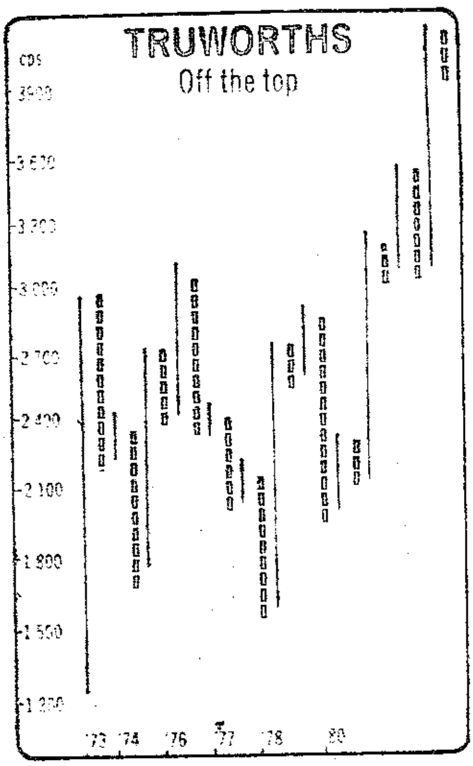
Share market: *Price: 4 000c. (1979-80: high, 4 100c; low 1 900c; trading volume last quarter, 14 000 shares). Yields: 12.9% on earnings; 6.0% on dividend. Cover 2.2. PE ratio: 7.8.*

	'77	'78	'79	'80
Return on cap %	20.7	23 5	21.7	19 6
Turnover (Rm)	81.2	90.8	102.0	118 5
Pre-tax profit (Rm) ..	6 7	8.2	8.8	8 9
Gross margin %	11.0	11.6	11.3	10.3
Earnings (c)	364	427	519	515
Dividends (c)	170	200	220	240
Net asset value (c) .	2 269	2 492	2 796	3 074

Shareholders will agree with chairman Len Shawzin that "results for the year have been disappointing when viewed against the prevailing conditions." Group pre-tax profit rose less than 2% for the year, as against competitor Foschini's 51.7% improvement for the half-year to June. And turnover growth at 16% was barely above the inflation rate.

But the set-back is apparently of a temporary nature. The substantial decline in profit margins was occasioned almost entirely by the Truworths division itself, where seasonal factors resulted in stock having to be marked down to move it. Management stresses, however, that this is one of the risks of being in the fashion game, and that profit margins are already looking healthier three months into the current year.

The rest of the group did not have the same difficulties, and its satisfactory performance is expected to continue this year provided consumer spending holds up. Both the Topic and Top Centre chains posted record profits, continuing the recovery which began two years ago. And despite difficult conditions in the UK and Zimbabwe, these foreign divisions managed to pull their weight.



Profit contribution from the manufacturing arm is not quantified, but management confirms that it performed well. It is probably not exposed to the competitive pressures of the rest of the manufacturing industry, as 95% of output is supplied directly to the group (which amount represents about 30% of total requirements).

So it seems likely that once margins are restored in the major Truworths chain, the improvement in all divisions will be reflected in group profits.

In addition to Shawzin's forecast of a "substantial improvement" this year, there are two other factors which underline the temporary nature of 1980's setback. Firstly, expansion plans for the new year are ambitious. About 20-25 stores are to be opened, compared to last year's net increase of only 10.

Secondly, the total dividend was boosted by about 9% to 240c (220c), despite stagnant earnings. A current cost set of accounts has been included in the financial statements to underline that the group has experienced a tough year — the adjusted income statement shows that the cost of the higher dividend actually exceeded profits on this basis by R15 000. But the dividend hike, in turn, affirms the group's confidence in future prospects.

It seems that profits can be expected to improve by at least 25% this year. Because of last year's dividend increase, however, the payout may not move in line. But even a 15% hike would give a 276c (240c) total.

This would allow holding company Bonmore to pay around 24.5c (21.5c). On a prospective yield of 6.4%, however, it is more expensive than Truworths on a prospective 6.9%.

Fiona Holse

Black traders boycott major firm

NM 17|10|80 30 7 183

African Affairs Reporter

BLACK businessmen in Natal and Zululand have started a boycott of all the products manufactured by Colgate-Palmolive Ltd.

Salesmen representing the company and supplying black stores throughout Natal and KwaZulu have already met with resistance from shopkeepers.

The boycott was launched at the conference of the Inyanda Chamber of Commerce in Pietermaritzburg last week. The chamber has a large following in Natal and Zululand.

Mr M de Jager, field sales manager for Colgate-Palmolive, speaking to the Mercury from the head office of the company in Johannesburg, said he had been informed that his company's products were being boycotted by black traders.

He said a special meeting had been arranged with Mr P G Gumede, president of Inyanda Chamber of Commerce, and it was scheduled to take place in Newcastle next week. Mr de Jager said he could not comment further at this stage.

Traders who have been called on to support the boycott told the Mercury yesterday that it was sparked by the refusal of the company to co-operate with Inyanda.

Mr Gumede explained last night that while other companies had supported the Inyanda News, mouthpiece of the chamber, Colgate-Palmolive had not done so. In addition, other companies were associate members of Inyanda but Colgate-Palmolive had not become one. The boycott would continue until January. The Inyanda decided at the meeting to approach the Natal African Teachers' Union, the Interdenominational African Ministers' Association, Council of African Women and other organisations to join in the boycott.

Reopening of CBDs received cautiously

STAR 17/10/80

~~80~~

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By Craig Charney and Tom Duff

Black businessmen cautiously welcomed government plans to let cities reopen their central business districts to them.

But they nurse bitter memories of their expulsion from the city centres and want the government to move faster to re-establish trading opportunities for them.

The Government plans for all-race trading areas were disclosed in The Star yesterday.

"It's about time that they realised there should be freedom to trade for all places" said Mr Yussuf Bhamjee chairman of the Oriental Plaza Merchants' Association.

"I don't think it's out of compassion but they feel that if they don't give the non-whites something they're looking for a lot more trouble than they have now."

"You'll find a lot of Indians opening up in these areas if they are given a chance."

However, he said they would demand that the Government let them own property in the city centres not just rent it.

RIGHTS

Even if they were given such rights, he noted, Plaza traders had been expropriated from Pageview at 1966 prices, and would have to pay 1980 prices to buy property today.

"They took everything we had for a song. You couldn't build a room for what they gave us for our shop," he said.

His anger was shared by another Plaza merchant, who wished to remain anonymous, who said he had lost R12 000 in stocks alone when compelled to move.

While he agreed that the new moves offered opportunities for some, he said: "It's a very grave danger for us. They have always classified us as black — and now they are trying to draw us away from the blacks."

Mr Sam Motsuenyane, president of the National African Federated Chamber of Commerce, said the plan to open the city centres "is very much in line with what we've been asking for a very long time."

"Most of the smaller one-man businesses will find it difficult to compete in the city centre."

But, he added, "I'm sure that Blackchain would be interested, and I'm sure that the African Bank would be interested in trading in the centre of town."

He said the plans would also probably see the re-emergence of small black restaurants and shops of the sort which existed before Verwoerd-era laws closed them down.

ALL AREAS

Mr E M Hassim, an Indian businessman, said that t e creation of the so-called "free trade areas" would be a move in the right direction, but added: "I would have liked all business areas in the country to be free trade areas."

"Why differentiate the CBD?" Mr A H Asvat also asked.

"I believe everything should be open, everywhere. The Group Areas Act is the most vicious piece of legislation on the South African statute book."

PM admit

of homela

(30) ([redacted])

RDM
22/10/80

By AMEEN AKHALWAYA
Political Reporter

THE Prime Minister, Mr P W Botha, last night admitted it was impossible to consolidate the geographical area of each homeland in such a way that it would become economically viable on its own.

Opening the annual conference of Assocom in Johannesburg, Mr Botha spoke of the realities facing South Africa, and said new decentralisation policies were urgently required.

He said the Government would carry out its consolidation programme in the context of a new regional economic development policy.

Mr Botha announced the establishment of a development bank for Southern Africa as a joint multilateral or multi-regional institution as well as that of a small-business development corporation as a joint venture between the private sector and the State.

He told the businessmen: "For us in Southern Africa, it has become vitally important to redress the existing area growth disparities and to recycle the savings generated in the rapidly growing areas to investment in the less rapidly growing regions."

For years the Government had been actively promoting economic growth inside the various homelands.

"But we have learnt from hard experience that the scope for such economic decentralisation is limited, and that the geographical location of material growth is determined in the final analysis by economic laws and mechanisms, few of which happen to coincide in their effect with political boundaries as such."

He said the harsh reality in South Africa was that economic activity was still concentrated in four large metropolitan growth poles — the Pretoria-Witwatersrand-Vereeniging area, Durban-Pinetown, Cape Peninsula and Port Elizabeth-Uitenhage.

"New decentralisation strategies are therefore urgently required."

The problem could not be solved merely by the extension of the programme of land consolidation beyond the the 1975 proposals, in terms of the 1936 Land Act.

Mr Botha added: "The reality which we must face is that it is impossible to consolidate the geographical area of each national group in such a way that will become economically viable on its own, or that it will satisfy the material growth of its people within its geographical boundaries."

He pointed out that less than 20% of the income of most homelands people was generated within their geographical areas.

"In carrying out its consolidation programme and in making its commitments in this respect, the Government will therefore do so within the context of the new regional economic development policy," he said.

"In essence, the new regional economic strategy consists of economic development co-operation across the political borders of states in regions functionally defined to meet the requirements of economic development in which so-called balancing growth poles can be developed to counter the magnetic attraction of the existing four large metropolitan areas."

Mr Botha said the principle of the establishment of the development bank had been agreed to by the various "national states".

He announced the introduction of an expanded budget for the financial support of "approved initiatives among both public and private bodies concerned with promoting small business enterprises".

The initial capital of the Small-Business Development Corporation was expected to be R100-million, of which which the private sector was expected to take up at least R50-million.

RDM 23/10/80

Retail sales boom

(30)

By HAROLD FRIDJHON

RETAIL sales are booming according to figures produced by the Department of Statistics.

At current prices the average monthly sales for the period July 1979 to June 1980 have increased by no less than 18,4% to R1 169-million. These numbers underline the extent of the growth of consumer demand.

While much of the increase is the result of the present high rate of inflation, even when the figures are converted to constant 1975 prices, retail sales are 5,7% higher this year compared with last year.

Comparing June against June, this year against last year, the growth at constant prices is 6% and at current prices they have recoprded a 20% leap.

And the retail trade is expecting this growth rate to continue. The trade's estimate of turnover for October is 23% ahead of last year.

With everyone expecting a boom, Christmas trade this year gives promise of reaching well above the R1 000-million mark achieved last December.

As is to be expected the boom in retail trade has produced a corresponding explosion in wholesaling. During the 12 months to July 1980 the average monthly turnover, at current prices and excluding jewellers, is 31,9% higher at R2 093-million. At constant 1975 prices it grew by 4,8% to just over the R1 000-million mark.

Wholesale turnover is higher than total retail sales because the wholesale index includes livestock and produce, construction and building materials, metals, machinery and general farming requisites as well as an omnibus section "miscellaneous" which is the third largest section among the data.

(30) (~~239~~)

Freehold property for blacks urged

STAR 24/10/80

Any legislation which generates as much hostility and unhappiness as Section 10 of the Urban Areas Consolidation Act should not be on the statute books, a spokesman for the Johannesburg Chamber of Commerce said yesterday.

Speaking on a motion proposed by the Port Elizabeth Chamber of Commerce promoting the role of black housing as a "vital element in the maintenance of social stability," the speaker said that the introduction of freehold property for blacks appeared to be a logical development.

He told the annual congress of Assocom that the Johannesburg Chamber of Commerce was "very conscious of the bitterness and frustration and impatience of blacks."

Another speaker said bluntly that, "while we are trying to find political solutions, what we need are roofs."

He urged Assocom to "build houses now and talk about leasing later."

The motion was passed unanimously and urged the Government to introduce legislation enabling blacks to obtain freehold, to divorce qualifications needed for home ownership for blacks from Section 10, to bring all existing black areas into the scope of home ownership, and to develop additional residential areas as speedily as possible.

The motion also asked the Government to provide finance for the surveying of existing township layouts and to increase loans to black local authorities for housing purposes.

(30) 951

SA citizen rights

BLACKS should be made citizens of South Africa and should be allowed to own property, the President of NAFCOC, Mr Sam Motsuenyane said in Johannesburg today.

Speaking at the annual ASSOCOM meeting, following the passing of a motion to involve all population groups in private enterprise, Mr Motsuenyane said that he did not see how blacks could feel happy about nation-building "in a country where they don't belong."

"How can you make anyone a capitalist without ownership of property?" he asked. "This congress and the business community must press for citizenship and ownership of property of all the people in South Africa.

"The fact of colour is irrelevant. Competence will be the deciding factor. There must be dialogue between all parties concerned," he said.

The motion put forward by the Pretoria Chamber of Commerce said that the success of the Prime Minister's economic policy would largely depend "on the extent to which the rights of economic opportunity and property are given to all population groups to give them a stake in the free enterprise system."

Several other speakers also urged ASSOCOM to give the opportunity for advancement to all race groups.

Mr Sam Motsuenyane

Mr and Mrs Lesolang on arrival last Thursday. Mr Lesolang holds a friend's baby.

'Black traders in US are tops'

By MZIKAYISE EDOM

BLACK businesses in the United States are much more advanced than black businesses in South Africa.

This was said by Mr J J Lesolang, NAFCOC's 1980 black businessman of the year, after he had landed at Jan Smuts Airport last week after spending six weeks in the United States as one of his prize for being top businessman of the year.

Mr Lesolang, chairman of the Black Chain supermarket in Soweto and owner of a garage in Ga-Rankuwa, Pretoria was accompanied by his wife Rosa. Mr Lesolang comes from Ga-Rankuwa.

He said. "Black businessmen in America are united. They still have problems like us, but they are involved in banking, building societies and insurance companies. They run these all by themselves."

He added: "I also visited many banks in America and discussed with them ways and means of getting loans for projects like the Black Chain. They promised to look into the whole financial help issue."

During his stay in America, he visited Philadelphia, Memphis, New York, Florida, Atlanta, Chicago and Washington DC.

Kicking like a mule OK heads for R1 000m turnover

RDM 29/10/80

(30)

By DAVID CARTE
Deputy Financial Editor

"OK BAZAARS is back and kicking like a wild mule," said the managing director, Mr Meyer Kahn, yesterday. Earnings and the dividend were more than 50% better in the six months to the end of September.

The interim report shows sales up 42% to R468 927 000, pre-tax profit 53% better at R14 386 000 and taxed attributable profit 54% ahead at R8 265 000.

Earnings a share rose in line to 69,4c (1979: 45c) and the still-twice-covered dividend 52% to 35c (23c).

"With these results" said Mr Kahn, "we're ahead of Pick 'n Pay, Frasers, Woolworths, Metro Cash, you name it.

"This year we'll be the first retailer in South Africa to achieve sales of R1 000-million."

But Mr Kahn warns that earnings in the second half will not increase at the same rate as in the first half. OK, he says, is opening five new super stores in the current half-year and start-up costs may inhibit profits.

In addition, last Christmas was exceptional and Mr Kahn says even in the current buoyant climate, OK cannot beat it by 54%. But he is confident that yearend earnings will be well ahead of the 159,1c a share earned last year.

"These results are no flash in the pan. Last first-half was not a poor one. This is the third consecutive year we have improved earnings and each improvement has exceeded the previous one.

"I feel the OK today is a well-oiled machine with an irresistable momentum. Morale from the top to the bottom is excellent.

"And, most important, we have reestablished ourselves as the leader our target middle and lower-income group. This we will maintain at any cost."

Mr Kahn says OK's sales would have been 32% better even without the two new hyperamas included for the first time. This compares with a 25% rise in national retail sales and suggests OK is increasing market share.

Furniture sales, he said, were particularly buoyant, showing a 60% rise on the first half of last year. He was particularly gratified at the 35% increase in clothing sales, which outstripped national averages by far. This was the result of a deliberate move out of fashion and into popular styles at good prices. Food sales were 25% better and housewares 30%.

Mr Kahn said the previously problematical hyperamas, which attained profitability in the second half of last year, were going from strength to strength and even the Prospecton hyperama in Durban was now profitable.

OK has plans to spend R26-million on expansion. It opened a superstore in Witbank on Monday and is to open one in Mitchells Plain, Cape, today. Last month it opened in Port Elizabeth and in five days sold goods worth R1 250 000.

Other superstores are being opened in Brits, Middelburg, Transvaal, and in Mmabatho, BophuthaTswana, next month ahead of the festive buying binge.

Mr Kahn says OK's store expansion programme will continue at past rates into the foreseeable future.

The interim report says fixed assets are being revalued and mentions that OK recently raised nearly R30-million at favourable terms in the capital market.

COMMENT: One of the features of these results is that OK's pre-tax margins have improved from 2,8% to 3,07%.

About 20% of sales were on HP and profits on HP sales come to account gradually, on an accrual basis, over the term of the HP contract. This means there is hidden momentum behind these results.

OK writes about R10-million a year off profits to refurbish its stores; and meat sales of R60-million a year are not reflected. So its accounting is conservative.

If OK improves earnings in the second half only 20%, earnings for the year will be about 215c and the dividend 110c odd. This puts the counter, at 2 000c, on a prospective yield of 5,5%.

Considering how big OK is and how full of bounce and momentum, this is quite attractive — relative to its listed competitors at least.

If we are stopped, we will starve . . .

Hawkers can get hungry

Story: Mzikayise Edom
Pics: Len Kumalo

ABOUT 100 families in Katlehong, Germiston face a bleak future as a result of the resolution taken by the Katlehong Community Council last month, that "illegal" trading should be barred in the township.

The Katlehong Council will spend more than R50 000 in erecting market stalls within the next eight months in a bid to combat illegal trading at the Natalspruit Hospital, Katlehong, Lindela, Kwesina and Pilot stations.

The families survive by selling vegetables and fruits outside the premises of the hospital and at the four railway stations.

Most of the hawkers interviewed by POST at the hospital this week said they were bread-winners at their homes and that if they were barred from selling, they would starve with their families.

There are about 60 illegal traders at the hospital. Fourteen of these have been given letters by the Council that they should not be troubled by police for illegal trading until further notice.

The Katlehong health inspectors had written to the Council a few months ago and suggested that all types of illegal trading should be prohibited and that approved market stalls be erected.

Mrs Emily Dube said: "I have been selling here at the hospital since 1963. I have got seven children and two are still at school. I have been supporting my family with the little money I make out of selling fruits as my husband is not well and is not working.

Mrs Dube said that she had been arrested on many occasions for illegal trading and had paid fines ranging from R20 to R50 but said that she would continue selling as she had no other means of making a living.

Another hawker, Mrs Esther Nkosi said: "If the council does not want us to sell at the hospital let them give us alternative places to sell at or let them support our families."

Mrs Dube . . . "I have been selling here at the hospital since 1963 . . ."

Caps and hats and hoods, bonnets and glasses, jewellery and happy people make for a fruitful stall.

Whites must be prepared to upgrade workers salaries

THE government should urge white employers to upgrade salaries of black people, the chairman of the Vaal Community Council, Mr Josiah Knox Matjila said in Sebokeng yesterday. He said white employers should embark on a scheme of training their employees so that they are able to improve their lot.

Many blacks in the Vaal triangle earned below the breadline. The average black earns less than R200 per month and as a result could not afford to pay increased house rental and maintain their families.

"Blacks should be paid equally like other race groups and this can be achieved if they get sufficient training for certain jobs. The unemployment rate among blacks was high and this has contributed to the high rate of crime. The socio-economic status of blacks also contributed to this," he said.

His council would strive to meet white businessmen and explain the position of blacks in the townships. The council would do all it could not to increase house rents but for the sake of developments in the

Blacks did not benefit from this organisation and as such, there was no need for their money to be used in that manner.

However, Mr Matjila said his council donated between R2000 and R3000 annually to the QwaQwa government and to welfare organisations.

The council needed more land to build more business sites for black entrepreneurs in their residential areas. These businessmen should also provide jobs for their own people.

township, residents should be able to bear with the council because "we must learn to do things ourselves and not depend on favours from whites". Mr Matjila said his council did not give money to the South African Bureau of Racial Affairs.

Thousands of blacks spend millions of rands in buying articles in white towns and this money could be spent in their own areas. Therefore more business centres must be built in black townships.

Mr Sam Motsuenyane president of Nafcoc

Plea to lift business bans

THE government should lift all bans on small business ventures by blacks and completely scrap licensing laws governing them, the 2nd Industrial and Agricultural conference of the National African Federated Chamber of Commerce was told yesterday.

Two well-known businessmen Mr Sam Motsuenyane, President of Nafcoc, and Mr I J Hetherington, chairman of Norton Company were addressing the conference on two subjects relating to problems encountered by black backyard manufacturers and other small scale businesses.

The conference which started at the Southern Suns Hotel near Jan Smuts Airport in the morning is being attended by about 200 delegates and guests.

The government was called upon to create an atmosphere in South Africa in which talented businessmen - now operating small scale backyards - could surface and contribute meaningfully to the economic progress of the country.

Mr Motsoenyane said the country was faced with an unemployment crises which could be solved if small businessmen were given a chance to grow and in this way generate employment.

Speaking on the subject "Does Big Business Need Small Manufacturers?" Mr Hetherington said small business in South Africa was surviving but not thriving. And this business would never thrive in a heavily controlled and regulated atmosphere like that in South Africa.

He said in South Africa the dice were loaded against small business. "Can we have both social stability and high unemployment? What else but small business can solve our unemployment problems?" he asked.

Plan for all-race trading zones

STAR
16/10/80

8
30

By Tom Duff, Political Reporter

MR LOUIS FOUCHE

The Government has launched a nationwide move to create multiracial "free trade areas" in towns and cities — if municipalities want them.

The first of these areas, in line with the Riekert Commission recommendations, could be proclaimed this year.

The Johannesburg City Council's management committee has already launched an investigation to determine how such a free trade zone — in which people of any race may trade or exercise their professions — could be demarcated in the central business district.

Mr Louis Fouche, Director-General of the Department of Community Development, said today his department was studying many regions in the country with the aim of creating free trade areas.

The Riekert Commission recommended this with the proviso that such zones should have the support of the local authorities concerned.

Mr Fouche said there was no need to introduce new or amending legislation because Section 19 of the Group Areas Act made provision for the change.

It was hoped that the first such area would be demarcated and proclaimed in the Government Gazette by the end of the year.

Mr Fouche said the Government would retain limited control.

For example, it could ensure that businessmen living in a particular region would have preferential access to the free trade area in their region.

Assigned

Mr F Oberholzer, chairman of Johannesburg's management committee, said the committee had not yet been officially ... ment of Community Development but supported the Riekert proposals.

Council officials had been assigned to demarcate an area in the city but he did not know when their report would be ready.

Benefit

Free trade areas, when proclaimed, will immediately benefit Indian and coloured businessmen but as yet there are few black businessmen with the resources to move into CBDs.

Some Asian businessmen were forced to leave CBDs years ago and still complain that they were inadequately compensated.

To return now they will have to pay considerably higher prices for property.

22/5/80 ARGUS

(30)

PM's PLEA: LET US FIGHT POVERTY

Argus Correspondent

JOHANNESBURG. — The Prime Minister, Mr P W Botha, last night made an emotional plea to South Africa's top businessmen to help with economic co-operation even if they differed from the Government politically.

Opening the annual congress of the Association of Chambers of Commerce at Johannesburg's Civic Theatre, Mr Botha said:

'It would be extremely shortsighted of us as political and business leaders to refrain from proceeding now with economic development co-operation on the grounds that we do not yet see eye to eye on certain important constitutional, political or other non-economic issues.

'Let us differ on some of these issues if we must.

'Let the constitutional-political debate continue.

Poverty

'But let us co-operate now in combating poverty.

...assume more of the development responsibilities in their homelands but residents would be perfectly free to benefit from the services of both the new budget programme and the new SBDC if they found it useful.

Mr Botha was careful to point out that the new programme was directed towards economic interests, rather than the political status of the people in Southern Africa.

● PM announces pac... Page 25.

SPRA BADMINTON CLUB
SPRA BADMINTON CLUB

3 Banket Road
3 Banket Road
Lansdowne
Lansdowne
20 October 1980
20 October 1980

Dear Member/s
Dear Member/s

unemployment, malnutrition and deprivation.

'And let us make full use of the rich natural and other resources Providence has granted us, in raising the standard of living and the quality of life of all sections of our diverse population.

'These are some of the major challenges we are confronted with. I am convinced we shall not falter, we shall not fail Southern Africa,' he said to a standing ovation from his audience.

Announcing the establishment of the Small Business Development Corporation (SBDC) the Prime Minister said this corporation will not compete with existing services to small businesses given by commercial banks and other financial institutions.

The SBDC will have an initial capital of R10-million.

Among the various services envisaged for the SBDC are the guaranteeing of loans required for working capital made by banks.

Risk capital

Other functions include the provision of risk capital on a temporary or minority shareholder basis and the provision of end-use supervision and managerial guidance on projects financed or guaranteed by the corporation.

'One of the main purposes of Government representation on the board of the new corporation is to ensure development services to the coloured and Indian population groups are improved by the new arrangements,' Mr Botha said.

'It is firmly expected that although the new corporation will be non-racial the expansion of both its financial resources and the range of its services will in practice result in large benefits to all population groups.'

As far as black residents of the homelands were concerned, the National Development Corporations would be enabled to

continually being rewritten. Within any such framework, any event that cannot be explained presents itself to the consciousness of historians

CLICKS 20 FM 3/10/80

Market strength

Activities: *Discount retailer of toiletries, cosmetics, gifts and other merchandise nationwide. Has two retail operations in the US. First listed in 1979. Directors to control 48% of equity.*

Chairman and managing director: *H J Goldin.*

Capital structure: *10m ordinaries of 50c. Market capitalisation: R35m.*

Financial: *Year to June 30 1980. Net cash: R1.6m. Current ratio: 1.3. Net cash flow: R1.6m. Capital commitments: R8.4m.*

Share market: *Price: 350c. (1979-80, high, 365c; low, 135c: trading volume last quarter, 203 000 shares). Yields: 7.4% on earnings: 3.4% on dividend. Cover: 2.2. PE ratio: 13.6.*

	†'79	'80
Return on cap %	*62.5	73.2
Turnover (Rm)	10.3	51.5
Pre-tax profit (Rm)	0.8	4.8
Gross margin %	7.8	9.1
Earnings (c)	18.8	25.8
Dividends (c)	—	12
Net asset value (c)	51	64

* Annualised † Three months.

You are the fin... ...ndustries Limited, a company engaged ... activities. On 1st July 1976 ... lease with Industrial Leases Limited. ...r alia, the following:

1. Plant costi... ...installed and to be brought ... ...ld be purchased by the less... ...ted.

2. The lease p... ...r month for ten years, subj... ...to increase the instalment ... ...n the commercial bank rate.

3. On termina... ...l, the lessor would allow the ... ...t for a nominal rental.

4. The lessee ... ...el the lease and assign it ... of the outstanding capital ba... ...ssor.

5. The lessee would bear all the ownership costs such as insurance, maintenance, etc.

Industrial Leases Limited has furnished the following schedule in terms of the provisions of (4) above:

Year	Interest	Capital
	R	R
1	384 366	155 634
2	362 678	177 322
3	337 969	202 031
4	309 817	230 183
5	277 741	262 259
6	241 196	298 804
7	199 558	340 442
8	152 119	387 881
9	98 069	441 931
10	36 487	503 513

The flat interest rate is 8,0% and the effective interest rate approximately 13,1% per annum.

The estimated useful life of the plant leased is 15 years.

Your fellow directors propose to capitalise the plant and treat the lease payments as instalments on a long term loan. The company depreciates fixed assets on a straight line basis over their estimated useful lives.

YOU ARE REQUIRED:

1. To give reasons why you consider the capitalisation of the leased plant to be acceptable.

(12 marks)

2. To draft journal/...

GARLICKS 30 FM 31/10/80

Strong performance

Activities: *Department store chain with 10 outlets nationwide. Also has a small office machinery division. The Garlick family holds 65% of the equity.*
Chairman: *J Garlick.*
Capital structure: *3m ordinaries of R1; 1m 5% cum prefs of R2. Market capitalisation: R12,8m.*
Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R1,1m. Net cash: R2m. Debt:equity ratio: 11,8%. Current ratio: 2,6. Net cash flow: R1.8m.*
Share market: *Price: 425c (1979-80: high, 480c; low, 210c; trading volume last quarter, 26 000 shares). Yields: 17,3% on earnings; 7.1% on dividend. Cover: 2,5. PE ratio: 5,8.*

	'77	'78	'79	'80
Return on cap %	14,9	13,9	13,3	20,5
Turnover (Rm)	32,4	33,2	33,0	41,4
Pre-tax profit (Rm)	2,6	2,5	2,5	4,1
Gross margin %	8,6	8,3	8,4	10,5
Earnings (c)	44,6	42,9	43,0	73,5
Dividends (c)	23	23	23	30
Net asset value (c)	471	491	511	552

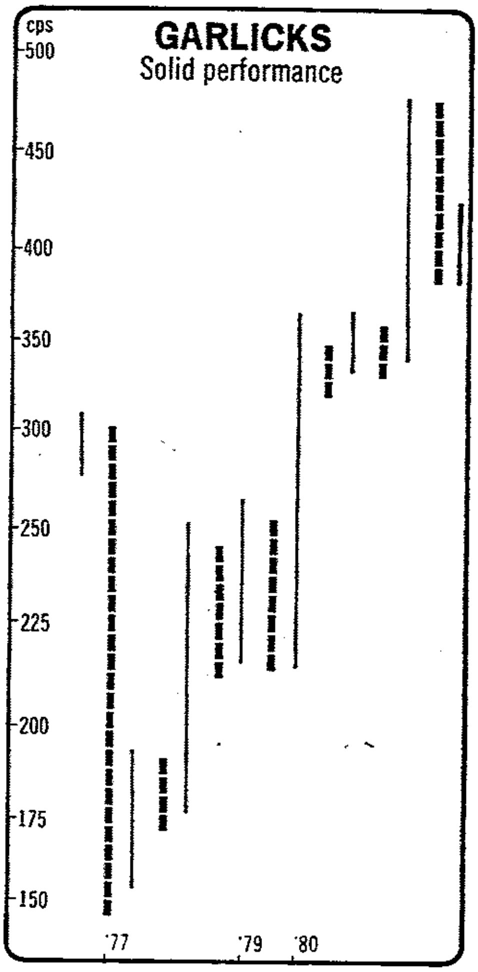
Throughout the recession Garlicks performed better than any of the listed department stores. Earnings dipped only 13c to a 43c low between 1975 and 1978, while some competitors recorded losses. And in the year to end-June, profit recovered to a record 73,5c a share as turnover increased 26% to R41,4m (R33m).

In February, the directors said second-half earnings were unlikely to grow as fast as the 59% reported in the interim statement. But second-half profits rose even faster at 98% to 35c (17,7c) as the Rosebank store kicked in with a larger than expected contribution and the other nine outlets turned in "excellent" results.

Unlike most SA retail operations, Garlicks has been content to maintain the same 10 outlets during the past four years, which is a large part of the reason for margins jumping to 10,5% (8,4%). Pre-tax profit advanced 64% to R4,1m (R2,5m) as sales per unit of trading area rose.

The directors say, however, that the group spends large amounts revamping outlets around the country in order to more effectively compete in the retail market. The Carlton Centre and Cape Town stores are currently being modified. In fiscal 1980, R328 000 (R258 000) was spent on additions to property, fittings, equipment and/vehicles. Of this, presumably a large proportion was modernising stores.

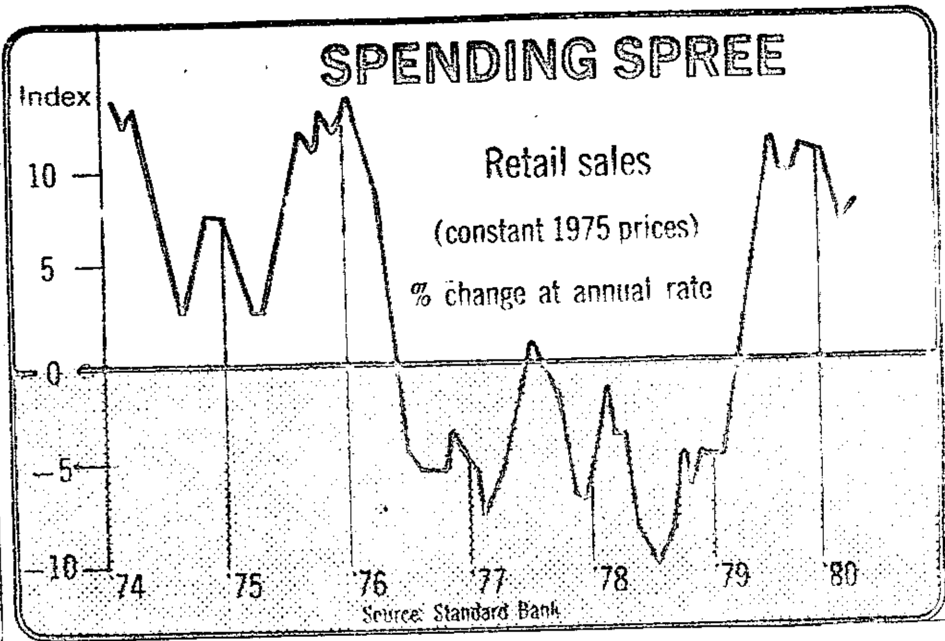
The economic boom and stock control allowed Garlicks to end 1980 with lower total borrowings of R2,2m (R2,8m), as well as reporting a higher 5,6 (5) times stockturn. At end-June, the group had stocks on hand of R8m (R6,7m). In addition, debtor control meant the average age of accounts fell marginally to 45 days (50 days).



The directors say fiscal 1981 is expected to produce higher earnings, though obviously not at the same percentage increase of 1980. It appears that, having experienced a 28% turnover hike in the first two months, the coming Christmas season should be a record. Thereafter, in line with most retailers, Garlicks appears somewhat hesitant about forecasting, possibly because consumer spending growth could tail off.

Looking to the interim results, which will include Christmas, it appears safe to assume earnings could be at least 53c with a dividend around 17c. On this basis Garlicks yields a prospective 8,2%, which is cheap relative to the market. *Des Kilalea*

Garlicks . . . attracting more customers with more cash



and are expected to rise further. Retail sales constitute the most important single component of private consumption expen-

TRADE (20)

Saleing along

FM 31/10/80

Retail sales, at constant 1975 prices and seasonally adjusted, rose by nearly 4% in the three months to the end of September, according to preliminary figures from the Department of Statistics.

If annualised, this figure would be almost 12% in real terms, which is probably over-optimistic. The quarterly statistic may reflect the initial effects on private sector pockets of the 1980-81 tax concessions, which came into operation in July. This view is supported by retailer expectations of the increase in retail sales for the three months to the end of October, which is an annualised figure closer to 10%.

According to Sanlam's October economic survey, retail sales increased by a real 9.5% in the first eight months of the year.

CAPE RETAIL FM 31/10/80

Plain sailing

30

Piet Koornhof's plan for business-sharing across the colour line (FM September 19)

hasn't been blessed with much success to date. But tenant make-up of the R20m Mitchells Plain shopping development, which opened on Wednesday, has shown that the idea at least has potential.

Some 16 white retailers have got together with coloured majorities to trade out of the centre. Among them are Pick n Pay, OK Bazaars and Woolworths. The required minimum coloured stake of 51% has generally been achieved by way of private deals with coloured businessmen. Pick n Pay has done it through a public issue of shares, and the rest of the space has gone to more than 80 coloured merchants.

Mitchells Plain should be an ideal testing ground for the Koornhof plan. The 35 000m² of trading space is well designed in three major pedestrianised squares: potential catchment is already satisfactory and tenant-mix, despite a veto right held by the local ratepayers' association, appears reasonable.

The shops are also strategically placed between rail and bus stations to attract passing trade.

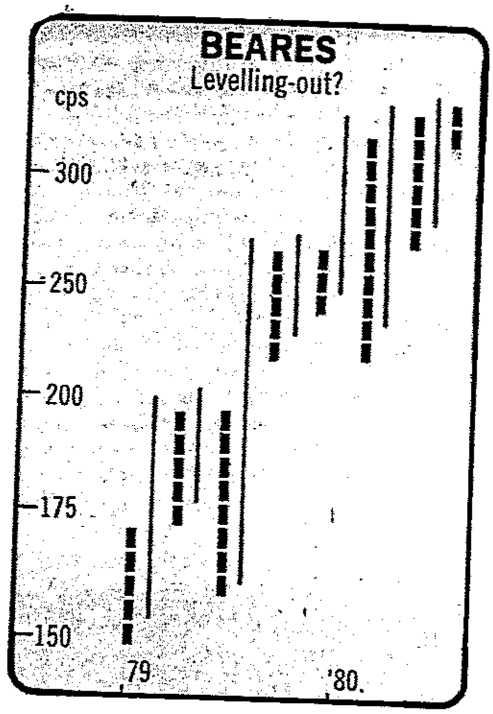
The first-phase of the centre should be adequate to meet the needs of the present population of about 110 000. Disposable income has been estimated at R66m, and 80% of that is expected to be spent in the local shops.

By 1993, when population and spending power will have nearly doubled, the town centre will offer nearly twice as much space — the equivalent of a fully fledged regional.

An interesting design innovation is the inclusion of several flats for shopkeepers and their families above the trading space. The residential component is part of an attempt to keep the centre live by night.

The decision to build the centre was taken in September 1978, and construction began in November last year. The speed of development, says Comdev consulants Real Estate Development and Research, has reduced building cost escalations and side-stepped the current shortage of building materials.

Rentals are thus competitive and it looks as if Mitchells Plain merchants are on to a winner, even if it is at the expense of Cape Town's CBD. But it's good to see that capitalism is at least alive and well among the coloured community. Why not make the next stop Langa, KwaMashu, or even Soweto?



BEARES (30)

Vague forecast

FM 7/11/80

Activities: *Retailer of furniture (125 outlets) and clothing (49 outlets) through several chains, mainly Beares, Savells and Furniture Mart. Clothing chains are Bee Gee and Dennis. Also owns Game Discount World, which operates four general and five specialised stores. Holding company is Beares Family Holdings.*
Chairman: *A Beare; managing director: A Rogoff.*
Capital structure: *13,4m ordinaries of 50c; 148 000 convertible debs of 70c. Market capitalisation: R41,5m.*
Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R6,1m; net short-term, R17,9m. Debt:equity ratio: 69,7%. Current ratio: 2,1. Group cash flow: R7,8m.*
Share market: *Price: 310c (1979-80: high, 330c; low, 152c; trading volume last quarter, 231 000 shares). Yields: 22,2% on earnings; 5,2% on dividend. Cover: 4,3. PE ratio: 4,5.*

	'77	'78	'79	'80
Return on cap %	21,9	23,0	22,8	23,6
Turnover (Rm)	81,2	107,0	122,0	153,5
Pre-tax profit (Rm)	7,6	9,0	11,1	14,6
Gross margin %	12,5	10,6	11,0	10,8
Earnings (c)	41,5	51,6	61,7	68,9
Dividends (c)	9,5	11	13	16
Net asset value (c)	165	201	249	257

In times of booming consumer spending one might have expected more from Beares than just a vague forecast that "improved results" are expected. But chairman Aaron Beare reveals little to shareholders in the annual report, other than to provide brief details of the group's expansion, which brought the total number of retail outlets to 191 (165) with a wider geographical spread.

Total sales in the year to end-June increased to R153,5m (R122m), while pretax profit advanced somewhat faster at 30,8% to R14,7m. But there was obviously some pressure on operating margins as profitability, before interest and leasing payments, dipped to 10,8% (11%). Beare offers no explanation for this, but it presumably stems in part from competition and the opening of the 18 new stores during the year. This presumably also explains why, in booming times, stockturn was marginally slower at 11,6 (12,1).

Though business conditions remain favourable and Beare expects the expansions to contribute meaningfully to profits this year, it could be argued that the group's performance was disappointing. The return on capital employed, while higher at 23,6% (22,8%), is little different to that two years earlier. But more pertinently, fiscal 1980 re-confirmed the strong growth record of this Durban-based group.

While many retail companies have reported far better short-term profit growth, Beares is in the enviable position of being able to report only one earnings fall in the past eight years or more. And that was only a slight decline in 1977, at the bottom of the recession.

The expansion last year, which included the addition of two Game stores, plus the acquisition since end-June of the Dicks group in the Cape, should keep profit growing. Beares also plans a further 15 new outlets in Natal and the Transvaal, which could contribute to earnings this year. And funding should not present a problem with gearing only 69% and the annual interest/leasing commitments covered 8,3 times by gross profit (5,8).

One cloud on this year's prospects is, however, the question of profitability. Many retailers are beginning to experience tighter margins, particularly as supply bottlenecks oblige them sometimes to take on larger than desired inventories.

Short-term earnings growth should be strong, with a record Christmas expected. For the whole year, earnings growth could be around 25% if other retailers' expectations are anything to go by. Last year's modest 11,3% earnings advance reflected the conversion of 2,9m of the 13,5% convertible debs. Only 148 000 are still to be converted, so earnings dilution should be marginal. Thus this year's attributable profit could easily be about 86c with a 19c dividend, which places the share on a fairly priced 6,6% prospective yield.

Des Kilalea

CURRIE MOTORS (30)

Room to expand

FM 7/11/80

Activities: *Motor retailing; parts and accessories; furniture; HP and leasing; property; and insurance broking.*
Chairman: *A Jaffe; managing director: E N Swirsky.*
Capital structure: *2,3m ordinaries of 50c; 50 000 6% prefs of R2. Market capitalisation: R16,8m.*
Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R1,5m. Net cash: R1,3m. Debt:equity ratio: 8,3%. Current ratio: 2,3. Group cash flow: R2,9m.*
Share market: *Price: 730c (1979-80: high, 730c; low, 255c; trading volume last quarter, 156 000 shares). Yields: 15,3% on earnings; 8,2% on dividend. Cover: 1,9. PE ratio: 6,5.*

	'77	'78	'79	'80
Return on cap %	13,5	15,5	15,8	19,7
Turnover (Rm)	32,8	41,6	40,0	48,7
Pre-tax profit (R'000)	2 660	3 364	3 374	4 599
Gross margin %	11,4	10,1	10,2	10,2
Earnings (c)	61,5	79,2	84,4	112,0
Dividends (c)	35	40	40	60
Net asset value (c)	740	781	825	920

A 45% earnings upturn in the second half saved Curries from what looked like being at the interim stage a mediocre year. This gave a one-third increase for the year as a whole, compared with only 13% after the first six months.

The improvement reflected better trading conditions in most divisions, as well as reduced financing costs after a further substantial repayment of borrowings. This is reflected in the fact that operating profits rose only 23% but, after taking into account the lower interest charges, pre-tax profits were up 36%.

Most of the profit increase, in rand terms, came from the motor division, although there were better proportionate gains in furniture and property. Motor trading benefited from the general take-off of new vehicle sales, as well as the introduction of the Opel Kadett range which, chairman Abe Jaffe says, has lived up to all expectations.

He adds, however, that as this model was introduced in the last quarter and supplies were limited, the full impact will only be felt in the current year. In any event, the contribution to group earnings from motor trading rose 52% and now represents 55% of the total against 49% previously.

The furniture division doubled its profits, but Jaffe says, is still not operating at full potential. He is, however, looking to another substantial improvement this year and the contribution to group earnings will no doubt rise further from 1980's 18% after having come up from 11% in 1979.

Combined profits of other activities, such as finance, leasing and motor accessories, were down 19%, due mainly to continued losses in the Goldies motor spares and accessories operation.

Reading between the lines of Jaffe's report, it looks as if he is becoming a little irritated at this company's inability to pull itself right. After a reorganisation of management "their task," he says, "is to start producing the kind of results their colleagues in the group are producing." If they don't, one gets the impression that Goldies' future as a Curries subsidiary might be limited.

But on balance the report is very optimistic and few would argue with Jaffe's statement that the group should once again enjoy a very profitable year with the prospect of increased dividends.

One worrying aspect, however, is that management does not seem to be taking full advantage of the group's potential. No major expansion of activities has taken place for a number of years, nor is any such expansion indicated.

Over the past three years, internal cash flow has been sufficient to repay almost 80% of borrowings and, at the same time, to increase cash resources by over R1,2m. The cash position has been further enhanced since end-June by the sale of the group's 40% share in Nedbank House at a capital profit of R3,4m.

Including these cash resources, and allowing for an increase in borrowings to, say, 50% of permanent capital, the group has a theoretical capacity of around R15m (59% of existing capital employed) for new investment or expansion. If these funds were employed even at current returns, which are hardly anything to write home about, the group would have shown a gross profit of perhaps R8m (R5m actual in 1980); a pre-tax profit of around R6,5m (R4,6m) and earnings per share of 155c (113c). And this, in turn, would probably have meant a dividend total of at least 80c, instead of the 60c actually paid last year.

Under-use of financial capacity may well be one of the reasons why the share is trading at an historic yield of 8,5% — almost double the industrial market average.

There can be little doubt, however, that it is good value at this level. Even on the existing asset base, the group should be capable of maintaining capital growth close to the 45% of the last six months of fiscal 1980, which points to earnings in the region of 160c and a dividend total of 80c-85c. The prospective yield, therefore, is around 11,5%, which is just about unbeatable in the non-mining sectors.

Brian Thompson

FM . 7/11/80

SMALL BUSINESS

(30)

Generating jobs

The announcement of the establishment of a Small Business Development Corporation (SBDC) reflects an acknowledgement of the worldwide importance of small businesses and their job-creating potential. All the better, then, that this time the initiative has come from Pretoria.

To date, the Rembrandt Foundation's Small Business Foundation has been the only organisation granting loans to small businessmen on a non-racial basis. The Coloured and Indian Development Corporations restricted their services to their particular communities.

Government will combine its participation in the new corporation with the rationalisation of a number of existing state corporations. These, and the small business activities of the Industrial Development Corporation and the Economic Development Corporation, which cannot be decentralised to the various development corporations in the homelands will be included.

The initial share capital of the corporation is expected to be R200m. The private sector is expected to contribute at least R50m, and the Rembrandt Foundation at least R5m.

The SBDC envisages offering services such as the guaranteeing of loans from banks for working capital, the provision of risk capital on a temporary or minority shareholder basis, and the provision of end-use supervision and managerial guidance on projects financed or guaranteed by the corporation.

Speculation is that the new company will be fully functional by early next year, but a number of important questions still remain unanswered — most important being just how "small business" is defined. The Small Business Advisory Bureau, run by Potchefstroom University, defines it as independently owned and managed, with an annual turnover of not more than R1m; not part of more than five operating branches or units; having a total asset value of less than R500 000; and not employing more than 100 persons. To provide for extreme circumstances, a small business need only conform to five of these criteria.

However, if the SBDC is to be truly effective, it should cater for the needs of really small operators (especially those in the informal sector). Government should therefore be taking a long, hard look at the possibility of legalising the activities of those businessmen operating in the informal sector, which in turn would mean a relaxation of licensing standards and regulations which restrict their practices. The Soweto shebeens should qualify.

ALDERSON & FLITTON (30)

Geared up

FM 7/11/80

Activities: *Pretoria-based motor dealer with Sigma and General Motors franchises. Owns 80% of Siman Enterprises and 38% of listed Marlin Investments. The directors control 49,4% of the equity.*
Chairman: *J E van der Burgh.*
Capital structure: *5,4m ordinaries of 50c. Market capitalisation: R8.6m.*
Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R1,8m; net short-term, R1,6m. Debt: equity ratio: 96,8%. Current ratio: 1.6. Net cash flow: R553 000.*
Share market: *Price: 160c (1979-80: high, 187c; low, 22c; trading volume last quarter, 1,3m shares). Yields: 9,3% on earnings; 3,4% on dividend. Cover: 2,7. PE ratio: 10,8.*

	'77	'78	'79	'80
Return on cap %	8,3	8,1	6,0	12,3
Turnover (Rm)	25,9	33,4	38,9	51,0
Pre-tax profit (R'000)	219	356	(87)	1 051
Gross margin %	2,8	2,6	1,4	2,7
Earnings (c)	0,9	3,9	(1,7)	14,8
Dividends (c)	—	—	—	5,5
Net asset value (c) .	95	99	97	97

"Having a new car franchise at present is a licence to print money," says a stockbroker, pointing to the recovery in Alderson & Flitton's profit in the year to end-June. the group turned around from an R87 000 pre-tax loss in fiscal 1979 to a profit of R1,1m last year, and a further improvement is expected this year.

Since the company changed hands in March, the profit recovery has been most marked. In the first six months, earnings were hammered by still sluggish car sales until November/December, plus a R73 000 loss on closing an ailing country dealership. The second six months benefited from the full recovery with earnings of R606 000 (loss R77 000), and would have been higher but for the shortage of some GM and Sigma products.

Turnover in fiscal 1980 rose to R51m (R38,9m) including a contribution from Siman Enterprises, acquired with effect from January 1. Profitability also improved, though like the return on capital, management attention appears necessary in view of the high level of borrowings.

At end-June, borrowings totalled R5,3m, of which 66% — R3,5m — was short-term, in part reflecting the R1,4m paid for Siman plus the relative attractiveness of short-term money.

With motor sales running high the 97% debt:equity ratio is not a major concern short-term, particularly as gross profit covers the annual interest leasing bill 4,3 times and the group is on the diversification trail. And the average cost of borrowings at 8,7% is exceeded by the relatively low 12,3% return on capital employed. But depending on finance arrangements for the Marlin takeover and whether A & F rebids for Nuco, borrowings could be a constraint on new owners Johan van der Burgh and David Abbott in their acquisition drive.

Van der Burgh offers no precise forecast for the current year, but it appears all areas of the group's business expect improved earnings. On the basis of a three times cover a 10c dividend should be paid putting the share at 150c on a fairly valued 6,7% prospective yield. However, speculation ahead of future diversification could well herald further price rises.

Des Kilalea

October's car sales up 38 pc on 1979 figure

'ORT ELIZABETH — .lthough sales of new notor cars last month vere down compared to he figure for September his year, it had nonetheless increased by 38 er cent over the October 979, figure.

The total last month was 25 762 units, compared to the record 26 490 in September and 18 665 in October last year. Sales of commercial vehicles, at 12 818, were higher than that of September (12 364) and also more than 38 per cent up on the October, 1979, figure of 9 232.

Total new car sales in the first 10 months of this year, at 228 749, were up by 30,4 per cent on last year's corresponding 175 458 and the figure of 275 000 could easily be reached on this projection. Commercial vehicle sales were up by just under 30 per cent — from 82 008 last year to 106 386 in the first 10 months this year.

Significantly, the figures reveal that Sigma Motor Corporation had dropped back to third spot in October with sales of 3 715 units. This is well below the 5 358 achieved in September and well down on the new leader, Volkswagen, with recorded sales of 5 061. Second place was taken over by Ford, with sales of 4 063. — SAPA.

Vehicle sales soar

30

FM 14/11/80

CARS

	1980 Oct	% of Market	1980 Jan-Oct	% of Market	1979 Jan-Oct	% of Market
VW	5 061	19,65	46 176	20,19	37 235	21,22
Ford	4 063	15,77	34 227	14,96	26 928	15,35
Sigma	3 715	14,41	45 851	20,03	38 162	21,75
Toyota	3 588	13,93	23 644	10,34	15 087	8,59
Datsun	3 354	13,02	25 981	11,36	18 741	10,68
GM	2 678	10,40	22 102	9,66	13 625	7,77
BMW	1 052	4,08	9 145	4,00	6 778	3,86
Alfa	916	3,56	10 215	4,47	9 518	5,42
UCDD	907	3,52	7 793	3,41	6 164	3,51
Leyland	414	1,61	3 541	1,55	3 186	1,82
Other	14	0,05	74	0,03	54	0,03

October total .... 25 762 (38,02% up on 18 665 last year)
Jan-Oct total .... 228 749 (30,37% up on 175 458 last year)
September total 26 490

COMMERCIALS

	1980 Oct	% of Market	1980 Jan-Oct	% of Market	1979 Jan-Oct	% of Market
Toyota	3 627	28,30	28 472	26,76	20 548	25,06
Datsun	2 852	22,25	27 348	25,71	18 739	22,85
GM	1 745	13,61	13 185	12,39	10 419	12,70
Ford	1 697	13,24	14 608	13,73	11 226	13,69
Sigma	1 134	8,85	7 748	7,28	8 625	10,52
VW	663	5,17	4 799	4,51	3 285	4,01
UCDD	517	4,03	3 736	3,51	2 980	3,63
Leyland	206	1,61	2 976	2,80	2 695	3,29
MAN	103	0,80	640	0,60	590	0,72
Alfa	71	0,55	1 148	1,08	1 655	2,05
International Harvester	63	0,49	621	0,58	427	0,52
Oshkosh	40	0,31	327	0,31	161	0,20
Vetsak	26	0,21	162	0,15	147	0,18
Magirus-Deutz	25	0,20	165	0,15	141	0,16
ERF	20	0,16	159	0,15	115	0,14
Malcomess-Scania	16	0,12	143	0,13	97	0,12
Fodens	13	0,10	138	0,13	103	0,13
VSA	—	—	23	0,03	22	0,03

October total .... 12 818 (38,84% up on 9 232 last year)
Jan-Oct total .... 106 386 (29,73% up on 82 008 last year)
September total 12 364

Fiat car sales are now combined with Alfa sales after the merging of the two companies' manufacturing and marketing operations. In spite of this Alfa's share has dropped, as has that of Sigma, which has for this month been replaced by Ford as the number two car seller.

Total sales of cars and commercials continue to increase at a healthy rate.

MONTAYS (30) FM 14/11/80

Dividend upturn

Activities: *Cape-based clothing, furniture and appliance retailer trading largely to black and coloured markets. The directors hold 68% of the equity.*

Chairman: *S Kriseman; managing director: K W Leibbrandt.*

Capital structure: *3m ordinaries of 50c. Market capitalisation: R3.5m.*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R1m; net short-term, R742 000. Debt:equity ratio: 42,6%. Current ratio: 4,2. Net cash flow: R389 000.*

Share market: *Price: 115c (1979-80: high, 135c; low, 65c; trading volume last quarter, 115 000 shares). Yields: 19,5% on earnings; 8,7% on dividend. Cover: 2,2. PE ratio: 5,1.*

	'77	'78	'79	'80
Return on cap %	20.2	18.8	16.1	16.2
Turnover index*	134	138	164	234
Gross profit (R'000)	1 084	1 120	1 162	1 284
Earnings (c)	19.0	19.3	18.9	22.4
Dividends (c)	8	8	8	10
Net asset value (c)	102	115	125	138

* 1973=100

After a six-year dividend plateau and earnings growth which has been not much more exciting, last year's upturn was encouraging. Management has confirmed this optimism by raising the total dividend by 25% to 10c (8c).

However, margins are still being whittled away — the 42,6% turnover improvement translated into a lower 35% growth in profit before tax and provisions. Chairman Sydney Kriseman has pointed out that costs have continued to rise in line with inflation and the need to enlarge the executive and management structure to cope with the planned growth programme.

This programme involved opening five new branches during the financial year, three of which only began trading in the final quarter of the year. Four more branches were scheduled to be trading by mid-September and two more to be opened in the first half of 1981.

But the start up cost of new branches has not been the only factor eating into profits. Following the R1,6m increase in accounts receivable to R8,1m, the provision for doubtful debts has been more than trebled from R65 000 to R241 000. And this has cut the growth in pre-tax profits to 18,7%.

But Kriseman has some encouraging news on the credit policy of the company — he says that the traditional door-to-door collection operation in the western Cape has continued to decline in real terms. And over the past few years the company has reduced its exposure to this type of business by opening a new chain of branches geared to a higher stratum of consumer.

Despite the extra gearing needed for the opening of new branches, the debt:equity ratio remains acceptably low at 42,6% (32,4%). Interest payments were covered almost 10 times.

Kriseman anticipates further growth in all divisions of the company in the forthcoming year, with the attendant benefit of increased dividends. But the share remains tightly held — only [illegible] listed shares are not held by the directors. This fact, plus the pressure on margins and the possible slackening of consumer demand in the new year, could ensure that the rating of the share remains at its current level. At 115c it yields an historic 8,7%.

Ackerman: businessmen can change face of SA

EAST LONDON — South African businessmen could change the face of South Africa through their attitude, without waiting for changes from the government, the managing director of Pick 'n Pay, Mr Raymond Ackerman, said here last night.

Mr Ackerman was the guest speaker at a dinner to celebrate the seventh anniversary of the Cambridge Round Table.

He said his company believed strongly in always negotiating for the best price. There were too many boards in South Africa and too many monopolistic groups.

South Africa had, contrary to America, pockets of wealth and oceans of poverty and it was thus important to negotiate for the best price.

"If anyone stops me from negotiating it goes totally contrary to consumer sovereignty," Mr Ackerman said.

If the suppliers succeeded in stopping distributors from negotiating, runaway inflation would follow.

With regard to the chicken situation, he felt it was wrong of suppliers to export chickens and thus create a further shortage which pushed prices up.

While he had sympathy for the problems of the industry, he felt it was morally wrong to try to maximise on the current shortage and high prices by exporting.

Mr Ackerman said his company was negotiating with chicken suppliers in order to get them to release some of the export chickens. The situation looked hopeful and there would be more production from February. This would help to alleviate the shortage.

He said a business should have a social responsibility.

Businessmen could change South Africa on their own through their attitudes. "There should be no discrimination based on colour," he said. He was proud to say that in his company there was no discrimination whatsoever.

South African businesses had no excuse for discrimination by hiding behind the government.

"Human relationship in businesses is as crucial as the merchandise you sell."

Mr Ackerman predicted that the new American president, Mr Ronald Reagan, while not agreeing with the country's apartheid policy, would be friendly towards South Africa. — DDR

Sake Rapport

Motorverkope groei nou baie sterk

30

16/11/80

Deur FLIP MEYER

DIE koers waarteen die genoteerde motorhandelaars se winste en omsette styg, toon hoe sterk die motormark tans groei. Dit is nie net die winste wat skerp styg nie, maar die opbrengste op omsette is besig om in sommige gevalle te verdubbel.

'n Goeie voorbeeld is Schus, wat verlede jaar slegs 'n bruto winsgrens van 1,5 persent kon handhaaf en dit toe in die eerste ses maande van sy lopende boekjaar na 3,7 persent opgestoot het.

Dié Kaapse motorhandelaar het langtermynlenings van R470 000 betaal en sy voorkeuraandeelhouers ht al hul agterstallige dividende veilig in hul sakke.

Uit die tabel hiernaas kan gesien word dat die winsgrense tussen 2 persent in die geval van Alderson en Flitton tot 4 persent in die geval van McCarthy wissel. 'n Bruto winsgrens van 4 persent word in die motormark as uitstekend beskou, wat daarop dui dat handelaars soos McCarthy, Saficon en Schus se sake tans bloei.

Kenners in die motormark wys egter daarop dat dit onrealisties is om die winsgrense te vergelyk en dan afleidings oor hul motorhandel-sake te maak, want baie van die genoteerde motorhandelaars is besig om te diversifiseer.

'n Voorbeeld is Alderson and Flitton wat 'n Kaapse vervaardiger van elektroniese toerusting, Siman Enterprises, oorgeneem het. In die jongste jaarverslag (die maatskappy het 'n Junie-jaareind) word gemeld dat Siman slegs 8 persent tot die wins bygedra het, terwyl die balans van 92 persent van die motorbedrywighede kom.

Die prentjie kan egter gou verander vanweë die feit dat Siman vanjaar tot 28 persent van die wins kan lewer.

Die verwagting is dat die winsgrens van Siman se produkte baie hoër is as die winsgrens van die motorafdeling, wat op 'n skerp styging in die totale winsgrens dui. Daarby verwag sommige beleggers dat A & F se wins vanjaar gaan verdubbel. Die verhoogde opbrengs sal nog boonop op 'n baie hoër omset gegrond wees.

Dit is ook interessant om Dan Perkins se resultate met die genoteerde handelaars s'n te vergelyk. Die maatskappy se aandele word eersdaags op die beurs genoteer.

Uit ons tabel blyk dit dat Dan Perkins se omset vanjaar met 9,1 persent tot R48,8 miljoen gaan styg en die voorbelaste wins as 'n persentasie van die omset, gaan 'n geringe verbetering toon.

Die maatskappy wil nie bekend maak wat die verdeling in winsbydraes deur die verskillende afdelings is nie, maar dit kan aangeneem word dat die motorhandel-afdeling verreweg die grootste bydrae lewer.

Danperk se opbrengs van 16,7 persent op aandeelhouersfondse is laag as dit met McCarthy en Saficon vergelyk word. Die opbrengs van 32,9 persent wat Schus toon, is hoofsaaklik weens die feit dat die aandeelhouersfondse tans baie laag is. Die totale aandeelhoersfondse beloop in die geval R1 031 052 en kan baie meer wees as die maatskappy meer van sy eie kapitaal gebruik en groot uitbreidinge aanpak.

Wat verbasend is, is dat Schus geen groot uitbreidinge aangepak het ondanks die feit dat sy omset skerp styg. As die bestuur van die maatskappy nou meer buitekapitaal gebruik, kan dit voordelig wees terwyl rentekoerse nog laag is, maar as die hefboom in werking tree wanneer rentekoerse styg, kan die maatskappy probleme ondervind.

Dan Perkins se dividenddekking is die laagste van die ses motorhandelaars, maar dit word aanstaande jaar van 1,67 tot 2,4 verhoog.

Die aandeel lyk egter op die oog af na 'n goeie belegging as in ag geneem word dat dit op die uitgifprys van 70c 'n dividendopbrengs van 10 persent lewer.

Wat Curries betref, toon ons tabel dat dié handelaar verreweg die grootste opbrengs op omset lewer. Die opbrengs van 9,5 persent kan nie toegeskryf word aan goeie motorhandelsake nie, want 'n groot deel van die wins word deur finansiering en die meubelafdeling gelewer. Die inkomste uit finansiering en bruikhuur lewer 23 persent van die totale verdienste, terwyl die meubelafdeling se bydrae 18 persent en die motorhandel s'n 5,5 persent is.

Dit is ook bekend dat die merkpryse in die meubelhandel soms 100 persent hoër is as kospryse, wat gewis nie die geval in die motorhandel is nie.

Curries moet egter nie te veel op sy meubelbedrywighede staat maak nie, want dié bedryf word van die swaarste gedurende 'n resessie getref. Schus het die ondervinding gehad en moes duur daarvoor betaal.

Die onderstaande tabel toon vergelykende finansiële verhoudings tussen vyf genoteerde motorhandelaars en een motorhandelaar wat binnekort genoteer gaan word, nl. Dan Perkins. Sommige van die syfers word egter deur buitengewone faktore beïnvloed en dus nie streng vergelykbaar nie.

	Jaareind	Omset	Winsgroei sedert 1976	Voorbelaste wins as % van omset	Opbrengs op aandeelhouersfondse	Inkome of omset uit motorhandel as % van totale wins of omset	Dividenddekking
McCarthy	Jun	R441,7m	117,9%	4,0%	20,9%	?	2,75
Saficon	Maart	R179,2m	71,8%	3,6%	21,69%	67%	3,37
		(R215,0m)					(3,37)
A & F	Jun	R51,0m	71,9%	2,0%	13,8%	92%	2,67
Curries	Jun	R48,7m	37,5%	9,5%	12,9%	55%	1,95
Dan Perkins	Jun	R44,7m	147,7%	2,9%	16,7%	?	1,67
		(R48,8m)		(3,1%)			(2,4)
Schus	Feb	R30,7m	31,4%	1,5%	32,9%	75%	—
		(R43,2m)		(3,7%)			(5,4)

*Die syfers tussen hakies is geraamde syfers vir 1981. Die syfers sonder hakies is vir 1980.

Buthelezi's booze boycott

30

21/11/80

'White hotels want our money but not us'

Mercury Reporter

CHIEF Gatsha Buthelezi, Chief Minister of KwaZulu and president of Inkatha, last night warned that Inkatha might bring pressure to bear on its members to stop buying liquor from hotels where blacks were forbidden to eat, drink or sleep.

Addressing the annual dinner of the Durban Hotel and Bottle Store Owners' Association, Chief Buthelezi said it seemed plainly exploitative that black money should be welcome when it came to liquor outlets of hotels while blacks were barred from entering those very hotels.

The Inkatha president's stern warning comes hard on the heels of a threat he made at the opening of an Umlazi supermarket this week when he said he might consider mobilising black people to boycott white businesses which employed blacks only as servants and labourers and which provided no facilities for their black customers.

Last night Chief Buthelezi said it was no use for white hotel owners blaming the law. 'The business community of South Africa has a voice which the Government cannot ignore,' he declared.

He maintained that pressures which were being brought to bear on South Africa were brought about by such 'stupid practices' which were not defensible at international forums.

There was still a 'sting in the tail' where permission was issued for blacks to go into five-star hotels. 'We cannot dance with whites and, in some cases, we are not allowed in the bars,' he pointed out.

He urged hotel and bottle store owners to realise that black consumer power was expanding all the time. 'We are your natural future market,' he said.

'The time has come has come for you to consider seriously whether you cannot pressurise the central Government to allow you to sell shares in your businesses to blacks.

'If blacks have shareholdings in your businesses, this is an insurance both for now and after the liberation of South Africa.'

BLACK BUSINESS (30)

Hoisting the flags

FM 21/11/80 ([redacted])

The franchise business ~~in SA~~ is rapidly making inroads into the black market. The impact could be dramatic, particularly in Soweto.

In less than a year two outlets have come into operation. Juicy Lucy has an outlet in Blackchain, Soweto's largest supermarket, and a fortnight ago Kentucky Fried Chicken raised its standard in centrally located Dube township, an area fast emerging as a business centre. Another Kentucky deal has been clinched and the search is on for a suitable site. Negotiations for a third are under way.

Both Wimpy and Captain Dorego are in line to set up shop in the Blackchain complex. And if dealerships are included as a variant of the franchise business, two car manufacturing companies are already in gear in Soweto. General Motors has given Richard Maponya a deal to sell old and new cars, and Volkswagen has been operating through Sakies City Garage owned by Ofentse Mosaka.

Overcoming inertia

Why the upsurge in interest in the black market? Harry Schwab, Kentucky Fried Chicken MD, tells the *FM* that "we have been trying to find a franchisee for five years and interviewed close to 20 people, including well-known and successful businessmen. Many were frightened off by such factors as initial costs, royalties, and the requirement to contribute to advertising and marketing expenditure. They felt that with all these costs, returns would not be high enough. It took one person, soccer star Jomo Sono, who understood and saw prospects for higher returns, to get the concept off the ground. Since he opened up, the success has been beyond our wildest expectations. Now we are inundated with requests."

It was more than just doubts that stalled the black business community throughout these years. There were Pretoria's restrictions on the scope of business in black areas. Now official policy has not only removed many impediments to entrepreneurship but is actually encouraging its growth. Since most black businessmen are in fact small-scale entrepreneurs, franchising is tailormade for them in an increasingly large but highly concentrated business environment.

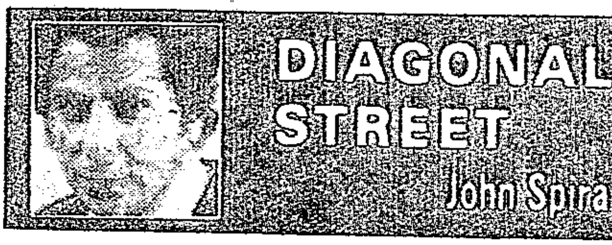
Indeed, franchising could knock recent objections to "external" (ie "white") capital and expertise coming into black areas often construed as a threat to the black traders. This form of business could moreover, give a fillip to these entrepreneurs, who have been handicapped in securing loans from financial institutions because of their low capital base and the hazards of operating inefficient and low-return businesses.

Franchising brings in a well-tried formula, and the constant vigilance of the franchiser makes it less risk prone. The problem of bolstering the black areas' economy via business can thus be tackled without racial and political twists. In fact, Sam Meltzer of Franchise International tells the *FM* that negotiations between his organisation and Nafcoc are on for the black chamber to take up franchising.

A few centres are being developed as high business catchment areas. The Blackchain complex — with specialist stores and offices located near banks, a transport terminal and a hospital — is the outstanding example. There are, however, indications that other operations and areas are being considered. A black businesswoman is being trained to run an Aida Real Estate franchise in Soweto — to capitalise on the new housing policy for blacks. Kentucky Fried Chicken, meanwhile, is casting its eyes on other areas; Pretoria's townships could be next in line after Soweto.

INVESTMENT ANALYSIS

Motor-industry streamlining has paid off handsomely



A YEAR ago I wrote that the JSE's major motor companies had been streamlined to run a lot leaner than they were several years back. The most recent results from these companies indicate that the trend towards tighter management and asset control has been strongly extended.

In fact, an analysis of the return on assets of the major motor companies goes a long way towards explaining just why the RDM motor index has soared by 90% over the past 12 months and why the sector's 5,4% average historic yield is a good deal closer to the JSE average than it has been in the past.

In short, motor shares have been justifiably upgraded by a market which has digested the past two years' sharp earnings increases and has appreciated the vast improvement in the balance-sheet structures of the companies in question.

Five major motor retailers — Curries, McCarthy, Robbs, Saficon and Williams Hunt — are listed on the JSE, and, with the exception of Williams Hunt, returns on assets (total assets less non-interest-bearing debt) are all standing at record levels.

Williams Hunt's most recent year-end is February 28 1980, and since releasing its results for that period it has published an interim report which suggests that it, too, has reached new return-on-assets (ROA) peaks.

Up until 1979, most commentators with an intimate knowledge of the motor industry suggested that the maximum achievable ROA for a motor retailer was 12,5%.

Since then, however, the two larger companies — McCarthy and Saficon — have shattered this barrier, with the former's ROA rising from 10,41% to 17,52% between 1979 and 1980 and the latter's increasing from 11,76% to 15,84% over the same period.

It is, moreover, highly significant that Saficon has forecast a 1981 ROA figure of 17,15%.

And, since this forecast was made, statements emanating from the company have indicated that earnings per share will be substantially higher than originally forecast, suggesting that Saficon will comfortably exceed the projected ROA of 17,15%.

The recent acquisition by McCarthy of the Yamaha distribution network was accompanied by a prediction that this deal would raise McCarthy's earnings by about 12c a share.

Judged in the light of the current buoyancy of the motor-vehicle market, McCarthy's 1980-81 ROA should therefore exceed the past year's 17,52%.

Why has this dramatic improvement materialised?

An analysis of the underlying net assets of Curries, McCarthy, Robbs and Saficon reveals:

NET ASSETS (Rands)	1976	1980	% Change
Curries	25 386	22 906	9,70
McCarthy	75 028	55 434	24,09
Robbs	11 935	10 914	8,55
Saficon	31 511	30 114	4,43

So, between 1976 and 1980, the net assets of all four companies declined — in rand terms. In real terms (after adjusting for inflation) the reductions would be considerably greater.

A further breakdown of the assets of the relative companies shows just why assets have been so drastically trimmed down. The following table reflects the investment in hire purchase and lease debtors:

	1976	1980	1980 as % of '76
Curries	14 367	11 321	78,8
McCarthy	20 339	2 709	13,3
Robbs	1 550	22	1,4
Saficon	6 907	542	7,8

Obviously, McCarthy, Robbs and Saficon have elected not to carry large amounts of hire purchase and lease debtors, while Curries appears to be moving in this direction.

Which prompts the next question. Why have these companies decided to disinvest from hp and lease debtors?

Because by doing so they have increased their returns on assets.

A simple example illustrates just how they have been able to do so.

If a company carries paper valued at R100 and earns a return thereon of R20, it will pay tax of R8,40, leaving a net R11,60. Deduct, say, R1 (after tax) for administration expenses and the final return on this asset is a lowly 9,6%, which is appreciably below the overall ROA of most motor retailers in current market conditions.

From where I sit, this analysis volubly explains why the motor retailers are able now to achieve returns on assets of well above the previous 12,5% barrier.

It explains why motor shares have been accorded a higher market rating and it tends to suggest that such rating might be upgraded yet further.

True, the industry will remain volatile.

But it can confidently be predicted that in the years ahead the earnings peaks will be higher and the troughs not as low, so that, while the amplitude of the swings might not differ materially from those recorded in the past, earnings over a period of several years should be at a higher level than in bygone years.

SIX-MONTH VALUE TURNOVER INCREASED BY NEARLY 20%

Early festive cheer for used vehicle men

By Vera Beljakova

AFTER a jittery start this year, the used-vehicle market is cheering up.

Industry sources say sales have been recording an upward trend since June — the month it reached its lowest point, with only 41 471 cars and 10 681 commercial vehicles being registered.

Although unit sales of used cars in the first half of this year fell by 7% (on the same period last year, from 306 451 units to 284 434), value turnover increased by almost 20%.

Sales of all used vehicles during the January-May 1980 period totalled R321.3-million, showing an increase of 19% over the same period in 1979.

All categories of used vehicles showed an increase — cars, buses, commercial vehicles, motorcycles and scooters.

May 1980 sales, totalling R67-million, were R9-million up on May 1979 turnover.

Confirming this silver lining in the otherwise dismal sky of second-hand deals are increased sales of used mini-buses, motorcycles and tractors.

During the first half of 1980, 8 664 used mini-buses were registered as opposed to 7 749 in the same period of 1979 — a 12% increase.

Used motorcycles accounted for 24 440 registrations during the same period — a 3% increase on the equivalent period of 1979.

Sales of tractors also moved upwards — by 2% to 7 360 used units.

Lindsay Saker's car hypermarket in Johannesburg is South Africa's first and Africa's largest

Hypercar will stock 1000 vehicles

CLIMBING on the bandwagon of the upward trend in used-vehicle sales, Lindsay Saker yesterday opened South Africa's first, and Africa's largest, hypermarket for used cars.

Hypercar represents an investment of R250 000, and its new site will display 300 vehicles at a time and will stock an additional 600 units "as back-up for our system", says Lindsay Saker's Johannesburg managing director, Mr J R F Treagus.

"We aim to sell 500 units a month. At any one time we will have a call on 1 000 vehicles.

"Continuing boom conditions have made the motor market buoyant for everybody. Second-hand Porsches at R50 000 apiece are not a big deal any more.

"Since manufacturers are selling cars like candyfloss, their stocks are almost non-existent. Clients have little choice but to come to us. Often they just make do with a second-hand car until their new car gets delivered," says one salesman.

Lindsay Saker sold 32% more used cars this year than last year, and expects to increase its present (and secret) unit sales by 40% in 1981.

The company's revenue turnover, however, is growing faster than unit sales, "since the average price increase on each vehicle has been 15-20%," explains Mr Treagus.

Money-mad South Africans, having forgotten their recent lean years, have swung back to gas-guzzlers in a big way, say dealers.

On the Witwatersrand, Lindsay Saker's used-vehicle sales are divided into: cars under 1 500cc, 45%; cars between 1 500cc and 2,5 litres, 25%. The remaining 30% is made up of smaller commercial vehicles such as combis and bakkies.

The majority of units (65%) sold by Lindsay Saker fall within the R2 000-R4 500 price range, with the R50 000 Porsche being the odd exception.

All cars are AA-tested and the report is handed to the client.

Black buying power to treble — stores chief

24/11/80 ARGUS

30

By TOM HOOD

ADDITIONAL purchasing power brought to black consumers by the economic upswing should enable the rural population to double and treble its spending on clothing and other goods, says the chairman of Frasers stores group, Mr Donald Campbell.

This is in spite of inflation of about 13,5 percent next year, he says in his annual review.

Within the South African economy the black consumer market, with at present only 26 percent of the nation's purchasing power, must constitute the market's greatest potential for the future, he said.

As electricity, television and other amenities of life reached the townships, a new black life style would be both inevitable and widespread.

PROSPERITY

'The ramifications of the rapid recent return to prosperity in South Africa and the March budget were, initially, largely confined to industry and to urban commerce, employees and consumers.

'The potential in the rural areas for growth out of unemployment and poverty is considerable,' Mr Campbell said.

Frasers group turnover in the year to September 30 reached a record R226-million, 31 percent up on 1979.

Frasers operates more than 350 retail and wholesale stores.

Virtually all areas and divisions contributed satisfactorily including the controlled (50 percent) homeland companies, says Mr Campbell.

The growth rate was substantially ahead of that reported by the Department of Statistics for retailers and wholesalers countrywide.

● Metal Box is raising its interim dividend by 50 percent to 15c (10c) a share after more than doubling its taxed profit to R8,1-million from R3,5-million for the half-year to September.

Sales jumped by R80-million to R154,5-million.

A final dividend of not less than 21c (20c) is forecast by the directors, who say a slower percentage increase in profit and dividend is likely in the second half but the year's results should comfortably exceed last year's.

GENERAL NEWS

STAR 26/11/80

Corporation boost for small firms

A Small Business Corporation is to be set up by the Government and private enterprise, and will be launched tomorrow at a meeting between the Prime Minister and prominent members of the business community in Johannesburg.

The corporation stems from one of the ideas generated at last year's November 22 summit between the Prime Minister and the business community.

It highlights the aim of Mr Botha to gain the assistance of members of private enterprise in the development of the South African economy at a profit to themselves as well as the general economy.

The Small Business Corporation is to be set up with capital of R100 million. Of this, the Government will subscribe R50 million. Business has been asked to provide the remaining R50 million. According to some reports there has been a substantial over-subscribing for the non-government 50 million shares.

C. Times 3/12/90

Traders suspend Dawood Khan

THE Western Cape Traders' Association (WCTA) has decided to suspend its chairman, Mr Dawood Khan, pending the outcome of a charge of fraud against him. (30)

The fraud charges against Mr Khan involve about R1 300.

57bn (243) 30

Perskor must pay back over R1,5-m

3/12/80

The Perskor circulation scandal has been resolved, but at a price. It will cost Perskor more than R1.5-million to compensate advertisers for its misrepresentation.

In order to restore its name, Perskor has been compelled to agree to pay more than three times the amount it originally proposed in compensation — either by way of advertising space, or in cash.

Advertisers were angered in October when the Perskor circulation scandal — involving three dailies Die Transvaler, Die Vaderland and The Citizen — made headlines.

It was revealed that daily circulation figures for the three newspapers had been falsely presented to the Audit Bureau of Circulation (ABC) as being 36 000 more in total than were actually sold.

Perskor, the Association of Accredited Practitioners in Advertising (AAPA) and the SA Society of Marketers announced after a meeting yesterday that settlement has been reached, and that all parties were satisfied.

It was agreed The Citizen would not pay advertisers compensation as "not much damage" had been done.

Die Transvaler is to pay compensation dating back to 1977, the highest compensation allocation being 22.5 percent for 1980. Die Vaderland is to pay 8,25 percent for 1979 and 12 percent for 1980.

According to SA Society of Marketers chairman, Mr John Holloway, the compensation was calculated according to advertisers' figures, and the amount agreed on was three times higher than that originally proposed by Perskor.

As a result, he was sure Die Transvaler and Vaderland would be readmitted to the ABC. The Citizen has already rejoined the ABC ranks.

FRASERS (36) FM 5/12/80

Better returns

Activities: *Distributor of soft goods, furniture and building materials through 345 outlets. Pyramid Frascon holds 50% of the equity and is in turn held 50% by the Fraser family and Tiger Oats.*
President: *F R Nolan; chairman and managing director: D G S Campbell.*
Capital structure: *14,4m ordinaries of R1 (adjusted for one-for-two cap issue). Market capitalisation: R46,1m.*
Financial: *Year to September 30 1980. Borrowings: long- and medium-term, R9,2m; net short-term, R25,4m. Debt:equity ratio: 76,9%. Current ratio: 1,6. Net cash flow: R6,3m. Capital commitments: R3,3m.*
Share market: *Price: 320c. (1979-80: high, 433c; low, 252c; trading volume last quarter, 21 000 shares). Yields: 16,5% on earnings; 5,4% on dividend. Cover: 3,1. PE ratio: 6,1.*

	'77	'78	'79	'80
Return on cap %	23.7	19.8	16.4	18.4
Turnover (Rm)	116	138	162	205
Gross profit (Rm)	11.6	11.0	12.2	15.2
Gross margin %	9.9	7.9	7.5	7.7
Earnings (c)*	43.2	36.0	41.0	52.8
Dividends (c)*	12.0	12.5	14.0	17.3
Net asset value (c)*	213	233	281	315

* After adjustment for cap issue.

The creation of pyramid Frascon put the Frasers group in the limelight a few months ago. Chairman Donald Campbell says that formation of the pyramid is justified as it will ensure the minimum of disruption and protection of minority interests when the time comes — as he says it must in any major family-controlled company — for a change of control. He also notes that the cap issue has had the advantage of increasing marketability of the shares.

But hopes that most of the shareholders would take up the option of swapping all or part of their cap issue shares for Frascon shares on a one-for-two basis appear to have been dashed — of 495 shareholders in all, only 180 opted for the swap. And the market seems to have proved the remaining 315 right, as Frascon's share price has generally been less than half of Frasers'.

The operating company has declared a final dividend of 10c, so Frascon's dividend income will thus be in the region of R718 000. After deducting the pyramid's admin costs, the dividend of 4.8c is also less than half that declared by Frasers.

Either way, shareholders have been given the choice and are presumably where they want to be. And, according to Campbell's annual review, the Frasers group is a good place to be. Turnover for the year was up by 27%, "a growth rate substantially ahead of that reported by the Department of Statistics for retailers and wholesalers country-wide." The improvement was across the board except in the furniture division, where the emphasis was on debt collection and new criteria in regard to the quality of new debt.

Campbell also notes that stock turn is up, the furniture debtors ledger is cleaner and backed by high reserves, and the ratio of expenses to turnover is stronger. The improvement in returns is to be welcomed as the group has in the past tended to concentrate on boosting turnover while returns were sliding.

The improvement was achieved despite rising trends in working costs generally, additional costs such as provision for a year-end thirteenth salary cheque and major stock shortages in some of the self-governing states.

And despite Campbell's optimism for the current year, particularly in view of growing spending power in the rural areas where the group is concentrated, he warns of two factors which could eat into margins. The group's fairly high debt profile makes it vulnerable to any rise in interest rates while, in addition, the difficulty of replacing stocks and paying for services in an inflationary environment will continue.

But there is no doubt that this year could see substantial turnover growth as wages in rural areas rise and the benefit of the 33 new outlets opened last year begins to be felt.

The share, at 320c, yields an historic 5,4%. Since listing in 1966, the share has generally yielded more than the sector average, which is hardly surprising as earnings performance has been lacklustre compared with other major retailers. However, as this year's trading is expected to be good, the share could have some upside potential.

Fiona Halse

SKI S TRAINING FM 5/12/80

No managing

(30)

Man ers are a rare breed, and black
man ers virtually non-existent. It is esti-
mate that blacks constitute less than
0,1% managers in SA against a ratio of
blacl vorkers to white of three to one.
This in only serve to brake economic
grow

SA vill need 700 000 managerial and
supe sory people by 1987, according to
the tional Productivity Institute, and
indic ons are that neither South African
whit or immigrants will meet the need.
Son 0 000 will have to come from the
blac mmunities, making it probable
tha or to middle management posi-
tio be held mainly by blacks in the near future.

As things stand, productivity and growth are losers. The ratio of supervisor/manager to worker in SA is 1:42, compared with 1:16 in Japan, 1:11 in Australia, and 1:6 in the US. Black managers would improve the ratio, and be in a better position than whites to motivate workers.

Of major importance, of course, is education. The number of blacks who pass higher forms has been negligible. In 1978 9 804 blacks passed matric, 38% gaining university entry. But this year's figure for black matric candidates could drastically alter the situation with about 40 000 sitting the exam. Yet even this does not mean a significantly increased provision of executive level blacks. In 1979 the black universities awarded 778 degrees, the vast majority in the arts and social sciences and none in engineering and related technical areas where there are no faculties.

Clearly, existing educational institutions will have to undergo substantial changes if they are to satisfy demand. As it is, most black students are far from the feel and thrust of the corporate world. Opening white universities, technikons and other institutions to all, or allowing black students to spend time at these centres, as the accounting profession is already considering, might provide a head start.

Corporate ghettoes

The marketing and personnel fields are better served. However, confining blacks to what are now bitterly called "corporate ghettoes" is generating resentment mingled with an ambivalent attitude towards the whole capitalist world. There is a feeling among blacks that concentrating them in these areas keeps them away from white colleagues and limits their horizon.

Orienting blacks towards free enterprise calls for greater social contact outside the office at places where "corporate politics" are discussed and deals are made. The numerous restrictions on interracial mixing, perhaps on the wane, perpetuate the estrangement of blacks from the field of management. The Black Management Forum, recently formed to break these barriers, is a step in forging social links between white and black managers (*FM* August 8).

Yet, while the government has placed many stumbling blocks in the path of black advancement, the black community has itself worsened the situation through negative attitudes. Success, according to Dr Nthato Motlana, is shunned by blacks, and a veiled accusation of "Uncle Tom" is levelled against those who live up to corporate expectations of competition and hard work. The attack on achievement, and its related middle-class lifestyle, is aggravated by calls from Pretoria to create a "black middle-class" as a "stabilising force." But at a recent seminar black managers conceded that the drive for success was often lacking and that their identification, on racial grounds, with black workers had to be drastically modified when it came to managerial-worker relationships.

The path to black managerial development is certainly strewn with handicaps. Yet the need is not only crucial to SA's growth but the prospects are certainly beckoning to blacks. And that is the bottom line of the problem.

Motorcycle sales have doubled, and will increase

9/12/80 5/10AK 30

By Joe Openshaw

Motorcycle sales in South Africa this year will be close on 70 000, double the number sold last year and 80 percent up on the annual sales before the big fuel price rise of 1978.

The wholesale figure for the year is already 80 000 machines, and one distributor alone took delivery this week of 6 000 bikes to meet orders and anticipate Christmas spending.

There is an unprecedented demand for the big motorcycles, between 500 cc and 1 300 cc, some of which cost as much as R8 000.

Motorcycle prices have not gone up with those of cars and the big four distributors in this country, Honda, Suzuki, Kawasaki and Yamaha, have held prices for over a year now and, in some instances, lowered the price of some models.

UP, UP, UP

Annual sales for nine years before fuel prices started rising were 13 500. Last year 45 000 new bikes were sold and some distributors forecast between 65 000 and 70 000 as the figure for next year.

"We expect to do the same volume of business in 1981," Mr Bruce Johnstone, chairman of the Motorcycle Association of Importers and Distributors, said today.

He said that there was still a shortage of popular models, particularly the larger machines. Manufacturers, however, were meeting South Africa's needs.

The motorcycle is now competing with the car for the variety of models, sophistication and finish and there are 24 different makes on sale in this country with 130 models to choose from — ranging from 30 cc to 1 300 ccm.

Mr Johnstone said that higher fuel costs have contributed largely to the growing popularity of motorcycles as economic transport.

"Oil prices will go up, this is a fact, so we can expect motorcycles to sell.

"There are also other factors that make bikes attractive.

"The motorcycle industry has in the last seven years spent a lot of time and money promoting motorcycles and there is a new generation which has been exposed to bikes and finds them acceptable," he said.

The price of motorcycles could remain at the present level for a while yet.

Car manufacturers will not be able to contain costs, but motorcycle manufacturers can.

Black and white can go into business

Wellington Sangotsha at East London Community Council

DUNCAN VILLAGE — The Minister of Co-operation and Development, Dr Piet Koornhof, approves the utilisation of non-black capital and skill for the development of business centres and service industries in urban black residential areas, the community council was informed.

The Minister said in a letter partnerships between black on the one side and white, coloureds and Indians on the other could be entered into on the basis of an agreement.

Non-black capital should be restricted to a maximum of 49 per cent and black capital to a minimum of 51 per cent share holding.

The period during which non-black capital should be withdrawn from the undertaking would differ but should not exceed 30 years.

Black shareholders might at any time take over the shareholding of the other shareholders.

Approval for such partnerships applied only to the business and service industries.

These services include: tinsmiths, panelbeaters, plumbers, electrical contractors, building contractors, sheet metal workers, carpenters, motorcar mechanics, masons and tailors. An addition could be made to the list according to need, the council was told.

Agreement between the parties concerned should be submitted to the administration board and the community council.

Recommendations of the council should be presented to the department through the chief commissioner for consideration by the Minister.

Application for the allocation of a suitable site for the erection of the proposed business undertaking should be made through the administration or community council.

Yes to festival

DUNCAN VILLAGE — East London Community Council will hold its last ordinary meeting at Robbie de Lange Hall on December 11, followed by a council Christmas party to start at 5.30 p.m.

A regional information committee meeting will be held early next year.

All chairmen and deputies of community councils in the Border region have been invited. The meeting will be chaired by the regional manager, Mr P. F. Sutton.

The following draft bills will be discussed:

The Local Government Bill of 1981 and the Black Community Development Bill of 1981.

The council resolved to take part in the 1981 Republic Festival.

The council noted the contents of a memorandum from the Chief Director of the East Cape Administration Board, Mr L. Koch, dated October 2 this year.

The community services committee, headed by councillor Thandiwe Mangala and the deputy chairman, Mr D. D. Makatala, were appointed to attend to the council's proposed participation with powers to co-operate and to liaise with the festival committee-town clerk.

It was also resolved that the administration board be furnished with estimates of expenditure for the proposed festival so the necessary minister's approval can be obtained for such expenditure.

The council resolved to note the minister's approval of 1980-81 income and expenditure estimates.

The council also noted the contents of a letter from the chief commissioner of the Department of Co-operation and Development for the Eastern Cape, Mr D. J. F. Hitge.

The council requested Dr Koornhof to extend the council's term of office from October 31, 1981 to December 31, 1981.

Councillors resolved that this be done on condition that a general election be held immediately thereafter within the framework of the proposed new legislation to enhance the status and authority of community councils.

The motion for a site for an old age home moved by the deputy chairman, Mr D. D. Makatala, was held in abeyance.

The council resolved that the matter be withheld until such time a clarification was received concerning the future of Duncan Village.

Mr Makatala also moved that the circuit inspector of schools in the Department of Education and Training be invited to attend a council meeting to discuss the erection of new schools in Duncan Village in January next year.

The council approved that an amount of R50 000 be added to the estimates for electricity reticulation in Duncan Village.

The draft capital programme was presented to the council by the regional accountant for Border of the Ecab.

The beach development committee recommended that Hickman's River be opened to all races.

Councillor Makatala said the matter was being considered by the Cape Administrator.

Now it's official

DUNCAN VILLAGE — The chief commissioner, Mr D. J. F. Hitge, handed over a citation to the chairman and councillors of the community council.

Mr Hitge said he was conscious of the problem concerning the retention of Duncan Village.

They were awaiting the outcome of fresh representations of the Minister of Co-operation and Development, Dr Piet Koornhof.

Mr Hitge said the citation should have been handed over at the council's inaugural meeting.

Mr Hitge was thanked by the regional manager, Mr P. Sutton, council chairman and deputy, Mr Matuntuta and Mr Makatala respectively.

The council resolved that [illegible] M. Mdaka (schools and churches) councillor E. Makeba.

Social services (sport and recreation) chairman M. Bukani, (libraries) councillor D. Makatala, (swimming pool and halls) Matuntuta.

Water was wasted because of faulty taps and water leakages in Duncan Village.

The township manager, Mr P. B. Kietzmann, said his remarks concerned that area of Duncan Village in which blacks owned houses.

The occupants were advised of the cost to repair such faults. He said occupants did not return with the money and consequently the repairs were not done.

Mr Kietzmann requested councillors to tell residents in order that water should not be

Hawkers boycott market

KING WILLIAM'S TOWN — The market here started selling its produce out of hand this week, following a boycott by black hawkers, who are its biggest supporters.

The hawkers picketed the market yesterday morning and just before lunch, most of the produce in the establishment was still unsold.

The hawkers also boycotted — albeit momentarily — some of the local fruiterers, whom they accused of having collaborated with police in the local "operation clean-up" campaign.

A police spokesman said yesterday the police received a complaint from some of the fruiterers that the hawkers, who operated in front of their premises, were taking away business from them and yet they did not hold hawkers licences.

He confirmed the police had confiscated some goods from the hawkers and had driven them away.

"This was also part of the town's operation clean-up of crime," the spokesman said.

He said it had also come to the attention of the police that the hawkers received stolen goods from [illegible] which they then sell on behalf of the thieves.

The clampdown by the police on the hawkers was, however, seen as "harassment" by the Ciskei Government.

When he addressed a news conference on Thursday, Chief Minister Lennox Sebe said 20 women had been harassed by police, and remarked to his Minister of Agriculture, Reverend W M Xaba:

"Please make sure you arrange with the Mdantsane market that these women are accommodated there at reduced tariffs. — DDR

KEY TO COSTING TUTORIALS

Code	Details	No. of Tuts
CA	Cash budgets	4
CB	Capital budgeting	8
CC	Contract costing	2
CL	Linear programming	5
CM	Marginal costing	7
CP	Probability	4
CS	Standard costing	8
CX	Miscellaneous	6

S. Express 7/12/80

30

Now Nasionale Pers may sue its arch-rival Perskor for R12-million

PERSKOR, the giant Afrikaans publishing house which has agreed to pay back more than R1,5-million to advertisers as compensation for inflated circulation figures, is likely to be faced with a second claim — from arch-Nationalist rival Nasionale Pers — that could be as high as R12-million.

By KITT KATZIN

This week Nasionale Pers began considering moves to bring a civil action against Perskor for losses incurred by Beeld.

A top investigation by the company is being headed by its managing director, Mr Dawid de Villiers. Mr De Villiers is a legal expert and defended South Africa in the SWA case at The Hague. He is working closely with the company's legal advisers.

Nasionale Pers' financial general manager, Mr H F Conradie, confirmed to me that legal action against Perskor was being considered, but that no decision had been taken.

One problem facing Nasionale Pers, however, is to quantify accurately the extent of the losses.

In a circulation battle that has raged for four years, the Cape-based Nasionale Pers Transvaal daily Beeld is reported to have lost millions of rands in revenue as a result of playing second fiddle on official circulation ratings to Perskor's revamped flagship daily Die Transvaler, official organ of the National Party in the Transvaal.

But when Perskor's circulation scandal hit the headlines in October and it was found it had inflated the figures of its three main dailies, including Die Transvaler, by five million copies in the first half of this year, Nasionale Pers emerged suddenly as a winner.

Beeld, after all, had been ahead of Die Transvaler all along and so Nasionale Pers began to assess the full extent of the millions of rands it had poured — unnecessarily, it believed — into a battle it did not know it was actually winning.

The Perskor fiddle was immediately discussed by a standing committee of Nasionale Pers directors under the chairmanship of Professor P J Cillie.

Although managing director Mr De Villiers would not comment at the time on suggestions he was considering legal action against Perskor, he conceded that Nasionale Pers had been the worst hit by Perskor's falsified figures.

An investigation by the Audit Bureau of Circulation, which monitors newspaper circulations, showed Perskor had fictitiously overstated January to June daily figures on this basis: Die Transvaler (21 000 copies), Die Vaderland (9 000) and The Citizen (6 000).

PERSKOR

SKIFI Limited manufactures two specialised models of stereo sound equipment in one plant. Operations are grouped into four departments: cabinet making; component assembly; model VIBE1 set assembly and model VIBE2 set assembly. Monthly production capaci ... t is limited as follows, assuming that ea ... o devote full time to the model in ques ...

DEPARTMENT	... city VIBE2
Cabinet making	3 500
Component assembly	1 667
Model VIBE1 assembl	–
Model VIBE2 assemb]	1 500

This means, for ex ... ty of the cabinet making department is su ... binets for either 2 500 model VIBE1 sets ... ets if it devoted full time to either mod ... oduce cabinets for both models, with a ... on in the potential output of each.

The prices to deal ... are R2 100 for model VIBE1 and R2 000 ... IFI follows the price leadership of one ... cturers in the industry.

As a result of a se ... 30, SKIFI was able to sell as many sets as ... The production schedules it had followe ... six months of the year resulted in a montl ... del VIBE1 and 1 500 model VIBE2 sets. ... production, both the model VIBE2 assembly an ... mbly departments were operating at capac ... making department was operating at only ... ity and the model VIBE1 set assembly dep. ... 4,8 percent. Standard costs at thi ... are given in Exhibit 1 and further ... costs are given in Exhibit 2.

EXHIBIT 1

Standard costs of the ...

		... VIBE1		Model VIBE2
Direct materials		R1 200		R1 000
Direct labour				
Cabinet making	R 40		R 30	
Component assembly	60		120	
Final assembly	100	200	75	225
Overheads				
Cabinet making	R216		R169	
Component assembly	130		251	
Final assembly	445	791	175	595
Total		R2 191		R1 820

EXHIBIT 2:...

... said at the time that Perskor's deception had cost Nasionale Pers about R12-million — perhaps even R20-million — and that the relationship between the two companies had deteriorated so sharply that severe questions were being asked about the future of the Afrikaans Sunday newspaper Rapport, which is owned jointly by the two groups.

As a result, there are strong rumours that Perskor may transfer its share of the Sunday paper to Nasionale Pers.

Die Transvaler, in terms of Perskor's agreement, is to compensate from 1977, which means Nasionale Pers could claim losses for a period of four years.

In addition, Nasionale Pers could claim that inflated circulation figures for Die Transvaler and Vaderland had resulted in Beeld being deprived of its rightful place as market leader and along with it all advertising benefits that flow from such a status.

And not knowing that it had, in fact, won a battle it thought it was losing, Nasionale Pers could also claim for vast transport costs for distributing Beeld to platteland areas as a circulation booster when it was not strictly necessary to do so.

A spokesman for Nasionale Pers said had Beeld known for the past four years it had been ahead of Die Transvaler on circulation, it could have charged higher advertising tariffs. Instead, it charged lower tariffs and lost millions of rands as a result.

Political comment in this issue by R A Gibson and J C Viviers, headlines and sub-editing by Les Stephenson, and posters by A Monteath, all of 171 Main Street, Johannesburg.

Rapport 7/12/80

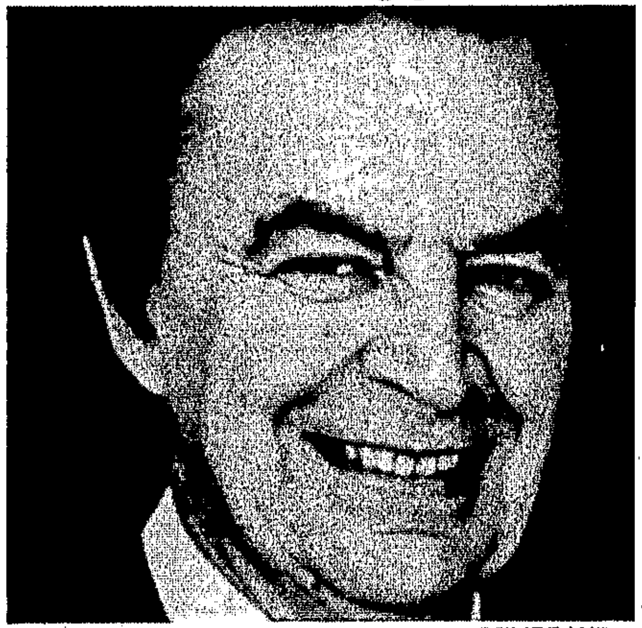
30

DR. ANTON RUPERT, voorsitter van die Rembrandt-groep van maatskappye, wou in 1959 'n fabriek in vennootskap met Kleurlinge begin. Hy het hoflikheidshalwe die destydse Eerste Minister, dr. H. F. Verwoerd, hieroor ingelig. Dr. Verwoerd het egter gedreig dat hy die fabriek sou sluit omdat wit vakmanne, onder beheer van 'n bruin direksie, gebruik sou word om gekleurdes op te lei.

Dit het aan die lig gekom in 'n onderhoud met dr. Rupert na aanleiding van die stigting van die Kleinsake-Ontwikkelingskorporasie van Suider-Afrika op 27 November vanjaar, op grond van samewerking op ekonomiese gebied tussen die private en openbare sektor.

RAPPORT publiseer die onderhoud oor dié betekenisvolle ontwikkeling, wat HANS KNOETZE op versoek met dr. Rupert gevoer het, in die vorm van vrae en antwoorde.

RUIL BEDELSTAF VIR GRAAF



DR. ANTON RUPERT, voorsitter van die REMBRANDT-GROEP.

VRAAG: **Hoe voel u persoonlik as vader van die gedagte van die nuwe korporasie?**

ANTWOORD: Ek was wel katalisator vir die stigting van die nuwe korporasie. Vader van die korporasie in die huidige vorm is my seun, Johann. Natuurlik is ek verheug oor die vordering. As daar iets is om oor te treur, is dit oor die jare wat verlore gegaan het om tot hier te kom. Ons sal die agterstand moeilik uitwis, maar met die regte gesindheid en die middele tot ons beskikking, kan ons veel vorentoe vermag.

● **Waarom is die beginsel van vennootskap, of deelgenootskap soos u dit graag noem, vir u so belangrik?**

In ons eie wêreldwye groep het ons die antwoord vir blywende ontwikkeling gevind in 'n beleid van deelgenootskap; 'n beleid gegrond op vertroue, medeseggenskap, selfbeskikking — deelgenote in vooruitgang.

Selfs al by die Tweede Ekonomiese Volkskongres in 1950 het ek gesê dat dit ons plig is om die swartman te help om sy eie tuisnywerhede te ontwikkel en sy bestaan te verseker. Ekonomiese redes het hom uit sy gebied gebring en net ekonomiese redes kan hom daar hou.

Ek het verder gepleit dat „as blyk van ons goeie bedoelinge en opregte strewe ons 'n Bantoe-Ontwikkelingskorporasie stig, met die oog daarop om plaaslike nywerhede in die swart gebiede op 'n beskeie manier aan te voor."

Ek het toe reeds besef dat die materiële welvaart binne blanke gebiede alleen nie genoeg sou wees om aan die nasionale aspirasies van die swart volkere te voldoen nie. Jy kan tog nie van 'n volk met selfrespek verwag om altoos vir andere te werk nie, wel saam met hulle.

Ek wil daarop wys dat die voorstel vir die stigting van 'n swart ontwikkelingskorporasie 30 jaar gelede gedoen is, toe daar nog net vier vrye state in Afrika was, nl. Liberië, Ethiopië, Egipte en Suid-Afrika. Die voorstel het dus nie geskied onder druk van die latere vrywordende Afrika nie.

Hierdie idee van die voorgestelde ontwikkelingskorporasie in 1950 was die eerste openbare formulering van die hoeksteen van ons groep se beleid van „Voorspoed deur Nywerheidsdeelgenootskap". In die jare daarna is hierdie beginsel van gelykwaardige samewerking op die grondslag van ware vennootskap verder ontwikkel binne die Rembrandt-maatskappye-groep.

NATUURLIK is ek verheug oor die vordering. As daar iets is om oor te treur, is dit oor die jare wat verlore gegaan het om tot hier te kom.

Ons glo daaraan dat vooruitgang gedeel moet word; dat vertroue eers getoon moet word voordat dit gewen word; dat gemeenskappe gehelp moet word om hulself te help — selfontwikkeling is die enigste blywende ontwikkeling.

● **Is dit waar dat u vennootskapsbeleid u in botsing met die owerheid gebring het?**

Ja, dis ongelukkig so. In 1959, toe ons direksie eenparig besluit het om in vennootskap met Kleurlinge 'n fabriek te begin, het ek hoflikheidshalwe die destydse Eerste Minister hieroor ingelig. Hy het daarop gedreig dat hy die fabriek sou sluit, omdat ons tydelik wit vakmanne, onder beheer van 'n bruin direksie, sou gebruik om die gekleurdes op te lei.

In dieselfde jaar is die Bantoe-Beleggingskorporasie gestig, maar die deelname van wit entrepreneurs aan ontwikkeling in die tuislande is verbied. In die Parlement is aangevoer dat Rupert nie toegelaat sal word om die swartes uit te buit nie, en ook dat die vloei van wit kapitaal na swart gebiede sou lei tot integrasie.

Ná my ondervinding met die poging om 'n fabriek vir Kleurlinge te begin, het ek nie in daardie stadium iets soortge-

SIX 'IDENTICAL' TENDERS

30 S Tribune

Natal's book cartel

By CHRIS WHITFIELD

NATAL booksellers are tendering books at identical prices according to a "recommended price schedule" laid down by their provincial umbrella body.

This practice — slammed as "not in the interests of free enterprise" — was confirmed this week by Eckhard Oellerman, Natal branch chairman of the Associated Booksellers of Southern Africa.

But Mr Oellerman was adamant that the recommended prices were in the interests of both the booksellers and the public.

The row comes after Durban City Councillors this week hit out at six local booksellers for submitting massive tenders that were "virtually indentical".

The tenders — for the supply of books valued at nearly half-a-million rands for the municipal library — were too similar to be coincidence, Councillor Peter Mansfield said.

It appeared that a book ring was in operation, he said, and this was to the detriment of every ratepayer.

Mr Oellerman told the Sunday Tribune that before the abolishment of retail price maintenance (RPM) the Associated Booksellers published a price and discount schedule that was binding — and booksellers were forced to abide by it.

But since the scrapping of RPM the schedule had become a "recommended" price and discount schedule and "we certainly could not and would not take action against anyone who does not stick to it," Mr Oellerman said.

"But we have appealed to booksellers to stick to the schedule in the interests of themselves and the general reading public.

"The smaller sellers [illegible] and appreciates that the schedule is such that they can make a reasonable profit by using it," Mr Oellerman said.

He said that if a price war developed the smaller bookshops would find they were discounting themselves out of a profit.

If this happened the larger organisations would move in to take over from the struggling smaller man.

This would result in "two or three cartels" running the entire bookselling industry who would now push prices far higher than before the price war.

Mr Oellerman pointed to Sweden where books have become among the most expensive in the world since the scrapping of RPM.

He said that under the recommended price and discount schedule system booksellers were able to make a reasonable profit without undercutting themselves out of the market.

He said it was ludicrous to say that the profit margin was excessive.

He said a financial expert appointed by his bookshop had done an independent schedule at the time of the abolition of RPM and came up with almost identical prices and discounts.

"This way both the bookseller and the public are protected," he said.

Peter Adams, director of Adams and Co Ltd, said his firm had stuck to the recommended schedule for the library tender.

"But you must remember that the service given by suppliers is not governed by that schedule and it is there that there is a considerable difference in what various bookshops are offering," he said.

Richard Brand, the Central News Agency's Natal manager, said his tender had been slightly different in that he had offered discount on various lines.

"But I think the schedule is fair in almost all cases," he said.

Councillor Patrick O'Connor, municipal tender board chairman, said: "I definitely don't think that system is in the spirit of free enterprise."

He said the council had decided to investigate the possibility of restricting further book requirements to open tenders as far as possible in an effort to force better deals.

Mr Mansfield said it was planned to hold a meeting with major book buyers — education libraries and the major municipal libraries — to thrash out the problem.

"The council's objection is that it buys books by public tender and when you get a whole lot of tenders in with very minor variations you get the impression the tenderers are acting in collusion, which tends to keep prices up," Mr Mansfield said.

Sources: (Table 13)

a) S A Reserve Bank Quarterly Bulletin, June 1979:S-75 and S-86

b) 1976 Manufacturing Census

Note:

'K' refers to fixed capital throughout.

The following can be noted from Table 13:

i) the most capital-intensive sectors are the predominantly state-owned electricity, transport etc and services (one can disregard domestic service here, as it accounts for a small share in services output) sectors and the finance sector.

ii) the sectors where the greatest proportional increase in capital-intensity 1971-78, took place were the private mining and manufacturing sectors.

iii) capital-output ratios must be interpreted with caution as can be seen from the considerable discrepancy in the capital-output ratios reported for manfacturing in 1976 by the Manufacturing Census and the Reserve Bank Quarterly Bulletin.

Assum under- lying han view -output ratio ur con- trols the rural chang here shoul d 1960' There e is both hnolo- gical unemp ied more

'Horwood has fuelled the education crisis'

8/12/80 (50) Eon

Staff Reporter

SENATOR Owen Horwood's rejection on Friday of demands by teachers for interim salary increases further escalated the education crisis in South Africa, the president of the Transvaal Teachers Association (TTA), Mr Peter Mundell, said yesterday.

"The entry by Senator Horwood into the educational arena was most unfortunate and caused many people who would otherwise have waited for salary adjustments in April to take a harder line," he said.

The Senator's statement had had the "devastating effect" of forcing people who had come to admire the new Minister of National Education, Dr Gerrit Viljoen's, handling of the situation, to adopt a stronger line.

"The Senator is obviously completely out of touch with the education crisis otherwise such a statement would never have emanated from him," Mr Mundell said.

Asked about talk of strike action, Mr Mundell said the TTA would do nothing until a stand was taken by the Federal Council of Teachers' Associations, which was attempting to meet with the appropriate Government authorities and which planned to hold a full council hearing.

Mr Mundell said Senator Horwood could not be contacted as he had gone on leave the morning after his shock statement.

"Senator Horwood's statement seemed to denegrate the profession, it did not seem to refer to a professional group at all," he said.

Other educationists, not affiliated to the TTA, said the issue for them was not only confined to pay and the status of the profession.

They criticised the disparity in per capita expenditure and in salaries on racial grounds, overcrowded classrooms, and matters such as the more than 60 000 pupils affected by closed schools in the Eastern Cape.

Following reports of teachers withholding their resignations in the hope of a more positive attitude from the Government, Mr Mundell said figures for the number of resignations would not be available until the beginning of next year. Teachers on the temporary roll could resign with only 24 hours' notice.

Mr Mundell said students about to enter the profession might break their contracts after the announcement by Senator Horwood.

The area that would be hit hardest by the statement was recruitment, he said. It had been hoped that a positive statement from the Government would cause an upward swing in the number of applications after matric results were released.

Mr Mundell said the TTA was confident that the Human Sciences Reseach Council's commission of inquiry would provide a solution to the many problems.

Call for comment on trade licences

STAR 30 9/12/80

By Deon Delport
Municipal Reporter

The Administrator has asked businessmen for their comments on the call for higher trade licence fees made by Transvaal municipalities.

The submissions by the Municipal Association include representations from the Johannesburg City Council asking for a general increase of at least 60 percent in licence fees.

According to the news bulletin of the Johannesburg Chamber of Commerce, the city council estimated its income from this source in the 1979/80 financial year was R2 620 000 while the cost of administering the regulatory functions in connection with the licensing system was R710 200.

The council says the cost of carrying out the functions has escalated while the income from trade licences has dropped.

SCIENTIFIC

It was pointed out that when the system was started in 1974, trade licence fees were raised by an arbitrary 10 percent as it was felt there was no scientific way that could be used to determine what increase was justified.

"To compensate local authorities for the increased costs it will be necessary to restore the original annual ratio between trade licence income and costs. In order to achieve this in the case of Johannesburg an increase of at least 60 percent in fees is necessary," the council argues.

The council also felt all businesses should be subject to the provisions of the Licence Ordinance, and that certain exemptions presently enjoyed should be withdrawn.

The Transvaal Municipal Association says the licensing fees are a vital source of income for local government.

1/12/85 30

Group areas Act 'unsuited' to free trade

By Tom Duff
Political Reporter

Serious questions about the desirability of using the Group Areas Act to create free trade areas in Johannesburg have been raised at a Group Areas Board hearing in the city.

The Act was ill-fitted to be the vehicle by which the State hoped to move away from geographical segregation, said Mr Cassim Saloojee, chairman of the Action Committee to Stop Evictions (Actstop).

His organisation and several others which made representations at a Group Areas Board hearing in the city yesterday are in favour of free trade areas — regions in which people of all races can trade — being created in Johannesburg.

However, the Department of Community Development plans to create three such areas in terms of Section 19 of the Group Areas Act and Indians living in these areas believe that this will lead to renewed attempts to eject them from their homes.

In the three proposed free trade areas there are thousands of Indian people who have lived and traded for generations. One area is in Jeppe, while the other two are west of the city centre.

RIGHTS

Mr Ismail Mohammed, SC, who appeared for a committee of traders and residents, told the board that the use of Section 19 did not give Indians anything they did not have already, while it would take away something they already had, namely residential rights.

Mr Nigel Mandy, who appeared for the Johannesburg Chamber of Commerce and the Central Business District Association, referred to a statement in the Press by the director general of Community Development, Mr Louis Fouche, in which he said that "free trade areas are not normally residential areas as well."

Mr Mandy disagreed with this view and said the old ideas of segregated land uses had been largely discredited.

BOLD

Mr Saloojee said a considerably more bold and progressive legislative framework was needed to begin to repair a heritage of harmful segregation.

The size of the proposed free trade areas was inadequate, he said.

"The inadequate supply of premises in these areas is likely to inflate rentals and prices and effectively exclude the least wealthy and established section of the mercantile group.

He said there were important reasons why Indian families living in these areas should not be moved.

"It can be estimated that between 350 and 480 housing units would be required if tenants of these areas were to be disqualified in terms of Section 19 proclamations," he said.

- 9 -

13. "Here Comes Everybody": Modernism 1915-27 Tues. 2.15 p.m.

Lecturer : Mr. P.H.Knox-Shaw

While concentrating on a range of central texts, exemplifying the diversity of literature within the period, this course will trace certain concerns characteristic of the modern movement as a whole. Chief among these will be the concern with the unconscious self. References will be made to developments in contemporary psychology; and to cognate directions in the visual arts.

Prescribed Texts:

Lawrence, D.H. : The Rainbow (Penguin)
Joyce, James : Ulysses (Penguin)
Eliot, T.S. : The Waste Land (Norton Anthology)
Pound, Ezra : Selected Poems (Faber) p/b
Woolf, Virginia : To the Lighthouse (Everyman) p/b

14. D.H. Lawrence, His Art & Thought Wed. 8.30 a.m.

Lecturer : Dr. E. Bertelsen

A contextual study of the art and thought of D.H.Lawrence (1885-1930). The course will examine Lawrence's moral, social and political ideas as significant elements in his art. It will focus on the interaction of art and thought within specific texts, as well as addressing itself to such problems as historical specificity and the relative autonomy of artistic forms.

15. D.H. Lawrence, His Art & Thought Tues. 2.15 p.m.

Lecturer : Dr. E. Bertelsen

A repeat of the above course.

- 14 -

24. Donne, Herbert, Marvell Fri. 8.30 a.m.

Lecturer : Mr. M. M. Carlin

This option will deal with the characteristics of metaphysical poetry in general and of the three poets in particular. Reference will be made to literary and historical developments.

Prescribed Texts:

Donne : The
Herbert : The
Marvell : The

25. Milton

Lecturer : Mr. A. Davids

John Milton was actively invo religious issues of the 17th of Cromwell's republic, and a and divorce by consent. He Christian doctrine his "great Paradise Lost, written when h justify the ways of God to m

This course will trace both t and of his ideas, through a c works. There will be opport if students so desire. Stud Paradise Lost during the wint

Prescribed Texts:

Any good text of Milton's poems or of the epic. The Longman edition (below) is helpful.

Milton : Paradise Lost, ed. A. Fowler (Longman) p/b that subsistence agriculture should not stand in the way of an adequate wage labour supply, to the point where a very small proportion of Africans are able to obtain (on average) very low incomes from homeland farms.

ii) 'Black migrant workers in South Africa are usually only engaged periodically in employment. These workers account for an important proportion of the total labour force, and at any moment about half the potential migrant labour force is not in employment. (Sadie, 1977) Survey data indicate that, on average, migrant workers spend ten months between jobs of twelve months' duration, and that the period between jobs increases with age (Knight, 1977)' (Kantor, 1980: 107). Kantor has misread both his sources here. What Sadie said

was, 'But, a ... f of the manpower is
always at hom ... onomic activity in the
neighbourhood ... riculture if need be, or
if there is a ... ich services' - in other
words - some ... :ion) of this half are
working, too, ... sector. And Knight
derives his cc ... rvey data but from 'the
strong assumpt ... id unemployment is shared
equally by all ... ployment takes the form
of rest period ... employment' (Knight, 1977:
45), an assump ... s as 'too simple'.
Given the chan ... homelands, it is less and
less plausible ... being measured as un-
employment is ... eriods being taken by
contract worke ... n no more of a position
to do so than ... terparts.

ABC has to expel 2 papers

Star 12/1/82 30

By Josie Brouard

The Audit Bureau of Circulations had not wanted to expel Die Transvaler and Die Vaderland from ABC membership but had been left with no option, ABC chairman Mr F J Wulfse said today.

The expulsion of the two daily Afrikaans newspapers, both under the umbrella of the Perskor group, was bad news for the advertising industry as a whole, Mr Wulfse said.

The two newspapers were expelled yesterday after failing to submit revised audited certificates for the period 1976 to 1979. These had been withdrawn by the ABC for further investigation.

Mr Wulfse said today the ABC's investigations were complete and "the matter as far as the ABC is concerned is now closed."

He said the ABC had not been approached by the police who announced recently they were investigating the Perskor circulation scandal.

Credit curb on Ciskeians denied

13/12/80

EAST LONDON — A national jewellery chain store has denied it has imposed curbs on credit facilities for Ciskeians because of the impending independence.

Its denial follows a claim by a Mdantsane couple that they were refused credit facilities at Caress Jewellers in Oxford Street when they wanted to buy a R400 wedding and engagement ring combination.

Mr and Mrs Paul Xiniwe said they were told by a young saleslady they could not get credit facilities because they were from Mdantsane.

Mr Xiniwe is a quality controller at a car assembly plant and his wife, Tobeka, works at a baby products firm.

Mrs Xiniwe said she had lost part of her wedding ring set and her husband offered to buy her another set.

The regional manager of the jewellery firm, Mr J. Brink, said he would investigate the complaint.

"Our policy on credit is very clear: we give it only on merit. Even with foreign states, we have no hard and fast rule and merit is still the main criterion.

"Although I must admit that with foreign states, it does complicate matters a bit because of borders having to be crossed if we have to trace a person.

"But I must emphasise merit is still the most important factor in credit facilities. We've had Ciskeians dealing with us for years and we certainly hope it will continue that way." — DDR

... Now even this will be taken away from them ... (The higher fines) coupled with the Commission's recommendation that people found in occupation of illegal accommodation should be 'repatriated' means that the condition of many people in the rural areas can only deteriorate to the point of disaster. As Dr Riekert claims, control over the entry of people into towns and cities will be much more efficient, and this will probably result in all avenues to survival being completely closed for thousands of families.'
(Duncan, 1979: 71-73)

The last two sections have dealt with the determinants of the regional distribution of African unemployment. The next two deal with determinants of the aggregate level of unemployment.

DOES LOW GROWTH ... ? WILL HIGH GROWTH CURE IT?

In Simkins (197 ... at a growth rate of 5,3% per annum was n ... se the unemployment rate and a rate of 6,7% r ... the number of unemployed. Since these are ... the former was slightly exceeded in the 19 ... on has been drawn that South Africa will have ... rising, rates of unemployment in the foreseeab ...

These conclusions ... iple linear regression of employment growth ... rowth rates and clearly involve implicit ce ... mptions about the form of labour controls, ... ges to cost of equipment etc. Some criti ... hat full employment can be maintained in an ... re slowly than the labour

Perskor's expulsion 'unfair'

13/12/80

The expulsion of two Perskor newspapers by the Audit Bureau of Circulation this week was "completely unjustified," the chairman of the company, Mr Marius Jooste, said yesterday.

Mr Jooste announced that Perskor would withdraw all its newspapers from membership of the ABC and set up an independent audit bureau to audit their circulations.

Die Vaderland, Die Transvaler and The Citizen were recently suspended from ABC after an audit found that their circulation figures for 1976 to 1979 had been falsified.

Mr Jooste said the ABC's action in expelling Die Vaderland and Die Transvaler after Perskor had agreed to make handsome amends for the irregularities showed a bias and vindictiveness Perskor was not prepared to accept.

He warned that Perskor would also consider withdrawing from the Newspaper Press Union.

Argus 30 13/6/80

CALL FOR PENINSULA TOURISM BLUEPRINT

By JOHN FENSHAM

THE Western Cape has the potential to attract more international and domestic tourists than any centre in South Africa but — unless a blueprint for the controlled development of this potential was prepared — 'we could destroy the very attractions which now bring tourists to the Peninsula.'

'And this blueprint must be drawn up soon, says Mr John Robert, managing director of Captour. 'Already we are losing facets of our heritage every day, aspects of the very attractions which could make Cape Town one of the tourist Meccas of the world. We must do something soon.

'Imagine the attraction of Cape Town's Malay quarter of Schotsche Kloof refurbished, renovated with parks, gardens restaurants, the Malay traders and hawkers back on the streets with all the busy social interchange of 30 years ago.

'This is just one feature of the tremendously varied and colourful charm of the Western Cape which is now being neglected as a tourist drawcard.

DILAPIDATED

'These areas are daily becoming more dilapidated, and unless something is done soon, it will be too late and we will have lost a vital selling element.'

Mr Robert added that the potential was such that Cape Town could, with proper management and planning, get its urban [illegible]

'It wouldn't cost us a cent, and similar schemes would even begin earning us the fortunes now being made in other world tourist centres.'

PULLED DOWN

'Today these hotels are being pulled down, and often not being replaced because the tourists have gone elsewhere. If we think along these lines we would build edge-to-edge hotels from Gordon's Bay to Cape Point — and destroy False Bay.

'What we need is for town planners, enviromentalists and conservationists, botanists, representatives of the Navy, the Provincial and City Council authorities, financial investors, landscape architects, the national monument experts and general tourist specialists to get together and thrash out a blueprint for tourism in the Western Cape so that we attract the maximum number of people, yet suffer the minimum damage to our environment,' he said.

A STUDY

Dr Franco Ferrario, senior lecturer in geography at the University of Cape Town, recently completed a study on the tourist potential of the Western Cape for the Bureau of Economic Research.

He discovered that the Peninsula and surrounding areas, on a grading of tourist potential, reached an aggregate total of 18 300, compared with its nearest rival, Durban, which received only 5 334,4 when assessed on the same scale.

The grading — like the survey — was based on an analysis of foreign tourists' preferences. They rated local attractions in order of preference: Scenery and landscape — 77 percent; Wild life 69 percent; Natural vegetation — 56 percent. Fairly low down on the scale was nightclub entertainment and open air activities.

ABC pull out could hit Perskor

S. Tribune 30 243 14/12/80

Tribune Reporter

PERSKOR newspapers' withdrawal, from the Audit Bureau of Circulations could jeopardise their chances of surviving several life or death newspaper battles in the Transvaal.

The Transvaal newspaper market is generally regarded as being over-saturated with newspapers, many of them barely economic propositions.

Advertisers, who are represented on the ABC, will be wary of advertising in newspapers not audited by a body in which they have an interest, according to advertising industry sources.

Perskor's newspaper flagship, Die Transvaler, is locked in an Afrikaans morning market circulation and advertising battle with Beeld, owned by Cape-based Nasionale Pers.

Perskor's Pretoria morning newspaper, Oggendblad, presently has to compete with its stable mate, Die Transvaler, as well as Beeld. And The Citizen, Perskor's only English-language newspaper, is locked in battle with the Rand Daily Mail, owned by South African Associated Newspapers.

Some advertising industry sources predict a drop in advertising revenue for Perskor newspapers as a result of the withdrawal of its newspapers from the ABC, announced in a bitter statement on Friday by Perskor chairman Marius Jooste.

His statement followed the ABC's expulsion of Die Transvaler and another Perskor newspaper, Die Vaderland, after circulation falsification scandals at the two newspapers.

But Mr Joel Mervis, former editor of the Sunday Times and now MPC for Orange Grove, told the Sunday Tribune that, while he had no doubt that Perskor had made things "much more difficult for itself", the fact that it had diversified and had huge printing contracts outside the newspaper industry meant Perskor would be "able to carry itself along in the meantime".

"However, no newspaper company would want to persist in making a loss on an operation," he added.

He had no doubt Perskor would reconsider its withdrawal from the ABC.

ABC chairman Mr F. J. Wulfse said the ABC would consider any application from Perskor for renewed membership.

Advertising industry sources cast doubt on Perskor's intention, announced by Mr Jooste, of forming its own independent circulation audit company.

They said it would be a senseless duplication. And, if a new audit company used different circulation norms from those of the ABC, it would mean having to "compare apples with oranges."

"I think both the ABC and Perskor have now made their points. Some move should now be made to get them together again," said one advertising executive.

Questioned on Mr Jooste's statement that Perskor was reconsidering its membership of the National Press Union and on the possible adverse effects this could have on newspapers ability to resist further Government curbs on the Press, Mr Mervis said:

"The Government is determined to impose further Press restraints, and it will do so regardless of whether Perskor is a member of the NPU."

S. Times 14/12/80 (30)

Bomb threat over race-mix ads

WHO'S FOR TENNIS . . . part of one of the advertisements — "symbolic of the fight for South Africa"?

BOMB threats have been lobbed back against advertisements featuring black and white models used by a co-operative supplying sporting goods.

But the dealers and the co-operative are baffled by the "white backlash" against the multiracial, eight-page colour adverts inserted recently in two Johannesburg newspapers.

Most contentious was a double page spread depicting white and black models showing tennis fashions, racquets, balls and other sports goods.

One Pretoria sporting store has received a bomb threat and a Nelspruit sports shop was warned it would be burnt down.

The threatened shops are part of a Johannesburg-based co-operative which distributes sports equipment to member stores on the Witwatersrand and to other parts of the Transvaal.

Advertising is combined for all the stores.

Mr Brian Engelbrecht, marketing manager for the co-operative, said he was baffled by the reaction.

"Multiracial advertising is increasingly a part of our daily lives. It is everywhere . . . and the pamphlet is innocuous.

"But almost as soon as it appeared, I received a telephone call from someone in Middelburg, who called me a communist and asked if the black man and white woman pulling a tennis racquet was symbolic of the fight for South Africa?

"He demanded to know what a black man was doing with a white girl?

"The company has received other telephone calls along these lines, and I cannot understand why," he said.

He explained that the reason for using black and white models was to illustrate the contrasting track suits.

"In no way is this firm political. Nor are we trying to convey some kind of message. All we are doing is selling sports equipment . . . that's our business.

"But I would think that people would concentrate on more controversial areas.

"It appears, however, that sport is almost a religion — and that it is worse having

'Love all' takes on a new, unsporting tone

By DOUG KUZMIAK

blacks in sport than in the church," Mr Engelbrecht said.

Mr Trevor Hoff, who runs a sports shop at Nelspruit, said that last Tuesday he received by post a copy of the advertisement with a black male model's head scratched out and "vieslik" (filthy) written over it.

Over a black woman model's face was written "sies".

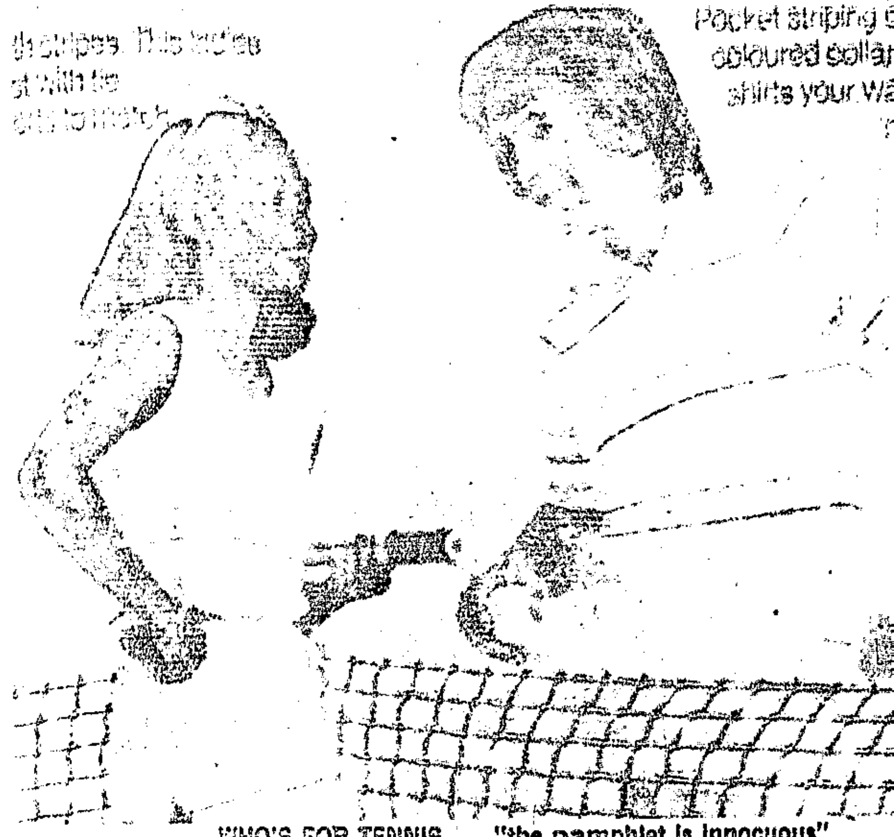
Mr Hoff said: "On top of the ad was written 'vryery' (courting) and also written in Afrikaans was a message stating that my shop would burn and warned other people in the same building that they could get insurance for political riots.

"I am baffled and disgusted by the whole thing. This is definitely some kind of a white backlash," said Mr Hoff.

Mr Boet Read, owner of a Pretoria sporting goods store, said when he arrived at his shop he found copies of the advertisement glued to his shop's windows with slogans scrawled on them.

"Written were such things as: 'Hou Suid-Afrika blank,' and 'Julle kom my volk te na'.

"There were also several anonymous telephone calls; and one, from a woman speaking English, said we would have a bomb in the shop."



WHO'S FOR TENNIS . . . "the pamphlet is innocuous"

S. Express 30 14/12/80

'ABC EXPULSION DECISION WAS NOT MADE LIGHTLY'

Perskor may now pull out of the NPU

By JEAN LE MAY

THERE were very good reasons for terminating the Audit Bureau of Circulation membership of two Perskor newspapers, Mr F J Wulfse, chairman of the bureau, told the Sunday Express yesterday.

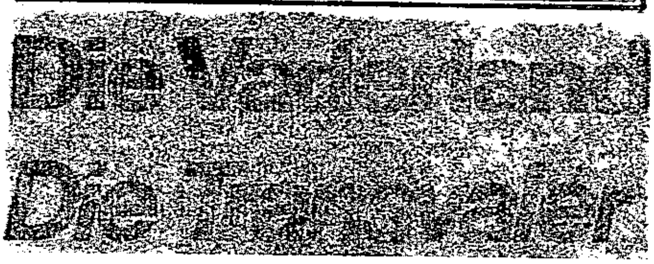
Mr Wulfse took an equally hard line when asked to comment on the withdrawal of all Perskor newspapers from the ABC by Perskor chairman Mr Marius Jooste, saying: "If he's pulled out, he's pulled out.

"This was not what the ABC was seeking, but we had an extremely difficult decision to make and it was not made lightly.

"It is our genuine desire to see all media in South Africa as members of the ABC, which is an independent authority acting for the good of advertisers and the media.

The row between Perskor and the ABC started this week when the ABC expelled two Perskor newspapers, Die Transvaler and Die Vaderland, from membership.

A terse statement issued by the ABC said membership had been terminated "in the light of the newspapers' inability to submit revised audited certificates for the years 1976 to 1979".



But yesterday, Mr Wulfse said: "There is nothing to stop Perskor re-applying for ABC membership for its newspapers, including the two we expelled. But whether the applications are accepted will depend on circumstances at the time. We cannot pre-empt the situation or make their decisions for them.

"If Mr Jooste is planning to establish his own circulation bureau he may have difficulty in obtaining the co-operation of the country's advertising industry.

"But it is not for me to tell him how to run his business. If he wants to start another bureau in opposition to the ABC I wish him luck."

Mr Hugh Lendrum, chairman of the Society of Marketers, yesterday proposed a special readership survey of daily newspapers following the withdrawal of the Perskor newspapers from the ABC "to sort out the confusion in the advertising industry about newspaper readership."

"But The Society of Marketers will be happy to see Perskor re-apply for ABC membership as soon as possible," said Mr Lendrum.

"People are still reading those newspapers and advertising agencies are in the business to sell advertising, not to make moral judgments."

Mr Derek Dissel, vice-president of the Association of Accredited Practitioners in Advertising, said it was "very unfortunate" that Perskor had withdrawn from the ABC.

And an advertising executive said: "Many people in the advertising industry feel that Perskor has been punished enough — it paid a very large 'fine' of R2-million. I would hate to think that Mr Jooste's decision is so final that he cannot re-consider it."

Mr Jooste has indicated that Perskor will also reconsider its membership of the Newspaper Press Union. 'That body does not directly control the ABC but it has an influence on it, which should have ensured that the two newspapers were treated objectively and with fairness . . .

"Nevertheless, although the

PERSKOR 'Rigged jackpot led to false figures'

THE mystery of the falsified Perskor circulation figures deepened this week.

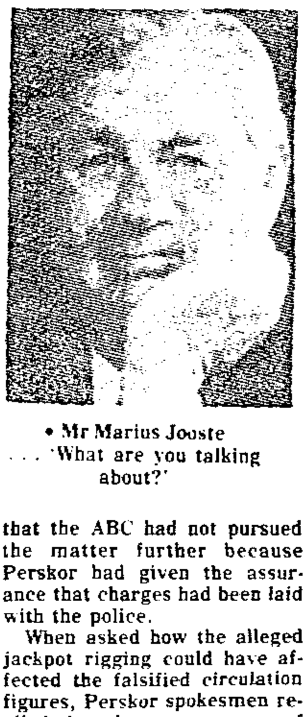
Perskor has laid charges of theft against an employee in its circulation department. The man allegedly manipulated Die Transvaler's Randpot competition so that he could win it.

Brigadier Theo Scherman, head of the Police Commercial Branch, confirmed to the Sunday Express yesterday that the charges had been laid by Perskor's lawyer, Mr A R S Norval.

"The investigation is not yet complete," said Brig Scherman.

Perskor spokesmen told the Audit Bureau of Circulations this week that they were unable to produce revised audited circulation certificates for the years 1976 to 1979 because circulation figures had been tampered with by an employee or employees of the group and relevant documents were missing.

The Sunday Express was informed by sources who had been present at the meeting



• Mr Marius Jooste . . . 'What are you talking about?'

that the ABC had not pursued the matter further because Perskor had given the assurance that charges had been laid with the police.

When asked how the alleged jackpot rigging could have affected the falsified circulation figures, Perskor spokesmen replied that there was a way of

Sources: (Table 13)

a) S A Reserve Bank Quarterly Bulletin, June 1979:S-75 and S-86

b) 1976 Manufacturing Census

Note:

'K' refers to fixed capital throughout.

The following can be noted from Table 13:

i) the most capital-intensive sectors are the predominantly state-owned electricity, transport etc and services (one can disregard domestic service here, as it accounts for a small share in services output) sectors and the finance sector.

ii) the sectors where the greatest proportional increase in capital-intensity 1971-78, took ... were the privat... d manufacturing sectors.

iii) capit... caution as can be seen from the c... put ratios reported for man- factu... d the Reserve Bank Quarterly Bullet...

Assuming ... ct at least an under- lying tr... iew I better than view II, ... in the capital-output ratio in ... uction of labour con- trols in ... on (vis-a-vis the rural Af... 'would follow changes i... iew II held, there should h... late 1950's and 1960's, ...

There is, ... ding that there is both type ... measure of technolo- gical une... abour control unemploym... nnot be specified more exac...

Shake-up looms at Perskor after circulation fiddle

Star (…30) 15/12/80

A major shake-up within the Perskor group could result from the circulation controversy surrounding two Perskor newspapers, Die Transvaler and Die Vaderland.

This became apparent in the light of weekend Press statements by Perskor chief Mr Marius Jooste and his likely successor, Dr Willem "Wimpie" de Klerk.

The latest developments came after Die Transvaler and Die Vaderland were expelled last week from the Audit Bureau of Circulation (ABC).

While ABC chairman Mr F J Wulfse said the expulsion was inevitable, Mr Jooste lashed out at the weekend.

He said the action taken was "totally unfair" and withdrew all his newspapers from the ABC.

Mr Jooste said his group would set up its own audit bureau to which his newspapers would belong.

Perskor magazines under the Republican Press banner still belong to the ABC.

In an editorial today, Transvaler editor-in-chief Dr de Klerk, said Perskor had withdrawn all its newspapers from the ABC as an "act of protest."

He said in spite of a financial settlement between Perskor and advertisers (about R1,5 million), there had been "prejudice and scavenging" by interested parties.

Dr de Klerk said Perskor would undergo "drastic changes" in its management, and confirmed Professor Stoffel van der Merwe, an RAU lecturer, had been offered a post at Perskor.

Dr de Klerk would not comment as to whether he was to replace Mr Jooste, who is said to be resigning in the wake of the circulation scandal.

Sunday newspaper reports also said Perskor officials have charged a Perskor employee with theft for alleged involvement in a jackpot swindle which could have affected circulation figures.

GENERAL NEWS

17/12/80 STAR (30)

New Credit Act will be boon to consumers

By Diann Shoebotham
Star Line Reporter

The new Credit Agreements Act, which will come into effect on a date to be fixed by the State President, will be a radical improvement on the antiquated Hire-Purchase Act which it replaces.

It will control one of the largest, constantly growing sectors of the economy, and legal experts foresee it becoming one of the most important statutes in our law.

INSPECTORS

All sales determined by the Minister of Commerce and Consumer Affairs, in which the price is paid at a future date, come under the Credit Agreements Act. It makes no difference whether the price is paid in a lump sum or in instalments.

Broadly speaking the Act applies to contracts for the sale or hire of movable property and to the rendering of services.

This is an important extension to the Hire-Purchase Act which did not apply to services, and very seldom to leases.

Additions to the old Act include the appointment of inspectors who will have powers to enter premises and seize records, and fines of up to R5 000 or two years' imprisonment (or both) for a contravention of any part of the Act.

In an article in the Businessman's Law magazine, Mr J M Otto of Pretoria University criticised these penalties.

He said it was always difficult to determine whether an act or omission constituted an offence, or whether it would only affect the parties concerned, viz-a-viz each other.

"It would be far more helpful if each offence was identified and given a penalty according to its seriousness," he said.

DISADVANTAGES

In an earlier article, Mr Otto pointed out the disadvantages of another new provision.

Once the Credit Agreements Act comes into operation, the previous maximum of R4 000 on the purchase price of an article falls away, and no new limit has been set for the applicability of the Act.

"It is doubtful whether a debtor who can afford to raise credit of, say, R20 000 should benefit from the protective measures of the Act, especially when they will frequently work to the detriment of the creditor," he said.

The Act has introduced some new legal terms with which consumers should become familiar.

Some key words are:

- "Credit agreement" which replaces inter alia "hire purchase." A credit agreement includes a "credit" and a "leasing" transaction.

DEPOSIT

- A "credit grantor" is a seller or lessor, or a person who renders a service.
- A "credit receiver" is the opposite of a credit grantor.
- "Goods" means movable goods.
- "Initial payment" and "initial rental" are fancy new names for a deposit.

One of the advantages of the new Act, said Mr Otto, was that it disallowed any voetstoots clauses in any credit agreement.

This means the consumer's common law rights cannot be removed, and although this was the case under the Hire-Purchase Act, this rule was not well known, he said.

A new clause states the buyer cannot sign a contract which states he has inspected the goods and is satisfied with their condition.

Mr Otto said this would prevent the well-known situation where a buyer signed such an acknowledgement (usually without reading or being disturbed by it) and, on inspecting the goods at home for the first time, was dissatisfied with their condition.

The Act stipulates the contract must be in writing and sets out a large number of details which must be included in the document.

OFFENCE

But if the amount of the deposit is not included, the contract will not be invalid, but an offence will have been committed.

Mr Otto made it clear that services rendered by people in certain professions (whose names have been entered on a register or roll in terms of an Act of Parliament) were excluded from the Credit Agreements Act.

This included advocates, attorneys, architects, quantity surveyors, doctors, dentists and veterinarians.

the economically inactive African population in metropolitan and urban areas to a minimum.

Also remarkable, is the decline in population proportion in the white rural areas, reflecting a policy of removing 'black ... l pockets of black-owned land in white areas) and ... the number of labour tenants (to zero after this ... which new contracts will not be signed and old ones ... an end) and squatters on white farms. Application ... ies involve state removal of people to 'resettle... s' in the homelands; there must also have been (in ... of a static demand for labour) a large number of

Get back into the ABC, NPU boss urges Perskor

~~243~~
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STAR 19/11/80

Perskor should meet the requirements of the Audit Bureau of Circulations and seek readmission, the president of the Newspaper Press Union, Mr Peter McLean, said today.

Mr McLean was commenting on the decision by Perskor to withdraw all its newspapers from the ABC.

"It seems to me the ABC's attitude is an eminently reasonable one," Mr McLean said.

"I believe it would be in the interests of all concerned — advertisers, advertising agencies, and publishers — if Perskor would now address itself to the real problems raised by the ABC, seek solutions and discuss them with the ABC."

Mr McLean said he hoped Perskor would make every effort to meet the ABC's requirements, and seek to gain readmission.

The chairman of the ABC, Mr F J Wulfse, said yesterday Perskor officials had made continued attempts to mislead the investigation into the group's circulation irregularities.

Mr Wulfse said that during the investigation it became evident that Persko rofficials were making continued attempts to mislead the ABC's auditors by further altering records.

Mr Wulfse said there had been complete unwillingness on Perskor's part to supply information about the irregularities from 1976 to the end of 1979.

"To this day the bureau has not been informed what Perskor has done in regard to officials involved in the irregular processes which included the issue of cheques to themselves for substantial amounts for cover-up purposes, indicating the seniority of some of the officials involved," Mr Wulfse said.

(30) FM 11/12/80

NOVEMBER CAR SALES

	1980 Nov	% of Market	1980 Jan-Nov	% of Market	1980 Jan-Nov	% of Market
VW	4 740	18.71	50 916	20.03	41 135	21,03
Sigma	4 474	17,66	50 325	19.81	42 887	21,93
Ford	3 804	15.02	38 031	14.97	30 495	15.59
Toyota	3 664	14.47	27 308	10.75	17 096	8.74
GM	2 718	10.73	24 820	9.77	15 000	7.67
Datsun	2 533	10,00	28 514	11,22	20 572	10,52
BMW	1 252	4,94	10 307	4.03	7 635	3.90
Alfa	954	3,77	11 169	4,40	10 493	5.36
UCDD	758	2.99	8 551	3.37	6 833	3.49
Leyland	430	1,70	3 971	1.56	3 412	1,74
Other	3	0,01	77	0.03	56	0,03

November total .... 25 330 (25,67% up on 20 156 last year)
Jan-Nov total .... 254 079 (29,89% up on 195 614 last year)
October total 25 762

COMMERCIALS

	1980 Nov	% of Market	1980 Jan-Nov	% of Market	1979 Jan-Nov	% of Market
Toyota	3 438	29.90	31 910	27.07	23 139	25,13
Datsun	2 518	21,89	29 868	25.33	20 853	22.63
Ford	1 519	13,21	16 127	13.68	12 967	14,07
GM	1 389	12.08	14 574	12.36	11 491	12.47
Sigma	1 020	8,87	8 766	7.43	9 834	10.67
VW	586	5,09	5 385	4,57	3 605	3.93
UCDD	413	3.59	4 149	3.52	3 356	3.64
Leyland	294	2.55	3 270	2,77	3 003	3.26
International Harvester	88	0.77	709	0.60	479	0.52
Man	77	0.67	717	0,61	642	0.70
Vetsak	48	0.42	210	0,18	184	0.20
Oshkosh	37	0.32	364	0,31	194	0,21
Erf	22	0.19	181	0.15	123	0.13
Alfa	21	0,18	1 169	0.99	1 784	1,94
Fodens	14	0,12	152	0.13	113	0.12
Malcomess-Scania	12	0.10	155	0.13	112	0.12
Magirus Deutz	5	0,04	160	0.14	164	0.18
VSA	1	0,00	21	0.02	27	0.03

November total .... 11 502 (13,63% up on 10 122 last year)
Jan-Nov total .... 117 888 (27.96% up on 92 130 last year)
October total 12 818

Biggest spending spree ever

(30) FM 19/12/80

A middle-aged white woman in the toy department of OK Bazaars' flagship store in Johannesburg's Eloff Street ponders her choice: an electric slot-car racing set costing about R40 and a train set costing R60. Eventually, with a what-the-hell shrug, she picks up both and heads for the check-out, pausing only to grab a hand-held electronic space invaders game on her way.

"I've already spent R200 on the kids this year," she says.

A smartly dressed black staggers out of Dion's Randburg store carrying a colour TV set. He's followed by a white youth in shorts and sandals clutching a TV games set.

A few kilometres away in downtown Johannesburg, a wealthy American steps out of Schwarz Jewellers nursing an expensively gift-wrapped diamond ring — which cost a cool R250 000.

"And we're negotiating the sale of another ring in Cape Town for R115 000," says MD Robert Schwarz. "Sales this year are up by well over 100%, well over."

Heading into the last few shopping days before Christmas, these scenes are part of what's likely to be the biggest spending spree in SA's history.

"People don't seem to buy cheap Christmas presents any more," exults OK store manager Lal le Roux. "They don't seem to care what they spend. It's the best December I've seen for 15 years."

December is always the best trading month of the year: retailers, with a touch of hyperbole, say it is equivalent to two ordinary months. In fact, according to Department of Statistics figures, it usually accounts for around 12% of the total value of sales during the year, compared with less than 7% in what is traditionally the worst month, February.

But the December share tends to rise in good times. It was 12,6% in 1973, fell to 11,2% in 1976 and, if the forecasts are right, will reach 13% this year. Of course, it's been a great year for traders anyway. In the first 11 months, retail trade was worth just under R14 billion which, converted to constant 1975 prices, was a 9.5% increase over the same period of 1979.

Spending

December spending of R2,1 billion is expected to be 13,6% better in real terms than the same month last year, lifting the whole year to R16 billion (an increase in real terms of 10%). Taking into account that Christmas buying probably starts in October and is well under way in November, it would appear that the Christmas spending spree — the buying of gifts, food and liquor and other discretionary purchases specifically for or occasioned by the festive season — will be worth at least R700m this year.

The buying pattern seems to be up right across the board. "For the six weeks before Christmas, we are running 35%-40% ahead of last year," says Pick 'n Pay director Hugh Herman. "There is more money around and more willingness to spend. There are a lot of big ticket items, and in our hypermarkets we are doing better in non-food lines than in food. Big appliances and expensive toys are moving quickly.

"More expensive foods, like smoked salmon and caviar, are also selling well this year."

There has been a similar trend at OK, reports MD Meyer Kahn: "For the first time in many years the more expensive Christmas food is being shopped strongly. We're running short of turkeys, whereas last year we did not sell out."

Herman notes that people are going for quality purchases, not frivolous items. This seems to be borne out by the fact that liquor sales are surprisingly sluggish. At Rebel, Gilbeys retail MD Ashton Dell, reports sales up only 14%-16% on last year. "Beer is the one thing we can't keep up with this year," he adds. "People seem to be going for durables and semi-durables."

Norman Cohen, chairman of Dion Discount Centres (where trade is up more than 40% on the same time last year), confirms this. "There is definitely a trend towards better merchandise," agrees Hyperama MD Gerald Manne. "We've had a massive increase in toy business, with demand particularly strong for the more sophisticated toys — even at the expense of food. For the first time, food sales are not showing a significant increase this Christmas."

The property boom has sparked strong demand in such related household markets as fitted carpets and curtains. Traders all round say there's a kind of hard-nosed realism abroad. Consumers are spending freely but wisely, looking for good value.

Robert Schwarz . . . diamonds are a jeweller's best friend

Despite the mad rush to spend, stocks should hold out. Buyers saw the trend early in the year and ensured adequate quantities. Retailers generally admit only to "isolated pockets" of shortages in, for example, certain brands. If you want a particular make, model and colour of TV set or toy you might have had difficulty if you left your shopping to the last minute.

Whatever the economists say, retailers are confident the boom will continue into next year.

"I think reasonably buoyant conditions will continue," says Herman. "We are hoping that January and February will be substantially better months than they were last year."

Manne concurs. "The trend has been in evidence now for 13-14 months. We project January turnover will rise proportionately as much as December. There's a lot of negative talk suggesting that the boom can't last. People are talking us into a recession. The boom can last if people want to make it last."

There has been a marked pick-up in credit card sales, probably resulting from the entry of several banks into the credit card market. With the entry of Afrikaans banks Volkskas, Santam and Trust, large new sections of the Afrikaans community are beginning to use credit cards.

The new operations are playing their cards close to the chest. Only Volkskas has admitted to a target (to sign up 150 000 cardholders in the first year of operation, which may be ambitious), but the new cards should rope in more than that between them in the first year. Barclaycard, the biggest, which also administers Santam and Trust card operations, has 560 000 members, and Standard 375 000.

The older cards are also experiencing substantial growth in usage in some cases. Standard Bank Card GM Randle Carter, for example, says card usage is up 40% this year, while the card base grew 78%.

And there's still plenty of room for growth. Credit cards account for an estimated 8% of retail turnover, against about 20% in the US.

Overall indebtedness of SA consumers has increased markedly this year. Hire purchase books of all banks totalled R2.4 billion at the end of September, a 64% increase over the R1.4 billion a year previously. However, this includes HP agreements entered into by companies; because of a change in the leasing regulations, more companies are using suspensive sale instead of leasing.

Are people in danger of over-committing themselves? Most traders think not. "We are very tight on our credit," says Manne. "We don't give people an opportunity to over-extend themselves. Credit card companies also impose a limit on each card holder."

Barclaycard GM Collin Gregor says 57% of card applicants are turned down.

But there have been warnings of a hangover after the spending binge. Santambank MD Roeland Perold has warned that "a great many consumers are using credit too easily. Many people and credit institutions are going to burn their fingers." The crunch, he says, will be felt in about a year's time. But meanwhile, South Africans are spending as if there's no tomorrow.

Shops wait in vain for customers

19/12/80

Argus

30

IN the R1,2-million Oriental Plaza, the shopping complex built exclusively for Indian traders on bulldozed District Six land, the Christmas decorations wait in vain for a Christmas rush that does not seem to be materialising.

When The Argus visited the plaza during peak shopping hours this week, the shopping centre was quiet. Compared with the crush of Christmas shoppers in the rest of the city, the Oriental Plaza is the browsing customer's paradise.

The plaza, created exclusively for Indian traders, has been controversial from the start.

Boycott target

Built on land from which many people were evicted when District Six was cleared in terms of the Group Areas Act, it has been the target of a boycott by the Western Cape Traders' Association (WCTA).

The plaza, which is situated opposite the Good Hope Centre in Sir Lowry Road, was established essentially as alternative shopping accommodation for Indian traders displaced as a result of District Six being declared a white area. It was also intended as a tourist attraction.

This exclusivity ruling proved controversial. Management committees and civic bodies came out strongly against the 'Indians only' ruling and calls were made to open the complex to all race groups.

Trade slow

A trader admitted that trade was slow. He said that although the attempts of the plaza's advertising committee had helped to encourage shoppers, he believed that shopping would improve only when flats were built and people moved back into the area.

The advertising committee has recently advertised in newspapers and on the radio at a reported cost of nearly R4 000.

The three members of the committee said they believed the advertising campaign had helped to draw people to the centre and that business has improved — but it was not up to expectation.

The complex is attractive, clean and light and most of the ships are occupied. There are cafes, clothing stores, hardware shops, hi-fi centres, a restaurant and a spice and curry store.

But the lack of customers has been disappointing.

'There is a problem because many people do not know where the plaza is,' a spokesman for the advertising committee said. 'We have had calls from as far as the northern suburbs asking where to find it.

Sign needed

'The building from the outside does not give the impression of being a shopping complex. We have approached the Department of Community Development to put up some sort of sign to indicate that it is a shopping centre.'

The three members of the committee refused to comment on the Western Cape Traders' Association boycott of the plaza.

But Mr Aneez Samsodien, assistant secretary of the WCTA, said the boycott would continue '100 percent.'

'Christmas may come and Christmas may go but there will be no trade at the Oriental Plaza,' he said.

Not viable

'The shopping enclave, as well as the contemplated small portion of District Six to be proclaimed an open trading area, will not be economically viable unless people are allowed to resettle in District Six residentially.

'Build flats, houses and shops and allow people of all races to live there, particularly the coloured people who have been moved out. No one is going to spend a fortune on busfares just to shop at the plaza.'

...iggers drawn in ...rculation row

21/12/80

S. Times

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...JACKSON

...verbal dog... ...ped this week ...ng Nationalist ...as the ramifi... ...e Perskor cir... ...ndal rent bit... ...in Afrikaans

...rds between news... ...the rival Press ...d Nasionale Pers ...ghts of bitterness ...the editor of the Transvaler, Dr Willem de Klerk, described pressure on Perskor as "persecution linked with avarice, political motives, personal feuds and the euphoria of our direct Afrikaans competitors".

Since then the war has widened to include Perskor's Pretoria newspapers, Hoofstad and Oggendblad, both of whose editors entered the fray with signed front-page editorials, and Nasionale Pers's Bloemfontein newspaper, the Volksblad.

The bitterness of the feud arises from years of ferocious competition for circulation between Beeld, the Cape-based Nasionale Pers daily in the Transvaal, and the long-established, but faltering, Transvaler, flagship of the Perskor fleet.

It broke into the open after the discovery that Perskor's circulation figures for the Transvaler, the Vaderland and the Citizen were falsified.

These figures showed the Transvaler to be ahead of Beeld when, in fact, Beeld had been leading the race for some years.

The Audit Bureau of Circulation, the body that acts as watchdog for the newspaper industry and certifies its circulation figures, expelled both the Transvaler and the Vaderland just more than a week ago after failing to get a satisfactory account of the falsifications.

Perksor responded by withdrawing all its papers from the ABC, and Dr De Klerk then published his bitter comments.

These, in turn, were followed by a repudiation of certain Perskor statements by the chairman of the ABC, Mr F J Wulfse.

Then, on Friday, Dr P G du Plessis, editor of Hoofstad, accused rival papers of conducting a "witchhunt" and warned that the dispute would eventually acquire political dimensions that would damage the Afrikaans cause, especially in the Transvaal.

The witchhunt, he said, had "gone far enough".

Implication

Both Hoofstad and its Perskor stablemate, Oggenblad (also in a front-page editorial signed by its editor, Mr Thys Human) demanded an apology from Beeld for allegedly implicating them in the falsification of circulation figures.

At the same time, in a stinging editorial headed "A time for humility", the Volksblad lashed out at Perskor for the "tragically transparent little smokescreen" it had pulled over the circulation affair.

The Volksblad said the facts that had come to light in the latest statement by the ABC were a devastating answer to the gnashing of teeth now coming from Perskor", a cutting reference to Perskor's response to what the Volksblad called the pressure "to cleanse itself visibly of the taint" (of scandal).

P G DU PLESSIS
Stop the witchhunt

Beeld also brought the wrath of Perskor on its head with a front-page story in which it featured Mr Wulfse's statement that Perskor officials had made "continued attempts" to mislead the investigation into the group's circulation swindle.

Mr Wulfse said this was a major factor in the ABC decision to expel the Transvaler and the Vaderland.

But Beeld in its front-page story headlined "Perskor wou nog verder knoei" ("Perskor wanted to connive more") added a paragraph pointing out that Hoofstad and Oggenblad were also members of the Perskor group.

It further quoted a police spokesman as confirming that an investigation into the falsified circulation figures of Perskor newspapers was being conducted.

This prompted the demand from both newspapers for an apology.

But Beeld's editor, Mr Ton Vosloo, told the Sunday Times yesterday: "I see no necessity for apologising.

"I think Hoofstad and Oggenblad have interpreted our report wrongly and that they are up to gamesmanship."

5. **PROSPECTUS REVISION**

A revised list of MBA core and special field courses, for inclusion in the 1981 prospectus, is attached.

(See page 14)

6. **EXTERNAL EXAMINERS**

The Board is asked to approve the appointment of external examiners for the Department of Business Science and for the GSB, as detailed in the annexure.

(See pages 15 - 18)

...nd approval of budgets for the following ...in 1981:

...amme

...Programme

(See pages 19 - 22)

...ted for information.

FINANCE COURSE TITLES

SUNDAY TRIBUNE, DECEMBER 21, 1980

Bureau wants to help blacks

Their aim is millions of members

21/12/80

S Trib

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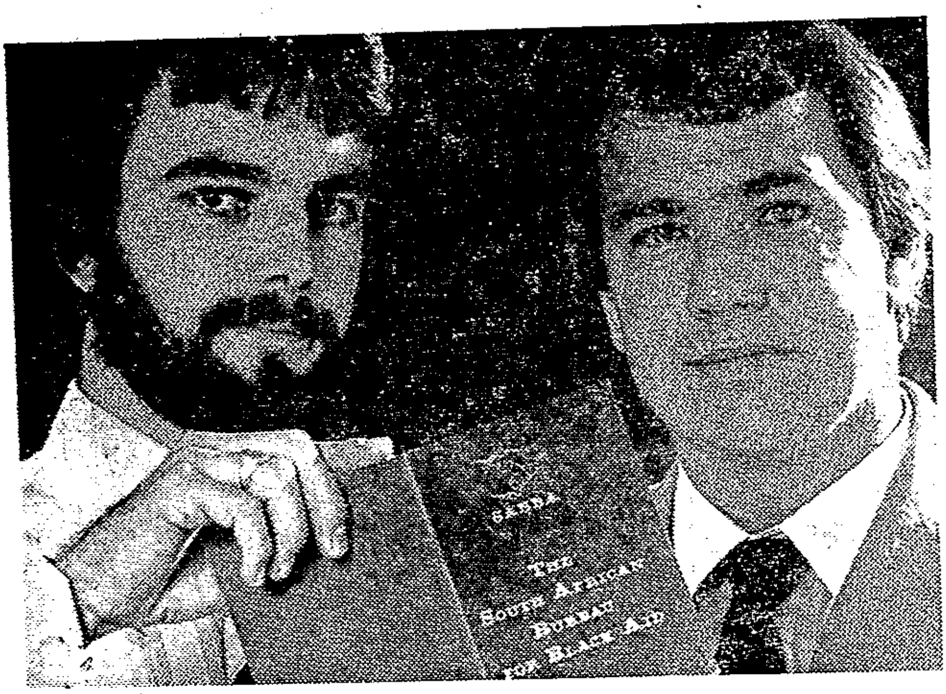

Mario Wiersch (right) and David Ansetey, promoters of the new consultancy to aid blacks

Tribune Reporter

SUPER-COOL. Their aim is a million black members . . . and then another million . . . and another . . .

There is no politics, no religion and no medicine, it's just financial. You pay your money and you get a wide range of benefits, ranging from guidance on buying and financing cars, houses and insurance, how to obtain a lawyer, a licence, finance and even a job.

"It's guidance that we are concerned with. In so many instances they don't know how to help themselves," said ideas man Mario Wiersch who, with three other Durban partners, has launched the South African Bureau for Black Aid (Sabba).

The organisation, now just a few weeks old, boasts 150 members, including the Mayor of Umlazi, Soloman Ngobese.

Most members were attracted by job advertisements offering R150 to R200 a month for part-time or full-time work. The work involves recruiting new members for the organisation. Essential to the job, however, was to join the organisation.

"It is extremely essential to bring a pen and R15 for your immediate requirements," says the advertisements.

Wiersch is a goal-getting Dale Carnegie-type who has three basic tenets: Goal, plan, action. "We are going to be big. We will employ blacks at every level of our organisation.

"Our service is to give advice in a fatherly capacity. We have lawyers, accountants and other experts on tap. We have already helped lots of people."

Among the benefits offered are guidance on education and training, the purchasing of clothing and groceries, making travel arrangements at home and abroad, booking hotel accommodation and planning holidays, as well as help on family planning.

Wiersch is a former second-hand car salesman who before that ran a number of his own companies. Other partners include David Ansetey a policeman from what was Rhodesia, and Eric van Niekerk, who runs a car-hire company.

Wiersch motivates his new recruits with Napoleon Hill's "Think and Grow Rich" and a tape by Zig Ziglar called "Five Steps Up".

Incentives to join Sabba include a buy-aid scheme which enables members to discounts at specific stores and garages, and a one-fifth ownership in a bonus bond on signing up.

Asked whether finding lawyers was not tantamount to touting, Wiersch said: "No, we will be picking lawyers at random. We know who the reputable lawyers are.

"We intend to really build membership. We will have millions before long. If you base your organisation on something truthful . . . it's like the African drum . . . it just goes and goes . . ."

Beeld hits at Perskor over ABC decision

22/10/80

30

57/80

By Andrew Walker

Rivalry between Afrikaans Press giants Perskor and Nasionale Pers has grown into a fullscale war, the latest attack coming this morning in an editorial in Beeld.

Traditional rivalry between the groups has spread as newspapers from opposing camps exchange bitter accusations.

The conflict developed following the disclosure over false circulation figures for Perskor's Die Transvaler, Die Vaderland and The Citizen.

The Transvaler and Die Vaderland were expelled from the Audit Bureau of Circulation and Perskor hit back by withdrawing all of its newspapers from the ABC.

Perskor's Pretoria newspaper, Hoofstad and Oggendblad, demanded an apology from the Nasionale Pers publication Beeld following what they regarded as an insinuation that their papers could have been involved in the circulation case.

REFUSED

Beeld refused to publish an apology, the editor, Mr Ton Vosloo, saying that the Pretoria newspapers "have interpreted our report wrongly."

Mr Vosloo said today that he thought the Pretoria papers were "up to gamesmanship."

Dr P G du Plessis, editor of Hoofstad, was then asked whether he intended to take any further action following Beeld's refusal to retract the alleged insinuation.

"As far as I am concerned I was forced to protest and for the time being I will await developments," he said.

In an editorial this morning Beeld hit at Perskor, saying the ABC had had to act strongly or it would have "destroyed itself completely."

Beeld said that the bureau had to take hard action as Perskor's own people had prevented any milder course by attempts to mislead the ABC once it had started to investigate circulation figures.

Education, labour the key points

RDM 24/12/80 (30)

By ALEC HOGG

EDUCATION and the shortage of skilled labour are the two most important problem areas facing South Africa, says the president of the Johannesburg Chamber of Commerce, Mr Sid Matus.

Mr Matus writes in the JCC's newsletter that education is the cornerstone of any country, and points out the detrimental effect which dissatisfaction among teachers must have on their pupils.

There is a "dire need" to upgrade teachers both in skill and status, and to increase their numbers. teachers should enjoy the same status in the public's eye as members of other professions.

"It cannot be left to the State alone. The onus is on every citizen to explore every avenue to alleviate the position.

"We should, therefore, welcome the Minister of Education's initiative to involve parents financially in the education of their children and offer him our support," Mr Matus says.

The other area for concern is labour relations.

The past year has been marked by an "unprecedented acceleration" in labour unrest.

But the Government's proposals to allow trade unions to admit whomever they wish (irrespective of race, colour or creed) must be seen as a major step forward, he says.

"Management should not be reticent in talking to labour."

DIRECT SALES

Women to the fore

FM 26|12|80 (30)

Of the 40 000 people involved in the direct sales industry in SA, more than 90% are women. And, with direct selling gaining popularity on the consumer market, women are poised to play an increasingly important role in commerce in this country.

Current annual turnover of the 20-member Direct Sales and Service Association (DSSA) is approximately R65m — 0,4% of total retail selling in SA. But this figure is expected to increase substantially over the next few years.

Chairman of the DSSA, Dr Alan Tomlinson, says that, following US trends, there is a definite move towards direct contact in sales. "I think it is a reaction on the part of the consumer to impersonal selling. Hyper shopping complexes are breeding a certain amount of impersonality."

He says it is "a fair estimation" that the sales force in direct selling will double by the mid-Eighties. Implications of this are that more women will move into the work arena.

Goods sold by members of the association include cosmetics, clothing and household utensils, all of which lend themselves to direct sales marketing methods. These are methods that hinge around part-time selling at group-party demonstrations: an ideal arrangement for women who run households as well.

Members of the association note that women employees have started to recognise their potentially high earning power, and several have already realised this. But this new-found independence can play havoc with marriages.

"I'm going to the conference in Plet — like it or not. I earned the money for it and I can do what I like." These may be words of independence for women: perhaps, but for men it amounts to ego-bashing. It is no way to handle newly-acquired mobility through self-acquired earnings.

As Tomlinson notes: "From a sales point of view this method of selling offers women fantastic opportunities for personal development and financial achievement."

Many women — notably those who view selling as a career, not merely part-time activities to finance luxury purchases — have achieved earning power in excess of their husbands' and this has caused something of a problem in the home. Many men feel threatened by the feeling of independence it gives their wives.

According to Guy French, marketing director of Justine Cosmetics, a member of the DSSA, direct sales companies have to adhere to very strict regulations regarding their women employees.

MD of Justine, Veronica Logie notes:

Logie . . . lets the husbands know what the wives will be doing

"Before our national conventions we circulate a code of ethics stipulating what is expected of our delegates."

She notes women are expected to be in their hotel rooms by 23h00 and are forbidden to sit in bars. "Besides, our conferences are working conferences." Avroy Shlain, owner and MD of Avroy Shlain Cosmetics, employs 2 500 women in direct sales. He notes that there are delicate problems linked to a predominantly women sales force. "At our last national congress we had a marriage counsellor in attendance to give women advice."

Women were encouraged to stress the benefit of their combined earning power, and to remind their husbands that the money is "ours" rather than individually owned.

Says Robert Davidson, MD of DSSA member Canyon Organics: "I can quite understand why men would feel opposed when their wives become financially independent. On the other hand, some men are only too glad that their wives are augmenting the family income."

Tomlinson, president of Canyon's holding company, Canyon International, says: "There are men who see their wives' involvement in sales as liberating." He adds that as long as the women are still fulfilling their household responsibilities, these men do not feel a threat.

In Avroy Shlain's business, when new women are recruited for sales, their husbands are encouraged to sit in during the interviews — to ensure that everything is kosher.

The days of "I'll ask my husband if I can work" may be over. But the days of husbands telling their wives that they can't certainly are not.

However, escalating costs and changing economic patterns in SA are resulting in more women having to work to support their families' established standards of living.

What a year!

Nm
30
~~128~~
27/12/80

Shopkeepers take R170 m over Christmas

Mercury Reporter

BY ALL accounts 1980 has been a record year for Durban retailers, with the Christmas spending spree the climax.

The Durban Chamber of Commerce estimated that shopkeepers took in a staggering R170 million this Christmas with a large slice of it — R35 million — coming from tourists.

And the director of the Durban Publicity Association, Mr Terry Toohey, has predicted that Durban businesses could show a total turnover of close to R1 billion for the year.

Christmas spending started early this year. The director of the chamber, Mr Ken Hobson, said that retailers had reported turnovers anything from 15-50 percent up on last year.

The high liquidity in the economy seemed to be the major contributor to the current spending splurge. Most firms paid healthy Christmas bonuses to their staffs, interim as well as annual increases, and the Government has done its share to boost the economy with reductions in personal taxation.

'There's no doubt that we're having a record year,' said Mr Hobson. 'But it's a record year for inflation as well which means that in real terms it's not as good as it looks.'

Consumer spending patterns have been wide-ranging — covering cars, consumer durables, food, luxury as well as practical items. A spokesman for a top Durban department store said everyday items like hairdriers, kitchenware, cosmetics and men's clothing 'just walked out the store'.

Not surprisingly jewellery has also gone particularly well. Leading Durban jeweller Mr Otto Poulsen said: 'People are spending more readily and the volume per individual spent is greater — they seem to be going for quality items.'

The only negative note to the holiday season shopping was the extended trading hours which some retailers said 'went off like a damp squib'.

The Durban Chamber of Commerce has tried before to interest shoppers in shopping after normal business hours, but so far their efforts have not met with much success.

As one disappointed retailer said: 'It's very difficult to get South Africans to change their living patterns.'

Bumper Christmas for store groups

RDM 30/12/80 (30)

By DAVID CARTE and JOHN MULCAHY

SEVERAL of the nation's major store groups have cashed up after a bumper Christmas to find their most optimistic forecasts thoroughly beaten and are budgeting for an excellent 1981.

While most major listed retailers are still counting their takings, several have reported sales this Christmas between 23% and 40% better than 1979's.

And the country's major credit card operations are battling to cope with a mountain of paper, following what could have been one of the biggest spending binges in the country's history.

Mr Meyer Kahn, managing director of OK Bazaars, the country's biggest chain, reported OK's sales "up at least 35%".

He said credit and cash sales had surged equally and all OK's lines, from furniture and white goods to clothing and food had sold exceptionally well.

"We stocked up very heavily on special Christmas lines and these are virtually sold out."

Mr Kahn said he expected retail sales to grow by between 5% and 6% in 1981 and this suggested sales up 20% in money terms.

"We shall be going flat out to do better than that", he said.

Mr CDG Hurst, financial director of Pick n Pay, said that sales over the period from November 24 to Christmas had been "satisfactory indeed", with turnover "35% to 40%" higher than the comparative 1979 period.

He conceded that the group had more stores trading this year, but the real increase in sales — between 20% and 25% after allowing for inflation at 15% — was substantially higher than expected.

Mr Hurst was unable this early to identify areas which performed particularly well, although he had noticed strong sales in coastal areas, reflecting an increase in spending by holiday makers.

Mr Fred Kossuth, financial director of Woolworths, South Africa's biggest cash clothing chain, estimated Christmas sales 23% ahead on the year. He said that although clothing was Woolworths's most important line, food sales had risen more than those on clothing.

Mr Kossuth foresaw buoyant sales continuing to mid-1981.

Mr Lionel Katz, executive chairman of cash and carry group, Metro Cash and Carry Holdings, said trading volume was very much better this year than in 1979, reflecting an increase in turnover of "at least 30%".

Mr Katz added that it had been a "very exciting December" for Metcash, with the "tremendous demand for domestic hardware", a particular highlight.

There was little change in relative demand for Metcash's other lines, he said.

One big retailer said that credit card sales were very heavy, and "credit card houses must have had a bumper season".

A spokesman for Standard Bank's credit card division agreed that December had been a strong period and, while it would take some time for all returns to be processed — three to four weeks — heavy traffic in paper was anticipated.

Mr Colin Gregor, head of Barclaycard, which is responsible for 7% of total retail sales, said he regarded October, November and December all as Christmas months for his operation.

October had been exceptional, especially in big ticket items. With 100 000 new cards in circulation, since Santambank and Trust Bank had joined Barclaycard, November turnover was 57% better than in 1979.

Many merchants were still holding vouchers, many hotel bills still had to be paid and the posts were slow, he said. This meant the December trend would only be known by about January 20

COMMERCE - GENERAL

25 MAY 1980 +

31 AUGUST 1980

Metro growth rate still 30%

Sun Times (Bus) 25/5/80 By JOHN SPIRA (30)

METRO Cash has maintained its 30%-plus ~~sales~~ growth in the first two months of the new financial year and is budgeting from a "significant" improvement in profits in 1981.

This is revealed by the chairman, Mr Lionel Katz, in his annual report, released today.

Last year, Metro increased its sales by 31% to R405-million, pretax profits by 28% to R14-million and taxed attributable profit by 26% to R7,8-million.

Owing to the larger number of shares in issue following the Bingo acquisition, earnings rose 16% to 211c a share but a healthy liquidity position allowed for a 22% increase in the dividend from 86c to 115c.

According to Mr Katz, one of the most gratifying aspects of the past year's results is the improvement in liquidity reflected in the conversion of short-term borrowings of R6,1-million to a cash holding of R1,7-million — a R7,8-million turnaround.

With its latest set of results, Metro has achieved an annual compound growth rate of 43%.

Mr Katz reports that the success of recent openings has been beyond expectations "and has further convinced us that the conventional wholesaling of the merchandise which we handle is losing ground rapidly."

He adds: "Although increasing competition will affect margins, I confidently expect a significant improvement in group profits for the current financial year."

Mr Katz says Metro is still looking for acquisitions in similar and allied fields to broaden the group's profit base.

Metro plans to open 13 new Metro stores, five Cashbuilds and one Bingo this year.

Assocom tells P.W. — 'It's yes but . . .'

Sun. Trib. 25/5/80

Finance Reporter

CONSULTATION between the Government and leaders of all race groups and a breakdown of discrimination are pre-requisites to Assocom's support of the concept of a constellation of Southern African states.

The fine print of an Assocom statement after its executive council meeting this week contains other conditions which are considered necessary for general acceptance of the policy in Southern Africa.

All racial groups must have a stake in the private enterprise system and every effort must be made to meet the reasonable aspirations of underprivileged groups. Assocom says there must be emphasis on the rapid dismantling of racial discrimination on the economic, educational and labour fronts.

Negotiation with "effective and recognised leaders" is necessary in the interests of political stability. Recently introduced socio-economic policies should continue and the economic growth rate increased to strengthen business confidence, stimulate private investment and create jobs.

Traders warn Govt. over prices

30

Finance Reporter

THE GOVERNMENT must keep its nose out of squabbles between retail groups over price discrimination, except to act as a referee when allegations are made of excessive use of bargaining power.

Assocom, in a neat balancing act, says in a memorandum to the Monopolies Board that big stores are not the only culprits in the monopoly game.

Even a suburban shop or a small country store can wield more buying power than a much larger chain group in conditions where competition is ineffective.

The Assocom memorandum, issued after the annual executive council meeting this week, says the use of bargaining power is at the base of the free enterprise system.

When abuse does occur each case should be dealt with on an individual basis without undue Government interference in the market place.

There is no argument that large businesses with buying power can negotiate lower prices and more attractive conditions than their competitors, but Assocom regards this as healthy.

"This is competition at its best." Smaller retail outlets, to remain competitive, have been quick to retaliate by grouping together in distribution houses to negotiate lower prices.

Food merchandising has borne the brunt of criticism about price discrimination but the same conditions apply in the photographic, furniture, pharmaceutical, clothing, chemical and liquor sectors.

Chamber: protect traders or else . . .

By WILLIE BOKALA

THE Soweto Council was yesterday warned to expect tough action from the Soweto Chamber of Commerce and Industries if they continued to take decisions without the concern of the local traders.

This warning was sounded during a meeting of the Chamber held at the Dube YWCA, where businessmen pledged themselves to totally oppose the establishment of white businesses in Soweto.

The Council, it was said, should be made aware that it was important that local traders be consulted whenever a business issue was to be discussed or whenever the Council was called upon to take a decision on allocating business sites in the area.

The traders decided to tighten up their fight so that white business should never find a footing anywhere in a black area. They said once whites were allowed to set foot in Soweto they would never be taken out again and that would spread to other black areas.

Money was also collected for a court action pending legal advice with regard to white companies or individuals trading or intending to trade in Soweto. The traders started collecting money early this month to oppose a white-backed company, Soweto Holdings Pty, which was to build a R2-million shopping complex in Jabulani.

A telegram was also sent to the Minister of Co-operation and Development, Dr Piet Koornhof, requesting him to hold back a decision on the issuing of sites in Soweto — particularly to Soweto Holdings.

It read: "The Soweto Chamber of Commerce has resolved to oppose the ... scheme for businesses. We believe the scheme will destroy livelihood of thousands of Soweto traders. We urge you not to do anything to further advance the scheme pending representation."

A heated argument nearly erupted between the businessmen and Mr ... Tsele, owner of the Soweto Bakery Pty when he was told to remove his two white co-directors of the bakery.

Mr Tsele said the bakery was his and the white men came into the business only for expertise. They had also given him money to get his business off the ground while his fellow blacks, including ... Bank gave him a cold shoulder when he needed help.

The matter will be discussed by the executive of the chamber in a later meeting.

The Urban Housing Shortage in the Black Community

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scarcity of capital. Measures were introduced to give greater security of tenure to urban Africans and ameliorate their situation. These measures included, in 1978, a 99-year

Page 12 POST, Tuesday, May 27, 1980

R1 million lost to hamper clubs

27/5/80 Post

30

IN less than a year thousands of poor people have lost in the region of R1-million, through the crooked dealings of hamper clubs and their ultimate liquidation.

And now the efforts of the largest hamper club in the country to clean up the trade and protect consumers, seemed doomed to failure unless Government intervenes.

Mr Carl Molokomme, managing director of American Savings Hampers, said his company was the motivating force behind "the Southern African Catalogue Organisation".

This organisation would protect consumers against fly-by-night operators and hopefully structure a good image for the multi-million rand hamper business.

American Savings Hampers paid out well over R25 000 to customers of three hamper organisations that collapsed during the last six months.

These include the Carnival Christmas Club and the Alabama Club which collapsed in December with liabilities of well over R550 000 and assets of not more than R4 000.

Even though these two linked companies had known they were in severe financial difficulties they continued taking money from clients until November — cashing in on the peak buying period for hampers.

The Legal Resources Clinic in Johannesburg is handling complaints for more than 300 agents, who lost their money and that of their customers when the hamper clubs sank.

2/...

Woolworths' furnishing sales boom

Argus 27/5/80

(30)

THE housing boom has sent sales of home furnishings soaring at Woolworths stores, rising by as much as 150 percent in the four weeks to March 8.

The company says sales have been maintained at a high level since then, making home furnishings the fastest growing department in the past seven months.

The most successful lines are ready-made curtains, duvets and duvet covers.

The company plans to extend the range of lines to include co-ordinated curtaining and bedding for children's bedrooms and curtains for the kitchen.

In-store training so that staff could give customers more information helped to boost sales. A comprehensive training pack was issued to all stores when the campaign to increase sales of home furnishings began.

Retco expects a modest increase in earnings, the chairman, Mr Dick Goss, says in the annual report. Shareholders can look for meaningful increases only in the longer term.

The company is to refurbish certain properties in the central business district.

In the year to February, earnings a share fell from R3.55c to 2.35c and dividends from 3c to 2c.

Gold price

GOLD price fixings in London:

	Dollars an ounce	Rands a kg
Today 10.0 am	514.20	12 941,95
Friday 3 pm	511.25	12 922,33

John Orr to repay 30c a share

Argus 27/5/80

30

~~58~~

SHAREHOLDERS of John Orr Holdings will get a payout of R2 226 000 from a 30c a share capital repayment, if proposals by the directors to reduce the company's capital are approved.

The payout is proposed for end July.

The stores group had a loss of R2.3-million before tax in the year to February compared with a R566 000 profit a year ago.

But a R5.7-million extraordinary credit, including proceeds from property sales, gave profits of R2.9-million after tax against R126 000 last year.

Earnings a share were nil (2.92c) before the extraordinary item and 56.2c (2.4) after.

Turnover rose 9 percent to R44,3-million.

● **Hunt Leuchars and Hepburn** is to make a one-for-10 rights issue, involving about R1.2-million new shares. The price will be set in early June. The finance raised is to pay for expansion by the group.

● Shareholders of **Field Industries** have approved the splitting of the South African and Zimbabwean operations of the company.

The scheme was proposed by Field's British parent company, Hunting Associated Industries, whose stake in Field Zimbabwe has been held through its South African subsidiary.

● **Hunt Leuchars and Hepburn** expects a further significant improvement in profits this year, Mr A I M Hepburn, chairman, says in the annual report.

He says the company is investigating a number of interesting acquisitions and internal growth projects.

● A 6c dividend is being repeated by the **Bank of the Orange Free State** in spite of a 39 percent rise in earnings to R900 000 from R650 000 for the year to March.

The bank intends to use its own resources more than in the past for its growing capital needs. Its venture into the industrial market with Bankovs Industrial Finance Services will make an important contribution to future profits, say the directors.

Tom Hood

UNIT TRUSTS

	Buy	Sell	Yield
Old Mutual	[illegible]	305.80	4.07
	([illegible])	([illegible])	(4.09)
NGF	[illegible]	191.88	5.84
	(204.54)	(199.78)	(5.45)
Sage	[illegible]	327.86	4.53
	(331.65)	(325.99)	(4.41)
UAL	[illegible]	[illegible]	4.44
	([illegible])	(319.51)	(4.49)
Sats	[illegible]	[illegible]	4.05
	([illegible])	([illegible])	(4.07)
Sanlam	314.4[illegible]	295.58	[illegible]
	([illegible])	([illegible])	(4.92)
Trust	[illegible]	[illegible]	4.14
	([illegible])	([illegible])	(4.17)
Santam	[illegible]	[illegible]	[illegible]
	([illegible])	([illegible])	([illegible])
Interco	[illegible]	[illegible]	5.50
	([illegible])	([illegible])	([illegible])
GrdBnk	[illegible]	292.42	4.08
	([illegible])	([illegible])	(4.09)
Stndrd	[illegible]	[illegible]	[illegible]
	([illegible])	([illegible])	([illegible])
Standard I[illegible]	[illegible]	99.21	10.05
	([illegible])	(99.03)	(10.04)

CO

Metcash growth

(30) ICH 27/5/80.

Financial Reporter

METRO Cash and Carry's turnover to date in the current financial year has been most encouraging, with the rate of growth maintained, says Mr L Katz in his chairman's review.

During the financial year to February 23 1980, turnover rose 31% to R405-million, taxed profit was 26% higher at R7,8-million while earnings a share went up from 182,2c to 210,6. Dividends for the year were 22% higher at 105c a share.

Mr Katz says the success of recent openings of new stores had been beyond all expectations and "has further convinced us that the conventional wholesaling of the merchandise which we handle is losing ground rapidly."

Metro is geared to take full advantage of the improved business climate. Although increasing competition will affect margins, Mr Katz confidently expects a significant improvement in group profits for the current financial year.

Thriving CNA to open 20 new stores

30 RDM 27/5/80

Financial Reporter

CNA has got off to a good start in the first two months of the current financial year, says Mr Layton Slater in his chairman's review, with sales in March and April exceeding budget forecasts.

He says consumer spending continues strong in the short-term.

This year, CNA plans to open about 20 additional stores. A new warehouse is being built at Epping in the Cape Peninsula to service the Western Province. Occupation is scheduled for the end of August.

Recently launched was the Red Band Stand, an ongoing book promotion. Mr Slater describes this as "an exciting concept, offering our customers high quality hard-cover books at exclusive prices."

He says the timing is particularly apposite, as it now seems that the CNA will be relieved of the marketing restrictions imposed by the retail price maintenance of books by July.

"At CNA, we welcome the Minister's decision and believe that both booksellers and South African book lovers will benefit from better availability and more competitive pricing," Mr Slater adds.

He expects the group will perform well this year with good prospects for growth and earnings.

Last year turnover rose from R65-million to R73-million, with net taxed profit increased from R2-million to R3 164 000. Earnings a share, net of extraordinary income, went up from 59.9c to 93.9c with ordinary dividends up from 25c to 33c.

Black business curbs may go

30

STAR 28/5/80

By John Murray

Strong hints that the Government is to lift financial, legal and property restrictions at present hindering the small, urban black businessman were given today by Mr John Knoetze, chief director of the West Rand Administration Board.

Mr Knoetze described as "exciting," plans to be put into operation within the next three months when he opened the Southern Transvaal African Chamber of Commerce exhibition at the Milner Park showgrounds.

Over 35 "backyard" manufacturers from Pretoria, Soweto and the East Rand displayed their goods today at the show. Ten large companies are exhibiting products of interest to the black businessman, and seven companies are exhibiting heavy equipment.

"The Government is aware of the lack of opportunity in the urban areas and that the black businessman needs encouragement," Mr Knoetze said. "I cannot disclose what is in the pipeline but plans for improvement will materialise very soon."

He hinted at improvements in financial and facility arrangements and said: "You can rest assured that the struggle will soon be over."

Mr Knoetze said that possibilities for small, urban concerns lay in the provision of bricks during the present acute shortage and in the field of subsidiary business to the housing industry.

Mr Sy Kutumela, treasurer of the National African Federated Chambers of Commerce, who are sponsoring the exhibition, said that the promises and improvements to date were only some of the things the black businessman has been "crying aloud for."

He said there was an incredible backlog of black opportunity and some of the recent complaints "about an irrelevant education system" dealt with the lack of technical education.

Mr B O Sibeko, chairman of the Soutcoc chamber, said: "We are showing the world what is being done in small, inadequate backyards, with a view to opening up new markets and as an eye-opener to the authorities who should be providing workshops and land."

Exhibitors included Miss Rejoice Mcoyi of Misokuhle Creations, manufacturing Afro dresses and shirts, and Mr Adam Legabe of Diepkloof, Soweto, who makes padded pelmets.

INDEX PAGES

Chamber head appeals to pupils

Cape Times 28/5/80 (30)

Staff Reporter

THE outgoing president of the Cape Town Chamber of Commerce, Mr R M Friedlander, yesterday appealed to boycotting students and pupils to give the government "a reasonable opportunity" to resolve their grievances.

The student protests, he told the chamber's annual meeting, had enjoyed a large measure of public sympathy, which would be dissipated if the students continued to act as they had over the past weekend.

But Mr Friedlander accused the government of dragging its feet over the removal of discriminatory restrictions. The chamber, he said, had been given to understand that key legislation would be introduced during the current session of Parliament.

However, it was now only to be prepared during the Parliamentary recess, which meant it would not come before Parliament until next year, with a possibility of further delay before it came into effect.

Further militating against the integration of blacks, which was necessary for a single dynamic and efficient economy, were statutory provisions preventing blacks from being employed in managerial or supervisory positions in white urban areas, Mr Friedlander said.

The coloured labour preference policy applied by the government to the Western Cape also conflicted with the interests of private enterprise and it was greatly regretted that the government had reportedly rejected calls to have it scrapped.

There had also been a failure to give practical effect to the implementation of the government's stated policy of relaxing import control, while recently introduced foreign exchange control procedures appeared to be contrary to the De Kock Commission recommendations, which called for less control.

Longer hours for shoppers rejected

RDM 28/5/80.

Pretoria Bureau

A PROGRESSIVE Federal Party motion in the Transvaal Provincial Council, calling for more flexible shopping hours, was defeated yesterday.

Opposition spokesmen claimed there was strong demand from retailers and consumers for more flexible hours.

The Council was debating the Shop Hours Draft Amendment Ordinance.

Mr Alan Gadd (PFP, Yeoville) claimed the only meaningful change in the ordinance was that contraceptives could be sold after hours in pharmacies.

He said a survey by the National Productivity Council showed there was little shopping done before 9.30am and that Monday was a dead shopping day.

He argued that the 62 hours a week, available for shopping, could be used for the greater convenience of shoppers if flexible hours were introduced.

He asked for, and and was given, a commitment that no definite decision had been taken by the executive committee on flexible hours.

Mr Gadd said the executive committee was out of touch with consumer needs.

The Free State, Natal and the Cape Ordinances provided for longer hours within a flexible system — "and there is no chaos there".

Johannesburg's central business district was the country's biggest shopping complex which served the needs of a large section of the black population, Mr Gadd said.

Was it right to curtail the shopping day at 1pm on Saturdays?, he asked.

Mr Joel Mervis (PFP Orange Grove) said social patterns and shopping patterns had changed. He said enforcing an inflexible law made no sense.

RDM 29/5/80 (30)

John Orr sales

Financial Reporter

EXTRAORDINARY items, probably the sale of properties, produced an attributable profit for shareholders in John Orr Holdings; all that trading brought to its members was a stinging loss of R2 332 000 for the year to February 1980, compared with a profit of R566 000 the previous year.

As turnover rose from R40 600 000 to R44-million, one can only presume that the loss came from discounting stocks in shops that were being closed down.

Thanks to extraordinary items which amounted to R5 776 000 the earnings a share were 56.5c against 2.4c previously.

Shareholders will receive a capital repayment 30c a share on or about July 25, subject to the passing of the necessary resolution at the annual meeting on June 26.

29/05/80 KRUUS

Car licence fees may be increased

(30)

Provincial Reporter

MOTOR licence fees may be increased in the Cape later this year, but the new fees will be introduced at what the Administrator, Mr Gene Louw, has described as 'the latest possible date.'

In a frank discussion of the Cape's financial problems, Mr Louw emphasised that his sympathy was with the man in the street in rejecting higher school and hospital fees or betting taxation, and committing himself to abolishing cinema tax.

This was both the good and the bad news the Adminstrator had for the Cape when he replied to the budget debate in the Cape Provincial Council yesterday.

Last week in introducing his R908 753 000 budget for 1980—81, Mr Louw said he had been forced to budget for a deficit of R22 285 000, because to have cut expenditure more would have meant curbing essential services — hospital and school services in particular could not be withdrawn.

MORE FUNDS

Yesterday he agreed with the official Opposition that the solution was to ask the Treasury for more funds for the Cape. Whether this came by way of a new subsidy formula he did not mind, so long as the Cape was able to meet the needs of its people.

All four administrators would meet the Minister of Finance Senator O P F Horwood later this year.

Mr Louw said that for many years the Cape had 'boasted' the highest motort licence fees in the country, although the Transvaal would catch up when its new increased fees took effect later this year.

um-term profit picture looks particularly bright. But higher retentions could restrain near-term payments to shareholders.

Last year's 21% turnover increase, from R64,7m to R78,5m, resulted in a 56,8% growth in earnings. Since 1975, when the company discontinued the unprofitable CNA Electronics and CNA Publishing, margins have generally been on an upward curve. Central Data Systems, which was nursed through its "sometimes troubled formative years" has been turned round and had a successful year with its newly introduced Prime computers. The better margins have thus resulted in earnings of 97,1c (62,8c). Even so, net return on shareholders funds, at 17%, is low by industrial standards.

	'77	'78	'79	'80
Return on cap %	13.6	12.3	15.8	19.0
Turnover (Rm)	61	61	65	78
Pre-tax profit (Rm)	2.6	2.4	3.4	5.2
Gross margin %	7.0	6.2	9.1	9.3
Earnings (c)	33.7	32.3	62.8	97.1
Dividends (c)	20	23	25	33
Net asset value (c)	434	485	523	607

Turnover is expected to increase substantially this year if consumer spending is maintained. Last year 21 new stores were opened and a further 20 or so are planned for this year, ranging from 2 000 m² to 5 000 m². The group also acquired 19 speciality record and tape outlets in December, and moved into photographic services in conjunction with Kodak.

Cash reserves are currently low. Because 99% of the retail chain's sales are for cash, the company is not concerned with maintaining high cash resources. But, with creditors twice the level of debtors, and R3m capital commitments to be financed from retained earnings, it is not surprising that dividend cover has been increased from 2,4 to 2,9. And, depending on earnings, the company would like to raise cover to three times this year.

At 445c, to yield an historic 7,4% the share still has upside potential. Increased earnings could enable the dividend to eventually move up in line. *Fiona Halse*

FM 30/5/80

CNA INVESTMENTS

Increasing cover

30

Activities: *Owns the CNA chain of retail stores. Main support activities are: property investment; magazine and book distribution; manufacture and sale of stationery products; marketing and retailing of data processing and electronic sound/visual equipment.*

Chairman: *L E A Slater; managing director: J A Mackness.*

Capital structure: *3,37m ordinaries of 50c; 500 000 5% cum prefs of R2. Market capitalisation: R15,2m.*

Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R6,4m; net short-term, R5,6m. Debt: equity ratio: 50,4%. Current ratio: 1,6. Net cash flow: R3m. Capital commitments: R3m.*

Share market: *Price: 450c. (1979-80: high, 465c; low, 170c; trading volume last quarter, 89 600 shares). Yields: 21,6% on earnings; 7,3% on dividend. Cover: 2,9. PE ratio: 4,5.*

With retail price maintenance to be scrapped on books in July, CNA expects further earnings growth from the book sector. Couple that with the healthier outlook for its other operations with increased consumer spending, and the medi-

FM 30/5/80

WILLIAMS, HUNT

Outlook improves

30

Activities: *Motor dealer with GM franchise. Subsidiaries include Tarrys, Farmec and Motor & General Supplies. Through Tarrys, the group holds 55% of General Tire & Rubber. Ultimate holding company is Aurochs Investments.*

Chairman: *Dr H Khazam.*

Capital structure: *8,6m ordinaries of 50c; 610 000 6% cum prefs of R2. Market capitalisation: R13,8m.*

Financial: *Year to February 25 1980. Borrowings: long- and medium-term, R20,7m; net short-term, R27,9m. Debt:equity ratio: 63,7%. Current ratio: 1,5. Group cash flow: R8,7m. Capital commitments: R4,7m.*

Share market: *Price: 160c (1979-80: high, 185c; low, 80c; trading volume last quarter, 61 000 shares). Yields: 20,6% on earnings; 6,9% on dividend. Cover: 3,0. PE ratio: 4,8.*

	'77	'78	'79	'80
Return on cap %	8,4	7,8	6,6	7,3
Turnover (Rm)	88,1	85,2	93,4	153,6
Pre-tax profit (Rm)	2,5	2,2	2,1	7,5
Gross margin %	2,8	3,3	3,5	7,0
Earnings (c)	31,6	28,0	30,6	33,0
Dividends (c)	12	10	10	11
Net asset value (c)	382	407	465	525

As with most other motor companies, Williams, Hunt suffered the sluggishness of the industry for the greater part of last year. But the outlook has improved significantly and a profit increase is expected which should produce higher dividends.

Last year, the major change in the group was the acquisition of a majority holding in General Tire from September 1. The group now holds 55% (26,4%) of Gentire. The income was consolidated for the second six months while first-half earnings are shown as income from associate companies.

Last year Gentire, Motor & General, Farmec and Forwarding & Clearing contributed greater earnings to the group total. Other divisions reported declining profits and, in two cases, were in the red. For example, Powerville Engineering discovered certain incorrect accounting entries which, when reversed, threw the company into loss. Gentire has since bought Powerville at net worth. The textile and transfer paper manufacturing division reported a pre-tax loss of R210 000 largely because of the expenses in installing transfer paper machinery which has yet to produce income.

Tarry's turnover increased but profits were lower at R912 000 (R1,1m), in part because of the previous year's "substantial" surplus arising from an insurance claim and also because some obsolete engine stocks were written down.

Motor & General reported a 16% sales increase to R19,6m (R16,8m), while pre-tax profit rose 11,5% to R850 000 (R762 000). The slimmer margins resulted from the depressed trading in the motor industry, with lower volumes of spares being sold. To offset this, Motor & General acquired some new agencies and is trying to reduce the level of working capital to more "reasonable" levels. Farmec's income improved to R256 000 (R192 000), but with poor agricultural conditions the provision for debtors had to be increased. This year's better harvest could prove some of the provision unnecessary.

This year's result should also be favourably affected by the introduction of the Opel Kadett and the sharp recovery of the motor industry, which will increase demand for spares and General Tire's products.

Better expected conditions should also see an improvement in the balance sheet. Last year's R52,3m (R24,4m) total borrowings reflects the consolidation of Gentire. But despite the difficult trading and the increased borrowings, interest and leases were still covered 3,3 times by gross profit which, though somewhat low, is not worrying in the current market. Other balances also reflect the consolidation of Gentire including stocks, which were R45,2m (R21,7m) at the year-end. And hopefully some of the losses from recent years will be available as tax offsets, which was not the case last year.

The share is currently 160c to yielding an historic 6,9%. The dividend is set to increase this year, particularly as Gentire is well placed for better profit as are the motor and spares divisions and Farmec. However, upside could be limited by relatively low marketability and returns on capital employed.

Ian Kahalon

METRO CASH FM 30/5/80

Maintaining growth 30

Activities: *National cash wholesaler of food, domestic goods and hardware. Kimet owns 50% of the equity and Tiger Oats 30%.*
Chairman and managing director: *L Katz.*
Capital structure: *3,7m ordinaries of 50c. Market capitalisation: R62,9m.*
Financial: *52 weeks to February 23 1980. Borrowings: long- and medium-term, R1,5m. Net cash: R1,7m. Debt: equity ratio: 15,3%. Current ratio: 1,0. Net cash flow: R5,1m. Capital commitments: R2,3m.*

Financial Mail May 30 1980

Share market: *Price: 1 700c. (1979-80: high, 1 850c; low, 1 375c; trading volume last quarter, 16 000 shares). Yields: 12,4% on earnings; 6,2% on dividend. Cover: 2,0. PE ratio: 8,1.*

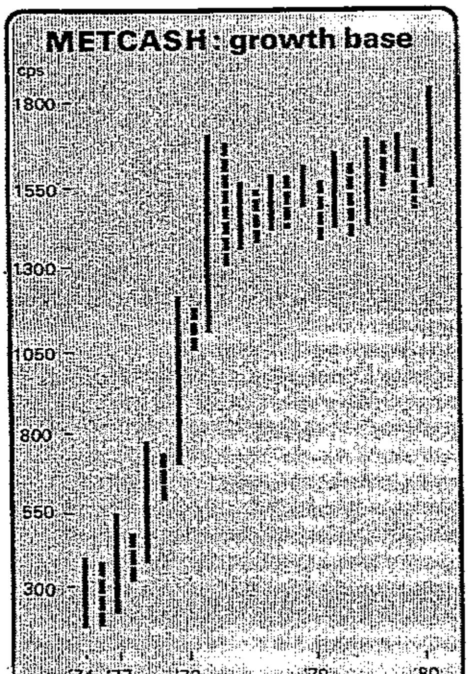
	'77	'78	'79	'80
Return on cap %	53	100	65.7	87.6
Turnover (Rm)	170	243	309	405
Pre-tax profit (Rm)	5.0	7.2	11.0	14.1
Gross margin %	3.1	3.1	3.6	3.8
Earnings (c)	79.8	126.3	183.0	210.7
Dividends (c)	28	56	86	105
Net asset value (c)	137	180	264	427

Metro Cash has one of the best earnings and dividend growth records on the JSE over the past seven years. Earnings have grown an annual compound 53.7%, dividends rose an average annual 56.8% since 1973 and another increase is on the cards this year. This does not take into account any possible acquisitions (see *Fox*), but relies on expansion of the group's wholesale products lines and the opening of additional outlets.

Chairman Lionel Katz says: "Turnover to date in the current year has been most encouraging, with a maintained rate of growth. The cash and carry concept on which our group is based is becoming more accepted. The success of recent openings of new stores has been beyond all expectations. I confidently expect a significant improvement in group profit for the current financial year."

Last year, group turnover increased 31,2% to R405m (R309m) while pre-tax profit was 28.2% higher at R14.1m (R11m). Katz says the relatively lower profit growth stemmed from establishment costs borne by Metro during the year. However, the gross trading margin before interest and leasing costs was higher at 3,8% (3,6%).

Interest paid at R1,1m (R865 000) was higher despite a lower borrowings total.



Lionel Katz . . . overseeing strong growth

This apparently resulted from the repayment during the year of some of the previous year's significantly higher borrowings. At year's end, Metro had total borrowings of R2.4m (R9.1m) of which nearly all was long-term, leaving net cash balances of R1.7m (net short-term borrowings of R6.1m). Katz says the trend of increasing liquidity is expected with taxed profits fully available as cash flow.

Last year Metro opened a new division, Lucky Seven, which provides marketing and promotional services to about 1 200 small traders. The cost of establishing the division adversely affected the year's earnings, but Katz says it is justified in view of potential future returns.

New store development continued with 12 additional Metro outlets, a Bingo and three Cashbuild stores. This year a further 13 Metro stores are planned, with five Cashbuild outlets and another Bingo also on the cards. There are plans to expand the product range in the Metro outlets to include Bingo hardware lines, as well as the frozen food facilities introduced towards the end of last year. Katz says extensions are also in progress to place Cashbuild divisions in Metro outlets.

Metro's New York operation has continued to "improve significantly" with the first store operating profitably and another two planned. However, as Metro was unable to obtain exchange control approval for additional participation in the increased equity of the operation, its stake has fallen to 18.8% (50%); hence the R365 000 recoupment of previous write-offs shown as an extraordinary item in the income statement.

At present Metro shares stand at 1 700c on a surprisingly high 6.2% historic yield. Earnings this year may be restrained by increasing competition but, with turnover so far showing a "maintained" rate of growth, dividend growth to at least 120c to match the rate of inflation seems possible for an attractive 7% prospective yield. And this could be highly conservative in view of the "healthy" economy and improving liquidity of the group. Even if Metcash earnings grow around 12% this year it would mean an additional 5c a share to holding company Kimet's earnings, and probably at least 2c in dividends. This does not take into account growth in Kimet's other operations, which contributed 17% of last year's profit. *Des Kilalea*

DOING BUSINESS FM 30/5/80 (30) 351

A stepping stone

Proposed business partnerships across the colour line have generated much controversy in Soweto. Now there are indications that multiracial free enterprise is bearing fruit in Natal, and the KwaZulu bantustan it encapsulates. It comes in the form of a link between the Durban-based W G Brown group, a consortium of black businessmen, and Inkatha.

The wholesale division of W G Brown has entered into an arrangement with the six-month-old, wholly black-owned Khulani Holdings to do wholesale business throughout KwaZulu and Natal. Khulani Holdings has an authorised share capital of 500 000 R1 shares, of which 200 000 are now to be issued to the public — 300 000 have already been taken up by Inkatha and Inyanda. Inkatha has 57% of this and Inyanda (Natal's black chamber of commerce, affiliated to Nafcoc) the remaining 43%. Shares will be sold to the public in minimum units of 25.

The basis of the arrangement is that Khulani, through its subsidiaries Khulani Properties and Khulani Retailers (both recently registered), will buy or build fixed properties to lease, and operate retail outlets respectively. Already sites and buildings have been secured in Ulundi and Nongoma, according to Khulani chairman Sensele Mhlungu.

The pivot in Khulani Holdings is Khulani-Brown Wholesale. Of the issued capital, R190 000 from the Inkatha Inyanda stake has already been invested in procuring the property owned by W G Brown in Nongoma, which has been in operation for at least 12 years. The Brown group now holds 49% of the shares in this cash-and-carry undertaking and will provide management services for a three-year period.

Khulani's involvement in Brown's wholesaling division is not, however, confined only to the Nongoma and Ulundi premises, and will not be restricted to KwaZulu. According to Ken Burns, group manager of Brown: "This is a free partnership in many respects. Khulani will participate in the group's wholesale operations in all areas — though bearing in mind Group Areas regulations which," he hopes, "will be significantly relaxed in the next few years".

Mhlungu tells the *FM* that Khulani Holdings has set its sights right across the country. "Our basic motivation is profit, a reasonable return on investments. Since we are essentially an investment company seeking outlets for our shareholders, we shall be looking out for areas in which we can happily invest. And if this means moving into Soweto, for example, we shall have to consider that. We are already conducting feasibility studies in other areas and enquiries for the purchase of shares have been widespread."

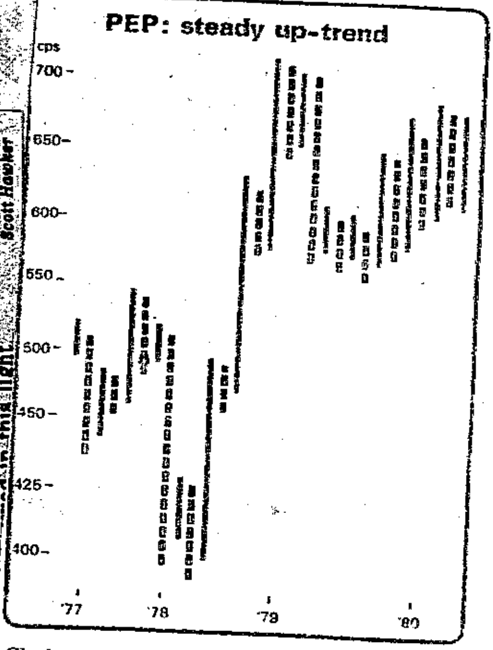
Whether the profit motive will gain the upper hand in other proposed business ventures across the colour line is still a moot point in the premier business area of the PWV. The Natal partnership might well underline the fact that the free enterprise scheme could spell profitability for all. In the case of the Khulani-Brown collaboration the initiative has come from black business and the KwaZulu Development Corporation has played a significant role in advising the two components. The government is not, however, involved in shareholding or any business arrangement. This is a departure from the tripartite scheme that has characterised white capital in black areas.

"This venture is an investment in multiracial business," says Burns. Should it succeed, a precedent will have been set.

PEP FM 30/5/80 (30)

Still hampered

Activities: Retails clothing, footwear and household softgoods from 390 branches in SA, SWA Namibia and Transkei. Subsidiaries include Half-Price Stores, Shoprite and Papillon, which is to be sold.



Chairman: *R van Rooyen.*
Capital structure: *5,6m ordinaries of 50c. Market capitalisation: R37,8m.*
Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R6,9m; net short-term, R6,4m. Debt:equity ratio: 48,1%. Current ratio: 1,5. Net cash flow: R5,6m. Capital commitments: R1,6m.*
Share market: *Price: 675 (1979-80: high, 730c; low, 540c; trading volume last quarter, 344 000 shares). Yields: 19,7% on earnings; 8,9% on dividend. Cover: 2,2. PE ratio: 5,1.*

A feature of earlier annual reports was chairman Renier van Rooyen's specific estimates of pre-tax profits and sales for the coming year. It is, perhaps, significant that he is no longer prepared to stick his neck out.

Renier van Rooyen . . . disappointed with ratios

After having been one of the rising stars in the early-Seventies, profit performance came under pressure in 1978-79. And though last year resulted in a profit advance, full recovery may take some time.

The balance sheet is basically secure although there are still some problem areas. The debt:equity has improved from 56,3% to 48,1% with a small reduction in total interest-bearing debt from R14,2m to R14m. Interest charges, on the other hand, rose from R1,6m to R1,8m and absorbed 16% of gross profit against 14% in 1979. Borrowings have tended to be short-term over the last few years, but the group seems under-geared at the moment and could soon increase the long-term element in its debt structure.

Cash flow has improved but there is still the drawback of an apparently low stock turn. On year-end figures this was 2,6 times last year — which seems low for the goods Pep sells.

Gross margin has declined steadily for at least the last six years and now stands at an uncomfortable 8%. Van Rooyen admits this is disappointing, but adds that the position is already slightly improved. One reason which has been put forward for this continued slide is the cost of maintaining relatively high stocks.

	'77	'78	'79	'80
Return on cap %	39.9	31.8	29.3	29.4
Turnover (Rm)	91.4	109.6	126.2	158.5
Pre-tax profit (Rm)	10.1	9.0	9.9	11.0
Gross margin %	12.2	9.6	9.5	8.0
Earnings (c)	109.4	100.7	121.6	133.1
Dividends (c)	48	48	55	60
Net asset value (c)	345	396	449	521

Last year stocks increased at a slower rate than turnover, and as consumer spending advances a further improvement may be possible. And, while margins could also have been affected by relatively high stock write-downs, improved turnover and stockturn rates could well result in an improvement on this front.

Van Rooyen says that though the group is carrying heavy stocks, they are "clean" and no write-downs will be necessary.

Admittedly, part of the increase in stocks is attributable to a hike in raw material stocks for the manufacturing side of the group's operations from R8.4m to R13.4m, which Van Rooyen blames partially for the poor ratio. Nevertheless, finished goods stocks are still high at R44.7m: almost 11% above last year.

A further advantage should arise with closure of the loss-making Papillon fashion clothing chain, while a provision of R810 000 has been made over the last two years against losses on disposal of the assets.

Half-Price and Shoprite apparently made satisfactory contributions last year, and, based on performance since the year-end, Van Rooyen is confident that their results this year, along with that of Pep Stores itself, will be substantially better than last year.

As for market performance, Pep, which serves mainly blacks, may not benefit as much as other chains from this year's Budget. Inflation and unemployment will continue to dampen sales in the near-term, and share price performance must [illegible] in this light.

Scott Hawker

FH 30/5/80

CAR SALES

Mini marvels

30

Manufacturers of large cars who felt their products would bounce back after the sales knock they took from last year's mid-year fuel price shock must be feeling somewhat forlorn now.

Small cars have continued to increase their market share rapidly this year, while big cars are tumbling. An analysis by the privately circulated Motor Industry News Digest shows that in the first quarter of the year, the small car segment increased its penetration to 48.3%, from 44.4% in the same period last year.

The only other segment to make any progress was executive medium cars (Toyota Cressida, Audi 100LS, etc), up from 18.0% to 18.4%. Medium cars (Ford Cortina, VW Passat) dropped from 15.5% to 14.0%, executive large (Peugeot 504, Audi 100GL) from 15.3% to 13.0%, and top executive (Mercedes, Jaguar) from 6.8% to 6.3%.

The trend has been in evidence since 1974, the year after the Yom Kippur war, when small cars held only 24.6% of the market. Medium and large cars have both registered big losses since 1974, with the exception that top executive cars held their market share until last year.

The growth down market has brought increased competition to that sector. General Motors recently launched its successful Opel Kadett as a competitor to the VW Golf and Mazda 323, and other contenders are likely to come from Sigma, Honda and Fiat.

FM 30/5/80 30

Pick n Pay STORES LIMITED

(Incorporated in the Republic of South Africa)

Declaration of Dividend No 24

Notice is hereby given that the final dividend in respect of the year ended 29 February 1980 of 116 cents per share (1979: 86 cents) has been declared payable to holders of ordinary shares registered in the books of the company at the close of business on 13 June 1980.

The transfer books and register of members will not be closed for the purpose of this dividend.

Dividend warrants will be posted to shareholders not later than 27 June 1980.

In accordance with the Repulic of South Africa Income Tax Act 1962, as amended, non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

C D G HURST, FCA
Secretary

Transfer Secretaries:
Seekor Trust (Pty) Limited
4th Floor, Sanso Centre
Adderley Street
Cape Town 8001
P O Box 5004
Cape Town 8000

22 May 1980

Go-ahead for black liquor outlets

30

Own Correspondent

IN A major deviation from former policy, the government is to authorize the sale of liquor from black-owned outlets in black urban areas.

The Minister of Justice, Mr Alwyn Schlenbusch, announcing this yesterday, said that liquor sales by administrations boards would continue for an interim period but that they would be slowly phased out as privately-run liquor outlets became established.

The sale of liquor by administration boards would only be phased out after alternative sources of income had been placed at the disposal of boards and community councils. Blacks would have to apply for liquor licences from the Liquor Board which would be allowed to co-opt blacks to serve on the Liquor Board and assist in processing applications.

Mr Schlebusch said financial institutions would be allowed to participate as sureties and minority shareholders in black liquor businesses, but that after an interim period full interests in the businesses must revert to black entrepeneurs.

The new move is certain to lead to a vast cutback in earnings for administration boards which at present have sole liquor retailing rights in all black townships. Any premise where liquor is to be sold must be rezoned from from private residential to business and nobody will be allowed to reside on the premises.

Off-sales licences will only be granted if the property involved is zoned for business rights.

Cape Times 30/5/80

339

Mr Schlebusch said no new special authority to sell liquor would be granted to administration boards or Community Councils.

Referring to the announcement, Mr Tom Langley (NP Waterkloof) said that in Soweto there were at present only eight liquor outlets run by the administration board and which had to serve the city's one million inhabitants. There were about 4 000 shebeens in Soweto where liquor was sold illegally.

Premier boot on other foot

232 186 RDM 30/5/80 30

By HAROLD FRIDJHON

PREMIER Milling shareholders will make a useful profit out of their Kimet investment when the Natie Kirsh company pays out the R3 570 000 to the holders of the 9-million participating preference shares to compensate them for the loss of special voting rights and their participation in profits and dividends.

Premier obtained the pref shares when Mr Kirsh bought out the milling company's interest in Metro Cash & Carry. For Premier that was a good deal, a participation in Kimet's profits as well as an 11% return on the nominal value of the shares. No doubt on what Premier had originally paid for its holding in Metro the return was worthwhile.

But Premier did not feel disposed to holding the 9-million shares so it sold 6-million to two banks. This means that on the balance of 3-million pref shares, Premier will earn R1 190 000 on an outlay of R3-million over two years — a satisfactory return by any standard.

That, however, is only part of the story; Premier is still getting its 11%.

Mr Tony Bloom, chairman of Premier, said that he was satisfied with the deal but, commenting on the headline in yesterday's Business Mail, he added that it was not Kirsh blocking Premier Milling; rather was it Premier Milling unblocking Kirsh.

By voluntarily surrendering its voting rights — for which Premier and the other pref shareholders were adequately compensated — Premier had given Mr Kirsh freedom of action, Mr Bloom said.

C.T. 30/5/80 (30) (539) (543)

Industrial aid bill supported

THE SENATE. — The Industrial Development Amendment Bill was read for the second time yesterday with opposition support.

Introducing the second reading of the bill, the Minister of Industries, Dr Schalk van der Merwe, said the government had thought it necessary to create channels through which it could offer leadership, advice and financing to small business undertakings, to improve the quality of life in areas such as Soweto.

It had been decided to use the Industrial Development Corporation for this purpose. The corporation could, however, at present only render aid in the industrial sector and the aim of the bill was to allow it to give aid in future in areas to be determined by the minister. — Sapa

New move on black bottle stores

(30)

RDM 30/5/80.

HOUSE OF ASSEMBLY. — Black-owned bottle stores and licensed bars and restaurants in black townships have been approved by the Government, the Minister of Justice, Mr Alwyn Schlebusch, announced yesterday.

Opening the Committee Stage Debate on his Vote, Mr Schlebusch said the sale of liquor by administration boards and community councils would be phased out when alternative sources of revenue were found and that no further outlets would be granted to these bodies.

Residential premises where liquor was to be sold would have to be rezoned to business premises and the licensee and his family or clients would not be permitted to live in the rooms used for the trade.

Bottle stores or off-sales outlets would be given licenses only if they were in business premises.

Mr Schlebusch also announced that in handling applications in this regard the Liquor Board would co-opt blacks to serve on the board.

Shebeen revellers ... now the Liquor Board will also co-opt blacks to vet applications.

One the system was established, the right to grant licenses would be transferred from the relevant departments — Co-operation and Development and Industry, Trade and Consumer Affairs — to community councils.

Financial institutions would be able to stand as surety and become minority shareholders in black liquor businesses for an interim period.

The two controlling departments would, however, have to consider a phasing-out period, as soon as possible after which such interests would have to become entirely black-owned.

The announcement follows the acceptance of recommendations by a Liquor Board committee.

Mr Schlebusch said the black entrepreneur would be protected by maintenance of the statutory restriction on the introduction of liquor in black residential areas. — Sapa.

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Bill to help black business

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RDM 30/5/80.

THE SENATE. — The Industrial Development Amendment Bill was read for the second time yesterday with Opposition support.

Introducing the Second Reading, the Minister of Industries, Dr Schalk van der Merwe, said the Government had thought it necessary to create channels through which it could offer leadership, advice and financing to small business undertakings to improve the quality of life in areas such as Soweto.

It had been decided to use the Industrial Development Corporation for this purpose.

The corporation could, however, at present only render aid in the industrial sector and the aim of the Bill was to allow it to give aid in future in areas to be determined by the Minister.

Dr Van der Merwe said the Bill had to be seen as an interim measure.

The Minister also took the Electricity Amendment Bill through all its stages with the support of opposition parties.

Introducing the Second Reading, he said the Bill would extend the autonomy of community councils and the South African Development Trust to allow them to fix electricity tariffs for their consumers.

The Bill also provides for the inclusion of community councils in the definition of "urban local authorities". — Sapa.

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Schus profits soar — dividends likely to be resumed soon

Cape Times 31/5/80

30

BY PAUL DOLD
Financial Editor

A SUPERB second half by Schus Holdings, the Western Cape motor dealer has pushed profits for the 12 months well ahead of last year and ordinary dividends should be resumed soon if the improvement continues.

Schus reports that trading profits spurted to R473 136 in the year ended February from the previous R346 527. This was equivalent to earnings per share of 26,2c as against 19,2c. There was no taxation due to assessed losses.

The board says that sales rose by 24,6 percent and the 36,5 percent profit rise (receivables were only up by 17,5 percent) suggests that the group has been most effective in cutting costs.

Thus profits for the current year when the car market is buoyant could be substantially higher. And Schus which has traditionally been an aggressive marketer under its managing director, Jossel Lipshitz, could score heavily. The main problem will be gaining sufficient stocks.

Mr Jossel Lipshitz

At the halfway stage in August profits were down at R105 414 as against R205 900. The board forecast a substantial improvement in the second half but the final results are better than expected.

"Should the existing turnover and profit trends continue the company will pay all arrear preference dividends as well as resume ordinary dividends for the year ended February 1981."

Five arrear prefs dividends are being paid for the past year and three pref dividends of R26 200 each still remain in arrear.

There is good news on the balance sheet as well. In spite of the higher turnover, group borrowings have been reduced and the interest burden has fallen by 20 percent. The current assets ratio has improved from 1,33 to 1.42.

The board also says that there is no longer any need to provide a contingent liability for revised tax assessments.

Schus has the highly successful Datsun franchise as well as the Sprite Caravan and Massey Fergusson franchises.

The share is currently standing at 60c and the price should soon reflect the forecast return to the dividend lists as well as the vastly improved prospects.

INNOCENT UNTIL PROVEN GUILTY

The fundamental principle of law is that people are innocent until PROVEN guilty. There must be no departure from that fundamental principle in any form - yet that is what happens when people are banned without trial. The Civil Rights League calls on the Government to repeal all laws that allow punishment without judicial process.

SMOKESCREEN

There are those who persuade themselves that <u>because</u> people are banned, they must have merited their punishment and are fortunate to be banned rather than imprisoned. This is the way people think in a police state.

The belief that there can be no smoke without fire should give way to the realisation that permanent smoke more probably denotes a smokescreen.

Those who believe that officials cannot make mistakes should consider for example: the interference with parliamentary mail, the Information exposures, and Mr. Biko's death.

Far from bannings being merited, these restrictions very often silence people of goodwill who have the influence to bring our people together in peace - when there is a desperate need for voices of reconciliation to be heard.

WEEK OF THE INNOCENT - FROM 26TH MAY

p.t.o.

OK rejects charges

(30)
RDM 31/5/80.

THE CHAIRMAN of OK Bazaars, Mr Dick Goss, rejects allegations against the large chain stores by certain manufacturers and small retail interests.

Mr Goss says in the annual report that the group had made detailed written representations to the Board of Trade and Industries, which has instituted an inquiry into monopolistic conditions as a result of discrimination in the supply of commodities.

"We are convinced that the introduction of legislation which would curtail the negotiating ability of large chains will be deterimental to the economy as a whole and ultimately to the South African consumer.

"It is our opinion that the Trade Practices Act and the Maintenance and Promotion of Competition act, together with the recently established Competition Board, provide adequate protection for both small retailers and manufacturers, and that the necessary machinery to deal with individual cases of possible malpractice by manufacturers and retailers on consumer goods thus already exists."

There is strong competition among retailers — "as is evidenced by the gross profit margins which are low by international standards. It is our fear that further legislation may be self-defeating, actually reducing competition and inevitably increasing prices to the consumer."

All indications are that the current high level of consumer spending will continue, he says.

"We are confident that the group will maintain its competitive position, and therefore expect to achieve a satisfactory increase in earnings for the coming financial year." — Sapa.

(20)

1/6/80 SUN TRIB (PROP) (30)

Now there's a new Game in the CBD . . .

Property Reporter

WHEN the new Game Discount store opens early in July the group expects some 15 000 to 20 000 customers a day will file through the three floors of merchandise.

Rumours that it will open on Sundays were firmly denied this week by company president John Dobbin, general manager, West Street. Trevor Lauth and store manager Rodney Hall.

Stocking begins this week and by opening day Game — a subsidiary of the Bears Group — will have spent R5 million in the launch.

It's been a massive property development throughout, never mind the actual selling side. When Game leased the Greaterman's site, it took over a store that had operated successfully for decades. But Game decided the interior that had served millions of customers was not what they wanted. Out went the flooring; the air-conditioning, the lighting and even the existing escalators.

In came new systems including the computer-controlled tills to serve the 30 pay-out points — 20 in West Street, 10 in Pine Street and eight in the new outlook to Hooper Lane.

Game's 1,2 hectares of trading space will command a dominating space in Durban's rapidly growing, new-look central business district.

With OK Bazaars' decision to build on the site they have operated as a car park and which was offered for sale for years and Edgar's Jet stores zooming into the former John Orr's premises on the other side of the street, the CBD enters a new phase of exciting marketing — and property development.

Game claims it will sell virtually everything — 22 specialist lines are bei franchised out, includi a gun shop for whi heavy safety precautio are being taken in t building.

There will be a pho studio, a travel agen an optician and twilight shift work from 2pm to 10pm help handle Pine Street deliveries which Dobbin hopes will be limited to two a day.

Smith Street, where Game currently operates a major cash spinner, will eventually be phased out as a discount operation . . .

Costs come streaming of the executives' tongues . . . Three lifts and the escalators R500 000 and airconditioning R350 000.

John Dobbin

Schus div hope

30

RDM 2/6/80

Own Correspondent

CAPE TOWN. — A good second half by Schus Holdings, the Western Cape motor dealer, pushed profits for the 12 months ahead of last year's and ordinary dividends should be resumed if the improvement continues.

Trading profit was R473 136 for the year to February (R346 527). This was equivalent to earnings a share of 26,2c (19,2c). There was no tax because of assessed losses.

At the halfway stage profits were down at R105 414 (R205 900).

The board says: "Should the existing turnover and profit trends continue, the company will pay all arrear preference dividends as well as resume ordinary dividends in the year ended February 1981."

Five arrear pref dividends are being paid for the past year and three pref dividends of R26 200 each remain in arrear.

Nafcoc view on white traders

30 RDM 2/6/80

Pretoria Bureau

THE National African Federated Chamber of Commerce (Nafcoc) would oppose black-white partnership in black areas until blacks could trade in white areas, the chairman of Blackchain and director of the African Bank, Mr S J J Lesolang, said at the weekend.

Mr Lesolang was reacting to a speech made by the Mamelodi mayor, Mr M W Aphane, at the opening of the local branch of the African Bank — also called Afribank.

In his speech, Mr Aphane announced that the local community council and Mamelodi Traders Association had rejected black-white partnership because blacks had no rights save trading privileges.

Another reason for rejecting trading partnership with whites was that blacks feared their businesses would be swallowed up by white partners who had capital and business know-how, he said.

Supporting Mr Aphane's speech, Mr Lesolang said black-white partnership had been rejected by trading associations in Tembisa, Daveyton, Soweto, Katlehong and the Free State.

He said Nafcoc would go to the extent of taking those who wanted "to snatch the black market" to court.

Mr Lesolang disclosed that the Afribank was started five years ago in Ga-rankuwa with R1-million and went on to establish other branches in the Transkei and Soweto. Its capital had reached the R16-million mark.

"The staff is almost 100% black, with a few whites helping us here and there," he said.

Mr Lesolang added: "Our doors are open to all races and I hope that Mamelodi people will start channelling their money into this bank so that it should grow."

Mr Paul Monoa, chairman of the Mamelodi Chamber of Commerce, challenged those pessimists who had said the bank would not last six months and those who had said Mamelodi traders were wasting their time in joining Nafcoc.

New trading complex for Soweto

STAR 2/6/80

1 (30) / ~~3~~

By Langa Skosana

A giant shopping complex to house four supermarkets, a hotel and about 60 shops is planned for the new Jabulani Central Business District — and the Soweto Council has given its blessings to the scheme.

At its monthly meeting in Soweto last week, the Soweto Council agreed that, subject to the approval of the Minister of Co-operation and Development, a 9 ha site in Jabulani be advertised and allocated to a successful applicant.

It said the successful company would be required to develop the area for various types of business including supermarkets and a hotel. It would have the authority to sub-lease the supermarkets, hotel and shops to other companies.

Wholesales price rise at 18,6%

(30) RDM 3/6/80.

By HOWARD PREECE

MORE seeming bad news on the inflation front came yesterday with wholesale prices showing an 18,6% rise for the 12 months to April.

The underlying situation, however, is not quite as alarming — although it is unpleasant enough.

The April position showed an acceleration from the previous month. The annual rate to March was 18,1%.

In April the wholesale price index increased by 1,35% — 16,2% a year — from 325,5 in March to 329,9.

But the index last October was 312,5%.

That gives a rise in the six months from October to April of 5,6%, or an annual rate of 11,2%.

This pattern is in line with that shown by the consumer-price index which reflects a lower inflation rate over the past recorded six months than over the full year.

That obviously gives hope that the annual rate will gradually begin to dip.

However, there are a lot of price increases in the pipeline and that will maintain at least some of the inflationary momentum.

Butchers' shelves bare in 'solidarity'

RDM 3/6/80.

(30)

Own Correspondent

CAPE TOWN. — The red meat shelves of most Cape Flats butcheries were bare and a number of butcheries were closed yesterday, the first day of the butchers' boycott of red meat in support of the demands of 800 striking meat workers.

Over 180 butchers resolved at a weekend meeting of the Cape Butchers' Association not to sell red meat until the workers are re-instated.

A spokesman for the association said yesterday he had heard of only two black butchers in Cape Town who were still selling red meat yesterday. The others were either selling only chicken or had closed completely.

"What we are all hoping for now is negotiation between the meat employers and all the workers. The sooner things return to normal, the happier we will be," he said.

Meanwhile, the International Confederation of Free Trade Unions yesterday sent a telegram to the Western Province General Workers' Union, deploring the meat employers' "intransigence".

The telegram said they "fully supported the workers' action in pursuance of normal trade union rights".

"We assure you that the whole international free trade union movement is behind you in the struggle for the application of nationally recognised labour standards."

25,5 + 15 = 40,5 = 20%

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

4/4/80 30

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

All answer books must be numbered

Number of books handed in	3
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Thebehali spells it out to NAFCOC

30

By SUZETTE NXAMULO

THE chairman of the Soweto Council, Mr David Thebehali, has made it clear to the National Federated Chamber of Commerce (NAFCOC) that it was the council's prerogative on whom to give trading sites.

The meeting with a Nafcoc delegation on Monday followed a meeting of traders two Sundays ago which expressed concern at black-white partnerships, and resolved to fight the issue.

Mr Thebehali stressed at the council chambers that the council would not be intimidated by any threats or utterances from people who were working against it.

The parties met to discuss NAFCOC's concern over Press reports that several white businesses would be established in Soweto. NAFCOC also wanted to put forward its view on black-white partnerships.

Mr Thebehali assured the delegation, however, that no whites would be allocated sites in Soweto on 99-year-leaseholds.

Several speakers from the NAFCOC delegation questioned the allocation of a site for a bakery to whites. Mr Thebehali's response was that the correct procedure had been followed in allocating the site.

"The site was advertised, people interviewed, and the site allocated to the people with the money. And if the business sinks, it's their money," said Mr Thebehali.

Mr Thebehali said Soweto abounds with trading opportunities for blacks.

(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1. Enter at the top of each page of the block on this cover t question you are answering.
2. Blue or black ink must be answers. The use of a ball p able. Red or green ink may underlining, emphasis or which pencil may also be use
3. Names must be printed on ea (e.g. graph paper) where sh examination book(s) are used
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Mr David Thebehali

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Any dishonesty will render the ... **to possible exclusion from the**

Saficon drives up its profit by 59%

(30) RDM 4/6/80

By DAVID CARTE
Deputy Financial Editor

BUOYANT Mercedes and Volkswagen sales and a bigger stake in the prosperous building materials supplier, Boumat, lifted Saficon to a 59% increase in taxed attributable profit in the year to end March and enabled a 75% increase in the final dividend to 12,25c (1979: 7c).

This brings the total dividend for the year to 14.25c, a 58% improvement on 1979's 9c.

The preliminary results, released yesterday, show sales up 26% to R179-million, operating profit before tax and interest up 26% to R6 400 000 and equity earnings up 59% to R3 800 000. Earnings per share rose 56% to 48.1c.

The results will be a pleasant surprise to shareholders of Saficon and its parent, Sakers, who were told at the interim that Saficon would do no more than maintain last year's earnings of 30.7c and dividend of 9c.

At the interim, the group was still suffering the after-shock of last June's fuel crackdown and earnings and the dividend were more or less static.

But things really came alive in the second half, with second half sales up 35% on those of 1979. Second half taxed attributable profit nearly doubled from R1 300 000 to R2 600 000.

The chairman, Mr Sidney Borsook, said the upturn really became apparent only after September and has subsequently shown no signs of abating.

Saficon increased its stake in Boumat from 15% to 20% by the end of the year and, recognising the share as good value, and, perhaps, mindful of the acquisitive business climate, has subsequently increased it further.

Its present stake in Boumat is at least double that of the next biggest holder. Nevertheless, Boumat contributed only 14.3% of net operating profit after tax, before interest (NOPAT), so Saficon remains predominantly a motor stock.

The chairman of Boumat, Mr Irvine Brittan, has been appointed to the Saficon board.

Top company Sakers or Safic derives all its income from Saficon but thanks to pref gearing, was able to increase its dividend even more than Saficon's. Whereas both companies last year paid 9c, this year Sakers is to pay 14.75c - half a cent more.

This should further enhance Sakers' rating relative to Saficon. Saficon yields 8.5% on the new dividend and Sakers 8.7%. The yields should move to par soon.

Considering that times were good only in the second half and that the motor industry should roar ahead after the July tax cuts come into effect, both look underrated relative to the market

FM 6/6/80

(30)

THE SAFICON GROUP

Directors: S. Borsook (British) (Executive Chairman); I. D. Brittan; P. R. Glendining; K. J. Hipper (German); R. K. Kreher (German); J. Mincer; H. S. Morony; D. H. Shapiro; N. Werksman.

SAFICON INVESTMENTS LIMITED

Audited preliminary profit announcement

As will be seen from the figures below your group has produced record earnings of 48,06 cents per share (1979 – 30,70 cents) and has increased its dividend from 9,00 cents per share to 14,25 cents per share for fiscal 1980.

The impact on the motor industry of the oil crisis was not maintained throughout the year and, together with the improved economic conditions, resulted in a buoyant vehicle market during the second half. The group increased its market share and turnover grew by 25,78%. Pressure on gross margins was a feature of competitive trading, but well-controlled costs improved the group's competitive trading position and contributed to improved earnings. Excellent results from Boumat Limited and the increased holding in this group account for the improved attributable earnings.

The annual report is in the course of preparation and is expected to be circulated to shareholders on or about 25 June 1980.

Consolidated group profits – year ended 31 March 1980

	1980 (R000)	1979 (R000)	Increase/ (Decrease) %
Turnover	179 240	142 505	25,78
Net operating profit before tax and interest	6 409	5 081	26,14
Less: Taxation	2 597	2 066	25,70
	3 812	3 015	26,43
Attributable earnings from investments	686	260	163,85
Net profit after tax before interest	4 498	3 275	37,34
Less: Interest after taxation	627	834	(24,82)
Interest	1 081	1 438	(24,82)
Less: Taxation	454	604	(24,82)
	3 871	2 441	58,58
Outside shareholders' interest	68	47	44,68
Earnings for ordinary shareholders	3 803	2 394	58,86
Per ordinary share			
Earned (cents)	48,06	30,70	
Paid (cents)	14,25	9,00	
Net worth (cents)	238,00	208,00	
Number of shares in issue	7 914 209	7 798 609	

Declaration of ordinary dividend in respect of the financial year ended 31 March 1980

Notice is hereby given that ordinary dividend No. 33 of 12,25 cents per share was declared by the board of directors on 3 June 1980 in respect of the financial year ended 31 March 1980. This dividend is payable to shareholders registered at the close of business on 4 July 1980. The share transfer register and register of members will be closed from 5 July 1980 to 11 July 1980, both days inclusive.

Dividend warrants will be despatched on or about 1 August 1980. In terms of the Republic of South Africa Income Tax Act of 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

By order of the board

Saker's Management Company (Proprietary) Limited
Secretaries
Per: P. D. Taylor

3 June 1980

Transfer secretaries
AFC Security Registrars Limited
Fourth Floor, 80 Marshall Street
Johannesburg, 2001

Registered office
11th Floor, Cape Towers
Maclaren Street
Johannesburg, 2001

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3/6/80
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SAFIC

Directors: S. Borsook (British) (Chairman and Managing Director); J. Mincer; L. Mincer; D. H. Shapiro; N. Werksman.

SAKER'S FINANCE AND INVESTMENT CORPORATION LIMITED

Audited preliminary profit announcement

Shareholders are aware that the sole asset of the company is its investment in Saficon Investments Limited and therefore for further information, they are referred to the preliminary report by that company which accompanies this announcement.

The dividends expected from Saficon Investments Limited together with the net income of the company, permits a final dividend of 12,75 cents per share after paying preference dividends. This will make a total of 14,75 cents for the year (1979 – 9,00 cents). Your board has, in accordance with stated dividend policy, declared a final dividend of 12,75 cents per share.

The annual report is in the course of preparation and is expected to be circulated to shareholders on or about 25 June 1980.

Consolidated group profits – year ended 31 March 1980

	1980 (R000)	1979 (R000)	Increase/ (Decrease) %
Turnover	179 240	142 505	25,8
Net operating profit before tax and interest	6 415	5 088	26,1
Less: Taxation	2 608	2 075	25,7
	3 807	3 013	26,4
Attributable earnings from investments	686	260	163,8
Net profit after tax before interest	4 493	3 273	37,3
Less: Interest after taxation	624	831	(24,9)
Interest	1 076	1 432	(24,9)
Less: Taxation	452	601	(24,9)
	3 869	2 442	58,4
Interest of outside shareholders and preference dividends	1 364	857	59,2
Normal earnings for ordinary shareholders	2 505	1 585	58,0
Per ordinary share			
Earned (cents)	52,33	33,11	
Paid (cents)	14,75	9,00	
Net worth (cents)	246,00	214,00	
Number of shares in issue	4 787 030	4 787 030	

Declaration of ordinary dividend in respect of the financial year ended 31 March 1980

Notice is hereby given that ordinary dividend No. 46 of 12,75 cents per share was declared by the board of directors on 3 June 1980 in respect of the financial year ended 31 March 1980. This dividend is payable to shareholders registered at the close of business on 4 July 1980. The share transfer register and register of members will be closed from 5 July 1980 to 11 July 1980, both days inclusive.

Dividend warrants will be despatched on or about 1 August 1980. In terms of the Republic of South Africa Income Tax Act of 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

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Johannesburg, 2001

3 June 1980

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Saker's Finance and Investment Corporation Limited

SAFICON FM 6/6/80 30

Ahead of target

Saficon's profit for the year to end-March followed the trend of other motor companies, with a doubling of second half earnings over the corresponding previous period. The dividend was increased to 14,25c (9c) in the case of Saficon and 14,75c (9c) for Saker. However the market has hardly reacted, probably awaiting a lead from the annual forecast.

The improvement in results does not fully reflect the efforts made by management, not only to take advantage of the upturn in car demand, but also to move the group towards its stated financial and growth objectives.

Saficon's turnover rose 25,8% to R179,2m (R142,5m) while trading profit before tax and interest advanced 26,1% to R6,4m (R5,1m). Chairman Sidney Borsook explains that while margins were under strong competitive pressure, all costs were well controlled, with the result that there was a fall in overhead costs per rand of sales. This follows on improved productivity on the sales floors and higher volumes.

Saficon's product mix includes the Mercedes and VW/Audi ranges. During the first half, resistance to larger cars was experienced following last year's petrol price increase. However, with the pendulum swinging back towards executive models — as evidenced by shortages of certain ranges — it is a safe bet the group again improved its market share. This would have been helped by good forward planning with stock levels raised in anticipation of the upturn, says Borsook. At the half-way stage, market penetration was up to 5,5% (4,1%) and since then there has probably been a further improvement.

During the year, Saficon added to its investment in Boumat and accounted the attributable earnings of around 630 000 ordinaries. Additional shares were bought towards the year-end, but no attributable earnings were brought to account. The R686 000 (R260 000) attributable profit credit in the income statement is mostly Boumat, which itself reported a 119% earnings improvement to R4m (R1,9m) (*Fox*).

Last year the interest charge fell to R1,1m (R1,4m) indicating a reduction in borrowings. However, in terms of Saficon's financial targets, the group was not over-geared, so there could be considerable scope for expansion using borrowing without adversely affecting the corporate financing objectives.

Group dividend policy is based on a 25%-30% payout, depending on the level of capital retentions required to maintain assets and growth in an inflationary environment. The distribution of 14,25c (compared with the interim report's 9c forecast) fulfils the objective of retaining at least 70% of earnings.

Improving returns

In 1979, Saficon's asset turn improved to 5.12 times (3.98) and it is a safe bet it rose to at least 5.75 last year. The group return on sales (measured as Nopat: turnover) last year amounted to 2,5% (2,3%). Using the assumed 5.75 asset turn, this would mean a return on average net assets of around 14,5% (11,8%). This is well in advance of the 13,25% target Saficon aimed for by end-March 1982, so the future looks good.

THE YEAR BY HALVES

	First half	Second half
Turnover (Rm)	82,8 (71,2)	96,4 (71,3)
Earnings (c)	14,9 (13,7)	33,2 (17,0)
Dividends (c)	2 (2)	12,5 (7)

As the retail car market has notched up record volumes in the first four months of 1980, the first half of this year should produce at least the same earnings as the second six months of last year. Depending on stock availability and any upsets in the fuel market, the scene looks set for earnings of around 60c this year with a dividend of some 18c.

At 180c Saficon stands on a prospective 3.0 PE and dividend yield of 10.0%. Sakers, which holds 68.2% of Saficon, should be able to distribute about 19c for a 10.9% prospective yield at 175c. In view of the financial health of the group and its medium-term prospects, both shares look under-valued, particularly Sakers, which gives shareholders the additional benefit of its preference share gearing in a profit upturn.

Des Kilalea

Saficon . . . executive models coming to the fore

Checkers already has a number of stores operating extended hours, so the call for flexibility doesn't really affect it. But public affairs manager Peta Lomberg says there has been no additional cost to the customer. "If we can't keep them open profitably, we don't."

The fact is, however, that when one chain, or shopping centre, obtains permission for flexible hours the others are going to have to follow suit — or lose custom.

Brian Jones, financial director of Clicks Stores, tells the *FM* that many retailers in the US would welcome a return to some form of restriction on trading hours. Jones says Clicks sees no need, in the Transvaal, for flexible hours, although some of its stores in the Cape and Natal are running successfully on this basis.

Hardest hit by changed hours will be shop assistants but the use of "permanent casuals" to overcome the problem of late hours has been used by both Checkers and Clicks, with success.

SHOPPING HOURS FM 6/6/80

Paying the piper 230

Some ordinary common sense needs to be applied to the chaotic state of legislated retail trading hours — which not only differ from province to province, but also include some ludicrous anomalies.

In the Transvaal, where many of the restrictions are based on long out-dated Calvinistic principles, one can successfully apply to operate a supermarket on a Sunday. However the sale of toiletries and household cleaning substances is, incredibly, forbidden. Across the street a book shop can open — but may not sell stationery. After 6 pm daily one can buy tinned food for oneself — but not for the family pet. Flexible shopping hours, without doubt, add to customer convenience. The question which some of the larger retailers are asking is, who will pay for it?

Notable among the opposition to flexible hours is the OK. GM Personnel Richard Blackwell says they certainly don't want change. Although the present moves are designed only to relax the rigidity within the 61 trading hours allowed, Blackwell says staff will still have to be compensated. The costs, he says, will eventually be passed on to the consumer.

Edgars MD Adrian Bellamy believes any changes would be evolutionary because of ingrained shopping habits. A degree of success has been measured, he says, in stores in Zimbabwe and Natal operating during non-traditional hours. But he agrees that it would add marginally to costs.

The National Productivity Institute, however, says, after studying factors influencing productivity in the retail trade, the present system restricts store performance and productivity, and adversely affects prices.

A major problem, according to its study, is the wide fluctuation in customer traffic — Friday and Saturday trading accounting for more than 40% of weekly revenue.

It argues that Mondays are frequently poor trading days and that activity before 9.30 most weekdays is negligible, and says productivity would be enhanced by closing on Mondays, opening later during the week, and staying open late on Saturdays.

Because air conditioning, lighting, escalators and the like have to cater to peak periods — such as Saturday mornings — high running costs are being incurred even during slack periods.

City shoppers . . . will they pay for flexible trading hours?

JOHANNESBURG CBD FM 6/6/80 (30)

Housing the car

If Johannesburg CBD is going to benefit from the property upturn, the city council will have to radically re-think its parking policy. Happily, it is going to do so. Planning Committee chairman Eddy Magid tells the *FM* bluntly: "We have to be man enough to accept that changes may be necessary."

Organised commerce has now been invited to participate in the debate. "We don't have a monopoly on ideas," confesses Magid, "and we want to bring in everyone concerned like the Chamber of Commerce, the Sakekamer, the AA, the CBD Association and so on."

The CBD Association (CBDA), at any rate, is making the most of it. It has been seeking such an opportunity for years. The freezing of all parking in the hard core "Zone A", for example, is described by the CBDA's Errol Friedmann as simply "silly."

And the restriction on the surrounding "Zone B" of 0,7 bays per 100 m² of office space doesn't make much sense either.

The CBDA is studying proposals from executive forward planner Tony Marsh and is now drawing up a questionnaire of its own. It wants to get enough ammunition from midtown retailers to motivate suggestions for more casual parking and better allocation to existing office blocks.

The association's parking sub-committee has invited interested organisations to a meeting on Tuesday (June 10).

That, in turn, will set up a general meeting to "obtain responsible public involvement." The general meeting will be chaired by a council representative and hosted by the CBDA.

But the view of organised commerce will not have changed. It wants more parking in both commercial buildings and separate parkades — it's as simple as that.

The CBDA's Errol Friedmann points out that although the Eloff Street busway has been a success, the hundreds of parking meters which were sacrificed on its behalf have not been replaced.

Commerce will also remind council that it has a vested interest in maintaining the health of the core, which supplies more than half the city rates. But if private enterprise can be tempted to undertake parking ventures, it will need inducements. Friedmann suggests a rates holiday for a start.

Even with parking charges rising rapidly (R65 a month at Carlton) it won't be a proposition otherwise. At best, says Friedmann, the development would be marginal and no-one is going to risk a lot of money for that.

Council, of course, will be spared the need to shell out for parking itself. So the rates holiday idea could be a good one for civic centre as well.

Commerce accepts that there are town planning limitations to liberal parking in fragmented blocks. But whole-block developments, at least, should be permitted to put in plenty of it.

Clearly the time has come for Johannesburg to accommodate the car and not fight it. It may not fit in fully with the plans for getting more people back to the buses, but the cross-city service based on Eloff Street has already sent patronage up 13% — a trend not experienced in other major cities — so there is room for both.

Yet the official view does not, at this stage, automatically accept that there should be more parking in the CBD.

"We are merely setting things up so people can talk about it," says Magid, "we aren't coming in with any preconceived ideas."

guidelines

After months of on/off negotiations the Pretoria Country Club has sold 12 ha of its prime Waterkloof land for R450 000. Buyer and terms are not being disclosed until members give final ratification on June 17.

In November, the committee was given the go-ahead to sell — with a specified minimum of R400 000. At that point one of the contenders was Bester Homes but since then other parties have entered the field. The club is insisting as a condition of sale that the natural flora be preserved. But with flat rights in the offing and a strong demand for Pretoria townhouses, it still looks good at the price.

★

The Picardi group has bought Johannesburg's Victoria Hotel (trading rights) for an undisclosed sum. On a head count of 25 the buy establishes Picardi as "the largest hotel group in South Africa," according to the company's Eddy Magid. The Vic, says Magid, is still good value even if prices have risen somewhat from the original six shillings a day for room, bath and early morning coffee.

CAPE TIMES 6/6/80

Butcheries begin to sell red meat again

ABOUT 100 BUTCHERIES began selling red meat again yesterday after a decision to do so was taken at a meeting on Wednesday night.

However, at least one butchery was forced to close again yesterday as a result of intimidation by students. A butchery in Wynberg was surrounded by students who demanded that the owner take the red meat off the shelves or they would damage his shop.

About 30 butchers voted against the decision at Wednesday's meeting to resume sales of red meat and continued to sell only chickens yesterday.

At a meeting yesterday meatworkers called on "the people of Cape Town to intensify the boycott of red meat" in the light of the butchers' decision to sell red meat again".

Meanwhile, the workers' trade union — the Western Province General Workers' Union — has condemned state intervention in the meat strike, saying that the only action by the state has been to detain two of the union's organizers, Mr Dave Lewis and Ms Di Cooper, and to raise the floor price of meat.

In a statement yesterday the WPGWU said that the meat industry had requested a rise in the floor price of meat on May 22 this year. On May 23 they had met the Deputy Minister of Co-operation and Development, Dr G Morrison. On June 2 the floor price of meat was increased.

"We are concerned that the state, under pressure from the meat bosses, has agreed to subsidise the meat bosses' present intransigence out of taxpayers' money," said the WPGWU. "Such an intervention would hardly be in the interests of the general community. It appears rather in the interests of the meat bosses by allowing them the financial means to hold out against the meat strikers."

Boumat goes into Action

By HAROLD FRIDJHON

BOUMAT has bought 80% of Tool Wholesale Holdings (Pty) — the Action Group — for R1 502 500 as from March 1, 1980. On the basis of TWH's accounts for the year to February 1980 if this acquisition had been included in the latest Boumat accounts, the earnings a share would have increased from 101,5c to 106,5c.

On the other hand, the net asset value of a Boumat share would have gone down from 321c to 314c. The reason for this is is the goodwill factor in the price. The net tangible value of TWH at the end of February was R1 203 265. Boumat's 80% is worth R962 612 plus loan accounts amounting to R72 665.

Boumat will satisfy the price of R1 502 500 by a cash payment of R400 000 and by the issue of 100 000 Boumat ordinary shares at 480c, the market price on the day when the agreement in principle was reached. The balance of R622 500 is to be paid free of interest by June 30, 1981. At Boumat's option the balance will be paid in cash or shares, or by both, the shares to be at market price when payment is made.

TWH, which earned a pre-tax profit of R706 322 last year, is a wholesale and retail chain operating the Action stores selling tools, hardware and allied lines for the home improvement trade and is aimed at the do-it-yourselfer.

These products fall into the activities of Boumat although the group has not yet spread into the do-it-yourself market.

Mr David Gevisser, executive deputy chairman of Boumat, told me yesterday that the group had been investigating this business area when the opportunity arose to acquire the Action chain.

Buying TWH and the Action shops will not impose any burden on the Boumat management structure. Mr Omri Gelgor (43), who founded TWH with his father, retains a 20% interest and will continue as managing director. The Omris had plans for expansion although there were some financial constraints.

With Boumat behind them some of these plans can now be implemented and it is expected that this will become another Boumat growth point.

Boumat appears to be on the move. The TWH acquisition is the third in a week, but the most important.

Last week the group bought City Metal Works for R720 000 which was paid for by the issue of 150 000 Boumat shares at 480c. City Metal manufactures Kitchen Pride kitchen units, one of the three leaders in the field. It specialises in housing contracts and individual sales of units through distributors.

The other acquisition was to buy out the minority shareholder in Kwikot (East Cape) for R329 000 which was also paid for by a share issue. The number involved was 70 000 Boumat ordinaries at 470c.

Neither of these two acquisitions will have a material effect on Boumat's earnings a share or on its net assets a share.

Hepworths sees improvement

(30)

RDM 9/6/80

Financial Reporter

HEPWORTHS, which pulled out of the red in the past year, expects a substantial profit improvement this year, but it is not possible to indicate when dividend payments will be resumed, says the chairman, Mr I Rudick, in the annual report.

Control of the clothing retail chain efffectively changed hands in November last year and improved management and marketing policy has paid off.

Mr Rudick says the lowering of interest rates and the improved credit rating of the group, together with the aim to sell some properties, will assist in funding internal and external expansion plans.

Hepworths swung from a taxed loss of R331 254 in 1979 to a taxed profit of R114 770 in the year to last February. Dividends have been passed since 1977's payment of 20c.

White chain stores' motives questioned

(30) RDM 11/6/80

By J S MOJAPELO

THE National African Federated Chamber of Commerce (NAFCOC) has questioned the motives of white chain stores wishing to enter into partnerships in black areas.

NAFCOC says in an editorial in the current edition of its mouthpiece, African Business magazine, that it will only entertain partnership agreements under strictly controlled conditions.

Among the conditions laid down by NAFCOC for these partnerships are that all discriminatory regulations and policies affecting blacks be removed, and that no partnerships be entered into where blacks are to be mere "fronts" and glorified managers.

"Partnerships must be equal in every sense of the word," NAFCOC states, and asks why the large chain stores have not bothered to hold any discussions with the relevant chambers of commerce.

NAFCOC, which is the umbrella body of African chambers of commerce throughout the country, asks why the chain stores talk of entering into partnerships in black areas and say nothing about partnerships of blacks and whites in the central business districts.

"The white chains would to all intents and purposes seem to be pursuing their black customers into black areas. This is an insulting move to black business as a whole."

According to NAFCOC, the white chains have suddenly woken up to the fact that they can supply what the small black trader has been supplying all along.

"What black traders need is equal opportunity and this is what NAFCOC has been striving for since its inception."

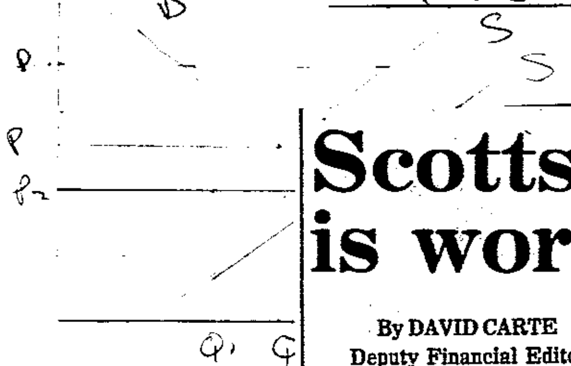
In another editorial in the same magazine, NAFCOC said the Soweto garage owners would have a far stronger platform from which to fight the payment of filling station bonueses by petrol companies to the administration boards.

The Black Garage Proprieters Association, a body of Soweto garage owners, is asking the government that the bonuses be paid to the filling stations instead.

NAFCOC suggested that garage owners could do themselves a service by joining their local chambers and subsequently asking NAFCOC to take up the matter on their behalf.

The garages owners complain that white, coloured and Indian petrol- sellers are not treated the same way. They are paid the bonuses direct.

Question 7



If the gover[...] a maximum price such [...] in order to relieve [...] The maximum [...] to be set below eq[...] be effective because [...] ove equilibrium [...] in price could still [...] If the maximum [...] at P_2 which is b[...] mum price Q_2 houses would be demanded and Q_1 houses would be supplied this means that there would be a shortage of houses. when the price of houses dropped below equillibrium ~~you~~ the shortage would cause your supply of houses to increases to Q_2 where a new equillibrium was reached

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Scotts muti is working

(30) 11/6/80.

By DAVID CARTE
Deputy Financial Editor

IN NARROWLY breaking even in the year to the end of February from a R1 500 000 taxed loss in 1979, Scotts Stores closed 39 branches, wrote an additional R915 000 off the value of stocks and debtors and repaid R2 600 000 of borrowings.

This is revealed in the annual report published today.

The number of Scotts outlets and warehouses declined from 214 to 175 and sales dipped R10-million, or 8%, to R70 400 000. Pre-tax profit was R97 000 — an R842 000 improvement on last year's loss of R745 000. This year there was no taxation, so earnings were R67 000 against last year's loss of R1 500 000. Earnings a share were 2,7c — a 64,4c improvement on the 1979 loss of 61,7c.

The footwear, manufacturing, wholesale and Western Cape retail divisions made substantial profits, but the speciality stores lost R2 600 000 (R693 000). Best profits were achieved by the manufacturing division, which made R2 100 000 (R2 100 000) before tax. Losses in babywear and childwear declined from R1 446 000 to R55 000.

Total net borrowings declined 18% from R14 100 000 to R11 600 000. Net cash flow excluding extraordinary items improved from a R436 000 outflow to a R1 200 000 inflow. The interest and leasing bill fell from R1 900 000 to R1 700 000.

Scotts took more nasty medicine last year and seems to have made progress in getting back on the rails, and many Scotts backers take the view that the group will have to virtually try not to make money in today's climate, especially after the huge stock and debtor provisions of the past two years. But the debt burden suggests that it will be some time before Scotts is back on the dividend lists.

The share is an enticing but risky bet at the current 225c.

Car sales 38% ahead of last May

(30) RDM 12/6/80.

By SIMON WILLSON
Industrial Reporter

THE EXPECTED supply bottleneck in the automobile manufacturing industry did not materialise last month as car sales soared to 22 251 — a 38,9% increase on the total for May last year.

Many manufacturers said last month that a supply bottleneck was imminent because demand since the beginning of the year had been far outstripping production.

With demand continuing to rise, bottlenecks still seem likely before the year is out. Sales in 1980 are on target for a record 250 000.

The second-quarter outlook could hardly be healthier. Figures from the National Association of Automobile Manufacturers of South Africa (Naamsa), released in Port Elizabeth yesterday, show that April's car sales total was 27,8% above the figure for April 1979 and the total for May 1980, at nearly 40% up on a year ago, points to a sales peak in about September before the showrooms are expected to be unable to restock from production.

Car sales for the first five months of 1980, at 104 334, show a 20,53% increase over the January-May total for 1979 of 86 560.

Sigma released its figures independently in Pretoria yesterday because it is still outside Naamsa. Sigma was the top-selling manufacturer last month with 4 607 sales, followed by Volkswagen with 4 315, Ford on 2 960, General Motors on 2 917 and Datsun on 2 711.

Volkswagen's Golf was the most popular model again last month with 2 851 sales. Sigma's Mazda 323 was second on 2 597 and the new Opel Kadett continued to improve with 1 805. Datsun's 1800J Stanza series sold 1 530 and the Ford Cortina 1 445.

Mr Clive Warrilow, sales director of Volkswagen, said the latest figures were a boost to the whole industry.

"These returns will reinforce the widespread expectations of record 250 000 sales this year. The small-car market again accounted for 50% of the total with the Golf again the No. 1 seller."

Commercial vehicle sales were 48 201 over the January-May period this year — an 18,5% increase on the same period in 1979.

Datsun kept its lead over Toyota, the traditional top commercial seller, by selling 2 949 vehicles to Toyota's 2 517, with Ford third on 1 267.

The Natal Mercury, Thursday, June 12, 1980

30 ~~258~~ 276

Shop shutters go up in sympa

ndians lose down fter NIC letentions

SENIOR officials of the Natal Indian Congress yesterday welcomed the early closing of hundreds of Indian-owned shops and offices in Durban's Grey Street complex, Clairwood, Verulam and several other areas in a show of sympathy for the detained NIC and boycotting pupil leaders.

'The NIC is overwhelmed by the show of support and solidarity by the trading and business sections of the community,' said Mr A H Randeree, NIC organising secretary.

Large Grey Street sari shops owned by South African Indian Council member Haribhai Naran, and a large broking office run in Verulam by SAIC chairman Y S Chinsamy, were closed at 3 p m in response to an appeal by Mr R Ramasar, NIC general secretary, in spite of the congress having steadfastly rejected the Indian Council as 'an offshoot of apartheid'.

Mr Chinsamy said yesterday he had decided to close his business early because he sympathised with the NIC leaders who were being detained by the police without being charged or brought before the courts.

The Deputy Director of Indian Education, Mr S P van den Heever, yesterday declined to comment on a call at a meeting of about 500 Indian teachers for his resignation and that of the Director, Mr Gabriel Krog, because of dissatisfaction with their handling of the school boycott.

Mr Krog could not be reached for comment. It was understood he was on his way to Cape Town for urgent talks with Mr Marais Steyn, Minister of Indian Affairs.

At the meeting in Pietermaritzburg this week, the Teachers' Association of South Africa — mouthpiece of more than 7 000 Indian teachers — blamed the Education Department's 'intransigent attitude' for the escalation of the boycott.

(30) 12/6/80

ympathy

...ian teachers for his resig-... Director, Mr Gabriel Krog, ...with their handling of the

...ached for comment. It was ...way to Cape Town for urgent ..., Minister of Indian Affairs.

...ermaritzburg this week, the ...outh Africa — mouthpiece of ...chers — blamed the Educat-...ent attitude' for the esca-

The meeting also heard that if the 'legitimate demands' of teachers were not met, teachers might consider calls to 'down tools'. The meeting decided that a referendum among all teachers on this issue was necessary.

It was also felt that it would be better to by-pass Mr Krog on the boycott issue and approach the Government as a matter of urgency.

Tasa's secretary, Mr Dhama Nair, said yesterday a copy of resolutions passed at the meeting had been sent to Mr Krog.

Mr van den Heever told the Mercury yesterday that with the exception of high schools in three areas — Durban Central, Merebank and Lenasia in the Transvaal — pupils' attendance was 'fast returning to normal'.

At the Springfield College of Education, where 600 student-teachers were suspended recently as a sequel to the boycott, 591 had already applied for readmission, he said.

Mr Y S Chinsamy, national chairman of the South African Indian Council, confirmed yesterday that the SAIC executive had called Mr Krog, Mr van den Heever and chief inspectors of education to an urgent meeting on Monday, and had warned of the community's wrath at mass suspensions of pupils.

Urged

The SAIC executive chairman, Mr J N Reddy, urged pupils to return to class, and said: 'As chairman of the council, I can assure parents that pupils who took part in the boycott will not be victimised.

'But I wish to warn also that lawlessness by pupils will not in any way be countenanced.'

Our crime reporter writes that an attempt was made to set fire to the headmaster's office at the Meadowlands High School in Chatsworth on Tuesday, according to police.

So far no arrest ha been made.

WCTA moves to end unrest

CAPE TIMES: 12/6/80

(30) (9-2) Staff Reporter (287)

THE executive of the Western Cape Traders' Association (WCTA) last night called on the Prime Minister, Mr P W Botha, to meet top business and industrial bodies to settle the unrest in South Africa.

In statement issued last night the executive of the WCTA said the Prime Minister had personally undertaken to remedy the legitimate grievances of the boycotting pupils and called on him to meet the Chamber of Industries, Chamber of Commerce, Afrikaanse Sakekamer, the bus companies, meat wholesalers and the WCTA to defuse the present situation.

The WCTA also called on the government to charge or release all people held in detention. This includes the chairman of the WCTA, Mr Dawood Kahn.

The statement urged all black businesses to heed the call to close on June 16 and 17.

Russells lifts payout 45%

(20) RDM 13/6/80

Deputy Financial Editor

BOOMING furniture, white goods and clothing sales lifted Russell Holdings sales by 23%, pre-tax profit by 45% and earnings by 46% in the year to April 30.

The preliminary profit statement shows sales up from R135 238 000 to R166 419 000, pre-tax profit up from R14 284 000 to R20 709 000 and taxed profit up from R8 325 000 to R12 190 000. The tax rate was an unchanged but full 42%.

Earnings a share were 43% ahead at 67,2c (46,8c). A final dividend of 10c, making 16c for the year, has been declared. The total is a 45% improvement on last year's 11c. Cover is constant at a conservative 4,2.

Extraordinary items, representing a loss on the sale of shares in subsidiaries of R680 000 and a R200 000 lump sum to the pension fund, totalled R880 000.

Russells enjoyed a particularly good second half in 1979, but managed a 45% pre-tax profit improvement in the second half just ended.

A new Joshua Doore furniture outlet was partly responsible. Management tells me another two of these highly successful large warehouse-type discount furniture shops are to be opened in the current financial year. Another six or seven Forty Winks beds and bedding stores and conventional furniture stores are also planned.

Trading in the first two months of the current year is "ahead of budget", collections are good and the group is liquid, with R140-million odd of debtors unencumbered.

Shareholders will have to wait for the annual report three weeks from now for a forecast from the company, but with tax cuts due in July and consumers' salaries and wages rising apace, 20% to 30% earnings and dividend growth seems eminently attainable in the year ahead.

At the current 250c, the share yields 6% — not too little for a sound institutional favourite.

RDM 13/6/80. (30)

Wholesalers ride up with the spenders

THE LATEST Department of Statistics wholesales figures — for March — show sales 35% up on last year's figures with trade sales estimated at 2 160 against 1 597,8 (at current prices and seasonally adjusted) for the corresponding period last year.

Although part of the increase can be attributed to higher prices — the wholesale-price index shows an increase of around 19% — sales measured in 1970 prices have grown by more than 12% in real terms. Annualising the figures, the rise is close on 14%.

The declining trend in real terms has been arrested with January the first month in which the yearly comparison was positive.

Although sales are growing rapidly, the 1976 peaks have not been reached and figures are still 10% down on that period.

However, wholesalers report an increase in business of more than 30%, and they expect trends continue and sales to increase futher towards the end of 1980.

Metro Cash & Carry reports a dramatic rise in sales with turnover for last year 31% up.

The rising level of employment and the easing in credit have contributed substantially to increased which should improve in the second half of the year.

Consumption expenditure will be fuelled by the tax and loan levy cuts which will raise real disposable income by more than R800-million — an increase of 3% — which should push private expenditure up by about 2,8%, putting more money in the hands of both wholesaler and retailers.

The diamond sector has been sluggish with sales substantially down on last year's figures. The higher prices of diamonds could account for the decrease in sales.

The wholesale sectors that are growing fastest are food, stationery and office equipment, and pharmaceuticals.

Metal products are buoyant with this sector the fastest growing apart from the furniture industry. It was one of the hardest hit during the recession and the rate of recovery is one of the highest in the industry.

The strong growth trend in this sector indicates an increase in investment by smaller operations.

Furniture sales are up and dealers report close on 30% increases in sales.

With the boom in the building industry wholesale business has been picking up since late 1978 and the industry is experiencing shortages.

The current increase in expenditure, claim economists, is not fully reflected in the wholesale trade figures as changes in practice have eliminated many of the wholesalers, and overall sales are far higher than these figures indicate.

WALTONS FM 13/6/80 30

Raising cover

Activities: *Supplier of commercial stationery. Formerly Hortors Waltons after merger with Hortors' stationery division. Directors have a 24,9% beneficial holding.*
Chairman: *J M Parrington; managing director: F E Robarts.*
Capital structure: *2,7m ordinaries of 50c. Market capitalisation: R8,2m.*
Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R1,0m; net short-term, R1,9m. Debt: equity ratio: 63,0%. Current ratio: 1,6. Net cash flow R890 000. Capital commitments: R340 000.*
Share market: *Price: 305c. (1979-80: high, 305c; low, 250c; trading volume last quarter. 124 000 shares). Yields: 18,5% on earnings; 8,5 % on dividend. Cover: 2,2. PE ratio: 5,4.*

	'79	'80
Return on cap %	2[illegible].8	37.6
Turnover (Rm)	18.2	25.2
Pre-tax profit (Rm)	1.7	2.6
Gross margin %	10.4	11.2
Earnings (c)	40.0	56.4
Dividends (c)	21	26
Net asset value (c)	140	171

Chairman Maurice Parrington stresses the importance of increased dividend cover in an inflationary environment. But with last year's sound profit growth and another satisfactory year expected, he is confident dividends and cover can rise together.

Last year was one of consolidation and growth. The Transvaal operations were rationalised after acquisition of the Chimes/Avalon group. Distribution centres in Cape Town, Johannesburg and Durban were all moved into larger leased premises to allow for increased business, while new branches were opened in Bloemfontein, East London, Germiston and Krugersdorp.

The focal point for expansion this year is the Transvaal area. Director Len Chimes says Waltons will concentrate on central Johannesburg and the city's inner suburbs which provide the most important part of the company's business. The stores are geared up in terms of space, stock and manpower to double turnover — stocks and debtors were increased by R2,6m last year.

But higher turnover in a highly competitive market need not translate into an equivalent growth in profits. Continuing pressure on margins is expected as the company will find it difficult to raise prices. Consequently, all major branches will be adopting a piloted computerised system of accounting for sales and stock this year to improve cost control. Some benefit will be gained this year but the system will only become fully operational in fiscal 1982.

Sales performance since the year-end has exceeded budget figures, possibly due to the general upswing in the economy. Parrington predicts another satisfactory year from the group and, as it has exceeded earnings forecasts for the past few years, this could be an understatement.

The payout has been increased to 26c (21c) while at the same time, dividend cover was raised from 1.9 to 2.2 times. This confirms Parrington's assertion that there will be no drastic increase in cover at the expense of dividend growth, but that there will be a gradual movement to the target of 2.5-3 times. The share at 305c yields an historic 8.5%, appreciably above the sector average of 5.3%. The market appears to be undervaluing the profit performance of the last two years, while on possible earnings of 67c and dividend of 28c, the share has upside potential.

Fiona Haise

TRANS (...

FM 13/6/80 (30)

DERMACULT

Growth capacity

Activities: *Markets toiletries, patent medicines, cosmetics, and household products throughout southern Africa. A 61%-owned subsidiary of Beecham Group UK.*
Chairman: *H Hill; managing director: P H van Eeden.*
Capital structure: *1m ordinaries of 50c; Market capitalisation: R1,1m.*
Financial: *Year to March 31 1980. Net cash: R364 000. Debt:equity ratio: 8,3%. Current ratio: 1,6. Net cash flow: R158 000.*
Share market: *Price: 110c (1979-80: high, 130c; low, 70c; trading volume last quarter, 51 000 shares). Yields: 19,6% on earnings; 8,6% on dividend. Cover: 2,3. PE ratio: 5,1.*

	'77	'78	'79	'80
Return on cap %	16,5	15,3	20,7	23,7
Turnover (Index)*	109,3	127,0	167,5	191,8
Pre-tax profit (Rm)	166	174	252	318
Earnings (c)	11,5	12,5	16,9	21,6
Dividends (c)	7,5	7,5	8	9,5
Net asset value (c)	99	105	114	126

* Base — 1976 = 100

Dermacult continued to make sound progress last year. However, with no new franchises and only a limited increase in the product range, turnover and profit growth was considerably slower than in 1979.

Performance followed the norm for trading companies, with a 14,5% increase in turnover producing a 26% gain in pre-tax profits as fixed overheads were spread over a wider base. This compares with improvements of 32% for turnover and 45% in pre-tax profits in 1979 when the company benefited from the acquisition of the franchises for Shell consumer products and the 2nd Debut skin care range.

Chairman Harry Hill is optimistic that the current year will see a further satisfactory increase in profits, and that the upturn in consumer demand evident in the latter part of fiscal 1980 will continue as the effects of the stimulatory Budget filter through.

Judging by the balance sheet, the group has the capacity to handle a substantially higher level of turnover without straining its resources. One of the more noteworthy achievements of recent years has been a significant reduction in working capital requirements despite the increase in activity. This reflects careful management of stock and debtors as well as a marked increase in the extent to which the business is now financed by creditors.

Last year, net working capital (stock plus debtors less creditors) was down 24%, while since 1977 there has been a total decrease of 27% notwithstanding a 75% increase in turnover during the period.

This trend is partly attributable to the fact that an increasing proportion of turnover comes from associate companies such as W Jordan Brushware (toothbrushes), Plough SA (Coppertone), Smith Kendon and Yeast-Pac. Being investments, the stocks held by these companies are not consolidated. But the group's calculation of its annual turnover increase does include associates which means that a comparison of disclosed stock holdings and turnover is something of an apple-and-pears situation.

Nevertheless, the lower investment in working capital has enabled Dermacult to repay most of its borrowings over the past two years — the debt:equity ratio has declined from 24% in 1978 to 8% — and to build up cash reserves of R470 000 from only R39 000. However, the progressive increase in dividend cover from 1.5 times in 1977 to 2.3 at present suggests that management is not counting on this favourable pattern being maintained.

The share at 110c appears to offer good value to the smaller investor requiring above-average income. The historic dividend yield of 8.6% is probably higher than the prospective yields of most industrial companies. Even if Dermacult does no better than to increase distribution by 1.5c (16%) to 11c this year, the share offers a prospective 10% return.

Brian Thompson

OK BAZAARS FM 13/6/80 (30)

A sense of direction

Activities: *Operates 140 retail stores and four hyperamas. A 72%-owned subsidiary of SA Breweries.*
Chairman: *R J Goss; managing director: J M Kahn.*
Capital structure: 11.9m ordinaries of 50c; 300 000 6% first prefs; 500 000 6% second prefs; 500 000 5% third prefs; and 300 000 6% red prefs — all of R2. Market capitalisation: R183,9m.
Financial: *Year to March 31 1980. Borrowings: long- and medium-term. R31,2m; net short-term. R39,7m. Debt:equity ratio: 46.8%. Current ratio: 1.5. Net cash flow: R12,7m. Capital commitments: R25m.*
Share market: *Price: 1 545c. (1979-80: high. 1 600c; low. 690c; trading volume last quarter. 66 000 shares). Yields: 10,4% on earnings; 5,5% on dividend. Cover: 1.9. PE ratio: 9,5.*

	'77	'78	'79	'80
Return on cap %	13.5	12.7	13.9	16.3
Turnover (Rm)	509	541	589	762
Pre-tax profit (Rm)	18.4	22.4	24.3	32.5
Gross margin %	5.0	4.7	4.8	4.9
Earnings (c)	107	107	122	161
Dividends (c)	58	58	66	85
Net asset value (c)	1 123	1 174	1 167	1 206

OK . . . a more dynamic trend in retailing

The performance of OK Bazaars last year leaves no room for doubt that the group once more knows where it is going — or, for that matter, that it has the ability to get there.

The initial years under SAB control gave the impression of a lack of direction. But a management shake-up in 1977 changed this and the group is again on a growth path. This is most clearly illustrated by the fact that for the first time in a number of years OK has made significant strides in improving its share of the retail market. Against the backdrop of a 13% increase in national retail sales for the 12 months to March, the group pushed its turnover up 30%. And even if the two new hypers opened in September are excluded, turnover growth was still 23%, or almost double the increase in national sales.

This was achieved despite what chairman Dick Goss terms the over-expansion of retail facilities in recent years which, he says, makes the retail industry extremely vulnerable to an extended levelling-off in consumer demand. He believes, however, that with OK's strong representation in the growing lower and middle income markets, the group is less vulnerable than the sector as a whole. For this reason the group is continuing its expansion programme.

For the current year, six new store openings are envisaged, although two of these will replace existing outlets. All are planned to open late in the year and will therefore not contribute significantly to profits. On the other hand, the new hypers and the two conventional stores opened last year will make their first full contribution, so prospects are good that the group will be able to remain ahead of the growth in consumer spending.

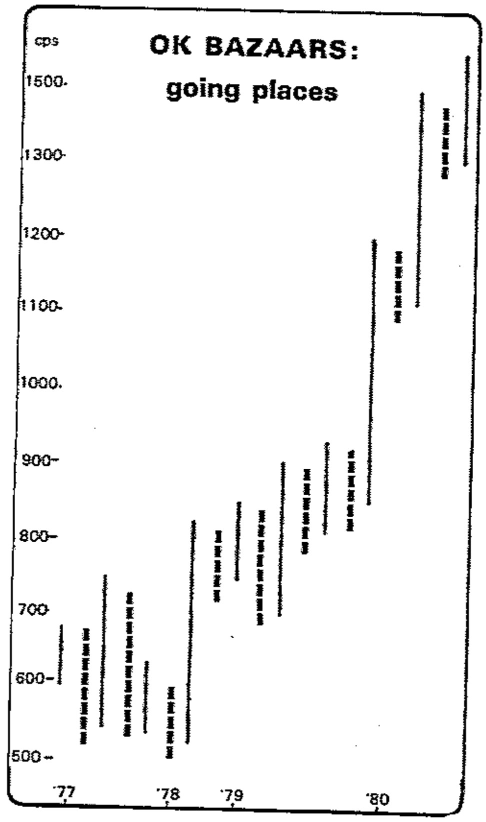
If so, fiscal 1981 should be another successful year for the group. Goss is optimistic that consumer spending will be maintained at the higher growth rate of 17.3% experienced between September and March, which suggests that OK should have little difficulty in maintaining its earnings growth rate of 32%.

There was a significant change in sales mix last year with non-food items showing the best growth. The proportion of sales attributable to furniture and houseware goods increased to 30.3% (28.3%) of the total, clothing was little changed at 11.4% (11.8%), while food declined to 58.3% (59.9%). MD Meyer Kahn explains, however, that this did not have much impact on margins because of the group's policy of deferring profits and finance charges on HP transactions until the money is actually received. But it follows that the increased activity in the furniture sector will enhance results in future years.

The balance sheet shows the effects of the higher level of trading through substantially increased stocks and debtors. Stocks increased from R106m to R152m although, Goss points out, this 43% rise is not excessive when viewed against the 42% growth in turnover during the second half. In any case, year-end stocks were still slightly below the group objective of providing for three months of anticipated sales.

The increase in furniture sales is reflected in an increase in debtors from

OK BAZAARS: going places



30 FM 13/6/80 X1

REACHING FOR THE SKY

No-one is enjoying the effects of the motor industry boom more than General Motors, whose May sales are 180% up on the same month last year. Experiencing its most successful month since December 1974, the company sold 2 917 passenger cars, an increase of 13,2% over April.

According to the National Association of Automobile Manufacturers of SA (Naamsa) and those released independently by Sigma, passenger car sales figures for May, at 22 251, are up 38,97% on the corresponding figure for last year.

Similarly, commercial vehicle sales continue to pick up with this month's 10 000 sales up 27,57% on last May.

Small cars continue to dominate the market. Leading the field is Volkswagen's Golf — with sales of 4 315 units, Mazda 323 with 2 597, and Opel Kadett with 1 805 units. Sales of the Kadett are 17,5% up on last month.

Sigma retains its place at the top of the car sales league with 22,15% followed by Volkswagen and Ford.

In the medium car market, the new Datsun Stanza chalked up sales of 1 530 units pushing the Ford Cortina with 1 445 sales into second place. Ford predicts that if the present trend continues, total passenger car sales for 1980 will reach a record 240 000.

MAY CAR SALES

	1980 May	% of Market	1980 April	% of Market	1979 May	% of Market
Sigma	4 607	20,71	5 015	22,15	3 496	21,83
VW	4 315	19,39	4 582	20,24	3 325	20,77
Ford	2 960	13,30	2 914	12,87	2 806	17,53
GM	2 917	13,11	2 576	11,38	1 042	6,51
Datsun	2 711	12,18	2 158	9,53	1 607	10,04
Toyota-Renault	2 065	9,28	2 387	10,54	1 381	8,63
UCDD (Mercedes Benz)	809	3,64	601	2,65	559	3,49
BMW	702	3,15	1 004	4.43	715	4,47
Alpha Romeo	462	2,08	500	2,21	320	1,99
Fiat	436	1,96	547	2,42	545	3,40
Leyland	261	1,17	352	1,55	208	1,30
Other	6	0,03	6	0,03	7	0,04

May total .... 22 251 (38,97% up on 16 011 last year)
Jan-May total .... 104 334 (20,53% up on 86 560 last year)
April total .... 22 642 (May 1,73% up)

COMMERCIALS

	1980 May	% of Market	1980 April	% of Market	1979 May	% of Market
Datsun	2 949	29,49	2 556	27,42	1 750	22,32
Toyota	2 517	25,17	2 461	26,40	1 893	24,15
Ford	1 267	12,67	1 079	11,57	1 202	15,33
GM	1 191	11,91	1 131	12,13	805	10,27
Sigma	545	5,45	664	7,12	856	10,97
VW	475	4,75	473	5,07	297	3,79
UCDD	360	3,60	274	2,94	337	4,30
Leyland	242	2,42	296	3.17	318	4,06
Fiat	134	1,34	116	1,24	185	2,36
Int Harvester	77	0,77	62	0,67	59	0,75
Man	65	0.65	51	0,55	51	0,65
Oshkosh	50	0.50	29	0,31	15	0,19
Erf	19	0,19	17	0,18	12	0,15
Fodens	14	0,14	14	0,15	12	0,15
Malcomess-Scania	14	0,14	13	0.14	16	0,20
Vetsak	10	0,10	20	0,22	13	0,18
Magirus-Deutz	6	0.06	8	0,09	15	0,19
VSA	2	0,02	3	0.03	3	0,04
Other	63	0,63	56	0,60	—	—

May total .... 10 000 (27,57% up on 7 839 last year)
Jan-May total .... 48 201 (18,50% up on 40 676 last year)
April total .... 9 323 (May 7,26% up)

April 31 965
May 32 251 — 0,89% up

30 RDM 13/6/80

Shocks for lay-by scheme sharks

Political Staff

CAPE TOWN. — The Government has acted to eliminate malpractices by shops selling goods under lay-by credit schemes.

New regulations governing lay-bys appeared in yesterday's Government Gazette.

The regulations were framed by the Price Controller, Mr E G De Beer, after the Department of Commerce found allegations of malpractices to be well-founded.

Last night the Minister of Commerce and Consumer Affairs, Dr Schalk van der Merwe, said investigations by his department "for some considerable time" had found many complaints to be justified.

"For example, it has transpired that a trade concludes more than one lay-by agreement with various persons in respect of the same goods.

"Furthermore, lay-by agreements are being concluded for unrealistically long periods.

"Purchasers also encounter difficulties to obtain refunds of moneys paid to traders if the goods in respect of which payments have been made are no longer available.

"In such cases purchasers are often compelled either to accept goods which they do not want or to forfeit their money.

"In addition, it is generally open to doubt whether civil or criminal action is of any practical value for the purchasers.

"Consequently, it became clear to me that suitable measures should be introduced to regulate lay-by transactions," Dr Van der Merwe said.

The new regulations compel shops to enter written agreements with purchasers before any payments are made.

These agreements must be in writing, signed by both the buyer and the seller, contain a complete description of the goods sold and state the purchase price as well as the deposit.

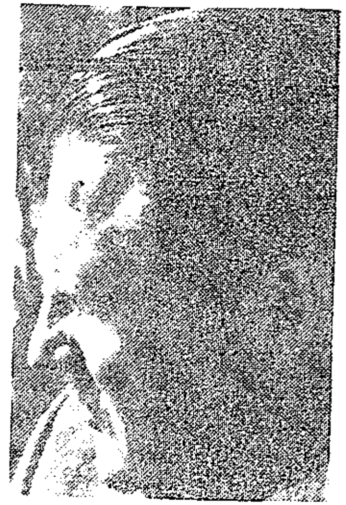
Shops will have to give written receipts for payments, maintain complete financial records relating to the agreement and supply purchasers with monthly statements.

No one will be able to enter agreements which extend for more than six months, which exclude or restrict the liability of the seller unless this is in the interest of all the parties and which have payment clauses which are to the disadvantage of the purchaser.

During the existence of the agreement shops will be prohibited from entering any other agreement for the sale of the goods in question, and for increasing the purchase price.

Prior to the expiry date of the agreement, it may be cancelled by the purchaser and the seller will be obliged to repay 90% of the money paid.

The gazette contains a number of other regulations which will protect purchasers buying goods under lay-by agreements.



DR VAN DER MERWE
. . . well-founded complaints

ADVERTISING AGENCIES FM 13/6/80

Musical chairs (30)

A reshuffle of R10m worth of advertising accounts currently taking place is one of the biggest in the industry's history. It was caused by the division of the liquor market into a wine and spirits camp, and a beer camp which redrew the battle lines between the liquor giants SA Breweries (SAB) and Remgro.

Previously SAB had a stake in the wine and spirits market through its Stellenbosch Farmers Winery (SFW) brands, and Remgro had its beer stake through the Intercontinental brands. The carve-up of the liquor market gave all beer brands to SAB and most wines and spirits to the newly formed company CWD which is controlled by Remgro and KWV.

Agencies which had in the past handled both wine and beer accounts for the same client found themselves working on brands controlled by traditional rivals. The situation was unsatisfactory for Remgro and it started shifting liquor as well as cigarette accounts which involved 14 agencies including the following: J Walter Thompson (JWT), van Zijl & Schultze Lund & Tredoux (VZ), Lindsay Smithers, IMA, BBDO, McKinstry Schonfeldt, KMP, Bates Wells and SSC & B Lintas.

Musical chairs began when the Lion lager account left J Walter Thompson (JWT) for van Zijl & Schultze Lund & Tredoux (VZ).

It is rumoured that Remgro gave JWT the option of giving up either the Lion account or its wine and spirits accounts. JWT chose to stick to wines and spirits but so far has not been compensated by Remgro for the loss of an account which, in the heyday of the beer war was worth R2m a year. Says JWT assistant MD Stewart Hutton: "There was no agreement between us on compensation for resigning the Lion account but it is our deep hope to pick up more wine and spirits accounts."

JWT is backing this hope by beefing up its Cape Town operation with more staff and bigger offices to be closer to the Cape-based Remgro empire. For JWT must also have its eye on Remgro's R10m cigarette advertising accounts which are also in a state of flux.

Although Remgro has moved a number of cigarette brands between agencies, two giants with a combined billing of R3m, Peter Stuyvesant and Lexington, could be still up for grabs.

JWT is in an ideal position to take on a cigarette brand as it has international experience on cigarettes while not handling any brands of Remgro's local opposition UTC.

The other big agency involved in the shuffle is VZ which has been associated with SAB since 1962. It has lost R2.5m of billing on the SFW wine and spirit brands which have been redistributed among a number of smaller agencies already working on Remgro accounts. But this loss has been partially made up for by the acquisition of the Lion account from SAB.

This firmly establishes VZ as the country's leading beer agency as it now has the SAB brands Lion, Castle, Amstel and Hansa as well as Kronenbrau which it acquired shortly after SAB took over Intercontinental.

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SUNDAY POST, June 15, 1980

Crumbs for coal carriers

By Z B MOLEFE

ZODWA: That's a million dollar question. He never comes out clean on that one. He is supposed to be driving for some coal merchant. But it appears he is carrying coal bags instead. Doing all the deliveries here in Soweto.

Bassie: Then how's the pay?

Zodwa: Do you think the coal tycoons ever pay them? It's all crumbs. They do not even register them. The slightest squeal about their pay, they get the boot and overnight one is replaced.

In a way these biting lines from Sol Rachilo's latest play, Bassie's Homecoming, mirror the plight if not the world of black people employed as delivery men by coal merchants in the townships.

Soweto coal tycoons show no mercy for plight of deliverymen

"Ai, this is no job," two coal delivery men told SUNDAY POST when reporters visited the Nancefield coal depot in Soweto. Both stay at the nearby men's hostel.

They made it clear that their biggest problem is their wages. One earns R17 a week while the other earns R22 for five day's work.

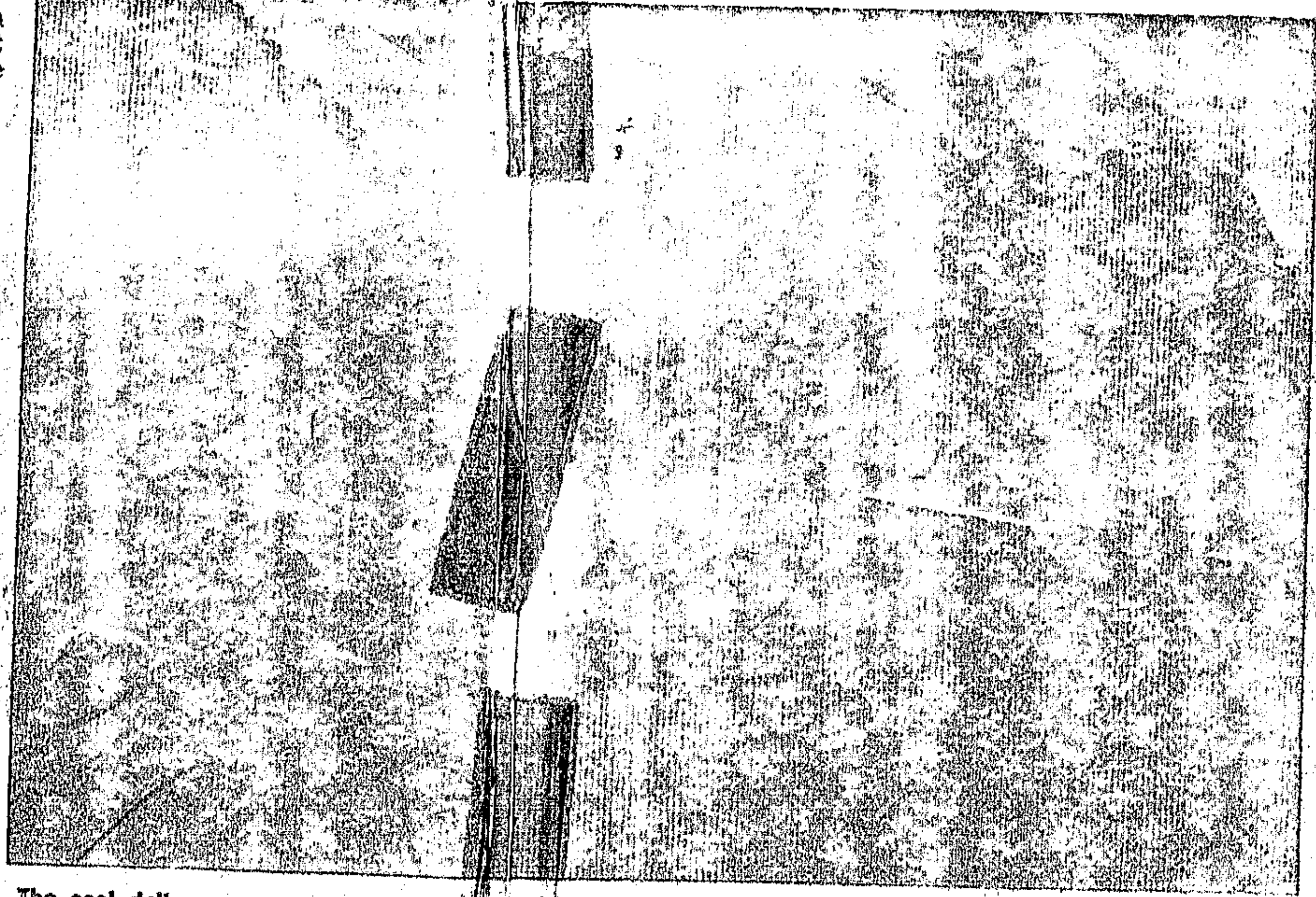
But they could not say how many hours they worked a day or a week. Both said: "It depends on when we have finished our deliveries."

The man who spoke to us inside the depot brought it all home. Wearing a defeated look, he simply said: "There is no money in this job. How long does it take a man to finish loading a lorry for a lousy R1,50?"

Mr D G Mtshawulana

This, according to the man, means that for every lorry he loads with coal from the railway truck he gets R1,50. (Four lorries a day would mean that he is credited with R6; in a five-day week this would work to something like R30.)

The man, who is a father of six children and hails from Swaziland but stays at the Nancefield Men's Hostel, adds that it is often impossible for them to meet, say, a quota of loading four lorries in one day. He shrugged his shoulders: "Hell man, this is hard work."



The coal delivery men . . . they toil for low wages in this hard way of earning a living. Pic: Mac Mogorosi.

It is when the question of registration is brought up that the men shrink into silence. Their features are paralysed with fear. For obvious reasons the reporter skips the question.

Mr D G Mtshawulana, chairman of the Soweto Coal Dealers' Association whose members employ something like 2 500 delivery men, said the plight of these men was the result of a combination of problems faced by the industry in the townships.

Chief among the problems is the supply of labour. "Most people in the urban areas," said Mr Mtshawulana, "do not want to do this type of work. As a result we have to depend on labour from the rural areas. And this is giving us endless headaches."

Chances of being granted permission to employ rural work-seekers are slim, he pointed out. A coal merchant or dealer must satisfy the authorities that he is registered with an approved trading site.

Then comes the problem of accommodation for the workers: "It is next to impossible to get hostel accommodation for our workers. Yet the white coal dealers who use black labour do not encounter this problem."

On average a coal dealer in the townships employs four delivery men; two at the depot must unload a railway truck while the other two load the lorry.

Would coal dealers agree that these delivery men ought to be organised into a trade union? Responded Mr Mtshawulana: "We would appreciate that. This would safeguard their interests. After all, these men have families to look after."

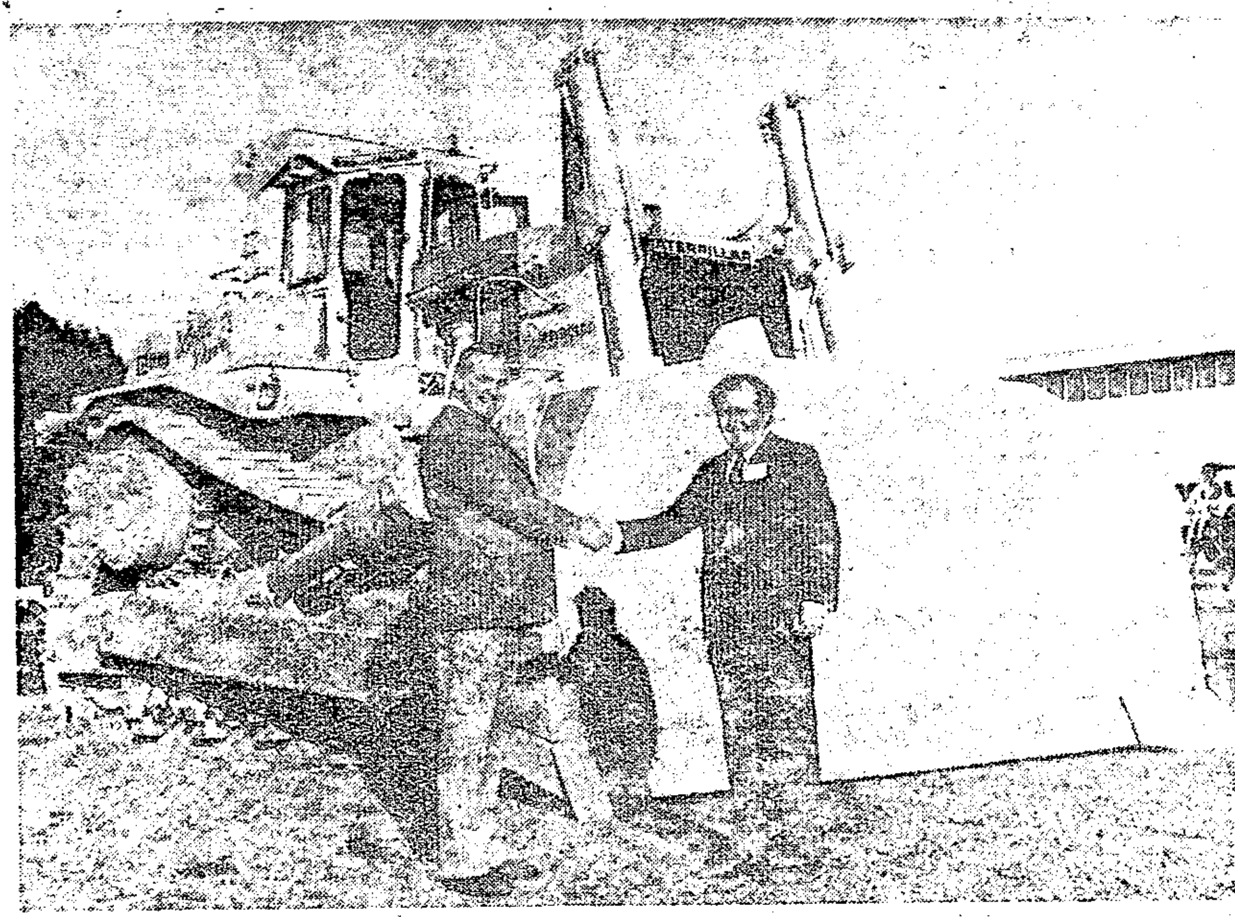
Still on the same subject, Mr Mtshawulana revealed employers see to the housing and providing protective clothing for their labourers. Most of the men work a three-day week which pays them R22 per month.

In addition their employers provide them with heating in the form of free wood and coal. Shower facilities are also provided as well as food.

Unless the township coal dealer operated in areas giving him a maximum of profit, then the position of the coal delivery men in the townships cannot improve, said Mr C Mageza, a well-known Soweto coal dealer.

Much-needed black customers go to white-owned companies in the cities, continued Mr Mageza. "Our people will place their orders with these companies because it is convenient. If we blacks operated in the Central Business Districts of the cities we would be getting this custom," he went on.

SECTION B



Mr Dave Reynolds (left), managing director of Reynolds Plant Hire, accepts a Caterpillar D10 from Mr Steve Saayman, managing director of Barlows Tractors and Machinery. This is the first D10 — the world's largest earthmoving tractor — to be sold to a plant hire company in South Africa.

Barlows and Reynolds in R3,1m plant-hire package deal

STAR 16/6/80 30

Barlows tractor division has broken new ground in the rapidly expanding plant hire field with the sale of the world's biggest bulldozer, a Caterpillar D10, to Reynolds Plant Hire.

The half-a-million rand D10 is the centre piece of a R3,1m package deal between Barlow's tractor division and Reynolds which includes 27 other Caterpillar machines.

This biggest single order of heavy earthmoving machinery by a plant hire firm in South Africa underlines the increasing upturn in the plant hire market.

Confirming his company's new plant acquisition, Mr Dave Reynolds said the combined purchase was part of their expansion programme which was geared to the tremendous growth in the plant-hire field.

"It is a significant addition to our fleet as we are placing emphasis on bigger machinery to provide the widest possible range to meet any job requirement. Its size and earthmoving capacity favours the mining industry and the large-scale removal of overburden."

The purchase of the D10 marks a significant milestone for Reynolds Plant Hire.

Fifteen years ago, Dave Reynolds bought his first piece of machinery — a 60 kW bulldozer. This early machine is dwarfed by the massive D10. Powered by a twin-turbocharged and after-cooled V12 Cat D348 diesel engine, the D10 produces 522 kW enabling it to move nearly twice as big a load as the next largest Caterpillar track-type tractor.

RDM 17/6/80.

Blacks shut down

(30)

Staff Reporters

HUNDREDS of black, coloured and Indian shops and offices in Johannesburg, Pretoria and parts of the Reef closed yesterday in the biggest business shut-down since the 1950s.

Business was almost at a standstill all day in the south-western Johannesburg townships of Lenasia, Kliptown and Eldorado Park.

Almost all shops in Soweto, Atteridgeville and Mamelodi, the Pretoria coloured township of Eersterus, and in the Indian township of Laudium, closed at 11am.

It pays to have standing money plan

IT doesn't matter how much or how little you earn, what we have to say makes sense for everyone who really wants to use his money sensibly.

The first thing to realise is that you must have a money plan, or budget, as it's called. This simply means that you work out in advance just how you are going to spend your money. You make sure that it is being used on the things you and your family really need.

You stop just buying things from day to day as they take your fancy and blindly hoping that your money will last until next pay day.

In other words, you plan your spending so that you know where you stand financially all the time, instead of just guessing. As we put it, "having a money-plan prevents part of the week or month being left at the end of your money!"

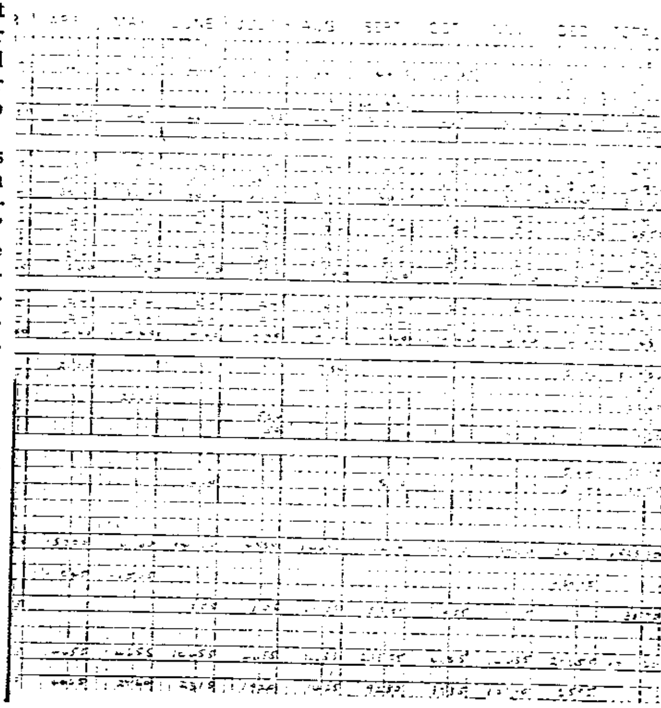
We've said before that there is no easy, magical way of successful money-planning. It requires hard work and dedication, especially at the beginning when you probably have to get rid of some bad spending habits. But the rewards are peace of mind and greater confidence in facing life — surely well worth the effort!

INCOME

Before you start working on a money plan you have got to have a clear picture of your financial position — what you earn, your income, and what you spend, your expenditure. Whether you own a business or are just a wage earner, cash is coming in and going out all the time. In financial terms this coming in and going out of money is called "cash flow." You must stop casual spending without even knowing whether you can afford it and start planning all your spending in relation to your "cash-flow".

To do this, it's obvious that you must keep an accurate, up-to-date record of your "cash-flow" — the money you have coming in and the money you spend. This record is the basis for working out your own money-plan, or budget.

Many "Business **POST**" readers have written to us asking how to actually set up their own budget. As we have said, the first thing is to get a clear, accurate picture of your "cash flow". We told you that the best way to do this was to write down your income and expenditure for the past year From this record of your past spending habits you can learn and plan for the future.



We have drawn up such a record, or "cash-flow" chart as we call it, for our old friend John, a Soweto resident, married with two children, who has worked for many years as a messenger for a big company in Johannesburg. This is what it looks like.

Let us study John's cash-flow chart for a few minutes.

Obviously, we are only using details of his income and expenditure over the year as an example. You won't be able to match your own figures exactly to his. Each one of us has different spending needs and priorities depending, for example, on the size of one's family. You and you alone can decide what your family needs most at any given time.

You will see that John's expenses were heavier than usual in January and December. Spending over the Christmas period is always heavy and John had to use his small amount of savings in his Savings Bank Account to help him out. Remember, when we said some time ago how important it is to start saving a small amount regularly so that you have something to fall back on to meet emergencies and unexpected bills, as well as to enable you to save up gradually for that big purchase you want to make.

Look at John's spending on clothes. He can see that on the basis of last year's spending, January, April, August and December are the months in which he has clothing bills. By adding up the whole twelve months and then dividing by twelve, he knows that on average he has to put away close to R9 a month to provide clothing for himself as well as his family.

You should ask yourself these two basic questions once a year:

Have you saved anything during the year?

Are you less in debt?

If your answer is yes to even one of these questions, you are managing your money pretty well. But, if your answer is no to both questions, then you must go back and examine with a critical eye some of the basic reasons behind your spending.

We will continue next week on this very important and interesting aspect of money-planning, which so many of you have written to us about.

These articles are written by the Sandard Bank and if you have any queries or comments don't hesitate to write about them. The address is The Manager, The Standard Bank of South Africa Ltd, Public Relations Department, P O Box 62325, Marshalltown 2107.

'Give back yard man a chance'

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SMALL business entrepreneurs such as those operating illegally in the backyards of Soweto can make a significant contribution to a country's economic development, if given a chance — a symposium hosted by the South African Institution of Civil Engineers was told in Umtata this week.

Speaking on community services in a developing country, the managing director of Small Business Development Corporation, Mr M J Oosthuizen, said his orgaisation had located over 250 small businessmen in Soweto.

Although operating illegally from their backyards they were contributing beneficially to the country's economy with production of goods and services.

"These entrepreneurs should not operate in perpetual fear of the mighty hand of bureaucracy applying its confusion of sophisticated rules and regulations.

"They should rather be encouraged to acquire proper working premises," Mr Oosthuizen suggested.

For a country to function smoothly, a healthy business environment — as free as possible from government intervention and with emphasis strongly on the profit motive — was of the utmost importance.

PROGRESS

"There is enough of the Scotsman in every person to make him work harder for his own welfare and progress," Mr Oosthuizen said.

Who would get up in the middle of the night to repair a broken windmill belonging to the state or to attend to a sick government-owned cow, Mr Oosthuizen asked.

The most eloquent praise for the private enterprise system, he said, was contained in the communist manifesto by Marx and Engels, published in 1848, in which they said, in all of human history nothing had released so much productive power as the capitalist system.

Mr Oosthuyzen said industrial revolution in Britain and the USA had had small beginnings — from owner managed businesses which developed into large organisations.

"It was Gandhi who said that the world cannot be saved by mass production but rather by the masses," he added.

To promote capital formation among masses Mr Oosthuyzen strongly recommended land tenure rights and home ownership.

OWNERSHIP

Economic development was a matter for the whole population in any country, he said.

For that reason he firmly believed that the right to ownership of property or, at least, a long-term lease on land and buildings, was a prerequisite for meaningful progress.

"The provision of housing which satisfies the legitimate aspirations of the individual, is one of the most important components of the quality of life.

"The willingness and ability of people to pay for their own housing has been underrated in the past and this has contributed to there being insufficient housing today," Mr Oosthuyzen said.

Carter . . . labour costs will be cut substantially

Gregor: "I have no intention of cutting rates. It doesn't make sense. That's the way to a loss situation." Volkskas says firmly, "No rate cuts will be offered to merchants."

Offering dual cards to bank customers is an attempt to expand membership as banks obviously expect customers will avail themselves of both cards. and an attempt to rationalise expensive processing.

Carter: "We joined Visa to enhance our customer service and stabilise costs. We will install an optical scanner which will enable us to process in one hour what presently takes a day. Labour costs will be cut substantially."

A capital cost of roughly R2m is involved. Carter: "With the decreased staff numbers and reduced labour costs we hope to achieve. we look to amortise these costs in four years."

Competition

Competition for customers is likely to hot up dramatically. Says Gregor: "The name of the game is volume." Right now Barclaycard leads with 557 000 members. and Gregor expects these to increase to over 1m. Standard trails with 375 000. Volkskas hopes to sign up 150 000 in the first year of operation and "we hope to break even on costs within three years."

Gregor is sceptical about dual card operations. "I accept the other cards may take business away from me because there is a limited market. But we have no intention at this stage of joining Master Charge. It's hard enough to administer one card. Running two cards doubles the risks."

Gregor . . . margins are narrower than in any supermarket

As he says. "setting-up costs are enormously expensive." He claims that banks launching into credit cards now. could expect to make losses for the next three to five years.

FM 30 20/6/80

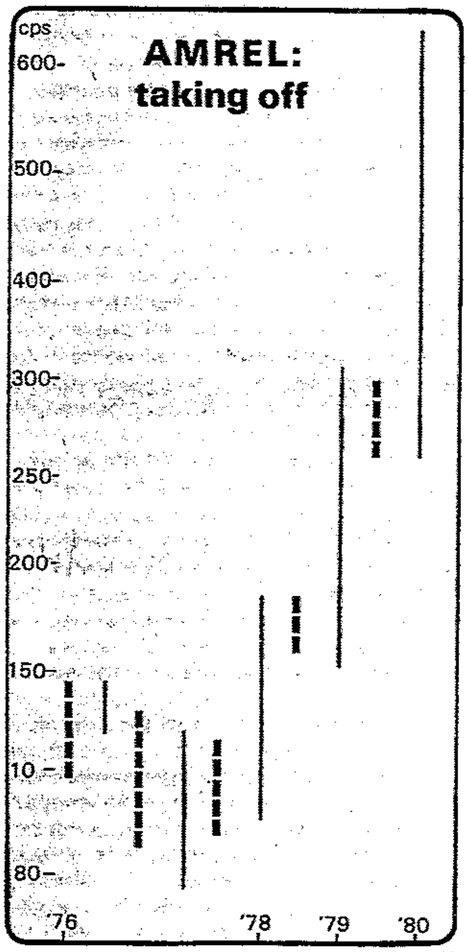
AMREL

Expanding the base

Activities: *Retails furniture from 127 stores and shoes from 209 stores. SA Breweries owns 67,2% of the equity.*
Chairman: *R J Goss; managing director: R S Cohen.*
Capital structure: *6,9m ordinaries of 25c; 400 000 6% cum red prefs of R1; 170 400 8% cum red prefs of 82c. Market capitalisation: R42,4m.*
Financial: *Year to March 31 1980. Borrowings: long- and medium-term, R7,2m; net short-term, R28,6m. Debt:equity ratio: 109,2%. Current ratio: 2,0. Net cash flow: R6,7m. Capital commitments: R3,4m.*
Share market: *Price: 615c. (1979-80: high, 630c; low, 160c; trading volume last quarter, 34 000 shares). Yields: 20,3% on earnings; 6,7% on dividend. Cover 3,0. PE ratio: 4,9.*

	'77	'78	'79	'80
Return on cap %	15.2	13.3	16.9	21.3
Turnover (Rm)	58.5	59.6	76.7	126.6
Pre-tax profit (Rm)	3.8	3.6	6.8	14.8
Gross margin %	9.8	9.7	11.9	13.5
Earnings (c)	41	39	71	125
Dividends (c)	14	12.5	23.5	41.5
Net asset value (c)	281	307	356	444

Consolidation of Shoe Corp for the first time last year was responsible for 59% of Amrel's turnover increase and 30% of the improvement in pre-tax profits for fiscal 1980. It did not, however, have any material impact on earnings per share as the acquisition was financed by an issue of shares, and the earnings of the new division on these additional shares approximated those of the furniture sector on the old capital.



The acquisition was nevertheless significant in that it probably allowed Amrel to expand its activities faster than would otherwise have been the case.

Expansion, as chairman Dick Goss points out, is usually governed by the group's ability to finance its ongoing business out of retained earnings plus a commensurate measure of additional borrowings. In this context, however, Amrel's capacity for growth must have been enhanced by Shoe Corp's smaller debt structure at the time of the takeover, and the cash nature of its operations which would have had a beneficial effect on the overall working capital requirements of the enlarged group.

The additional investment in net working capital last year was R23,2m, of which R4,7m represented the consolidation of Shoe Corp. But the increase in borrowing capacity meant that the group was able to cover more than half of this (R12,1m) through new loans without any significant effect on the balance sheet which has retained basically the same structure for the past three years. By way of contrast, in 1979 additional debt capacity was only R4,2m at a constant debt:equity ratio.

This improved growth potential enabled the group to expand its furniture division from 116 to 127 stores, after 14 openings, three resitings and three closures, compared with a net increase of only two in 1979. As a result, it was able to increase its share of the total market, as is evidenced by the 27% improvement in turnover compared with the estimated rise of 20% in national retail sales of furniture and appliances.

In its first year under Amrel control, the shoe division also saw considerable activity, with 22 new openings, 19 resitings and 30 closures for a net decrease in the chain from 217 stores to 209. But this was compensated for by a considerable expansion of Multiserv heel bars of which there were 75 at the year-end against 56 at the time of the takeover.

For the current year Goss expects 20 new furniture shops to be opened and a further five resited. After two or three possible closures the furniture division should, therefore, consist of about 145 outlets. Development of the shoe division will also continue, with a total of 47 new units planned, excluding 20 Multiservs.

Goss says the capital structure of the group is adequate to finance the growth envisaged, but overall debt structure will be improved by increasing the long-term portion from the present 20%.

The annual report does not give much of a guide as to what earnings are likely to do this year except to say that growth wi...

Shoe Corp ... consolidation means well-heeled earnings

Grandbaz rise ahead

RDM 20/6/80

CAPE TOWN. — Grand Bazaars expects a rise in turnover from new stores to lead to another boost in dividends, which rose 37,5% to 22c in the year to February.

Profits will benefit from a full year's trading by Ultra Markets in Port Elizabeth and Uitenhage after contributing for only four months of last year, say the joint chairmen, Mr Manual Sachar and Mr Max Sachar.

Enlargement of the Wynberg store into an ultramarket will also make it a bigger profit earner.

The group's main aim is to cut prices further and maintain better cost control.

Retail sales climbing

(30)

RDM 20/6/80.

Financial Reporter

EXPECTED retail sales for June are up by more than 7% from R704 090 000 in June last year to R758 430 000 — based at constant 1975 values.

According to figures from the Department of Statistics, the slowing in sales in the first quarter was minor and the pace quickened in the second quarter of this year.

Figures show an increase of 5% in total sales at current prices for the second quarter compared with the first quarter with the rise in constant prices 2,2% up. Both figures have been seasonally adjusted.

Consumer spending, which has been gathering momentum since the middle of 1979, is growing at an annual rate of nearly 10% at constant prices and should increase at a faster rate from July when tax cuts come into effect.

The estimated R800-million increase in real disposable income is reckoned to push private consumption expenditure up by about 2,8%.

This additional demand could push prices to even higher levels, thereby lowering real income.

Another important factor contributing to the acceleration in retail sales is the increase in black spending which has until recently been relatively weak because of the high rate of unemployment.

Furniture and household appliances, clothing and shoes are still reporting substantial volume gains, with motor dealers hard pushed to meet demand.

Food sales — where blacks are a major factor — have increased significantly and retailers expect this upward trend to continue.

Mr Ken Coote, of OK Bazaars, said in an interview that his company was experiencing record sales, with figures at least 15% above those given in the retail sales index.

"Sales for the last financial year were up 13% and we expect figures for this year to be 15% ahead of those."

OK Bazaars reports an increase in hire-purchases sales as consumers are anticipating the extra money that will come from tax cuts.

Retailers are confident that consumer spending will continue at least until the end of the year and some economists predict sales to be 19% up on their level at the end of last year.

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RDM 21/6/88

Council slated on shops for coloureds

THE predominantly coloured United Businessman's Association yesterday complained that the Johannesburg City Council was not consulting them when allocating shopping premises to prospective owners.

The chairman of the association, Mr S Moffat, commenting on what he called "disregard" for his organisation, said although he did not want to sound like a racist, he felt strongly about the allocation of a shop in Eldorado Park to a race other than coloured.

A number of coloured people who had applied to run the shop had been turned down, he said.

"According to Government law, each population group in South Africa is required to do business among its own people. We do not agree with the separate development policy.

"But since it was forced down our throats by the Government, it must be adhered to, especially by those whose policy this is," Mr Moffat said.

Since the organisation was formed early last year, he said, its efforts to liaise with the city council and the Coloured Development Corporation had met with the "least willingness".

"This is in spite of the legitimacy of the organisation," Mr Moffat said.

No official comment could be obtained from the council. — Sapa.

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22/6/80

SUNDAY POST June 22, 1980

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Registration not difficult - Wrab

By Z B MOLEFE

BLACKS, who employ blacks in the townships, need not have difficulties registering their workers, said a West Rand Administration Board (Wrab) official this week.

Mr E Steenhuisen, Wrab's director of labour, added: "This is provided they follow the legal procedures laid down."

He was reacting to the outcry from employers in the townships who, in a SUNDAY POST series focusing on blacks employed by their own people, complained that their greatest difficulty was registering their workers.

As a result, employers and their employees, agreed that mass exploitation of these workers is rife.

According to Mr Steenhuizen employers in the townships must satisfy the Co-operation and Development Commissioner that their employees have accommodation.

Accommodation is in a hostel or with townships' residents where the workers had obtained lodgers' permits.

Mr Steenhuizen, then pointed out: "These applications, if approved by the Commissioner, then come to the board."

Soweto's coal workers — a better deal ahead?

Employing blacks legally a problem - black firms

On the allegation by Soweto coal dealers that they could not get hostel accommodation for their workers from the rural areas because Wrab favoured white coal merchants' employees, Mr Steenhuizen said:

"In that case, the board has no authority to grant accommodation to workers from outside its jurisdiction."

SUNDAY POST has learned that the problem of unregistered workers in the townships stems from two reasons.

Firstly, employers are not well-versed in the regulations. And secondly, the majority of these workers would in any case, be endorsed out of the urban areas, if the authorities knew they were there.

This, in a way, explains the trade union's wish to organise workers working for their people in the townships.

UNIONS TIGHT-LIPPED

Although most of the unions are tight-lipped about their intentions to organise township workers, SUNDAY POST learnt that moves in this direction are afoot.

There is also talk that the Department of Manpower Utilisation has been approached to give industrial councils jurisdiction over larger areas. In the case of cities like Johannesburg, this would include Soweto.

It'll be boom city if

22/6/80 SUN

Indians ready to pour huge sums into 'open' Durban CBD

TRIB

~~258~~ 30

By TICKS CHETTY

INDIAN businessmen are ready to plough millions of rands into Durban's Central Business District if the Government gives the go-ahead for this part of the city to be opened to all races, making Durban the first major city to have a mixed CBD trading area.

The move to declare the CBD open in terms of the Riekert Commission's recommendations went a step further this week when the Durban City Council voted in support of the area becoming multiracial.

The council will now advise the Government of its decision. Should the Government agree to the CDB becoming a mixed trading area, all race groups will be able to buy and build property in prime shopping areas like Smith, West and Field streets — currently reserved exclusively for whites.

Indian businessmen said this week that if the CBD was made an open trading area, Durban would experience its biggest development boom in more than 50 years.

They said money was available for this development and all they needed to build and trade in the area was a Government go-ahead.

They were confident the move to grant blacks this new dispensation was now a mere legal formality.

Uthum Hargovan, a Durban businessman, said: "I am sure that millions will be ploughed into the CBD as soon as the Group Areas restriction on trading is removed. People, who have hitherto been reluctant to expand their businesses or venture into new ones because of the problems they are experiencing in the Grey Street complex are now bound to feel more confident."

Change patterns

He said the trading patterns of Indians would also change once the CBD was opened to all. They would go more for the establishment of big supermarkets and shopping centres to be able to compete with their white counterparts.

Karsandas Manjee, chairman of the Grey Street Local Affairs Committee and a chartered accountant, said hundreds of Indians had traded in the white areas until they were "kicked out" in terms of the Group Areas Act.

This had happened because white traders feared competition from Indians. But this fear had since been removed because whites now realised that the opening of the CBD would benefit them as well as blacks.

Buying power

The growing buying power of Africans, Indians and coloureds now made it necessary for trade to be more evenly distributed throughout the CBD.

Mr Manjee said that development in the Grey Street complex had been retarded because of the acute shortage of business sites and high property prices. Rents were also very high.

Mr Manjee said that because of these problems some Indians had moved to white areas where they opened shops by using whites as "fronts".

Another factor which caused development to be retarded in the Grey Street complex was the high rates Indian property owners had to pay.

James Aikman, assistant general manager of the Durban Chamber of Commerce, said the chambr had called for the CBD to be opened to all races because it believed the various racial groups should have equal trade opportunities without restrictions.

Blinds often are victims of raw HP deals

Post 23/6/80

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By SUZETTE NXUMALO

BLIND people are getting a raw deal under HP agreements — and nobody seems to be able to do anything about it.

And the people to blame are unscrupulous salesmen — who seem to take advantage of the fact that the blind cannot see the wares they buy.

Mr Geoffrey Hylton-Barber, manager of Itereleng Institute for the Blind, has confirmed this victimisation of the blind in Hammanskraal and has asked local tradesmen to consult him first before selling anything to any person from his institute.

"Some do but there are unscrupulous salesmen who will do anything," he said.

Miss E Motaung, ordered a stove and was given an old one. After a series of complaints the stove was replaced. But even the replacement was not the stove of her choice. When it came to arranging for payments she thought she was lucky when a salesman offered to collect the money from her and pay it into her account every month.

NOTICES

"After some time I realised that my balance was not decreasing. Then my receipt book which was kept in the store disappeared. It was later established that this man was just collecting money from me and not paying it into my account."

"Then I received silly notices from the store and had a rude salesman calling on me. It was all very annoying," she said.

Miss Motaung said she wrote a letter of complaint to the company's head office but got no response.

There was also no sympathy for her when **DIGNITY WATCH** investigated.

A man at the company's head office told **DIGNITY WATCH** that he remembered the letter and that he had replied to it.

"What people must realise is that we are not a welfare organisation. If people owe, they must pay.

Ms Maryline Goldberg, secretary of the Furniture Traders Association said people who buy their goods from furniture shops which are members of the furniture traders' association have a much better chance of getting a fair deal and protection when they need it.

"All our members adhere to our strict code of conduct. Anybody who buys from any of our members and feels he has been cheated can contact us. But a complaint must be justified. And people should not wait for ages before complaining.

Ms Goldberg said blind people usually brought people who could help them when they go shopping but said the shops do not insist on this as a rule.

"If blind people were required to bring people, the same rules would have to apply on deaf or dumb people.

Butchers fear close-down as strike continues

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CAPE TIMES 23/6/80

By LIZ McGREGOR

MANY BUTCHERS in the Cape fear they will be forced out of business as the deadlock between employers and workers in the meat industry enters its fifth week.

Four weeks ago, 800 meat workers went on strike in support of the demand by workers at two meat wholesale firms for recognition of their elected workers' committees.

This was followed by a boycott of red meat by the community in support of the workers' demands. At the beginning of this month, more than 120 butchers from the Cape Butchers' Association, stopped selling red meat for three days in support of the workers.

There is still a complete boycott of red meat in the black townships, where butchers have sold only chicken and eggs since the first call for a boycott over three weeks ago.

Butchers in Retreat and other Cape Flats areas yesterday expressed their concern for the situation which, they said, was deteriorating.

"We are very worried about the situation, especially as there seems to be no hope of negotiation at this stage," a spokesman for the butchers said.

"Some butchers are finding it very difficult to keep up with their payments with the demand for red meat as low as it is and the longer this situation continues, the more serious it becomes."

The butchers appealed to the meat employers to "enter into negotiations with the workers to bring the situation to normality as soon as possible".

RDM 24/6/80

(30)

Lifo takes the shine off Sterns

By DAVID CARTE
Deputy Financial Editor

AFTER SEVERAL bullish Press announcements during the past year - for instance- ,"sales up 70% in December", "new Andre chain a glittering success" - the Sterns results for the year to end-February may be disappointing at first sight.

Pre-tax profit fell 7% to R1 214 000 (1979: R1 307 000) and thanks to a lower tax rate, taxed attributable profit and earnings per share rose 7% to R814 000 (R755 000) and 21,75c (20,17c) respectively.

The final dividend was raised to 8c (6c), making a 1,45-times-covered 15c (11c) for the year.

But these profit figures were after allowing for the more conservative, tax-saving lifo method of stock valuation, which knocked R1 563 000 (R961 000) off pre-tax profit.

Without lifo, pre-tax profit was 22% ahead at R2 777 000 (R2 273 000) and earnings per share were 21% up at 40,84c (33,58c).

At a time when earnings growth of around 30% is expected of companies, even this could be regarded as disappointing, especially in the light of so many bullish statements from the company.

Not immediately visible in this set of results is the effect on profits of a big expansion drive, especially in the Andre chain of up-market jewellers shops. These new openings involved heavy one-off start-up costs.

Sterns chairman, Mr SFJ Barnett, says sales in the first two months of the current year were 45% up on the same period last year. Provided there were no political or economic shocks, he reckons on substantial growth in the year ahead.

Sterns certainly has a lot going for it. It claims 70% of the retail diamond market in SA.

Higher disposable incomes as from July should be a boon, and the new chain Andre will, this year, be in for a 12 months, compared to only eight months last year. And in 1981 start up costs should be less of a burden.

Another trump card up Mr Barnett's sleeve is the Sterns Star and its two satellites - three nearly-flawless yellow diamonds weighing a total of 133 carats for sale in London for a cool R2-million.

When these are sold they will nearly double turnover. It might do the same for profits, but of course, the effect will be once only.

Sterns yields 8% on the new dividend.

24/6/80 ARGUS

Ratepayers to fight liquor supermarket plan

(30)

Municipal Reporter

GREEN and Sea Point Ratepayers' and Residents' Association will fight plans to build a liquor supermarket with parking for 150 cars at Varney's Corner, Green Point.

The matter will be discussed at a meeting of the association's executive committee tonight.

And city councillor Dr John Sonnenberg told The Argus in an interview today that he would fight any application to rezone a residential area behind the site to provide parking.

'The streets behind Varney's Corner are a very quiet, select, residential area and there is a school.

DISLOCATION

'I can only foresee a considerable dislocation of the area if parking for 150 cars is allowed there, and I am going to fight it the whole way.'

Cape Town City Council objected in August last year when Solly Kramer's Ltd applied to the Liquor Board for the transfer of a licence from a bottle store in another part of Green Point to Varney's Corner.

But the licence was granted and Solly Kramer's Ltd, which has bought a row of shops and a restaurant at Varney's Corner, has given notice to the tenants to move out.

REZONE LAND

'We understand that the firm will apply to Cape Town City Council to rezone land behind the shops to provide parking for 150 cars,' Mr Chris Joubert, chairman of Green and Sea Point Ratepayers' and Residents' Association told The Argus.

'I shall suggest to my committee tonight that we ask the council to refuse this request.

'We object to a plan for a big discount liquor supermarket on this site, with placards and parking for a lot of cars, because it would cheapen the area.

'That part of Green Point did become a little run-down but it is about to be up-graded by the construction of some very expensive town houses. The owners will not want a bottle store on their doorsteps.

CONTROL

'Green and Sea Point is a select area and parts of it which have been neglected in the past should be up-graded, not downgraded.'

The City Council has asked the Administrator to approve new provisions to the town planning scheme which would enable the council to control the siting of off-sales liquor outlets.

At present the council cannot prevent the sale of liquor from any site that has been zoned for general business or commercial use.

'Siting control is being sought because, among other reasons, liquor bought at some bottle stores in business zones close to residential areas generates traffic and pedestran activity which can be harmful to the surrounding residential development,' said Mr Reuben Andrew, the City Council's civic information officer.

Boards remain garage owners big problem

By WILLIE BOKALA

BLACK garage operators fighting for the control of their sales rebates are faced with only one obstacle now — administration boards.

30 Post 24/6/80

Revealing this yesterday, Mr Richard Maponya, chairman of the Black Garage Proprietors' Association (BGPA), said petrol companies who had built the garages were now willing to see the stations transferred to black operators.

And the community councils — particularly the Soweto Council — have also indicated they supported the operators' struggle for complete ownership of the petrol stations.

The garage operators want to own the stations so that thousands of Rands, said to be reaching over R83 000 a month and being paid as bonus to the administration boards, can be paid to them.

Mr Maponya said yesterday that petroleum companies wanted garage operators to take over the station but the administration boards were still resisting.

And now his BGPA is seeking a meeting with the Minister of Co-operation and Development in order to get the garages transferred to black operators.

The garages are built by petrol companies and then handed over to either the administration board or Economic Development Corporation — in cases of homelands — who then appoint an operator.

Mr Jan Bosman, public relations officer for the Wrab, said the operators went into a business agreement with the Wrab fully realising what the business entailed. "If they have new suggestions or requests they should come to the Board. This cannot be done through the Press," he said.

Traders arrears spell trouble

Post 26/6/80 (30)

By WILLIE BOKALA

THE Soweto Council is likely to lose over R4 500 owed to them by traders unable to pay their rent.

The traders, mostly from Orlando East, also face eviction and the loss of their trading rights.

The council's Trading and Transport Commtitee had already recommended that the traders be given 30 days notice; that their trading rights were to be cancelled and that the council's attorneys be instructed to recover all outstanding fees as at date of cancellation.

But this recommendation has been held up by the full council to give the traders a chance to pay their arrears after a councillor, Mr T J Ramathibela, had pleaded on their behalf.

Some of the traders owe as much as R1 157 and R1 102. Some have been in arrears for over five months and their arrears are accumulating monthly.

Asked why most of the traders falling into arrears were from Orlando East, Mr Ramathibela said the area was being overtraded and that there were at the moment more than 130 traders doing business.

"I have been running around trying to see what I can do for these people. I understand their problem and it would be bad for us to abandon them without trying to help. I have already formed a traders select committee which will look after the interests of traders here," he said.

But Mr Veli Kraai, chairman of the Soweto Chamber of Commerce, said the matter had not been brought officially to the attention of his chamber. "We have just heard about it and it has made us angry.

"Angry because when people are given trading sites we are not consulted. We are the people who know what trading means and which areas are good for trading. A place like Orlando East is not a good place for trading. But people continue to be given trading sites there, by people who know nothing about business," he said.

He said the area was overtraded in addition to being bad for business. "Those people trading in Orlando East have it tough. They are not purposely refusing to pay but they don't have money because it is not coming in. They are not making much really.

"One other mistake is that they have a councillor trying to help them who in fact knows nothing about business," he said.

The problem with Orlando East is that most of its residents are pensioners. Business is normally bad in such areas.

Now Mr Josia Moloko, who heads Councillor Ramathibela's trade committee, says their aim is to collect as much money as possible from traders so that they can have a fund from which they would help those in difficulties.

Saficon going for 26% rise in earnings

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RDM 27/6/80.

By DAVID CARTE
Deputy Financial Editor

SAFICON, the listed Mercedes-Benz and Volkswagen dealer and the biggest shareholder in Boumat, is looking for a 28% jump in earnings in the year ahead. And thanks to the benefit of preference share gearing, Safic, its pyramid, is looking for 37,6% earnings growth, says the annual report published today.

The chairman, Mr Sidney Borsook, projects earnings of 65,8c a share and a dividend of 19,5c for Saficon, which in the year to March 31 earned 48,1c and paid 14,25c.

For Safic, he projects earnings of 72c a share and a dividend of 20,5c, compared to the 52,3c earned and 14,75c paid in 1980.

Mr Borsook stresses these are projections and not forecasts. They are based on assumptions of an 8% increase in unit sales, 12% price increases, unchanged margins, costs rising by not more than 15%, interest payments rising by 23% and increased earnings from Boumat.

After a difficult first half, in which car sales and use were depressed by the oil supply and price scare of June 1979, Saficon surged ahead in the second half, largely on the strength of Volkswagen Golf and reviving Mercedes' sales.

Saficon's unit sales of cars rose 26% in a total market that expanded by 4,5%. Its light commercial sales fell 25% in a market that grew 3%, and its heavy commercial sales rose 23% in a market that grew 12%. Saficon's share of the national car market rose from 4,5% to 5,4%.

Motor distribution contributed 67% of earnings, Boumat 19%, component manufacture 7%, holding company income 5% and property 2%.

Saficon's stake in Boumat rose from 593 000 to 797 000 shares during the year, representing 20% of the equity. Since the yearend, another 383 500 shares were acquired, bringing the current stake in Boumat to 1 181 000 shares — nearly 30%.

Boumat expects to increase earnings to 138,1c a share and the dividend to 32c this year promising an attributable R1 631 000 of earnings and dividend income of R378 000 for Saficon.

Once again, the reports of Safic and Saficon are full of Joel Sternsian ratios, including return on average net assets of 15,56% against 11,76% in 1979 and a "sustainable growth rate" of 15,27%. This is obtained by multiplying return on equity by the retention ratio. All this highly esoteric number crunching is presumably done to promote understanding of the company.

How unfortunate then that the strike in the Volkswagen plant, which could conceivably throw these academic calculations out quite badly, is not even mentioned.

And no idea is given of the relative importance of income from car sales, the workshops and petrol sales.

The annual report seems to have strengthened Saficon shares which moved up 15c to 215c yesterday. At the current prices, Saficon yields 6,6% and Safic, at 210c, 7%. The prospective yields, on Mr Borsook's projections, are 9% for Saficon and 9,8% for Safic.

As a rule, when yields are similar, the top company is preferable. After all, that is where control is. In this case, with its historical and prospective yields higher and pref gearing working for it, Safic looks the better bet.

Malbak hopes to beat profit record

RDM 30/6/80

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MALBAK is confident of achieving further earnings growth in the 1980-1981 year, says the group managing director, Mr Grant Thomas, in the annual report.

"Stimulated by exceptional gold sales, abundant liquidity and a growth-encouraging Budget, the business climate in South Africa seems fortunately to be out of step with major Western economies and there appear to be adequate reasons to anticipate that favourable conditions will prevail throughout the forthcoming year. All group divisions should benefit from a year of above-average growth."

Having produced record earnings of 50,4c a share in the year to March, the growth target for this year may well be substantially above the historical average of 17,2% compound rate achieved since the group was formed 12 years ago.

If a 20% improvement can be achieved, earnings will rise to almost 61c a share and a total dividend of 22c would be possible without disturbing the near 2,8 times cover of last year.

One of the past year's features was the 24,6% return on ordinary shareholders' funds. This was a 39% improvement on the 17,7% return of the previous year.

Although margins within certain group operations came under pressure, the 28,2% rise in turnover to R129-million was not the sole influencing factor in the pre-tax profit rise of 58,2%.

Central to the improvement in the position this year was the part played by recent acquisitions, PCI and Maccabee.

Other significant features of the accounts include the improvement in net asset value from 204c to 230c and the intact 48,3% ratio of shareholders' funds to total assets in spite of the year's cash-funded acquisitions.

Of the five major divisions — all of which are autonomously managed and financed — Bakke remained the single largest source of profit, contributing 42% of the net total. This packaging, plastic products and mining supplies division achieved the same profit as last year in spite of higher raw material costs and the greater than expected costs associated with rationalising its two injection moulding companies.

There are signs that material costs in the current year will level out and there is little likelihood of supply problems.

Maccabee, which became a wholly owned subsidiary and which is now the light-engineering division, accounted for 15% of the profit total. The contribution — representing 7,5c a Malbak share — arises from earnings for only nine months, so the current year will be the first in which a full contribution is recorded.

The motor retailing division, Malbak Motor Holdings, was influenced by a difficult trading climate, particularly in the first half of the year and thus contributed only 8% of the total profit.

Stemming from higher petrol costs and speed restrictions, the structure of the division was reappraised, resulting in the absorption of certain one-off costs associated with the closing of several outlets.

The slimmer operation, coupled with expected benefits to flow from the integration of the BMW franchise in the Free State last year, should result in more acceptable profit levels in the current year.

Malcomess, the farm machinery division, showed a strong recovery from 1979's profit slump and made up 13% of the total 1980 profits.

Certain administrative problems within the division remain to be overcome, but buoyant trading conditions are expected to continue throughout the current year.

Group services, embracing the recently acquired process control instrumentation, contributed the 22% balance of total profits.

PCI's profits surpassed budget and the company's advantageous position in the instrumentation industry should allow for further operational developments and profit growth.

Malbak's pre-tax profit rose to a record R9 100 000 (R5 500 000) and net profit attributable to ordinary shareholders totalled nearly R5 300 000 (R3 500 000). Earnings a share were 50,4c (33,5c) and a total dividend of 18c (13,5c) was paid.

Red meat on sale in townships

ARGUS 1/7/80

(30) (AFR) (FOOD)

SIXTEEN butcheries in Langa, Guguletu, and Nyanga, who have been boycotting meat for the past six weeks in support of the 800 striking Table Bay Cold Storage meat workers, started selling red meat again today.

Mr Thomas Mandla, president of the Western Province African Chamber of Commerce, told The Argus today that the decision to sell red meat was made by members of the chamber after realising that the boycott was counter-productive.

It was realised that some members of the chamber were unable to meet their overheads because of the meat boycott,' said Mr Mandla.

ADVANCEMENT

Mr Mandla said it was the policy of the chamber that anything that affected members of the chamber in the advancement of their business should be done away with.

Asked whether the reselling of red meat would not cause antagonism between the bucheries and the community of the townships, he said: We had assessed the situation before taking the decision and we arrived at the conclusion that the people appreciate the fact that we had been loyal to the boycott of the meat workers for six weeks, and the people themselves are tired of the boycott.'

INEFFECTIVE

Mr Mandla said the chamber had also pointed out to the Western Province General Workers' Union — the body behind the meat boycott — that the boycott was ineffective because of the withdrawal of the Cape Peninsula Butcheries Association which has 180 members. The association boycotted red meat for three days only.

'However, our withdrawal from the boycott should not be seen as condoning the action of the employers of Table Bay Cold Storage. We fully support the stand of the striking meat workers,' Mr Mandla said.

A spokesman for the Western Province General Workers' Union said the meat workers were 'very disappointed' at the butchers' decision and had called on the community to continue the boycott of red meat.

MR THOMAS MANDLA back at using his big knives at his butch[ery] again after a six weeks meat boycott by 16 butcheries in Langa, Gu[gu]letu and Nyanga in support of the 800 Table Bay Cold Storage m[eat] workers.

Red meat on sale again in Cape's townships

STAR 1/7/80

(30)

(186)

(132)

Own Correspondent

CAPE TOWN — Red meat was again on sale in Cape Town's African townships today, five weeks after butchers stopped selling it under community pressure to support the 800 striking meatworkers.

A spokesman for the Western Province General Workers' union said the meatworkers were "very disappointed" at the decision of the butchers and had called on the community to continue the boycott of red meat.

The selling of red meat follows a decision yesterday by the Western Province African Chamber of Commerce, to which the butchers belong.

"We stopped selling meat in sympathy with what had happened to the workers. But it wasn't meant that we would carry on indefinitely," said Mr Thomas Mandla, president of the Chamber.

The South African Council of Churches gave support last night to a nation-wide boycott of red meat following rejection by employers of its offer to mediate in the Cape Town meat industry dispute.

The SACC general secretary, Bishop Desmond Tutu, said employers seemed "bent on starving out the workers."

"This action is suggested most reluctantly because of the uncooperative attitude of the employers," he said.

Mrs Joyce Harris, national president of the Black Sash, said today the organisation endorsed the recent statement by the Institute of Race Relations on the strike.

The statement said the demand of the workers for democratic non-racial representation was frustrated to the point where they had little option but to strike.

Nafcoc welcomes the liquor concession

By JOHNNY MASILELA
Pretoria Bureau

THE Government's decision to open liquor trading in black urban areas to black businessmen has been welcomed by Mr Sam Motsuenyane, the president of the National African Federated Chamber of Commerce.

Speaking after a meeting in Pretoria with the Minister of Co-operation and Development, Dr Piet Koornhof, Mr Motsuenyane said Nafcoc had rejected the recently proposed 51 — 49% black and white business partnership proposals at the meeting.

He said Nafcoc had expressed it's preference for loan capital, and the Minister subsequently told the delegation a Bill was passed at the last Parliamentary session allowing the Industrial Development Corporation (IDC) to finance black entrepreneurs as well.

Previously, The IDC only made loans to white industrialists.

Mr Motsuenyane said that Dr Koornhof told Nafcoc three Bills would be introduced next year relating to matters such as the Riekert Commission recommendations.

Dr Koornhof also:

- Promised to consider subsidies for Nafcoc's Training Programmes; and,
- Promised to reconsider firearm licence applications — which have been previously refused for black businessmen — if they are re-submitted.

RPM on books stays for now

STAR 3/7/80 30 2447

A decision on Resale Price Maintenance for books has been postponed.

This was announced in a notice sent to booksellers on June 30 by the General Secretary of the Association of Booksellers of South Africa on behalf of the Minister of Commerce and Consumer Affairs, Dr van der Merwe.

On June 4 the Minister asked certain bodies, such as the Book Traders Association of South Africa and the Indian Booksellers Association, for their recommendations.

He is expected to make a final decision either way once he has studied these reports.

The dropping of Resale Price Maintenance would trim prices of many books by an average of 10 percent. Mark-ups on imported books are said to reach 117 percent.

Mr John Banks, president of the Association of Book Traders of South Africa says he believes the dropping of RPM would have adverse effects on sales.

It would cut the profit margin of smaller bookshops which would find it difficult to carry a large variety of specialised books on a wide range of subjects, he said.

Mr Banks said this was preferable to large chainstores selling only a few best-sellers at reduced prices.

Mrs Joy Hurwitz, head of the Housewives League, said she was disappointed the Minister had not decided to drop RPM and hoped he would do so in the near future.

She was especially concerned about students who paid large sums of money for textbooks.

STAR 3/7/80

30

Govt allows loans for black business

By Derrick Thema

The Government has empowered the Industrial Development Corporation to grant loans to black business, the National African Federated Chamber of Commerce (Nafcoc) said yesterday.

This, according to Mr M Mahanyele, an executive director of Nafcoc, emerged this week at a meeting in Pretoria with the Minister of Co-operation, Dr Piet Koornhof, Mr Louis Rive and other Government officials.

Dr Koornhof had also promised that at the next parliamentary session, the Government would look into three Bills to fall in line with the Riekert Commission recommendations.

The Minister also promised to consider firearms for urban black businessmen. "Those who have had their applications turned down can apply again," said Mr Mahanyele.

The effects of white business involvement in black urban areas was discussed and the Minister had promised to protect black businessmen.

Dr Koornhof had said that liquor outlets, now run by Administration Boards and Community Councils, would fall under black businessmen.

CONSUMER MAIL

RDM 4/7/80

Lay-by law upsets business

30

By PAT SIDLEY

THE lay-by regulations introduced on June 13 to stop malpractices in selling schemes have caused dissatisfaction in commerce — and could result in them being changed.

Firms operating lay-by schemes say it will cost too much to send out monthly statements — about 50c a statement.

But a consumer spokesman said it would cost the same to administer a six-month credit system as to administer a six-month lay-by system.

This week a spokesman for the Department of Trade confirmed that a delegation from the Association of Chambers of Commerce (Assocom) had approached the Government — and it was possible the law would be changed.

The new regulations compel shops to enter into written agreements with purchasers before any payments are made, and a monthly statement must be sent to the customer. Before the agreement expires the purchaser can cancel it, and the seller must refund 90% of the money paid.

The department's spokesman said it "had to be conceded" that there would be higher costs — but the original idea of introducing the monthly statements was to protect consumers, many of whom "paid and paid" until they had overpaid — with no record to substantiate their claims.

He said he felt the extra cost on a transaction could be justified if it protected the customers totally.

Among the suggestions for changes, he said, was that firms should provide customers with statements only on demand.

This week, Mr Adrian Bellamy, chief executive of Edgars, whose Sales House and Jet stores have many black lay-by customers, said it would cost his company R150 000 a year to send out statements to them.

He also said that when firms were originally approached about the new regulations, no mention was made of monthly statements. That ruling appeared first in the Government Gazette on June 13 — effective from that day.

A spokesman for Assocom said this week that lay-by transactions could cost R1,50 more, and this would make a difference to some firms dealing in small items such as clothing. It could force smaller operations to stop selling on lay-by.

But the South African Council of Churches Consumer Ombudsman, Mr Eugene Roelofse, said he could not see the difference in administering the costs of a six-month credit scheme or a six-month lay-by scheme. "It still needs the same documentation."

He said: "Firms can now no longer fiddle the customer as profitably as they have in the past. Stores are not compelled by law to offer lay-by systems. If it is no longer profitable, they can drop the service."

ADVERTISING FM 4/7/80 30

Keeping pace

At first glance the projected 21% increase in 1980 overall advertising expenditure seems very healthy. However, a closer look reveals that what is happening is only keeping pace with an average 20% media rate increase.

J Walter Thompson media director Dick Reed points out that "at least expenditure is keeping slightly ahead of rate increases even though it is not buying much extra time or additional column centimetres."

Of total 1979 media expenditure, estimated at R300m, TV took R56m, which is a 47% increase on 1978's R38m, due to a 33% rate adjustment plus increased commercial time from 5% to 5,75%.

Newspapers, however, still had the lion's share: R114m. Consumer magazines were allocated R35m; specialised publications, R31m; radio, R35m; cinema, R6m; outdoor, R13m.

In the case of radio, "time is almost completely sold out," says J Walter Thompson media director, Dick Reed.

"Radio time, prior to TV, was largely sold on a contractual basis and lacked flexibility. The situation has improved

enormously. Most time is now sold in short campaigns offering high frequency and available at short notice."

In the 10 biggest spending product groups, financial institutions chalked up the heftiest overall increase. From May 1979 to April 1980, they increased budgets by 51%, from R10,2m to R15,4m. Food products increased expenditure by 33%, from R11,7m to R15,6m. Engineering and industrial products upped spending by 31%, from R10,8m to R14,2m. Chain stores and retailers increased spending by 26%, from R41,3m to R52,2m. Motor vehicles increased 20%, from R28m to R33,5.

Alcoholic beverages increased spending by only 8%, from R20m to R21,6m. One reason for the purely marginal increase,

JWT's Reed . . . we're scoring

quoted by Dick Reed, is the rationalisation of the liquor industry which cut down competitive advertising substantially.

He reasons that the big increase in financial institution advertising spending relates to the fact that there is considerable overlap of function, as well as stepped-up competition between banks, building societies and insurance institutions.

Whatever the reasons, top agencies are scoring. "Obviously agencies handling major financial institution accounts have benefited more substantially than some others," Reed says happily.

The small increase in non-alcoholic beverages advertising budgets — 7% from R12m to R12,8m — was so marginal that it hardly kept pace with "adflation." One suggested reason is that "rationalisation of the soft drink industry looms large but major manufacturers won't comment at this stage."

Obviously some product categories have increased budgets more dramatically than others. However there is consensus that advertisers overall have increased budgets substantially.

Says Grey Phillips Bunton Mundel & Blake MD Alan Bunton: "What's happened is that existing clients are spending a lot more money. Some have upped budgets by 100%, from R1m to R2m."

What triggered this off, says Bunton, is "a tremendous spirit of optimism. I don't know whether it's a phoney optimism even though the numbers prove otherwise. Right now we're in a boom, spending money on ads, selling products. How long it lasts, is anybody's guess."

Bunton points out that in retail "one gets a very accurate fix on performance. You know exactly what's going on in terms of sales." But advertising he says, "is a funny thing. We don't sell goods, we buy minds. Sizing up the market can take time."

Bunton rates TV as "the principal media, the most dynamic event in advertising. Demand for TV commercials grows, but despite fears that the rest of the media would suffer, the pie has become much bigger and the press has not been affected adversely. We're heading for a record year."

But there's no euphoria on the long term outlook. Bunton: "It's a little difficult to project into the next two years."

In the meantime, budgets for most of the top agencies look good. For example, JWT has lost on SA Breweries brands but gained the largest billing in the SWF agency realignment.

On information available from the April 14 edition of the US published Advertising Age, which offers an international round-up of big agency billings, JWT topped the gross income charts of the biggest agencies operating in SA.

JWT gross income for 1979 was R4,1m on billings of R24,2m; Van Zijl & Schultze, R3,9m on billings of R25,6m; Grey Phillips, R3,7m on R22,4; McCann-Erikson, R3,5m on R23,1m; Lindsay Smithers, R3,5m on R21,2m; Lintas, R3,4m on R20,6m.

Despite the healthy figures, SA spending on advertising still trails behind most industrialised countries.

Latest available data published in the US based advertising report, World Advertising Expenditure, shows that in a comparison of advertising expenditure as a percentage of GNP, the US leads with 2,03%; Sweden spends 1,71%; the Netherlands 1,45%; Canada 1,17%; the UK 1,16%; SA 1,04%; Japan 0,97%; and West Germany 0,75%.

JWT's Dick Reed says that both Japan and West Germany spend a tremendous amount on advertising. "But because GNP is disproportionately high, the advertising expenditure represents a low overall percentage."

On the SA situation, he comments: "On advertising investment we spend at a relatively lower level than most other countries. The substantial increase in media money spent in 19 is entirely logical

in the light of two factors: the increased spending power of various sectors of the market with particular reference to blacks. And the increased availability of good media opportunities such as growth of TV, new newspapers and magazines, and radio stations."

LIQUOR RETAILING 30 (169)

Down the hatch

FM 4/7/80

Sceptics who doubted that SA Breweries (SAB) and Remgro would sell their retail liquor interests in accordance with government's decree last November had better drink their words.

Remgro has already sold its quota of 17 Western Province Cellars bottle stores for the year, and SAB has sold four Solly Kramer outlets with deals for another six due to go through soon.

This opens the way for Jan Pickard's Picotel to become the most powerful chain in the R1-billion bottle store business. Although the company would not comment on this suggestion earlier this year (*FM* January 11), Picotel MD Danie Terblanche now says: "In ten years time, we will be the biggest bottle store chain in the country."

This is no idle boast because Terblanche's ambitions are backed by government muscle which prevents any of his competitors from acquiring more bottle stores, while allowing him to more than double his present empire.

As part of last year's liquor market carve-up, which gave SAB a monopoly of the beer market, and the Remgro/KWV camp a near-monopoly of the wine and spirits market, government specified that the two groups sell their retail bottle stores at the rate of 7,5% a year.

All other companies except Picotel were forbidden from acquiring more than nine bottle stores. This put paid to Premier Milling's aspirations in the liquor market as it already owned nine outlets plus its 50% share in Benny Goldberg.

Picotel came off best in government's rigging of the market as it was allowed to add another 75 outlets to its existing 54. The Gilbeys/Rebel group, in which Remgro has a sizeable stake, came off second best as it was allowed to keep its 70 odd outlets.

"We would like to buy all 75 bottle stores as soon as we can," says Terblanche, "and we have a number of deals in the pipeline."

He remembers well the vicious price wars that raged through the cities last year and so is not tempted to buy only high volume outlets in urban areas. "We are trying to keep a balance between small and big," he says, "and we realise that the high volume shops are not always the most profitable. We also see a good future for big outlets located just outside the urban areas."

In addition to the 75 extra liquor stores granted it by government, Picotel will pick up more through its expansion in hotels. It already runs more hotels than any other group in the country; the present figure is 28 and includes the newly-acquired Victoria Hotel in Johannesburg. Terblanche says that he is on the lookout for more, and that each new hotel will add another off-sales outlet to the fold.

Terblanche . . . the biggest bottle store chain in the country

All Picotel bottle stores will, in time, be brought under one corporate banner and the group's present low profile should steadily grow more prominent.

Gilbey/Rebel, the country's future second-biggest bottle store chain, is on a programme of upgrading its outlets. It cannot acquire more than its 70-odd bottle stores so it is closing less profitable outlets and moving to sites with better prospects. This has already happened in Natal where it closed one small store and replaced it with a liquor "supermarket." The next two outlets slated for the axe are the branches in Johannesburg's Anderson Street and the relatively low-traffic Firs complex in Rosebank, Johannesburg. New sites have not yet been decided on.

Co-chairman Syd Selati says that he still hopes Gilbeys/Rebel will be allowed to expand. As the government directive in its present form expressly forbids this, it must be assumed that more behind-the-scenes wrangling is in progress.

Remgro's Western Province Cellars has already sold its prescribed number of outlets for the year, whereas Solly Kramer has not been in such a hurry. Apparently the Kramer strategy is to delay selling as long as possible to take advantage of the increasingly bullish market for bottle stores.

At the height of the liquor war last year, when most retailers were working on cut-throat margins just to stay in business, liquor stores were not in great demand. Now that the price war is over, profits are once again on the way up.

This is reflected by retail liquor price increases in the four months between October/November 1979 and February/March 1980. Nielsen market research shows that for leading brands, brandy is up 6%, cane 3%, whiskey 8%, white wine 8% and beer 2%. Although there were wholesale price increases towards the end of this period, they would have had minimal effect on retail prices.

BLACK TELEVISION 264/39

Xhosa cowboys?

FM 4/7/80

Some of the biggest advertisers on Radio Bantu have decided not to advertise on black television unless the SABC allows them to use English instead of vernacular.

The service starts in January 1982 with the programmes in five different languages crammed into its single channel transmission. Advertisers will be expected to flight their commercials in any two of these languages.

"With such a cosmopolitan audience watching one channel we should be allowed to use the language which most of our market understands," says one marketing executive, "and that language is probably English."

"With Radio Bantu we do not have this problem as there is a separate transmission for each of several languages, and we know that an ad in Zulu, for example, will reach Zulu speakers."

Marketers believe that black languages may be more suitable for advertising basic commodities like mealie meal and sugar to an unsophisticated market. But this may not be the case for items like cars and TVs which are aimed at sophisticated customers, who are more likely to understand English than another black language.

Black poets and playwrights have already recognised the universality of English and most of them write in it, not so much for the benefit of whites but to reach wider black audiences. And English has become the TV advertisers' *lingua franca* in many multilingual black African countries like Nigeria and Kenya.

One ad man also claims that English could give greater credibility to international campaigns for products like beer and cigarettes. "Would you take the word of a Xhosa-speaking cowboy?" he asks.

Although some members of the industry

have hinted darkly at boycotting black TV, others have pointed out that the SABC might not be unduly troubled if it does not sell all available advertising slots during the first years of operation.

As not more than 230 000 black houses will have electricity when the switch-on comes in 18 months' time, this relatively low viewership will command only a low advertising rate which the corporation could probably afford to forgo.

Marketers have had heated meetings with the SABC on the subject and they are to go above the SABC's head to Posts & Telecommunications Minister Hennie Smit in an effort to get him to change the regulations. Inside talk is that both he and Industries and Commerce Minister Schalk

(2)

van der Merwe have a more pragmatic attitude than SABC policymakers.

But until the Minister has made his pronouncement, individual marketing companies and their ad agencies are reluctant to talk openly.

In the meantime, the entire industry is undertaking research on how best to communicate with blacks through the box. Although this should not be too much of a problem with urban, educated audiences, it is known that unsophisticated viewers have had a lot of trouble understanding some of the things they have seen on "white" TV. Examples are the underwater swimming of the man from Atlantis and talking dogs in a pet food commercial.

The SABC will explore, among other things, the reaction of viewers to a single announcer who, through dubbing, apparently speaks five different languages with five different voices. The SA Society of Marketers will do general research on production of commercials. And J Walter Thompson will study how blacks respond to certain stereotypes used in advertising, such as happy families, good mothers, and desirable girls.

CAPE Times 4/7/86

Red meat boycott continues, says union

Staff Reporter

IN SPITE OF the decision of butchers in Langa, Guguletu and Nyanga to resume the selling of red meat this week, the boycott of red meat and its products continues, according to the Western Province General Workers Union to which the 800 striking workers belong.

In a statement issued by the union yesterday, the workers said the butchers' decision meant that one of the pillars supporting the boycott had fallen away and that the responsibility now fell on to the community.

The butchers ended their five-week-long boycott in support of the meat workers on Monday in accordance with an earlier decision of the African Chamber of Commerce, to which the butchers belong, not to boycott indefinitely.

According to the statement, the union has met with Bishop Desmond Tutu, members of the Progressive Federal Party, the Cape Butchers Association and the African Chamber of Commerce to urge them to persuade the meat bosses to start negotiations.

"The workers want to settle the dispute. After more than six weeks, they are still waiting for the bosses to start talking," the statement reads.

"In the face of the unity of the meat workers and community support, the meat bosses can surely not hold out much longer."

The workers need community support the statement says.

Car makers unable to meet the demand

RDM 5/7/80

Own Correspondent

CAPE TOWN. — The booming South African motor industry can no longer keep up with the spectacular surge in demand for new vehicles which, manufacturers believe, is still accelerating.

At a time when surplus production has caused assembly lines to be shut down overseas, and when international recession has made it possible to buy a Rolls Royce off the shelf, would-be owners of basic economy cars in the Republic are being asked to stand in line for months.

Sales of cars and commercial vehicles are up more than 20% in the first five months of the year. The latest sales figures available, for May, are 39% up for the same month a year ago.

"All our vehicles are in short supply," said a spokesman for General Motors, which is unable to come anywhere near to meeting demand for its new Opel Kadett.

Buyers are not becoming less discriminating, however. GM has had to throw in the towel on its Nomad, once touted as the peoples' car of the Republic, but which failed to live up to sales expectations after adverse publicity on the front suspension.

Sigma is ploughing millions of rands into increased production capacity to cope wih the upsurge.

The tension generated by the boom is probably highest at strike-bound Volkswagen in Uitenhage, which sold more than 4 000 cars last month. Public affairs manager Mr Ruben Els said yesterday the pipeline would dry up completely in three weeks if no way was found out of the labour impasse. Even before the work stoppage, VW was unable to supply enough of the new microbuses and Golfs.

Ford is also suffering from the fallout at Uitenhage. The company's vehicle sales manager, Mr Keith Butler-Wheelhouse, says it has lost a week on dealer orders because of delayed component shipments from manufacturers in Uitenhage. "It's a very tight market situation where we can't build up dealer stock to the levels we'd like."

Manufacturers expect the market to continue to improve with the introduction of the budget's tax benefits this month. There was also a strong element of buying ahead of price increases. Noting that Sigma and Datsun had just posted higher prices, Mr Butler-Wheelhouse at Ford expected others in the industry to follow within 30 days and another round could be expected before the end of the year.

Govt studies drugs report

STAR 8/7/80
30 183 245

By Josie Brouard

The exposure of monopolistic malpractices in the pharmaceutical trade — affecting all consumers in South Africa — was under consideration following a report of the Competition Board, a Government spokesman has said.

Mr T F van der Walt, secretary to the Minister of Industrial Affairs, Dr S van der Merwe, said the Minister was presently considering the recommendations of the report, originally undertaken by the Board of Trade Industries way back in 1975.

After an investigation into the supply and distribution of pharmaceutical products in South Africa the board (now known as the Competition Board) published its findings and recommendations in a Government Gazette notice on June 20 this year.

The board found that the supply and distribution of pharmaceutical products were monopolistic and not "in the public interest" and further found that:

- Wholesalers (through the National Wholesale Drug Association) maintained a standard profit of 17,5 percent on all medicines regardless of the original cost of the product.
- Manufacturers of pharmaceutical products tendered for business with identical price quotations.
- Retail pharmacies were compelled to buy more than 50 percent of their stock from wholesalers who granted them financial aid.
- Retail chemists (through the SA Retail Chemists' and Druggists' Association) boycotted suppliers who did not sell to them exclusively.
- Manufacturers and suppliers withheld supplies from wholesalers who did not join the NWDA.
- PSSA Contracts — medical scheme of the Pharmaceutical Society of South Africa — restricted a pharmacist's membership to other medical schemes.
- PSSA Contracts members were compelled to have their dispensing done by PSSA Contracts suppliers only.

The board recommended that in terms of the Regulation of Monopolistic Conditions Act, the above practices be prohibited.

Mr van der Walt said today that the recommendations might be implemented — and could be before the next sitting of Parliament — but that any Government steps would not be taken "for a month at least."

He admitted that a long time had elapsed since the malpractices in the industry had been uncovered, but explained the delay for the board's report.

He said a 1977 commission of inquiry into the pharmaceutical trade in general had run parallel to the former Board of Trade and Industries' investigations so that probings by the board had been shelved temporarily.

The board's report said as far as most pharmaceutical products were concerned, competition was imperfect. The selling price — and therefore the profits — were generally higher than under perfect competition.

'Teach business to SA blacks'

30

RDM 9/7/80

Staff Reporter

THE new black generation in South Africa should have their interest in business stimulated at an early age.

This is the view of a member of the editorial board of Black Business News — the official journal of the Advisory Bureau for Black Businessmen — Professor W J Botha, in the journal's latest issue.

He said the young black person's mind was not geared towards business because school and environment did very little in this respect.

"A reorientation of the black pupils' thinking is necessary and this can only be brought about by commercial and technical/education."

Mr Botha said reports had stated that immigrants would have to be imported to fill the need for certain demands for skilled labour.

He said the question to be asked now was: "Can't enough of our own workers be trained to do the job?

"The answer is no, because our potential work force does not have the necessary basic education to be trained. Many workers have had no training at all. Many have had the wrong basic training."

In another editorial of Black Business News, Mr D J Wolmarans said that sustained economic development was imperative to retain the purchasing power in the homelands.

Mr Wolmarans, an expert in the economic field, says one way development corporations could do this was "by developing or financing shopping centres at strategic points throughout the black states".

He said the centres must comply with the following conditions:

- They should be designed and built in such a way that they can be enlarged without the minimum cost involved.
- When shopping centres are planned, care should be taken that they are on a bus route and that a bus stop is planned in front of the centre.
- Provision must be made for sufficient parking facilities.
- Neat toilet facilities must be made available for male and female shoppers in these centres.
- A centre must be planned in such a way that the black consumer can do all his shopping at the centre.

(30) Post 9/7/80

Radical change only way to stop mistrust

THE president of the National African Federated Chambers of Commerce (Nafcoc) said the black community's mistrust of white intentions could only be counteracted by radical change in the country's political and economic policies.

Speaking at the symposium on "The quality of life in our future towns" organised by the South African Institution of Civil Engineers, Mr Sam Motsuenyane, President of Nafcoc, added:

"The black people in the majority strongly resent segregation or racial discrimination and are opposed to the present policy of separate development which is seen to perpetuate discrimination in our society.

"Where separate social amenities are provided for, blacks have experienced that theirs have always been vastly inferior and inadequate."

He said it was necessary to consider solutions for such problems as citizenship, land ownership, social and residential segregation and fundamental rights to create a satisfactory climate for development.

Expansion of black townships had developed to a stage where space had become a problem and the alternative such as building of flats in townships, the accommodation of blacks in existing white residential areas and the creation of new townships for all races should be considered.

CONSTRAINTS

He named the principal factors inhibiting the creation of better living conditions in the black townships as being: Lack of ownership of property; Legal constraints on black businessmen; Too little Government spending on the provision of services to blacks; Black poverty caused by low earning levels, and limited participation by blacks in the planning and execution of business and community programmes in their areas.

Mr Sam Motsuenyane, President of Nafcoc.

He said that if the quality of life in townships was to be improved, certain policy adjustments would have to be made.

These included the introduction of free and compulsory education in black areas, Government finance of black entrepreneurs, the availability of land on a freehold basis to black townships developers, and Government provision of lowcost homes for the poor.

EQUALITY

He added that black local authorities should be given full municipal powers and that attention should be given to transport and provision for recreational activities.

"If all the discriminatory laws like the Urban Areas Act, Group Areas Act and others are not scrapped, and equality of opportunity is not created for all races in South Africa, there can never be any significant improvement in the lives of our urban black communities."

What's in store for us, traders want to know

9/7/80

Northern Transvaal Bureau

POTGIETERSRUS — Indian traders here say they are being kept in the dark about their future, despite promises that they would be consulted before any plans were formulated.

The Mayor of Potgietersrus, Mr P Fouche, said at a recent town council meeting that plans to settle the traders at a new Indian business complex were "well advanced."

But the chairman of the Indian Traders' Association (ITA) Mr A Ismail, says the council has not kept its undertaking to consult the traders before taking any further steps.

Now the ITA is to ask the council to have the existing Indian trading area declared a free trading zone, because the traders want to stay where they are.

Several town councillors support the traders' stand, and there were sharp differences of opinion during a debate on the matter at the last council meeting last week.

PSYCHO-SOCIAL HISTORY

Collection Guide

Child

AGENCY CASE NO.:

NAME OF AGENCY:

I. IDENTIFYING INFORMATION

Name of Client: *Date of Birth:*
Sex:
Religion:
Ethnic Classification:
Identity Document No.(s):

Address:

Telephone (or nearest telephonic contact):

Referred By:

Reasons for Referral:

Family Composition (including client):

Name	*Relationship to Client*	*Date Of Birth (and Age)*	*School Std. and/or Occupation*	*Special Details*

II. SOURCES OF INFORMATION

List of Sources

Description of Informant(s):

Meat strike 'is over' but the 'strikers' carry on

CAPE TIMES 9/7/80 (30) 786 752 (30)

By LIZ McGREGOR

"THERE is just enough money to keep us alive. We eat only the cheapest food, like mealie rice. And we also eat much less — I know that if I have breakfast, I cannot have lunch. But I just keep tightening my belt. If you are fighting for something, you have got to sacrifice."

Mr X, one of Cape Town's meat workers, who has been on strike for almost two months, yesterday described how he and his family have lived on the R15-a-week strike pay he receives from the Western Province General Workers' Union.

"When the strike first started, I spoke to my mother who lives with my wife and five children in the Ciskei and said they will now get very little money from me. My mother replied that I mustn't worry, she was getting her pension of R49 every two months and that would help to keep the family going," he went on.

"We no longer pay rent. They will have to turn us out on to the street if they want to, there is nothing we can do. Every month I pay R27 to a clothing shop where I bought my children's school uniforms but I explained to them I would not be able to pay until the strike is over and they knew about the strike and said it was alright."

It is now almost eight weeks since workers from 17 Cape Town meat firms went on strike on May 20 after elected workers' committees at two of the firms, Table Bay Cold Storage Company and National Meat Suppliers, were refused management recognition.

Management of all the firms reacted to the strike in unison, announcing that all 800 workers involved had dismissed themselves by striking and would no longer be regarded as employees.

They said they were taking a stand against "irresponsible and illegal strike action". Attempts by bodies such as the Progressive Federal Party, the Cape Butchers' Association and Bishop Desmond Tutu of the South African Council of Churches to persuade them to negotiate with the workers have been unsuccessful.

For several weeks, the workers maintained a united front, publicly stating their willingness to negotiate the dispute with management.

However, over the past couple of weeks, cracks in the workers' unity have begun to appear. The workers' trade union, the Western Province General Workers' Union, reports that although "the majority" of workers remain determined to hold out, about 30 workers from one of the firms, Slabbert, Verster and Malherbe (Pty) Ltd, have asked to be taken back.

A spokesman for the company said yesterday that two of the workers had been taken back as casual workers and the firm was "considering" re-employing them on a permanent basis.

He said the rest were told they would not be taken back and had accepted wages and holiday pay owing to them.

"If I were to take them back, it would mean firing 30 of the workers I have hired to replace them and I couldn't do that," he said.

The managing director of Table Bay Cold Storage, Mr R L Selzer, said yesterday he had replaced his entire work-force with workers from Crossroads. They had received three weeks of training and production had been "back to normal" for some time.

"You can take it from me — this strike is over," he said

Massive financial support from the community — over R61 000 has been raised for the meat workers since the start of the strike — has enabled the union to continue paying the strikers R15-a-week strike pay.

In another attempt to help the workers, a scheme has been started whereby individual donors have each "adopted" a meat strikers' family to whom they supply a weekly food hamper.

The boycott of red meat by the community in support of the workers continues in spite of last week's decision by 17 butchers from the black townships to start selling red meat again.

However, the demand for red meat is now only about 20 percent lower than normal, according to a spokesman for the Cape Butchers' Association, which represents butchers from the Cape Flats and Retreat areas.

Now, eight weeks since the workers first walked out, the deadlock remains with no sign of it being broken.

Members of Mr Wilson Fundani's family gather for a meal in the kitchen of his home. Mr Fundani supports himself and 11 other members of his family on his R15-a-week strike pay.

Nafcoc chief warns on black rights

(30)

RDM 9/7/80

Staff Reporter

BLACKS were no longer prepared to do without their basic rights, Mr Sam Motsuenyane, president of the National African Federated Chamber of Commerce, said yesterday.

"South Africans can no longer expect to live according to a privileged system — they must accept that there is going to be a great deal of agitation and turmoil on the subject of fundamental rights for blacks in future," he said.

Mr Motsueyane was addressing a conference on the problems of urbanisation during the 1980s. The Johannesburg conference was organised by the South African Institute of Civil Engineers.

He said that to give a realistic picture of the needs of urban blacks, he would have to refer to the influence of politics, economics and education on the lifestyle and aspirations of urban black communities.

"To create a desirable climate for orderly development, any long-term planning programme in the black townships must take account of several crucial issues.

"We are dragging our feet at a time when we should be running — South Africa should place urgent attention on resolving the problems which face her."

Mr Motsueyane said these issues involved:

- Citizenship. Blacks wanted to be recognised as citizens of South Africa;
- Land ownership. Blacks should be able to purchase and own property anywhere in South Africa;
- Social and residential segregation. The colour question should be eliminated from economic matters — the black businessman who wanted and could afford to have an office in Eloff Street or a home in Houghton should not be barred;
- Fundamental rights.

"Freedom of movement, freedom of association, freedom of speech and the right to participate in the country's political process are legitimate rights that must be granted to blacks in South Africa," he said.

Mr Justice J H Steyn, executive director of the Urban Foundation, told the conference that private enterprise faced an increasing role in society and with its increasing opportunities and responsibilities.

"Let us hope that businessmen, who have for so long asked for greater opportunities, now show the capacity to assume these responsibilities as well and bring the real benefits of free enterprise within the reach of all our population."

Post 10/7/80

Traders form body

(30)

BUSINESSMEN in Mohlakeng have formed a traders' body called the Mohlakeng Traders' Association (MTA).

The association was formed this week at the Mohlakeng Le Roux Board chamber in a meeting attended by more than 50 local traders.

According to the chairman of the MTA, Mr Sydwell Fourboy Molefe, the concensus of opinion among the traders was that they immediately affiliate to the higher bodies within 14 days.

"For a long time we have been running our affair without any organisation. The time has come for positive action. The MTA is aimed at improving the lot of local traders," said Mr Molefe.

ASSOCIATION

Mr Molefe said that his association will look into means of affiliating to the National Federated Chamber of Commerce (Nafcoc).

He also pointed out that they are looking into the feasibility of joining forces with the Mohlakeng Taxi Association.

MTA office-bearers are, Messrs Molefe (chairman), Lanzer Ganyane (vice-chairman), Mighty E Matlhako (general secrettary), Sol Tsotsi Mokone (assistant secretary), Bishop E Thotela (treasurer), E Ramanyai (assistant treasurer), Empie M Mehlomakhulu and J Kgwatle (committee members).

6
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Amrel trading high

(30)

RDM 10/7/80

THE first quarter's trading had been good, Mr Dick Goss, the chairman, told yesterday's annual meeting of Amalgamated Retail (Amrel).

Replying to a question he said that trading was in some cases beyond expectations. He expected favourable results for the year as a whole.

Mr Ronnie Cohen, managing director of Amrel, told a shareholder that the improved return on equity in the financial year to March 1980 was partially the result of the acquisition of the retail division of Shoe Corporation. Both Select-a-Shoe and Multiserve gave a high return on equity.

Another reason for the improvement last year was the closing of low-return stores. Assets had been redeployed into more profitable areas.

Asked about the possibility of further acquisitions, Mr Cohen said that Amrel regarded itself as a retailing group. It had no specific acquisitions in mind, but if an opportunity arose it would be looked at provided that it met the group's criteria for a retail operation.

Most new car prices go up

(30)

RDM 10/7/80

Staff Reporter

SEVERAL new car prices went up at the beginning of this month and all car dealers expect further increases in the near future.

"Price increases on new cars are imminent and will probably be between 3% and 5%," Mr S Abelkop, joint managing director of Imperial Motors, Johannesburg, said.

Datsun dealers are expecting a "substantial" increase in new car prices soon.

Most representatives of the motor industry feel that the price increases are due to normal escalating costs — a factor in which is the recent increase in the price of steel.

All Alfa Romeo models went up R200 as from the first of this month, except the Giulietta which increased by R50. BMWs in the R9 000 to R16 000 range went up by R300 to R500, an increase of about 3%. The Ford Motor Company in Port Elizabeth also announced a general 3% increase in most of their new cars.

Volkswagen prices have not yet increased, but are expected to do so within 30 to 60 days.

Car dealers do not expect the new increases to affect sales.

"The economy is quite buoyant at present," Mr A Radford, a Johannesburg car salesman, said. "I don't think the recent increases will affect sales."

Better and better for car sales

RDM 12/7/80

(30)

By SIMON WILLSON
Industrial Reporter

THE CAR sales juggernaut rumbled on last month to 22 717 — a 2% increase of 486 over the May sales total and a 29% jump over sales in June last year.

The figures represent a continuing upward — although marginally shallower — trend in the 12-month curve, in which May sales increased by 39% over May 1979.

The sales figures, released in Port Elizabeth yesterday by the National Association of Automobile Manufacturers of South Africa (Naamsa), reflect strong underpinning of the vehicle demand surge which began at the end of last year.

Sigma was the top-selling manufacturer last month with 4 641 units, followed by Volkswagen with 4 615 and Ford with 3 700.

Datsun took over fourth place from General Motors with 2 558, and GM was fifth with 2 401.

Sales over the first six months of 1980, at 127 051, were 22 916 (22%) more than the same period last year, and a total of 250 000 sales for 1980 is still a strong likelihood.

The VW Golf was the most popular model, selling 3 083. Sigma's Mazda 323 was second, with 2 549 and the Ford Cortina third with 1 904.

Commercial vehicle sales were up to 10 245 last month from May's total of 10 000. A total of 7 847 commercials were sold in June last year.

Datsun kept its top spot in the commercial list last month with 3 249, beating its record set in May.

Second was Toyota with 2 619 and General Motors was third with 1 356.

Total commercial vehicle sales in the first two quarters of 1980 were 58 446 compared with 48 523 in the same period last year.

The production hiccups caused by the labour problems in Uitenhage over the last month have not yet worked through to the showrooms. All workers are now back at their assembly lines.

Ford and General Motors workers have accepted management offers, and Volkswagen's labour force is to have the company's latest offer put to it as soon as a mass meeting can be arranged. They are expected to accept.

VW is said to have lost about three weeks' production, and the interruption is sure to be reflected in a stock shortage before the year is out.

The labour problems will compound the existing supply bottleneck caused by the unexpected demand surge at the beginning of the year, which has left manufacturers — who have long and unpredictable lead times — short of components, skilled workers and assembly line capacity.

Still to hit the retail end of the motor industry is the extra disposable income handed out to consumers by this year's tax cuts. It all points to a scramble for cars later this year.

Assocom calls for action

STAR 15/7/80

30 (1231)

The influential Association of Chambers of Commerce of South Africa has demanded more action and fewer vague promises about putting into effect the changes promised by the Prime Minister, Mr P W Botha.

In its second quarterly review just published, Assocom also urges "consultation and negotiation with the effective and recognised leaders of all racial groups in the interest of political stability."

Its cautiously worded but firm criticism of inaction on Mr Botha's plans warns again of the danger of raising too high South Africans' expectations for meaningful change.

Assocom was strongly represented at the conference of leading South Africans in all fields which the Prime Minister held at the Carlton Hotel last November to ask their backing for his concept of a southern African constellation of states.

Assocom praises the concept and gives it full support in its latest review, but adds that its "hesitancy stems from a desire to see more action and fewer vague promises about initiating the changes which are implicit in the constellation concept."

It goes on to say that "the achievement of political and economic goals requires the active participation of private enterprise in the widest sense so as to give all racial groups a stake in the system.

"Only when all groups are fully part of the system will they feel they have something to uphold and defend.

"But we will not achieve this support and co-operation of all groups unless every effort is made to meet the reasonable aspirations of the underprivileged groups in our society."

Rapid progress must be made to phase out racial discrimination in the economy, education and labour.

Change cannot come overnight, the review states, but a start must be made now to translate into action the "unshackling recommendations" by commissions of inquiry, like Wiehahn and Riekert, and other responsible bodies.

Indian traders 'won't move to new complex

Natal Mercury 16/7/80 ~~82~~ 30

Mercury Correspondent

LADYSMITH—Fifty-two displaced Indian traders here have decided not to move into the new trading complex in Lyell Street until matters affecting an agreement between them and the Department of Community Development have been satisfactorily resolved.

Mr E M Vawda, secretary of the Ladysmith Indian Group Areas Committee, said yesterday that the traders wanted the Minister of Community Development, Mr Marais Steyn, to come to Ladysmith to resolve the difficulties.

'I have already spoken to the local Member of Parliament, Mr Tino Volker, and asked that the minister visit Ladysmith as speedily as possible,' said Mr Vawda.

Mr Vawda said that when discussions were held with the minister in 1978 he was asked to confirm the agreement between the department and the traders.

'The new agreement has clauses with which the traders do not agree.'

Mr Vawda said his committee met the displaced traders last week and the unanimous decision had been that they would not move in and would not sign the new agreement until all matters have been resolved.

In terms of the agreement with the minister all traders must move in simultaneously.

Points over which there was disagareement were:

The purchase of business premises in the complex;

The percentage in the escalation of rentals after the fixed rental for two years came to an end;

The expropriation of 20 properties owned by Indian traders in Murchison and Albert streets and Illing Road areas

The thorny issue of the Alexandra Street bus terminus for black commuters; and

Certain clauses in the tenancy agreement such as the sub-letting of premises.

Mr Vawda said that on April 22 representations had been made to the council about the terminus but still nothing had been heard. He said the moving of the bus terminus would cripple many of the displaced Indian traders.

He quoted from a 1978 letter from the Secretary for Community Development on the issue.

'In regard to the suggestion of your committee that the bus terminus in Alexandra Street should remain there to secure the viability of the shopping centre I must reiterate the minister's statement that this is a municipal matter. However, as undertaken by the minister, this matter will be taken up with the local authority.'

Mr Vawda said it was understood that representatives from the Department of Community Development were due in Ladysmith today to visit each of the 52 displaced Indian traders.

The traders are due to be given the keys of their new premises in the complex at the end of the month.

Blackchain sets eyes on new business site

By WILLIE BOKALA

BLACKCHAIN, the black company which built a shopping complex in Diepkloof, Soweto, now has its eyes set on the nine hectare site in Jabulani where it wants to build another supermarket and various types of businesses.

This means that Blackchain now enters the race for the complex which has already been applied for by white companies including Soweto Holdings (Pty) Limited, which applied this year causing bitter objection from Soweto traders.

The managing director of Blackchain, Mr H S Majola, revealed this in an interview this week and said that they were waiting for a response from the Soweto Council of Mr David Thebehali.

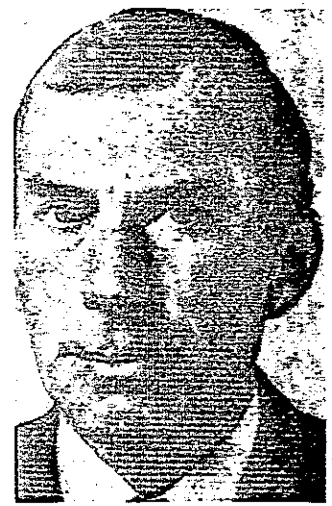
Mr Majola said Blackchain wanted to put up another shopping centre — bigger than the one in Diepkloof — wholesale stores, speciality stores and other businesses.

But the Soweto Council wants the successful company to be a company rich enough to develop the area making allowance for various types of business including supermarkets and a hotel and that the Council raise a loan of R2-million repayable in 20 years from that company.

They also want that company to bear the cost of removing the Jabulani Amphitheatre which stands on part of the ground set aside for the shopping complex, and bear the cost of outstanding loan debt on the Amphitheatre. The loan is R15 770,93 and is to be settled in advance of the demolition of the theatre.

● At the same time Mr Majola announced that speciality stores which were due to open at the end of June at the Diepkloof shopping centre would now be opened early in September.

Tesacon appoints manager



TESACON, the GEC-Siemens consortium that is undertaking the electrification of Greater Soweto, has appointed Mr E Cole, (photo), as its general manager (technical). Mr E Pfeiffer has been appointed general manager (finance).

18/7/80

Fm ~~192~~ 30 X1

JUNE CAR SALES

	1980 June	% of Market	1980 May	% of Market	1979 June	% of Market
Sigma	4 641	20,40	4 607	20,71	4 119	23,44
VW	4 615	20,32	4 315	19,39	4 090	23,27
Ford	3 700	16,29	2 960	13,30	2 723	15,49
Datsun	2 558	11,26	2 917	13,11	1 701	9,68
GM	2 401	10,57	2 065	9,28	1 055	6,00
Toyota-Renault	1 987	8,75	2 711	12,18	1 517	8,63
BMW	807	3,55	809	3,64	653	3,72
UCDD (Mercedes-Benz)	786	3,46	702	3,15	542	3,08
Alpha Romeo	620	2,73	436	1,96	300	1,71
Fiat	371	1,63	462	2,08	554	3,15
Leyland	218	0,96	261	1,17	316	1,80
Other	13	0,06	6	0,03	5	0,03

June total .... 22 717 (29,25% up on 17 575 last year)
Jan-June total .... 127 051 (22,00% up on 104 135 last year)
May total 22 251

COMMERCIALS

	1980 June	% of Market	1980 May	% of Market	1979 June	% of Market
Datsun	3 249	31,71	2 949	29,49	1 984	25,28
Toyota	2 619	25,56	2 517	25,17	1 869	23,82
GM	1 356	13,24	1 191	11,91	818	10,42
Ford	1 051	10,25	1 267	12,67	1 156	14,73
Sigma	529	5,16	545	5,45	788	10,04
VW	444	4,33	475	4,75	319	4,07
UCDD	356	3,47	360	3,60	293	3,73
Leyland	229	2,24	242	2,42	258	3,29
Fiat	106	1,03	134	1,34	206	2,63
MAN	59	0,58	65	0,65	60	0,76
Int Harvester	57	0,56	77	0,77	28	0,36
Oshkosh	28	0,27	50	0,50	7	0,09
Vetsak	19	0,19	10	0,10	14	0,18
Erf	17	0,17	19	0,19	12	0,15
Fodens	17	0,17	14	0,14	15	0,19
Magirus-Deutz	10	0,10	6	0,06	10	0,13
Malcomess-Scania	8	0,08	14	0,14	9	0,12
VSA	8	0,08	2	0,02	1	0,01
Other	83	0,81	63	0,63	—	—

June total .... 10 245 (30,56% up on 7 847 last year)
Jan-June total .... 58 446 (20,45% up on 48 523 last year)
May total 10 000

ADVERTISING RATES FM 18/7/80

Media cost trends

SABC TV has announced a 11.1% increase in rate base for commercial air time, a 13% increase in overall unit costs for 1981.

In the light of other media rate increases over the past year — 15% for daily newspapers, 14% for Sunday papers, 12% for general consumer magazines, 4% for radio, 7% for cinema and 15% for hoardings and bill boards — this is in line with agency expectation. It is regarded as pretty reasonable compared to present inflation rates.

The increase is particularly restrained as there has been no rate base increase over the previous three years, and in the light of the emergence of TV as an important medium.

Agencies do not seem unhappy about the rates, but anxious about an announcement on hoped-for extra commercial time.

Lintas media director, Barry Trinder, says it's rumoured the SABC will increase commercial time from the present 5,75% of total time to 6,5%. He believes the recommendation is still to be finalised by the Cabinet. Trinder thinks "between 7,5% and 10% of commercial time would be equitable with client demand."

About rates he says: "We're not too unhappy. It is slightly less than current inflation rates. We have to put on 14% new business every year to stay ahead and as an agency man one hopes clients' budgets stay ahead."

George Smith, De Villiers and Company media director, says: "The rates were what we expected. In terms of time, 10% in the hour would not be unreasonable and in step with what happens everywhere else in the world."

Smith feels certain that even if the SABC lags on time increases, chances are strong that in 18 months, commercial air time will have increased to 10%. He endorses the view of one agency man who states that "if they made it 10%, at least they wouldn't have to increase the rates."

Adriaan de Buck, media director Grey Phillips, says: "The weighted average increase is, in fact, 20%. Peak time channels show far greater rate increases than the off-peak time channels. The result is that much of our clients' current 1980 holdings, calculated at 1981 rates, show increases well in excess of 20%. Possibly daily newspapers could continue to suffer in terms of national advertising."

Commercial TV revenue for 1980 is an estimated R70m. "This could be jacked up to R80m if commercial time was increased to 7%," says JWT media director Dick Reed.

He points out that commercial unit costs are already running high at an average of over R4 000. If rates are pushed up much more, unit costs could become prohibitive.

Press reaction to SATV rate/time increases is hardly ecstatic. Says National Press Union GM, Gerrie Uys: "Any increase they may implement to increase tariffs or time would affect newspapers and magazines."

Nasionale Koerante MD, Gideon Engelbrecht, says: "Obviously new rates had to apply from January 1. Obviously the SABC needs more money. As long as they increase rates on the inflation rate and the number of licences, this would be acceptable."

As Engelbrecht says: "Ratewise we can live with increases, but increased time, definitely not. We have not recovered the considerable volume of advertising we lost on newspapers and magazines after the introduction of commercial TV two years ago. Fortunately rate increases cancelled out our money losses."

COLOURED BUSINESS

Unfree enterprise

Fm 18/7/80 (45) (30)

Ask Michael Pentz, GM of the Development and Finance Corporation (formerly the Coloured Development Corporation), how well coloured business is doing in the Western Cape, and he is likely to indulge in a bout of name-dropping of people who symbolize the "new breed" of coloured businessmen.

These are men of vision who, with obvious success, have shifted from the traditional fields of general dealing and small-time trading into the competitive realm of big-time expansion.

The government-created and financed DFC has to a large extent given momentum to this expansion through loans or business transfers to coloured entrepreneurs. But the amount of money it has invested since its inception in 1962 is nowhere near adequate to fulfil the corporation's aims: the creation of a strong coloured middle class through the development of businesses for eventual coloured ownership and control.

Figures given in the DFC's most recent annual report of September 1979 show that in 17 years a total of R25,6m was approved for the support of 534 coloured businesses throughout South Africa — including SWA/Namibia.

Considering that the coloured population is close on three million, these figures do not paint an encouraging picture of the viability of coloured business and of the development of independent entrepreneurs — such as Peter Swartz, one of the success-symbols named by Pentz.

Swartz is the executive director of the 34-person consortium, Peter Swartz Holdings which, with the Checkers Group as minority shareholders, bought out the DFC's 83% shareholding in Superama for R321 000 last year.

A former music teacher, this uncrowned king of the Cape coloured entrepreneurs gave up all ideas of a political career when he "saw that there was no political progress in this country. . ." So he channelled his talents into commerce.

As well as heading the holding company, he is executive director of several

P.T.O.

POLITICS 15 m c/1/. ma

Assocom action call

Assocom has added its voice to those calling for immediate action by government to start introducing the widespread political and economic reform it has promised.

While recognising that change cannot come overnight, the association says reasonable people of all groups expect that unshackling recommendations by commissions of inquiry "are not left to gather dust but that a start is made to translate them into action.

"Now more than at any time in SA's history we need to see action. The time has passed for mere words."

Assocom's call — adopted as an official policy statement and published in its latest review — follows the association's endorsement of Prime Minister P W Botha's constellation concept. But now, it says, it has certain reservations that arise, not from Botha's thinking or his goals, but "from a desire to see more action and fewer vague promises about initiating the changes that are implicit in the constellation concept".

Stagnation

Its call comes at a time when businessmen are becoming increasingly concerned about stagnation that has characterised government recently. Promises last year of widespread reform — which stimulated business confidence for the future — have not yet been followed up. There is, therefore, now a fear that the stagnation will start to erode that confidence and, combined with incipient unrest, will lead to disillusionment in the private sector.

The uplift to business confidence came from the fact that Botha's moves were viewed as first steps, not ends in themselves. But delay in taking even those first steps is leading to doubts about the sincerity of government and whether it intends taking reform any further than words.

As Assocom puts it: "There are large areas in which promises can be carried out and in which forward-thinking recommendations have been made by responsible bodies to effect overdue changes. One need only mention the Wiehahn and Riekert reports as examples of where direction can be changed, bringing about economic advancement through increased opportunities.

"No one pretends that the recommendations of both these commissions are the final words. They are not. But they are important first steps that must be taken now."

Government has called on the private sector to assist in its policies of reform. The private sector has not been dragging its feet, at least not to the extent that government has. Unless Botha uses these six months before the end of the year to show he still means business about reform, he runs the risk of having a lot of disillusioned businessmen about the place rather than helpers in his promised new deal.

Corruption, fiddling in meat trade — butchers

STAR 18/7/80

30

Fair Deal Reporters

The price of meat to the consumer has risen by as much as 45 percent during the past year, say butchers. Now they are calling for a full investigation into the meat industry.

Fair Deal surveyed more than 50 "small" butcheries, and those linked to chain stores. They said their profit margins were being constantly whittled away.

Butchers made claims of corruption in the distribution and marketing of meat and of prices being manipulated by the large groups who have interests in the farming, marketing, wholesaling and retailing of meat.

They warned that by the end of the year prices would have risen at least another 30 percent as butchers battled to keep going.

Many have said they will be forced to leave the trade. As an example, one butcher said his profit margin had been 32 percent in February, by March it had dropped to 19 percent, and now it was 11 percent. It would have to drop further.

NO PROFITS

A large number of other butchers claimed they were making no profit at all and just managed to cover costs.

Butchers also complained that the prices of low grades had soared and offal was almost unobtainable. As an example, a butcher showed receipts.

He had paid R1,44 a kg for prime beef. Grade 2 cost only 2c less, and he paid R1,39 for Grade 3. Similar figures were shown by other butchers.

Others complained that the price of poultry had also soared. "A year ago, I was paying 99c a kg for chicken. Now it costs me R1,29 a kg — an increase of 38 percent," one butcher said.

"There is definitely something wrong in the meat market," said Mr K du Plessis, liaison officer for the SA Co-Ordinating Consumer Council.

"The gap between the net price to the farmer and the retailer is alarm-

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Butchers blame high prices on fiddling

30

From page 1

ingly big. We should have a free demand and supply situation.

"It would seem big companies are manipulating the market. An independent commission of inquiry with a legal basis is necessary to determine the full extent of this," Mr du Plessis said.

A spokesman for the Meat Board said the results of the Fair Deal survey were "very disturbing."

"We cannot initiate an inquiry as we have no control over any price other than the floor price. The butchers will have to call for an inquiry through their union."

A spokesman for a large supermarket chain said there were "too many vested interests in the market — all Government-condoned.

"What came out in the Press about the SWA/Namibian commission of inquiry into the meat industry was the palatable bits watered down for the public. The real situation there and here is in fact worse," he claimed.

Efforts to reach the Minister of Agriculture, Mr Hendrik Schoeman, for comment were unsuccessful.

The chairman of the SA Federation of Meat Traders, Mr L Selber, said: "I don't know what the butchers are talking about.

"There is no need for an investigation, there is nothing to investigate.

"If the butcher complains he is not making a profit because he is paying more, he should charge more and not subsidise the public."

Other butchers pointed out that they had not done this because the public were refusing to pay high prices and were generally buying less meat.

GRAND BAZAAR

Organic growth

FM 18/7/80 30

Activities: *Retail chain with 15 outlets in the Cape Peninsula, Paarl, Uitenhage and Port Elizabeth. Directors own 63% of the equity.*

Joint chairmen: *Max and Manuel Sachar.*

Capital structure: *2,1m ordinaries of 50c. Market capitalisation: R9,0m.*

Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R840 000; net short-term, R2,1m. Debt:equity ratio: 69,9%. Current ratio: 1,2. Group cash flow: R1,7m.*

Share market: *Price: 430c (1979-80: high,430c; low, 300c; trading volume last quarter, 37 000 shares). Yields: 14,6% on earnings 5,1% on dividend. Cover: 2,9. PE ratio: 6,8.*

	'77	'78	'79	'80
Return on cap %	24.9	30.3	33.4	37.3
Turnover (Rm)	30.7	38.0	45.2	53.6
Pre-tax profit (R'000)	838	1 170	1 750	2 475
Gross margin %	3.7	4.0	4.6	5.0
Earnings (c)	22.3	29.5	47.2	62.9
Dividends (c)	8	11	16	22
Net asset value (c)	102	139	164	204

An interesting aspect of Grand Bazaars' performance in recent years has been the organic nature of its growth. Whereas other chains such as Pick n Pay, Metcash and OK Bazaars have involved themselves in the rapid expansion of outlets, GB has relied mainly on improving the turnover and profitability of existing stores.

Last year, for instance, there was little expansion of trading area. The group opened two Ultra-markets (one in PE and the other in Uitenhage) but, as these were in operation for only four months of the year, the additional 12 000 m² of selling space on a weighted average basis was the equivalent of an increase of less than 2% of start-of-year capacity. Total group floor space at February 29 was 230 000 m².

Despite this, however, the value of turnover rose almost 19%, indicating an improvement of about 16.5% in turnover per square metre. The related cost benefits, coupled with a more profitable sales mix, enabled the group to boost earnings by more than one-third. That put it well ahead of the other groups mentioned in terms of earnings growth. The accompanying table of comparative five-year average annual compound growth rates shows a similar pattern.

The current year will see a continuation of the policy of maximising the profitability of existing units, although the two new Ultras should also have an increasing impact on results. Current expansion is centred around the conversion of three more stores into Ultras, two of which (Newton Park and Wynberg) have already been completed.

The trading areas of these stores has been doubled but this adds only 3 000 m² to group floor space, an increase of just over 1%. The third conversion, in Claremont, is due to start in August and will thus not have any material effect on this year's results.

Joint chairmen Max and Manuel Sachar are nevertheless optimistic that the group will show another satisfactory improvement in profits. With the benefits of considerably strengthened merchandising and buying departments, the main objective this year will be to improve competitiveness in order to increase sales volumes.

If successful, this would probably have two side effects, in addition to improving profits. The first would be a levelling off of the hitherto rising trend of profit margins as selling prices are shaved. The second would be an improvement in stockturn with consequent benefits in terms of working capital requirements.

This is one area where GB does not compare favourably with operations such as Pick n Pay, because a far greater proportion of its turn-over is in non-food lines. Last year the group turned its stock over 6,8 times. While this was an improvement on 1979's 6,6 times, it is still a long way short of Pick n Pay's 10,9 and Metcash's 8,4. In consequence, its investment stock is proportionately higher.

The balance sheet remains extremely sound. Although there was a slight increase in borrowings to R3m (R2,3m), the R847 000 added to equity funds through retained earnings brought the debt:equity ratio down from 82% to 70%. Given the group's strong profitability, that is very conservative. With most of the debt short-term, profit gearing from loans was enhanced by the fall in interest rates which resulted in a 29% reduction in interest charges. The interest/leasing cover rose to 8,5 times (5,2), while the 37% gross return on capital employed was almost five times the group's average 7,5% interest rate. From this it is obvious that funds for expansion is not a problem.

The share at 430c is trading on an historical dividend yield of 5,2% which is about average for this type of company. The FM's earlier forecast of 28c dividend this year (*Fox* April 4) may well prove conservative. But even at this level the prospective yield of 6,5% is attractive, taking into account the strong growth record.

Brian Thompson

Bococ says it is being pressured

(30)

RDM 21/7/80.

Staff Reporter

GLITTERING preparations have been made for the five-day annual conference to be held by the National African Federated Chamber of Commerce (Nafcoc) at Sun City, starting from August 3.

The conference will be officially opened by the President of BophuthaTswana, Chief Lucas Mangope at 11am on August 4.

Hundreds of delegates, who will come from various areas, including South West Africa, will be entertained by American singer Gloria Gaynor on the night of August 3.

One of the attractions at the conference will be a Miss Nafcoc beauty contest to be held at 8pm on July 7.

Meanwhile, the BophuthaTswana Chamber of Commerce (Bococ), has issued a document criticising its Government.

- Bococ had been faced with problems emanating from the critical stand taken by BophuthaTswana against it since the beginning of this year.
- Bococ felt intimidated and harassed.
- There was discrimination against the granting of licences to black entrepreneurs.
- Chances of being granted licences were better when applicants were members of the government-formed chamber of commerce (Bofcoc) or white businessmen.
- White-owned South African companies were encouraged to establish themselves in BophuthaTswana in preference to similar companies owned by black counterparts.
- The BophuthaTswana Government wanted Bococ to sever links with outside organisations.
- BophuthaTswana businessmen were forced to drive long distances to place orders and collect supplies because the telephone service was inadequate.
- President Mangope told Bococ at a meeting held last month that his goverment had spoken to teachers and nurses to stop their membership with outside organisations. The two groups have complied.
- The president revealed that some people had requested him to detain members of Bococ and ban the organisation.

Sbw 30 23/7/80

3 factory centres planned for Soweto

from page 1

ber of supermarkets in Soweto," Mr Rive said.

Concerning his position as chairman of the Greater Soweto Planning Council, Mr Rive said he would accept no formal appointment from the Government, but wished to retain his independence and freedom of judgment.

Mr Rive was speaking at a function to announce the start of building of a commercial college in Soweto. He gave details of the three industrial centres planned for Greater Soweto.

He said the Industrial Development Corporation (IDC) which was financing the project, had got Government approval to establish the "parks," each consisting of 40 small factories and an office complex.

Mr Rive said the IDC would exercise control over the buildings initially and provide counselling and management services for the tenants, but that Sowetans were to own and manage the centres finally.

The community councils of Soweto, Diepmeadow and Dobsonville would assist in finding prospective tenants and that the Rembrandt Group would finance equipment and working capital for the individual industrialists, Mr Rive said.

Rive backs free trade for blacks

130 30

Mr Louis Rive

S.TAR 23/7/80

By Josie Brouard

Soweto's planning chief, Mr Louis Rive, publicly sided with the black man in a call today for free economic enterprise and full freehold title.

Speaking of his concern that Sowetans should "come into their own," Mr Rive said it was his view that South Africa did not have a truly free enterprise system.

He said: "Equality in competition, backed up by a history of equal opportunity, is a prerequisite for a truly free enterprise system. If all things were equal we could claim that market forces dictate the pattern. But all things are not equal and my sense of justice dictates that I must side here with the black man."

Speaking in Soweto today, Mr Rive also announced a R2-million scheme to build three industrial "parks" in Soweto, Diepmeadow and Dobsonville as the Greater Soweto Planning Council's first step towards economic independence for Soweto.

Freehold

Mr Rive also spoke in favour of:

- Protection of black entrepreneurs in Soweto.
- Training facilities in local and higher government spheres.
- Procurement of long-term, low-interest rate loans.
- Provision for more land for commercial and light industrial purposes.
- Adequate health services.
- Elimination of the housing backlog.

Mr Rive said because Soweto was never properly planned and developed, its services were totally inadequate and the Government and private sector had a moral obligation to help restore the balance.

Mr Rive went on to say "Full freehold title can play a significant role in the development of a micro-economy and in promoting self-sufficiency. I believe blacks should be given full freehold title in Soweto. There is no adequately cogent point in withholding it after the principle of permanency has been accepted."

Emancipation

It was his view that the black man should have a meaningful stake in the economy, and that Soweto should become a symbol of the black man's emancipation in South Africa.

He said it was wrong that little, if any, of the profits flowing from the buying power of Sowetans (estimated to be over R700-million a year) was going into the pockets of Sowetans themselves.

He advocated the development of Soweto into an independent micro-economy with its own residential, commercial and industrial tax base.

He said loan capital, as opposed to white partnership capital, should be made available to black businessmen.

"Black leaders, almost without exception, and all the black businessmen I have spoken to, favour such a course, fearing that injection of white capital on a partnership basis will perpetuate exploitation of the black man and 'kill' about 1 600 small dealers and a num-

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IDC ready to help the new deal

Star 2/12/80

By Sieg Hannig

The Industrial Development Corporation is ready to back the new industrial deal for Soweto with big money in loans — millions, if necessary.

This is in addition to the R2-million already budgeted to develop the three planned industrial parks in Soweto announced yesterday by Mr Louis Rive, Soweto's planning chief.

"We treat everybody alike, whether it's a loan for R1 000 or R100-million," the IDC's managing director, Mr Marius de Waal, said today.

"The only real requirement is that the businesses be profitable and able to repay the loan.

"What is important to us is the creation of new entrepreneurs. They are the backbone of the free enterprise system," he said.

Mr de Waal sees the industrial parks as the "nursery school" of industry where entrepreneurs will be created.

The industrial parks would cater for the existing "backyard entrepreneurs," shoe repair workshops and other service industries or light industries.

Mr de Waal said the industrial parks would be divided into units of 100 sq m.

The call by Rive for an equal stake for blacks in the economy was widely welcomed by black community leaders today.

Business and community leadesrs have all backed Mr Rive's call for free econonmic enterprise and full freehold title rights for blacks.

Mr Leonard Mosala, member of the Committee of Ten, said Mr Rive's remarks were especially encouraging coming from a man who was dependent on Government funds for the achievement of his objectives.

RETAIL SALES (30) FM 25/7/80

The pace quickens

The general buoyancy of business activity is illustrated by a number of figures released recently by the Department of Statistics. There were, however, some adverse short-term fluctuations.

The latest figures for retail sales show that sales for July are up by more than 10% from R665 941 000 in July last year to R734 552 000 — based at constant 1975 values.

There was a slowing in sales in the first quarter, but it was minor and the pace quickened in the second quarter. Expected sales for July are, however, down from those experienced in June — R734 522 000 in July as compared to June's R759 041 000.

When the May-to-July period is compared to the February-to-April period, the increase in total sales at current prices is 5% and 1,9% at constant 1975 prices. However, when the April-to-June period is compared to the January-to-March period, the increase in total sales is greater, being 5,2% at current prices and 2,2% at constant 1975 prices. Both figures have been seasonally adjusted.

Consumer spending, which has been gathering momentum since the middle of 1979, is growing at an annual rate of nearly 10% at constant prices and should increase at a faster rate from July when tax cuts come into effect.

Private consumption

The estimated R800m increase in real disposable income is expected to have an impact on private consumption expenditure. Increases in black spending may also be contributing to the acceleration in retail sales.

Marius Laubscher, a Unisa market research specialist, attributes the drop in expected retail sales from June to July to two factors. Firstly, monthly PAYE tax deductions had not yet been adjusted to the new, lower levels. Secondly, the annual service bonus accruing to those born in January, February, March and April was paid out at the end of April, therefore stimulating demand at this time. Bonuses paid at end-June will be only a quarter of the April total.

SA wholesale trade also continues to have high sales. Preliminary estimates for June are that sales may have shown an increase of nearly 28% compared with June of last year.

According to figures released by the Department of Statistics, sales by wholesalers at current prices may have been as high as R2 464,0m compared with R1 914,1m in June last year, representing an increase of over 22%.

Preliminary figures for June indicate an increase in sales of nearly 29% compared to June last year. In May, sales rose more than 40% and in April by nearly 39%, when compared with the respective 1979 figures.

Excluding diamonds, jewellery and silverware, sales by the wholesale trade may have been more than 26% higher in June this year than in June last year.

The percentage change in these sales for the April-to-June 1980 period, as compared to the January-to-March 1980 period, is 2,4% at constant prices. This is less than the 4,2% increase for the February-to-April 1980 period as compared to the November-to-January 1980 period. Seasonal variation is eliminated in both of these cases.

Trading revenue for hotels is also increasing, being R42 991 000 in 1980, as compared to R34 517 000 in 1979. Occupancy rate has increased from 44,3% in 1979 to 48,4% in 1980. These figures are based on information collected by the Department of Statistics sample survey of 340 hotels.

Profits received by the private road transporters of passengers and goods have also been increasing. In March 1980 profits for the transport of passengers were R15 889 000, an increase of over 47% when compared to March last year. In March 1980 profits for the transport of goods were R12 661 000, an increase of nearly 24% when compared to March of last year.

KRUGERRANDS

It had to happen, US Secret Service officials told the *FM* this week. The popularity of the Krugerrand among American gold hoarders has grown to the point that somebody was bound to try to counterfeit a few.

And so they did. A ring operating out of Los Angeles had as many as 1 000 of the bogus rands on hand when agents broke down the door of a much larger planned operation.

Samples of the phoney brass-dipped-in-gold coins have turned up in San Francisco, Boston, New York, Dallas, Chicago and Atlanta. Two suspects have been arrested and other suspects are being sought, the agency's spokesmen say.

Russells ahead of budget

(30) RDM 26/7/80.

Deputy Financial Editor

RUSSELL HOLDINGS sales are ahead of budget in the first two months of the current year and the company is looking for further growth at the yearend, says the annual report.

"The stimulation provided by the Budget together with the present demand for semi-durables should result in continued growth," says the chairman, Mr W L du Plessis.

Russells last year lifted sales 31% to R166 400 000, pre-tax profit 45% to R12 162 000 and taxed profit 46% to R12 162 000. Earnings were 43% better at 67c a share and the dividend rose 45% to 16c (11c).

Russells now trades through eight chains, each catering for a different segment of the market and at the yearend it had 287 outlets, excluding certain joint venture projects with homeland development corporations.

Expansion last year was concentrated in black, coloured and Asian markets.

Russells plans to open two large Joshua Doore furniture shops, two Rudicks, three Forty Winks and four Wanda Furnishers. It will also expand and modernise many existing stores.

The group bought the outstanding 50% of Russell Building in Kerk Street, Johannesburg. This is now fully let.

With R5-million of debentures repaid recently and a current ratio of 2 to 1, the group is highly liquid.

At 275c, the share yields a historical 5.8%. With tax cuts about to add to the boom that has carried it this far, the chances are good Russell will push up earnings and the dividend another 30% in the year ahead. This puts the share on an attractive dividend yield of 7.6%.

Woolworths total div 27% better

30 RDM 30/5/80.

By DAVID CARTE
Deputy Financial Editor

WOOLWORTHS, South Africa's biggest all-cash retail clothing chain, has declared an 18c final dividend, bringing its total to 28c — a 27% improvement on 1979's 22c.

The preliminary report for the 52 weeks to the end of May shows sales up 14% to R193 577 000 and pre-tax profit up 20% to R30 514 000. The tax rate was almost unchanged at 40% and taxed earnings rose 21% to R18 289 000. Earnings a share were also 21% better at 62,5c (1979:52,1c).

Woolworths financial director, Mr Fred Kossuth, says that the sales tempo since the May yearend has been much quicker than the 14% improvement indicated. Credit card sales, in particular, surged ahead of tax cuts effective from the end of July.

Mr Kossuth said stock mark downs in the year under review were "not nearly as heavy" as the R9-million knocked off stocks and profits last year, but stocks were valued conservatively according to what the group thought it could realise for them.

The tax rate in 1979 and 1980 had been artificially low, he said, because of a large transfer to the pension fund last year. Without this, it would have been more like 42,6%. In future, the tax rate was likely to rise to this level again.

Mr Kossuth said dividend cover was being reduced because Woolworths conservatively stated earnings were cash based and the company was highly liquid. Dividend cover in any given year would depend on liquidity and the need for funds.

Woolworths planned to open major stores in Rosebank, Johannesburg, and at Nelspruit. Although the group was dominant in cash clothing retailing and this area was not growing as fast as credit retailing, Woolworths did not plan to change its traditional all-cash, high quality-low price philosophy. There was still "plenty of growth" in Woolworths traditional areas.

COMMENT: The stock market will be disappointed that sales in the second half were only 14% better than in the second half of 1979 and that sales for the year rose less than the inflation rate.

But profitability improved distinctly in the second half and this could give more of a clue to prospects for 1981.

After rising only 13% — in line with sales — in the first half, pre-tax profit in the second half rose 23% to R19 188 000. This means pre-tax margins rose from 13,5% to 17,4% in the second half.

Because Woolworths is undergeared and it has tended to expand more slowly and cautiously than groups such as Edgars, earnings during boom times are unlikely to keep pace with those of the more go-go groups.

But Woolworths, being all-cash and owning most its stores, has shown itself to be less vulnerable to downturns than the others. For this reason it will remain an institutional favourite and will continue to command a premium in the market.

It would be surprising if sales, earnings and the dividend did not grow faster in 1981 and the share price did not at least hold current high levels.

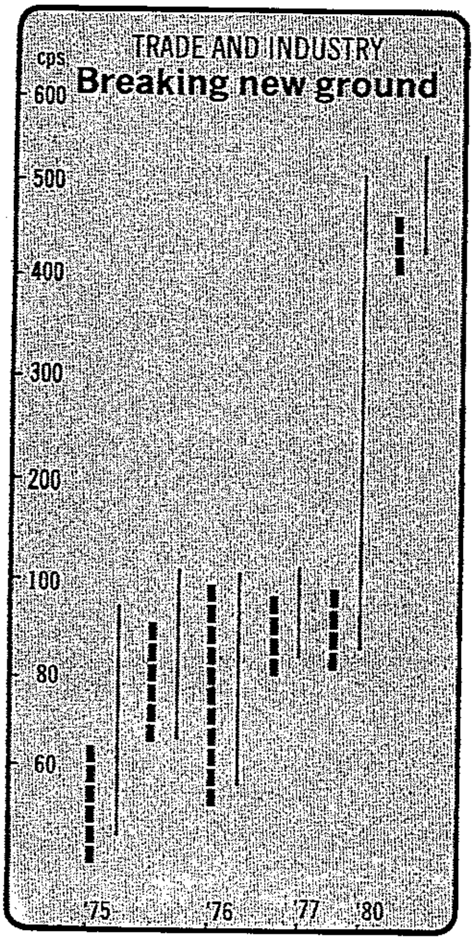
Metcash eyes Zimbabwe

(36) RDM 31/7/88

METRO Cash & Carry Holdings is discussing the possibility of providing knowhow for a proposed cash-and-carry wholesale chain in Zimbabwe.

The venture would be financed by Zimbabwe investors, with knowhow coming from the Metcash group, which over the past five years has expanded from its South African base to several countries in Southern Africa as well as North America.

"Talks still have some way to go;" a spokesman for Metcash said in Johannesburg. "It is not even certain that the Metro name would be used — especially because a Zimbabwean entrepreneur registered the name over a year ago." — Sapa.



was R2,9m (R2,2m). Total dividends were 30c a share on earnings of 92c.

Because of the distortions, this year's earnings are difficult to predict. Svenmill and Prescat are both performing well in line with the economic upswing. And though Walraven is reluctant to commit himself on a dividend from Svenmill, such a payout would not seem out of reach after three years of consecutive growth.

Growing contributions from Commonwealth and William Baird are the unknown factor, but T&I certainly seems set to beat the 24,2% four-year compound growth rate in earnings. This would put earnings at more than 115c and dividends covered an unchanged 3 times at 38c. The share has been in a steady uptrend since the start of 1979 and now trades at 540c on a prospective yield of 7%. Though the yield is comparatively low, there is scope for further growth in the share price.

Scott Hawker

RUSSELL FM 1/8/80

Maintaining cover

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Activities: *Retails furniture and household appliances. Has interests in retailing of clothing and outdoor living products. Has 287 outlets.*
Chairman: *W L du Plessis; managing director: L Mankowitz.*
Capital structure: *18,1m ordinaries of 10c. Market capitalisation: R50,7m.*
Financial: *Year to April 30 1980. Borrowings; long- and medium-term, R24,4m; net short-term, R20,3m. Debt:equity ratio: 80,0%. Current ratio: 2,1. Net cash flow: R10,7m. Capital commitments: R130 000.*
Share market: *Price: 280c (1979-80: high, 280c; low, 120c; trading volume last quarter, 326 000 shares). Yields: 23,9% on earnings; 5,7% on dividend. Cover: 4,2. PE ratio: 4,2.*

	'77	'78	'79	'80
Return on cap %	23.6	20.8	20.4	20.8
Turnover (Rm)	109.3	117.9	135.2	166.4
Pre-tax profit (Rm)	16.2	14.2	16.3	20.8
Gross margin %	13.2	14.8	14.9	15.1
Earnings (c)	39.8	40.6	47.6	67.0
Dividends (c)	10	10	11	16
Net asset value (c)	202	234	268	312

As it trades through eight different chains each serving a distinct market sector, the group was well placed to benefit from increased demand for furniture and appliances last year. Expansion into new stores is to continue this year which should result in even higher turnover growth and chairman Willem du Plessis says that results for the first two months were ahead of projections. If margins can be maintained, earnings for the year will be higher but cover will be pegged in the interests of a stable dividend policy.

Expansion last year was concentrated largely on the black chains where the group is having to fight hard for market share. Nine furniture outlets are operating in BophuthaTswana, Gazankulu and Lebowa, and in the longer term, the shares held by the development corporations in these areas will be offered to citizens of the states.

The Joshua Doore concept of furniture

FURNITURE

Sitting pretty

FM 1/8/80

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"Boom? What boom?" That is what most furniture retailers are asking after the first six months of 1980. They admit that trading conditions have been buoyant and that consumer confidence is restored to the extent that customers are committing themselves to 24 months of instalments. But most of the companies are awaiting the second half of the year, traditionally a far more profitable period, before acknowledging any boom.

Sales figures for June were much higher than in previous months. In addition, the proportion of cash turnover to credit increased. Customers were probably drawing from savings in anticipation of the July tax cuts.

Whether the new cash:credit ratio will be maintained is not certain, but several retailers would be unhappy if it did. Apart from feeling the pinch from price discounts which go with cash payment, retailers like HP sales because they bind the customer for the duration of the instalments. At least that is the argument of one retail chain MD.

Perhaps more to the point, there is the additional profit from financing operations. Not surprisingly, however, most managers deny that the difference between the 21% effective interest rate on HP and the much lower rate at which they can raise debt is pure profit. They point out that administration of credit control, plus an allowance for bad debts, must be funded out of this amount, implying that that leaves little profit on HP transactions. However, with money market rates as low as they are, the difference between the two rates is so abnormally wide that substantial profits on the financing of the transaction are likely.

Profit source

This puts the furniture retailer in a rather different position to the normal cash retailer or manufacturing company, where debtors are mostly of an interest-free trade nature and, in fact, represent a cost to the company. HP debtors represent a definite profit source rather than tie up ordinary working capital.

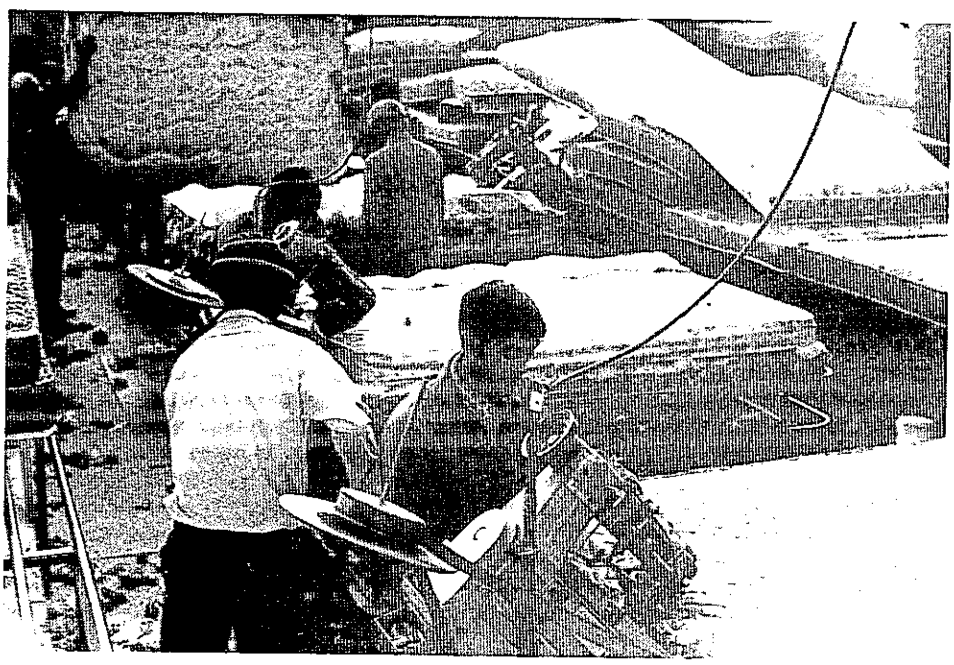
Because of the nature of the durables they sell, furniture retailers all offer HP facilities, but the percentage of credit sales differs from group to group, and even from chain to chain. But the large amounts of 24-month debtors have to be funded and the financial structure of the companies reflects relatively high debt and high dividend cover.

Bradlows currently has the lowest debt: equity ratio at 49% because the group has utilised cash flow from the collection of debts from a discontinued chain. However, the company plans to gear up further once this source of funds dries up.

Shareholders may well question whether high dividend covers are absolutely necessary. Amrel maintains the lowest cover at three times and has the highest debt: equity ratio at 109%. The others have lower debt, but cover payout at least four times. It seems, therefore, that they could comfortably gear to more than 100% with their HP debtors as security, and pay more generous dividends.

As everyone expects higher sales in the current half-year, retailers have been building up stocks and ordering well in advance for more goods. But there is a serious threat of shortages in the coming months, and some manufacturers are expected to close order books within a month or two, as they cannot cope with demand.

Date ....



Manufacturing furniture . . . for boom times

The causes of the bottlenecks are twofold. During the sluggish years of 1978-79, many of the industry's smaller manufacturers closed down, meaning that total capacity shrank. And the bigger manufacturers, which should now be benefiting from the upturn are beset by shortages of skilled labour, due both to the smaller numbers entering apprenticeships and to the attractive salaries being paid by building and construction firms that are drawing away their carpenters. It appears that it will be those retailers who have planned far enough ahead who will be the only ones with sufficient stocks to meet consumer demand.

Although manufacturers have announced price increases averaging 16% for the year, retailers have tried to limit price hikes by replacing materials with cheaper substitutes, altering styles and, in the last instance, absorbing some of the increases themselves. On this basis, turnover growth announced by the furniture companies in most cases represents real growth.

Considerable upside

If share prices follow earnings growth in the next few months, then there appears to be considerable upside for the sector with its average prospective yield of 6.7%. Most spectacular performers over the past few months have been the two SA Breweries subsidiaries, Amrel and Afcol.

Amrel, a relatively young company with expansion potential, receives 77% of profits from its furniture businesses. It is less exposed than other chains to bad debt risks as its trade is aimed mainly at middle and upper income sectors. These factors, plus improved results for the year, appear to be causing a reassessment of the share by the market, as its price has risen by 30% over the past month.

Currently at 800c, the share yields an historic 5,2% and MD Ronnie Cohen says that earnings for the first three months of this financial year exceed budget. On a possible total dividend of 56c this year, the share yields a prospective 7,3%, indicating that in spite of its rapid appreciation over the past month, it still has upside potential.

While not a retailer, furniture manufacturer **Afcol** last year benefited from more extensive use of capacity and pushed up earnings from R6.7m in fiscal 1979 to R13.9m for the year to end-March 1980. Chairman Dick Goss predicts that growth in normal operating profits this year will be less dramatic. But with spare capacity still available, the company should benefit from growing demand for stocks.

A total of 29c (14c) was paid on earnings of 57.6c (28.4c) per share in line with the company's twice-covered distribution policy. The share price has risen 31% over the past month to 590c, and a possible payout of 43c would place the share on a prospective yield of 7.3%.

Apart from the traditional chain bearing the group name, **Russell** has established a number of other chains including Rudicks, Wanda (a black chain), Joshua Doore (furniture showroom and warehouse under one roof) and 40 Winks (specialist bedding stores). Turnover for the year to end-April rose 31% against the industry average of 20%.

Last year's earnings of 67.0c per share were considerably higher than any achieved in the preceding four sluggish years. And with consumer demand expected to peak towards December, this year's results should be better. At 280c, the share yields an historic 5.7c on its 16c (11c) final. But even though profits may be better this year, the dividend cover will be pegged in line with a stable cover policy.

Bradlows remains a tightly-held share, so although there are buyers around, sellers appear to be waiting for its profit announcement for the year to end-June before making any moves. Yielding an historic 4.6%, the share has limited marketability, so that news of higher earnings for 1980, when announced, could push the price well above its present 430c.

One of the retailers catering solely for the black market, **Ellerine,** announced a 22% increase in earnings for the six months to end-December 1979. Currently averaging a new store opening every fortnight, it has almost reached the 200 target. But at 187, it now seems that the company will go on expanding beyond the goal as long as suitable sites for the stores are available. On the basis of a 22% earnings growth for the whole financial year, it could pay 29c (24c) on earnings of 117c (96c). Yielding a prospective 5.8%, the share remains tightly held.

Of the remaining retailers, black chain **World** (on a 4.2% yield) and Natal-based **Beares** (yielding 4.7%) also expect to profit from consumer spending on durables and semi-durables in the coming six months. On this basis, the sector should provide some worthwhile buys, whether furniture retailers are shy about acknowledging boom conditions or not.

Fiona Halse

Greatermans turnaround

(30)

RDM 1/8/80

By DAVID CARTE
Deputy Financial Editor

GREATERMANS ACHIEVED a R14-million turnaround in profits in the year to June 30, converting last year's R3 806 000 pre-tax loss into a R10 898 000 profit.

The preliminary report shows sales up 16,7% to R792-million. Thanks to past assessed losses, the tax rate was a low 7% and taxed attributable profit was R10 527 000 compared with last year's attributable loss of R2 863 000. So the attributable turnaround was R13 390 000.

Earnings a share were 153c compared with last year's loss of 53c a share and a final dividend of 35c has been declared, bringing the year's total to 60c against 5c in 1979.

The profit figures exclude a capital profit of R1 234 000 on the sale of Gretermans' interest in Clicks.

The chairman, Mr Isaac Kaye, told me that Greatermans' improvement was across the board.

The department stores, which made monumental losses in 1979, "are rapidly approaching profitability". Improvement here would have been particularly beneficial, as it was entirely tax free.

Mr Kaye said Checkers, the group's "star performer", which generated about 80% of sales, had "another excellent year".

The latest set of results means that Greatermans did better in its second half than in the first half. This was a remarkable achievement as the Christmas season falls into the first half.

The group is supremely confident, in a buoyant consumer market ahead of tax cuts and the best Christmas of all time, of even better to come.

COMMENT: These results, which one might have thought were too good to have been anticipated, were forecast with amazing accuracy by a newspaper on July 20.

The Greatermans share price moved up from 930c to 970c in the week before that forecast appeared. It did not move significantly after this until Tuesday, when it reached a high of 1 000c before slipping back to 990c yesterday.

At 990c Greatermans yields 6,1% — well above stores blue chips, such as Pick 'n Pay, OK and Woolworths, and about the same as Truworths. Considering the gem that is Checkers, there is scope for the yield gap to narrow.

But Greatermans will have to grow consistently from these levels and demonstrate the conservatism of its accounting and particularly in stock valuation before professional investors rate it alongside the blue chips.

(BU25) (3386) (30) RDM 1/8/80.

Pick 'n Pay chief warns against higher wages

Own Correspondent

PORT ELIZABETH. — If minimum wages were pushed too high, South Africa's unemployment problem would become critical, Pick 'n Pay chairman Mr Raymond Ackerman argued in Grahamstown yesterday.

He told a meeting of 200 students that the country was already facing its worst unemployment situation ever and that enforcing higher minimum wages would simply push unemployment up.

"However the danger is that if we don't think about minimum wages people will pay ridiculously low wages and get away with it."

Mr Ackerman was speaking on the subject: "The new consumer — South African Blacks", at a lecture organised by AIESEC, an international association of commerce and economics students.

"The real problems facing this country are inflation and unemployement — not Swapo on the borders", Mr Ackerman said.

To keep inflation at bay and to offer people goods at prices they could afford was the role retailers had to play.

"The government has to make dramatic changes and eliminate certain laws from the statute book, but big business has its role to play too."

South Africa could abolish descrimination in commerce, industry and mining tomorrow, Mr Ackerman said.

It was unfortunate that most supermarket development had taken place in the white community when it was most needed in black and coloured areas.

Mr Ackerman said the problem about entering black areas was that small businessmen would suffer.

However, this was the price of progress and his chain had a 49% share in a supermarket which would open in Mitchell's Plain, Western Cape, in two months.

30 3141 SANAA 3/8/80

Pamphlet on how to beat the bombers

Sunday Express Reporter

ASSOCOM has issued a pamphlet advising businesses on the most effective precautions aginst crime and terrorism.

The purpose of the pamphlet, being distributed to all chambers of commerce throughout South Africa at R1, is to identify common security dangers and to draw attention to ways of combating them.

It deals with bomb threats, terrorist attacks and robbery.

As regards robbery, the pamphlet says that business staff must be trained to co-operate with the attacker as far as possible.

Businesses should also have ways — neither visible nor audible to the intruders — of calling the police.

If terrorists take over part of the premises, management should be able to guide the police into the premises unobserved by the terrorists. Management should be able to point out to police where they can carry out observation of the terrorists.

A bomb threat should always be treated as real until shown to be false.

Unless properly trained, personnel should not attempt to disarm a bomb. They should give the signal for evacuation.

If a threat is made over the phone, efforts should be made to keep the caller on the line. Ask him to repeat himself. Record as much as possible of the conversation.

Inform the security officer or the managem[illegible] as soon as possible, but [illegible]t frighten the caller into ha[illegible]g up. Ask the location of the bomb, stressing that innocent people could be hurt. Ask what kind of bomb.

Listen for background noises (music or machinery), and note the type of voice used by the caller.

Govt moves to 'open' trade zones

Political Staff

The Government intends a complete redrafting of the Group Areas Act as part of moves towards "open" trade zones.

Dr J H de Loor, Director-General of Finance, said today: "Substantial progress has been made towards open trade zones and the full utilisation of all groups of workers in service industries as recommended by the Riekert Commission, now intended to be part and parcel of a complete redrafting of the Group Areas Act."

He was speaking at the opening of the 16th annual congress of the National African Federated Chambers of Commerce (NAFCOC) at Sun City in Bophuthatswana.

Dr De Loor also said the mere lifting of restrictions would not be enough to stimulate the small business sector.

Star 4/5/80

Big boost planned for Athlone business

9/8/80 ARGUS 4 (30)

Municipal Reporter

AN alternative growth plan for Athlone central business district, based on suggestions by Athlone Business and Professional Association and other local organisations, will be considered by the State committee for the urban renewal of the area today.

It is based on the plan originally prepared by the City Engineer of Cape Town, Mr J G Brand, and published in June last year.

But there are changes — some have already been recommended to Cape Town City Council by Mr Brand.

These include an extension of the area southwards as far as Boyd Avenue, which would increase the ground floor business area by as much as 50 percent, the development of flats above business premises, an improved bus service and allowing some light industry into the area.

The new plan also asks for canopies over pavements, to shelter pedestrians from the rain, and for the upper storeys of buildings to be allowed to overhang pavements, supported on pillars.

Mr Shabier Seria, chairman of Athlone Business and Professional Association, said it had already been agreed that the site for a supermarket or department store assembled by the Community Development Board would be put out to public tender and developed by private enterprise.

The assembly of the site by the board was criticised by the South African Institute of Town and Regional Planners, when the plan was originally published.

It was described as 'an unwarranted degree of interference in the market place.'

The department of urban and regional planning of the University of Cape Town said it was 'public agency interference of the worst kind.'

But Mr Seria said his association approved in principle the development of this site as a supermarket by private enterprise.

A spokesman for the Development and Finance Corporation — formerly the Coloured Development Corporation — said that although his organisation supported the development of a supermarket or department store as a 'magnet' on the site, it was by no means anxious to develop or run this itself.

He thought its development by private enterprise would be 'a very healthy thing.'

Mr Shabier said his association, with the support of the Cape Town Chamber of Commerce, had pressed for residential development to be allowed in the area and Mr Brand now supported this.

'Originally the council did not want any residential development there,' he said. 'We want it partly to prevent people from being displaced from the area, with no chance to remain, and partly to give it life.'

EMBARGO : 14H00 ON MONDAY 4 AUGUST 1980

OPENING ADDRESS BY DR J.H. DE LOOR, DIRECTOR-GENERAL : FINANCE AT THE SIXTEENTH ANNUAL CONGRESS OF NAFCOC, SUN CITY, BOPHUTHATSWANA, 4 AUGUST 1980

30

THE CONSTRAINTS AND OPPORTUNITIES FACING BLACK BUSINESS IN THE DEVELOPING SOUTHERN AFRICAN MARKET

4/5/80

Mr Chairman, Ladies and Gentlemen,

INTRODUCTION

Thank you for your kind invitation to deliver the opening address at this your 16th Annual Congress. I deem it a privilege to have been invited to address you at this crucial stage in South Africa's commercial and industrial evolutionary history, particularly as I see your opportunities in the years that lie ahead as equalling, if not exceeding, those of the English-speaking South Africans at the turn of the century,

and the Afrikaans- ..../2

and the Afrikaans-speaking South Africans after the last World War.

You yourselves, I feel, are standing on the threshold of tremendous developments, painful in some respects - because growth is never achieved without effort - but fulfilling in the end because of the satisfaction which will come from full achievement in time.

I have been asked to consider the constraints and opportunities facing Black business in Southern Africa. In this regard both the general economic climate and the rules which regulate economic activity in a country must be taken into consideration.

These factors ...../3

These factors affect Black businesses as much as they do the economic activities of the other population groups. However, though it is true that all these groups share a common economic system in South Africa, there is no denying that there are particular conditions which have affected Black businesses in the past, especially in the urban areas, but which did not apply to the same extent to businesses of other population groups. In dealing with this subject, I shall therefore wish to cover both of these matters, i.e. special circumstances <u>and</u> the general economic situation.

As ons, eerstens, kyk na die reëls betreffende die algemene ekonomiese bedrywighede in Suid-Afrika, is dit welbekend dat die

Regering hom ....../4

Regering hom daartoe verbind het om 'n ekonomiese stelsel na te streef wat gegrond is op die beginsels van bedryfsvryheid en die vrye beweging van goedere en dienste. Dit is my oortuiging dat dit die mees geskikte stelsel is waarbinne al die inwoners van die land se ekonomiese welvaart maksimaal verhoog kan word. Op die gebied van die staatsfinansiële beleid word aan hierdie strewe uitvoering gegee deur, onder meer, die Owerheid se deelname in die ekonomie op 'n deurlopende wyse te probeer beperk slegs tot die lewering van noodsaaklike kollektiewe goedere en dienste, sekere strategiese produkte, die skepping van infrastruktuur en 'n klimaat wat gunstig is vir private ondernemerskap en ontwikkeling. Langs hierdie weg, so glo ek, kan 'n ekonomiese groeikoers bereik

word wat 'n ..../5

word wat 'n uitbreidende mark en sakegeleenthede vir alle ondernemers bied.

Maar dit is vir enige waarnemer van die Suid-Afrikaanse milieu duidelik dat die stelsel van vrye onderneming in vele opsigte tekortskiet, veral vir sover nie alle streke en gemeenskappe in die land reeds dieselfde vlak van ekonomiese ontwikkeling bereik het of kon bereik nie. Daar bestaan derhalwe regverdiging vir aktiewe owerheidsoptredes wat daarop gemik is om hierdie tekortkominge so gou moontlik te bowe te kom.

Een van die belangrikste opsigte waarin die stelsel van vrye onderneming tekortskiet, is dat dit nie altyd die optimum geleentheid vir die ontplooiing van <u>kleinsake-ondernemings</u> bied

nie. Die ..../6

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nie. Die kleinsake-onderneming in enige land is sonder twyfel een van die sluitstene van die stelsel van bedryfsvryheid, maar sy ontwikkeling word deur verskillende faktore hier gestrem. As die Owerheid dit dus erns het met die bevordering van die stelsel van bedryfsvryheid, behoort hy sy aandag onverwyld aan hierdie faktore te skenk. Omdat soveel Swart ondernemings kleinsake-ondernemings is, sal ek graag, na 'n kort uiteensetting van die kenmerke van kleinsake-ondernemings en die probleme wat hulle in die algemeen ondervind, 'n aanduiding probeer gee van wat die Owerheid reeds doen, en van wat tans onder oorweging is om die volle potensiaal van sulke ondernemings tot sy reg te laat kom.

In the commercial .../7

In the commercial and industrial history of any nation true industrial (and thus economic) power had its origins in the nurturing and promotion of the small trader, the small industrialists. In recent times we need only look around us at the so-called NIC countries (newly industrialized countries) such as Taiwan, South Korea, Hong Kong and Singapore, to realise that the small entrepreneur is the backbone of their economies and a major employer too. We should not try to re-invent the wheel, but take our cue from these examples, both as to the environment in which they operate and the methods by which they achieve progress.

CHARACTERISTICS OF SMALL BUSINESSES

In South Africa in general, if one defines small industries

as those concerns .../8

as those concerns with less than 100 employees, it is clear from the 1976 Manufacturing Census that:

- about 80 per cent of all industrial undertakings were indeed small;
- about one-fifth of our labour force in manufacturing was employed by small businesses; and
- about one-fifth of the gross manufacturing output was produced by small businesses.

In commerce, on the other hand, about 98 per cent of all retail institutions could be described as small. These small retailers provided, according to an even earlier census, as much as three-

fifths of the ....../9

fifths of the total retail turnover. Although more recent statistics are unfortunately not available, it is safe to assume that these basic facts have not changed appreciably. The conclusion thus is that promotion of the natural cycle starting with the informal sector, through the commercial sector towards the industrial sector should lead to optimum development. This is the "critical path" I am convinced we should all follow.

Small firms perform various important functions which contribute to the general health of the economy, such as:

- providing productive outlets for the energies of those men and women with a strongly developed sense of independence;

- providing ..../10

- providing the optimum size of the production or sales unit for some products which do not justify long production runs on account of a limited market;
- acting as specialist suppliers to larger concerns of various parts. or subassemblies;
- adding to the variety of products and services which can not be profitably supplied by larger companies;
- providing competition to the large companies which would otherwise be in a position to exploit consumers;
- acting as a source of innovation in products, techniques and services; and

- providing ..../11

- providing employment and creating stable labour relations, a condition not always easy to achieve in larger firms.

These functions are in themselves rewarding to small firms, and in most instances they do not need direct government assistance to perform these functions. It is only when small firms do not have equal access to resources, such as managerial skills and financing, on a par with the larger firms, that a case can be made out for intervention in favour of small firms to allow them to fulfull their normal functions.

Small firms perform two further functions which I feel are essential to a healthy economic system, but which cannot be regarded as automatically profitable, viz.:

- they can ..../12

- they can serve as incubators for the development of new industries based on the application of innovations; and
- they very often provide the means of entry into business for those who have entrepreneurial talents. Small businesses must therefore also be regarded as the vehicle through which new larger companies can eventually be established.

Small firms in industry, commerce, services and, let us not forget, the primary and agricultural sectors, do not always develop these last two functions automatically. This is so because of various market imperfections which may discourage the establishment of a new small firm, or because of the lack of the profit

incentive to ..../13

incentive to a particular entrepreneur. Innovation and incubation are, however, of such importance that I feel the authorities should indeed offer meaningful assistance to small businesses in this respect.

A STRATEGY FOR THE DEVELOPMENT OF SMALL BUSINESSES

Seeing that we seem to try to solve all our problems these days in terms of strategies, perhaps we should next turn our attention to ways and means of how small businesses can be encouraged to achieve their full potential. I feel a development strategy for the small business sector in South Africa should, in broad terms, have the following three objectives;

- firstly, .../14

- firstly, active recognition by public sector institutions of small business as a separate group which deserves equal if not better treatment;
- secondly, development of the full potential of small business in the field of cost per unit and thus productivity; and
- thirdly, institution of a programme of affirmative action or compensating opportunities in the economic field for entrepreneurs and/or areas which have not enjoyed the full benefits of economic development up to now.

With regard to the first objective, that of recognition, I do

not think ..../15

not think that Government has been consciously prejudiced against small firms in the past, be they of any population group. It is perhaps rather a case of relative neglect, of little positively having been done to look in particular after the interests of small business. To be sure, for several years financial support has been made available to such institutions as the Advice Bureau for Small Business at the University of Potchefstroom and the National Productivity Institute. The various development corporations have also given some support to this sector. On the whole, it could perhaps be said that economic policies in general have been neutral towards small business. But it is precisely this fact which may have had a discouraging effect in practice on account of the differing

circumstances which affect large and small firms. Too often this factor is not sufficiently appreciated, so that small firms suffer unintended disadvantages.

More recently, and especially since the Carlton Conference in November last year, increasing attention has been given to the specific needs of small businesses. Apart from making an amount of R10 million available in the last Budget specifically for encouraging small business development, the rôles of the various development corporations in the promotion of small business development need also to be reconsidered. At this point in time, the authorities are in fact actively considering proposals, drafted by the Panel on Economic Co-operation and

Strategy, to pool or pull closer together the small business development functions of the various existing development corporations and institutes with a view to achieving greater effectiveness. Although the particular circumstances of different communities and regions will obviously still be recognized, the proposals are also aimed at removing any racial distinctions from the activities of the corporations, and at concentrating their efforts on business development as such, rather than on business development for any specific population group or community.

It must be acknowledged that there are also a wide range of other measures in this respect which impinge on small business

development, and ....../18

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development, and which must therefore receive attention. These include:

- procurement and tendering policies of major purchasing departments of public authorities which often favour larger companies able to supply in bulk and on short notice;

- taxation and licensing policies of central, provincial and local authorities which impose quite stringent demands on the managerial and financial abilities of small firms in comparison with larger firms. What we need, rather, is taxation and licensing policies which will restore initiative, encourage entrepreneurial activity and improve the liquidity

position of ..../19

position of small businesses. It has been suggested in some quarters that a differential income tax be introduced to encourage small firms;

- legislation and regulation regarding companies, factories and other structures, health, pollution and other aspects of the environment which inhibit the growth of small firms without significantly improving the environment. In this respect one could, for example, consider allowing small business development in residential areas when this will not detract from the quality of life in those areas in a significant way;

- relieving the burden of statistics so often required by

officialdom ...../20

officialdom. Although we all would like reliable information on which to base policy decisions, the completion of umpteen returns and forms, in five- or tenfold, places a proportionately heavier load on small firms than on large firms which have the staff available for this purpose.

- having effective competition in the different spheres of the economy so that the future of small businesses in these spheres could be enhanced. When the state of competition in a sector is being examined, greater emphasis should be placed on the effect which the measures in question might have on the maintenance of a balanced industrial structure.

As far as the <u>second objective</u>, that of <u>productivity</u> increase is

concerned, .../21

concerned, it is well to remember that studies have shown that most of the problems confronting small firms in South Africa could be traced back to managerial deficiencies. I feel it, therefore, of paramount importance that assistance should be given to small firms in the field of managerial services if we were to develop this sector to its full potential. Access to financing at suitable terms is another aspect which should be taken care of, as is the training of personnel, especially managers. The normal encouragements and facilities pertaining to training can not always be applied lock, stock and barrel to smaller firms because they are normally not always in a position to afford the different training levies and imposts which may be required for certain train-

ing schemes and the training itself is very often directed towards turning out people whose abilities fit better into larger organizations. An overall system of vocational and crafts training coupled with the formal educational system could be of great advantage in providing fledgling entrepreneurs-to-be with the necessary technical backgroud for their future jobs. It is one thing to train a manager of a larger concern and quite another thing to train the entrepreneur and sole-risk-taker.

Let us consider next the third objective for a small business development strategy. As I have stated earlier, the Authorities have now taken cognisance of the fact that various groups of entrepreneurs and/or areas have not enjoyed equal benefits of economic development up to now and that the market system is also not providing equal opportunities to each and every entrepreneur or entrepreneur-to-be. It has therefor been decided to embark on a road of affirmative action in order to provide <u>compensating opportunities</u> to such groups of entrepre- and/or areas.

I should like to make it clear that this affirmative action only relates to small business in the economic field and will only be embarked upon in relation to businesses which will in time become and remain viable. As John X Merriman expresses it: If this is not done "the infant will never get out of the pre-ambulator!"

These actions will be of great help in developing the small

business sector in South Africa in general to its full potential, but also in particular in creating better opportunities for Black business development. In this respect it is true that while considerable efforts have been made by Government for a number of years through the development corporations to encourage Black business development in the national states, a number of restrictive measures actually inhibited the development of Black businesses in the urban areas. As is well known, these restrictions have now been or are in the process of being largely eliminated as far as the townships are concerned - even to the extent that an active diversification into light industrial development has recently been announced.

In view of the large backlog which has built up over the years in respect of Black business development in these cities, the mere lifting of restrictions will not be enough - more positive measures will also be necessary if the full potential of Black business development is to be realized as quickly as possible.

The provision of such compensating opportunities is of special importance in areas such as:

(a) the utilisation of our labour resources;

(b) the recognition of the urban informal sector as a viable contributor to the economic welfare of all our peoples; and

(c) the physical development of commercial and industrial areas

trial areas ..../26

trial areas in order to provide budding entrepreneurs with ample opportunities to realise their optimum potential.

The utilisation of our labour resources has been taken a big step forward with the publication of the respective white papers on the reports of the Riekert and the Wiehahn Commissions, in which guidelines for implementing the recommendations of the two commissions have been given. Although one can understand impatience with their implementation, these recommendations have far-reaching implications. It takes considerable time to prepare the necessary legislation and/or to effect the appropriate administrative changes. Nevertheless, substantial progress has already been made with reference to:

- the lifting ..../27

- the lifting of almost all the restrictions on job reservation as recommended by the Wiehahn Commission;

- implementing the Riekert recommendations on employment and in-service training including the transfer of the administrative machinery to the Department of Manpower Utilisation; and

- the acceptance of the principle of open trade zones and the full utilisation of all groups of workers in service industries as recommended by the Riekert Commission, now intended to be part and parcel of a complete redrafting of the Group Areas Act.

Although the ..../28

THE INFORMAL SECTOR

Although the urban informal sector consists of small mostly one-man businesses, it is a distinctive and very necessary subsystem within the economy and will continue to exist in response to the formal sector imperfections. Popularly stated the informal sector activities include small traders, street hawkers and similar activities, including carpenters, painters, bricklayers, tailors, taxi-drivers and other who may not have formal qualifications as tradesmen but through experience can do these jobs just as well, if not better, than their qualified brethren.

The informal sector is of special importance to an economy such as South Africa, consisting as it does of a developed part with a

formal sector ...../29

formal sector market and ... a developing part with a large informal sector. In addition to producing new goods and services for a market which may not come into regular contact with the formally produced goods and services, the informal sector tends to improve economic efficiency and lower costs by offering comparable goods and services at lower unit costs. It is furthermore serves as a training ground for entrepreneurs and labour in a similar way as formal small businesses do in the more conventional sense, but of course at a lower level of competence. The active development of the urban informal sector, I feel, would therefore be beneficial to employment creation in the same way as the promotion of small businesses would be.

Finally providing .../30

Finally, providing the <u>physical structures and overheads</u> for such entrepreneurs needs active attention.

It would be very difficult to transform the informal sector into part of the formal sector because of the generally rudimentary facilities available to the informal markets. We should rather concentrate on providing compensatory opportunities to this sector by creating for it a more favourable and organized working environment. In this way, the informal sector would not have to rely exclusively on the strength of the formal sector to pull it along, but instead acquire a momentum of its own. A strategy in this connection could include:

- the regularizing .../31

- the regularizing of the position of the informal sector by reviewing existing residential requirements, standards of quality and especially trade licensing policies;

- greater access to funds which could be provided by the respective development corporations; and

- provision of infrastructural services such as business zones and premises, roads, electricity and water, but at a cost which can be afforded and will enable them to exploit their natural advantages.

I have emphasized the development of this sector in particular because if we look at experience in Africa, it is the informal

sector which ..../32

sector which provided the initial momentum for formal small business and offers the on-the-job training of the entrepeneur.

RURAL DEVELOPMENT

Mr Chairman, let us next look for a brief moment beyond our urban environment to the rural areas and, in fact, to neighbouring countries.

Various areas outside our big cities have also not been able to develop to their full potential due to historical and other reasons. One way of providing compensating opportunities to these areas and the businessmen of these areas would be to promote urban development there by establishing

commercial undertakings /33

commercial undertakings and industries with a proper economic base. An official measure which has this as its objective is the present decentralisation programme. Similar programmes are being followed by our neighbouring states.

There is no doubt that these programmes, which have been actively pursued since the early Sixties, have not come up to expectations. Decentralization should be made more effective as an instrument for the creation of growth poles which could act as counterbalancing forces to established big urban areas. This could be achieved by concentrating on a limited and carefully selected number of growth points which may already have the necessary infrastructure for economic growth available and which could act as focal points of development for a whole region or even several regions. This

action could ..../34

action could provide various agglomeration benefits particularly to smaller businesses which they otherwise would have had to do without or which would have prompted them to move to the big cities.

In order to make it possible to develop only a limited number of these balancing growth poles it would also be necessary to establish some sort of organisational structure on a regional or interregional basis which would be instrumental in distributing the development advantages of such growth poles to the various regions or states concerned. Such a spatial development with a limited number of balancing growth poles and the accompanying organisational structure should go a long way in providing ample opportunities to small and medium-sized businesses,

especially Black ..../35

especially Black businesses, to develop to their full potential. It is true that Black purchasing power is largely concentrated in the urban areas, particularly in Soweto, where recent calculations put the monthly disposable income of households there alone at more than R60 million. Only about 17 per cent of the total Black population resides in the P-W-V area but they earn nearly one third of total Black incomes and represent more than one half of families with incomes above R3 000 per annum. Yet, on the other hand, the remainder of purchasing power lies outside these areas and certainly should not be neglected by Black business. It is estimated that one half of <u>all</u> consumption expenditure is handled by Blacks - a proportion that is bound to increase. "Go, then, young man, for this growth market, for here

your future .... ./36

your future lies", would be my advice

ORGANISATIONAL STRUCTURE FOR IMPLEMENTING THE STRATEGY TO DEVELOP SMALL BUSINESSES

In conclusion, Mr Chairman, after pointing out various strategies which we may consider to further the development of small businesses, what remains to be said is <u>who</u> should be made responsible for implementing these strategies. This question is at present being studied very actively and in depth by various governmental institutions such as the Panel for Economic Cooperation and Strategy in conjunction with the Economic Advisory Council and the National Manpower Commission. At this

stage it ..../37

stage it would seem that corrective and encouraging action would most probably be channeled through -

- either a special component of the rationalized development corporations with assistance from the private sector either through informal association or share capital or some other form of attachment;
- or a completely separate entity under the aegis of the proposed development bank which could operate across national borders.

Whichever route is decided upon, I think you will agree that our first priority is in the small business field inside South

Africa. Not that larger business should not be promoted, but perhaps smaller business should be promoted more. Discussions and views on this subject, especially by a prominent and highly relevant organization such as NAFCOC, will therefore be more than welcome. In fact I regard it as absolutely essential. Once this has occurred we can look forward to a major announcement on this subject which, I feel, will be regarded as a watershed in our economic future. Small business and its role in the development of South Africa should then take its rightful place.

Mr Chairman, I have pleasure in hereby declaring the Congress as open.

ISSUED BY THE DEPARTMENT OF FOREIGN AFFAIRS AND INFORMATION
AT THE REQUEST OF THE DIRECTOR-GENERAL : FINANCE

PRETORIA
4 AUGUST 1980

'No free enterprise in a restricted society'

30 ADM 6/8/88

RUSTENBURG. — Free enterprise was not practicable in a system that was not free, Mr Harry Schwarz, Progressive Federal Party MP, told the National Federated Chambers of Commerce (Nafcoc) conference at Sun City yesterday.

Mr Schwarz said oligarchal capitalism could flourish in a restricted society, but true free enterprise could not.

If the Prime Minister, Mr P W Botha, had — at the Carlton conference last year — committed the Government to free enterprise, then, if his words were to have meaning, "our society needs to move rapidly in the direction of freedom — not only in business rights, but in human rights — for the two to clearly go together," he said.

"If you may choose where to trade, there must also be freedom of choice where to live. If you are to have freedom to produce where you choose, you must have freedom to move as you desire.

"If there is to be no limit on the size and scope of the enterprise you may build, you must have access to expertise, experience and capital," he said.

Mr Schwarz said it was not only laws that needed revision. It was custom and convention "because many of the actions which inhibit black business are not enshrined in law but are historical practices which remain in operation because of inherent prejudice.

MR SCHWARZ
... gave guidelines

"These prejudices are not exclusive to the white community. They are also to be found among other races.

"A major problem is the need to instil the confidence of people in their own institutions. This is not a problem unique to South Africa. In the USA black business suffered for years from a lack of black support," Mr Schwarz said.

Black-controlled banks did not receive their share of money from their own people as they had more confidence in other longer-established financial institutions.

"Price-wise shoppers felt they got a better deal in the white-controlled stores. Perhaps in some cases the black entrepreneurs were to blame for this lack of confidence.

"It must not be suggested that business should become racial. The consumer should rather look at business objectively. Quality, price and service are the issues, not the skin colour of the owner."

Mr Schwarz put forward the following suggestions to remove constraints on black business:

- Review all laws which affect trade and industry and eliminate those practices which restrict, restrain or discriminate on the grounds of colour.
- Campaign to remove conventions, practices and prejudices which inhibit trade and industry on grounds of race.
- Encourage confidence in black business enterprise.
- Improve facilities for business training and to remove the historical disadvantages pertaining to experience and business background.
- Provide more ready access to finance for new and smaller enterprises.

"History, however, shows that, despite the attractions of overthrowing an economic system as a short cut to a solution, very few short cuts have succeeded.

"Africa has many such examples, where massive nationalisation of means of production and re-allocations of land were believed to be the panacea for the ills of colonialism. Yet, despite the disappearance of colonialism, the real incomes of people have not improved in a meaningful fashion."

Mr Schwarz said that after almost 20 years of independence, Tanzania's socialist system had produced a bankrupt country having to import food, when its major activity was agriculture — this despite being the biggest recepient of foreign aid in Africa in 1979.

The story was the same in most socialist-orientated states of Africa.

The economic solution for SA did not lie in the direction of Tanzania, Mr Schwarz said.

The economic solution for SA was not to be found in destroying the free enterprise system but rather in taking over and becoming part of and reforming the system.

SA had a powerful economy, it was worth keeping, he said. No-one should wish to destroy it. — Sapa

(30) RDM 8/8/80

Minister: Act now

THE building and construction industries must act now to avoid the growing labour unrest that has affected other sectors, the Minister of Manpower Utilisation, Mr Fanie Botha, said yesterday.

Mr Botha was addressing a conference in Pretoria on future employment opportunities in building and construction.

He said that in view of growing labour unrest it was essential to give attention to wage practices, promotion, employee relations and training. The industries' employers should also be familiar with the role of trade unions, he said. — Sapa.

'Plethora of rules' block black business

(30) (2734) RDM 7/8/80

By J S MOJAPELO

THE economic contribution which blacks had made in South Africa had always been severely constrained, Dr Zac de Beer, a senior executive of Anglo American, said yesterday.

The special factors affecting black business in South Africa were the socio-political arrangements in the country, he said.

Speaking at the 16th annual conference of the National African Federated Chamber of Commerce (Nafcoc) at Sun City, Dr De Beer said the commercial constraints and opportunities facing black business were not because of a special South African perception of economics.

"A whole plethora of licensing regulations, together with the Group Areas Act, migrant labour, the Seperate Amenities Act and other measures, have stood squarely in the path of the black man wishing to set up in business," he said.

He conceded that there has recently been a significant relaxation in some measures.

Dr De Beer said the most important indirect disadvantages which black businessmen were subjected to were segragation and inferior education.

"This had made it difficult for any but a very few black people to obtain the sort of employment that would enable them to save and build up capital. By the same token, only a minority of black people ever get sufficient education to enable them to be effectively trained as operators in business."

Another disadvantage was that banks were prejudiced against black borrowers.

Dr De Beer said blacks had a powerful buying power. Black customers, by favouring black businessmen, could shift the balance of economic power in Southern Africa.

On the question of white-black partnership, Dr De Beer appealed to white businessmen to create and develop black skills, black capital and black opportunity at all levels.

"For, just as the world cannot exist half-slave and half-free, so South Africa cannot continue to exist with the yawning racial gap in wealth, opportunity and privilege which exists today."

'Black buying power will rise'

3B9 30

RDM 7/8/80.

Staff Reporter

THE black disposable income of about R4 000-million a year is expected to increase to R60-million a day in the year 2000, while the white buying power was diminishing by about 1.5%, said the director of the Graduate School of Business at the University of Witwatersrand, Professor G F Jacobs.

He said whites constituted about two-thirds of the country's buying power.

"By 2000, consumer goods and services will be largely black-oriented. Between now and 1985, five million new black consumers will come on to the market.

"Between 1980 and 2000, the increase in the white car ownership will slow to 3.2% a year and other races will increase to 9.6%. Personal disposable income for all races should be about R1 500 a year in 2000 in present money terms," he said.

Professor Jacobs, who spoke at Nafcoc's annual conference on the educational needs of black business in the developing economy, said business was an unfamilar career-choice for most blacks. They have also been artificially excluded from participation in business as entrepreneurs and executives.

In the field of black education generally, there have been some welcome signs that the Government was aware of deficiencies and intended to do something meangingful.

On the training programme for black business persons, he said the training must identify with the fact that the black entrepreneur was a relative newcomer to the business world.

"He does not have the necessary business background, experience and expertise. His standard of education is limited.

"His level of business communication is not proficient. He has problems with trading rights, financing, and allocation of resources."

Professor Jacobs said the black entrepreneur must shed his fear of competition instilled in him by long years of exploitation, paternalism and bureaucracy. He must go out and meet compettition squarely and fairly as a challenging and healthy task and as a stimulant to free economy.

He urged the government to rank as a priority the improvement of education and training which must be free of discrimination.

Industry planning

THE encouragement of the manufacturing sector in black urban areas should be undertaken in a systematic manner, the chairman of the Noristan Companies, Dr N Stutterheim, said.

Dr Stutterheim said the encouragement must achieve specific objectives. These included a conscious effort to extend the free enterprise system, the development of a more stable economic base for the community, increased employment opportunities and wealth formation.

Plea for more Soweto businesses

30 (34/4?) RDM 7/8/80

Staff Reporter

RUSTENBURG. — The creation of more retail enterprises in Soweto was long overdue, the managing director of Nielsen Marketing Research, Mr M G Gorton, told the Nafcoc congress yesterday.

Mr Gorton said more than 70% of Soweto's expenditure took place in Johannesburg's central business district and any hope for an economically viable and self-sufficient Soweto community was non-existent.

"Perhaps, as a consequence of the recognition of this fact, we have seen a greater readiness on the part of the authorities to permit the creation of more retail enterprises in Soweto, enterprises which stand a chance of seeing Sowetans spend more of their money in Soweto," he said.

"I believe such moves are long overdue and are to be applauded. But clearly we are talking in such instances of the creation of major retail enterprises rather than a number of small operations," Mr Gorton said.

FM 8/8/80 **NAFCOC CONGRESS** (30)

Constraints against black businessmen are not only being removed — the government is considering "affirmative action" to compensate for past disadvantages. This was said on Monday by Director General of Finance, Joep de Loor, at the annual conference of the National African Chamber of Commerce (Nafcoc) at Sun City.

. De Loor also raised the need to develop a special dispensation for the country's small enterprises, which had been subject to "relative neglect." A development strategy for the small business sector is required, he said. It was necessary to offset "neutral" economic policies towards this sector by co-ordinating the various development corporations and making them concentrate on small business development, irrespective of race.

Proposals for this have been drafted by the Panel on Economic Co-operation and Strategy, De Loor said.

There was a need to reassess taxation and licensing policies of central, provincial and local authorities which "impose quite stringent demands on the managerial and financial abilities of small firms in comparison with larger firms." A differential income tax had been mooted in some quarters, he said.

For black businessmen, probably the bulk of this sector, "positive measures will be necessary" as the mere lifting of restrictions would not be enough. Greater access to funds through the development corporations should be provided, and the provision of infrastructural services for business zones should be costed in accordance with the capacity of the entrepreneurs.

Prospects for black businessmen are still, however, dismal against the backdrop of policies which impede the free movement of businessmen across group areas.

Harry Schwarz told the conference that the exclusion of black businessmen from the central business districts bars them from the most integrated consumer areas with high purchasing power.

The Group Areas Act and lack of freehold land rights have reinforced the black businessman's determination to keep white capital out of townships. Nafcoc President Sam Motsuenyane stressed that unless these stumbling blocks are removed partnerships between white and black would not be supported.

EXPRESSCOPE LOOKS AT THE EXPLOITATION OF

Sex war looms feminists and

● "The guys always go for this" ... a shot of a blonde and her cleavage to advertise an engineering product

A SEX war is on the cards for the Eighties — between advertisers and militant feminists.

Fuelling it is increased sexual explicitness and daring among advertisers responding to the easier sexual climate on the one hand and, on the other, growing self-awareness and militancy among women who are determined to fight the "exploitation of women's bodies to sell things".

Sexual openness is undoubtedly the scheduled theme for advertising in the Eighties, whether "to sell cars or mutton chops".

But this will undoubtedly lead to an intensifying battle between the advertising agencies and the feminists, who are determined to ensure that the sexuality that is flaunted in advertisements in the mass media during the present decade — as opposed to the bland use of sexuality in the 50s, 60s and the early 70s — will be far more subtle, sophisticated and realistic.

And as bikinis grow smaller, clothes more revealing and sexual attitudes more open, the feminists are preparing their strategy to meet up to and destroy what they see as a growing advertising "sophistication".

They say that on the surface it lends itself to the idea of the "liberated woman", but which the feminists maintain are really just as unsubtle as the old Brylcreem advertisements.

This week Angela Johnson, a feminist activist and a member of the Cape Town Women's Movement, analysed two current advertisements for the Sunday Express, to show how the feminist movement views "current trends" employed by advertising agencies.

One was an advertisement for a popular deodorant, '6th Sense', and the other an ad for Bali Bath Oil, which is due to come up before the Advertising Standards Authority committee because of complaints received about it.

● An additive for car engines. No possible connection with the product is what angers the feminist movement

By BARRY LEVY

Angela Johnson comments: "The '6th Sense' advertisement is dominated by the phallic image of the container of the deodorant.

"The woman (in the advertisement) is supposed to look sultry and sexy. The mood that is set is exotic and it implies that if a woman buys a certain product her life will change from the boring reality it may be to something more exciting.

"The main message is that she will become desirable to men, thus implying that she can't be fulfilled through herself, except by male attention gained at the expense of appearing as a sexual object. Advertisements like this are trying to shape a woman's aspirations to an ideal the advertisers think fit for a woman."

The 'Bali' advertisement, says Angela Johnson, "shows two women who conform to the innocent but sensual water-nymph stereotype.

"At first glance the picture may appear to be natural but it is actually romanticising a certain image of a woman. No person would look like they do when bathing in a stream.

"Furthermore the women are young and their bodies are perfect. No old body is reflected and surely it isn't only slim, young bodies that need winterproofing."

But the advertising agencies, though differing in opinion, agree that what they are doing in their advertisements is little more than mirroring contemporary female society which, they maintain, points to a decade of more explicit sexual daring blended with sophistication.

Mr Hakan Sjogren, MD of Lintas, a prominent advertising agency, put it this way: "Advertising agencies must try to communicate to the market the prevalent lifestyle at the time — but it's like women's skirts — they go up and down.

"We use the trends that we find around us now — and we can't change the way it's been since the Stone Age. That is, man chases woman.

"Over the past two to three years the lifestyle has become more daring. Hence, smaller and smaller bikinis. I don't think the feminists can win the battle against these trends."

Mr Stewart Hutton, assistant managing director of the J Walter Thompson agency, told the Sunday Express that he saw the trend as a "swing toward the new emancipated Eighties — the girl who has a mind of her own".

But, he added: "The majority of women still like to look sexually appealing. However, the women of the Eighties is definitely more individualistic and more intelligent — and advertisements must reflect that."

Assistant MD, Mr Peter Atkinson added: "What you're finding today is not a flagrant sexuality, but rather a greater sense of self-sufficiency among women.

"To reflect this, the trend now is to use well-known models and stars like Margaux Hemmingway, who look confident and individualistic rather than bland like the pin-up girls of the 50's and 60's.

"As opposed to a place like Germany where a man could quite easily be picked up by a woman, the shift in South Africa is a lot more subtle."

But, however the advertising agents think they see the issue, the feminists remain adamant in their struggle to do away

WOMEN'S BODIES TO SELL ANYTHING FROM CARS TO FRUIT

between the ad agencies

S. Express

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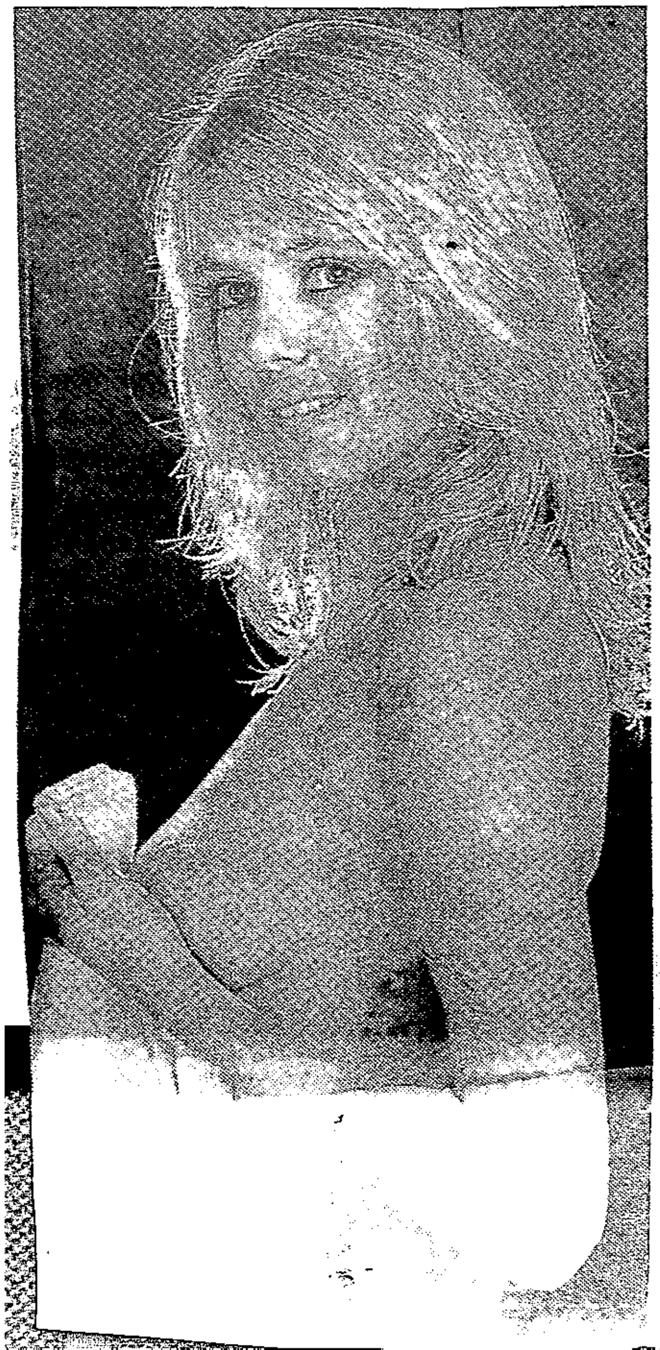
10/8/80



any punches about what they're getting at."

Ms Everett calls these advertising "promises — a total con. The whole thing is a lie. If anyone was the way ads depict them to be, they wouldn't fall for them". But more than this, she says, "they wouldn't need them".

For the decade of the Eighties the feminist movement plans to intensify their struggle against the advertisers. Their tactics include:

- Boycotting products.
- Intensifying complaints to the Advertising Standards Authority.
- Writing letters of protest to the manufacturers of certain 'distasteful' products.
- Intensifying the pressure in the feminist media.
- Alerting women to the more sophisticated approach being used by advertisers.

The ASA (Advertising Standards Authority) bears out that most of its complaints come from women and particularly feminists. A spokesman said: "Many women see advertising (particularly where women are shown in nude scenes) as degrading to the female.

"However, although we get hundreds of complaints these are referred to a committee and they are judged on their merit."

The biggest complaints the ASA gets, he said, "are those against figure beauty advertisements".

The most relevant part of the ASA code reads: "Advertise-

They only make sense in their call for equal salaries to that of men.

"Women shouldn't forget their sex," she says. "It does help to sell things. A sexy girl can turn men back just as much as she can turn them on. That's a part of her ability and intelligence.

"But since the time of Adam and Eve it has always been the women who has dressed herself up to attract men. I am married and therefore don't need to attract men but that doesn't mean that I shouldn't still look sexually appealing. You want to do it for your own self-pride."

"How many little girls dream of becoming models?"

Says Liz Everett: "Girls are taught from when they are very young that if they are pretty they can make it. Hence, if they can use their attractive bodies to make money they will do it. Most models don't see that they might be doing something wrong.

The feminists, on the other hand, don't bear any particular

● This advertisement is due before the Advertising Standards Authority because of sharp reaction from women

grudge against the models in advertisements, who, they think, are just pawns in the advertisers' game.

Mr Will Corry, MD of Thomson Publications, commented: "The feminist movement will eventually put some form of control on advertisements and the movement will affect the sales of products. But to what extent is that the question?"

Thomson Publications recently put out a "girlie" calendar to advertise Haleys Steel Support Sets. Mr Corry says of it: "We spent R2 000 to R3 000 trying to get the most tasteful shots.

"But when it came to deciding on what shots to use for the calendar we found that most guys didn't want a classy image. So, we gave the customer what he wanted — the more bland, less classy shots.

"Still, we are happy that the shots used are tasteful. We realise that the pressure groups will have an affect on advertising and we welcome the feminists to call us."

R250m removal of Indian traders fails

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RDM 11/8/80.

'MAIL' EXCLUSIVE

By TONY STIRLING, CHRIS MARAIS and ROBERT FYSH

THE GOVERNMENT'S policy of moving Indian traders out of white areas — which has cost the South African taxpayer an estimated R250-million — has failed.

This emerges from a Rand Daily Mail survey of 17 platteland towns.

The implementation of the Group Areas Act has not succeeded in its basic aim: to keep Indian traders out of white business districts.

Indians are actively trading in white areas under the cover of white nominees.

The Government's policy has failed in two other important ways:

- In many cases the removal of Indian traders to complexes outside towns has caused them heavy financial grief;
- In many towns white businesses have suffered from the relocation of Indians and whites no longer want them out.

According to Mr Ismail Mayet, an executive member of the SA Indian Council, a survey undertaken for the SAICC showed it had cost R55 000 to relocate each trader, and the overall cost was R250-million.

The "Mail's" own survey shows that, because of the failure of the policy, platteland

Govt's R250m failure

RDM 11/8/80

From Page 1

areas for more premises to accommodate new traders, or for the expansion of trade by individual businesses;

- At Vryburg, in the Northern Cape, the department has granted three licences for Indians to open small businesses in a light industrial area adjoining the town's business centre — and four more applications for Indians to trade in this area are awaiting a decision;
- In some areas, implementation of the broad policy of apartheid, such as the resettlement of blacks, conflicts directly with the relocation of Indian traders;
- White businesses were adversely affected by the removal of Indian traders in some towns, which has caused businessmen in other towns to adopt a more cautious attitude towards removals in their own areas.

See Page 9

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A remarkable change in white attitudes towards Indian businessmen in white areas has been revealed in an investigation by the Rand Daily Mail in 17 platteland towns. TONY STIRLING, CHRIS MARAIS and ROBERT FYSH report.

Change of heart on Indian traders

RDM 11/8/86

IN THE 1950s, when hearings took place to determine the feelings of whites towards Indians trading in platteland towns, there was scant sympathy.

The Indians, who were historically the backbone of the business community in the vast majority of towns on the platteland, were forced to move to Community Development Department complexes. Frequently these complexes were situated outside of the towns and this adversely affected trade for the Indians in many centres.

The vacuum created by the removal of the Indian traders also had a drastic effect on white businesses in many towns.

In five of the towns surveyed by the "Mail", organised commerce — backed by its councils in three cases — is fighting removal of the Indian traders from the white central business districts.

There are two main reasons for the change in attitude among the whites: the adverse effect of the removal of Indian traders on business in many towns and the fact that Indians are trading in the white areas by using white nominees.

● In Lichtenburg, the town council — supported by the Sakekamer and the Chamber of Commerce — made strong representations to keep the Indian traders in their existing area. This area is situated two blocks from the town's main thoroughfare and a block away from OK Bazaars.

Organised commerce and the council involved two members of the Cabinet in their fight to persuade the authorities to allow the Indian traders to remain — Mr Marais Steyn, Minister of Community Development, and Dr Ferdie Hartzenberg, Minister of Education and Training, who is the local MP. But their efforts failed, they were told it was too late, a decision had been taken.

In 1966, the majority of the local Indians favoured being moved to their own area, one of the few in the country.

But about four years ago there was a reversal of opinion. Although the Indians were happy about going into a separate residential area, the trading community wanted to remain where it was and was prepared to re-develop the area in which the Indians are presently trading.

Representations were made in this regard but the petitioners were informed that it was too late for a change — the plans had already been made.

The traders are due to be moved into a Community Development Department shopping centre, adjoining the Indian residential area, about 500m from the last shops in the bottom street of the CBD.

The white business community is opposed to the move. Mr Morgan Streeter, chairman of the chamber of commerce, said that among the reasons is the fact that the Indians will "get two bites at the cherry" because they will come back into town under the guise of white nominees. Nominee businesses have in fact already moved in.

Mr Sam Cloete, his counterpart on the Sakekamer, confirmed that his organisation had opposed moving the Indian traders. He declined to say why.

But it was learnt that most Afrikaner businessmen were against splitting the business community and that many believed it was unfair to remove the Indians who had formed an integral part of that community since before the turn of the century.

● In Zeerust, the town council also made representations to stop removal of the town's 14 Indian traders to a Community Development Department centre about 500m past the last shops on the town's main street.

A town council spokesman said the move was "pointless" but that representations from the council and the traders to halt the move had been torpedoed by the department. The town was not a growth point and business was not expanding.

A spokesman for the town's Sakekamer showed records indicating the Sakekamer's attitude had changed since 1975, when it took a decision backing removal. "I can confirm that the attitude of members has changed since then and that the majority would now support any move to allow the Indian traders to remain in town," he said.

Among the reasons for this was the inevitability of the establishment of nominee trading concerns in the white trading area, which has taken place in advance of removal to the new centre, set for December.

● Louis Trichardt's Sakekamer made vigorous representations to the department in 1976 not to move the Indian traders from the CBD but they were moved to a department complex this month.

Mr Johan Gilfillan, chairman of the Sakekamer, said this was still its stand and his organisation would firmly support future representations by the Indian traders to return to the CBD.

The traders have been moved to a complex about 2km from the town centre, off the main by-pass to Zimbabwe.

Louis Trichardt is one of the cases where the white trading community fears that moving the Indians will have a backlash on business in the town centre.

The new complex includes a proposed filling station which the whites believe will cause most of the passing trade to visit the complex instead of going into the town.

According to a spokesman for the council, it will take no action pending more representations by organised commerce.

● In Vereeniging, the Indian traders are set to be moved out to a Department of Community Development trading plaza on the fringes of the CBD by the end of the year.

Local traders are against the move to relocate the 70 traders, many of whose families have traded in the city centre since Vereeniging's establishment.

Mr Myer Weitzmann, president of the local Chamber of Commerce, said white traders had ties with the local Indian community going back 90 years.

"If the Indians were to leave, a large amount of trade would leave the CBD. The Indians are at present providing a good service to consumers in the centre of Vereeniging.

"However, it is unlikely the local authority will ask for the retention of the Indian traders after the plaza has already been built," he said.

The Vereeniging Indian Plaza, which has cost an estimated R3 500 000 is due to be completed by the end of this year.

The council has not yet considered its policy on allowing Indians trading permits under the Group Areas Act.

● In Potgietersrus — where there are preliminary plans to remove the Indian traders from their existing shops in the CBD under the Group Areas Act — the council is seeking the views of organised commerce on the issue.

The only traders want terparts bac feel moving from the cen 1976 — has most of their ticularly fron State border.

"If it was trade I woul said one w outfitter.

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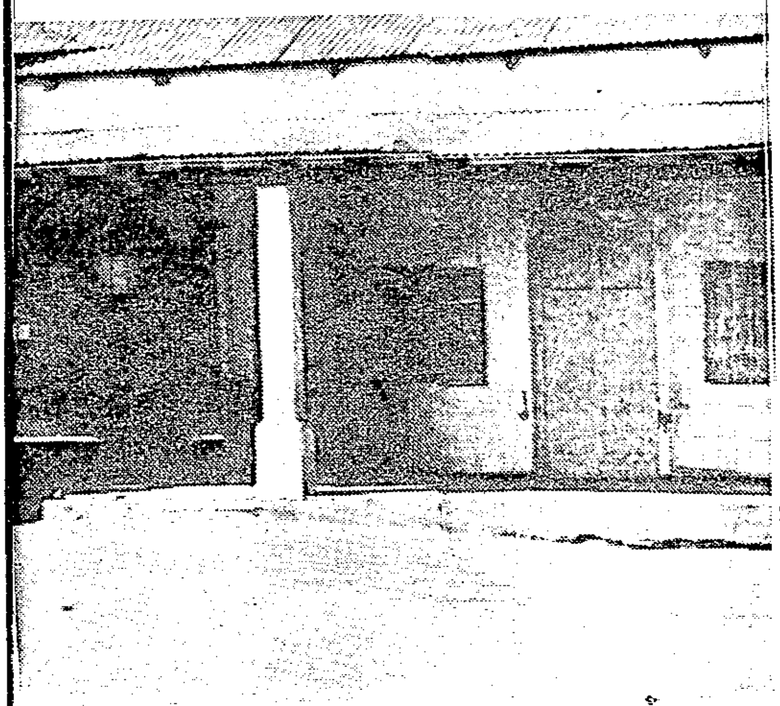
...he Louis Trichardt Indian Complex last month.



Indi... pruit.

● In Potgietersrus — where there are preliminary plans to remove the Indian traders from their existing shops in the CBD under the Group Areas Act — the council is seeking the views of organised commerce on the issue.

The local chairman of the Chamber of Commerce, Mr A L van Rensburg, said in view of the negative effects of removals in other towns he did not believe it was in the interests of the business community of Potgietersrus to move the Indians out of their traditional trading area in Potgieter Street, the main thoroughfare to Botswana.

Mr Lenus Botha, chairman of the Sakekamer and also of the management committee, said his organisation would canvass the view of every member in the town before making any recommendations to the council. This would take place before mid-August.

In 1977, the town council, acting on recommendations from local businessmen, made representations to the department asking it not to move Indian traders from the CBD of the town.

● In Standerton, the white ...eir Indian ... in town. They ...e Indians 2km ...e of town — in ...prived them of ...hite trade, par... across the Free

...t for the black ... go bankrupt," ...te Standerton

...themselves are ...ontent because ...s lie on high ...e Vaal River's ...heir old shops ...affected by re-

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... on open trading ...by the council.

● In Vryburg, ...e northern Cape, the council agreed to open three trading sites for small businesses for Indians adjoining the white CBD. These applications were approved by the Department of Community Development. Four more applications were submitted to the department on which there has been no reply.

The Vryburg council formerly endorsed the plan to move Indians to their new complex about 500m from the town centre.

A number of sites in the industrial area have already been opened to Indians.

The local chairman of the Chamber of Commerce and Assocom representative, Mr Thor Cornforth, supports the idea of opening the white trading area to Indians and says the removal of the traders to a department built centre about 500m from the town centre has been a "senseless" move.

The chairman of the town's Sakekamer, Mr F le Grange, said his organisation would be meeting soon to discuss the situation.

● The new Indian trading complex nearing completion in Pietersburg is in a declared white group area and adjoins one end of the existing Indian trading section.

It is one of few examples where the Indian businesses are being relocated under Section 19 of the Community Development Act, in terms of which Indians are allowed to trade in a white area under permit.

Mr Jack Botes, Pietersburg's Town Clerk, said the council fully accepted the move in that Government plans for the relocation of Indian traders had reached fruition.

Mr Botes confirmed that properties belonging to Indian traders had been frozen by a Government edict two weeks ago to stop the speculation and to give the council a right over what might be done with the land.

"Anything done in terms of urban renewal is wholeheartedly welcomed in Pietersburg where many of the properties have become virtual slums," Mr Botes said.

Organised commerce expressed opposition to the move, even though this is taking place within a white area.

In 1977, organised commerce made representations to the Minister of Community Development, Mr Marais Steyn, expressing reservations about the ...osed remova... from their traditi... areas.

"Many people ... cerned that busine... vacated overnight ... deserted and th... would quickly de... slum," Mr Botes s...

Mr Steyn has ... the request that th... reconsidered.

"What we want ... criteria — to avo... he said. "The seco... to make our town ... tive as possible — ... all indications of ... tions, all inferi... from the face of ... the Transvaal pla... cially ..."

Mr Steyn said ... ment had never st... nomic apartheid".

The new site, ... the council, was ... cause it is close t... terminus handling ... commuters a day.

● In Christiana, ... traders are to be ... Community Devel... partment complex ... street of the town ... decided to ask the ... to allow the India... remain in the to... CBD under permit...

This was suppo... white business com... whole, according t... kamer chairman, ... van Jaarsveld. ... against moving t... town because we h... adverse effects this ... er towns."

● In Rustenburg, w... dian traders claim ... has been severely ... removing them to ... about 3,5km from t... tre, the Indians hav... application to get ... town under the per...

The chairmen o... kamer and the C... Commerce, Mr B J ... and Mr W F du To... in their personal ... said they had no o... Indians trading in ...

Among the reaso... the presence of a la... of businesses in the ... whites were acting ... for Indians, the fac... petition stimulate... and the fact that m... activity would cr... jobs.

● A spokesman fo... council of Middelb... the Indian trading ... was resettled in ... about 2km to the ... town, said there ha... marked comment o... ter at the time of t... of the Indians from ...

Mr G E Kallel, ... man of the Middelb... ber of Commerce, ... that his organisatio... been in favour of the ... that their feelings ... conveyed to the ... authorities.

"But we were ove... said.

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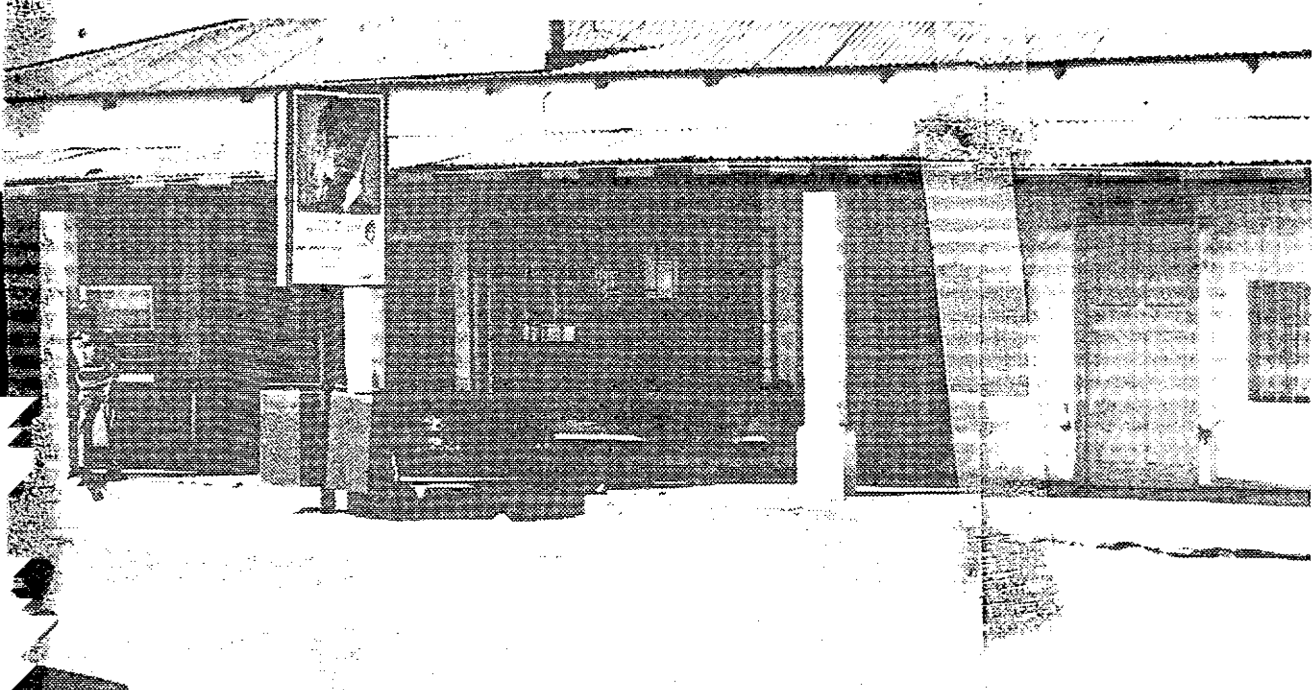
Opening day at the Louis Trichardt Indian Complex last month.



The only Indian trading shop in Naboomspruit.

traders want their Indian counterparts back in town. They feel moving the Indians 2km from the centre of town — in 1976 — has deprived them of most of their white trade, particularly from across the Free State border.

"If it wasn't for the black trade I would go bankrupt," said one white Standerton outfitter.

The Indians themselves are in the main content because their new shops lie on high ground above the Vaal River's flood level. Their old shops were severely affected by recurrent floods.

However, if they were allowed to own premises within the white trading area, many would welcome a return to

● In Vryburg, in the northern Cape, the council agreed to open three trading sites for small businesses for Indians adjoining the white CBD. These applications were approved by the Department of Community Development. Four more applications were submitted to the department on which there has been no reply.

The Vryburg council formerly endorsed the plan to move Indians to their new complex about 500m from the town centre.

A number of sites in the industrial area have already been opened to Indians.

The local chairman of the Chamber of Commerce and Assocom representative, Mr Thor Cornforth, supports the idea of opening the white trading area to Indians and says the removal of the traders to a department built centre about 500m from the town centre has been a "senseless" move.

The chairman of the town's Sakekamer, Mr F le Grange, said his organisation would be meeting soon to discuss the situation.

● The new Indian trading complex nearing completion in Pietersburg is in a declared white group area and adjoins one end of the existing Indian trading section.

It is one of few examples where the Indian businesses are being relocated under Section 19 of the Community Development Act, in terms of which Indians are allowed to trade in a white area under permit.

Mr Jack Botes, Pietersburg's Town Clerk, said the council fully accepted the move in that Government plans for the relocation of Indian traders had reached fruition.

Mr Botes confirmed that properties belonging to Indian traders had been frozen by a Government edict two weeks ago to stop the speculation and to give the council a right over what might be done with the land.

"Anything done in terms of urban renewal is wholeheartedly welcomed in Pietersburg where many of the properties have become virtual slums," Mr Botes said.

Organised commerce expressed opposition to the move, even though this is taking place within a white area.

In 1977, organised commerce made representations to the Minister of Community Development, Mr Marais Steyn, expressing reservations about the proposed removal of Indians from their traditional trading areas.

"Many people were concerned that business properties vacated overnight would be left deserted and that the area would quickly develop into a slum," Mr Botes said.

Mr Steyn has turned down the request that the removal be reconsidered.

"What we want is the first criteria — to avoid friction," he said. "The second criteria is to make [illegible] tive as possible [illegible] all [illegible] tion [illegible] buildings from the face of our towns, on the Transvaal platteland especially . . ."

Mr Steyn said the Government had never stood for "economic apartheid".

The new site, according to the council, was selected because it is close to a new bus terminus handling 33 000 black commuters a day.

● In Christiana, where the traders are to be moved to a Community Development Department complex in the main street of the town, the council decided to ask the department to allow the Indian traders to remain in the town's white CBD under permit.

This was supported by the white business community as a whole, according to the Sakekamer chairman, Mr Gawie van Jaarsveld. "We were against moving them out of town because we had seen the adverse effects this had on other towns."

● In Rustenburg, where the Indian traders claim their trade has been severely affected by removing them to a complex about 3.5km from the town centre, the Indians have lodged an application to get back into town under the permit system.

The chairmen of the Sakekamer and the Chamber of Commerce, Mr B J Badenhorst and Mr W F du Toit, speaking in their personal capacities, said they had no objections to Indians trading in the CBD.

Among the reasons cited was the presence of a large number of businesses in the CBD where whites were acting as nominees for Indians, the fact that competition stimulated business, and the fact that more business activity would create more jobs.

● A spokesman for the town council of Middelburg, where the Indian trading community was resettled in a complex about 2km to the east of the town, said there had been no marked comment on the matter at the time of the removal of the Indians from the town.

Mr G E Kallel, vice-chairman of the Middelburg Chamber of Commerce, disclosed that his organisation had not been in favour of the move and that their feelings had been conveyed to the relevant authorities.

"But we were overruled," he said.

The spokesman added there had been no organised representations from the white business community to implement Section 19 of the Community Development Act.

Indian traders are soon to make representations for trading licences in the white area under Section 19.

At this stage the town council — which has already opened its industrial area to Indians — has made no decision on whether to supp[illegible] the [illegible] over. Neither [illegible] where [illegible] traders have been moved to a site about 1.5km from the CBD, the council has not discussed the possibility of an open trading area in the town.

Mr Piet van der Merwe, chairman of the local Sakekamer, said no one had objected to the presence in Koster of a nominee business being operated on behalf of Indians. He said the white attitudes could be gauged by this, although he added that he could not see the need for Indians to open up businesses in the town he felt that their own centre was prospering.

● In Brits, the Indian traders have made representations for the opening of white trading areas to them. No decision has been made by the council. The local Sakekamer chairman, Mr C L de Jager, "can't see why they want to trade in the white area" since their existing area — which was the area the Indians have occupied since moving to the town — is separated from the white CBD by only a railway line.

● The Nylstroom Sakekamer fully supported moving the Indian trading community to a complex about 3km from town in 1975.

The present chairman of the Sakekamer and former member of the Nylstroom Town Council which fully endorsed the removals, Mr Anton Bakker, refused to discuss the attitude of his organisation towards the possibility of opening white trading areas in the town to Indians.

A spokesman for the council said the removals were regarded as "past history" and said the council did not wish the issue to be raised.

● In Potchefsroom, the Indians — who were removed to a complex outside the CBD — are to make representations soon.

Neither the council nor the Sakekamer has yet made any decision on the matter. But they are expected to do so soon. Industrial sites have been opened to Indians.

● Bethal's council has made no decision on open business areas, although organised commerce in the town has no objections.

● In Heidelberg, the council has also made no decision on the matter. There is no Sakekamer or chamber of commerce in the town.

towards Indian bu
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platteland towns.
CHRIS MARAIS re

IN THE 1950s, when hearings took place to determine the feelings of whites towards Indians trading in platteland towns there was scant sympathy.

The Indians, who were historically the backbone of the business community in the vast majority of towns on the platteland, were forced to move to Community Development Department complexes. Frequently these complexes were situated outside of the towns and this adversely affected trade for the Indians in many centres.

The vacuum created by the removal of the Indian traders also had a drastic effect on white businesses in many towns.

In five of the towns surveyed by the "Mail", organised commerce — backed by its councils in three cases — is fighting removal of the Indian traders from the white central business districts.

There are two main reasons for the change in attitude among the whites: the adverse effect of the removal of Indian traders on business in many towns and the fact that Indians are trading in the white areas by using white nominees.

● In Lichtenburg, the town council — supported by the Sakekamer and the Chamber of Commerce — made strong representations to keep the Indian traders in their existing area. This area is situated two blocks from the town's main thoroughfare and a block away from OK Bazaars.

Organised commerce and the council involved two members of the Cabinet in their fight to persuade the authorities to allow the Indian traders to remain — Mr Marais Steyn, Minister of Community Development, and Dr Ferdie Hartzenberg, Minister of Education and Training, who is the local MP. But their efforts failed, they were told it was too late, a decision had been taken.

In 1966, the majority of the local Indians favoured being moved to their own area, one of the few in the country.

But about four years ago there was a reversal of opinion. Although the Indians were happy about going into a separate residential area, the trading community wanted to remain where it was and was prepared to re-develop the area in which the Indians are presently trading.

Representations were made in this regard but the petitioners were informed that it was too late for a change — the plans had already been made.

The traders are due to be moved into a Community Development Department shopping centre, adjoining the Indi-

... by the end of the year.

Local traders are against the move to relocate the 70 traders, many of whose families have traded in the city centre

... ns in ... ea, which has ... advance of removal ... centre, set for Decem...

● Louis Trichardt's Sa...mer made vigorous representations to the department in 1976 not to move the Indian traders from the CBD but they were moved to a department complex this month.

Mr John Gilfillan, chairman of the Sakekamer, said this was still its stand and his organisation would firmly support future representations by the Indian traders to return to the CBD.

The traders have been moved to a complex about 2km from

... sidered its policy on allowing Indians trading permits under the Group Areas Act.

● In Potgietersrus — where there are preliminary plans to remove the Indian traders from their existing shops in the CBD under the Group Areas Act — the council is seeking the views of organised commerce on the issue.

The local chairman of the Chamber of Commerce, Mr A L van Rensburg, said in view of the negative effects of removals in other towns he did not believe it was in the interests of the business community of Potgietersrus to move the Indians out of their traditional trading area in Potgieter Street, the main thoroughfare to Botswana.

Mr Lenus Botha, chairman of the Sakekamer and also of the management committee, said his organisation would canvass the view of every member in the town before making any recommendations to the council. This would take place before mid-August.

In 1977, the town council, acting on recommendations from local businessmen, made representations to the department asking it not to move Indian traders from the CBD of the town.

● In Standerton, the white

... town.

No decision on open trading has been made by the council.

Change of hear[t] on Indi[an] traders

RDM 11/8/80

...ge in white attitudes ...usinessmen in white ...vealed in an investi... ...nd Daily Mail in 17 ... TONY STIRLING, ...and ROBERT FYSH ...port.

...an residential area, about 500m from the last shops in the bottom street of the CBD.

The white business community is opposed to the move. Mr Morgan Streeter, chairman of the chamber of commerce, said that among the reasons is the fact that the Indians will "get two bites at the cherry" because they will come back into town under the guise of white nominees. Nominee businesses have in fact already moved in.

Mr Sam Cloete, his counterpart on the Sakekamer, confirmed that his organisation had opposed moving the Indian traders. He declined to say why.

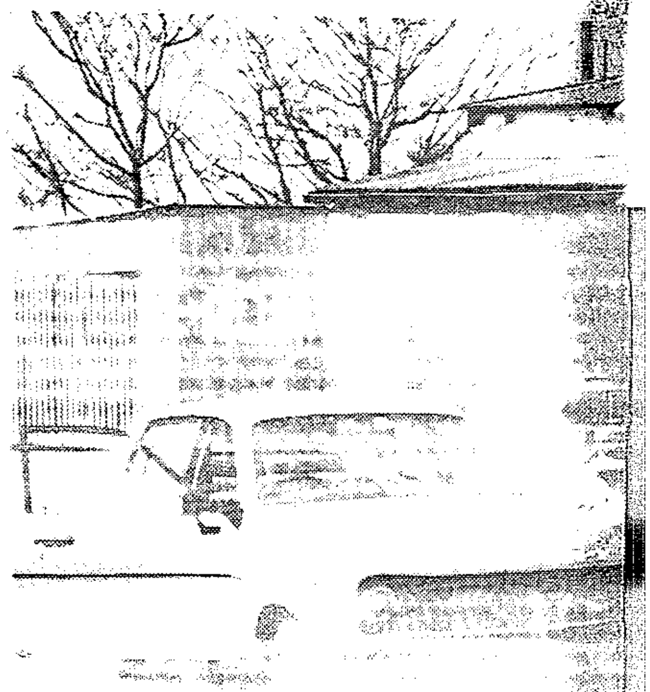
But it was learnt that most Afrikaner businessmen were against splitting the business community and that many believed it was unfair to remove the Indians who had formed an integral part of that community since before the turn of the centur[y].

● In [illegible] also [illegible] ston removal of the town's [illegible] Indian traders [illegible] Development [illegible] tr[illegible] sh[illegible] street.

A [illegible] said the move was "pointless" but that representations from the council and the traders to halt the move had been torpedoed by the department. The town was not a growth point and business [illegible] expanding.

A spokesman [illegible] Sake[illegible] dica[illegible] tude had changed since 1975, when it took a decision backing removal. "I can confirm that the attitude of members has changed since then and that the majority would now support any move to allow the Indian traders to remain in town," he said.

Among the reasons for this was the inevitability of the es-



the town centre, off the main by-pass to Zimbabwe.

Louis Trichardt is one of the cases where the white trading community fears that moving the Indians will have a backlash on business in the town centre.

The new complex includes a proposed filling station which the whites believe will cause most of the passing trade to visit the complex instead of going into the town.

According to a spokesman for the council, it will take no action pending more representations by organised commerce.

● In Vereeniging, the Indian traders are set to be moved out to a Department of Community [illegible] since Vereeniging's establishment.

Mr Myer Weitzmann, president of the local Chamber of Commerce, said white traders had ties with the local Indian [illegible] going back 90 [illegible].

"If the Indians [illegible] leave, a large amount [illegible] would leave the CBD. The Indians are at present providing a good service to consumers in the centre of Vereeniging.

"However, it is unlikely the local authority will ask for the retention of the Indian traders after the plaza has already been built," he said.

The Vereeniging Indian Plaza, which has cost an estimated R3 500 000 is due to be completed by the end of this year.

Eriksens rides high on Ford

30

RDM 11/8/80

Deputy Financial Editor

WITH FORD sales booming, Eriksen Consolidated Holdings doubled profits and dividends in the six months to June 30.

The interim report shows sales up 26% to R37 466 000 (1979: R29 792 000) pre-tax profit up 112% to R1 117 000 (R555 000) and, with the tax rate up slightly, taxed profit 100% better at R692 000 (R348 000). Minorities rose from 17 000 to R47 000.

Eriksen has included a R91 000 profit on a property sale in declaring earnings of 55,6c a share. If this is subtracted, earnings are 6,9c lower at 48,7c, an 80% improvement on 1979's 27c.

The interim dividend was doubled from 5c to 10c.

COMMENT: The boom should continue into the second half, though the positive effects of tax cuts and salary increases at the end of the year could be offset partially by tighter HP conditions. Eriksen also depends on supplies of vehicles from Ford, which has been strike bound.

Liquidity must be a lot better these days, but dividend cover will probably remain high to finance the heavier stock and debtor load that goes with buoyant trading. But, at this rate, Eriksens could easily earn 110c, including the property profit, and pay 20c, which puts it on an attractive prospective yield of 7,8%.

'Nafcoc branches are pressurised'

Post 11/8/80

39

THE conference of the National African Federated Chamber of Commerce (Nafcoc) was told this week that the organisation's branches in the ho melands were operating under pressure.

POST Correspondent

This was reflected in both the presidential and the executive director's extensive reports.

The conference, to mark the 16th year of existence of the organisation was held at the Sun City hotel-cum-resort, near Rustenburg, BophuthaTswana from Monday to Thursday.

This mammoth hotel could not accommodate the more than 800 delegates and visitors to this conference and as a result an access number of hosts were booked into three other hotels in Rustenburg while others had to drive in and out between the hotel and their homes in Pretoria and Johannesburg.

Top of the list of problems faced by Nafcoc branches was the none recognition and harassments of the host branch, BophuthaTswana Chamber of Commerce (Bococ) by the BophuthaTswana Government.

MANGOPE

President L M Mangope who officially opened the conference, personally confirmed this when he told delegates that he had his own BophuthaTswana Federated Chamber of Commerce (Bofcoc) which was the only recognised chamber in the "independent" homeland.

The second branch which, according to its report to the conference faces possible death unless the national body step in to help reorganise and guide its leadership, is the Gazankulu African Chamber of Commerce (Gazacoc).

Gazacoc failed to report special projects it undertook, did not have future plans, failed to submit financial reports and instead reported problems in its leadership.

Nafcoc's greatest single achievement as a black organisation is that to date it boasts of a list of 42 students studying for commercial and other degrees at various universities in the country through its Masekela/Mavimbela Scholarship Fund.

The chamber boasted of the successful construction and launching of the Black Chain stores opened to the public recently at Diepkloof, Soweto. This was hailed as a milestone in black trade in the country as more stores are expected to mushroom.

An official announcement to the conference was made that Nafcoc's former executive director, Mr M M Maubane was transferred to the African Bank with a view of him taking over as its first black general manager. Mr Maubane's successor on his former position is Mr M Mahanyele.

The bank, established a few years ago has since broken even and started showing profits late last year. More branches are being established, the latest being the Mamelodi branch, Pretoria in June.

MAHANYELE

In his report, Mr Mahanyele (executive director) said Nafcoc was "destined to play a catalytic role in the entire economic fabric of our country." He attributed this to the relations the chamber had established with organsations such as free marations such as Free Market Foundations, Urban Afrikaanse Handels Instituut, Sabrita, American Chamber of Commerce, German Chamber of Commerce and many others.

Mr Mahanyele said there had been, during the year under review, a noticeable interest in Government circles to learn more about Nafcoc and what it does "not in a negative sense we must hasten to add." He said Mr S Kutumela (treasurer) and himself had been invited by the Department of Foreign Affairs to deliver papers.

The conference folded with a traditional Miss Nafcoc contest won by Miss Cleo Gobo of Cape Town. The fairest lady romped home with several prizes which included a new car and petrol vouchers for R1 000.

Sunday Express

30

S Express Bus 17/8/80

Security is vital, Schalk warns commerce

MINISTER of Commerce, Industries and Consumer Affairs, Dr Schalk van der Merwe, has urged every businessman in the country to take all precautions possible to ensure the security of his property, staff and customers against attack.

In a message, published in the Assocom pamphlet on business security, the Minister says contingency planning plays far too small a part in our daily lives — which may at any time be disrupted by a natural disaster and in less tranquil times also by organised attacks on any available soft target.

"It is my sincere hope that each and every businessman in this country will take all precautions. By making the task of attackers more hazardous the risk of attack will diminish.

"It is necessary that businessmen should also join hands with one another and with the responsible authorities to counter with determination any threat of disruption of our daily lives."

The pamphlet offers businessmen guidelines on security matters by alerting them to the common dangers and by offering possible solutions. It makes the point that a disaster is easier to manage if one is prepared for it. The better prepared one is the less likely a target one presents to terrorists and criminals.

● John McBrearty, MD of Shield Security, was quoted in a Sunday Express Business News report of June 8 as saying in part: "All manufacturers should be prepared to operate their plants as if South Africa was in a state of civil war."

These were not McBrearty's words. They were intended by the reporter as a summary of McBrearty's remarks in the report on the situation proposed by the Sasolburg sabotage attack and should not have been attributed as a direct quotation.

Indian nominee shops on increase

By TONY STIRLING
Chief Reporter

THE NUMBER of Indians trading in white areas at present was at least three times greater than 10 years ago — and the numbers were increasing daily through the use by Indians of white nominees.

This was stated yesterday by Mr Joe Carim, president of the Pretoria Indian Traders' Association and a former member of the SA Indian Council, who has extensive knowledge of the Indian trading situation throughout the Transvaal.

Mr Carim estimated that there were at least 1 000 nominee businesses operating in the Transvaal. He confirmed that by using nominees Indians ran businesses even in the most exclusive white shopping complexes in the heart of Johannesburg and Pretoria.

"Despite the vicious implementation of the Group Areas Act, I would say that there are now at least three times the number of Indian shops operating in white areas than there were 10 years ago," said Mr Carim.

He blamed the existence of the large number of nominee concerns on the failure of the Government to provide room for traders to expand operations in the complexes built "at a cost of many millions of Rands" by the Department of Community Development and the fact that many of these complexes had proved disastrous from a business point of view.

He estimated that the number of Indian nominee shops operating in Pretoria at about 100.

In Rustenburg, one of the towns included in a Rand Daily Mail survey, it was estimated that there were up to 40 nominee shops in the town centre from among a trading community of only 58.

He predicted that if the restrictions barring Indians from trading in the town centres were lifted, many of the complexes "built at huge expense to the taxpayer" would empty.

To Page 2

Indians use white nominees

RDM 12/8/80 (30)

From Page 1

Mr Carim said that the failure of removals had in a sense been admitted when after the proroguing of the SAIC, the Minister of Community Development had agreed not to move more Indians, except where planning was too far advanced to call a halt. "The department seems to be abiding by this undertaking," he said.

"I can only say that if there has been any single factor which alienated the Indian people from the whites, it is the removal of the Indian traders out into the bundu.

"It has created misery and bitterness. It has often been stated that the removals were to avoid friction. They have in fact created friction,' he said.

"The removals were pointless and costly. They should have let the normal market forces operate and they should have let the Indians redevelop their existing shops.

"Instead they created businesses that operated on racial lines, where the traders removed into separate areas are trying to take away business from the whites in the CBD's, rather than just competing with their white counterparts in the CBD in the ordinary way," he said.

Mr Carim congratulated the "Mail" on its article yesterday exposing the failure of implementation of the Group Areas Act. "It has proved a total failure and it is time this was publicly admitted and something was done about it," he said.

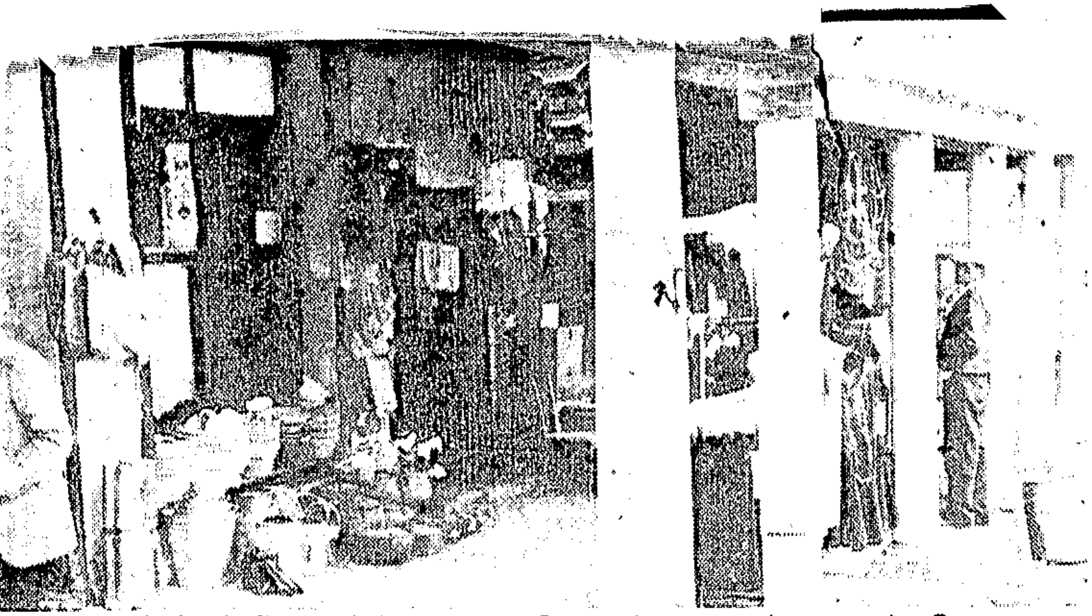
"They would become white elephants," he said.

"The removal of the Indian traders into these complexes has created an artificial shortage of legal business accommodation for the Indian traders — that is why they hang on to the premises at all costs," he said.

This artificial shortage could also be seen in the unrealistically high prices Indians were prepared to pay for sites auctioned by the department in proclaimed Indian areas, where prices were being paid comparable to those for prime sites in city centres.

"Among Indians the right to trade has become a privilege because of Group Areas implementation. There is not a chance for anybody new to go into business, unless it is under a nominee," he said.

● Editorial comment — Page 10.
● See Page 11



Moving day in Louis Trichardt last month. Shops deteriorate because the Government does not permit Indian owners to renovate or develop the properties.

Allow us back, say affected Indians

30

RDM 12/8/80

A packed

This is the second part of a Rand Daily Mail investigation series on the removal of Indian traders from platteland town centres. Yesterday we looked into the changing attitudes of rural whites towards the presence of Indian traders in their towns. Today Indian traders voice their grievances at the Group Areas Act relocation to shopping "plazas" away from the centre of towns. TONY STIRLING, CHRIS MARAIS and ROBERT FYSH report.

INDIAN traders in 17 platteland towns covered by the Rand Daily Mail's Group Areas probe voiced overwhelming support for the idea of allowing them to trade in the white CBDs.

In the survey towns this feeling was particularly strong among trading communities who have suffered severe business losses because of removal under the Act. Several of the communities have made applications to local authorities for permission to trade in "white areas".

Rustenburg is one of the towns where the Indians were hardest hit by removal to a R750 000 trading complex in the area of Zinniaville, about 3,5km from the town centre.

Two memoranda were submitted to the town council asking for representations to be made to the Department of Community Development for the 58 traders to be allowed to open businesses in the "white area".

According to a spokesman no definite response has come from the department, but the Indians have been advised that the seven traders who are still running businesses in the white area — and who are locked in a legal battle with the department — must leave and trade in their own area for 12 months.

The traders must then submit their balance sheets to the department, who will then consider the merits of their case. But they have also been advised that permits are granted only in cases where traders are still running shops in a "white area", not where they have already been moved out, which has given rise to fears in some quarters that the department's move is a ruse to finally get rid of those traders who dug their heels in against the removals.

Nevertheless, the traders agreed to vacate their shops in town by the end of July.

The memoranda to the council carried an allegation that, in moving the traders to Zinniaville, the department went against the advice of its own expert.

"It is of interest to note that an economist engaged in 1970 by the Department of Community Development to investigate and assess the economic viability of Zinniaville concluded adversely on the possibility of its success," one memorandum said.

"Despite this, the department, presumably acting on the pressure brought by the town council, enforced the provisions of the Group Areas Act."

It went on to say the department had painted a rosy picture of the prospects, but a "cursory examination" would show this appraisal had been "unrealistic and overhasty".

"After two years the traders have nothing to show but losses and despondency ..." the memorandum said.

This allegation is backed by figures given in the second memorandum, which revealed that in 1976 the monthly turnover of the Indian businesses — paying rentals totalling R132 000 — was R925 000.

According to the memorandum turnover dropped to R90 000 a month in 1978, while monthly rents totalled R80 000.

Indicative of the poor trading position are the measures taken by the traders to capture business. "Those businesses that are holding their head above water run up to four kombis taking black miners to and from the platinum mines to ensure trade," one businessman said.

Mention was made of this in the memoranda and it was noted that the BophuthaTswana Government had tried to stop this on the grounds that it was "piracy" but that the trips had started again after "high level" representations.

A number of the traders in Zinniaville cannot afford the 54c a m² rental paid in the department's complex there. Evidence of this is the fact that officials visit the complex every month to collect arrear rentals.

It is interesting to note that in the town centre, where business is reportedly booming, the Indian traders have no difficulty in meeting rents of up to R7,56 a m² in up to 40 shops where they are trading under white nominees.

The story of the Rustenburg removals does not end there. As in other towns, Indians were harassed in the Government's bid to remove them.

By the time a court found that the notices served on the Indians to vacate in 1977 were defective, the town council had been directed not to renew the trading licences of those who remained in town. The Indians lost this leg of the battle before a full bench of Supreme Court Judges in Pretoria, but have taken the matter to the Appeal Court.

And while this was all taking place the department started on the third leg of its three-pronged attack. It served notices of expropriation on all the remaining Indian-owned properties in Rustenburg.

It is interesting to note that in one case notice of expropriation of a large property owned by the Mohammedan Congregation was withdrawn as soon as it was registered in the name of a white.

This property, on which a new business complex is housed, was offered as a site on which to locate Indian businesses, instead of moving them to Zinniaville. The offer was rejected, but ironically, according to the Indians, some of the shops there are now occupied by white nominees representing Indian interests.

The Department of Community Development's Indian complex 1,5km from Koster is a mixed bag of success. Three of the businesses are doing reasonably well. Two of them give extensive credit to carry farmers through the harvest and the third has the full agency for a well-known make of car.

But it is a different story for the other nine traders who cannot offer to treat six months as cash. These traders claim a drop in business of up to 40 %.

All except one of the traders — who himself fought removal but says it would be difficult for him now to relocate his large credit-based business back in the town — would welcome permission to trade in the "white area".

As in other towns, a bitter fight was put up against the move, and the bitterness lingers, the more so because no compensation was paid to Indians who erected buildings on white-owned land which was sold to a co-operative when the Indians were moved out.

The hasty way in which some Indians had to quit town after being given notice to vacate didn't do anything to improve relationships. One businessman was forced to operate out of a corrugated iron shed for two years before his shop in the new complex was ready.

According to Indian leaders two of the original traders failed to re-establish in the town and there have been some bankruptcies.

Concerning the relative merits of trading in the town or at the complex, one man is in a position to state precisely what the situation is. He runs a shop at the complex and one in town under a nominee. His verdict? "Oh, it's very much better in town."

And that is not to say that moving the Indians out of Koster didn't have its effect on white traders. For several years businesses in the town centre suffered when the Indians moved, and this prompted adjoining towns to take a harder look before deciding whether to recommend moving Indian businesses in their areas.

The R900 000 council-owned Indian business complex in Potchefstroom — which is about 5 km from the CBD and adjoins an industrial area — is another example of a centre where the Indian traders claim business has fallen off badly in comparison to the "white area".

Representations are soon to be made by the 61 traders for permits to trade in town.

Again the complex is not a natural mecca for business and the claims are that trade has dropped off by 40 to 50% in many instances.

The complex is council owned and the council has been unable to hold the low rents offered in the complexes owned by the department. The rents at Mohadin in Potchefstroom are R2,25 a m² compared to 54c a m² in most of the department-owned complexes visited.

The traders have complained that they are unable to meet these rents, which has prompted the Potchefstroom council to begin negotiations with the department to take over the complex.

As in other towns there was a bitter legal struggle against the removals, but in the end the department won and the Indians shifted, although under protest.

Ventersdorp and Swartruggens are worthy of mention because they are examples where implementation of another aspect of Government policy, the removal of blacks by the then Department of Bantu Adminsitration and Development, mitigated against any chances of success for the Department of Community Development complexes for Indians outside the two towns.

The Swartruggeens complex is sited on a road leading to BophuthaTswana, and along this road was a settlement of blacks from which the Indians were supposed to draw trade. This has since been shifted into the homeland.

Two black reserves were shifted from the Ventersdorp area, which has hit the Indian traders as well as the whites.

Asked if he would move back into town, one trader said: "What's the point? Business is bad anyway. Those of us who want to be there are there under nominees anyway. There are two nominee shops in town," he said.

But there was a time when the Indians believed that to stay in Ventersdorp was worth fighting for. When the Group Areas Act was being enforced there, one man, Dr Motara, chose to go to jail rather than move out.

parking lot on the opening day of the Louis Trichardt Indian complex last month. White buyers flocked to the complex.

That is not to say that the removals are not without their success stories.

In Louis Trichardt Indian traders claim their shops have deteriorated because the Government will not permit them to renovate or develop their properties.

The Louis Trichardt Indian traders were moved into their new complex last month. It seems they took a large chunk of local trade with them — white consumers are flocking to the new trade site.

In Vryburg, where the new complex is some 500m from the town centre, the Indian traders have in the main done well. Moving the Indians out was regarded as senseless by many whites and Indians.

Among the Vryburg successes is one giant undertaking: M C Ghoor and Sons, the biggest department store in the region, rivalling anything to be seen in Johannesburg or Pretoria.

The shop, about 6 000 m^2 in size, employs more than 200 coloureds and Indians, all in-house trained, and has a fully computerised accounts section as well as its own power plant for emergencies.

Ghoor's offers farmers around this cattle centre extensive credit and has built up a sizeable nucleus of clients.

The Ghoors were against removal and Mr Solly Ghoor, one of the senior partners, said a number of the traders would prefer to be in the "white area".

It is interesting to note that in Vryburg three Indians have succeeded in getting permits to operate small businesses in the light industrial area adjoining the CBD.

Another town where the Indians have found themselves in a good position since being shifted out is Standerton, where the white traders are feeling the pinch because the Free State farmers are supporting the shops in the Indian complex.

The Indians would move back into town, but only on their own terms — ownership of their premises in the "white area".

In Brits, where the existing Indian area was declared an Indian group area when the Act was enforced, the traders want shops in the CBD.

The traders, who are in an area separated from the CBD by a railway line, have asked the council to consider letting Indians trade under permit in the "white area". So far the council has not made up its mind on the issue.

One of the problems facing the Indian trading community is lack of provision for expansion.

The department's complexes, being permanent constructions, cannot offer room for businesses to expand. In many of the towns surveyed there is also a lack of provision for the creation of new Indian businesses.

This lack of provision for expansion and for the creation of new businesses has caused a situation in which the family businesses run by Indians are unable to absorb members of the family in the way they used to.

This in turn has led to greater job diversification among Indians — there are more doctors, lawyers and professional men, as well as clerks and factory workers, than there were before.

One of the justifications used by the former Minister of Community Development, Mr Blaar Coetzee, was that he was "sick and tired" of seeing young Indians lounging over shop counters. He announced this publicly.

It has been the repeated slogan of successive Ministers of Community Development that the removal of the Indian traders was a measure designed to avoid racial friction.

This is far from the truth: "The forced removal of the Indians is leading to a confrontation. In dealing with the Group Areas question you are dealing with dynamite," a leading Nationalist told me.

His view was backed by that of Senator Eric Winchester, who has studied the effects of the removals for 15 years. "The removals have alienated the Indian people. The damage done is irreparable," he said.

Rennies' happy family hoists profit by 61pc

RDM 13/8/80

By DAVID CARTE
Deputy Financial Editor

BUOYANT IMPORTS and exports, good times in travel, the hotels and casinos and lower interest and tax bills lifted Rennies Consolidated Holdings to a 61% earnings improvement in the six months to end June.

The interim report shows turnover up 18% to R103-million and operating profit up 28% to R12-million. Interest and leasing costs fell 20% to just under R2-million, with the result that pre-tax profit was 45% ahead at R10-million.

The tax rate dipped from 44% to 42%, so taxed profit rose 50% to R5 836 000. A 17% dip in the minorities portion saw to it that taxed attributable profit rose 61% to R5 379 000.

Earnings rose in line to 24,1c (1979: 14,9c) a share and the interim dividend was raised 43% to 10c (7c).

Last year Rennies' first half was subdued and profits took off in the second half. As a result, the group warns that the rate of earnings growth for the year will not be as high as at the interim.

Nevertheless, the group forecasts earnings of "not less" than 56c and a minimal final dividend of 10c, making 28c for the year.

This is to forecast earnings growth of 23% and dividend growth of 27% for the year. The forecast also suggests unchanged dividend cover of about 2 in the current year.

According to the interim report, all divisions achieved substantial increases in profitability.

The high level of imports and exports will have boosted the shipping, air freight and transport divisions. The bulk terminal continue a big money spinner. Booming consumer spending will have lifted the hotels and casinos as well as the trading operations, from Makro to the liquor division, to record levels of profitability.

At a Press conference releasing the results, the chairman of Rennies, Mr Charles Fiddian-Green, said Rennies still had an eye out for acquisitions but its main expansion drive at the moment was in the operating companies, particularly in the hotel division and in wholesale and retailing. The bulk terminal might be expanded, he said.

The group was very liquid, he added.

COMMENT: The results show that Rennies is a highly cyclical operation and today the cycle is working in the group's favour.

After the hard years, the group seems to be well and truly out of the woods. With a buoyant second half ahead and the group already seven months down the road to the year end, the earnings and dividend forecast looks extremely cautious.

After being 61% ahead at the interim, Rennies must surely be 40% ahead at the year end. This suggests earnings of 64c and, a dividend of roughly 30c and puts the share, at 385c, on an attractive prospective yield of 7,8%.

Eddels in talks on takeover

70

RDM 13/6/80

By Financial Reporter

THE directors of Eddels Holdings said yesterday that the company had been informed by its controlling shareholder that it was involved in negotiations which could lead to the disposal of its controlling interest in Eddels.

If negotiations are successfully concluded, a similar offer would be made to all ordinary shareholders of Eddels.

"Shareholders are advised to exercise caution in dealing with their shares until such time as the result of the negotiations is known," state the directors.

Eddels is a subsidiary of Edworks, a privately owned company whose head office is in Port Elizabeth, and which owned 50,8% of the issued ordinary shares at the date of the last accounts (June 30 1979). Subsequent reports are that Edworks has increased its stake to 66%.

Last July, the directors reported that although profits for the half year to December 31 1979 were R352 000 and that based on forecasts the profits for the second six months were expected to be minimal, an auditor's report indicated that the financial year would probably end with a loss of R600 000.

This meant that in the half year some R900 000 was lost. The board was reconstructed with three members being dropped. These included the chairman, Mr Monty Dodo, and Mr John Feek who joined the company in 1978.

Serious business

STAR 13/8/80

STRIKES and black urban rights — these are among the vital political issues which South Africa must face in the immediate future. Fortunately somebody is already there, probing the problems; offering co-operative support across the colour line; taking a leading and active role. Surprisingly, in the light of at least the past 50 years of its history, that leader is Johannesburg's Chamber of Commerce.

Though the JCC is one of those ubiquitous "non-political organisations," it has recognised that in South Africa today politics impinge on everything from sport to religion. Eschewing white party politics, therefore, and seeking to link with the Afrikaanse Sakekamer and Nafcoc, the JCC is setting a new pace in dealing with the two main threats to private enterprise: labour chaos and urban unrest.

This businessmen's move should prove more significant than the so-called Carlton conference. It deserves support from all sectors.

SECTION

JCC leader urges free enterprise for everyone

STAR 13/8/80

MRH

30

Mr Sydney Matus who was elected the 77th president of the Johannesburg Chamber of Commerce last night, has called for all whites and blacks to take an active part in the free enterprise system.

The business community would have a momentous task in drawing blacks closer to the system of free enterprise, he said

Mr Matus told the chamber not to leave black advancement to others but to take an active role in the realisation of this ideal.

He said he would like closer ties between the chamber and Nafcoc, the black chamber of commerce.

He also said the chamber was in favour of opening the Johannesburg central business district to all races.

Expectations of reform ran high last year but progress had been delayed because of government hesitancy, Mr Matus said.

Mr Matus has been a member of the chamber's council for several years and is currently chairman of the merchandising committee.

MR S MATUS

At the same meeting Mr Martin Keyser was elected first vice-president and Mr Douglas Stewart, second vice-president.

The chamber's outgoing president, Mr W S Yeowart, urged Johannesburg businessmen to help find solutions to the socio-economic problems of the community.

If they did not, they would be failing in their duty and "fiddling while the city burnt," he said.

"While there is no question that the South African economy is indicating a strength that it has never before attained, there remain unsolved problems of inflation and unemployment which, economically and socially, contain immense destructive power unless they are solved," Mr Yeowart said.

Other areas in which businessmen should involve themselves included:

- Open trading for all races in the Johannesburg CBD.
- Improvements in the standard of life in the black areas.
- The financial situation of Greater Soweto.
- Industrial relations.

He suggested that the chamber establish committees to deal with education, housing, social matters and labour and business relations.

"We will harness the most experienced whites and blacks in these matters to help us and provide advice to our members and liaison with the concerned authorities, local and central," Mr Yeowart said.

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NOTE CAREFULLY

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2. Blue or black ink must be used for w answers. The use of a ball point pen is ac able. Red or green ink may be used on underlining, emphasis or for diagrams which pencil may also be used.
3. Names must be printed on each separate (e.g. graph paper) where sheets additio examination book(s) are used.
4. Do not write in the left hand margin.

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n answer book is to be torn out.

books must be handed to the com- or to an invigilator before leaving the n.

Any dishonesty will render the candidate l nd to possible exclusion from the

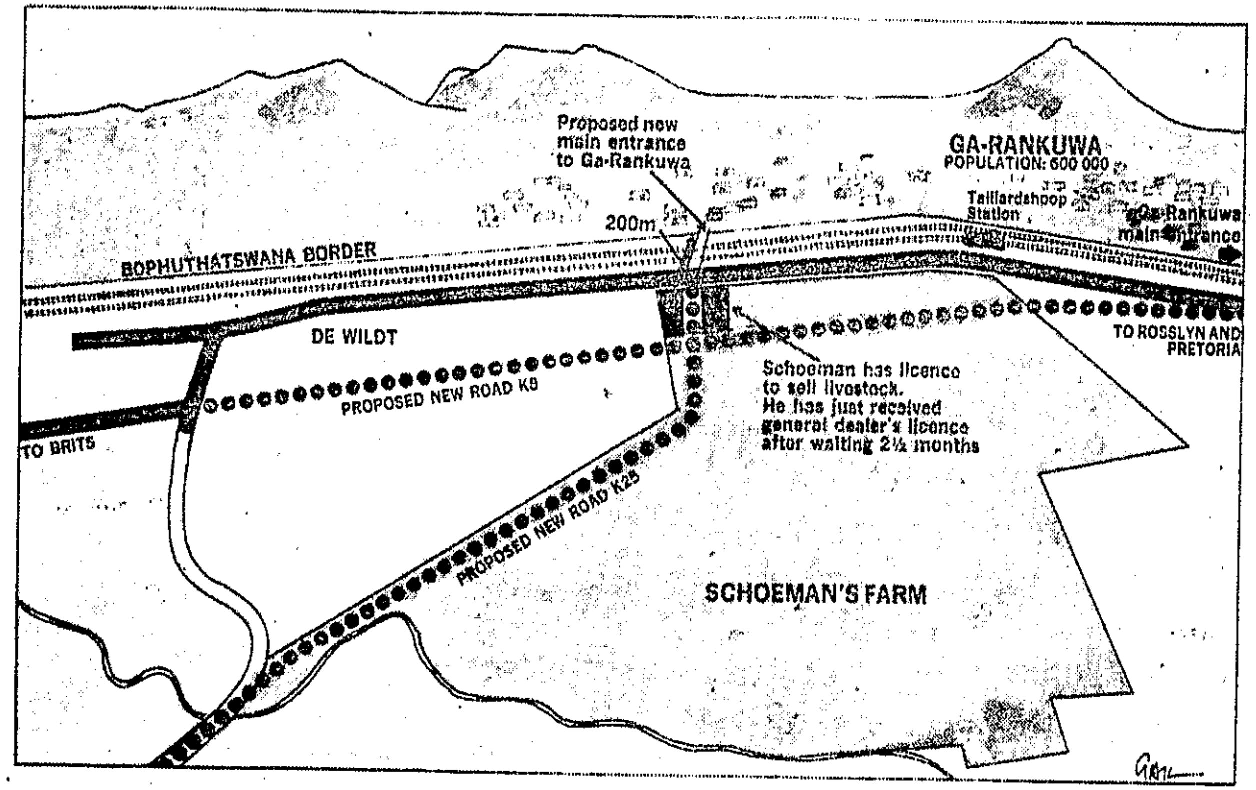
30 ~~100~~ RDM 19/8/80

Border complex for MP

THE National Party MP for Witwatersberg, Mr J C B Schoeman, has been granted business rights at a prime position on the border of Bophutha Tswana — in contravention of Government guidelines.

The decision has sparked bitter reaction from BophuthaTswana black businessmen, and whites in the De Wild area, some of whom have been refused similar trading rights in the past.

One of the Government guidelines is that there should be a 5km no-trading zone along the South African border with BophuthaTswana.



EXCLUSIVE

Special Investigation by GERALD REILLY, WILLIAM SAUNDERSON-MEYER, ROBERT FYSH and HENRY HARRINGTON of the Pretoria Bureau

The guidelines are intended to protect black businessmen from unfair competition from white traders inside South Africa.

The BophuthaTswana Government and the National African Federated Chambers of Commerce (Nafcoc) are strongly opposed to white traders in the border areas draining money which should be spent inside the homelands.

The business rights granted to Mr Schoeman by the Transvaal Peri-Urban Board are for a cafe, eating house and a grocery-cum-clothing store. They will be opposite the entrance to Ga-Rankuwa, where major new roads will converge.

There are unusual circumstances surrounding the application:

- When Mr Schoeman advertised for objections, the address of a Peri-Urban Board official, Mr T D Peters, was listed as the return address.
- Mr Schoeman told the Rand Daily Mail that his sons, Mr Neels Schoeman and J C B Schoeman Jnr, had been selling livestock and poultry from the site for four years. The board issued such a trading licence only last year;
- Mr Schoeman's application was granted by the board in less than three months. Others in the De Wild area say they have been waiting more than a year for decisions on their applications;
- Residents also claim that Mr Schoeman's sons have been selling secondhand clothing from the site, though no such licence has ever been granted by the board;
- Provincial Road Department plans showed that within five years three major roads will converge on the site. Mr Schoeman denies knowledge of this.

Mr Schoeman, 64, said yesterday that everything he had done had been within the law.

"The idea of trading from that site came from me. My sons have been selling livestock and poultry there for four years. My sons had even assisted blacks in the area, and these men have since established their own businesses in the homeland.

"I do not agree that the application is a contravention of Government policy. I know people in the Government, high in the ranks, who do business on such borders. I would rather not mention names."

In the past, the Department of Co-operation and Development and the Department of Environmental Planning have blocked trading applications by whites in the border areas, in accordance with guidelines drawn up by the Office of the Prime Minister.

The Office of the Prime Minister submits all applications it receives for white trading licences, in border areas outside the jurisdiction of the Peri-Urban Board, to the homeland government concerned.

The Peri-Urban Board said yesterday that it did not do this.

The chairman of Nafcoc, Mr Sam Motsuenyani, said yesterday that in 1968 the then Minister of Bantu Administration, Mr M C Botha, promised that the Government would take action to disallow situations where white traders just inside the white areas could compete with black homeland traders.

No positive action, however, was ever taken, Mr Motsuenyani said.

Last night, reacting to claims that he and his sons had been trading on the border without licences, Mr Schoeman said that it was a lie. "We have been trading there legitimately for four year. This is an expansion of an existing business."

He also rejected claims that the proposed trading complex was contrary to the interests of BophuthaTswana.

"That is also a blatant lie. President Mangope is a personal friend of mine. I am inviting him to open my complex in December."

Mr Schoeman also denied that he or his sons had been selling clothes.

McCarthy ends its year with a flourish

(30) RDM 19/8/80.

By HAROLD FRIDJHON

A GALLOPING second half of the financial year in which earnings were 63% higher than in the first half enabled McCarthy Group, the largest motor vehicle retail group in the country, to end the year to June 30 with a flourish, taking the final dividend from 4,5c to 13c a share.

Group attributable profit rose by 139% from R3 683 000 to R8 794 000.

This is equivalent to earnings of 51,7c a share compared with 21,6c last year.

Total dividends for the year are 19c against 8c in the previous year.

Operating profit was 68,5% higher at R17 534 000 but the pre-tax profit rose by no less than 126% to R15 722 000 because of the sharp cut in the interest bill from R3 452 000 to R1 812 000.

This suggests that with more buoyant trading conditions and a stronger cash flow McCarthy has been able to repay much of the short-term borrowing which hung heavily on the last balance sheet.

The tax rate last year was marginally lower than in the previous year.

Directors' commment on the preliminary profit statement says that the group with its diversified franchise structure was well poised to take advantage of the upturn. The earnings a share were the highest the group had ever achieved.

COMMENT: The share price will undoubtedly jump this morning on the increased dividend. On last night's price the yield will be just over 7,8% with an average yield for the motor section of 4,9%.

It is obvious from the market price that the greatly enhanced McCarthy performance had not been anticipated. Nor had investors taken into account the group's deep penetration into a burgeoning motor vehicle market.

Not only does McCarthy handle the best selling marques in the industry, but the group distributes motor cycles, Perkins diesel engines and operates a top-of-the-market used car chain.

It has also been reported that the group is seeking major diversification outside the motor industry so that the effect of the cyclical motor trade may be smoothed out.

McCarthy is a sound investment share.

Consumer boom boosts Edgars

(30)

RDM 14/8/80

By DAVID CARTE
Deputy Financial Editor

RIDING THE crest of the new wave of consumer spending, Edgars, the country's largest clothing retailer, achieved record results in the year to July 5.

Sales rose 29% to R296 152 000 and pre-tax profit leapt 52% to R33 143 000, despite being reduced R4 490 000 by the conservative lifo method of stock valuation. This means pre-tax margins rose from 9,5% to 11,2%.

A full 42% tax rate saw to it that taxed attributable profit rose 48% to R19 160 000. A final dividend of 140c has been declared, bringing the total to 385c, a 35% improvement on last year's 285c.

The company attributes the results to "substantial improvements in merchandise assortments, marketing and productivity" and says prospects for continued growth in sales and earnings are "very favourable".

Sales are growing at double the national rate, so Edgars is increasing market penetration at a rapid rate. In the past three years, Edgars has increased sales at an annual compound rate of 20% and earnings at 40%.

Asked if this kind of growth could be maintained, managing director, Mr Adrian Bellamy, told me it would be "tough" but July results were good and prospects in the immediate future looked excellent. One possible problem, he said, was late deliveries from clothing manufacturers.

Edgars would not suffer from any clamp-down on credit by the authorities as its credit was largely in-house and extended over only six months.

The Jet chain, which was all cash, had had a particularly good year. Sales in the Edgars and Sales House chains were 83% and 85% cash respectively, so 70% of group sales are on credit. The number of charge account customers increased by 125 000 to 1 250 000.

Nine new stores were opened during the year, three of them major "flagships". A net extra 25 000m² of trading space was opened during the year.

Mr Bellamy says eight new stores are currently under construction and 13 are being enlarged. This will add another 30 000m² of selling space in the next few years.

Despite the increased tempo of trading and this expansion, total capital employed rose only 16% and borrowing 9%. Return on equity rose from 24% to 31%.

While lifo knocked R4 500 000 off pre-tax profits, it saved tax and boosted net cash flow by R1 900 000.

COMMENT: The results are even more impressive if a comparison is made between the second half of 1980 and that of 1979. Sales in the second half were 51% ahead of their 1979 counterparts, pre-tax profits 65% and earnings per share 64%. Margins were up from 8,2% to 10%.

At 7 500c, Edgars yields 5,1% on the new dividend. It should be good for 25% growth in the year ahead, suggesting a prospective 6,4%, which still looks fair value.

SECTION B

UNIVERSITY OF CAPE TOWN

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Yes to all-race shop centre

14/8/80

WOD 30

EAST LONDON — The Coloured Management Committee was informed officially this week that the Indian Management Committee had no objection to premises in the Asian shopping complex in North End being made available to all races. The IMC was asked its views in June when there was controversy among traders in coloured areas about an application by an Indian, Mr R. Jeewa, to trade in a coloured area. The application was supported by the CMC.

It was reported at the CMC meeting that Mr Jeewa had not applied for a licence to trade and was managing a business on behalf of a coloured owner.

With regard to the Asian shopping complex, it was in an area designated for trade by all race groups and applications for permits would have to be made to the Department of Community Development.

The question of applications for group areas permits for trading and for entertainment was deferred pending a report by the committee under Dr Schlebusch inquiring into the management committee system. The report is now awaiting comments by the Management Committees' Association, the Association of Divisional Councils and the Cape Province Municipal Association.

The CMC's view was that the need for permits from the Department of Community Development to trade in other group areas was causing racial friction. It had suggested that representations be made through the city council to the department to scrap the permit system.

Following the failure of the city council's application for an open permit for the Orient Theatre, the CMC also suggested that the council should apply to have the legislation amended so that permits would no longer be necessary.

Other issues which might be affected by the committee of inquiry's report include the separate budgets for white, coloured and Indian areas in city council estimates and the representation of management committees on council sub-committees which compile the annual estimates.

It is understood that last year members of the CMC and IMC attended estimates meetings unofficially. — DDR

Council agrees to sell site

EAST LONDON — The city council action committee has agreed to a Coloured Management Committee recommendation to sell the hotel site in Pefferville to a company which is in the process of being formed, on written application by the company.

The site was offered for sale last year by public tender with an upset price of R4 473. When no tenders were received, a sale by private treaty to Mrs F. Mopp was approved but was cancelled when she withdrew.

At the CMC meeting this week, Mr A. V. Green said it was unconstitutional that members of the CMC, their families or friends should benefit from their knowledge of decisions taken as CMC members could be accused of feathering their own nests.

He proposed the site be offered for sale again by public tender.

It was pointed out that the proper procedure had been followed and that nothing in the regulations prevented members of the management committee purchasing shares in a public company and developing a business. — DDR

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mi- rs' ials

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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MP's trade site under fire from homeland

STAR 14/8/80

Pretoria Bureau

A prominent Bophuthatswana businessman said today that business rights granted to a Nationalist MP would mean unfair competition for black businessmen.

Mr S J J Lesolang, a veteran Ga-Rankuwa businessman, said that recently a shopping complex for blacks had been built inside Ga-Rankuwa near the business sight to be operated by Mr J C B Schoeman, MP for Witwatersberg, on his farm adjacent to Ga-Rankuwa.

Mr Schoeman has been granted business rights despite Government policy that no white-owned business should be established within five kilometres of of the Bophuthatswana border to prevent unfair competition with homeland businessmen.

A spokesman for the Department of Co-operation and Development said that the department was looking into the matter.

He said that in cases where no black-owned businesses were nearby, the 5 km guideline could be waived in the interests of the local population, who might have no other shopping facilities.

Each case was referred to the Bophuthatswana Government for comment and treated on its merits.

Mr Lesolang, however, said that a shopping centre for blacks had in fact been established in Ga-Rankuwa near Mr Schoeman's site, and that black businessmen would be subjected to unfair competition. Capital would be syphoned out of the homeland.

Mr Lesolang criticised the Bophuthatswana Government for not approving enough business rights for black shopkeepers in Ga-Rankuwa.

He added that Mr Schoeman's sons had carried out a cattle-selling business to people in Ga-Rankuwa and this had also constituted unfair competition.

Officials opposed border complex

(30) RDM 15/8/80

Pretoria Bureau

THE PERI-Urban board rejected a recommendation by its own officials to refuse a National Party MP, Mr J C B Schoeman, permission to trade on the BophuthaTswana border.

This emerged yesterday during further investigations by the "Mail" into the granting of business rights to Mr Schoeman at a prime position opposite an entrance to Ga-Rankuwa in BophuthaTswana.

The Peri-Urban Board's decision has caused an angry outcry from the BophuthaTswana Government, black businessmen and whites in the De Wildt area, some of whom have been refused similar trading rights.

Sources could not disclose details of the recommendations by Peri-Urban Board officials which were submitted for its meeting last July 28 when Mr Schoeman's application was considered.

The six members of the Peri Urban board are: Mr R D J Gouws, the acting chairman, Mr W Breedt, Mr T Gunning, Mr P J Boshoff, Mr J J Baart and Mr C Reynecke.

It was also revealed yesterday that Mr Schoeman tried to mislead the "Mail" when he said that he had no knowledge of three major roads which will converge on the trading site.

In his application to the Peri-Urban Board, Mr Schoeman said that because the site was the nearest property to Ga-Rankuwa and would adjoin three major roads — "it would be one of the most strategic of trading sites".

According to the Provincial Road Department proposals, within five years three major roads will converge on the site.

In another development yesterday, the Leader of the Progressive Federal Party, Dr Van Zyl Slabbert, called for the resignation of Mr Schoeman, the National Party MP for Witwatersberg.

Dr Slabbert said that privileges not available to other members of the public, should not be available to a Member of Parliament.

BophuthaTsawa's Secretary for Commerce, Mr Solomon Rathebe, said yesterday the issue is to be brought to the attention of President Lucas Mangope.

"We are trying to develop a viable economy in this country, and if there are moves which tend to drain funds out of BophuthaTswana, then this is obviously a stumbling block in the way," Mr Rathebe added.

The protest was lodged with Mr Rathebe by a BophuthaTswana-registered company, Odi Poultry and Farming Distributors, which operates just across the border from Mr Schoeman's property, inside Bophuthatswana.

A senior shareholder of the company, Mr J J N Fourie, said yesterday that the principle of allowing white traders to set up business on homelands borders which took the bread out of the mouths of black businesses on the other side of the border, was wrong.

Yesterday Mr Fourie approached the office of South Africa's Foreign Minister, Mr Pik Botha, to make a further protest. He was told to get in touch with the Minister of Cooperation and Development, Dr Piet Koornhof. He has now applied for an interview with Dr Koornhof.

The office of the Prime Minister was not directly or indirectly involved in the consideration or approval of the application, according to a statement issued by the office of the Prime Minister.

● See Editorial Comment Page 10

CAR SALES (30) FM 15/8/80

Motors into overdrive

Car sales have grown better every month this year, and the 36% increase in July over the same month of 1979, allied with a 46% jump in commercial vehicle sales, must have caused envious sighs in other sectors of industry.

Pent-up consumer demand, damped down last year by fuel restraints, has sparked off an unprecedented rush to replace private motor cars, while a resurgence of industrial and commercial activity is behind the vigour in the truck market.

The total vehicle market is heading for a record 370 000 units this year, and according to Theo Swart, president of the Motor Industries Federation, 1981 will be even better.

"I see no reason to expect a downswing before the end of next year," says Swart.

Perhaps most heartening for the industry is the uniform growth in both commercials and passenger cars, each of which grew by 24% in the first seven months of the year.

That's good news for the economy, too, reflecting healthy conditions in consumer as well as industrial demand. The recovery in retail trade, for example, has stimulated sales of light delivery vehicles, while building and construction is pushing up demand for heavier trucks.

Component supply shortages, too, are becoming less of a problem, raising the artificial ceiling on sales which has constrained the industry for much of the year.

"The upswing in the market started more than six months ago, and the lead time for components from overseas source plants varies from six to nine months," says Swart. "Stock is not freely available yet, but certain manufacturers are in a far better position than others."

Apart from stock shortages, the main problems are the unavailability of skilled manpower and middle management, says Swart. During the slump many people left the industry, and now that jobs are plentiful luring them back is not so easy.

In car sales, the companies growing faster than the average are Alfa Romeo (up 74% in the first seven months), Toyota (up 56%), General Motors (up 46%), Sigma (up 39%), and BMW (up 29%). Slower than average are Datsun (up 23%), Mercedes Benz (up 20%), and Ford (up 12%), while Leyland and Fiat have both seen a *decline* of 12% in this booming market.

● Fiat and Leyland are understood to be negotiating to merge their vehicle interests, clearly an attempt to halt their declining fortunes in the SA market.

JULY CAR SALES

	1980 July	% of Market	1980 Jan-Jul	% of Market	1979 Jan-Jul	% of Market
Sigma	5 537	22,77	31 737	20,97	26 507	21,73
VW	4 478	18,42	31 203	20,61	25 721	21,08
Ford	3 389	13,94	21 047	13,90	18 825	15,43
GM	3 028	12,45	15 200	10,04	10 387	8,51
Toyota	2 509	10,32	15 447	10,21	9 896	8,11
Datsun	2 195	9,03	16 106	10,64	13 079	10,72
BMW	1 011	4,16	6 034	3,99	4 671	3,83
UCDD	768	3,16	5 079	3,36	4 238	3,47
Alfa	593	2,44	3 780	2,50	2 175	1,78
Leyland	458	1,88	2 245	1,48	2 544	2,08
Fiat	343	1,41	3 457	2,28	3 945	3,23
Others	4	0,02	29	0,02	42	0,03

July total .... 24 313 (35,86% up on 17 895 last year)
Jan-Jul total .... 151 364 (24,04% up on 122 030 last year)
June total 22 717

COMMERCIALS

	1980 July	% of Market	1980 Jan-Jul	% of Market	1979 Jan-Jul	% of Market
Datsun	3 103	27,68	18 734	26,89	12 872	22,90
Toyota	3 016	26,92	18 341	26,33	13 105	23,32
Ford	1 514	13,50	9 026	12,96	7 880	14,02
GM	1 383	12,33	8 686	12,47	7 516	13,37
Sigma	749	6,68	4 962	7,13	6 249	11,12
VW	373	3,33	2 927	4,20	2 354	4,19
UCDD	360	3,21	2 373	3,41	2 063	3,67
Leyland	310	2,76	2 268	3,26	1 708	3,04
Fiat	110	0,98	835	1,20	1 248	2,22
Int Harvester	80	0,71	434	0,62	292	0,52
MAN	54	0,48	368	0,53	377	0,67
Oshkosh	35	0,31	211	0,30	84	0,14
Vetsak	34	0,30	106	0,15	104	0,19
Magirus-Deutz	33	0,29	82	0,12	102	0,18
Malcomess-Scania	20	0,18	85	0,12	73	0,13
ERF	18	0,16	98	0,14	77	0,14
Fodens	18	0,16	99	0,14	83	0,15
VSA	2	0,02	23	0,03	17	0,03

July total .... 11 212 (45,97% up on 7 681 last year)
Jan-Jul total .... 69 658 (23,94% up on 56 204 last year)
June total 10 245

Examiners' Initials

;, notes, pieces of paper or other mate- be brought into the examination room ındidates are so instructed.

es are not to communicate with other es or with any person except the invi-

ıf an answer book is to be torn out.

er books must be handed to the com- r or to an invigilator before leaving the examination.

(e.g. graph paper) where sheets additional to examination book(s) are used.

4. Do not write in the left hand margin.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Business area may be opened to all

NM

30

15/8/80

Group Areas Board to hear submissions

Mercury Reporter

THE white business and trading area between Albert Street and Soldiers Way could become an open trading area for whites, coloureds and Indians.

The area is a triangle bounded by Albert Street, Commercial Road and Soldiers Way, and includes 133 white and 35 Indian-owned properties.

Mr D J le Roux, acting Regional Representative for the Department of Community Development in Durban, said yesterday his department was investigating the desirability of such a move.

The investigating committee of the Group Areas Board would hear submissions in public regarding the proposals for the group areas in Durban on August 28.

The venue for the hearing is the Jubilee Hall (Ground Floor), City Hall, Durban.

In the meantime representations on the proposal can be sent in quintuple to the Regional Representative, Department of Community Development, Private Bag X54315, Durban, before August 27.

Thirty-five of the 168 plots are now Indian owned while 84 Indian traders occupy premises in the area.

Mr A Rajbansi, an executive member of the South African Indian Council, said the proposal in terms of Section 19 had been outdated by the Riekert report.

'People must not misunderstand that the proposal is for an extension of the Grey Street Indian trading area.

'A Section 19 area is a type of open area in which people of other races can trade in a white area.

'What we want is the opening of the whole of the central business district in terms of a section of the Riekert report which the Government has accepted.'

Mr R J Naran, a member of the Grey Street Tenants' Association, welcomed the move.

He said, however, that if the area were declared Indian it would remain a problem unless the Government allowed Indians to reside in the Grey Street complex and the new areas on a permanant basis.

Mr K T Manjee, chairman of the Grey Street Business Association, also welcomed the proposal.

Unrest has not upset output

225

C.T. 15/6/80

30

By GORDON KLING

COMMERCE and industry in the Cape have been left largely unaffected by the undercurrent of politically-motivated violence, strikes and boycotts in the region for the past several months, although fears for the future appear to be intensifying.

Businessmen contacted yesterday by the Cape Times were reluctant to discuss the implications of the unrest on their firms, and most did not want to be identified with their comments.

The general attitude was: "We are living in changing times, but basically firms are there to get on with the job and rely on their employees to do the same — which they are doing".

No fall off-in standards or productivity was apparent, but major employers believed that it would be almost impossible to quantify the effects of the disturbances on the workplace at this time.

National problem

"Why single out Cape Town?" asked one executive. "If there's a problem, it's a national one."

Not everyone agreed. The director of the Cape Town Chamber of Commerce, Mr Brian MacLeod, has said that he believed business in the region could suffer considerably from the disturbances simply because they were becoming more severe than in the Transvaal.

Economic growth in the Cape was already lagging behind that in the rest of the country. "None of us can afford an additional handicap."

Businessmen agreed that the disturbances and boycotts were disturbing. "I'm very concerned," said one, "but the problems of business are South African. You can't really try to localize them and there is a boom on."

mildly or wildly

16/8/80

Big boost for Durban shipyards

Cape Times

Shipping Reporter

DURBAN's shipbuilding industry is gearing itself for a massive injection of funds to handle lucrative contracts expected from Safmarine.

A senior Safmarine spokesman made it clear yesterday that the line now regards the local industry as being capable of producing many of the ships it will be needing.

And reliable sources within the industry have indicated that Safmarine will shortly be turning to the local industry to construct a 32 000 t 'handy carrier' to replace the ageing bulker Sagela.

These contracts would mean that building facilities in Durban would have to be expanded.

The spokesman said Safmarine was anxious to keep its money in the country, 'buy South African' and ensure the future of the fledgling industry which came close to foundering last year.

Good footing

Another factor making the proposition of a local contract suddenly more realistic is that the easy availability of Iscor steel puts the South African industry on a good footing in tendering on the international market at a time when foreign yards are finding such materials expensive.

'We believe the South African industry is going to become very competitive,' said the Safmarine spokesman.

Although no contracts have been signed yet, the implications of Safmarine placing even one contract with a Durban yard are far-reaching. The yard would have to increase its physical capacity to be able to build a ship far bigger than any other vessel ever made in South Africa.

It is unlikely that the yard would set about the task with the intention of only building one big ship after increasing its capacity.

Kei 'front' racket exposed

(30) (1088) S. POST 17/8/80

By MARCUS NGANI

A LEADING Umtata hotelier has claimed that certain top Transkei government officials are operating as fronts for white-owned businesses.

And SUNDAY POST has learnt that these officials have apparently been given shares for free by white businessmen to create the impression that their businesses are owned by blacks.

"If that is not a front, what is?" asked one businessman. "But how can action be taken when the legal details have been perfectly worked out?"

In an interview with SUNDAY POST hotelier Mr D V Mgudlwa, who is president of the Umtata Chamber of Commerce, also named several black Tracoc officials operating as fronts for white businessmen.

Mr Mgudlwa was instrumental in drawing up a resolution urging Tracoc to deal harshly with the culprits.

Mr Joe Madikane, deputy secretary of the Department of Planning and Commerce, said the government had issued a directive in response to the resolution. It was: "If you know of any fronts — expose them. Their business licences will be cancelled if there is adequate evidence against them."

But it was not that easy, said a Tracoc official, who preferred to remain anonymous. "In the case of suspects who are top government officials, who would be brave enough to stick his neck out to contest irregularities?"

He said it would be difficult to make a distinction between black businessmen thriving on capital acquired legally from white financiers and those employing illegal methods to obtain white financial aid.

Another businessman added: "Tracoc is now expected to conduct a witch-hunt. But with every witch-hunt, there is the possibility that innocent people will be falsely labelled."

prevailing between them, e.g. one might say that he is superior to the other while the other one would say that they are peers (that both of them report to the same superior). Two members of the organization might, likewise, disagree as to the informal relationship existing between them, e.g. when one of the two says that he maintains a close working relationship with the other, while the other fails to mention the first one as one of those with whom he maintains close working relationships. Thus we find, in fact, many inconsistencies in both the formal and informal structures.

The only formal structure which is clear-cut, in spite of relying on perception, is that structure usually referred to as an "organization chart". This chart is nothing but the formal structure as perceived by *one* member of the organization, usually to be found at the top of the chart. The organization chart being the perception of one man only, one cannot expect to find any inconsistencies in it.

The study of the relationship structure is based on data received from members of the organization, which is followed by the processing of these data, comparing the perceptions of the different members of the organization, namely establishing whether they mutually agree as to the relationships existing among them, or whether not. The processing of these data is carried out in most cases, nowadays, by means of data-processing equipment, either conventional equipment or computers.

Every person in the organization has formal relationships which are either congruent or incongruent with his informal relationships. It turns out that in order to enable a reasonable operation of the organization a fair amount of the formal relationships has to be "covered" by informal relationships. We should not, however, drive at too much formalization; namely, we should not aspire to reach a situation where all the formal relationships will be "covered" by informal relationships—because people like to have a certain amount of freedom of choice as

informal structure which might help us to establish the following:

(a) Is there a necessity to introduce changes in the relationships? If the answer is positive, we shall ask ourselves:

(b) Is there a need for more formalization; namely, more mutual perception among organizational members as to the formal structure? Or perhaps:

Is there a need to increase the informal activity of members of the organization in order to get them out of the apathy resulting out of too much formalization?

The answer to these last two questions, coinciding with the study of the activities and attitudes of the organizational members, will enable us to establish what is to be done. Changes are not absorbed in the organizational structure, however, unless being integrated into it with the aid of change agents. One encounters, generally, a large amount of resistance to changes and specially when they involve a change in the relationship structure. In order to get over this resistance to change and ascertain the introduction of the necessary changes, we should go back and:

(c) Watch the informal relationship structure and ask ourselves:

What is the best relationship pattern through which we can introduce the changes? And:

What special difficulties could be anticipated during the change introduction process?

The study of relationships structure is usually carried out along with the study of the attitudes of the organizational members, so as to establish what are the attitudes of the people towards the formal and informal structure. This is essential before one can decide what are the necessary changes and how they should be introduced.

STUDYING THE ATTITUDES OF MEMBERS OF THE ORGANIZATION

Car sales hit record

(30)

STAR 18/8/80

By Harvey Thomas

Passenger car sales for the first six months of this year have reached record levels in South Africa, with figures 17,76 percent above the previous highest total for the January-June period.

In July the sales boom continued with sales of 24 313, compared with 17 895 cars in July last year. The top-sellers are still the small, versatile four-door hatchback models.

Commercial vehicle sales have also shown a healthy improvement and the industry is confident of chalking up a record year.

● See Page 18.

S/A 14.18/8/80. (30) (3/3)

Finance for Soweto businessmen

The Minister of Industrial Affairs, Mr van der Merwe, announced at the weekend that Soweto enterpreneurs could get financial assistance from the Industrial Development Corporation.

The Government has recently approved entepreneurship with the aid of white capital, for areas where previously only specific ethnic groups could operate.

The Minister said: "This does not necessarily mean that all business enterprises in black urban areas need be established with the aid of white enterpreneurs.

"On the contrary it would be welcomed if black entrepreneurs could come forward, train their own management, provide the necessary capital and take the trade and service activities upon themselves."

Low-wage employment policy is criticised

20/8/80

STAR

~~335~~ 30 (84)

By Sieg Hannig

Employers must stop using unemployment as an excuse for sub-standard wages and conditions of employment, the labour symposium of the Golden City Jaycees heard yesterday.

It was a difficult decision whether to keep people employed or to pay higher wages to a smaller staff, said Mr R T Hofmeyr, a director of the giant Barlow Rand Group.

Mr Hofmeyr's other points were:

- Employers should stop putting the onus for productivity on employees because this was primarily a management responsibility.
- Managements should accept the workers' right to organise because "strong unions which fearlessly represent their members but at the same time have firm control over them are to be welcomed, not feared."
- Managements should abandon their apathy in allowing the entry of under-utilised groups into industry.
- White unions should accept equality of opportunity and rewards and stop protecting their members at the expense of other workers.
- Black unions should drop their in-fighting and competing for membership in the same companies and industries.
- Employees must accept that unreasonable wage demands without increased output can only jeopardise the living standards of all in the long run.
- South Africa has a pressing need for an organiser of self-help programmes in disadvantaged communities, such as the Rev Leon Sullivan in the United States.
- The Government must live up to its pledge to outlaw discrimination.

Nafcoc unable to get offices in Pretoria

The National African Federated Chamber of Commerce (Nafcoc) cannot get an office in Pretoria, Nafcoc's president, Mr Sam Motsuenyane, told a symposium in Johannesburg yesterday.

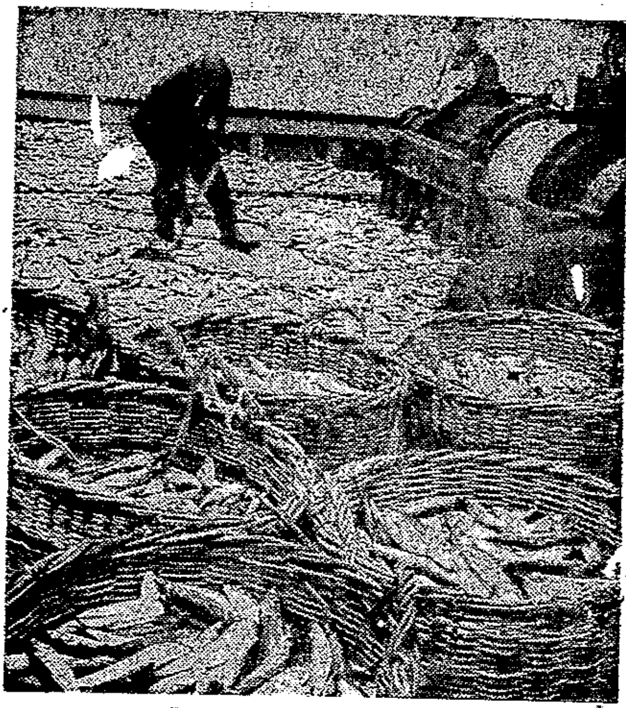
He thought the reason for this was the Pretoria City Council or the Group Areas Board — because a Cabinet Minister had been enthusiastic about Nafcoc's plans to set up a Pretoria office.

The situation could be easier in Johannesburg where the African Bank, initiated by Nafcoc, got Ministerial permission to get an office.

But Nafcoc needed the office in Pretoria because most of its staff lived there, Mr Motsuenyane said.

Speaking at a labour conference of the Golden City Jaycees, he complained that change in South Africa was not based on volition but came as a result of pressures.

FISH FARMING



Fish caught near Durban.

New controls for the fishing industry

31 (Fishing) STAR 21/8/80

Hannes Ferguson

Farming

The Government's report on the fishing industry published in Pretoria this week aims to promote competition in the industry and the conservation of South Africa's dwindling seafood resources.

The Pelagic Fishing Industry should not become a closed shop controlled by a limited number of quota holders, according to the report. Provision should be made to allow new entrepreneurs from time to time.

Apart from global quotas, the state should also determine individual quotas. These should be fixed on the basis of the following principles.

● The optimal utilisation as well as conservation of fish resources.

● The stability of the ...

... should be contracted out to universities or other institutions.

The commission has given much attention to the problems of the trawling industry.

In the case of sole, it has been recommended that the state should not determine individual quotas. The overall quota should be fixed on a very conservative basis, pending further research.

The overall hake quota should be sub-divided into individual quotas, the commission recommended.

Small quota holders should receive special consideration, so that their operations could be brought on a more profitable footing. Foreign competition should be gradually eliminated.

At all landing points provision should be made for the sale of hake directly to the consumer.

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SCHUS (30)

Payout ahead

FM 22/8/80

Activities: *Cape-based motor dealer with Datsun franchise. Distributes Sprite caravans, and Massey Ferguson equipment. Directors hold 37% of ordinary equity.*
Chairman: *C Lipshitz; managing director: J Lipshitz.*
Capital structure: *1,8m ordinaries of 50c; 1m 9,5% cum red prefs of R1. Market capitalisation: R2,6m.*
Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R583 000; net short-term, R3,0. Debt: equity ratio: 250,7%. Current ratio: 1,4. Net cash flow: R374 000. Capital commitments: Nil.*
Share market: *Price: 145c (1979-80: high, 145c; low, 15c; trading volume last quarter, 57 000 shares). Yields: 13,0% on earnings; PE ratio: 7,7.*

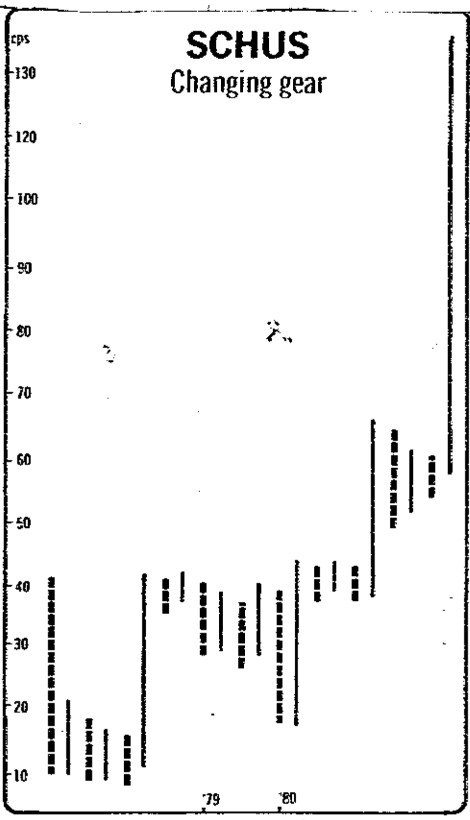
	'77	'78	'79	'80
Return on cap %	13.1	10.5	17.1	14.3
Turnover (Rm)	23.1	21.1	24.6	30.7
Pre-tax profit (R'000) (loss)	(116)	50	347	473
Gross margin %	1.8	2.1	3.0	2.6
Earnings (c)	—	2.8	19.3	18.9
Net asset value (c)	6	9	35	57

With the lean years falling further behind, Schus is forecasting a possible resumption of dividends for the current financial year. Despite the fact that three arrear pref divs have still to be paid and the debt structure of the group is still high, MD Jossel Lipshitz believes the payout to ordinary shareholders will be "a lot higher" than the 4c ordinary dividend last paid five years ago.

The increase in sales of new cars by the group, according to Lipshitz, was above Datsun's national growth rate of 23%. The only "problem" area which the group appears to be facing is a shortage of stock. The Cape agricultural season is going well, and Lipshitz says that the group's Massey Ferguson franchise is the market leader in the region. Again, he adds, there is a shortage of stock. Sprite caravan sales are also "outstanding" he says.

The group's long-term problem area has been a high level of debt and the resulting heavy interest burden. The debt:equity ratio remains at just over 250% compared with 270% in 1979, though long-term borrowings have dropped from R706 000 to R583 000. Short-term debt has risen from R2,6m to R3,5m, though not all of this is interest-bearing.

Restructuring of the debt has chopped the interest charge from R403 000 to R321 000, and Lipshitz is of the opinion that this year's trading results will allow the group to cut back the debt position further. This could be helped by the fact that most new cars are being sold before they reach the showroom, so financing of customers is less of a problem.



Five of the arrear pref divs are being paid out of last year's earnings, and the outstanding three will be declared at the interim stage. Each pref div absorbs R26 600, but Lipshitz is obviously confident that these payments will not restrict the group's capacity in regard to ord dividends.

Lipshitz believes that the upswing in sales across the group's business will continue at least to next June, so performance in the current financial year should remain strong. With this rate of growth, the group should be able to set itself up to cope with the next downturn, just as the rationalisation that took place during the last slump is benefiting it at present.

The share has moved up sharply over the past year to stand at 125c. The annual report appears conservative in forecasting an increase in turnover of around 20%, but if this is the case and pre-tax operating margins return to a market average of some 4%, this indicates a hike in earnings at the year-end to something in the region of R1,4m (R333 000). The group still has considerable assessed losses to write off so this level of earnings should not be out of reach, especially bearing in mind the performance of some of the other motor companies.

It is impossible to calculate the likely dividend, but a 12c payment covered up to six times would offer a prospective yield of about 8,3%. This could even prove conservative, and there thus seems considerable scope for further growth in the share price.

Scott Hawker

WOOLWORTHS (30) FM 22/8/80

Cash business

Activities: *National cash retail chain operating 64 stores. Turnover comprises about 80% clothing and 20% food. Directors control 33,75% of the voting ords and 4% of the non-voting "A" shares.*

Chairman: *R S Sonnenberg; managing director: D R Susman.*

Capital structure: *9,4m ordinaries of 50c; 19,9m "A" ords of 50c; 230 000 6% cum prefs of R2. Market capitalisation: R190,5.*

Financial: *Year to May 31 1980. Net cash: R18,3m. Debt:equity ratio: 0,4%. Current ratio: 2,2. Net cash flow: R11,5m.*

Price: *650c (1979-80: high, 680c; low, 390c; trading volume last quarter, 811 000 shares). Yields: 9,4% on earnings; 4,3% on dividend. Cover: 2,2. PE ratio: 10,7.*

	'77	'78	'79	'80
Return on cap %	32.3	33.1	29.5	32.8
Turnover (Rm)	138	149	170	194
Pre-tax profit (Rm)	21.2	23.4	25.5	30.1
Gross margin %	15.9	16.1	15.2	15.5
Earnings (c)	40.9	45.9	51.7	60.9
Dividends (c)	16	19	22	28
Net asset value (c)	212	238	273	310

Woolworths achieved a long-standing ambition in June this year when it repaid the last of its borrowings. The balance sheet is now completely ungeared and the group is left sitting with over R18m in cash.

This position has come about in little over nine years. The 1971 accounts showed a debt total of R9.8m which represented 48% of permanent capital at the time, and cash holdings were slender. In effect, then, financial structure has been strengthened by R28m during this period, all of it out of current earnings, which is the equivalent of 70% of total dividends paid during these years.

The pattern underlines two basic factors: one, the extreme conservatism of Woolworths' management and, two, the cash generating ability of this type of retailer. It should be noted that the increase in resources has been achieved without resorting to an overly-restrictive dividend policy (relative to the industrial market), with cover averaging just under 2.5 times over the nine years.

Since 1977, however, cover has been progressively decreased to 2.2 times for fiscal 1980, and is set to go even lower. But just how much lower will depend on the rate of store development and consequent utilisation of cash resources.

Financial director Fred Kossuth comments that although the group is looking at a number of propositions, any decision regarding new openings or expansion will, as in the past, be dictated by viability.

But an accelerated rate of development is nevertheless reflected in the fact that the group plans to increase trading area by 6.5% this year, the biggest annual increase since 1975's 8.8%. Developments include new stores in Rosebank (Johannesburg) and Nelspruit, and extensions to the outlets in Pietermaritzburg, Springs and Klerksdorp. It is also participating in the Mitchells Plain shopping centre, now under construction, in partnership with the Coloured Development Corporation.

Chairman Richard Sonnenberg says in his annual review that turnover during the first two months of the current financial year was up 20%, which compares with last year's turnover growth of 14%. He expects the improved level of activity to continue at least until the end of calendar 1980, although other commentators are more optimistic that the upswing will be maintained well into 1981.

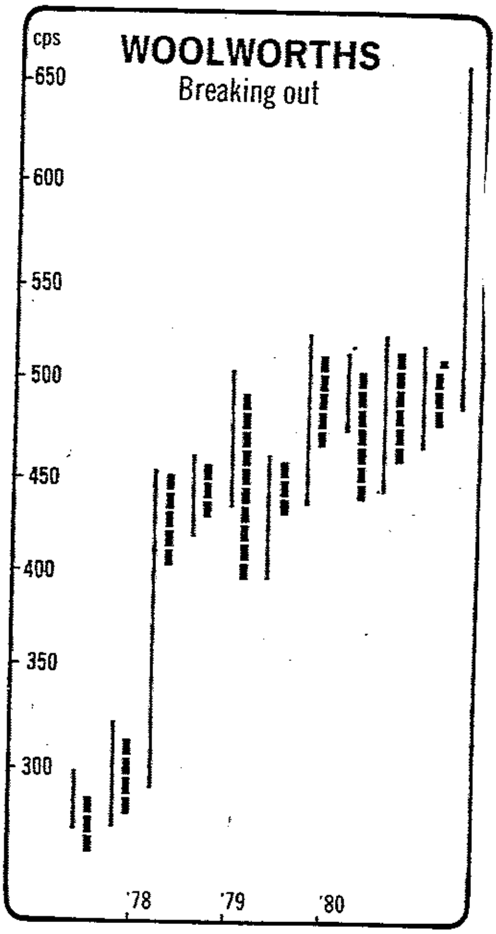
Assuming this rate of growth lasts the full year, it is likely that pre-tax profits will increase by perhaps 25% as trading density improves. Sonnenberg warns shareholders that the tax rate this year will revert to normal after the two-year shield provided by the group's special contributions to the pension fund, but as last year's tax rate was already 40% this is not going to have much effect on the growth in equity earnings.

These could thus reach around 78c, of which 39c could be distributed. This would represent a 39% growth in dividends compared with 27% last year and the average of just over 20% during the past 10 years. It is likely that cash resources will nevertheless be further increased.

The group remains an extremely sound long-term investment, even though current performance is being over-shadowed by other companies which are now showing exceptional profit gains as they recover from the recession

Brian Thompson

Woolworths' Sonnenberg . . . debt-free and growing fast



(30) S. Express 24/8/80

Instant training for all

THE shortage of skills to move the country's boom along is continuing to create specialised man-hunters and instant-training companies, all dedicated to getting you the man you want or expanding the abilities of the staff you already have.

Comparitively new in the market is a specialist recruiter who believes that lack of top-class sales entrepreneurs in South Africa is stopping the country from enlarging its export markets.

"South Africa's products are as good as any in the world," says Ken Wortley, MD of Salesearch, an employment bureau which specialises in placing salesmen, representatives, trainees and executive level sales personnel.

"With our favourable labour rates, we could be another Japan if we had the selling skill to compete for world markets," he maintains.

"It is our lack of quality salesmen that is holding us back."

Wortley believes that many firms refuse to regard selling as a skilled profession.

"They train salesmen in product knowledge but very rarely train them in selling technique," he says. "It takes skill to secure orders — the personality of the salesperson is not enough."

Wortley should know. As national salesmanager for a business equipment company he had first hand knowledge of the problems he now seeks to answer.

"I was continually interviewing streams of unsuitable applicants sent to me by employment agencies — a frustrating and time consuming task.

"I decided to begin Salesearch on the old-fashioned philosophy of taking the donkey work out of staff recruitment for firms ... and our success proves that this service is needed."

But to match a square peg to a square hole, Salesearch has to know exactly what kind of job is being offered — and place that profile against its detailed analysis of applicants' abilities, experience, hopes, aspirations and ambitions.

"And another problem is that 90% of people who come to Salesearch don't know the difference between a sales representative and a salesman.

Wortley's definition: "A representative sells a product to an established need while a salesman has to uncover the need for a product or service before he can sell it."

Why not?

proportional?

25/8/80

Cafe owners make plea for bread price rise

STAR (30). 8.4.

Fair Deal Reporter

The bread price may be raised in mid-September if the Government takes heed of a plea by cafe owners to give them a small profit margin on sales of loaves.

Since the April increases in bread prices, cafe owners have been losing slightly more than one cent on each loaf they sell.

Mr D Michos, chairman of the Tearoom, Restaurant Proprietors and Caterers Association, wrote to the Wheat Board more than two months ago outlining this problem and appealing for a review of the pricing structure to assist cafe owners. He said the board had not responded.

Mr E van Aarde, general manager of the Wheat Board, said the matter had been referred to the Department of Agriculture, "ultimately for the attention of the Minister.

"He will decide whether or not there should be an increase in profit margins. This should be finalised around about the second week of September."

GENERAL NEWS

RPM abolished: book prices coming down

26/8/80 STAR (30)

By Charlene Beltramo,
Fair Deal Reporter

Book prices are being adjusted in book stores around the country and a price war on best-selling ranges is likely.

Resale price maintenance on books was abolished in a recent Government Gazette but few people, including the Competition Board who fought for nearly two decades to achieve it, noticed the announcement.

Booksellers have for the past few months been pricing books more competitively in anticipation of such a Government move.

Although the abolition will only become effective in terms of the Act at the end of October, prices will start dropping immediately.

Mr J P Lowman, general manager of the Central News Agency, said prices would immediately fall on bigger titles in hardcover fiction and on paperbacks.

"We're trying to work out the price barrier at which we encounter consumer resistance and will try to drop below that. On hardcover books, R15 seems to be the maximum. Prices should preferably be down around R11.

"Paperbacks will probably sell better at a price of about R3.50, so we'll drop prices accordingly. This has meant we will take a cut in profit margins, but we anticipate increased turnover.

"We recently brought out a range of inexpensive hardcover books and they have sold exceptionally well," he said.

Mr Raymond Ackerman of Pick 'n Pay said they were investigating cutting prices on educational textbooks.

"We will also start stocking a wider range of books, although he felt benefits of RPM being lifted will probably hit the consumer at Christmas," he said.

Mr Tony Ashworth, of Howard Timmins, a Cape-based publishing firm, said he expected publishing costs to come down with a surge in book sales.

"At present we have average print orders of about 10 000 books. They may cost R2 each, but if you could get an order of 25 000 books, the average price per book at cost would be about 80c.

"This would make books ultimately cheaper for consumers."

Mr Ben Trisk of Premier Milling, who own stores such as Campus and Exclusive bookshops, said they would adopt a "wait-and-see attitude. Obviously, if prices do come down in [redacted]ilarly

Warning on tighter HP terms

The Star 26/8/80 (30)

Deputy Financial Editor

Hire-purchase conditions may be tightened up, the Governor of the Reserve Bank, Dr T W de Jongh, has warned.

Bankers interpret the Governor's address this morning to mean that initial deposits on hire-purchase business will be increased. Alternatively or additionally, repayment periods will be reduced if other measures to bring inflation under control do not work, they expect.

In his last address as Governor of the Reserve Bank, Dr de Jongh urged that everybody should avoid extravagant expenditure following the Budget tax cuts, other concessions and higher salaries and wages.

Despite inflation, saving still remains a virtue, the Governor added.

Though changes to hire purchase conditions rest with Government authorities, the Governor's warning is nonetheless significant.

The Governor announced this morning the abolition of credit ceilings as from September 1 and various changes to the cash reserve and liquid asset requirements (see finance pages for details).

He warned that the abolition of credit ceilings should not be regarded as a step towards permitting the free extension of credit to the private sector.

"It has become of the utmost importance that bank credit to the private sector should be directed towards production and export activities — and not towards consumption."

INTEREST UP?

Bankers said they have yet to work out the actual effect on [illegible]

Whites urged to play active role

White businessmen must play a more active role in drawing black people into the free enterprise system, a leading businessman said yesterday.

Mr Sydney Matus, the newly elected president of the Johannesburg Chamber of Commerce, told The Star that businessmen had to persuade the Government to allow black businessmen the same rights as white businessmen.

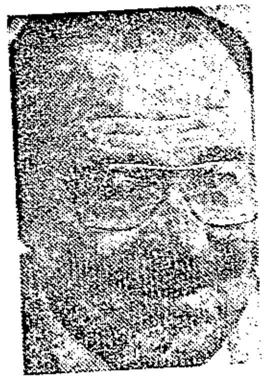
These included freedom of movement and decision-making.

Mr Matus said that because blacks were "fettered by legislation," they were sceptical of the free enterprise system. If capitalism was to survive, white business organisations had to move closer to them, open up lines of communication and help provide training for black businessmen.

He knew this could be difficult. Nafcoc, the black chamber of commerce, had in the past taken the stand that there should be no partnership with white business until blacks were given freedom of movement in white areas.

"But I think there has been a softening of Nafcoc's attitude recently and it seems prepared to entertain meaningful business propositions from the white sector," he said.

The JCC has advocated that the CBD (including Newtown, Jeppe and Fordsburg) should be opened to traders of all races. It was disappointed that the Government was



MR SYDNEY MATUS

not giving this issue, which was one of the Riekert Report recommendations, "the urgent attention it deserves."

Mr Matus said there was a strong feeling among blacks that whites wanted their labour and nothing else. In addition, the Government's decision that white and black businessmen could form partnerships had created a "fear that if, for example, one of the big chain stores did a deal with a black businessman and moved to Soweto, thousands of black stores would be knocked out."

He believes that black traders should be given "a modicum of protection until they can compete on equal terms with white businessmen."

He also believes that organisations such as Blackchain, the black-run Soweto supermarket, should link up with a franchise organisation to get the benefits of being under the umbrella of a large retail organisation.

Booksellers must be own censors

STAR 29/8/90 BRAM 39

By Tom Duff, Political Reporter

The Government has ordered firms importing books to do their own censoring. The instruction, likely to take effect from October 1, has triggered controversy in the trade because it spreads censorship powers into commerce.

The procedure was drawn up by an official committee of inquiry into combating the importation of undesirable publications.

"I don't like it," Mr Jonathan Ball, a leading publisher said today. "It is a step towards making us censor ourselves."

Other publishers said that they had been practising self censorship for some time and want to give the new system a try.

Due to be reviewed after a year, the system is expected by some booksellers to streamline the whole process of importing books.

The Government has ordered importers to study publications to check whether they:

- Appear to be undesirable.
- Are doubtful and should be investigated by a publications committee.
- Are apparently not undesirable, in which case they can be immediately distributed and sold.

Officials will make spot-checks of imported books. Importers who co-operate

and take steps to prevent undesirable [illegible] being imported will have their shipments embargoed less often for examination by Post Office and Customs officials.

Yardstick

The instruction gives importers no yardstick by which to judge whether or not publications are undesirable. The only measure importers have is precedent and experience of the existing censorship system — the Directorate of Publications, the various appointed Committees Publications Appeal Board.

Mr Ball said that the Government had created the censorship system and should handle it itself.

"It is not so much the new procedure that concerns me, but where it could lead to," he said.

He feared that it could lead to further curbs as had happened to the Press in recent years. He opposed the onus of censorship being placed on importers.

An importer who did not want to be named said "It means in fact that we will be censors."

Several publishing companies, despite dislike for censorship laws, are cautiously optimistic, however.

One reason is that it enables them to take their own measures to avoid financial loss by having books they have imported later banned.

"We have always had to exercise self-censorship," said the managing director of one company. "Let's give it a chance."

Officials will make spot checks of imported books and embargo those they think might be undesirable.

Traders who import such books will therefore suffer losses in time and sales.

Psst! Wanna buy a cheap book?

30 S. Tribune 31/8/80 Literature

By JACK BRICKHILL

PRICES ARE TUMBLING

BOOK prices are already tumbling by up to 50 percent in the wake of the announcement last week that retail price maintenance (RPM) on books will be abolished on November 1.

Some large book stores and supermarket giants are jumping the gun and flouting the law, but the Board of Trade appears to be turning a blind eye to the (strictly-speaking) illegal trade.

Specialised book sellers are upset with the removal of RPM — a move they have been fighting for 10 years. They claim many small booksellers will go to the wall and the remainder will fall into the hands of cartels. Best sellers, representing a sizeable part of their turnover and profit, will be monopolised by the large chain stores.

The book sellers will be forced to put up prices of specialised books to stay in business and the final loser will be the consumer.

Eckhard Oellermann, chairman of the Natal branch of the Associated Book Sellers of South Africa, says the move will definitely push up the price of books. In Sweden about half the booksellers closed within five years of removing RMP with cartels moving in.

In South Africa there are about 400 booksellers and in Natal there are about 50 of whom only 15 are probably big enough to weather the storm. Oellermann says profits are already small.

Any further lowering of profit will have disastrous effects.

Meyer Kahn, managing director of OK Bazaars is not deterred: "We will price our books aggressively in line with other goods sold in our branches," he says.

He plans to expand sales from best sellers to children's lines with prices being cut by a third to a half of bookshop prices. In the past retailers who sold below the official price were hauled over the coals and forced to push up the prices again in this R50 million a year market.

Kahn claims the specialist shops will survive "as they have done in other countries." As in the case of small grocery shops the bookshops can offer better service and a bigger range in an expanding market without paying for much advertising.

Gerry Struik, a large Cape Town publisher and an executive of the SA Publishers' Association, says in the short-term publishers will not be affected by the move but in the long term prices will rise on smaller turnover as small shops close especially when the present buoyant trading conditions sag again.