COMMERCE — GENERAL
1984

JANUARY — DEC,

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been such a long delay in available to the pupils, Mr partment had had them since could not be delivered over the and Monday were public holi- ld have been no-one at the ...

ector, Mr G W Merbold, told Port Elizabeth yesterday that cation and Training in Pre- mes of the pupils who had wspaper last week on the un- would send each region's papers in the country.

for the newspaper, the Pre- as far as he knew there had on The paper had published last week.

exam results, page 2

Extensive travel

Mr Myburgh also said there was an urgent need for re-examination of South Africa's security system, in which public confidence had been "badly shaken" by disclosure of the espionage activities of the former commander of the SA Naval Dockyard at Simon's Town, and his wife.

"We need to be assured that we are conducting our security mechanisms in a highly professional manner," he added.

Senior officer

Mr Myburgh said that with other South Africans, he was "extremely concerned" at the fact that a senior officer who had held key posts in the Republic's armed forces could over a period of 21 years go undetected by this country's security system.

"How is it," he asked, "that a man in Gerhardt's position could travel as extensively as he did without arousing the suspicions of those who are charged with our security?"

Mr Myburgh added that the Progressive Federal Party would "almost certainly" table questions on the Gerhardt affair at the earliest opportunity at the next sitting of Parliament.

Shopping lists

● Dieter Gerhardt, sentenced last week to life imprisonment for high treason — his wife was given 10 years — is said to have received coded "shopping lists" relayed from Moscow, containing requests for information on specific projects, plans and equipment.

This information (Gerhardt claimed in his defence that it was "disinformation") was supplied to Moscow — at least in the past few years — through a Soviet agent in Zurich, Switzerland, whose passport name was Mikhail Niko-

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To page 2 Ⓐ

30

CAPE TIMES 4/1/84

City cashes in on bumper festive season

By NOEL BRUYNS

CAPE TOWN had a bumper commercial season this Christmas, with indications that people were spending freely — hotels were heavily booked and stores made big profits.

A spokesperson for Woolworths said the store had had a "very good Christmas, with a 40-percent increase in turnover".

This was mainly because of the six-day trading week before Christmas and the longer shopping hours until 9pm.

"Another reason for the increase was that a co-ordinating body, the Central Initiative Group, was formed for all major stores to make sure that their shops stayed open together during extended shopping times", she said

People tended to buy presents that were useful, and in all price ranges.

Clicks Stores also did well this Christmas, according to the deputy managing director, Mrs June Kritzinger.

"The last week before Christmas was tremendous", she said. "We were up 27 percent on last year's turnover figures during the same period.

Even the more exclusive stores, like Stuttafords, boasted an unexpected increase in turnover.

Mr S F Ireland, general manager at the store's Cavendish branch, spoke of a 20 percent increase.

Turnover at Garlicks was similar to that of last year, its general manager, Mr M Boyes, said, adding that many people had been spending freely.

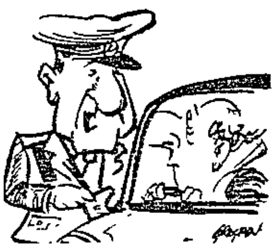
● Cape Town experienced another "tremendous" season from the point of view of tourism, according to Captour's publicity manager, Mr Hans van Heukelum

"Hotels have done very well, on an average 87-92 percent filled. This applies even for four and five star hotels, while camping sites and caravan parks have been fully booked."

He said there were many more visitors from Natal this year than last year, possibly because of the recent drought there.

● BER sees SA recovery under way, page 10

crack of dawn



"Remember, it's 1984 and Big Brother's going to be watching you."

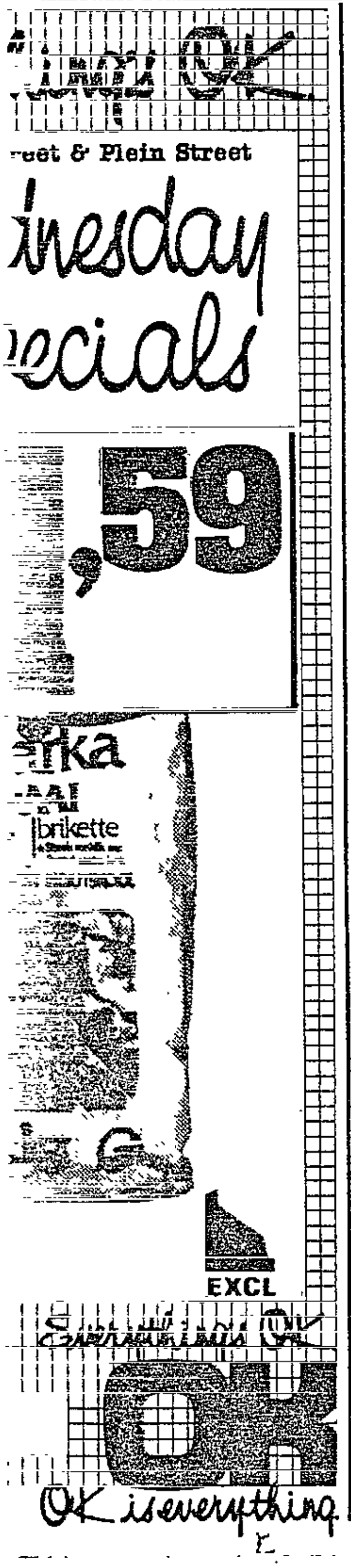
Pool-cl

Own Correspondent

JOHANNESBURG. — A man was found drowned in the deep end of a swimming pool yesterday, entangled in an automatic pool-cleaning machine.

Detectives were called to a house in Rockey Street, Northcliff, Johannesburg, at 6am to find the man clutching the

INSIDE



Lorry-load of fruit rots after arrest

③ ~~Fruit~~ ㉚

Mercury 4/1/84

Mercury Reporter

BRIGHTON Beach residents are angered over a lorry-load of fermenting fruit that has been lying in the sun on a grass verge in Grey's Park Road since an Indian man, who appeared to be the owner, was seen being taken away by the City Police.

Mr Jacobus van Schalkwyk, who lives in the road, said: 'Whatever the reason was for his arrest, it is a disgrace that what were about 70 beautiful, fresh watermelons and about 70 cartons of litchis, Kakamas peaches, grapes and plums have had to lie rotting in the sun for a day and a half.'

Another resident complained of the smell: 'A whiff of the rotting fruit comes into our house and I expect it can only get worse.

'This health hazard is really worth complaining about and it must go,' she said.

Last night City Police were unable to comment.

ARGUS 11/1/84 (30)

Call for men at college

Education Reporter

THE Cape Town Chamber of Commerce has added its support to the campaign to have male students admitted to the Cape Town Teachers' College in Mowbray.

This is the first time the public sector has joined the more than decade-long campaign by teacher organisations and other educationists in the Western Cape to have the college opened to men.

There are no training facilities for white English-speaking male primary school teachers within the English sphere in the region

Educationists have claimed the lack of local training facilities was largely responsible for the small number of English male teachers entering the profession.

In a letter to Mr Jan van Eck, a Progressive Federal Party provincial spokesman on education, Mr B Macleod, director of the chamber, said opening the training college to men would help attract more males to the teaching profession.

"A larger intake of male students would also contribute towards reducing the pressure on the present teaching complement at schools and thereby improve teaching standards generally," the letter said

Mr Macleod said it was essential in an age of high technology and specialisation that school-leavers were fully equipped to meet demands imposed on them in the work place or in furthering their studies at technikons or universities.

"Failure to so prepare school-leavers not only places them at a disadvantage in the competition for jobs, but it becomes a further cost burden on the economy which we can ill-afford when the accent must at all times be on maximising productivity," he said.

"This is especially so in South Africa with our unacceptably high rate of inflation.

"For these reasons alone the chamber would strongly support the principle of opening up the Cape Town Teachers' College to male students and expresses the hope that the Provincial Council will give its approval to this being down without further undue delay."

Miss Joan Hoskyn Davies (Picture by Cape Archives).

Death of archivist

Staff Reporter

MISS Joan Hoskyn Davies, former chief of the Cape Archives depot, has died at her Vredehoek home. She was 74.

Miss Davies, the first woman in South Africa to be appointed chief of an archives depot, retired nine years ago after joining the service in 1935.

She was appointed chief of the Cape depot in 1966 — a position she held until her retirement.

A funeral service will be held at 3.30pm today in the Church of the Ascension, Devil's Peak.

Independent clothing stores challenge retailing giants

30

Cape Times 21/1/84

By PAUL DOLD
Financial Editor

A GROUP of South Africa's independent clothing retailers are for the first time competing on an even footing with the major chains through a new specialist organization — United Stores.

Based in Cape Town and founded by the former Ackerman's managing director, Mr Stewart Cohen, and co-director Mr Laurie Chiappini, United Stores' members around the country already have a total turnover of R125m.

This is expected to rise to R550m — roughly equivalent to the largest clothing chain's turnover within two years. United Stores is linked with the major United States' Frederick Atkins group whose members have annual sales of more than $5 billion.

Mr Cohen launched the new look at Ackermans some four years ago and left the group after the sale to Edgars. He was previously general manager of Grand Bazaars.

Mr Chiappini has been involved in both retailing and manufacturing including Puma, Durban Clothing and was trained at Harrods.

Profits

United Stores is far more than the traditional joint purchasing operation but is bridging the gap between manufacturer and retailer and providing advice on how both can improve profits.

For the manufacturer United Stores offers longer production runs, credit worthy clients and long-range planning, while United Stores members have a spectrum of specialized consultancy services available.

These include pre-season planning, merchandizing advice, joint advertising, and quality assurance. Retailers are told:

- What lines are likely to sell.
- What ranges have been selling in the market place and why.
- How to improve in store traffic.
- How to advertise.
- How to structure the merchandize mix.
- Advises on garment labelling and United Stores' own labels are available.
- Provides full details of manufacturers prices and ranges.

United Stores is effectively allowing the small to medium speciality store and department stores to compete with the big chains.

Previously the depth of merchandizing expertise, market research and marketing resources were beyond the reach of the independent retailer. He was forced to take the second slot behind the chains, often marketing unsuitable merchandize which arrived late.

United Stores supplies members with the latest fashion trends and up to date reports of the overseas fashion scene. Members were told in October last year the likely trends for summer 1984.

Mr Cohen is particularly pleased with the encouraging response from manufacturers who see major advantages in improving sales to the independent retailers. United Stores is not viewed as a pressure group but mutual benefits are already flowing to both retailer and producer with each more aware of the others needs.

Manufacturers are often blamed for late deliveries but in many cases the retailers themselves can be responsible. By bringing the two together United Stores is helping to improve manufacturers' profitability through longer production runs and significantly industry is less reliant on the big chains. Nearly 50 percent of South African retail sales are handled by the three major chains.

While joint imports are planned, United Stores aims at fully supporting the local clothing industry.

Conference

On Monday United Stores is holding its first national conference. The three-day meeting in Cape Town includes a briefing by leading economists on the economic outlook, fabric and clothing manufacturers previewing their ranges, market research reports, and a profile of mens, childrens and womenswear ranges.

Part of the seminar programme will provide members with an insight as to how computers can and be used in retailing.

Mr Cohen and Mr Chiappini are being highly selective in admitting new members. Marketing thus far has been aimed at an exclusive group of blue blood independent retailers many of whom are long established family businesses. Some 60 percent are based in the Transvaal and the Free State, 25 percent in Natal and 15 percent in the Cape.

Although concentrating on clothing, United Stores is also advising members on footwear, home-textiles and housewares.

In the United States there are more than 400 organizations for clothing retailers and hardly a reputable firm operates without the back-up of one of the associations.

United Stores charges an annual fixed fee to members. No commissions are payable either by the manufacturer or United Stores member.

30 22/1/84

IGI lays charges to stop 'massive repairs racket'

By WILMAR UTTING

CHARGES that a Johannesburg panelbeating company used a bogus company and bribed insurance officials to defraud a major insurance company are being investigated by police.

The alleged frauds, said to have been perpetrated against Incorporated General Insurance, are said to total about R200 000.

The investigation was confirmed this week by Colonel Nollie Hume, head of the commercial branch at John Vorster Square.

Three IGI officials — two repairs assessors and a motor claims official who were involved in negotiations with the panelbeaters — have already been dismissed from their jobs and face charges of fraud.

The insurance company's claims director, Mr Ronnie Andrews, confirmed that charges were being pressed against the panelbeaters and their alleged accomplices.

He said insurance companies rarely made allegations of criminal activity against panelbeaters. "But corruption must be stopped. The only way to keep premiums down is to keep down the cost of repairs. If costs run riot, the clients pay in the end."

Mr Andrews said he was alerted to possible fraud in the middle of last year when the panelbeaters charged, and were paid, R1 800 for vehicle repairs which had been done by another company.

"When we challenged them, they sent the money back, saying they had made a terrible mistake. But we told them we had lost confidence and wanted nothing more to do with them," Mr Andrews said.

IGI then checked the records of clients who had car repairs done by the panelbeaters, and in a lengthy investigation, found:

- ● The repairers were using a quotation book bearing the name of a non-existent company to conceal their true identity.
- ● They had over-charged by thousands of rands for work done, and in several cases had charged for repairs to vehicles they had not touched.
- ● They had charged the insurance company for new spare parts, but had used second-hand parts.
- ● They had bribed insurance officials to become accomplices in their strategies. A claims official involved had been given a free car and petrol.

In October IGI froze claims totalling R100 000 which had been lodged in the name of the fictitious company.

When this company proceeded to issue summons against IGI for outstanding payments, the insurers laid charges of fraud with the police.

This week the panelbeaters' attorney advised IGI that his clients had agreed to withdraw their civil action for the R100 000 allegedly owing to them. In addition they had agreed to pay a further R100 000 to IGI and to return a vehicle belonging to an IGI client.

"The total settlement in the civil action came to about R216 000, approximately the amount they had overcharged us in one way or another," Mr Andrews said.

"But we have no intention of withdrawing our fraud charges."

● Mr Ronnie Andrews, claims director

Wolf Power placed under tight security

By LIZ VAN DEN NIEUWENHOF

WOLF Power, the punters' darling, is being closely guarded to prevent any 'mishaps' and possible injury.

Mr Ricky Maingard, trainer of South Africa's champion racehorse, said that since Wolf Power became a star, people were flocking to see the four-legged wonder after races.

"Anyone could come to the stables and stick a knife into one of Wolf Power's legs and wreck his good record. So we have placed him under guard day and night," said Mr Maingard.

Yesterday's J&B Metropolitan Stakes was a test for Wolf Power's stamina before the horse sets off for the American Arlington Million race to be held in Chicago in August.

The grey cantered home to win easily.

Wolf Power has won close on R600 000 in more than 15 career victories, making him South Africa's first horse to earn more than R500 000 in stake money.

Mr Maingard said the super-horse was in superb condition.

Councillor sued for R12 000 in house wrangle

By STEPHANIE VENTER

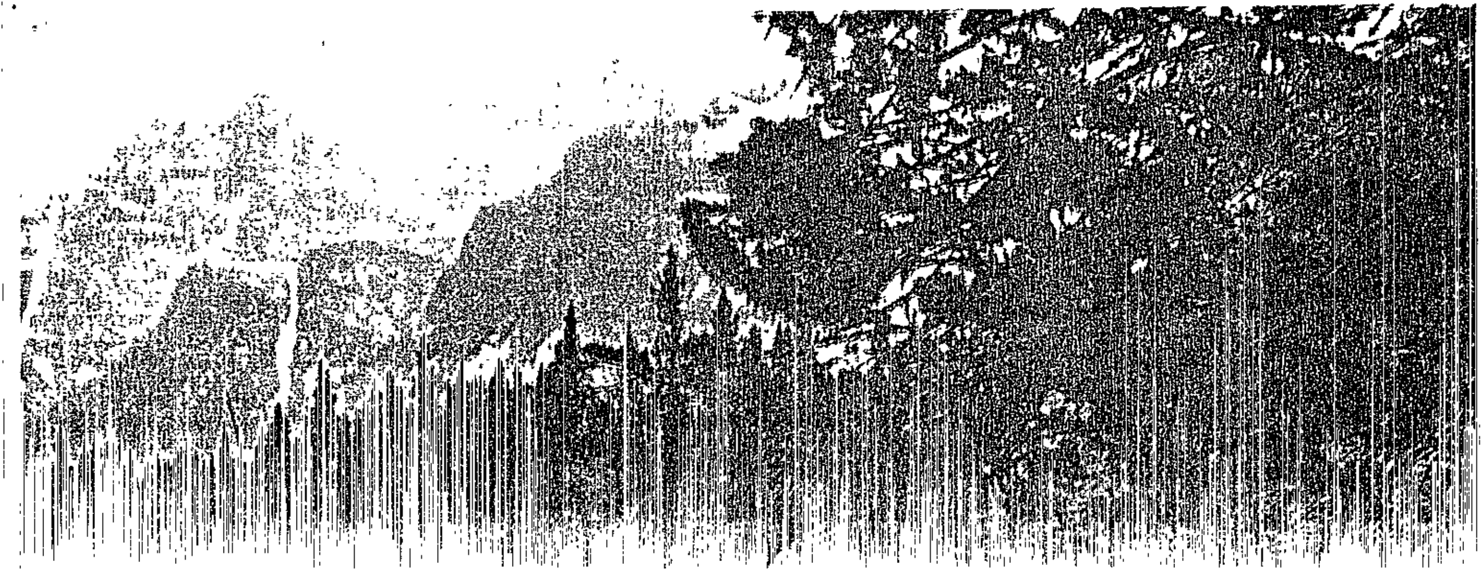
A JOHANNESBURG city councillor is being sued for damages of R12 706,28 for alleged faulty workmanship on the construction of a house in Kibler Park which was sold for R34 500.

According to papers filed in the Rand Supreme Court, Mr John Arthur Fossett, a member of the city council's housing and utilities committee undertook to com-

he sold to Mr Thomas James O'Connor.

However, Mr O'Connor claims that Mr Fossett, a member of the Independent Ratepayers' Association (IRA), did not complete the building operations in "a proper and workmanlike manner".

Mr O'Connor is claiming R10 650 to remedy defective work on the house, and R2 056,28 paid as fees to con-



(30) Sowetan 23/1/84

Nafcoc set for indaba

THE 51/49 black/white percent partnership is to come into focus once more when delegates from nine National Federated Chamber of Commerce (Nafcoc) regions meet in Bloemfontein next month.

The delegates will meet at a two-day seminar on February 17 and 18 to discuss franchising and its opportunities as well as look at it as an acceptable alternative arrangement to the 51/49 percent arrangement.

Mr Molefe Mokgoko, Nafcoc's public relations officer, told **The SOWETAN** that the seminar will put new focus on the Afrimet/Metro Cash and Carry 51/49 percent arrangement, which the chamber totally opposes in the retail and wholesale business.

He said it was Nafcoc's belief that the arrangement is an indictment on the intelligence of the black people, when at this stage blacks can run much more sophisticated businesses.

"Because the arrangement entered into is unfair, Nafcoc says it cannot be seen to enhance projects that are going to narrow the scope of business for the generations of the future.

"The arrangement poses a threat to and presents unfair competition for the developing black business which has been suppressed for many years and has now just began to flex its muscles," he said.

In Nafcoc's view, the contract entered into between the two parties where Metro Cash and Carry is the only group to purchase and provide supplies to Afrimet whether goods are available somewhere cheaper or not, is unacceptable — seeing that this will take place over a period of 20 years.

According to Mr Mokgoko, a black/white partnership with a management contract like the one by the two parties was an unwise arrangement. This was because it would often run into the danger of apportioning greater power and control to the white partner even if the share capital suggests a black majority.

Furthermore, underneath the Afrimet/Metro Cash and Carry arrangement, there is a serious flaw where Metro Cash and Carry uses blacks to create a monolith, and thereby disqualifying an opportunity for them to run their own wholesale outlets as well as shutting off any other opportunities.

Mr Mokgoko said the directors of Afrimet — whom he highly respects — have made a serious blunder by delaying the process of economic liberation which is a vital ingredient for the creation of a viable black community.

"Side by side with economic development goes political liberation and these processes must not be interfered with," he said.

He added that the saddest thing was that the same situation was rearing its head in the liquor outlet business and asked "where will the black businessman go to if this is allowed to continue?"

AK645 24/1/80

Independent retailers a 'dwindling force'

30

INDEPENDENT retailers will become a dwindling force in South African retailing in the next 10 years, Professor Marius Leibold of the University of the Western Cape's Institute for Small Business told clothing retailers in the city yesterday.

He was addressing the first national conference of the United Stores organisation, set up last July as a merchandise and marketing service for independent retailers.

It presently has about 40 members representing 150 stores in Southern Africa.

Professor Leibold said there would be intense competition from the major chains and survival would depend on specialisation and co-operation.

The independent retailer would have to find a unique position compared with the major competitors and co-operate with other small retailers and with manufacturers.

MAIL ORDER

He predicted a further growth of the retail conglomerates, the expansion of the warehouse concept of retailing, and the development of remote retailing through mail order and TV-based home information centres.

There would be little shopping centre development within white areas, with older centres being upgraded.

Department stores could expect sluggish growth and supermarkets would suffer from competition from medium-size convenience stores and hypermarkets, but flexible "variety stores" should experience good growth.

LIFESTYLE

Environmental or lifestyle retailing would develop as consumers in the higher income group turned to goods and services to accommodate a certain lifestyle.

In answer to questions, Professor Leibold said he believed consumers would always want advice on fashion goods and want to be able to touch them.

"There will always be room for the specialised fashion clothing retailer. The chain stores can't provide the specialised service of the independent retailer.

"But the independents must know what is happening in the market place."

"VULNERABLE"

He did not foresee retailers in fashion or other specialised areas going into black residential areas to a significant extent.

Blacks would continue to want to buy such goods in the same environment as whites.

Mr Attie de Vries of the Bureau for Economic Research at Stellenbosch University told the conference that the financial position of the consumer was "vulnerable" at present.

"There is a possibility that things will start to improve towards the end of the year. But the financial position of the consumer is tight.

"Basically, this year will still be a year of survival. The only way to survive is to control your expenses and to plan."

Take GST off basics, says Ackerman

(30)

C.T. 25/1/84

Staff Reporter

THE chairman of Pick 'n Pay, Mr Raymond Ackerman, said yesterday that he would ask the government to exempt five basic foods — bread, milk, mealie meal, flour and sugar — from General Sales Tax.

Mr Ackerman was reacting to the announcement by the Minister of Finance, Mr Owen Horwood, that GST would be increased by one percent to seven percent from February 1.

Mr Ackerman said he would also lead a campaign for a tax surcharge on company profits to replace the loss in tax revenue caused by exempting basic food from GST.

He would also ask the government to reduce GST when the economy recovered.

The director of the Consumer Council, Mr Jan Cronje, said the increase was "a cause for disquiet" because it exceeded the current rate of inflation of almost 11 percent.

"An increase in the tax on luxury goods such as liquor and cigarettes would have been better," he said.

Mr Cronje said he hoped that if the GST increase helped to prevent the current income tax structure from being altered, the increase would eventually serve a good purpose.

"But it is a foregone conclusion that the GST increase will have a marked inflationary influence and will cancel the recent salary adjustments," he said.

He said consumers had contacted the council to say that had the current GST of six percent been collected effectively, the increase would not have been needed.

Mr W S Yeowart, president of the Association of Commerce (Assocom), said the increase was an "unpleasant reality", but regretted the decision had been taken in isolation.

The private sector had not been able to form a definite view of whether the decision was justified or not, he said.

He also said the high levels of State spending this year required immediate financing, and GST was the obvious widely-based source.

ARGUS 24/1/84 30

City chambers against bid to curb combi-taxis

COMBI-taxis which take people to and from work in peak periods fulfil a need and forcing them out of business would create public discontent.

This is the view of Mr Brian MacLeod, director of the Cape Town Chamber of Commerce, and Mr C E McCarthy, deputy director of the Cape Chamber of Industries.

Both chambers are opposed to new draft legislation which would define a taxi as a vehicle carrying four passengers and compel owners of combi-taxis to licence them as buses and follow a fixed route.

The chambers are also opposed to legislation which would increase the protection given to SATS against competition, because they say this would preempt the report now being prepared by the National Transport Policy Study Group.

USER CHOICE

The current issue of the Chamber of Industries newsletter says the Federated Chamber of Industries has informed the Minister of Transport that it strongly opposes two draft bills on transport that were submitted for comment.

These are the Transport Co-ordination Bill and the Road Transport Amendment Bill.

The FCI has criticised the proposed legislation as a move away from the principles of greater market freedom and user choice.

It said: "The current proposals would increase costs and lead to less flexibility at a time when the competitiveness of the South African economy is a major cause for concern."

EMPTY BUSES

Mr McCarthy said he could see the point of view of bus companies, which had to run empty buses throughout the day on scheduled routes to provide a service, while combi-taxis operated only in the profitable rush-hour periods.

But the combi-taxis were an established part of township life and clearly fulfilled a need.

Forcing them out of business for the benefit of the bus services would create "a conflict situation".

RUSH HOUR

Mr MacLeod said that in spite of competition from combi-taxis buses were still filled to capacity in the rush hour.

The existence of combi-taxis saved the bus company from having to make a bigger investment in vehicles which would not be used in less busy times of the day.

The fact that black people were prepared to pay more to travel in combi-taxis than on buses showed they provided a necessary service.

Many of the passengers who travelled in combi-taxis were carrying heavy parcels or shopping, and, if they travelled by bus, would have to walk some distance after dark through areas where they might be attacked and robbed.

The combi-taxis set them down nearer their homes. They also carried servants from areas like Constantia to the black townships, which would otherwise be an awkward journey by public transport.

Their withdrawal would be a potential flash-point which could lead to public unrest and adverse publicity around the world.

Discussing the move to give greater protection to SATS, Mr MacLeod said a great deal of money had been spent on the National Transport Policy Study Group and it would not make sense to pass legislation which might conflict with its recommendations.

The FCI has suggested that "instead of proceeding with ill-considered and contentious legislation" the Department of Transport should ask the study group to produce an interim report on which a realistic assessment of the future requirements of the transport system could be based.

Pick 'n Pay Claremont — *Advertising feature*

Bigger supermarket re-opens with new departments

PICK 'N PAY Claremont re-opens its new enlarged store today at 8am. The Claremont branch originally opened on December 9, 1982, with a trading area of 1 600 square metres. Today marks the opening of a store which is bigger, better and brighter than it was before.

It has been remodelled by introducing innovative departments which make it, according to a senior spokesman, different and "undoubtedly one of the finest supermarkets in South Africa".

The trading area of the new store is 2 619 square metres — an increase of 959 square metres. It has 29 checkouts, plus two further tills at the cigarette counter.

There are now 450 customer trolleys and 300 new baskets for the consumers' use. There will be free parking for the first one-and-a-half hours on production of a till slip. The parking lot will accommodate approximately 450 cars with easy access from the Main Road.

New departments are:

● **Prepared foods:** Here the consumer can buy cold convenience foods like quiches, lasagnes, moussakas, chicken and steak and kidney pies to take home, warm up and serve.

Also from the prepared foods department, pizzas can be bought either cold or ready cooked with a variety of ingredients like Mozzerella cheese, salami, ham, anchovies, olives, green peppers etc — your pizza will be made up for you according to your taste and preference.

● **Cake icing.** "Icing to your liking" is the slogan. Birthday cakes, wedding cakes, novelty cakes, fun cakes, you design the cake, the department will make it and ice it. They also stock cakes on standby for the icing of your choice. One in the display counter bears the

the essential requirements needed for the kitchen. Anything from kitchen clocks, ranges of kitchen utensils, pots and pants, both local and imported (ie Le Creuset), oven proof and oven to table ware, are available.

● **Flowers and pot plants.** A wide variety of freshly cut flowers and pot plants can be bought from this department to take home for that extra touch for dinners or parties.

● **Foods of the World.** In this range, there is a broad spectrum from imported sweets and chocolates, imported fish lines to a wide variety of imported foods available at seperate departments in the store.

● **Fish on ice.** The fish department is another fresh feature of this store, with all the fish displayed on ice. Also included in this department are various types of seafood, such as prawns, shrimps, crayfish etc, as well as having a prepacked section for the consumer's convenience.

● **Delicatessen.** Special emphasis has been placed on this department and 150 varieties of cold meats are on offer. With this, there is a large range of salads as well as a special freezer section for buying bulk loose frozen

offers a wide range of special breads, rolls and confectionary, made on the premises under the supervision of Manfred Schultz who is a master confectioner from Europe. A wide range of biscuits and fancy biscuits are available.

● **Cheese department.** An exciting array of over 250 local and imported exotic cheeses are available here. Trained staff will be there to assist you with your cheese requirements and the planning of your cheese and wine parties.

● **Kosher deli.** Customers can buy a wide range of cold meats, pickled herrings, danish herrings, rollmop herrings, pickled cucumbers, smoked chickens, etc, from the Kosher counter. This department is supervised by a member approved by the Beth Din. The department is closed after 4pm on a Friday and all day Saturday.

● **Kosher butchery.** The kosher butchery stocks the best cuts of meat available. Also supervised by a member approved by the Beth Din, the department keeps the same hours as the Kosher deli.

The prepared foods department. Pizzas will be made up to your own specifications.

Consumer sovereignty

Message from the chairman of the Pick 'n Pay Group, Mr Raymond Ackerman.

CONSUMER sovereignty very briefly means that is we make the consumers feel like queens, and if we act as if the consumer is queen, she would make us the king.

With this lovely expansion at our Claremont store, I would like to take this opportunity of thanking all our customers for their wonderful patronage since the store was opened and particularly over the very difficult six month period when this store was enlarged.

In these big supermarkets, where you mainly serve yourself the contact

Meat packed to your order

MR GRAHAM PERKS is very proud of his butchery department and the consumers who patronize it.

In all the Pick 'n Pay outlets, supermarkets and hypermarkets, the butchery manager is "a real friend indeed" — he makes it his business to get to know all his customers and he usually likes you to introduce yourself first.

Most of the company's butchers are

to do is tell him the size of your family and the average weight of each roast or special dish you wish to serve, and he will do the rest.

The company's butcheries stock only prime and super grades of meat with the only exception being that should these grades be unavailable on the market, first grades will be offered.

Customers should also check the price per kilogram on the are.

● **Party platter service.** This service is designed for consumers who are entertaining at home or at office functions. There is a selection of six platters for every occasion and these can be ordered in advancee, either telephonically, or made up while the shopper is completing his or her buying.

● **Pasta bar.** A variety of ten fresh speciality pastas such as spaghetti, lasagne and canneloni, are made on the premises and available at the pasta bar with simple instructions as to how they should be prepared at home.

● **Salad bar.** A special salad bar has been introduced on a self-service basis with one price for the over 24 different types of salads available from this department. There are also eight different types of dressings which can be bought and added to the mixed salad of your choice.

● **Pantry Pride kitchen shop.** The range in this department consists of

In-store bakery and Cookiematic department. The in-store bakery

Decor in keeping with modern mood

NEW decor has been designed in various areas in keeping with ultra-modern mood of the store and the effect is bright and colourful.

Consumers will find the usual wide range of foodstuffs, covering areas of perishables, meat, fish, delicatessen, dairy, fresh produce and all other food lines, plus toiletries and a wide range of basic non-food requirements.

The non-food area of the store has been greatly increased and now carries a wider range of glassware, appliances, toys, manchester, plasticware, a large stationery department that also has greetings cards and colouring books. The reading department is divided into sections for adults and children.

Special emphasis has been placed on display and quality of merchandise; especially designed Y-shaped cabinets form part of the store layout, which means more convenient and easier shopping for the consumer.

Pensioners have not been forgotten either, with the enlarged range at the Pick-a-Pack section.

Mr Alan Baxter, head of the team of buyers, has been stockpiling products at the company's warehouse for the Claremont re-opening:

"Our prices are low and never at the expense of quality. We sell branded names only and these are quality controlled by the manufacturers themselves."

The No-Name brands — Pick 'n Pay selected products, packed in the white and blue pack to lower prices and costs — are passed by Qualitest, the largest source of merchandise checking in the world.

"They have given the seal of top quality to these No-Name products and the shopper can buy them happily with this knowledge in mind.

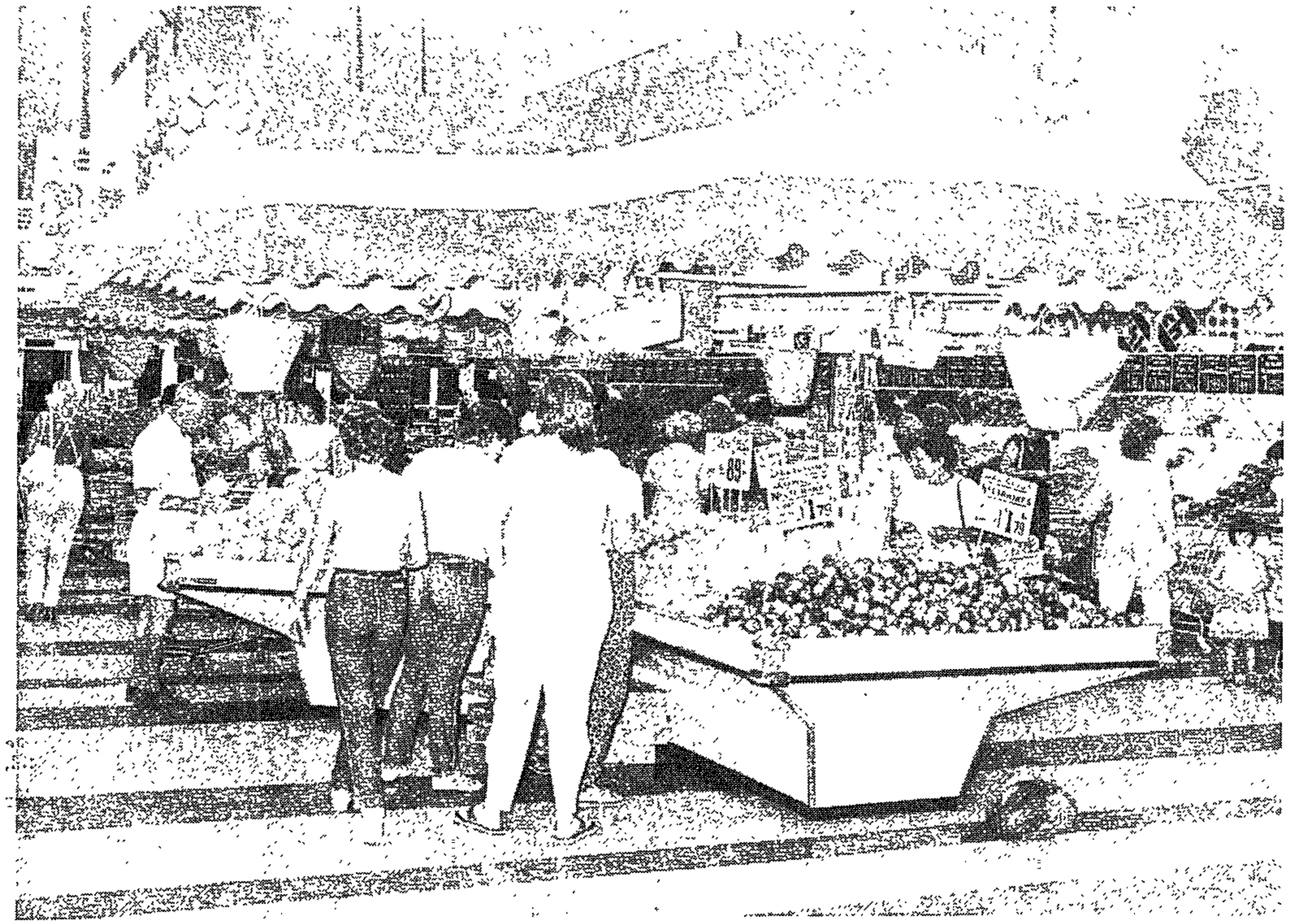
Because of the fantastic expansion at the new store, many new staff members were required for all the extra departments and it has created job opportunities, said a spokesman for Pick 'n Pay.

Because of the company's sensitivity towards the consumer, it has bought probably the first Amigo paraplegic shopping cart in the country for the Claremont store.

For buyers who cannot walk through a large store of this kind, the cart will enable them to shop at leisure. It consists of a seat that turns side on to allow easy seating for the user, easy to manage controls and a large basket in front. Here Margerita Welgemoed of the Cheshire Home, Sanddrift, tries out the cart.

Should you wish to use the cart, contact the manager of the store, Mr Tracy Joffe, and he will organize to have it waiting for you.

There is also a special checkout for paraplegics.



The colourful fresh fruit and veg counters.

Trading continues during rebuilding

PICK 'N PAY Claremont will open at 8am today and trade until 6pm. Tomorrow, the doors will open at 8am and close at 9pm. Saturday trading will be from 7am to 1pm.

Mr Tracy Joffe, manager, and his team have worked under extremely difficult conditions for the past six months, while the remodelling of the shop has been taking place, but not once was trading interrupted by the building operations.

A senior spokesman for the store said that Mr Joffe has joined the company as a trainee and had proved himself to be "very capable".

"He has an excellent team supporting him and I am sure that the consumer will not only be impressed with the overall appearance and variety of merchandise of our enlarged store, but also by the high standard of service which is given by the management and staff of this store."

Consumer paramount

Mr Joffe said: "We carry a wide range of branded names only at discount prices. We believe that the consumer is paramount, and even though the store has been enlarged, we will still ensure that special emphasis is applied to customer courtesy and service.

"I would also like to thank all customers for their loyal service and patronage over the last six months while the building work was in progress."

The management team is: Mr Joffe, Mr Danny Martin, assistant manager; Mr Jonathon Olckers and Mr Norman Heyburgh, floor managers; Mr John Southgate, perishables manager; Mr Assur Ginsburg, produce manager; Mr Manie Kafaar, bakery manager; Mrs Dawn Mitchell, consumer advisor; and Mr Graham Perks, butchery manager.

ager of the shop on the corner is gone, and I am confident that even though the Claremont store has been enlarged to such an extent, Mr Joffe, the manager, will not be losing contact with his customers.

I am very proud of our new enlarged Claremont store and look forward to welcoming all our regular customers as well as all our new customers.

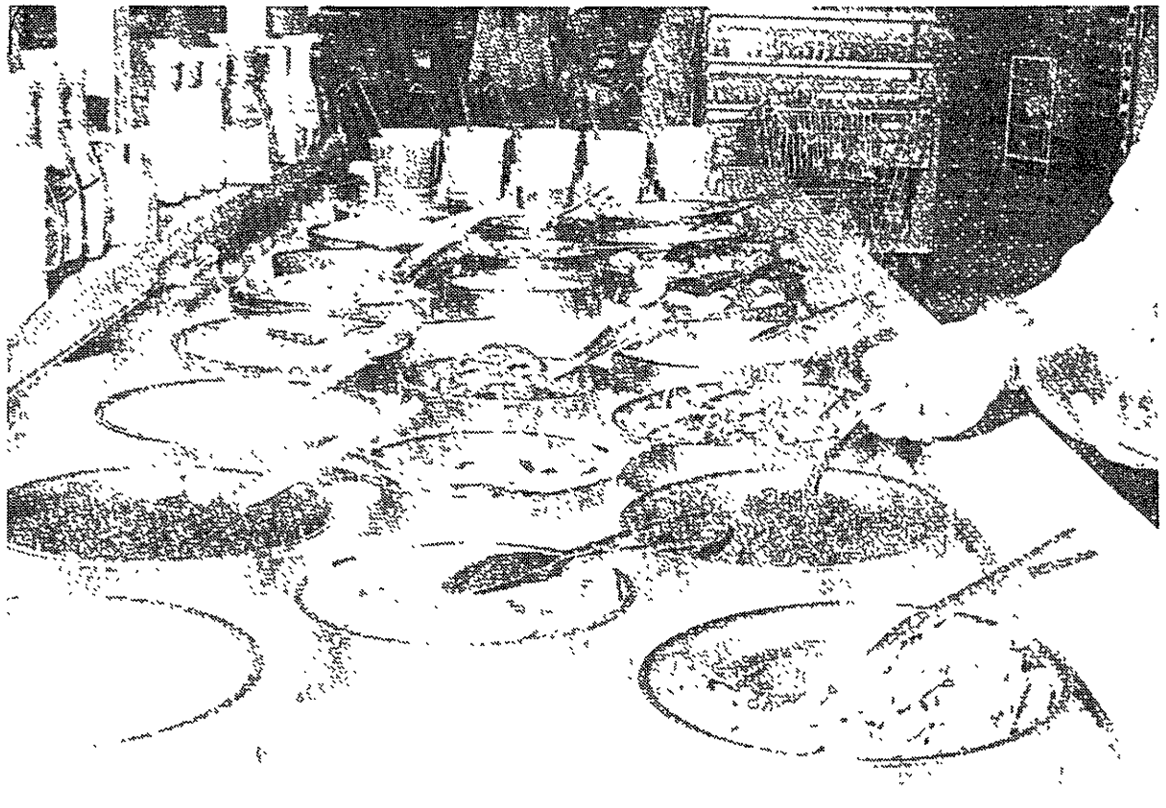
Mr Raymond Ackerman

their trade.

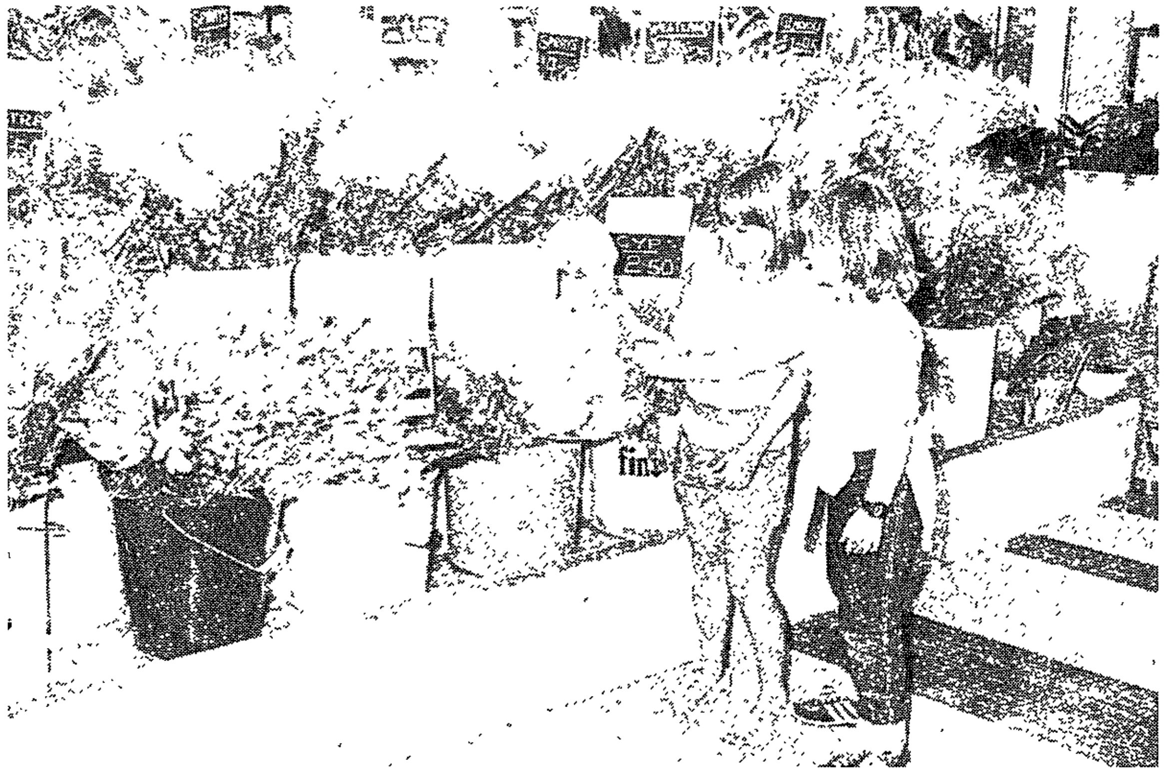
Service

The butchery manager will be of service to you — he can cut and pack your bulk order to your own special requirements. All you have — this is the only way to tell exactly what you are paying for.

All meat packs show the following information: price per kilo, weight of pack and the end price. They are also marked with the grade of the meat.



At the salad bar — where each item is stored in packed ice — you can mix a delicious salad to your own taste. It is then weighed and priced in the supplied cartons.



Chantelle Orrey, 10, left, and Danielle Kowen, 10, admire the selection of picked flowers.

Motsuenyane pleads for tax breather

RDM
26/1/84
30

Financial Reporter

THE worst effects of the recession are yet to come, says the chairman of the African Bank, Mr Sam Motsuenyane.

He adds in his annual review: "South Africa is still very much in the slough of stagnation and I do not entirely share the view of some analysts that the recession has bottomed out."

Mr Motsuenyane says the country is still recovering from the worst drought in living memory which has brought the agricultural sector to the brink of collapse.

Prices of farm products have only just begun to rise and this will produce a ripple effect on a whole range of other commodity prices.

Struggles are still being waged to bring the inflation rate more into line with the country's major trading partners. To counter inflation the equalisation of money supply will still have to be the authorities' most urgent priority.

This will discourage investment, however, and further delay the upturn.

Furthermore, it is unlikely that consumer demand will improve significantly this year in view of the expected increases in taxation.

"My view would be for Government not to raise taxes at this stage as this will have a very negative influence on the living standards of the black masses. I would argue very strongly for the reflation of the economy as a matter of top priority. Another year of depressed economy would result in serious damage in human and other terms."

A higher tax bill and high interest rates sent the African Bank's profits plummeting 39% for the year ending September.

While turnover increased 18%, from R3,16m to R3,72m, after-tax income dropped from R110 000 to R67 000.

The results, released with the annual report, showed that the main reason for the profit decline came from a tax hike from R4 000 in 1982 to R40 000 in 1983. Taxes deferred in 1983 were much less than in 1982, says Mr Moses Maubane, the African Bank's chief executive.

Pre-tax profits were also down significantly. This was attributed to lower margins and the higher cost of borrowing from the money market.

Yet again the directors have decided not to pay a dividend but the board is hopeful that "in a year or two" a dividend will be paid.

Cape Times
26/1/84
(30)

Clicks buys Diskom — major expansion planned

By PAUL DOLD, Financial Editor

CLICKS STORES has bought Diskom — the 14-store Cape toiletries chain for R700 000 and plans to expand the new group nationwide.

Clicks' deputy managing director, Mrs June Kritzinger, said last night that while the acquisition is not expected to have any significant impact on earnings or profits in the short term, Clicks sees considerable potential in the longer term.

Diskom specializes in the coloured consumer market and its smaller stores with an excellent basic range of toiletries and gifts should be well suited for black consumer areas in the Transvaal.

In the past Clicks has been offered excellently located sites but the stores have been too small for the wide Clicks range. Through Diskom it now has the ideal vehicle for a nationwide chain of smaller convenience stores. As it serves a different market, Diskom will also not clash with the existing Clicks branches.

The average Diskom store is 200 m² and the group has branches in Mowbray, Bellville, Parow, Wynberg, Salt River, Paarl, Elsie's River, Retreat, Claremont, Kensington, Worcester, Grabouw, Stellenbosch and Rylands. The Elsie's River and Rylands stores are joint ventures with local businessmen

Last year three new branches were opened.

The deal will increase the number of retailing outlets in the Clicks group to 63.


Clicks' chairman Mr Jack Goldin ... forming a new nationwide chain within the Clicks group.

The vendors of Diskom are Mr Rollo Norvitz, Mr David Danziger, Mr Mark Hoffman and Mr Rael Steyn.

Three of the vendors will remain with the group Mr Norvitz has been appointed general manager, Mr Danziger merchandise controller and Mr Hoffman operations manager. The deal revives a long association between Clicks' chairman and Mr Hoffman.

Mr Hoffman, was one of the key executives in Mr Jack Goldin's Pick 'n Pay — the fledgling chain was later sold by Mr Goldin to Mr Raymond Ackerman.

Clicks itself is continuing with its strong expansion. New stores this calendar year include Springs (about June), Bloemfontein, Vereeniging, and Main Street, Port Elizabeth

While January trading was off to a slow start Mrs Kritzinger says turn-overs since then have been ahead of budget.

US consumer prices up 0,3%

WASHINGTON. — United States consumer prices increased a seasonally adjusted 0,3 percent in December after rising the same amount the month before, the Labour Department announced yesterday.

Last month's rise left consumer price inflation at 3,8 percent in 1983, the lowest level since 1972. — Reuter


Mr Barry Adrain has been appointed general manager of Wilkinson Sword (SA) (Pty) Ltd.

London stocks after hours: Blyvoors 12¾, Bracken 283, Driefontein 30⅞, E.Rand Prop 12⅞, F.S.Geduld 33¼, Grootvlei 12⅜, Harmony Gold 17⅞, Leslie Gold 298, Randfont. 126½, SA Land Exp 560, Southvaal 48¼, Stilfont 14⅜, Venters 12⅛, W.Rand Cons 645, Zandpan 10⅞.

Motsuenyane sees recession worsening

Own Correspondent

JOHANNESBURG. — The worst effects of the recession are yet to come says the chairman of the African Bank, Mr Sam Motsuenyane, in his annual review.

"South Africa is still very much in the slough of stagnation and I do not entirely share the view of some analysts that the recession has bottomed out," he says.

Looking to the coming year there are a number of negative imponderables ahead which could affect the economy.

The country is still recovering from the worst drought in living memory which has brought the agricultural sector to the brink of collapse. Much more good rain is needed to bring the situation back to normal and the most marked effects of the drought have not been felt yet.

Prices of agricultural products have only just begun to rise and this will produce a ripple effect on a whole range of other commodity prices

Struggles are still being waged to bring the inflation rate more into line with South Africa's major trading partners.

To counter inflation the equalization of money supply will still have to be the authorities' most urgent priority. So far efforts have not had total success and continued high interest rates will be the price payed for reducing inflation to single figures.

But this will discourage investment and further delay the upturn in the economy.

Consumer demand

Furthermore, it is unlikely that consumer demand will improve significantly in the new year in view of the expected increases in taxation.

"My view would be for government not to raise taxes at this stage as this will have a very negative influence on


Mr J C Hanson ha
been appointed di
rector of finance
Burroughs Sout
Africa.

Gold cl after qu

LONDON. — Gold pri made no significa break from the mo ing's narrow range bullion closed the at $366,50-$367,00 ounce, unchanged f the opening but up f yesterday's close $365,00/50, dealers sai

The day's most no ble move was a br rally to a high $367,00/50 an oun following news of a percent decline in D cember orders for du ble goods in the Uni States, contrasting w expectations of a rise at least 0,5 percent.

Reaction

But neither t foreign exchange n the bond mark showed a sustained action to the news gold quickly settl back to earlier levels

Gold this morning istered little chan from opening level The day's low of was posted in the fix session, but after a tracted session, bulli was fixed at $366-$3 The afternoon fix was $366,50.

The firmer openi yesterday morning flected small gains New York overnig which were attribut to light covering int est in the light of go resilience in rece days around $365.

In spite of yesterda narrow price rang some dealers report moderrate two-w business throughout day. Effective support lower levels may ha caused a return of vestor demand but t

(30) RDM 27/1/84

Black spending cut hits chain stores

STORES depending on black customers have been particularly affected by recession.

This is the finding of Mr Neville Berkowitz, in a survey of the retail sector in Property Economist.

Consumer spending by blacks accounts for 40% of all private expenditure. They spend more than whites on groceries, beverages, footwear, TV sets, radios and men's clothing.

Housing accounts for a larger percentage of white income. They also spend a larger portion of their income on insurance policies, pensions and retirement annuities.

Unemployment, particularly of unskilled labour, which is mostly black, has risen while increases in salaries and wages have dropped. The drought has also played a major role in the cutback in consumer spending.

Blacks working in urban areas or on the mines, with families in drought-stricken rural areas, have increased the amount of money they send home.

Along with the decline in sales there has been a change in spending patterns. Black spending on durables has fallen sharply with a swing away from luxury items towards food. Sales of children's and women's clothing have fallen but sales of men's clothing have been maintained.

Grocers command the largest share of retail sales at 21,9% which compares with the next highest, dealers in clothing, footwear and textiles at 15,2%. Bottle stores hold a 7,2% market share and pharmacies 4,2%.

The Johannesburg area continues to hold the greatest regional share of retail sales in the Transvaal and Free State. — Sapa ese products to the summit of world consumer acceptance.

His manner is hesitant, his mind rushes ahead of the words. But he's clear on his principles. In Japan, he explains, executives at every level revere *wa*, a concept which roughly translates as group harmony, valuing interdependence between groups and rejecting the star system.

So you have an Afrikaner inculcating *wa* among both African and white "Detroit-style" motormen in SA.

It might not be on the cards, perhaps ever, to change Europeans and Africans from the individualist approach to the consensual pattern, but some elements of Japan's winning ways "are certainly, if gradually, adaptable.

"Look, it's not easy," Wessels admits. "But the damage we do ourselves in the West — taking SA as essentially a Western society in Africa — through 'competitive conflict' within an organisation is unacceptable. In a word, it adds up to waste."

In the early years at Motor Assemblies, senior managers, mostly with Ford backgrounds, found Wessels' ideas difficult to accept: "They were reluctant to change, for instance, to the Japanese systems of plant layouts, with compact work-stations instead of Detroit-style 'space, space, space.' "

Getting that concept into Toyota production practice was "quite a battle," says Wessels, but it has shown the extent to which Japanese techniques can actually be transplanted in other industrial cultures.

On process planning, however, "regardless of culture and regardless of systems, waste has to be seen as the biggest evil," he says. "And this we really can do something about."

Obviously it works. Everything, or R750m/year's worth of everything, has kept going right for Toyota. Within two years it expects 25% of SA market share. But on conglomerate building, Wessels again shows eastern caution.

"We will expand through Metair in the field of our expertise, which is the motor business, but I don't think we'd be too keen on acquisition just for growth's sake in unrelated areas."

Wessels is married with five children, and when he has time, enjoys watersports on the Vaal. One way or another, Wesco's *wa* is working — and the succession looks secure.

JIMMY SOJANE

Meters ticking

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Jimmy Sojane just doesn't seem destined for the quiet life. Once a controversial figure in the turbulent world of black soccer, he's now catching flak from all directions on the black taxi issue.

As president of the Southern African Black Taxi Association (Sabta), Sojane (58) sees his sector and livelihood squeezed by the Welgemoed commission's recommendations. In trying to find a compromise with the subsidised bus operators, he is accused of "selling out" by fellow entrepreneurs.

Some angry taximen say he's not even entitled to speak for them, whether it is to Saboa (the SA Bus Operators Association) or anyone else. Sojane, say his critics, forfeited his office by failing to call elections during the year ended December 31 (*Business* and *Newsmakers* January 20).

Supreme Court applications are imminent. These will leave a black cause (in this case the right of blacks to develop their own free enterprise in transport) exposed as deeply divided, faction-ridden and riven by personality clashes.

Sojane . . . catching taxi flak from both sides

"I am, and always have been, bitterly opposed to Welgemoed, and the record shows it," says Sojane. "In talking to Saboa now, we're still defending the combi-taxi's existence." And he believes fractious Sabta members must come to see it that way.

The proposed legislation will almost certainly destroy the estimated 60 000 non-Sabta "illegals" or unlicensed combi-taxi operators. But Sojane takes up no cudgels on their behalf.

"I do not speak for the illegals," he says with a dismissive and very final wave of his arm. The immaculately dressed Sojane, a clean-desk man if ever there was one, refuses point-blank further discussion on that matter.

"If it weren't for me, there would be no combi-taxis to either argue about or hold commissions of inquiry about," says Sojane. Sounds odd, but again he appears to have a cogent case.

Sojane says he was the prime mover in persuading government to license combis as taxis in 1978. The Road Transportation Act was amended accordingly, but blacks immediately struck a new problem: they couldn't raise the finance and insurance for the then only available combi.

"About R8 000 was then the figure (against about R14 000 for the E20 Datsun today) and this was simply beyond the black man's reach," says Sojane.

Sojane was "approached by a certain Datsun dealer" who saw the huge potential of the black combi-taxi market. Again, finance was the problem.

"I proposed to them and their bankers that black combi-taximen should be enabled to acquire vehicles with no deposit and with instalments of R234/month. I personally would recommend and vouch for 75 applicants from Soweto, 60 from Pretoria and another 50 from East Rand/Katlehong."

Datsun and the finance houses agreed. "But it was on my head, remember. If any one of these guys failed to pay his instalments, I would be held responsible. I stuck my neck out and, believe me, I sweated blood. But not one of these taximen let me down.

"I fought for the creation of the combi-taxi industry. Obviously I am fighting Welgemoed, which would take it all away."

It's not the first time Sojane's strong nerves have been stretched in public.

In March 1970, while secretary of both Orlando Pirates Football Club and its supporters' club, National Professional Soccer League chairman Bethuel Morola suspended him from all JBFA (Johannesburg Bantu Football Association) activities.

Pirates were riding the crest of a wave at the time, and Sojane says his patronage of coloured and Indian players in the side was the key reason for Morolo's move.

This son of the manse (African Methodist Episcopal) from Frankfort later managed Pirates to unprecedented heights, climaxed in 1973 with victory in five out of five championships. Jomo Somo was NPSL Player of the Year and Sojane NPSL Manager of the Year.

A sedan-taxi operator since 1957, he began with a service near Soweto's Orlando district with a "nice-looking '39 Chev." Sojane, who qualified but never practised as a teacher, returned full-time to his taxi business in 1977 with the challenge of legalising combis as his top priority.

He still drives his taxi, his 24th since the original Chev, and though he shares the load with an employee-driver, he believes "it's good for me to get out and see what's happening on the road."

The hazards of the political roads Sojane travels these days drain him as fast as a combi-taxi's fuel tank on a Friday afternoon. "At the moment, with this Welgemoed thing, it's transport, transport, transport," says a weary Sojane. "I just lock myself in my home."

30 [illegible]

29/1/84

Price war between big stores benefits buyers

By ALEC HOGG

RETAIL giants Pick 'n Pay and OK Bazaars are at each other's throats again, and the consumer is scoring.

Pick 'n Pay chief executive Raymond Ackerman told the Sunday Times this week that, as a symbolic gesture in his attempt to persuade the Government to exclude basic foods from general sales tax, he will drop the price of bread throughout his stores to seven percent below cost for the whole month of February.

This means that consumers will pay 45c for a white loaf against the cost price of 48c, and 29c for brown against cost of 31c.

It compares with prices of 50c and 33c exclusive of GST for white and brown bread respectively through small outlets like cafeterias.

Mr Ackerman disclosed that he had sent a telegram to the Minister of Finance, Mr Owen Horwood, this week suggesting that GST be abolished on five basic foods: milk, bread, flour, maize and sugar.

Counter

He argued that the Government could go a long way to recovering this lost revenue through collecting the lost tax from the large retail chains.

"Although I realise that this will hurt our profits, I am happy that we and other companies take this load off consumers. After all, we can afford it better than most of our customers can."

OK, meanwhile, is countering the Pick 'n Pay attack by cutting the price of both bread and milk to below cost.

According to food-division head Ralph Horwitz, OK will drop the price of milk to 62c in Johannesburg, Pretoria, Durban and Maritzburg, which is 0,5c below cost.

In what he describes as the "more competitive" areas of Cape Town and Port Elizabeth, the price will be 2c below cost.

OK is lowering the cost of white bread to 47c and brown to 30c — both 1c below cost.

Pick 'n Pay branches out

30

ROM

By PAUL DOLD 30/1/84

CAPE TOWN.— Pick 'n Pay is launching a R75m store expansion programme this year.

It will include hypermarkets, superstores and supermarkets in the Transvaal and Cape. Trading area will be increased by about 12%.

Pick 'n Pay is also forming the first national chain of garages, and plans to raise its stake in the repair and motor accessory business.

The expansion, one of the largest ever undertaken by the group, will lead to five new hypermarkets, mainly on the Witwatersrand.

Originally Pick 'n Pay saw South Africa supporting at the most 10 hypermarkets. But intensive market research has led to this figure being revised to at least 15.

The chairman, Mr Raymond Ackerman, said at the weekend a second hypermarket was to be opened in Pretoria and another was planned for Cape Town.

Among the new hypers is the already announced venture in Brisbane, Australia. It will begin trading before the end of 1984.

Staff have already been recruited and Australian executives have arrived in South Africa for training.

Mr Ackerman leaves for Australia soon for further talks with his partners, the Half Case group.

The Durban hypermarket is being substantially expanded. The supermarket/superstore growth is to be centred mainly in the Transvaal with seven new stores scheduled overall.

These will include a superstore in Alberton and the Constantia (Cape) supermarket. The Constantia store will be similar to the enlarged Claremont branch, but with additions for new departments.

Pick 'n Pay is putting up about R40m of the R75m expansion costs, with the remainder coming from property developers. The group estimates that the programme will provide 2 000 new jobs.

The emphasis on gaining a larger share of the motor repair trade is significant. Pick 'n Pay already has eight garages linked to hypermarkets. A 50% expansion is likely this year.

Although Pick 'n Pay has been allowed to discount petrol only at the Boksburg hypermarket, Mr Ackerman is pressing ahead with efforts to discount in other areas.

The garages will handle minor repairs and servicing and supply accessories at discount prices.

The group, whose year-end is February, is running to budget with sales about 21% ahead after outstanding Christmas turnovers. Sales margins remain intact in spite of the recession.

FM 20/1/84 (30)

PETRUS NKOSI

Taxi!

Anyone who used to spend his summers at D F Malan's Majuba farm is unlikely to be impressed by the presence and pretensions of the powerful.

Petrus Mbango Nkosi might just be drawing unconsciously on that experience in his vigorous, but totally unawed, opposition to government's Draft Bill which seeks to restrict — and almost certainly kill — the booming black kombi-taxi industry.

Nkosi (61), prime-mover for, and founder of the SA Black Taxi Association (Sabta), was Malan's stableboy for three months of the year during the early Forties when Malan, then leader of the Nationalist opposition, holidayed at Majuba during the parliamentary recess.

"All my family, who are Swazis, lived on the Volksrust farm of Dr Malan's friend, Koos de Jager," Nkosi says. "I was 20 in 1943 when De Jager sent me over to the Malans. They used to speak Zulu to me — it's one of my four languages — and were always friendly and warm."

Nkosi is feeling a very different form of heat these days, battling over the taxi issue on two fronts: with the Department of Transport and the powerful subsidised transport lobby, and with fellow top officials in Sabta. Earlier this month, president Jimmy Sojane publicly suspended him from the association "or any subsidiary or affiliated organisation."

At the heart of the dispute is legislation, thought to be imminent, which will effectively wipe out perhaps the single most lucrative and dynamic area of emergent black free enterprise: the tens of thousands of kombi-taxi operators who ferry an estimated 350 000 blacks to and from shopping and workplaces every day.

Draft legislation, expected to be tabled early in the new parliamentary session, will set out to amend the Road Transportation Act with an almost exact implementation of recommendations concerning black taxis from Piet Welgemoed's Commission of Inquiry into Bus Passenger Transportation.

The draft legislation would restrict taxis to a driver and four passengers and effectively outlaw the existing eight-or-more-passenger kombis as taxis. They would be restricted to fixed routes, but only if re-certificated as "buses."

Nkosi argues that his dismissal by Sabta is illegal. He claims that Sojane, who allegedly failed to call Sabta elections last year, is no longer empowered to speak for the organisation or execute Sabta decisions. The wrangle, which has gone to the Supreme Court for ruling, has weakened the black taxi operators' case in fighting the proposed legislation.

"Yes, what's happened in Sabta is a tragedy, but I know the majority of taxi people are behind me and we shall eventually overthrow the majority of the executive.

"What is important here," he says,"is that we don't lose sight of the main issue: that a massive assault on black enterprise is taking place and that if it is not stopped, the anger in the black communities will be very great indeed."

Nkosi himself holds a solitary taxi licence but his numerous business enterprises include a partnership in a Mobil garage franchise in Katlehong, the Germiston and District Taxi Service Station (Pty) Ltd, which most of Johannesburg's southeast townships taxi-operators use.

Member for Ward One in Katlehong's Community Council, Nkosi also has a thriving block-brick and hardware concern, Zizabantu Trading Stores which frequently turns over more than R3 000/month.

It's a rare day, he says, when he doesn't sell at least 1 000 bricks.

The Nkosi business interests don't stop there, either. Malan's former stableboy is also chairman of the 400-member Katlehong Builders Association and the Katlehong Coal Merchants Association.

When not tilting at the windmills of bureaucracy and vested interests, this black free-marketeer, together with his wife Nora and six children (three sons, three daughters, three of them teachers) gives his time to the Sweet Alliance Church.

Ironically, it's those very "sweet alliances" which, in the passenger transport world, are causing Nkosi's greatest grief these days.

(30) 28/1/84

Nkosi . . . fighting for horsepower

Small business aid being co-ordinated

(30) E. Post 2/2/84

By LOUIS BECKERLING
Business Editor

INSTITUTIONS serving the small business sector in Port Elizabeth are co-ordinating their aid programmes in an effort to demonstrate that "two plus two can equal five".

This "synergy" spin-off is the major objective of the Small Business Forum, according to founder-organiser Mr Johan van der Westhuizen.

Mr Van der Westhuizen, senior consultant at the UPE's Small Business Unit, is the founder-organiser of the SBF.

Among those present at yesterday's third quarterly meeting of the SBF, held at the UPE's Bird Street campus, was Mr Tobie de Coning, head of the University of Stellenbosch's Unit for Entrepreneurship and Small Business Development.

"Johan came to see us earlier this year and we both agreed that there was a need for the better co-ordination of the services available to the small businessmen," said Mr De Coning.

"He mentioned what you've got here, which is an effort to achieve this objective, namely to provide a forum where various institutions can exchange ideas and, where possible, avoid a duplication of services.

"In this way we can avoid re-inventing the wheel."

Mr Van der Westhuizen said a major policy decision taken at yesterday's meeting was to establish "working groups", which would bring together the various skills assembled under the umbrella of the SBF.

"For argument's sake one of the member organisations may identify a problem or disclose a project during one of our quarterly meetings and there and then we will assemble such a working group to bring the relevant skills together," explained Mr Van der Westhuizen.

Such working groups, said Mr Van der Westhuizen, would be assembled in accordance with one of the SBF's guiding principles, namely "consensus for joint action".

"The fact is that the SBF remains a place where we exchange information on a regular basis, but now we are entering a stage where not only do we swop ideas, but get down to real action."

Mr Van der Westhuizen said any organisation not yet part of the SBF and which made a contribution to the development of small business, was welcome to join.

The secretarial function of the SBF, he said, would be conducted on a rotational basis by the UPE's Small Business Unit (which operates under the control of the Centre for Continuing Education in Bird Street), the Port Elizabeth regional office of the Small Business Information Centres, and the Eastern Cape regional office of the Urban Foundation.

Currently it was the turn of UPE's small business unit to perform the secretarial work.

"Any organisation which provides aid to the small businessman is welcome to contact any of these bodies with a view to joining the Small Business Forum," said Mr Van der Westhuizen.

Health Minister calls for cheaper medicines

ARGUS 7/2/84 (30)

Political Correspondent

A PLEA for cheaper medicine has been made by the Minister of Health, Dr Nak van der Merwe.

Addressing the South African Pharmacy Board in Cape Town yesterday, he said this move should be made before a vast section of the public was unable to afford medicine and before the Government was forced to consider a State-controlled health system.

Dr van der Merwe said no disease situation should be exploited by over-prescribing.

There had been cases where so much medicine had been prescribed to a patient that, had he drunk it, he would have died.

Proposals

The Minister had several proposals to lower the price of medicine. These included:

- Granting permission to pharmacists to prescribe cheaper generic equivalents of medicine prescribed by doctors.
- Allowing pharmacists to sell medicine other than Schedule 1 and 2 medicines without a prescription.

He was not in favour of a State-controlled medical service, but if the medical services were placed beyond the public's capacity to pay the State would be forced in such a direction.

Big international pharmaceutical firms played a big role in determining prices. This had to be investigated.

In Australia, the names of all medicines and their generic equivalents were published. This was not done in South Africa.

There was an example of one pill that was supplied to pharmacists by the retail trade at R6,70 while the same pill, under another name, sold for 69c.

Dr van der Merwe said he accepted that everyone should make a viable profit, but illness should not be exploited with expensive medicine.

The Pharmacutical Society of South Africa told The Argus Tygerberg Bureau that it was highly concerned about rising prices of medicines.

It was trying to devise a new distribution system for the country.

The executive director, Mr P R van der Merwe, speaking from Johannesburg, said the society was trying to curb price rises through top-level discussions with the manufacturing industry.

The society would welcome pharmacies enjoying the right to supply cheaper generic products, but this would be difficult to implement.

"Often the expensive product is guaranteed and has been proven," he said. "If the generic product is supplied in this way, the manufacturer of the guaranteed product may decide it's not worth staying in the country."

A problem was that pharmaceutical companies supplied medicines cheaper to dispensing doctors, while they sometimes quoted a 10th of the price to the Government, the country's biggest buyer of medicines.

This meant that the companies had to make up their profits when selling to pharmacies.

"We must now come to consensus on how doctors can come into this field without any specific training to handle drugs," Mr van der Merwe said.

Wrong solution

The secretary-general of the Medical Association of South Africa, Dr C E M Viljoen, said from Pretoria: "Masa is aware that the cost of medicine is extremely high and that it is continuing to rise. The association is concerned that many of the public must have difficulty in meeting these costs."

However, Masa believed that nationalisation of medical services was not the correct solution, as had been proven in several countries.

A spokesman for a medical aid society, Mr Jonathan Bloomberg, said there was no reason for doctors to prescribe medicines in a city with many pharmacies — "there is just a tremendous over-dispensing of drugs by some doctors."

(30) RDM 9~~6~~/2/84

Bars to black traders store up trouble

Financial Reporter

BLACK traders should be accepted as a normal part of business life, said Mr Moses Mabuane, African Bank chief executive.

He told a Cape Town University meeting recently that serious problems would arise if legislation restricting blacks in commerce were not removed.

Delegates at the School of Business advanced management programme also heard that laws preventing open trading were having a serious effect on the type of black entering business.

Mr Mabuane said a black businessman was likely to be middle-aged, with little formal education and no business training.

"He learns by trial and error. Capital to start usually comes from savings or relatives."

Most ventures were one-man operations often in retailing or house-to-house selling.

"These businesses are inevitably under-capitalised. They have short life expectancies and a large failure rate. They usually employ poorly-trained persons because their pay is low. Inadequate management is another problem and only basic financial and stock controls are exercised. The owner cares little about competitive pricing."

Whites alone could not create the number of jobs needed now, let alone in 20 years' time, to give blacks sufficient employment, Mr Maubane said.

"South Africa needs to ensure that black business becomes an accepted part of our system. Restraints are not in anyone's interest."

MOSES MABUANE

FM 10/2/84 (30)

RETAIL WAR

OK fights harder

OK Bazaars, seen to have been sitting on the fence in the supermarket war, is telegraphing a change of strategy from the retail battlefront.

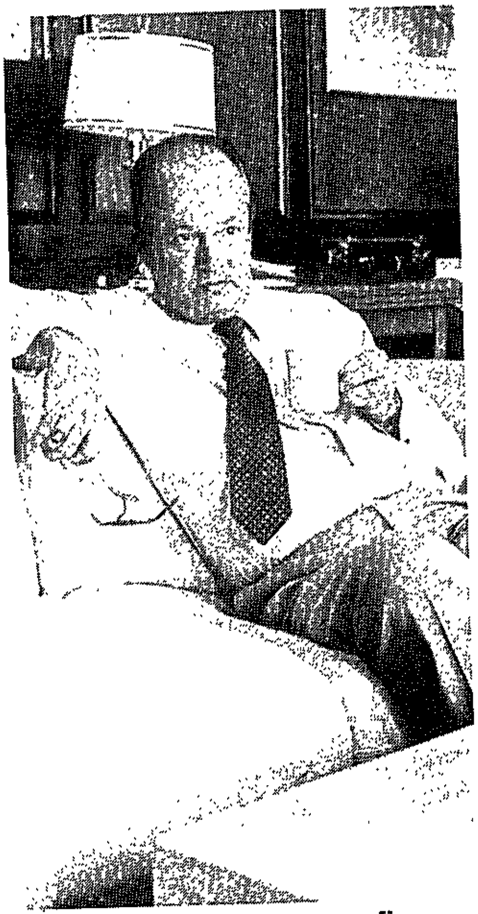
Its recent screaming "news flash" advertisments, particularly in the Sunday press, signal its intentions. And to ensure no one is left in any doubt about OK's "kayo" punch, the campaign includes a personal note of explanation by MD Gordon Hood: "We'll hold down prices where we can, challenge suppliers to give us lower prices and cut our prices till it hurts."

OK's inflation challenge this month is focused on large eggs at below cost. Hood says the chain sells about 12 m dozen/year. There are also specials on bread and milk.

But he says across-the-board price cuts are not new at the OK: "Maybe it's just that we are being more aggressive in our approach, and our billings are more visible. There have been numerous comments about this, which is rather stimulating."

OK has been running highly publicised specials in its major departments. A big-ticket item such as a freezer has been reduced to R350 from about R500. However, it is early days yet to judge the effect on turnover.

The OK has also been running a Checkers-style jackpot competition with a difference. It is offering 750 000 small "spot" prizes at its checkouts. The odds on winning are one in 26.



OK's Hood ... no ceasefire announcement

(30) FM 10/2/84

Checkers chief executive Gordon Utian thinks OK's cuts are limited. "I don't think OK's latest move in taking selective items for cuts will intensify the prices war. I don't think they are off the fence yet," he says.

Pick 'n Pay's Hugh Herman, also not impressed with the OK campaign, says P 'n P is sticking to its policy of "prices, not prizes."

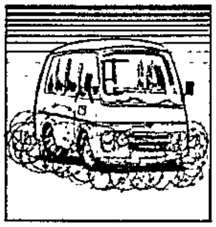
Time will tell who's right, but the final judge, Herman points out, will be the customer.

[illegible] (30)

BLACK TAXIS

A way through the maze

Proposed legislation to curb the black combi-taxi industry could create fierce black resentment. It also threatens the growth of a free-enterprise ethic among precisely that population group where it should be fostered — the urban blacks.



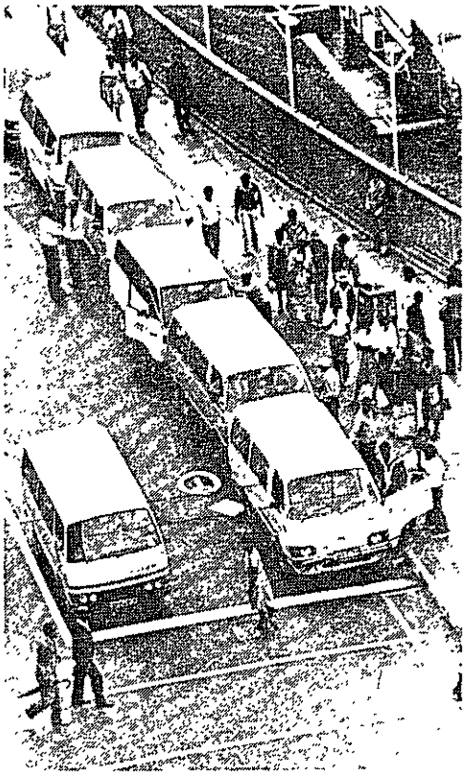
It is widely believed that many of SA's urban blacks are frustrated businessmen. If freed from the restrictions imposed by a plethora of discriminatory laws, the possibilities for black entrepreneurs are manifold: a new area for wealth creation would be opened up.

There is an important social benefit implicit in such a development. "Freeing the informal sector," as Director General of Finance Joep de Loor put it (*Business* December 9), could produce the most powerful argument yet to blacks that they do indeed have "a place in the sun" of the free enterprise system.

The best example SA has yet experienced of blacks' adaptability to this concept is the phenomenon of the combi-taxi — a R1,2 billion/year industry which blacks themselves have created.

Statistics are hard to come by. But based on such factors as vehicle sales to blacks, and traffic counts, it would seem that, at a minimum, 500 000 blacks use 82 000 combi-taxis — fewer than 18 000 licensed — to travel to, from and within black townships each day. Many do two trips a day. These commuters choose the combis because they are preferred to the alternatives — the subsidised train and bus services. Combis are faster, safer, more comfortable, more flexible — but not cheaper. Passengers on combis can pay as much as 20%-30% more than on comparable bus or rail routes.

They run at capacity, frequently during peak hours well over their designated passenger load of between eight and 15 persons. The very fact of their overloading says, clearly, they have not yet met demand fully. Despite a recession, black combi-taxis are a growth industry. It stands to reason that there should be legitimate controls over their operations — they should be roadworthy and pay licence fees of one kind or another for the privilege of using the roads. But attempts to clamp down on them wholesale make little sense.



Combi-taxis ... an option under threat

Lining up ... but bus services are not favoured

The 82 000 figure for combi-taxis nationwide may be conservative. As with so many aspects of black life and activity in SA, quantification is difficult and inexact. At least 46 000 combi-taxis are thought to operate in Transvaal; 18 600 in the Cape, 11 300 in Natal; and 6 000 in the Free State. Hundreds, perhaps thousands, more operate licensed or unlicensed from within the homelands.

To some, all this is graphic, visible — even exciting — evidence of blacks' enthusiasm for a stake in the economy. Government and the transport establishment, on the other hand, apparently view the combi-taxi explosion as a recipe for "chaos." Some appropriate solution must be found.

For a start, Pretoria has over-reacted. The draft Road Transportation Amendment Bill seeks nothing less than to wipe out the combi-taxi industry. But whose interests will really be served by destroying the combi-taxi? They can only be those of the providers of the rail and bus services that blacks so manifestly detest and disregard.

The Bill, therefore, is a response not to meet the challenge of the marketplace — but to call in the power and the instruments of the State to put rivals out of existence.

From one point of view, the subsidised black transportation system has a case. No one can accuse the operators of placing the millions of blacks in townships far from their work. Putco did not invent the Group Areas Act; nor did the Railways or the other bus operators. They can therefore argue that while the Group Areas Act stays on the statute book, they deserve exclusive government-sponsored protection.

But that argument has a sting in its tail. By being seen to profit from residential apartheid, their operations are perceived by some blacks — and not just the militants — as helping to enforce a detested system. When the political temperature in the townships rises, the subsidised buses are among the first targets of attack and arson.

This is the year that the Nationalists have got to make the new, highly complex constitutional dispensation for whites, coloureds and Indians actually work. They have staked their future on it. A black backlash, on an ostensibly commercial issue — but readily exploitable in political terms — could jeopardise that. There are signs that Prime Minister P W Botha and the National Party are getting the message about how dangerous and inflammatory the black taxi Bill could be.

So there is reason to hope that Transport Minister Hendrik Schoeman may not, after all, push through the Road Transportation Act Amendment Bill — or, at least, its proposals on black taxis based on the recommendations of the Welgemoed Commission (*Business* January 27).

The Cabinet is reported to have circulated a discussion paper in the NP caucus explaining how damaging and ill-advised the Bill could prove. In the meantime, though, the combi-operators themselves, both legal and illegal, plus organised private-sector industry and a wide segment of the public, are waiting anxiously to see whether the lobby of the powerful bus operators and SATS will prevail.

An element of this anxiety, resulting directly from the Welgemoed proposals, is shown in the rift between the combi-taxi operators themselves. Functioning, as the vast majority do, without licences is a nervous enough business. Functioning with a licence, as the 17 000 combi-taxi operators of the Southern Africa Black Taxi Association (Sabta) have done, becomes just as distressing if the prospect of official extinction is there as well.

Based almost entirely on the recommendations of Pieter Welgemoed's Commission of Inquiry into Bus Passenger Transportation, government's draft Bill, circulated for comment last November, proposes to:

☐ Define taxis as vehicles carrying no more than four passengers;

☐ Phase out the licensed combi-taxis over four years;

☐ Force all taxis to fit meters; and

☐ Create for vehicles carrying from four to 25 passengers a new category of "small bus," to operate on fixed routes with approved tariffs and timetables.

The move has enraged combi-taxi operators and led to disquiet among their supporters in the private sector.

"Dog-eat-dog may not be a very edifying sight to watch," says Allan Cowell, deputy chairman of the 17-organisation Transport Consultative Committee (TCC), which is leading private-sector opposition to the Bill. "But in the world of private enterprise, it is accepted practice." The trouble is that the draft Bill makes black passenger transportation "a political issue we must at all costs avoid," he adds.

Faced with extinction, it is not surprising that Sabta president Jimmy Sojane began in December to seek with the Southern African Bus Operators Association (Saboa) some sort of deal which would save at least a small minority of the black combi-taxis.

No one, of course, is speaking too loudly for the illegal operators — though any "resolution" of the problem which excludes them will run counter to market forces.

Sabta and Saboa reached agreement that the "legals" should be saved. They put this in a memorandum to Department of Transport (DoT) Director General Adriaan Eksteen, in an attempt to get the Bill al-

ONE MAN'S DAY

Each working day for Michael Mogale, a youthful Soweto taxi operator, begins about 4 am when he gets up and prepares to go to work. "Whatever happens," he says, "I must leave home at 5 am to get to the rank in Zone Five, Meadowlands."

When he leaves home, he has to ensure that he has in his vehicle — a combi — the road transport exemption certificate which reflects the number of passengers he may carry, and also the permit allowing him to operate between the townships and the city.

The 30-year-old Soweto bachelor from Mofolo says that operating illegally in the city when one has authority to trade only in the townships can turn out too expensive. The fine is usually R1 000, "so you need to have that permit on you all the time — just in case you're asked for it."

At the rank, Mogale begins to load passengers, but only when his turn comes. "You see, it's first-come-first-served. You've got to wait in the queue for your turn."

Business starts slowly. It's rare to get a full load before six, when the morning peak period begins. Mogale is licensed to carry eight pasengers, even though he owns a 10-seater combi.

During the peak period, which lasts till 9 am, Mogale often makes three trips into the city. The fare is R1 a single trip. From midday on Fridays until 10 am on Mondays, the fare is R1,10 a single trip.

Mogale says the afternoon peak period starts at 4 pm when, once again, three trips can be made between then and about 6.30. After the morning peak period, three taxis usually stand at the Diagonal Street rank in the city, waiting for any casual passenger who might be going to the townships. The rest of the fleet returns to the townships to pick up any people who might be working shifts or those hurrying to do shopping in the city.

"Business is very poor at that time of the day. By midday, we gather at the rank in the city to clean our vehicles, have lunch and rest, waiting for the afternoon peak period. It's at this time we relax, reading newspapers," says Mogale.

Mogale, who used to work as a low-paid filing clerk in the city, now makes about R400 a six-day week: R1 600 a month.

His day seldom ends before 6.30 pm when he leaves with whatever passengers he may have been able to pick up from the rank in the city on the way home.

On a Friday afternoon, the taxi operators have a standing rule to remain in operation until after 8 pm. On that day, explains Mogale, more people, including some who usually commute by train or bus, use taxis when returning home after work.

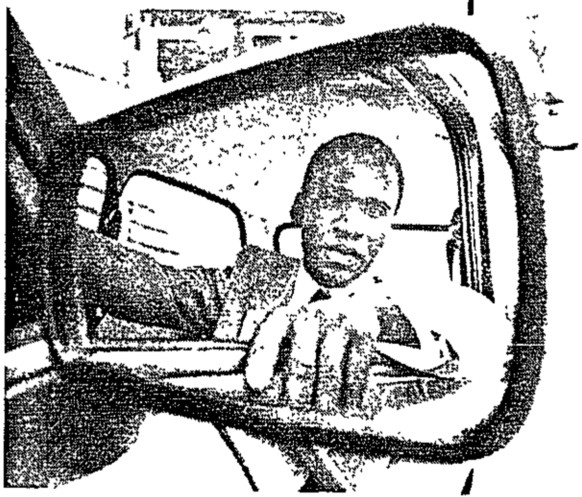
"Taxis are safer for them, especially when carrying parcels or taking pay packets home, on Friday afternoons And for those who so desire, we even drive them home," he says.

Mogale operates one taxi because, as he says, it's not easy to expand a taxi business today, mainly because of "opposition in the form of Putco and the Railways at the Johannesburg Road Transport Board where applications are made."

A taxi has to display a road transportation certificate indicating the registration number of the vehicle and that it is licensed to operate as a taxi. In addition, it has to be properly marked, showing who the owner is and his home address.

A taxi operator has to have a certificate of fitness, which is renewable every six months, and a public driving permit indicating whether or not he is fit to carry passengers or work with the public, as well as a public motor vehicle licence allowing him to keep a vehicle at the rank.

The public motor vehicle licence is renewable once a year at a R30 fee, while a taxi operator has to pay, all told, R20 in medical fees and for the fitness driving permit.



Taximan Mogale ... it's not easy to expand

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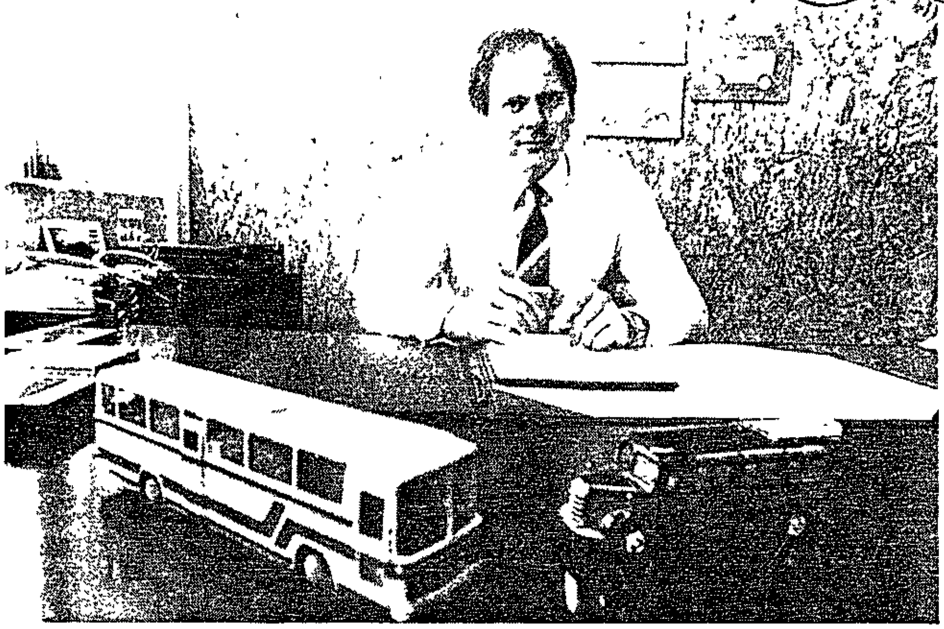

Saboa's Prinsloo ... going for a "midi" solution

tered before it reached Parliament.

The Sabta-Saboa accord also approved the restriction of further taxi permits to vehicles carrying no more than four passengers, and said existing combi-taxi operators should be allowed to replace their combis only with eight-passenger vehicles.

Sojane was swiftly branded a "sell-out" by both the illegals and by broad sections of the Sabta membership led by former Sabta chief spokesman Petrus Nkosi, of Katlehong. (Sojane sacked Nkosi early in January.)

The illegals are enraged over the legals entrenching their position at the expense of the majority, while the Nkosi faction feels Sojane has no right to speak for Sabta, because he is alleged to be unconstitutionally in office (*Business* January 20). The issue of who speaks for Sabta — and therefore of the validity of the Sabta-Saboa agreement — went before a Supreme Court judge this week.

Further complicating the entire black taxi issue is the introduction by Greyhound of 24-seater "midi-buses" on black commuter routes. Sojane totally rejects midi-buses; they represent the one major area in which Sabta, or at least Sojane's negotiating team, and Saboa fail to agree. "We have large buses, trains, sedan taxis and combi-taxis," says Sojane. "We don't need another category of vehicle. The market is already overtraded."

But Saboa executive director Gerrie Prinsloo points out that all existing illegal taxi operators have to do is apply for a route, and they can then legally become a "midi-bus operator." Many unlicensed taxi operators have already come forward with such applications, says Prinsloo, and he believes the idea is "essentially acceptable." The scheme, he feels, will "remove chaos and create order."

Having a fixed route, in Saboa's view, eliminates the combi-taxi practice of "touting" for business along bus routes But this argument infers that all 60 000 unlicensed taxis spend their time exclusively on bus company routes, which is patently improbable. And waiting passengers, after all, are hardly being forced to climb into the cruising combis. A combi will often take a passenger to his front door. A bus or a train moves from terminus to terminus: it is fixed, inflexible and often infrequent.

Nonetheless, combi-taxis are viewed as inherently "disorderly" by sectors of government and SA's bus operators.

"SA can have either an organised mass transportation system, with a role for taxis, or it can have uncontrolled chaos," argues Cape Town's City Tramways GM Nic Cronjé. But is losing market share to a competitor really chaos?

"We are not saying illegality (for combi-taxis) is right," says the TCC's Cowell. "There should be a way the illegals can be made legal. This Bill, in draft form, deals severely with both the legals and the illegals. To limit the passengers of a legal taxi (to four) is not a viable proposition. You cannot economically run a combi as a four-passenger vehicle and make a profit."

Cowell sees the government "painting itself into a very tight corner" over the taxi legislation, and claims that the "Sabta-Saboa scenario" is evidence of dangerous collusion. Certainly, it would appear that it is seen that way in the black community.

The answer would seem to lie in a fluid licensing system which nonetheless takes account of safety requirements and insurance liabilities. The pressures for a further opening-up of the passenger transport system for black entrepreneurs are overwhelming, and restrictive legislation which merely protects vested interests will simply make for more illegality on the roads.

The investment which is represented by the ownership of combi-taxis could then become productive — leading on naturally to capital accumulation by black businessmen, and investment in other areas. As for any squeeze on the profits of the Putcos of this world, the rule of the market is that if you can't survive competition, you have to get out. The black taxi issue — with its potentially disruptive political component — will test to the utmost Pretoria's commitment to both free enterprise and reform.

Financial Mail February 10 1984

TAXI ROW

Taking the gap

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FM 10/2/84

While thousands of black combi-taxi owners wait to hear their fate in terms of the Welgemoed Commission recommendations, established bus operators are wasting no time in filling the potential void.

The commission has suggested that tens of thousands of technically illegal combi-taxis should be forced off the roads. Among the alternatives it recommends are midi-buses, carrying up to 25 people on scheduled routes.

Although there are signs of an official rethink on the issue (*Business* January 20), midi-bus operators are gearing up to take the gap.

United Transport operations manager Ian Morton says seven of the group's subsidiary companies have these vehicles on medium to long-distance routes.

Black passenger acceptance, he says, has been "excellent." In the short-haul township transport sector, however, where Greyhound last month began operating two Mercedes Benz 608s in Randfontein, combi-taxi owners are understandably peeved.

"Midi-buses for the townships are a threat to the small private entrepreneur," says Southern Africa Black Taxi Association (Sabta) president Jimmy Sojane.

Sojane, whose Sabta negotiating team has reached a compromise with the Southern African Bus Operators Association (Saboa) which would save licensed combi-taxis from the axe, says black township transport is "already overtraded."' The introduction of the midibuses, he says, is "unnecesarry."

The Sabta-Saboa accord, which is in response to government's Welgemoed-inspired draft Road Transportation Amendment Bill, would give SA's estimated 60 000 unlicensed combi-taxi operators the option to convert their vehicles from free-roving taxis to fixed-route "small buses" or midi-buses.

The alternative would be to change to metered sedans and continue to operate as "taxis" — but restricted to a maximum of four passengers. This would not be viable at the rates blacks can afford to pay.

Those who do take the midi-bus option, however, would presumably compete with United and others, possibly Putco eventually, for routes.

The word from Cape Town, meanwhile, is that the black taxi issue has reached

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cabinet level. A memorandum has been circulated to ministers, according to *FM* sources, and bottom-line thinking is that to tamper with a key black issue at this stage would be politically dangerous.

And, if blacks are to be wooed to free enterprise, it could be ideologically dangerous as well.

GAMBLING

Race for Transkei

A R40m international hotel with horse racing as its main attraction is to be built on top of a gorge 3 km inland from the Wild Coast Holiday Inn and casino on the Transkei Coast.

As Holiday Inn (HI) has tied up the casino rights within a 100 km radius of its Mazamba beach development, horse racing was the only gambling option open to the developers.

However, they unashamedly admit HI's casino facilities will be a major drawcard. A cable car will take guests down to the Umtamvuna River and boats will be on hand to ferry them to the casino at the river mouth. Says Dave White of River Gorge Developments (RGD): "We see our hotel as a complementary operation to the casino. The site is exceptionally beautiful, and that alone justifies its development."

According to White, RGD has negotiated with the Transkei Government a 90-year lease on the 200 ha site. Plans are being prepared for a 200-room hotel with an adjoining 36 chalets. Other amenities will include a race course with full totalisator facilities, a golf course, cable car and a boating platform.

White says negotiations are in hand with the SA Jockey Club and Turf Club to have the course run under their auspices. They are also talking to a hotel concern and other unnamed parties with a view to tying up finance for the scheme and, if all goes well, they hope to have builders on site early next year.

CEMENT IMPORTS

Heavy going

Plans to import 500 000 t/year of cement for sale at 5%-10% below current Durban area prices have been postponed from this month until at least May. But there is "no question" of the project being shelved, says Cement Enterprises (CE) MD Bernard Moyle.

SA's cartelised cement producers last year vigorously fought the import plan and at one stage threatened to mothball a R175m, 450 000 t/year clinker plant at Port Shepstone if CE was allowed to go ahead. (*Business* December 2).

"The delay is purely technical," says Moyle, who tells the *FM* CE's principal associate in the import consortium is now Gearbulk, an international shipper with offices in Durban and links with the Norwegian-based Norcem cement marketing organisation.

Negotiations with Libexim, run by the Bhurri brothers who are based in Greece, broke down, Moyle says, and the original start-up date for deliveries via a factory barge in Durban had to be put back.

Gearbulk and CE are now busy with "final details," says Moyle, and will be bringing a factory ship to Durban harbour. Total investment for the five-year project, according to Moyle, could be as high as R23m, with R2,5m for port handling costs alone.

Source of the imports, high-grade BSS 12/1978, will be Japan and not eastern or southern Europe as the cartel first suspected.

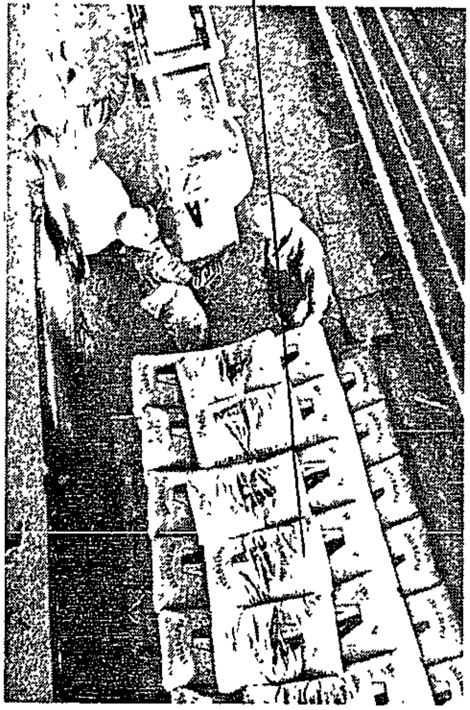
The "final details" appear to include Gearbulk's anxiety over, among other things, exchange control.

Gearbulk spokesman Mike Wells tells the *FM* that while his Bergen-based international shipping consortium is actively seeking inbound shipping traffic to SA, lack of "assurances" on exchange control could scupper the deal.

"Until we know foreign exchange is not going to be a problem the deal cannot be finalised," says Wells.

Anglo Alpha MD David Baker, meanwhile, says the Simuma plant near Port Shepstone went on stream as planned and is currently producing an average of 1 300 t of clinker daily.

With CE's import plans delayed, Baker and the cartel haven't had to excercise any of their three perceived options: to mothball Simuma, drop prices and compete with the importers, or to import for their own account.



Cement . . . bagging the import gap

Natal Portland Cement's board decided in December to reduce prices in the event of imports, while Baker confirms he received assurances last month from southern European cement suppliers that he could, "if necessary" land bagged cement in SA within three weeks of ordering.

ZIMBABWE

More cheerful

Good rains in the first week of February suggest that Zimbabwe's maize harvest this year will be substantially greater than seemed probable only a fortnight ago. Even so, Zimbabwe will need to import about 300 000 t this year at a cost of Z$80m, and even this could be too little if the rains do not last well into March.

In late January, farmers were gloomily predicting maize deliveries of less than 600 000 t in 1983 compared with a record of more than 2 Mt in 1981. However, many areas received more rain in the first week of February than in the whole of January, resulting in a substantial upward revision of crop forecasts.

Provided the rains continue this month, maize deliveries could range from 750 000 t to 900 000 t. Farmers stress that an increased price to maize producers, possibly in the form of an early-delivery bonus, is needed, as well as continued good rains. They argue that Zimbabwe's maize stocks, which exceeded 1,5 Mt after the excellent 1981 season, could run out by early April, necessitating either high-cost imports, imposing another burden on the already strained balance of payments position, or an early-delivery bonus to compensate the grower for the costs of drying his maize.

Maize consumption in Zimbabwe has been as high as 128 000 t/month, but most forecasters work on a monthly consumption figure of 100 000 t, which means that deliveries of 1,2 Mt are required to keep the wolf from the door until next season.

Everyone agrees that maize imports must be minimised, given the landed cost of about Z$275/t — virtually double the domestic producer price — and the fact that there is no known white maize surplus available. This could force Zimbabwe to import yellow maize. SA would be the logical source, but with the deteriorating crop position in SA, this avenue may well be blocked.

Zimbabwe farmers are now hoping that government will agree, during the producer-price talks now under way in Harare, to increase the maize price not only for early delivery but for the entire season and for production in 1984-1985. This is needed, they say, for two reasons:

☐ To reverse the downtrend in land planted out to maize, estimated at 200 000 ha in the commercial sector this year against 280 000 ha three years ago; and

Cape Times 11/2/84

kitten miaowed all the way during three trips between Pine- to Sea Point under the bonnet of Ms Marianne Berry's car crawling into the engine for a bit of warmth. Ms Berry has ted the kitten, which she has called Tiger, hoping of course that it won't find its way into her tank.

ilet paper fraud: anager fined R4 000

Staff Reporter

LANDS man was sentenced in ow Magistrate's Court yester- eight counts of fraud involving of toilet paper and totalling

alph Leppan, 48, of Scouts inelands, was fined R4 000 (or rs) and sentenced to a further s' imprisonment, suspended years.

en April 1982 and May 1983, ordered the 600 cases of aper for Bonar 'Industries , where he was employed as nal manager.

said a Mr Omar of National ndlers (Pty) Ltd had asked make the purchase for the of Bonar Industries, who able for payment although dustries did not receive the

, the toilet paper was in- out to National Ship Chan- ut the company never re- the toilet paper. It was sold to a private buyer.

For each shipment he had kept only R150, Leppan said. He made only R4 000 from the entire operation and Mr Omar had received the bulk of the money.

In mitigation of sentence, Mr A Albertus, for Leppan, said Leppan did not intend taking R54 394 from Bonar Industries and had received only R4 000.

Leppan told the court he had sold his house following a Supreme Court order to repay Bonar Industries R54 394. He had lost his job and he and his wife had become estranged in the past few months. A number of friends avoided him.

The magistrate, Mr J M Lemmer, said he could not impose too lenient a sentence as this would not deter others from committing a similar offence. However, Leppan was not the "brain" behind the operation and he had not only suffered financially, but his family life and social life had also been affected.

Mr J P Vermaak appeared for the State.

Unpaid workers 'extinguish' boss

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Staff Reporter

ANGRY employees of an Observatory fashion shop yesterday sprayed a fire extinguisher at their employer and trampled his goods on the shop floor after he had failed for the third time to pay their wages.

Police arrived at the Station Road store about noon and locked the frightened owner, Mr Robert Gilbert, in a police van while the store employees milled around on the pavement outside the shop.

The shop changed hands soon after the New Year and employs a total of 67 clerks, artists, salespeople and advertising representatives.

A clerk, Mrs Gadija Roman, said: "He said he would pay us at the end of the month, then the 3rd was D-Day for wages, and finally this was going to be the day, and we still haven't seen a cent."

Tempers ran high when Mr Gilbert told his staff yesterday morning that he couldn't pay them.

"It was like a riot," said a neighbouring shopkeeper. "People were all shouting, and he was covered in white stuff. Then the police arrived and kept the crowd away from him."

A part-owner of the shop, Mr Alan Butler, said that the store's debts ran to some R65 000, about R35 000 of which was staff wages. He said he would re-open the shop himself within the next week or two.

A police spokesman said yesterday that nobody had been hurt and nobody had been arrested. The matter had been handed over to the Department of Manpower.

Motorcycle theft racket smashed

Crime Reporter

A MOTORCYCLE theft racket in the Peninsula has been smashed by detectives after months of intensive investigations.

A number of stolen bike components were recovered in Zandvlei by a team of police divers yesterday after the arrest of an alleged member of a gang of motorcycle thieves earlier this week.

Five men had so far been arrested during the investigation, Captain D A Langeveldt, head of the Cape Town police vehicle branch, said yesterday.

Eight motorcycles, mostly 750cc machines, had been recovered in the Peninsula before the diving operation yesterday, he said.

In murky water at the north end of Zandvlei, the team of divers, called in from their Boland base, found the frames of two stolen bikes and the engine of another.

Captain Langeveldt said the machines had been stolen between October last year and January this year.

According to information received by police, several other stolen bikes had been dumped into Zandvlei, he said.

The police divers are expected to return to Cape Town soon to assist in the continuing investigations.

Sowetan 14/2/84 30

Black traders in big indaba

THE Afrimet furore takes another turn today when traders meet at the Easy by Night club in Katlehong for discussions with officials of Blackchain which may result in a completely black wholesaling project getting off the ground.

Details of the meeting were announced by Mr Qhudelemzwezwe Majola, managing director of Blackchain, the first completely black retail undertaking in the country.

Mr Majola said the meeting would be at Easy by Night and starts at 2 pm. He said all traders on the East Rand were welcome to attend this meeting. It is in connection with Blackchain Katlehong Cash and Carry (Pty) Ltd.

Afrimet is also a wholesaler in the black community, but is run on a 51-49 percent black-white partnership. The white shares are owned by Metro Cash and Carry, which also has a very lucrative management contract with Afrimet,

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A SECURITY policeman yesterday said that he wept when he saw a detainee he is alleged to have killed, Mr Paris Malatji, lying on the floor after he (Mr Malatji) had shot himself through the head.

By ELLIOT TSHINGWALA

Giving evidence before Mr Justice Kirk-Cohen in the Rand Supreme Court where he is facing a charge of murder, Sergeant Harm van As (27), said he had never seen so much blood in his life as he saw oozing from Mr Malatji's wound.

When he saw the blood, he said he ran out of his office to report the incident to his section head, Lieutenant Trollip. He was later treated for shock by a Dr Grobbelaar.

Sgt Van As said Mr Malatji shot himself in the head after grabbing his 9 mm Beretta pistol from his holster. It all happened so quickly that he could not remember some of the details, he said.

The 25-year-old Paris Malatji was being held for security reasons. According to Sgt Van As, he was under suspicion of being an ANC recruit who later on was to undergo military training.

On the day he was fetched from his Mofolo home, ANC documents and pamphlets were found there. A typewriter was also taken, Sgt Van As said.

Under cross-examination by the State, Sgt Van As could not explain why he was carrying a firearm during an interrogation session, although this was against the law. He also could not explain why "the potentially dangerous Malatji" did not shoot him (Van As) and chose to shoot himself instead.

"I am grateful he shot himself and not me," he said.

Although he was holding a typewriter, Sgt Van As said it never occurred to him to hit Malatji or to throw the typewriter at him in self-defence when he felt the gun being wrested from him.

MRS MARY MASILELA holds her son's head after he was injured in the rumpus at the D H High School in Atteridgeville. Her son, Alex, is one of the students injured. Another, Emma Sathekge, was killed.

Court

THE Vryheid Magistrate's Court inquest and inquiry into the Hlobane mine disaster was told yesterday that it was not humanly possible all the time to get the legal requirement of air through the mine's ventilation system to disperse methane gas coming off the work faces.

The mine's ventilation officer, Mr Peter Alexander Shand, said that in no Natal mine will

30

revolution

matic change in the townships

ing all political implications of "impermanence" and association with the ugliness of influx control.)

One of the main triggers behind the explosive growth of the new class has been the exodus of black workers from the rural areas into the big towns to find better paid jobs in the industrial and commercial sectors.

The results are evident in research by the All Media Products Service. By 1982 no fewer than 33,2 percent of nearly 4 million urban black households had incomes running above R400 a month.

In contrast, only a relative handful of the 8 million black households in the rural areas had made the R400 grade.

More and more black urbanites are moving into higher wage brackets.

Quite apart from stark and dire poverty in many rural areas, there remain enormous contrasts in living standards even among the urbanites. The lack of individual wealth is sometimes camouflaged by statistics.

Stephen McQuillan

24 HOURS

wameng, a young Soweton who
, leans on the expensive new car
as a magazine writer. Behind
house he has bought in the afflu-

Take the electrification programme in Soweto that has attracted news headlines. The West Rand Administration Board six months ago reported that an impressive total of 126 434 houses would have electricity by the 1983 year end.

However, researchers at AMPS found that only 7 000 of the 74 000 wired for electric power under the new programme were actually using electricity. The reason, they suspected, was because many house-owners resented having to pay about R300 for the facility — on top of unfamiliar new fuel bills.

Even so, researchers and salesmen reckon it is only a matter of time before the power flows — and creates a huge and untapped market for electrical appliances from cookers and refrigerators to heaters and hi-fi sets.

"Everyone is busy trying to find acceptable descriptions for the new class", says Mr Clive Corder, managing director of Market Research Africa, which has long been tracking changes in shape of black society.

> **‘Black society is growing a new upper strata and the deeper we understand it the better. — Mr Clive Corder, Market Research Africa.’**

"At the moment, the term middle-class conjures up quite a political image for many black people. They see it as a misnomer. How, they want to know, can you have a middle class when there is no upper class to measure it by?

"But there is abundant evidence that higher incomes and better education are grooming a growing group of black families strongly motivated towards success.

"The only caution is that westerners must not search for the stereotypes of families they themselves may regard as middle class. Values are different and comparisons soon part com-

Personal incomes are rising steadily

The emergence of a new social structure in the black community is reflected in the significant swell of opportunities in business and the professions.

There is a steady increase in the number of doctors and dentists, nurses studying for degrees, lawyers, high school teachers with degrees, people in managerial positions, well-trained sales representatives and trained businessmen and women.

The major difference between today's black professionals and those of yesteryear is that nowadays intensive training is applied in almost every field.

Overseas trips are frequently undertaken by businessmen and other professional people to improve their skills in their respective fields and seminars are regularly conducted.

In the past the little shop around the corner would do for basic commodities. Now, township supermarkets are mushrooming.

In today's changing world a relic of the past that still plagues every black township is the system of migratory labour with its attendant single-sex hostels where men and women from tribal areas come each year to earn enough above the breadline to leave cash to send back home to families in the homelands.

So far little or nothing has changed — the hostels are still temporary homes for many factory workers, flat cleaners and night watchmen. They are among the people who have little chance of improving themselves because the stringent influx control regulations have seen to it that these people are "temporary sojourners" wherever they may choose to sell their labour.

The impermanence also clouds the lives of thousands of black housemaids and gardeners given quarters by white families — usually at the back of their sprawling suburban homes — as long as they hold the job.

But a quick drive around the townships where people are in a settled community shows more filling stations per square kilometre than five years ago.

Even taxi owners now operate fleets, though for other reasons the future of the black taxi owner is at present precarious as taximen eagerly await the Government's final decision on the future of their minibuses.

Clinics in the townships are now using the services of more doctors and nurses, and a number of black lawyers have opened practices in the city. Many more are articled to practising attorneys and a number

managers through tellers and secretaries to receptionists.

A major shopping centre — Blackchain — was built in Diepkloof, Soweto, a few years ago and is heavily patronised.

The director of Blackchain, Mr Qhudelimzwezwe Majola, says despite the downswing in the economy during 1983 the shopping centre had a sales growth of 48 percent above previous years.

There are 16 franchise holders operating businesses at Blackchain, leasing shops at the huge complex.

Personal incomes have been rising steadily for people in the emergent class.

Suburbs have sprung up overnight with houses that less than a decade ago were the stuff dreams were made of.

Diepkloof Extension, Selection Park in Pimville, Dobsonville Extension and Orlando West Extension — commonly known as Beverly Hills to Sowetans — are areas where the higher income groups are concentrated.

People in these suburbs drive Mercedes, BMW and good Japanese sedans. Almost every home has a television set and such items as refrigerators and electric stoves.

Many of their children attend private schools in the city, though a lot more still attend township schools.

But some people at these suburbs admit that reaching the new rung on the social ladder is not easy.

The houses themselves, admittedly a far cry from the decried "matchbox" type, are a lot more expensive and people saddle themselves with big debts to own one. Furnishing the house is another consideration, as is buying a car.

The house, furniture and car are almost invariably bought on hire-purchase and the terms of payment have to be met monthly.

One affluent suburb in Krugersdorp's Kagiso 2 township is known to everybody there as "Monna ga a loale". That is a shorter version of "Monna ga a loale, mosadi ga a pepe".

Translation of the full version means: "The husband cannot take ill and the wife may not fall pregnant."

THE NEW EGOLI

There is as yet no word to describe accurately the newly emerging society of the metropolitan townships. "Middle-class" is incorrect in social as well as political terms.

In this linguistic vacuum The Star has opted for *Egoli* — a broader and evolving use of the name which most blacks originally attached to Johannesburg: "the place of gold".

***Egoli* symbolises achievement and relative wealth. The word encompasses two concepts: urbanisation and upward mobility.**

In this context, *Egoli* people are a class living in the upper strata of black metropolitan areas everywhere in South Africa. These people are as far removed from the poverty-stricken peasants in the tribal areas as Meadowlands is from Houghton.

Now read the startling story of the new *Egoli* ... and how its emergence affects you.

The social

There's dran

Black consumers are demonstrating their developing money muscles by overtaking whites in the millions of rands they spend on items ranging from food baskets to TV and radio sets.

Black spending at retail stores last year rose to a staggering R8 625 million, according to surveys by the Bureau of Market Research at the University of South Africa.

Black spending power could almost quadruple during the next 16 years. Forecasts by the Bureau for Economic Research at Stellenbosch University disclose that the combined personal income of black families is poised to climb from R10,4 billion in 1980 to as high as R38 billion by the year 2000 — even if wage levels increase no faster than the average annual pace of the past two decades.

The gap between the spending powers of black and white populations is shrinking dramatically.

Overall white personal income, in 1980 more than doub the black total, will be less tha R6 billion ahead only 16 year from now.

The rapid and expect growth in black population a counts for part of the trend. Bu fundamentally, the estimates r flect the tremendous social re olutions that have begun in t steady advance of black liv standards and the emergence a powerful new force in So African society — a new blac middle-class.

The term "middle-class" oft rests uneasily on black sho ders because of an inclination link it with attempts to meek follow the footprints of whi Westerners and turn backs on true black identity.

It is almost inevitable that brand new word will be devis to describe the new class. (T Star is using the evolving te *Egoli*, now that the name is l

24 HOURS

Michael Chester

Jon Qwelane

Russell Gault

'No matter how able, politics keep us down'

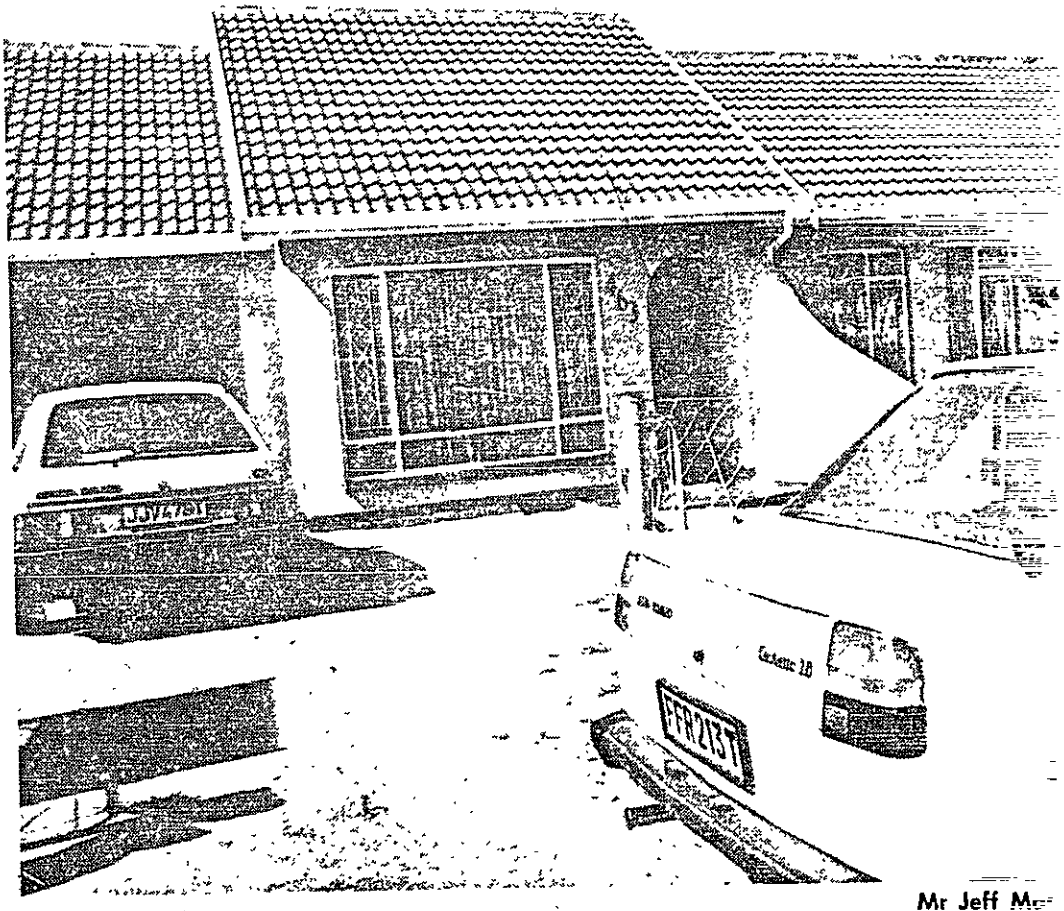
"The whites fail to understand," said the young black junior executive. "They keep on talking about a new middle-class black society and miss the point — time and time again.

"A couple of evenings ago in a Soweto shebeen a few of us were chatting to a buddy of ours from Harare — now, in a good professional job.

"He was trying to insist we South African blacks were better off than our counterparts in Zimbabwe, even with the new black independence up there.

"He trotted off figures about salaries, house prices, food costs, living standards in general. We had to ask him to keep his voice down — otherwise there would have been trouble from surrounding tables.

"The comparisons were ludicrous, and he could not even see it — just like the whites.



Mr Jeff M aims high in he has ea him is the n ent Sowet

A young Sowetan

"The comparisons were ludicrous. and, he could not even see it — just like the whites.

SECOND BEST

"Me, I always wanted to be an airline pilot.

"I was prepared to work at it but I know that it would be futile in South Africa because of the political machine. I have had to settle for second best in commerce.

"However good I proved myself I would never be better than a clerk with SA Airways.

"I have two friends who have studied hard to be nuclear physicists, and they're good at it as well.

"One, in sheer frustration, has found a post in Denmark. The other, despite a lot of talent in the nuclear field, has compromised with a humdrum job with no connection with nuclear energy whatsoever.

"How the hell can anyone refer to us as 'middle-class'?

"No matter how much talent a black may have in a particular sphere, he is held down by politics. The South African whites simply don't trust us in a variety of jobs.

"Sure, one can find a fancy title. But it all depends on which industry you are in. If it's a 'sensitive' sector, you can forget it.

"So what's all this chatter about an emergent new black middle class?

"It means nothing until we have the opportunities really to prove ourselves.

"There are times we reckon it preferable to starve in dignity rather than accept labels such as 'middle-class' which somehow implies we are satisfied with our place in South African society and have dropped our struggle for real advancement.

"South Africa will never be able to tap the full potential of the black population until there is the sort of political reform that makes us feel we have a genuinely equal footing with everyone else."

TOMORROW:

A R4 BILLION

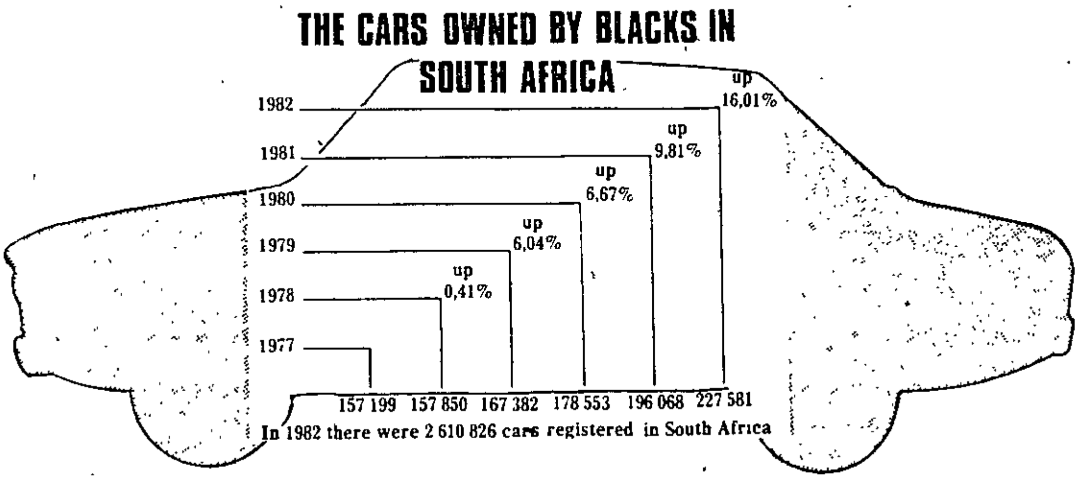
BOOST

FOR SA

EACH YEAR

A young Sowetan who wants the best

aims high in life, leans
he has earned as a
him is the new house he
ent Soweto suburb of
"When you have a
family, you must try
Today we have a



THE CARS OWNED BY BLACKS IN SOUTH AFRICA

In 1982 there were 2 610 826 cars registered in South Africa

Motor manufacturers gear up for black buying bonanza

Motor vehicle manufacturers are gearing up for a multi-million rand buying bonanza during the next two decades.

As fierce competition leaves South African auto producers "hanging on by their fingernails", industry experts are pinning their hopes on the awakening of "a sleeping giant" — the black people's market.

"Black buyers are expected to make a major contribution to growth in the industry during the remainder of this decade and through the next," said Mr Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa (Naamsa).

"We expect passenger car sales in this sector to increase at between 14 and 18 percent a year."

Similar growth was expected in the sale of light commercial vehicles to black people, with the minibus being a major market force.

An estimated 9,5 percent of cars in South Africa were owned by black people. The figure had increased from 7,2 percent in 1979; 7,8 percent in 1980; 8,2 percent in 1981 and 8,9 percent in 1982, Mr Vermeulen said.

Whites owned nearly three-quarters of the country's cars in 1979 and had about the same position today.

The Government's Central Statistical Services says black people owned 227 581 cars in 1982, a 16 percent increase on the previous year. In 1978 they owned 157 850 cars, a 0,4 percent increase on 1977.

Mr Vermeulen said black people owned 19,8 percent of all minibuses in 1979 and 21,6 percent in 1980. The figure rose to 23,8 percent in 1981 and 26,3 percent in 1982 — nearly 22 000 vehicles.

In 1979 white people owned 55,2 percent of all minibuses, but this fell to 44 percent in 1982.

"I believe all manufacturers have invested a tremendous amount of capital in plant expansion and the potential black market will have played a part in deciding on the size of their investment," said Mr Vermeulen.

The president of Naamsa, Mr Colin Adcock, said the white new-car market was saturated. "Car sales to whites are expected to increase in relation to the growing population.

"The real growth for car manufacturers in the future is with the black market."

Vice-president of the car division of Naamsa, Mr Lou Wilking, said that during the past 12 years the number of cars owned by black people had trebled, from 18 cars for 1 000 people in 1970 to 54 in 1982.

There was no reason why the figure should not treble again in the next 12 years, bringing more jobs to an expanding industry.

One out of every two white people had a car.

"If the educational and economic development of non-white people takes place with gusto, by the end of the century the ratio of car ownership among blacks could be the same as that for whites. That would mean an extra 10 million vehicles," said Mr Wilking.

"There are 11 car manufacturers in South Africa hanging on by their fingernails in what is probably the most competitive market in the world, most probably pinning their hopes on the black market. I'm confident the black market will expand."

Mr Adcock said the number of new cars bought by black people was increasing every year. "Ten years ago you could not measure the percentage of cars bought by black people. Last year about five percent of our car sales and 15 percent of bakkie sales were to black people."

> **The real growth for car manufacturers in the future is with the black market. — Mr Colin Adcock, President of Naamsa.**
>
> **By the end of the century the ratio of car ownership among blacks could be the same as for whites. That would mean an extra 10 million vehicles on South Africa's roads. — Mr Lou Wilking, Naamsa.**

leans on the expensive new car as a magazine writer. Behind he has bought in the afflu- of Diepkloof Extension a young wife and starting a try to give them the best. have a chance to do so.”

themselves may regard as middle class. Values are different and comparisons soon part company.

“Nevertheless, black society is growing a new upper strata and the deeper we understand it the better”.

opened practices in the city. Many more are articled to practising attorneys and a number operate their own legal firms.

Several major banks have branches in the townships which are staffed by blacks — from

means: “The husband cannot take ill and the wife may not fall pregnant.”

... Not if they want to avoid repossession of their house and goods because of a slackening in hire-purchase payments.

Patrick wants to get ahead

Patrick Thako (below) started school late because his parents did not have enough money for his education.

Last year he got his matric — at the age of 23.

Now he is searching for a job in Johannesburg. He lives with his father, a gardener, in a single room on a property in a northern suburb, and does odd-job gardening.

“I want to do clerical work,” he says. “I want a chance to do better than just work in gardens.”

Patrick said he and his friends were convinced education was the only way they could improve their income and standard of living.

For the future, he predicted better race relations with all getting an equal share of the country’s wealth. He did not foresee violent change.

“I think by that time I will have enough money to buy a car. I hope I can get a house and live like the whites do now.”

Patrick said neither he nor his friends felt the ANC had any significant influence over young blacks, regardless of the Soweto riots which commentators said had polarised them and made them anti-white.

Last week Patrick had an interview with Liberty Life for his “chance in life”. Today or tomorrow he will know whether those dreams of better times are about to start ... sooner or later.

IN (30)

Better black standards will boost the economy

The cash swell from better living standards and higher wages for black families promises to boost the economy to an annual growth rate of five percent within the next three years.

Such an acceleration should increase the national wealth of South Africa by more than R4 billion every year — and trigger a series of chain reactions of more new business, more new jobs, and more development in all spheres.

That is the prediction of Mr Bill Yeowart, president of the Association of Chambers of Commerce, which claims to be the biggest employer organisation in South Africa.

"There will be considerable growth and development in South African industry and commerce during this decade," he said.

Businesses, particularly in the consumer field — food, clothing and durables — could expect marked growth as the black consumer market developed.

It was impossible to say what portion of the R4 000 million would be the contribution from the black market.

"But there is no question that the growth we expect will be taking place in that sector," said Mr Yeowart. "Any economic growth of that sort must create job opportunities across the board."

The increase in spending by black people was a result of improved wages during the past few years.

The executive director of the Afrikaanse Handelsinstituut, Mr Fritz Stockenstrom, said black people could progress only when there was an upswing in the economy.

"I see in this decade the black market growing fast in all respects. It may really take off in a year or 18 months as the economy picks up on its upward cycle.

"When this happens, there should be re-employment and increased productivity leading to higher wages. The total purchasing power of the non-European in this country — particularly the black person — will progress tremendously."

Figures released by the Central Statistical Services (CSS) show that the average monthly salary for a black person working in a bank, building society or insurance company last year was R451 — up from R282 in 1980.

The average monthly salary for a black person in the mining industry rose from R117 in 1980 to R277 last year.

By mid-1983 the average monthly salary for a black person in South Africa — excluding independent states — was R300, up from R189 in 1980. The average was R228 in 1981 and R271 in 1982.

Mr Yeowart said: "Wages for black people really took off in the mid-1970s — especially in the mines — when the gold price increased.

"There was a 'freeing-up' of the labour market, creating an upward mobility of black people in jobs. Then came the demands for equal pay for equal jobs

"Now, as a result of the electrification of Soweto and better housing, people are able to use modern appliances."

That meant more spending and a bigger turnover in shops.

The continued development of black people was vital for real growth in the economy during the 1980s.

"The economy has reached the size now where black people have to take part — it's too big to manage otherwise."

Market research analysts say average monthly earnings of black people in 1981 were 24 percent of the average earnings of whites.

But the total earned by black people was half that of whites.

Three industries of eight surveyed by CSS in 1981 — mining, Government, and services and manufacturing — provided 72 percent of the R7,6 billion earned by blacks.

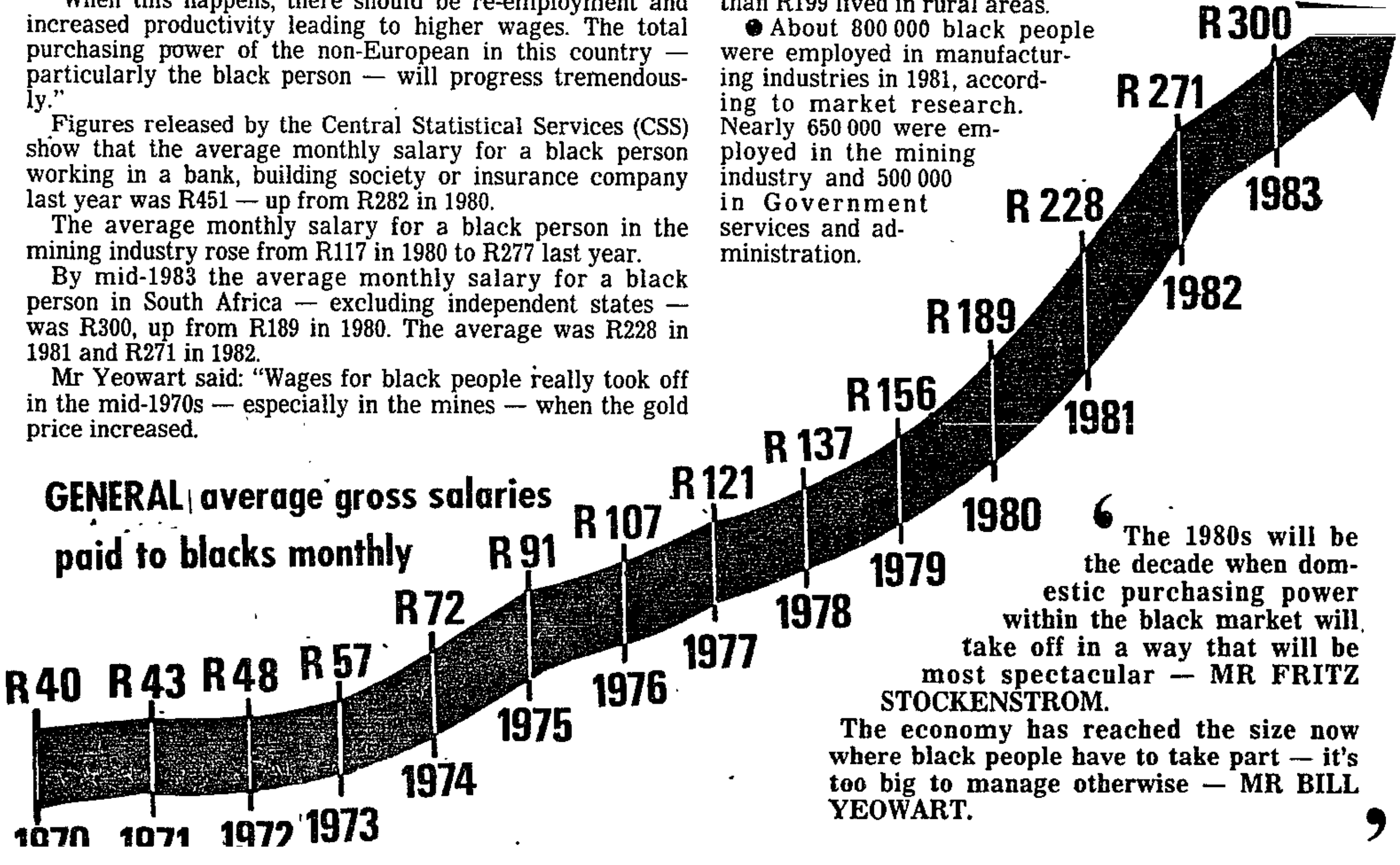
An All Media and Product Survey (AMPS) in 1982 claimed that 36.5 percent of urban black families had a household income of between R200 and R399. It was the largest of four income groups.

People in the highest income group, those earning R400 or more, were about 33 percent.

With rural blacks taken into account, nearly half of those polled had an income of between R50 and R199 a month.

"The higher earnings of blacks in urban areas is clearly apparent from this analysis," said the report. About 85 percent of all black people who claimed to have a household income of less than R199 lived in rural areas.

● About 800 000 black people were employed in manufacturing industries in 1981, according to market research. Nearly 650 000 were employed in the mining industry and 500 000 in Government services and administration.


GENERAL average gross salaries paid to blacks monthly

> **The 1980s will be the decade when domestic purchasing power within the black market will take off in a way that will be most spectacular — MR FRITZ STOCKENSTROM.**
>
> **The economy has reached the size now where black people have to take part — it's too big to manage otherwise — MR BILL YEOWART.**

(BO) Star 7/6/84 (DEVAN

THE NEW EGOLI

For want of a recognised term, *Egoli* is a word that we have adopted to describe the economic phenomenon taking place in black urban society. A new community is being shaped. It refuses to assume the cosy definitions evolved for Western cultures. It rejects being labelled as "middle-class", "bourgeois" or even "upper bracket". *Egoli* is associated with metropolitan life, success, upward mobility — not only in "the place of gold" but in urban black "townships" everywhere.

The *Egoli* class has neither a common political aim nor a shared morality. It is a rapidly emerging community, conscious of its potential power.

Read about this power — and how it affects you — in the second in our series on The New Egoli.

Concern over 'fronts' for whites

Although black businessmen are now having more successes with their enterprises than before, there is still concern that certain businesses owned by blacks in the townships are really "fronts" for white entrepreneurs.

The same disquiet has been voiced several times about black managers in white firms. They are seen as "token" managers, there to salve the conscience of their employers.

There is a story in black managerial circles about several executives, one of whom was black. All carried attache cases bought by their firm, and the white executives carried their work home and to the office in the cases.The black manager, however, carried only his lunch box in his case.

Some prominent Soweto businessmen were recently expelled from the National African Federated Chambers of Commerce (Nafcoc) because they were allegedly fronts for a white-owned cash-and-carry business.

The men said they had controlling shares in new township ventures, but it was revealed that it would be at least 20 years before they could buy out their white partners.

One seasoned observer said: "The spread of genuine black enterprises will gradually eliminate the use of fronts. And more will make the grade in white companies where they are needed in bigger jobs. It just takes time".

THE SALARIES, average and gross, paid to blacks monthly

Year	Mining	Manufacturing	Construction	Commerce	Government and Services	Electricity	Transport & Communications	Banks, Building Societies, Insurance
1980	R117	R224	R178	R147	R183	R223	R198	R282
1981	R213	R271	R206	R177	R219	R274	R243	R337
1982	R252	R321	R244	R210	R262	R368	R301	R392
1983	R277	R346	R280	R231	R295	R384	R354	R451

Sale of leasehold houses in the townships expected to speed up

Both the West Rand Administration Board and the Urban Foundation are optimistic that sales of houses in black urban townships will soon speed up, and Wrab says applications for home-ownership in terms of the 99-year leasehold are pouring in.

The communications manager for the UF, Mr Chris du Plessis, says it is important to note that though his organisation pioneered the building of bigger and better houses in the townships "the foundation is not per se involved in the creation of a black middle class".

He says the UF pioneers group project activities to demonstrate self-help housing is possible — and necessary to overcome South Africa's housing problems.

"We started with self-help housing in Khutsong township in Carletonville where the people were rather poor and after that first success we moved on to Katlehong in Germiston.

"There, people earned better salaries and of course the houses had to be bigger and better. After that we moved to Inanda in Durban where the people were terribly poor, living mainly in shacks."

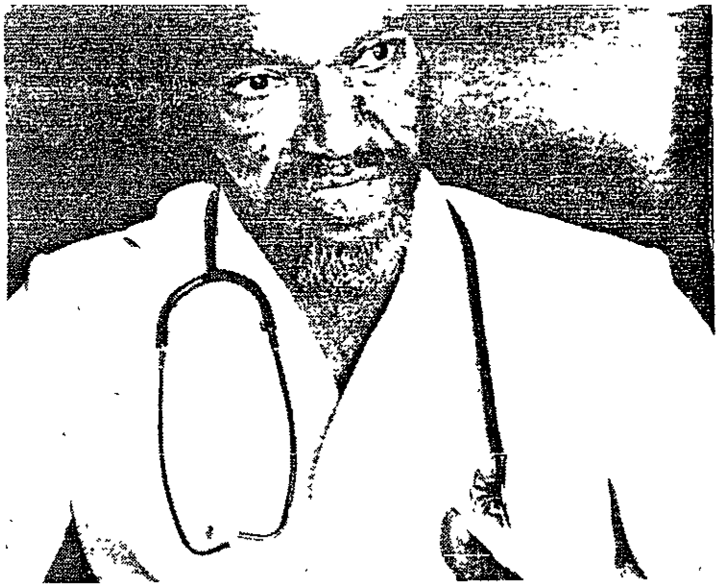
Since then, he says, the idea initiated by his organisation seems to have spread across the country.

Mr du Plessis contends that the UF is not trying to provide all the houses that are needed but simply initiating ideas which others such as the Government, local authorities and the private sector can follow.

"One cannot create a middle class. Unless people aspire to improve themselves one cannot take them there. It is just a natural consequence of people now doing better jobs, earning better salaries and therefore improved living conditions," he says.

The director of Wrab's home-ownership scheme, Mr P G Genis, says the rate of sale of houses under the 99-year leasehold is increasing though there is now a slight delay because of the income tax proposals which stipulate that blacks will pay on the same scales as whites.

Ms Pearl Luthuli, who holds a commerce degree awarded by an American university and is black business development manager for a supermarket chain: "I travel around the country and find there are problems with the new class structure."



Dr Nthato Motlana, civic leader and medical practitioner: "A middle class without the vote is ridiculous because it is members of that class who should not only manage the professions but also be active in local government and in Parliament."

Emergent new class was inevitable

The emergence of a new kind of middle class in the black community has been an inevitable development out of better jobs, fatter pay packets and increases in living standards that have all improved in recent years.

Yet the growing number of families joining the ranks of the new class find their elevation in social status is not always a smooth transition.

Soweto medical practitioner and civic leader Dr Nthato Motlana said a middle class among blacks had been mooted as early as the days of the defunct United Party, which urged the ruling National Party to create a buffer between ordinary blacks and "the militants who were the so-called communists."

It was for that reason the middle class was now viewed with suspicion — especially by younger blacks.

'They felt alignment with the middle class was insulting because it was seen as a move to divert people from the "real struggle" — a political one.

"But I always say to the young blacks opposed to the middle class that every revolution and all liberation struggles were led by people from the middle class," said Dr Motlana.

"If you think of people like Lenin, Trotsky, Castro and Robespierre before them, you will see what I mean. It was perhaps only in Haiti where the liberation struggle was begun by a peasant."

Dr Motlana said it was for that reason that lawyers, doctors and other professionals could not be rejected, because their contribution was necessary in the "political struggle."

> **Anywhere in the world the development of people is the main objective, and people should be encouraged to develop themselves. That is why the more fortunate have to help the less fortunate ones — MR QHUDELIMZWEZWE MAJOLA.**

But middle class was not the correct term.

"A middle class without the vote is ridiculous because it is members of that class who should not only manage the professions but also be active in local government and in Parliament."

Dr Motlana said though there was a growth in the number of professional blacks it was very slow. "I blame it all on the education system and the allocation of resources, because only a fraction of the money spent on educating a white child is used for the black one."

Echoing similar sentiments was a black marketing manager who did not wish to be named. He said if better qualifications meant one was a member of the middle class it should not be forgotten that the Mozambican, Angolan and Zimbabwean struggles for liberation were spearheaded by well-educated men.

"Agostinho Neto in Angola and Eduardo Mondlane in Mozambique were medical doctors and Robert Mugabe in Zimbabwe has a number of university degrees and diplomas. His cabinet-in-exile had 11 men, of whom nine had degrees. Even today's Cabinet in Zimbabwe attests to the fact that it is the middle class which rules.

"It is just a dream that the so-called middle class can ever pose a threat to anybody, least of all the struggle because someone with better education must be a spokesman," the executive said.

Miss Pearl Luthuli, manager of the Black Business Development Division of Checkers, said there should be more black people taking up professions and it could not be helped that many people with better education were holding better jobs and therefore enjoying a higher quality of life.

In her job she travelled the country to black areas where Checkers had stores, and it was there that she found problems in the class structure.

"Normally there are three layers — the lower, middle and upper classes. It is here where there are difficulties in laying out the shop.

"If you arrange it to appeal to the lower class, the upper one drifts to shop in the suburbs, and if you do it to the taste of the upper class the lower one goes elsewhere," said Miss Luthuli, who graduated with a commerce degree in America.

She conceded there would be different interpretations relating to political matters between the lower and higher class groups.

At any factory it would normally be drivers and messengers who would readily strike, whereas blacks in managerial positions would not because they stood to lose a lot.

Business leader Mr Qhudelimzwezwe Majola, director of the Blackchain shopping complex, said if the progress of the black man was paramount it followed that a middle class was inevitable.

That class, once it had established itself, should help those on the lower rungs of the ladder to uplift themselves.

It was for that reason that he employed mainly graduates with degrees in commerce to train for managerial positions. He had 12 such people under his guidance and hoped to increase the number as the years went by.

"Anywhere in the world the development of people is the main objective, and people should be encouraged to develop themselves. That is why the more fortunate have to help the less fortunate ones," Mr Majola said.

TOMORROW:

SEARCH FOR THE PROFILE OF A CLASS WITH NO NAME

STOCKENSTROM.

The economy has reached the size now where black people have to take part — it's too big to manage otherwise — MR BILL YEOWART.

Vagrants, drunkards remain a problem

Despite the number of urban blacks moving into higher income and social brackets, the incidence of hobos still constitutes a significant problem in metropolitan black communities.

In most cases they are driven to excessive drinking and aimless wandering by any of a number of reasons, and in many cases it is years since most of them last visited home.

The back alleys, railway stations and municipal parks are their homes. They live from hand-to-mouth, often begging for money from whoever crosses their path.

Many scrounge in rubbish cans for their meals, while a lot of others are to be found around vegetable shops where they patiently wait for overripe fruit and vegetables to be thrown away.

They sleep anywhere and everywhere — a few years ago one hobo would, after taking his "night cap", boast that he always slept in police cells because all he did was choose a police station where he would make a nuisance of himself until the officers locked him away for the night.

Westgate railway station on the southern fringes of the city is where a lot of black hobos spend their days. Some even live in the public toilets near the station.

And despite constant police raids the hobos are never at a loss for a "home" — be it the shelter of an overhead highway, derelict buildings, abandoned cars, or even the cold comfort of a doorway or wooden park bench.

Extended shop hours would be 'inflationary'

(30) (~~[illegible]~~) Star 17/2/84

**By Sue Leeman,
Pretoria Bureau**

The MEC in charge of trading hours told the provincial council yesterday he was not convinced of the need for flexible shopping hours.

Mr Fanie Schoeman was answering the Yeoville MPC, Mr Alan Gadd, who had called for an official provincial inquiry into the matter.

The MEC said repeated provincial inquiries had not indicated a need for extended or more flexible hours.

After the most recent study, in 1981, it had once again been decided to maintain the status quo.

Mr Schoeman said he believed "one or two developers" were behind the current campaign to induce the provincial administration to change its mind.

The public, he said, was divided on the issue.

While consumers had indicated their wish for more flexible hours, traders had mostly come out against any change in the present system. Workers were totally opposed to the scheme.

Mr Schoeman quoted an international company which maintained a change to more flexible hours would be inflationary.

It would push up traders' costs without necessarily increasing their turnover.

A survey among furniture traders showed 84 percent were opposed to remaining open on Saturday afternoons. Altogether 83 percent felt they did not have sufficient staff to cope with more flexible hours, and 75 percent believed it would affect their running costs.

Mr Schoeman said the Johannesburg Small Traders' Association believed members would suffer if forced to compete after hours with larger stores.

It could have a detrimental effect on the viability of the city's Central Business District.

rustrated, traditional or 'swinging' cliques

black society: study s four main groups

Westernised

- More interested in their immediate family than in the well-being of blacks as a whole, seeing themselves as South Africans first and blacks second.

They are putting increasing value on status and are prepared to put a lot of effort into achieving high social ranking. Black Consciousness is on the decline among them.

The next biggest group, accounting for 25 percent of literate urban blacks, was labelled **The Frustrated** — members tend to come from the least privileged sections of black society and live in crowded homes.

Nearly one third are aged 16 to 24. Though the education of most is limited to primary school standards, about 17 percent are matriculants

They are seen to be:

- Resentful of being exploited as consumers on the one hand and as workers on the other.
- Distancing themselves from materialistic goals which are either beyond their reach or which they have rejected
- Low scorers on any desire for racial harmony as they do not feel they benefit from racial co-operation and "pragmatism".
- Concerned with improving the position of blacks as a whole and so leaving a gap between themselves and the "motivated" group.
- Inclined to an anti-authority stance and positive towards violence and aggression and could be the group to initiate and pro voke social unrest.

They are placing more emphasis on Black Consciousness and less and less on 'novelty and change".

A third group puts more reliance on traditional values and seems to overlap between what Westerners would term the working class and the lower middle class.

The Traditional — this group grew in size from 17 percent in 1980 to 22 percent by 1982 Black consciousness takes a back seat to family priorities Traditionals are

- Concerned about their future security and how they will manage in their old age
- Hard working and committed to ensuring the well-being of their families
- Reassured by familiarity and find new concepts difficult to grasp.
- Respectful of authority and positive about upholding the law, and particularly tribal law. This attitude blends with respect for elders and discipline in the home
- Increasingly involved in religion and the church takes up a good deal of leisure time

They keep strong tribal links and show keen interest in preserving traditions.

Even the Sociomonitor finds it difficult to put an accurate tag on the fourth group.

Marketers sometimes refer to the group as the "Branded" — a attempt to indicate a fashion consciousness but a phrase which understandably raises the hackles of many black families

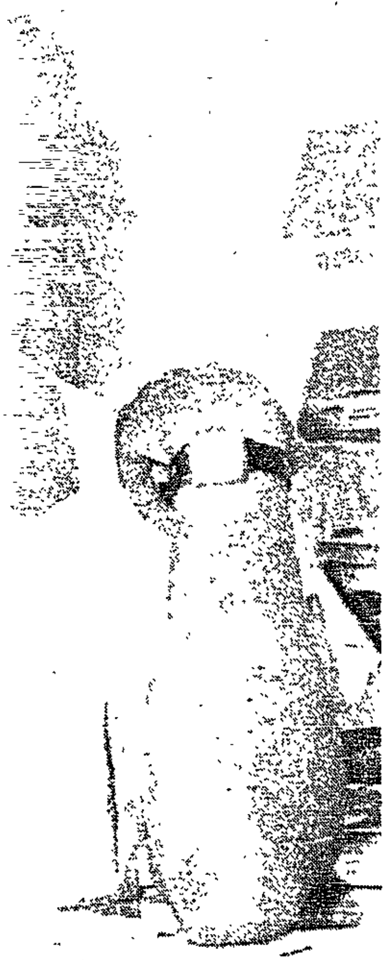
The 24 Hours team turned the clock back to try to find a more acceptable title.

The Swingers — most of them are between the ages of 16 and 24. education halted for one reason or another during high school They are, say the researchers:

- Extremely conscious of the kind of image they project and whether it conforms to the standards of their set.
- Likely to want to be noticed wherever they go.
- Tough, living on their wits, and showing defiance of authority and the use of alcohol to display their image.
- Forced by what researchers call "demographic circumstances" to live very much in the present and not likely to plan for the future.
- Unlikely to try to improve their qualifications or seek a better job.
- Only interested in themselves and acceptance as "one of the gang".
- Not overly concerned with "the black cause" and so not likely to be initiators of social unrest.

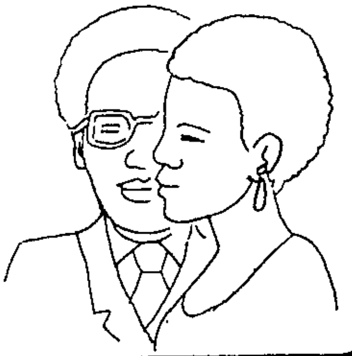
Increasingly, they like to snub authority and register a stamp of individuality — even to the point of the cars they buy and drive.

But their following in the literate urban population so the researchers say has dwindled



exercise to try to draw sharp

THE NEW EGOLI



Egoli was the word orginally used by different indigenous peoples to describe the Witwatersrand — "the place of gold". _Egoli_ can be fittingly used to describe the new society that has emerged there; people from differing black cultures who have forged an upward mobility of their own. They are unique, without middle-class values and with varying political and social aspirations. They may prove to be a new elite in Southern Africa. They abjure class distinctions — but are fascinated by status.

Read about The New Egoli in this third chapter in our series.

Motivated, fr

New

reveal

Researchers are as divided among themselves as black families are at loggerheads with the researchers about the accuracy of many of the profiles drawn of the new black society.

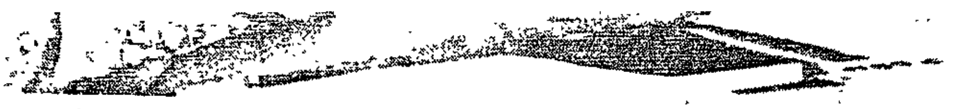
However, one set of profiles prepared by the Sociomonitor unit of Market Research Africa appears to have an audience of both blacks and whites that at least gives the sketches the touch of acceptability.

Among four categories set out, one that has been labelled "the motivated", as Westerners would regard the phrase, came the closest to describing members of the new black middle-class. Significantly it was also the largest single group, stated to cover 31 percent of literate urban black adults.

The Motivated — the elites of urban black society in terms of education and income. Members of the group were stated to be:

- Strongly and increasingly interested in improving racial harmony and in encouraging mixing with other race groups to promote understanding.
- Materialistic and concerned with having more and better possessions and with improving the appearance of their homes and surroundings
- Prepared to work hard to get ahead and get a more satisfying and well-paid job.
- Concerned about keeping fit and healthy.
- Relatively low scorers on anti-authority attitudes and aggression, although showing a preparedness to fight for their right to live in South Africa.
- The most highly urbanised and

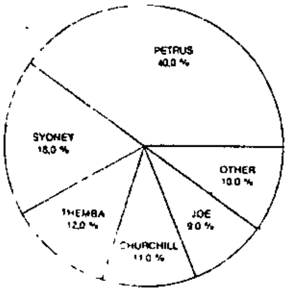
Researchers Mrs Corah Tshabalala and Mrs Penny Hoets process information flowing into the MRA Sociomonitor unit in a
profiles of the black consumer. "The lines are fluid and never stop moving," they said.



esearchers Mrs Corah Tshabalala and Mrs Penny Hoets process information flowing into the MRA Sociomonitor unit in a new exercise profiles of the black consumer. "The lines are fluid and never stop moving," they said.

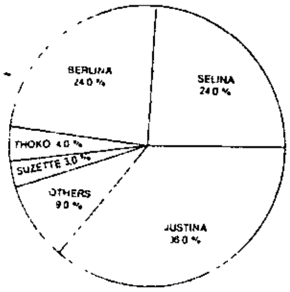
Urban blacks: the profile keeps shifting out of focu

THE MALE SEGMENTS



Petrus (40 %)	— old, down-scale with traditional values
Sydney (18 %)	— a young, smart non-drinker
Temba (12 %)	— a fashion conscious, fairly up-scale drinker
Churchill (11 %)	— up scale with western interests
Joe (9 %)	— a 'dowdy", slightly down-scale drinker

THE FEMALE SEGMENTS



Justina (36 %)	— a "down-scale' housewife
Selina (24 %)	— a domestic with rural ties
Berlina (24 %)	— young, smart and up-scale
Thoko (24 %)	— the drinker
Suzette (3 %)	— young with western interests

kinor drew two pie-charts
hich set out to place 90 per-
of black consumers into 10
gments. The approach has
ited marktybut nearly
research firms admit in pri-
e the ideal set of profiles
has not yet been found.

The search to find a profile of the new, black, misnamed middle-class took the 24 Hours team backwards and forwards across bar charts, round and round pie charts and up and down pyramid charts — and over thousands of words of commentary. Yet the outline still failed to yield any sharp lines.

"The problem," says Mrs Penny Hoets, head of the Sociomonitor unit of Market Research Africa, "is that many of us think we should be able to make African society fit into the same sort of simple cubby-holes that Westerners use — working-class, middle-class and upper-class, with a little fine tuning in between.

"In our frustration, researchers have tried to devise entirely new sets of classification, such as 'Liberated', 'Rebellious', 'Branded' or 'Responsible'. All sorts of names have been tried — and most abandoned.

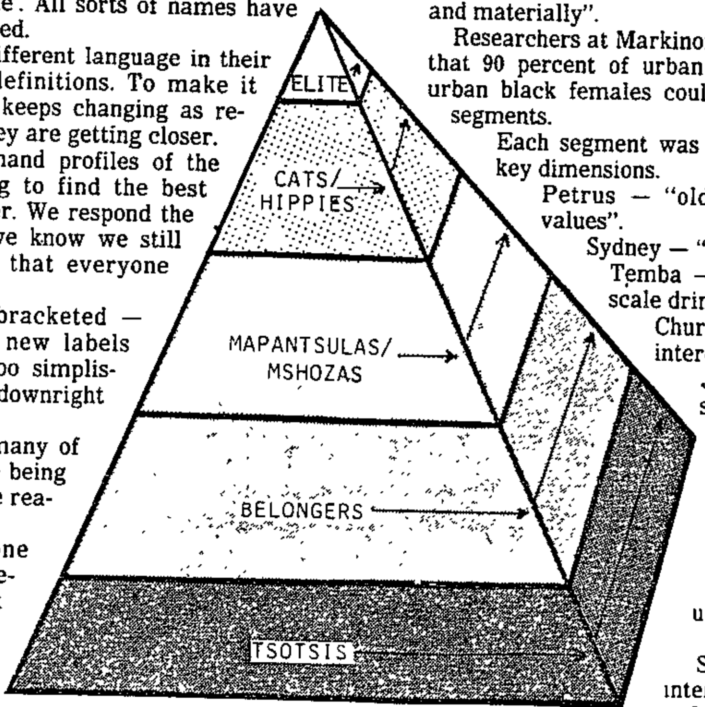
"Everyone seems to use a different language in their struggle to find acceptable definitions. To make it more confusing, the language keeps changing as researchers become convinced they are getting closer.

"All the big companies demand profiles of the growing black market, trying to find the best route into black spending power. We respond the best we can. But in private we know we still haven't found the definitions that everyone would find acceptable."

Most blacks resent being bracketed — especially with many of the new labels which they insist are either too simplistic, hopelessly inaccurate, or downright offensive.

To compound the problem, many of them deliberately try to escape being classified as "middle-class". The reasons vary.

"Sometimes," remarked one professional, "the reason is security. If you live in a black township you are not inclined to advertise your success. It is construed as wealth — and may invite the attention of muggers and burglars.



The Bates Group's pyramid slots black consumers into layers. But researchers agree "most blacks resent being bracketed".

"More often, though, the reason is that association with the 'middle-class', and all that it implies, is interpreted as desertion of the 'black cause'. It can trigger abusive remarks and you may find yourself a social outcast.

"In Soweto, even if you have a nice big house and posh car, you stay as silent as you can about your success. Minding your own business is very important. In fact, it's vital if you want a quiet life."

It is the silence that causes researchers all the frustration when they try to draw the sort of profiles wanted by marketers and salesmen to polish promotions to break into the black market with everything from TV sets and cookers to washing powder and news magazines.

Thus the wide variety in approaches. The Bates Group, in an exercise with the Graduate School of Business in Cape Town, decided to make a pyramid from
black population.

At the base came "Tsotsis" — "frus
their lives lacking in purpose or direction

In a thicker layer, "Belongers" — "
class people who put the interests of
work hard and value their jobs".

Next, "Mapantsulas and Mshozas" — "
vely low status jobs and no ambition b
ognition among their set or clique".

As the pyramid narrowed, next came
pies" and the "Elites" — "ambitious and
prove themselves and their families, ed
and materially".

Researchers at Markinor, laid out two
that 90 percent of urban black males
urban black females could be classified
segments.

Each segment was given a name
key dimensions.

Petrus — "old, down-scale,
values".

Sydney — "a young, smart
Temba — "a fashion
scale drinker".

Churchill — "up-s
interests".

Joe — "a dow
scale drinker".

Justina,
more than
urban fem
scale house

Selina — "
rural ties".

Berlina — "
up-scale".

Thoko — "the

Suzette — "yo
interests".

Markinor, which
video depicting each
and in their leisure
segmentation brings the urban black in

"The profile keeps changing," says M
MRA. "From when we started our resea
1980 we found one of the leading groups,
ed — which includes the managers and
strongly linked with the Black Consciou

"Since 1980, they have come to believe
ny with the whites is a better route to
getting ahead.

"But while Black Consciousness has to
among the parents, it seems to be more
among their children.

"The lines are fluid and never stop mov
planning a new approach, but it seem
sible to define the new middle-class with
cy.

MONDAY:

WHAT DO STATISTICS REALLY TELL US?

in a new exercise to try to draw sharp

Stephen McQuillan

24 HOURS

ofile focus

ake a pyramid from diverse layers of the

e "Tsotsis" — "frustrated and resentful, in purpose or direction".

, "Belongers" — "conservative middle-put the interests of their families first, their jobs".

and Mshozas" — "tend to have relati- and no ambition beyond achieving rec- set or clique".

narrowed, next came the "Cats and Hip-es" — "ambitious and determined to im- and their families, educationally, jobwise

Markinor, laid out two pie charts claiming f urban black males and 91 percent of es could be classified in a batch of 10

ent was given a name and three or four ions.

— "old, down-scale, with traditional

ey — "a young, smart non-drinker".

emba — "a fashion conscious, fairly up-scale drinker".

Churchill — "up-scale with Western interests".

Joe — "a dowdy, slightly down-scale drinker".

Justina, seen as representing more than one third of the urban females — "a down-scale housewife".

Selina — "a domestic with rural ties".

Berlina — "young, smart and up-scale".

Thoko — "the drinker".

Suzette — "young with Western interests".

Markinor, which has produced a video depicting each of them at work and in their leisure hours, believes the the urban black into sharper profile. changing," says Mrs Penny Hoets at we started our research in 1976 up until of the leading groups, the self-motivat- the managers and executives — was the Black Consciousness movement.

have come to believe that racial harmo- is a better route to materialism and

Consciousness has toppled out of favour it seems to be more and more in favour

and never stop moving. Now we are pproach, but it seems almost impos- new middle-class with any sharp accura-

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drive.

But their follow erate urban popula researchers say, from 25 percent in cent now.

HLH announces details of pyramid — Huntcor

30 Cape Times 17/2/84

By PATRICK McLOUGHLIN

JOHANNESBURG. — Flush with cash, Hunt Leuchars & Hepburn (HLH) yesterday took the first step on the road to aggressive organic and acquisitive growth with the announcement of details of its new pyramid company.

HLH will recommend to shareholders that a pyramid holding company called Huntcor be created through a scheme of arrangement.

Subject to Johannesburg Stock Exchange approval, the Huntcor shares will be listed at the end of April and documents giving details of the scheme will be mailed to HLH shareholders in March.

HLH, which announced that it intended forming a pyramid company in January, was recently in the news when it sold Wolsteel and W F Johnstone to Barlow Rand for a total of R96,2m.

Wolsteel, the steel merchanting wing of Wolhuter Steel, was sold to Robor Industrial Holdings for R50m and W F Johnstone, which has 84 percent of building materials group Blaikie-Johnstone, went to Barlows for R46,2m.

Pyramid companies are traditionally formed as a protection against take-over raids.

But in HLH's case the main consideration seems to be to provide a base for expansion when the time is ripe, while also serving to protect the Hancock and Hepburn family interests.

According to a statement from HLH, the creation of Huntcor arose from the wish to provide a group capital structure which would facilitate the future development of the interests and operations of HLH.

Another important factor was to boost the marketability of HLH's shares on the JSE.

"This is now proposed in a manner which will retain the control of HLH in the hands of its existing controlling shareholders on a formalized and secure basis," the statement said.

The mechanics of the deal will mean that all HLH sharesholders will be allotted shares in the pyramid, which will in turn hold 66,7 percent of HLH.

New shares

Huntcor will be created by a capitalization issue by HLH to Huntcor of two new HLH shares for each existing HLH.

Each HLH shareholder will then be allotted and issued with one Huntcor share for each HLH share.

Shareholders with 100 existing HLH shares on the deal's effective date of April 30, will then hold 100 HLH shares and 100 Huntcor shares.

The group says that based on a market price for existing HLH shares of 900c a share it is expected that after the deal HLH shares and the Huntcor shares will have respective market prices of 300c and 600c.

HLH chairman, Mr Chris Perry, said the group had been keen for some time to create a capital structure which would facilitate future development.

"The formation of the pyramid had been under consideration for some months and the timing was now considered oppportune.

"The new capital structure will allow us to continue to develop HLH's interests. At the moment we have no major developments in mind which would require the issue of HLH or Huntcor shares, but we feel it important to create the necessary framework."

Asset value

HLH had a net asset value of 716c a share on August 31 last year. Had the scheme been effective on that date, the NAV would have stood at 239c, while the NAV of Huntcor — which will have as its only investment its 66,7 percent HLH stake — would have measured 477c.

After the Barlow Rand sales, the group said it initially aimed at earning 110c a share for the year to August 31, 1984, representing a 15 percent increase. Dividends were projected at 52c.

A spokesman for HLH said that after the formation of Huntcor and based on published forecasts, shareholders could — assuming the scheme had been effective for a full financial year — have expected Huntcor earnings of 73,3c and dividends of 34,67c. Their holdings in HLH would have netted them, under the same circumstances, earnings of 36,7c and dividends of 17,33c.

HLH's interim dividend is likely to be about 5,3c for the six months to February 28. Shareholders can expect a maiden interim of at least 10,67c a share from Huntcor.

Huntcor's policy, as in the way of most pyramids, will be to pay out all income through dividends.

Strategy

Mr Perry, further explaining the strategy behind Huntcor, said HLH was "always looking" for new companies. Huntcor was the first step towards expansion within the designated areas These comprised the areas of operations of the remaining two divisions after the Barlow sale — timber and steel processing.

Comment: HLH is still consolidating its position after the sale of its divisions to Barlows and, aside from the new pyrmaid, no fireworks in the way of acquisitions can be expected this year.

But with its structure now right, the following year could very well be exciting.

Call rates

HLH, after having paid certain debts — which has taken the debt:equity ratio down from 70 percent to about five percent — still has a significant portion of the R96m left. With good money being earned on call rates, the company is obviously in no hurry for acquisitions.

But there are a number of companies which HLH has its eyes on — nearly all private — as well as possible further acquisitions of timber acreage.

At its current price, HLH could very well prove to become one of the growth stocks of 1985.

ARGUS 17/2/84

30

Tollgate expanding into private repair market

The President of the Cape Chamber of Industries, Mr Chris Newton, seated in front of the giant R200 000 spray-painting booth commissioned in Epping this week while Mr John Boughey, managing director of Multimech, explains its purpose. The booth, which combines an industrial oven, is large enough to hold a bus or lorry and has been imported from Italy. The cost includes complicated concrete foundations

TOLLGATE is making use of the City Tramways repair and maintenance facilities in Epping to provide a service for other firms and organisations.

It started a subsidiary, Multimech, 18 months ago to carry out engine and body-work repairs for other firms and organisations

Mr John Boughey, managing director of Multimech, said this week:"We are able to handle virtually all aspects of automotive engineering and body repairing."

He was speaking at a ceremony to commission a new R200 000 spray painting booth and industrial oven large enough to hold a bus or lorry, which has been imported from Italy.

Guests included representatives of the Defence Force and the Cape Town City Council, which are among Multimech's customers.

The 15 metre-long booth, with doors 5 metres high, was formally switched on by the President of the Cape Chamber of Industries, Mr Chris Newton

He said that, in the face of constantly increasing costs, the reconditioning of commercial vehicles and other capital equipment was an important growth industry, especially in the Western Cape

Mr Newton stressed the need for more industry and investment in the Western Cape and praised the work already being done by Wesgro to attract it.

But he warned of the danger of leaving this task entirely to Wesgro. It was essential that the whole commiunity should be involved.

Mr Boughey said in his opening speech that Multimech had gained valuable experience as Atlantis Diesel Engine warranty engine rebuilders for the Cape "which will help us to keep in the forefront of ADE engine reconditioning once these engines require it.

"Being authorised workshops for Bosch and Lucas both as regards auto-electrical and fuel injection equipment has further advanced our capability

"We are actively looking for authorised workshop status from other manufacturers."

He said the spray booth/oven would enable spray painting to be carried out in all weathers and would avoid the loss of working time in winter while waiting for the temperature to rise sufficiently in the mornings

The R200 000 spent on it included the cost of complicated concrete foundations.

[redacted]

Checkers in Phoenix-like recovery

CPT Times 17/2/84

(30)

Own Correspondent

JOHANNESBURG. — Checkers has achieved a remarkable turnaround in its results enabling it to report attributable earnings of R2,479m for the six months to December 31.

This compares with a loss of R4,749m for the 1982 first half and a huge loss of R15,696m for the audited results for the year to June 30, 1983.

The recovery in Checkers appears to vindicate the chairman, Mr Natie Kirsh's, claim in the group's last annual report that the retail chain was returning to profitability.

The Phoenix-like turnaround is all the more remarkable when the current economic conditions — with high interest rates, diminished consumer expenditure and squeezed margins — are taken into account.

Restructuring

The figures are before the creation of Kirsh Trading group. Under the recent Kirsh group restructuring Checkers had its name changed to Kirsh Trading and its operations became an arm of the Kirsh Trading retailing group.

Mr Kirsh said in the last annual report: "In accordance with expectations, a satisfactory profit was earned in July and August (after the year-end) and preliminary estimates for September show that this trend is continuing."

After management restructuring, major surgery, and a repositioning of the group in the market, Mr Kirsh predicted that the current year would be immeasurably brighter than at any time since he became chairman.

Mr Kirsh said yesterday the Checkers figures were the "most dramatic" feature of the Kirsh group interim results.

"The South African market hasn't grown by 22 percent, which means that we have taken it from somewhere," Mr Kirsh said.

Taxed profit in the pro forma statement totalled R21,243m and fully diluted earnings a share were 29,77c. A dividend of 10c has been declared.

Metro Corporation reported attributable earnings for the eight months to December of R6,204m. Earnings for the six months to October 31, 1982 totalled R4,161m.

Earnings a share were 115,5c and dividends totalled 38,5c.

Earnings

Kimet reported attributable earnings of R3,764m for the eight months against R2,423m for the six months to October 1982.

Coki, on sales of R486,080m for the eight months, reported attributable earnings of R5,425m.

Mr Kirsh is cautious about the remaining year, saying it will not be as buoyant as the period to date.

"I really do not know how bad it's going to get," he said.

"The drought is horrific."

He would not give any projections.

‘Too few shops in Cape Flats’

Argus 17/2/86

30

Staff Reporter

PARTS of the Cape Flats are inadequately served by business facilities in spite of having “more than enough buying power”, the Cape Metropolitan Planning Committee (Metplan) has found.

Metplan has released a report on the distribution of business activities in the Cape Town area in relation to population and income.

Statistics also show that 1 445 620 people in Greater Cape Town — excluding the Central Business District — own more than 250 000 cars for personal use and have an average per capita income of R2 018.

The report found a high concentration of businesses — shops, banks, building societies, supermarkets and garages — in the Central Business District and along the southern and eastern “transport corridors” of the metropolitan area to Muizenberg and Bellville.

IMBALANCE

However, there appeared to be an underprovison of these services in many areas on the Cape Flats.

Generally, a larger number of people per business were found in the Cape Flats area than on the southern and eastern “corridors”, the report said.

In a statement with the report, Metplan chairman Mr G M Basson said that as a result of the imbalance in the concentration of business development, large concentrations of the population were inadequately served.

“This is in spite of more than enough buying power in these areas,” he said.

Nafcoc challenge to Afrimet wholesaler

MILLION RAND CASH 'N CARRY

Sowetan 17/2/84 (30)

By MZIKAYISE EDOM

A MULTI-MILLION rand wholesale cash and carry complex is to be erected in Katlehong, Germiston by the National African Federated Chamber of Commerce. Nafcoc to compete with the controversial Afrimet wholesaler in Thokoza, Alberton.

This decision was taken at a meeting held at the Easy by Night Club in Katlehong and was attended by traders from various townships on the East Rand and Soweto. The meeting was chaired by Mr Q Majola, the managing director of Blackchain in Soweto.

The new wholesaler is to be known as Blackchain Katlehong Cash and Carry (Pty) Ltd and will be built within the next two months. Meanwhile, the Katlehong Chambers of Commerce and Industry, the Nafcoc affiliate which will launch the wholesale, has already purchased the Ikhwezi Cash and Carry business in Katlehong. They will trade temporarily while seeking an alternative site to put up this new complex.

Mr Joshua Namane, chairman of the Katlehong Chamber of Commerce and Industry told **The SOWETAN** yesterday that the traders at the meeting also decided to continue the boycott of Afrimet because it was run on a 51-49 percent black-white partnership.

He said "as long as Afrimet is not fully black-owned we are going to boycott it until such time the white partners in the company decide to pull out."

Mr Namane said the African Development and Construction Company (ADCC), a subsidiary of Nafcoc will put up the structure of the wholesale outlet and that his chamber will only provide stock and furniture to the tune of R250 000.

seems unjustified.

(30) Hansard

Trading licences

Q. Col. 235 17/2/84

*13. Mr P R C ROGERS asked the Minister of Co-operation and Development:

> How many female persons had been granted trading licences within the Black urban areas in terms of section 37 of the Blacks (Urban Areas) Consolidation Act, No 25 of 1945, as at the latest specified date for which figures are available?

†The DEPUTY MINISTER OF CO-OPERATION:

> Nil. Licences are not issued in terms of section 37 of the Blacks (Urban Areas) Consolidation Act, (Act 25 of 1945) but are issued by local authorities in terms of their own bye-laws.
>
> Section 37 regulates the letting of sites in Black Townships for trading or business purposes. None of the administration boards which lets these sites maintains records which show whether the site is let to a male or a female lessee.
>
> In order to obtain such information a considerable volume of work will have to be undertaken, which seems to be unjustified.

Mr P R C ROGERS: Mr Speaker, arising from the hon the Deputy Minister's reply, does he see his way clear in the future to have some form of record kept as far as female persons are concerned in view of their very difficult status within the marriage laws which affect their ability to make use of the 99-year leasehold right and trading rights? Will it be possible in future to do something about that?

†The DEPUTY MINISTER: Mr Speaker, I ask the hon member please to make written representations in this regard.

3c

Weekend Argus February 18 1984 3

Plea for bread tax on business

By BRIAN STUART,
Weekend Argus
Reporter,
and TOS WENTZEL,
Political Correspondent

A PLEA to the Minister of Finance, Mr Owen Horwood, to "hit larger companies" who supply bread to the public rather than the poor and unemployed has been made by Mr Raymond Ackerman, chairman of Pick 'n Pay.

Mr Ackerman, who is due to meet Mr Horwood next week, said today: "In a country where there is poverty and unemployment, you cannot ignore these factors because of some great economic theories. You cannot just cut subsidies for bread at this time.

"I have a number of proposals to make to the Minister. I'm asking for a bread tax on business, on high-income-earning people, and not the poor and unemployed who must pay this increased price. This is absolutely critical."

Mr Ackerman said Pick 'n Pay would subsidise bread prices by R500 000 this year to sell bread at below cost until Easter.

Shoprite, Grand Bazaars, OK Bazaars, Checkers and Bloch will also be keeping down prices "as long as possible". "Until it hurts", said OK Bazaars.

Meanwhile, consumers can brace themselves for further price-increase shocks, with expected announcements of higher transport fares and tariffs later this month.

The increases are likely to be between seven and 10 percent.

According to sources in the transport services, an effort will be made to keep the increases to less than the present inflation rate, which is said to be in the region of 11 percent

The public has recently been hard hit by:

- The higher GST rate of seven percent.
- Higher mortgage bond repayments.
- Increased beer and liquor prices.
- The announcement of higher bread prices.

Now the Minister of Transport, Mr Hendrik Schoeman, is preparing his Transport Services budget and is set to give notice of increased tariffs when he speaks in Parliament on February 29.

Fares and tariffs will have to rise because of big losses on passenger services, uneconomic running of trains on minor branch lines, the general fall-off in freight due to economic conditions and the pay rises which railway employees were awarded recently.

Some railway branch lines might even be axed completely as the SA Transport Services tries to fight its way out of the red.

Although South African Airways is doing better these days than in recent years, domestic air tickets are also expected to cost more soon.

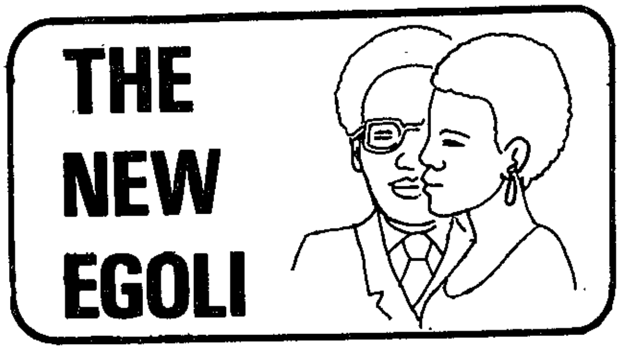
Third-party vehicle insurance is set for an increase as well, but probably only by about R2.

An announcement on this is expected next week.

Assocom in call to scrap colour bars

30 ~~30~~ ~~133~~

By Michael Chester and Jon Qwelane



Faster moves by the Government to dismantle hurdles in the development of black business will be urged by Mr Bill Yeowart, president of the Association of Chambers of Commerce (Assocom), in behind-the-scenes talks with Cabinet Ministers and senior advisers in Cape Town next week.

Mr Yeowart will head an Assocom team that will press for high priority to be given to measures to scrap colour bars in the way of black entrepreneurs.

"The development of black business has become critically important", Mr Yeowart said yesterday.

"There are now significant cooperative ventures between the Government and the private sector — such as the creation of the Small Business Development Corporation and the Development Bank of Southern Africa.

"But much more and much faster action is vital.

"If one cannot employ a black manager in a store in a so-called white area, it shows a pathetic aberration that casts a credibility shadow on all the good that has been done and is still being done.

"The same goes for the refusal to permit blacks to own businesses in central business districts.

"Credibility and confidence are tested not only in the business community as a whole — more seriously it is questioned in the sector of the black community wishing to participate in, and develop, an economy on capitalist lines.

"Too many feet are being dragged. Often it does not need a whole set of new laws — much can be done by a simple stroke of the pen to change senseless regulations".

The treasurer of the National African Federated Chambers of Commerce (Nafcoc), Mr Sy Kutumela, said black businessmen had, over the years, called on the Government to scrap the colour bar in relation to business.

"It is futile for us to operate under the permit system as we do at present. At any rate whites in this country are too few to provide jobs for all the black people.

"As black businessmen we want to provide those jobs and we don't want to be spectators in the game of free enterprise simply because we are hampered by legislation."

Mr Kutumela said that because of the permit system, free enterprise was a joke.

The president of the Soweto Chamber of Commerce and Industries, Mr Vela Kraai, welcomed the initiatives of Assocom.

"Everybody is aware that the business community has long been preparing to scrap discrimination where enterprise is concerned but it is Government red tape and interference that have stood in the way."

Referring to the permit system, he said it was easier for white businessmen to enter the townships and do business while blacks found it difficult to do the same in white areas.

● The silent social revolution that is creating bigger and bigger black economic muscle — and the frustrations caused by socio-political attitudes — is the subject of a special series of articles entitled "The New Egoli", being run by The Star.

The next article in the five-part series appears on Monday.

SPAR made me", says Andrea Argyros (left). Spar chief Philip Heber Percy (right) has helped Mr Argyros to plan a big Foodliner. Pictures: Dave Attwood

Booming Spar top of the log after the big store clean-up

(30) S. Times 19/2/84

By David Carte

LOOK out OK, Checkers and Pick 'n Pay, ere comes Spar.

This is the message of Spar's aggressive top man, Philip Heber Percy.

He says the association of 40 grocers scattered all over South Africa has been the nation's most successful retailer in the past three years. That includes all comers, even Pick 'n Pay.

"Pick 'n Pay increased profits 22% recently. We don't think that's good," says a jolly Mr Heber Percy, every inch a Natal patrician and an unlikely retailer.

He says that in the wake of a national campaign by retailers to clean and tidy up their shops, Spar's share of the grocery, confectionery and toiletries market has risen from 7% to 10,7%. That is a stunning 53% improvement in market share in three years. Spar retailers now turn over R650-million a year.

"Three years ago, our shops had a poor image. In 1981 we launched Operation Upgrade to remedy this. We pushed up standards of cleanliness and product freshness. We dumped 120 shops that could not measure up. The results have been dramatic."

Better to come

According to Mr Heber Percy, there is better to come now that Spar's new-look Foodliner and Kwiksave stores are growing in size and number.

Spar claims to beat both OK and Checkers in Natal, commanding 22,5% of the grocery, confectionery and toiletries markets compared with 15% three years ago.

Mr Heber Percy loves the graph alongside, which shows the American experience. There, voluntary groups of retailers, such as Spar, have more than 50% of the food market against nothing in 1920.

He reckons there is no reason why associations such as Spar should not one day command 50% here.

"I show suppliers that graph and tell them to call me sir," he laughs. He prides his organisation on being every bit as tough in negotiations with suppliers as Pick 'n Pay, OK and Checkers.

One reason he is so confident about Spar's future is that he is convinced that the man who owns his own shop will always outperform the paid manager in a big chain.

Mr Heber Percy reckons cafe owners who join the organisation benefit not only by its much bigger buying power but by considerable retailing expertise.

Job perk

"We co-ordinate advertising, special offers, store design and signs and help with the nitty-gritty of retailing, showing members how to lay out their shops and so on. One of our most important functions is helping with stock control."

Mr Heber Percy says the dramatic effects of Operation Upgrade have given an extraordinary lift to *esprit de corps* and discipline.

There is a waiting list of general dealers trying to join the chain. They are admitted only if they meet standards and do not tread on the toes of other Spars. A regional committee decides on applications.

There are five classes of stores, ranging from the big hyperstores and Foodliners to Kwiksaves and Savemore, which aimes at the black market. Several black traders belong to the organisation. Mr Heber Percy says helping to develop entrepreneurs is one of the great perks of his job.

"There are some great success stories in this association."

Each store sets its own prices, but must adhere to the group's special offers at any one time. Mr Heber Percy says the bigger stores' prices are highly competitive with those of the big chains.

Although he gets a lot of back up from the organisation, each member is entirely responsible for his own store and takes all the profits.

His obligations are to patronise Browns' wholesalers exclusively and pay his share of the joint Spar advertising and administration costs.

Mr Heber Percy says: "We hold meetings of members once a month in the main centres. These are always well attended and you would not believe the degree of enthusiasm and mutual help."

The force behind Spar is actually Browns, a 100-year-old family controlled Natal wholesaler. After recognising its own management shortcomings several years ago, the family, which retains control, put professionals in control of Browns. Tiger Oats put certain interests of Stein Brothers into Browns and thus has 30%. Management has a significant though undisclosed slice.

The new team looked at two developments in wholesaling and retailing. On the one hand, the small shop owner — Browns' chief customer — was being skinned alive by the big chains.

On the other, wholesaling was changing rapidly.

This prompted Browns to sell through, rather than sell to, Spar retailers.

"We had to identify more closely with our customers, the retailers, and give them all support." Now Browns has four large distribution centres in the main urban areas plus 19 cash-and-carry stores. It also owns 40 Spar stores. By acting as a warehouse, Browns saves retailers space and enables keener pricing.

Browns' success has been every bit as phenomenal as that of the Spar retailers — turnover has rocketed from R28-million to R480-million in 25 years.

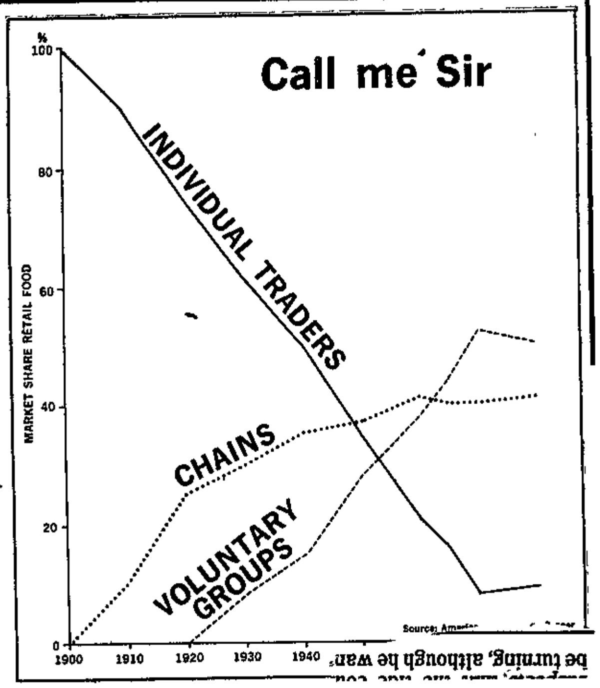
MURDOCH Pettigrew (left), a Glaswegian who once worked for Safeway, a big American supermarket chain, runs Spar's new-generation store, the Squeeze Inn, at Bracken City, Brackenhurst.

The hyperstore, 2 300m² in extent, sells 11 000 lines and has 20 tills.

Andrea Argyros, formerly a Greek cafe owner in Mondeor, Johannesburg, says Spar made him.

After his cafe was turned into a neat Kwiksave, his turnover spurted from R9 000 a month to R120 000. Today he is on the national board of Spar and is to open a big Foodliner 100 metres up the road from his present premises.

His rival in the neighbouring cafe has been hurt by his success. Now he is to open a Kwiksave a few kilometres away in Mulbarton and Mr Argyros will help him.



SUNDAY EXPRESS Fe

Indian traders must buy or give up shops

Express 19/2/84 (30)

By DANIELA WYSZKOWSKI

INDIAN traders in Middelburg have been forced to buy the rented shops they were moved to by the Department of Community Development six years ago.

All but two of the traders have signed deeds of sale for their shops in the Eastdene complex — at prices as high as R120 000 and which many cannot afford.

They were told by the department: buy, or your shops will be put out to public tender.

The traders were moved by the department from the central business district in 1978.

The threat of losing their shops has convinced most of them to buy. The deadline was originally set for June last year, but was extended to January 31.

Several shopkeepers who did not sign received telegrams from the department shortly after the deadline, warning that their shops would be put out to open tender.

Only two traders refused to buy but their contracts are expected to be finalised soon.

Stores in the Eastdene complex were priced between R100 000 and R120 000 — 30% higher than the provisional prices laid down by the department in 1978.

Most of the traders refused to discuss the matter and the few who did would not be named. They were vague about how much they were paying and what deposits they had put down.

Only one thing was clear — they believed they had no choice.

"We are dealing with people whom nobody can fight," said one trader.

The joint-secretary of a local association, the Middelburg Indian Community, Mr D S Mistry, said: "This business has been finalised. There are only a few who haven't signed the deed of sale."

When the traders first moved to Eastdene and until August, 1980, they paid $80c/m^2$ rent. This was increased to R1,08m^2. Traders who have still not signed the deed of sale contract will have to pay R1,40m^2 until the shops are sold.

A spokesman for the Department of Community Development said this was well below the "economic" rent.

Mr Mistry said each trader had wanted to buy his shop and had done so for fear of interest rates going up.

The traders had 20 years in which to pay and he believed that this, at an interest rate of 13,75%, was reasonable.

Chairman of the local consultative committee, Mr Mohammed Philodia, said: "I don't want to talk. It (the reported unhappiness about having to buy the shops) may be disclosed at a later stage — but not now."

A young trader said: "We had no option. If we don't buy they'll give our shops away."

● Mr D S Mistry — decided to buy because he feared rise in interest rates

(30) Hansard Q. 61·327
24/2/84

Central business areas

*7. Mr D J N MALCOMESS asked the Minister of Community Development:

> How many applications from non-Whites to (a) buy property, (b) lease premises and (c) trade from premises in the central business area of (i) Johannesburg, (ii) Cape Town, (iii) Port Elizabeth and (iv) Durban were approved by his Department in 1983?

The MINISTER OF COMMUNITY DEVELOPMENT:

(a) (i) None.

(ii) None.
(iii) None.
(iv) 8.

(b) (i) 1.
(ii) None.
(iii) 4.
(iv) 115.

(c) (i) 1.
(ii) None.
(iii) 6.
(iv) 47.

CBDs to be open to all traders

Cape Times
25/2/84

(30)

Political Staff

THE GOVERNMENT yesterday agreed to open central business districts for trading by all race groups, and announced that legislation would be prepared based on recommendations that apartheid in business be relaxed — including the desegregation of cinemas, restaurants and hotels.

Speaking in Parliament yesterday the Minister of Community Development, Mr Pen Kotze, said he accepted a private members' motion by Mr Brian Page of the New Republic Party calling on the government to open all CBDs for trading by all races.

He also announced that the Strydom Committee, appointed in November, 1981 to investigate the Group Areas Act and related legislation, had reported to the government.

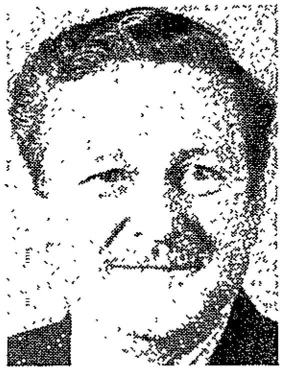
The report — including concept legislation — would be referred to a Select Committee which would be asked to draft legislation based on the report, he said.

Five laws

The Strydom Committee's report will be released soon. Its main recommendations, Mr Kotze said, were that five laws be repealed and replaced with a new, consolidatory law which, it suggested, be called the Land Affairs Act.

The laws the committee said should be repealed are: the Group Areas Act, the Community Development Act, the Slums Act, the Separate Amenities Act, and Section 28(1) of the General Laws Amendment Act.

The committee recommended wide-ranging changes to conditions of title regarding the ownership and occupation of land and said provision should be made for "free trade areas".



Mr Brian Page

It also suggested that provision be made in the legislation for the implementation of the Riekert Commission's recommendation that all categories of employees be exempted from group areas restrictions, including employees in management and supervisory positions.

If this recommendation is accepted, it could lead to blacks being able to move into management and supervisory roles in what have up to now been exclusively white managed stores and other business in "white" areas.

To replace the Separate Amenities Act, the committee recommended that the owners or managers of public places or vehicles be given discretion to decide who to allow access to their premises.

The committee said legislation to keep residential areas racially separate was 'indispensible', although it need not necessarily be the type of legislation contained in the Group Areas Act.

The committee also recommended that the onus be placed on property owners to prevent the illegal occupation of residential units by people of a race other than that for which the particular area is designated.

Mr Kotze said it had to be stated clearly that the government had "reservations" with regard to certain of the committee's recommendations and would make these known to the Select Committee.

In a statement last night Mr Page welcomed Mr Kotze's acceptance of his motion that CBDs be opened to all races and said it was "living proof" of what could be achieved through consensus politics.

'Opens way'

"The minister's announcement opens the way for full participation by all races in the free enterprise system. The significance of this cannot be over-emphasized," he said.

The chairman of the Progressive Federal Party's community development group, Mr Graham McIntosh, said in a statement that "sadly" the government's view of the committee's report was unclear because of its reservations.

But some of the committee's recommendations appeared to be "welcome and long over-due", he said.

Brian Porter Holdings profits soar 48% — dividend increased

CMG Times 25/6/84

(30)

By PAUL DOLD, Financial Editor

BRIAN PORTER HOLDINGS lifted taxed earnings by 48 percent in the past six months, exceeding the profits for the entire past 12 months and the dividend is being raised from 4c to 6c.

The group whose franchises include Mazda, Volkswagen and Rolls Royce pushed sales to R79,9m from R58,2m, but margins remained under pressure with operating income at R1,74m (R1,63m).

The dip in interest rates in the period saw the interest charge slip from R719 000 to R663 000 with pre-tax profits at R1 077 000 (R912 000).

Taxed loss

The tax rate dipped to around 36 percent thanks to the taxed loss of recently acquired Motors Western Province and net attributable profits were R712 000 (R479 000). Earnings per share were 27c (18,2c) with the dividend covered 4,5 times.

One of the outstanding contributors was the Reef's Germiston Motors group which continues to generate excellent profits.

Mr Porter is cautious on the outlook. He sees trading conditions remaining competitive and little relief from lower interest rates in the near future. The economic recovery is now unlikely to occur before the end of 1984. These factors could lead to lower earnings in the second half.

The tax rate could also rise in the second half with the bulk of tax losses from Motors Western Province used in the first six months.

Against these factors Porter's now has a very wide spread across the market after recent deals covering both middle and top ends.

New products

Jaguars and Porsches have been selling particularly well in spite of the recession and the group also has new products such as the Mazda 626 and the Audi 500E. Porter's are also one of the largest used car dealer in the Western Cape.

This year's interim dividend at 6c has nearly equalled the total last year of 7c (4c and 3c) and suggests management is confident on the longer term outlook.

Blacks welcome CBDs decision

W/E ARGUS 25/2/84

30

Weekend Argus Reporter

BLACK traders and businessmen have welcomed, with reservations, the news that the Government has agreed to open the central business districts to all races.

The Minister of Community Development, Mr Pen Kotze, announced in Parliament yesterday that central business districts would be open to all race groups.

And a strong call has been made to the Government to "scrap the Group Areas Act totally".

The chairman of the Western Cape Traders' Association, Mr Dawood Khan, said the opening of the CBDs was "long overdue".

Shuffled

However, it was important to do away with the Group Areas Act entirely, he said.

Referring to Group Areas legislation, Mr Khan said people had been shuffled from "pillar to post".

Mr Khan said black traders had not asked for the Group Areas Act, but once it had been imposed, black businessmen were not in favour of competing with white business in black areas.

The chairman of the Athlone Business and Professional Association, Mr Shabier Seria, said his association had always opposed the system of enforced trading restrictions.

"We will continue to fight any discrimination based on colour, particularly in the free market system," he said.

"Uprooted"

Mr Seria said the Group Areas Act was "the source of all the problems that have aflicted our people. It is good that the white group is beginning to realise the damange done by Group Areas," he said.

Mr Thomas Mandla, prominent Guguletu businessman and member of the Western Province African Chamber of Commerce, said township traders would be "enthused".

Avenues

"This would open up wide avenues for black entrepreneurs. At present, traders in the township can only sell what people have forgotten to buy in the CBD," he said.

The Cape Town Chamber of Commerce has announced it is "extremely pleased".

Race laws may topple after 'stunning' report

W/C Argus 25/2/86

(30)

By TOS WENTZEL
Political Correspondent

SOME "grey" residential areas and an opening of central business districts to professional and business people of all race groups are some of the implications of a Government announcement on the Group Areas Act.

The Minister of Community Development, Mr S F Kotze, has said there will be a new approach to residential segregation, in that race restrictions will be included in title-deeds. In the "CBDs", race restrictions on trading will be removed.

Official segregation of business undertakings could be scrapped, with owners being allowed to decide for themselves whom they want to include.

Mr Kotze's announcement has been welcomed by Mr Brian Page, MP, the New Republic Party's spokesman on Community Development, who had introduced a motion about CBDs.

Mr Graham McIntosh, the Progressive Federal Party's main spokesman on community development matters, said the recommendation that owners of public places should be able to decide for themselves was a great step forward.

Possibility

With a plan for racial endorsements in title-deeds the Government, could be trying to move away from present group areas hearings and demarcations.

While the Government was not clear on this point, it appeared that this could lead to more flexible racial demarcations and the development of racial "grey areas" in some cases.

Mr McIntosh said the Opposition remained unhappy about the Government's commitment to retaining a coercive legal principle on racially segregated residential areas.

● Peter Sullivan reports that the Strydom Committee was instructed to investigate the Group Areas Act, Slums Act, Separate Amenities Act, Community Development Act and the Housing Act. Its report has stunning implications. Details include:

● The Group Areas Act is "not indispensable", although a law to enforce residential separation is essential.

● Laws for residential separation should be replaced with a new measure.

● All categories of employees should be exempted from group areas restrictions — which would eliminate the crime of employing the "wrong" race in a specified area.

● The Group Areas Board and Community Development Board should be scrapped and replaced by a Land Affairs Board.

● The reservations in the Separate Amenities Act should be scrapped and an owner or manager of any public premises or public vehicle be allowed to grant or refuse entry or to reserve entry at his own discretion.

● The Slums Act should be scrapped and local authorities made responsible for ensuring that buildings do not contravene health or building regulations.

30 S. Times 26/2/84

'Now drop all race laws'

Indians and coloureds welcome open trading

By JEREMY BROOKS, PETER DENNEHY, NORMAN WEST and GEORGE MAHABEER

COLOURED and Indian leaders have welcomed government plans to open central business-districts to all races.

But they say it should be linked to a law which outlaws race discrimination.

Mr Pen Kotze, Minister of Community Development, said in Parliament on Friday that the Government had accepted "in principle" recommendations by the Strydom Commission to scrap the Group Areas Act in central trading-areas.

The commission also recommended the desegregation of restaurants, cinemas, hotels and places of entertainment at the discretion of owners.

The Rev Allan Hendrickse, chairman of the Labour Party, described Friday's announcement as the beginning of a "movement of change".

"It recognises the democratic right of the individual to practise his business in the area of his own choice," he said in Johannesburg yesterday.

The onus of prohibiting blacks from certain facilities would now shift from the authorities to the owner, he said.

"Now we will see where they stand. Previously some businessmen used government legislation as an excuse.

Freedom

"Some credit for this move must go to the Labour Party.

"We have used the new bargaining structure to strive for greater freedom of mobility and choice of residence.

"The process of change will not end here — it will continue, with our participation.

"The Government has demonstrated clearly a greater willingness than before to negotiate. It is taking stock of the wishes of the majority of South Africans rather than kowtowing to rightist elements as it has done in the past," Mr Hendrickse said.

Mr Dawood Khan, chairman of the Western Cape Traders' Association, said the move was "obviously to be welcomed".

MR PEN KOTZE
Accepted in principle

"But, if and when this comes about, it must be linked to a law that makes racial discrimination a crime as is the case in Britain."

If this were not done, "owners would still be likely to exercise their right of admission on the basis of race".

But in the business sector there was general jubilation as businessmen assessed the new situation.

Mr Nick Enslin, general manager of CIC Theatres, said: "We would be delighted.

"I'd like the Government to know that any move in this direction would be entirely supported — it is something that we have been trying to do for many years."

Some blacks, however, were worried that any new legislation would give giant white corporations carte blanche to move in and compete directly in their own areas.

The chairman of Soweto's Committee of Ten, Dr Ntatho Motlana, said the move was in the right direction, but he regarded it as purely "cosmetic".

Real change

"Real change and reform in this country can only be achieved by the complete scrapping of the linchpin of apartheid policy — the entire Group Areas Act," he said.

"We will not be satisfied until influx control and the pass laws have been abolished."

Dr Motlana added that he was worried that an "open-handed" attitude might be adopted, allowing all races to compete with each other in all areas.

"Black businessmen in Soweto, for instance, cannot hope to compete with companies like Pick 'n Pay and OK.

"This is clearly a matter where positive discrimination, or, as the Americans call it, 'affirmative action' is needed."

Indian business and community leaders say the opening of CBDs will merely legalise several companies which up to now have been forced to run clandestine operations.

Mr Ismail Kathrada, member of the President's Council and company director, said: "There are several businesses and properties in both white and black areas in the major cities of South Africa which are owned by businessmen who are forced to hire nominees.

"There is no place in the South African Constitution for the Group Areas Act, Separate Amenities Act and the Liquor Act," he said.

Professor Bhadra Ranchod, a member of the Town and Regional Planning Committee, said: "It is hoped that a more enlightened policy based on free-market principles and free of discrimination will take the place of the Group Areas Act.

"The repeal of the Act will be a major step forward in the reform process — and the Indian community would welcome it."

Mr David Curry, national president of the Association of Management Committees, which represents about 160 coloured and Indian management committees, said the opening of CBDs was welcomed — "only if it is linked to the total repeal of all the provisions of the Group Areas Act".

Humiliated

"One is in favour of the desegregation of business premises, but it must apply to all areas, white and black, and there must be a law compelling people to stop being discriminatory.

"If this were not done, I, as a black person, would still run the risk of being humiliated and possibly kicked out of a public place because of the bigotry of the owner," Mr Curry said.

"In future, if a man is going to be allowed to trade in a so-called white area, why can't he be allowed to buy the premises and live in the same area?"

EVENING POST, MONDAY, FEBRUARY 27, 1984

30

Chamber bids for clarity on CBD trading

By LOUIS BECKERLING
Business Editor

CONFUSION clouds the latest move to scrap laws denying black businessmen the right to trade in city centres.

When resolved — and a delegation from the Association of Chambers of Commerce is believed to be meeting the Cabinet this week in an attempt to do so — Port Elizabeth businessmen may for the first time expect unrestricted competition in the Central Business District (CBD) from their black counterparts.

A recently-published survey (Research Report No 27) by UPE's Institute for Planning Research gives a pen picture of PE's black retail trade — and provides some indication of what may follow a new deal for black business:

- Total gross annual turnover of business undertakings in the Port Elizabeth's three townships amounted to R32 million, of which liquor outlets accounted for R23 million, or 71,7%.
- Average annual turnover figures varied widely from less than R2 000 (in the case of shoe repairs), to R2,3 million (for liquor outlets). Turnover per square metre amounted to R457.
- "Convenience retailing" characterised almost 80% of the 246 black trading operations in New Brighton, Kwazakele, and Zwide; about half of these retailers could be categorised as general dealer/grocer establishments. Comparison with a 1971 survey showed a decrease in general dealers (from 156 to 128).
- Durable and semi-durable type outlets were still virtually non-existent in the black townships.
- The retailers relied for their trade on less than 25% of the townships' inhabitants (the remainder making their bulk grocery purchases in the "white" areas.
- "Particularly significant is the fact that, when given the hypothetical option of possible relocations outside the black areas, the vast majority of traders still preferred trading sites within the black townships, for example New Brighton (81,3%), Kwazakele (80,9%), and Zwide (65,6%)," comments the survey.
- Only 7,2% of the 200 traders polled expressed a desire to move to the CBD; another 6,1% said they would opt for Commercial Road if given the freedom to do so.

February 28 1984 Star 11

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Open CBD plan is just a political ploy — CP

By David Braun, Political Reporter

The Government's announcement that it had accepted the opening of central business districts for trading by all races was nothing but a political ploy to get coloured and Indian people to vote in favour of the new constitution, the Conservative Party spokesman on community development, Mr S P Barnard, said yesterday.

"The Government has announced it is in favour of certain recommendations of the Strydom Commission into the Group Areas Act and related legislation, without showing us the commission's report or telling us of the implications.

"Thousands of people now living in the CBDs are worried about their future and about how the new legislation might affect them," said Mr Barnard.

He thought the Government had deliberately timed its announcement to impress Indian and coloured voters so that they would come into the tricameral Parliament.

He challenged the Government to release a full statement and say what would happen to the thousands of people living in the affected CBDs.

Mr Ebrahim Kharsany, managing director of the Corporate Group of companies — who has tried several times to get permission to open offices in central Johannesburg — said he would like to know if the Government meant to open the entire CBD or whether it would declare only isolated zones for open trading.

"There is also no mention of ownership of properties. Will blacks be allowed to own the properties they can now trade in? Will they be allowed to live in flats above their business premises in the CBDs?"

He welcomed the scrapping of the Group Areas Act, but he feared that the Act's provisions would be "old wine in the new bottle" of the proposed Land Affairs Act.

Mr Kharsany predicted that there would be no rush of blacks to open businesses in the CBDs.

"I believe that those black traders who want to be in the CBD are already there and this legislation is only going to legalise the situation."

Star

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28/2/84

Indians hit at trade move as 'cosmetic'

By Yussuf Nazeer

Government plans to open white central business districts to Indians and coloured people — with whites being allowed to trade in coloured and Indian areas — have been strongly rejected by members of the Lenasia Business Association.

Reasons listed by the Johannesburg traders for rejecting the proposal were given as:

- The fact that the plan was discriminatory in that it did not allow for a free enterprise system with unrestricted trading in any white area. The white suburbs and platteland towns where Indian traders were evicted are excluded from the plan.
- Hundreds of Indians were already trading in the CBD under nominees. The only apparent change would be legalising this situation.
- By granting cosmetic concessions to Indians and coloured people in a free enterprise structure while ignoring black businessmen, the Government was destroying goodwill between the three race groups.
- While Indian and coloured businessmen would be allowed into a restricted white trading area, whites on the other hand would enjoy unrestricted trading in a limited Indian-coloured group area — with large supermarkets threatening the survival of the small trader.

Said Mr Ismail Khota, director of the largest furniture outlet in Lenasia: "It is a one-sided deal which we cannot accept. Why should we be restricted to Eloff Street which is already full of Indians under nominee? And why, in a so-called free enterprise structure, are black businessmen barred?"

Mr Iqbal Jassat, director of three business outlets in Lenasia, said: "This is clearly a Government ploy to pull the wool over our eyes so that we will support the new constitution."

Business director Dr Rashid Salojee said: "It is discriminatory, restrictive and in no way makes any radical departures from racism in business. By granting such cosmetic changes to Indian and coloured people with black South Africans left out, the Government is destroying goodwill among blacks, coloured and Indian people."

Star (30) 28/2/84

Black business hits back at about-face

There has been widespread criticism of the latest explanation by the Government that blacks will not, after all, be included in plans to open central business districts (CBDs) to other races.

The National African Federation of Commerce and Industry (Nafcoc), which represents more than 10 000 black traders throughout South Africa, has come out strongly against the Government's plans to exclude blacks.

Yesterday Mr Anton Fuchs, a Department of Community Development spokesman, said that previously when he gave a statement by the Minister, Mr Pen Kotze, that CBDs were to be opened to all population groups, he was referring only to whites, Indian and coloured people.

He said these three groups were governed by the Group Areas Act, but blacks were governed by the Black Urban Areas Act.

Reacting to Mr Fuch's statement, Dr Sam Motsuenyane, the Nafcoc president, said his organisation was shocked and disappointed at the Government's intention to exclude blacks.

"We view this as blatant discrimination, especially at a time when there is so much talk of a new dispensation for all South Africans."

Dr Nthato Motlana, chairman of the Committee of Ten, said: "We have always been under the impression this so-called 'new dispensation' applies to all South Africans. I had also thought the Strydom Committee's recommendations to open CBDs to 'all' traders applied to everyone.

"They say barring blacks from trading in the CBDs was done in the 'spirit of the new constitution', but I am actually shocked and dismayed that the Government still believes in this myopic policy. I hope the Government will come to its senses and open not only the CBDs but all areas of South Africa to all South Africans."

The publicity secretary of the United Democratic Front (UDF), Mr Patrick "Terror" Lekota, said the move was a "logical conclusion of the so-called new deal.

"This will cause further friction between African businessmen and those of other races. Only Indians and coloureds who have links with bi business will survive, so the situation will still b open to exploitation by white businesses.

"This also means the big retail stores wil move into coloured and Indian areas and swal low up the small businessmen there. In man cases this will be the death-knell for small co loured and Indian businessmen."

On Friday, Mr Kotze accepted a motion askin the Government "to open all defined CBDs fo trading by all population groups".

This and other proposed changes to variou apartheid laws by the Strydom Committee woul be done "in the spirit of the new constitution", h said.

28/2/84

Border centres favour opening of CBDs

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D. Dispatch

EAST LONDON — The government decision to open central business districts (CBD's) to other races has been welcomed by city councils and commercial bodies in the Border area.

The decision, which will enable members of other race groups to trade in what are currently "white" areas, will be implemented subject to a select committee's findings on the Strydom Committee report, due to be published later this year.

Mr Errol Spring, the Mayor of East London, said yesterday that his council welcomed the decision.

"We were approached some time ago by the government to give our opinion on this move and the council gave its whole-hearted support, without reservations, to the proposal," Mr Spring said.

Mr George Orsmond, chairman of the East London Chamber of Commerce, also welcomed the move.

"Provided that discipline is exercised and people pay their licence fees in the normal way, it will be an excellent thing," Mr Orsmond said.

"East London has been due for a CBD expansion for a long time and provided the demand is there, developers are going to build," he said.

The president of the King William's Town Chamber of Commerce, Mr S. Boucher, described the decision as "marvelous."

"All the commercial bodies, the municipality and the borough council in King have been trying to open the CBD since 1976. I am sure the motion will be widely welcomed here. Mr Boucher said.

Mr A. S. du Plessis, the chairman of the Queenstown Chamber of Commerce, said that his chamber had already applied to open the CBD and the implementation of the proposals could not come quick enough as far as he was concerned.

The recommendations of the Strydom Committee have been welcomed countrywide by city councils, the Association of Chambers of Commerce and other trade organisations.

The governemnt was likely to give local authorities the power to decide whether to open up their CBDs for non-racial trading, according to the chairman of the Johannesburg CBD Association, Mr Nigel Mandy.

Mr Francois Oberholzer, the chairman of the Johannesburg Management Committee, said, if given the power to decide, his committee's policy would be to allow Indians and Coloureds to buy or rent property to trade in the CBD, but only to live there if they were already established, to allow blacks to rent property to trade in the CBD, but not to buy, and to prevent whites from trading in black and coloured — but not Indian — areas. Mr Mandy, said he did not expect any immediate big changes.

Many businesses had black managers, some black businesses used whites as fronts, while others had been ignoring restrictions entirely. He said the only immediate difference could be mixed cinema audiences.

The chairman of the Bloemfontein Sakekamer, Mr Berrie van Niekerk, has described the issue as "most momentous" and said he would comment after discussing the recommendation with his executive committee today. The president of the Durban Chamber of Commerce, Mr Sandy Morrison, described it as evolutionary move that was essential in the light of the new tricameral parliamentary system.

The president of the Federated Chamber of Industries, Mr R. J. Ironside, said this would represent an important step in implementing the recommendations of the Riekert Commission which reported in 1978.

The promised changes in legislation, and the opening up of CBD trading for all race groups would be a real gesture of signal importance both within South Africa and internationally. — DDR- DDC- SAPA

Govt still to determine conditions

CBD go-ahead for black traders

RDM 29/2/84 (30)

Mail Correspondent

CAPE TOWN.

BLACKS will be able to trade in defined central business districts but under conditions which still have to be determined, the Minister of Co-operation and Development, Dr Piet Koornhof, said yesterday.

The conditions for the involvement of black people in defined CBDs would be drawn up after the completion of current investigations, the Minister said.

- His statement ends speculation that blacks would not be allowed to trade in those CBDs which had been opened to all racial groups.

After the announcement last week by the Minister of Community Development, Mr Pen Kotze, that defined CBDs would be opened to all races, an official in his department said this decision only applied to coloureds and Indians.

This in turn led to speculation that blacks would be excluded from the new dispensation, particularly as they were excluded from the scope of the Strydom Committee of Inquiry into the Group Areas Act.

Last night Dr Koornhof said: "In accordance with the recommendations of the Riekert Commission which were accepted by the Government, the participation of all population groups in defined central business districts is applicable, but in terms of prescribed conditions.

"Conditions in regard to the participation of coloureds and Asians are proposed in the report of the Strydom Committee and will be finalised by the Parliamentary Select Committee.

"In regard to black people, for which the Department of Co-operation and Development is responsible, the conditions for participation will be framed in light of investigations currently under way in connection with the conditions for participation.

"Further announcements will be made as soon as possible," Dr Koornhof said.

The Strydom Committee said in its report, which was released yesterday, that blacks were excluded from the scope of its inquiry into the Group Areas Act.

The committee said it wanted to emphasise that it had only dealt with the position of white, coloured, Indian and Chinese people.

It said "the control of the movement and the ownership and occupation of land by blacks, as far as it is not governed by the provisions of the proposed law, is governed by other law".

The possibility that blacks might be excluded from the Government's plans on CBDs caused disappointment in the private sector yesterday with many business and community leaders voicing their concern.

A member of the SA Indian Council, Mr Boetie Abramjee, said hopes had been aroused by the Minister's statement, which were dashed when he was virtually contradicted by one of his officials.

"A free market and free enterprise system which our Government claims to support means unfettered rights for all to trade wherever they think best," Mr Abramjee said.

● See Page 2

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Blacks assured 'access to CBDs

CAPE TIMES 29/2/84

Political Staff

BLACK people will be able to trade in defined central business districts but under conditions which still have to be determined, the Minister of Co-operation and Development, Dr Piet Koornhof, said yesterday.

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Attempts to get clarity on the issue were unsuccessful and even Mr Brian Page of the NRP — whose call to open the CBD's was accepted by Mr Kotze — said on Monday he was no longer sure of what the minister had meant exactly.

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Riekert

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'Situation grossly mishandled'

Mandy attacks Kotze on CBD integration

30

Star

By David Braun,
Political Reporter

The Johannesburg Chamber of Commerce and the Central Business District Association want the entire city centre, including Braamfontein, to be declared an open trading area.

Mr Nigel Mandy, spokesman for both organisations, said the city was already multiracial with integrated restaurants, working places and amenities. Black professionals and business organisations, such as the National African Federated Chamber of Commerce (Nafcoc), already had offices in the CBD.

"We will not be happy with a few selected ghettoes for multiracial trading," he said.

Mr Mandy said the Minister of Community Development, Mr Pen Kotze, had grossly mishandled what should have been a straightforward announcement that the Government had accepted the recommendations of the Strydom Commission to open CBDs to trading by all race groups.

"I do not understand how this man can be tolerated by a Government which is in an evolutionary situation but which is constantly damaged by his ill-considered and uninformed statements.

"Twice, before major polls (the SA Indian Council elections in 1981 and the referendum last year), Mr Kotze has made damaging statements on matters concerning group areas.

"Now we have the situation in which, on a straightforward and favourable matter where the Government accepts the principle of local option for CBDs, this same Minister starts backtracking and muddling the issue."

Mr Mandy called on Mr Kotze to start thinking beyond the white electorate, in the spirit of the new dispensation.

He said that, while the JCC and the CBDA wanted more than just the CBDs to be open to all races, they were very happy to take this new opportunity — and any other chance that might present itself — to make progress in this area.

Johannesburg, he said, was already integrated in almost every way and it welcomed the opportunity to make this legal.

"We are all in favour of local option. Why should we wait for Pietersburg and Pretoria to feel they are ready for integration when we can go ahead immediately?"

march 2 1984

Financial Mail

GOLD

The influences converge

Gold has tried to break decisively through the $400/oz level twice in the past week. Though the attempt failed on both occasions, the conditions now appear to be in place which could propel gold sharply above $400 in the very near future.

The metal last traded steadily above $400 last September. Since then, one factor has conspired to lock the price into a dismally low trading range. Investors have simply been mesmerised by the fact that historically high real rates of return have been available on dollar investments. Their affair with the dollar was such that not only were non-Americans cheerfully prepared to finance America's growing trade and budget deficits, but they were initially at least prepared to turn to the dollar as a haven for flight money. Gold and other non-income-generating assets were shunted into the wings.

In addition to the attraction of real returns on dollar investments, investors found the dollar attractive because US inflation rates seemed locked into a structural decline.

Times have changed, and the past two weeks have seen a major shift in perceptions. For a start, the US inflation rate has started to rise again — just as many gold supporters warned. This has triggered fears among foreign investors that perhaps the dollar is not so sound after all. What is the point in investing in America if, at the end of the day, you are repaid in grossly devalued currency? That fear increasingly appears to outweigh the attractions of real interest rates. It seems that, for the dollar to remain strong, the combination of real interest rates and declining inflation is needed. Each on its own is inadequate.

Once the financial attractions of investing in dollar securities began to pale, it was only a matter of time before flight money, particularly from the troubled Middle East, started looking for alternative havens. The Lebanon debacle and the dreary turn in the war between Iran and Iraq have combined to increase the flow of funds out of the region. They are now heading largely towards gold.

There is a major stumbling block: futures traders continue to dominate a large section of the gold market. They tend to make decisions less on fundamentals than on momentary shifts in prices. And while this continues, gold's price recovery could well suffer from some false starts. Nevertheless, there comes a point when fundamentals cannot continue to be ignored — and that point appears to be close. Now is not the time to be selling gold or gold investments.

CBD TRADING

More free for some

Government's decision to open CBD areas to businessmen of all races — though on still undefined conditions — is to be welcomed. It may also open a Pandora's Box of legal and other problems resulting from the discriminatory legislation that ensnares SA's social, economic and political life.

The decision itself was widely predicted (*FM* December 9). It is notable, however, that a seemingly simple operation involves a huge mobilisation of bureaucracy. To implement free trade in the CBDs there had to be a commission of inquiry. And, following from that, the amendment of no fewer than three Acts (Separate Amenities, Slums, and Community Development), the probable creation of a new Act, the sitting of a Parliamentary Select Committee, and the drawing up of new regulations by the Department of Co-operation and Development.

Even now that the policy decision has been made, government is unable to say exactly how the new open system will work, or what areas will or will not be opened, or what restrictions will rule in the new set-up. That remains to be decided by the Select Committee (for coloureds and Asians) and by Co-operation and Development (for blacks).

It seems likely, however, that the regulations governing black business occupation of CBD areas will differ from those governing operations by coloureds and Asians. These, in turn, may be different from the terms under which white businessmen operate.

Freehold title to CBD property may present a particular problem. Government is still not prepared to allow black property ownership in "white" areas. Presumably, however, open CBD areas will be regarded as being a shade of grey — and it is possible that coloureds and Asians will be allowed freehold title while blacks will be allowed only to rent or lease property.

Another problem area is likely to be cinemas. One possibility is that they will be able to apply to admit coloureds and Asians — but no blacks. And since there has, so far, been no suggestion that the Liquor Act will be amended, it is likely that the majority of bars, outside of those in "international" hotels, will remain uniracial.

It is, of course, an open secret that many Asians, and some coloureds, already trade illegally through white "front-men" in CBD areas. Their position will, presumably, be legalised. In addition, it seems that the decision on whether or not to open CBDs will ultimately be left to local authorities — which is likely to mean that CBDs in towns

BUSINESS AREAS

Confused reform

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FM 2/3/84

As it so often does, government handled this week's announcement that CBDs would be opened to all races in a stumbling and uncertain fashion. There is some reason to believe that Community Development Minister Pen Kotze jumped the gun on his ministerial colleagues. Hence some of the confusion.

The original intention seemed to be to tie the announcement to the findings of the Strydom Commission of Inquiry into the issue, and to make it when the report was released. However when New Republic Party MP Brian Page asked in Parliament for CBDs to be open, Kotze replied that he accepted the suggestion as it matched a recommendation in the (then unpublished) commission report.

Once the immediate reaction had died down it seemed that Kotze's announcement meant considerably less than was at first thought. One of his senior officials pointed out that in such matters Community Development dealt only with whites, coloureds and Asians and the Minister therefore had no power to open CBDs to black occupation. Blacks fall under the Department of Co-operation and Development (CAD).

Certainly there seemed to be no co-ordination of government policy announcements. It took CAD Minister Piet Koornhof several days — during which the confusion grew — to announce that blacks were indeed included in the new deal.

The implication is that Koornhof was taken by surprise when Kotze made his announcement.

In addition, government's new policy is hedged about by still-undefined conditions. Opening CBDs to coloureds and Asians will require the repeal of some sections of the Separate Amenities, Slums, and Community Development Acts. They will then probably be replaced by a new, consolidated Act.

Legislation

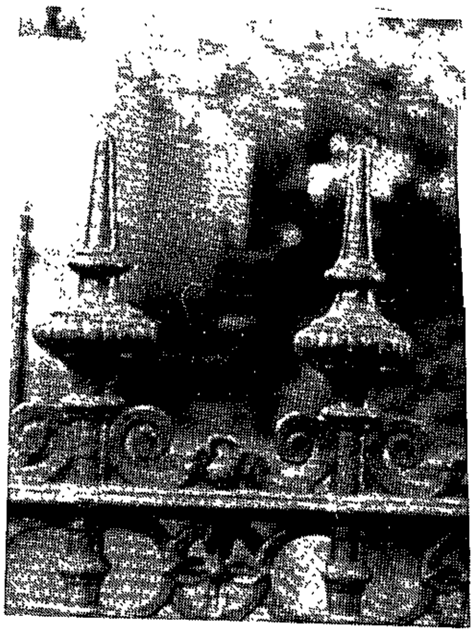
The Strydom report is to be placed before a Parliamentary select committee which will probably have the task of designing the new legislation. If so, it will decide the conditions for coloured and Asian occupation of CBD premises. Koornhof says his department will draw up regulations governing black occupation.

Government seems anxious to avoid a rightwing backlash against its decision. The Strydom report, which forms the basis of the new policy, is in fact no liberal document — at least in its wording. It justifies its recommendations in terms of "protecting white traders" against unfair competition from Asians operating behind white nominees — and so having the advantage of operating in Asian areas, where rents and property values are low, as well as illegally in white areas.

Whether such defensiveness is necessary is another matter. Asians, and some coloureds, have operated behind white nominees for decades. In fact some reports suggest that in the Transvaal the practice goes back to the last century.

That government feels the need to justify what would otherwise be seen as a praiseworthy liberalisation of policy in terms of "protecting whites" is regrettable.

It is also not clear whether the opening of "white CBDs," where local authorities ask for it, will be matched by allowing white business free entry to black areas. If so the National African Federated Chambers of Commerce (Nafcoc) is going to be upset.



Minister Kotze . . .

While wanting access to white areas black businessmen feel that circumstances entitle them to protection from competition in the townships.

It was widely speculated that government would use the last session of the all-white parliament to pass measures designed to "reward" coloureds and Asians for co-operating with the new constitution. It has made an encouraging start with the CBD decision — and it is all the more praiseworthy that blacks have been included.

Now perhaps other measures, like the Mixed Marriages and Immorality Acts, can be scrapped.

cost of the magazine. In fact, they make a profit on it.

(30)

Hansard

Central business districts: opening

Q 61.453 2/3/84

*18. Prof N J J OLIVIER asked the Minister of Community Development:

(1) Whether the Government intends opening central business districts in the Republic to all race groups; if so, when; if not, (a) (i) which race group or groups will be excluded and (ii) why and (b) when will these business districts be opened in respect of the other race groups;

(2) whether any restrictions will apply to the opening of these business districts; if so, (a) why and (b) what restrictions?

The MINISTER OF COMMUNITY DEVELOPMENT:

(1) Yes, as soon as legislation to make it possible is passed by Parliament.

(a) and (b) Fall away.

(2) Yes.

(a) and (b) It will depend on what is laid down in the legislation.

†Prof N J J OLIVIER: Mr Speaker, arising out of the hon the Minister's reply, does he know that his Department intimated that the exemption in regard to the central business districts will not be applicable to Blacks?

†The MINISTER: Mr Speaker, surely the hon member also knows what the hon Minister of Co-operation and Development has said since then, or does he not know of it?

†Prof N J J OLIVIER: Mr Speaker, further arising out of the reply of the hon the Minister, I want to point out that the Minister of Co-operation and Development does not have any jurisdiction over central business districts and therefore does not have the authority to speak about the matter. My question to the hon the Minister of Community Development therefore is whether he himself will lay down the conditions in regard to Blacks in the central business districts

†The MINISTER: Mr Speaker, the hon member should understand properly what the procedure is. The principle of central business districts was accepted years ago. There was the question of how to implement it, and that was referred to the Strydom Committee. The Strydom Committee has suggested certain procedures, and its report has been referred to a select committee. Surely I cannot bind myself in advance as to how it will be applied in practice. Surely I cannot say now already that I accept certain recommendations and do not accept certain other recommendations. The hon member should wait patiently so that the select committee can decide about these matters. The select committee's report will be submitted to the House and then we shall be able to discuss the matter again. As regards Black people, it is true that the committee indicated in its report that this Department does not have control over the movement of Blacks, but the hon the Minister of Co-operation and Development has said there is a committee inquiring into this matter with a view to finding ways and means of applying the principle which has been accepted by the Government, i.e. that Blacks should also participate. That is the position at present

†Mr H D K VAN DER MERWE: Mr Speaker, arising out the hon the Minister's reply, I want to know whether "all race groups" include Blacks as well.

†The MINISTER: Mr Speaker, surely the hon member knows what the reply to that is.

†Mr H D K VAN DER MERWE: But I am putting the question to you.

†The MINISTER: The fact of the matter is that under certain circumstances facilities are created for all population groups. What that procedure will be still has to be worked out. The central business districts will be established in certain defined areas and Blacks will also be included therein That is how it has been announced by the hon the Minister of Co-operation and Development until now.

†Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Minister, I should like to know whether this includes all cities and towns in the Republic.

†The MINISTER: No, and the hon member should not go around with that story of his again.

†Mr H D K VAN DER MERWE: Mr Speaker, on a point of order, is the hon the Minister, in terms of the rules of the House in regard to questions and supplementary questions, entitled not to reply to a question and to make other remarks?

†The MINISTER: Mr Speaker, surely I can reply to a question in the way I choose to. [Interjections.]

†Mr SPEAKER: Order! I call upon the hon member for Umhlanga.

Mr B W B PAGE: Mr Speaker, further arising out of the reply of the hon the Minister, is it not a fact—I ask this in order to have the record correct—that he last Friday accepted my motion in this House in terms of which all defined central business districts will be open for trading by members of all population groups?

†The MINISTER: That is correct.

†Mr G B D McINTOSH: Mr Speaker, further arising out of the hon the Minister's reply, can he tell us whether Blacks will be allowed not only to trade, but also to own property in the central business districts?

†The MINISTER: Mr Speaker, that is a matter which is being investigated and controlled by another department

For written reply:

Official visits

131. Dr F A H VAN STADEN asked the Minister of Finance:†

Whether he paid any official visits abroad in 1983; if so, what (a) were the dates and was the (b) duration, (c) cost and (d) purpose of each visit?

The MINISTER OF FINANCE:

Yes.

(a) and (b)	(c)	(d)
22 September to 12 October 1983	R10 130,17	Attendance at annual meetings of the International Monetary Fund and World Bank and visits to prominent European bankers

Business Day/SMALL BUSINESS

Industry should look at Soweto

RDM 9\3\84 (30)

By BERENICE MARGOLIS

THERE are numerous possibilities for commercial and industrial firms to become involved in financially rewarding opportunities in Soweto.

So says Mr Don MacRobert, director of Get Ahead Limited, of Soweto, who spoke at a recent Licensing Executives Society South Africa (LES) conference in the township.

"I suggest that rather than look abroad for a licensor and his product/technology, businessmen should consider the opportunities presenting themselves in Soweto."

Mr MacRobert says a place like Soweto needs technology and know-how, management skills and venture capital. The big question is, he says, whether to license into Soweto or license out.

He says that on a trip around Soweto, or any other black area, franchises such as tyre retreading and fast-food operations are readily visible.

"We have also encountered a case where a large industrial concern has made special use of the so-called cottage industry type of operation. It has arranged for a small industry to be set up to make items such as scouring pads."

Mr MacRobert suggests that high rentals in commercial and industrial areas could lead to the setting up of cottage industries across a broad spectrum: "Applying this concept to Soweto, there must be a considerable number of opportunities which present themselves — in the clothing and small parts fields, for example.

DON MACROBERT

Genuine distributorships should be encouraged in Soweto, says Mr MacRobert, ... anything could form the basis of a genuine distributorship arrangement.

"As far as partnerships are concerned, a very interesting one, based on the transfer of know-how, is the African Development and Construction Company, a joint Murray & Roberts/Nafcoc project. It is a 50-50 genuine partnership at subsidiary level with black ownership."

For further information telephone Mr MacRobert at Pretoria (012) 46-4010 during office hours and after hours at (012) 46-4175.

but not one which understood the psychology of man very well."

Today every detail is thoroughly considered in advance. Dashing for example, sets up teams, whose responsibilty is to find out a company's office requirements. "We will give a manager a larger desk or screens, which can be placed to form an office still within the open plan. In this way he will not feel cheated by the new system, and keep a certain amount of importance within the company's structure."

Helyar has a ready reply to the sceptics of new office designs — a dying breed, he claims. He tells them to find out how much they have actually spent over the years on buying new equipment and updating existing furniture. "Most companies will be shocked to find out how much they have spent," he says, "and that money would go a long way towards setting up a well-planned and attractive workplace suited to the needs and character of the company."

Given that SA companies have seen the need for change, how has Dashing proved itself in the face of competition? "We saw the market early and have made furniture under licence from two West German companies," Helyar says "However, it is a very volatile business which depends on a constant flow of orders. You can be at the top one year and drop away if you don't keep up."

For the time being, Helyar's first year of managing Dashing has been greeted warmly by parent company Mathieson & Ashley. But it is a young man's business, he admits. With all the competition there is no time to sit around in the office — looking at the furniture.

Vahed . . . klein is better

SADEK VAHED

On the up-beat

30

Sadek Vahed, chairman and MD of Kingsgate Clothing (KC), is something of an unknown quantity in the very visible world of fashion.

Shy and retiring, he has made a point of avoiding the public gaze. But now that KC has entered the big league, Vahed obviously feels that the time has come to shed the enigma and act more assertively.

Last year the group scooped the number one prize in the clothing industry by signing the coveted Calvin Klein franchise. The move outraged his competitors, some of whom felt he should never have been granted it. Vahed claims to have felt the heat ever since. "The clothing industry is a tough game, but I've never seen the kind of jealousies we're seeing now."

Still, Vahed's not the sort to let a few ruffled feathers bother him. Quiet he may be, but servile he's not.

Besides, he clearly believes that KC is easily up to its new assignment. The group has done its planning through the recession and is now well-placed to meet the challenges of the future. "While the others were sitting around thinking about it, we were setting the machinery in motion," he says.

Though he only took over as chief executive a few years ago, Vahed has been the driving force in the organisation for some time. In the past 18 months he moved with alacrity to purchase the Star Shirt company with its popular Smith & Wesson label; tied up the Calvin Klein franchise; and opened three additional clothing factories at Isithebe in KwaZulu. These are aimed principally at the export market.

Largely through his efforts, the business has grown from a tiny family concern to the largest privately-owned clothing company in SA. In two years, turnover has virtually doubled to a projected R50m a year. Vahed's now talking seriously of floating off a portion of the company in the next five years.

To some extent, Vahed claims, he can understand his competitors' chagrin. Traditionally, KC has stuck to the budget end of the market. Now, through acquisition, it is moving into the middle and top end of the trade. "They resent me tresspassing on their territory. I'm opposition to them now," is his comment.

Never one to miss out on the action, he conducted much of the recent franchise negotiations personally. The deal involved five trips to New York and heavy briefings by his legal team. "I'm one of the few chairmen that actually rolls up his sleeves and gets involved," he observes.

Vahed likes to be involved in every facet of the business. Each year, for example, he flies to the Far East to tie up the entire fabric commitments for the group. Despite this, he delegates well and values the advice of his professional consultants. The various group divisions, for example, have decentralised managements all reporting to the main board.

Though the recent bold acquisitive moves appear to indicate otherwise, Vahed professes to be a cautious businessman. He notes that the expansion would probably not have been contemplated were it not for the strong foundation of the group's "volume business" with the major retailers. "One of our biggest assets is our close association with the major groups," he says.

Over the years Vahed has painstakingly nurtured that relationship. Some of the top directors among his principal buyers and suppliers were contemporaries of his when he was a salesman for KC — doing the beat with a suitcase full of samples. Today they're still on first name terms.

Vahed reckons he was always a bit of a slouch at school. He quit early and cut his teeth in the family retail business. He was given his first big break by his father-in-law, the late A M Moolla, founder of the KC group. At the time he was moving out of textiles and into the clothing business. Vahed was put in charge of the new enterprise — and he's never looked back.

Pepkor buys Ackermans for R21m from Edgars in cash deal

30

By PAUL DOLD
Financial Editor

Cape Times 10/3/84

PEPKOR is buying Ackermans' 31 stores from Edgars for some R21m cash in a deal which will effectively increase Pep Stores trading area by 50 percent and give the group a four to five-year lead in terms of its development programme.

A confident Mr Christo Wiese, Pepkor's chairman, predicted last night that the new stores would break even in the first year allowing for the cost of financing the deal. It will add more than 30 percent to Pep Stores' turnover in the first year.

Pepkor is likely to use the bulk of the new stores to expand its Metro Pep chain in city centres. Pep has traditionally been strongly represented in the country areas and the deal gives is considerable muscle in the city markets for the first time.

"Pep's significant growth must come from the CBD areas — we are in virtually every small town in this country and have to go into the CBD areas of the major urban complexes," Mr Wiese said.

Retail industry sources estimate that the overheads of the former Ackerman's head office, which was in the process of being moved from Cape Town to Johannesburg by Edgars and rationalized with Jet Stores, could have been several million rands a year and shed of these costs the Ackermans chain should yield an immediate substantial profit.

Preparing to move into Ackermans' prime city stores, Pepkor's chairman, Mr Christo Wiese, and, from left, Mr Basil Weyers, managing director of Pep Stores, Mr Sam Gouws, Pep Stores' marketing director, Mr Jimmy Fouche Pepkor's strategic planning executive and Mr Tom Ball Pepkor's managing director.

Properties

Mr Wiese confirmed last night that at store level the Ackermans chain is highly profitable. Although Edgars sold the Ackermans properties to various institutions after buying the chain from Greatermans in 1982, all the stores have long leases and it was this factor and Ackermans' prime city sites which were attractive to Pep.

While no decision has been taken as yet, it seems likely that the name Ackermans — one of the country's oldest store groups may disappear. Asked whether the Ackermans name would remain, Mr Wiese said:

"At this point in time it is an open question. The only thing we have decided is that the merchandise mix in the shops will be brought into line with Pep Metro which has a slightly wider merchandise range than the ordinary Pep's."

If Pepkor decides to discontinue trading under Ackermans it may opt to sell the registered name as tremendous consumer goodwill is still attached to Ackermans.

Mr Wiese says Pep has bought Ackermans at a "slight discount" to net asset value and the deal is effective from March 19. The final price will depend on financial accounts as at that date.

Operation

Highlighting the background to the talks with Edgars, Mr Wiese says Pep had been aware of Edgars' intention to move the Ackerman's head office to Johannesburg and rationalize the operation.

"We then approached them — we thought it was a prime opportunity in the first instance for our Metro store development. The initial response was negative but a week later Edgars agreed to talk.

"I saw this as a tremendous challenge — if there were rationalization benefits in the Edgars situation they were far greater for us. Ackermans is much closer to a Pep stores operation than to anything in the Edgars stable. It belongs more naturally with us than with them."

Once the talks had begun the deal was completed within 48 hours. The significance of the rapid expansion of Pep's trading area can be seen from the group's profiles: Ackermans' total trading area is some 77 000 m² as against Pep's 160 000 m² and it has taken Pep some 19 years to achieve the latter.

Mr Wiese says the 1 200 store personnel would be unaffected by the take-over but the process started by Edgars to rationalize head office personnel would continue but possibly to a lesser extent as Ackermans would remain a Cape company.

Delighted

While Pepkor is delighted with its deal, Edgars and parent SA Breweries will be equally pleased at shedding the Ackermans' chain and being able to concentrate on the Edgars group.

Edgars was also shrewd in deciding to close the head office in Cape Town and rationalize staff making Ackerman's far more attractive to a potential purchaser. Pep's offer followed soon after this decision.

While Pepkor's results due in a few weeks' time are likely to be dominated by its large open forex position and the possible unrealized

To page 17

P.T.O.

Pepkor buys Ackermans

From page 16

loss the group as such is trading well with a particularly encouraging performance from the Pep Stores chain.

Comment: While successive owners of Ackermans have been unsuccessful in attempting to improve profitability, the undoubted synergy with Pep Stores' target market should enable Mr Wiese to boost earnings considerably in the reasonably short term.

Ackermans' former Cape Town-based head office could have cost up to R7m a year in overheads and with the stores being rationalized under the existing Pep Stores head office, the savings should be attractive indeed.

Potential

Overall the deal provides Pep with tremendous potential in entering the city areas.

The first Metro Pep in Johannesburg has had a bright debut and the swing away from small country stores to larger and more profitable trading units is a bull point for the share.

Pep Stores' extremely low-priced merchandise has a huge potential among black consumers and the group is ideally positioned for investors seeking a stake in that high growth market.

Hurdles which remain include returning the men's clothing division to profitability but progress is being made and this should occur in the coming upswing.

‘Confidence’ boosts February motor sales

Argus 13/3/84

30

Financial Editor

CAR sales in South Africa last month totalled 23 696, the third-highest figure on record for a February and 13,2 percent up on the 20 934 sold in February last year, the latest figures show.

The industry’s best February was in 1982 when 26 253 cars were sold. Its second-best February was in 1981 when sales totalled 24 311 units.

Industry sources said the good February sales reflected an underlying feeling of confidence in the business community. Toyota continued as market leader with 19,7 percent of the market from sales of 4 661 vehicles, and its Corolla retained a comfortable lead in the No 1 spot with 2 687 units sold.

Ford took second place with 3 806 car sales, giving it a 16,1 percent share. The second most popular model in the month was Ford’s Sierra with 1 990 sales, 83 units ahead of Toyota’s Cressida. Fourth was the Ford Escort with 1 460, just ahead of Volkswagen’s Golf/Jetta range with 1 419.

Fifth was the Mazda 323 with 1 266 sales, helping Sigma to move up into third place overall with 3 044 sales in February and a 12,8 percent market share.

Toyota’s marketing director, Mr Brand Pretorius, said demand was strong in February, particularly from fleet buyers. “We feel this indicates an underlying positive attitude of confidence in the business community.

Sales of light commercial vehicles in February amounted to 10 176 units, which was an increase of 25 percent on last year’s 8 128, but were down 2,7 percent from this January’s figure.

Toyota had 26 percent of the market with 2 641 sales and Nissan was second with 21 percent of the market with 2 128 sales. General Motors had 19,5 percent with 1 989 sales.

Overall, Toyota remained market leader with 7 557 sales, equal to 21,3 percent of the market. Second was Ford with 5 349 (15,1 percent), third Sigma with 4 236 (11,9 percent), fourth Nissan with 4 036 (11,4 percent) and fifth GM with 4 027 (11,3 percent).

usiness Day

RDM (30) 14/3/84

SHIP-RAIL TALKS

By SIMON WILLSON

PPING representatives yesterday met mem- s of a Mozambique Railways' delegation in nnesburg.

Encouraged by the Pretoria-Maputo *rapproche- nt*, which will reach a climax with the signing of a aggression pact this week, Mozambique Rail- ys has a team in South Africa drumming up iness.

It is led by Mr Ferreira Mendes, director of the lway's southern system and co-ordiinator of its ional operations, who met Mr Neil Sempill, man of the Europe, South and South-East Afri- Conference (SAECS), which represents 23 Euro- an and sOuthern African shipping lines.

Before Mozambique gained independence from ortugal in 1975, SAECS was one of Mozambique ilways' biggest customers. Before the Portuguese ithdrawal there was a reliable and extensive Mo- mbican rail system around the ports of Lorenco arques, as it was then, and Beira.

After independence efficiency fell and SAECS ithdrew most of its business.

Since establishment of the Southern African De- lopment Co-ordination Conference, to increase ember states' self-sufficiency, and Mozambique's version to allowing greater play to free-market rces in its economy, the rail system has improved.

The Mozambique Railways team is basing its pitch on this improved performance and the lihood of extended services after normalisation relations with South Africa.

Unofficial estimates suggest that between 25% 30% of the conference's southern African exports could be routed through Mozambique.

Black role needs reconsideration

Financial Reporter

THE role of blacks will have to be revised if the benefits of a more free-market-based economy are to be reaped, says the chairman of the Board of Trade and Industries.


DR SEBASTIAAN KLEU

Dr Sebastiaan Kleu yesterday told the SA-German Chamber of Trade and Industry:

"At the moment blacks are regulated from cradle to the grave in a sort of welfare state or almost socialistically oriented society in which the market mechanisms play a subordinate role."

Government controls must be indirect, rather than direct, leaving room for the market to operate.

"South Africa will have to take account of the fact that in all developing countries the awakening of the underprivelged masses has been accompanied by pressure for participation in the political process and the more equal distribution of income.

"In the black townships we are witnessing the emergence of a new group torn between tribal culture, township culture and West European culture.

"None of us are exactly certain what significance the emergence of this group will have for the workings of the market mechanism and for economic development, but to ascertain it is a matter of the highest priority.

"Furthermore, projections show that even with the highest possible growth allowed by our resources, not all available workers can be employed. Thus we have to become aware of the need to determine priorities on who should be employed first and where they should be employed."

Also, says Dr Kleu, the income gap will have to be narrowed by launching an intensive programme of improving general education, vocational training and managerial methods.

"It is hardly necessary to emphasise that the future of our market-oriented economic system is not in the hands of Government alone, but will depend to a large extent upon the quality of business leaders produced by our universities and other educational insititutions."

US retail sales decline 0,2%

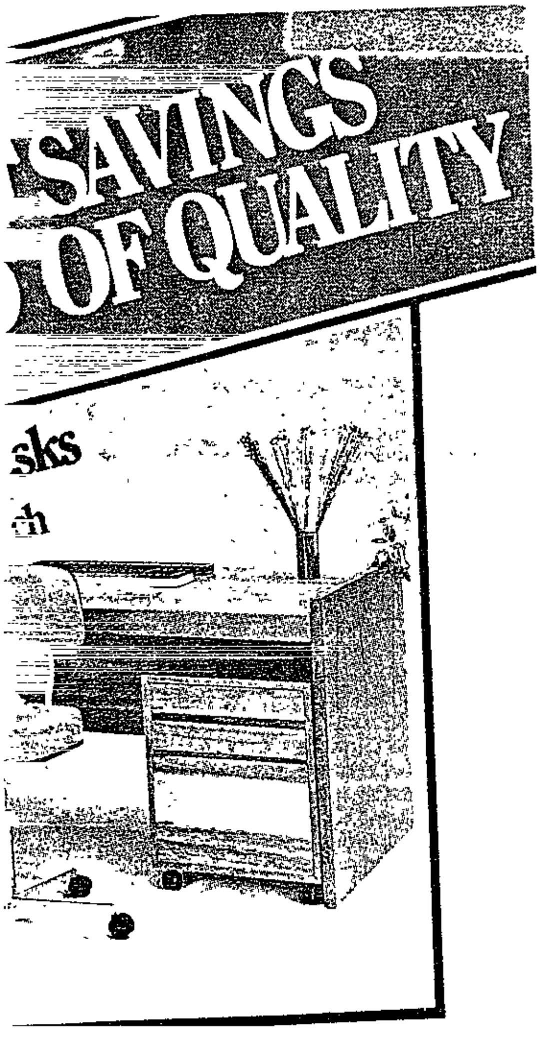
WASHINGTON. — Retail sales in the US declined by 0,2% in February following a strong surge in January, the government reported yesterday.

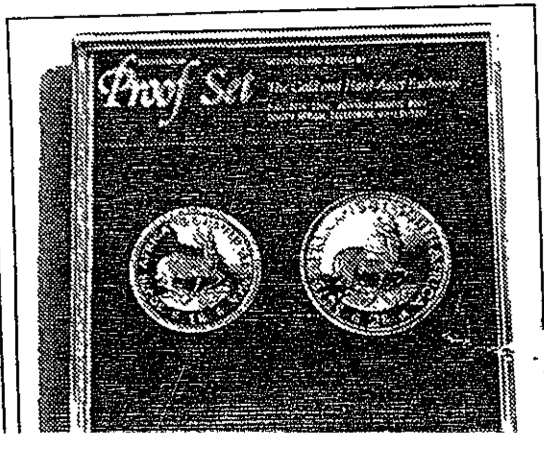
The decline was the first since August, when retail sales dropped 1,7%.

The Commerce Department said the small decline was not unexpected, given the strong January increase of 3,3%, the largest jump since a 4% surge in May 1975. The January improvement had originally been put at 2,2%.

Despite the slight drop-off, February's retail sales of $106bn were still up 16,3% above the level of a year ago.

The department said this showed the economy was still being pushed along by a consumer spending spree. — Sapa-AP.





Gimmick selling 'costs SA millions'

Cape Times 15/3/80

30

By GLEN GARVEN

SOUTH AFRICANS are paying more for food because of marketing ploys to lure in customers, says supermarket king Mr Raymond Ackerman.

The chairman of the giant Pick 'n Pay chain yesterday criticized the use of what he called "frilly gimmicks" in the food industry, claiming they cost the South African consumer millions.

"The consumer would benefit by millions of rand if the money spent on these promotions and competitions by suppliers and manufacturers was used instead to keep prices down. That is what the consumer really wants," he said.

Prices down

Mr Ackerman said in a statement to the Cape Times that his company would keep basic food prices down for the next few weeks.

"Increases in the price of bread, sugar, transport, GST and now postage are battering the consumer," he said. "My company will put its money where its mouth is and invest R2 million in major price reductions on forty basic food lines for one month from March 19."

Pick 'n Pay, he said, would not run competitions or promotions offering expensive prizes.

"These competitions are criminally inflationary and a tragic waste of money," he said. "I am determined, with the support of the major consumer bodies, to keep these blatantly inflationary marketing ploys out of the market place in South Africa."

Other leading food chains defended their use of promotional advertising in a competitive society.

Mr Gordon Hood, managing director of OK Bazaars, said: "Our prices are as good as, and in many cases better than, those of our major competitors. If, in addition, we are able to give prizes as well as prices, then surely this can only be of benefit to our customers.

"Trade coupons and discount devices are a normal and legitimate marketing strategy. They are merely one of many forms of advertising and are used extensively in many countries to the advantage of the consumer."

Mr Gordon Utian, managing director of Checkers, said: "All big supermarket groups have large advertising budgets, and we are no different. Our promotions are a form of advertising, which is part of our overall budget.

Competition

"They do not increase the price of our products to the consumer, and this increased competition between the major food chains can only be of benefit to the consumer."

Mrs Joy Hurwitz, national president of the Housewives League of South Africa, called for more austerity and warned that anything that added to the cost had to be footed by the consumer in the end.

"Consumers must never forget that ultimately we foot the bill for everything.

"In these critical times of recession there must be no wastage of any sort. The league has never agreed with gimmick selling, and in the face of food-cost increases would welcome anything that saw a levelling off of prices."

CBD is still a vital centre — Mandy

30 Star

By Sue Leeman, Pretoria Bureau

16/3/84

Johannesburg's central business district is still a vital business centre and studies have shown that more than 70 000 sq m of office space are being built there a year, according to the chairman of the Johannesburg CBD Association, Mr Nigel Mandy.

Mr Mandy told a transport and planning seminar at the University of Pretoria yesterday that while nearly half of South Africa's economic activity took place in the Pretoria-Witwatersrand-Vereeniging triangle, two-thirds of this was located on the Witwatersrand. In turn, nearly half of this activity was concentrated in the 6 sq km of central Johannesburg.

He said it was therefore unwise to judge Johannesburg's CBD only in the light of its "relatively minor shopping element.

"Offices and services are much more important", he said.

However, Mr Mandy added that the city centre had retained a certain attraction for the shopgoer.

AMERICAN CITIES

This was particularly so in Eloff Street, which had remained stronger than streets in most American cities "by adapting to changing socio-economic circumstances".

He said the CBD was still capable of providing venues centrally accessible to all population groups, but this required co-operation with the authorities, an element which was often lacking.

Mr Mandy criticised attempts to promote Jabulani as the central business district of Soweto, saying it was not sufficiently accessible to Soweto's residents.

"Jabulani could become a civic and educational centre with a shopping component similar to Braamfontein but never a CBD.

"Roads in the townships are restricted and there is little cross-city communication. Commuter transport is aimed at the centre of Johannesburg. In addition, restrictions on land title and business ownership present formidable problems."

Retailing, he said, should rather be concentrated in areas easily accessible to the pedestrian.

(30) Star 21/3/84

Reduce red tape to encourage black business — report

Staff Reporter

A "reduction of red tape" is necessary to encourage an entrepreneurial class in South Africa's less developed population groups, the Economic Affairs Committee of the President's Council reported today.

The report on measures restricting the operation of a market system is being considered by a plenary session of the President's Council in Cape Town.

The report makes many recommendations aimed at preparing the way for aspiring black businessmen.

One of the key recommendations clashes headlong with the goverment-appointed Welgemoed Commission of Inquiry into bus passenger transportaion, which aimed to curb the kombi-type taxi which largely serves black commuters.

A Bill based on the Welgemoed Report is being considered by a parliamentary committee.

In its report to the President's Council, the Economic Affairs Committee expresses reservations about the Welgemoed Commission's recommendations on kombi taxis, which "are an important source of informal sector activity providing an essential service to the communities concerned".

The report recommends a project to expand the number of entrepreneurs and recommends that statutory standards be applied "with some flexibility in order to assist the informal sector".

Specific recommendations aimed at removing curbs for black businessmen include:

- Removing Group Areas Act and other restrictions along the lines of the Strydom report table recently in Parliament.
- Streamlining the proclamation of townships and industrial zones.
- Providing a basic infra-structure of water, electricity, telecommunications, roads, stormwater drainage and sewerage.
- Providing facilities for more eduction and training in townships.
- Encouraging property ownership by simplifying procedures and the provision of funds.
- Promoting the acquisition of licences and trading rights to encourage competition. This includes the running of kombi taxis.
- Welcoming private initiative in developing business centres.
- Encouraging home industries and the informal sector.
- Encouraging partnerships by different population groups.

30 Hansard

Guguletu: business centre

Q. C01-686 21/3/84

*2. Mr K M ANDREW asked the Minister of Co-operation and Development:

(1) Whether, with reference to his reply to Question No 6, standing over, on 7 March 1984, construction of the business centre in Guguletu has commenced; if so, (a) when did it commence and (b) when is it scheduled to be completed; if not, (i) why not, (ii) when is construction scheduled to (aa) commence and (bb) be completed;

(2) whether there have been any changes in the design or configuration of the business centre since approval was granted in principle on 8 Februarie 1982; if so, (a) what changes and (b) who decided that these changes should be made?

†The DEPUTY MINISTER OF CO-OPERATION:

(1) No.

(a) and (b) Fall away.

(i) The matter was under consideration.

(ii) (aa) and (bb) This cannot be determined at this stage. Plans still have to be approved.

(2) No.

(a) and (b) Fall away.

Mr K M ANDREW: Mr Speaker, arising out of the reply given by the hon the Deputy Minister, could he tell the House whether his Department effectively put a freeze on this development while considering the whole situation, and whether that has indeed been the cause of the delay? I should just like to remind him that in his reply to Question No 6, standing over, on Wednesday, 7 March 1984, he pointed out that it was originally intended that this would begin on 1 June and be opened a year later.

†The DEPUTY MINISTER: Mr Speaker, the hon member requires so much information from me now that I have to advise him rather to have a further series of questions placed on the Question Paper.

RAND DAILY MAIL, Saturday, March 24, 1984

30

Black-white firm says: Row doesn't deter us

By RICH MKHONDO

THE National African Federated Chamber of Commerce's campaign against Afrimet — a company with black and white partners in Soweto and Thokoza — did not deter Afrimet, a spokesman for the group said yesterday.

Metcash, a white company, entered into a partnership with black businessmen to form Afrimet.

Last week, Nafcoc pledged to intensify its campaign to boycott Afrimet and to persuade Metcash to sell its 49% stake in Afrimet so as to make the company wholly black.

An Afrimet spokesman Mr Vela Kraai said yesterday they were not deterred by Nafcoc's campaign against them.

"There is nothing one could achieve from mudslinging. They talk of boycotting Afrimet. From there, where do they go? Nowhere else but to white reatailers and wholesalers," said Mr Kraai.

"The campaign will in turn twist the consumer to turn his back against the black retailer to the white one.

"What is amazing is that their campaigns against us are held away from the source of impact. All their meetings of the so-called "intensifying campaigns" are usually held in Pretoria, Durban and Bloemfontein, but not where Afrimet is, in Soweto and Thokoza.

"We have not exploited any small-scale retailer, but with the campaign they claim to be mounting against us, they will find themselves exploiting the small traders rather than assisting them," Mr Kraai said.

Yesterday Nafcoc said March 27 had been set aside for its "day of re-dedication".

It will focus on the boycott of Afrimet in Thokoza and Soweto.

Nafcoc believes black-white partnerships would create unfair competition for black business already at an economic disadvantage.

(30)

Spicy Chicken Upeo cooks to lick the fast-food roost

Makana Tshabala ... crowing after eight months in business

Picture Dave Attwood

By Angus Macmillan

KENTUCKY Fried Chicken, watch out. Here comes Chicken Upeo, a fast-food outlet that is taking Soweto by storm and could become a national franchise chain.

The brainchild of former whisky salesman Makana Tshabalala, it is reaping juicy profits from its spicy chicken pieces and the back-up of the Small Business Development Corporation which has a 49% share in the venture.

So popular has Mr Tshabalala's tangy flavour proved that Sasolburg's Zamdela township and Germiston's Katlehong will both have a Chicken Upeo by September. Prospective franchisees can't wait to get in on the act. The only drawback to expansion is the lack of suitable sites.

Doubters

Some suppliers and fast-food experts doubted that Upeo could get off the ground. Mr Tshabalala says: "I was told that green was not a food colour and that the taste was too strong — for the white market anyway. But green is a traditional African colour and I have built up a large white custom."

Upeo's container colours are green, red and black on a white background. The name comes from a Swahili phrase — upeo wa macho — meaning horizon.

His idea of a chicken burger was also pooh-poohed, but it has become one of the strongest sellers of this culinary entrepreneurial adventure which had its first brick laid in July last year. However, the R200 000 venture's real trump card is its marinated taste.

The flavour, perfected after several attempts at reaching a different taste, is soaked into fresh chicken pieces cut and packed for Upeo.

Simple process and cooking procedures are supplemented by sophisticated blending and frying equipment, the most expensive capital outlay after the building. The frills — chips, coleslaw, and rolls — are similar to those that come with Colonel Saunders' fried chicken.

So confident is the SBDC in Chicken Upeo's potential that it is looking at white and Indian franchisees to set up outlets outside black residential areas. Upeo's prices, ranging from 84c for a single chicken piece to R14,66 for a 21-piece bucket, seem more geared to white consumers — but have not scared off Sowetans.

Says the ebullient 50-year-old Mr Tshabalala, whose culinary interest stems from a public relations post with the Meat Board: "People only say the price is high when they don't get satisfaction and cleanliness. We will have to put our prices up soon, but it should not hurt us as long as we produce the goods."

Boon

He encountered guarded suspicion from some Sowetans when the ckicken parlour opened. "Is he another white puppet?" was the question on some lips. But those lips were soon wrapped around Chicken Upeo's spiced offerings.

On the other hand, the fact that his business is owned and staffed by blacks was a boon for the business which is making fine profits after fewer than six months.

Parliament a

New business centre gets the go-ahead

Cape Times 27/3/84

30

By MICHAEL ACOTT

GUGULETU'S proposed new business centre is to go ahead after being delayed by the government freeze on development in Cape Town's three black townships.

In an interview yesterday the Deputy Minister of Development, Dr George Morrison, said the R2,5-million centre was an exception to the freeze imposed when the new township of Khayelitsha was announced.

The government had decided in February to approve the business centre, a decision he had announced last month in reply to a parliamentary question from Mr Ken Andrew (PFP Gardens).

Dr Morrison pointed out that he had been wrongly reported in the Cape Times as having told Parliament last week that construction of the R2,5-million business centre had not started because the matter was "under reconsideration".

This wrongly gave the impression of contradicting his statement in February that the centre would be built. What he had actually said in reply to a question from Mr Andrew was that construction had been delayed because the matter "was under consideration".

Dr Morrison explained yesterday that the Guguletu centre, which should already have been under construction, had been hit by the freeze on development in Cape Town's black areas after the announcement of Khayelitsha.

The government had decided last month, however, that the business centre should be an exception to the development freeze. He had therefore told Parliament that it was going ahead and this decision had not changed.

"This case was considered ad hoc and on merit," he said, adding that the centre did not have to be for the permanent use of black people.

"It could be used by any colour group should blacks be moved from Guguletu."

Dr Morrison said the centre would be built as soon as the Small Business Development Corporation, which applied for it, had plans approved by his department and could produce the necessary finance.

He said the Corporation was also planning a similar centre at Khayelitsha.

● The Small Business Development Corporation applied for the Guguletu centre in November 1981 and approval in principle was given in February 1982.

Construction was then due to start in June last year and to be completed by June this year.

(30) Hansard

Soweto: trading licences

Q. 61. 761 27/3/84

416. Mrs H SUZMAN asked the Minister of Co-operation and Development:

How many trading licences were operative in Soweto as at 1 January 1984?

The MINISTER OF CO-OPERATION AND DEVELOPMENT:

The number of licensed business premises in Soweto as at 1 January 1984 was 2 946. The number of licences in respect of these businesses is considerably bigger as several licences may be issued to each business for its different trading activities. That figure (i.e. the number of licences issued) is however not available.

Removals: Chamber warning

CAPE TIMES
28/3/84

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Labour Reporter

CAPE TOWN Chamber of Commerce yesterday expressed "extreme concern" at the government's decision to move established black communities living in Langa, Guguletu and Nyanga to the new township of Khayelitsha.

In a strongly worded statement, the chamber warned that the move would heighten tension, create unnecessary conflict and "ignore the basic rights of an already restricted society to choose where to live or work".

The statement has added to a new wave of criticism of government plans to move all blacks in the Cape to the controversial new township, which were reaffirmed by Dr George Morrison, Deputy Minister of Co-Operation, earlier this week.

In an interview with the Cape Times, Dr Morrison also confirmed that all building in Cape Town's three established black townships had been frozen because of the communities' eventual removal.

In reaction, Mr R W Stern, president of the chamber, said in a statement yesterday that it had always strongly oppposed any suggestion of moving blacks in Langa, Guguletu and Nyanga to Khayelitsha.

Listing reasons for the stance, he said it would force blacks to spend much more time and money, already a "heavy burden" in relation to their earnings and leisure time, on travelling between Khayelitsha and their places of work.

Individuals had spent large sums of money on renovating and improving their homes in the townships and the move would exacerbate the "critical housing shortgage" for blacks.

Mr Stern pointed out that employers had erected housing for their migrant workers which would have to be rebuilt at Khayelitsha at "considerable added expense".

Also, additional rail and infrastructure costs would be "astronomical, not to mention the costs in terms of suffering arising from the disruption of settled communities".

Mr Stern said it would "make some sense" to provide accommodation at Khayelitsha of varying standards for blacks who could not be accommodated in the existing black townships.

But it would be "unwise in the extreme" to uproot those already living in these townships.

He added that such a step would also be "severely inimical to the interests of the economy of the Western Cape".

● **Sash condemns removals, page 5**
● **Leading article, page 16**

drops

ly

Closing gold prices

(In $ an ounce)
LONDON:
387,50-388,00
Fixing am: 388,50
Fixing pm: 388,50
ZURICH:
387,00-390,00
— Reuter

good turnover, dealers said.

The afternoon fix was unchanged from the morning but the slightly easier tone resumed in late afternoon. This was ascribed to light liquidation, perhaps prompted by a marginally firmer dollar.

Take-over talks with Grandbaz?

Pep on take-over trail as Christo Wiese grooms Shoprite for growth

CT Times 31/3/84 30

By PAUL DOLD, Financial Editor

PEP is once more on the take-over trail and destined to expand its retail base considerably. Only weeks after buying Ackerman's from Edgars, Pep is flexing its muscles again and seeking to enlarge its Shoprite chain into one of the country's major food retailers.

There was strong speculation in Johannesburg stockmarket circles earlier this week that Pep and Grandbaz had been holding informal talks with Pep seeking to buy Grand and merging the group with Shoprite which has some 22 stores.

Grand Bazaars' chairman, Mr Manual Sachar, declined to comment yesterday and Pep Stores' Mr Christo Wiese was equally reticent. But Mr Wiese did confirm that Pep is interested in acquisitions and is aiming to expand the Shoprite chain.

In the absence of a formal statement by last night it can be assumed that the preliminary talks have not yet been successful.

Cost cutting

Retail sources say a deal between Pep and Grandbazaars would have had valuable cost cutting benefits and could vastly have improved their strength in the aggressive food market.

When announcing Pick 'n Pay's excellent results this week, the chairman, Mr Raymond Ackerman, said that the past year had been the toughest of his career.

Analysts noted that the huge price war which has marked the recession had led to even Pick 'n Pay with R1,5 billion sales and the best food retailing operation in the country cutting margins. And Pick 'n Pay has been using its booming sales of relatively high margin hardgoods to cushion food margins.

This week's Budget and possible future increases in General Sales Tax are likely to lead to stepped up competition for the consumer's rands. Corporate liquidity will be under pressure due to increased taxation and finance costs will remain high as no early downswing in interest rates can be expected

Upswing

The outlook for some of the smaller retailers is far from bright. The economic upswing may now only occur next year.

Pep is rapidly expanding the Shoprite chain and the first stores outside of the Western

Pep's Mr Christo Wiese . . . strong expansion ahead.

Cape have been opened. It is a fair guess that Mr Wiese intends expanding Shoprite nationwide.

The recent take-over of the Ackermans stores will provide Pep with the ideal opportunity to quickly increase the number of Shoprite stores. Some of the Ackerman's stores are to be converted into supermarkets.

Pep's board has now decided to continue operating under the Ackerman's name and not to switch the stores to Metro Pep trading outlets. Both Greatermans and Edgars have spent millions on the new look Ackerman's and Pep is clearly seeking to capitalize on this investment in the coming boom.

Shoprite itself is showing rapid sales and profit growth having found a lucrative slice of the market out of reach of the mass merchandizing chains such as Pick 'n Pay, the OK and Checkers.

Grand Bazaars is in a head on clash with Pick 'n Pay, Checkers and the OK and in common with the other smaller food retailers clearly needs to expand its sales base if it is to increase market share. Grand's margins have been under pressure in the fierce food price war but it has been marketing aggressively.

Pick 'n Pay is believed to have gained considerable market share in the Western Cape, with both its Brackenfell Hypermarket and supermarkets showing the highest growth in the group. Pick 'n Pay is also increasing the number of stores in Cape Town's northern areas the traditional Grandbaz heartland.

Grand has considerable strengths: The ultramarkets — a smaller version of the hypers — have proved extremely successful and the chain has high consumer loyalty in the Western and Eastern Cape. It recently bought a successful mail order company operating in the black consumer market.

ick an Apple?

Which Apple to pi

Afrimet throw down the challenge:

Put your cards on the table!

(30) City Press 1/4/84

DAVID POOE : "We're going to prove we're right."

AFRIMET has challenged Nafcoc to an open meeting to sort out their battle over "mixed" business partnerships.

Afrimet board member David Pooe threw down his challenge this week as Nafcoc's six-month boycott of the wholesaling company swung into top gear.

By ZB MOLEFE

Hours after a Nafcoc Rededication Day in Katlehong, where Nafcoc officials jubilantly told of the success of their campaign, Mr Poole issued his challenge:

"We're going to prove in public that our decision to have a 51-49 percent black-white partnership is in the interest of black people."

Mr Pooe wouldn't say much about the meeting, but insisted: "All interested parties must be there. Then we'll see who's wrong."

Mr Pooe said Nafcoc "wouldn't take up this challenge, because they know the truth" — to which Nafcoc president Sam Motsuenyane replied: "We will meet them if certain terms are met. And only then will we call off our boycott."

Mr Motsuenyane and other Nafcoc officials told delegates at their Rededication Day that the boycott was "starting to bite".

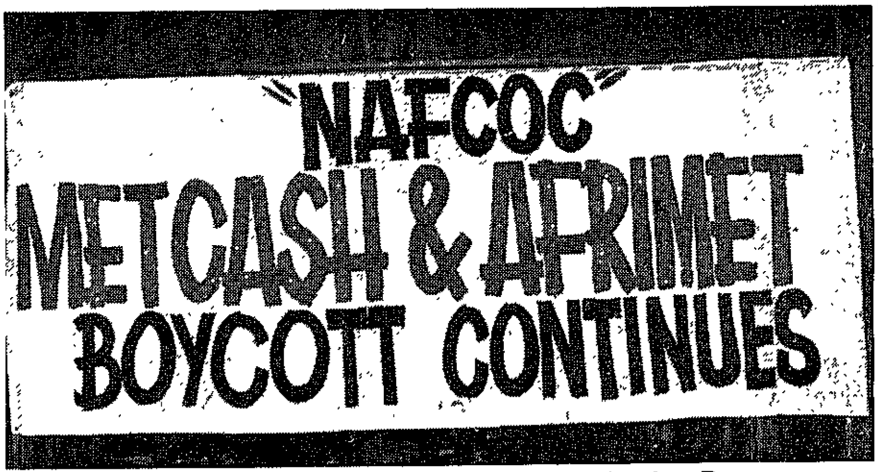
He claimed Nafcoc had already been approached by Afrimet with a proposal to sell its 49 percent white shares, and complimented Katlehong traders and Blackchain on raising more than R100 000 to counter Afrimet in Soweto and the East Rand.

Other delegates also said the boycott was affecting Afrimet — with a KaNgwane representative claiming Afrimet's holding company, Metcash, had lost about R9,5 million since the boycott started last year.

Rogers Sishi, a member of the Inyanda Chamber of Commerce, said the boycott had also been intensified in Natal.

"As a result, a number of companies and concerns have asked us to call off the boycott," he said.

Afrimet director L Katz refused to comment on the boycott, and would only say: "This is an unfortunate thing to have happened."



The writing on the wall? A sign at Nafcoc Rededication Day.

Sowetan 2/4/84

30

Soweto shebeen owners get OK

ABOUT 27 Soweto shebeen owners are to be granted licences to operate legally.

Mr Ephraim "Peggy Bel Air" Senne, an executive member of the National Tavern Association (NTA), said that shebeeners will definitely be granted their licences after a meeting of the Liquor Board on April 16. He said he foresaw no problems in them getting the licences.

Mr Senne is one of the successful applicants.

The shebeeners who will be allowed to operate legally, satisfied all the requirements of the National Liquor Board.

The National Tavern Association launched its fight to have the shebeens licenced about four years ago.

"PEGGY BEL AIR" SENNE: No problems.

In October last year the Soweto Council and the West Rand Administration Board recommended that 37 shebeens be legalised to sell liquor for consumption on the premises.

Where a residential site has been rezoned for "on consumption" liquor purposes and the owner wishes to use a section for residential purposes a dividing wall must be built.

The shebeen should have separate toilets and ablution facilities for men and women.

An enclosed drinking area must be provided.

A wall 2m high must be built around the area.

ARGUS 2/4/84 (30)

FINANCE/STOCK

Grandbaz turns down Shoprite merger proposal

A proposal by Pepkor that its subsidiary, Shoprite, should be merged with Grand Bazaars has been turned down.

Mr Manual Sachar, chairman of Grand Bazaars, said today: "Pepkor have put forward certain conditions which were not acceptable to Grand Bazaars and to me."

His statement explained that the approach came from Pepkor. "The suggestion was that Grand Bazaars would buy Shoprite.

"Pepkor would receive shares in Grand Bazaars in payment of the purchase price."

However, in view of the unacceptable conditions "Grand Bazaars will not buy Shoprite and there will be no merger".

Both the Shoprite and Grand Bazaars chains are expanding. Mr Sachar has given assurances at annual meetings that he had no plans for control of Grand Bazaars to pass out of his family.

● **Foschini**, the Cape Town-based women's fashions store chain, is slimming down and stepping up its productivity for what it expects will be a tough year, its annual report shows.

Stocks in the year ended December in the 567-store chain were cut from R37,6-million to R27,5-million, while overdraft and unsecured loans dropped from R21,2-million to R7,4-million.

Current assets rose from R99,0-million to R105,8-million, while current liabilities dropped from R55,0-million to R50,0-million.

Further savings are expected this year when all the group's stores will be linked to the main computer through point-of-sale terminals, says the executive chairman, Mr S Lewis.

He sees no improvement in the economy unless the price of gold changes dramatically. He also expects interest rates and inflation to remain high and expects continued pressure for higher salaries and wages.

In this situation he says the company's strategy lies in the vigorous enhancement of productivity in all areas.

Audrey d'Angelo

NAD MOODLEY

FM 6/4/84

A change of culture

30

Offering to buy his major competitor must have given Nad (R S) Moodley, GM of City Metal Products (CMP), more than just a tinge of satisfaction.

But then life tends to turn in strange circles. Only eight years ago, his competitors, W B Camerons (WBC), tried the same thing on him.

At the time CMP was a privately-owned concern struggling for survival against the Barlows-owned giants of the stainless steel industry. Although tempted, Moodley says CMP declined the offer.

A few years ago, however, the odds shifted in his favour when the Boumat group acquired a major stake in the company. For the first time CMP was in a position to challenge WBC's dominance of the market.

Moodley admits he made the offer more out of audacity than anything else. "I came in not really expecting them to accept. I was more than a little surprised when they did."

In retrospect Moodley reckons he probably made his pitch at an "opportune moment." He says Barlows was in the process of moving its appliance division to Johannesburg, having become disenchanted with the stainless steel division which did not quite fit the rest of the operation. "Either way, they would probably have been eventual sellers," he notes.

Still, he takes the kudos for having initiated the deal. He says he acted on his own without first informing Boumat and is pleased that he pulled it off.

More important, Moodley submits, the merger made sense. He says CMP had embarked on a major expansion programme with Boumat's backing and was looking for additional factory space. Now they have the extra space they needed, plus the product rationalisation that will obviously result.

Moodley has already taken charge as GM of the newly-merged operation. The first steps towards the elimination of product duplication have been taken and the expansion plans of both plants are currently being co-ordinated. He says the plan is to expand the product range, improve quality through new technology and work towards import replacement while opening up new markets for SA goods abroad.

Inevitably charges of being a near monopoly have been levelled at the enlarged CMP. But Moodley, who estimates market share at around 60%, denies that the intention was to gain a stranglehold on the market. "We want to remain competitive with other suppliers, both locally and abroad."

The integration of the companies, he notes, has gone smoothly. Apart from a few minor changes, the management structures of both concerns have been left intact.

Turnover of the combined CMP is expected to grow from R10m to R30m/year, but Moodley is confident that he will have no trouble managing the larger operation. If necessary, additional people will be brought in to "strengthen top management," he says

Expansion

He received his initial management training working for a hardware and sanitaryware supplier in the Fifties. Eighteen years ago he joined his cousins, the Moodliars, to help them run their expanding sheet metal business, CMP. He never looked back and was at the forefront of all the company's expansion projects — especially the opening up of export markets and the move into stainless steel manufacturing.

Moodley believes that "people" have been largely responsible for CMP's success. Consequently he sets great store on staff relations. Employees, he notes, are already beginning to thrive on changes in management style. They are, he claims, enjoying their jobs for the first time.

And the reasons for the new-found harmony? "The culture is different," he says with a contented shrug.

Moodley . . . an audacious offer at an opportune moment

Financial Mail April 6 1984

Cape Times 6/4/80

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3410

Business body rejects removal

By RIAAN DE VILLIERS

THE Afrikaanse Sakekamer in Cape Town has publicly declared its opposition to the government's plan to resettle all blacks in the established townships of Langa, Nyanga and Guguletu to the controversial new township of Khayelitsha.

In a strongly-worded statement issued yesterday, Mr Gilbert Colyn, chairman of the local body of Afrikaans businessmen, said the intended removal had been discussed at the monthly meeting of the Sakekamer's executive.

"The executive is unanimously of the opinion that the established communities, particularly where they live in a homogeneous area, must not be moved unless there are reasons which are not known, such as the upgrading of accommodation.

"The chamber is well aware of the negative political consequences of previous removals of communities and on the basis of available evidence, cannot support the proposed removal," he said.

In the process, the Sakekamer has aligned itself firmly with its English-orientated counterpart, the Cape Town Chamber of Commerce, which recently also declared its opposition to the move and warned that it would heighten tension, create conflict and "ignore the basic rights of an already restricted society to choose where to live or work".

Formally, the Sakekamer takes a neutral standpoint on political issues from a business point of view.

However, it broadly supports government policy.

Mr Colyn would not comment further on the implications of the Sakekamer's decision yesterday.

The stance of these influential business organizations has added to mounting protests over the government's plan to move all blacks legally in the Cape, including those living in the established townships, to Khayelitsha.

ARGUS 12/4/84

30

27 024 SA car sales set record for March

Financial Editor

NEW-CAR SALES rose sharply last month by 3 326 to 27 024 — the highest monthly figure since June 1982, and the best March sales' figure in the industry's history.

Sales of light commercial vehicles and trucks also showed a significant improvement.

Toyota was again leader with sales of 5 529 cars, giving it 20,6 percent of the market. Ford was second overall with 3 967 sales and a 14,7 percent market share.

Sigma was third overall in car sales with 3 121 and 11,5 percent of the market, while Mercedes-Benz moved up to fourth place with 3 072 and 11,4 per cent.

The only other manufacturer to get into double figures on market share was Volkswagen with 10,4 percent from 2 802 sales.

DOMINATED

Toyota's Corolla dominated the top 10 models with 3 120 sales, followed by its stablemate, Cressida, with 2 351, and Ford's Sierra third with 2 273.

Escort sales in March were 1 436, to make it the fourth most popular model, with the Mazda 626 fifth on 1 422; the VW Golf/Jetta range sixth with 1 341; then the Mercedes W123 range seventh with 1 322, ahead of the 1 170 sales of General Motors' Rekord, Commodore and Senator model range.

The Nissan Langley was the ninth best-selling model on 1 087, and the Mazda 323 10th with 1 049.

"March vehicle sales again reflected some underlying confidence in general business prospects," said Toyota's marketing director, Mr Brand Pretorius. "However, there was also some pre-budget buying which inflated the figures."

A total of 11 320 light commercial vehicles were sold, the highest figure since last November. Sales of commercial vehicles in the 2-ton to 4-ton range amounted to 611, while 1 232 heavy vehicles were sold.

NKOMATI

Non-violent ways

KwaZulu Chief Minister Gatsha Buthelezi has expressed understanding of Mozambique's reasons for signing the Nkomati Accord. He says the agreement proves the wisdom of non-violence in the "liberation struggle." Buthelezi, who is also head of the Inkatha National Cultural Liberation Movement, spoke to a crowd of 10 000 at a prayer meeting at the Jabulani Amphitheatre, Soweto, last weekend.

Speaking on "strategies for liberation within the context of southern Africa," he said Nkomati meant different things to different people. "To some, it has been a shattering blow, and to some, it has appeared like a twinkling star at night. Nothing has been as divisive as the accord."

He was puzzled, he said, to see so much anger in the black community over the accord. Judging by the condemnation expressed by some blacks, people would think President Machel and his people had failed to make sacrifices for "our liberation struggle over so many years."

Buthelezi stressed that the euphoria among whites, including government, that the accord would solve SA's problems, was unrealistic and tragic.

"When the SADF overran Maseru and killed our brothers and sisters including Lesotho citizens, no one came to the rescue of Lesotho. When the SADF invaded Angola twice, no one came to Angola's rescue. When the SADF overran Mozambique no one, not even the world powers, did anything about it. It was just protest and protest at all international forums.

"There is a feeling in certain quarters that Mozambique has let us down. After two raids by the SADF into Maputo, what did we expect President Machel to do? To take more and more raids regardless? Can any political leader sacrifice everything for brothers in a neighbouring state, regardless of the interests of the citizens of his own country?" Buthelezi asked.

The Nkomati Accord, he said, had proved the wisdom of the strategy of non-violence which Inkatha pursues. Black SA should use its consumer power to fight for liberation because it cannot win an armed struggle against Pretoria at this stage.

BLACK BUSINESS

Soweto clinic

30

FM 20/4/84

A privately-owned black clinic, the first of its kind in SA, is being built in Soweto near Baragwanath Hospital. The R2,3m clinic, named Lesedi (Light), will have 250 beds, a fully-equipped intensive care unit plus paediatric and radiology sections.

The project is being developed by a group of black businessmen and medical practitioners, with one white doctor among the black shareholders.

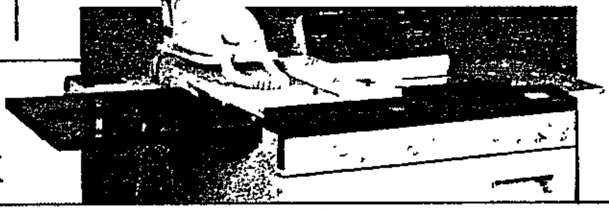
A trust — Sechaba Trust — has been formed with representatives from big business and the Urban Foundation among its members. It will "pass on experience and give guidance to the board of directors (of the clinic) in running the business," says Beau Loots, Lesedi's only white shareholder.

Community

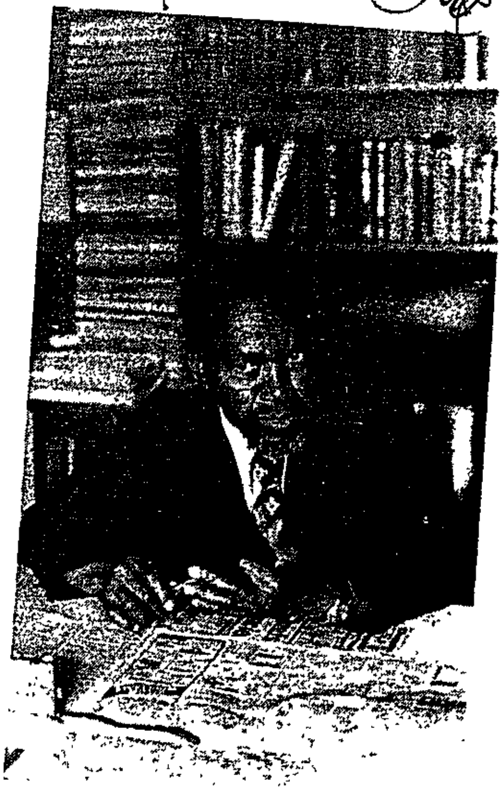
"Our guiding principle" says Loots, "is that if we are successful, we will establish similar projects elsewhere in the black community." Membership of the trust also includes black doctors and white businessmen.

Soweto doctor Nthato Motlana, who is spokesman for Sechaba Trust, says there is no 51/49% black/white shareholding in Lesedi Clinic. "Lesedi is owned by a group of black businessmen and professonal people, with only one white shareholder, Beau Loots, who was involved with us from the very beginning," he says.

"The 30 shareholders, who will own and control the clinic on behalf of the people of Soweto, raised R300 000. The balance is in



FM 20/4/84 (39)



Motlana . . . 'no gifts and no hand-outs'

the form of loans. No gifts, no hand-outs, no philanthropy — simply loans which must be repaid. For our dignity and respect, it is necessary that they be repaid, so that that money can be used elsewhere on similar projects," says Motlana.

Funds for the projects amount to R3,5m of which R2,3m will be used to build the clinic and the balance spent on equipment and facilities.

Says Motlana: "Over the last 20 years many young black doctors have acquired specialist skills in disciplines like orthopaedics, neurosurgery, general surgery and so on. All of them are living and working overseas because there are no facilities where they can practise their profession here."

BRIAN CONNELLAN

Strategic mobility

Barlow Rand's building supply, steel and paint division has a turnover of R1,5 billion and taxed profits of R50m. Deputy chairman, and MD of Robor Industrial Holdings, Brian Connellan (43) says: "We calculate that the division would stand 12th in the *FM*'s Top 100 Companies."

The division demonstrates Barlows' skill in expanding strategic acquisitions in new industries to assume dominant positions within a short time. Examples are Connellan's Robor (steel and aluminium) and, in building materials, Federated Blaikie, officially listed this month.

Other units in the division are Plascon, plus about six smaller, mostly wholly owned, Barlow subsidiaries; and Thesens, which is managed for Rand Mine Properties.

Connellan does not expect further acquisition of subsidiaries in the next six months. "We have some shaking down to do. As well as the Federated Blaikie development, Robor took over two sections of Metal Box. We have to get into the best position to manage these," he says. "In one or two minor outlets, for example, where two companies are trading cheek by jowl, we'd look at rationalising their product mix, enabling them to have a different accent and scope, depending on skills."

But of some 140 outlets in Federated Blaikie, Connellan says: "There are about a dozen small enterprises we'll start putting together. We're getting systems, procedures, accounting and other details on a common basis — but we're not going about heavy-handedly imposing the 'party line.' That's pointlessly demotivating."

Despite a generally bleak impression of economic recovery prospects this year, Connellan says reasonable steel orders from export markets lighten Robor's prospects.

How does Connellan spot executive material? "The main thing we look for is someone highly motivated, with a burning desire to succeed personally *and* as part of a team. Not the rugged individualist star, but an ambitious, hard-driving, smart-working man. Then we move him around, throw him in the deep end; if he's as good as we think, he'll swim."

Connellan might be describing himself. He's been with Barlows for 20 years, ever since he joined clutching a brand-new accounting degree. After two years, he left accounting for Barlows's East Rand motor interests, working his way through all the departments.

Then it was on to Cape Town to buy Grosvenor and put it together with Holmes Motors; then to Namibia ("13 companies engaged in a wide field of operations, a mini-Barlows"); and back to head office to set up the group's public affairs section. "The planning and positioning of its profile, whether we were going in the right direction, and projecting the right image — fascinating," Connellan reminisces.

On again to Federated Timbers, first as GM, then as MD. This was followed by some time at head office as vice-chairman to Derek Dyer. Then a brief assignment at Barlows's tractor division while group rationalisation was under way. Back to head office again, to take on Robor and the division's vice-chairmanship.

He is very much a corporate man, Connellan acknowledges, enjoying the stimulus and the teamwork. Of his "outside" life, he says little, except that he plays squash and does some fishing. Most of his spare time is spent with his family.

Connellan believes he is in head office for good now. "I enjoyed my time in the line functions — there's a different excitement at the sharp end. And building supply and the motor industry can be pretty rough-and-tumble."

So what is his ambition now? He smiles. "There are different types of ambition. If you use the tortoise-and-the-hare analogy, I'm a tortoise ... but I like winning."

Connellan ... a tortoise who likes winning

VERNEY MATHABATHE (30)

Tembisa tycoon

FM 27/4/84

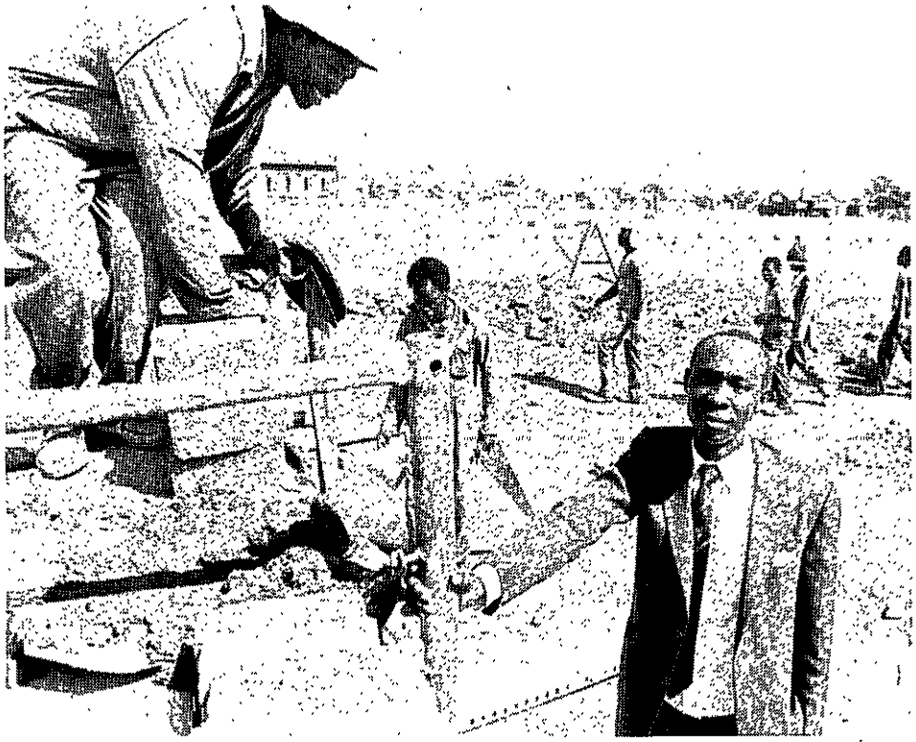
Turning 49 the other day was more than just a matter of growing older for Verney Mathebathe. It was on his birthday he heard that Standard Bank had okayed a no-strings-attached R2,6m loan for a Tembisa shopping centre and office development project which he had masterminded.

Mathabathe, MD of Verney Secretarial Services (VSS), an accounting and bookkeeping concern, has been the sole mover behind the wholly-owned 9 596 m² project. No fronts, no 51%-49% splits, just an entrepreneurial confidence that will undoubtedly inspire others to follow in his path.

Though the loan was only finalised in February, construction of the centre is well under way and is scheduled for completion in October. Building began almost immediately, since Mathebathe was already armed with R1,1m from the sale of preference shares in holding company Mathebathe Investments to principal contractor Group Five.

True to his Nafcoc allegiance, Mathebathe shuns the idea that blacks derive any real gains from conventional 51%-49% partnerships. "These deals are a failure," he says, "because their structure is inevitably unfavourable to the black partner. The 49% partner always has the managerial and accounting skills necessary to any venture's success. The 51% side seems to have none of this know-how."

FM 27/4/84 ㉚



Mathabathe ... no real gains from 51%-49% partnerships

"White investors will inevitably control such arrangements," he says. "How can a dwarf challenge a giant?"

Instead, Mathabathe advocates a simple franchise system for township ventures. It is only through the "hands-on" experience afforded by franchise ownership that blacks will be able to take full advantage of their own buying power.

In addition to operating a bottle store and receiving rental income from 22 office suites on the centre's upper level, Mathabathe will own a 2 000 m² Spar franchise in the complex. He will control these interests through three subsidiaries of Mathabathe Investments.

Model

He hopes that, if successful, his Tembisa project will become a model for other black entrepreneurs. Mathebathe is clearly an example to his five children. He shows off the Standard 8 report card of one son who is getting straight A's in economics and business management. A second son works for international accountants, Ernst Whinney.

In addition to his business commitments, he also has time for the numerous community responsibilities that come with his position as Tembisa's leading businessman. He chairs several local school committees and acts as financial adviser to dozens of Tembisa youth groups.

Wearing a tie emblazoned with the insignia of the Association of Commercial and Financial Technicians of SA, the lanky, soft-spoken businessman says he is optimistic about prospects for the Tembisa Centre Mall, a project eight years in the making.

Large manilla plans for the complex, along with numerous diplomas from various management courses, line the walls of Mathabathe's office at VSS's headquarters in Kempton Park West.

Mathabathe breaks into a smile when asked how he will profit from the venture. Naturally so — he expects a R30m annual turnover from his interests in the project. But money is not the only object. "The important thing is not to get rich," he says, "but more a matter of getting things done."

civil and criminal mat-

Mercury 2/6/84

30

Rebate move welcomed by Indian trade

Mercury Reporter

THE Central Durban Indian Ratepayers' Association yesterday welcomed a recommendation for a 20 percent rates rebate for land in the city's Grey Street complex, contained in a report made by the Tees Committee which investigated rates for the area.

'This will mean an additional relief to the area to the tune of about R370 000 — but not the R673 000 we had requested,' Mr K T Manjee, the association's secretary, said.

The Tees report proved that the 20 percent relief the association had sought consistently since 1978 was justified.

'We believe the Grey Street area has been over-burdened with high rates for at least five years since the rebate system was introduced.

'We hope this will be borne in mind by the city council when it decides on future rates,' he said.

Mr Manjee said a rates rebate system, introduced by the Province as a result of the earlier Wilson Committee's findings, was not the final solution.

'As disenfranchised ratepayers we have to continue to go cap-in-hand to the council, and in the past nine years only limited relief has been granted.

'The real solution lies in the council now investigating the rating system,' he said. 'The present rating system is unsatisfactory because the Group Areas Act has distorted land valuations in such a way that the community that can least afford high rates has been hit the hardest.'

BLACK BUSINESS ③⓪

Haggling over drink

FM 4/5/84

A major row has broken out between government and the Soweto town council over Pretoria's plan to "legalise and privatise" the liquor trade in black urban areas. The

⑳ FM 4(5|84

council is threatening to go to the Supreme Court in an effort to block the sale of liquor outlets to private enterprise.

The council claims it needs the revenue from liquor sales to buttress its inadequate revenues from other sources. Government, however, is pressing ahead with the sale through the various administration boards.

The move has been enthusiastically welcomed by black businessmen. In fact, the National Taverners Association, which claims a membership of 9 000 operators of illegal shebeens, has formed a company, National Taverns Association Ltd, to buy and distribute liquor at both wholesale and retail levels.

Shebeeners throughout the country have been invited to buy shares — providing they are prepared to invest a minimum of R100. Investors can submit their applications at any branch of Barclays Bank between now and June 30, according to Lucky Michaels, the association's national chairman.

Michaels says the company has its eye on bottle stores in the East Rand, the West Rand and the Vaal Triangle area.

In the West Rand Administration Board's area 27 individual shebeen owners have submitted applications for liquor licences which have been considered by the Liquor Board. They are now waiting to hear whether Minister of Co-operation and Development, Piet Koornhof, who has the final say, has approved their applications.

In the Pretoria area 10 liquor licence applications by blacks have been "provisionally" approved, says Paul van Heerden of the Central Administration Board. He says the allocations are provisional "because the affected individuals have asked for an extension in order to raise enough money to meet our requirements. Those who fail to do so will, of course, have their provisional allocations withdrawn."

Michaels ... aiming to form a large liquor business

Consumers cut back on food spending

30

Star

4/5/84

By Eugene Saldanha

South Africans are spending less on food than six months ago under the impact of the recession and drought.

Two major chain stores — OK Bazaars and Checkers — today supported this finding by an independent research company, Research Surveys (RS).

The report on eating and drinking patterns also reveals that there has been a noticeable decline in the consumption of maize products by black urban households.

The company conducts face-to-face interviews with 5 500 white and black urban householders every six months to find out what they eat and drink. The latest survey was from November to February.

"These reveal that all South Africans are feeling the pinch and have been reducing expenditure on even staple foodstuffs. But black people are by far being hardest hit by the effect of lower disposable incomes and rising prices for basic foodstuffs," the report said.

Spokesmen for OK Bazaars and Checkers confirmed that sales for basic foodstuffs had dropped in the past six months.

"Our figures show there has been a drop in customer expenditure on basic foodstuffs and clothing. But there is little the stores can do about this because of the general economic climate," said OK Bazaars' company secretary Mr J Parnell.

Maize drop

The report shows that black households have reduced their consumption of yellow maize dramatically, and says a possible reason for this is resistance to the mixing of yellow maize with white.

Mr Parnell agreed that there had been a noticeable decline in maize sales.

The director of Research Surveys, Mr John Rice, said the food consumption patterns seemed to indicate that for the consumer the recession was not over.

This factor, combined with unemployment, higher taxes, higher food prices and scarcity caused by the drought had produced a "frustration" factor for black consumers.

Soup meals

In contrast, consumption of low-convenience packet soups as a summer meal had increased dramatically.

The survey also found that beer consumed at meal times had dropped from 13 to 9 percent for all races. But soft drinks maintained their record of last summer, despite higher prices.

"These trends suggest that the authorities must give serious consideration to the lifting of GST on basic foodstuffs. To some extent, the drop in certain foodstuff consumption can be ascribed to the health 'kick' of sensible eating," Mr Rice added.

Post Focus

From backyard to business site: the SBD complex trades on hope

30

By BESSIE BOUWER

THE small business complex just opened in Kwazakele is providing former "backyard" entrepreneurs with the opportunities they have dreamed about.

At a cost of R830 000, 33 factory units have been built where blacks can firmly establish themselves on the industrial ladder.

The speed with which sites have been taken up has demonstrated the kind of initiative business-minded blacks can show, given half a chance.

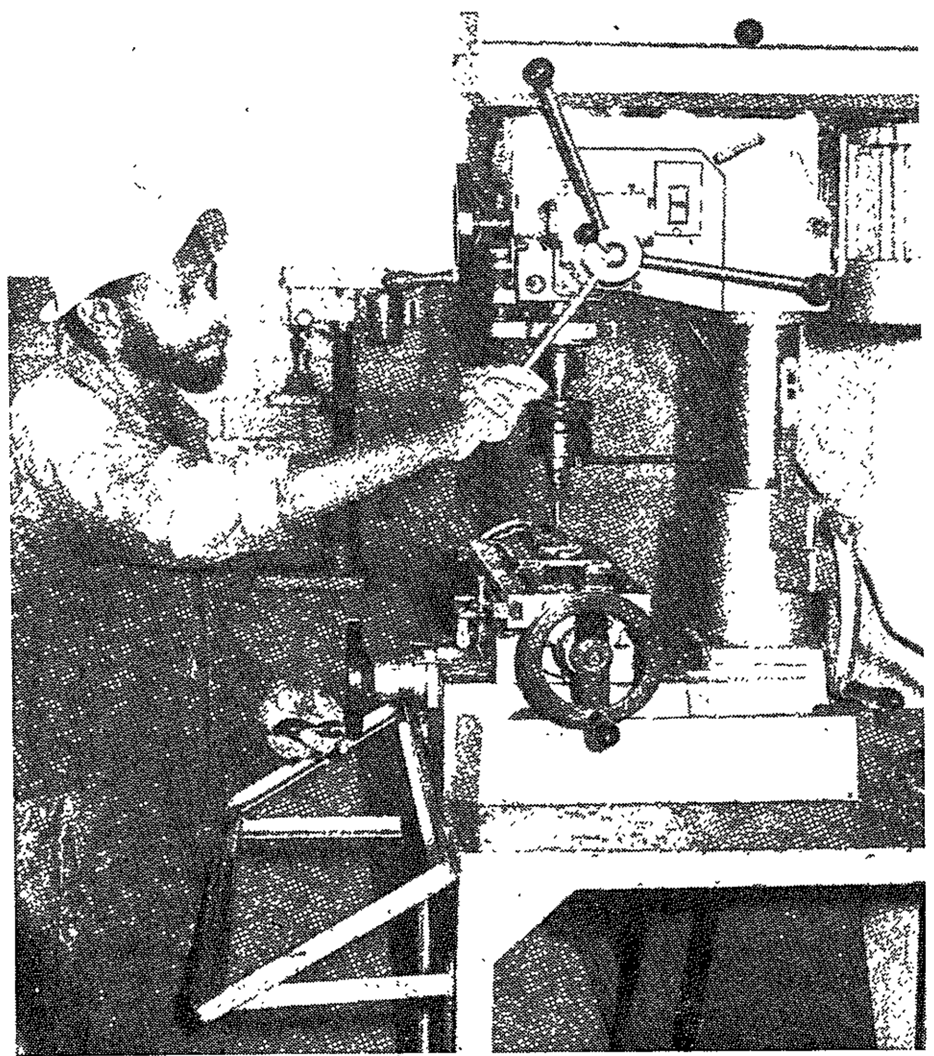
"This is the opportunity I have dreamed about," said one.

"I am working hard to make a name for myself," said another.

All had worked to build up their own capital to establish their businesses in the new complex.

The W M Maku Industrial Park built by the Small Business Development Corporation will be officially opened next week by Dr Louis Rive, the man appointed to devise a blueprint for upgrading living conditions for Africans in the Eastern Cape.

The factory complex became operational last



of a car repairs business at the W M

which had no partitions and served as one large working area.

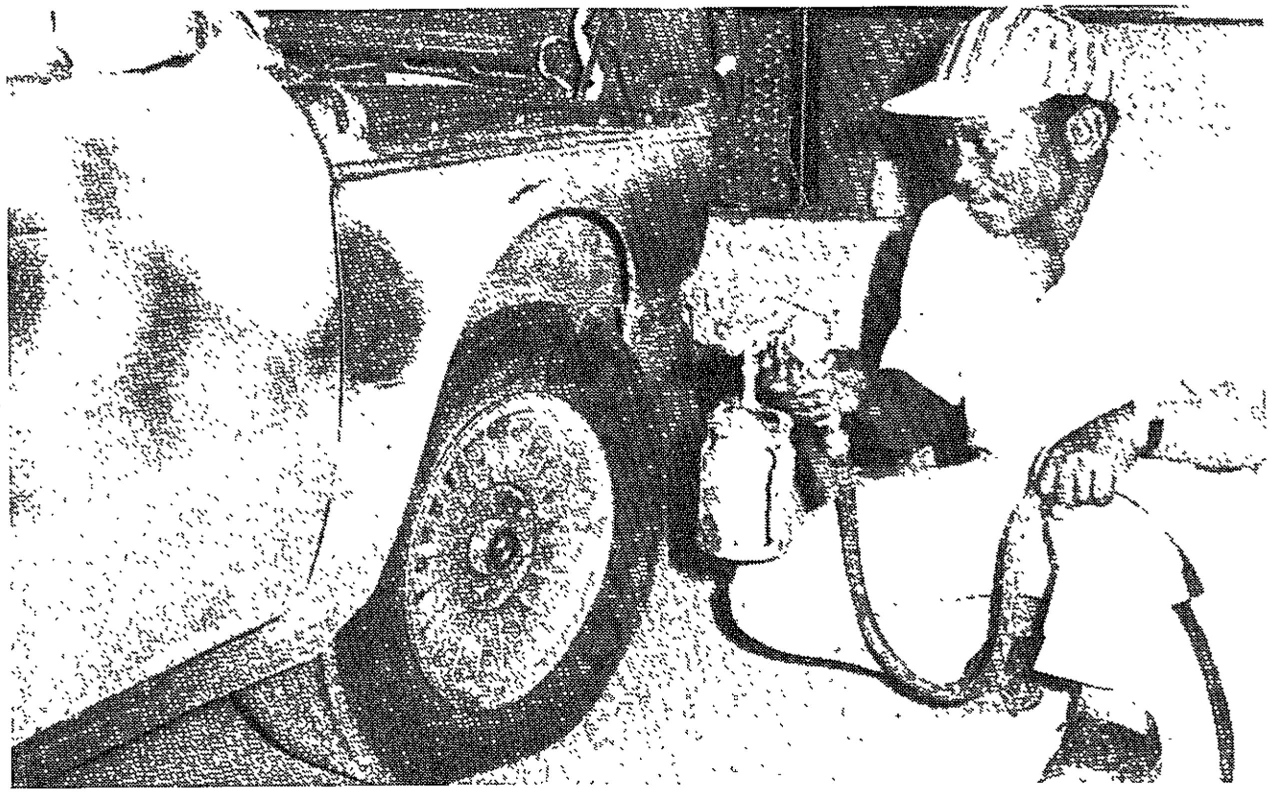
"This is probably the first co-operative of this nature in Port Elizabeth where eight people work together."

She said that the tenants in the complex had already formed a committee to liaise with the SBDC corporation about problems or complaints. One of the problems was that the building was not dust proof and ideas on how to overcome this were being discussed.

She added that all the tenants were quite happy about having to pay a certain amount of rent in advance for security reasons and about signing a three year contract. "We feel this is an excellent business opportunity."

Another businessman, Mr Julius Mdayana of Zwide, who owns a panel beating concern, has hired three of the larger units and employs eight workers.

He had nothing but praise for the scheme. "I worked as a panel beater for 18 years. For the past two years I operated from a small garage in Red Location. This is the first time I have operated in such a nice new building and I'm sure business will be good. [illegible] am very happy



At last a place to call his own

Mr JULIUS MDAYANA, one of the tenants of the factory complex in Struanway, has his own panel beating and spray painting concern. He is sure business will boom soon.

Pictures by Jack Cooper

ring the premises opened their businesses.

According to Mr Arnold Greyling, the manager of the SBDC in the Eastern Cape, the complex was built to enable the smaller African businessman to move into a factory situation.

There had been a need for this type of service and this industrial park in Struanway was the first of its kind to be built in the Eastern Cape, said Mr Greyling.

The buildings are in two blocks with units of 42,5 square metres and 85 square metres respectively.

Tenants lease these units on a monthly basis and operate along the lines of a semi-formal factory operation.

Weekend Post this week spoke to the new tenants to get their views about the low cost accommodation for their business ventures.

All agreed that the situation had provided them with a unique opportunity of improving their business skills. The tenants had to apply to the Kayamnandi Town Council for unit accommodation and were carefully screened and selected.

Business ventures included a spray painting and panel beating workshop, an upholstery cooperative, a dressmaking studio, a television and radio repairs shop and a furniture making concern.

Mrs Fudgie Saliwa of Kwazakhele, who rents one of the smaller units for her dressmaking business, said she had been a private seamstress for many years and had made clothes at home. Because of the demand she had employed helpers but there had been insufficient space for her to expand her thriving business.

Now she was able to employ four helpers and in addition to her dressmaking she was also able to provide an 'invisible mending' service which was much in demand among her clientele.

"At last I will be able to build up my own business. I have dreamed about this since I started sewing at school but I never thought I would one day have a place of my own," she said.

Also operating on a small scale was Mr Griffiths Nogaya of Zwide who rented one unit for his radio repairs business.

"I operated from home before and this didn't work because a backyard business is not recognised. At the moment I am working hard to make a name for myself and then I'm sure business will improve."

Mr Mthuthuzeli Baleni, who makes wooden window frames, doors and cabinets, also expressed satisfaction with his unit.

"I was so happy when my application was accepted because now I can work at all hours. Before it was very difficult to operate in my small backyard and I struggled for the past five years. This is a good opportunity for black people to get ahead in business especially if they have initiative."

The tenants renting the larger units seemed even more confident about business prospects.

Miss Mareldia Lagardien, one of the members of a small upholstering co-operative, said they had previously operated from two rented rooms in Korsten. Here they rented five units

[illegible]

this scheme."

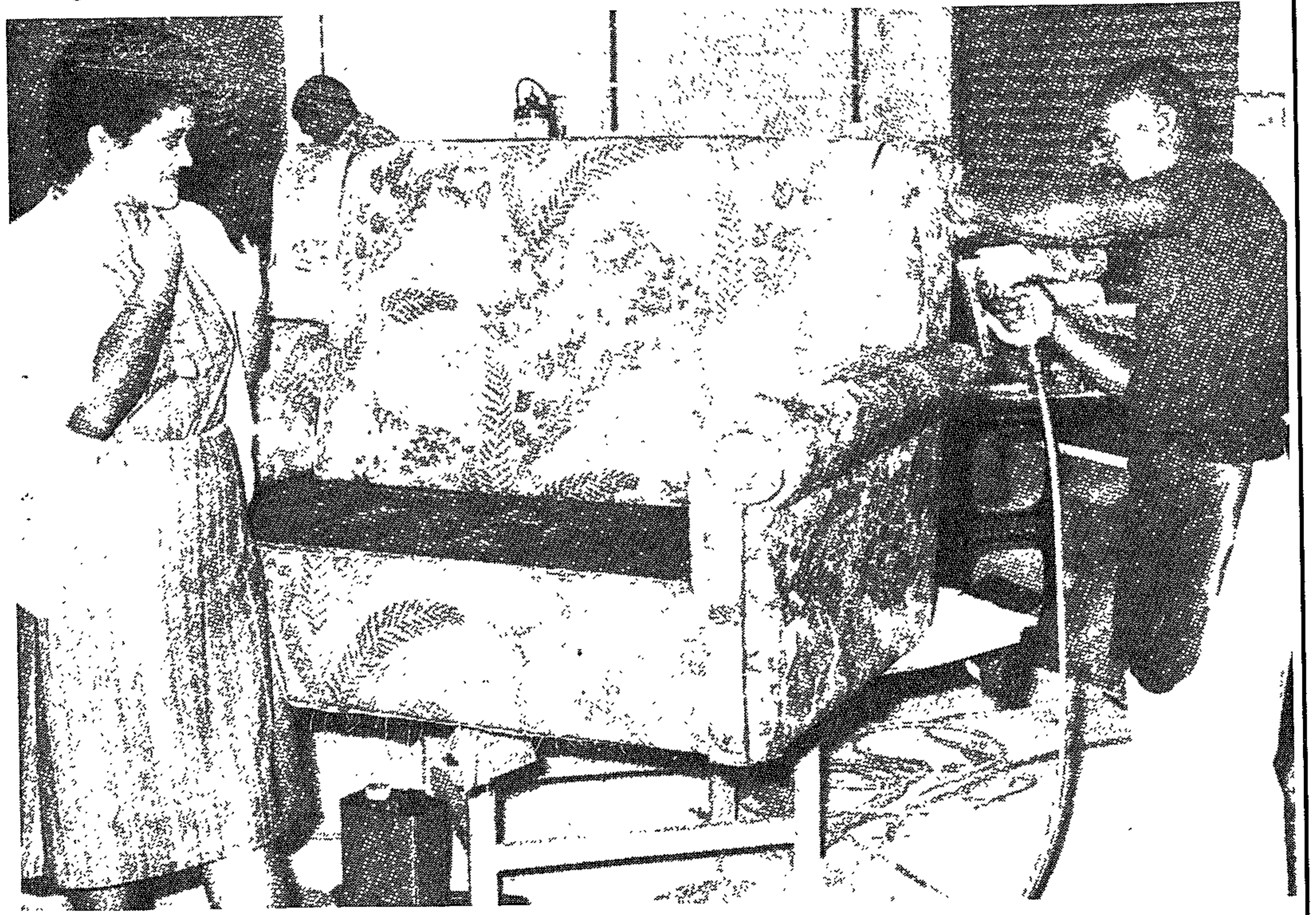
All tenants said they thought business prospects would improve when they became better known and the scheme was infinitely better to a backyard business.

Mr Mkaza Monwabisi, president of the Eastern Cape Chamber of Commerce and chairman of the Port Elizabeth African Chamber of Commerce, said that the SBDC had promoted the small man through loans, accommodation and advice.

In the past it had been tough for blacks to start a small business because they had lacked the capital and expertise.

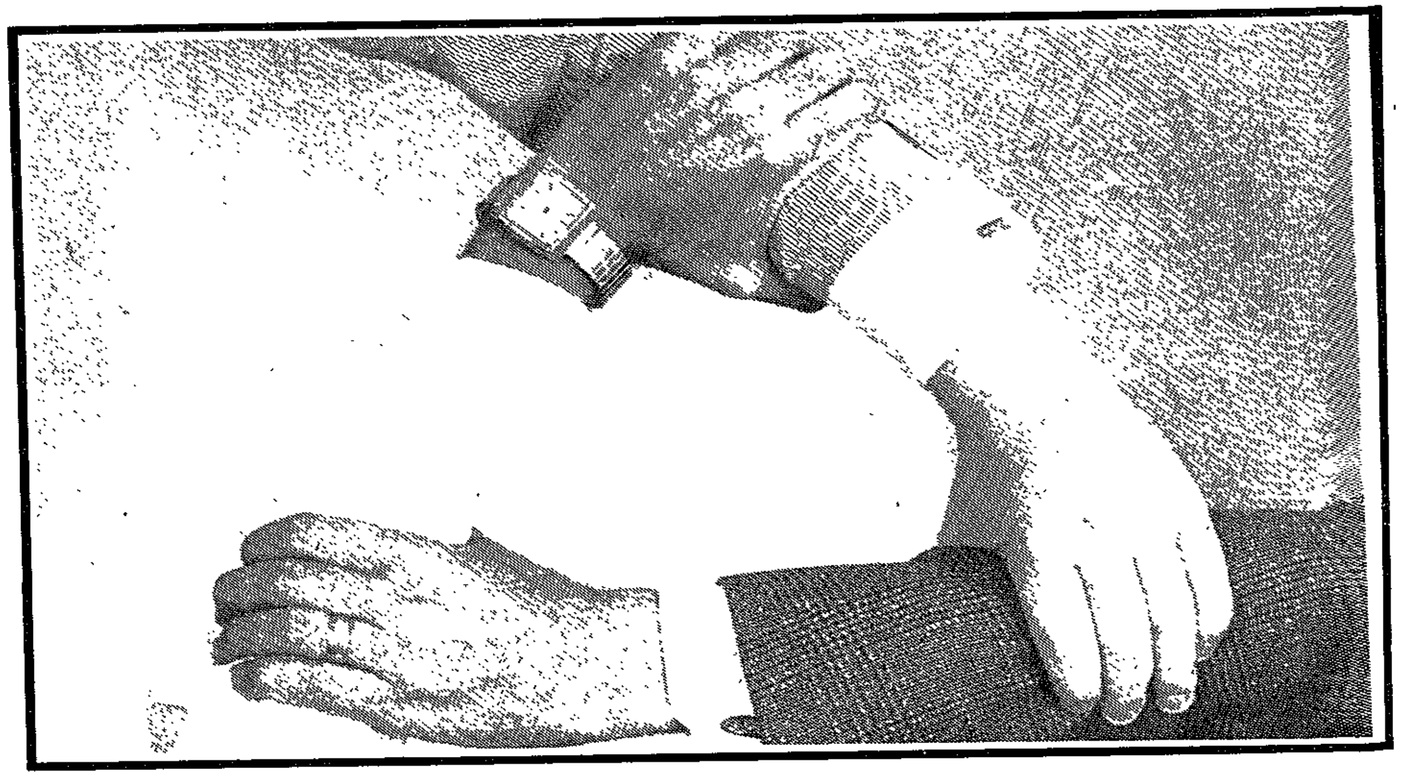
"They start from nowhere in the townships. Out of meagre salaries they start with a box of tomatoes, a bag of onions, make pennies, sell offal in the backyard, and ultimately they are able to acquire licences for a business."

aku Industrial [illegible] ness Development Corporation, is busy making car parts. Here he operates the drilling and milling machine.



Miss MARELDIA LAGARDIEN casts an approving eye over the upholstery work of Mr MADODA MATISO at the W M Maku Industrial Park. Covering chairs in plastic is very much in demand among black customers and the small upholstery co-operative which rents units in Struanway caters to it.

Madoda's upholstery business is flourishing



Cape Times 5/5/84

30

Opposition increases to meat-control plan

Chief Reporter

THE Cape Wholesale Butchers' Association (CWBA) and the Strand Town Council have joined the fight to stop the Meat Board from expanding its meat-controlled areas around Cape Town.

Mr L Salber, chairman of the CWBA, said yesterday that the Meat Board and the Minister of Agriculture had been notified of the association's strong opposition to the board's plan to extend the meat-controlled areas of the Cape Peninsula to four neighbouring municipalities.

Mr Salber added that the plan could lead to increased meat prices and would be detrimental to the interests of producers, the public and the meat trade in general.

Last month the Meat Board decided to recommend to the Minister of Agriculture that control be extended to include the municipalities of Kuils River, Brackenfell, Durbanville and Kraaifontein.

Formal protests have already been lodged by the town councils of Kraaifontein, Kuils River and Brackenfell, and other municipalities including Stellenbosch, Somerset West and Durbanville are expected to take a stand on the issue soon.

The Town Council of Malmesbury, where a regional abattoir is situated, is to take a decision on Monday night.

The Federation of SA Country Retail Butchers, has appointed an action committee to co-ordinate opposition to the move.

Mr Frans Roelofse, spokesman for the committee, said yesterday that one of the regional abattoirs that would suffer decreased turnover and severe income losses if the Meat Board plan went through, was situated at the Strand.

The Mayor of the Strand, Mr P L Claassen, has stated in a letter to the federation that extension of the controlled areas would cause unemployment in smaller municipalities around Cape Town.

Cape Times 9/5/84 30

Manpower report moots removal of discrimination

Political Staff

SWEEPING changes, including the removal of discrimination on the grounds of race, are suggested in a National Manpower Commission report tabled in Parliament yesterday.

The report covers the investigation into the small-business sector in South Africa with specific reference to factors possibly retarding growth and development.

The Minister of Manpower, Mr Pietie du Plessis, said yesterday the broad guidelines of the report had been accepted by the government in principle "having regard to other goals and the provisions of over-arching legislation in respect of the geographical establishment of undertakings".

It is understood this essentially involves the Group Areas Act.

The report concludes that from the information collected the obvious way of alleviating legal restrictions would be the setting up of guidelines for government institutions.

The guidelines, it states, should take into account:

- Elimination of legislation which discriminates between races.
- The possibility of being more lenient with African businessmen because of their greater development needs.
- That both formal and informal small business sectors should be considered.

The public sector, the report states, should care for the needs of small businesses in:

- Drafting and revising legislation.
- In the administrative implementation of legislation.
- The attitudes of officials in general.

And, it adds, where the needs of a small business sector cannot be accommodated in legislation, or a graded standard system "they should be taken into account in the administrative implementation of particular legislation".

The report states that its investigations showed that small businesses were hampered by legislation and other factors. These included:

- The Group Areas Act.
- The Liquor Act.
- Tax concessions that do not benefit the small businessman.
- Problems involved in getting a business licence.
- The complicated Companies Act.
- Strict housing standards.
- Regulations in respect of business premises in terms of the Factories Act.
- Requirements in respect of street vendors and African entrepreneurs.

Butchers challenge Meat Board

CAPE T/nB 16/5/84 P 30

Chief Reporter

SMALL butcheries in the Western Cape have decided, as a group, to apply urgently to the Supreme Court for an order restraining the Meat Board from seeking ministerial approval of its plan to include four neighbouring municipalities in the meat-controlled area of the Cape Peninsula.

The Meat Board's decision to recommend such a move has brought strong protests from the areas concerned — Brackenfell, Durbanville, Kraaifontein and Kuils River — as well as from bodies such as the Federation of SA Country Butchers and the Cape Wholesale Butchers' Association.

The federation has appointed an action committee through which to channel protests against the plan. Grounds given for the protests are that if approved, the Meat Board plan would lead to meat-price increases for consumers and would eliminate free-market competition.

Mr Frans Roelofse, spokesman for the action committee, said the small companies involved had taken legal advice and would seek a Supreme Court interdict to restrain the Meat Board from submitting its decision to the Minister of Agriculture.

"If we are unable to do that we will submit a memorandum to the minister directly, setting out the facts and the legal situation."

Mr Roelofse said the action committee was petitioning other local authorities in the affected areas and also planned public protests this weekend.

Meat Board's Cape expansion plans opposed

W/t ARGUS 11/5/84

30

By IRVING STEYN
Weekend Argus Reporter

PLANS by the Meat Board to extend its Cape Town control area, bringing more expensive meat for all concerned, are being heavily opposed in, among other moves, petitions circulating in the Tygerberg today.

The petitions oppose the extenion of the Meat Board's area "because this will result in price increases over peak times, will damage healthy competition and will harm small business undertakings, which are affected by this move".

Leading the campaign against the Meat Board is the Federation of SA Country Retail Butchers, who handed in a memorandum to the Minister of Agriculture, Mr Greyling Wentzel, yesterday.

Backing the butchers are five Boland towns — Malmesbury, Kraaifontein, Kuils River, Brackenfell and the Strand — and more are likely to join the protest.

Cape Town too

The Meat Board is asking the Minister of Agriculture to extend its Cape Town controlled area to include Durbanville, Kraaifontein, Kuils River and Brackenfell.

Should this be allowed, the federation says, this would lead to price increases of up to R1 a kilogram for beef and mutton at peak times — not only for the affected areas outside Cape Town, but in Cape Town itself.

Meat from outside the controlled area may not be sold in Cape Town, but meat from the Maitland abattoir may be sold outside the controlled area.

The country butchers — more than 60 are affected — said that as an example of prices they were selling legs of lamb in December last year at R4,30 a kilkogram, while the same thing supplied from Maitland in the controlled area was selling at R6,42 at the peak.

Should the Meat Board's plans get the go-ahead, the country butchers affected would have to get all their meat from Maitland.

Overloading

It would lead, it is claimed, to further overloading of the Maitland abattoir, giving rise to dramatic increases in Peninsula meat prices when demand rises over holiday periods and long weekends.

It would also lead to a rise in infrastructure costs to the smaller butcheries and financial losses to farmers who would have to join the end of the queue for Meat Board quotas.

Application for the slaughter of 1,8 million sheep at Maitland were granted for only 500 000 and farmers would stand little chance of getting quotas.

A spokesman for the Meat Board said in Pretoria that it considered the matter sub judice while it was being considered by the Minister. A full statement would be issued once a decision had been reached.

ARGUS 11/5/84

30

Increase gives city retailer 'cold shivers'

THERE HAS been mixed reaction to the news of the general sales tax increase and exemption from GST of certain basic foods.

"It gives me cold shivers," Mr Colin Abel, managing director of Victrix, a leading retailer of domestic appliances said.

"I think it will knock the bottom out of an already falling market."

"The increase in GST last year from six percent to seven percent did not have much effect on sales. But the new increase is almost 50 percent and this must affect consumer spending.

DIFFICULT TO CHECK

Mr Chris Hurst, finance director of Pick 'n Pay, welcomed the decision to exempt certain basic foods from the syustem.

"It means cashiers would have to differentiate between taxable and non-taxable articles.

But he thought the Government might have difficulty in policing the new system. The different tax rates would make it difficult to check up on small traders.

OVERSEAS PRACTICE

Mr Marius van Blerck, a Cape Town tax consultant, said the Government was merely following the practice overseas. He would not be surprised if GST eventually climbed to 15 percent and luxury goods were subject to a super-sales tax.

Dr O D J Stuart, deputy director of the Bureau for Economic Research at the University of Stellenbosch, said the increase to 10 percent was a surprise. An increase had been expected, but only up to eight percent.

(Turn to Page 2, col 5)

ARGUS 11/5/84 30

Mixed reaction to Govt's latest tax ch

(Continued from Page 1.)

He said it would lead to an increase in the consumer price index and to further inflationary pressures.

The increased tax, at a time when the consumer already had to pay high interest rates, must affect his spending.

"This is a shock . . ." was the reaction of Mr Colin Adcock, chairman of the National Association of Automobile Manufacturers (Namsa), when told of the GST increase.

"It means the tax content in the price of cars is beginning to rush upwards."

He gave as an example a two-litre automatic four-door sedan selling at a retail price of R14 400.

"UNFAIR BLOW"

Under the phase five duty system the tax was R900. Under the "ad valorum" tax of one and a half percent — introduced in the recent Budget on all cars — and now the 10 percent GST, that two litre vehicle would carry taxes of R2 050.

"It is a damned unfair blow to the motor industry. It continues to get hit," said Mr Adcock.

"We will make an approach to the Government to try to get the ad valorum duty removed, because it was absorbed by the motor industry.

"Normally we would have sought a general price increase on July 1 to counter the effects of inflationary increase, but with this tax increase I don't know how we can.

"RUSH OF BUYING"

"The effects of this increase could be severe. At this stage I have no indication how it will affect parts of the industry but there is sure to be a rush of buying up to the end of June."

He added: "But it is amazing how the South African public just keeps on buying — even in the face of massive interest rates. I think people are price punch-drunk."

The GST increase will trigger off wage demands which will lead to an upward spiral in costs, Mr C E McCarthy, deputy director of the Cape Chamber of Industries, said.

If the Government's aim was to curb inflation by bringing down spending, higher interest rates would have been more effective.

"A SHOCK"

The director of the Cape Town Chamber of Commerce, Mr Brian MacLeod, said the size of the increase came as a shock.

If the Government was "desperately in need of so much more money very quickly", so soon after the Budget, it seemed the public had been misled in March.

If this were the case, the Government was "taking money from the pockets of the poor old taxpayer in order to spend it itself".

On the other hand, the reason for the increase might be a wish to take urgent action to curb inflation by cutting spending.

"FIRST PRIORITY"

Pointing out that Assocom forecast a rise in the inflation rate to 12 percent this year, from the present 10,5 percent, he said fighting this "should be our first priority".

If the Government was planning to "sterilise" money by taking it from the public in the form of GST, and use it later to aid the recovery when the time was ripe, "we should go along with it".

Mr McCarthy said the rise was "very disagreeable news". Any rise in GST would trigger off wage demands and start a cost spiral which would drive up the rate of inflation.

It would also further delay economic recovery.

HIT OUT

The Council of Unions of South Africa has hit out at the GST increase.

In a *statement*, CUSA says it is concerned "*that* instead of increasing company tax, the Minister has now taxed the workers of South Africa".

"It appears however that the Minister has taken cognisance of a joint letter sent to him by the black trade union movement in March this year," Cusa adds.

The letter contained an appeal from union groupings within the emergent trade union movement which represents mostly black workers for a lifting of GST on basic foods.

LESS-PRIVILEGED

"The Minister replied that he wished to shield the less-privileged citizens. This he does not appear to have done" added the CUSA statement

"We will be forced to negotiate for higher wages because of the spiralling GST and food prices."

The Federation of South African Trade Unions, one of the union groupings involved in addressing the appeal to the Minister of Finance, said they had not had a chance to look at the GST increases but would issue a comment later.

The president of the Associated Chambers of Commerce (Assocom), Mr Bill Yeowart has attacked the financial management of the Government.

"DEEPLY REGRETS"

In a statement he said Assocom "deeply regrets that State finances have been permitted to deteriorate to the point such drastic action has become necessary".

"It is clear that not more than six weeks after the main Budget, spending targets in that Budget cannot be met without further increases in taxation.

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RESEARCH

"The authorities were aware that Assocom was engaged in extensive research to formulate recommendations to the standing Advisory Council on taxation to whom these matters had been referred in the main Budget on March 28.

"The latest decision regarding GST will require an extensive revision of the forecasts for the South African economic outlook in the year ahead."

In Johannesburg, Barclays economist Dr Johan Cloete welcomed the fact that general sales tax on basic foods was being removed, saying it had weighed heavily on lower-income groups.

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CITY

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"OTHER RISES"

Professor Roger Gidlow of the University of the Witwatersrand said, however, that the Government's decision to raise GST less than two months after the budget suggested that other rises might not be far away.

"In future there could be an even greater emphasis on indirect taxation as a method of raising revenue.

"Now that basic foods are being exempted it will be easier politically to raise GST again."

MORE MONEY

Both Dr Cloete and Professor Gidlow thought the increase would tend to lower long-term interest rates, by putting more money in Government coffers and therefore lessening the Government's need to borrow.

Dr Cloete thought one unfavourable implication was that taking the extra tax earnings — Mr Horwood estimates them at around R800-million this fiscal year — out of the economy would make the country's already poor growth prospects even worse.

Professor Gidlow said the move "gives one the impression the Government won't be able to control the growth in its expenditure".

If the Government had to raise money, he added, increasing GST was about the best way to do it.

"It's easy to collect and, unlike income tax, does not harm the productive base of the economy."

CITY

Sales tax soars — and the shopping rush is on

By HENRY LUDSKI, Weekend Argus Reporter

W/C AHGd 11/5/84

30

THE increase in GST to 10 percent could start a shopping spree, especially for high-priced goods, as consumers, conscious of savings, rush to beat the July 1 deadline, retailers predicted today.

"Some people are already doing it. It's incredible," said Mr Colin Abel, managing director of a city furniture store.

"There is no doubt about it. People are going to rush to save every cent they can.

"The news spread so fast yesterday that many people, obviously not aware that D-Day was only July 1, rushed in to make small savings".

Decision widely criticised

Yesterday's announcement by the Minister of Finance, Mr Owen Horwood, of the GST increase has been widely criticised as consumers do not regard the exemptions on basic foods as sufficiently far-reaching.

While pre-tax increase "savings" on household commodities would not be significant unless bought in bulk, the greatest rush was expected to be for higher-priced items.

Retailers said that even though savings on certain items would be insignificant, many people thinking of buying goods would now do so before July 1.

GST on an article costing R1 000 will increase by R30 to R100 from July 1.

Retailers expect an "unprecedented rush" now because of the increase and because consumers are more money-conscious.

Mr Faried Hali, regional manager of an electronics store, said: "We were very busy at all our branches this morning."


Mr Owen Horwood

He said a usually quiet Saturday had turned into one of their busiest days, with customers rushing to buy video and television sets.

Mr Stratis Zitianellis, the owner of an Observatory supermarket, saw "big problems."

"We will be forced to re-label items differently. More time will be spent in queues as cashiers will have to sort all goods into different tax groups."

Sluggish economy blamed

The sluggish economy and the inability of tax rates to produce sufficient revenue to cover Government expenditure are blamed for the increase.

Professor John Simpson, head of the Graduate School of Business, said the GST increases marked a realisation by the Government that its expenditure this year would be greater than expected.

However, the economy was unlikely to grow more than one percent and tax revenue from gold was falling.

The new constitution was also likely to require unexpected Government spending.

Professor Simpson said the selectivity of the GST increase reflected a need to woo the coloured and Indian electorates ahead of the elections this year.

Car sales in April near record

Argus

11/5/84

30

Financial Editor

CAR sales are holding up well in spite of the recession. The National Association of Automobile Manufacturers reports that South Africans bought 24 584 cars last month.

Though this figure is down from the 27 024 sold in March it is still one of the highest sales figures recorded by the industry in recent years.

If sales in Budget months are excluded, the April sales figure is the second highest since mid-1982 and 16 percent higher than the 21 185 sold in April last year.

Car sales in the first four months of this year totalled 98 328 — up 14,8 percent on last year's 85 639.

Light commercial vehicle sales totalled 9 692, which was 1 628 fewer than in March. Nonetheless sales of these vehicles were running 22 percent ahead of last year.

Sales of medium commercial vehicles last month dropped to 578 from 611 in March, while sales of "heavies" dropped to 1022 from 1232.

Altogether 35 876 vehicles were sold last month, 10,7 percent fewer than March's figure of 40 197 but 16 percent more than the 31 132 sold in April last year.

So far this year 146 596 motor vehicles have been sold, 17 percent more than the 125 293 sold in the same period last year.

Toyota had 17 percent of the market with sales of 31 793, Ford 14,1 percent with 20 726 and Nissan 13,1 percent with 19 273.

Assocom forecasts 11-12 pc inflation

THE Association of Chambers of Commerce expects the rate of inflation to rise this year to between 11 and 12 percent from the present 10,2 percent.

In a memorandum issued at its mid-year council meeting it forecasts a difficult year for the economy with no serious upturn before 1985.

It says the weak gold price and the drought are major problems.

Assocom believes expenditure on drought relief will far exceed the R460-million budgeted for the present tax year. But economic recovery in the industrialised world should improve prices of minerals apart from gold, increasing South African export earnings.

At a Press conference after the meeting the president, Mr Bill Yeowart, said members were unaninimous that the business community should be consulted on means of financing the new tricameral parliamentary system.

Sentrachem forms new chemicals division

SENTRACHEM has formed a new chemicals division which will contain National Chemical Products and Klipfontein Organic Products, with an annual turnover of more than R200-million.

Mr Chris Orpen, a senior general manager at Sentrachem, has been appointed chairman of the new division and Dr John Job its managing director.

Mr Dave Marlow, managing director of Sentrachem, said: "The new division will be able to seize opportunities which could not have been contemplated by either KOP or NCP on their own."

A new specialities division has been formed from companies formerly NCP subsidiaries. They are Poly Resin Products (formerly NCP Resins), Styrochem, a major polystyrene producer, Sagex, the expanded polystyrene producer and converter, and the NCP Yeast companies.

Its chairman will be Mr Bob Larter, formerly managing director of NCP.

Audrey d'Angelo

Gold at $373

GOLD was fixed at $373 (R480,85) an ounce in London today, against the close of $373 in New York and $373,25 in London, Reuter reports.

It gained $1,50 in New York yesterday when the dollar weakened on concerns of central bank intervention to halt the currency's rise, dealers said.

The rand opened in Johannesburg today at $0,7757 after yesterday's close of $0,7765.

London gold fixings were.

	Dollars an ounce	Rands a kg
Today 10.30 am	373,00	15 483,96
Yesterday 3.00 pm	371,75	15 392,31

MARKETS ROUND-UP

Wall St steady

NEW YORK. — The stock market showed little change late in yesterday's session. Trading was active.

The Dow Jones average of 30 industrials, which moved within a narrow range for most of the session, edged up 1,67 to close at 1167,19. Declines slightly outpaced advances and volume rose to 101,81-million shares from 100,59-million in the previous session. — Sapa-AP.

London retreats

Argus Foreign Service

LONDON. — Fears that interest rates would rise still higher undermined confidence on the London Stock Exchange yesterday. Leading equities fell for the fourth session in a row and the FT index eventually closed 11,3 down at 884,9, representing a slide of nearly 38 points from the peak.

Rand today

BARCLAYS BANK rates for the rand today:

	Sell	Buy
US dollar	0,7725	0,7825
Sterling	180,3885	176,5495
Can dollar	9945	1,0190
Belg franc C	43,2000	44,1500
Belg franc F	43,5000	44,5000

Golds

JOHANNESBURG.
tended slightly
on the Johannesburg
today in spite of
holding firm at

The easier trend
lack of interest,
losses ranging to
Doornfontein at
issues slipped abou
average. However,
showed similar
were down, six up

Mining financials
shadowed golds,
to 2275c and
10c to 1490c, but
steady with diamond
up 2c at 922c.

2 pm SHAR

From left: Price,

MINING

MIN. - COAL			
AMCOAL	3050	25-	
A.T. COLL	3100		
ANGLOCOL6%PP	178		
APEX MHN	3000		
CLYDSDL	1685		
MCALPNE	430		
NAT COAL	260		
TRNS NTL	875		
VIERFNT	50	2-	
WANKIE	24		
WELGDCT	250	10-	
WIT COLS	5150		7
MIN. - DIAMONDS			
ANAMINT	11400	A	5
BRDACRE	40	A 3-	
DEBEERS	922	2+	4
THERON	40	SUSP	
TRNSHEX	330		2
MIN. - GOLD - RAND & OTHERS			
MODDER	760		
DBN DP	3600		
E DAGGA	640		
E DAGEA OPT	370		
E T CONS	3225		2
ERGO	1080		5
ERGO NPL	200		
ERGO CD	1475		
E R P M	1800	25.	
E R P M OPT	290	10-	
EGOLI	220	2-	
FALCON	400		25
GROOTVL	1585	15-	7
MARVALE	480		10
PRIM G M	850		1
RANDFNT	18250		6
SIMMERS	620		
SALLIES	810	5+	7
STH RDPT	360	5-	
STHRPT 10%CPP	350	B	2
VILLAGE	160		9
VLAKS	360	5-	6
W R CONS	1075		5
W NIGEL	340	5-	
MIN. - GOLD - EVANDER			
BRACKDN	387	2+	15
KINROSS	3275	25-	
LESLIE	415		11
WINKELS	6550	50+	6.
MIN. - GOLD - KLERKSDORP			
AF LEASE	630		
BUFFELS	7625	B 25+	7
HARTIES	10250	50-	7.
SOVAAL	7725	25-	5.
STILFTN	1825		15
VAAL RFS	15200	50-	7.
ZANDPAN	1665	A 20-	7.
MIN. - GOLD - O.F.S.			
FREGULS	4800		7.
HARMNNY	2650		8.
LORAINE	685	B 10-	
P BRAND	5125		7
P STEYN	6500		
ST HELNA	4100	50+	
UNISEL	1675	15+	
WELKOM	1510		
W HOLDS	5900	B	
MIN. - GOLD - WEST WITS			
BLYVOOR	1715	10-	

W/C Argus 12/5/84 (30) ~~248~~

Pick 'n Pay set for further profit rise

SHARES of Pick 'n Pay, the phenomenally successful discount food chain, are giving a return of only 2,4 percent at their present prices yet people continue to buy them.

Why do they do this when they can get a return eight times greater by investing in the money market?

The answer is simply that they believe Pick 'n Pay shares will prove to be a much more profitable investment than any interest-bearing stock or deposit. And experience has proved them overwhelmingly right.

As long as Pick 'n Pay can increase its dividend by 15 percent a year, the total return from an investment in these shares by way of dividends and capital appreciation will be equal to that from the highest rate fixed deposit.

On top of this the capital profit will not be subject to tax.

59,8 percent

On Pick 'n Pay's record its shareholders would be most disappointed if were able to increase its dividend by only 15 percent.

In the past nine years the annual increase in its dividend has ranged from 18 percent in the financial year just ended to 59,8 percent in 1980-81.

But in a normal year, as were 1976, 1978, 1979, 1980, and 1982, shareholders expected and received an increase of between 30 and 40 percent.

As a result of this string of big dividend increases, Pick 'n Pay's annual dividend has grown more than 13-fold in the past nine years from 5,3c a share in 1975 to 72c in 1983-84 — all which shows how successful this company has been.

By DEREK TOMMEY
Financial Editor

INVESTMENT

However, that is past history and what shareholders want to know now is whether Pick 'n Pay can maintain this rate of growth in the future.

Looking at its latest balance sheet it certainly seems able to do so.

With South Africa hit hard by drought and recession, business conditions in the food business are extremely competitive. But Pick 'n Pay's store development programme alone should ensure reasonable growth this year.

In the past financial year it has opened several new stores, including a superstore in Johannesburg, supermarkets at Empangeni, Middelburg, Vereeniging, and Krugersdorp, and a hypermarket — one of those stores which sells almost everything — in Pretoria.

In additition it enlarged its supermarkets at Claremont and at Worcester.

It plans supermarkets at Boksburg South, a shopping centre and supermarket at Randpark Ridge in Johannesburg, a superstore in Alberton, a supermarket in Bellville, a large supermarket and home improvement centre in Constantia, and a supermarket in Bisho, the new capital of the Ciskei.

It is also expanding its hypermarkets in Durban, East London, Boksburg and Bloemfontein and has expansion plans for its Mitchells Plain and Welkom stores.

Then on top of this Pick 'n Pay's first hypermarket in Australia will be opening its doors for business in Brisbane in October.

These developments will certainly ensure that Pick 'n Pay continues to maintain strong growth in spite of the recession.

However, there are a number of other factors which make the company an attractive investment.

One is that the recession will not last for ever, and trading conditions should become at least a little easier towards the end of the year.

One result is that Pick 'n Pay should be able to sell more higher mark-up goods and widen its profit margins.

These have shrunk from 3,61 percent to 3,33 percent in the recession. It doesn't seem all that much, but a return to 3,61 percent last year would have boosted its profits by 8 percent and the dividend increase would probably have been 26 percent instead of 18 percent.

A development which should further improve Pick 'n Pay's profits is the introduction of bar coding and scanning at its hypermarket later this year, which should cut down on check-out times and also improve stock control and reduce stock losses.

The company is also considering introducing an electronic funds transfer system, which will enable shoppers to debit their purchases directly against their bank accounts.

Taking everything together Pick 'n Pay does seem set for a further strong rise in profits in the coming years and its shares — or those of it pyramid Pikwik — are well worth holding, even if they do give only a 2,4 percent dividend yield.

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5 000 workers needed

W/C Argus 12/5/84

~~300~~ ~~325~~ ~~32~~ 33

From Page 17

In addition to the core housing, 250 larger "elite plots" were available on higher ground near the sea for black executives to build their own homes and these would require electricity immediately.

Admitting that these plots could, at this stage, only be rented and no 99-year leases were available, Mr Maritz said the board was pressing for a change of policy which would give black executives more

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Seminar to help business women

By AUDREY d'ANGELO

BADLY-needed entrepreneurial talent is being wasted because many women lack the confidence or know-how to start their own business, Mr John Hendrikse, managing director of Pro-Gro Business Services, believes.

He will run a one-day seminar at the Woodstock Holiday Inn on July 5 to advise women how to start and run a business, and the pitfalls to avoid.

He said: "The seminar will also be helpful to women already in business who wish to improve their managerial skills.

"I am running similar seminars in Johannesburg and Durban and the response to my initial advertisements has been very encouraging.

"It seems there are a lot of women who would like to go into business on their own account but are not sure how to set about it or lack the confidence to take the first step.

Man's world

"Too many women

---

to buy

30 ~~192~~ ~~153~~ 320

City motor trade booms in rush to beat 10% GST

Staff Reporter

THE rush for cars is on in Cape Town as buyers climb in to avoid paying hundreds of rands — and in some cases thousands — when GST goes up.

Everyone in the motor trade, from those in the second-hand market to those dealing with six-figure jobs. appears to be experiencing a boom, with an even greater rush expecated when the tax deadline approaches at the end of next month.

Mr David Wayne, manager of Market Cars, said that although the GST increase was announced only on Friday, there had already been a general upturn in demand for second-hand cars.

LIKE CHRISTMAS

"We are expecting a big rush, like the last weeks before Christmas. We had the same thing last time when GST went up by one percent, but this time it's three percent," he said.

On a second-hand car costing R5 000 a buyer would pay R150 more, and would be reluctant to pay the extra cash.

He said he expected three months' business to be squeezed into six weeks, and there could be a slump once GST was increased, before the market returned to normal.

FLASH IN PAN?

Mr Jack Kerby, franchise director of Porter Sigma, said that an improvement in sales was noticed on Saturday and yesterday following the announcement on Friday that GST would go up in July.

"Whether this was a flash in the pan, we must wait and see," he added.

On an average R10 000 family sedan the new GST would add R300 to the price. This was the difference between buying a good car radio or a sun roof, he added.

Mr Piet Slabbert, managing director of Motors WP Porsche, said that since the GST announcement more pending deals had been concluded.

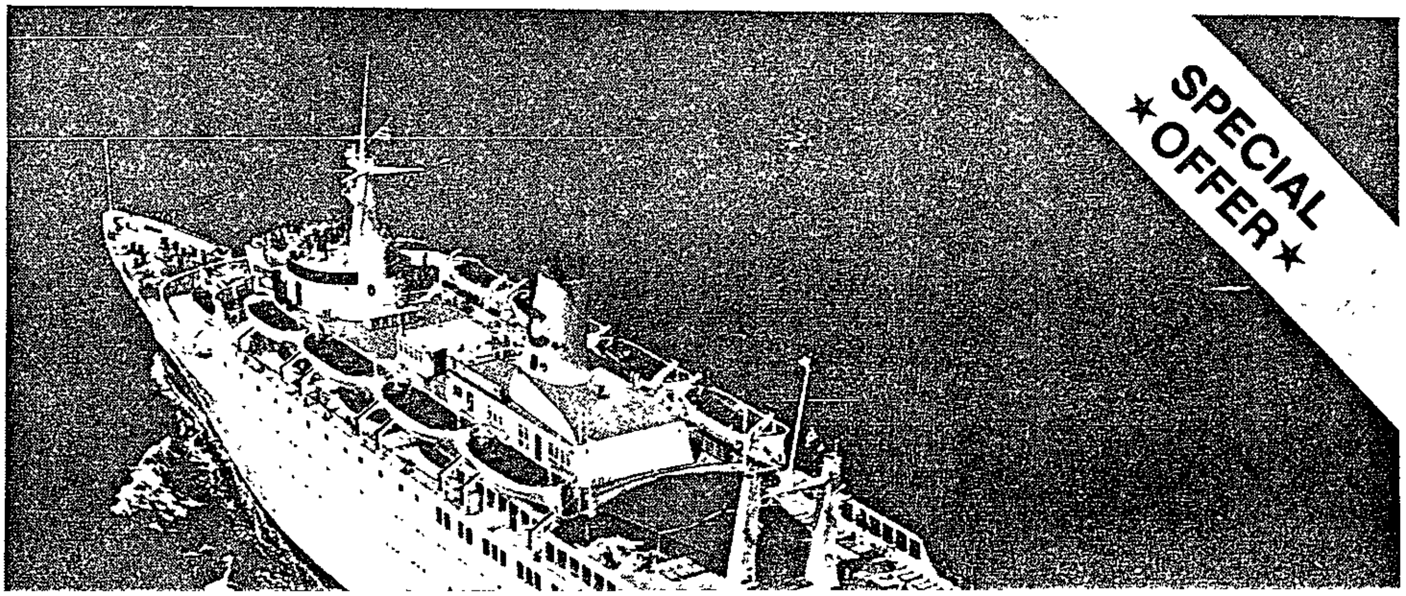
In one case this involved a car costing R102 000. If the buyer had delayed until July this would have added more than R3 000 to the price.

Although this might be "peanuts" to such buyers, to people in that income bracket "tax" was a dirty word, he added.

40 electrocuted

DELHI. — Forty passengers were electrocuted when luggage on top of a bus touched power cables near Allahabad. — Sapa-Reuter.

Bazaar, an American magazine, says
modelling. From left: Paulina, Nancy De
Severance. The magazine made its



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It's cheers! as 27 shebeens get licensed

IN A MAJOR breakthrough for the National Tavern Association (NTA), the National Liquor Board this week granted 27 shebeens in Soweto licences to sell liquor.

By NKOPANE MAKOBANE

The announcement of the legalising of shebeens was made in Parliament on Wednesday by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers.

Mr Lucky Michaels, chairman of the NTA, told **The SOWETAN** yesterday that he was overjoyed with the news of victory in their hard-fought five-year battle. He said this was only the beginning of bigger things to come and they hoped that by the end of the year between 200 and 300 shebeens in Soweto will have been legalised.

He said last month the NTA had submitted 33 applications to the Liquor Board and the 27 that succeeded had been heard on April 26.

The remainder of the applications, he said, were heard yesterday and they were expecting the results in two weeks' time.

"Taking into account the attitude of the Liquor Board, which had been more than sensible in dealing with us, we are confident that this second batch of applications will succeed and make the distribution of liquor in black areas change nationally," he said.

Remainder

He also said they were 'going to put more applications to the board that will be sitting some time in August.

According to him, if the present membership of the NTA is granted licences, the Government can collect a revenue of R1,8-million outside the General Sales Tax. This also meant that if the more than 200 shebeens are legalised this year, R40 000 can be collected.

These are the names of shebeeners whose applications have succeeded and those whose applications were heard yesterday:

E Mkhwanazi 484 Jabulani, Mafoko 3461 A Zone 3 Pimville; L Radebe 1466a Emdeni; Cookse Senne 2575 Moroka; M Ngwenya 1742b Emdeni; M Lebakeng 1622 Emdeni; M Mfisi 3211 Emdeni Extension; J Nhlapo 445 Senaoane; A Maseko 2896b Emdeni; L Gumbi 1716 Emdeni; L Michaels Orlando West; V Nkabinde 1340 Emdeni; B Chauke 2648 Tshiawelo; H Sibisi 2665 Tshiawelo, K Hlaisa 2128 Tshiawelo; S Poto 2172 Tshiawelo; A Phore 234 Mapetla.

D Mgwemane 1414 Molapo; B Sigasa 252 Central Western Jabavu; L Mbaila 36 Central Western Jabavu; B Legoko 1120 Central Western Jabavu; P Morwalo 240 Tladi; J Makgatho 1296 Tladi; E Mogatusi 705 Tladi; R Molefe 1333 Tladi; L van Wyk 1952; F Mmila 1883; J Lekalakala 149 Dube; Y Villa 155 Dube; B Bucibo 8302 Orlando West; D Mazibuko 7025 Orlando West; R Modisane 7595 Orlando West and M Mankge 892a Emdeni.

LUCKY MICHAELS . . . His shebeen now legal.

Doctor in the dock

A SOWETO Doctor yesterday pleaded not guilty in the Johannesburg Magistrates' Court to a charge of culpable homicide following the death of a woman after an accident.

Dr Simon Khosa (42), of Pimville, is alleged to have caused the death of Miss Thandi Grace Mhlopo on February 4 this year in the Old Pot-

trate, Mr W Fourie that he could not have prevented the accident. Miss Mhlopo ran into the road in front of his car. He swerved and tried to avoid her but

SA man on PM death rap

DAR ES SALAAM — South African Mr Dumisani Dube (23), yesterday denied a charge of causing the death by dangerous driving of the Tanzanian Prime Minister, Mr Edward Sokoine, on April 12, the official Shihata News Agency reported.

Mr Dube, described by Shihata as a "freedom fighter," appeared in court in Morogoro, 200 km from Dar Es Salaam and was remanded in custody after a brief hearing.

Mr Sokoine died when his car was involved in a collision near Morogoro while returning to Dar Es Salaam from Tanzania's new capital, Dodoma.

Mr Dube also denied a charge of obstructing an official motorcade and four more charges of causing injury by dangerous driving but, he admitted a charge of

Butchers, Meat Board in row

CAPE Times 18/5/84 ~~[illegible]~~ 30

Own Correspondent

JOHANNESBURG. — A major row between the Meat Board and the Federation of South African Country Retail Butchers burst into the open yesterday with an announcement by the federation that they will cut country meat prices by an additional 3 percent on top of the 7 percent GST exemption on July 1.

This means that consumers in South Africa's country areas will, without taking into account the Meat Board's higher meat prices in controlled areas, pay 10 pecent less for fresh meat as opposed to the 7 percent less to be paid by consumers in major cities with the exemption of certain foodstuffs when the new 10 percent GST comes into effect.

The 3 000-member federation disclosed at a press conference in Johannesburg that consumers in areas controlled by the Meat Board pay on average 20,7 percent more for red meat than consumers in uncontrolled or country areas.

Mr Frans Roelofse, chairman of an action committee formed by the federation to fight the planned expansion of Meat Board controls into the Western Cape, threatened to take the Meat Board to court should it go ahead with its plans.

Loss of R7,1m

He accused the board of "gross irregularities" in its preparation of a report favouring the proposed extension of Meat Board control in Brackenfell, Kraaifontein and Durbanville.

Mr Roelofse said the federation believed that the Meat Board's latest plan should be seen as the thin edge of the wedge in its attempt to bring the whole of South Africa under its control.

He said a large number of interested parties, including consumers, local authorities, abattoirs and retailers had not been allowed sufficient opportunity to give evidence before a committee investigating the extension of Meat Board controls into the area.

If this case came to court it should be seen as a test case against increased control by agricultural boards, Mr Roelofse said.

Meanwhile the chairman of the Meat Board, Dr P H Coetzee, rejected the claims by what he called "a minority of four butchers out of 46 opposed to the proposed extension" as "totally unfounded".

But Mr Roelofse said just 10 (or 15 percent) of the butchers involved in the proposal would lose an estimated R7,1-million a year in turnover should the Meat Board be allowed to go ahead.

The federation's chairman, Mr C W Boshoff, said the lower price was an attempt to break the "persistent inflation spiral".

Meat Board slates butchers' objections

W/E Argus
19/5/84

30

Weekend Argus Correspondent

PRETORIA. — The Meat Board has issued a statement in response to objections against the proposed expansion of the Maitland controlled meat marketing area in the Cape.

Campaign against meat marketing move

The general manager of the Meat Board, Dr Pieter Coetzee, said in Pretoria that the objections had been lodged by a group of butchers in Durbanville and Kraaifontein against the board's recommendations that the two areas and Brackenfell be included in the controlled area.

"The campaign being waged against the proposed adjustment of the borders of the controlled meat marketing areas is based on false grounds, does not accord with the facts and is creating a distorted picture," he said.

"Exception to rule"

Dr Coetzee said only four of the 46 butchers in the areas concerned did not buy their supplies at the Maitland-controlled market.

At the time of the survey preceding the recommendations, only three butchers got their meat supplies from other sources while a fourth bought from both sources.

"The proposed inclusion of Brackenfell, Durbanville and Kraaifontein is therefore merely a formal incorporation of areas that have already been incorporated in practice," he said. "The four objectors are the exception to the rule."

Dr Coetzee said urban expansion meant the borders of controlled areas started intersecting urban areas. This resulted in situations where butcheries on one side of a street were in a controlled area and others across the street were outside it

A spokesman for the Meat Board said recommendations had been made for the inclusion of other areas in controlled marketing areas, but particulars would only be released later.

Anglo American geologist's body flown home for cremation

JOHANNESBURG. — Anglo American Corporation geologist Dr Louis Murray was cremated in a private family service in Johannesburg after his body was flown into the country from Chile this week.

Dr Murray, aged 60, died when the helicopter he was travelling in crashed on the Chilean Andes on April 14, sparking off a rescue mission involving Chilean and Argentinian mountain climbers.

His pilot, Mr Cesar Tejos, 33, who was piloting the aircraft when it crashed, was buried in Santiago on Monday after a memorial service.

Post-mortem examinations in Santiago on the two bodies indicated they had died as a result of the fatal crash.

Although their helicopter was sighted on a 6880m peak near the crest of a live volcano, Ojos Del Salado, parties were only able to reach it last week because of bad weather, including winds gusting at 100km/h and intermittent snowfalls.

Copper, silver

The two men failed to return after taking off from a mine prospecting camp in Copiapo district, north of Chile's capital Santiago. Copiapo is known for its rich reserves of copper, silver and gold.

Herdsmen had reported seeing the helicopter landing on the mountain and this engendered hope the two had survived.

When search parties reached the helicopter on the peak, the second highest in the West, they found the two men dead.

Damage to their aircraft included a missing rear rotor, a detached right landing ski, a bent left ski and bent main rotor blades. It is assumed the helicopter hit something while making the emergency landing.

Dr Murray was Anglo American's deputy technical director and director of De Beers. He had been involved in several mine projects worldwide. He is survived by three children and a wife.

Mr Tejos was an ex-Chilean Air Force officer, reaching the rank of major before retiring and becoming a commercial pilot. He is survived by a wife and three young daughters.

g to win."

l come, :d Paul

ck hotel manager Mr Char- was told by the liquor firm ettie had won. The news put not least of all Mr Settie, in shock.

e, who lives in Guguletu and of his life in Kensington, is with a race against time to ssport, visa and all the oth- ntation needed for the trip.

re is the problem of a new — which is not part of the h includes tickets for the tickets, accomodation in Las three days in New York. All th R2 500 plus R200 pocket

Settie's colleagues at the ho- nds are rallying around to they can do about new d everything else he needs" enture.

RING AIDS!

Bristol explorer first to reach

20/5/84 (~~2.32~~) (3.0) S. Times

Sanlam-Kirsh embrace

Business Times Reporter

IN a deal that could be worth R55-million, Sanlam is set to take a stake in the Kirsh group.

Sanlam has put up the cash to allow Kirsh to buy Tiger Oats 30% stake in Metro for an undisclosed price. This holding in Metro would go into Kimet in exchange for new shares in Kimet to be issued to Sanlam. So Sanlam and Kirsh end up as partners in Kimet.

Kirsh would retain control of Kimet, the top listed company in the Kirsh empire, as well as Kirsh Trading, which controls Metro Cash, Checkers and Russells and has 30% of both Dion's and Union Wine.

The sale of Tiger's shares in Metro could have followed an edict from Barlows, new controller of Tiger Oats, which probably saw little point in a large minority position in Metro.

Sanlam and Mr Kirsh refuse to put a price on the deal, but market prices indicate R55-million.

The deal depends on Johannesburg Stock Exchange approval.

Marinus Daling, head of investments at Sanlam, said Sanlam had bought into Kirsh "as it is a good investment, a fine recovery situation".

He denied the investment was a quid pro quo for Sanlam's providing funding for Kirsh. If Sanlam entered any leaseback on Kirsh properties or provided any other kind of funding, it would be at arm's length.

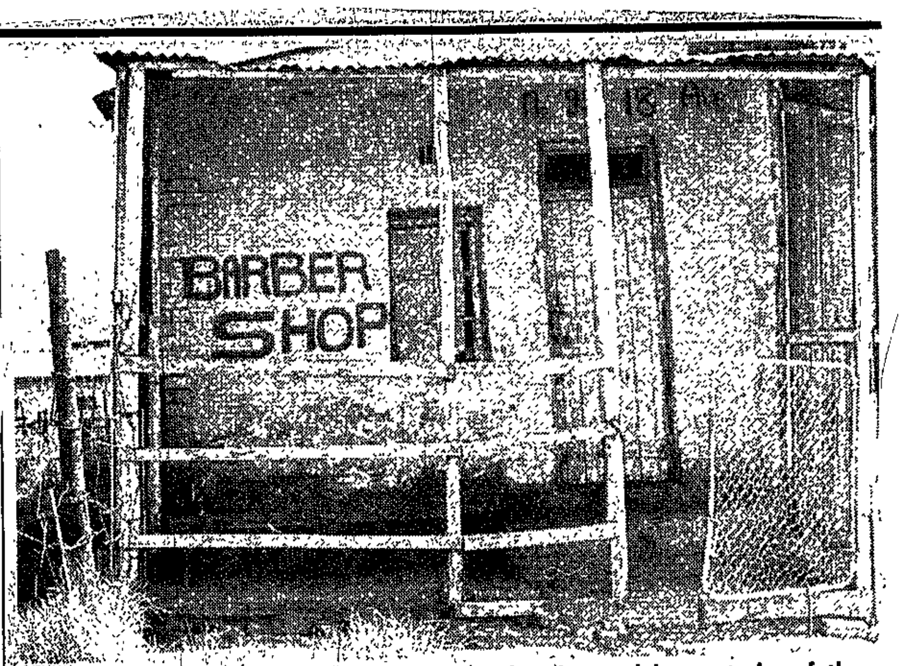
Insurance

Asked if Sanlam would receive much insurance business from Kirsh, Mr Daling said Checkers pension fund had been a customer of Sanlam for years.

Kirsh has significant short-term insurance interests, controlling AA Mutual, one of the Big Four. This company and Santam, Sanlam's short-term arm and SA's biggest, have been drawing closer.

The market had wind of this deal well in advance and all Kirsh shares strengthened in the past two weeks.

(30)
21/5/84



The image of township business will not be changed by a stroke of the pen. Capital is just one of the things lacking.

(30) Star 21/5/84

Black traders need more than new laws

By Jo-Anne Collinge

Lack of infrastructure keeps some sophisticated managements out of the black areas.

Legal restrictions on township trade are again the subject of debate in Government circles, but black spokesmen state emphatically that changing the trade laws will not in itself guarantee business innovation.

They point out that development of trade has been hampered in many ways — unnecessary red tape not required by law, general township conditions, unsuitable planning of business premises and lack of financing.

Many of these problems were referred to briefly in the recent National Manpower Commission report on small business which concentrated on legal barriers to growth.

The days of laws limiting trade to a few lines, insisting that owners had to manage their own shops and have just one trading site, and that in the township where they qualified to live, are things of the past.

But businesses are not built overnight, points out Afribank's managing director, Mr Moses Maubane. "We were deliberately held back for years. How much can we make up in a short period?"

Most township traders still manage small food and/or grocery stores, coal yards, butcheries. The expected clothing shops, furnishers and pharmacies hardly feature among the licensed stores. Supermarkets are few and far between.

Development problems mentioned by business spokesmen included:

● Allocation of premises and trade licences.

Mr Stanley Kubheka, executive director of the National African Federation of Chambers of Commerce (Nafcoc), said applicants were often discouraged by a tangle of red tape.

"There are problems in some councils where an applicant and an individual on the council do not see eye to eye."

Mr Maubane felt that councillors did not always think as businessmen did on an unusual proposal.

Other experts pointed to lengthy delays in allocating premises. Councils were reluctant to allocate several to one trader even if his business was thriving.

● Types of premises available.

If traders were to diversify they would need room, Mr Maubane said. You could not sell clothing, furniture and the like without displaying it.

Observers said that with the exception of the Black Chain complex the idea of one-stop shopping had not appeared in black areas. The neighbourhood complex, featuring a good supermarket to draw shoppers and a cluster of smaller shops, was foreign to the township landscape.

● Undeveloped infrastructure.

Dirt roads, lack of paving and drainage, no electricity scarcely created an inviting shopping atmosphere, argued Mr Maubane. Problems arose of keeping merchandise clean while displaying it adequately.

● Lack of capital and collateral.

"Gradually people are acquiring sites under a 99-year lease and will be able to provide more suitable premises," observed Mr Kubheka.

"But here you have a bottleneck because the lack of land rights means people have not accumulated fixed property to put up as security for loans."

● Links to manufacturing.

Township retailers did not have the ties with industry that the national chains had.

"The large stores market under their own labels, they are supplied at preferential rates," said Mr Maubane. "In the townships we buy, and therefore we sell, more expensively."

Nafcoc remains firmly opposed to large white businesses participating in township trade through partnerships. One of its reasons is that blacks cannot enter trade in the city areas.

Mr Maubane views black business as "still very much a struggle for recognition and survival". But he is optimistic because: "Although it is sometimes said we lack initiative, the fact is we started participating in business although the official intention was we should not.

"Our bank, the first public company funded by blacks, is the forerunner of a new breed."

CITY

Argus 21/5/84 30

Move to stop meat control

Argus Correspondent

JOHANNESBURG. — An action committee formed by seven Western Cape retail butchers will apply for an interdict to stop the Meat Board from extending its control to all butchers in the area.

This was announced here by committee chairman, Mr Frans Roelofse.

Mr Roelofse said: "The Meat Board's decision contradicts three basic Government policies.

- "An avowed commitment to free market principles.
- "The promotion of small business development.
- "The decentralisation of economic development.

Test case

"Should the interdict fail we will take the matter to the Supreme Court as a test case. If the board is allowed to get away with it in the Cape, traders throughout the country will be threatened," he said.

"The Board's action is based on a policy of arbitrarily centralising control through the issue of regulations. All farmers in 'controlled' areas need a slaughter permit to deliver meat to the Maitland abattoir which is the sole supplier to the butchers.

"The abattoir can only grant 500 000 permits while there are about 1,8-million applications made a year.

"And by forcing traders to obtain meat from Maitland, retail selling prices will rise sharply as higher abattoir costs and wholesale prices in the 'controlled' area push up total costs," Mr Roelofse said.

He went on to ask: "If the producer is being negatively affected, what about the consumer?."

Meanwhile, the Federation of Country Retail Butchers — a national body representing smaller butchers — has appealed to all traders outside the "controlled" areas in South Africa to reduce the price of fresh meat by a further three percent.

This will be over and above the seven percent GST which is being abolished as from July 1.

President of the federation, Mr W C Boshoff, asked the Meat Board to amend the regulations to make this new plan possible.

CAPE TIMES 21/5/84

30

Sanlam in huge retail trade deal

By PAUL DOLD
Financial Editor

IN ANOTHER massive deal which could be worth more than R50-million, Sanlam has bought near-control of the Kirsh group and has taken a huge slice of South Africa's retail trade, including Checkers, Russells and Metro Cash.

The three retail chains combined have annual sales of R3-billion and represent well over 13 percent of the retail sector.

The deal was structured through the creation of a new company, Sanki, which is not quoted on the Stock Exchange, with Sanlam taking 49,9 percent and Mr Natie Kirsh owning the balance. Thus while Mr Kirsh retains control, Sanlam has acquired the largest minority stake.

Sanlam's general manager (investments), Mr Marinus Daling, last night denied that any of the Kirsh companies quoted on the Johannesburg Stock Exchage were involved in the deal.

While Kirsh Industries would have been the natural vehicle, its non-retailing interests such as AA Mutual insurance ruled this out and it was decided instead to form the unquoted Sanki.

In the first stage of the deal, food giant Tiger Oats, which is part of the Barlows group, sold its 30 percent stake in Metcash to Mr Kirsh.

Sanlam is likely to provide extensive lease-back finance for the Kirsh group, whose Checkers chain is currently launching one of the largest expansion programmes in South African retailing, but this was not a prerequisite for the deal.

Clearly with Checkers now in effect backed by Sanlam, the war between the supermarkets is likely to be stepped up with the Checkers managing director, Mr Gordon Utian, being able to further cut Checkers food prices.

Strong cash flow

Mr Daling says Sanlam considers Kirsh to be an investment with exciting potential. This is the second major deal by the Cape insurance giant in a matter of weeks. Recently it paved the way for the merger of conglomerate Protea Holdings with Malbak.

The takeover spree signifies that the cash flow of the insurance groups remains strong in spite of the recession and the impact of rights issues by Sasol and Gencor.

Meat Board defends control extension

CAPE TIMES 22/5/85

30

Staff Reporter

DR P H COETZEE, general manager of the Meat Board, said this week that the campaign being waged against the board's proposed extension of the controlled meat-marketing area of the Cape Peninsula was based on "false grounds".

The campaign, he added, did not reflect the facts and it created "a distorted picture".

Dr Coetzee was commenting on moves by an action committee appointed by the Federation of SA Country Retail Butchers to stop a Meat Board plan to extend the Peninsula meat-controlled area to the neighbouring municipalities of Kraaifontein, Kuils River, Durbanville and Brackenfell.

The Federation, which says such a move would have the effect of pushing up meat prices and removing free-market competition, is supported in its objections by the town councils in these areas, as well as by the Cape Wholesale Butchers' Association.

Dr Coetzee said yesterday that only four of the butcheries conducting business in the areas concerned did not purchase their supplies at the Maitland controlled market.

Support

"The proposed inclusion of Brackenfell, Durbanville and Kraaifontein is therefore merely a formal incorporation of areas that have already been incorporated in practice. The four objectors are the exception to the rule." Dr Coetzee said an allegation by the objectors that extension of the controlled area would increase the price of meat by R1 a kg was not consistent with consumers' buying patterns in those areas.

"The fact that the original three objectors marketed only about 20 cattle, 192 sheep and 11 pigs a week, makes a mockery of their concern over a possible additional burden on the Maitland abattoirs, to say the least."

Referring to the objectors' concern over decentralization, Dr Coetzee said some of the surrounding abattoirs should during times of heavy sheep marketing be regarded as part of the controlled market for slaughtering purposes. The Meat Board's recommendation was in fact intended to provide abattoirs with an increased turnover, make them more viable and guard them against closure.

‘Companies not to blame for human error’

E. Post (30)

23/5/84

THE chairman of the Furniture Dealers' Association, Mr John Harwood, said yesterday that companies could not be blamed for human errors or for the action of a company employee who "overstepped the mark" and contravened company policy.

He was reacting to a recent case in which a Port Elizabeth furniture store and two of its officials paid nearly R4 000 in admission of guilt fines relating to illegal repossession of goods.

Mr Harwood said a code of conduct regarding repossession of goods did exist for the 93% of all stores that were members of the Furniture Traders' Association.

"The code is to protect consumers and also to make it incumbent on members to adhere to Government legislation."

The code of conduct laid down that:

● If a person failed to pay an instalment, a letter of demand was sent to the customer giving them 30 days notice in which to pay.

● If there were no response, a summons was issued by the court and was served on them by the Messenger of the Court.

● The customer was then given three days in which to respond after the company applied to the court to set a date for a hearing.

● A copy of the hearing application was then sent to the customer and he was given a further 14 days in which to respond.

● If he did not respond, then the court issued an order to repossess the goods.

● The repossession was then carried out by the Messenger of the Court.

● The goods were then held for 10 days by the Messenger to give the customer the opportunity to pay his arrears.

● If these were not paid, an appraiser was called in to value the goods and once they had been valued, a submission was made to the court for a final order of judgment.

● If the value of the goods was higher than the amount paid out by the customer, the company was obliged to refund the difference. If the value was less, the customer was obliged to pay the difference.

Mr Harwood said it was only then that the goods could revert to the seller.

"This whole process can take anything up to three months and it is hoped that during this time the customer might be able settle his accounts," he said. "Some customers who find they can't afford to pay their instalments, often ask for the goods to be voluntarily repossessed.

"Furniture stores prefer not to repossess furniture — most do not have an outlet for second-hand furniture, anyway."

He said it was normal for members of the furniture association to discuss financial problems with customers rather than repossess furniture.

Commerce attack on govt policies

CAPE TIMES 25/5/84

30 ~~135~~
~~320~~ ~~340~~

By ROBIN PARKER

THE Cape Town Chamber of Commerce, one of the senior members of Assocom, has attacked the government for overspending, for its tax plans under the new dispensation and for the mood of uncertainty it has created among City blacks over removal proposals.

In his presidential address at the organization's 123rd annual general meeting in the City yesterday, the president, Mr R W Stern, said the government's record of overspending and its inability to impose on itself what it wanted to impose on others was unacceptable.

"Unless the financial discipline, preached but not practised, is apparent, we will continue to have a credibility gap between the business sector and government.

'Hard year'

"The year under review has been hard and depressing," he told members attending the meeting in a Gardens hotel. "The prognosis for next year is that it is likely to be just as hard and depressing."

Inflation had come down, but not to an acceptable level, and was headed upwards with the latest increase in general sales tax. The gold price continued its downward trend, the rand had weakened substantially, interest rates had soared, as had the corporate tax burden, the money supply had expanded at an unhealthy rate and unemployment was at a record high.

Also, individuals were deeper in debt than ever before. Commercial bank overdrafts to individuals had overtaken overdrafts to companies.

Mr Stern voiced the Chamber's opposition to the proposed taxing powers to be given to local authorities under the new political dispensation, which was going to result in a large increase in government spending.

Taxing powers

He said the government had accepted in principle that local authorities would be given taxing powers. While the government had endorsed the principle of open consultation with the private sector, to date there had been only limited consultation on these new forms of taxes.

"We in the Cape Town Chamber of Commerce are against these proposals because in our view they will place a severe administrative burden on both the private and public sectors and will have an impact on costs and affect the creation of jobs and new investments "

'Uncertainty'

Pointing a finger at the government for its handling of the Cape's black residents, Mr Stern said residents of the existing black townships were "entitled to no less rights than those to which we are entitled when it comes to owning and improving property".

"They are permanent, respected and productive communities, and the uncertainty under which they are presently labouring is contrary to the interests of everyone who lives in Cape Town."

Mr Stern said he was concerned about the possible "persuasion" that might be used on residents of the Peninsula's black townships to move to the new Khayelitsha development.

The new area would probably "only just" be able to accommodate the natural increase and influx into the Western Cape and house those who were already in the area but had no suitable accommodation.

Mr Stern also urged employers to shoulder some responsibility for the housing crisis.

Housing

He said estimates of housing needs between now and the end of the century stood in excess of three million units — two million of which were for black people.

Without some action by employers, either through direct assistance by way of company loans or subsidies on building society bonds, "there is little likelihood of resolving this problem".

● **Longer trading hours urged, page 2**

Not Medusa, but Mi
demonstrates a new w
Design for Living Exhib
Cape Town, are made
heat principle —

Bike pierced car like 'arrow'

Own Correspondent

LONDON. — Two young brothers died in a horror crash when a motorcycle "travelling like a bat out of hell" at about 180km/h pierced a car like an "arrow" an inquest heard yesterday.

Mr Hipwell said: "It pierced the car like an arrow, crucifying the children and finished up in a mangled mess."

A police reconstruction had shown that the motorcycle must have been travelling at be-

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crack of dawn

"It had to come — Piet Promises, Piet Pinocchio and now

Cape Times 25/5/84

30

‘Untrue’ Meat Board statement

Staff Reporter

THE action committee of the SA Country Retail Butchers has labelled as “unfounded and untrue” statements made by the general manager of the Meat Board, Dr P H Coetzee, in support of the proposed extension of the controlled meat-marketing area of the Cape Peninsula.

In reaction to Dr Coetzee’s statement, published in the Cape Times on Tuesday, Mr Frans Roelofse, convener of the action committee, said in a statement that Dr Coetzee “alleges that there are 46 butcheries in the areas proposed for inclusion and that only four of these do not purchase their meat in controlled areas”.

The committee adds that Dr Coetzee contends that only a minimal number of sheep, cattle and pigs are bought by these small butcheries and that the price benefit does not reach the consumer.

Wholesalers

The true facts, says the committee, are that:

- Of the 46 butcheries to which Dr Coetzee refers (the committee claims there are only 45), 20 are in Atlantis and four in Belhar. Twenty-three of the 24 are Halaal butcheries and have nothing to do with the proposed new areas of control. Of the remaining 21, 11 purchase all their meat at wholesalers outside of the controlled areas and a further two buy regularly in the non-controlled areas. Eight buy in the controlled area.
- A comparative study of meat prices during December showed that 11 butcheries referred to were on average 20,7 percent cheaper than the average retail butchery supplied by wholesalers in the controlled areas.
- Wholesalers from Grabouw, Malmesbury and Strand stood to lose R8,2-million a year in turnover if the control measures were instituted.

Livestock

- The Federation of SA Country Retail Butchers has announced a three percent cut in the meat price. “Instead of encouraging this plan, congratulating the federation and providing support, Dr Coetzee has attacked us with false and misleading statistics.”
- The allegation that “we pay ludicrously low prices for livestock to farmers during the over-supply period from mid-September to mid-January is false. We purchase meat at country auctions where we are the highest bidders”.

The committee says the members of the federation were quite prepared to back these statements with factual proof. It said a Housewives’ League survey had shown that meat consumption in controlled areas had declined by 43 percent.

Dr Coetzee’s earlier statement introduced an additional facet to the protracted argument that has brewed since the Meat Board announced its intention to extend controlled areas in the Peninsula.

Inclusion

He said the campaign against the move was based on false grounds.

The federation is supported in its contention by town councils in the areas proposed for inclusion

The Meat Board believes that its recommendation would provide abattoirs with an increased turnover and make them more viable.

Heunis hits back at Stern

CAPE Times 26/5/84

30

Political Staff

THE once cosy relationship between the government and businessmen appears to be souring fast as the economy slips deeper into a recession.

In the latest indication that the honeymoon is over, the Minister of Constitutional Development and Planning, Mr Chris Heunis, yesterday sharply criticised comments this week on aspects of the government's economic policy by the president of the Cape Town Chamber of Commerce, Mr R W Stern.

Mr R W Stern

Mr Chris Heunis

And it is reliably understood that certain senior cabinet ministers believe the private sector has not made sufficent effort to combat inflation and therefore has no right to accuse the government of adopting inflationary measures.

Criticism has also been expressed at cabinet level of the private sector's exploitation of the Income Tax Act and of the fact that the private sector's contribution to State revenue has dropped.

The government has been widely criticized for its economic policies since the Minister of Finance, Mr Owen Horwood, presented his Budget.

Some of the most surprising comments came this week from the outgoing president of the Afrikaanse Handelsinstituut, Mr Hennie Klerck, who accused the government of "apparent incompetence" in handling the economy.

Mr Stern said in his annual report released in Cape Town on Thursday that the government appeared unable to control its spending, but expected others to impose curbs on their's.

'Squalid and dangerous conditions'

He was also critical of official proposals to tax the business sector to finance local government under the new constitutional dispensation.

Yesterday Mr Heunis said the attack on the government by Mr Stern was "extremely negative".

In a statement, Mr Heunis said the chamber's president had not acknowledged that the authorities had spent "many millions of rand to improve the squalid and dangerous conditions under which many people had been living in the Western Cape". Nor had he acknowledged the government's "concerted efforts" to provide housing in which "it had in fact received very little active support from all but a handful of companies and employers".

Mr Heunis said the local authorities had had taxing powers for many years.

The proposals for additional sources of revenue for local authorities which had been approved in principle were also not new.

These proposals had already been discussed with commerce and industry on an informal bases.

"During these discussions it was stressed that the proposals would only be implemented once the government had taken final decisions on any possible changes in the form of local government and after comprehensive negotiations had then been conducted with organized commerce and industry as well as organized local government.

However, he was gratified to note that Mr Stern appealed to employers to shoulder some responsibility for housing as this was not the responsibility of the government alone.

within PE townships

WEEKEND POST, MAY 26, 1984

30

Moves to boost African spending

Mr LUCKY MICHAELS

By CLIFF FOSTER

FURTHER moves were made this week which should help conserve within Port Elizabeth African townships earned incomes now running at around R180 million a year — 80% of which is spent in the city's white shops.

Conserving the cash and helping to regenerate new growth is one of the ways economists advocate for helping ease the huge housing backlog and improving the quality of township life.

At last week's meeting of the East Cape African Chamber of Commerce, Mr Louis Koch, Chief Director of the East Cape Development Board, said: "There exist vast opportunities for black entrepreneurs who wish to become involved in the upgrading of the housing shells at Motherwell (the new black township).

"There are various opportunities for those who wish to develop light industries related to the housing process and an area of such light industry has been set aside near the entrance of Motherwell."

The first Small Business Complex was opened a month ago at Kwazakele.

This week the chairman of the Soweto Taverners Association, Mr Lucky Michaels, flew to Port Elizabeth to advise the local association on acquiring the special authority which will lead to the licensing of shebeens — a process which he sees as helping to generate new township growth.

Mr Michaels owns a nightclub (a second is under construction) and a chain of shops in Soweto.

He told Weekend Post: "The earned income of Soweto is reckoned at something like R800 million a year; 80% of that is spent in white Johannesburg.

"I would say the pattern applies to Port Elizabeth and East London, simply because facilities for spending the money do not exist in black townships.

"With licenced shebeens you will be able to generate a cash flow. The administration boards would be able to exercise a levy and upgrade the areas, though these things don't happen overnight.

"We need improved facilities for young people — more clubs, more golf courses.

"I think we are talking about a totally grey area. I played a game of snooker at Stellenbosch Farmers' Winery last night in Port Elizabeth.

"In Soweto there is one snooker table. We have a queue of 15 to 20 people waiting to play.

"I think we shall see more nightclubs. I think we will see the shebeen owner moving out of his premises into business premises.

"The shebeens will continue to exist even though there are nightclubs because they will serve a different clientele.

"This will improve the social factor."

The licensing of shebeens, he said, will mean that:

- Amenities improve.
- Liquor is going to be cheaper by between 5% and 8% because there is no middle man.
- Drinking by youngsters under 18 will diminish. (There have been a lot of youngsters in shebeens, particularly girls.)
- Having things freer and much more open will lead to a drop in abuses.

The hours recommended: Fridays, Saturdays and days preceding public holidays, 10am to 4am. The rest of the week, 10am to 1am.

He went further on the question of township growth by saying: "The small businesses system is going to play its part in conserving black money within the townships.

"When it was started it managed to provide for the small backyard businessmen the facilities in which to work properly.

"If you can manage to encourage spending within the townships you generate cash for homes, for schools and entertainment.

"I drive through the townships in Port Elizabeth and get the impression the black man here is very enterprising. You see stalls on the corners selling fish, vegetables, coal and all kinds of things. This you don't see very often in Soweto.

"All round I think business opportunities are better now for blacks. You will find a lot of domestic workers employed now within the townships themselves."

Another suggestion he put forward for easing the housing situation: small bachelor units owned and let by administration boards to reduce overcrowding within the family units.

- Between 3 000 and 4 000 shebeens in Soweto — "as few as that". Nobody knows how many there are in the Eastern Cape, but none has received the special authority yet.

Mr Michaels explained the process: "You first have to apply for rezoning by the local authority.

"Rezoning is necessary before you can make an application to the Liquor Board.

"The Community Council in the past, and particularly in Port Elizabeth, didn't understand what was happening with rezoning.

"It was a totally new thing. Liquor licences for black people in urban areas were only introduced in 1980.

"In practice it means that a residential erf is rezoned so that half stays residential, half becomes commercial.

"Some shebeen owners in the Eastern Cape have applied for rezoning and been turned down.

"Now the precedent has been set in the Western Transvaal, it obviously means that the same rules will apply, since Administration Boards are more or less a national body. Now they have a yardstick.

"The special authorities were granted on May 17.

"Licences will be issued when certain conditions relating to improvements are met.

"The Liquor Board asks each applicant how long it will take him to meet the conditions, and he can be allowed up to two years to do so.

"I suggested to Port Elizabeth Taverners' Association that they unite with the various other owners throughout the district.

The irresistible and the immovable get together

30 S. Times 27/5/84

By David Carte

THE business community is dumbfounded by the unlikely partnership struck up between Natie Kirsh and Sanlam.

Apart from the obvious cultural differences between the marriage partners, Mr Kirsh has for years been a free wheeling and dealing entrepreneur used to doing precisely what he wants.

Shameless

Far from co-operating with the multi-billion rand corporate giants, he has delighted in tweaking their tails. He has done it with Mutual, Tiger Oats and SA Breweries.

The one thing Mr Kirsh has relished more than his millions, it seems, has been his independence.

Now he's in with Sanlam, an irresistable force if ever there was one — a juggernaut bulldozing determinedly through such apparently immovable objects as Wim de Villiers and Rembrandt to get its own way. Sanlam shamelessly controls its investments.

The question is whether it will control this one. Who calls the shots from now on? Are the boys from Bellville aboard a tiger in Kirsh? Is Natie too smart for them, or are they too strong?

Between partners these questions do not normally arise. But between a strong individualist on one hand and an equally strong-willed colossus on the other, partnership in the normal sense is difficult to visualise.

"One thing I told Sanlam," Kirsh told Business Times this week,"was that control was out of the question." Now Kirsh has 50,1% and Sanlam 49,9% of an unlisted company which controls Kimet, the top listed company in the Kirsh empire.

Ruled out

Sanlam's Marinus Daling says Kirsh was no more than a good investment, carrying high risk and high reward.

On the surface Natie is in control and Sanlam is a happy investor.

But outsiders speculate that Kirsh, under pressure from the banks, needed Sanlam funding to turn Checkers around. If this is true, perhaps Sanlam has some leverage over Kirsh in the form of loans or leasebacks.

Or is this the old situation of the lender having the problem when the debt is millions and millions?

So far there has been precious little information on the deal because the Johannesburg Stock Exchange remains to be convinced about some aspects of it.

Above all, it appears, the JSE wants to know that control has not changed. On what we know, it is hard to see how the question arises.

The price at which the deal was done remains a secret. But Barlows' Warren Clewlow has disclosed the price at which Tiger Oats sold its 30% stake in Metro, the first part of the deal. This was at R18 a share, the market price obtaining a few weeks ago before the market got wind of the deal and hoisted Kirsh shares skywards.

Kirsh would not be drawn on whether this price was the basis of his deal with Sanlam.

Managers

The rise in Kirsh shares appears to have been justified. Although Sanlam insists that any loans and leasebacks will be at arm's length, Sanlam can hardly walk away from Checkers and other problems now.

One commentator says Sanlam, which, unlike other insurers, tends to control its industrial interests, needs management badly. It has acquired this in Kirsh and his team — and in Grant Thomas and his team at Malbak, which has merged with Protea. The expectation is that Abercom will go into the Malbak-Protea fold.

Records at KWV

The KWV achieved a record taxed profit of R12,9-million in the year to December 1983.

The profit compares with 1982's R10-million, and is "attributed largely to KWV's successes on foreign commodity markets and various cost-saving measures," says KWV.

The KWV reports record export earnings of R14,5-million.

Pietman Hugo, MP for Ceres, recently took over the helm at KWV after Andre du Toit's 26-year stint. He says expected gross producer income this year is R220-million, with consumer turnover of wine and its derivatives

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Sanlam's troubled house

WHILE its main rivals, SA Mutual and Liberty, have focused on blue chips and let these get on with running themselves, Sanlam has several problems in its portfolio because of its hands on approach.

It can certainly use all the management it can get.

Gencor has yet to find a successor to Ted Pavitt, although the latest hot tip is Floors Kotzee, who retired early from Iscor.

In Gencor, there have been problems — to the extent that it has the lowest rating of any of the major mining houses. It yields a historical 7,3%, against Anglo's 5,1%, indicating great value, according to Sanlam.

It was not Gencor's fault, but uranium mine Beisa has been closed, never having made a profit after R250-million of spending, not all of which will be lo

looks sick. Though other minerals are picking up, the gold and coal outlook is far from brilliant.

Kanhym has been devastated by drought, debt and a gloomy coal environment. Kohler ran into a brick wall after the DRG acquisition, but appears to have picked itself up. Darling & Hodgson lost R15-million in structural engineering last year, but with Group Five under its belt appears to have recovered.

Sappi's R800-million Ngodwana paper mill is coming on stream and is designed for exports. But it complains about foreign competitors dumping in SA, suggesting an unhealthy international paper outlook. Fortunately for Sappi, the rand has crashed — and there was some effective tax avoidance. Otherwise there would be red ink oozing out of Sappi today or at

Sanlam's non-Gencor industrial interests have also been a headache. Everyone knows about Sentrachem and its R350-million rubber plant problem.

Federale Volksbeleggings has been hard hit by recession and high gearing, but should do better now that Fedfood is doing well again and the rights issue has reduced gearing.

Marinus Daling reckons Sanlam is not as risk averse as its competitors, that it is more prepared to get into operations and into greenfields ventures. It is not merely a paper investor. Sanlam claims to have created such gems as Fedmyn and Gencor.

It argues further that its investments are long term and if one takes into account the cost of the investments made years ago, performance has been exceptional.

Rivals dispute this, but not even ac-


Gordon Utian . . . we're getting better all the time

30

S. Times

27/5/84

Godmother Sanlam kicks off with R70m property leaseback deal as

R110m stems Checkers rot

By David Carte

ONLY days after taking a half stake in Natie Kirsh's retailing empire, Sanlam has concluded a R70-million property leaseback with Checkers.

In other deals, Checkers plans to sell off and lease back another R40-million of property to reduce debt by more than R110-million.

South Africa's second-biggest insurer takes over Checkers store properties in Pretoria North, Plumstead (Cape Town), Somerset West, Rustenburg, Upington, Germiston and Secunda for R70-million cash.

Arm's length

Sanlam stresses the rentals will be market related. These are believe to be between 10% and 12% compared to the 21% Checkers has paid on overdraft funds.

Both Sanlam and Checkers insist that the new partnership had nothing to do with the leaseback, which was done at arm's length and was not linked to the partnership.

According to Gordon Utian, managing director of Checkers, Sanlam had large leasebacks with Checkers years ago when it was part of the Federale group. Six were being negotiated when the Kirsh group took over and discovered enormous problems in the company.

Mr Utian said: "For the past few years we have not done a leaseback and have funded our big defensive new store drive with bank funds. Sanlam has had a close look at us and is now happy to proceed."

Balance

Ronnie Masson, who clinched the deal for Sanlam, said his company had large leases with other store groups. It had not done a deal with Checkers for years. This lease restored the balance between Checkers and the other groups.

Sanlam will continue doing leasebacks with other store groups and Checkers will negotiate leases with other insurers, both parties insisted.

In addition to the Sanlam deal, Checkers has sold its Ridgeway property to AA Mutual, the insurer in the Kirsh stable, for R8,1-million, and is negotiating another R25-million in leasebacks. It has also sold its holding in the Balfour Park, Johannesburg, shopping centre for a sum thought to be R5-million.

Westgate

In all, Checkers will release more than R110-million and save at least R11-million a year in interest.

Its half share of the finance for the huge 65 000m² Westgate shopping centre should be signed up soon.

In the year to June, Checkers expects to make a R10-million profit before tax compared with R6,2-million at the half-year to December and a monumental losses of R33,8-million in 1982 and 9,7-million in 1983.

Mr Utian says: "If we are not making R20-million before tax in the year to June 1985, I don't want to be around here."

He believes phase one of the Checkers recovery from the debacle of the previous management, which led to write-offs of R42-million, has been achieved in spite of drought, recession, wary bankers and competitors.

Rivals

After two more years of store development, the nation's biggest retail food group believes the recovery process will be complete and hopes to achieve the same sort of profitability as its rivals, OK Bazaars and Pick 'n Pay.

Mr Utian says Checkers wants money in stocks, not in bricks and mortar.

The rest of the Kirsh group, including Metro, will continue to own most of its properties.

Although Checkers had a hectic new store programme, it was merely replacing old, uncompetitive stores and square metreage was not rising much.

The rentals are linked to turnover and are expected to escalate at 6% to 7% a year. If interest rates come down, the relative attractions of the leases will diminish.

Regret

One analyst said lower rates in an easier economy could make Checkers regret its step. The properties would then be worth far more than R70-million. To him this suggested pressure on Kirsh to do this deal.

Most of the affected properties have other stores in them apart from Checkers. At Edenvale, for instance, Checkers has only half of the store.

But the leaseback was done on a "head lease" basis, in terms of which Checkers pays Sanlam the rent and collects rent from other shopkeepers.

See page 4

PARLIAMENT ARGUS 29/5/84 30

Public storm over Meat Board plan started by 'leak'

Parliamentary Staff

INFORMATION "leaked" by a member of the Meat Board had resulted in the public storm about the board's plan to expand its controlled area in the Western Cape, the Assembly has been told.

The Minister of Agriculture, Mr J J G Wentzel, said the matter was "sub judice", but after the disclosure by the Meat Board member, the Press had turned it into "a terrible affair".

He said he did not know why the Meat Board member — whom he did not name — had disclosed the information.

Mr Wentzel was replying to Opposition criticism of "autocratic" attitudes in the meat industry during yesterday's third-reading debate on the Marketing Amendment Bill.

Prohibit

He said existing legislation was being amended to prevent this happening again. The amendment would prohibit public disclosure of the board's discussions about "sensitive matters" before the facts had been submitted to the Minister.

The Meat Board had been investigating the proposed expansion of the Western Cape controlled area. The board's recommendations would eventually be submitted to the National Marketing Council, which would then make a submission to the Minister to enable him to take a decision.

The Meat Board's whole discussion about the matter, however, had for some reason been made public by a member of the board.

Only three

posed scheme, only three bought their meat outside the controlled area.

The rest all bought their meat at the controlled Maitland abattoir.

The question of whether the price of meat would be increased in the process was "another matter."


Mr J J G Wentzel

Mr Wentzel said he was awaiting a submission from the Meat Board.

know exactly what is going on here."

Earlier Mr Ralph Hardingham (NRP Mooi River) said there were signs of "a certain autocratic attitude rearing its head within the meat industry".

He said he noted with a concern a report in a Johannesburg journal about the Meat Board's wish to extend control in the Western Cape.

Mr Hardingham quoted figures from the journal's report which showed that various meat prices over last Christmas had been over one rand a kilogram cheaper in areas not under Meat Board control.

The price of lamb chops, for example, was reported to have been R1,90 a kg cheaper in the uncontrolled areas than in the controlled areas.

With one exception, the figures reflected the general tendency, Mr Hardingham said.

He added: "This is a matter which concerns [illegible] I know of a


Mr Danie Steyn


Mr Roger Hulley


Mr Ralph Hardingham

State audit control of oil funds to be investigated

Parliamentary Staff

THE whole question of bringing South Africa's oil funds under the audit control of State funds was now being investigated, and legislation for this might be introduced next year, the Assembly has been told.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, said he believed such legislation would dispel opposition fears about control of and accountability for public money in the oil funds.

Replying to the second-reading debate on the State Oil Fund Amendment Bill, Mr Steyn rejected opposition charges of mismanagement of oil funds.

Mr Steyn said that in recent months new circumstances had developed which made it necessary to look again at the whole set-up in regard to the State Oil Fund, the Strategic Fuel Fund and the Industrial Development Corporation, as well as the procurement of crude oil.

The Minister also said that the main purpose of legislation to divert and save part of the money raised from a levy on fuel sales instead of using it to finance the budget was to ensure that funds would be available for future projects like a Sasol 4.

The Bill provides for the Treasury to take some of the money in the State Oil Fund, which in turn is given wider powers to transform it into a general [illegible] development and trading fund, [illegible] ter was "sub judice", but after the disclosure by the Meat Board member, the Press had turned it into "a terrible affair".

He said he did not know why the Meat Board member — whom he did not name — had disclosed the information.

Mr Wentzel was replying to Opposition sure of the board's discussions about "sensitive matters" before the facts had been submitted to the Minister.

The Meat Board had been investigating the proposed expansion of the Western Cape controlled area. The board's recommendations would eventually be submitted to the National Marketing Council, which would then make a submission to the Minister to enable him to take a decision.

The Meat Board's whole discussion about the matter, however, had for some reason been made public by a member of the board.

Only three

"I am not defending the Meat Board, but I do not want to say for one moment that the board did not have good reasons for seeking to expand the controlled area," the Minister said.

Of 46 butcher shops involved in the pro-

Mr J J G Wentzel

creased in the process was "another matter."

Mr Wentzel said he was awaiting a submission from the Meat Board.

He gave an assurance that the matter of expanding the controlled area would be investigated and would be settled "in a democratic manner".

Mr Wentzel said he hoped the Press would "stop writing about this because they don't

Cape.

Mr Hardingham quoted figures from the journal's report which showed that various meat prices over last Christmas had been over one rand a kilogram cheaper in areas not under Meat Board control.

The price of lamb chops, for example, was reported to have been R1,90 a kg cheaper in the uncontrolled areas than in the controlled areas.

With one exception, the figures reflected the general tendency, Mr Hardingham said.

He added: "This is a matter which concerns all of us. I know of a number of meat producers in this country who are directly affected by a state of affairs of this nature."

The Bill, which amends the Marketing Act of 1968 largely in technical respects, was read a third time.

# of oil funds to be investigated

Parliamentary Staff

THE whole question of bringing South Africa's oil funds under the audit control of State funds was now being investigated, and legislation for this might be introduced next year, the Assembly has been told.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, said he believed such legislation would dispel opposition fears about control of and accountability for public money in the oil funds.

Replying to the second-reading debate on the State Oil Fund Amendment Bill, Mr Steyn rejected opposition charges of mismanagement of oil funds.

He said the Bill before the Assembly was regarded by the Government as only an interim measure for proper financial arrangements according to law until the introduction of a consolidated measure in Parliament next year.

The legislation envisaged for next year would provide for sound audit control by Parliament.

TO BE TABLED

This would make it possible for reports on funds where no clandestine procedures were involved to be tabled in Parliament and for the funds to be audited.

Mr Steyn said that so far no distinction had been made between public and private funds for audit purposes because all funds handled by private companies had been audited by private auditors in terms of the Companies Act.

The Auditor-General, with whom discussions had been held about this matter, could therefore not have been involved in the financial control.

The rationalisation of South Africa's oil procurement organistion with a view to the best possible financial control over the various kinds of funds was now being considered by the department.

Mr Steyn said that in recent months new circumstances had developed which made it necessary to look again at the whole set-up in regard to the State Oil Fund, the Strategic Fuel Fund and the Industrial Development Corporation, as well as the procurement of crude oil.

The Minister also said that the main purpose of legislation to divert and save part of the money raised from a levy on fuel sales instead of using it to finance the budget was to ensure that funds would be available for future projects like a Sasol 4.

The Bill provides for the Treasury to take some of the money in the State Oil Fund, which in turn is given wider powers to transform it into a general energy development and trading fund, and new powers of general investment.

Mr Steyn rejected a suggestion by Mr Roger Hulley (PFP Constantia) that there were billions of rands in the State Oil Fund. He accused Mr Hulley of spreading a "gossip story which has obtained a whole lot of new tails like octopus arms".

SELECT COMMITTEE

On April 30 there was only R887,6-million in the State Oil Fund and the money had come from the sale of Sasol.

Mr Hulley called for the appointment of a parliamentary select committee to investigate transactions of the State Oil Fund and the Strategic Fuel Fund Association since their inception.

In a proposed amendment declining to pass the second reading of the Bill, the Opposition also proposed that the Auditor-General be made responsible for the auditing of the accounts of the State Oil Fund and the Strategic Fuel Fund Association.

The Bill was read a second time with the support of the New Republic Party, the Conservative Party and the National Party. The PFP amendment was rejected.

CAPE TIMES 29/5/84 20

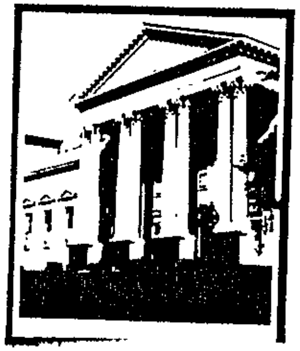
Greyling: Press 'blew up' meat issue

HOUSE OF ASSEMBLY. — The Meat Board's plan to expand its control to certain areas of the Western Cape had been blown out of proportion by an uninformed press, the Minister of Agriculture, Mr Greyling Wentzel, said yesterday.

He was replying in the third reading debate on the Marketing Amendment Bill to concern expressed by Mr Ralph Hardingham (NRP Mooi River) at the apparent "autocratic attitude" of the Meat Board towards the Western Cape.

The minister said the matter was sub judice as he and the National Marketing Board still had to consider representations by the Meat Board.

For some or other reason, a member of the board had made certain facts public and these had been blown up by the press without all the facts being known.



Mr Wentzel said the matter would be handled fairly and democratically.

Mr Hardingham earlier quoted figures from a magazine article which showed that various meat prices over last Christmas had been more than one rand cheaper in Western Cape areas not under Meat Board control.

The minister pointed out that of the 46 butcheries involved in the matter, only three bought their meat in uncontrolled areas while all the rest made their purchases in the controlled Maitland area.

The Marketing Amendment Bill was read a third time. — Sapa

(30)

City Press

3/6/84

We'll knock until Pietersburg opens, says bank boss

AFRICAN Bank managing director Moses Maubane has vowed that the bank will press ahead its application to establish a branch in Pietersburg – although his application was turned down this week for the fourth time.

By Z B MOLEFE

In a heated debate in a Pietersburg Town Council session on Monday, which took up two-thirds of the session, a motion by one councillor calling for the matter to be referred back to the management committee pending Government clarification on future "open" trading areas, was defeated.

Councillor Doep Du Preez said the establishment of the bank would be "a radical departure" from normal practice, because no black business had ever been granted trading rights in the Northern Transvaal town.

"We have the right to be in Pietersburg," said an angry Mr Maubane. "Without the financial support of blacks, Pietersburg would collapse."

Mr Maubane also told City Press that although African Bank's application has been turned down for the fourth time since 1980, it is not discouraged. "In fact, we are more determined than ever to be in every central business district throughout the country," he said.

"We will knock on Pietersburg's door until they open.

"Our treatment by the Pietersburg town council is unfair – much of the country's wealth is generated by blacks."

MOSES MAUBANE: "Well press ahead."

BLACK BUSINESS

30

Barring the bank

FM 8/6/84

The need for government to make it clear that the admission of black businesses to existing central business districts (CBD) is not only permissible, but desirable, is becoming more urgent. Recent experiences of the African Bank make it clear that some local authorities intend trying to maintain the lily-white (with some brown admixture) status of their commercial areas.

Moses Maubane, African Bank's MD, says Pietersburg and Pretoria have rejected the bank's applications to establish branches in these two places.

The bank is also exploring the possibility of establishing a branch in Port Elizabeth. Here, at least, no problems are anticipated.

"We have a mini-branch in Pretoria," says Maubane, "but the municipality has turned down our application to develop it into a full branch to serve the needs of our people in the capital. In Pietersburg we have been rejected outright on four occasions. But that's not the end of the story. We will be pursuing the matter in both cases.

"The problem is that while the government has declared its intention of opening CBDs in cities and towns, it has also said the final decision in this regard will remain the responsibility of individual local authorities. This seems to us to nullify the idea of allowing blacks to open businesses in these centres without interference. However, we mean to pursue these issues even if it means seeking ministerial approval."

Maubane says that the bank sees itself as contributing towards the economic and social development of the country and so fails to understand why some municipalities are obstructive.

man ’s to ’em under

26/8

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Star 9/6/84

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In the past few years the group has been gradually moving away from leasing its stores to owning some of them. The property portfolio now stands at around R60 million, representing some 20 percent of the total trading space.

But this does not mean a complete switch away from leasing. Mr Ackerman says that probably only one store out of the six scheduled for construction this year will be owned.

He says, however, there will be a slight negative impact on cash flow this time due to the withdrawal of lifo and the availability of participation in leverage lease finance schemes.

But, he points out, the company only used lifo for the first time last year, when a R3 million benefit was drawn down. The money loaned to Sappi was taken out of deferred tax requirements and had no impact on the bottom line.

He says the increased trading income will more than compensate for any losses in this area. It will also have no effect on the tax rate as in the recent past the group has paid the full 46,2 percent tax rate.

The company's dividend cover came down to 2,25 last year and, as this is closely tied to cash flow, Mr Ackerman expects it to fall further this year. However, while the long-term intention is to bring it down to two, it will probably only slide to a little over 2,1 this year.

Mr Ackerman says that there is no reason for shareholders not to share in the group's success and says that if Pick 'N Pay does not need the cash it should be distributed in dividends.

He says that although retailing margins dropped last year this is not a result of price cutting. It has occurred as the food side grows at a faster rate to hypers. That split currently stands at 85:15 on sales and could rise a bit further.

Assuming the group raises earnings by 15 percent this could result in the year's total dividend rising to 90c from last year's 72c. With the share price having fallen back almost to 2 700c from 3 100c at the time of the preliminary results this puts the company on a 3,3 percent forward yield.

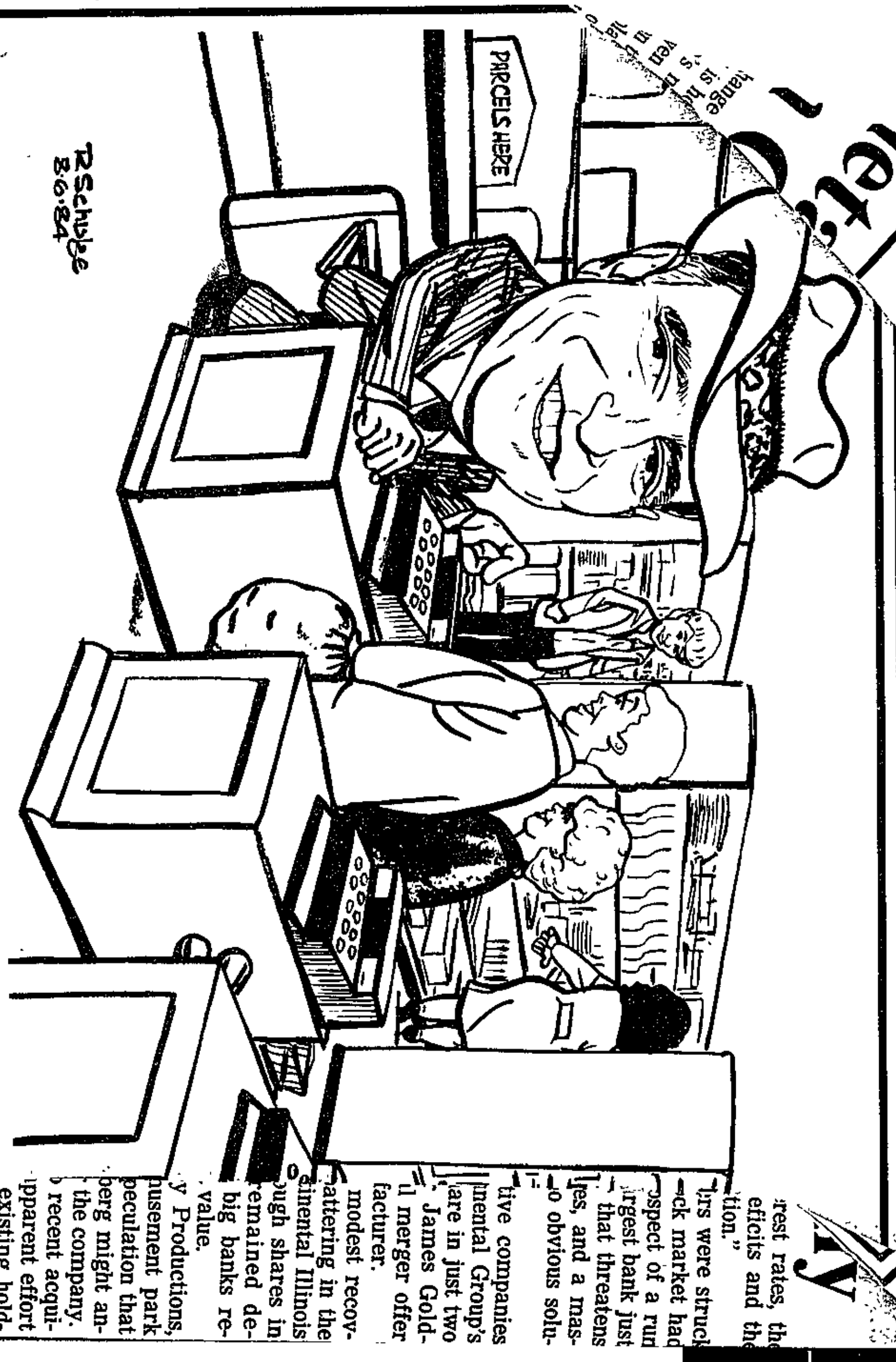
With newly listed Score on a forward yield of under 2,3 percent, for the same year-end, there must be room for an improvement to over 3 500c.

In a surprisingly frank discussion on allegations that the store group has the appearance of being a one-man band, he said that there is a likelihood of a management restructure in the next year or two.

For the time being, he says, the directors agree on the need for a strong, and identifieable front man. But with the group growing at its present rate, it is becoming too much for him to handle.

To this end he envisages the appointment of a chief operations officer, much on the lines of US companies.

The Star/BUSINESS



Raymond Ackerman...preparing for the outback

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Business a

Afrimet will be 100% black owned

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E Pos

12/6/84

JOHANNESBURG — Afrimet, the cash-and-carry wholesaler with stores in Soweto and Thokoza, is to become 100% black-owned, the chairman, Mr Vela Kraai, announced in Johannesburg.

Metro Cash and Carry, which pumped R490 000 into Afrimet when it was formed in exchange for 49% of the shares, is to leave the money in the company in the form of a loan. Metro will own no shares in Afrimet — all the shares will be owned by the hundreds of black investors who last year bought 1 019 592 shares in Afrimet at 50c each.

Mr Clive Weil, who was last month appointed as managing director of Metro Cash, explained that the decision to change the structure of Afrimet's share capital was in line with an undertaking by Mr Natie Kirsh, head of the Kirsh Group, which controls Metro Cash.

"Natie had told Nafcoc that he would do nothing that went against the wishes of the black business sector.

"We went into Afrimet at the specific request of its black directors, who are leading businessmen in their own right. Our aim was to help the first really effective, really efficient black wholesaling company to get started.

"Many black businesspeople agreed with what we were doing, and gave Afrimet their full support and understanding.

"Others agreed with the objective of starting a successful black-controlled cash-and-carry wholesale company, but disagreed with the way Afrimet was structured," Mr Weil said.

"Recently, Mr Kraai and his fellow black directors asked Metro Cash if there was a way in which Metro could continue to help Afrimet to grow and develop without owning shares in Afrimet. Proposals to that effect are now in the process of being put to the Afrimet shareholders."

Mr Kraai explained that under these proposals:

- ● The R490 000 of funds from Metro Cash will stay with Afrimet, but will now be a loan.
- ● Afrimet will pay interest to Metro Cash of 10% a year — less than half the interest which most business organisations are having to pay on their borrowings today.
- ● Metro Cash may not ask for its money back earlier than five years from Afrimet's formation in October 1983, but Afrimet may repay the money early if it wants to.
- ● Metro Cash will continue to provide management support for Afrimet, but its management contract will run for five years instead of 20 years.
- ● At the end of five years, it is hoped that Afrimet will not require the services of Metro to manage its affairs. If, however, Afrimet wants Metro Cash to stay on, it will do so.
- ● In exchange for helping to manage Afrimet, Metro will continue to receive 10% of Afrimet's pretax profits. The previous rule under which Metro Cash had to receive at least R20 000 a year has been scrapped. Now, Metro will simply receive 10% of profits.
- ● The number of directors which Metro may appoint to the board of Afrimet will be reduced from four to two. The board will then consist of the existing four black directors of Afrimet plus two white directors from Metro Cash.

"If shareholders approve the new relationship between Afrimet and Metro Cash, we will focus our efforts on developing and expanding in the black townships," Mr Kraai said. — Sapa

Assocom urges free trade for all races in all areas

(30) Star 12/6/84

Political Reporter

All white business areas should be opened to traders of any race immediately, and black traders should prepare themselves for unrestricted competition in black areas, says the Association of Chambers of Commerce.

This policy statement, published in Chamber Bulletin, the newsletter of the Johannesburg Chamber of Commerce, follows the mid-year meeting of Assocom's executive council.

Assocom, representing 17 000 businesses through 104 affiliated chambers of commerce, has previously stated that the private-enterprise system could operate effectively only if there were no racial impediments. Furthermore, economic growth depended upon increasing interdependence and co-operation regardless of race.

In its latest policy statement, the association says that trading opportunities should be permitted to all races in all areas.

"Different circumstances could dictate that some areas might choose to introduce unrestricted trading opportunities immediately and other areas might choose to introduce such measures at a future stage.

"We believe that white business areas should be opened to traders of any race immediately, and that black traders should prepare themselves for unrestricted competition in black areas. As a first step all present restrictions on black traders, other than town planning and licencing laws (such as apply in white business areas) should be lifted immediately," says the association.

It adds that labour is an essential commercial resource which should be negotiable in a climate free from constraints based upon colour.

"Furthermore, in the South African context it is particularly important to expose non-white persons to the work environment of white business. Such exposure will provide them with the opportunity to acquire experience."

ARGUS 20/6/84.

Headaches for traders as GST D-Day looms

Staff Reporter

CAPE businessmen face a taxing time next month as more revenue inspectors enter the fray in search for GST evaders, while mass confusion reigns among smaller traders on how to apply the new system.

Mr B J van Dyk, Cape Town's Receiver of Revenue, said today that more inspectors were now available to ensure that payments of GST were not withheld from the Treasury.

GST goes up from seven percent to 10 percent from July 1, and some basic foodstuffs will become exempt from sales tax on that date.

EXTENDED

Traders who operate the "add-in" system of GST have been given until September 1 to change to the "add-on" system, in which tax is added on at the till.

In a bid to help to solve the mass confusion among smaller traders, Assocom has printed 30 000 copies of a business guide on GST, which will be available in Cape Town soon.

Mr Ed Verburg, Assocom's statistician, today described how the pamphlet would try to solve some of the GST headaches.

It recommends that traders have price stickers with various colour codes for exempt and non-exempt items.

MODIFICATION

Computerised cash registers could be modified to accommodate the new system, but small businessmen who could not afford these would have to introduce a system of separate baskets for exempt and non-exempt items so that the tax would be applied only to the correct items, he said.

Tygerberg Chamber of Commerce is holding a discussion at Parow Civic Centre at 6.45pm tonight.

CAPE TIMES
27/6/84

20

Tax-free labels on Monday

Staff Reporter

BRIGHTLY-COLOURED labels identifying tax-exempt foodstuffs will greet shoppers at most supermarkets from Monday but hard-pressed consumers cannot look forward to a general drop in prices.

Although most supermarket executives spoken to yesterday said they were planning promotions linked to the tax-exempt items, several are retaining prices at present levels.

Supermarket chain staffs are hard at work labelling products, adapting cash registers and learning to cope with the new measures, and most outlets will have pamphlets detailing non-taxable items available at check-out points.

System

Only one of six major supermarket chains approached yesterday is to introduce a single computer-coded label which includes the price.

This system, the company spokesman claimed, would prevent items which shop attendants had forgotten to label as tax-exempt from "slipping through" at check-out points.

Shelves bearing these items would be prominently marked.

Computers

All five other supermarket chain spokesmen said they would be adding brightly-coloured labels marked "tax-exempt" to the relevant items.

Mr Ronnie Herzfeld, systems development manager for Pick 'n Pay, said his company's computer labels would "take the discretion out of the hands of the cashier", allowing the cash register-computer to decide whether the item was taxable or not.

Capetonians could also expect colour-coding at local outlets.

Adaptation

The marketing manager for Spar Supermarkets, Mr Dave Godding, said all Spar's tax-exempt foodstuffs would bear a bright lilac-coloured sticker, and promised that if any of his customers were incorrectly charged for a tax-exempt item, they would be given double the mistakenly-charged tax back.

Many of his supermarkets had already "converted" and staff had been put through intensive adaptation sessions.

"We are also planning to link most of our promotions to tax-exempt products," he said.

Posters

The managing director of Grand Bazaars, Mr Jackie Sachar, said his chain would be opening its Sea Point branch on Sunday, July 1, between 9am and 7pm to give shoppers an opportunity to "try out" the new system.

"In our shops we've put up huge posters the same colour as the labels on which will be a copy of the till slip showing how items are designated", he said.

Pick 'n Pay buys 50% of Boardmans

CAPE TIMES 29/6/84 (30)

Mr Louis Fourie, formerly shares manager, has been promoted to assistant investment manager, responsible for shares and fixed interest investments at National Mutual Life Association.

By PAUL DOLD, Financial Editor

PICK 'N PAY has bought a 50 percent stake in Boardmans, the Cape Town home department mini-chain store whose sales are running more than 41 percent above year-ago levels. Strong expansion is envisaged with the first Reef store opening around May next year.

Announcing the cash deal yesterday — the purchase price has not been disclosed — Pick 'n Pay's financial director, Mr Chris Hurst, said that the acquisition of the stake did not presage a new diversification policy by Pick 'n Pay.

"Boardmans were seeking a partner and we hold the group in high esteem. It is an excellent operation."

The deal will have no material effect on either the earnings or net asset value of Pick 'n Pay.

The managing director of Boardmans, Mr Tom Boardman, says that Pick 'n Pay's backing will allow the chain to expand far more rapidly.

Partners

"Several financial institutions were interested in acquiring an equity stake but we are delighted to have Pick 'n Pay as partners. By tieing with a major retailer there will be economies of scale both locally and overseas."

One of the direct benefits includes the muscle to negotiate keen rentals and open in key shopping centres around the country.

Boardmans which has two stores in Cape Town, one in the Centre city and the second in Claremont, is already preparing for expansion.

A new store opens in Stellenbosch in October and the first Transvaal store — in Pretoria — is scheduled for May. The average store trading area is 1 000 m² to 1 500 m².

Mr Tom Boardman ... preparing for expansion to the Reef.

Mr Boardman, a chartered accountant, who was previously managing director of Sam Newmans bought control of the two stores for R1,1m in 1982 when parent Blaikie-Johnstone — the building products arm of HLH — decided to withdraw from the retail field and concentrate on wholesale builders' supplies.

Retailing

His two partners were Swiss-trained department store specialist Mr Edi Sieger, who now handles layout and buying and Mr Rob Ferguson who heads operations.

Boardmans billed "as the house shop" offers the consumer contemporary designed housewares, hardware and furniture at affordable prices. The chain is targetting towards the middle market and has had considerable impact in retailing with outstanding store layouts, displays and top range merchandise.

Furniture is becoming a growing segment of the business with Boardmans filling the gap between the mass marketing chains and the expensive top-end of the market.

Market research has showed that the majority of home decorating decisions are made by women although hardware stores are dominated by men. Boardmans philosphy says Mr Boardman has been to create an environment in which women are happy to shop for the home.

Independent

The stores will remain a fully fledged chain independent of the Pick 'n Pay opertations and there are no plans for inserting Boardmans branches into hypermarkets.

Apart from the Reef, expansion is earmarked for Cape Town's northern areas and the Boland.

Pick 'n Pay chairman, Mr Raymond Ackerman, director Mr Hugh Herman and Mr Chris Hurst will be joining Boardmans board.

Closing gold prices

(In $ an ounce)
LONDON:
373,25-373,75
Fixing am: 371,50
Fixing pm: 372,90
ZURICH:
371-374
(370-373)

JSE transfer for Fintec

ALLIED ELECTRONICS CORPORATION (Alton) announced yesterday that its subsidiary company, Fintec Ltd, is to have its listing transferred to the "financial — cash assets" sector of the Johannesburg Stock Exchange lists.

Suthsun increases market share

JCI divs

Own Correspondent

JOHANNESBURG. — Randfontein Estates has increased its interim dividend to 450c from the previous comparable interim of 400c.

Leading in

Gold (pm fix) ....
Rand ....
JSEACT Gold
JSEACT Indus

SOWETO BUSINESS

30

That's showbiz...

White marketing experts have got together with Soweto businessmen and political leaders to remedy the township's poor access to building materials and appliances.

The Soweto Council has granted a 99-year lease on a prime future CBD site in Jabavu for the development of a R25m complex which will house a permanent showground, a community centre and educational facilities.

The showground should be ready by September for Soweto's second Home Improvement Show, after which specialist exhibitions related to the home improvement market will follow throughout the year. The complex will be developed by the Soweto Chamber of Commerce Industry Trust (SCCIT) and Adele Lucas Promotions (ALP) over the next 10 years.

Exhibitors, particularly white-owned companies, can now find a way into the Soweto market, which is denied to them by measures such as the notorious 49%-51% white/black investment ratio requirement.

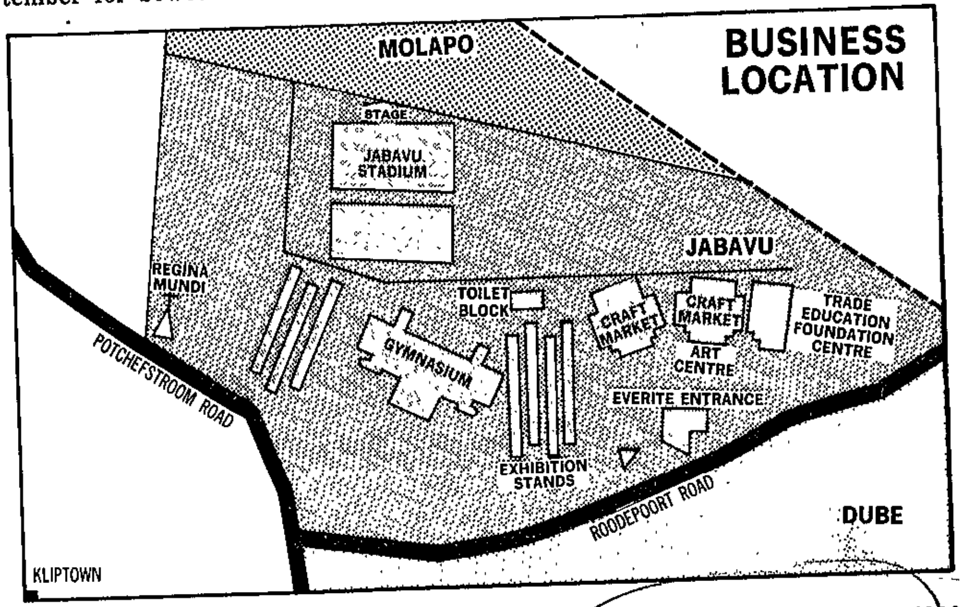
Marketing director of one of last year's exhibitors, Triangle Furniture, Billy de Oliviera, says it's not "an exercise in hard-selling — it's an entertaining occasion with long-term benefits."

ALP's Lucas says stands have been placed so that large companies will not dwarf the small businessman, particularly the black trader. Last year the Home Improvement Show had only 250 stands compared with this year's expected 400. The show took place in a comparatively unsophisticated venue yet it made a profit of R62 000.

The profit, and all future profits, says SCCIT's chairman Vela Kraai, will be ploughed back to improve and extend educational facilities. Kraai is chairman of the Industry Trust, composed of Chamber and Council members and interested Sowetans, which has been set up to manage the exhibitions and allocate funds.

For the first five years, however, management of the exhibitions and the development will be the joint concern of ALP and SCCIT. Taking charge of the building side is ALP's Julia Albu who has set about arousing the interest of building industry companies.

"The response has been astounding" she says. Anglo American and De Beer's Chairman's Fund donated the first R740 000, Stauch Vorster and Partners (architects) organised a professional team, and Murcoms of the Murray & Roberts group and LTA came forward with their expertise.



Financial Mail June 29 1984

BLACK LIQUOR

30

Booze blues

FM 13\7\84

Black business could be cutting off its nose to spite its face by trying to keep whites out of the lucrative township liquor market, worth an estimated R245m a year in the PWV alone.

Plans by the shebeeners' organisation, the National Taverners' Association (NTA), to finance a 100% black-owned liquor chain to rival drink outlets in the white sector (through a share issue to shebeeners only), have failed. NTA claims to represent 9 000 legal shebeen operators.

It registered a public company, NTA Ltd, in February, and sought to raise R400 000 capital (R200 000 minimum) through the issue of 4 000 ordinary shares at R100 each. But by the close of the offer on June 29, it had raised only R60 000, 30% off the minimum.

What it's about

Chairman Lucky Michaels and fellow directors, shebeeners Ray Mollison and Peggy "Bel-Air" Senne, have extended the offer deadline for the remaining 1 400 shares until the end of the year. "A lot of people don't understand what shares are about yet," says Michaels.

"Some applicants made funny mistakes, like asking for a jacket and shirt in return for their R100," he says. Michaels has now embarked on a campaign to educate people about shares.

NTA's flotation contrasts vividly with that of the cash and carry wholesaler Afrimet last year (*Business*, November 18). Primed with R490 000 from Kirsh Group member Metro Cash 'n Carry (later converted to a loan), blacks from oversubscribed by 1,3% the 1,02m 50c shares for the black 51% of the issue.

So why then no white participation, even if only initially?

"It's to keep out big, major white interests and others from buying us out. You cannot compare black and white in the same way because white finance is stronger," explains Michaels, who also rejects a tie-up with SA Breweries on the grounds that it would have captive control of the products sold by the chain.

Blacks consume 70% of all liquor sold in SA.

Sowetan

30

23/7/84

Mamelodi tradesmen end five year war

A FIVE YEAR OLD rift between traders and industrialists in Mamelodi, Pretoria, ended yesterday when about 400 businessmen agreed to forget the past and form one umbrella body.

The decision was taken at a meeting called by local mayor, Mr Alex Kekana, to end differences and unite a local chamber of commerce, a traders' and industrialists' associations at the YMCA. Mr Kekana said differences and petty jealousy among businessmen had to be done away with for the black business to survive in the township.

The three organisations had not been working hand in hand in the past and, according to leaders, had retarded progress in the area.

Mrs Sizakele Nkosi, a marketing business consultant with a Johannesburg bank, told the meeting that black people had the buying power and that it was up to small businessmen to formulate strategies to make use of it. She said although there had been many obstacles created by the country's laws, black people had managed to survive.

She also called on the businessmen to:

- get more involved in the manufacturing of the products they use;
- buy franchises;
- diversify their businesses;
- get into partnerships;
- form black companies; and
- update their financial managing techniques.

Mr Kekana said executive members of the three organisations should come together as an interim committee. The committee, he said, would meet on Tuesday night to prepare for a mass meeting where the public would decide on the new office.

(30) D. Dispatch 24/7/79

Motsuenyane calls off boycott against firm

EAST LONDON — The boycott of Metro Cash and Carry has been called off after the company reached agreement with the National African Chamber of Commerce (Nafcoc).

The president of Nafcoc, Dr S. M. Motsuenyane, said in an interview yesterday that Nafcoc policy discouraged partnerships between black and white in the retail trade.

"Towards the end of the last year the Metro Cash Group entered into a 49-51 partnership arrangement with some black entrepreneurs in the Johannesburg area, which relegated the control with the Metro group.

"Two outlets were established under the name Afrimeet, one at Klipspruit in Soweto and the other at Kathlehong, near Germiston.

"Nafcoc protested without success. As a last resort Nafcoc was obliged to call a boycott of the newly established company, together with Metro Cash and Carry throughout South Africa.

"The boycott started in November last year and gained momentum in February when a national seminar was held in Bloemfontein. In March another large gathering was held in Germiston by Nafcoc supporters. The effect of this action was to compel Metro to call for further negotiations with Nafcoc.

"The outcome was that Metro agreed to sell their 49 per cent equity in the newly established company in order to make it a 100 per cent black-owned company," Dr Motsuenyane said.

He pointed out that this was what Nafcoc had been pressing for intitally as they did not see why whites should be allowed to have business interests in black areas, while blacks were not allowed to do the same in white areas.

Metro also agreed to change the original management contract from 20 years to five years. During this period they would now assist the new company as consultants.

"Nafcoc was satisfied with this and I decided to call off the boycott," Dr Motsuenyane said.

The chairman of Metro Cash and Carry, Mr L. Katz, would not comment yesterday other than saying that they were pleased that they had come to an amicable arrangement.

Meanwhile Dr Motsunyane claimed that white sponsors were trying to "ostracise" Nafcoc by withdrawing their sponsorship of the chambers 20th anniversary celebrations' conference scheduled for August 6 to August 10 in Durban.

He appealed to the Transkei Chamber of Commerce (Tracoc) to special membership to be canvassed to help support the conference.

Special members are individuals or companies who in addition to belonging to a local chamber, contribite an annual subscription of not less than R100 to Nafcoc. They are issued with certificates of special membrship.

Call to back hypermarket

UMTATA — The Government's policy is to prevent South African chain stores from establishing businesses in Transkei, according to a letter from the Transkei Chamber of Commerce (Tracoc) to its members.

The letter urged members to support the Tracoc hypermarket project, which had already netted more than R53 000 in pledges from members.

The circular letter states: "There is an outcry from various quarters of Transkeian society that there is a tremendous outflow of cash from Transkei to South Africa.

"The silent accusation is that the business community is not doing enough to stem the flow of the tide.

"An area which has been singled out by those concerned citizens is the supermarket/retail/wholesale operation.

"And, as to be expected, the large white chain stores from South Africa are already knocking for admission into Transkei so that they may operate from within. luckily the government's policy is to keep them out."

The Tracoc letter says the business community is aware that there is a big internal demand for the services offered by these white chain stores. It is also aware that the government cannot resist the pressure to admit these chain stores within the country, endlessly.

"It is for this reason that Tracoc, aware of its position of leadership in promoting business with the country, has decided to promote the establishment of a hypermarket."

Tracoc envisages the acquisition of a 2ha site for the hypermarket. The main floor space will be taken up by a supermarket and the rest will comprise a number of satellite shops offering a variety of services.— DDR.

(30) FM 3/8/84

RETAIL

Black and white

(30)
FM 3/8/84

White involvement in black shopping centres has proved tricky, both in terms of the race laws (The Group Areas Act and The Urban Areas Act) and black businessman resistance to allowing whites a foot in the door. Nafcoc, the African Chamber of Commerce, has been one of the strongest critics of such white participation.

But now Nafcoc is actively seeking to inspan white finance and entrepreneurship in a R50m scheme it plans to announce at its annual conference next week.

To make sure it works right the first time, Nafcoc has tied up with Group 5 Developments (Pty) to build the scheme, using finance raised through Hill Samuel

To be built in Soshanguve, about 20km outside Pretoria, the centre will have an immediate market catchment of 85 000 — and a million potential customers within a 15km radius.

Soshanguve, however, could well be the start of even bigger things. Already there is talk of similar developments for other highly populated black areas like Soweto and Kwa Mashu.

The Pretoria project, consisting of a 34 000m² shopping mall and three adjacent office blocks of three floors each, is to be constructed in phases. Nafcoc (membership: 14 000) plans to relocate its headquarters there and to set up a training centre with student boarding facilities and a showroom for black-made products.

Motsuenyane . . . R50m development

Nafcoc president Sam Motsuenyane tells the *FM* that Soweto was ruled out because of lack of available land. And negotiations for nearby Crown Mines land fell through because of price and undermining.

Next week Motsuenyane hopes to make public his plans to attract "white" capital as well as the major chains as surrogate tenants. Current thinking is to evolve a franchise system to allow blacks to run the stores and so to circumvent the problems inherent in the current 51:49 black/white ownership system.

This could be a significant opportunity for white-owned businesses to crack the black market. Outside the major chains, that is, because it hardly seems likely that the likes of Pick 'n Pay, Checkers, OK or Woolworths will operate franchises — even to get further footholds in black areas.

But there could be other possibilities (Pick 'n Pay, for example, operates on a management and part-ownership basis with coloureds in Atlantis) and Motsuenyane is undeterred. He says talks with the major chains are planned after Nafcoc's conference.

Blacks 'must be mobilised within free enterprise'

(30) E. Post 8/8/84

DURBAN — The black population needed to be "fully mobilised" within the free enterprise system, the managing director of Standard Bank, Mr Conrad Strauss, said today.

Opening the National African Federated Chamber of Commerce and Industry (Nafcoc) conference in Durban, he said the success or failure of the move would influence the economic structure and politics of Southern Africa.

The need to change attitudes towards black advancement had been realised, he said, and it was now necessary to equalise opportunities to enable them to achieve material advancement.

Lack of education facilities was the biggest obstacle facing blacks, but to achieve parity between the races in this field would demand the State spending five times as much as now on black education, nearly R10 million a year.

Mr Strauss told more than 1 000 delegates that urbanisation was necessary to achieve the industrialisation needed for black advancement. Real economic growth of 5% a year was necessary to supply all the jobs needed, with an annual increase in the supply of labour of 3%.

Only half the increase could come from whites, he added.

Mr Strauss said much was being done to finance entrepreneurs, but he felt the Government, banks and other financial institutions could do more.

New businessmen were being hampered by legislation, he said.

In his presidential address at the conference, Dr Sam Motsuenyane told delegates that Nafcoc would continue to try to persuade Government to allow blacks tenure in all parts of the country.

Increased integration of blacks into the economy called for "some drastic adjustments and readjustments" to land policy.

Referring to forced removals of blacks, he told the conference that South Africa needed "long term peace and stability" for growth and development. To achieve this goal, blacks had to become part of the community.

He said the Government would disregard the "urgent" need for reform only at "great cost to the country". — Sapa

KaNgwane Chief Minister Enos Mabuza (left) and Federal Theological Seminary rector Simon Gqubule.

with E. Mtshall of the Standard Bank.

Above: Soweto Chamber of Commerce and Industry president Makana Tshabalala (left), and Premier Milling's Lekgan Mathabathe.

Right: Nafcoc hostesses — (from left) Mpume Njobe, Gladrose Ntuli, Rejoice Mcoyi, Khethiwe Nkwanyane and Happiness Shezi.

Vicious removals make for unrest, says NAFCOC head

30 C-Press 12/8/84

From

ZB MOLEFE

in Durban

REMOVALS are part of a vicious system, said National African Federated Chamber of Commerce president Sam Motsuenyane this week.

Mr Motsuenyane was giving his presidential address during NAFCOC'S 20th week-long annual conference in Durban, which was attended by more than 1 500 delegates, diplomatic representatives and overseas speakers.

"Not only is this practice undemocratic and inhuman, it is also the greatest cause of community disruption, unrest and proverty," said Mr Motsuenyane.

He drew hisses when he recalled that a NAFCOC delegation met Co-operation and Development Minister Piet Koornhof in November about removals and other problems.

He referred to the removal of the Mogopa community in February and said: "We are all very much aware that in most cases brute force was applied."

The conference sat stunned when Mr Motsuenyane said that Dr Koornhof's reaction had been that removals were undertaken with the full consultation of the communities concerned and that such removals were not forced.

"The Minister's response was clearly an attempt to deny or justify the well-known tactics of compulsion used so often by the Government to remove black communities," said Mr Motsuenyane.

South Africa needed "long-term peace and stability" for growth and development, he said. To achieve this goal, blacks had to become part of the community.

"Blacks must be recognised as citizens in the country and accorded equal protection under the law," said Mr Motsuenyane.

"Only within the framework of a system of social equality will the problems of racial separation and forced removals ultimately be abolished."

NAFCOC would continue to try to persuade the Government to allow blacks tenure in all parts of the country. Increased integration of blacks into the economy called for "some drastic adjustments and readjustments" to land policy.

The Government would disregard the "urgent" need for reform only at "great cost to the country".

He also said black businessmen had asked the Government to treat them in the same way as businessmen of other colour groups, reports Sapa.

His organisation had received "only conflicting responses" from various Government departments on whether blacks could legally operate in industrial areas other than those set aside for them.

NAFCOC had not yet been officially told whether incentives for black manufacturers had been approved by the appropriate Government agency.

"NAFCOC has finally attempted to get some official pronouncement on these problems by writing to the Prime Minister's office, from which we are now anticipating a definitive and unequivocal statement," said Mr Motsuenyane.

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Small, but . . .

(30)

Help to get off the ground

What is the Small Business Development Corporation (SBDC), and what does it do?

It is a joint venture between the private and public sectors and it aims to promote private entrepreneurship among all population groups in South Africa.

The registration of the SBDC as a private company in February 1981 was the fruit of efforts that began at the Carlton Conference in November 1979. At the conference the prime minister invited the private sector to put forward ideas to aid in the economic development of the country.

The response from the private sector was that a small business development corporation be established by way of a partnership between the private and public sectors.

The SBDC was registered with a target capital of R150 million, divided into R75 million A shares and R75 million B shares. The A shares are held by private companies and the B shares by the state, who channels its shareholding through the Industrial Development Corporion.

The SBDC operates through its head office in Johannesburg, and its regional offices in Cape Town, Johannesburg, and Durban. It also has a branch office in Port Elizabeth.

The corporation helps small business ventures in the following ways:

- Direct finance by means of loans, equity participation, instalment sale, leasing, guarantees, special programmes for new enterprises, and indirect help through a bank indemnity scheme.
- Provision of business premises such as factory units and shopping centres at reasonable rates in areas where these are most needed.
- Advisory services which include information, guidance and training either on a self-initiated basis or in co-operation with relevant private and public institutions.

Activities are not limited to making services available on demand only, but also to initiating services in underdeveloped communities and areas, and in other fields where it is regarded as essential.

The corporation will consider giving assistance to any new or existing economically viable small business in the commercial, industrial or service sector. The following general guidelines usually apply:

- The business must be viable.
- The relevant experience and knowledge, management ability and a spirit of entrepreneurship are considered important.
- The applicant is expected to make a reasonable contribution towards the capital requirements of the business.
- The applicant should be able to provide reasonable security for the facility required.
- Financing the purchase of an existing business is considered only where the applicant cannot obtain finance in the open market, where the purchase is essential to the continuation of the business and where the greater portion is to be occupied by the business of the applicant.
- Finance for the erection of commercial or industrial buildings for own occupation or partial letting, is considered in areas where development is regarded as essential.
- Finance for farming operations is considered only where processing is involved in order to market the products.
- Facilities exceeding R300 000 are granted only in exceptional circumstances.
- Where the gross assets of an applicant exceed R750 000, facilities are granted only in exceptional circumstances.
- In self-governing or independent states where other development corporations are active, the involvement of the SBDC is limited to a supplementary role.
- The SBDC co-operates and does not compete with other financial institutions.

Loans are not considered for speculative transactions, on-lending, non-profit oriented activities, community and social facilities, and financing outside the rand monetary area.

The corporation has entered into agreements with a number of banks whereby the SBDC will guarantee up to 80 per cent of the facility granted by the respective bank to the entrepreneur.

The guarantee lasts for a maximum period of five years and the interest rate is determined by the bank. The funds can be made available through a term loan, an overdraft, instalment sale or lease.

At present amounts of up to R150 000 may be covered under the scheme. Entrepreneurs looking for finance through this scheme should contact their bank managers. The SBDC acts only as the guarantor and has no direct contact with the bank.

During the first two years of operation the SBDC has:

- Helped more than 1 000 clients with direct finance totalling more than R35 million.
- Indemnified over 400 facilities to an amount exceeding R8 million in terms of the bank indemnity scheme.
- Planned and completed 40 property development projects at a cost of about R30 million.
- Helped numerous entrepreneurs by providing advisory services.

The number of projects owned by the SBDC totals 130. They occupy a lettable area of 242 000 square metres — the equivalent of 30 rugby fields — developed at a cost of close to R50 million. They accommodate over 660 businesses which employ about 12 000 people.

- The SBDC's current portfolio of buildings in the Eastern Cape, valued at about R5 million, consists of shops, supermarkets, cinemas, filling stations and industrial parks.

A factory complex, consisting of 16 units, is planned for the West Bank. The first phase will cost more than R2 million and it is due for completion next year.

According to Mr Arnold Greyling, of the SBDC office in Port Elizabeth, a factory complex costing R180 000 is to be built at Berlin, and the expansion of an existing factory at Berlin, at a cost of R240 000, will be undertaken.

He said these developments would push up the portfolio to well over R7 million.

He added that the SBDC was considering more shopping centres and industrial parks for the Eastern Cape.

NAFCOC 1

(30)

Fobbing the fronts

FM 17/8/84

Black businessmen are hailing the franchise system as their "salvation" and as a means by which the black trader can be protected from white interference. At last week's National African Federated Chamber of Commerces (Nafcoc) conference, delegates resolved to investigate the implementation of a franchise system, primarily for the black retail industry.

It was also recommended that a consultancy unit be established by Nafcoc to educate the franchisee and the franchisor and stop the practice of "fronting" (white ownership of businesses purporting to be black-owned).

Australia-based International Franchising (IF) is presently acting in a consultative capacity for Nafcoc. IF's Howard Bellin, who addressed Nafcoc delegates at the conference, called franchising a "tool for social and economic good and an alternative to the present 49%:51% ownership system."

The system being considered allows a franchisor to grant an independent businessman (franchisee) the right to sell the franchisor's product or provide the franchisor's service using the methods and marketing procedures laid down by the franchisor.

In theory, franchising contains benefits for both parties: the franchisor achieves rapid expansion with limited capital outlay and can expect a royalty on the franchisee's turnover; the individual (franchisee) benefits by owning and operating a business which utilises proven methods and procedures.

The new scheme is attractive to white businesses wishing to crack the black market. But Nafcoc president Sam

NAK TO GO?

The next ministerial candidate to bow out of the Cabinet during the reshuffle before the first sitting of the new tricameral parliament will be Health Minister Nak van der Merwe, well-placed sources tell the *FM*.

Van der Merwe, say the sources, will be replaced by Willie van Niekerk, administrator general of Namibia.

Van Niekerk has long been tipped the ideal replacement for Van der Merwe, who held the portfolio during a period in which multinational drug companies threatened to disinvest from SA if government introduces generic drug substitution (replacing brand names with cheaper alternatives).

Van Niekerk seems an ideal choice. He has a long and successful medical background as a gynaecologist, a field in which he won recognition as an international expert on hermaphrodites. His appointment would be welcomed by virtually all sectors of the health community.

Van der Merwe looks likely to become chairman of the White Ministers' Council, say the *FM's* sources.

Motsuenyane says he does not want "white capital and management. Black involvement should be almost total."

He says the first move towards use of the system may take place in the new Soshanguve complex (*Business* August 10) where a number of large stores will be needed. The big chains would be asked to franchise branches to blacks. Motsuenyane is currently working on a deal of this sort with Checkers.

As far as Checkers is concerned, there is still a long way to go before a franchise package can be achieved. MD Gordon Utian says "we can't get to the point where things are viable." The partnership element seems unavoidable as black capital is severely limited and Checkers is not prepared to "carry the businessman completely" he says.

Although Motsuenyane views the black areas as black retailers' prime target, it is also hoped the franchise system could help black businessmen penetrate white areas. For instance, says Motsuenyane, blacks could establish fast food outlets in the centre of town where blacks congregate.

A prototype on franchising, with guidelines for Nafcoc members, is to be developed for October when a meeting of the boards will take place.

Franchises ... coming in or going out?

NAFCOC 2

Lend a hand

The small black businessman needs the services of informal moneylenders. This is the view of two authorities on small business, Small Business Advisory Services director Ian Hetherington, and Standard Bank MD Conrad Strauss, who spoke at the National African Federated Chamber of Commerces (Nafcoc) annual conference last week.

Informal moneylenders in SA have, to a large extent, been outlawed by the Limitation and Disclosure of Finance Charges Act (Ladofca). The law was passed to protect the consumer, the poor and the unsophisticated, but the latter group, which includes many of the small black entrepreneurs, as a result are denied access to any loans at all from the legal institutions says Hetherington.

Hetherington believes informal moneylenders offer a number of advantages to the small businessman.

"Moneylenders lend on demand, immediately, no questions asked; there are no forms at all, not even a signature acknowledging debt; no friendly little lectures on the desirability and morality of thrift; no objections if you constantly recycled your loan because the main security rests on the borrower's desire to remain on good terms with the lender, so that he may borrow again."

Hetherington says it does not pay legal institutions to lend to the small man. The legal interest rates are not profitable, compared to the slightly lower rates charged to big, blue-chip businesses. "Only those who dare to flout the law provide a source of loans for the poor," so competition is restricted and illegal loan interest rates rise, says Hetherington.

Standard Bank recognises the gap between the informal and formal moneylending sectors. Strauss says Standard intends to: "Explore alternative means of accommodating the informal sector". He cites the systems used in Mexico, where an equally diverse business population is in operation, as examples of alternative methods of lending.

Standard Bank and several other financial institutions sat on last year's Franzsen Commission. The commission was asked to investigate Ladofca and produce recommendations for its amendment. "We missed a great opportunity," says Strauss, "our recommendations neglected totally the needs of the informal sector."

The recommendations will probably be incorporated into the present legislation this year.

A mini-loan scheme is available from the Small Business Development Corporation (SBDC). Money is lent, by the SBDC, both directly and indirectly. SBDC senior general manager Jurgen Smith believes the facility to be under-used owing to the lack of effect Ladofca has yet had on informal moneylenders.

Hetherington does not believe either the legal institutions or development corporations are capable of catering adequately for the informal sector. He says: "Even the development corporations have unfortunately aped the buildings, the systems and the procedures of the modern commercial banks — so their culture is largely incompatible with the culture of the small black businessman."

Budding businessmen ... borrowing to survive

(33) FM 7/8/84

Nevertheless, Hetherington believes the situation could be improved if the big financial institutions lobbied to franchise presently illegal moneylenders. Bankers would benefit because they could lend to the informal moneylender who would then "on-lend to their clients" he says. Hetherington also wants to see the usury laws scrapped so that it becomes profitable to lend to small businesses.

SMALL BUSINESS

(30)

Surviving the cold?

The recent hike in the prime rate to 25% is suffocating entrepreneurship and threatening the existence of small businesses.

"The increase is linked to a marked upturn in applications for crisis and replacement financing," says Small Business Development Corporation (SBDC) MD Ben Vosloo. "There is also evidence of an increase in arrears from loan-debtors and tenants," he says.

Vosloo believes the new terms are likely to prove "very expensive and onerous" on existing borrowers. He says the SBDC has not yet increased its minimum lending rate — 14,5% — because it would be "a retrogressive step." But the corporation will have to consider the cost of capital. "Rates must be adjusted for the SBDC to survive," says Vosloo.

Although the SBDC intends to monitor the liquidity and profitability of borrowers, Vosloo wants to sustain some degree of support for small businessmen.

"The past year has been difficult enough for the entrepreneur," he says. "The very significant change in the supply of money and terms of business has made long-term funds very scarce." Fluctuating interest rates are almost unavoidable for small businessmen and the measures now being enforced will only serve to increase these problems, says Vosloo.

He is concerned that the initiative to develop business should not be stamped out. "It remains crucial to SA's national economic strategy," he says.

"There are four obvious reasons why small business development is important," says Vosloo. "Job creation, the provision of partners to large enterprises, more competition and more choice for the consumer, and lastly, small buiness is the only vehicle by which the economically deprived can enter business."

Despite the economic climate, special arrangements should be made for the small business sector says Vosloo. "The entrepreneur must be provided with access to capital, floor space, and management and market assistance.

"Small businesses which have been established for a minimum of two years are likely to weather the storm better than more recent entrants," says Sealrite director Pedro Dias.

Dias, who has been in business for three-and-a-half years, says he has had to increase his prices 15% as a result of the new prime rate. His business, merchandising hydraulic seals, O-rings and PTFE products, requires a 10-month stockholding, a third of which is obtained on credit. This, coupled with the sixty-day limit imposed on debtors, has affected his overdraft and led to the price increase.

Another relatively well-established small business, Barney's Paint Centre, has had to reduce stock levels because of higher interest rates and an expected 10% reduction in turnover. Barney's MD Hendrik Marais says he anticipates a larger proportion of discretionary income to be spent on the home improvement market. "The market is still strong, but if the present rates continue my business will be more drastically affected," he says.

Hardest-hit in small business is the manufacturer and the construction company. Calverton Construction MD Willie Wales says he is "getting out of the industry and back to advertising (his last profession) until the economic climate is more favourable."

Bridging finance

His company specialises in "spec housing" — buying property and developing it with building society money. Wales says he relies on bridging finance and borrowed money to survive. "I've approached building societies — banks do not look kindly on my type of business — for finance and even they can't help. It is now a buyer's market and small-time builders cannot survive."

Small businessmen can counteract the prime rate increase and continue in business with adequate planning and expertise, says Standard Bank Small Business Unit manager Roy Polkinghorne. The methods he suggests include:

☐ Monitoring gross profit margins and pushing lines which make the greatest contribution to fixed costs and profits;

☐ Deciding where working capital can be trimmed without seriously inhibiting business performance; and

☐ Weighing up liquidity and profitability objectives, with projected cash flow statements regularly monitored so the business does not go broke while pursuing profits which are harder to attain.

"There is still room for new entrants into the small business market, provided plans are carefully laid. Finance is still available to the right applicants," says Polkinghorne.

Another bank source says he does not believe the prime interest rates will continue at the present level. "It is too early to tell how effective the rates will be. Businesses should not panic yet," he says.

Evaton Indians' loss R25-m

Star 5/9/84

~~277~~ ~~278~~ 30

By Yussuf Nazeer

The Evaton Indian community suffered losses estimated at more than R25 million in this week's rioting in the township.

Looting and burning affected about 40 shops and homes, several surgeries, a clinic and a car mart.

This was disclosed yesterday by bewildered victims at a meeting called in Vereeniging to decide the community's future.

More than 100 Indians who lived behind gutted shops are now homeless.

Several of the ransacked traders had no riot cover on their shops.

And those whose businesses were insured said they might have to wait months before compensation was paid.

DEJECTED

Last night frustrated and dejected families took refuge in the homes of friends and relatives.

They spoke of being "stabbed in the back" and let down by Evaton's blacks.

They said a warm friendship between the two communities had existed for many years.

Mr Abubakr Nathie, whose shop and two homes were looted and destroyed, said: "We had pledged our solidarity with the black community here.

"When the blacks asked us last week to close our shops and to show our support for their rent protest we gladly did so."

CLINIC

Dr Mohamed Coovadia said Indian doctors who had started a clinic offering free treatment in the township had been badly let down by those who had burnt it.

He added: "They have deprived hundreds of poor people of the medical treatment they were receiving."

Mr Ahmed Nana said he could not believe his eyes when he found his shop ablaze and people he knew carrying away his goods.

Three cows belonging to Mrs E Nana were said to have been chopped up and the meat carried off by the rioters.

Dealer's debts are R12-m

By Fiona Macleod

The provisional liquidation in the Rand Supreme Court of two of Johannesburg's well-known diamond dealers this week indicates that all is not well in the trade.

It was revealed in court papers that Octha Holdings (Pty) Limited of Commissioner Street had debts of more than R12 260 000.

Its assets totalled about R15 000.

Last week Octha's subsidiary diamond mining company, Namex (Pty) Limited, was put into liquidation. It had liabilities of more than R33 million.

Octha applied for voluntary liquidation at the insistence of its major creditor, Partnership in Mining (Pty) Limited, which it owes R9,4 million.

Diamond dealer Mr E I Kaplan, who traded as African American Diamonds, was indebted to various creditors to the tune of R500 000 when he closed his business recently, according to a diamond distributing company which urgently applied for his provisional sequestration yesterday.

Unless the application is opposed, Mr Kaplan will be finally sequestrated on October 2.

Trader's 'open cards' earn fine

-30/5 |zw

By Joe Openshaw

20/9/84

An Indian who was refused a permit in terms of the Group Areas Act to run a shoe store on Commissioner Street — directly opposite a large Indian outfitter allowed in terms of the same Act to trade there — was fined R20 by a Johannesburg magistrate yesterday for trading without a licence.

He is 42-year-old Dawood Patel, who has been selling shoes from a shop in Ferreira House for 18 months. He was refused a trading licence by Johannesburg Municipality after his permit application to the Department of Community Development was turned down.

One side of Commissioner Street in Marshalltown, Johannesburg, was proclaimed a white area in terms of the Act while Indians are permitted to trade on the the other.

Patel pleaded guilty to trading without a licence but his lawyer, Mr G C Wilks, argued in mitigation that his was a "technical" offence because in terms of amendments to the Group Areas Act, based on recommendations of the Strydom Commission, it was more than likely he would be granted a permit in future.

"This is in keeping with the Government's evolving policy," he said.

"The amendments to the Act have been promulgated but a date for them to come into force not yet been gazetted.

"When this happens it will in all probability no longer be an offence for Mr Patel to trade on this side of Commissioner Street," he told magistrate Mr W J van Rooyen.

"I realise it is like asking the court not to convict someone for speeding today because tomorrow when the speed limit has been raised his will no longer be an offence," said Mr Wilks, requesting a suspended sentence or nominal fine.

Patel said afterwards he had "played open cards" by applying for a permit so he could legally be granted a licence, rather than getting around the law by applying for a licence in the name of a white nominee.

Other Indian businesses are conducted under "nominee" licences: an Indian outfitter, a Hallal take-away, a black hairdresser and a black herbalist have premises and trade openly in the same building.

A win for the hungry

By Jean Waite

Magazine editor Jane Raphaely has pulled off a coup.

Yesterday she won a motor rally to take the first prize of a Golf II.

The rally, between Johannesburg and Pretoria, was driven by proxies — Mrs Raphaely's, pitting their skills against a team for TV newsreader Michael de Morgan.

After her win, Mrs Raphaely handed the car's keys to Johannesburg city councillor Mrs Rae Graham.

She said it would be raffled and the proceeds given to Operation Hunger.

Helmet Gang man's bid for not guilty plea fails

Pretoria Correspondent

A Pretoria Regional Court magistrate today refused an application by a member of the "Helmet Gang" to change his plea to not guilty after being convicted.

Pieter Henry Snyman (30), owner of the Roodeplaat Dam Snake Park, claimed he was bitten by a deadly cobra only 52 hours before his arrest.

He claimed he was not aware of what was happening. At a previous hearing he said he was assaulted by police and forced to plead guilty before he could receive medical treatment.

The magistrate said Snyman had exaggerated when explaining his medical condition to the court. He had wanted to create an impression.

Snyman appeared with four other members of the "Helmet Gang" involved in six armed robberies on banks and building societies in Pretoria.

The notorious gang netted about R75 000 which, the court heard, was spent on luxuries and trips to Sun City.

Carel De Beer (23), of Levina Street, Garsfontein, Louis Petrus Prinsloo (19), of Leeufontein, Cullinan, Johan Martin Katzke (25), of Waverley, Albertus Adriaan Janse van Rensburg (19), of East Lynne, and Pieter Henry Snyman (30), of Roodeplaat Dam Snake Park, are appearing today in a Pretoria Regional Court for probation officers' evidence before being sentenced.

Tight security was enforced at the trial today.

A policewoman searched people at the door while policemen watched the courtroom.

(Proceeding)

BRIEFS

Minister out of hospital

BLOEMFONTEIN — Dr Nak van der Merwe, Minister of Health and Welfare and chairman of the Ministers' Council of the House of Assembly, who underwent coronary bypass surgery on September 3, was discharged from hospital at 11 am today.

Dr D S L van den Bergh, chief medical superintendent of the Universitas hospital, said he had recovered. — Sapa.

Junior Council reunion dinner

The Johannesburg Junior City Council is holding a reunion dinner for all ex-councillors in the City Hall on Monday September 24 at 7 pm.

Tickets are R12,50 each and include the cost of a buffet dinner.

They can be obtained by telephoning Lael Bethlehem at 447-2588 or Claudine Lincoln at 678-1605. — Municipal Reporter.

Gun death: man in court

West Rand Bureau

A Wolwekranz man appeared in the Krugersdorp Magistrate's Court yesterday in connection with the death of 33-year-old Mr M J Botha, who died from two gunshot wounds on Monday night.

Mr Pedro Jardim da Silva (34) of Wolwekranz, Eldorado, was not asked to plead before Mr P McLeod.

Mr da Silva was released on R1 000 bail.

Nine appear for murder

Nine men appeared in the Roodepoort Magistrate's Court today, in connection with the murder of Mr Alan David Lovett, the 24-year-old manager of Hi-Spirit Bottle Store in Delarey, who was shot during a robbery last month.

The men were not asked to plead and two were released on R500 bail. The case was postponed until September 21. — West Rand Bureau.

Book a Spruit Day walk

Two major hikes are being organised for Braamfontein Spruit Day next week — but walkers must book their places.

Hike One is an easy-pace "sponsored hike" of 38 km starting at Pieter Roos Park, Hillbrow, on September 29 at 8.45 am.

Hike Two, a two-day walk, also starts at Pieter Roos Park. It includes a barn dance.

To book: ring Jaqui Welsh 678-2790 or Howard Rayner 704-1434.

Administrator to be approached

24/9/84 Star

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Longer shop hours backed

By Colleen Ryan, Municipal Reporter

The campaign for extended shopping hours is gathering momentum. The Johannesburg City Council has agreed to take up the issue with the Administrator of the Transvaal, Mr Willem Cruywagen.

The council's management committee decided on this step after a recent meeting with the Johannesburg Chamber of Commerce.

Businessmen appealed to the council to support their demand for flexible hours, said the deputy chairman of the management committee, Mr Jan Burger.

Mr Burger said an executive member of the provincial council had asked the council to draw up a memorandum on the issue before the meeting with the Administrator.

The council is particularly pressing for extend ed shopping hours on Saturday afternoons.

ARGUMENTS

Main arguments in the memorandum are:

- Most women in Johannesburg were working wives and Saturday had become the most important shopping day.
- The ban on Saturday afternoon shopping had led to the central business district being depopulated over weekends. This made the CBD unsafe and an easy hideout for criminals.
- Longer shopping hours would ease traffic congestion.

Businessmen in Hillbrow have also launched a campaign for extended trading hours. They recently formed a traders' association and decided to give this issue top priority.

The chairman of the new Hillbrow Traders' Association, Mr Derick Ward, said businessmen were strongly opposed to the present arrangement because trade was suffering.

He said if shop-owners wished to stay open at night they should not be harassed by "unnecessary laws".

Business

Businesses urged to use SBDC aid plans

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E. Post

29/9/84

Business Editor

EASTERN CAPE small businessmen were this week encouraged to make use of a special aid programme designed for "infant enterprises".

Details of the programme, offered by the Small Business Development Corporation, were outlined by SBDC managing director Dr Ben Vosloo at Tuesday's Evening Post Small Business Seminar.

According to Dr Vosloo an infant enterprise "is an existing or new business which is in the start-up or developmental stage, embracing both the informal and the semi-formal sectors.

"For this category of small business, two special but complementary programmes have been developed, namely a mini-loan scheme (MLS), and a comprehensive assistance programme (CAP)."

According to Dr Vosloo the mini-loan scheme is specifically designed for the informal or semi-formal infant enterprise "whose needs are normally of an urgent, short-term, and recurring nature".

"Presently loans of up to R2 000 are considered, and are repayable over a maximum of 12 months.

"The main prerequisites to be met by the applicants are their ability to repay and evidence of a serious commitment to the business concerned," said Dr Vosloo.

Interest rates of between 7% and 9% below prime rate are charged on loans, since the SBDC operates at a far finer margin above borrowings than does, for example, a bank, said Dr Vosloo.

"Formalities are minimised and simplified as far as possible. Two distinct schemes have been initiated in this category:

- "The first is controlled by a locally-based committee for a specific area (for example an industrial park or local community).

- "The second by SBDC personnel who actively seek out businesses requiring financial assistance."

The second of the schemes devised to assist infant enteprises, according to Dr Vosloo, is CAP.

Designed to provide larger formalised loans and various forms of service and guidance, the maximum loan presently available to "infant enterprises" in terms of this programme is R30 000.

Dr Vosloo pointed out that during the first two years of its operation the SBDC has assisted more than 1 000 clients with direct finance totalling more than R35 million; indemnified over 400 facilities to an amount exceeding R8 million (in terms of a bank indemnity scheme); planned and completed 40 property development projects at a cost of around R30 million; and assisted numerous entrepreneurs by providing advisory services.

The SBDC is a public company registered under the Companies Act and the shareholding is equally divided between the public and the private sectors.

Authorised share capital is some R150 million and the executive chairman is Dr Anton Rupert.

A principal function of the SBDC is to assist small entrepreneurs with finance and according to the organisation a small business qualifying for SBDC financial assistance is usually defined by such criteria as independent status, relative size, number of employees, value of gross assets and inability to obtain financial assistance in the open market.

The following are included among the "flexible" guidelines applied by the SBDC in considering whether to extend finance:

- The business must be considered an economically viable proposition.

- Relevant experience and knowledge, management ability, and a spirit of entrepreneurship are considered important.

- The applicant is expected to make a reasonable contribution towards the capital requirements of the business.

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RETAILING

The recession has arrived

The recession has finallly hit retailers with a vengeance — especially stores which sell furniture, clothing, and appliances (See *Fox*).

Until recent months, many of them have managed to keep up turnovers, if not profits, because of the vast increase in consumer indebtedness.

But rising interest rates, the falling rand, and more stringent hire purchase (HP) regulations have combined to attack this source of revenue on all fronts.

According to the Central Statistics Service, total retail sales which reached an all time record of R2,3 billion in April, are expected to fall to R2,2 billion in September. This is only a 4,5% drop in money terms but is the lowest level, in real terms, since April, 1981. And sales for the quarter ending September should be more than 10% down on the previous quarter.

The value of judgments against consumers has also jumped substantially, says Dun and Bradstreet MD Alan Mankoff. The total value jumped 36% to R25m in June over June last year.

Most stores have reacted to the downturn by trying to cut stock levels, reduce staff and step up advertising and promotion.

Edgars MD Vic Hammond says his group's advertising is up 30%.

To keep mark-ups stable, says a buyer, higher discounts from suppliers are being negotiated: "Where the discount was 3%, we now try for 5%.

But this is becoming increasingly difficult to achieve, says Pick 'n Pay chairman Raymond Ackerman, as the cost from manufacturer to retailer has, on the whole, gone up.

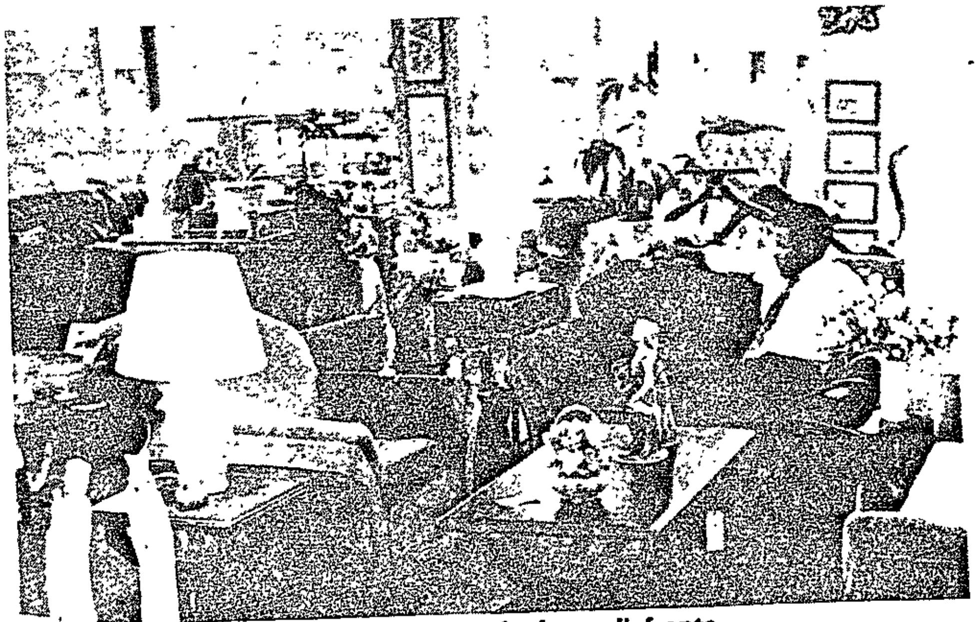
Shops in big centres are surviving better than those in isolated areas.

"For instance," says Hammond, "Edgars in the homelands and some branches in our Sales House chain (which caters largely for the black market) are doing very badly. A few Sales House branches will be closed."

Pick 'n Pay has found that while its overall profits are up this year, profits on non-food items, particularly durables, are down.

"Business is extremely tough," affirms Dion's director Brian Howard. Sales of furniture items, he says, have been especially hard hit.

Amrel, the SA Breweries holding company for Scotts, Furniture City, Multiserve and other chains, says volume sales in furniture and appliances, have dropped by 25% on last year's figures in some stores: this means a rand drop of 35-40%. Shoe and clothing stores also have falling volume sales.



Furniture store ... attacked on all fronts

"We did not anticipate the recession," says chief executive Ronnie Cohen, "and as shoes and clothes are bought six months in advance, stock levels are very high."

Amrel is now cancelling 2%-3% of outstanding orders, especially in furniture and appliances.

Mark-ups in furniture and appliances are being dropped even to cost price, as in video recorders, says Cohen. This is partly because HP deposits have gone up by 10%-20% and repayment periods have been substantially shortened.

Says Cohen: "Unless government amends HP legislation there will be bankruptcies and unemployment and the country will take years to recover." He says the retail industry, especially those chains dealing largely in furniture and appliances, are "laying-off plenty of staff."

The greater expense of imported goods may grant local manufacturers some relief. One industry source says that in the baby wear department, where 70% of the clothes are imported and often bought as gifts, customers are returning to exchange the gift for more items, locally made and cheaper.

Stuttafords is also trying to reduce its imports. Says deputy chairman, Ken Geeling: "Expensive items have become much more difficult to sell."

With price-cutting especially strong in durables, consumers with buying power will be able to exploit the retailers' misfortune. What is more, many retailers say they are now trying to concentrate on value items.

Ackermann says the industry may start to recover in March next year "depending upon Reagan's re-election and the Western economy."

Cohen is more sceptical: "Although an imrovement should be observable by November-December, in real terms things will have got worse. Next year will be better — only because it can't get any worse."

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Financial Mail October 5 1984

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STORES

Going down

Prices of most shares in the stores sector have fallen sharply since the authorities adopted drastic measures to curb consumer spending. Recent results indicated that profit growth and profitability of many of these companies is sliding fast. Even Pick 'n Pay's bottom-line earnings grew by only 7% in the six months to end-August. Some stockbrokers' analysts believe share prices of many companies in the sector are likely to fall further in the short term.

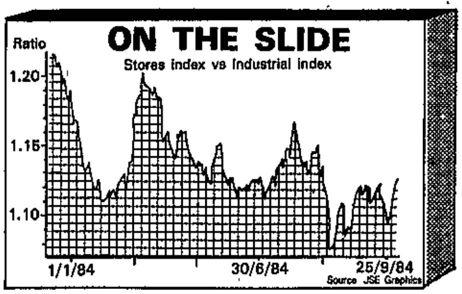
Stores' share prices tend to be particularly volatile, moving with the economic climate. Generally, when industrial share prices rise, the stores' share prices, measured against industrials, rise further. Similarly, as the chart shows, when industrials fall, stores' share prices fall more sharply. Chartists say the downtrend is still intact, despite the relative strength which began in August.

Margins and, therefore, profits are coming under increasing pressure as the retailers fight for market share (see *Business*). Performance in the next 12 months will depend largely on management expertise.

Blue chips on low dividend yields of around 3%, such as Clicks and Pick 'n Pay, have fallen by 34,4% and 19,4% respectively since the begining of 1984. These companies are still posting earnings advances, but growth is considerably slower than in previous years. Investors are not only turning cautious on low yielders. Companies such as CNA/Gallo and Sterns, which are highly sensitive to consumer spending, have fallen heavily, to stand on historic yields above 9,3%.

Clicks' chairman Jack Goldin says: "Consumers are feeling the squeeze and are spending more discriminatingly. Luxury items are not selling as well as bread-and-butter lines. There is strong pressure on margins, but by opening new stores, we should maintain earnings this year."

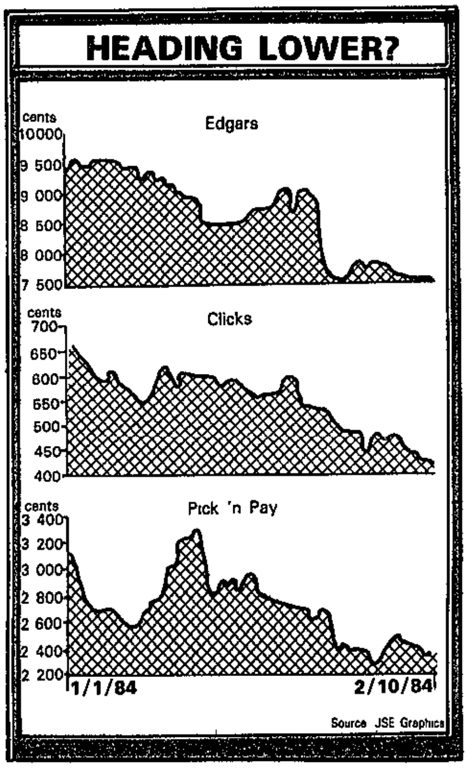
Clothing retailers are particularly vulnerable in a recession. Edgars MD Vic Hammond tells me: "Our strategy has been to go for market share through aggressive marketing, even at the expense of margins. But we are not prepared to sacrifice margins to the point where it hurts us. We are happy we can weather the storm and increase profits in the current financial year." It should be borne in mind, however, that if the group does increase profits, it would be off a relatively low base.



ON THE SLIDE

Stores index vs Industrial index

Source JSE Graphics



HEADING LOWER?

Source JSE Graphics

With margins depressed, most will do well to hold profits in the current year. Garlicks' management expects lower earnings this year, but no cut in the dividend. Wooltru chairman David Susman reckons "it will be difficult to maintain profits at the same level as last year." And Pick 'n Pay's new joint MD Hugh Herman tells me that despite vigorous competition, he believes the group will maintain its growth in the second half.

Checkers' Utian ... fighting back strongly

In response to the shift in consumer spending patterns away from durables and semi-durables, groups such as OK Bazaars will probably have to rely more on food lines to generate profits. Even so, that may not provide much relief. Says Checkers' MD Gordon Utian: "Margins are under pressure from big-ticket items to baked beans." Checkers appears to be fighting back strongly in the supermarket price war now that it has resumed making profits. Utian does not expect Checkers' profits to dip this year, but admits that the recession could impair its effort to lift returns.

Retailers are obviously carefully controlling stock levels, considering the current high costs of holding inventories. As Goldin points out, the exercise amounts to a balacing act to have adequate stock on hand to satisfy customers' demands. The manufacturers are not only being squeezed because of retailers' destocking, but also because lead times from retailers are shrinking. In addition, of course, manufacturers are being expected to share the agony of cut profit margins.

The higher tax rate and removal of the lifo tax concession has distorted the recent performance of a number of retailers, but these are realities they have to live with. If most retailers and economists that I have spoken to recently are correct, it could be at least a year before retail store sales and profitability will start a strong revival.

Brian Zlotnick

(30) Star

Transvaal Municipal Association congress

Free trade not just for CBDs

12/10/84

By Colleen Ryan,
Municipal Reporter

The Government will soon have the power to override local authorities and establish open trading areas in cities.

Racial barriers could be lifted by the State President — and any organisation could apply to the Government for a relaxation of race laws, said a delegate at yesterday's annual Transvaal Municipal Association (TMA) congress, Mr Peter Colin.

Mr Colin, who served on a TMA sub-committee which investigated the Strijdom Report into the Group Areas Act, said free trading areas would not be confined to central business districts. An amendment to the Group Areas Act is likely to be promulgated next year.

He said the Government would eventually abolish laws such as the Group Areas Act, the Reservation of Separate Amenities Act and the Slums Act, and replace these with a consolidated law to be known as the Land Affairs Act.

Several delegates were concerned that the Government would consider an appeal from any organisation for the opening of trade areas

In his address to the congress, a director of the Department of Constitutional Development and Planning, Mr Len Dekker, said the Government would carefully weigh the facts before deciding on open trade areas.

OPEN TRADING

Jo'burg moves

(30)

FM 26/10/84

A three-man committee of top officials has been appointed by the Johannesburg City Council to investigate dividing the central business district (CBD) into "grey" areas to be opened to trading by all race groups.

The move, prompted by government group areas concessions, is certain to stimulate trading. The informal sector, which often suffers from the officious enforcement of petty regulations, will be one of the chief beneficiaries.

Francois Oberholzer, who heads Johannesburg's management committee, says the three-man team, appointed last week, is led by John Mortimer, chief director of technical services.

"It is not known how long the committee will take to finish its job, but it is hoped this will be within a matter of weeks," says Oberholzer. If the municipality moves fast Johannesburg could become one of the first centres in the country to open parts of its CBD to black traders.

What is disturbing is that the council seems to be considering "dividing" the CBD into areas that will be governed by different regulations based on race. Why not declare the whole area open?

Oberholzer says in considering the report, the management committee will investigate regulations and measures regarding "grey" trading areas before deciding on the procedures to follow. "Whatever decision we take on establishing these grey areas will be in accordance with required procedures," he says.

It seems there will be good news for "illegal" hawkers who abound in the city and are continually harassed by law enforcement officers.

It's likely a pilot scheme, launched in June and intended to legalise hawking, will continue. Five market areas, the Doornfontein bus depot, Faraday, Westgate, Hoek Street and Kazerne, are earmarked in the experimental scheme.

The experimental period of the scheme, intended to make black hawking a permanent feature ends in December.

27/10/84 ~~30~~ (30) C-Times

Govt urged to apply import controls

JOHANNESBURG. — The government should apply import controls rather than monetarism which is likely to lead to unemployment and social unrest, says Mr Natie Kirsh, chairman of Kirsh Trading Group (KTG).

His assessment of economic prospects in the group's annual report contains one of the sharpest attacks on the government since its imposition of strict monetary controls on August 2.

"Government, it seems to me, is overly concerned with one aspect of the economic scene — the balance of payments.

Correct answer

"For an economy such as South Africa's, import controls rather than rigid monetarism are, I firmly believe, the correct answer to balance of payment problems.

"Import contols, for South Africa, are far more suitable than mass unemployment.

"If government continues along its present path, we may well have a sound balance of payments position, but by then the economy could be in ashes — not to mention racial unrest, starvation in the homelands and significant white unemployment for the first time since World War II.

He also says current anti-inflationary measures will not achieve much as they are aimed only at severely curbing demand.

"Businesses will go bankrupt and jobs will disappear but, in my opinion, prices will rise as businesses fight to increase margin to offset lower throughput.

Inflation

"The current high levels of interest are far more likely to fuel inflation than bring it down. At this stage, government should be paying attention to the protection of jobs and lower interest rates will help to do this."

He expresses the fear that the government's financial priorities are wrong, thus leading the economy into greater trouble.

"The unfortunate consequences will fall most heavily on the poor and the unemployed — in the South African context, on the blacks.

"With government as strapped for cash as it is, there is little prospect of it providing much, if anything, in the way of relief for the starving and needy."

Mr Kirsh says that KTG for its part did not wish to add to the growing numbers of the unemployed.

"Thus, should it become necessary to retrench we will, wherever possible as a matter of considered policy, put staff onto an hourly paid basis and work short time in an effort to lay off as few of our employees as possible.

"The only thing that is certain is that unless governmment policy changes, trading conditions will become worse, particularly in the area of consumer durables, an area of special importance to Russells and Dion.

"Add to the problems already mentioned, the imponderables of the gold price, the exchange rate, the rate of inflation, and the continuing drought, you have a situation in which it is difficult to plan ahead with any certainty, and one in which any attempt to predict profits with an acceptable degree of accuracy is impossible."

However, KTG with its broad base and its wide product mix, should be better placed to weather the economic storms than many other groups.

"Of major importance is the dominance of food in Checkers and Metcash. Thanks more than partly to this, turnover for the first quarter in these two divisions is up on last year and only slightly below budget. We are budgeting for increased profits this year from Checkers and Metcash divisions," he says.

Bleak

But for Russells the immediate outlook was bleak.

"This is largely the result of government's ad hoc measures of recent months.

"First, there was the undue delay in raising Ladofca levels when market interest rates demanded this. Then there was the sharp 43 percent increase in GST, accompanied by six weeks notice which gave rise to a disruptive spending spree, financed at unrealistic Ladofca rates which has, of course, been succeeded by a prolonged spell of reduced consumer demand.

"Finally, there is the confusion and large additional cost created by the new hire-purchase regulations.

"That there are now three different scales of deposits and three different repayment periods for different classes of goods poses severe, and totally unnecessary, strains on management and systems."

Goals

The private sector was happy to do what was required for the common good.

Consequently, no contribution to group profits from the Russells division was expected this year.

Dion was also beginning to feel the effects of the recession and the consumer squeeze, so its contribution to overall profits was not expected to be as high this year as last year.

Dee Bee was expected to again have improved profits but Boymans and Union Wine were likely to follow the downward trend. — Sapa

ASSOCOM CONGRESS

Hitting the sensitive spot

.30

Government's handling of the economy came in for severe criticism at last week's Assocom congress. While Pretoria generally brushes off such assaults like a combination of Big Brother, Darth Vader and Goliath, there can be little doubt that it is feeling particularly vulnerable in the economic sphere.

Faced with the relentless pounding of dismal economic news, it is now plain to most people that the economy is in deep and morose difficulty. In these circumstances, it is a natural human characteristic to look for someone to blame.

The blacks blame the white capitalist system in this country from which they are largely excluded by government. Whites are increasingly blaming government for its profligacy. And government, for its part, blames the drought and the fall in the gold price.

The truth is not somewhere down the middle. The plain fact is that while the drought and the gold price did have an impact, the main cause now of the morbid depths of the recession is, without doubt, the fault of government. Reasons for this can be substantiated from arguments put forward by both blacks and whites who wrestle daily with the appurtenances of government.

Sharp criticism

This was done with both vigour and thrust at Assocom's annual congress in Maritzburg last week. Inflation; the level of government expenditure and the size of the public service; high effective tax rates; and an inequitable tax system — all came in for some resounding criticism. Moreover, those senior public servants charged with the implementation of government policy appeared, in fielding questions from angry businessmen, to have some sympathy for the critics.

But there was only forlorn hope that government would knuckle down and get the inflation rate under control, despite prevailing record interest rates. Summing up the economic debate, Assocom economic affairs committee vice-chairman Denis Paxton said: "There is a need for government to restore its credibility in the eyes of the business world" and to "cut back to a more compact and effective public service."

Assocom president Bill Yeowart traced government's record on inflation: "In May 1973, this country crashed an economic sound barrier ... and entered double-digit inflation. Eleven years later, we remain persistently in this undesirable and destructive path, having averaged a 12,8% per annum inflation rate for more than a decade.

"... the rand of 100c 11 years ago is now worth 27c."

This explained why government spending had risen from R3,5 billion in 1973 to R27 billion, and revenue collected from R3,2 billion to R23 billion, Yeowart said, before outlining the constriction caused by inflation on SA's foreign trade and its erosion of economic growth.

"The creation of 250 000 jobs per annum, which we have frequently been reminded is necessary to cope with our burgeoning population, is a remote and vanishing goal."

Middle-income earners, he said, who had to bear the brunt of consequent tax increases, had signalled their despair. They were forced to seek "every salary rise or perk relief" and had run down savings from 11,3% of personal incomes in 1980 to 1% in the first quarter of this year.

"These statistics tell of a decay that stretches beyond erosion of savings. It tells of people who have cast aside a fundamental tenet that saving is good because it has been proved ... intrinsically unrewarding," he said.

The theme of most of the discussion that followed was set by Yeowart's outlining of what is necessary to contain inflation: lower government spending and lower growth in the money supply to contain demand; and lower taxes combined with more savings to boost investment and increase supply.

Simon Brand, economic adviser to the State President, made a similar point: "Evidently the single most important factor towards achieving (a turnaround in inflationary expectations) will be a convincing demonstration that public expenditure will in fact be restrained.

"The timing, strength and nature of the (eventual) recovery will also be influenced strongly by the perception that private decision-makers — both investors and consumers — will form in the coming months of not only the intentions of the authorities on public spending ... but also their prospective performance."

Cape Town's Brian Kantor expressed the concern of his chamber over high and accelerating government spending and its negative impact on resources available to the productive sector. Total taxes, he pointed out, had increased from 20,9% of gdp in 1974 to an expected 25,5% this year.

Limits to spending

He called for what amounts to the depoliticising of official spending by limiting it to 24% of gdp. This, he said, would enable government spending to grow — but only in line with the growth of the economy. He also led a spirited attack on the Reserve Bank's failure to curb money supply growth, which he believed should be done by adherence to specific monetary targets.

Other speakers pointed to the fact that assurances given by government at the Carlton and Good Hope conferences had not been kept. The public service was growing, privatisation had made little progress, and the cost of controls — such as influx control — was rising. The call went out for government to prepare its budgets against income, and not the other way round.

Treasury chief Joop de Loor said a lot of

Assocom president Yeowart ... economy ravaged by inflation

Economic advisor Brand . . . public must be convinced

the criticism was "well taken," but that at the heart of government spending was the desire to uplift the country. Unfortunately, this could not be done at the rate at which aspirations were rising.

He warned that for three years government had been borrowing to meet redemption and interest payments on current expenditure, which was very unhealthy. Seventy percent of wage expenditure in the public service went to those doing developmental tasks (including teachers), 20% to those in security services, and 10% to those in regulatory services. "Do we go for the 70% or the 10%?" he asked.

After government spending, the economic deleteriousness of high and inequitable taxation came under steady and sustained attack. Cape Town urged that the tax system be reappraised with the assistance of the private sector, and it was pointed out that middle-income earners "should be paying only 25% of total tax and not the 68,81% they paid in 1982."

Johannesburg's Kim Ash suggested that general sales tax be converted to a value added tax so that it could become more broadly based, and hence garner more income; also that, in the interests of simplicity and efficiency, all income be taxed (including fringe benefits and capital gains) and that a 10% "flat" tax be imposed on all income earners.

"If the system of tithing is unfair, which I don't believe, then the inequity is on the difference of income and not in the method of taxation," he said. He pointed out, too, that it had been reported that some 25% of taxes due and assessed were never collected and that this figure represented more than the entire defence budget.

There were other calls for an expenditure tax which would fall on consumption rather than income; and Johannesburg's Adele van der Spuy got in her bit about a "fair and equitable tax on income earned by all individuals, including blacks," which was roundly applauded.

Commissioner of Inland Revenue Carl Schweppenhauser assured delegates that there would be strong public-sector representation on the new commission of inquiry into taxation, and that special pleading would be kept to a minimum. An International Monetary Fund official was expected soon to reappraise gst and consider a value added tax system here. There were some advantages in a change, especially reducing the collection tasks of grassroots traders. But there were high administration costs, as there would also be with an expenditure tax.

Johannesburg's Ash . . . change gst to vat

The standing commission, he said, would continue to consider the joint taxation of married couples; and other commissions investigating the taxation of insurance companies and farmers would continue their specialist tasks.

Schweppenhauser had a lot of sympathy for a flat rate of tax. It was very attractive administratively, but would have a harsh effect on lower-income couples. In SA, he calculated that a 15% flat tax would be necessary. He suggested that a "flatter" rate of tax was a more practicable solution and assured delegates that the new commission would certainly examine reducing the "progressivity" of income tax.

Government also came under attack for the discretionary powers given to the tax authorities. These too often resulted in "taxation by negotiation," and a resolution was passed calling for the publication of Inland Revenue practices and rulings.

Schweppenhauser was not against the publication of departmental practices and rulings on general matters — provided he could get the authority to spend money. But he was against the publication of complicated cases and warned that tax officials were bound by an oath of secrecy. He said the only time a tax case was not published was when it was by order of court.

Discretionary powers were intended to

PRINGLE AWARD

David Williams, the *FM*'s leisure editor, has received the sole special citation in this year's Thomas Pringle Award of the English Academy of SA in the category for excellence in reviewing. The winner is John van Zyl, a drama lecturer who freelances for *The Star*.

Williams, who was appointed to the *FM* staff in September, was commended by the academy for a number of reviews which appeared in this journal in 1983. He was previously a schoolmaster, and worked for a period in radio. His current duties entail selecting and editing articles for the Timeout department. He also writes the *FM*'s weekly television column.

Last year's review category winner was Cherry Clayton, a frequent contributor to the *FM*. The year before that the award went to *FM* assistant editor Peter Wilhelm.

(30) FM 2/11/84

provide flexibility in the administering the Income Tax Act, he said. They were not intended to give extra powers to raise money. There had been a softening of the rules recently in favour of taxpayers, to reduce individual cases of hardship.

Finally, the Croeser committee's proposals on local government and its financing through additional small taxes came in for scrutiny, bringing to a close a congress more than usually devoted to assessment of government's role in the economy.

Focus on this role was also brought from a black point of view. Western Cape University's Professor Richard van der Ross pointed out that there was a widespread misconception that blacks did not accept the realities of a free market economy. This, he said, was largely unfounded if one looked at grassroots behaviour.

However, being denied reasonable access to the market system, and because of the multitude of restrictions and market-restricting practices (especially in the informal sector), the private enterprise system in its present form in SA had not captured the imagination of the majority of blacks.

The liberalisation of the system in recent years should have a positive connotation. But Van der Ross warned that the handing out of "privileges" that blacks regarded as their right anyway, was not viewed as being the "fruits of a particular system."

Government is large, powerful and pervasive in this country — and generally speaking insensitive to criticism of itself. The sticks and stones thrown at it by businessmen and others at the Assocom congress could easily be brushed aside. That's probably what Goliath thought when he faced the boy David. Except that David's pebble hit the giant's most vulnerable spot — and right now, despite the township unrest, the economy is certainly an area of enormous sensitivity for Pretoria.

(30) C. Times 3/11/84

R300m sales for Pick 'n Pay in Western Cape this year

By PAUL DOLD
Financial Editor

PICK 'N PAY'S Western Cape base has been fundamental to the group's nationwide expansion programme to become South Africa's Sainsbury's.

The Western Cape — the country's most competitive area for food retailing — has been the training ground for Mr Raymond Ackerman's management teams — and it is no coincidence that the region is headed by one of South Africa foremost retail specialists 41 year-old Mr John Barry.

Mr Barry is steeped in retailing: As part of the original Pick 'n Pay — then owned by Mr Jack Goldin — he helped introduce food discounting to South Africa. It was from a small shop in Belvedere Road, Claremont in Cape Town that the first large-scale food discounting took place.

Operation

Today Mr John Barry is general manager of Pick 'n Pay in the Western Cape — an operation with a staff of 2 500 which on its own eclipses the turnovers and profits of many groups quoted on the stock exchange.

In this exclusive interview, Mr Barry disclosed for the first time that

Mr John Barry . . gearing Pick 'n Pay in the Western Cape for major sales growth.

cold chain fruit and vegetable system in the Western Cape.

Currently perishable products may be handled up to six times in South

ager to cater for the consumers' needs in his own area. We can react instantly to any price cutting by competitors and management is com-

housewife wants and not what we want her to buy.

BR: Pick 'n Pay has been strike free in the Western Cape.

Barry: Yes, but we are investing considerable resources in industrial relations. Pick 'n Pay was one of the first to recognize unions and there is regular contact between management and the labour force both at regional and head office levels. We attach considerable importance to this contact.

BR: You have adopted a very aggressive marketing policy in the Western Cape.

Barry: I have told my buyers to go out and get the business. We have to go out into the marketplace and be more aggressive in both advertising and promotions.

The policy of keeping prices on a steady level has paid off — no games, prizes, frills or raising or lowering for weekend specials.

Many chains cut the price of milk but they don't say how long the low prices will last. We do and are scrupulously honest with the consumer.

BR: Turnovers must have had a big boost with the granting of wine licenses. **Barry:** Wine business is good. Each food chain has been allocated

Businessmen welcome SBDC move

(30)

D. Dispatch

EAST LONDON — Local businessmen have welcomed the Small Business Development Corporation's (SBDC) announcement last week of a new scheme for the provision of business premises to small businesses.

5/11/84

"Any scheme like this, which encourages the development of small business, is to be greeted with delight and appreciation," Mr Mike Strong, President of the Border Chamber of Industries, said yesterday.

The secretary of the Chamber of Commerce, Mr Jock Allison, said it was "fantastic".

"It could create more employment and is exactly what we want, particularly in East London."

The managing director of the SBDC, Dr Ben Vosloo, announced in Johannesburg that the SBDC had entered into agreements with all the major commercial banks in terms of which the banks would make available funds to small business entrepreneurs for the erection or purchase of their own business premises.

The scheme has been made possible by the SBDC's undertaking to indemnify the banks for up to 80 per cent of the funds provided. Small business entrepreneurs, by obtaining ownership of their commercial or industrial premises, would have greater security and avoid exorbitant rentals.

"This scheme should make a substantial contribution to the expansion of private ownership of business premises in the small business sector," Dr Vosloo said.

The banks involved are Barclays, Standard, Volkskas, Trust Bank, Nedbank, Finansbank, Boland Bank and African Bank. An initial amount of R15 million has been allocated to the banks.

The SBDC will provide a maximum cover of R160 000 which means that the purchase price or erection cost of the building should normally not exceed R250 000.

It will charge a fee of one per cent a year, payable six monthly in advance, calculated on the balance outstanding at the beginning of the six month period.

The indemnity will operate for a maximum of ten years a client, but the term of the loan will be at the discretion of the financial institution.

The amount of the indemnity must be covered by a first mortgage bond in favour of the institution.

The small business entrepreneur must provide a minimum of 20 per cent of the purchase price or erection cost. The total assets of the applicant should not exceed R750 000 prior to the acquisition of the property. — DDR-SAPA.

Black consumer spending growing dramatically — Dr Wessels

㉚ C-Times 6\11\84

By PAUL DOLD
FINANCIAL EDITOR

BLACK consumer spending power is growing dramatically and is expected to reach R70m a day by the end of the century, the chairman of Toyota, Dr A J J Wessels, said last night.

He told a University of Cape Town Graduate School of Business Association dinner that total black spending power was currently R4 000m a year, and by the year 2000 the black consumer market will be twice the size of the current total consumer market.

This contrasts with white consumer buying power (now two-thirds of the total) which is decreasing by one percent a year.

Total black salaries and wages already exceed R10 billion — about half the total income of whites and account for some 50 percent of the annual growth of the consumner goods market.

Urbanization

In the next 20 years urbanization of the black population would continue at an increasing rate in spite of all attempts at influx control.

"It is expected that this rate of growth may be as high as 4,7 percent in which case about 45 percent of the total South African population will be urban blacks by the year 2000."

Dr Wessels said that greater Cape Town was perhaps the best example of the increasing urbanization of Blacks where the growth exceeded 30 percent from 1970 to 1980.

Some 75 percent of the country's black population is curently below 35 years of age and will grow at a relatively fast rate of 2,7 percent a year reaching a total of 34m at the turn of the century.

Turning to black consumer savings, Dr Wessels said that both banks and building societies were popular.

Banks were perceived to be more solid and secure, well established and formed a more traditional type of saving while building societies were perceived as being more friendly particularly in that they employ more blacks.

Savings

Details of total black savings at banks were unavailable but building societies estimate that they have increased dramatically from R525m in 1982 to R875m in 1984. The figures underscore welcome signs of the stability of the developing urban black communities.

The market for goods and services would become increasingly black orientated and black dominated within 20 years:

Black demand for housing is expected to double from 100 000 units a year with expenditure on this sector rising to five times that of whites.

Black consumer expenditure will dominate the food market and be equal to two thirds of total expenditure on food which is expected to be around R25 000m (at 1980 prices) in the year 2000.

Between 1970 and 1983, the black consumer market share of the clothing industry has risen from 27 percent to 42 percent, while the white sector's share has declined from 57 to 44 percent. The major growth has been in women's garments — the share has allmost doubled from 10 to 19 percent.

The average growth rate in real terms at constant prices in the clothing market is expected to be 12 percent a year for black women and five percent for white women.

Growth rates

The growth rates for black men will be six percent and no growth is estimated in real terms for white men.

The trends supported the view of increasingly sophisticated consumption patterns among the black population in the areas of fast moving consumables, semi-durables and even durables

Markets will be increasingly black consumer dominated within 20 years . . . Dr A J J Wessels.

Dr Wessells said that the number of passenger vehicles registered in black ownership had risen from 161 000 in 1978 to 240 000 in 1983.

In 1983 blacks owned nine percent of all passenger vehicles, nine percent of buses, 15 percent of light commercials and 27 percent of mini buses.

It is estimated that black ownership of all vehicles will be around the 50 percent level by the turn of the century and if not achieved by then will be a fact by the year 2010.

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Pick 'n Pay Aussie hyper takes R800 000 sales on the first day

C. Times

8/11/84

By PAUL DOLD
Financial Editor

PICK 'N PAY'S international expansion plans were given a huge boost this week with the first Australian hypermarket achieving a record opening turnover of more than R800 000.

Speaking from his Brisbane Hotel last night, only hours after the store had closed, Pick 'n Pay's chairman, Mr Raymond Ackerman, said that the group was stunned at the response and is immediately going ahead with its second Australian store.

"While we are naturally not being carried away by a single day's trading, we now know we have a dynamic international retailing concept of considerable potential.

"I had talks with our Australian partners today and we are definitely going ahead with a second store either in Melbourne or Sydney. Mr Hugh Herman (the joint managing director) is currently finalizing the plans."

Pick 'n Pay has also been considering entering the United States market but the early success in Brisbane suggests the group will first open its projected 10-store Australian chain before tackling other markets.

More than 10 000 shoppers packed the Aspley (Brisbane) store — Australia's largest — for the opening at 9,30am on Wednesday.

The huge crowd led to the store being shut soon after opening until 2pm.

By the time the store finally closed at 5,30pm, some 30 000 shoppers had clicked through the turnstyles. The crowds were so huge that local police had to appeal to shoppers to stay away from the hypermarket centre.

Australian consumers gave the group a tremendous reception in spite of what Pick 'n Pay terms "the severest price cutting by competition ever seen". Pick 'n Pay was reportedly using two-way radios to monitor prices at a nearby competitor's store while stores in the area were keeping a close watch on Pick 'n Pay.

The opening was given wide press and television coverage and Mr Ackerman said that the huge response had totally vindicated the hypermarket concept.

It has been a nailbiting fortnight for the Pick 'n Pay team as the opening approached — Mr Ackerman himself has had less than three hours sleep a night for the past 10 days. Not only were they facing the intense competition from local traders but a boycott or protests by anti-South African groups could not be ruled out.

There is little doubt that the intense prelaunch publicity and lobbying by Pick 'n Pay's chairman, who was able to convince Australians that South Africa is changing, neutralized any opposition to the opening.

SOWETO CONFERENCE (30)

Economy for blacks?

FM 9/11/84

It has long been argued by some that greater black involvement in the economy is a prerequisite for the maintenance of a capitalist system in SA. But how much closer are we to the achievement of this ideal?

Not much, if the message emerging from speakers at a conference on economic development held in Soweto last month, is anything to go by. Not only will racial legislation have to be removed, but the issues of poverty will need to be addressed.

The conference, hosted by the Soweto Chamber of Commerce and Industries, was entitled "Towards real free enterprise: Challenges to the SA economy."

A consistent theme throughout the papers presented was that, to a large extent, blacks associated free enterprise with racial discrimination. This was because free enterprise and racial capitalism were perceived as one and the same. In reality, there is a distinct difference and the survival of capitalism in SA depended on this distinction being made clear.

"I believe the free enterprise system is not antagonistic to a vast majority of blacks who accept profit as the motivator towards self fulfilment," said African Bank MD, Moss Maubane. "But I do not think we are really serious in achieving the free market ideal.

"If one looks at the black sectors of business, the intention does not seem to be the full partnership of blacks in the economy," he said. "Free enterprise is still perceived as being the preserve of the white population."

This sentiment was backed up by president of the National African Federated Chamber of Commerce (Nafcoc), Sam Motswenyane:

"To speak of a free market system within the severe restraints of the existing order in SA is absolutely ridiculous. The negative attitude of blacks is a direct result of their deliberate exclusion from the mainstream of economic life," he said. "The type of free enterprise system being sold to black people is wholly unacceptable."

But while the scrapping of racial laws would be a significant step forward, this by itself will not ensure greater black economic involvement. Jill Natrass, Professor of Development Studies at Natal University, described the vicious circle in which black communities are caught: "Low incomes prejudice the chances of economic advancement in two ways," she said.

Firstly, poverty decreases the ability of the poor to accumulate capital and education; and secondly, it limits the size of the domestic markets. Not only do low incomes make it impossible to save, but the poor are also less able to take risks.

"Poor people cannot chance jeopardising their meagre present living levels for the possibility of better lifestyles in the future," said Natrass. "Ironically, risk taking and the high returns that go with it remain essentially the preserve of the rich."

Poverty also curbs the ability to invest in education, she added. Inadequate nutrition as well as the direct and indirect costs of schooling removed the benefits and availability of education from the poor. Consequently, most poor communities lack the ability to "pull themselves upwards by their own bootstraps."

(30)

ECONOMIC POLICY FM 9/11/84

Retailers hammered

Those at the business interface — such as the retailers — where the pips are beginning to squeak, don't share government's view that high interest rates alone will curb inflation. And they are probably right — even if for the wrong reasons.

According to Natie Kirsh, chairman of Kirsh Trading, current government economic policies simply won't work. He says that unemployment will continue to increase, while growing social instability and unrest cannot be ruled out.

Implying that the deteriorating trading conditions, as intended by the August austerity measures, are a wasted exercise, Kirsh says that more businesses will go bankrupt, jobs will disappear, but the measures will fail to tackle inflation.

Kirsh argues that the current high interest rates will actually fuel inflation, rather than bring it down. "Trying to reduce inflation by severely curbing demand is not going to achieve much. Prices will rise as businesses fight to increase margins to offset lower throughput," he says.

But some economists disagree.

"Experience elsewhere has proved this point to be incorrect," says Standard Bank's Hamersma. "It is a hard thing to say that unemployment and bankruptcies will rise. But there is no easy way to get inflation out of the system." And Hamersma is insistent that control over the money supply is the only effective longer-term way to achieve this.

Social security

And he adds: "Social security or not, inflation must be fought. In the long run, when overspending has been controlled, the economy will be healthier. But once we decide to live with inflation, we will become a banana republic."

But Hugh Herman, joint MD of Pick 'n Pay, shares Kirsh's views on the costs of monetary policy. "Current interest rates are very severe and have been overdone," he says. "Some manufacturers and retailers will recoup interest costs by pushing up prices. In the long term, inflation will drop, but only once we have harmed the economy. Unemployment should be our major priority."

"This is exactly the point," says Barclays group economist Johan Cloete. "In the US, monetarist policies caused three years of recession. You can bring down inflation and protect the balance of payments through pure monetary policy, but at a very high cost to the real economy.

"We cannot afford the monetary medicine. We must not slavishly copy US policies," he says.

Blaming the bleak outlook for his group on the government's "ad hoc measures of recent months", Kirsh says that the only certainty about the future is that conditions

(30) FM 9/11/84

will worsen, especially in the area of consumer durables.

Confusion, disruption, and increased costs have been created by the sharp and unexpected changes in gst, interest rates, and HP regulations, he says. Russells will not contribute to group profits this year, while Dion's contribution will be reduced, predicts Kirsh.

"We will only see the full resurgence of our group in the post-depression period that must lie ahead," he continues.

Calling for import controls rather than rigid monetarism, Kirsh says that the government's financial priorities are wrong. A continuation of the present excessive concern for the balance of payments may lead to a sound balance of payments position, but by then the economy could be in ashes.

Monetary policy is all very well in theory, he argues, and has worked well in the stable and mature economies of the US and the UK. But SA lacks the safety net of social security to counter the inevitability of rising unemployment. In SA, the unemployed can too easily become the starving, and hunger leads to social unrest.

"Government asks for co-operation from the private sector," concludes Kirsh. "We will be only too happy to do what is necessary for the common good. But, in return, government must clearly define its economic goals. In the prevailing climate of panic reaction rather than planned policy, the economy is headed for greater trouble."

After warnings by the Governor of the Reserve Bank that he will not deviate prematurely from a tight money policy, it is certain that things will get worse before they get better, and Kirsh's sentiments are likely to be echoed by other businessmen as the measures bite deeper.

Trouble is, of course, that while the country may have high interest rates, it does not have a sufficiently tough monetary policy, chiefly because fiscal policy is counter-productive at present. After all the money supply is still increasing by around 20%/year.

This is not a healthy state of affairs. And until government gets its spending under control, monetary policy is the only barrier to hyper-inflation. Controls on imports could only bottle up the problem and enhance a trend towards protectionism. This is something a trading nation like SA simply cannot afford.

Deli Wear owner Deliwe Ngwenya.

Dan Tleketle: "We nearly had to close."

Deli Wear sub-tenant Theresa Mabase.

Pat Mnisi of Pat's Paint Place.

(30) C. Press 18/11/84

Through thick and thin . . .

By TEBELLO RADEBE

MOST ORLANDO Industrial Park businessmen picked themselves up from the backyards and battled through to success – but the road ahead is much more promising.

"We are clearly more successful now, but a lot still needs to be done," said Park Tenants' Committee chairperson Max Legodi.

Most of the 38 Park businessmen have been there since its inception three years ago.

"Very few have left this place," said Mr Legodi. "And it was not due to inefficiency, but because of reasons beyond their control."

The move to the Park brought with it additional costs such as higher rents and transport.

But what is remarkable about the Park businesses is that they are surviving – some are even thriving – during the current recession.

But it has not been easy for many. Afro Photo Labs was one of the first tenants of the Park.

"Until last November our debts were so high we were advised to close down. We used to make about R560 a month while our salary bill alone was R2'000," said managing director Dan Tleketle.

Mr Tleketle said the company was started with very little capital and was unable to raise much from the banks.

"We tried many leading dealers in the photographic industry, but they turned down our proposal," he said.

Finally, through the Small Business Development Co-operation's involvement, the company's fortunes took a turn for the better.

The company is now on a sound footing –it has acquired a sophisticated machine to process pictures in less than an hour.

It employs five people and runs a mobile unit which enables them to reach areas far from Orlando.

Deliwe Ngwenya owns a clothing manufacturing concern, Deli Wear Fashions. She came to the Park as a sub-tenant after spending some time plying her trade from home.

Now she and her partner Bonny Molokoane run their own stand at the Park.

"I have found that it is more profitable to work from the Park than from home because I get more customers here."

Deli Wear Fashions is also expanding with the help of the SBDC.

Speaking about some of their general marketing problems, Mr Molokoane said: "Some people still think our quality is inferior to that of products made in town.

"Some tend to expect to find goods at bargain basement prices just because we are in the township."

The Park has a lot to offer. And Deli Wear is just one of six clothing manufacturers housed there.

There is also a dressmaking school run by Barbara Nkosi.

Nine of the Park's tenants are welders. They make window frames, security doors, fences, gravestands and garden implements.

Less than five tenants are involved trades related to cars. There is one mechanic, two panelbeaters, a wheel balancing and tyres business, and a radiator services shop.

Glazing, catering, electrical repairs, stove repairs and marble gravestone makers are also found at the Park.

The latest tenant is Irene Hlatswayo, who has breezed in with a hair and beauty salon.

Ms Hlatshwayo says she and partner Sheba Khalo have pumped R30 000 into the new business, which has been put together with a small loan from the SBDC.

Another unique business is Pat Mnisi's Pat's Paint Place. This shop serves Soweto's panelbeaters with paint for cars.

Mr Mnisi hopes to achieve a bigger share in the market of Soweto's paint needs soon.

"But the tenants will still need a lot more help to be able to do even better," says Mr Legodi.

"It is unfair to expect a small concern with about 10 employees to abide by the same regulations which bind huge corporations with more than 3 000 workers.

"We are burdened with Department of Manpower regulations and Industrial Council regulation's during our infancy, and this is not fair."

Big boost for small businessmen

SOWETO'S small businessmen will be in the spotlight at a trade fair at Diepkloof Hall from November 26 to December 9.

Unlike previous exhibitions, the Soweto Traders Fair will give small black businessmen the chance to exhibit their wares free of stiff competition from big companies.

A variety of wares, including Urban Foundation African craft, household necessities and educational aids, will be displayed at different stalls.

All proceeds will go to the Cripple Care Association.

As yet, there is no evidence of a reduction in money supply growth. The money market shortage still stands at around R1,5 billion, which, in terms of the situation when prime was at its previous low, is extremely high and must be seen as a strong factor in the question of whether interest rates will, or will not, be pushed up yet again.

Also January and February are seasonally tight in the money market, with the shortage generally widening.

SA is still running a substantial deficit on the balance of payments and an inflation rate three times that of its leading trading partners. There has been a deterioration in the external and internal position of the SA economy through forces beyond the government's control.

"We have no choice but to adjust to these circumstances and there seems to be a reluctance on the part of everyone to do so," says Bethlehem.

This, he says, has been compounded by a further illusion perpetuated by a declining rand exchange rate which has cushioned many, especially exporters, from the real need to make adjustments.

Anglo's Dickman ... still a painful adjustment

Also, because insufficient adjustments have been made by the public sector, the private sector has been forced to carry a disproportionate load, which has only deepened the recession.

Another disturbing trend has been a cutback in capital expenditure in the public sector to finance an increase in current expenditure which has damaging implications for the long term. An inadequate infrastructure will either cut short a return to economic growth or rekindle inflation. The policy is short-sighted in the extreme.

Yet Pretoria refuses to face up to the pressing and real economic problems that are eroding the productive capacity of the economy. Instead, it prefers to tilt at minority extremists at the expense of a return to general prosperity. National priorities are being sacrificed to marginal party gains. What hope is there in these circumstances, and with this attitude of mind, for wider and pressing economic and political reforms?

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BUSINESS AND POLITICS

A duty to speak out

The increased willingness of leading businessmen to speak out on matters of social and political import is welcome. While the immediate response from government has been aggrieved, the current administration is likely to prove far more responsive to such submissions than any of its predecessors.

Assocom is wise to have chosen a high-powered delegation for its meeting with Law and Order Minister Louis le Grange on Wednesday this week. The Minister has already reacted with intemperate anger to business criticism of trade union detentions and has accused organised business of abusing the names of their organisations.

One suspects that the decision to see Assocom, the Federated Chamber of Industries (FCI) and the Afrikaanse Handelsinstituut (AHI) separately (although they issued a joint statement) springs from a policy of divide and rule. If one body can be persuaded to soften its stance, the credibility of all will be weakened.

This must not happen. At the Carlton and Good Hope conferences, government itself invited business to take a wider hand in advising it on the administration of the country and on the likely effect of its policies.

Yet when business takes Pretoria at its word — in an area where its interests are vitally affected — it is greeted with expressions of "shock and sadness" and suggestions that it acted without the backing of members.

But on this issue business cannot remotely be accused of moving beyond its specific interests. It warned that the detention of trade union leaders put harmonious relations between employers and a large section of the workforce at risk.

The three organisations receive constant feedback from their members; and they are in the correct position to know that the detentions "are exacerbating a very delicate labour situation."

Business, of course, has a problem in maintaining relations with both government and its own workforce. It admitted as much to government when the organisations told Le Grange that their statement was at least partly made to maintain their credibility with certain trade unions.

To that degree, at least, trade union pressure — particularly on the factory floor, where it tends to be more militant than at union head offices — is having some effect on the public stance of organised business.

Yet the spat between Le Grange and organised business, confined as it is to a specific issue, does not tell the full story of the growing willingness of businessmen to involve themselves in political and social matters. Having been invited into the arena by government, they have no intention of quitting it quickly.

Indeed, they can argue that there is little in SA's political and social life that does not affect business performance — and is not a fitting subject for business comment and criticism. Removals, influx control, education and training, group areas, migrant labour, separate business areas, public transport, military call-ups, government budgets, fiscal and monetary policy, local authority finances, decentralisation, control boards, policing methods — all have an impact on economic performance. And it's generally a detrimental one.

What is more, businessmen now feel they have a government that is at last prepared to listen to them. Gone are the Verwoerdian days when Harry Oppenheimer's usually lonely voice of protest could bring a ministerial threat that requests for labour on Anglo American Corporation mines would be less than sympathetically considered. "We won't discriminate against them (Anglo)," said Blaar Coetzee. "We will just treat them differently." That attitude is a thing of the past.

Business voices are now being heard more loudly and with greater confidence. And there is ample reason to believe they are having some effect. Indeed, Cape Town University's Hermann Giliomee is on record as saying that he does not believe there will be any real softening in influx control until the corporate voice of management starts demanding it.

Giliomee's thesis could soon be put to the test. Although the AHI is still dubious about the advantages of relaxing control, other business sectors are calling strongly for in-

Cowley ... 'credibility' of free enterprise at stake

Le Grange ... 'shock and sadness' that business should criticise

flux laws to be phased out. And they are quoting scientific studies to show that the results need not be sociologically disastrous (*FM* September 14).

The list of top businessmen who have made their voices heard in recent days is impressive. It includes Anglo American's Gavin Relly; Premier Group's Tony Bloom; Anglovaal's Basil Hersov; Barlow Rand's Mike Rosholt; ex-Nasionale Pers MD David de Villiers; Barclays Bank's Chris Ball; LTA's Zac de Beer; and the Central Business District Association's Nigel Mandy.

Most, although not all, are traditionally liberal businessmen. However, the Urban Foundation, which answers to an ideologically diverse governing body, has undertaken a three-year study and analysis of urbanisation which led to its recent call for the phasing out of influx control. The foundation will shortly brief editors and decision-makers on the results of its work thus far.

The recent (fairly successful) two-day stayaway by black workers in the Transvaal showed that businessmen are caught between the growing black challenge to apartheid and government resistance to this challenge. According to the SA Institute of Management's executive director, Morris Cowley: "Black spokesmen, encouraged by the success of the stayaway, predict that similar tactics will become a common characteristic of the strategy of black resistance to racial political inequality. The focus of this action is the perceived alliance between government and business and the lack of credibility of 'free enterprise' in facilitating a redistribution of power and wealth."

It is that perceived alliance with government that worries many businessmen. So the call has been for a complete rethink on black urbanisation and influx control. This, of course, is connected to economic growth and the stability of the workforce, and is both a rational and moral requirement of a developing country such as SA.

It is important that businessmen are not seen to speak out only on political matters that directly affect production and profitability. Not only is it in their long-term interest to fight for a just society; they are also being closely watched by black South Africans, both within the trade unions and out.

The private sector is in a strong position to act as a catalyst for real social change — and the present government has shown that it is more sensitive to the views of the private sector than its predecessors.

Honesty and integrity

Premier Group chairman Tony Bloom recently told the Wits Business School (*Current affairs* November 16): "Let us not always wait for a crisis to evoke our conscience. Let us be prepared to question our policies rationally and without being accused of a lack of patriotism, and disregard the semantics of whether our opinions should be characterised by confrontation or consultation, and let us settle for opinions that are characterised by involvement, by honesty and integrity.

"For what is ultimately at stake is not merely the profitability of business or the survival of the system of free enterprise, but possibly the survival of the total SA community."

When Assocom's Michael Weir, Rocky Ridgeway, Bill Yeowart, Howard Russell, Bob Goodwin, Raymond Parsons and Vince Bratt sit down with Le Grange this week their agenda will include "stayaways, intimidation and the role of the trade unionists."

Possibly, Le Grange will be able to show them evidence justifying the tough action taken by government. It is to be hoped that they will demonstrate to him the newer face of a community that is concerned not merely with short-term profits and good relations with government, but with the long-term future of SA as a bastion of free enterprise.

That, after all, will be the first thing threatened by continued instability which some provocateurs of both the Left and Right would like to see escalate into civil war.

Bloom, Hersov, Mandy, De Beer, De Villiers, Rosholt, Relly ... all speaking out

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members at the four plants. They returned to work after four days without winning any gains in response to a management ultimatum to return or be dismissed

Both AECI and Sacwu have declined to comment on the progress of the talks. Saawu could not be contacted.

In other developments in end-of-year wage negotiations:

☐ The Commercial, Catering and Allied Workers' Union of SA (Ccawusa) has declared disputes with 3M and Checkers. At 3M the union has rejected an across-the-board offer of R61/month and is demanding increases ranging from R100 to R150. A 3M spokesman says the company is still willing to negotiate provided the union reduces its demand to more "realistic" levels.

A Ccawusa spokesman argues that the US parent company pays a minimum $4/hour and that the local subsidiary is "taking advantage of cheap black labour" in SA. The dispute, which involves 280 employees, is being referred to mediation.

The Checkers dispute has also been referred to mediation which is due to begin this week.

☐ The Paper, Wood and Allied Workers' Union (PWAWU) is to negotiate wages at plant level with Mondi and Sappi after rejecting an employer offer for an 18c/hour increase at the Industrial Council for the Pulp and Paper Manufacturing Industry.

Breakthrough

According to PWAWU, this constitutes a breakthrough as previous efforts to convince the two companies to negotiate outside the council have been unsuccessful. The irony is that PWAWU, an affiliate of the Federation of SA Trade Unions, has been a vociferous critic of the industrial council system. It only joined the council after Sappi and Mondi refused to negotiate at plant level.

There has been speculation that the reason the two companies agreed to this step, after resisting it for so long, is that they could not agree on whether to increase the wage offer at the council. Spokesmen for both Sappi and Mondi declined to comment. The two other major companies in the industry, Nampak and Carlton Paper, have already granted PWAWU this concession.

☐ Industrial council negotiations in the troubled eastern Cape motor industry are in progress. The parties are tight-lipped about developments, although one employer source says some clarity about whether any agreement is imminent should emerge this week after a further meeting between the parties.

The decline in the motor vehicle market has led to thousands of retrenchments in recent months. There has also been unconfirmed speculation that the amalgamation of Ford and Amcar will lead to a "rationalisation" programme which will shrink the Ford plant and make up to 2 000 more workers redundant.

WAGE NEGOTIATIONS

Recession blues

The annual wage negotiations at African Explosives and Chemical Industries (AECI) have reached a critical point as unions report the company's latest offer back to their members. Twelve unions are negotiating on behalf of the 15 000 workers at AECI's Modderfontein, Somerset West, Midlands (Sasolburg) and Umbogintwini plants.

According to a union source, the company has rejected the unions' 20% demand and has made a counter offer of 13% for lower-paid workers and 10% for more skilled ones. AECI's offer will raise the minimum wage in the company to R408,90 a month.

The SA Chemical Workers' Union (Sacwu), an affiliate of the Council of Unions of SA, represents the majority of black workers while the SA Allied Workers' Union (Saawu) represents a small portion. Other unions involved include the SA Boilermakers' Society, the Amalgamated Engineering Union, the SA Iron, Steel and Allied Industries Union, the SA Electrical and Allied Workers' Union, and five other all-white conservative unions.

Boilermakers' assistant general secretary Okkie Oosthuizen says he "doubts that the unions will accept the company's offer." He foresees the possibility of a dispute being declared with the support of most of the unions.

The black unions, though, are likely to tread cautiously this year. Last year's wage dispute led to the first-ever national legal strike by more than 8 000 Sacwu and Saawu

Continued on page 51

Clicks pays R1,2m for 50pc Australian stake

Cape Times 5/12/86

(30)

By PAUL DOLD

Financial Editor

Clicks' chairman, Mr Jack Goldin ... expects profits soon

Clicks Stores is entering the Australian market through a R1,2m stake in the Melbourne Priceline chain.

The deal gives Clicks joint control of Mr John Gandel's Priceline which has six stores in major shopping centres.

Clicks is funding the acquisition from its own cash resources.

Its chairman, Mr Jack Goldin, expects the investment to be profitable from an early date with the the first earnings contribution likely in Clicks' 1985/86 financial year.

The deal is the culmination of talks which began some years ago when Mr Gandel visited South Africa to discuss the possibility of starting a Clicks-type retail chain in Australia.

Clicks offered to assist Mr Gandel, and his son, Ian, spent six months at Clicks earlier this year.

Mr Goldin and Mr Gandel will be joint chairman and Clicks' senior marketing executive, Mr Martin Susskind, is being transferred to Australia to help with the running of Priceline.

Mr Susskind is one of Clicks' top executives, with extensive experience in stores, management and buying.

Mr Goldin said yesterday that he would have the full backing of the Clicks team.

Mr Gandel has extensive property interests in Australia, particularly in shopping centres, and this should help Clicks find suitable sites for expansion.

He is also joint chairman of Sussans, an Australian fashion chain.

Clicks' move follows Pick 'n Pay's high successful entry into Australia where Mr Raymond Ackerman's Brisbane hypermarket is setting turnover records.

KING

FRANCHISING

Branching out

30

The Small Business Development Corporation (SBDC) is establishing a fast-food company, Chic 'n Run, which will act as franchisor for fast-food outlets.

The first pilot franchise operator will be in the black township of Kathlehong on the East Rand. Although the Chic 'n Run operation will also be available to other groups, SBDC MD Ben Vosloo says franchise-type operations are ideal for promoting small business development in black areas.

"This is a suitable instrument for offering a package of development aid to prospective or fledgling entrepreneurs," says Vosloo.

"Over the past two years we have helped establish a successful franchise operation in Soweto, Chicken Upeo. This gave us sufficient expertise to start the new company.

"The first franchisee will be in business early next year, and we are already processing another five applications to run Chic 'n Run outlets in black areas."

Chicken Upeo is now a highly successful operation, grossing between R60 000-R70 000 a month for the co-owner, Mahana Tshabalala, and the SBDC, which has a 50% share.

"In fact, the business has progressed so well that the co-owner wants to buy out our half-share — not bad for someone who started from scratch just two years ago," says Vosloo. Tshabalala is chairman of the Soweto Chamber of Commerce.

Franchise-type retail business outlets are set to play an increasing role in promoting small business development in SA's urban black areas.

Standard Bank is currently the only local bank specialising in the financing of franchise operations, through its Small Business Development and Advisory Department (SBDAD). SBDAD manager Roy Polkinghorne tells the *FM* it has financed 35 franchisees in the first nine months of the year to the tune of R2,2m.

The SBDAD has, since it came into operation in 1981, entered into agreements with 15 local franchisors and they will provide the necessary back-up services to the franchisees.

Polkinghorne says in 1983 the SBDAD spent a lot of time establishing relationships with prospective franchisor clients, and the business "snowballed" in 1984.

He expects growth to continue, especially in black areas. Bankers also benefit in supporting franchising operations, as the franchisee is backed by the expertise and back-up services of the franchisor. He gets an operations manual, assistance with marketing and market research, help with store design and development, management advice and staff training assistance.

This is proved by US statistics, where only about 10% of all franchisees fail to make the grade, compared with a failure rate of about 60% for the whole small business sector, within the first five years of operation.

According to the vice-chairman of Johannesburg-based SA Franchising Association (SAFA), Michael Collins, franchising of retail business in SA is still far below the levels reached in the US, where an estimated 32% of retail sales are made through franchise outlets. This figure is expected to grow to about 50% by the year 2 000.

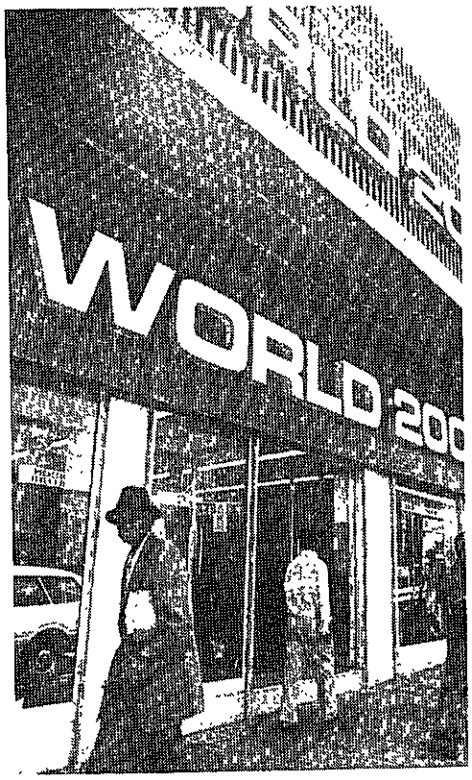
Franchised sales in the US grew from $94,3 billion in 1969 to about $233 billion in 1978, but the most significant statistic is that only about 4% of all US franchised restaurant outlets fail — compared to the estimated 60% failure rate for independently run establishments.

Collins says franchising has a long way to go in SA because, motor dealerships and bottling companies excepted, annual turnover of franchised outlets is estimated at about R120m a year. No exact statistical information on franchise trading is available in SA.

SAFA, founded in 1979, has 23 registered members and is a member of the International Franchise Association based in Washington DC.

Collins says the biggest potential growth area in SA is the franchising of branch outlets by companies. Advantages are that the franchisor gets an improving cash return on his investment, without the capital outlay, administrative costs and problems associated with running a branch office operation.

"The beauty is that the franchisee works for himself, which improves productivity and output," he says.



Black business . . . taking on a new look

COMMERCE- GENERAL
1985
JANUARY — MAY

BUSINESS AND GOVERNMENT

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Mr Botha's mutineers

The heady prospects held out at the Carlton and Good Hope conferences have come to little. Now organised business is on the verge of mutiny — and letting government know exactly how it feels on the pace and urgency of reform.

Not in modern times in this country have businessmen been so united in their condemnation of government and its social and economic policies. Nor has government itself been so dependent on the support and investment of the business community or needed it so much at the polls.

It is quite clear now from the historic memorandum of last week from six employer bodies that the accords of the past have fallen flat. Economically, businessmen are being taxed into revolt and swamped by a bloated public sector. Politically, their footsy-footsy with P W Botha has led them up the garden path. Government has too often said one thing and done precisely the opposite.

Business's united front means that no longer can P W Botha send businessmen around the fleet for a lashing if he does not like what they do or say. No longer can he play John Vorster's Captain Bligh to Lens Wassenaar's Mr Christian.

Nor last week was it the Rand Lords or Big Business that spoke out. It was not those whom the Nats delight in calling the Hoggenheimers that told government it must get down to real political and economic reform. In their midst were the grassroots businessmen of the Afrikaans community from the Handelsinstituut (AHI).

FCI's Van Zyl ... private enterprise must be defended

These national employers' organisations — ranging from the usually government-supporting AHI to the black Nafcoc — have never before combined forces on a statement of this nature. Never before have the private sector's demands on national issues been articulated quite like this or been as overtly political.

The memorandum spells out what business perceives as going wrong with the management of the economy — including its political dimension of control. There is an almost total repudiation of *fundamental* government policies: "In the national interest they (the six organisations) are committed to an ongoing programme of legislative reform to give effect to the following goals:

☐ Meaningful political participation for blacks;

☐ Full participation in a private enterprise economy for all South Africans regardless of race, colour, sex or creed;

☐ The development of a free and independent trade union movement;

☐ The administration of justice as safeguarded by the courts; and

☐ An end to the forced removal of people."

It is important to remember that this is the response to current conditions not of any organisation of the Left, but by concerned and moderate men comprising the most productive sector of the economy. It is nothing less than a challenge to government to change its ways before it draws down on SA universal odium, sanctions and disinvestment. It conveys a sense of urgency.

One of the architects of the manifesto tells the *FM* that it was drawn up quickly. Given more time, there would have been a closer focus on specific issues for remedy — the abolition of influx control and the pass laws, for example. As it is, the spirit of the document conveys as much.

The role of the AHI needs careful consideration. Since the split in the National Party (NP), government's support base has shifted to Afrikaners in the urban middle class and upper middle class — businessmen and professional people. Ideologically, most Afrikaner businessmen are probably still with the party; but necessity and government's crude and authoritarian way of executing policy is forcing them to speak out and criticise.

The first attempt at a concerted show of force involving the AHI was an unhappy one. When the body joined in criticism of government for detaining labour leaders after last November's stayaway, Law and Order Minister Louis le Grange waded in and the AHI retreated. A senior Afrikaans businessman tells the *FM* that the incident "was an unfortunate one for all." He believes "it will not be allowed to happen again." The AHI, in other words, appears to be defining its role as a representative business body rather than as an Afrikaner institution.

AHI president Leon Bartell tells the *FM* that the "ethnic factor" is irrelevant. In issuing the memorandum, "we acted as businessmen and South Africans, not only as Afrikaners. I think our memorandum was a beautiful effort for SA. The situation is too serious to have room for pettiness." He believes that most AHI members will support the document — and, "what is more, I think

AHI's Bartell ... the 'ethnic factor' is irrelevant

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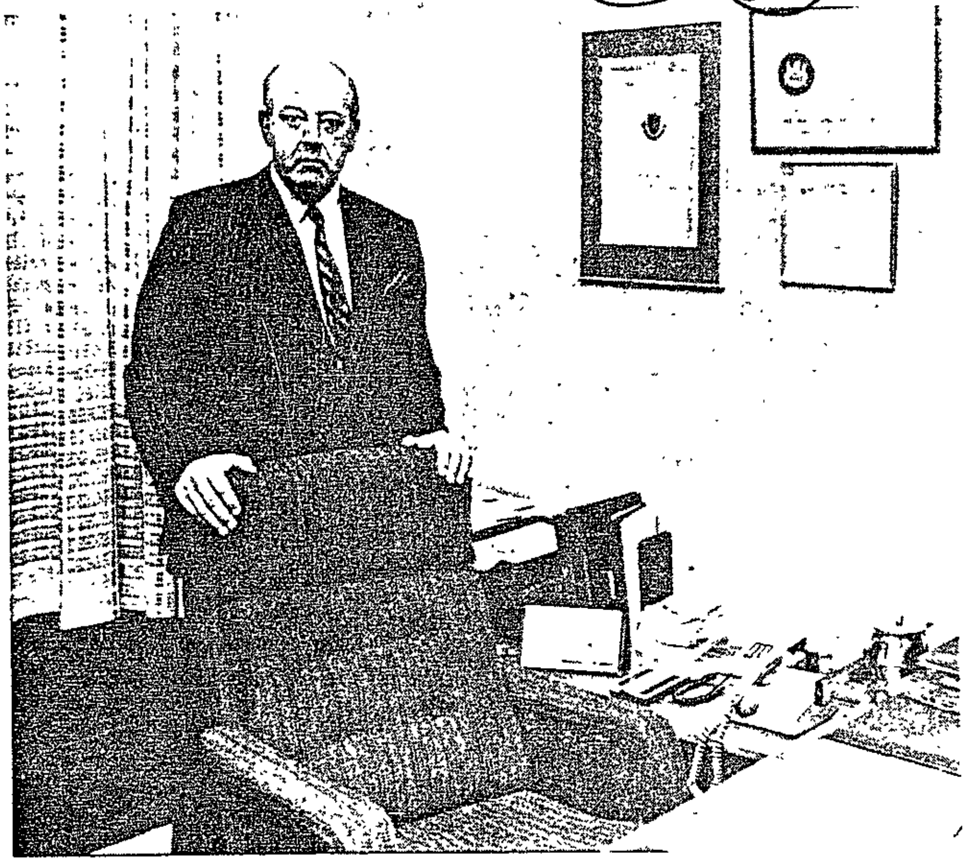

Assocom's Yeowart ... will quiet diplomacy be enough?

government will agree with most of it."

Bartell, with some caution, told the *FM* that business's communication lines with government are "good, with some room for improvement." He declined to discuss the Le Grange episode. Asked if businessmen are getting impatient with government, he had this to say: "There is no substantial impatience, but there is a feeling that there should be new thinking on things liked forced removals."

According to the Federated Chamber of Industries' Johan van Zyl: "Businessmen are realising more and more that it is up to them to defend the system of private enterprise. For that you need political stability. We have no choice over whether we want to change or not — the only question is if it is going to be violent or peaceful change.

"At this rate we are heading for violent change, and private enterprise will not survive that. So it is in the businessman's own interest to work for real change.

"Businessmen are getting very impatient with government. Totally unnecessary things like forced removals are doing us a lot of damage. They are only aiding those who want steps like US-disinvestment. That is why we are going to step up our lobbying through our organisations, and we will probably see far more co-operation between the six than in the past. Things have to start happening if we want to survive."

However, Van Zyl cautions against any confrontation between business and government. Protests or suggestions "must be relatively low-key to be effective. This government does not like to be addressed through the media — and they make the rules in this game. We are looking for results, not headlines. We must enter into dialogue with government and make the dialogue already taking place more effective. I am not only talking about Cabinet ministers; sometimes it is more effective to talk to directors-general of departments."

Assocom's past president Bill Yeowart says: "We will use quiet diplomacy for now, but we will have to see how far it gets us. There is a very considerable degree of unhappiness among businessmen about certain political matters, about government management and overspending. I accept government's *bona fides* that they want to consult us, but we want meaningful consultation — not to be told something is going to happen and then to have to pick up the pieces afterwards. Government will have to get its act together."

Yeowart admits that to some extent the memorandum to Kennedy was a "preemptive strike" against disinvestment. But the feelings that led to the statement had been building up for some time.

Organised business is in effect saying that it is tired of footing the bill for a government that cannot control its own finances, and is engaged in massively inflationary experiments in social engineering which require equally massive bureaucracies to police. It is also a government that seeks to buy elections through inflation and when the cost has to be met introduces such inequitable measures as the fringe benefits taxes, meanwhile cosseting its favoured civil service from the blow.

If the P W Botha administration's idea of the business-government relationship was that business should flourish through limited free enterprise in order to fund State socialism, it has got it wrong. The path to wealth creation lies through the relaxation of controls — and that means less government, less taxation, and less hurtful and ultimately damaging social control.

Business is quite determined to make its voice heard. The presence of Senator Ted Kennedy last week was no more than a convenient catalyst. Business was talking less to him than to Pretoria.

If P W Botha does not want a serious mutiny on his hands — an entrenchment of tax avoision and attrition at the polls — he will have to listen to reason. Make no mistake, his back is against the mast.

THE ECONOMY

What to worry about

To say that the past months have been confusing for the business community would be a gross understatement. Businessmen, already hard-pressed in adjusting from a mini-boom to greatly depressed demand in the space of a few short months, are faced now with an unprecedentedly bleak and uncertain outlook for the immediate future.

Against a background of falling world commodity prices, and the non-appearance of the long-awaited export-led boom, policy measure has followed policy measure in what have been interpreted by many as panic reactions. Interest rates, once remarkable for their relative stability, have moved — generally upwards — with unpredictable volatility. In particular, changes to gst and HP regulations have been intro-

The real danger is a return to direct economic controls. If that happens, foreign investment will be scared off, the recession will be prolonged, and the benefits of current monetary stringency be weakened.

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GROUP AREAS

Landmark CBD breakthrough

The African Bank ("Afribank") will make history next month when it opens its doors for trading in downtown Johannesburg.

Afribank, the only black-owned and managed registered general bank in SA, is the first black concern to be granted official permission to trade in a central business district in "white" SA.

For the rest, the principle of allowing in businessmen of colour has been established, though not without qualification: other than white permit applications will still be individually "investigated" before permission is granted.

Reacting to this "concession," Afribank's chief executive Moses Maubane (see *People*) said: "Magnanimously, I think the government must be complimented on its pragmatism in this case."

Compliments are perhaps also due to Johannesburg CBD Association chairman Nigel Mandy, who assisted in Afribank's successful application.

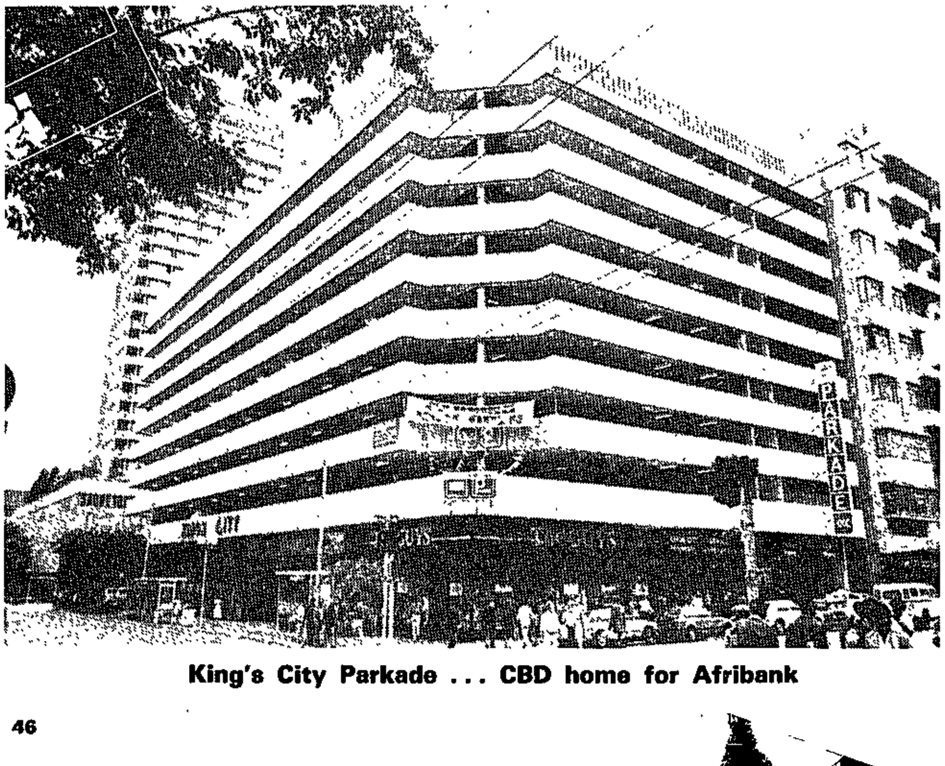
Mandy's CBDA is at the forefront of this battle. Last September a Johannesburg businessman, Dawood Patel, was convicted of trading without a licence. Evidently miscalculating the climate of change, Patel (who, like a great many Indian businessmen, is thought to operate under a white "nominee" front), applied on his own behalf for a licence. He was turned down. Mandy's CBDA wrote to Minister Chris Heunis urging that Patel's renewed application be favourably considered.

In its letter to the authorities supporting Afribank's application, the CBDA referred to government's "clear intention" to open designated CBDs for trade by all races. It went on: "We realise that the legal formalities for a general opening may take some time, but request that the deserving case of The African Bank should, in the meantime, be handled by the issue of a permit in terms of existing legislation."

The bank's new premises will be a shop in the new King's City Parkade in Plein Street, an area of heavy black pedestrian traffic. The letting agent is J H Isaacs. The application was accompanied by consent from the six other tenants in King's City.

In a joint letter to State President Botha last September, Mandy and JCC president Rob Reunert wrote: "The existing proclamation of most of the CBD as a 'White' area constitutes unjust discrimination not only against shopkeepers but also against business and professional people and members of the public who are not white.

"These restrictions seriously handicap the operation of a market economy which the government wishes to make freer. The entire area should be opened because the creation of further trade 'ghettos' would create unnecessary distortions." The letter also points out that the Johannesburg City Council has publicly supported the proposals "which do not relate to residential accommodation." In accordance with declared policy of increased local option, Mandy and Reunert wrote, "there is no need to wait for the opinions of other cities and towns which may make their own representations when they so wish."



King's City Parkade ... CBD home for Afribank

The Strydom Committee, which last year looked into the question of non-racial trading in CBDs, suggested among other things that "open" areas should be created only if requested by the municipality concerned.

Government's easing up on racially-defined trading areas was signalled by Community Development Minister Pen Kotze's 1983 announcement of Pretoria's intention to open CBD's to businessmen of all races. No date was set, but it is now (optimistically) expected to come into operation by July. This follows enactment of the Group Areas Amendment Act (101/84) late last year. Promulgation of the measure awaits the State President's signature.

The amendment arose from the Parliamentary Select Committee's recommendations. It proposes the amendment of Section 19 of the GAA, 1966, in terms of which individual premises could be designated for open trading. Under the new section permit requests may be made by any party or motivated by government itself. It goes beyond Strydom by further proposing that an area to be proclaimed need not necessarily be in a CBD but may be located anywhere in a municipal area.

However, even in the relatively non-political sphere of free trading, reforms evidently come in small steps. As the Johannesburg CBDA points out, the standard licensing procedure under the GAA must still be followed in terms of the amendment. Minister Chris Heunis's Department of Constitutional Development and Planning (which has assumed responsibility for certain matters previously administered by Community Development) must still issue a notice of intention in a newspaper that a proclamation is being considered. The Group Areas Board will then investigate and the State President must consider the board's report before issuing any proclamation.

African businessmen will, however, not be able to own, only occupy, CBD property as Africans have no freehold rights in SA. Coloureds and Indians will be able to own and occupy premises thus proclaimed.

Maubane, who received the go-ahead in a letter from Heunis's department on December 12, points out that Afribank's permit is "subject to withdrawal at the discretion of the Minister," and that the right of occupation is not transferable. It is "not right" as it amounts to "participation by privilege . . . It should be the right of all black businessmen to operate in the CBD," he says.

Afribank has applied four times, unsuccessfully, since 1980 to set up shop in Pietersburg. Each time, says Maubane, he

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was referred from government level to local authority level and back again. With the principle now established, Maubane intends applying for premises in the Pretoria, Durban and Port Elizabeth CBDs as well.

"The stupid restrictions of this law (GAA) are increasingly being treated as a dead letter in Johannesburg's CBD," says the CBD Association. "Because the formal 'opening' of the entire area is likely to be a long, drawn out process, the CBDA will continue to assist in the drafting of permit applications where appropriate," it adds.

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25/1/85

TANCREDO NEVES

Enter the trimmer

Tancredo Neves, Brazil's newly elected president, has spent many years walking a political tightrope with amazing grace.

Neves, who last Tuesday was elected Brazil's first civilian president in 21 years, was originally nominated by Brazil's opposition party because he was one of the few politicians acceptable to the military who also had broad support among the country's 120m citizens. Although the presidency of Brazil has been turned over, the military still controls much of the country's political machine and the opposition parties had no choice but to run a moderate for fear anything more radical would threaten the fragile democratic accord accepted by the current military leader Joao Figueiredo.

Neves' political style is characterised as centrist and subtle. He campaigned on a promise to restore a "full and modern democracy" for Brazil but his platform was markedly lacking in any controversial positions that would have either threatened his relations with military leaders or sharply divided the Brazilian people. He rarely commits himself to any position and is known to speak in riddles when confronted with difficult questions.

But his lack of clear-cut political goals belies the serious and thoughtful manner with which he will approach his new job, his colleagues say.

Neves, who will turn 75 the week before his inauguration, which is scheduled for March 15, is known as the "Wily Fox" and *Jornal do Brasil*, one of the nation's largest newspapers, says he is Brazil's most clever yet subtle politician.

His small-town wisdom and grandfatherly qualities have won over many a heart in his home-town of Sao Joao del Rei, a coastal city 120 miles south of Rio de Janeiro.

The fifth of 12 children, he came from a wealthy family and his political career started some 40 years ago. As a lawyer he was first elected an alderman in his home town in 1934 and later served as governor of Minas Gerais state in 1983 and 1984. While his outward demeanour befits an elderly gentleman he is also a tough but controlled fighter who carefully weighs his options. On the subject of Brazil's foreign debt he has insisted that the country should pay back what it owes but the country's creditor committee in New York is also expecting a new round of tough negotiations to follow the election.

As governor of Minas Gerais state, Neves trimmed spending and renegotiated $250m in debt. During his 25 years in Brazil's congress he reportedly twice talked the military out of instituting police state controls and abolishing the growing but fragile democracies when public unrest caused panic in the military ranks. But while governor of Minas Gerais state, he once called out the police to quell a demonstration by striking teachers.

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that individuals must be seen in their social context, and that the gospel had social as well as spiritual implications."

Already prominent in BC circles in 1974 when a number of other student leaders were detained, he led a support committee for them, and later presided over the SRC's constitutional reforms. He was detained for the first time in 1976, but charges of public violence against him and 157 others were dropped.

He taught in a Soweto high school briefly in 1977, resigning when the Bantu Education department began clamping down on teachers. He worked for the SA Committee for Higher Education, designing education courses which appeared in the *Weekend World*, until his banning in 1978.

Asked about major influences on him, Mkhabela considers, then concludes that he's essentially a loner who gets much of his input from reading. Friends since high school see him as a quietly intelligent character. "I'm not much of an extrovert, but I'm fated by my public involvement to deal with people." He works continuously at high pressure and, he says, needs his indignation to keep him from burn-out.

MOSES MAUBANE

Counting notes

African Bank chief executive Moses Maubane must be one of few SA businessmen for whom the outlook seems promising. His is the first black operation to be granted a licence to trade in Johannesburg's CBD.

Moses Maubane breaks new ground in the CBD

Maubane (41), an outspoken critic of government interference in the market, has been agitating against group areas exclusion for several years. "Banking is a matter of convenience," he says. "You can't sell a bank just as an ethnic bank. As a recognised financial institution, I found it hard to understand why Afribank was singled out to trade only in black areas. It's impossible to compete fairly where business is aided and abetted by legislation."

Current estimates indicate that about 80% of black purchasing power is in the CBD where the majority of blacks work. As a result Afribank was losing a sizeable chunk of black custom.

"We did pretty well in the 1983/1984 financial year with net profits in excess of R600 000," he says confidently. "We project that in 1984/85, if all goes well, we should have profits in excess of R1m, though this obviously depends on the economy."

Maubane joined Afribank as chief executive in 1980 with no previous banking experience. But a stint as Nafcoc executive director and six years of lecturing accountancy and company secretarial practice at the University of Botswana, Lesotho and Swaziland, have obviously stood him in good stead.

Afribank's growth has confounded the sceptics. A recent market research exercise showed that Afribank already has at least 21% of the market in Soweto. However, he's adamant that "government must open more doors. The economy needs it, SA needs it," he says. "We simply can't afford unnecessary barriers in the creation of wealth and jobs."

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30% profit lift for garages

S. Times 27/1/85

Business Times Reporter

GARAGE owners will receive a 30% profit boost.

A breakdown of the petrol price shows that garages can rake off 5,2c a litre compared with only 4c before.

The new price gives them a margin of less than 7,5% on the 69,3c they pay for a litre of petrol, but it will mean a substantial increase in income if sales remain unchanged. Sales are expected to recover after a temporary fall.

But the garage men are not happy. In the past, their margin has been as high as 8,4%. A spokesman for the Department of Mineral and Energy Affairs says that the profit margin for garages will be investigated in March.

Accepted wisdom when the margin was 4c was that a garage must sell 100 000 litres a month to make a profit on petrol.

This is the national average. Such sales would yield revenue of R4 000. Now 100 000 litres brings in R5 200, from which wages of pump attendants, rent and maintenance and depreciation must be subtracted.

The department believes that there are too many filling stations and has a plan to control the proliferation of garages.

Spar-kling retailers

Star 2/2/85

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By Duncan Collings
Deputy Financial Editor

Spar, the supermarket chain in which Tiger Oats has a 46 percent interest, now has just under 11 percent of the local market with turnover in the year to end-November 1984 topping the R750 million mark.

This represents a growth of 20 percent over the previous year, while the number of franchised stores in the group totalled 455 against 447 a year earlier.

But, points out executive director Mr Sid Matus, the group is not really comparable to the other large chains because of its franchise operation and its positioning in the market.

However, with 11 percent of the market, the group is obviously fullfilling a growing need in the marketing mix.

The Spar organisation has its roots in Holland, where it developed the tactics that had al ready gained acceptance in the US. The idea of small retailers and wholesalers getting together to increase their muscle was a suvival tactic in the face of the growing acceptance of the supermarkets.

TRADE MARK

The idea came to South Africa just over 20 years ago when local retailers and wholesalers realised that they too would be forced out of business by the rising popularity of supermarkets.

Following a trip to Holland — in which Mr Matus was involved — the right to the use of the trade mark was brought to South Africa.

However, it was not really a success initially in this country as, says Mr Matus, there was a lack of commitment to the idea, with the notable exception of the trade-mark holder in Natal who was really making the Spar exercise work.

As a result a few years ago, WG Brown, the original Spar operator in Natal, took over the nationwide Spar operation.

At that point there were over 700 independent Spar operations in the country, but the image was frankly "tatty", says Mr Matus. This prompted operation upgrade with many operations disenfranchised, while many new Spar operations opened.

Today, the Spar organisation — which Mr Matus describes as a voluntary association between wholesaler and retailer — is a professionally run operation which enjoys the support of the public.

Quality control is maintained by a system of judges who ensure that individual retailers are maintaining the standards set at the time of becoming franchise members and if after one warning standards are not brought up to scratch a retailer will lose his franchise.

This is rigidly adhered to, says Mr Matus.

He believes that had it not been for the Spar organisation, independent food retailing in this country would have long since died and the field would be 100 percent dominated by the big chains.

The organisation, which awards franchises and does not sell them, provides technical and managerial backup, a national and local advertising service and specialised services and advice to its independent franchise members.

To belong to the fraternity costs retailers under one percent of turnover.

Although the organisation has gone a long way on the road to survival, Mr Matus is not satisfied. "We have many more ideas up our sleeve to further bolster the image and acceptance of Spar," he said.

Spar's Mr Sid Matus — serving the nation.

He pointed out that in the US over 60 percent of the trade is carried out by independent retailers, as opposed to over 10 percent in South Africa.

This, he says, illustrates the success of the voluntary group movement in the US, where it is much older than here, in meeting the threat imposed by the large chains on small independent retailers.

He adds that even in this country it is now Spar's experience that when a major chain opens a big store near a Spar operation, the Spar shop's turnover initially dips between 15 and 20 percent, but within six months this has been recovered plus the fact that "Spar provides convenient shopping at slightly different hours to the large chains," he said.

Spar presently operates in 18 countries around the world.

Nothing is paid to the parent in Holland for the right to operate a Spar operation in other countries, but the parent has the right to cancel the right to the trade mark if it feels that things are not being run correctly — a position the local operation found itself very close to being in a few years back before WG Brown took over the entire countrywide operation.

With Barlows' Tiger Oats now holding 46 percent of the operation — it took an initial 30 percent interest at the time of the WG Brown clean-up and assisted in the financing of the takeover — it is considered likely that Spar, in the guise of WG Brown, will shortly be looking for a JSE listing.

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Star
9/2/85

Minister's free-trade announcement welcomed

by
Trevor Jones and Yussuf Nazeer

There was widespread favourable reaction to yesterday's Government announcement that free trade areas are to be proclaimed in 44 centres.

A few Indian businessmen were cautious about expressing enthusiasm over the announcement, saying they wanted first to see what the Government meant by free-trade zones and where the 44 areas would be located.

The announcement by the Minister of Constitutional Development and Planning, Mr Chris Heunis, is of special significance to Indian traders as they were the worst affected by the section of the Group Areas Act which, until now, had excluded them from trading in "white" areas. Many flaunted the clause by using white nominees as a front for them in white trading areas.

The proclamation will mean that these traders no longer have to live with the threat of court action hanging over them.

But in Pretoria the chairman of the city's management committee, Mr Gerhard Daviditsz, put a damper on the announcement pointing out that the amended act placed the onus on the local authority to apply for an area to be opened up to free trade.

But Mr Davidtsz said the gazetting of the Group Areas Amendment Act would not mean a complete reversal in Pretoria's policy and the throwing open of the CBD to all races.

The new amendment placed the onus on local authorities to apply for the opening of the CBD or portions of the CBD, constitutional expert Dr C Thornhill, said.

Local Authorities

This meant that a city like Johannesburg could, if it wished, apply to the Community Development Board to have the entire CBD opened to all races, while another city, like Pretoria, could chose not to open its CBD.

He said that while there would be no pressure on local authorities to open up trading Areas, the final decision would rest with the State President.

Mr Raymond Parsons, chief executive of Assocom, said in a statement the announcement took the process of promoting and opening up the private enterprise system a step further.

"Taken together with certain other recent official announcements on black development, Assocom believes that progress is now being made in this vital sphere," the statement said.

Welcoming the announcement Mr Alec de Beer, spokesman for the Pretoria Chamber of Commerce, said the chamber and Assocom believed that there should be as few restrictions on business as possible.

Millionaire businessman Dr Hajee Joosub on the Council of the South African Foundation said: "Limiting so-called free trade to particular zones is not interpreting free enterprise in its correct perspective, namely total free trading without limitations.

"This situation would not satisfy all our businessmen who may find themselves trading outside these zones. And those under nominees would still be harassed," Dr Joosub said.

Mr Joe Carrim, president of the Pretoria Indian Traders' Association, and executive member of the Northern Regional Committee of the Small Business Development Corporation, said limited trading zones still subjected free enterprise to the Group Areas Act.

"This is unacceptable to us, as we have a huge volume of traders who have been displaced by the Group Areas Act since the early 60s and cannot find businesses in limited trading areas."

Mr Carrim said the Group Areas Act should not restrict in anyway business and trade.

Mr Heunis said that to speed up the creation of free trade areas for all race groups the State President would issue a proclamation in the Goverment Gazette.

The proclamation will amend the Group Areas Act to allow all races to occupy free trade zones in terms of Section 19 of the Group Areas Amendment Act of 1984.

Business is tough, 'but people have to eat'

CAPE TIMES 11/2/85

30

Staff Reporter

BUSINESS is tough — this was the message gained from a survey of business trends conducted last week.

The survey showed business, excepting food sales, was generally slow in January.

Mr Ken Coote, operations general manager for a national chain of department stores, said sales in furniture, appliances and televisions were bad as a result of the goverment clampdown on payment terms and the increase in deposits. He said there had been no drop in food sales and clothing was "holding it's own".

Mr Alan Baxter, senior buyer in the Western Cape for a national food chain, said his company had had a strong January, with sales 20 percent up on January 1984.

Mr Michael Stakol, managing director of a national clothing store which also has food departments, said: "Business has been tough. Food sales have held up reasonably well — people have to eat."

Ms June Kritzinger, deputy managing director of a national retail discount store, said sales were up 24 percent on last Janaury. She said the beginning of the month had gone well because of to the holiday-makers, but mid-January had been disappointing.

Mr Clive Downton, regional manager of a national liquor retailing chain, said business was quiet, although the beginning of January had been busy with the holiday-makers.

Mr Brain Howard, executive director of a national furniture chain, said: "Nationwide sales have declined since last year. In Janaury we had a surge on fridges, stoves and video recorders, as these are imported goods and people want to buy before the prices rise."

Pick 'n Pay in GST deal with Ciskei

CAPE TIMES 15/2/85

30

Own Correspondent

JOHANNESBURG. — Mr Raymond Ackerman, chairman and co-managing director of Pick 'n Pay, confirmed this week that his company had negotiated a contract which exempted its supermarket in the Ciskei capital of Bisho from general sales tax.

Under Ciskei's pending new tax policy — which abolishes personal tax for people who earn under R8 000 a year and scraps company tax from March 1 — the Ciskei government will be heavily dependent on GST to fill its coffers.

Mr Ackerman said: "We did a deal on GST, but it has since created problems. We are now trying to solve those problems."

One problem was that after the agreement was signed, Ciskei announced its new tax policy, including the planned abolition of company tax, meaning that Ciskei would get no tax revenue from Pick 'n Pay either from GST or company tax.

But, Mr Ackerman said, Pick 'n Pay and Ciskei were involved in "amicable discussions" to solve the problem.

He added: "We have recognized that they have got to have revenue. It may well be that we owe them GST. We haven't physically handed over GST yet."

It is not clear how or why Ciskei got itself into a situation where a major company like Pick 'n Pay was granted an exemption of GST while qualifying for freedom from liability for company tax.

According to information available to our Johannesburg correspondent, floor space in the Bisho shopping complex was rented to Pick 'n Pay at about one-sixth of the rate paid by other tenants.

Mr Ackerman said. "We don't discuss rentals. But it is not a subsidized rent. It is a good and fair rent."

It has also been learnt that President Lennox Sebe of Ciskei has cost Ciskei and South African taxpayers an additional R20 million on the contract for the construction of an international airport for his homeland.

Despite advice to contrary from his now-dismissed Planning and Advisory Council, Chief Sebe agreed that the contract price should be paid to the Panama-registered company in American dollars.

Given the sharp rise in the dollar since the contract with the G and M Construction Company was signed last year, and the corresponding fall in the rand, the original contract price of $25 million has risen by some R20 million.

At one stage Chief Sebe was persuaded by the Planning and Advisory Council to insist that entire contract be negotiated in rands, but he was later changed his mind and agreed that payment should be in dollars.

The contract is one of several which have aroused criticism because they were not put out to tender.

(30) S. Times

17/2/85

Battle to resume on filling stations

By Don Robertson

OIL companies and the authorities are due to meet next month to thrash out a programme for new filling stations.

The Department of Mineral and Energy Affairs will try to restrict the number of filling stations to be built in the next four years, but the oil companies want permission to set up as many as possible.

Although the Government's filling-station rationalisation programme has achieved some success, sources believe that a reduction in the number of garages could result in cheaper petrol.

In terms of the rationalisation programme introduced in 1960, the authorities have tried to keep a tight rein on new filling stations.

The oil companies and the authorities meet every four or five years to establish quotas for new filling stations.

There are about 4 700 filling stations in SA, excluding general-dealer outlets which do not require service facilities, for about 4-million cars.

The Automobile Association believes that if there were fewer filling stations and petrol sales increased at each above the average of 100 000*l* a month, profitability would rise, reducing the need for increased profit margins.

Denzyl Vermooten, public affairs manager for the AA, says: "This would not necessarily happen in the short term, but it would prevent the need for garages to apply, through the Motor Industries Federation, for bigger profit margins."

In the past the Department of Minerals and Energy Affairs has allocated a quota to each oil company for filling stations in a prescribed time as well as an additional quota to cover the closure of uneconomic stations.

In the four years to 1985, oil companies were allocated five new filling stations each, plus one for every seven stations closed.

Lourens van den Berg, director of energy supplies at the Department of Mineral and Energy Affairs, says this was expected to result in a reduction of 90 filling stations,

Formula

"We haven't yet established a plan for the coming period. We will have to work out a formula, but will try to close more filling stations without introducing direct controls"

Mr Vermooten, however, believes that there should be a planned system of rationalisation and that oil companies should not be allowed to open up anywhere they like.

"Perhaps the opening of stations should be related to the population in the area. You do not need a filling station on every corner."

What multiracial trading will mean in your business area

Star

30

By David Braun, Political Correspondent

19/2/85

CAPE TOWN — Not all business areas in towns and cities will be automatically opened to multiracial trading when the Group Areas Act is amended.

Constitutional Development and Planning Minister Mr Chris Heunis said yesterday that free trade areas under the new section 19 of the Act would still have to be identified, advertised and investigated by the Group Areas Board."

After the Board had considered representations submitted by all parties concerned, added Mr Heunis, it would make recommendations and he would then decide on proclamation of a particular area as a free trade area.

On receipt of a proposal to create a free trade area, the Group Areas Board would undertake necessary investigation as soon as possible.

This would determine what the extent of the proposed area should be; which restrictions should be excluded; and what other uses in addition to trade and commerce might be exercised in such an area in terms of a town planning scheme in operation.

Mr Heunis made clear that free trade areas could not under the Group Areas Act be set up in black townships since such townships were established under the Black (Urban Areas) Consolidation Act and other laws relating to establishment of black areas.

As far as the 44 areas proclaimed under the existing section 19 were concerned, it had been decided to bring them under the same control as the proposed free trade areas to be proclaimed under the new Section 19.

This would then automatically make it possible for all race groups to occupy such areas for business purposes, said Mr Heunis.

● The 44 trade areas so far proclaimed under existing Section 19 are:

Cape: District Six; Woodstock/Salt River (3); East London (2); Grahamstown; Kimberley (2); Port Elizabeth (2); Queenstown; Uitenhage; Vryburg; Warrenton; Wynberg.

Transvaal: Delmas; Elsburg; Johannesburg; Krugersdorp (2); Nancefield, Nelspruit; Pietersburg; Potchefstroom; Pretoria; Roodepoort; Springs; Vanderbijlpark; Volksrust; Witbank.

Natal: Colenso; Durban (7); Ladysmith; Newcastle; Maritzburg; Pinetown; Port Shepstone.

Free State: none.

KEEPING SA SOLVENT

	1983	1984
	EXPORT SALES FOR FIRST 11 MONTHS	
Gold	R9 444,5 m	R10 793,4 m
Coal	R1 031,3 m	R 1 467,8 m
Manganese	R 79,8 m	R 150,0 m
Asbestos	R 90,1 m	R 76,7 m
Nickel	R 36,2 m	R 44,2 m
Fluorspar	R 23,3 m	R 37,9 m
	VOLUMES EXPORTED	
Chrome	781 807 t	956 452 t
Iron Ore	7,3 mt	12,9 mt
Silver	185 339 kg	197 201 kg
Diamonds	10 250 785 k	8 845 113 k
Copper	118 502 t	111 418 t
Lead	74 077 t	75 787 t

export profits.

However, the outlook for next year is different, particularly as a US congressional study recommends a shift from reliance on African and Soviet sources for manganese, cobalt, chrome and platinum towards producers in Australia, Brazil, Canada and China.

With ferro-chrome up from the bottom it hit last year, Ferro-Alloys Producers Association chairman John Hall expects 1985 to be "stable, much like 1984." Recent uneasiness arising from overstocking in the world steel industry has eased as reserves have fallen in the US and Europe, he says.

"Japan may still be quite heavily stocked, for they say little about their volumes and prices until contracts are agreed. However, the ferro-chrome market should remain in balance with dollar prices possibly being maintained," says Hall.

He adds that most other steel-related exports — ferro-manganese, ferro-silicon and tungsten — should do reasonably well.

John Vorster, GM of Samancor's chrome division, expects his company's chrome export volumes to hold up this year."Ferrochrome should stay around $0,44c/lb and chrome ore $35/t-$45/t."

Pessimism over steel and ferro-alloys prospects mounted after reports that US and Japanese steel millers considered their production last year to be too good to be true. Barry Davison, GM of Johannesburg Consolidated Investments, who returned from Japan recently, contends that "there's no foundation for their feelings."

An Iscor spokesman says on-going orders for steel are expected to match last financial year's (ending June 30) export record of 2,4Mt (1,34Mt in 1983-1984). Despite the US authorities' decision to drop dumping charges against SA, export quotas will remain constant for some time.

"Steel export volumes are running to programme because we believe in a selective and on-going marketing strategy. We do not rely on help from the low rand in such a competitive field as steel," he says. Thus iron-ore forecasts will have to wait until March, when international orders are renegotiated.

London analysts are bullish and believe 1985 will be a turning point for copper. Neville Shutt, commercial director of Rio Tinto SA, says London Metal Exchange (LME) stocks have fallen from 440 000t to about 113 000 t, or just 11 weeks' consumption.

Shutt expects export volumes to rise, but he is cautious about the recently improved LME price.

Transvaal Coal Owners Association MD Les Weiss says SA coal producers are reliable and competitive. "Exports in 1984 were 37 Mt, and I guess 1985 sales will be around 40 Mt with most European and far Eastern countries taking more."

Gencor says the firming of steam coal prices in third-quarter 1984 will continue throughout 1985. Says a Gencor source: "The Polish realisation that they can maintain market share in Europe without price cuts indicates firmer prices this year."

PICKING PLUMS

Compaq, the high-flying manufacturer of IBM-compatible personal computers (PCs), has chosen its official dealer for the SA market. The plum has gone to Productivity Software Ltd (PSL), a group which has seen turnover increase to more than R4,5m in just three years.

US-based Compaq had a turnover of $111m in its first year of operation in 1981 — reckoned to be a first-timer record. The company began operations with $20m in venture capital and went public in December 1983. Directors say sales of the Compaq PC will soon be second only to IBM worldwide.

PSL MD Neil Hymers says that Compaq's models won't sell for much less than their IBM counterparts in SA, but have features that are extra-cost options on the IBM. The Compaq is capable of running around 2 000 IBM software packages, and uses peripherals designed for the IBM.

Hymers says Compaq chose PSL because the company already has entrée to most top SA companies through its other products.

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SMALL BUSINESS

Looking up

A sharp rise in demand for all its services has forced the Small Business Development Corporation (SBDC) to seek more capital investment from the private sector.

The SBDC wants to increase authorised share capital from R150m to R200m, says MD Ben Vosloo. "As soon as the private sector ups its contribution, government will come in on a 50-50 basis," he says.

Despite the economic droop, business inquiries and loans granted shot up dramatically in the last four months of 1984. By August last year the number of applications granted since the SBDC was set up in March 1981 totalled 1 902. But the last four months of the year brought the number to 2 516 — a 41% increase. The total on loans grew 21% to R61,29m (R50,57m).

The fact that about 30 000 jobs have already been created is said to show the importance of the SBDC in creating a sound small business sector. "We need the private sector's ongoing support," says SBDC's head of liaison services Francois Baird.

Vosloo says more than 90 of SA's leading companies have taken shares worth R64m since the SBDC was registered as a public company in 1981. But to meet increasing demand on its limited capital, the SBDC must now look for more private sector

SBDC's Vosloo . . . looking for more.

investment.

"We are not a government institution. In fact, only four of our 41 directors are State-appointed, and we are registered as a company for gain. A first 8% dividend was declared last March, but shareholders decided it should be reinvested," says Vosloo.

Baird adds that the number of inquiries at the corporation's 10 regional offices shot up by 43% over the last four months of 1984 — from a total of 17 908 in the first eight months to 31 473 for the full year.

The SBDC's general loan programme (for loans of more than R30 000) showed significant growth over the same period. Loans approved increased by 13% to 1 033 against 896 for the period from the formation until August, and the total amount lent to borrowers jumped 19% to R58m in the same period.

The growth in the SBDC's Comprehensive Assistance Programme (for loans up to R30 000 to infant industries) was even more pronounced. Applications approved jumped by 76% over the four-month period to 217 (against 123 for the period from start-up until August), while the amount loaned shot up by just under 100% to R2,19m (R1,1m).

Although the amounts seem small, the significance lies in the sudden and dramatic increase in the number of new entrepreneurs making use of the SBDC's finance facilities and hoping to establish themselves.

Contrasting with the sharp increases in direct assistance, there has been much slower growth in indirect financial assistance, where the SBDC guarantees up to 80% of funds lent by SA banks to approved borrowers.

In the final quarter of 1984, only five applications from the banking sector were approved, taking the total since inception of the scheme to 450. The total amount guaranteed by the SBDC increased by R360 000 to R10,38m.

MONEY FOR FUN

Small businessmen will have an alternative showcase for their wares when The People's Show opens at Crown Mines on July 6.

The 700-stall market is backed by Hamilton, Whitton and Associates (HWA) of Milner Park showgrounds fame. HWA has invested about R1m in the project, which will depend largely for custom on nearby Sowetan shoppers. To bring in this business, free bussing will be laid on from Soweto every Saturday for 20 000 people.

Nearly half the stalls have been sold to a variety of traders, says MD Errol Ninow. Takers include white businessmen with small outlets in the suburbs, commercial representatives, wholesalers and craftsmen.

The Small Business Development Corporation is considering leasing 50 stalls which would be sub-let to clients. The stalls would provide potential businesses with a marketing vehicle through which public demand for their wares could be gauged.

Some R100 000 has been spent on promoting the scheme. The aim is to create a carnival atmosphere with live bands and other entertainment. Takings from the first show, which will be televised, will go to Operation Hunger.

MIKE LEVETT

Few were surprised at Mike Levett's appointment as Old Mutual's (OM) new MD last week. Though only 44, his appointment had been expected for some time (*FM* May 25 1984).

Previously OM's GM (Investments) and MD of Mutual and Federal Insurance, Levett joined OM at 20. An actuary, he believes, however, that a part-time MBA at UCT was the most important factor leading to his first promotion.

He has an impressive record. After he had taken over as MD of Mutual and Federal in Johannesburg in 1980, the company jumped two rungs in the short-term insurers' league to number one spot by 1983. However, when Marius van der Heever died in 1981, Levett moved back to Cape Town to become GM pensions. He's also a director of Credit Guarantee Insurance Corporation and on the board of SAB.

OM is the first life insurer in Africa with assets exceeding R10 000m. Total income increased sharply to R2 300m in 1984, while, at the same time, benefits paid out to pensioners, policyholders and their beneficiaries increased by 29% to R594m.

into the fiction market, but believes the conventional approach involving publishing in hard cover and then waiting for the paperback houses to take the title is too slow. Nonetheless, he's certain that new developments are in the offing and that things will definitely be changing at Timmins.

LILLIAN BAQWA

(30)

Somewhat capitalist

New Director of The African Bank, Lillian Baqwa, maintains that she's a business novice.

"I was totally baffled when they approached me," she says with genuine puzzlement. "I had no connection with the bank at all. But I had shared platforms with the bank executives on various occasions."

Those who know her better maintain the modesty is typical. They say that at 37 she is one of the best legal brains in the business. And in terms of sheer energy and drive, she more than compensates for any inadequacies of a commercial kind.

Baqwa says she is now on a learning curve — and enjoying every minute of it. Commerce is certainly a new ball game for Baqwa. She qualified in law at Fort Hare in 1974 and joined a small law firm in Durban. Criminal law was her first love — until she joined the Legal Resources Centre (LRC) and got her first taste of public law.

Colleagues maintain that it was through her work at the LRC that she first began to attract attention. She has gained a reputation for being outspoken on matters like housing, consumer affairs and labour.

She scoffs at the notion that black professionals would need to wrestle with a moral dilemma or lapse into a crisis of conscience before accepting a commercial appointment, as if this amounts to renunciation of black upliftment.

"One lives in both worlds," she says philosophically. "I'm a professional, so I must have a bit of capitalist in me. When you rationalise it the peoples' struggle is about day-to-day life which has materialist elements."

She bridles at suggestions that she is apolitical. "When a politician makes a speech in Parliament about the squalor in squatter camps, that's political. For us it is life. You don't feel you're making a speech."

Baqwa believes implicitly in a free market economy and feels that blacks should be drawn into it to a greater degree. In this respect, she is convinced that the bank can take the lead. "I see this as a way of blacks standing up for themselves and doing something on their own. This is one thing that blacks can offer other blacks."

At no time does she see herself abandoning the peoples' struggle in favour of the "fat cat" lifestyle afforded her by the status and privilege of executive office. "When one lives on the other side as we do, one is constantly reminded of background. It is not possible for me to forget."

Baqwa, whose father was a teacher, was born at Marianhill near Pinetown. She lived a fairly nomadic life as her father was shifted about the country on teaching assignments, schooling at Bulwer, Utrecht and Clydesdale before returning to Bulwer to matriculate. She took to law because she was "curious about it."

Something of the teacher has stuck. She says she delights in introducing clients of the bank to commerce and claims she still harbours a "major desire to teach blacks about law and how they come to be involved in it through the cases they bring me." She also writes a regular column on elementary law for a popular black magazine.

Baqwa . . . not a "fat cat"

OPEN TRADING DELAY

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Non-racial trading areas are coming — but not yet. That is the essence of Constitutional Development and Planning Minister Chris Heunis's statement in Parliament last week. It seems the whole issue is mired in bureaucratic procedures that do not permit haste.

Thus, says Heunis: "Free trade areas in terms of Section 19 will still have to be identified, advertised and investigated by the Group Areas Board." What this seems to mean is that they will come into existence in 1986, perhaps, and not in July this year as had been expected.

In addition, says Heunis, the Group Areas Amendment Act "does not in itself imply that all business areas within towns or cities will be open to all races automatically."

This clarification follows confusion triggered by an announcement by Heunis earlier this month that the amended Act would apply "automatically in those free trade areas as stipulated in Section 19 of the Amendment Act."

Financial Mail February 22 1985

30

OPEN TRADING

Illusions destroyed

Many businessmen have reacted with despondency to government's latest pronouncements on nonracial trading areas. The future certainly seems bleak for black traders already operating (illegally) through white "front men." But some champions of open trading are optimistic that government will eventually adopt a more reasonable approach.

Black traders had been under the impression, erroneously it seems, that local authorities would have the power to demarcate mixed trading zones as part of the local option approach.

Minister of Constitutional Planning Chris Heunis has now destroyed the illusion. It is now clear that the procedures currently followed under the Group Areas Act (GAA) will still apply.

That means applications have to be made and notices of intent published in newspapers. Inspections will still be carried out by the Group Areas Board before open trading proclamations are issued.

Heunis also refrained (one must assume deliberately) from saying that entire CBD areas could be declared nonracial. He did infer that proclamations would apply more to the extensions of existing free-trade zones.

Sharp reaction

If that is indeed the policy, then government can expect a sharp reaction from organised commerce and industry, CBD associations and some municipalities who have been pushing hard for the racial ban on trading to be lifted in the country's major business districts. Johannesburg and Durban city councils both favour open trading.

Nigel Mandy, chairman of the Johannesburg Central Business District Association (CBDA), takes an optimistic view. He believes it may still be possible for "entire CBDs or portions of them" to be opened. The confusion, he says, stems from "earlier statements by departmental officials which created the wrong impression." Those abreast of the situation know it was never government's intention to give local authorities *carte blanche*.

Mandy notes that the CBDA has already applied for the Johannesburg CBD, an area bounded by the M1, M2, Harrow Road and the railway line, to be designated an open trading area. Government is about to gazette details on the new Section 19 of the Act, which will clarify the application procedure. Once this has been done, Mandy says, the CBDA will re-submit its application, so there can be no misunderstanding.

Clearly, he expects a favourable outcome. "If they don't move energetically on this, it casts doubts over their intentions on a whole host of other issues," he says.

In Durban, nominee traders fret over what will become of them if permission is not granted for the entire CBD to be declared a free trade area. Some estimate that there are as many as 30 mainly Indian-owned businesses run by white "fronts" in the main trading precincts of West and Smith streets.

The Strydom Committee recommended that they and their landlords should be rooted out and penalised by having their assets confiscated. If these recommendations are implemented, the traders, many of whom have operated unmolested for years, could be ruined.

"That," observes Karsandas Manjee, chairman of the Central Durban Ratepayers' Association, "would be a sad day for SA." He adds: "These are enterprising people prepared to take risks and provide goods at competitive prices. Why should they not be given the opportunity to do so?"

Financial Mail March 1 1985

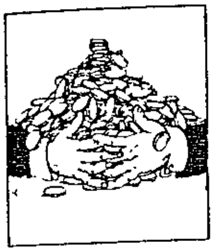
in my opinion

Ndb 30

THE ENTREPRENEURS

Their brilliant careers

What makes business winners run? Worldwide, a select group of people will always continue to make money, expand business, forge ahead. They are driven by an unquenchable entrepreneurial spirit. The *FM* looks at the way some of our best money-makers have gone about it.



It's hard making money. If government is not grabbing a big bite out of your pay packet, then inflation, interest rates, the wife's expensive tastes and your own indulgences are. The costs of setting up and running a factory are no joke either. Risk-taking has become expensive, and with overheads what they are today, maybe it's easier to sit back and take life as it comes.

So what motivates an entrepreneur to make money? Myriad reasons might provide the answer: the desire to own a business, to possess money, to enjoy social cachet, to lead a high life. But whatever it is that makes an entrepreneur tick, society's general level of wealth, living standards, jobs, technology and even political freedom can only benefit from his endeavours.

> *"Entrepreneurs start out with a clear vision of what they want, but it's wrong to think that they know what they will ultimately achieve."* — **Albert Wessels**

Adam Smith, that great admirer of individualism, had this to say on the topic. "The natural effort of every individual to better his own condition is so powerful a principle that it is not only capable of carrying the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws encumbers society's operations."

Still, entrepreneurs who have reached the top, view the race in gritty, back-breaking terms. "There's no short cut, no damn short cut," says SA's Mister Technology, Altech's Bill Venter. "It's a tough, hard slog, which takes its toll on family and health. Unless you've got an ideal, a vision, you've got no hope of coming through."

Allied to vision must be a keen sense of the practical and the bottom line. Notes SA's motor king, Toyota chairman Albert Wessels: "You don't start with 10 cars and think about producing 10 000/month. You think about 20 and, when you make 20, you think about 40. Entrepreneurs start out with a clear vision of what they want, but it's wrong to think that they know what they will ultimately achieve."

Of course, it is hard to relate practical skill to an elusive vision. England's King Henry VII was a fabulously able budget-cutter, creating the largest public-sector surplus in his country's history. But he refused to stump up the capital to finance Christopher Columbus's voyage into the unknown. So England lost the New World's countless riches and, as a postscript, had to fight the Falklands War against Spanish-speaking aggressors.

Jan Pickard, of liquor, hotel and rugby fame, best sums up what it takes. "I used to think it was luck," he says, "but really it's a nose for your business, and that's something you're born with." Adds Pickard: "To be in business, you've got to have a supporting wife." Cynics might say that Pickard gained from the connection with his father-in-law, former Finance Minister and State President-designate Eben Dönges. But Pickard argues to the contrary.

Getting started is usually the big problem. The entrepreneur needs confidence, go-getting qualities and an ability to trust his judgment when others are losing theirs. Pickard again: "I never knew the answer to gearing when I started, but it means that when I buy R2 of goods, I've got to borrow R4. I said that if I wanted 25% after tax, there would be no borrowings. Had I listened to the accountants, I would have had more debt than I could possibly afford."

The going can be tough. As Cargo Carriers' Desmond Bolton cryptically observes: "If you lose your credibility and reliability, you're gone." But the challenge is there. Raconteur Mannie Simchowitz is inspired by a frontier-like approach. "It's my business," he says, "and every single day I want to go out there to make money for myself."

Bolton and Venter are entrepreneurs who have taken over companies which once employed them. Albert Wessels became chairman of the bank which gave him his first job as a junior clerk. But it is his Camelot-like success story with Toyota which has carved his name in the annals of SA business greats. Wessels first sold Toyota vehicles here 25 years ago. In 1983, turnover reached R864m and earnings a share 1 000c, while returns to shareholders have averaged 90,6%/year in the last five years. Toyota's sister company, motor components manufacturer Metair, which the *Sunday Times* judged the top company of the year in 1984, has generated a 96,1% annual average shareholders' return in the last five years.

Wessels' personal worth is hard to estimate. But of the directors' shareholdings in Toyota, Metair and Wesco (Toyota's holding company), about 65% are held by the Wessels family. This portion has a present value of R102m, and that is after the 25% fall in the Toyota share price in the last six months. Then there are the family investments in hotels, property, shares and cash. With that amount of money, who really cares about the exact total? As Wessels says: "If it's R100m, it's R100m. I don't know."

His appearance, with his brilliant white hair and slight frame, epitomises the wizened sage. "Do you think it is wise," he asked, "to say that Toyota will go for a 30% market share of the SA motor market in the next few years? We intend to get 30%, but should we let our competitors know be-

. Toyota's Wessels ... it's your horizons that count forehand?" His life has been a constant expansion of the frontiers of his knowledge and the practical implementation of his learning. In the process, he has acquired an abiding respect for the value of education and training.

Wessels' beliefs were fortified also by his sense of the Afrikaner's destiny. "My generation grew up with an awareness of struggle," he notes. "The Afrikaner came into business through the universities, and it was important for me as part of an emerging people to make a success of what I did. I always tell the young Afrikaner that if he wants to go into business, he must qualify and be mentally equipped to do a good job."

Wessels comes from the Free State, and his brother still works the family farm. He took BA and B Comm degrees at the University of the OFS in the late-Twenties, and at the same time won critical praise for his novels, *Moffie en Sy Maats* and *Tog Sterker*. But, as he says: "There I was: very wise and sober and conceited. I knew I wasn't the best Afrikaans writer, but I knew that I could become among the best businessmen."

So he joined Sasbank, made his mark and was asked to manage a floundering textile factory which owed the bank money. He made a success of the assignment and later took the company, Veka, over. At Veka, Wessels developed the management skills which were later used with such success at Toyota: well-planned production flows, quality control, good client relations and, most important, a motivated management team with genuine authority.

But Wessels wanted to expand his horizons and saw good prospects in cars in the late-Fifties. The US and European car multinationals were already represented here, so Wessels sought his opportunity with the emerging industrial superpower, Japan. He went after the Toyota franchise, but the story of how an unknown SA clothing manufacturer won a franchise from Japan's most powerful car firm must await the publication of his autobiography, which is presently being written.

Wessels certainly took a risk. In his words: "Their cars didn't compare favourably with American and European ones. They did have an economic, functional bakkie, not very comfortable but very effective. It was an unknown product from a little-known country." Wessels worked hard on finding dealers and made a profit in his first year of operation. Unit sales have grown every year since, but the period of exponential growth dates from Colin Adcock's arrival as MD in the early Seventies.

Wessels wanted an MD with marketing flair to complement "an extremely capable production team." His choice of Adcock, the MD of Toyota's advertising agency Lindsay Smithers, but with no motor industry experience, proved an inspired one. Adcock's fanatical insistence on marrying production to marketing needs has carried Toyota to its unprecedented dominance in the world's most competitive car market. But, as Wessels notes: "Toyota was always a team effort. That is the secret of its success." Metair's success is a repeat coup, and that company has forecast 1984 sales of R200m.

Altech's Venter . . . new worlds to conquer

"The size of one's business is like a horizon," muses Wessels. "Like concentric circles, it goes out further and further. It's your horizons that count and mine were to build a large, efficient business."

Wessels sees SA today as a richer, more confident country. "I started in 1931 in the heart of a depression far worse than this one," he notes. "Since then, industrial employment has multiplied sixfold, income per capita and living standards have soared, and the blacks have developed beyond recognition. I wanted to prove that the Afrikaner could be the equal of the other national groups, but I have never been indifferent to blacks. If we raise our standards of general education, we will continue to grow and prosper as an industrial country."

> *"There's no short cut, no damn short cut. It's a tough, hard slog. Unless you've got an ideal, a vision, you've got no hope of coming through."*
> **— Bill Venter**

The same relentless drive marks Bill Venter's brilliant career. The precision, assurance, iron discipline and studied style that underpin his success are renowned. His workers call him *makomba*, he who tells everyone what to do. His portrait should show him in the pose of a *conquistador*, gaze set afar to signify the conquered horizons and those still to be traversed. The sword would need to be replaced by a symbol of trade and high technology, for Venter is a trailblazer who has helped forge commercial links between SA and the outside world.

"It was my fervent, all-pervasive thought," he explains, "that SA needed an indigenous electronics industry." The task before him was daunting: the multinationals were solidly entrenched in SA, commanding superb technology and financial muscle. But Venter, who began his career as a post office engineer, and five colleagues went ahead and founded Allied Electric in 1965. He needed plenty of faith, for he had to sell his house and wife's car to raise R24 000 starting capital. Today, the Altron group has dislodged the multinationals from their pre-eminent position here in electronics, telecommunications and power electrical engineering, as well as going into high-tech exports.

"The first two years were hairy," says Venter. "We had to build up credibility for a fledgling, upstart business. We were undercapitalised and at least one of the multinationals adopted pricing and marketing tactics aimed at driving us out of the market. I remember delivering products to the mines and my colleagues answering phones."

Allied Electric's initial strategy was to carve out market niches in the sale of lower-technology products to the mines — battery chargers, traction rectifiers, connectors and the like. By the end of the Sixties, the company had branched into high-tech products, for which purpose the French connection was invaluable. Luckily for SA, this was a time when De Gaulle was charting an assertive course in French foreign and commercial policy, freed of the shibboleths of Anglo-American liberal orthodoxy.

France sold arms to SA and sophisticated radio transmitters, computers and control systems to Venter. In turn, Venter won supply contracts from the SABC, Escom and other parastatals. A listing came in 1976 when Allied Electric was reversed into the Uniewinkels cash shell, which was bought from Federale Volksbeleggings and renamed Allied Technologies (Altech). The *FM* did not distinguish itself by advising minorities to take the R1,20 on offer and run — the share today is worth R50.

The big break came with the takeover in 1977 of the SA subsidiary of STC (UK), which is owned by the US multinational, ITT. Recalls Venter: "ITT wanted to take a lower SA profile and were talking to Abercom. Having worked for STC for 12 years, I knew the business quite well. So I made arrangements to see Harold Geneen of ITT, after which we were asked to work with STC here. ITT then evaluated Abercom and ourselves and concluded that we had the management expertise to make the business grow faster."

STC (SA) was twice the size of Altech, and its acquisition opened the doors to the high-tech market Its assets were underutilised and this enabled Altech, with tight management controls, top-flight technology and long-term supply contracts (every telephone installed in SA until 1994 will have some content from the Altech group) to tread a path of runaway growth. Altech's turnover was R58m in 1979 and is expected to top R800m in 1985, while earnings a share soared from 71,7c in 1979 to 348,6c in 1984. The Altron group now employs more than 12 000 people and has a market capitalisation of R1 billion.

Venter's personal stake in Ventron, the group holding company, is, he claims, R66,8m or 40,5%. The total family holding amounts to R165,2m. The balance is held by family trust over which Venter claims he has no control.

Venter does not favour discussion of his personal worth. "The shares could become valueless," he observes, "and I'm not in the position to maintain the lifestyle of a jet-setter I've never had a driver. I don't go overseas for holidays, and only in the last two years have I travelled first-class. I don't anticipate that the group is for sale and it never will be."

> *"Ambition and drive are contagious things. People are imbued with these qualities. They want to be successful."* — **Bill Venter**

Venter talks passionately of technology's uplifting value in terms of jobs created and an improved quality of life. The products of the Eighties will be fibre optics and integrated circuits and in information technology. His philosophy is that of the innovator, and Altech now exports indigenously-made technology: a farm-line phone system that enables 18 simultaneous calls to New Zealand, Mexico and Chile, hybrid micro-circuits to Israel and the possible sale of an alternative digital phone network to a Middle East country.

"I'm totally dedicated to this country and what it stands for," says Venter. "It has given so many people, black and white, fabulous opportunities. We've lived in relative peace compared with other parts of the world, and we can thank the type of government we've had. But we've got to adapt to changing times and I will gladly help, as an influential industrialist, in the movement to a more just socio-economic society."

Venter is an entrepreneur who became big and part of the establishment; but Mannie Simchowitz is one who revels in a swashbuckling reputation. He's seen as having a sharp nose for profit, as being a confident Casanova, a gambler, a tough guy, a man who commands loyalty from his

OLIVER HILL'S LONG RUN

For every entrepreneur who makes it into the headlines, there're thousands who sink without trace. Here's one who sank — though not without trace.

Hanhill's Oliver Hill is forthright about his experiences: "You learn that the world is a big jungle. The cats out there, the establishment, chop you up. Sol Kerzner or Bill Venter went into markets that didn't exist. But I'm one of the unpopular entrepreneurs in this country. The popular ones haven't gone against the establishment."

Still, Hill has a pretty establishment background. The scion of a wealthy family, he read chemistry honours at Wits and capped that with an MBA from Harvard. He could have had his pick of any plum corporate job, but chose instead to set up his own business with John Hahn, a family friend. Hanhill was born in the mid-Sixties.

The first break was to instal an ammonium nitrate plant in Rhodesia. It was the time of UDI and Hanhill did the job for half the normal cost. That didn't stop difficulties in getting the project underway, because of problems with the Governor of the Rhodesian Reserve Bank, who, says Hill, was the victim of uninformed cocktail party gossip over costing the scheme.

> *"You learn that the world is a big jungle. The cats out there, the establishment, chop you up."* — **Oliver Hill**

Hanhill's next feat was to confound sceptics in the major chemical companies by building an ammonium terminal in Lourenco Marques and selling imported ammonia at half SA prices. The SA government banned the import of ammonia allegedly on strategic grounds, but in reality because of pressure from the chemical majors, argues Hill. So Hanhill set up an ammonia plant in Swaziland and when SA suffered an ammonia shortage, the majors had to buy from Hanhill.

Hill sold ammonium nitrate, in competition with AECI, to the Swazi mines. He went into explosives to improve the range of services to them and won the Tovex explosives manufacturing licence for SA from the US conglomerate, Du Pont. Tovex is the 20th Century answer to explosives, just as dynamite was a 19th Century invention, but AECI controls the sale of dynamite and Du Pont was quick to realise that Hill had a stronger interest than AECI in promoting Tovex sales in SA. When Hanhill companies went insolvent last March, Tovex had captured 7% of the SA market and was beginning to challenge AECI's monopoly of SA explosives sales.

Hanhill was felled by a combination of the crippling drought which caused a collapse in ammonia sales; a R20m capex extension to the Swazi ammonium plant, which investment was made, says Hill, on a broken promise by the Swazi government that it would contribute R15m of the cost; and tariff restrictions on raw material imports. The Hanhill shares were 30c at the time of their suspension, having reached a 270c high in the early Eighties. When the share hit its peaks, the Hill and Hahn families' net worth was some R90m — now that the JSE has delisted the share, they are worthless.

Hill says that he is not a bitter man.

He believes there are still avenues in the chemical industry open to innovation by the smaller companies, and he would like to work with AECI in developing explosives technology.

"Fighting the establishment has brought me nothing but problems and now I've got to try and be conciliatory," he says. "After all, why does one go into business? It's an urge to create something."

Who knows, Sasol's emergence as a force in the SA chemical industry might even induce AECI to offer Hill a job. That would be ironic, but it would be in keeping with Hill's deep feelings about monopolies that he would want to take on a megagiant, which he thinks poses an even bigger monopolistic threat than AECI.

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friends.

His offices certainly suggest the plush trappings of prosperity. A striking set of figures from Guinea — a headman and his sidekick — takes pride of place in the elegant foyer. The visitor might speculate about the choice of such a representation of pride and authority, but that's a side-issue. Simchowitz himself is broad-shouldered and strongly built — with a broad face, well-set eyes and reddish-brown hair. He walks authoritatively, his style is breeezy and affable, his comments tinged with humour. Simchowitz knows of his image as a wheeler-dealer and likes to play to it.

W & A's Simchowitz ... humour and sharp edge

Simchowitz can afford to be non-conformist. He's been employed only once in his life, when he did his chartered accountancy articles with Kessel Feinstein, the same firm that gave articles to Donnie Gordon and Louis Shill. "I found accountancy a boring pain in the ass," he says, "so I decided to become a speculator, a one-man merchant bank. I got my first commission in March 1963 by buying a listed company, Finn Bros & Laurie, and selling the assets to L J Suzman and the cash shell to Ward Salmon. I made R30 000 out of that and went into mining."

Mining was less successful and Simchowitz incurred heavy losses on a manganese venture in the western Transvaal. It didn't stop him living the high life, and his confidence was rewarded with his "first killing" in the 1969 stock market boom. That was followed by his 1971 takeover of Weil & Ascheim (W & A), an ailing clothing company with R2m shareholders' funds and notching up losses.

"We're always prepared to take a profit. We take investment opportunities and develop them." — **Mannie Simchowitz**

Simchowitz built W & A into a diversified group by acquiring floundering companies, and today it has interests in car components and tyre retailing, furniture, textiles, coal, toys, property and medical-aid schemes. Simchowitz's holding company, Waicor, controls 10 listed companies on the JSE, the main ones being W & A, Williams Hunt, Bradlows, World Furnishers and General Tire; two in London, Anglo African Finance and E W Perry, and one on the Development Capital Market, Romanda. The group's gross assets exceed R400m, turnover is R800m and earnings a share in the year to end-June 1983 were 150c.

To generate a profitable return on his assets, Simchowitz has been a ruthless pruner of dead wood. In the process, he's made his fair share of enemies. The press have called him an asset-stripper. More practically, he's got a phobia about being photographed, for reasons of personal safety.

"We're always prepared to take a profit," says Simchowitz, who rebuts his critics' suggestions of unsavoury conduct. "We take investment opportunities and develop them. Just because the press don't have a clearcut idea of what we do, like selling soap, they call us asset-strippers. A company in the US might sell a major division and it's regarded as changing direction, not asset-stripping."

But Simchowitz's main love lies in the raw, cutting edge of the marketplace — where men bargain about money on the stock exchange floor, argue out a deal and live by their wits, knowing that they're only as good as their last coup. He talks about the infinite deals he's done with the staccato rapidity of a machine-gunner emptying his rounds. Simchowitz has plenty of acumen. He cleared a R2,5m profit in a week in late-1981 when he nearly snatched control of Calan investments from a Sanlam-Finansbank consortium.

"Calan happened to be one he brought to the fore," explains a close associate. "Every year he makes a couple of million in the market, and Calan was a visible target. Management was making a bid, so he went for it, but, in retrospect, Simchowitz was happy to bank the money and run; it would have left him too geared to take control."

Simchowitz has taken his disappointments. At present, he's got problems with the recession, which is hitting trading, and market scepticism about the ease with which the Williams Hunt group of companies can be absorbed.

Still, Simchowitz is comfortably off, though he dodges the issue of his wealth. "I don't estimate my personal worth," he says. "I control this group. I'm a reflection of this group and we're in it to make a buck. We've got a top-class management with similar philosophy. Our strength is our flexibility."

Desmond Bolton's English reserve is in sharp contrast to Simchowitz's brashness and helps explain why one of SA's richest men has attracted scant publicity. Bolton is charming and informative about Cargo Carriers, the largest privately-owned road haulage company in SA, which he founded 32 years ago when he was 28.

But his public image is well tutored. His statements are considered, his insights penetrating, so his guarded public exterior is perhaps attributable to his background. For Bolton belongs to that most rare breed — an English-speaking SA Christian who has shone at entrepreneurship. His success is the more remarkable, since it was built up against the harassment of transport giant Sats, which has always sought to restrict the private sector's market share.

"I've enjoyed what I've done and that's vital." — **Desmond Bolton**

His friends say that Bolton becomes another person at a party, often staying until 4 am. Maybe his Irish origins explain his *bonhomie*. In true Irish style, he celebrated his marriage last year to PR executive Noelle de Jager — by flying guests on a Boeing 737 to the Chobe game lodge for a weekend extravaganza, capped by the ceremony in a tree-house.

Bolton's presence is imposing. A shock of white hair and a healthy suntan are witness to his love of the outdoors. He spends many weeks at his *palazzo* in Plettenberg Bay, but he knows his business inside out and what he wants. "I always had a hankering to do my own thing," he says.

Bolton first developed an interest in transport when he drove and maintained tanks and trucks in the desert during World War 2. After his demobilisation and a spell at varsity, he bought a third shareholding in Tweedie, a small road haulage firm, where he learnt the ropes before setting up his own business. Tweedie later amalgamated with Lyons Transport, which was taken over 13 years later by Bolton, who incorporated it into his own empire.

Cargo Carriers' Bolton ... it started with tanks and trucks

Bolton notes that the starting years were the worst. To lessen his risk, he concentrated on tendering for contractual work. "Budgeting in transport is vital," he says. "You work to tight margins and you must ensure adequate cash flow to pay for wages, fuel and maintenance. We're not like Raymond Ackerman with 90 days' credit on his canned fruit. We have to pay with alacrity, and by working on a contractual basis we lessen the risks."

Problems arise when the principal supplies incorrect information in the tender document. Bolton was nearly busted two years after he started when a major mining house quoted flagrantly wrong tender details on a contract for moving ore from a mine. The crusher plant's milling capacity was woefully overstated, and Bolton had vehicles standing idle for six hours before they were loaded. He was losing £1 500/month and asked to be excused from the contract. His replacement withdrew in three months. "The going can get rough," Bolton observes. "No quarter is expected and very little is given."

The key to tendering in transport is never to shirk a journey, explains Bolton. "You must have site inspections," he says. "You need to look at loading facilities, the turnround cycle, underfoot conditions, bridge capacities and rainfall charts in order to assess the effect of bad weather. A small section of the road might give trouble, but it's enough to stop the whole operation."

The proof of Bolton's methods lies in his success. Cargo Carriers, its motor subsidiary and Desmond Bolton Industries (formerly Searles Holdings, taken over by Bolton in 1979) today have nearly R250m turnover and employ 5 500 people. Bolton's trucks in the year to end-February will drive about 60m km and carry 12,5 Mt of freight. Profit and net worth are confidential — Cargo Carriers is a private company owned 100% by the Bolton family — but it is a fair bet to put Cargo's worth at R100m. Profit has grown by at least 10% in every year of Cargo's existence, notes Bolton.

Bolton is not keen on listing Cargo, nor in selling to a large corporation — Barlow Rand being the most frequently mentioned. Bolton Industries, however, is publicly listed. A textile manufacturer, it has no connection with the Bolton transport interests. Its 1984 turnover was R56m and pre-tax profit R4,7m. The share yields 3,6% on dividend, a better rating than the 4,3% clothing-sector average. Being chairman of both private and public companies is illuminating, says Bolton, because the need to consult the board makes for more democratic decision-making in the public company. But he feels that Cargo's private profile aids it in winning contracts, and as growth has always been funded from cash flow, there is no need of equity.

What of the future? Bolton's companies are examining the greater use of computers in transport and Bolton is funding a

Liquor and hotel mogul Pickard ... all for team spirit

Wits University road research unit which aims at promoting more efficient transport methods. He also believes strongly that both the country and the transport industry would benefit if government phased out the current road transport system and concentrated on quality control.

"Nothing has changed," observes Bolton, "despite the promises and the Carlton and Good Hope conferences. We have great difficulty in persuading government that the private sector can transport goods more economically. If it is not possible for each sector of Sats to stand on its own, if farmers' produce must be moved at an uneconomic figure, then government should provide a special subsidy for that goods traffic, instead of the existing system of cross-subsidisation."

If Bolton could live his life again, would he look for a less exacting business? "I've enjoyed what I've done," he answers, "and that's vital. Neither would I change my sphere of activity. But if you're prepared to work hard enough, you can make a success of most ventures."

> *"I used to think it was luck. But really it's a nose for your business, and that's something you're born with."* — **Jan Pickard**

Jan Pickard has always been something of an individualist; and, in common with Bolton, shares the experience of battle against powerful, entrenched interests. As one of Afrikanerdom's blue-eyed boys — Springbok lock forward, marriage to the State President-elect's daughter — Pickard was unusual in going it alone.

He could have made it via the Establishment route, progressing up the ladder of any Afrikaans business conglomerate. Instead, Pickard built his own liquor and meat enterprise and has diversified into

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white-goods manufacturing, hotels, sportswear and property.

He takes life more easily these days and his son plays a more active role in running the Pickard group. There is talk of Jan junior taking it in a banking direction, but Pickard senior won't comment on this. Cash flow has always been paramount for him, so perhaps he recalls the advice of Polonius to his son Laertes in *Hamlet*: "Neither a borrower nor a lender be, for loan oft loses itself and friend, and borrowing dulls the edge of husbandry."

Critics say that Pickard was still helped by the muscle of his government connections. Pickard's rebuttal is emphatic. "What is it about being a son-in-law of a Minister that's so positive?" he asks. "It was a liability. The bank manager would say to me, 'What about your father-in-law? He'll give to you.' There are 40 Ministers in the government, so where are the other sons-in-laws if it's so easy to make a profit?"

Pickard interrupted his honeymoon back in 1953 to apply for, and obtain, two bottlestore licences in the western Cape. Later he sold to the Western Province Wine Cellars and joined Oude Meester. But the lure of independence was strong and he soon acquired Robertson Distillers and Distributors. By the early Sixties, a cash-flush Pickard was able to expand his liquor interests with a daring JSE raid for 50% of the shares of Oudtshoorn-based Union Wine. He then flew to Oudtshoorn to claim board representation and was promptly installed as MD.

In the late Sixties, Pickard branched into meat retailing. He dreamt of establishing a quoted meat company which could capitalise on the new supermarket techniques. So he acquired 37% of the shares of Unie Vleis and, in the words of the *FM*, "looked around for more meat to fill Unie Vleis's skinny frame." Pickard settled on the Free State-based meat conglomerate Asokor, and won control after a bitter proxy battle.

The *FM* wrote of this drama: "Monday was a cold day in Bloemfontein, though conditions were a good deal warmer in Voortrekker Street's Totius Hall where after four hours of exhausting deliberation, the outcome swung in Mr Jan Pickard's favour. That Mr Pickard has gained this entry into the meat business is undoubtedly due to his having pushed as hard as he ever did in any rugby scrum."

Pickard later took over Unie Vleis when it became insolvent and steadily expanded his meat interests. He sold part of Asokor's interests to Kanhym in 1980 and, at end-1983, redeemed his outstanding interest in Kanhym at 1 440c a share. It must have been one of the best deals Pickard did. He bought Asokor for less than R1m and, in the end, cleared over R60m. Market commentators may think that Gencor was a charlie to pay 1 440c a share, considering that Kanhym's parlous state has marked down the share price to 320c, but Pickard reckons Kanhym has sound long-term potential.

㉚ FM 1/3/85

Of course, there have been mistakes, notably regarding supermarket retailing. Pickard turned down the chance to buy Checkers at 65c a share in a vain seven-year attempt to turn round the Jones canning group. And Pickard was one of the founding members of Pick 'n Pay, but got out to develop his bottlestore business. "Had I kept my holdings ..." reflects Pickard aloud. Anyway, "I said to Raymond, don't develop your own business, buy into one. But we're still close friends."

His beloved Bellingham wine estate gives him many happy hours, and these days Pickard has other interests as president of the Western Province Rugby Union and his membership of the President's Council to keep him occupied. "Running the Western Province's rugby team for the last three years has been a bigger satisfaction to me than ever making money," he says.

"Team spirit," reflects Pickard, "I believe in a lot of team spirit. You can't get to the top unless you have team spirit and loyalty."

Wessels would endorse that. He believes the world still offers boundless opportunities to a young entrepreneur keen to make his pile. In spite of recession, the world is getting more affluent and specialised, and Wessels thinks one can make money in food, hotels and tourism.

Concludes Venter: "Ambition and drive are contagious things. People are imbued with these qualities. They want to be successful."

Christopher Marchand

BLUE CIRCLE

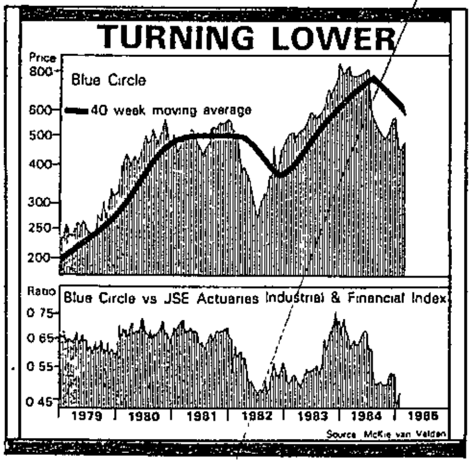
Concrete gains

Blue Circle's decision to concentrate future operations in cement has been justified by the figures. A reduced exposure to the engineering sector should mean a stronger position for the group throughout the recession and in the next upturn. The share holds sound long-term possibilities.

As shown by latest results from such companies as Group Five and LTA, prospects are deteriorating for building and civil engineering groups. It follows that these sectors' major suppliers are likely to be dragged downwards too. But a notable exception, so far at least, has been cement producer Blue Circle, whose earnings rebounded strongly after the group's asset base was restructured last year.

The restructuring relieved the group of its struggling engineering trading division, and profits for the year to end-November promptly recovered smartly, with earnings a share rising to 81,6c from 53,4c. However, given the uncertain economic outlook, the directors pegged the dividend at 38,5c, thereby lifting cover to 2,1 from the previous year's abnormally low level of 1,4.

Among other changes last year, the group bought a 45% stake in Darling & Hodgson's (D & H) materials division. In return, D & H acquired 8,7% of Blue Circle, which issued 2m new ordinary shares. This diluted Blue Circle Industries UK's control to 50,3% of issued share capital from 55,1%. However, D & H continued accumulating Blue Circle shares during the year, and its stake now stands at more than 30%.



Source McKie van Velden

When Blue Circle bought D & H's materials division — which supplies raw materials to the ready-mixed concrete industry — management said the intention was to gain "an investment in a wider spread of operations in the concrete industry." Financial director Angus Morrison tells me that the division's performance has "exceeded the group's expectations at the time of its acquisition," and he is confident that this will continue in the future.

The group's other major change seemed to be prompted by the poor performance of the engineering trading activities. Blue Circle realised that 1984 would be an extremely tough year and decided to concentrate its future activities in the cement industry.

As a result, all companies in that division have been disposed of, barring a part of Hubert Davies, which distributes earthmoving and mining equipment. The group relinquished various Hubert Davies franchises during the year, which sharply reduced this company's activities. During 1983, Hubert Davies suffered huge losses as demand for its products fell. With mining companies currently benefiting from the sliding rand, this could stimulate mining equipment sales.

Another reason for Blue Circle's decision to rid itself of the engineering trading operations seemed to be the poor returns the group was generating on its investment. In 1983, gross assets employed for the group were R329m, of which R123m, or 37%, were derived from engineering trading. This compares with cement-related assets of R169m, or 51%. And, while the non-cement activities were making money, there was no way that they could be compared to the profitability in cement.

The engineering trading investment generated R170m in turnover, or 57% of the group's total sales. Pre-interest profits, however, were only R3,2m, which represented 11% of the group's total. In contrast, cement turnover totalled R99m and this division contributed R23m or 77% of pre-

Financial director Morrison ... firmer foundations secured

Motor trade feeling full impact of squeeze

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ARGUS BUS 5/3/85

By **DEREK TOMMEY**
Financial Editor

THE motor trade is starting to feel the full impact of the squeeze on consumer spending.

Figures issued by Central Statistical Services show that its sales were significantly below the year ago figure in December and indications are that this situation was repeated in January.

Motor traders expected January sales figures to be about 8 percent lower than a year ago, at around R954,5-million. After taking into account the 13 percent inflation rate, this suggests that their sales in real terms have dropped by about 20 percent.

Figures for December showed that sales dropped to R1,04-billion from R1,1-billion a year ago — a decline of 5,1 percent in money terms — or about 18 percent in real terms.

While it has been clear from the new car sales figures that the motor trade is in a recession, these are the first figures to show fully the industry's plight.

BOOM AND BUST

For the motor trade 1984 will go down as one of boom and then bust.

It opened strongly with sales rising 48 percent. This trend continued in February, March and April and then, spurred by a huge bout of buying ahead of an increase in the general sales tax, sales soared in May by 57,2 percent to R1,24-billion.

In June they soared again rising 53,4 percent to a monthly record figure for the trader of R1,3-billion.

The public then started to run out of money and for the remainder of the year sales showed at the most only single figure percentage increases on the year ago period.

USED CARS

Sales for the full year totalled R13,1-billion, which was an increase of 22,7 percent on the 1983 figure of R10,7-million.

The latest detailed figures of the financial position of motor traders are for November. They show that revenue from the sales of new vehicles was 17 percent of the previous year's figure at R366,0-million.

However, revenue from the sale of used cars was only 9,3 percent lower at R172,1-million.

In sharp contrast workshop revenue was 29 percent higher at R141,5-million, and "other" trading revenue, which includes sales of spares and petrol, was 17,7 percent higher at R392,5-million.

Sanlam earning high returns from property

Cape Times 6/3/85

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By PAUL DOLD
Financial Editor

SANLAM'S net property income from existing developments rose by more than 15 percent in 1984 as a result of a policy of concentrating on short-term leases, the pension report discloses today.

A significant number of contracts expired in 1984 and Sanlam was able to conclude new leases at considerably higher rentals than were possible a few years ago.

"In addition vacant space in our property portfolio is negligible in spite of the over-supply of space which is developing."

Developments

As at the end of 1984 Sanlam was involved in R300m new developments. A substantial part of the projects are let.

Sanlam has been taking advantage of current exceptionally competitive tender prices to launch new projects and extend existing properties.

The projects, some of which have recently been completed or are close to completion include:

- A R37m Cape Town office block which has been fully pre-let and a R30m Pretoria office tower.
- Enlarged shopping centres in Empangeni (R11m), Parow (R17m) and Durban (R17m).
- A new R15m Welkom shopping centre with Checkers as the main tenant.
- Shopping centres at Shelley Beach and Kingsburgh totalling R20m.
- At Louis Trichard developments included a R9m shopping centre with the OK Bazaars as the main tenant.

Office market

With the office market in over-supply Sanlam says it has approached this market with caution and projects have been pre-let where any doubts on the viability existed.

On shopping centre developments care has been taken not to create a flood of shopping space and has instead concentrated on areas with growth potential. Major tenants are secured before development is undertaken.

Sanlam says the major trend over the past few years was a concentration of the portfolio in the Transvaal which the group regards as having the best growth potential.

The flat component has also been reduced due to the unattractive returns.

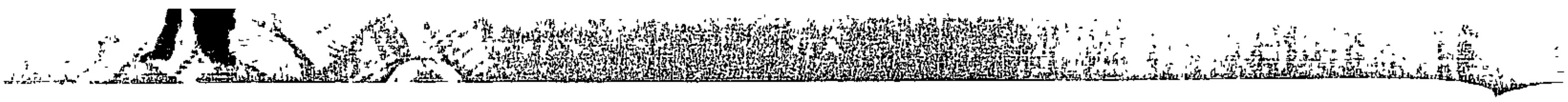
The group is tending to develop larger units to limit overheads and the tendency is expected to continue.

In 1984 about one fifth of cash flow was invested in "high class" property for clients. Some two-thirds flowed into lease-backs and one third into new property developments.

In share investments in the 1984 financial year, Sanlam says it further refined the portfolio replacing shares with poor growth prospects.

Selective purchases were made of shares with growth potential while rights options were exercised so that the group received compulsory convertible preference shares or debentures which in the hands of tax-free funds are more attractive.

In the year part of Sanlam's gold share holdings were sold as it considered gold share prices to have risen to unrealistically high levels in proportion to the gold price in rand terms.



not so bad, he would not have needed sell it at a discount.

"In fact, I would have been jubilant at its alating value because of the rand."

However, the overriding need now is for h flow, and only a retail outlet with Fac's pull could buy on this scale. "The usu- retailers are too small and couldn't ord it."

GETTING TOGETHER

Talks which could lead to a merger between the world's largest accountancy practice, Arthur Andersen & Co, and the SGV Group have opened in Geneva.

Arthur Andersen, represented in SA since 1966, has 176 offices in 45 countries, and Manila-based SGV is made up of the leading professional services firms in East Asia.

The two groups have worked closely together for 30 years, and the talks aimed at co-ordinating the practices should be completed in the next six months, says Arthur Andersen managing partner and chief executive officer Duane R Kullberg.

The practice's country managing partner in SA, Barry Adams, tells the *FM*: "The arrangement will enable us to extend our services in East Asia."

THE JOCKEY CLUB
More horse sense

The Jockey Club has at last agreed to relax some of its archaic syndication rules. From now on, South Africans will be able to own a smaller part of a horse — the maximum number of syndicate members will be increased from 10 to 40. Furthermore, members will be permitted to join more than 10 syndicates, the former limit.

The club appears to have bowed to pressures from owners who want to spread their risks by owning a share in a greater number of horses. Syndicate members don't need colours, as long as their syndicate nominee (controller) has open colours.

Many expensive SA horses have had to be sold overseas because individuals or SA syndicates couldn't afford them. Now, syndicates with no less than four members and no more than 40 will be able to buy.

Another change is that private limited liability companies with not more than 10 shareholders or close corporations (which can't have more than 10 members) will be able to own horses jointly.

Thoroughbred Services' John Freeman, who says he and breeder Sir Mordaunt Milner were instrumental in updating the rules, reckons the changes will boost SA's racing industry.

"Breeders will be able to invest more in breeding stock, and I expect an upgrading in the class of brood mares in SA. Owners will be able to pay more for horses, and breeders will thus have more money to upgrade their stock," he says.

He also hails the decision to allow syndicate nominees to operate in more than one syndicate, as well as the decision to allow more people without racing colours to become syndicate members. To qualify for colours, owners merely have to prove they are financially sound; requirements for open colours are more onerous.

However, there's one hitch: registration fees are hiked from R300 to R750 a syndicate — no matter how many members the syndicate has.

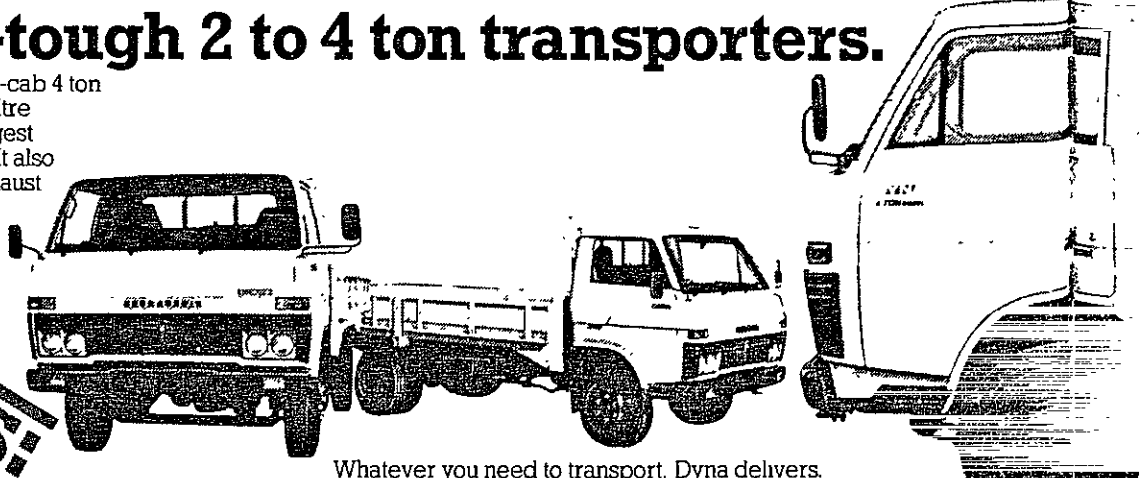
According to Jockey Club secretary Colin Biddington, the higher fees are in line with increased running costs. "Most fees have been increased. These include individual colours (from R200 to R300), and partnership colours (from R250 to R400), as well as other registration and trainers' fees."

CBD CINEMAS
Open season

(30)

FM 8/3/85

Government's go-ahead, in principle at least, for multi-racial trading in the central business districts (CBDs) has come as music to the ears of SA's R80m year — at the



FM 8/3/85 (30)

box office — film industry.

This week UIP Warner, Satbel film arm Ster-Kinekor and CIC theatres made a joint submission to the Department of Constitutional Development and Planning to allow certain CBD cinemas to be opened to all races. Satbel MD Etienne de Villiers says Johannesburg and three other metropolitan areas will be the yardstick by which to gauge success.

For years cinema groups have lobbied government on multi-racial issue, but lacked the clout to secure any meaningful changes. But this time round, the path has been smoothed by the Johannesburg CBD Association which is at the forefront of the battle for open trading in city centres.

But government is unlikely to commit itself to a decision on cinemas alone until legislation on non-racial trading in CBDs *per se* is passed — promulgation of the measure awaits the State President's signature.

But delay is causing concern. The industry has pointed out that as the external disinvestment lobby gathers momentum, the creation of multi-racial CBDs becomes more important. While not addressing the basic apartheid issue, it is held that the move would at least be highly visible internationally.

The fear is that continued cinema segregation could pressure US film majors specifically into reviewing their SA distribution policy. Certainly the local industry is taking the possibility seriously. A straw in the wind was the recent release of Norman Jewison's *A Soldier's Story*. Jewison attempted to influence the US studio not to release the film in SA because of its lack of multi-racial cinemas.

Change needed

UIP Warner MD Tim Ord says the "unhappy statistic" that 20% of the population has exclusive rights to 80% of the country's screens must be changed. Says Ord: "Multiracial CBD cinemas will be instrumental in correcting this unreasonable bias."

He adds that the white filmgoer in Johannesburg has, on a *per capita* basis, the world's largest selection of screens. But Soweto, with a population of around 1,5m, boasts only two cinemas and is the worst served for movie houses of any urban area.

Ster-Kinekor MD Philip MacDonald talks of the commercial advantages. He says the increase in black spending power has created demand for the sort of entertainment which has traditionally been the preserve of whites. "With tickets double the price of township seats," he says, "simple market forces will determine who can afford to come into CBD cinemas."

However, for years cinemas in central Johannesburg have been unable to exploit their full potential because suburban cinemas have drawn audiences out of the area. "By opening cinemas to all races," says MacDonald, "we can reverse this drift and significantly boost ticket sales."

The irony, however, is that CBD cinema owners could well lose white custom when their movie houses go non-racial — but at least for whites in the suburbs and blacks in the townships segregation becomes a matter of choice.

MEAT BOARD

Meat FM 8/3/85

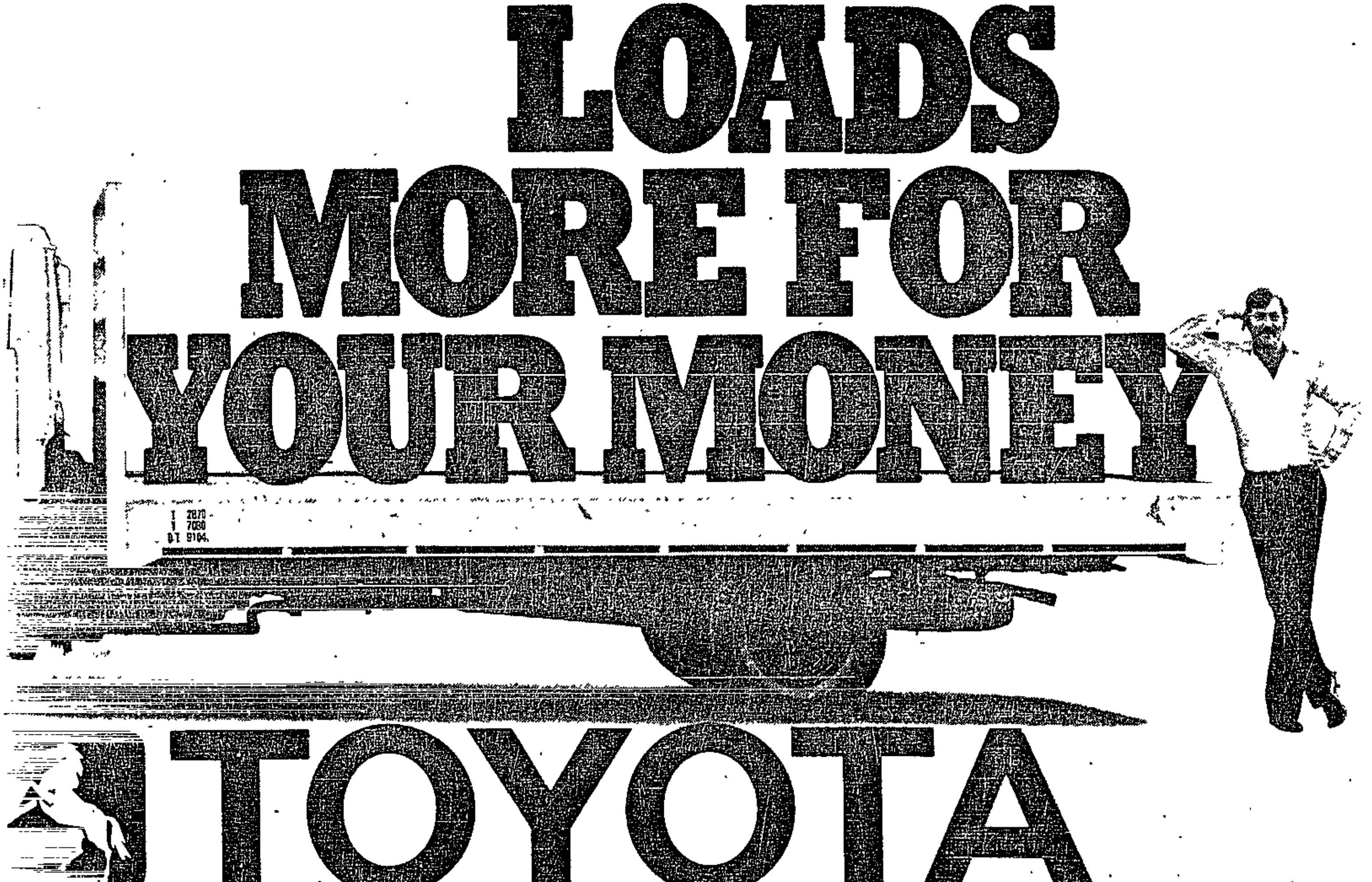
Butchers' block

The battle for domination in SA's R4,3 billion red meat industry is intensifying after a government decision to prevent the Meat Board (MB) from extending its control in the western Cape.

Agriculture Minister Greyling Wentzel's decision in favour of the Federation of Country Retail Butchers can be interpreted as a watershed in SA's "meat politics."

Government's 1984 White Paper on agriculture contained guarded support for free market principles and Wentzel's decision could herald stronger and more practical government support for this philosophy throughout the industry.

Frans Roelofse, chairman of the action committee of the federation, which represents retail butchers outside the MB-controlled urban areas, says he is heartened by



Clicks beats recession with profit increase

30

Cape Times 8/3/85

By PAUL DOLD
Financial Editor

CLICKS STORES beat the recession with a 16 percent rise in attributable profits and is one of the relatively few retailers to increase its interim dividend.

Sales rose more than 20 percent in the first six months to R8,4m producing trading profits which were 11 percent up at R6,9m.

Taxed profits were R3 480 000.

The 49 percent share in Diskom added another R59 000 with attributable profits totalling R3 539 000 — a 15,5 percent rise on the previous year.

Earnings per share were 17,7c (15,83c) and the interim dividend is 6c as against 5,5c.

Clicks paid a total of 12,75c last year.

The pyramid Clikdin has declared a 2,85c (2,60c) dividend — a 9,6 percent rise on the previous year.

The results underscore Clicks' outstanding management: The chairman, Mr Jack Goldin, says trading conditions were extremely difficult in the six months and he expects conditions to worsen.

Clicks chairman, Mr Jack Goldin . . . excellent results and a bullish forecast.

Nevertheless Clicks is forecasting a similar profit rise in the second half.

Stockholdings have clearly been tightly controlled in the half year, continuing the 1984 trend and the interest bill has been negligible.

Mr Goldin said last night that trading in January and February was encouraging with sales more than 20 percent ahead of last year but thus far March turnovers have been disappointing.

The group is launching an intensive marketing campaign using both Television and print media in coming weeks.

Mr Goldin feels Clicks, which sells basic toiletries and gifts, is likely to increase market share in the recession.

Costs are being well held by new productivity programmes and the group has sufficient margin to cut prices considerably in the very competitive trading climate.

A minimum of six stores will be opened this calendar year but *only two in the current* financial year. These include several new Transvaal branches. There are currently 55 Clicks branches and 15 Diskom stores.

Today's interim statement discloses that 50 percent stake in Priceline an Australian toiletries chain cost R1,4m.

Mr Goldin recently re-

To page 9

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Star

30

14/3/85

Govt is urged to aid small business

By Michael Chester

The Small Business Development Corporation has urged the Government to create a national network of free trade zones. The corporation believes that, by eliminating red tape in these free zones, new factories will spring up and unemployment will be reduced.

Dr W B Vosloo, the corporation's managing director, believes the primary aim should be to allow entrepreneurs to escape the tangles of regulations that often hinder the launch of small business enterprises.

Bureaucracy and restrictions inside the special industrial complexes should be stripped or kept to a minimum to give freedom to private enterprise.

The proposals have three main objectives:

- To cut red tape for new small business ventures.
- To check the growing burden on taxpayers who finance the cash incentives offered under the formal decentralisation programme.
- To create thousands of new job opportunities.

The proposals are assured of a warm welcome by economists who have long been pressing the Government to loosen the reins that have held back the huge potential of the informal sector — backyard businesses running on an unofficial basis.

Progress

Dr Vosloo outlined his proposals at a conference called by the Manpower and Management Foundation to review progress with the industrial decentralisation programme which, he estimated, had attracted about R4 000 million in investments to start new business ventures in the development zones and created 128 000 fresh job opportunities since incentives were enlarged in 1982.

He forecast that the cost of the incentives offered by the Decentralisation Board was likely to soar as high as R500 million in the 1985/86 financial year that begins next month.

He is convinced that increasing emphasis should be on dangling cash carrots to encourage the launch of small firms in particular. He calculates that the cost of creating a single new job in a large sophisticated enterprise now amounts to between R99 000 and R120 000 while the cost to small ventures often shrinks as low as R120 to R10 000 per job.

Potential

The potential of the small business sector in tackling unemployment problems was also underscored at the conference by Dr D Mullins, director of Central Economic Advisory Services, an arm of the Department of Constitutional Development and Planning.

He advocated that South Africa take note of trends overseas:

- In the US, as many as five million out of a total of nine million new jobs that emerged between 1969 and 1976 were created by small businesses.
- In Hong Kong, 35 000 firms — or 92 percent of all businesses — had fewer than 200 employees but, among them, employed two out of every three workers in the overall labour force.

R30m fund for small business

㉚ E. Post 13/3/85

By LOUIS BECKERLING
Business Editor

SMALL businesses in the Eastern Cape have been urged to take advantage of the R30 million aid fund established by the Small Business Development Corporation.

Mr Arnold Greyling, SBDC manager in the Eastern Cape, said today the scheme had been launched earlier this month in response to the predicament in which many small businessmen currently found themselves as a result of the depressed economy.

An amount of R30 million granted to the SBDC by the Government, said Mr Greyling, would be employed to provide short-term bridging finance at low rates of interest. However, certain conditions would have to be met.

Key features of the scheme are:

- Bridging finance facilities available for amounts of up to R50 000.
- The rate of interest will be 10% for the fixed period of the loan.
- Maximum period of the loan will be 36 months.
- Advisory services such as economic viability studies, financial management consultations, and other specific management consultations will also be available to applicants under the Aid Fund scheme.

Managing director of the SBDC, Dr Ben Vosloo, said the scheme had been launched to aid small businesses suffering from a sharp downturn of sales.

"Since the imposition of stringent Government monetary measures in 1984, many small businesses have suffered from such a downturn in sales.

"At the same time operating costs of small businesses are being pushed to unprecedented high levels due to high interest rates and massive increases in the costs of transport and utilities.

"These developments have resulted in thousands of small businesses experiencing serious cash-flow problems at the present time."

Dr Vosloo said unless assistance was provided as a matter of urgency these pressures would combine to force many small businesses into liquidation "adding to the growing army of unemployed in South Africa".

Dr Vosloo pointed out that since the fund was not unlimited, certain criteria would be applied when assessing applications for aid.

The test which would be applied in coming to a decision would include the following conditions:

- The business must be considered to be financially viable in the long-term "which means that the financial problems experienced must be of a short-term nature emanating from the current exceptional economic measures and circumstances".
- The contribution by the applicant to employment will be taken into consideration.
- Applicants must also have exhausted all the normal financial facilities available in the open market.
- The business must be owned and managed independently.
- And gross assets should not exceed R750 000.

In the case of companies or close corporations, assistance will only be provided where the owners or shareholders have provided personal guarantees and "speculative transactions" will not qualify for finance.

Trade activities must be within the rand monetary area and the clients should have a bank or savings account facility. Financing of farming activities "can only be considered when products are processed for marketing purposes".

Dr Vosloo appealed to small businessmen to apply for help through their banks since this procedure "will bring about the quickest possible conclusion to an application.

"In addition, applications must be submitted on the specific application form, which is available from local bank managers."

CAPE TIMES 8/3/85

Khan re-elected as WCTA chief

Staff Reporter 30

THE former chairman of the Western Cape Traders Association (WCTA), Mr Dawood Khan, was re-elected chairman of the organization at its annual general meeting last week.

Mr Khan was expelled from the organization last year after allegations that, while he was chairman, he had left the country at a crucial period in the WCTA's fight to prevent agricultural land in Ottery being rezoned as a white business centre.

At the time of his suspension and expulsion, it was also alleged that Mr Khan had written a letter without his executive committee's approval which had delayed the sequestration of a former City businessman who had subsequently left the country.

In his acceptance address, Mr Khan thanked the WCTA for having the confidence to re-elect him to his former post.

He called for the unconditional release of Nelson Mandela and the unbanning of the ANC.

Mr Khan appealed for the government to hold a round-table conference with "the real leaders" of the country to "avoid bloodshed".

He said he would continue to address the social, economic and political issues of the day to "ensure a fair share for all".

Pepkor sales up 30% — Monatic back in profits

30

By PAUL DOLD
Financial Editor

Cml Times 23/3/85

PEPKOR sales are running more than 30 percent above year-ago levels and margins have not deteriorated, the chairman, Mr Christo Wiese, said yesterday.

The major men's clothing producer — the House of Monatic — which has run up heavy losses over the past few years, has made a strong recovery under Pepkor's management.

"Monatic has traded extremely well both sales and profit wise in the past year and we are anticipating a good year in 1985/86."

Order books

Mr Wiese adds that order books have been closed for the 1985/1986 financial year with the factory sold out for the "summer 1985" season.

Winter 84 sales rose by 50 percent and 1985 sales were also 50 percent higher.

Some 90 percent of Monatic's sales are to outside customers with only 10 percent of production destined for Pep's own stores under house brands.

Pep's sales rise has occurred across the entire group with the exception of a small durable division which has been affected both by a slide in consumer spending and store renovations.

Ackermans' sales had not quite reached expectations but the group has been successfully rationalized into Pep in a short period. Ackermans' sales prior to the takeover by Pep were highly volatile and it will take some time to build a stable turnover pattern for forecasting purposes.

Shoprite, the food retailing arm is trading well and the Pep factories both vertical and horizontal have improved sales.


Mr Christo Wiese

Mr Wiese says the buoyant sales trend is due to a re-organization of Pep:

"We sharpened our marketing approaches at the end of 1982 and decentralized management. The benefits are now being seen."

Recessions have also traditionally been kind to Pep with consumers trading down and it requires a really massive fall in consumer spending generally to impact on the group. Pep's main clothing competitor is the OK Bazaars.

Pep is preparing to considerably expand exports but Wiese adds is taking care not to over extend its foreign exposure.

Pep has the cost benefit of vertical integration and with a large base volume is immune to the isolated shocks in export markets which have recently buffetted some South African manufacturers.

A deal recently concluded with a UK company is for 1 000 pairs of trousers a day on a cut-make-and-trim basis. The additional investment required for Pep to gear for the order was only R78 000 and 60 more staff onto a total of 2 500.

Exports

Apart from limiting the percentage of production for export Wiese is adamant that exports must be viable at a much higher rand—dollar rate.

Exports are projected to rise from R1,5m in 1984/1985 to R10m this year with Britain and the United States the main markets.

Clothing sold includes, shirts, underwear, trousers and footwear.

Within five years exports could reach R30m.

On the group's forex position, Mr Wiese says all exchange transactions are now fully covered and Pep will remain covered until there is greater clarity on the market trend.

The maximum realizable loss has been provided for although the loans can be rolled over indefinitely.

He makes the point that Pep scored heavily two years in succession from utilizing far cheaper foreign borrowings although the fall in the rand the past year led to losses.

Pep's gearing is also improving with the board aiming at restoring debt — equity to a 1:1 ratio. The annual report will list the new gearing objectives.

Considerable benefits are expected from the fall in South African interest rates as borrowings total more than R100m.

Liquidity will also be strengthened by improved stockturn and dividend cover is likely to remain targetted at 2,5 times.

Expansion

Actual cover depends on where expansion takes place — in a low cover area like retailing or in manufacturing which would require a more conservative ratio.

Mr Wiese says Pep is looking at a number of acquisitions but has definite financial criteria and any takeover will have to meet these objectives.

While at one time there was speculation whether Pep would switch Ackermans stores into Pep's livery, the group has now firmly decided that Ackermans will remain as is — in effect the new Metro-Pep.

With Ackerman's stores in plum sites, this seems a wise decision. One of the Metro-Pep's in lower Eloff Street has not come up to expectations due to the location of the store and also the size.

Small dealers — and a few giants — blackball 'horrible little Bill'

50

S.Star 24/3/85

Blast for coal control

Jasper Mortimer

SMALL coal merchants are waging a powerful campaign to stop the controversial Coal Resources Bill being steamrollered through Parliament.

They are pinning their hopes on rejection by the House of Delegates. The fate of the entire coal industry — which earned R2 000 million in foreign exchange last year — lies in the hands of 45 Indian MPs.

The "horrible little Bill", as the PFP's Brian Goodall calls it, confers all-embracing powers over the price, production, sale and export of coal on the Minister of Mineral and Energy Affairs.

This week the National Party swept the Bill through its second-reading debate in the House of Assembly and a similar clear passage is expected in the House of Representatives. But in Natal 20 small coal merchants called the Coal Dealers (Pty) Ltd are trying to persuade both parties in the House of Delegates to oppose the legislation.

"We want the Bill to be scrapped," Coal Dealers chairman A H Limalia, told The Sunday Star.

On Tuesday Mr Limalia, who owns the firm Elrays, and Mr B Ramlall of Singh's Wood and Coal in Durban, met Mineral and Energy Affairs Minister Danie Steyn in Parliament. Also present were the chairman of the Council of Ministers and National People's Party leader, Mr Amichand Rajbansi, and more than 20 Indian MPs including Mr Y Mullah, who stood in for opposition Solidarity Party leader Mr J N Reddy.

"No final decisions were made," said Mr Limalia of the meeting, but he expects representatives of both parties to confer with him before the Bill is debated next week.

If the House of Delegates rejects the Bill, then it will most likely be shelved. Although President Botha could refer the Bill to the President's Council, where the NP majority would push it through, observers believe he would be reluctant to do this when trying hard to create the image of "consensus" politics.

"The President will only refer essential items to the President's Council," said one. "Once he uses that option, he exposes the tricameral system for what it is — loaded in the 'Nats' favour. He won't want to do that at this early stage."

Mr Limalia and Opposition energy spokesman Brian Goodall oppose the Bill because its "incredibly far-reaching powers" will allow the government to interfere in every aspect of the industry. The Bill also flies in the face of the 1983 report of the Competitions Board which recommended that State control be phased out and free enterprise allowed to prevail.

The government's record in fixing coal prices was disastrous, said Mr Goodall. "The interests of the consumer would be better served if there were more competition and less government interference."

The Bill has also been attacked by giants such as Assocom and the Transvaal Coal Owners' Association, whose 21 collieries include those of Anglo American and Gencor.

The Department of Mineral and Energy Affairs claims the Bill is necessary to ensure the orderly supply of coal to all consumers. The Bill's memorandum says the Competitions Board report was accepted only as an objective and could only be implemented "when a combination of circumstances makes this possible."

Business Day

ROM 26/3/88 ㉚

Urgent need for black managers

Financial Reporter

BY the year 2000, 77,4% of South Africa's economically active population will be black, so it is imperative that more blacks are placed in managerial positions.

This is the view of Mr Stephen Black, director of the centre for developing business of the Graduate School of Business Administration of Wits University.

Mr Black says in an article in the latest issue of Mandate, the official journal of the Manpower and Management Foundation, that by 1990 the shortfall of skilled people will be 1,33-million.

The skilled labour force must increase at 3,2% a year to maintain a 5% growth in gross domestic product.

This is the minimum to prevent severe unemployment. Whites can provide a maximum of 1,4%.

The skilled and managerial component of South Africa's economically active population is 5,5%, compared with 14,7% for the UK and 24,7% in the US.

Between 1980 and the year 2000, South Africa will need 210 000 additional executives. Only 46 000 can be provided by the white labour force.

There are problems associated with black advancement:

- Blacks are seen as a threat by white managers;
- Blacks have inadequate educational qualifications;
- Companies and whites are often not committed to the task of black advancement, either through neglect or lack of confidence or conviction.

Mr Black prescribed the following action:

- Individuals with potential must be identified and career plans established that include job experience and training;
- After careful preparation of a job description, performance standards and key performance areas must be established;
- Individual training programmes must be designed to meet the requirements of a designated job.

CAPE TIMES 27/3/85

Black managers in CBDs?

Political Staff (30) ~~[illegible]~~ ~~(80)~~ ~~[illegible]~~

PARLIAMENT. — Amendments to the Blacks (Urban Areas) Consolidation Act are likely to be made during this session to allow non-white managers to be in charge of businesses in white areas.

This was revealed yesterday by the Minister of Constitutional Development and Planning, Mr Chris Heunis, in reply to a PFP question.

Baqwa ... ensuring centenary projects benefit Soweto

WILBY BAQWA

30

Festive spirit

Wilby Baqwa has been seconded from his position as public affairs executive at Barlow Rand to act as public affairs adviser to the Johannesburg Centenary Festival Association (JCFA).

Baqwa (61) explains: "I thought I could assist in ensuring more black input. In the absence of such input, the centenary would perhaps not have the benefit of black participation or inclusion."

He's very much involved in the arts, and has his own choir, the Wilba choir in Soweto, and he's chairman of the trustee of the African Institute of Art. He has acted as secretary of a black soccer association, and has travelled extensively overseas. He is also chairman of the Market Theatre management committee.

"I was keen to learn how a theatre is run, and very much influenced by the friendship of the first American black I met, Dr Leonard DePaur, president of the Lincoln Arts Centre. He has a well-thought-out ideology about the benefits of theatre to deprived sectors of society," Baqwa says.

Soweto, he adds, has a number of talented performers, and "if the centenary could result in Soweto getting its own theatre off the ground, I'd be happy. After all, it's very much part of Johannesburg — one of my functions will be to ensure that centenary projects spin off to benefit Soweto."

Born in Modderfontein and schooled in Pretoria, Baqwa has risen from an early position as a clerk to Barlow Rand's industrial relations department, and thence to his position as public affairs executive. He attributes this to a sense of direction, interest in psychology (he has co-edited a book on behaviour in organisations) and luck. "And I've tried never to act arrogantly, to be above the next person; but as their equal."

Baqwa is a firm believer in the free enterprise ethic: "It's vital that all communities understand that the organisation of the JCFA is based on non-racial private enterprise principles." He's articulate with a strong personality, and is bound to make his mark on the centenary programme. ■

Cape Times 30/3/85

City traders welcome extended shop hours

(30)

Staff Reporter

MOST traders yesterday welcomed the choice of being able to open on Saturday afternoons.

They were reacting to a City Council decision on Thursday to scrap the half-day closing order on shops within the municipal area, allowing them to open on Saturday afternoons.

City retailers and business organizations said extended shopping hours would give them greater flexiblity but they were proceeding cautiously before opening their shop doors.

Viability

Mr Geoff Sonnenberg, chairman of the Central Business District Retailers Association, said: "In Adderley Street, most traders will be considering carefully. Once they have tested the water, possibly by opening suburban branches, it could be that they will extend shopping hours."

He said it was unlikely that large numbers of shops in the City centre would be open today or next week, as most retailers would wish to study the viability of the change.

Mr Brian Frost, a senior executive for Woolworths, said his company would give serious consideration to extending shopping hours but a decision would take a while. He said Woolworths' Mitchells Plain store would be open until 5pm today.

The director of the Chamber of Commerce, Mr Brian MacLeod, said the chamber had been pressing for this move for a long time.

The chamber believed there was great merit in the extended hours.

"The public will be better catered for. The strain formerly placed both on shoppers and shop assistants by having to get shopping done on Friday evening or Saturday morning will now be reduced, benefitting both shoppers and assistants," he said.

A spokesman for Garlicks said his company supported the change in the regulations as it allowed businesses the freedom to choose if they wished to open or not.

"But that does not necessarily mean we will stay open for all the hours we can. We haven't taken a decision yet," he said.

Group decision

He said retailers in the City centre would probably discuss the matter as a group. "A decision like this can't be taken in isolation."

Mr John Barry, regional manager for Pick 'n Pay, said: "We are very thrilled. This is a step in the right direction. It gives shops the opportunity to decide where and when Saturday shopping is needed."

He said Pick 'n Pay would be opening its Mitchells Plain and Milnerton stores until 5pm today. "We have considered our workers. They will not be working longer hours. We will be taking on extra staff, which helps to deal with unemployment and offers jobs to people who need flexible working hours."

Mr Hugh Mathew, managing director of the Foschini group, also welcomed the flexiblity given to retailers but said he was skeptical as to whether increased shopping hours would increase sales.

"If that was the case shops would simply stay open 24 hours a day to increase their profits," he said.

Mr Len Clench, Western Cape director of Checkers, said his company was very happy with the new move. He said Checkers would open 16 stores until 5pm today.

- A number of Peninsula municipalities have not yet taken advantage of the new legislation allowing them to lift the half-day closing order on trading.

Although the Fish Hoek Town Council decided in January to scrap the closing order on shops within its municipal boundaries, neither Simon's Town nor Pinelands have even considered the matter.

Pick 'n Pay sales leap 22% to R1,8-bn

By PAUL DOLD
Financial Editor

Cape Times 30/3/85 (30)

MR RAYMOND ACKERMAN'S Pick 'n Pay, thrusting aside the recession, pushed sales nearly 22 percent higher to R1,8 billion in the year ended February and trading profits spurted 15,8 percent.

Once again the dividend is being raised — this time by 16 percent in line with operating profits — for a total of 83,5c and the group is forecasting further profit growth this financial year.

The sales of R1,8 billion generated trading profits of R59,2m (R49,7m) and total pretax profits were R63,6m as against R54,9m.

Tax rise

The increase in company tax slowed the post tax rise with attributable profits at R33,5m (R31,5m).

Earnings per share were 171,2 (160,6c).

Dividend cover has been pared from 2,20 to 2,05 times but is well within the corporate objective of a minimum of a twice covered payout.

Income from unlisted investments was down at R4,4m (R5,2m) due to a store owning subsidiary retaining profits for store development.

"We are thrilled ... it was very tough going," is how Mr Ackerman described the results last night.

But while the profits are historic, they mask a superb management performance and should herald sharply higher earnings in the current year.

Firstly, the return on sales was a 'handsome 3,25 percent only a shade down on last year's 3,31 percent, which is an outstanding achievement given the recessionary climate and the aggressive discounting.

Incredibly stocks were held at slightly below the year-ago levels in spite of a 22 percent leap in turnover which not only helped maintain margins but explains why this share is keenly bid on a two percent dividend yield.

Scanning

The startling disclosure at last night's press conference is that both the managing director, Mr Hugh Herman, and the financial director, Mr Chris Hurst, believe that scanning to be introduced in South Africa from mid-year will boost net margins by at least half a percent.

On a gross margin level this would be at least one percent but taking the half a percent figure the net saving could amount to R10m in a year.

Apart from economies due to more efficient labour scheduling, scanning will allow improved stock control, supplying up to the minute details of sales and inventories.

Managing director Mr Hugh Herman is confident that if Pick 'n Pay is trading so well in the current depressed climate, sales should show a sharp lift off once the economic recovery is underway and discretionary consumer income improves.

The scanning operation has recently be introduced into the group's first hypermarket in Australia with success.

Market share

Having created the most efficient food chain in the country which boasts low mark-ups, Pick 'n Pay is steadily gaining market share with the latest research indicating at least a 40 percent market slice nation-wide with the Western Cape stake some 51 percent.

Once again the hypermarkets — Raymond Ackerman's phenomenal mass retailing arm — had outstanding trading with non-foods sales holding up remarkably well.

The Australian hypermarket is achieving budgetted sales of R1m a week and as already announced plans are underway for a second store. Two sites have already been secured.

Comment: The share is an outstanding investment particularly in view of the likely benefits from scanning.

Even without a contribution from Australia — dividends should flow in two years' time — Pick 'n Pay continues to show impressive organic growth.

This is taking place in spite of a determined and well financed attack by a major competitor.

Pick 'n Pay's share price can be expected to move up on these excellent results and the share must be high on institutional buying lists as demand for industrials increases in the weeks ahead.

● The holding company Pikwik had earnings per share of 41,29c (35,60c) and is paying a total 41,30c (35,60c) dividend.

Unless otherwise stated, all financial news in this issue was compiled by Paul Dold and subedited by Godfrey Heynes.

These are the first Krupp Kubria crushers to be locally manufactured in South Africa by Dunswart Heavy Engineering in terms of a licence agreement with Krupp South Africa.

'Realistic price' for Sandton store

COM

30

[illegible]

2/4/85

Greatermans gets Stuttafords

By BERENICE MARGOLIS

GREATERMANS, a subsidiary of the Kirsh Trading Group, has acquired Stuttafords, Sandton City.

This was confirmed yesterday by Mr Mervyn King, deputy chairman of Kirsh Trading.

He would say only that the acquisition was made at a "realistic price" and that the Kirsh Group had taken over Stuttafords' eight-year lease.

The managing director of Stuttafords, Mr Graham Beck, could not be reached for comment yesterday.

Mr King said his company was not interested in acquiring the Stuttafords operation in Cape Town.

"Greatermans' Eastgate store has a successful management team and the managerial complement will be not be increased with the new acquisition. Stuttafords and Greatermans will be managed jointly."

Mr King, who declined to put a figure on the purchase or the manner of its financing, said that Stuttafords' upmarket image would be enhanced by Greatermans' Eastgate store.

"It has a nice image and there are no plans to change the merchandising concept or store layout, but for the next week or two we will be looking at staffing and stock."

In 1978 Mr Graham Beck, a coal magnate, took full control of Stuttafords, with its six department stores, from the ordinary shareholders in an R11,7m deal. Preference shareholders were bought out for R800 000 and shortly thereafter Stuttafords was delisted.

At the time, Mr Beck said each store had to be a profitable entity.

There is speculation that Mr Beck, the sole owner of Kangra Holdings, is divesting himself of his non-coal mining interests.

He has considerable coal interests in both the domestic and export markets and is at present buying out minority shareholders in Natal Coal Exploration, which he controls.

In 1981, Stuttafords sold Stutvans, its transport operation, to Clicks for R1,5m cash, and two years ago Mr Beck sold Stuttafords' Durban store to the Cape-based Garlicks chain for an estimated R15m.

More than R2m had been spent on refurbishing the Durban branch of Stuttafords, one of the city's historic landmarks.

More recently, Stuttafords, in the Rosebank Mall shopping centre in Johannesburg, was closed, apparently because of lack of business for the branch.

The takeover of Stuttafords by the Kirsh Group is the latest in a string of acquisitions which include a majority shareholding in Dion, the retail discount chain.

For the year to December, the Kirsh Trading Group showed an attributable loss of R864 000. In his interim statement, Mr Natie Kirsh said the outlook for the second half of the financial year to June 1985 would deteriorate further.

The group has raised R31,3m since December 31 through the sale of some of its properties.

KTG's interim results were hammered by the restrictions on hire purchase and high interest rates, in addition to the cost of Checkers' rapid expansion and KTG's absorption of R3,17m of the R14m foreign exchange loss sustained by Dion.

Mitchells Plain shop is Pick 'n Pay's best performer

ARGUS
2/4/85

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PICK 'n Pay's supermarket at Mitchells Plain turned in the group's best performance last year and forecasts a "conservative" 25 percent increase in turnover this year after a 35 percent boost in sales for 1984.

Earnings jumped by 74 percent to R326 000, an improvement far ahead of Pick'n Pay's Stores' profits.

A 16c interim dividend raises the total payout by 25 percent to 25c, with the dividend twice covered by earnings — slightly better than Pick'n Pay's.

"We are now considering a second store for Mitchells Plain, which has the best growth prospects in the Western Cape, and we believe it could support another store," says Pick 'n Pay's joint managing director, Mr Hugh Herman.

"Obviously we are alert to the prospect and if anything crops up we will certainly consider it. Mitchells Plain has proved itself."

Pick 'n Pay is also looking elsewhere in the country to open supermarkets on a similar partnership basis

41 CHECKOUTS

The store increased its trading area by 25 percent and with 41 checkouts — the highest number in any supermarket — has reached capacity, with no space for expansion.

The store opened almost five years ago and most of the local population are seeing an increase in disposable income, having paid off a lot of their heavy HP purchases incurred in moving into a new home, said Mr Herman.

This company now owns the supermarket property. Its surplus funds have been pooled with Pick 'n Pay's millions to earn a higher rate of interest.

Half the shares are owned by the coloured community and are now changing hands at up to R5 a share compared with the issue price of R2 five years ago, says Mr Chris Hurst, finance director. Average price is between R3,40 and R5.

The number of shareholders has dropped from the original 1 000 to about 800 as investors increase their shareholding.

"There are few sellers and a number of keen buyers," he added.

Mr Herman disclosed that Pick 'n Pay will will open supermarkets "selectively" for Saturday afternoon trading from this month in the Western Cape.

First to open was the Mitchells Plain store, which also opened until 7pm on Thursdays and Fridays to suit the convenience of people in the area.

"The existing staff are not working any longer but we have employed more people and provided more jobs.".

The first to open outside a coloured area, at Milnerton on Saturday, resulted in a very high turnover, drawing shoppers from a wide area, he said.

However, some local authorities, including Bellville and other northern municipalities and the Cape Divisional Council, were against Saturday afternoon trading.

This meant that the huge new Tyger Valley shopping centre, the largest in the Western Cape, would be closed on Saturday afternoons. Other new stores at Constantia and Ocean View were also not allowed to open.

Tom Hood

Business Day

4/4/85

Stuttafords sale an outright cash deal

R20M [illegible] 30

By BERENICE MARGOLIS

THE sale of Stuttafords (Sandton City) to Greatermans, a subsidiary of the Kirsh Trading Group, was an outright cash deal, according to Mr David Bell, a director of Stuttafords and financial director of Kangra Coal Corporation.

Confirming yesterday that the takeover became official on April 1, Mr Bell, who declined to disclose the terms of the deal, emphasised it had not been a distress sale.

"We evaluated the position and decided to sell to a good buyer."

The store had been making a reasonable profit since being refitted and had doubled in size, in keeping with the extension of the up-market shopping centre, Mr Bell said.

"It takes a while for a store to get going."

He added that there were "all sorts of considerations" behind the sale.

"Stuttafords is part of a very big group — Graham Beck's empire. As we've only got one store in Johannesburg, it's not much use keeping one unit going in isolation.

"Greatermans has taken over the people, the lease, the stock and the fixtures of a going concern. Stuttafords' staff will stay on under the same terms and conditions. That's the only way we do deals."

He believed the new management would try to keep the level of merchandise established by Stuttafords: "Greatermans Eastgate is not that much different from Stuttafords, except, perhaps, for the top 10% of high-fashion wear."

Like everyone else, Mr Bell said, Stuttafords had been affected by the recession. Even upper-income groups were cutting back.

Turnover, which should have risen by 20%, had not increased to keep pace with inflation.

However, Stuttafords was not overstocked: "We may have erred on the other side. In these times you keep your stocks down to make sure you don't get caught."

Stuttafords is left with two department stores in Cape Town — one in the Cavendish Square shopping centre in Claremont and one in Adderley Street.

● In the April 2 edition of Business Day it was incorrectly stated that Stuttafords had sold its transport operation, Stuttafords Van Lines, to Clicks for R1,5m cash.

Clicks bought Stutvans, which included land and buildings in Cape Town, owned by Stuttafords, for use as its head office and warehouse. The transport operation is still owned by Stuttafords.

(4) whether these organizations made any proposals to his Department concerning possible savings in education spending; if so, what was (a) the nature of the proposals and (b) his response thereto?

The MINISTER OF NATIONAL EDUCATION (Reply laid upon the Table with leave of House):

(1) No, the measure by which 50% of the existing vacant posts are abolished as from 1 April 1985, is not applicable to posts provided for educators. In the case of university and technikon educators, the abolishment of 50% of the vacancies at these institutions will not result in any savings to the State, as these institutions are financed by means of formulae depending on student numbers and not on the number of posts for educators. In the case of college and school educators, the composition of classes in colleges and schools has already been done. Not being able to fill the vacancies for teachers occuring now, will result in great disruption especially for the children. For the 1985-86 financial year, the total savings with regard to service benefits of educators resulting from the decrease in the service bonus, will be R70 million, and resulting from the curtailment of the system of achievement recognition, will be R2 million.

(2) Yes. Several discussions were held between the organized teaching profession and myself, and also between the Ministers of Education and Culture and of Co-operation, Development and Education, and the relevant teachers' organizations. Finally, discussions also took place between the State President and, among others, the organized teaching profession.

(3) and (4) It would be unpractical and also contrary to the spirit in which the discussions were held, to try and articulate the reaction of the organized teaching profession on their behalf. However, I am prepared to say that one particular facet, namely the curtailment of the system of achievement recognition, does in fact pose a problem, and the discussions in this regard have not been finalized. It is not, and never has been, the intention to impair the career advancement opportunities of educators

New Questions·

Tsitsikamma Toll Road Project

*1. Mr R W HARDINGHAM asked the Minister of Transport Affairs:

Whether it is the intention of the National Transport Commission to adjust toll fees at the Tsitsikamma Toll Road Project from time to time; if so, *(a)* why and *(b)* what will be the nature of these adjustments?

†The MINISTER OF TRANSPORT AFFAIRS:

(1) Yes.

(a) To defray increased operating costs caused by inflation and to ensure that the annual interest commitments on the capital market can be met.

(b) Future adjustments will be based on the increase in general transportation costs obtained from authoritative official sources such as the Council for Scientific and Industrial Research and the Public Carriers Association. Although toll tariffs will be reviewed annually no increases will be introduced during 1985 in view of the current unfavourable economic situation.

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What was the total cost involved in the *(a)* construction and *(b)* administration of the Tsitsikamma Toll Road Project?

The MINISTER OF TRANSPORT AFFAIRS:

(a) R72 943 130,02

(b) R329 476,66 for the period 8 June 1984 to 31 January 1985.

Hansard (30)

Central business districts

Q. 41 925 9/4/85

*3. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

(1) Whether a decision was taken in 1984 to open central business districts to all race groups; if so,

(2) whether any progress has been made in this regard; if not, why not; if so,

(3) whether any (a) such areas have been opened to all race groups and (b) other progress has been made in this regard; if so, (i) (aa) which areas have been opened and (bb) when in each case and (ii) what other progress has been made; if not,

(4) (a) why not and (b) when is it anticipated that any such areas will be opened?

† The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) Yes, the Group Areas Amendment Act, 1984 (Act 101 of 1984) was approved by Parliament during 1984 in order that central business districts may be opened for all race groups.

(2) Yes, on 8 and 18 February 1985 the hon the Minister issued statements to the effect that the Amendment Act would come into operation shortly.

(3) (a) No, not yet, but the last two of the 44 so-called use areas which were in the pipe-line in terms of the old legislation and which could not stand over, have been finalized;

(b) Yes, the Department of Constitutional Development and Planning is, in consultation with local authorities and other bodies concerned, attending to the identification of areas which can be advertised in terms of the Group Areas Act, 1966, for investigation by the Group Areas Board as soon as the Amendment Act comes into operation.

(i) (aa) Falls away;

(bb) Falls away;

(ii) In order to place the 44 existing use areas on the same footing as those which will be proclaimed in terms of the new legislation, it has been decided to deproclaim the existing areas and thereafter to re-proclaim them in terms of the new legislation. Statutory notices in this regard have already appeared in newspapers circulating in the districts where the areas are situated;

(4) (a) Areas could not be opened as yet, as the Amendment Act is not in operation yet and also because prescribed procedures such as advertisements and investigations must first be finalized;

(b) Anticipated to be by September 1985.

Mr D J N MALCOMESS: Mr Speaker, arising out of the reply of the hon the Deputy Minister, may I ask whether he does not think that this is an inordinately long delay in bringing about the desired state of affairs when one considers that in February 1984, I think, it was agreed to a private member's motion that these areas would be open. We now sit here, 15 months later, and it still has not happened.

†The DEPUTY MINISTER: Mr Speaker, it is impossible to provide for all problems, but I can assure the hon member that the officials concerned work very hard, that the Department does not drag its feet, but that there are many procedures which have to be followed. In addition certain technical points have to be finalized. We are, however, doing everything in our power to open the areas concerned in September 1985.

†Prof N J J OLIVIER: Mr Speaker, further arising out of the hon the Deputy Minister's reply, can he tell us what the motives on the part of the Government are that the legislation which was passed in 1984 has not yet been promulgated? In the second instance, does the hon the Deputy Minister not think that there is an unnecessary waste of time in that the Group Areas Board has to do two investigations, namely an investigation into the deproclamation of the old areas, and thereafter, in terms of the legislation of 1984, into the proclamation of the new areas? In other words, I want to enquire whether the whole process could not be expedited and the Group Areas Board be instructed to complete the two investigations simultaneously.

†The DEPUTY MINISTER: Mr Speaker, I can assure hon members that time is not being wasted. At present that we are dealing with two kinds of areas. For that reason we have decided to first deproclaim, so that we can then have absolutely similar areas and will not have to deal with two kinds of areas. Consequently there is no dragging of feet or time wasted. We are busy working every day to complete it.

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, I want to ask him whether provision will also be made in these central business areas so that they will be grey areas where there are also open residential areas? [Interjections.]

Pension schemes: investigation

*4. Mr R M BURROWS asked the Minister of Health and Welfare:

(1) Whether he has appointed or intends to appoint any persons or group of persons to investigate all or some aspects of all or some of the pension schemes administered by the State; if not, why not; if so, (a) which schemes are being or are to be investigated, (b) which aspects of each scheme are being or are to be considered and (c) when was each scheme last actuarially assessed;

(2) whether he will make a statement on the matter?

The MINISTER OF HEALTH AND WELFARE:

(1) No. The Director-General of Health and Welfare has already arranged for the actuarial evaluation of the pension funds administered by the Department of Health and Welfare.

(a) Government Service Pension Fund
Associated Institutions Pension Fund
Temporary Employee's Pension Fund.

(b) Each fund will be subjected to an actuarial evaluation.

(c) The present pension funds consist mostly of various previous funds which were evaluated as follows:
Public Service Pension Fund on 31/3/68
South African Permanent Force Pension Fund on 31/3/68
South African Police and Prisons Service Pension Fund on 31/3/68
Provincial and the Territory Service Pension Fund on 31/3/67
Government Service Widows' Pension Fund on 31/3/68
Government non-White Employees Pension Fund on 31/3/72
Associated Institutions Pension Fund on 31/3/71.

(2) No.

Civil Pensions Stabilizing Account

*5. Mr R M BURROWS asked the Minister of Health and Welfare:

(1) Whether the reduction in the bonuses paid to public servants will affect their contributions to the Civil Pensions Stabilizing Account; if so, by what percentage will their contribution be reduced;

(2) whether the Stabilization Account has been actuarially satisfied that this reduction can be carried; if not, why not;

(3) when was the Stabilization Account last actuarially assessed;

(4) whether he will make a statement on the matter?

†The MINISTER OF HEALTH AND WELFARE:

(1) Yes—33,9%.

(2) No. Shortfalls in the Civil Pensions' Stabilization Account are met from the State Revenue Fund.

(3) It is an account, not a fund and therefore not subject to actuarial evaluation.

(4) No.

[redacted] St Wendolin's

Hansard
Q. Col. 929 9/4/85

*6. Mr R M BURROWS asked the Minister of Co-operation, Development and Education:

(1) Whether, with reference to his reply to Question No 20 on 12 February 1985, any houses in the portion of St Wendolin's named Savannah Park have been numbered; if so, (a) when, (b) which houses and (c) why;

(2) whether any action is to be taken in regard to those houses which (a) have and (b) have not been numbered; if so (i) what action, (ii) when and (iii) why in each case;

(3) whether the residents of these houses are to be moved; if so, (a) why, (b) when, (c) where will they be moved to, (d) how many persons will be moved and (e) what steps are to be taken in respect of this land;

(4) whether these persons are moving voluntarily; if not, why not; if so,

(5) whether representatives of these persons were consulted in this regard; if not, why not; if so, what are the names of these representatives;

(6) whether any additional land adjoining St Wendolin's will be made available to the residents of this area; if not, why not; if so, (a) what specified land and (b) when will it be made available;

(7) whether he will make a statement on the matter?

The DEPUTY MINISTER OF EDUCATION AND OF CO-OPERATION:

(1) As was stated in the reply to item 5 of Question No 20 on 12 February 1985, Savannah Park is not part of St Wendolin's Ridge. Structures in Savannah Park were, however, numbered.

(a) During 1971/72.

(b) Squatter structures.

(c) For control purposes.

(2) and (3) The area has been set aside for occupation by members of the Indian group. The *dominium* in this land consequently does not rest in my Department.

(4), (5), (6) and (7) fall away.

[redacted] Peninsula townships: sporting facilities

Hansard
Q. Col. 930 9/4/85

*7. Mr K M ANDREW asked the Minis-

(4) whether these organizations made any proposals to his Department concerning possible savings in education spending; if so, what was (a) the nature of the proposals and (b) his response thereto?

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†Prof N J J OLIVIER: Mr Speaker, further arising out of the hon the Deputy Minister's reply, can he tell us what the motives on the part of the Government are that the legislation which was passed in 1984 has not yet been promulgated? In the second instance, does the hon the Deputy Minister not think that there is an unnecessary waste of time in that the Group Areas Board has to do two investigations, namely an investigation into the deproclamation of the old areas, and thereafter, in terms of the legislation of 1984, into the proclamation of the new areas? In other words, I want to enquire whether the whole process could not be expedited and the Group Areas Board be instructed to complete the two investigations simultaneously.

†The DEPUTY MINISTER: Mr Speaker, I can assure hon members that time is not being wasted. At present that we are dealing with two kinds of areas. For that reason we have decided to first deproclaim, so that we can then have absolutely similar areas and will not have to deal with two kinds of areas. Consequently there is no dragging of feet or time wasted. We are busy working every day to complete it.

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, I want to ask him whether provision will also be made in these central business areas so that they will be grey areas where there are also open residential areas? [Interjections.]

Pension schemes: investigation

*4. Mr R M BURROWS asked the Minister of Health and Welfare:

(1) Whether he has appointed or intends to appoint any persons or group of persons to investigate all or some aspects of all or some of the pension schemes administered by the State; if not, why not; if so, (a) which schemes are being or are to be investigated, (b) which aspects of each scheme are being or are to be considered and (c) when was each scheme last actuarially assessed;

(2) whether he will make a statement on the matter?

The MINISTER OF HEALTH AND WELFARE:

(1) No. The Director-General of Health and Welfare has already arranged for the actuarial evaluation of the pension funds administered by the Department of Health and Welfare.

(a) Government Service Pension Fund
Associated Institutions Pension Fund
Temporary Employee's Pension Fund.

(b) Each fund will be subjected to an actuarial evaluation.

(c) The present pension funds consist mostly of various previous funds which were evaluated as follows:
Public Service Pension Fund on 31/3/68
South African Permanent Force Pension Fund on 31/3/68
South African Police and Prisons Service Pension Fund on 31/3/68
Provincial and the Territory Service Pension Fund on 31/3/67
Government Service Widows' Pension Fund on 31/3/68
Government non-White Employees Pension Fund on 31/3/72
Associated Institutions Pension Fund on 31/3/71.

(2) No.

Civil Pensions Stabilizing Account

*5. Mr R M BURROWS asked the Minister of Health and Welfare:

(1) Whether the reduction in the bonuses paid to public servants will affect their contributions to the Civil Pensions Stabilizing Account; if so, by what percentage will their contribution be reduced;

(2) whether the Stabilization Account has been actuarially satisfied that this reduction can be carried; if not, why not;

(3) when was the Stabilization Account last actuarially assessed;

(4) whether he will make a statement on the matter?

†The MINISTER OF HEALTH AND WELFARE:

(1) Yes—33,9%.

(2) No. Shortfalls in the Civil Pensions' Stabilization Account are met from the State Revenue Fund.

(3) It is an account, not a fund and therefore not subject to actuarial evaluation.

(4) No.

[redacted] St Wendolin's

Hansard 9/4/85
Q. 601.929

*6. Mr R M BURROWS asked the Minister of Co-operation, Development and Education:

(1) Whether, with reference to his reply to Question No 20 on 12 February 1985, any houses in the portion of St Wendolin's named Savannah Park have been numbered; if so, (a) when, (b) which houses and (c) why;

(2) whether any action is to be taken in regard to those houses which (a) have and (b) have not been numbered; if so (i) what action, (ii) when and (iii) why in each case;

(3) whether the residents of these houses are to be moved; if so, (a) why, (b) when, (c) where will they be moved to, (d) how many persons will be moved and (e) what steps are to be taken in respect of this land;

(4) whether these persons are moving voluntarily; if not, why not; if so,

(5) whether representatives of these persons were consulted in this regard; if not, why not; if so, what are the names of these representatives;

(6) whether any additional land adjoining St Wendolin's will be made available to the residents of this area; if not, why not; if so, (a) what specified land and (b) when will it be made available;

(7) whether he will make a statement on the matter?

The DEPUTY MINISTER OF EDUCATION AND OF CO-OPERATION:

(1) As was stated in the reply to item 5 of Question No 20 on 12 February 1985, Savannah Park is not part of St Wendolin's Ridge. Structures in Savannah Park were, however, numbered.

(a) During 1971/72.

(b) Squatter structures.

(c) For control purposes.

(2) and (3) The area has been set aside for occupation by members of the Indian group. The *dominium* in this land consequently does not rest in my Department.

(4), (5), (6) and (7) fall away.

[redacted] Peninsula townships: sporting facilities

Hansard 9/4/85
Q. 601.930

*7. Mr K M ANDREW asked the Minis-

'Brow traders to meet after tough reaction to UDI bid

RDM 10/4/85 30 44

By MARGARETHA GOOSEN
Municipal Correspondent

A THIRD of Hillbrow's 600 traders face financial disaster if not allowed to operate on a flexi-hours shopping basis, says Hillbrow Traders' Association (HTA) spokesman, Mr Peter Rose.

And the HTA is to meet urgently this week after a hardline reaction by the Transvaal Provincial Administration to moves by traders to open after hours without authorisation.

Mr Rose announced on Monday night that desperate traders were considering defying the restrictive Provincial Shop Hours Ordinance by opening after 6pm from this Friday.

The MEC in charge of shopping hours, Mr Skippie Botha, said yesterday that it was his personal opinion that the time had come for the ordinance to be changed, but that new legislation would take at least a year.

Shopkeepers who broke the law would have to bear the consequences of their action, he said.

Explaining why it would take a year to have the Shop Hours Ordinance changed, Mr Botha said he first needed the approval of his executive committee.

A revised ordinance would then have to be drafted by the province's legal division. The draft ordinance would have to be circulated for the comment of government departments.

Only then would it be put before the Provincial Council and, if approved, a new system could only be introduced after the State President had put his stamp to it, Mr Botha said.

The HTA executive will hold an urgent meeting this week to decide how to advise traders, since a Transvaal Provincial Administration spokesman warned in a radio broadcast yesterday it would clamp down on shopkeepers breaking the law and would issue fines of R400 or six months' jail, Mr Rose said yesterday.

He could not understand why there should be any stalling, since flexi-hours were now of the highest priority.

If South Africa was a democracy and the introduction of flexi-hours enjoyed the support of all, there was no reason why their introduction could not be expedited, he said.

Asked which shops would defy the law, Mr Rose predicted that most of the independent shopkeepers would, but said strong action by the TPA would act as a dampener.

Mr Max Neppe, MPC for Hillbrow, said the introduction of flexi-hours would benefit shopkeeper and shopper, but said change should take place through normal channels.

● Editorial comment — Page 6

APRIL 11, 1985

Cape Times 11/4/85

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Reshuffle at Kirsh

Own Correspondent

JOHANNESBURG. — Mr Clive Weil has replaced Mr Gordon Utian as managing director of Checkers in a major re-organization of executive responsibility within the Kirsh Trading Group (KTG) and Kirsh Trading Ltd.

Mr Weil, formerly joint managing director of Metro Cash & Carry, is a director of Kirsh Trading Ltd and remains on the executive committee of Metcash, while Mr Lionel Katz continues as its sole managing director.

This was announced yesterday by Mr Mervyn King, who has become executive chairman of Kirsh Trading Ltd. As such, the chief executives of the trading divisions will be reporting directly to him.

He said that Mr Utian had been appointed to an executive position within the company. He would not name the post.

"Mr Utian was put in to correct systems and cleans up Checkers' stores. The job is done," Mr King said.

About three years ago Mr Utian was seconded from Kirsh Industries to Checkers and will now be returning to Kirsh Industries.

Mr King, who remains deputy chairman of KTG and chairman of Boymans, has relinquished his position as chairman of AA Mutual Life.

The former managing director of AA Mutual Life, Mr Warren Plummer, now takes over as chairman of the life assurer.

A reshuffle in the furniture division now leaves Mr Phillip Clarke as sole managing director of Russells Furniture while Mr Hyman Mankowitz retains overall responsibility for the Russells, Joshua Doore, Rudicks and Forty Winks chains.

Also within in the furniture division, Mr Hymie Sybul — formerly managing director of Tip Top Furnishers, part of Bromain Holdings, the shares of which are still suspended on the Johannesburg Stock Exchange — has become senior executive with responsibility for the black chain Wanda and bottom end of the market chains Tiger and Arrow.

Mr Dion Friedland, former majority shareholder of Dion, has become its chairman, with Mr Stanley Fleishman appointed as Dion's managing director. Mr Norman Cohen has relinquished his chairmanship of Dion and now becomes merchandising co-ordinator of Kirsh Trading.

According to Mr King, Mr Friedland, latterly said to have been spending most of his time in Britain and the USA, will now be "spending lots more time in South Africa.

"He has enormous retail experience and lectures internationally on the subject."

Mr King said that Checkers was in its second phase; that of consolidation — with the emphasis on trading.

"All the concentration falls on trading now. Previously there was a dilution of executive time, caused chiefly by the clean-up and expansion of Checkers."

Mr Natie Kirsh remains chairman of KTG, the listed holding company.

KTG owns 100% of Kirsh Trading. Kirsh Trading owns 100% of Metro Cash & Carry, 100% of Checkers, 100% of Russells and 66,7% of Dion; its investment arm has a 29,9% stake in Union Wine and a 39% share of Boymans.

that will be available? The job will be made specially difficult by the fact that most of the traders will be small boutique-type operators.

Leaving aside Pick 'n Pay's food emporium — the biggest space-taker — around 200 individual shopowners will be needed to take up the balance if the current concept is followed through.

That's the stuff that letting agents' nightmares are made of. But RI MD Joe Bentel, whose job it is to make sure the centre fills, is not losing any sleep. He is confident that letting will go well.

"This is going to be a unique centre," he says. "We have already had a tremendous number of inquiries from private boutiques and national chains. We are busy researching the market and refining our plans before letting starts in earnest in September."

Net rentals will be around R27/m², exclusive of additional charges for common area and air-conditioning, which Bentel believes are "not out of the ordinary for a quality centre." The usual turnover clauses will apply.

Financier Sanlam is equally optimistic. Durban property head Ben Lochner says the fact that the centre will be licensed to trade seven days a week should help to pull tenants. But he admits the current retail letting market is slack; the voids in hardcore Durban testify to that.

Yet, in the longer term, he believes the centre's prime position should pay off.

If anybody is hurt, he says, it will be those centres on the periphery which developers are busy building. Two that come to mind are the new Dion centre in Umgeni Road and a centre with Checkers as the anchor in Brickhill Road — all targeted for completion around the same time.

As for the station centre, Sanlam has put up the R30m that will be required to refurbish the old workshop buildings, and RI and Murray and Roberts (M & R) Properties have taken a head lease. The contract has been awarded to M & R, and completion is scheduled for the end of 1986.

Lochner confesses that Sanlam has not looked too closely at initial yield, but he points out that there is a profit-sharing arrangement with the co-developers.

But, given the teething problems such a novel centre is likely to run into, some cynics are asking how long it will be before there's anything to share. ■

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FEATURE

RETAIL DEVELOPMENT

When science lends a hand

Although consumer spending is down, and likely to stay that way for a while, retail property has been kind to investors. And they haven't forgotten it.

So, with land comparatively cheap, tender prices keen and professional fees competitive, the demand for new shopping investment continues almost unabated. The hope, of course, is that new stock developed now at relatively low cost will stream in on time to catch the next spending spree.

But where to build and for whom? That's where research comes in, and never before has there been so much expertise to call on. Not only is the number of local consultants growing rapidly, but even big names from abroad are now elbowing their way into the SA property research market — without a squeal from the disinvesment lobby.

Of the local operators, Cape Town's Retail Information and Management Services (RIMS) is the only one exclusively involved in retail property research. The questions it is most often asked are "where to build?" and "for whom?" Clearly, there are several answers, but RIMS' statistics point to two priorities.

RIMS research, says MD Doug Parker, a former Edgars' strategic planning manager, suggests that special attention should be paid to the black market. This sector's share of the total retail spend, he calculates, will rise from 29% in 1985 to 33% by 1990. Of this, urban blacks, who now account for 24% of the total, will increase market share to 27%. White consumers' slice over the same period, he reckons, will decline from the current 57% to 53%.

To the question "where?" it seems that the up-and-coming local authorities around the major cities are the place for retailers to be in. On Parker's count, Midrand took retailing's blue riband between 1977 and 1984 with a growth factor over 49% for the period.

Some other findings on growth over the seven years are: Johannesburg, 13,4%; Randburg, 26%; Springs, 13%; Bedfordview, 36%; Cape Town, 18%; Durban, 16%; Sasolburg, 9%; Plettenberg Bay, 30%; Mossel Bay, 15,5%; Milnerton (Cape), 27%; Natal South Coast, 20% and OFS, 16%.

Everybody who's anybody, it seems, wants part of the action. Parker says RIMS has recently investigated 22 possibilities for clients (including Kirsh Properties, Group 5 and Federated Insurance) but only half the propositions were shown to be viable.

He finds there is still keen interest in shopping centres and much of the research is based in this area for developers, including the institutions. But retailers themselves are also looking for a scientific base on which to decide where to take space. Most multiple nationals, of course, conduct their surveys in-house, but smaller tenants are now also looking for advice.

Methods of research, Parker notes, have also changed. No longer, he says, is it sufficient to ring circles on maps, define the catchment area and determine the market potential by roughly grossing up the spending power in the area and making a residual allowance for inflows from further afield.

Now information on tenant mixes, and in-depth examinations of shoppers' needs in terms of facilities and specific stores, is required along with projected rentals and turnovers.

The service does not come cheap. Individual evaluations, including forecasts, can cost anywhere from R10 000 to R40 000. The average individual retailer, says Parker, now realises it's worth his while to spend up to R6 000 to research an individual store.

Now even foreigners are getting into SA retail research. Next month, Cleveland, Ohio-based Woodside Communications will open for business through its Retailinform subsidiary. It will be run by former Max, Pollak & Freemantle (M P & F) partner Eric Levine.

Having headed up M P & F's research department specialising in the retail consumer market, Levine plans to offer a broad range of services to the retail sector including siting.

For obvious reasons, market researchers generally won't disclose the precise areas they see as potential growth points. But both RIMS' Parker and Davies, Bristow, Small and Associates' Marion Davies single out in broad terms the suburbs of the major metropolitan areas, smaller towns and black townships.

Yet Market Research Africa's Prof Dries Oosthuizen also sees further potential for the CBDs, at least in the short term. His recent studies, undertaken for Sanlam, developer DCF, Kentucky Fried Chicken and various municipalities, among others, show that the CBDs continue to be a major draw for surrounding areas where regional shopping facilities are inadequate.

But further down the line, he expects substantial new developments in places like Soweto where new developments will start small at the convenience and everyday durables levels. First, however, the whole question of the racial ownership mix (now 49:51 white to black) and the opposition of the National Association of African Chambers of Commerce (Nafcoc) will have to be sorted out.

If large chains can operate freely, he sees rapid upgrading in the black areas rather than organic evolutionary growth.

Within this general framework, he expects a further filtering process. He quotes the east Rand as an example: "If one analyses the guideplan for the far east Rand and looks at new industrial allocations and the available land for residential development, then in the longer term, the area is a growth point."

Town	Number of Classrooms
Cullinan	4
Katlehong	73
Tembisa	168
Daveyton	117
Ekangala	24
Tsakana	129
Bronkhorstspruit	36
Tokoza	52
Kwa-Thema	30
Vosloorus	28
Wattville	9

(3) Yes.

(a) 670.

(b) and (c) Some schools and classrooms are in the process of erection and will be completed during 1985 while the construction of the rest will commence during the latter part of the 1985/86 financial year. The construction period of some schools extends over more than one financial year.

30 [redacted] Hansard 16/4/85

Trading licences

Q. 61. 1115

493. Mr P G SOAL asked the Minister of Co-operation, Development and Education:

Whether he is now in a position to furnish particulars on trading licences in operation in Black townships falling under the East Rand Development Board; if so, how many trading licences were in operation in (a) the Black townships of (i) Cullinan, (ii) Tokorn, (iii) Wattville, (iv) Daveyton, (v) Volsoorus (vi) Kwa Thema, (vii) Ratanda, (viii) Katlehong, (xi) Duduza, (x) Tembisa, (xi) Delmas, (xii) Devon and (xiii) Tsakane and (b) any other specified township in the East Rand Development Board area as at the latest specified date for which figures are available?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

Yes.

(a)	(i) Cullinan	2
	(ii) Tokaza	64
	(iii) Wattville	23
	(iv) Daveyton	485
	(v) Vosloorus	182
	(vi) KwaThema	170
	(vii) Ratanda	30
	(viii) Kathlehong	332
	(ix) Duduza	20
	(x) Tembisa	181
	(xi) Delmas	16
	(xii) Devon	4
	(xiii) Tsakana	74
(b)	Zithobeni (Bronkhorstspruit)	6

As at 5 March 1985.

[redacted] Hansard [redacted]

Permanent residential rights

Q. 61 .1116 16/4/85

559. Mr P R C ROGERS asked the Minister of Co-operation, Development and Education:

How many Black persons in each Development Board area (a) applied for and (b) were granted permanent residential rights in 1984 in terms of section 10(1)(a) and (b) of the Blacks (Urban Areas) Consolidation Act, No 25 of 1945?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

Development Board Area	(a)	(b)
Northern Transvaal	182	181
Eastern Transvaal	1 135	642
West Rand	79 946	76 005
East Rand	19 114	17 736
Highveld	10 807	10 137
Central Transvaal	*—	13 689
Western Transvaal	3 232	3 029
Western Cape	3 449	353
Eastern Cape	47 465	44 779
Northern Cape	507	497
Southern Orange Freestate	11 059	8 916
Orange Vaal	4 582	3 257
Natalia	4 764	3 565

* Not readily available.

Hansard Q.61.1117

Kenton-on-Sea

16/4/85

[redacted] 571. Mr E K MOORCROFT asked the Minister of Co-operation, Development and Education:

(1) Whether the Black township serving the town of Kenton-on-Sea is to be rebuilt; if so, (a) where and (b) when;

(2) (a) what is the population of the existing Black township and (b)(i) how many water taps serve this township and (ii) where are these taps situated?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

(1) No. The existing Black area is only an emergency camp and a new site on which a permanent township can be developed is currently being investigated.

(a) and (b) Fall Away.

(2) (a) 2 001.

(b) (i) 4.

(ii) At a communal water tank approximately 120 metres outside the camp.

[redacted] Hansard

Deportations/repatriations

Q. 61. 1118 16/4/85

573. Mr S S VAN DER MERWE asked the Minister of Co-operation, Development and Education:

(a) How many Black (i) male and (ii) female persons were (aa) deported and (bb) repatriated from the Republic in 1984 and (b)(i) in terms of what legislation and (ii) to which states were they so (aa) deported and (bb) repatriated?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

(a) (i) (aa) None

(bb) 21 764.

(ii) (aa) None.

(bb) 3 321.

(b) (i) Act 59 of 1972.
Act 25 of 1945.

(ii) (aa) None.

(bb) Bophuthatswana
Botswana
Ciskei
KaNgwane
KwaZulu
Lebowa
Lesotho
Malawi
Mozambique
Qwaqwa
South West Africa
Swaziland
Transkei
Venda
Zambia
Zimbabwe

[redacted] Hansard

Workers requisitioned from Black states

Q. 61. 1118 16/4/85

596. Dr A L BORAINE asked the Minister of Co-operation, Development and Education:

Town	Number of Classrooms
Cullinan	4
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Ekangala	24
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(3) Yes.

(a) 670.

(b) and (c) Some schools and classrooms are in the process of erection and will be completed during 1985 while the construction of the rest will commence during the latter part of the 1985/86 financial year. The construction period of some schools extends over more than one financial year.

(30)

[redacted] Hansard

Trading licences 16/4/85

Q. Col. 1115

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	(xii) Devon	4
	(xiii) Tsakana	74
(b)	Zithobeni (Bronkhorstspruit)	6

As at 5 March 1985.

[redacted] Hansard [redacted]

Permanent residential rights 16/4/85

Q. Col. 1116

559. Mr P R C ROGERS asked the Minister of Co-operation, Development and Education:

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The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

Development Board Area	(a)	(b)
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Western Transvaal	3 232	3 029
Western Cape	3 449	353
Eastern Cape	47 465	44 779
Northern Cape	507	497
Southern Orange Free-state	11 059	8 916
Orange Vaal	4 582	3 257
Natalia	4 764	3 565

* Not readily available.

[redacted] Hansard Q. Col. 1117

Kenton-on-Sea 16/4/85

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(1) Whether the Black township serving the town of Kenton-on-Sea is to be rebuilt; if so, (a) where and (b) when;

(2) (a) what is the population of the existing Black township and (b)(i) how many water taps serve this township and (ii) where are these taps situated?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

(1) No. The existing Black area is only an emergency camp and a new site on which a permanent township can be developed is currently being investigated.

(a) and (b) Fall Away.

(2) (a) 2 001.

(b) (i) 4.

(ii) At a communal water tank approximately 120 metres outside the camp.

[redacted] [redacted] Hansard

Deportations/repatriations

Q. Col. 1118 16/4/85

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(a) How many Black (i) male and (ii) female persons were (aa) deported and (bb) repatriated from the Republic in 1984 and (b)(i) in terms of what legislation and (ii) to which states were they so (aa) deported and (bb) repatriated?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

(a) (i) (aa) None.

(bb) 21 764.

(ii) (aa) None.

(bb) 3 321.

(b) (i) Act 59 of 1972.
Act 25 of 1945.

(ii) (aa) None.

(bb) Bophuthatswana
Botswana
Ciskei
KaNgwane
KwaZulu
Lebowa
Lesotho
Malawi
Mozambique
Qwaqwa
South West Africa
Swaziland
Transkei
Venda
Zambia
Zimbabwe

[redacted] [redacted] [redacted] Hansard

Workers requisitioned from Black states

Q. Col. 1118 16/4/85

596. Dr A L BORAINE asked the Minister of Co-operation, Development and Education:

DAILY MAIL, Wednesday, April 17, 1985 3

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icture: DANIEL SIMON.

Spar boycott spreads to Tvl

By PHILLIP VAN NIEKERK

THE consumer boycott of Spar supermarkets has been extended from Natal to the Transvaal, it was announced at a Press conference in Johannesburg yesterday.

The boycott began after the alleged unfair dismissal of about 150 workers, all members of the Commercial, Catering and Allied Workers' Union from eight Spar shops in Natal in December last year.

The workers were protesting against the company's alleged refusal to recognise the union, the low wages of Spar workers and alleged harassment of workers who joined the union.

The boycott has already been supported by a large number of trade unions and community organisations in the Transvaal.

These include affiliates of the UDF and the National Forum Committee, the Federation of SA Trade Unions and the Council of Unions of SA.

The Mail was unable to obtain comment from management yesterday.

CBD TRADING (30) FM 19/4/85

'Open' in September

Constitutional Development and Planning Minister Chris Heunis announced recently that non-racial central business districts (CBDs) will, hopefully, come into effect this September. The move follows much criticism that government has been dragging its heels over implementing this principle.

Enabling legislation to open city centre trading, in the form of the Group Areas Amendment Act (101/84), was passed at the end of last year but has not yet been promulgated by the State President. It had been expected that open CBDs would be a reality by July this year, especially since The African Bank was given official permission to occupy premises in central Johannesburg three months ago (*Current Affairs* January 25 1985).

Pretoria denies charges that it is delaying the matter. Heunis's deputy, Piet Badenhorst, whose inter-parliamentary committee recommended scrapping the far more sensitive apartheid laws against inter-racial sex, explains that certain "procedures" still have to be carried out in terms of the Group Areas Act (GAA). These include the issuing of notices of intent that a proclamation is being considered, investigation by the Group Areas Board and, finally, proclamation by the State President.

Heunis's department is consulting various local authorities in order to identify CBDs which may be considered for non-racial trading once the GAA amendment is promulgated. The amendment provides for the proclamation of areas anywhere in a municipality (not necessarily in its CBD) for "free trading," so to speak. This has led to speculation that, in certain towns, entirely new areas, perhaps adjacent to the existing CBDs, will be so proclaimed.

Minister Heunis ... preparing to deracialise CBD trading

Under existing legislation, Heunis said in February, non-white businessmen could apply for permits to operate in only 44 CBDs — 15 in Transvaal, 13 in Natal and 16 in the Cape. Government plans first to "deproclaim" these CBDs in order to place them on the same footing with all SA's CBDs prior to implementing the new "open" law. Once in operation, the law will make it possible for businessmen of all race groups to occupy city premises for trading purposes only in designated areas.

While the process of reform in this sphere of SA life and business seems needlessly tortuous and a far cry from normal free enterprise practice, a start has, at least, been made. ■

Spar boycott 'is shocking'

THE boycott of Spar stores, especially in black townships, was an action aimed at victimising the wrong man and was "shocking", the company's spokesman said yesterday.

Spar's Mr Sydney Matus said the company was prepared to reinstate the sacked workers and negotiate with the Commercial Catering and Allied Workers' Union of South Africa (Ccawusa).

Sowetan 18/4/85

However a spokesman for the union said that all attempts to have the dispute resolved have failed. The boycott was gaining momentum as it has been started in the Transvaal.

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The workers were dismissed from Spar's eight shops owned by Brown's Retail, a subsidiary of the Brown Group, following a strike at the Natal plant last December.

Mr Matus said the boycott was "shocking" because wrong people were victimised. The group has a remote connection with Spar.

Other demands will be looked into later, he said.

RDM 19/4/85

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Changing face of Fordsburg

UPFRONT

LIN MENGE

THERE are 360 traders in the Oriental Plaza in Johannesburg, either living in Lenasia and spending hours travelling backwards and forwards, or crammed into two-roomed cottages in Fordsburg.

They are the first target market of Indian developers who are already changing the face of Fordsburg and converting the old, industrial section into a new residential area.

Some 30 blocks of flats have gone up, or have started to go up, in Fordsburg-Burghersdorp since the Government granted the first permit — towards the end of 1982 — to an Indian developer to acquire land for residential purposes. It took the developer — the Corporate Group — six months to obtain consent use from the Johannesburg City Council, while other developers have been further delayed by recession-hit builders going out of business.

Managing director Ebrahim Kharsany stood outside the almost completed R1,6-million Corporate Towers this week and said: "I think I have uplifted the area. It shows that when a community is given the opportunity they can add a great deal to the city environment and its beautification."

In time all the old buildings clustered around this ultra-modern and yet subtly Oriental block will make way for similar low-rise apartments.

These first, spacious flats — priced at R185 000 each — have all been sold.

"Like Anglo, we can say we brought in an architect from America," Mr Kharsany said. In fact, Yusuf Patel, who designed this block and two more which the group has on the drawing board, was back in South Africa on holiday when they secured his services.

The 10 four-bedroomed flats are the size of roomy houses, built two to a floor on the tiny 496m² stand with remote control electronic security, and covered, ground floor parking.

The recession is a stranger to bustling Fordsburg. The demand for building is particularly heavy.

"There should have been a recession here, too, but the South African market is distorted ... the Indian market is completely out of line with the rest of the market," says Mr Kharsany.

Nonetheless, Fordsburg's redevelopment cannot even begin to satisfy Indian housing needs. Only if the CBD was thrown open to all races for residential as well as trading purposes would one see great development for the middle and lower income groups and great excitement among Indian entrepreneurs, he said.

Unthinkable? No... not if Fordsburg puts on an enviably bright and interesting new face.

Sowetan April 1985

Unions support Spar boycott

MORE than 18 trade unions and political organisations have supported the nation-wide boycott of Spar company products in an attempt to fight the reinstatement of sacked workers and for trade union recognition.

Addressing a Press conference in Johannesburg yesterday, an organiser of the Commercial Catering and Allied Workers' Union, Mr Kaiser Thebedi, said the boycott of eight shops managed by Brown's Retail, a subsidiary of the Brown Group, has been intensified.

The workers were dismissed from eight shops in Natal and attempts by the union to have the workers reinstated have failed. They are also demanding wage increases and management to stop harrassing union members.

Mr Thebedi said Spar shops in Natal have been picketted, management forced to negotiate and other forms of pressure put on the company, without success.

"We are at this stage ready to start picketting other shops in the Transvaal. Even township Spars will be affected. We need the support of workers," he said.

He said other groups that are subsidiaries of Spar will also be affected. Workers should reject exploitation and support the workers' struggle for trade union rights, he added.

Spars' Mr Sydney Matus was said to have gone to Durban for a meeting and was not available for comment.

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Footwear trade hard hit by the recession

AK643
19/4/85

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Financial Editor

THE recession has hit the footwear trade hard and half the country's shoe stores are behind in the payment of their bills, says the latest issue of KreditReview, the official journal of the Kreditinform credit information organisation.

It says the value of overdues is moderately up, being 20,7 percent higher than last year. However, the most disturbing statistic is the number of debtors who cannot meet their commitments. It says that 50,1 percent of them are overdue.

The deterioration began in the last two months of 1984. Until then receivables had been holding up well with about 27 percent overdue.

Winter orders

The footwear industry, already under pressure from inexpensive imports, is finding winter orders slow in coming in.

KreditReview says it is probable that further retrenchments in this industry will be necessary if no improvement is seen soon. A number of factories are already working short-time.

It reports there has also been a substantial deterioration in the textile industry's debtors' position. The value of debts overdue is 28,7 percent, which compares with a figure of only 17 percent last year. Altogether 46,8 percent of debtors are overdue against 33,9 percent a year ago.

Reflecting this situation applications for liquidation and sequestration reached record levels in the first two months of 1985, being double last year's corresponding figures.

It is estimated that when all the figures have been received the number of final liquidations last year will be 4 600, to handsomely exceed the 3 800 in 1977, the previous record figure.

Grandbaz lifts profits by 38%

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Cape Times 20/4/85

By ROBERT GREIG

GRAND BAZAARS has succeeded in pushing up its turnover by a highly satisfactory 11,5 percent for the year though forex losses and finance costs have somewhat dimmed the lustre.

Grandbaz has paid a final dividend of 4c a share, making a total dividend of 7c, compared to 19c for the previous year.

In the first six weeks of the calendar year, turnover was up by 17,5 percent and this indicates an upward trend which Grandbaz's managing director, Mr Jackie Sachar, sees continuing.

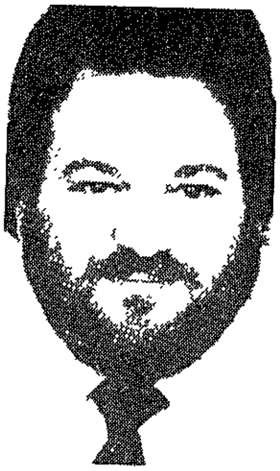
"The group is budgeting for a further increase in operating profits for the current year and as it will not be hampered by further forex losses, a substantial increase in earnings can be anticipated together with a return of the group as a whole to previous levels of profitability."

The group has full forward cover on all existing loans.

Trading profit for the year was R5m — a 38 percent increase. Net operating income increased by 16,5 percent to R2,3m.

Financing costs rose by 64 percent to R2,8m.

In the review period forex losses were R1,8m. Net profit was R519 000 and attributable profits R219 000.


Mr Jackie Sachar

The turnover increase comes in spite of the group's market — at the lower end — suffering unemployment and the ravages of inflation to a greater extent than any other income group.

Mr Sachar, explains the results by saying that though consumers are "very wary", Grandbaz is benefiting from consumers buying down.

In other words, the group is finding itself serving a new market of people which apparently more than compensates for losses in its traditional market.

He says that the group has successfully weathered the morale problems caused last year by protracted, abortive takeover talks with Pep Stores and the resignation for senior executives.

The group plans to expand conservatively, including in Port Elizabeth region where, surprisingly, turnover has risen by 24 percent on last year's from the end of the financial year to date.

"We're planning to dilute our overheads there," Mr Sachar said.

SOWETA

Massive anti-SA boycott planned

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Sowetan 22/4/85

By THAMI MAZWAI

A MASSIVE consumer boycott against South Africa involving most countries in the West and in Third World is being planned.

Plans for the boycott are to be finalised at an international conference on apartheid planned for later this year. At this stage the venue and dates have not been announced.

The conference will not only look at the planned consumer boycott, but will also investigate all actions to be taken against South Africa. While previous campaigns against the country have been at infrequent intervals, the conference is to discuss the launching of a variety of campaigns against South Africa all at the same time.

The existence of plans for a boycott of this nature came to light in a **SOWETAN** interview with Major General Joseph Garba, chairman of the United Nations Special Committee against Apartheid. The interview with General Garba was at the United Nations. Part one of the interview appeared in our sister paper, **The MIRROR**, yesterday.

According to General Garba, the committee and other allied anti-apartheid organisations throughout the West were preparing for the next thrust against apartheid, after the highly successtul demonstrations in the United States.

Groups

According to him, the boycott has been started on a small scale in some towns in Great Britain where activists are involved in campaigns that aim at isolating shops and establishments that deal with South Africa.

But the main onslaught, involving all anti-apartheid organisations in the world, will be decided at this conference.

Organisations active against South Africa include the UN special committee, the UN Centre against Apartheid. SA Non-racial Olympic Union and other organisations involved in the campaign to isolate South Africa in all spheres.

NM 20/4/85

(30)

Store confrontation fizzles out

Finance Reporter

THE Natal confrontation between South Africa's two major arch-rival discount stores, Game Discount World and Dion, which had been set for August, has fizzled out with the Transvaal-based Dion announcing their withdrawal from the Durban venture.

Dion — in which Kirsh Trading acquired 66,7 percent control last month — had been all set to counter Game's threat to their Transvaal stranglehold by providing the magnet attraction at the new R40 million ultra-modern Umgeni Road complex being developed by Kirsh Properties in Durban.

But in a statement issued yesterday, the giant chainstore which is still licking its wounds from a R14 m foreign exchange loss, announced its withdrawal from the venture and has sublet its lease of 16 000 m² space to Game.

The centre, with a total area of 50 000 m², is expected to open in late August or early September and will have parking for 1 200 cars.

Mr Alec Hurter, president of Game, said yesterday the rationale behind the new arrangement was to the benefit of both parties, with Game obtaining new premises in its hometown with abundant parking where it can consolidate its ordnance operations under one roof and Dion being able to conserve its resources for the market it knows best.

Yesterday's statement said that Dion had decided in the present economic climate to concentrate its trading activities to the Reef where it is to open a superstore in the new Westgate complex in September and in the Cape where it opened its 10th store last November.

Mr Mervyn King, executive chairman of Dion's parent company, Kirsh Trading, said they had decided not to commit Dion in a heavy expenditure programme of direct competition with Game while the economy was in its present recession.

He refused to say whether Dion's withdrawal from Natal was permanent.

Game's presence at the centre, which will be known as Game Centre, will undoubtedly provide massive appeal for shoppers and leasing of the balance of the satellite shops is expected to improve.

It could also attract a certain amount of trade from the city's central business district and its plentiful parking could also filter custom away from some of the satellite shopping complexes, like the La Lucia Mall and Musgrave Centre.

Game currently have 11 outlets with their 12th due to open in Johannesburg in July and a further two home centres planned for the Transvaal.

E. Post

23/4/85

(30)

Unrest hits U'hage trade

Post Reporter

BUSINESS has dropped sharply in some areas of Uitenhage because of the unrest in the black townships.

Some shopkeepers say turnover has been cut by half, and other are closing earlier because there are so few customers.

Mr Graham Hamilton, president of the Uitenhage Chamber of Commerce, expressed his concern at the "drastic drop" in trade reported to him by various businessmen.

"Things are not looking good," he said.

Mrs R Moodaley, owner of a trading store in Caledon Street, said business was so dead she closed her shop at 11am instead of 6pm and her sales had been halved. Her staff had not reported for work.

A spokesman for a chain store said trade on Friday night had virtually reached a standstill.

"You don't even see people walking in the streets of Uitenhage at night any more. No one seems to go shopping on Friday night," he said.

Mr Peter Cadle, managing director of a furniture store, said the unrest appeared to be an ongoing problem.

Sales had dropped and the furniture trade was in the doldrums. The only goods still selling well were radios, hi-fi and television sets.

Some people in the townships were taking advantage of the situation and not paying their accounts. It was difficult to repossess furniture because of the unrest.

Mr D C Frier, another businessman, said he took over his shop after moving to Uitenhage from SWA/Namibia.

His trade was down 50% since the trouble started.

"I thought it would be great to trade here, but I have been disappointed"

Fewer than 10 customers were trickling into his shop daily.

Mr Nazier Mahomed, the assistant manager of a furniture shop, said takings had dropped by about 70%. Black trade accounted for 96% of his business.

Mr Wingson Leong, manager of a butchery in Caledon Street, said he was very concerned about business, which has been bad since the beginning of April.

The manager of a furniture store in Caledon Street, who did not want to be named, also reported a sharp drop in turnover.

"It's difficult to say how much of this is due to the recession, short-time and strikes and how much is the direct result of the unrest.

"We don't know how long this will go on for," he said.

The manager of a Durban Road supermarket, Mr Y Chohan, said all shop-owners were complaining.

"I have three supermarkets, the other two in Caledon Street and Gibbon Street, and altogether there has been a 25% drop in turnover during the past month."

He still managed to keep head above water, but said it would not be possible to survive for too long if conditions did not improve.

Dawood Khan resigns as WCTA chairman

CAPE TIMES 23/4/85 [illegible] 30

Staff Reporter

MR DAWOOD KHAN has tendered his resignation as chairman of the Western Cape Traders' Association.

In a statement, the Press and Communication Liaison Committee of the WCTA said Mr Khan's resignation "came as a surprise" after his "all-cost attempt to return as head of the WCTA".

Mr Khan was elected chairman of the WCTA at a general meeting on March 13. He resigned two days later "because he had not been consulted on the issuing of a press statement" by the newly-established Press and Liaison Committee, on which Mr Khan did not serve.

Mr Khan had previously resigned from the WCTA after being suspended. He was later allowed to return.

Business Day

RDM 24/4/85

NEW STORE PART OF MAJOR CLICKS EXPANSION

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By Financial Reporter

THE Clicks retail chain is opening a store in Verwoerdburg today as part of a major expansion.

The Cape Town-based group has 70 stores in South Africa, including 55 Clicks outlets and 15 Diskom stores.

At least six more Clicks stores are planned this year.

The aim is for the group eventually to operate about 200 stores.

The group also has a 50% stake in a joint venture with an Australian company operating a chain of six outlets.

This acquisition was financed through funds the group built up from business in the US.

The managing director, Mrs June Kritzinger, says: "One of the advantages of expanding at this stage is that you can negotiate highly favourable leases.

"Many property developers have expensive buildings to let, but are battling to do so because of the recession."

She says Clicks owns its own warehouses, but that the group's policy is to rent its retail outlets.

A key management policy has been to fund expansion from internally generated funds.

In spite of the current gloom over the future of the economy, Mrs Kritzinger is highly optimistic about growth prospects for the Clicks group.

She believes the aggressive expansion campaign will enable Clicks to continue to increase its market share.

Kuils River for all-race trade

ARGUS 25/4/85 ㉚

Tygerberg Bureau

THE Kuils River Town Council has accepted a circular from the Provincial Administration proposing it open its business area for trading by all races.

The decision was taken jointly by the Town Council and the management committee.

A spokesman said the council was in favour of free trading areas for business premises with specific zonings, but this did not include bottle stores.

ALL AGREED

He said the circular was in line with country-wide Government policy on the opening of business areas to all races.

Councillors were unanimous in approving it.

"Our council is quite open-minded and we don't foresee any problems," the spokesman said.

The Kraaifontein and Durbanville municipalities said they had also received circulars but were still investigating the matter.

Town's businessmen reach out to blacks

ARGUS 25/4/85

30 [illegible] ~~275~~

Argus Bureau

PORT ELIZABETH. — White businessmen in Fort Beaufort have invited blacks to join the Chamber of Commerce and will urge the authorities to upgrade the black township.

This follows a month-long boycott of white traders by black residents and a visit to the township by white businessmen, who say they are shocked by conditions there.

Mr Richard Roy, chairman of the Fort Beaufort Chamber of Commerce, said yesterday that his members would take up the problems of the townships "to get movement from the authorities".

He said that while the boycott had cost white businesses thousands of rands, businessmen had developed "a new understanding of the conditions under which their black customers live" and were pressing for improvements.

Problems in the township included overcrowding, "shocking" roads and a shortage of basic facilities such as water.

Mr Roy said that at a meeting with six leading black businessmen the invitation to join the chamber was received enthusiastically and was being considered.

Black leaders in Fort Beaufort have apparently told residents to buy only from traders in the township and there have been incidents of youths confiscating or destroying goods bought from shops in the white area.

One businessman is said to be down R30 000 in monthly takings, while others have lost up to 30 percent of their trade.

	1984/'85	1985/'86	1986/'87
	Nov. '84 to Feb '85	Mar. '85 to Feb '86	Mar '86 to Jun '86
	R	R	R
Accommodation	4 000	82 000	25 000
Travel	39 500	73 000	18 000
Entertainment	1 000	2 500	600
Stationery	2 300	1 000	1 000
Labour saving devices	2 000	40 000	—
Professional and specialized services	41 200	539 000	77 900
	90 000	737 500	122 500

Total R950 000

[redacted] [redacted] Hansard

Repatriation of workers

Q. 61.1291 26/4/85

707. Mrs H SUZMAN asked the Minister of Co-operation, Development and Education

(1) How many Black workers from (a) Zimbabwe, (b) Lesotho, (c) Swaziland, (d) Botswana and (e) Mozambique were repatriated in 1984;

(2) how many of these workers in each category had been granted exemption from repatriation on the ground of long service as at the latest specified date for which figures are available?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

(1)	(a) Zimbabwe		2 226
	(b) Lesotho		1 139
	(c) Swaziland		274
	(d) Botswana		762
	(e) Mozambique		16 318
(2)	(a) Zimbabwe		1 196
	(b) Lesotho		469
	(c) Swaziland		53
	(d) Botswana		358
	(e) Mozambique		2 199

as at 31 December 1984

(30) [redacted] Hansard

Trading licences

Q. 61.1292 26/4/85

718. Mr P R C ROGERS asked the Minister of Co-operation, Development and Education:

How many trading licences were operative in (a) East London, (b) Cathcart, (c) Queenstown, (d) King William's Town, (e) Komga and (f) Stutterheim as at 1 January (i) 1983 and (ii) 1984?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

The Department of Co-operation and Development is not a licencing authority but has nevertheless succeeded in establishing the number of trading licences operating in the Urban Black townships attached to the cities and townships mentioned in this question.

		(i)	(ii)
(a)	East London	21	20
(b)	Cathcart	3	3
(c)	Queenstown	19	19
(d)	King William's Town	4	5
(e)	Komga	2	2
(f)	Stutterheim	—	—

[redacted] Hansard

Johannesburg Commissioners' Courts

Q. 61.1293 26/4/85

719. Mr P G SOAL asked the Minister of Co-operation, Development and Education:

Whether any persons appearing before the Johannesburg Commissioners' Courts in 1984 were legally represented in court; if so, how many persons (a) were and (b) were not so represented as at the latest specified date for which figures are available?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

Yes.

(a) 41.

(b) 58 152.

(Figures as at 31 August 1984.)

[redacted] Hansard

Langa Commissioners' Courts

Q. 61.1293 26/4/85

739. Mr K M ANDREW asked the Minister of Co-operation, Development and Education:

Whether any women convicted at the Langa Commissioners' Courts were accompanied to jail by dependent children in 1984 or as at the latest specified date for which figures are available; if so, (a) how many children were involved and (b) into what age categories did they fall?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:

Yes.

(a) 154.

(b) Between 1 month and 5 years old.

(1 January 1984 to 31 August 1984.)

PAYE system

778. Mr P R C ROGERS asked the Minister of Finance:†

(1) What amount was collected in individual income tax by means of the PAYE system in the 1984 tax year;

(2) (a) in how many instances did the final assessments result in (i) repayments owing to over-taxation and (ii) additional payments owing to under-taxation and (b) what were the total amounts due in each case?

The MINISTER OF FINANCE:

(1) R5 119 327 245,00.

(2) (a) (i) 905 524.

(ii) 713 640.

(b) (i) R174 477 268,00.

(ii) R879 501 369,00.

Note: Abovementioned figures exclude loan levy and relate to assessments *raised* during the period 1 March 1983 to 29 February 1984.

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Stationery	2 300	1 000	1 000
Labour saving devices	2 000	40 000	—
Professional and specialized services	41 200	539 000	77 900
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Total: R950 000

[redacted] [redacted] Hansard

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(1) How many Black workers from (a) Zimbabwe, (b) Lesotho, (c) Swaziland, (d) Botswana and (e) Mozambique were repatriated in 1984;

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Note: Abovementioned figures exclude loan levy and relate to assessments *raised* during the period 1 March 1983 to 29 February 1984.

SHOP HOURS (20) FM

Changes in sight

24/4/85

The retail rebellion is spreading as commerce bids for longer or more flexible shopping hours throughout SA.

As a 15-year campaign begins to bear fruit with longer opening hours in Natal and the Cape, Pretoria traders have sought help from Johannesburg's hardened Hillbrow campaigners for flexible shopping hours to convert similarly the Transvaal Provincial Administration (TPA).

Hillbrow ... traders fighting closure

The Hillbrow Traders' Association, which opened its civil disobedience campaign with a publicly-declared "stay open" move in mid-April, has been asked by Pretoria traders to present their demands for flexible trading hours to the TPA.

Attempts to obtain a reform in trading hours in the Transvaal have been fiercely resisted in the past by the trade unions. Also, CBD shopkeepers have seen dangers to their lunchtime custom because of possible night shopping in the residential areas.

But this time the protagonists for new hours are hoping that there is sufficient muscle behind their move to ensure action.

Durban's seafront shopkeepers recently won the right to extended hours during the city's Expo '85 — from October 1 to January 5. This enables them to to stay open until 10 pm seven days a week (*Business* March 15).

Similarly, since the beginning of April, shops within the Cape Town municipal district have had the right to stay open until 5 pm on Saturdays.

But the TPA is still dragging its feet, despite an approved trial of late shopping in February when traders recorded sharply higher turnovers. The take improved in some cases by as much as 40% after 6 pm, proving, they say, that the demand for after-hours shopping is phenomenal. One store owner claimed to have sold more in three hours of late selling than in the previous two days.

Traders in densely-populated Hillbrow base their case on three main claims:

☐ Consumer shopping habits have changed drastically in recent years, as shown by a National Productivity Institute survey which found that most families do not have time to shop during working hours;

☐ Hillbrow businesses are suffering particularly harshly because most people work outside the area. It is said that about 200 concerns — employing 1 000 people — are in danger of failing; and

☐ The recession calls for moves to boost the economy and night shopping would help Hillbrow in particular to get the money flowing again.

The problem is that Administrators in the Cape and Natal have powers to change the hours by proclamation whereas the Transvaal requires an amendment to the Shop Hours Ordinance.

There is also a split along party lines in the Transvaal, with opposition MPCs generally favouring reform and Nationalist members generally against.

But the PFP's Alan Gadd says: "All Hillbrow wants is the same right which shopkeepers already have in Cape Town and Durban. They just want to be given a little freedom to sell their goods when the consumer wants to buy."

Nigel Mandy, chairman of Johannesburg's CBD Association, says the problem is that the Transvaal Shop Hours Ordinance lays down standard hours within which trade may take place. But he favours giving flexible hours a trial.

Shops are basically restricted to trade between 6 am and 6 pm on weekdays and until midday on Saturdays. Exemptions are given for the sale of foodstuffs, books and some other lines after hours.

Shoppers may buy medicated soap on Sunday, but not ordinary toilet soap; they may buy film, but not photographic equipment. The last amendment enabled hotels to sell toiletries. Record shops in Hillbrow may open after hours, but they must act as record libraries and cannot sell records. So the closing time and variety of goods which can be sold varies with each application.

However, there is light on the horizon. Skippie Botha, MEC responsible for shop hours, says he is trying to speed up change. But he warns it may be a year before more flexible hours are permitted. "Until then," he warns, "traders must stay within the law." ■

NM 27/4/85

Union against extended shop hours

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Labour Reporter

THE National Union of Distributive and Allied Workers has come out strongly against extended trading hours and yesterday appealed to the Administrator of Natal to intervene.

Miss Dulcie Hartwell, general secretary of the Trade Union Council of South Africa-affiliated union, said in a 10-page memorandum to the Administrator that late night trading would bring with it a host of problems for women shop workers.

'We emphasise that not only crimes of violence will increase, but there will be greater opportunity for shoplifting, something about which the employers have expressed great concern in the past.

'We feel compelled to ask whether those who talk of later trading being more convenient, would wish to have their husbands or wives, sons and daughters work in the shops at night, travel to and from work by public transport and walk the distances from the stations and bus stops to their homes?

'In winter, Saturday afternoon trading will also mean going home in the dark which is bad enough during the week but on Saturday nights will present far greater danger especially to women workers.

'Public transport on Sundays, where it operates at all, is totally inadequate for workers,' she said.

Black workers were also opposed to extended hours because they have a limited amount to spend and have tremendous transport problems.

Copies of the memorandum have also been sent to the Mayor of Durban, Councillor Neil MacLennan, and the Durban Chamber of Commerce.

PikPay expects turnover to top R2-billion

ARGUS
30/4/8
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By TOM HOOD

SALES by Pick 'n Pay are expected to grow by 20 percent this year with turnover "comfortably" exceeding R2 000-million — 10 years ago turnover was R220-million

This is forecast by the retailing giant's joint managing directors, Mr Raymond Ackerman and Mr Hugh Herman, in the annual report today.

About 1 400 new jobs will be created through the opening of new stores this year.

"Sales in March were considerably in excess of budget which has proved an excellent start to the year."

Pretax profit, they forecast, will improve by the same as last year's 16 percent, when it jumped to R63,5-million from R54,8-million in 1983.

R75-M EARNINGS

And if this happens, earnings could amount to about R75-million, although the report declines to give a figure. Profits of that level could also generate dividends of around 96c against the current total payout of 83,5c

Supermarkets at Tyger Valley regional shopping centre, at Shelly Beach and Kingsburgh, Natal, as well as a hypermarket at Wonder Park, Pretoria, are to open later this year.

Another R9-million will be spent on modernising 15 older stores.

HEALTHY BALANCES

The report discloses the group holds a healthy R64-million in bank balances and cash; almost three times the cash figure of a year ago.

Almost R7-million was earned in interest (up from R4,6-million) while interest paid amounted to only R1,9-million, slightly more than the previous year's R1,8-million.

Although more stores were opened, improved stock control enabled the group to end the year with R120-million of stock — R299 000 below the stock level at the end of the previous year.

TIGHTER MARGINS

Greater staff productivity also helped Pick 'n Pay to increase its work force by only 4 percent to 18 950 while opening more stores and increasing its turnover by 21 percent to R1 825-million.

Turnover per employee rose to R114 from R92 and profit per employee improved to R3 872 from R3 653.

And in spite of tighter profit margins, profit a sq m rose to R289 from R283 a year ago.

IMPORT DUTIES

The balance sheet shows property valued at R117-million against a book value of R68-million.

In the 12 months to end-February, wealth created by the group amounted to R335-million, of which R169-million went to the State in income tax, PAYE, GST and import duties. In addition, R4-million of GST was paid for property development undertaken by Pick 'n Pay for third parties.

The next biggest slice of the cake, R116-million, went in wages.

Another R31-million was spent on equipment and vehicles, R18-million was paid in dividends and interest and only R1-million was retained.

PUNITIVE TAXES

Commenting on these figures, the directors say: "The company profit is R63-million, which illustrates the punitive rate to which taxation has now climbed. It is indeed worrying to contemplate that further municipal taxes are now envisaged. Surely the situation has gone far enough?"

● With Pick 'n Pay's annual report comes a comic supplement, Asterix Goes Shopping, featuring the well known children's comic character, to explain the company's business. Another character, an "old warrior" called Raymondackerfix, is described as majestic, brave and hot tempered.

Argus 1.5.85

Councillors turn down cut in pay

Municipal Reporter

CITY councillors have fought off another attempt to get them to take a 10 percent cut in their allowances, a move criticised as "a self-indulgent exercise in moral tokenism".

Mr Sam Gross succeeded yesterday in getting councillors to debate his motion for an allowance cut — which councillors voted not to do at the last meeting — but he came under fire for promoting what Mr Clive Keegan called "an orgy of self-flagellation".

He said it was the council's duty to run the city and finances properly.

"Moral obligation"

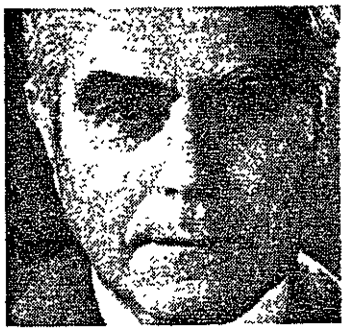
"But it is not our duty to make bloody fools of ourselves by entering into self-indulgent exercises of moral tokenism."

He said city councillors were paid a "pittance" for accepting responsibility for a budget of more than R700-million and an organisation with a staff of more than 16 000.

"And I find it offensive that we are told we have a moral obligation to reduce our allowance to lower than the level of a boy scout's pocket money.

"We are not running a chicken farm.

"The modern city is a complex, sophisticated and multifaceted place and there is no longer place for amateur youths with a few hours to spare and a desire to see justice done.



Mr Sam Gross . . .debated his motion.

Mr Clive Keegan . . .no chicken farm.

"But for doing the job we do, we have been earning a pitiful, miserable pittance," Mr Keegan said.

Mr Gordon Oliver disagreed. "We need to show the public that we are attempting to draw alongside them in their plight, " he said.

Mr Arthur Wienburg said he could not expect executive committee members or the Mayor to take a cut in view of their workload for the city.

Mrs Eulalie Stott said she was concerned that because allowances were low, prospective councillors had to have a good income in order to pursue a civic career.

"It is not desirable that this council should be seen to be available only to people who are seen to be 'fat cats'."

The recommendation to ask the executive committee to consider the motion was defeated by 14 votes to 12.

● Provincial councillors who took a three percent cut in their allowances had received a car allowance which more than made up for the loss, Mr Frank van der Velde MPC, told councillors.

Mr Tom Walters

Mixed trading will 'disprove friction myth'

Municipal Reporter

FREE trading by all races throughout Cape Town will prove to racial bigots that "life will go on, the walls will not fall down and there will be no such thing as this imagined friction", Mr Tom Walters has told city councillors.

Mr Walters was backing the council's representations to the Government to allow businessmen of any race to trade at any business-zoned property in the city — a reaffirmation of established policy.

He said the "post-apartheid era" had dawned and the "whole edifice is breaking up".

The report to the Government recommends areas for proclamation in order of importance. The city centre, Claremont, Mitchell's Plain, Athlone, Wynberg, Sea Point and Tokai top the list.

Mr Joseph Rabinowitz suggested ratepayers' associations be consulted on open business areas.

The decision rests with Mr Chris Heunis, Minister of Constitutional Development and Planning.

lks with ANC

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Sowetan

1/5/85


PRICES: Mashigo.


THINK: Tshabalala.


TYPICAL TOWNSHIP SHOP: Granny and schoolkids in line for the day's purchases.

Small traders face ruin

HUNDREDS of small shops in the black townships may be forced to close shop as the recession continues.

Traders are scared that unless the economy picks up, they may be in the red.

Reasons causing the collapse of the small trader are:

- the econony;
- growing unemployment rate;
- dwindling profits;
- increasing costs;
- the reluctance of banks to give loans

A survey by **The SOWETAN** showed that the hardest hit among the small traders was the corner "fish and chips shops", whose survival now largely depends on the selling of fat cakes to schoolchildren.

In addition, the fish and chips shop is facing strong competition from the fast foods outlets — Kentucky, Chicken Licken etc — which are growing fast.

These outlets are cheaper, cleaner and give more professional service than the ussually dingy fish and chips shop.

For the general dealer, popularly known as the "grocer shop" in township parlance, the emergence of giant stores like Maponya's, Blackchain and a host of other supermarkets found nearly in every township, has spelt doom.

While the general dealer tries to keep his customers by giving credit and opening until late, the customers have decreased because of the cheaper prices at the giant supermarkets." These supermarkets also keep late hours.

Mr Snowy Mashigo said: "The rising costs of everything leaves us with no option but to raise our prices too. But this has a negative effect, as it makes the consumer to go where it is cheaper.

"Added to this is the problem that many of our old customers, presently out of jobs, are requesting us for credit almost daily.

"It is so difficult to refuse an old customer credit that you are automatically hopeless, and simply yield to his request. And on more than one occasion that is the last time you see him," Mr Mashigo said.

He contends that unless there is a drastic change in the economy — very soon — many shops will have to close.

The SOWETAN also took a look at the recent findings of Professor C de Koning's "The Formal Private Sector In Greater Soweto." He says red tape also hampers the development of the small trader.

Prof de Koning says the type of business licences granted to small traders contributes to their downfall.

Many licences allowed the trader to open his doors when the bulk of customers, working outside the townships, had long left for work and the trader has to close not long after a large number of consumers have come back from work.

A drastic change in this, says Prof de Koning, will improve many a small trader's profits and his business might flourish.

Mr Rashid Alli, director of the Small Business Advisory Services (SBAS), agrees with Prof de Koning's findings, adding that all businessmen in the country need to partake in a free enterprise system.

"There is no doubt that the small trader is feeling a terrible pinch at the moment. But what we need to do is to get all businessmen to partake in the free enterprise system. What I mean is that a trader has to go where his market is," said Mr Alli.

Asked how he saw the small trader's future, he said: "I get scared when I think of it. The small businessman is the one supposed to create jobs, but at the moment he cannot due to the recession.

"With so many people out of jobs and hundreds to lose their jobs I shudder to think what is to happen to the small trader," he said.

Another trader Mr Sipho Mthembu whose store had many vacant shelves when visited by **The SOWETAN**, said if there was no improvement in the economy within the next six months, he would be forced to close shop.

"What is the use of filling up your shop with articles when nobody comes to buy? It is frustrating, you know."

Other traders echoed the same sentiments but Mr Makana Tshabalala differed. He called on black traders to exercise "positive thinking."

"Blacks have to forget that there is something like the recession. I mean we blacks have always been the downtrodden but despite all that we have managed to pull ourselves up.

45c
48c
42c

-ENYANE and Miss Idah Madonsela, staunch members of Women's Club, enjoying refreshments after the club's meeting in Mamelodi at the weekend.

45c
52c
46c

~~Maize~~

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Maize price hike is flayed

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Sowetan 1/5/85

THE latest increase in the price of maize was condemned by leading supermarkets today.

Mr Clive Weil, the managing director of Checkers, said: "We will try to keep the current price levels of maize as long as we can. The maize price has increased by more than 150 percent in the last six years and we will be doing all we can to cushion the increase.

"The producers and millers can fight but in the end it is the consumer who pays. I believe it was a brave decision politically and otherwise to keep the maize price at the old level," he said.

The chairman of the Maize Board, Mr Van Abo has condemned the Government's decision to reject a producers' increase. He said the decision had nothing to do with the economy.

"This is only a smokescreen. The decision was a political one," Mr Van Abo has resigned from the board in protest.

Mr Richard Cohen, of Pick 'n Pay pledged to sell existing stocks at the old price. He estimates the more popular sizes to be exhaused in four or five weeks.

CAPE TIMES 1/5/85

Businessmen see Viljoen

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Political Staff

MEMBERS of the Grahamstown, Port Elizabeth and Uitenhage chambers of commerce have held talks with the Minister of Co-operation, Development and Education, Dr Gerrit Viljoen, on "problems relating to unrest in the Eastern Cape".

In a statement released in Cape Town yesterday the chambers said the talks covered "political aspirations of sections of the community", black education, housing and job creation.

The chambers stressed the importance of "communications and bridge-building", the statement said.

Letters to the Editor
PO Box 11, Cape Town 8000

Cape Times
3/5/85

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Public must determine shopping hours

From TONY SILBERBERG, Cape Peninsula Commercial Employers' Organization (Cape Town):

PERMIT me to reply to the letter from Miss Dulcie Hartwell, general secretary, National Union of Distributive and Allied Workers, that appeared in the Cape Times recently.

It is difficult to understand the view that inflation will be boosted by the more productive use of resources. The opposite should be true.

A number of incorrect assumptions were made. For example, it is a fallacy to believe that there is a fixed amount of money that is spent by the public in retail stores. After all, recessions occur when less is spent (and more is saved) and booms and prosperity are when business is good and more is spent. What would happen to the economy if stores were allowed to open for only a half day throughout the week?

Surely shopping hours that are more convenient to the public will make shopping easier and help to end the recession that the country is experiencing?

A retailer's main function is to satisfy the public's needs for consumer merchandise.

The public should be allowed to determine the shopping hours that best meet its needs. Stores should remain open when the public wants to shop, and close when there is no demand.

Shops will be able to offer the best prices and service if they match their trading hours and staffing to the customers' needs. It is not logical that shops should be forced to close early on the very day when most business is done and be open, fully staffed on quiet weekdays when there are few customers about. This is apparently what the union wants, and believes is not inflationary. By correct staff scheduling, stores can reduce costs, offer better prices to customers and remain open all day on Saturday.

I agree that conditions of employment for shopworkers are not ideal and can be improved. Rather than fight progress, staff should, together with management, take advantage of the opportunities offered by the more liberal trading hours to improve productivity and staff benefits.

With a little creativity, management will be able to now offer a five-day week to their staff and allow them to spend more time with their families. Better salaries can also be offered to more productive staff. Also transport and security should present no undue problems on Saturday afternoons.

In conclusion I call on the union to consider the opportunities made available by more flexible shopping hours to ensure that every one benefits — the staff the shop owners and most important of all, the public.

ket commentary with the the contrary school ar- loser in its own right.

Cape Times 6/5/85 30

Clothing industry casualties

Nearly 4 000 West Cape clothing workers are out of work, part of a general decline in the manufacturing sector generally, says the National Clothing Federation's president, Mr Mike Getz. Employment levels are fast approaching those that obtained in 1978 and the buying of clothing is shrinking rapidly. What kind of companies have gone to the wall and what can be done about this?

By ROBERT GREIG

WHO has gone to the wall in the clothing industry, and what can be done?

According to the National Clothing Federation's president, Mr Mike Getz, the companies that were undercapitalized have been vulnerable.

So, surprisingly, have the companies making "basic products", like socks and underwear.

Conventional wisdom, attributing rationality to consumers, would assume that they continue buying the essentials even in recession.

The practice is the reverse. Consumers put fashion before function and buy to face the world. So manufacturers of basics suffer.

Third on the list of likely casualties are those enterprises dependents on one or two customers.

In the clothing business, where three groups — SA Breweries, Wooltru and Foschini — account for 50% of retail sales, this can be hard to avoid.

Says Mr Getz: "Particularly vulnerable have been cut, make and trim operators, a very important part ofn the industry traditionally providing flexibility and quick turnaround."

With their small capital base — rented accommodation, low-cost labour and leased machinery — they are where the industry lets in entrepreneurs — the air in the soda

on quick movement of stocks. Some may be inclined to change emphasis, too, from marketing-related to accounting skills.

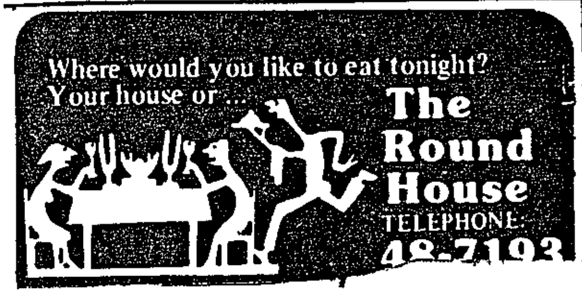
This, says Mr Getz, can amount to a shifting of risk from the retailer to the manufacturer who has to become sensitive to the need for shorter product runs and lead times.

Again, this depends on the fleetness of textile manufacturers.

What can be done?

According to Mr Getz, the NCF will be consulting its customers about trying to alleviate hardship within the industry as the retail sector adjusts to present and expected conditions.

It will also discuss with suppliers what can be done to retard "the sharp escalation in the cost of raw materials, bearing in mind that this established trend is leading to



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McCarthy buys Perkins in R8,6-million cash deal

ARGUS 7/5/85

JOHANNESBURG. — The McCarthy group has taken over one of the Witwatersrand's best known motor trading organisations, Dan Perkins and Company (Pty), for R8,6-million cash, the two companies said in a joint statement today.

The deal strengthens the McCarthy group's stake in the Toyota and BMW franchises in the Transvaal and takes it to market leadership in truck rental in South Africa, Sapa reports.

It is the largest acquisition the R900-million a year McCarthy group has made since it bought Yamaha in 1981.

Controlled by Trade and Industry (TI), Dan Perkins and Company's sales are currently running at around R100-million a year.

In terms of the acquisition, McCarthy's takes over the retail motor interests and truck hire operations of Dan Perkins, but not its Hendlers heavy transport arm nor its engineering company, Dinsa.

The retail motor interests consist of three Toyota outlets in Johannesburg, at Wynberg, Malvern and the central city, a BMW outlet in Sandton, two specialist used car operations and a Hino heavy truck centre in Johannesburg.

Also acquired is the R6-million a year Dan Perkins truck rental division which operates from three branches.

This, together with McCarthy's existing national operation, Fleetrent, takes the group to the number one spot in truck rental in South Africa.

Until now, McCarthy's Toyota interests in the Transvaal have been confined to dealerships in Pretoria, while its BMW interests have been confined to dealerships in Benoni, Germiston, Roodepoort and Vereeniging

The Dan Perkins deal thus gives McCarthy a first-time entry into the Toyota and BMW markets in the greater Johannesburg area

• **Springs Dagga Gold Mines**, the reclamation project on the East Rand, is to get its R41-million, it appears, and fully justify the optimism that pushed up the price of the shares of Egoli, its parent company, from 110c in April to 253c before they were suspended on Monday last week, writes Financial Editor Derek Tommey.

Egoli at present owns 75 percent of Springs Dagga and the other 25 percent is owned by the Mariner Mining Corporation.

Egoli is to be partnered by the Canadian-incorporated and London-listed mining group, Cobra Emerald Mines, and Golden Dumps in this venture, the company announced today.

In terms of the agreement, Springs Dagga will issue Cobra 71,8-million shares for R41-million and will issue Golden Dumps 5,9-million shares for R10 000.

This will give Cobra 61 percent and Golden Dumps 5 percent of the enlarged share capital of Springs Dagga. The Egoli-Mariner group will retain its holding of 40-million shares, which will represent 34 percent of the enlarged capital

The funds will be used primarily for the erection of a new gold recovery plant and for expanding the development underground mining operations.

The transaction has had no effect on the share capital of Egoli, and it is not expected to have any significant effect on the earnings of Egoli for the current financial year ending March 31 1986, though it should improve earnings in future years, the company says.

Cobra will make a rights issue in London of £25-million to enable it to pay for its shares in Springs Dagga.

The Argus
BUSINESS TODAY/SPORT

Expert pooh-poohs expected surge in clothing prices

ARGUS 8/5/85 (30)

By DEREK TOMMEY
Financial Editor

HEAD of Pick 'n Pay's textile buying operations Mr Johnny Rosenberg has challenged claims that clothing prices will rise strongly next summer.

He said efficient clothing manufacturers should be able to absorb most of the cost of the increase in textile prices.

He was commenting on a statement by a Durban clothing manufacturer that because of the devaluation of the rand and resultant increase in the cost of materials, clothing prices this summer would rise by between 25 percent and 30 percent and even by 45 percent in some instances.

Mr Rosenberg said today that such price rises were unwarranted.

CHANGED MARKET

The average increase in Pick 'n-Pay's clothing prices this coming summer would be only 10 percent. Many items would be selling at the same prices as last year and the prices of some would even be lower than a year ago.

He criticised clothing manufacturers for failing to adjust to changed market conditions.

"They are still seeking to maintain their profits with high mark-ups instead of seeking economies of scale by going for low margins and long runs."

Just this week a local clothing manufacturer, because it was concerned about the backlash from other retailers, had refused to enter into a deal with Pick 'n Pay which would have trebled his production and substantially reduced the price of the garment he made.

Mr Johnny Rosenberg, head of textile buying operations for Pick 'n Pay.

Mr Rosenberg said that in spite of the downturn in the economy many clothing manufacturers were still operating profitably, because they were professionally managed and knew how to cost.

They also kept their factories fully occupied even if the profits were less than they would like.

Generally, those clothing firms that were going to the wall were the ones that did not know how to cost.

There was a serious need for greater efficiency in the clothing industry, he said.

Long shopping hours due next year

30 (30) Star 9/5/85

Pretoria Bureau

Transvaal shopkeepers will probably be allowed to trade between the extended hours of 7 am and 11 pm daily, except Sundays, next year.

The MEC for shop hours, Mr Skippie Botha, has announced he is forming an all-party committee to draw up a measure for approval at the provincial council's final short session in February.

Mr Botha's move comes after years of heated provincial debate on the issue. The past few years have also seen a growing demand among shopkeepers and businessmen for more flexible hours.

Recently the MEC and the provincial inspectorate clashed with members of the Hillbrow Traders' Association who claimed the present limited trading hours were putting them out of business and defied the law by remaining open later than was allowed.

Several of the errant traders are now being prosecuted.

Mr Botha said the committee he had called together would be an informal one and would meet during the current session.

He appealed to leaders of the opposition parties in the council to help draw up a brief for the committee.

The Progressive Federal Party provincial spokesman on shop hours, Mr Alan Gadd, who will serve on the committee, applauded Mr Botha's announcement, saying the council was moving towards providing for the needs of the Transvaal shopping public.

Mr Ben Nortmann (Independent Pretoria West) said it was the right of any Transvaal resident to buy what he needed when he needed it.

He said at present the number of exemptions granted to individual businesses was "longer than the ordinance itself".

The provincial council last night passed legislation which will make it possible for shops to remain open until 5 pm on the two Saturdays before Christmas this year.

MPCs jest over escort agencies

Draft legislation which will require all escort agencies to be licensed, and will give the police broad new powers over hotel and gym licences among other things, was the subject of ribald debate in the provincial council last night.

Innuendo abounded as councillors disagreed on whether licensing an escort agency amounted to approving a brothel and whether such a licence would in fact make any difference.

Among other things, the legislation stipulates:

- The Licensing Board can refuse any type of licence on the ground that activities are taking place which are contrary to public morals.
- Licensing Boards must check with the police regarding an applicant's previous character.
- Any member of the police can take the applicant's fingerprints for identification.

Mrs Pat van Rensburg (PFP Bryanston) said most escort agencies were merely fronts for brothels, but Mrs Sheila Camerer (NP Rosettenville) warned that some offered a genuine service and must be accepted as bona fide businesses. The council should therefore avoid a head-in-the-sand approach. — Pretoria Bureau.

blame death

and police followed.

"It was not his plan to open e," said Mr Lategan. "I don't w why he did it."

Captain Pretorius said the polien involved and Mr Van Sta- were wearing vests which e bullet proof in the front.

It was the first time in my 17 s' experience that I have wn a bank robber to have shot one in the back," he said.

hen asked why the police ahead with planning the trap did not try harder to persuade lay not to do it, he replied it was not the way police

criminal would just use his opportunity to commit such ne," he said.

cording to blood tests, Finds not under the influence of at the time of his death.

Phone tap transcripts handed to magistrate

10/5/85

Three transcripts of telephone conversations tapped by the police and marked "top secret" were handed in at a Johannesburg Magistrate's Court as exhibits yesterday. Star

This followed a ruling by magistrate Mr W Aucamp that the State did not have to prove the police had proper authoriation to record the telene conversations.

The transcripts are ing used as evidence gainst ugersdorp lice officer, Major endrik Johannes Nel, ho is being tried on 31 ges, including ges of fraud and ibery.

He pleaded not guilty all the charges.

BUGGING

~~254~~

one of the conversa-, read out in court the transcripts, or Nel said: "I do not to discuss it over telephone, because I scared they may be ing (the phone)."

the same converse

Traders call for urgent changes

(30)

10/5/85

Star

Municipal Reporter

The Small Business Development Corporation (SBDC) and the Hillbrow Traders' Association (HTA) have called for the urgent scrapping of restricted trading hours.

They were reacting to an announcement by the Transvaal MEC responsible for shopping hours, Mr Skippie Botha, that a committee will investigate legislation to allow flexible shopping hours at next year's short provincial council session.

A spokesman for the SBDC said the corporation congratulated Mr Botha and offered the committee any help it needed.

The spokesman said it would not help businesses which went bankrupt this year that flexible trading hours would be allowed next year.

SERVICES

He said small businesses could compete against larger competitors only by providing a more convenient service but were prevented by law from doing so.

"A good case can also be made for the urgent repeal of the Shop Hours Ordinance to assist small businesses in surviving the present economic doldrums," the spokesman said.

Mr Peter Rose, a spokesman for the HTA, said local businesses were doing so badly that cheques from them for as little as R50 had been bouncing.

"We have been asking bank managers not to put pressure on troubled businesses because we thought flexi-hours would be considered urgently," Mr Rose said.

He said the provincial council was unanimously in favour of flexible shopping hours and the matter should be considered urgently.

GST puts the brake on motor vehicle sales

Star 10/5/85 30

Star 49

By Duncan Collings
Deputy Financial Editor

Car sales crashed in April as the full effects of the rise in GST to 12 percent together with the shorter business month took their toll.

New car sales in April declined to their lowest level in eight years and at 12 849 units were down 34 percent on March and 48 percent on April 1984.

The gloomy picture is also reflected in car sales for the four months from January to April which at 68 245 units are 31 percent down on those for the same period last year when 98 328 cars were sold.

Overall sales including commercial vehicles for the month were down 33 percent over April and 46 percent down on April last year. Sales of commercial light vehicles were the lowest in 16 years.

Toyota sold most vehicles, retaining its market share of 29,6 percent with VW (11,6 percent) in second place, then Ford (10,4 percent) in third.

Toyota also claimed the lion's share of car sales with 3 292 or 25,6 percent of total sales with VW next with 1 918 sales, then Mercedes Benz with 1 586.

Commenting, the director of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Nico Vermeulen, said that while some softening in the demand for new motor vehicles had been anticipated in the aftermath of the two percent March general sales tax increase, the exceptionally low level of new motor vehicle sales during April represented another severe shock to the motor industry.

He said the figures underline the severely depressed and serious conditions facing the South African motor and associated industries.

Current sales represent only a mere 40 percent of what the industry is capable of producing on a single shift basis and, as a result, the stability of the industry's investments remains under intense pressure.

The current stringent monetary and fiscal measures and the prevailing high level of interest rates continue to adversely affect business conditions and unless there is a significant improvement in vehicle sales in the short to medium term, manufacturers will inevitably be forced to adjust their operations in line with the lower levels of demand in the market place, he said.

Mr Colin Adcock, Toyota's managing director, said that read in the context of previous experience of major changes in GST it is likely to be two months before sales recover.

This, he said, indicates that the total car market for 1985 is unlikely to exceed 220 000 units, while the light commercial vehicle market will be in the region of 95 000 units.

But he said there are signs that the economy is improving

"I would therefore hope that by taking the strong medicine handed out by the minister of finance during his budget that we should be reaching the bottom of this very difficult recession," he said.

Light commercial vehicles sales were down by 32,3 percent at 5 369 compared to 9 692 in April last year and down also on March 1985's 7 935 units.

In the fledgling medium commercial sector sales were also depressed at 365, down by 36,9 percent compared to the 578 sold in April last year and down by 23,3 percent on the March 1985 sales of 476.

Heavy truck sales of 752 were 33,2 percent down on March and 26,4 percent lower than April last year.

Traders call for longer hours

Sowetan

10/5/85

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THE Small Business Development Corporation (SBDC) has called for the scrapping restrictions on shopping hours for the benefit of the small business sector.

The SBDC managing director, Dr W S Vosloo, said restricted trading hours have always been an unnecessary constraint on small business, but it has however now become obsolete, due to the present hostile economic climate.

He said that in a market place where small businesses cannot compete with larger traders; restricted trading hours prevent them from competing on service and convenience for the consumer.

"With 16 small companies daily going bankrupt, the constraint of trading hours must be considered as one of the casual factors.

"The repeal of this ordinance will be a major step towards reaping the results of a vigorous small business sector, with the benefits of increased job creation, expansion of material wealth and political stability as the most important", Dr Vosloo said.

10/5/85

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AGRICULTURE

The soya saga

For years soya has been SA's Cinderella crop, but the image is about to change. A top-level meeting is planned in Johannesburg this week at which the SA Soya Association (Sasa) is expected to be formed.

Representatives of food processing companies, the Oil Seeds and Meat Boards, the Department of Health and some 30 to 40 other interested parties are expected to attend.

Spokesman David Bailey explains that "Sasa is being formed to promote the production and marketing of soya in association with the meat industry. With the regulation of soya as a legal constituent of various processed meat products, processed meat costs could be substantially reduced."

Bailey tells the *FM* this would not only increase the sale of processed meat but the price of boerewors, for example, could be slashed by some 25% with a soya content of 15% — if this could be regulated by government.

He says soybean representatives requested the Department of Health (DOH) more than a year ago to change existing regulations to facilitate the legal use of soybean as an additive to certain processed meat products. "But," he says, "we are still waiting to hear from them."

Bailey adds that the DOH is campaigning against the use of soya in the processed meat industry as it was not mentioned by name in the Food, Drugs and Disinfectant Act of 1929. In a recent "test case," the DOH lost an action it brought against a retail butcher for "illegally" using soya as an ingredient in sausage products.

SA now imports about 150 000 t/year of soya "cake" — an essential ingredient in animal protein feeds of which there are huge local shortages.

Soya is one of the most protein-rich foods available, he says, and is the single largest US agricultural crop. It is the major basic food in the Far East, he says, but SA has hardly touched the potential local market "or further afield in Africa where people lack protein."

Current local production is only 35 000 t/year. Soya marketing falls under the Oil Seeds Board, but it has apparently been discouraged because its oil content is only some 20% — way below sunflower and groundnuts. "Soya, in fact, is a proteinaceous bean and should fall under a different administration," says Bailey.

The industry is now awaiting government's decision on the 1985 soya price, which was due on May 1. Following the maize price battle, government may well be studying the implications of increased soya production as a means of increasing the provision of basic foods in SA. ■

SMALL BUSINESS

Time to re-think

The fledgling SA Law Review Project (LRP) — set up to expose the legislative and administrative hurdles that block entry to and participation in SA's economic system — has begun to win important government recognition.

It has been asked by several public sector bodies to provide a technical service by identifying legislative obstacles and recommending reform.

By its very nature, the LRP has a critical role in moves to facilitate the growth of the small and informal business sector.

The demand for its services is already such that the LRP is set to expand and is hoping to employ a senior legal man to head the new drive, says LRP chairman Bob Tucker. While Tucker won't name the candidate, he will be to the LRP what former judge J T Steyn is to the Urban Foundation.

Details of the LRP's new briefs and clients will not be made public. "As we do not promote general policy changes, like chambers of commerce, any alterations to existing legislation will not be attributed to us," says Tucker.

Instead, the LRP will work at the coal face of the legislative process after researching issues relating to small business, safety, health, zoning, tax, transport and so on, he

30 FM 10/5/85

FM 10/5/85 30

says. Briefs come from ministers down to provincial and local authorities.

The LRP comprises members of the Small Business Development Corporation, the Urban Foundation, Free Market Foundation (FMF), National Federation of Chambers of Commerce (Nafcoc) and other business associations. It seeks to co-ordinate the efforts of bodies involved in law review.

Speculation is increasing on how government might work its way round the prickly issue of deregulating the economy, and some predict the LRP will play a meaningful role.

Leading business figures have slated the over-legislation of the SA economy. But little progress has been made, and meanwhile the small business sector is strangling in red tape.

Petty vested interests enjoy a business version of "sheltered employment" behind restrictive licencing, minimum standards regulations and subsidies.

Natal Chamber of Industries president Alex Hamilton warns that big business and government are dismally failing the small and informal business sectors, jointly SA's best hedge against growing unemployment.

While not advocating a regulation-free economy, he believes, for example, that business could be its own policeman as common law redress exists for employment malpractices and employees injured at work.

Hamilton says the high cost of over-legislation on safety, health and building standards, copyright restrictions and group areas is hampering small business growth.

LRP'S Tucker ... briefed to deregulate

Many blacks have also become convinced that the free enterprise/democracy package holds no advantages for them. "What's more," says Hamilton, "it's putting off outside investors as over-legislation in Third World SA is worse than in First World economies." ■

COMPANY FORMATION

Opening time

There have been 587 compulsory liquidations since January this year. That's the bad news. The good is that, together, more close corporations (CCs) and companies have been registered in the first four months of this year than last — 4 540 CCs and 2 057 companies.

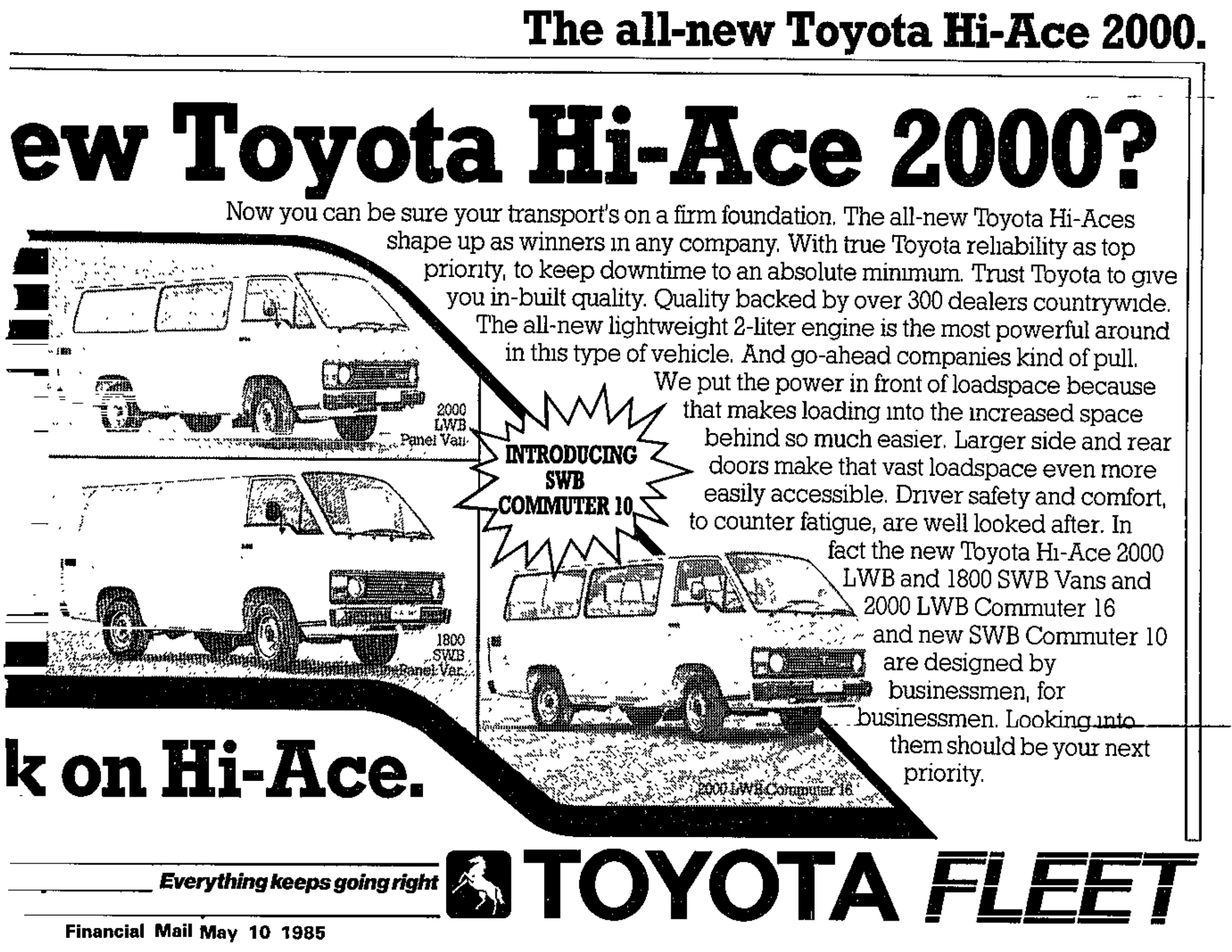
During the corresponding four months of last year, 4 447 new concerns were registered.

At the same time, however, it's as well to remember that of the new CCs, 2 239 have been converted from existing companies. Says Arthur Young partner Dudley King: "This was done mainly for tax reasons."

Shunning the CC

Predictably, most of the conversions have been investment and property companies. But Ben Vosloo, MD of the Small Business Development Corporation, says small businesses do not have the resources to appoint an accounting officer or to comply with the requirements of the CC Act.

He says most small businessmen operating in the formal and semi-formal sectors have shunned the CC as a business form. "The demand," he adds, "has come from the formal small business sector, where the one-man business, the partnership and private



PICK 'N PAY

Staying ahead

30

Activities: *Mass retailer operating 10 hypermarkets and 72 supermarkets domestically. Also operates a hypermarket in Brisbane, Australia.*

Control: *52% of the equity is controlled by Pikwik, which is 56% controlled by the Ackerman family.*

Chairman: *and joint managing director: R D Ackerman; joint managing director: H S Herman.*

Market capitalisation: *R627m*

Financial: *Year to February 28.*

	'82	'83	'84	'85
Debt:				
Long-term (Rm) ...	13,4	13,0	12,7	12,4
Debt:equity ratio	0,17	0,14	0,10	0,09
Shareholders' interest	0,35	0,35	0,39	0,36
Int & leasing cover .	23,1	25,8	31,1	33,3
Debt cover	2,4	2,9	3,6	4,1

Performance:

	'82	'83	'84	'85
Return on cap (%) ..	17,1	18,5	18,1	16,7
Turnover (Rm)	974	1234	1501	1825
Pre-int profit (Rm) ...	40,3	50,1	56,7	65,5
Pre-int margin (%) ..	4,0	3,8	3,4	3,3
Taxed profit (Rm)	23,7	27,5	31,4	33,5
Earnings (c)	124	141	161	171
Dividends (c)	49,0	61,0	72,0	83,5
Net worth (c)	406	491	633	724

All evidence points to Pick 'n Pay retaining its leadership status in the retailing industry. Earnings and dividends continue to grow at a healthy rate, while tighter margins, high inflation and lower discretionary income have eroded competitors' profitability.

Chairman Raymond Ackerman explains his group's leadership like this: "Our progress in the 18 years of the company's life has been based,on the principle of consumerism, which means nothing more than interpreting properly our consumers' needs and satisfying them."

An impressive track record has been achieved on this success recipe, particularly, since the first hypermarket was opened in Boksburg 10 years ago. During that period, turnover has risen to R1,8 billion from R142m, while the number of stores has grown to 82 from 35.

Before hypermarkets were established, Pick 'n Pay was a food retailer, operating on low profit margins. But the expansion into hypermarkets enabled it to sell more durable and semi-durable goods, which carry wider margins.

It would seem that this strategy should have caused major headaches for management as demand for furniture and appliances has fallen off sharply. But the storm has been weathered.

Finance director Chris Hurst claims that "we are not interested in opening new stores for the sake of market share, but we would rather concentrate on their ability to be profitable". But the real test of strategy could occur as the group expands overseas, moving into new markets.

Since the first hypermarket was opened in Australia last November, says Hurst, sales have been on budget. A second hypermarket is scheduled to open in the next two years in either Sydney or Melbourne.

Hurst believes that Australia offers "unlimited potential" and expects many more hypermarkets to be established there in future. At present, there are no plans to expand elsewhere, although there could be opportunities in other countries.

When conditions worsened in the second half, Hurst says management concentrated on reducing stock levels and a higher stock turn was achieved for the full year.

As a lower proportion of funds were required for inventory financing, the cash balance nearly trebled to R64m from R23m. The additional liquidity helped boost pre-tax profits, with interest received jumping to R7m from R4,7m. Though pre-tax income advanced by 16% to R63,6m, the higher tax rate limited the taxed profit rise to 6%.

Since 1980, dividend cover has fallen steadily from 3,0 to 2,0, which is consistent with group policy. Hurst describes Pick 'n Pay as "cash rich" and says he is confident that cover will eventually fall to 1,5 unless capital expenditure rises sharply above present expectations.

The excellent track record is reflected in the share's high market rating. At 3 125c, it yields 2,7% on dividends, which seems to leave little room for disappointment. In my view, the share is fairly priced and should be purchased on any setback. *Stephen Richter*

Pick 'n Pay's Ackerman ... satisfying customers' needs

NATIONAL TRADING

Overstocked

Activities: *Distributors of fittings, valves and piping for the petro-chem industry, power stations, boiler plants and water reticulation schemes. Makes electrical transformers and high-voltage switchgear.*

Control: *A Oppenheimer & Co Overseas Limited holds 52% of the equity*

Market capitalisation: *R14,1m.*

Financial: *Year to December 31.*

	'81	'82	'83	'84
Debt:equity ratio	0,22	0,10	0,48	0,50
Shareholders' interest	0,53	0,63	0,42	0,46
Debt cover	0,59	0,84	0,27	0,09

Performance:

	'81	'82	'83	'84
Return on cap (%) ..	12,6	9,6	9,8	6,4
Turnover (Rm)	135,9	136,8	164,8	199,8
Pre-int profit (Rm) ...	7,3	5,4	7,3	5,4
Pre-int margin (%) ..	5,3	3,9	4,4	2,7
Earnings (c)	65,5	48,4	61,2	(12,9)
Dividends (c)	30	22	26	10
Net worth (c)	509,3	575,3	502,4	636,0

Rising stock levels, particularly during the second half of the year, seriously impacted on the group's cash flow and profitability, according to MD Leonard Stern.

(30)

16 companies liquidated daily in March

14/5/85 NM

JOHANNESBURG— Only the biggest and strongest companies are surviving the economic recession, with almost 70 percent of the 2 675 companies liquidated in 1984 being small to medium-sized businesses.

Figures supplied by major credit agencies show that almost 1 900 smaller companies — with gross assets less than R750 000 — collapsed in 1984.

And the pressure has continued during the first quarter of this year, with all companies being liquidated at a rate of 16 a day during March.

'Liquidations and the rate of judgements will continue to increase at last year's rate for the next three to four months. However, as money becomes less expensive and more easily available, we expect a marginal downward trend in bancruptcy,' said Mr Ivor Jones, managing director of Kreditinform, one of the largest commercial credit agencies in the country.

Weaker, mismanaged and under-capitalised companies were the first to go under, followed by retail companies.

Small businesses are 'mushrooming' in SA

(30)

Star 14/5/85

Northern Transvaal Bureau

PIETERSBURG — Small business concerns are mushrooming all over the country, according to statistics released here by the general manager (northern region) of the Small Business Development Corporation (SBDC), Dr Jan Prinsloo.

He told a media conference that 840 applications for loans of less than R50 000 were received by the corporation in the Transvaal/Orange Free State area alone during April.

These were being treated on merit, and many of them would have to be turned down, he said.

The SBDC helped to establish 60 factory units in the Northern Transvaal during the last three years.

Of these factory units 31 were in Pietersburg, 11 in Tzaneen, 10 in Potgietersrus and eight in Messina.

Loans of up to R2 000 are repayable at an interest rate of one percent over six months, whereas 36 months are allowed for larger loans, Dr Prinsloo pointed out.

He said the SBDC had helped to provide employment for 35 000 people since its inception after the Good Hope Summit in 1981.

ARGUS 15/5/85 30

Rice price may soar to protect importer

Argus Correspondent

DURBAN. — The price of rice could soar as the result of moves by South Africa's largest rice company to protect its share of the market.

S Wainstein and Co, which imports large quantities of unmilled rice, has applied for a 300 percent increase in the import duty paid on milled and semi-milled rice. The increase, from 4c to 20c a kilogram, is being considered by the Board of Trade.

S Wainstein and Co market Tastic and Aunt Caroline rice.

The increase to the consumer would probably total 20 cents a kilogram on other rice brands in GST and increases in the profits of the traders and retailers, industry sources said.

High quality

If the duty is accepted it will cost the consumer anything from R15-million to R25-million and would put many independent rice traders out of business, but if it is refused the local rice-milling industry will be severely damaged and about 1 000 people will lose their jobs.

The issue arises out of the appearance of cheap high-quality rice from Thailand on the market in the past few years. The rice, which sells for about 90c a kilogram in supermarkets, almost half the price of rice from other sources, is rapidly becoming popular and, according to a spokesman for S Wainstein and Co, now has between 30 and 40 percent of the market with its popularity still growing.

The rice is only imported in its milled form, as Thailand charges only slightly less for unmilled rice in order to protect its own milling industry.

Other rice importers, many of whom entered the market in recent years as Thai rice became available in large quantities, have strongly condemned the application and they have taken the issue to various chambers of commerce and to Assocom.

Bread price

Mr Stanley Kaplan, the managing director of S Wainstein and Co, denied that his company wanted to establish a monopoly, but said they wanted to ensure the survival of the local rice-milling industry, where about 1 000 jobs were at stake.

● The Argus Political Staff reports that the Department of Agricultural Economics confirmed today that a possible increase in the bread price was likely to be discussed by the Cabinet within the next two weeks.

It is understood that the main reason for an increase in the price of bread would be a reduction in the millions spent on food subsidies.

The Minister of Finance, Mr Barend du Plessis, has already committed the Government to a scaling down of subsidies.

The Department of Agriculture is also considering the introduction of a new type of bread which will have greater food value and the price of the new special loaf.

The announcement on the new bread will be made simultaneously with any bread price increase.

ARGUS 13/5/85 30

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CAPE Times
20/5/85

30

Liquor Act extends hours

Staff Reporter

IT IS now legally possible to linger into the wee hours over your nightcap in a restaurant — or at least until 1am.

This follows the recent publication of the Liquor Amendment Act of 1985 which also allows bottle stores longer trading hours.

Bottle store owners, with written permission, can now open earlier (from 8.30am instead of 9am) on any day except closed days and remain open until 2pm on Saturdays.

Deliveries on Saturdays can still be made up until 5pm. A third provision, one that could ultimately have far-reaching effects on improved standards in one- and two-star hotel accommodation, is that hoteliers may now separate their liquor offsales licence from their hotel licence, keeping one or both.

The Federated Hotel Liquor and Catering Association has welcomed the changes for which it has been campaigning for some time.

Mr Fred Thermann, director of operations at the association, said: "It has always been our contention that there should be uniform hours of liquor sales for comparable parts of the industry."

He warned, however, that the provisions for serving liquor in restaurants applied to restaurants only and not to hotel restaurants.

This could be changed, however, if the hotelier obtained written permission from the Liquor Board.

Union launches boycott of shops

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Sowetan 20/5/85

THE METAL an Allied Workers Union has launched a boycott of shops in Howick, Natal, to put pressure on local business to persuade BTR Sarmcol, a British multi-national, to negotiate with the union.

In another development about 2 000 workers at Dunlop SA in Durban have threatened to strike this week if BTR refuses to conclude a recognition agreement with Mawu.

This follows Sarmcol's dismissal of more than 900 striking workers almost three weeks ago, and will bring the number of strikers at Dunlop and Sarmcol — both subsidiaries of British Tyre and Rubber — to 2 970.

A Mawu spokesman said workers at Dunlop had agreed to strike if BTR Sarmcol insisted in refusing to negotiate with the union. A strike ballot will be held this week.

Workers at Sarmcol were dismissed for going on an "illegal" strike, according to the company. The union, however, has claimed that the industrial action was legal in terms of the Labour Relations Act.

Mawu also claimed that none of Sarmcol's workers had returned to work and that Dunlop had threatened to seek an interdict to prevent the strike action.

The company's spokesman said about 400 people, most of whom had been laid off by Sarmcol, had been employed to replace the strikers. Twenty of the sacked workers had asked to be re-hired or reinstated.

The company had agreed to sign a preliminary recognition agreement with the union in 1983, but had not negotiated with the union over the strike.

Traders incensed by rezoning application

Cape Times 21/5/88 **Staff Reporter** 30

THE Western Cape Traders Association (WCTA) is incensed over Cape Town City Council moves to rezone a 2,5-hectare public field in Epping for industrial and commercial use, claiming this could lose its members up to 50 percent in business.

The traders said an "unprecedented" successful application by the City Council to the Administrator of the Cape, Mr Gene Louw, would result either in the immediate expansion of a major supermarket branch at present adjoining the land, or the erection of another supermarket.

"This move is motivated by naked greed to siphon trade from black residential areas," Mr Adams Jaffer, chairman of the press liaison committee of the WCTA, said.

Mr Jaffer said copies of WCTA letters protesting against the rezoning of the land, which is on the corner of Bofors Circle and Packer Avenue, had been sent to the Administrator.

CAPE Times 2/5/85 (30)

Pepkor profits soar 47%

IN spite of adverse trading conditions, Pepkor Ltd increased sales by 41 percent to R582m (1984: R412m) and operating profits by 47 percent to R47m (R32m) in the financial year ended February 28, 1985.

The final dividend paid is up 1,5c a share to 45,5c (44c) making a total of 69c (67,5c) a share for the full year.

Only a greater-than-anticipated interest burden — which more than doubled to R23m (R9,6m) — and the failure of two divisions to meet sales forecast in the second half prevented the group from achieving its pre-tax profit forecast.

Earnings a share increased by 22 percent to 235,5c (193,2c).

Cover taken shortly after the start of the rand's dramatic decline in July last year limited the group's potential extraordinary losses due to currency fluctuations to R20m after tax.

In line with Pepkor's belief that the current foreign exchange situation is totally extraordinary and distorts the reporting of their on-going trading position, this unrealised loss — which has no impact on cash flow — has been totally written off and is shown as an extraordinary item below the line.

The loans, which for the major part are medium-term loans, will be rolled over and the company will remain covered until there is greater clarity in the currency markets.

In the company's interim report published on November 1, 1984, the directors stated that they expected the debt:equity ratio to be restored to their stated goal of 1:1 by the end of the year under review.

This objective has not yet been reached although helped by the disposal of all the group's properties to finance companies, gearing has improved marginally to 1,21:1 (1,22:1).

The sale of these properties is part of the group's policy of channelling funds into trading activities rather than locking them into fixed properties and yielded an extraordinary profit of R42,6m and contributed to an increase in shareholders funds from R67m to R104m (after accounting for forex losses).

The directors say that they are examining various alternatives to strengthen the capital base of the group.

Flowing from this, the board is considering new debt:equity objectives.

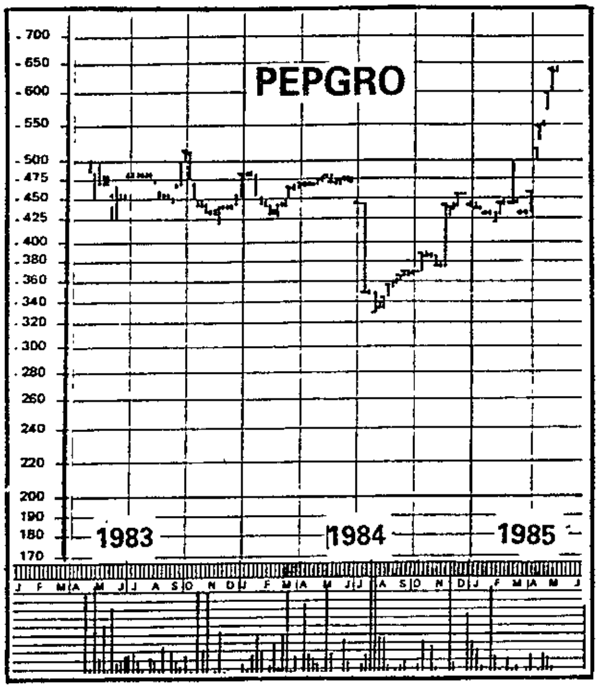
Until such time as these have been finalized, the dividend cover for the year under review has been raised from 2,86 to 3,41.

Future takeovers will be structured in a manner which will not adversely affect the group's stated debt:equity ratio. The recent Bertish acquisition, which will largely be settled by way of a non-redeemable preference share issue, will further improve the debt:equity ratio.

Exports are encouraging. Sales in the 1984/85 financial year reached R1,5m and these are expected to reach R8m this year.

The Ackermans chain, acquired by the group in March 1984 and which broke even after finding its full interest burden in the past year, is expected to contribute to profits in the coming year.

Pepgro, which derives its income from its sole investment — a 54 percent holding in Pepkor Ltd — has maintained its dividend at 21,5c a share.



Chain-store revamp

Five Checkers branches to close down but six more in the pipeline

Argus 22/5/85

30

Finance Staff

CHECKERS is to close five of its Western Cape stores in the next few months, but the company says staff will be absorbed within the organisation.

The stores are in Vineyard Road, Claremont and in Southfield, Parow North, Goodwood and Maitland.

STORES TO CLOSE:

Vineyard Rd, Claremont

Southfield

Maitland

Goodwood

Parow N

The number of Checkers stores in the Western Cape will then have fallen to 23.

The company denied today that the move indicated an imminent withdrawal from the Western Cape and said the closures were part of a "restructuring process" designed to replace old and unsuitable trading sites.

There were advanced plans for the opening of six new trading sites in the Cape Town area.

The shut-downs follow changes in senior management in Johannesburg.

Mr Len Clench, the divisional manager of Checkers in the Western Cape, said today that the company had "definite plans" to replace the affected stores with more modern trading sites.

Although he could confirm the opening of only one new store — in Table View — he said the company had advanced plans for the opening of five additional trading sites in the Cape Town area.

'Do not fit in'

"The stores we are closing do not fit in with the new Checkers image," he said. "They will be replaced with better stores with greater scope for customer service. This is part of the new Checkers image."

Mr Clench responded angrily to rumours that Checkers was in trouble in the Cape and might be considering withdrawing from the region.

'Dirty rumours'

"Someone has been starting dirty rumours that we are to close our new store in Somerset West. This is nonsense, and Checkers is doing better in the Western Cape than it has ever done before."

Mr Graham Shelver, branch secretary of the National Union of Distributive Workers, said management had not been in touch with the union about the closures as he would have expected if retrenchments were involved.

A big offer

Mr Clive Weil, managing director of Checkers, said there were good economic reasons for closing two of the stores.

"We were offered a substantial sum of money to relinquish our lease on the Claremont store by the owners of the property, and we simply felt that our Southfield store no longer fitted in with the new Checkers image."

21 1985

ARGUS 21/5/85 (30)

Big stores rule out 3-month price war

Staff Reporter

COMPETITORS of the supermarket chain which is slashing prices for the next three months are determined not to start a price war.

Mr Raymond Ackerman, chairman of Pick 'n Pay, yesterday announced that prices of a wide range of items in his stores would be reduced at a cost to the company and some major suppliers of R10-million.

A spokesman for Pick 'n Pay said today that the chain would reduce prices on more than 100 basic items by between 15 percent and 20 percent.

But the managing director of Checkers, Mr Clive Wiel, said that while he would be looking at the situation he doubted he would enter a price war on such a large scale.

He said: "We will be looking at the situation and will take action which best affects Checkers."

Mr Jackie Sachar, managing director of Grand Bazaars, said: "We try not to get involved in price wars" He said his company had always been a discounter and felt the chain offered the best value for money.

Mr Ackerman said that the counter-inflation measures, formulated after the Government's call for a more realistic attitude to fighting inflation, would begin immediately.

"The time for talking has stopped," he said.

30 [illegible] ~~886~~ ~~2515~~ B. Day 23/5/85

Hyper wants to bake own bread

By MAUREEN COLLIER

MAJOR supermarket chain Pick 'n Pay intends applying to the Agriculture Minister for permission to bake and sell its own bread with a view to lowering the price.

As consumers face a massive increase in the bread price Pick 'n Pay chairman Raymond Ackerman is trying to see Minister Greyling Wentzel to get the go-ahead to bake standard 900g loaves.

Pick 'n Pay director Richard Cohen said yesterday: "We are prevented from selling government bread because Pretoria says the price of bread is subsidised — so why should they subsidise us?"

Government subsidises the bread price to the tune of R200m a year.

Cohen said Pick 'n Pay's price would be much lower than the current selling price.

If there were an increase, Cohen said, an amount had been set aside by Pick 'n Pay with which to supplement the bread price for a certain time.

Two other big retailing chains, Spar and Checkers, said they would also bake their own bread if they could overcome government restrictions.

Chain's bread plan welcome, says big miller

NM 23/5/85 (30)

Mercury Reporter

ONE of the large flour-milling groups with interests in bakeries says it would welcome competition should major supermarket chains be allowed to bake their own Government standard-size bread.

Reacting to moves by the Pick 'n Pay group who are seeking Government approval to bake the standard 900 gm loaf, a spokesman for the Tiger Oats group said: 'We don't believe there should be restrictions on free competition.'

Pick 'n Pay chairman Raymond Ackerman has said he was trying to arrange a meeting with Minister of Agriculture Greyling Wentzel to get the necessary approval to bake standard-size bread.

Unreasonable

He said his company was seriously considering a scheme to sell cheaper bread to the public on a large scale.

Mr Ackerman accused three large milling groups of making unreasonable demands on the Government, resulting in bread price increases.

The Tiger Oats spokesman said the group could not comment on Mr Ackerman's allegations 'because we do not know what he is referring to when he says the three large milling groups are making unreasonable demands on the Government'.

In any event, said the spokesman, it was not clear whether Mr Ackerman's remarks were directed at them.

Two other major supermarket groups, Checkers and Spar, said if they could overcome Government restrictions, they too would bake their own bread.

Problems

Mr Brian Beavon, managing director of Spar, said his company's bakery licence allowed them to make only 'fancy' bread.

'I believe the aim (of Government legislation) is to prevent every Tom, Dick and Harry baking standard bread as it could cause problems,' said Mr Beavon.

He said his company had never applied for a licence to bake the standard bread: 'You just don't get them.'

Mr Paul Fox, divisional director of Checkers in Natal, said he believed if his company were able to bake standard bread they could avoid a price increase and possibly lower it.

The three large baking companies would not comment on Mr Ackerman's plans.

Inflation S A's biggest problem, says Assocom

30

NM 23/5/85

JOHANNESBURG— The biggest problem facing South Africa is inflation and unless this is brought down drastically the country's problems will increase — they cannot improve, the Association of Chambers of Commerce of South Africa (Assocom) decidd at its midyear executive council meeting in Johannesburg yesterday.

Mr Raymond Parson, Assocom's chief executive, told a Press conference that the association felt the problem of inflation overrided all other crises facing the country, including unemployment.

Inflation and unemployment were 'misery indexes' in the economy, but inflation which Assocom learnt yesterday is running at 15,8 percent, 'is four times higher than in countries with which we deal.'

He said: 'It is the barrier to what we want to do (to improve the economical outlook)."

Control

However, he had a 'gut feeling' the authorities were coming to grips with the problem and were taking determined steps to bring it under control.

'Unless there are unforeseen decisions in the field of administrative prices, the problem looks as if it is beginning to come under control. Assocom feels the country has to make the sacrifices now and the direction of the authorities is the correct one.

'Administrative prices are, however, the worm in the apple. But we are half-way down the road of sacrifices and to turn back now would be disastrous. Let's see it out and those who survive will reap the benefits. If we turn back now we will only postpone the inevitable day of reckoning.

'Maybe, and we think probably, we have seen the worst of inflation. Assocom hopes so,' Mr Parson said.

More unemployment would follow the decision to combat inflation as the 'most urgent problem to be dealt with, but it had to be faced and should be treated 'humanely.'

'The outlook for 1985 is that things will get worse until they get better, but they will not get better unless they get worse,' he said.

Assocom, he said, welcomed the recent moves to reduce primary rates, 'provided they are not coming down for the wrong reasons. If in the future we have to reverse the position and re-introduce higher rates we will only store up trouble for the future.'

Rates

Rates should be 'steadily but carefully' reduced if the position warrants it, he said.

In a memorandum, Assocom said that within the overall policy mix, the authorities must maintain a balance between policy instruments which will allow interest rates to moderate, the exchange rate to recover and remove the need to increase taxes.

'On this latter issue it is imperative to ensure that the level of local government taxation proposed by the Croeser Committee will be appropriately offset by tax reductions elswhere,' the memorandum states. — (Sapa)

OPTER
E FOLLOW

Motshabi Morake, Miss Sheila Ruele and Miss Nkapu Ranake.

Tradesmen to link up with unions

Sowetan 23/5/85

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THE time has come for black businessmen to create a workable structure of operation with trade unions and black political organisations, the Southern Transvaal African Chamber of Commerce (Soutacoc) resolved at its 15th annual general meeting held this week.

This move, although long overdue, was agreed upon by more than 200 delegates who attended the two-day conference held at a leading hotel in Johannesburg.

Delegates felt there was a "buffer zone" between them and other organisations, particularly those of a political nature, who it seems have not yet realised the role played by the black businessmen "in the struggle".

"There is no doubt that the black businessmen is playing a very important part in the struggle for the liberation of the black man in this country, and as soon as all other parties involved realise this, the better it will be for all of us," president of Soutacoc Mr Philip Ramakobya said.

'Stop assaulting dr'

Sowetan
23/5/85

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Spar boycott called off

THE Commercial Catering and Allied Workers Union of SA has called off its boycott of the country-wide Spar stores because the company has agreed to re-employ the 143 sacked workers at its Natal plants.

The union had put pressure on the W G Brown group, sole owners of Spar in South Africa, to reinstate the workers dismissed from the supermarkets in Durban and Pietermaritzburg six months ago.

A joint statement by the retail group and the union this week said the workers will be given jobs similar to those they held prior to their being fired.

Their service would be treated as unbroken, on condition they re-joined the company's pension fund.

They were fired from eight stores following a strike over higher wages and recognition of the union.

Other terms of the agreement include:

- that the workers would get pay ranging from 10 percent of their last monthly salary to full pay while waiting to be re-engaged.
- the calling off of the consumer boycott by the union:
- and an undertaking by the company to negotiate a recognition agreement with the union.

Ccawusa gained another wage victory when it signed with Frasers' Ltd. In terms of the agreement workers will receive R54 across-the-board increases at all stores in the country.

Friday, May 24, 1985

Supermarkets 'can give away bread if they like'

NM 24/5/85

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Mercury Reporter

SUPERMARKETS can make their own bread and sell it cheaply as long as they don't bake the bread in tins, according to a Wheat Board spokesman.

The spokesman also said the price of 'special' bread was not fixed, and supermarket chains were free to sell it as cheaply as they wanted to.

'They can give it away for nothing if they want to' he said reacting to statements by the Pick 'n Pay chain that it was seriously considering seeking Government approval to bake its own Government standard-size bread.

He said the biggest difference between special and Government bread was that Government bread was baked in a tin.

'This is to enable the consumer to know that it is a subsidised loaf.'

There was nothing to prevent the supermarket chain from baking its own bread according to the Government recipe and then selling it cheaply, he said.

Competition

The spokesman said no application to bake Government bread had been received from the supermarket chain, but all applications were dealt with on merit and on the demand in a particular area.

'What we do is to try to eliminate excessive competition which pushes up the price of bread.'

Officials have expressed disbelief that the supermarket chain could sell the Government loaf at less than the fixed price, citing a survey by the Department of Agriculture showing that the price of bread, especially brown bread, is below cost.

Mr Raymond Ackerman, chairman of the Pick 'n Pay chain, this week accused the three large milling groups of making unreasonable demands on the Government which resulted in bread price increases.

Yesterday, the joint managing-director of Premier Food Industries, Mr Walter Wolthers, said because returns in the milling and baking industry were so low, it wad been forced to become 'super-efficient'.

Response

'Saving becomes a religion' he said, 'and South Africans are buying the cheapest bread in the world by miles.'

He said it was difficult to judge what the Wheat Board's response to the supermarket chain's moves might be, but he did not think it was a foregone conclusion that an application would be turned down.

Because of delivery costs, he said, bread baked at the point of sale would yield a better return, and because of this, the Cabinet could consider a scheme whereby there was one price for Government bread that was delivered, and another price for Government bread baked at the point of sale.

Millers and bakers had no say on what subsidy should be granted. This was a Cabinet decision, and the Government was severely cutting down on subsidies.

He believed that criticisms of the Wheat Board over its granting of licences to bake Government bread were unjustified.

SHOPPING HOURS

Let them run free

If it has taken a recession to convince the Transvaal Provincial Administration that its shopping hours policy is hopelessly outdated, then recessions can't be all bad.

Of course the Hillbrow traders, who started the hullabaloo by getting themselves arrested for selling outside hours, use the economic droop as no more than an incidental factor in their case. To them it is unfair that they cannot fully capitalise on the market on their doorstep because the thousands of flat dwellers in the area spend most of the trading day in other parts of town.

Their wish is to be open when the customers return. But it is strange, some would say, that this inequity has come home to them only when consumer spending, in relative terms, is at its lowest ebb in many years. Indeed, in boom times, retail property prices in Hillbrow carried a hefty premium.

The truth, of course, is that these traders are hurting like merchants everywhere else in SA, although some continue to believe they can sustain a case for special treatment.

However, the more general view from the 'Brow is that shopping hours' reform should be extended to all retailers in the Transvaal. And only if the necessary changes to the shop hours ordinance are not timeously forthcoming will they seek the exclusive favours which the Administrator is empowered to grant them.

Province, in turn, is working on it. A new ordinance will be produced, but the questions are when — and what will it contain?

Some CBD traders are uneasy because they feel they will lose their Hillbrow customers who work downtown to the shopkeepers back home. The trade unions are bucking, as they have done for years, while quoting mindless reasons like "blacks don't have the money to take advantage of extended shopping hours" and "workers will be forced to work unreasonable hours."

Black spending power, of course, has nothing to do with the right of shopkeepers to stay open or to close. And working hours are laid down by the Shops and Offices Act anyway.

On the contrary, the unions would do better to support any move which would create additional employment opportunities. Goodness knows, in their straitened circumstances today, many families could do with the extra cash.

The reality, however, is that the provincial council, and responsible MEC Kippie Botha in particular, have to take a decision that is as much political as commercial. Indeed, there have even been rumblings from retailers in the *platteland*, some of whom also see any move to liberalise trading hours as a personal threat.

Yet, ignoring the inevitable sectional interests, the issue is a fundamental one: in a free economy, should shopkeepers be restricted in this way in running their own businesses?

Few countries in the world insist, like the Transvaal, that trading hours should be confined to 7 am-6 pm on weekdays and 7 am-1 pm on Saturdays. Not many customers can shop at 7 am and, certainly for comparative shopping, 6 pm closing provides insufficient time after work.

Even in the Cape and Natal there have been moves recently to free the retailers from the restrictive trading hours under which they have suffered for so long. In Durban, for example, shops will be permitted to remain open in the evenings during the three months of the forthcoming Exposition. And, thereafter, the thinking goes, there can be no going back.

Similarly, in the Cape, shops now have the right to remain open until 9 pm on Saturdays.

Indeed, even in the Transvaal the Administrator has consented to Saturday trading in the *olde worlde* Gold Reef City project being built in the southern part of Johannesburg. In each case, however, such rights are being bestowed piecemeal and at the whim of politicians and officials.

Commerce can do without the patronage. What retailers need is an inalienable right to open their doors at times which are most convenient to them and their customers.

That the Transvaal is working on the problem at all, therefore, is cause for celebration. One story doing the rounds is that the new ordinance will extend opening hours to between 6.30 and 10 pm. And within those times, shop keepers will be able to operate the "flexi-hours" which they have sought for so long.

If that is, indeed, the plan there should be no complaints. But the important thing is that if SA commerce is to operate in a free market, then it must be just that — free. ■

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DAILY DISPATCH, SATURDAY, MAY 25, 1985 — 9

Cheap bread can't be baked in tins says Wheat Board

DURBAN — Supermarkets may bake their own bread and sell it cheaply as long as they don't bake the bread in tins, according to a Wheat Board spokesman.

The spokesman also said the price of "special" bread was not fixed, and supermarket chains were free to sell it as cheaply as they wanted to.

"They can give it away for nothing if they want to," the spokesman said.

He said the biggest difference between special and government bread was that government bread was baked in a tin.

"This is to enable the consumer to know that it is a subsidised loaf."

There was nothing to prevent a supermarket chain from baking its own bread according to the government recipe and then selling it cheaply, as long as it was not baked in a tin, he said.

The spokesman said no application to bake government bread had been received from any supermarket chain, but all applications were dealt with on merit and on the demand in a particular area.

"What we do is to try to eliminate excessive competition, which pushes up the price of bread."

Officials have expressed disbelief that a supermarket could sell the government loaf at less than the fixed price, citing a survey by the Department of Agriculture showing that the price of bread, especially brown bread, is below cost.

Mr Raymond Ackerman, chairman of the Pick 'n Pay chain, this week accused the three large milling groups of making unreasonable demands on the government which resulted in bread price increases. His organisation is considering seeking permission to bake government standard-size bread.

The joint managing-director of Premier Food Industries, Mr Walter Wolthers, said because returns in the milling and baking industry were so low, it had been forced to become "super-efficient."

"Saving becomes a religion" he said, "and South Africans are buying the cheapest bread in the world by miles."

He said it was difficult to judge what the Wheat Board's response to the supermarket chain's moves might be, but he did not think it was a foregone conclusion that an application would be turned down.

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Millers and bakers had no say on what subsidy should be granted. This was a cabinet decision, and the government was severely cutting down on subsidies.

He believed that criticisms of the Wheat Board over its granting of licences to bake government bread were unjustified.

Body opens its doors to Indian butchers

NM 29/4/85

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Mercury Reporter

THE South African Federation of Meat Traders has opened its doors to Indian butchers by allowing the Durban and District Indian Master Butchers' Association direct representation on the national body.

Welcoming the move Mr Dudley Thompson, chairman of the Durban and District Meat Traders' Association, said he was delighted the association's initiative had been accepted.

'There are so many common issues facing both white and Indian traders when we speak to the Government and other bodies,' he said.

Mr Thompson said both associations had existed since the early days when the abattoir was situated in Durban and both represented specific interests. The Indian Master Butchers' Association adequately met the religious requirements in the Indian community.

Indians would become fully fledged members of the national body at local level and would be consulted in regard to matters of common interest, he said.

'Both associations will have direct representation with the South African body and also on its executive committee,' he said.

Mr Bob Rampersadh, chairman of the Durban and District Indian Master Butchers' Association, said yesterday that it was a step in the right direction.

Restrictions on free trading eased

Cape Times 30/5/85 ~~[illegible]~~ 30

Political Staff

THE government has implemented a law passed last year to allow "free trading areas" for businessmen of all races in central business districts (CBDs).

Opposition parties criticized the delay of a year in proclaiming the amendment to the Group Areas Act which will ease the curbs on racial zoning of CBDs.

The law, which was passed by Parliament last year, will also allow Chinese people to own or occupy land and property in areas set aside for white people.

Local authorities will now be able to apply to the government for the removal of the restrictions on free trade.

Mr Colin Eglin (PFP) said the announcement was "another illustration of the slow, piecemeal way the government is tinkering with the dismantling of the Group Areas Act".

"The Group Areas Act should be scrapped and scrapped before it does any more damage to race relations and the economy," Mr Eglin said.

Mr Salam Abram-Mayet (National Peoples' Party) said white local authorities still had biggest say in proclaiming an area a free zone. He demanded that all commercial areas be opened to all races.

Mr Pat Poovalingam, of the opposition Solidarity Party, said the move was "long overdue".

Thatcher b

Cape Times 30/5/85. (30)

Bread price rise 'a severe blow'

Staff Reporter

CONSUMER organizations, local unions and the United Democratic Front last night criticized the increase in the price of bread as a severe blow to the consumer.

The price of white bread was yesterday increased by five cents a loaf and brown bread by four cents.

The UDF said the rise would cause "a further escalation in the scale of conflict in South Africa".

A spokesman for the General Workers' Union, Mr David Lewis, said the rise showed again that workers could not live on the wages being paid.

Mrs Paddy Policansky, honorary secretary of the Peninsula School Feeding Association, said the increase would cost the organization an extra R65 000 a year to feed the present number of 140 000 children.

Mr John Barry, general manager of Pick 'n Pay in the Western Cape, said the price of bread for three months would remain at 38c a loaf of brown bread and 58c for white bread at a cost of R500 000.

The managing director of Checkers, Mr Clive Weil, said his company would retail government-subsidized brown bread at the existing selling price of 38 cents a loaf until further notice.

The managing director of Shoprite, Mr Wellwood Basson, said they would continue to sell bread at cost price and would donate 5 000 loaves of bread to the Peninsula School Feeding Association.

ARGUS 30/5/85 30

Fears of further bread shock

Staff Reporter

SUPERMARKET bosses, critical of the bread-price rise, believe the Government is planning another major increase in October.

They have criticised the "ill-timed" action and have urged the Minister of Agriculture, Mr Greyling Wentzel, not to consider another rise in October.

Spokesmen for supermarkets, which say they will try to hold down the increase as long as possible, said pointers by the Government led them to believe that the new 5c increase on white and brown bread was an interim move and that the big shock would hit consumers in October.

They all warned that the increase in price of a basic food would have a devastating effect on the unemployed and poor of the country — an effect which could lead to further unrest.

All major store spokesmen said they welcomed the inquiry which is to be set up to investigate bread subsidies and said they would take part fully in a bid to protect consumers.

Pick'n Pay announced that it would keep bread prices as they were for the next three months at a cost to the company of about R500 000.

Checkers will increase the cost of white bread but would keep selling brown bread at cost for the forseeable future.

Mr Wellwood Basson of Shoprite, which has given 5 000 loaves to the Peninsula School Feeding Associaton, said his stores would continue to sell both breads at cost as long as they could afford it.

● The Consumer Council has expressed appreciation for Mr Wentzel — "on behalf of all consumers of South Africa" — that the increase was limited to 5c a loaf.

"In view of the economic climate and the circumstances prevailing in the wheat industry, an increase in the bread price was expected," said council chairman Professor Leon Weyers.

● The retail price of milk at cafés is increasing at an "alarming and unacceptable" rate, the Consumer Council has said in a warning against price exploitation.

The producer price of fresh milk will increase by 3,4c a litre from June 1.

Council director Mr Jan Cronje said that "according to information available" retail milk prices at cafés had escalated by as much as 9c a litre.

(30) FM 31/5/85

tivities;

☐ Increasing business with non-members, and;

☐ Alleged abuse of the benefits of a strong capital base, access to co-op resources and other advantages.

On the latter Vosloo adds: "The co-op's exclusive access to certain products and low interest Land Bank loans with members' debt as security are cases in point.

"We did not wish to prejudge the issue, and so handed the allegations to the CB to investigate nationally. Apart from the possible merit of the complaints, we are also concerned at the impact unfair competition could have on *platteland* job creation. Small businesses are the best vehicle to increase jobs."

Improving opinions

The CB approach is part of the SBDC's widening campaign to improve attitudes to small business. It includes the possible removal of statutes and administrative obstacles restricting small business development.

And co-ops may be adding to these restrictions. "The SBDC believes that it is opportune to rectify the present situation," he says.

In terms of section 54(3) of the Co-operative Act, a *special farmers' co-op* can do 50% of its business with non-members, while this right is limited to a mere 5% in the case of an *agricultural co-op.* Complaints already received show these limitations may have been exceeded by some co-ops.

Vosloo also comes out strongly against restrictions on trading hours of small businesses in the Transvaal, as well as the action taken against Hillbrow businesses for selling outside legal trading hours.

"In a market where small businessmen cannot compete with larger traders on price, restricted trading hours are preventing them from competing on service and customer convenience," says Vosloo.

Restricted trading hours have become obsolete because of the difficult economic climate.

They must contribute to the average of 16 small companies going under daily. To this end, he submits, the SBDC regards the repeal of the present Transvaal Shopping Hours Ordinance as imperative.

"This will be a major step towards creating and maintaining a vigorous small business sector, with the benefits of job creation, expansion of material wealth and political stability." ■

PRIVATEERS CLEAN UP

Government's tentative steps into privatisation have already boosted the contract cleaning business.

Cleaning contracts for three of the country's largest airports, Durban's Louis Botha, Cape Town's D F Malan and the H F Verwoerd in Port Elizabeth, are the latest to be put out to private enterprise.

Tony Stiebel, MD of Supervision Services Holdings, which won the contracts in the face of stiff competition, sees this as a clear indication that other lucrative State cleaning contracts may soon go private.

"For years State and quasi State bodies have relied on an abundance of cheap labour to do their housekeeping for them. But in these times of economic stringency they have come to realise that we can do the job cheaper and to a higher standard," claims Stiebel.

The heavy concentration of government buildings in Pretoria, Stiebel says, offers a prime target for the cleaning industry. "You would probably be able to buy a few Boeings with the savings," he contends.

On average, Stiebel reckons contract cleaners can do the job about 20% cheaper because of their efficiencies. Cleaning equipment is standardised and the staff is highly trained. As companies look for economies, he says, more cleaning contracts are being landed. The latest on the list in the private sector are 42 OK Bazaars stores and Sandton City.

Continuing government contracts include the Cape Town railway station, 141 Indian schools in Natal, Iscor's Vanderbijlpark and Escom's Megawatt Park.

"Contract cleaning is one of the few truly recession-proof businesses. Our turnover has increased by 42% in the past 12 months."

Andre Marais, vice-chairman of the Transvaal Cleaners Association and regional manager of Pritchard Cleaning Services, confirms that the cleaning business has grown out of all proportion in the past 12 months.

"We don't know the meaning of the word recession," he says.

"More and more government buildings are being put out to private tender. Obviously there are some, like police stations, that will never be cleaned privately. We don't know where it will end, but at least it's a healthy sign."

ADVERTISING

Getting flashy

Flashing computer message systems, now common on the street corners of Hong Kong and Tokyo, have come to SA.

Cape Town-based Randata (RD) has acquired the technology to enable users to feature running computerised messages across 5 m billboards at an affordable price.

"The secret," explains RD MD Reinhardt Hanel, "lies in the unique betagraph system developed in Australia. This makes use of only one-tenth of the usual amount of light-emitting diodes — a prohibitively expensive component of most computer-based message systems."

The technique differs from the conventional as it lights up only certain portions of the board, but the eye is apparently tricked into seeing the full message. The billboard is hooked up to a local computer programmed with the message.

RD's electronic messages have already been used at the Rand Show, Benson & Hedges night cricket and as scoreboards at sporting fixtures. More recently, they have been used to publicise the Comrades Marathon, the Royal Show at Maritzburg and Durban Expo.

Hanel says RD is now looking at a wider market, including upmarket shopping centres where commercial messages may be interspersed with news headlines. SA Associated Newspapers is reported to be interested in the venture.

"The value of the system," says Hanel, "is that commercial users can say everything they want — instantly."

As an advertising medium, it is also relatively inexpensive. For example, the cost of outright purchase of a 5,5 m fully operational billboard for a shopping centre developer would be R23 500. The same equipment leased would amount to R1 500 a month. Once bought, the costs could be defrayed to tenants as a portion of rent: charges would amount to 78c/m² for a 30 000 m² shopping centre.

Disadvantages include the fact that it cannot be used in direct sunlight and that it is restricted to messages or logo graphics, with no animation. On the upside, however, it requires little maintenance, draws little current and messages can be easily reprogrammed.

Says Hanel: "It is not intended as a substitute for newspaper advertising. The value lies in capturing the attention of people in the centre with money to spend." ■

BIOTECHNOLOGY

More cultured

Biotechnology, expected to be a $25 billion-year industry in the US by 1990, is still something of a Cinderella in SA. But it's about to get a leg-up.

Process Plant (PP), the R20m/year hi-tech chemical engineering firm, is branching out and buying a major stake in the four-year-old biotech company, Jonro Group, which it has capitalised at R1,5m.

Biotech covers the use of cultures and enzymes, and it incorporates biochemistry, microbiology and chemical engineering. It found its feet in health areas with vaccine and drug development, and has applications in agriculture that could alleviate future food shortages.

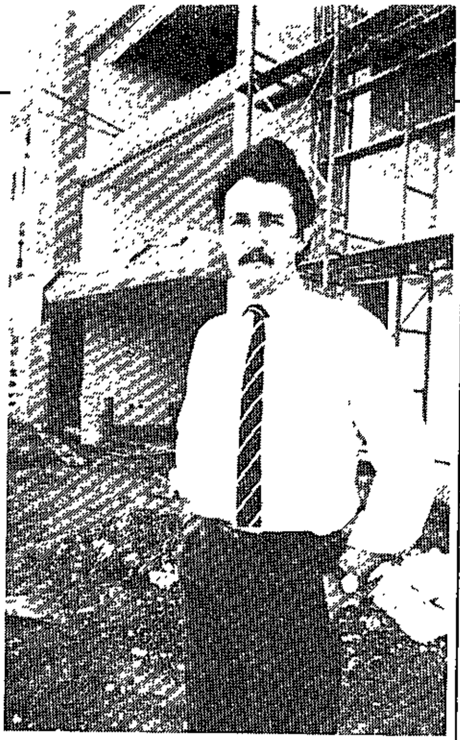
Jonro has already developed methods for SA companies to turn waste products, such as whey, into valuable protein sources. And it has also introduced other methods to improve the protein level in existing foods like maize. Blood, a waste product at abattoirs, can also be processed to increase the nutritive value of animal feeds.

Jonro MD John Heath, who has spent months looking for venture capital (VC) to expand, has finally aroused the interest of a Natal family trust — which already has three hi-tech projects in hand. The trust is to take a minority stake in his company, with PP as the major partner.

PP MD Stuart Bradbury, who started the company in 1974, says the lack of VC in SA means more large companies have opportunities to take in smaller ones with good ideas. "We started Process Systems two years ago on this principle. Recently this subsidiary put in a large water treatment facility at Escom's Tutuka plant using electrodyalisis reversal — a new concept in SA."

PP is more interested in being a hi-tech innovator than a contractor. It recently completed a R7m expansion at Sappi's Ngodwana mill and a R3m plant for KWV to convert distilling-grade grape juice to fruit sugar.

Jonro's new subsidiary, Bionix, will concentrate on the food and agricultural aspects of biotech, deviating from the current state of the art which still shows a heavy leaning towards high-risk and expensive human health applications.


Jonro's Heath ... blazing a trail

Heath has found agricultural and food applications more saleable to SA industry.

"Biotech can increase crop yields by introducing superior strains; crops may be increased by breeding for stress resistance and this can make marginal land available for agriculture," he explains.

Bionix's new R1m laboratory, with a staff of 12, will be running by end-June. Heath plans to do more in-house work to develop proprietary technology to sell as joint ventures. He is already developing fructose processing for local soft-drink manufacturers, who, unlike their overseas counterparts, still use sugar.

"Other areas include biological leachings of metals from ores and medical diagnostics — as well as some adaptation of overseas biotech to suit local raw materials," says Heath.

Another new Jonro subsidiary, Procex, will deal with electronic-based process control systems. Bio-sensors measuring glucose concentrations, for instance, have already been built.

A geo-seismic monitoring device Jonro helped to develop for the Chamber of Mines has already been installed, and this type of work will now be Procex's brief.

Another division will deal with computers. Heath has already developed an IBM PC/AT-compatible computer, but will be looking for distributors with after-sales support to form joint ventures. "It's not feasible to sell this system unless we have the after-sales support for it," he says. ■

FACE TO FACE

GERALD FERNBACK

Tell it to the world

Gerald Fernback is president of the Universal Federation of Travel Agents' Associations (UFTAA), the representative body for national associations of travel agencies — including SA's Asata — from 82 countries. He visited SA last week in his capacity as chairman of Britain's Guild of Business Travel Agents (GBTA).

FM: **How influential is GBTA?**

Fernback: Britain's Association of Business Travel Agents (ABTA) represents 3 000 members controlling 6 000 offices in the UK. Although only 56 ABTA members belong to GBTA — membership is by invitation only — they represent 1 300 travel offices in the UK. And the fact that guild members issue four out of every five airline tickets sold in the UK gives an indication of our weight.

As president of UFTAA, how do you rate SA's standing as an international tourist destination?

I regard SA so highly as a tourist venue that I hope to convince UFTAA to hold its next congress in SA. Politics permitting, SA is the coming tourist area. It has all the natural endowments for the growing long-haul holiday market.

I can also see your local market developing from its early stage as a top-end destination to a more middle-road tourism destination. This is the natural development course for all world tourism markets. The last stage would be to become a mass tourism market, as has happened to the Bangkok-Singapore-Hong-Kong circuit.

Are the high airfares to SA a major stumbling block to developing a broader tourism market?

Cheaper fares would help, but the current rand cost and your attractions — your quite remarkable infrastructure of superb hotels, roads, coaches, cities and resorts, wildlife, sun, mountains, beaches, your friendly people — make SA a fabulous international destination.

What you have to do is market SA more aggressively overseas. The UK won masses of US tourists by promoting the low pound against the dollar. My impression is that SA is not too proud of the low rand, but it should be used as a selling tool.

So the message of what we have to offer is not getting through?

No, it's not. Let's face facts: SA has one of the worst media images in the world — police brutality, riots, political unrest and repression, and a lack of human rights characterise your international image. The secret is to get people here to see for themselves and to get a more balanced perspective of your country.

This is my third visit to SA and I love the country. I hope to persuade my many friends in television, radio and the press to see for themselves.

What can the local industry do to "get through" internationally?

Satour is doing a good job selling the country to the top bracket of the mainly business-orientated market. But you need a more targeted approach to reach the middle and mass sectors. These people want to know about specific package tours, what is on offer, the distances, what accommodation is available, the resorts to visit and, of course, the cost. It is in this area that SA dismally lacks promotion.

Whose responsibility is this?

This is where the private sector should come in. Singly or jointly, your retailers and wholesalers should get their act together to penetrate overseas markets. I have never seen any confidential tariffs of packaged SA tours which could be sold at a premium. But these are freely available for most other destinations. SA does not reach out enough. You have a tremendous product, but you must go into the world markets and *sell* it. ■