Commerce — General
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Industrial action threat to OK

N/M 1/1/87 (30)

Mercury Reporter

THE Commercial, Catering and Allied Workers' Union says it is preparing a programme of industrial action against the OK Bazaars because of what it describes as the management's 'intransigence' in the current wage dispute.

Mr Jay Naidoo, a spokesman for the union, said yesterday that the OK's parent company, South African Breweries, and its respective parent companies, Premier Milling and Anglo-American, were also likely to be drawn into the programme of industrial action.

He said the management of OK Bazaars had consistently blocked all 'sincere attempts' at resolving the dispute.

'In response to the union's proposal for a meeting, management has advised us that they are only prepared to meet after we have given them a new wage proposal,' Mr Naidoo said.

He also said 10 000 workers at 132 OK stores were still on strike.

Mr Richard Blackwell, personnel director of OK Bazaars, declined to comment on the threat of industrial action.

However, he denied that 10 000 workers were on strike, and said the figure was 6 000 workers at 112 stores.

Mr Blackwell said the reasons for the deadlock were the union's 'outrageous' demand for twice the pre-tax profits of the company and their refusal to alter their demand for an increase of R160 a month.

He said the company would only go into discussions with the union if there was some prospect of success.

Fourth PE branch joins nationwide store strike

Dispatch 1/11/87 (30) DD (15)

Dispatch Correspondent

PORT ELIZABETH — Employees at the Main Street branch of OK Bazaars have joined three other Port Elizabeth stores in a national strike which started two weeks ago.

However, while a Commercial, Catering and Allied Workers' Union (Ccawusa) spokesman said 32 workers had come out on strike at the Main Street branch yesterday morning, the group manager for OK, Mr Keith Hartshorne, said there were only 18 strikers out of the total of 170 workers at the store.

The Ccawusa spokesman said the number of strikers at Main Street represented 98 per cent of the union's membership at the store.

The other stores on strike in PE are Greenacres, and the warehouses in Walmer and Deal Party.

Mr Hartshorne said about 70 workers were on strike at Greenacres and 15 at Deal Party and Walmer respectively.

The strike, which now involves about 6 000 workers in 111 outlets across the country, was launched to press for an immediate R160 across-the-board monthly increase in workers' pay.

Mr Hartshorne said management had demanded "specific" proposals from the union for resolving the dispute and were still awaiting a response from the union.

Sapa reports that Ccawusa is planning to extend industrial action in its wage dispute with OK Bazaars to include the parent company, SA Breweries, and other corporations like Anglo American.

A Ccawusa organiser, Mr J. Naidoo, said from Durban that the union believed OK management was to blame for the deadlock in the wage dispute, accusing them of "deliberately" planning "to sabotage negotiations".

"We are now preparing a concerted programme of industrial action against OK at various different levels," said Mr Naidoo.

"OK's parent company, SA Breweries, and its repective parent companies, Premium Milling and Anglo-American, are also likely to be drawn into the planned campaign of industrial action," he added.

Mr Naidoo refused to give details.

The union claimed 10 000 workers at 132 outlets were out on strike.

The strike entered its 13th day yesterday with no indication that the dispute would be over soon.

Management said the union would have to revise its demands to resolve the dispute.

OK Bazaars personnel director, Mr Richard Blackwell, declined to comment in detail on the planned action by Ccawusa.

"If that involves sympathy strikes, it would be illegal," was all he would say.

Tills out of tune with retailers' expectations

30

4/1/87 Sunday Times

By Ruth Golembo

TILLS did not tinkle in tune with retailers' yearend expectations.

Although festive-season sales were an average of 20% higher than in 1985, the increase was knocked out by inflation and traders battled to equal the previous year's figures in real terms.

Most of the chain stores failed to reach budget.

Small, cheap items attracted cash-strapped shoppers.

Late start

Dion acting chief ececutive Peter Toner says the Christmas shopping spree came later and with less gusto than expected.

Mr Toner says: "Sales usually start rising in November, but this time the rush started only in December.

"Turnover in almost all our 120 departments was an average of 10% up on the previous year — but far off budget.

"Sales of big-ticket items like fridges, stoves, television sets and videos were disappointing."

Mr Toner attributes the drop in sales of expensive items to the lack of of hire-purchase facilities in a cash-and-carry businesses like Dion's.

"More people need financing for big purchases and banks' requirements for extending credit have become far more stringent.

"Our group is introducing its own hire-purchase system in the new year to aid shoppers."

Checkers' financial director Sergio Marinengo says his group is happy but not overjoyed about festive-season sales.

"December was a record month for us. But we expected it to be better. Sales were up by about 14% on the previous year, but we were slighly down on budget.

"There was a tendency by shoppers to buy basic commodities. They avoided luxuries. However, our non-food stuff lines did well."

Mr Marinengo says the shopping trend was the same as in past years, the coastal stores experiencing the largest sales while Reef shops were quiet.

Clothing booms

But business boomed for clothing stores. Edgars and associates Sales House and Jet Stores report that sales rose by 30% on 1985.

Sales House managing director and acting managing director for the group Donald Etheridge says Christmas sales were great

Edgars and Sales House were particularly successful.

He says the upward sales trend was evident from June and December was up to expectations.

Discounts

The sales thrust came after marketing campaigns by the group, including discounts.

A spokesman for Foschini says business was better than in the previous year, but below forecast

He says the Pages chain which serves mainly the black market, had a bumper December. The Foschini outlets also experienced a lift in business.

Not a bright year-end for most retailers

(30)

BUDDAY 5/1/87

CHRIS CAIRNCROSS

RETAILERS ended 1986 with consumer spending stalled and few signs to indicate there would be any sort of stimulus to get the momentum going again early this year.

Pick 'n Pay's Hugh Herman, spelling out the sentiments expressed by most retailers, said it had not been a crackerjack end to the year.

But, then, few had expectations that it was going to be a bumper Christmas.

The real fact of the matter was that salaries had not kept pace with inflation, living costs had gone sky-high and Joe Public had little in the way of disposable income to go on a traditional year-end spending binge.

Most retail chains report December turnovers up 15%-20% on the previous year. That performance has just about kept pace with the inflation rate.

The spending trend seemed to focus on basics. Big ticket items and luxury fantasy products were not on many shopping lists.

As is usual, coastal retail outlets benefited from the presence of holiday crowds, reporting considerably higher year-end turnovers than their counterparts inland such as Johannesburg and Pretoria.

No developments in OK strike

EVE Post (30) 6/11/87

THERE have been no further developments in the deadlock between OK Bazaars management and the Commercial Catering and Allied Workers Union (Ccawusa) over the national wage strike, which went into its 19th day today.

And OK management said itdid not plan to take action against the people responsible for distributing pamphlets outside the Main Street branch

The group personnel manager, Mr Keith Hartshorne, today confirmed that staff from more than half of the company's stores and warehouses were still on strike.

He said the company was not prepared to review the situation unless union officials brought forward "reasonable demands".

Before the strike Ccawusa demanded wage increases of R160 a month across the board, backdated to October. Management put forward an offer of R85, which would come into effect from April this year.

Mr Hartshorne confirmed there were 128 union members on strike in PE and 115 out of 208 stores and warehouses were affected nationally.

Deadlock in OK Bazaars strike

Sowetan 30/11/87

By LANGA SKOSANA

THE two-week-old OK strike continued yesterday after the company and union both refused to give ground.

OK Bazaars employees want R160-a-month wage increases against an R85-a-month offer by management.

A spokesman for the Commercial Catering and Allied Workers' Union of South Africa, Mr Salim Vally yesterday said that delegates from all Ccawusa branches throughout the country who met at the weekend decided to continue with the strike and not yield on any of their demands.

Pamphlets

Yesterday thousands of pamphlets were distributed to the community and various organisations calling for support for the strikers.

One of the pamphlets said workers were suffering hardships as a result of the strike.

It said 10 000 workers in more than 100 OK Bazaars chain stores across the country were demanding better wages.

Offer

A spokesman for OK Bazaars, Mr Richard Blackwell yesterday said his company was not prepared to yield on its present offer.

He said the R160-a-month demand was out of the question because it would put his company out of business.

"You can't pay anyone more than what you have," he said.

Fired OK strikers paid off

Sowetan 30/11/87

ABOUT 27 OK Bazaars workers who were dismissed two weeks ago for allegedly creating a disturbance at the Montclair branch in Durban were paid off yesterday.

According to an OK Bazaars spokesman, Mr Keith Hartshorne, the workers at Montclair were fired when they went onto the shop floor and disrupted customer service when the strike first flared.

Mr Hartshorne said workers at Montclair, Margate, Prospecton Hyperama and Empangeni were dismissed, not for going on strike but for their unacceptable behaviour.

Mr Jay Naidoo, a spokesman for the Cosatu-affiliated Commercial, Catering and Allied Workers' Union, said the information the union had did not tally with the story given by OK Bazaars management.

"We see it as one of those cases of management having jumped the gun. These are among the dismissals that we are going to take to the industrial court," he said.

He said they had written letters to management on behalf of each "dismissed" worker saying that each worker would collect his/her pay without prejudice in any way to his/her right as an employee.

"We do not accept that they have been validly dismissed and they must still consider themselves as employees of the company," he said.

• In yesterday's *Sowetan* we mentioned that OK workers receive R160 a month when they in fact get it on a weekly basis. We regret the error. — Sapa.

OK intimidating workers - union

By NKOPANE MAKOBANE

THE Commercial and Catering and Allied Workers Union yesterday claimed that OK Bazaars management had begun a new round of "pressure and intimidation" in the 20-day old wage strike.

Union officials said 92 strikers had been arrested on Tuesday, 119 workers dismissed and two shop stewards detained. Management had also handed out empty pay slips to strikers at various branches on the grounds that deductions for days on strike and staff purchases had depleted their wages.

Mr Jay Naidoo, Ccawusa's organiser in Natal, said: "We believe that the co-ordinated increased police harassment at the same time as paying workers with empty pay packets was a very deliberate management plan".

Mr Richard Blackwell, OK's personnel director, denied the allegations of "pressure and intimidation". He said it was possible that some strikers had received empty pay slips.

He explained that OK had a system of allowing staff wage advances. These amounts were then deducted at the end of the month — as could have been the case with the strikers concerned — apart from the normal deductions. This, he stressed, was not an intimidatory exercise.

Mr Blackwell confirmed that some strikers had been arrested, but this had nothing to do with management. He said at Klerksdorp, 10 of their staff were assaulted and they laid charges as individuals. Eighteen people who were arrested as a result appeared in court yesterday.

At their furniture warehouse in Alrode near Alberton, more than 70 strikers gathered outside the gates on Tuesday. They later stoned vehicles, assaulted people and intimidated workers carrying out normal duties. Police then arrived on the scene and arrested them for public violence.

According to Ccawusa, one shop steward was detained on Tuesday in Vereeniging and another in Durban North.

Union tells of 'more pressure' over strike

N/M ~~40A~~

8/1/87 (30) ~~40~~

Labour Reporter

THE dispute at the OK Bazaars dragged on for the 19th day yesterday with the Commercial Catering and Allied Workers' Union claiming that the management had begun a new round of 'pressure and intimidation'.

Mr Jay Naidoo, the union's branch organiser in Natal, said in a statement yesterday that many workers who had gone to collect their pay on Tuesday had received empty packets.

'The management claimed that there was nothing left to pay the strikers because deductions for days on strike and staff purchases had depleted their wages.

'Although workers were extremely angry about the deductions they were restrained in their response,' he said.

Mr Richard Blackwell, the OK's personnel director, denied the union's allegation of intimidation by the management.

'If anything, it is the strikers who are intimidating those who want to work.'

He said it was possible that some workers had not been paid because money owed by them had been deducted from their wages.

'The deduction has nothing to do with the strike. It is a perfectly normal procedure that any money advanced to staff during the month is deducted from their pay at the end of the month.'

SOWETAN, Friday, January 9, 1987

OK STRIKERS PICKET 50 STORES

Sowetan 9/1/87 (40A) 30

STRIKING workers at OK Bazaars yesterday picketed stores of the retail chain countrywide — and police made several arrests at various branches.

Mr Richard Blackwell, OK's personnel director, yesterday confirmed that at least 50 stores had been picketed.

Mr Salim Vally, an official of the Commercial, Catering and Allied Workers' Union (Ccawusa), told the *Sowetan* the picketing that started yesterday was to publicise the workers' strike.

The union said directors at OK were paid high salaries. "In view of this, the union said, "workers should not be victimised and the gap between salaries of management and that of workers should be lessened."

Placards

According to Mr Vally, there has been tremendous intimidation of their workers. The intimidation, he said, had taken various forms such as pickets being photographed, their placards confiscated and in some cases arrests.

Responding to the allegations, Mr Blackwell denied that there was a collusion between the police and management to harass or intimidate the strikers. He said in fact workers performing their normal duties were being harassed and intimidated.

Alert employee spotted abandoned parcel during pea

Two limpet mines blas

blast OK city store

) SMR 10/1/87

8 80 SMR 10/1/87

city

Staff Reporters

Two powerful Soviet-made limpet mines exploded in the Eloff Street branch of the OK Bazaars in Johannesburg during lunchtime yesterday — barely eight minutes after an alert employee spotted an abandoned parcel on the ground floor and shoppers and staff were hurriedly hustled out of the store.

When the explosion came, it blew out windows on all sides of the ground floor area and destroyed merchandise. But there was little structural damage to the building.

No one was hurt. People on the upper levels had been told to stay put because they were in no danger of injury

The quick-thinking of the employee who noticed the abandoned parcel probably saved many people from injury — even death — but OK director Mr Alan Fabig has refused to reveal his name

There was some panic in the crowded city centre streets as shoppers and staff left the store

Forty-five minutes after the blast a fire broke out on the fourth floor of the building — it is understood to have been caused by an electrical fault. Workers scattered and the Johannesburg Fire Department was called in.

The Bureau for Information said there were two limpet mines in one packet which exploded simultaneously.

Despite the blast, striking OK workers in Hillbrow continued picketing their store — wearing placards and walking round as security guards quietly searched handbags and parcels

Last night the OK management asked The Saturday Star to place an advertisement saying that there would be business as usual today.

The Bureau for Information said the bomb, which was wrapped in a large plastic bag, exploded before police could defuse it

They said a base-plate and shrapnel from a SPM 2 limpet mine — "of the type used exclusively by the ANC" — was found at the scene

Streets for three blocks in all directions round the building were cordoned off after the blast by police and traffic officials

Hundreds of people swarmed to the scene, and on some corners had to be kept at bay by dog handlers.

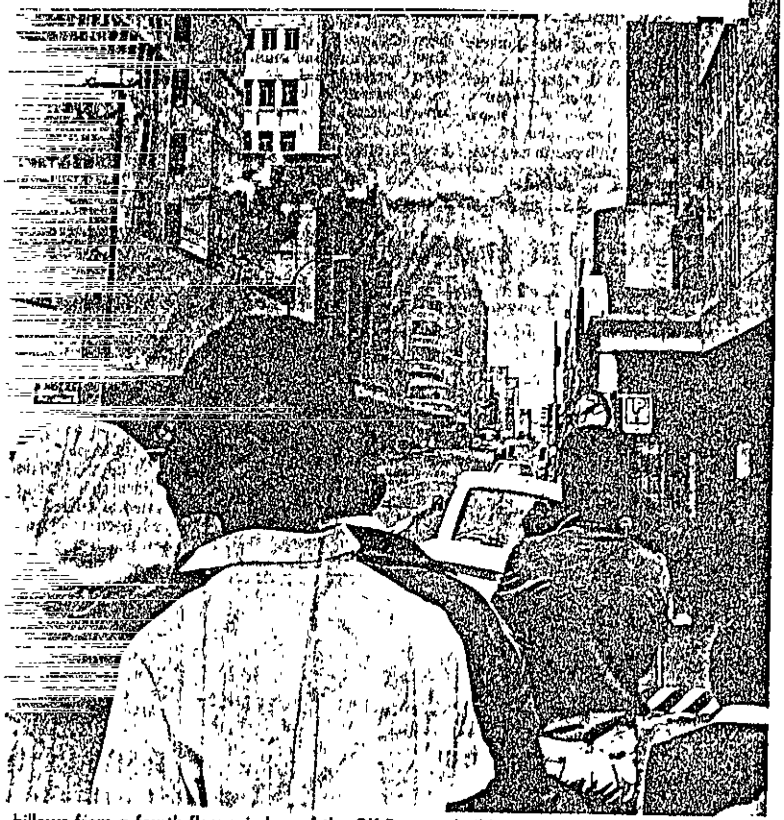
No one was allowed inside the cordoned-off area because police suspected that another bomb might have been planted

Staff and witnesses described the rush to evacuate the crowded shop floor after the bomb parcel was first spotted

"Management immediately had the building evacuated," a security guard said "People

● To Page 2

A fire official beside a shattered window. ● Photograph: Garth Lumley.



billows from a fourth floor window of the OK Bazaars building in Eloff Street yesterday soon two limpet mines exploded simultaneously. ● Photograph: Alf Kumalo

Station in chaos as fire halts rush-hour trains

Staff Reporters

There was chaos at the Johannesburg station yesterday as thousands of commuters were stranded after a short-circuit caused a fire in the electrical signalling house paralysing train services

Trains to and from the West and East Rand and to Pretoria and Soweto were stopped shortly after 5 pm. Commuters were told over the intercom system to find alternative transport home.

Buses were arranged to ferry passengers and trains were being turned around at Germiston, Jeppe and Langlaagte, enabling passengers at the out-lying stations to reach their destinations

The South African Transport Service apologised to the public but gave no reasons for the cancellation of trains. However, tickets were still being sold after the initial announcements of the delays. The delays later became cancellations.

A South African Transport Services spokesman said the short-circuit occurred at about 5.15 pm and the cause was unknown but an investigation had been launched.

The Johannesburg Fire Department was called to the scene to extinguish the blaze. Firemen equipped with oxygen masks attempted to enter the building but were forced back by poisonous smoke from burning plastic.

A Johannesburg city ambulance official said several firemen were treated for burns and had to be given oxygen.

A bystander was taken to the Hillbrow hospital after a taxi ran over his foot when he tried to escape the fumes.

The Johannesburg Traffic Department cordoned off Wanderer's and St George's streets to all vehicles except taxis and buses transporting commuters.

● Photographs — Page 2

in hospital after crash

Own Correspondent

— Eighteen accident victims ... to hospital after yester- ... crash in which 84 people ... are still being treated, a ... said in Durban last ...

... people have been discharged ...

... of a car caught between ... buses is being treated ... Hospital. His condition is ... to be stable. The two bus driv- ... also injured.

... occurred on the outer ring ... an empty bus travelling ... city left the carriageway on ... was travelling and collided with a passenger-laden bus on its way to Durban. A total of 34 people were seriously injured.

According to the spokesman, 25 people were brought to King Edward VIII Hospital for treatment while the others were sent to other hospitals in the greater Durban area

"Those we admitted are doing well and their conditions are stable. Seven others who were treated have since been discharged," said the spokesman.

The police have started their investigations into the accident which took place during the morning peak rush-hour rush and held up traffic for two hours.

Police are investigating and no charges have yet been made.

3 soldiers are killed

SMR 10/1/87 25 22

South African Defence Force headquarters yesterday announced the deaths of three soldiers in a follow-up operation against Swapo in the operational area late on Thursday.

Ten insurgents were killed in the encounter.

The soldiers who died were Lieutenant Michael Dreyer (24) of Vanderbijlpark, Lance-Corporal Emil Tamsen (18) of Westville and Sapper Eugene Meyer (19) of Ermelo. — Sapa.

...plant patient ...satisfactory'

...WN — Miss Marinda ... (22), the pancreas- ... patient who had her ... organ removed after ... set in,is in an unsatis- ... in Tygerberg

... the first patient in ... hemisphere to have ... transplant. — Own

Plane from SA forced down in Lusaka

10/1/87 STAR 360 269

LUSAKA — An airliner carrying 130 people from Cape Town was forced by Zambian Air Force jets to land at Lusaka's airport after it entered Zambian airspace without permission, the Zambian Government said yesterday.

The air force commander, General Hannaniah Lungu, said the LOT Polish airliner, carrying Polish seamen home from South Africa, was forced down on Thursday, but was allowed to resume its flight to Europe that night

LOT has no scheduled commercial flights to South Africa, but the South African civil aviation authorities confirmed Polish aircraft sometimes ferry seamen home from Cape Town

The South African director of Civil Aviation, Mr Japie Smit, said one such flight — a Soviet-built Ilyushin — left Cape Town on Thursday. The plane, which landed in Lusaka initially, was identified by authorities as a Boeing 707, but LOT's regular fleet consists only of Soviet-made planes.

"The Polish flights have been a fairly regular occurence for some time now," Mr Smit said "They are not scheduled flights and need special permission to fly over our territory.

"I think the men have finished a long term at sea and are probably on their way home for leave, but I will have to check," he added.

The Civil Aviation Department is responsible for granting landing rights to all commercial flights in South Africa. — Associated Press.

No racing until February 25 . . .

Racing will not restart on the Highveld before February 25.

This shock announcement was made last night after a special meeting of the Witwatersrand Association of Racing Clubs (WARC) Trainers at the Vaal and Randjesfontein, where horses have not been infected, had hoped that racing would resume early next month.

The flavour

Star 10/1/87

30

OK staff had barely minutes to clear shop

● From Page 1

moved out quickly. There was no panic."

Another security guard, who works for the private Springbok Patrols company and does not want to be named said: "We check parcels, but it is easy to get a bomb inside. We don't conduct body searches."

The last person to be evacuated was Mr Rashied Ismail of Eldorado Park. He was working in the sub-basement when the bomb was discovered.

"There were about four of us in the sub-basement, two floors under the ground," he said. "A security officer came down and told us to get out quickly. Nobody panicked, and it took us about five minutes to get into the street."

Mr Ismail's visibly relieved mother, Mrs Riahana Ismail, who works across the road from the OK, said she was unaware of what was going on until her son came and told her.

"I couldn't believe it. He got out just in time. About five minutes before the bomb went off," she said hugging him.

"I heard two explosions," said Mr Joel Neuhaus (21), an OK trainee manager. "If no one had seen the bomb a lot of people could have been hurt."

A pale and shaken bystander said she heard a loud bang and saw dust flying from the store just as she walked out of a clothing store across the road. "I feel very shaken and quite scared."

An OK employee, who does not want to be named said the first thing she noticed was the security guards closing the main doors. She did not know what was happening, but another employee came running towards her saying "Run".

"I was still serving a customer at the time. But we dropped everything and ran from the building. Some people panicked, but everyone appeared to be out of the building in about 10 minutes when I heard two explosions go off almost together."

Within two hours of the blast, glaziers were replacing windows on the Pritchard Street side of the store.

All the windows in the Juicy Lucy food shop, built into the south-eastern corner of the store were blown out. It had also been evacuated.

Sapa reports that Ccawusa (Commerical, Catering and Allied Workers' Union) claimed last night that at least 215 striking members had been held by police yesterday and on Thursday — seven under emergency regulations.

Strike co-ordinator Mr Jay Naidoo said many of those arrested at OK Bazaars branches had been released soon afterwards, but "a minority" charged — some under "obscure municipal by-laws".

A spokesman for the police directorate of public relations said he knew of only "a few" Ccawusa workers being held in Pretoria yesterday. He could not confirm arrests in other parts of South Africa.

Store tries out new aid scheme

W/E Post 10/1/87 (30)

By RAYMOND HILL

LARGE-SCALE "fiddling" by pensioners and other abuses have led to the Checkers supermarket chain bringing in a new discount "value pack" scheme for needy people.

Managing director Mr Clive Weil said the scheme came into operation at all branches this week, but it was too soon to say how effective it would be.

Unlike the previous discount service for pensioners, this one is meant for all needy folk, although well-to-do customers may obviously buy the special "value packs" if they wish.

The story of the big fiddle was revealed in September last year when Mr Weil told Weekend Post his company was losing thousands of rands a week because of dishonest pensioners.

Many of them used fraudulent identity documents — sometimes those of a dead spouse — to obtain more than the R10 discount limit allowed on purchases, Mr Weil said.

Discounts were also given to people claiming to be pensioners who in fact did not qualify for it.

Mr Weil said the fiddling and other abuses led to the introduction of a better scheme.

"Now everybody, especially all needy people, regardless of age, will benefit. A large percentage of those who took advantage of the old scheme were not in need.

"In the past, the age of the person was the only factor taken into account, and it was assumed that all senior citizens who came for discounts were pensioners.

"We did not have a means test — it would have been too costly to administer.

"And, of course, the fiddling was definitely one reason why we brought in the new scheme," he said.

The scheme allows customers to buy a wide range of "value pack" items, cheaper than the ones with brand names, without any curbs.

All essential foodstuffs, in small quantities suitable for a bachelor, for example, are available.

Savings range from 4c to R2,76 an item.

Other benefits are that no identity documents are needed, payments can be made at any till in the store and there are no restrictions on shopping hours.

Bargain-hunters flee OK 'bomb'

W/c Argus 10/1/87

30

JOHANNESBURG. — A bomb scare this morning caused hundreds of customers to flee a Johannesburg branch of the OK Bazaars hit by two limpet mine blasts yesterday afternoon.

OK Bazaars director Mr Allan Fabig said rumours of an impending blast among customers taking advantage of a half-price sale at the Eloff Street branch had caused a partial evacuation of the store this morning.

He said the scare was apparently spread by word of mouth and management had not ordered the evacuation.

Nobody was injured in yesterday's explosions. The blasts happened about 1.55pm as bomb squad officials were on their way to the store.

The Bureau for Information said last night that the mines were of the type used by ANC operators.

The blasts came as a wage strike being waged by members of the Commercial Catering and Allied Workers' Union entered its 23rd day.

Mr Jay Naidoo, national co-ordinator of the OK strike action, said his union wanted to "totally dissociate itself from any suggestions which may be made that we were involved in this". — Sapa.

CT Times 10/1/87

30

Blast rips through Joburg OK

JOHANNESBURG. — A massive limpet mine explosion ripped through the head office of OK Bazaars in central Johannesburg yesterday, causing extensive damage but no injuries. The staff and customers were evacuated before the blast.

According to Lieutenant-Colonel Franz Malherbe, police liaison officer for the Witwatersrand, there was evidence the explosion at Eloff Street was caused by two limpet mines.

The Bureau of Information said in a statement from Pretoria that shrapnel and the base plates of two SPM 2 limpet mines were found.

"According to the SAP this type of mine has thus far been used exclusively by ANC terrorists and there is no doubt that the ANC was responsible for this deed," the bureau said.

It said the two Soviet-manufactured mines had been placed in the same bag and were of equal strength.

"They were of the same velocity and exploded simultaneously next to a cash register on the ground floor," the statement said. It said bomb squad members were called, but the mines exploded before they could defuse them.

The explosion occurred about 1.55pm after an OK security guard had spotted a "suspicious-looking" plastic bag at 1.40pm. He alerted management, who immediately had the building evacuated.

Considerable damage

Colonel Malherbe said considerable damage had been caused by the blast, though he could not give an estimation of the extent.

Police cordoned off six blocks of the central city, but removed them soon after 3pm.

OK and the Commercial, Catering and Allied Workers' Union (Ccawusa) have been involved in a 24-day strike dispute over a basic increase in wages, plus an across-the-board increase for all workers.

Mr Jay Naidoo, national co-ordinator of the OK strike action for Ccawusa, said his union wanted to "totally dissociate itself from any suggestions which may be made that we were involved in this. We do not believe in terror. We work peacefully and legitimately from the shop floor".

Ccawusa on Thursday started a picket campaign by 10 000 workers nationwide at 134 stores, warehouses and hyperamas to publicize their demands.

An eyewitness at the scene, Mr Jacobus Kotze, a student who was hired at the beginning of the strike, said a security guard approached him shortly before 2pm and "told me to help get people out".

In a statement after the blast, OK management said the store would open at 8.30am today.

About R1 million worth of smoke-damaged goods across a wide range of merchandise would be sold at two for the price of one, according to OK managing director Mr Gordon Hood.

He said normal business would not be disrupted. — Sapa

W/t ARGUS 10/1/87

30

BUSINESSMAN OF THE WEEK

Top Cape economist joins SBDC

By DEREK TOMMEY

WOLFGANG Thomas, professor of economics at the University of Western Cape with a reputation for incisive thinking and thought-provoking views, will be heard less often in the academic world in the future — but probably more frequently in the business world.

Since the beginning of this month he has been deputy general manager of the Small Business Development Corporation, Western Cape region.

It is a job he welcomes as it means that instead of merely studying the problems of economic developments as he has for the past 20 years, he is now able to participate in this vital field.

"Since I went to university economic development has interested me most. I feel that South Africa is a developing country and the management of development is crucial in the present phase of the country's growth.

Wolfgang Thomas . . . "we must talk to socialists"

"I am not a businessman in the narrow sense, producing or selling to make a profit. But I see the managing of development and the managing of development stimulation in the same light as managing a business."

However, he does not intend to shed all links with the academic world. "I think the three universities would like to be involved with the SBDC in development work and I would like to encourage this."

He said the SBDC's main priority was to create jobs.

"South Africa is a semi-developed country and faces enormous challenges in creating employment. Developing small businesses are an important way of meeting them."

But he does not see the SBDC merely as a financial institution, doling out loans at lower rates of interest than the banks charge to small entrepreneurs — the generally accepted view of the organisation.

"This is important activity and until now has demanded most of our attention. But the key idea I want to get across is that the SBDC should be more than this — a catalyst, encouraging other organisations to work in this field."

He said the SBDC also wanted to extend its activities to areas outside the major centres.

"We want to become active in most of the country towns, not necessarily with a local office, but with local entrepreneurial groups. These are local committees where we bring together black, coloured and white business people and hopefully activate local people to help themselves."

The SBDC was also in the process of appointing what it calls black business promotion officers with the specific intention of stimulating business in the black areas.

Here the SBDC had a lot to learn, he said.

Professor Thomas said the SBDC was also looking at ways to give more support to the informal sector. "We would like to support a broader range of small enterprises. But it is not always easy to organise."

One difficulty facing the SBDC is that some people were unwilling to have anything to do with it as they regarded it both as a Government and a capitalist organisation.

"I think we must start talking to the comrades about business developments. We must be seen talking to black socialists about small business in a post-apartheid South Africa."

Argus 12/1/87

Makro may quit SA over arson threats

30

UTRECHT. — The owner of the arson-plagued Dutch Makro supermarket chain has threatened to halt its South African operations unless Dutch police can give it more protection from anti-apartheid activists.

The parent company might even pull out of the Netherlands, a spokesman for Makro's owner, the Dutch trading multinational SHV, said.

SHV was planning talks with the Dutch authorities this week to increase security at the four remaining Makro wholesale stores in the Netherlands, spokesman Mr Cypriaan Hooft Graafland said.

"The outcome of those talks will decide SHV's policy on South Africa," he said.

A Makro store in the southern Dutch town of Nuth burnt down in an apparent arson attack early on Saturday, marking the third such incident in recent months.

SHV director Mr Paul van Vlissingen said on Dutch television that the total damage of the spate of Makro fires was estimated at R150-million.

Although no claims of responsibility had been yet made for the fire, "the acts of terror against Makro have increased to such an extent that SHV is powerless," Mr Graafland said.

Last month, Dutch anti-apartheid activists claimed responsibility for fires which destroyed a Makro store near the eastern Dutch town of Duiven and damaged another near the Dutch capital, Amsterdam.

The activists, who protested against the owner's South African business holdings, also claimed responsibility for burning down the Amsterdam Makro in 1985.

SHV has a minority stake in five South African Makro stores.

In earlier incidents, anti-apartheid protesters have claimed responsibility for damaging petrol stations belonging to the Dutch-British oil giant Shell.

There is strong public feeling in the Netherlands against apartheid.

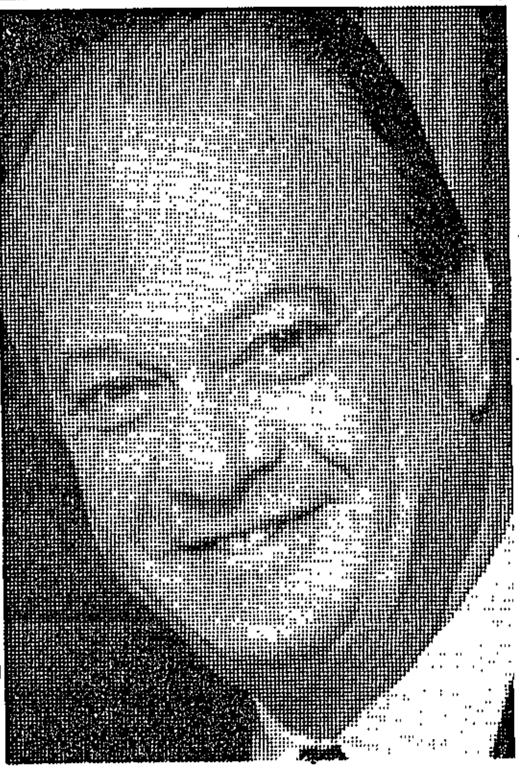
● Makro has five stores in South Africa, one of them in Montague Gardens, Milnerton. — Sapa-AP.

Sowetan 13/1/87

FOCUS

30

OK reacts to 'starvation wages' claim



Mr GORDON Hood . . . OK's managing director.

SA Press Association

OK Bazaars management yesterday countered striking unionists' allegations of "starvation wages" by saying the average pay for those OK workers at supervisor level and lower was more than R480 a month.

A Commercial Catering and Allied Workers' Union spokesman said the figures were designed to hoodwink the public who had offered the strikers "tremendous support".

As the strike by thousands of Ccawusa members entered its fourth week, Mr Richard Blackwell, OK's personnel director, said OK was issuing figures in response to "some very misleading figures" published by the union.

"In general, wages for 24 000 people is a very complex affair," Mr Blackwell said.

He added: "Up until now we have avoided publishing details for various reasons but will give the following facts:

- Six percent of our staff earn less than R300 per month but this figure includes part timers and temporaries;
- The average wage for all staff from supervisor level down is R489 a month; and
- The R85 we have already offered would put every full time employee well above the R300 a month mark."

The average wage increased by 15 percent after inflation over the last three years, Mr Blackwell said.

The figures excluded all other staff benefits such as staff discounts, pension, medical aid, he added.

Mr Salim Vally, spokesman for Ccawusa, rejected the figures.

He said: "We reject these figures as being incorrect and aimed at hoodwinking the public — at misleading the public, especially since we are receiving tremendous support from the public in various ways.

Reasonable

"OK actions during the course of the strike will not be lost on any reasonable person," the spokesman said.

"In fact, OK is hiding behind the emergency regulations as newspapers are not reporting half of what is happening to our members and the various forms of persecution and intimidation they face every day during the strike.

"OK's record shows they are far from being the benevolent 'people's company' they make themselves out to be," Mr Vally claimed.

Public support continued, Mr Vally said, adding that a few white shoppers had congratulated Ccawusa pickets outside stores

An elderly woman slipped R100 into a picket's pocket as he stood outside an OK shop in Yeoville, Johannesburg, and told him to take the money to the union office, he said.

Pickets would continue in accordance with the law.

Those taking part were thoroughly briefed and very disciplined, he said.

The total number of outlets where Ccawusa members were on strike was 117, with almost 7 000 workers out, Mr Blackwell said.

More than 200 workers returned to work at two outlets yesterday, but two more stores joined the strike. Mr Blackwell declined to name the shops.

Strikers reject management's offer of R85 a month. They demand a minimum wage of R450 a month and an across-the-board increase of R160.

No talks on the wage issue itself were planned for today, Mr Blackwell said.

Mr Vally said the union was waiting for OK to approach them for talks.

Allegations

The union spokesman made a number of allegations against individual OK shops;

- He alleged OK security workers at Mark Park, Vereeniging, were demanding that strikers entering the premises submit to strip searches.

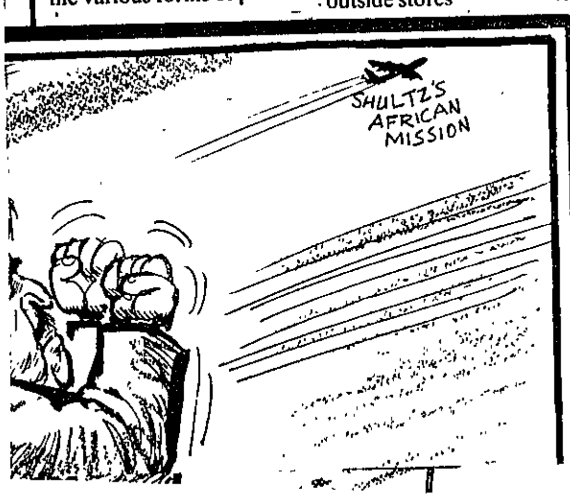
The union ordered strikers to sit in the staff canteen at their shop.

- A powder was sprinkled on the floor of the room where the workers met, causing "severe irritation", he alleged.

A worker was treated for pharyngitis (inflammation of the throat).

- The lines of a number of public telephones in staff canteens were also cut, he said.
- A Ccawusa shop steward was fired at by a white civilian outside the Eloff Street, Johannesburg, branch on Saturday morning, Mr Vally alleged.

He was not hurt.



Lest we forget...

THE *Sowetan* today remembers journalists around the country who are in detention:

- **Zwelakhe Sisulu, Editor of the the *New Nation*, who has been in detention under the emergency regulations for 32 days;**
- **Mxolisi Jackson Fuzile, *Veritas News Agency*, who has**

Reef boycott trial is postponed

30

STAR 14/1/87

East Rand Bureau

The trial of Mr Abiot Hansy Motswege, believed to be the first person to be prosecuted for allegedly attempting to organise a consumer boycott, was postponed in the Benoni Regional Court yesterday.

Judgment is expected to be delivered when the hearing resumes on February 13.

Legal argument ended yesterday.

Mr Motswege, of Daveyton, has been charged with subversion in terms of the Internal Security Act.

The State alleges that he planned the consumer boycott which started on May 19 last year in areas on the East Rand.

A PICKET stands outside the OK Bazaars yesterday as the strike involving thousands of workers in the group continues.

OK wants mediation, says union

30

5/1/87 SOWETAN

OK BAZAARS have stated in a telex to the Commercial, Catering and Allied Workers Union they were prepared to participate in mediation to try and resolve the four-week strike, strike co-ordinator Mr Jay Naidoo said yesterday.

"OK lawyers have sent a telex to our lawyers stating that they are prepared to participate in mediation and have made certain proposals regarding mediation," Mr Naidoo said.

"They suggested each side should have its own mediator and each side should pay its own costs. They propose mediators should meet at the earliest convenience in order to finalise an agenda for mediation proceedings and to appoint a date and venue."

The union had not yet worked out its attitude to mediation and the means of resolving the dispute, "although it has been put to us by our lawyers," Mr Naidoo said.

"We are finalising our attitude and should have a response later today".

OK personnel director Mr Richard Blackwell was not available for comment.

According to Ccawusa over 10 000 workers, of a total workforce of 24 000, are on a wage strike at 137 of OK's 208 outlets. Strikers have rejected management's offer of an increase of R85 on an anniversary basis, and demanded a minimum wage of R450 a month and an across-the-board increase of R160.

Mr Blackwell has said just over 7 000 workers were on strike at 117 outlets. — Sapa.

SBDC calls for deregulation

Economist claims red tape increases black politicisation

IN A BLUNT criticism of Pretoria for dragging its heels in deregulating the economy, the Small Business Developement Corporation (SBDC) says there has been a marked increase in the politicisation of blacks because they "cannot see any significant gain from active participation in the SA economy".

SBDC economist Guy Woolford says he is "surprised the economy is so buoyant with all the regulations, licensing and high tax levels" discouraging the formation and growth of businesses.

He says despite the fact that government is dragging its heels in implementing its much-vaunted deregulation plans, an estimated 10% more informal businesses sprang up last year compared with 1985.

There are now more than 650 000 such businesses in the informal sector — defined as "unrecorded, unlicensed, mostly non-taxpaying and providing non-fixed salaried employment".

Last year there was also a 10% increase in the employment provided by the informal business sector and these businesses contributed an extra 5% to GNP.

The SBDC attributes the increases to unemployed people trying to eke out an existence, "but the growth is small businesses and 'invisible employment' could have been much greater if government had been more enthusiastic about deregulation".

The SBDC is calling for a freer economy with more visible gains from entrepreneurship.

Says Woolford: "You cannot expect business to be normal in a society in which movement, property rights and entry to markets are restricted.

"The deregulation seen to date has been marginal. Far more is required." — Sapa.

BEP's busy negotiating several sales

WEEKLY MAIL 30

●From PAGE 1

Maponya was just as reluctant to talk about the company. But he said BEP is presently negotiating with a number of companies poised to pull out of South Africa in the near future.

He said he "would not be happy" if the *Weekly Mail* published the story because "if we disclose at this stage we are going to get into a position where the whole thing may even abort".

One of the companies BEP is rumoured to have negotiated with is the multi-million rand oil corporation, Mobil.

However, Mobil SA yesterday denied that it was holding discussions with BEP or that it was to make a major announcement on May Day about pulling out of South Africa.

"Mobil has no intention of pulling out and has categorically said so on numerous occasions in the past few months," a company representative said.

The South African Congress of Trade Unions has condemned BEP's intentions, saying the "cloak and dagger manner of the deal exposes the selfish, individualistic attitudes of those involved".

"A buy-out plan does nothing to solve the vexing problems of the country."

WEEKLY MAIL 16/1/87

Black plan to buy up divesting companies

By SEFAKO NYAKA

CIVIC leader Dr Nthato Motlana and three other Soweto businessmen have formed a company aimed at buying out companies pulling out of South Africa.

The chairman of the company, Black Equity Participation (Pty) Ltd (BEP), is former Urban Bantu Council member Richard Maponya. The other partners are former Inkatha executive member Gibson Thula and a Soweto doctor, Jackie Mphafudi.

Maponya has confirmed that one of its aims is to "negotiate" with companies planning to pull out of South Africa, but would not elaborate.

The company was formed last August but Motlana, who claims he is a "peripheral member", said he was only drawn in two months ago.

Speaking from the African American Institute conference in Botswana, Motlana said: "I only agreed to come in because I thought this is something that blacks could exploit.

"BEP is, I believe, intended not only to focus on departing companies but on getting a piece of the action for black businessmen."

He said the majority of companies BEP had spoken to are "South African companies operating within South Africa" and not companies pulling out.

He said his impression, when approached, was that the group would focus on available business opportunities in South Africa.

BEP, he said, had not yet taken over or acquired any company, as the project is still in the "brain-storming" stage.

●To PAGE 2

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●To PAGE 2

Makro to decide on SA this week

Cape Times 6/1/87

30

Own Correspondent

JOHANNESBURG. — Shareholder Safren is set to assume control of the local operations of the Dutch-based wholesale group, Makro, if it is forced to leave South Africa this weekend.

Makro's owner, SHV, has given the Dutch government until tomorrow to insure and protect its arson-hit stores from terrorist attacks or it will liquidate its South African interests. This could mean the loss of 1 400 jobs.

A spokesman for the Dutch Foreign Ministry in The Hague yesterday ruled out the possibility of state insurance for SHV.

"In the first instance, it is up to the owners of Makro stores to protect themselves. What we are trying to do — and what any government should do — is to find out who was responsible for the arson attacks and bring the terrorists to trial," the spokesman said.

Safren Trading's chairman, Mr Tony Bush, said the group would "obviously welcome the opportunity to increase our Makro shareholding". But he made it clear that no takeover talks were under way. "That would be premature," he said yesterday.

The Dutch anti-apartheid group responsible for the attacks may insist that it will continue with its actions unless SHV cuts all ties with SA.

Five Makro stores operate in SA with turnover of R444-million.

A Dutch activist group, Revolutionary Anti-Racist Action, has torched three Makro stores in Holland causing damage estimated at R154-million.

SHV wants the government to underwrite the insurance on Makro property after the Commercial Union refused to provide further cover.

The financial director of Makro (SA), Mr Roger McKee, said yesterday that if SHV was forced to leave SA it would be the first company to divest through "plain criminal circumstances" and not on political or economic grounds.

"It would be a victory to terrorism," he said.

□ Meanwhile **John Battersby** reports from London that Shell (UK), which is facing a major anti-apartheid boycott, said yesterday it would not hesitate to summon the police if demonstrators interrupted business at its petrol stations.

The British Anti-Apartheid Movement has declared 1987 the "year of Shell" and is planning to start picketing Shell petrol stations from March 1 in a bid to force Shell to quit South Africa.

A spokesman for Shell said yesterday that the company was adopting a "wait-and-see" attitude as many threatened boycotts in the past had not materialized.

"If demonstrators stand in an orderly manner handing out literature that is right. In this country they would have the legal right to do that.

"But it will be very different if they verbally or physically affect the running of a filling station and frighten people to stand in front of cars.

"If they do anything to interrupt business we will have to ask them to move and if they do not we will call the police.

"We would not want them standing on our property but there is nothing to stop them standing on the pavement.

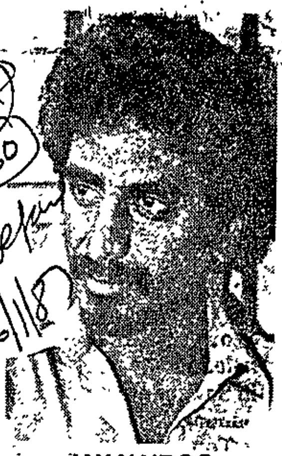
"We will have to live with them holding banners," the spokesman said.

The AAM campaign will focus on the [illegible] odd petrol stations managed by Shell.

Half the remaining 3 000 Shell stations are privately owned and operate by franchise.

Bid to solve OK dispute

Sowetan 16/1/87



JAY NAIDOO

THE Commercial, Catering and Allied Workers' Union has accepted management's offer of mediation in the wage dispute between OK Bazaars and thousands of Ccawusa members.

"Ccawusa has, after much deliberation within its ranks, agreed to a proposal from OK Bazaars to hold mediation to resolve the current wage dispute," Mr Jay Naidoo, a Ccawusa spokesman, said.

"Further details regarding date, venue and agenda will be worked out by mediators on both sides in consultation with all parties," the statement said.

The union had reservations about the success of mediation as more than 600 striking Ccawusa members had been arrested.

"The union has grave reservations about the possibilities of success of mediation unless the problems of harassment and arrest of union members can be resolved," the statement said.

"At present, 103 union members are being held under the state of emergency as a result of the OK strike.

"More than 600 workers have thus far been arrested."

The union has appointed Mr Charles Nupen as its mediator.

Union demands remain a R160 across-the-board increase and a minimum wage of R450, as well as a staff discount of 20 percent.

Management is offering an increase of R85 on an anniversary basis. — Sapa.

Cape Times 19/1/87 (70) (69)

Makro decision known today

Staff Reporter

THE owners of Makro, the Dutch-based wholesale group, will say today whether or not they will disinvest from South Africa.

The group's owners, SHV, announced at the weekend that its executive board of directors had made a decision following a spate of anti-apartheid arson attacks on the group's stores.

"The decision will be verified this weekend with the supervisory board of directors. SHV's executive board of directors will announce and explain its decision (today) during a press conference in Nieuwspoort, The Hague," said a statement.

The options open to SHV include maintaining its South African interests in the face of threats of further attacks, selling out probably to local shareholder Safren, or liquidating its SA assets.

The five Makro stores in SA have an annual turnover of R444 million and employ 1 400 people.

The group responsible for the torchings, Revolutionary Anti-Racist Action, has so far caused an estimated R154-million damage in three firebomb attacks on Makro stores in Holland.

□ Our correspondent in Johannesburg reports that US-based toolmaker Black & Decker, under pressure from its US shareholders to end its presence in SA, is considering pulling out and a local buyer is to be sought. Shareholders are to vote this month on a motion to force it to pull out.

A US spokesman said the SA operation, which employs only 44 people, had been only marginally profitable in the past few years.

□ South African management of Skok Systems — founded in SA but which sold control to US interests — has bought back control of the company.

ARGUS 20/11/87

Shareholders pull out but firms go on

The Argus Correspondent

JOHANNESBURG. — Makro, the cash-and-carry chain, and Black and Decker, the power-tool suppliers, will continue operations in South Africa in spite of announcements that their foreign shareholders are to withdraw from the country.

The managing director of Makro SA, Mr Doug Catto, said today: "The only thing that will change is our shareholding."

The Dutch-based multinational, SHV, and its German partners hold 66,6 percent of Makro SA. The balance of the shareholding is held by Safmarine and Rennies Trading (Safren), who are expected to take over the SHV interests.

In Johannesburg yesterday the general manager of Black and Decker in South Africa, Mr Roger Lee, said that once the US corporation had made its decision at a board meeting this month he expected to negotiate for a local management takeover of the South African operation.

"DISTRESSED"

The US chairman and president, Mr Nolan Archibald, said in the statement he would recommend to the board of directors at its January meeting that the corporation seek a buyer for its subsidiary in South Africa. "This will include negotiations with the management of the local company," he said.

In The Hague yesterday SHV, which owns a 40 percent interest in the five Makro department stores in South Africa, announced that "distressed and forced by terrorist action, (SHV) will take steps toward a complete withdrawal of its investments in South Africa".

Mr Catto said: "While we are sad and very upset that our Dutch partners have been forced into this situation, we have a 100 percent commitment from the Safren organisation, who have declared they are interested in increasing their stake in our company."

He added that the SHV chairman, Mr Paul van Vlissingen, had told him that SHV "was not going to enter into any form of auction sale" with its shares in Makro SA. "He told me they (SHV) felt it would be wrong to profit out of this sad occasion."

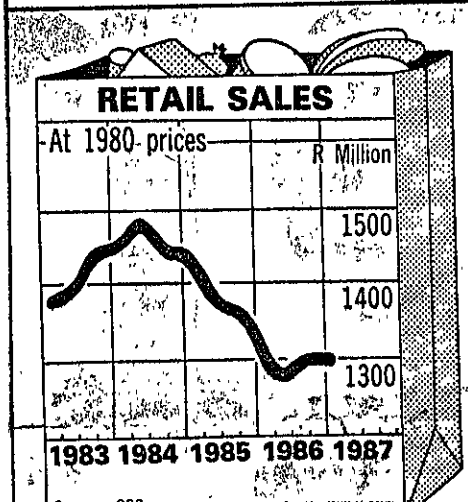
the spending rate might be accelerated in the closing three months of the fiscal year.
Receipts for the period April 1 to De-

will not be known whether Finance Min-

● To Page 2

the bank holiday caused a severe shortage of dollars and put extraordinary pressure on the US currency.

BUS DAY 20/1/87 30



Source: CSS

Retail sales likely to take R1,4bn nosedive in January

DAVID FURLONGER

RETAIL sales this month are expected to take a R1,4bn dive after December's pre-Christmas shopping spree.

Preliminary government figures show January retail sales are expected to total R2,96bn, compared with the predicted R4,36bn of December.

Seasonally adjusted, however, the upward trend in real sales appears to be continuing, from R3,10bn in December to R3,23bn in January.

In real terms, based on constant 1980 prices, January's expected seasonally adjusted figure is R1,32bn compared with R1,28bn in December.

Despite the improvement, however, sales are running below those of January last year, when the figure was R1,36bn.

Black artisans show their mettle as ... 30

Bus Day 20/1/87

SBDC helps to curb joblessness

THEO RAWANA

SOWETO'S open spaces and backyards are a hive of activity, with scrapyard owners, panel-beaters, welders, and other home entrepreneurs plying their trade.

Ian Hetherington, receiving the 1986 Free Market Award late last year, said there were many unrecognised home-based businesses in black areas, and called for laws enhancing individual economic freedoms and for the repeal of those that restrict them.

● VOSLOO

Small Business Development Corporation MD Ben Vosloo says the SBDC has seen 500 000 small businesses established so far.

The SBDC offers help in four areas:

- Finance — offering loans to people who cannot be assisted otherwise;
- Premises — offering low-cost shelter;
- Advisory services — counselling, professional consultation and practical business training; and
- Interest promotion — highlighting the role of the informal sector in the economy, campaigning for deregulation and fighting unnecessary control.

Vosloo says: "We help to upgrade small businesses by offering loans. By October last year loans totalling R363m were granted to 13 300 businesses. There are six different types of loan.

"One in five loan applications is normally approved, as each is judged on its viability. We have offered advisory services to 19 000 undertakings, and one third of those are black.

"We have brought to light the fact that 40% of economic activity in SA takes place in this sector. This is a major area in the fight against unemployment. We have offered low-cost shelter in 15 areas countrywide, and these are accessible to anyone."

The SBDC aims to take up idle factories countrywide and convert them into workshops. It has two industrial areas in Soweto and is trying to get people to move out of Soweto to the Pennyville industrial area, along Main Reef Road.

- This is the tale of what two people went through because they did not know about the SBDC:

Scrapyard dealers Walter Sibeko and Bob Sapepa took over Class Body Works Scrapyard from a white owner in Moroka in the mid-'70s and rented under the previous owner's name for some time.

In 1983 they applied for a trading licence. They say they were ordered to close shop by administration board inspectors five months after the licence was granted. The inspectors claimed the area was "frozen".

The partners asked for an alternative site anywhere else in Soweto — to no avail. They applied for another licence recently and the reply note required them to build toilets, showers and an office. They built these, but claim the township superintendent refused to sign a form that required his approval.

Wooltru may get Pep in a huge deal

21/1/87 (30) BDAY

CHRIS CAIRNCROSS

ANALYSTS are touting Cape-based Wooltru's expected takeover of, or merger with, Pep Stores as the biggest in SA's retailing history.

It will, however, be some weeks before any sort of finality is reached in the negotiations between the two quoted retailing groups.

The move must, of course, be sanctioned by the Competitions Board.

Both parties are staying tight-lipped about the nature of the proposed deal until something definitive emerges from negotiations.

But there seems little doubt about the direction they are likely to take.

Negotiations were almost certainly started by Wooltru, whose directors have been looking for a retail springboard — separate in identity from the Woolworths chain — to penetrate the low income, mainly black, market.

Obviously the group sees limited medium-term growth potential for Woolworths, which services the middle- to upper-income groups.

Company sources have stressed there is no intention to tamper with the Woolworths character in order to service other markets.

Analysts see newly-listed Pep Stores — which consists of 511 Pep Store outlets, 39 Ackermans outlets, seven manufacturing outlets, and a combined turnover of R228m — as a highly suitable vehicle for Wooltru's downmarket foray.

Coal free price con

CHERILYN IRETON

PRICE control of domestic coal is to be abolished.

Government is to deregulate the pithead price — that paid to collieries — for various grades of steaming coal from April 1, says the Transvaal Coal Owners Association (TCOA).

This is expected to pressure manufacturers to drop their prices, although the final delivery price paid by consumers is not expected to fall significantly.

"The pithead price is just one element in the final price paid by consumers. In the PWV area the pithead price accounts for just under half of the final price, with transport and retail distribution costs making up the rest," says TCOA MD Les Weiss.

In the Western Province, the pithead price represents about a quarter of the final price.

While prices will be a truer reflection of supply and demand, they will be more

Tax plan sets t

DRAFT regulations to combat tax evasion in the liquor industry — estimated to be as high as R100m a year — have drawn mixed reaction from wine and beer producers.

The regulations — amounting to a two-stage GST system — have been put to industry and may be introduced in March, industry sources believe.

If approved, the system will require wholesalers to impose part of the 12% GST on retailers, who then pass on the full 12% to customers. Wholesalers and

SBDC appeals against US ban

Star 22/1/87

(30)

By Michael Chester

The Small Business Development Corporation (SBDC) today confirmed it had appealed directly to the State Department in Washington to be removed from the United States boycott blacklist.

The SBDC was among several South African organisations that were stunned by inclusion in the list of "parastatals" drawn up in Washington under the US Anti-Apartheid Act of organisations which were automatically boycotted. It has provided the launch pad for hundreds of new business ventures started by black entrepreneurs.

Dr Ben Vosloo, managing director of the SBDC, hopes the corporation will be added to an initial list of five South African companies that have succeeded with appeals to the US State Department to be dropped from the boycott ban.

APPEAL UPHELD

So far, the State Department has upheld appeals from Klein Karoo Landboukoöperasie, Siemens, Computechnology, Tecnetics and Mercedes Datakor.

SBDC spokesman Mr Francois Baird said today the corporation had lodged its appeal on the grounds that control of the board of directors was in the hands of the private sector, which held 75 percent of all funds.

There was complete independence in the administration of any government financial assistance that was given and the entire cash flow was channelled to the small business sector on a nonracial basis.

Oil-from-coal giant Sasol was today still awaiting a final decision from the US State Department on its appeal for removal from the "parastatal" blacklist.

37% of equity changes hands

R16,2m Joshua shares deal

Cape Times 23/1/87 (30)

From BRIAN ZLOTNICK

JOHANNESBURG. — In one of the largest deals put through the market in many a year, 37% of Joshua Doore's equity worth R16,2m changed hands yesterday.

Tradegro, through stockbrokers Frankel Kruger, in a special deal sold 25,7m Joshua shares at 64c to several institutions.

The deal was struck at an enormous discount to the then ruling market price of 98c and the share finished the day unchanged at 98c.

Highest in a decade

In order to shift through the market such a high percentage of a company's equity — thought to be the highest in more than a decade — the seller often has to accept a much lower price.

Outside the market Tradegro sold 4,3-million shares to the triumvirate of management, New Bernica and Lifegro, which already had a 25% stake and the option to acquire from Tradegro a further 25,1% at net asset value a share before March 1989.

Tradegro CE Meryn King points out that management control of the furniture retailer was in the hands of David Sussman and Arnold Witkin even though Tradegro via Rusfurn had 68,9% of the equity.

King said that besides the management control situation, the other major reasons for the disposal were to reduce Rusfurn's gearing ahead of its listing later this year and because Joshua was the only stock in the furniture sector trading at a premium to net asset value a share.

The current net asset value is about 45c a share.

'Totally independent'

New Bernica CE Arnold Witkin said "we are delighted with the new shareholders and opportunity to increase our stake. Joshua Doore is now a totally independent company with strong shareholders and a dynamic management."

Joshua was brought to the market six months ago through a reverse listing into cash shell Consure.

Management expects turnover to pass the R100m mark and earnings to exceed the pre-listing forecast of 5,7c for the current financial year.

Pep Stores heads biggest-value list

Own Correspondent

JOHANNESBURG. — Pep Stores topped the biggest-value list on the JSE yesterday with 510 000 shares worth R5,35m traded in six deals.

The deals were handled by one broking firm, reportedly on behalf of an institution. They might foreshadow a move in the proposed Wooltru/Pep group merger.

The stock gained 25c to a high of R10,50.

Sowetan 23/1/87 (28) (30)

We are being squeezed out, say Salon owners

By SY MAKARINGE

SMALL hair-dressing salons owned by blacks are being gradually forced out of the market by large companies who offer their service at cheaper prices.

A number of black hair-dressing salon owners claim their chances of progressing in the industry one minimal as large companies are out to force them to remain "nothing else but mere hair-dressers"

They said the companies, which manufacture or import hair products, monitor how much a salon buys from them.

They claimed that a company then selects a salon with a good turnover, opens a new shop in the vicinity and offers the products on hair-dressing services at prices they cannot compete with.

They also claimed that white companies used fronts to protect their own identities.

One salon owner, who asked not to be identified, said, as an example, he sold a gel at R10, while this was obtainable from white salons at R5,99.

He said these companies sold gels to salon owners at R6,59

"We obviously can't compete with these prices. As we can't manufacture our own products, we see this as an effort to force us out of business," another angry hair salon owner said.

Mr Neil Holdsworth a spokesman for an association for hair-dressers said some of the claims were correct and others incorrect.

He said he could not say for certain that companies which were opening new salons were trying to force black salon owners out of the business, but confirmed that there were salons which were being opened next to others.

"There are companies which are causing a lot of problems in the industry. We can't close them down but they must give the consumer his money's worth. It's only when they fail to do this that we can take action against them," he said.

A new product manufacturer who investigated and confirmed some of the claims made by black salon owners said he would do his best to protect black entrepreneurs from "unethical" companies.

"Blacks are being swallowed up and financially ruined by these people. This must be stopped now," he said.

26-million shares change hands

BUSDAY

Tradegro in R16m selloff of J Doore

23/1/87

30

BRIAN ZLOTNICK
Investment Editor

IN one of the largest deals put through the market in many a year, 37% of Joshua Doore's equity, worth R16,2m, was sold by Tradegro yesterday.

Tradegro, through stockbrokers Frankel Kruger, sold 25,7-million Joshua shares at 64c to several institutions in a special deal.

The deal was struck at an enormous discount to the then-ruling market price of 98c and the share finished the day unchanged at 98c.

In order to shift through the market such a high percentage of a company's equity — thought to be the highest in more than a decade — the seller often has to accept a much lower price.

In another transaction outside the market, Tradegro sold 4,3-million shares to the triumvirate of management, New Bernica and Lifegro, which already had a 25% stake and the option to acquire from Tradegro a further 25,1% at net asset value a share before March 1989.

Tradegro CE Meryn King said management control of the furniture retailer was in the hands of David Sussman and Arnold Witkin, even though Tradegro, via Rusfurn, had 68,9% of the equity.

King said besides the management control situation, the other major reasons for the disposal were to reduce Rusfurn's gearing ahead of its listing later this year and because Joshua was the only stock in the furniture sector trading at a premium to net asset value a share.

The current net asset value is about 45c a share.

New Bernica CE Arnold Witkin said: "We are delighted with the new shareholders and opportunity to increase our stake. Joshua Doore is now a totally independent company with strong shareholders and a dynamic management."

Joshua was brought to the market six months ago through a reverse listing into cash shell Consure.

Management expects turnover to pass the R100m-mark and earnings to exceed the pre-listing forecast of 5,7c for the current financial year.

30 BUSDAY 23/1/87

SBDC reviewing its loans and rates policy

NORMAN SHEPHERD

THE Small Business Development Corporation (SBDC) may extend the period of its long-term loans and revise the interest rates it charges entrepreneurs.

MD Ben Vosloo says the SBDC is reviewing its overall financing policy in terms of a five-year development plan.

Other operational aspects under the spotlight include loan policy, organisational structure, procedures, staff efficiency and services.

Several proposals were raised at a management conference last week, although Vosloo says some are already supported by the SBDC board.

On SBDC interest rates, he says: "Our rates are supposedly market-related but, in practice, are slightly below them. Often our rates are compared with the prime rate, but elsewhere small businesses normally pay prime plus 3% to 4%.

"Our interest rates vary from 8% to 17% because we have seven different financing programmes.

"We do not supply short-term overdrafts, but long-term loans for up to 10 years. One of the issues we are looking at is extending the term, but this will have to be discussed with the board."

Vosloo says in the wake of an announcement last year that the SBDC intended to issue small business development bonds, "this will be done within three months".

He says it has been decided to recommend to the board that the Cape region of the SBDC be subdivided into eastern and western regional offices.

Boom time for rebuilt trucks

Business Day Reporter

RECONDITIONERS of used trucks and buses are enjoying a boom.

Consumer resistance to price increases has led sales of new trucks and buses to plummet to a 24-year low.

Reconditioners offer to return vehicles with the same warranty a new-vehicle buyer receives — at only 40% of the cost.

Industry sources say tax advantages can further reduce costs to 20% to 25% of new vehicles.

At Schudel Swiss Engineering, turnover has been up 300% over the last three years.

MD Rolf Schudel says skyrocketing prices of new vehicles has forced

26-million shares change hands

BUSDAY 23/1/87

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Pull-out after threat of terror

BUSDAY 23/1/87

DUTCH vinyl floor producer Frobo-Krommennie (FK) plans to cut ties with SA after receiving warnings from police of possible terrorist attacks, a company spokesman in Assendelft, Netherlands, said yesteday.

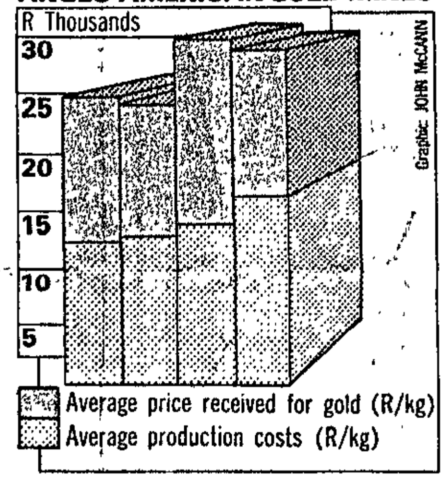
The announcement comes three days after leading Dutch trading company SHV said it was "conceding to terror" and would sell its Makro stores in SA

The move will not greatly affect FK's Durban-based agents Krommenie Ltd, since the Hepburn-family-owned Industrial Investment Company bought FK's SA operation five years ago.

Krommenie MD Gavin Jeffrey said last night: "The FK product lines that we handle account for a very small amount of our business. The bulk of our flooring products are made locally."

Krommenie employs 500 people and has an annual turnover of R50m.

ANGLO AMERICAN GOLD MINES



Beware, smaller share buyers told

The trading floor of the Johannesburg Stock Exchange.

By DENISE BOUTALL

IF you're thinking of climbing onto the bandwagon of the current South African stock exchange boom, make sure you get a good driver.

Better still, says a leading investment adviser, if you're looking at investing less than R5 000, stay clear of buying shares.

While experts are fairly confident that the crash of 1969 — when thousands of small investors faced huge losses — will not easily recur once the current bull run comes to an end, they are concerned about the large number of small investors who are coming into the market not so much to invest but to speculate.

"Frankly, if you're just into gambling, you're be better off at the races."

The current boom, which has seen the industrial and all gold indices break all-time records, is the result of a complex set of circumstances.

"South Africa is a closed economy, which means that no South African can invest his or her money outside the country," he said.

"The inflation rate is now well above any return on fixed interest investments, so people are tending to withdraw their money from building societies and other fixed interest investments.

"Huge sums of money become available for investment and this is exacerbated by the recession, which has seen investment in plant, machinery and inventory reduced to a minimum."

Property, which would be the other alternative for investors, is also less attractive because it is a highly specialised field, is expensive to invest in and is not as marketable as shares.

"A good investment not only provides a good hedge against inflation, but must also be marketable — and shares are highly marketable."

Another factor that has contributed to the entry of a large number of small investors is the creation in 1985 of the Development Capital Market (DCM) on the Johannesburg Stock Exchange.

The purpose of the DCM is to function as a means of raising risk capital and the majority of newly listed companies last year were listed on the DCM.

The long-term future of these companies, he said, was not easy to predict, but because their shares were very cheap compared with the heavyweight gold and industrial shares, they were more attractive to the small investor.

"Many people who are buying now don't even bother to find out what the company does when they buy its shares. They buy because of rumour or on hearsay, because a friend is buying, or on the basis of some tipster's recommendation.

"Others hear someone on TV say, 'It's a good time to buy insurance shares', and the next day they start buying insurance shares."

If people were really looking for a hedge against inflation they should seek the advice of a reputable expert or professional.

"The stock market is not the place for the small investor.

People with R5 000 or less to invest would be better off putting their money into a mutual fund (unit trust). They hold good portfolios of the best and most expensive shares so that the risk is well distributed."

The initial investment could be as little as R100 whereafter one can buy additional units for as little as R25, but this varies according to the fund chosen.

"But if you're talking about an investment of 12 months or less, keep your money in the building society."

People with bigger amounts to invest should be very careful in selecting the person to whom to entrust their money. Some advisors charged hefty fees. "It is imperative to deal with reputable people."

Most stockbrokers, however, run managed portfolios on the behalf of investors at no cost other than the basic charge of about 2,5% of the share price to buy shares and 1,5% to sell them.

The trust departments of banks, trust companies and merchant banks also run managed portfolios on behalf of their clients, although in each case a minimum investment of anything from R25 000 to R250 000 is required.

On the 1969 crash, he explained that at the time administration of the buying and selling of shares was too slow to cope with the volume of trade.

Buyers had to pay for their shares only when the share certificates were delivered and due to the extraordinary turnover this could take between three to six months.

"People were buying shares on credit in the hope that by the time they had to pay for the shares their value would have increased so much that they could sell them and pay for them with the profit made."

Under the current rules people have to pay for their shares within seven working days.

As for the collectables — coins, rugs, art, diamonds, silver, jewellery, wine — his response is simple.

"A good investment not only provides you with a hedge against inflation but it must be marketable. These things are not easily marketable and unless the investor has specialised knowledge he will be totally dependent on dealers, who sell at massive markups and often give you less than the real value when you want to sell."

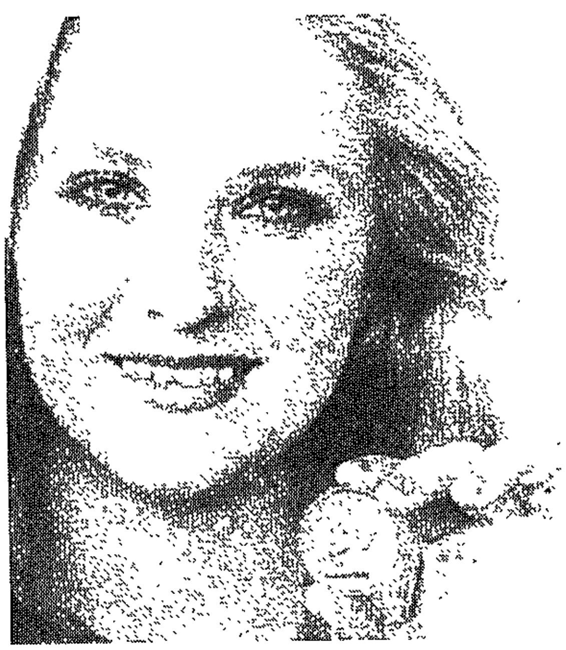
An alternative investment to shares are Kruger rands. They are traded on stock exchange and are very marketable.

"It is a means of investing in the future of gold and is a hedge against the devaluation of the rand.

As for diamonds: "Perhaps their greatest investment value lies in the fact that they keep your wife happy."

Added a Johannesburg financial journalist who specialises in personal finance: "Hard assets are essentially for the rich. You have to know a lot yourself, otherwise you could easily be fleeced by an unscrupulous dealer.

"Compared with other investments, hard assets have the disadvantage of not being easily sold."



Krugerrands, an investment in the future of gold.

to declare the organisation bankrupt. money to support prices on October 24 1985, leaving estimat- partner of Arthur Young and coordinator of the creditors, million (R48-million) lent to the council.

W/C Argus 24/1/87 (30)

Ccawusa takes on two big retailers

LABOUR AFFAIRS

DICK USHER

IN the past year the Commercial, Catering and Allied Workers' Union (Ccawusa) has taken on two of the biggest retailers in South Africa — Pick 'n Pay and OK Bazaars.

The Pick 'n Pay strike was settled after seven days of industrial action.

Its end included (according to the usual reliable sources) a more than somewhat heartfelt appeal from Raymond Ackerman at the final 15-hour meeting which produced the settlement.

So far the OK strike has lasted 36 days and involves between 7 000 and 10 000 workers, depending on whose figures you listen to.

Mr Keith Hartshorne, group personnel manager, says that 547 workers have been dismissed for "intimidation and breaches of the OK code of conduct."

He says that as far as he is aware at least 120 workers had been detained.

The strike has had little visible effect in the Western Cape — mainly because Ccawus has relatively few members here — but the strike has evoked deep interest and concern among workers and unionists as two important issues are involved — "living wages" and the right to strike.

Right to strike

Both are priorities this year for the Congress of South African Trade Unions (Cosatu), to which Ccawusa is affiliated, especially as the federation views aspects of the Draft Bill on labour relations as an attack on the right to strike.

As these issues are common to all workers, it is not surprising that the Council of Unions of South Africa/Azanian Congress of Trade Unions alliance has given material support.

Ccawusa has won some interesting victories in its history, including an agreement at EMI that requires everyone in the company to call each other by their surnames, except by mutual agreement. Contraventions are subject to disciplinary action.

According to one survey, quoted in the November issue of *Ccawusa News*, it achieved the highest average wage increases compared with all other unions in the first half of 1986 — 19,5 percent.

'Enemy is capitalism'

The same issue of *Ccawusa News* also contains an interesting response to the UDF's call for united action with Cosatu to challenge the state of emergency and apartheid which shows that the union does not support "popular fronts" against apartheid and the two-stage theory for the creation of a socialist South Africa.

"The popular front includes an alliance with a section of the capitalist class, usually liberals ... In this popular front there will be those who are prepared to fight against apartheid but not capitalism," it says, citing the PFP and National African Federated Chambers of Commerce (Nafcoc) as examples of such.

"Our long-term aim is to form a socialist society and our enemy is the ruling class and capitalism.

"The UDF call for an anti-apartheid alliance is problematic because it could include our class enemies, like Nafcoc and the PFP, and all those who are anti-apartheid but not pro-socialist."

Some car prices expected to rise 18-20% this year

24/1/87 Star

By Jeremy Sinek

The present lull in car price rises is unlikely to last.

Although only Nissan and Mercedes posted the traditional New Year price hike at the beginning of January, the rest are likely to start catching up in February.

The non-appearance of the expected industry-wide January 1 price increase broke the quarterly pattern in more ways than one, for it was significant that it wasn't market leader Toyota that made the first move.

This could simply indicate different cost pressures facing the various makers, but it is also understood there is concern in the industry that the previous "Toyota leads, others follow" practice could be perceived as price collusion.

The Nissan increase of 3 percent on January 1 came three months after the previous rise. Mercedes-Benz's January 12 rises of 4 percent on Honda and 6 percent on Mercedes came 10 weeks after the last rises.

Toyota's last increase was on October 6, and the next move is due on February 2. A spokesman could only say it would be kept as low as possible.

Earlier this month Toyota managing director Colin Adcock — a self-declared "super-optimist" — predicted cumulative rises of not more than 12 percent over the year — with the usual exchange rate provisos.

That would indicate quarterly increases of 3 percent or less.

A VW spokesman would say no more yesterday than repeat managing director Peter Searle's similar prediction that prices won't move by more than 10 to 12 percent over the year — provided the rand stays steady against the D-mark.

Samcor's managing director Mr Spencer Sterling said his company (which makes Ford, Mazda and Mitsubishi) would raise prices some time in February but the extent and exact timing had not yet been decided.

BMW, which traditionally lags a month behind the others, has indicated it will lift prices by 5 percent on March 1, with two further rises of 4 percent in June and September.

That would mean a cumulative increase of 13,5 percent, BMW says — but that doesn't include the further quarterly rise that would be due on December 1, which would give a year on year rise of 18-20 percent.

A figure of around 20 percent has also been suggested by Mercedes-Benz, although it's perhaps significant that these luxury car makers arecurrently enjoying healthy supply/demand situations.

What no manufacturer can reliably predict, however, is what the rand is going to do against the currencies that count, the German mark and the Japanese yen.

Right now it's looking good, but in the South Africa of today who knows what political or financial crisis could erupt tomorrow?

Council to get tough on business areas

27/1/87

EAST LONDON — The city council is to take a tougher stand on small businessmen who operate in areas which are not zoned for business use.

This was decided last night when the council considered an applciation for deregulation and support for rezoning for a small business in Park Avenue owned by Mr M. Whyte.

He had applied to operate an auto electrical business in the house he had bought in Park Avenue and is apparently being threatened with closure.

Mr Gwyn Bassingthwaighte recorded his objection to the council agreeing to seek the authority of the administrator for Mr Whyte to use the property for his auto electrical business.

Mr Donald Card said that the Park Avenue area was in an unfortuante situation as it was only a pocket of residential area in an area zoned for light industry and commerce.

He said a strong warning should be given to small businessmen not to move into areas which had not been zoned for the purpose they wished to use it for.

Mr Errol Spring said the council was in a dilemma when it listened to the pleas for deregulation.

"This type of action can eliminate spontaneous business development. We should look at it from the side that the government has allowed moratoriums in instances where the law has been trangressed.

"One example is the moratorium on unlicensed firearms. One wonders whether we should not do the same for small businessmen. We should ask them to bring to the attention of our officials their position and then we can attempt to regularise it before we set a deadline."

Mr Robbie de Lange (snr) said the province had laid down regulations and the council should act in terms of the regulations "or should not have regulations at all".

He said people in Cambridge, Quigney and Greenfields started small businesses and operated without licences for three or four months. They only applied for licences when they were caught out.

"Are we going to condone such things?" he asked.

Mr Patrick Kay said people were facing hard times and some were just managing to eke out a living and "we must ensure that they will not be ridden rough shod over".

Mr Eric Whitaker raised the point about people operating without licences and referred to his own situation —he was faced with what could be considered unfair competition.

The mayor, Mrs Elsabe Kemp, warned him of possible pecuniary interest and Mr Whitaker said he was talking in general terms.

It was decided that the question of a moratorium would be discussed in action committee.

Growth body: council stalls

Dispatch Reporter

EAST LONDON — The city council has deferred a decision on a request by the East London Chamber of Commerce to reconstitute the East London Development Committee.

The committee comprised councillors and representatives of the chambers of commerce and industries and the Sakekamer.

Councillors felt that the committee could not function for various reasons and proposed that any body which wanted to give input to run the city and plan for the future would be welcome to do so.

Councillors were warned by a senior councillor, Mr Robbie de Lange, about "too many committees which were overlapping".

He said he had just returned from the Regional Development Advsiory Committee meeting in Port Elizabeth where the matter had been discussed.

"Our officials are getting too involved with other committees," he said, "but we must keep contact with the chambers of commerce and industry as well as the Sakekamer."

Mr Ivan Zulman said it had seemed an excellent idea when the committee was formed but it did not turn out to be so when the committee acted as a super council.

The mayor, Mrs Elsabe Kemp, said she had found the meetings to be useful and also proposed that the matter be deferred despite an action committee recommendation that the request be rejected.

The committee had last met in September, 1985.

Overseas market tour decision deferred

Dispatch Reporter

EAST LONDON — The city council last night deferred a decision to send two municipal officials on a European tour to study the new computerised clock system for selling fresh produce at markets.

It had been proposed that the director of the municipal market, Mr Kobus Rademeyer, and the director of finance and administration, Mr Brian Sayer-Hickson, should tour European markets to study the viability of introducing the system at the market here where the out-of-hand sales have become too cumbersome and costly despite the market's turnover growth rate of nearly 30 per cent last year.

The advantages of the clock system are that no salesmen are needed, it is faster and more efficient and can save millions of rand, and that no-one can monopolise the sale and the goods can be offered to more buyers.

The system is operated in an auditorium with buyers sitting at small computer terminals facing a clock.

Buyers identify themselves with a special card which also provides the computer with the buyers' credit limits.

A display unit displays the produce to be sold and the clock starts moving in an anti-clockwise direction, starting at the highest price and moving down to zero. When the hand reaches the price the buyer is prepared to pay, he presses a button on his terminal. The clock stops, the buyer is identified and he enters the quantity he wishes to buy.

If there is a balance in the consignment, the hand returns to the highest price and the process is repeated.

Buyers get a good chance of viewing the produce and, after the sales, a statement of purchases is produced by the computer for each buyer who then receives his goods from the agent.

It is felt that the system is better than the out-of-hand sales where buyers are not competing for produce which results in producers being sceptical about prices realised. Producers are also not satisfied that their produce is subjected to the total demand.

The system also demands extensive and costly floor space.The daily stock turnover is also low and the system requires many salesmen and clerks which adds to the overheads.

Last night, the council, at the suggestion of Mr Errol Spring, said written information should be sought from markets utilising the system. Mr Vossie Bezuidenhout suggested that South African embassies be asked to assist in obtaining the information.

Public favours discount petrol

BUSDAY 30

SUSAN VAN ZYL

THE public opposes the clampdown on discount petrol, a Markinor Gallup Poll shows.

The poll, carried out among 1 000 urban whites, shows that 82% believe filling stations should be free to cut prices.

Only 16% agree government was right to stop Pick 'n Pay from offering discount coupons for petrol purchases.

"We are pleased to know we have such support from the public," says Richard Frieslich, general manager of Pick 'n Pay's Auto Outlets. He says if Pick 'n Pay wins its appeal against a Supreme Court judgment last June, it will immediately start discounting again. The judgment put an end to the petrol-sales coupon scheme.

The appeal will be heard early in March. "At the moment it is just a big thumb-holding operation," says Frieslich.

McCarthy to open R3,1-m operation in Randburg

The country's largest motor vehicle distributor, the R1 000 million-a-year McCarthy group, says it has given the green light to a number of significant, multi-million rand expansion projects despite "the depressed state of the motor vehicle market".

The latest move involves plans to establish a new R3,1 million "multi-purpose" Nissan operation in Randburg, says Mr Ray Nethercott, managing director of the McCarthy-Nissan franchise.

This follows hard on the heels of several other major developments, including:

- A R12-million Mercedes-Benz commercial vehicle centre near Pretoria.
- The injection of R1,5 million into expanding the Car Bar used vehicle operations.
- A new R3-million headquarters complex in Cape Town for the Mercedes and Honda franchise operations in the Western Cape.
- The opening of a new Dan Perkins Toyota dealership in Midrand, Transvaal.

Mr Nethercott says his organisation alone is forcasting monthly sales of around 40 new units, and between 25 and 30 used ones.

"In addition, we estimate that the additional new parts facilities will turn over some R350 000, while the new workshop turnover should bring in around R400 000 a year.— Sapa.

Loosening the chains

SOWETAN Reporter

ANY form of privatisation of State-owned enterprise would lead to black advancement while deregulation would make it easier for blacks to enter into the free enterprise system, according to Mr Michael O'Dowd, a director of Anglo-American Corporation of South Africa.

Speaking at a special briefing convened by the South African Institute of Race Relations under the them: "Privatisation and Deregulation. What is in it for Blacks?", Mr O'Dowd said regulations produced what was called a "black economy" as it made entry into the business sector much more difficult for prospective businessmen.

He said there were regulations which disadvantaged blacks but, at the same time, protected them, while there were others which purported to protect blacks but were found to be disadvantaging them.

Mr O'Dowd said all privatised State-owned operations would be exposed to competition, resulting in a much more efficient service to the consumer.

Mr O'Dowd also outlined certain areas in which regulations prevented blacks from advancing.

He said he could not understand why people were restricted from hawking. He said some health regulations, for instance, were doing more harm than good as they resulted in the increase in the prices of commodities.

He said it was "not peculiar" to talk about privatisation in South Africa as "even the Soviet Union is on the road to privatisation".

"There is a worldwide movement towards privatisation and deregulation. It is spectacular in Red China, far-reaching in New Zealand under the Labour Party, and there's a great deal going on in Italy," Mr O'Dowd said.

Five traders control 74% of market

Supermarket giants in inflation row

B/Day 29/1/87

WILLY STERN

SA's supermarket industry is the most concentrated in the Western world — causing a major row among retailers as to whether this has caused prices to rise.

Checkers MD Clive Weil says the concentration of power has led to "structural inflation" from which return is virtually impossible.

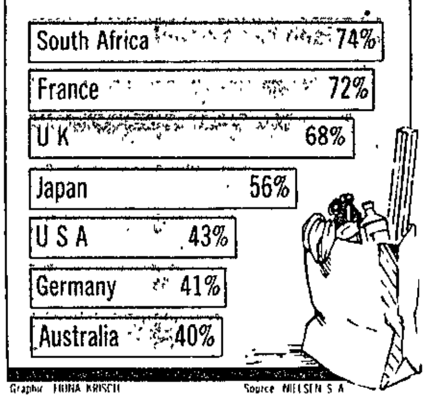
He points to the latest retail statistics compiled by A C Nielsen market research, which show SA's five largest traders today control a minimum 74% of total turnover, with a trend towards even greater concentration.

Meanwhile, Pick 'n Pay, and OK Bazaars admit the industry is highly concentrated but say vigorous competition and low margins have kept prices down.

Weil, and smaller retailers, disagree. A combination of price wars and a squeeze on suppliers has, they claim, "led inescapably to greater concentration and monopolies and near-monopolies in many product categories".

Nielsen says the concentration is a "two-headed sword", as competition has kept prices down but also forced suppliers into unhealthy cartel-like situations.

Market Share of Top 5% of Grocery Stores



Several retailers say with increasing power in the hands of fewer players at the retail and supplier ends, the direct result has been a concentration of negotiating power, leading to strong inflation-

● To Page 2

ary pressures.

While cartels have certainly developed in some supplier markets, Trade Opinion Panel GM Neil Ross says high levels of competition exist in major consumer categories.

Many manufacturers admit privately they are selling at full capacity without expanding, content in the knowledge that new competition is unlikely because these industries are capital intensive and rely on expensive imported plant and machinery.

And, with political uncertainty blunting new investment, manufacturers continue to operate at present levels while raising prices.

Retailers say this concentration of power in the retail and wholesale sectors is further exacerbated by the control a few major non-trading institutions exercise over the SA economy.

But Pick 'n Pay MD Hugh Herman says there is nothing unique or worrisome about the SA situtation. He says vigorous competition among suppliers and retailers has benefited consumers.

This theory is supported by OK Bazaars director Allan Fabig, who points out a Competition Board (CB) analysis shows retailers "were guilty of nothing but giving the consumer the best deal".

The CB has come under fire for not taking a harder look at the supermarket industry, allegedly because of the vested interests involved.

A CB spokesman denied that claim, saying an investigation in the early 1980s

● From Page 1

revealed strong competition among the large firms.

Although there are no plans to investigate further, if more information is uncovered or pressure applied, the CB will re-examine the supermarket industry.

Weil has little faith in the SA economy to set matters straight. He says: "This highly concentrated, pseudo free-enterprise capitalist environment has within itself a pent-up cost-push component which must in future lead to greater inflationary pressures."

Much of the concentration of power has come in the last five years. *Who Owns Whom* author Robin McGregor says what was once a healthy oligopoly at the retail level has unwittingly and unfortunately forced suppliers into a cartel-like situation, where prices keep being forced up.

Spar executive-director Sidney Matus says his chain of 464 independents is one of the last foils to total concentration.

Meanwhile, each recent retail price war has inevitably resulted in less competitive suppliers being forced out of business.

Grocery Manufacturers' Association executive-director Jeremy Hele says: "When one major customer can do 25% of a manufacturers' total business while accounting for less than 1% of that retailer's trade, there is a terrible imbalance of power in the negotiating situation."

EXTENDED SHOPPING 30|1|87

Not all roses

(30) F/M

The full impact of extended trading hours is yet to hit retailers in the Transvaal and the Cape. But in Natal, where the experiment has run for almost a year, there are signs that the honeymoon may already be over.

After an eight-month shot at it, retailers in Durban's prestige Musgrave shopping centre in Musgrave Road are ready to concede that the extra trouble and toil is patently not worth it. With the exception of Woolworths, they have all agreed to keep their doors closed on Sundays.

The tenants' committee cited staffing problems, rising overheads and declining turnovers for their decision. According to *FM* sources, however, an aggravating factor was that anchor tenant John Orr's took the lead in abandoning Sunday trading. Without

(30) 30|1|87 F/M

at least two anchor tenants to pull customers in, other shop owners felt it would not be worth the trouble to stay open.

Says John Orr's chairman Nic Labuschagne: "Sunday trading implies an additional overhead. Unless you achieve a certain turnover, it is just not warranted."

Over Christmas, it appears, turnovers were good. But viewed against the lean, out-of-season valley periods, staying open late all year may not be a financial proposition.

However, it seems that experiences are not all that uniform. Labuschagne confirms that John Orr's at La Lucia Mall will continue to trade on Sundays. Wekends, in fact, remain among its best trading days. The reason, he postulates, is that people are creatures of habit — La Lucia Mall was one of the first centres in Durban to be granted an extended trading licence and the shopping pattern has become established.

Initially only La Lucia Mall and shopkeepers with tourist licences on the beachfront were given the special dispensation. But last year the provincial ordinance governing shop hours was changed to permit all retailers in the greater Durban area to trade outside normal business hours if they wished.

Anglo American's John Deavin, who pushed for the change through the Durban CBD Association, says it was predictable that once the concession was extended to all, turnovers at some locations would decline.

Traders at Durban's new speciality centre, The Workshop, have no choice in the matter. They, like tenants in major Transvaal centres, have to keep doors open on Sundays as a condition of lease. Centre manager Brian Watermeyer says the centre was designed around the fun-shopping, extended trading environment. If all traders do not keep open at weekends, the whole concept could fall flat.

Happily, weekends have turned out to be among the traders' best days, and relatively few gripes are heard. However, turnovers have predictably dived sharply since the Christmas rush — some say by as much as 60% — and a few tenants are reported to be struggling.

And management, of course, is under increasing pressure to pull something out of the hat to keep weekend tills ringing. ■

SMALL BUSINESS (30) 27/1/87 FM

Help at hand

Faced with the same labour laws and minimum wage pressures as the majors, small industries — and particularly emerging black businesses — are facing a cost crunch, especially during the start-up years.

As a result statutory expenses — workmen's compensation contributions, for example — are proving a major obstacle to government plans to stimulate small business.

But any attempt to scrap legal minimums or other worker perks on a national basis would undoubtedly be opposed by the unions. Government's answer has thus been to refer the whole issue to the Competition Board (CB). The board's terms of reference are limited, however, and it will tackle the matter as an investigation into "industrial parks."

It's clearly a sensitive issue, and CB chief Stef Naude is understandably reluctant to go into detail. He does point out, however, that its all part of government's plan to deregulate small business — a policy enshrined in its Temporary Removal of Restrictions on Economic Activities Act.

The legislation effectively gives the State President power to overrule existing restrictions at both national and local level. Its purpose: to free small businesses from measures which could suffocate entrepreneurial spirit from the start.

What the CB seems most likely to recommend is that certain areas, or industrial parks where such small black businesses operate, should be exempted from the minimum requirements of the labour legislation. This could involve the suspension of statutes like the Workmen's Compensation Act in certain defined areas.

In this way, it is hoped, the exercise will be seen by trade unions as strictly limited action designed to create jobs rather than threaten existing worker rights. ■

■ See Current Affairs

Divide and rule

F/M 30/1/87

(30)

The pace may be slower than many would like, but black business in SA *is* growing up. Witness the sophisticated management diversification strategy embraced by one of the biggest general trading groups in the sector, the powerful Tshabalala group of companies.

New management thinking within the R30m a year group, which has corporate headquarters in Johannesburg's CBD and trading bases in Soweto and Swaziland, is also illustrated by the opening of Soweto's first 24-hour fast food outlet this month.

The outlet, called Hot Dice, is the first of three 24-hour stores to be opened in the township this year by Vusi Tshabalala, who recently took over from his father as MD of the group.

Hot Dice will specialise in "ethnic food" and aim at middle- to upper-income clientele. It will also stock a range of convenience groceries, in line with Tshabalala's intention to capture the commuter market. "Our expectation is that we will appeal mainly to workers who spend long hours going to and from work. There are 10 fast-food outlets in Soweto, but none of them are open round the clock, so there's nowhere for those who have to get up at 3 am or come home at 9 pm to buy a meal."

The new store is on a main taxi route, opposite a large service station and 200 m from a major bus rank. The other two outlets, to be opened in April and September, will also be close to major commuter stops.

Tshabalala says there is a market niche for well-prepared ethnic food and estimates each store will turn over R35 000-R40 000 a month — providing a good return on the R500 000 investment in the three stores.

There have also been other major developments in the group, which has interests in a cinema, bottlestores, service stations, dry cleaners, general stores, butcheries, insurance, property and construction in SA and Swaziland.

Management consultant Brian Tressider, a former bank executive, explains that at the time of the younger Tshabalala's takeover the group was expanding in terms of turnover but was not seeing a commensurate return in profits. He believes the reason stemmed from its operation as a family business, with a lack of attention to detail at the operating level.

The intention now is to "borrow" management expertise from outside sources while leaving control of the group firmly with the Tshabalala family. For example, the Shell petrol outlet in Soweto has been leased to the South African Black Taxi Association which Tressider believes has the experience to run the facility with improved profits. Other service stations in the group may be similarly leased.

Tshabalala, who has a diploma in business management from Boston University, says the group had grown too fast and had interests too diverse for the family — father, mother, himself and three sisters — to provide the cost beneficial management. "We were literally jacks of all trades and masters of none." He hopes to change this by turning over the management of various divisions to outside companies who specialise in those areas.

So far, the group is negotiating a deal whereby a specialist liquor group could take over the management and operation of its three Soweto bottle stores. The object is a combined annual turnover of R70m, and a listing on the Development Capital board could be feasible in two to three years. On the butchery side, says Tressider, there's the possibility of a tie-up with another specialist company through either a management contract or a merger.

And it's not just theoretical planning. There's a firm intention to complete the hive-off of the group's operating divisions and to have the new management structure firmly in place within 18 months. ■

Tshabalala . . . in search of expertise

DD · 30/1/87

Seminar to explore development potential

30

Business Editor

EAST LONDON — Ways of encouraging the development of small workshops which process and add value to the basic products of the Border region are to be explored at a seminar in Stutterheim in March.

The meeting has been arranged by small business people from places like Stutterheim, Port Alfred, Burgersdorp and Trappes Valley who say the Eastern Cape has seen a rapid growth in handcraft workshops and small businesses over the past few years.

They say raw materials — wool, mohair, hides, skins and wood — produced in this region support this type of operation which also has considerable export potential.

"We should be able to do far more with our basic products before we sell them," said one of the organisers, Mr Nico Ferreira of Stutterheim.

He said the conference on March 18 and 19 would focus on finding ways of marketing, financing and deregulating such operations.

There would also be a special session on the processing of agricultural products for the local and export markets.

Senior people in these fields, including government representatives, would exchange views with the delegates.

"We want to put the top people in touch with those who are affected by the decisions they take," Mr Ferreira said.

The chairman of the Roep (Restore Our Endangered Platteland) organisation, Dr G. H. Craven of Steytlerville, said the number of potential buyers in the rural areas was limited and small manufacturers tended to work in isolation.

"If turnover can be increased through co-ordinated marketing on a national scale, it could conceivably lead to more jobs at local level — an essential element in rural revival."

Dr Craven said it was hoped the seminar would culminate in the formation of a national body to manage the interests of small producers.

R6m plan for big business complex in PE townships

W/Post 31/1/87

By YVONNE STEYNBERG

A GROUP of businessmen are awaiting the go-ahead from the Ibhayi Town Council for a R6-million shopping complex between the townships of Kwazakele and Zwide in Port Elizabeth.

The chairman of the company spearheading the development, Mr Justice Headbush, said it would provide up-to-date amenities which have been lacking in the townships.

Mr Headbush said the plans and tender were submitted to the council meeting on January 22, but the meeting lacked a quorum.

He added that the next meeting of the council was scheduled for Thursday, when the developers hoped that the matter would be finalised.

Ibhayi's Town Clerk, Mr E Pullen, was "unavailable" when Weekend Post tried yesterday to establish if the building plans would be on the agenda. Council staff said no other available officials could help.

The Ebongweni Building — *ebongweni* means "pride" — is planned to include all modern facilities found in similar business developments.

"The large complex will help black businessmen and shoppers and the work opportunities it will provide will benefit all black people," Mr Headbush said.

He said the development was completely privately funded, being developed for black people by black people.

"There are many traders who have small sites from where they conduct their businesses in the townships, but most have neither the capital nor the expertise to enlarge these premises or the potentials of their business.

"Once the building is completed they can rent premises and expand their businesses," Mr Headbush said.

He said he was involved only in the development of the complex and would not operate businesses from there.

"Opportunities and incentives for businessmen are sadly lacking in the townships and although tenders for this site have been asked for twice, nothing concrete has yet been submitted," he said.

A spokesman for the architects said that after acceptance by the council and the formal approval of the allocation of the land, building would begin within a month or two.

A banking consortium and some large companies were interested, as well as a contractor for the building.

The Ebongweni Building would be at the junction of Ndoli and Spondo Streets, and would initially consist of two levels with provision for another story.

The building will be subdivided to provide a supermarket, cafe, building society, laundry, florist, hardware shop, take-away cafe, chemist, hairdresser, furniture store, jewellery shop, shoe shop, boutiques for men, women and children, a garage, filling station and a large display area.

Provision has been made for airconditioning for certain areas, including for a future gymnasium and elite restaurant.

Upstairs there is provision for medical suites and executive suites for accountants, attorneys and private concerns.

There would be 146 parking bay, 50 of them for tenants of the businesses. The slightly sloping ground around the building would be landscaped.

"This will be a real prestige building which will make everyday life for residents in those parts easier and also give them pride in their surroundings," Mr Headbush said.

Mrs GERDA GUILLUM-SCOTT and entrepreneur Mr JUSTICE HEADBUSH with the model of the R6-million Ebongweni business complex planned to be built between Kwazakele and Zwide. Mrs Scott is an associate of the company which designed the building. The building will provide facilities up to now only found in large shopping complexes in white suburban areas.

30 Cape Times 31/1/87

Wiese wins with adventurous streak

By AUDREY D'ANGELO

CHRISTO WIESE, chairman of Pepkor, has a romantic, adventurous streak which made him buy a half-share in a diamond mine.

It happened in the 1970s, when he was practising at the Cape Bar. For four years he owned 50% of the Octha mine and moved in the glamorous, unreal world of diamond dealing, where fortunes can be made overnight.

He and his wife, Caro, flew up to the mine almost every weekend with friends. "We had a Lear jet."

"It is unbelievably beautiful there, in the desert, but on the banks of the Orange River so that all the houses have superb tropical gardens, and we were like kings, because the whole town belonged to us."

He often flew to Antwerp for diamond deals.

"The diamond industry was then in a boom. And the world of diamond dealing is fascinating.

"It would often happen that there could be half a million dollars difference between the first offer for a parcel of diamonds and the price agreed on when the deal was clinched.

"There is no other world in which that happens."

But, Wiese said, it all seemed "unreal" to him and he missed "the cut and thrust of the retail business".

So he agreed to return to Pepkor as deputy chairman when he heard that the chairman, Renier van Rooyen, wanted to retire at the age of 50.

Even though some operations have now been sold off, the group still employs about 17 000 people.

Wiese is proud of the fact that it has always been an equal opportunity firm "with many black and coloured people in senior and middle management".

He said Pepkor was now "in a period of consolidation" and gradually being transformed into an investment holding company.

Shoprite and Pepkor were listed on the JSE last year and Budget Footwear, based in Durban, which has a turnover of about R30m a year, is "the next candidate for listing.

"It is well managed and makes good profits."

The House of Monatic has been trimmed down in size. "Its target market was the upper income group, which is not a growth area."

Wiese's connection with Pep began in his teens. His father was "a Platteland farmer who had business interests as well, as often happens".

The family lived in Upington, where his father owned the local garage and also had a share in Pep, started by Van Rooyen, a cousin by marriage.

When Van Rooyen opened a warehouse in Cape Town, Wiese helped there. "I was a clerk and a labourer.

"The experience was very valuable — in fact it is part of our philosophy at Pepkor that people should start at the bottom and work their way up, so that they have practical experience of every aspect of the business."

He took his BA degree at Stellenbosch University where he was active in student politics, supporting the PFP at a time when most of his fellow students were far to the right.

His LLB was taken at the University of Cape Town, but then, because it had always been understood that he would work for Pep when he left the university, he became Van Rooyen's second-in-

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ounce. — Reuter

Cape Times 31/1/87 30

From page 15

command until the company was listed on the JSE in 1973.

He decided then to practise at the Bar and in 1977 he entered politics, standing against the strongly entrenched John Wiley as PFP candidate for Simon's Town.

But although he has the looks and charisma to be a party leader, he says he has no ambition to return to politics.

"I am interested — but I haven't got the time."

His wife is the daughter of President's Council member Japie Basson.

They live with their three children in a bungalow at Clifton.

"It is a very informal, laid-back lifestyle and the children are in bathing suits most of the time."

The two elder children, six-year-old Jacob Daniel and four-year-old Clare, went to the Hebrew pre-primary school. They are fully bilingual. The third child, Christina, is eight months old.

Although Wiese's roots are deep in Afrikaans culture, "I am an elder of the church and I have exposed my children to that."

He mixes freely in all sections of the community and cannot understand the hostility still existing between some Afrikaans and English speakers.

He is descended from a German, Benjamin Wiese, who came to the Cape in 1657, "five years after Van Riebeeck".

Cape Times 31/7/84

Wooltru and Pepkor deal in trouble?

By AUDREY D'ANGELO

THE Wooltru-Pepkor deal, which would have created a new retail and manufacturing giant, appears to be in trouble.

Although Wooltru CE Tony Williamson insisted yesterday that he was "absolutely confident" that the merger would come off, and said an announcement was likely next week, there are strong rumours that it has fallen through.

Reliable sources say negotiations have run into trouble, mainly because of the widely-differing corporate cultures and philosophies.

Seperate

Williamson yesterday said there was no distinctive Wooltru culture because the group was made up of companies which had quite separate cultures and identities of their own.

"So there should be no difficulty in achieving a merger with Pepkor on that score."

Stockbrokers and investment analysts, however, are convinced that there will be no deal, and intimations from the Pepkor camp confirm the scepticism.

Sentiment so far is that Pepkor is well poised after a turnaround a year ago, when it was battling against foreign exchange losses and a steep drop in the spending power of its target market in the lower-income groups.

"It is in the expanding black consumer market and should do well," commented a stockbroker.

"I would be quite happy to live with that share. Wooltru, on the other hand, is up-market where there is not much prospect of growth."

Another said:"Obviously, Wooltru would be the big boys in any merger and they have enough to worry about with Truworths.

'Faith'

"I would rather be with Pepkor than with Wooltru. It is down-market where the growth is and I am sure Christo Wiese is going to get it right. I have a lot of faith in him.

"He has got a good concept and I would stay with him. I don't think Pepkor will go down the chute."

Niall Brown, analyst with Simpson, Frankel, Stein & Strong, commented: "Pepkor are coming right anyway.

"They have listed off Shoprite and Pep Stores and are showing shareholders some value.

"Pep Stores is trading reasonably well. It does not seem there is a problem."

Supermarket power group said to be pushing up prices

DD 31/1/87

Dispatch Correspondent

JOHANNESBURG — South Africa's supermarket industry is the most concentrated in the Western world — causing a major row among retailers as to whether this has caused prices to rise.

The managing director of Checkers, Mr Clive Weil, says the concentration of power has led to "structural inflation" from which return is virtually impossible.

He points to the latest retail statistics compiled by A. C. Nielsen market research, which show South Africa's five largest traders today control a minimum 74 per cent of total turnover, with a trend towards even greater concentration.

Meanwhile, Pick 'n Pay, and OK Bazaars admit the industry is highly concentrated, but say vigorous competition and low margins have kept prices down.

Mr Weil, and smaller retailers, disagree. A combination of price wars and a squeeze on suppliers has, they claim, "led to greater concentration and monopolies and near-monopolies in many product categories."

Nielsen research says the concentration is a "two-headed sword," where competition has kept prices down but also forced suppliers into unhealthy cartel-like situations.

With increasing power in the hands of fewer players at both the retail and supplier ends, the direct result has been a concentration of negotiating power, leading to strong inflationary pressures, say several retailers.

This concentration of power in the retail and wholesale sectors is further exacerbated, retailers say, by the control a few major non-trading institutions excercise over the South African economy.

But the managing director of Pick 'n Pay, Mr Hugh Herman, says there is nothing worrisome about the South African situtation. Vigorous competition among suppliers and retailers, he says, has benefited consumers.

This theory is supported by a director of OK Bazaars, Mr Allan Fabig, who points out a Competition Board (CB) analysis showed retailers "were guilty of nothing but giving the consumer the best deal".

The CB has come under fire for not taking a harder look at the supermarket industry, allegedly because of the vested interests involved.

A board spokesman denied this claim, saying an investigation in the early 1980s revealed strong competition among the large firms.

Mr Weil has little faith in the economy to set matters straight: "This highly concentrated, pseudo free-enterprise capitalist environment has within itself a pent-up cost-push component which must in future lead to greater inflationary pressures."

Much of the concentration of power has come in the last five years. The author of Who Owns Whom, Mr Robin McGregor says a once healthy oligopoly at the retail level has unwittingly and unfortunatley forced suppliers into a cartel like situation, where prices keep being forced up.

The executive-director of the Grocery Manufacturers' Association, Mr Jeremy Hele, says: "When one major customer can do 25 per cent of a manufacturers' total business while accounting for less than 1 per cent of that retailer's trade, there is a terrible imbalance of power in the negotiating situation."

The solution? Many of the smaller retailers and suppliers say only a government break-up of the status quo will bring a true free-market system to South Africa.

Woolworths — an old dear in need of pep

~~202~~ 30

1/2/87 Sun Times

EVERYBODY'S wondering what is happening to Woollies.

The old girl has been the doyen of the retail clothing industry for decades. Now some people wonder if she is losing her grip.

Most of the Wooltru numbers in the past two years suggest deterioration.

Pre-interest margins have been whittled away from an annualised 16,2% in 1981 to 8,7% last year. Taxed profit came off a peak of R49,1-million in 1984 to R31,7-million last year.

Return on capital has fallen from 30,8% to 13,8%. Total debt soared from R11,8-million in 1985 to R43,8-million in 1986.

TALKS

In its most recent set of results, the company was pleased to announce an 17% decrease in earnings — relative to a 127% increase in Edgars.

Now the company is negotiating to acquire Pep, a company that could apparently not be farther away from it culturally or philosophically.

Woolworths problems appear to have started when it bought control of Truworths, so there is understandable concern among shareholders at its courtship with Pep.

Tony Williamson, who took over as chief executive last year, told me in an interview at Woolworths splendid new head office in Cape Town this week that if it came off, the Pep acquisition would give his company access to the major high-growth market in SA — the Third World sector.

He is adamant that the Truworths acquisition was not negative for Woolworths.

FOSCHINI

Of course, it is true that most clothing companies have performed poorly in the past five years. Only one clothing group has not and that is Foschini. Even Edgars took a large dip and is recovering from a low base.

Mr Williamson believes his company's store expansion programme and the R50-million new head office, which coincided with a fall in spending on clothing, were Woolworths undoing recently.

The group paid cash for its expansions, hence the rise in debt and interest costs. But he has no regrets about either today.

He does not agree with the idea that a retailer should not have money in bricks and mortar.

"Most studies abroad on the subject have shown that occupancy costs over the long term are lower for those who own their stores."

Woolworths owns half its stores.

Mr Williamson says the great disappointment of the past two years has been that the widely expected development of a black middle class has not materialised.

But urbanisation has proceeded apace, leading to sector. Some estimates are that the informal sector — hawkers, etc — is already turning over R1-billion a year, and growth will be explosive.

Mr Williamson will not take Woolworths down market. Hence the interest in Pep.

One broking analyst argues that Woolworths lost its edge after the two trading genii who made it — David Susman and Dick Sonnenberg — stepped down and handed over to professional management.

But Mr Williamson insists that there are plenty of sharp and hungry traders on board with a stake in the business.

ADMIRER

I asked two smaller rivals what they thought of Wooltru. One was full of admiration:

"They are still exceptional. Their new stores are a marvel of modern design and they can only excel after absorption of recent expansion costs."

There Is some concern that the new stores represent a move up market, but Mr Williamson says they are for selected locations only.

Another competitor said: "Their quality and value-for-money standards are as high as ever, but they are strangely reluctant to market. That is bad strategy in a television age."

Truworths markets aggressively, but not Woollies.

Institutions are sticking by Woolworths. Thanks to lower interest rates, consumers' mortgage bond repayments have become lighter.

Total consumer debt has fallen. One can expect more attempts to stimulate the economy through consumer pockets.

New cars have moved beyond most consumer incomes, so spending on less-expensive consumer durables is expected to soar. Clothing and Woolworths should be beneficiaries.

At 1 550c Woolworths yields 3,4% and is on a PE of 17,3. The outlook is for earnings and dividend growth of 20% this year, so the share is not as expensive as it looks.

It would certainly go a lot higher if the company improved its marketing and its communication with shareholders.

Forecast for Years to 31 March 1987 and 1988

		1986	1987	% Change	1988	% Change
Turnover	(R m)	744,1	825,9	+ 11	925,0	+12
Operating Profit	(R m)	65,0	77,2	+ 19	92,5	+20
Finance Charges	(R m)	3,4	5,0	+ 47	6,0	+20
Pre-tax Profit	(R m)	61,6	72,2	+ 17	86,5	+20
Tax	(R m)	29,9	35,0	+ 17	43,2	+23
Net Profit	(R m)	31,7	37,2	+ 17	43,3	+16
Preference Dividend	(R m)	2,5	2,4	- 4	2,5	- 4
Attributable Earnings	(R m)	29,2	34,8	+ 20	41,1	+18
Shares in Issue	(m)	34,1	34,1	—	34,1	—
EPS	(c)	86,1	102,0	+18	120,0	+18
DPS	(c)	52,0	52,0	—	58,0	+11
Cover	(x)	1,7	2,0	+18	2,1	+ 5
Operating Margin	(%)	8,7	9,3	+7	10,0	+ 7
Tax Rate	(%)	48,5	48,5	—	50,0	+ 3

How stockbroker Max Pollack & Freemantle, in its exhaustive retail report, sees the future for Wooltru

SA relish for Taiwan

By Don Robertson

IN may not be long before South African achaar is available in Tolino, Taiwan and Tennessee.

Monate Foods, the largest South African producer of the mango-based condiment, has received inquiries from Europe, the Far East and America after winning an award at the world's biggest food show in Germany.

According to a company spokesman, Monate Foodsd has received a bulk order for the export of achaar to Taiwan.

Export has become possible because of a new, high-tech preservation method introduced by Monate using gamma radiation. It gives the achaar a shelf life of eight months compared with four to six weeks when using conventional preservatives.

A problem, however, is the limited production of high-quality achaar. Monate, which holds 60% of the SA market, produces 4 000 tons a year.

2/2/87 B/Day

Why Nissan was driven to improve its image

DAVID FURLONGER
Industrial Editor

"IT'S EASY changing the public's perception of you from positive to negative. It's much harder changing it the other way."

That comment — by Nissan marketing director Stephanus Loubser — sums up simply the problem facing a company that has slid from the forefront of the South African motor industry to a place among the also-rans.

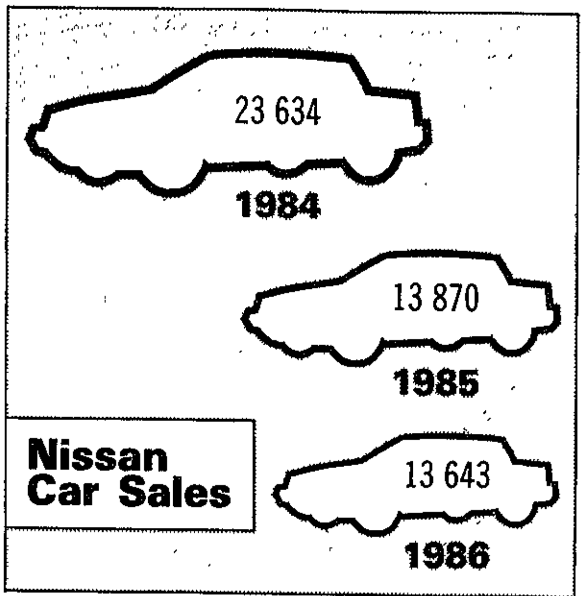
Its comparative success in the commercial vehicle market pushed Nissan to third place in the overall vehicle sales table in 1986.

But that is scant comfort to a company whose name internationally is founded on cars, cars and more cars.

Only one SA company — BMW — sold less cars last year. Market leader Toyota out-sold Nissan's 13 463 by more than three-to-one.

Loubser, however, is convinced Nissan has turned the corner. In a generally disastrous year for the SA motor industry, Nissan saw car sales in 1986 decline less than most rivals. Its market share actually increased by just over 1%.

He believes this modest improvement is the first fruit of the new image Nissan has been working on for two years.



Graphic: FIONA KRISCH

"In mid-1985, after intensive market research, we came to the conclusion that people were not considering Nissan when buying a vehicle. They had lost faith in Nissan. There was no confidence in the company and they were not convinced of the quality of our vehicles."

To combat this, the company switched advertising agencies and embarked on an intensive two-year advertising campaign to reposition Nissan cars in the market.

Bates-Wells, the newly-appointed advertising agency, decided to capitalise on the positive point to come out of the market research exercise — that Nissan built good engines.

Positive side

"We had to tell people that the quality of our vehicles is above average, that we build bodies to last as long as our indestructible engines," says Loubser.

The first phase of the campaign, to build Nissan's corporate image and highlight the positive side of its product, ran from October 1985 to October 1986.

In phase two, which ends next month, the emphasis has been more on the product itself, notably the Exa and Skyline.

From March, advertising will focus on Nissan's relationship with its customers — "We want to build a relationship to last as long as our indestructible engine."

It is not only advertising that will help pull Nissan around. Marketing, customer service and — above all — an improved product are also vital ingredients.

Loubser is the first to admit that poor quality has contributed to his company's problems.

"People have had the idea that, however good the Nissan engine, the body is terrible, that if you lean on it you will dent it."

That obstacle has been addressed, to the point where he states confidently that Nissan is at least as good as its rivals. As part of the process, Nissan Japan has loaned the SA company 23 of its top engineers for five years to examine and correct local problems. The results can already be seen, says Loubser.

"The quality of most manufacturers is fairly similar. Mercedes is outstanding, but for the rest there is very little difference. It all comes down to the public's perception of you."

Attention has also been given to improving Nissan's dealerships and after-sales service, another area where Loubser concedes there have been problems.

All these difficulties, he says, stem from the Seventies, when Nissan — Datsun, as it was then — was still Number One in SA.

"It became too confident and lost touch with the changing environment. It had too many models and too many changes. It tried to be too exciting and instead became confusing.

"Also Nissan's perception of the market hasn't always been as good as it could. It took the view that if something was selling well, you didn't have to advertise it. It's a problem being Number One. You tend to lose touch with the market."

Name change

The 1983 name change, from Datsun to Nissan, didn't help, either.

"Research showed people trust and know Datsun, but not Nissan. That's why we've had a year-long corporate advertising campaign for Nissan. The view of most people out there is that a company doesn't change its name for no reason. We have to change that view."

It's not a South African phenomenon, however. In Australia and the US, motorists — and even many dealers — have also resisted the name change.

"We're overcoming this," says Loubser, "and this will be reflected in the future." He predicts Nissan's share of the total vehicle market will reach 16% this year, from 12% last.

"Sanlam is in this business with us to make money and Nissan Japan to sell volumes. We're not here for the ride."

Firms may axe company cars

2/2/87 B/Day

(30)

Fleets account for more than 70% of SA car sales

ANDREW GILLINGHAM

INDUSTRY sources estimate that about 70% of SA's total passenger car sales are to fleets.

With fleets comprising such a large slice of the troubled motor industry's market, any decisions taken by fleet managers can have far-reaching effects.

So with every fleet manager looking at ways of cutting his costs — and in many cases reducing the number of vehicles for which the company is financially responsible — there are major problems in store for the beleagured motor industry. Indeed, some companies are even considering doing away with company cars for desk-bound employees.

With the changes in perks tax, allowance schemes are being adopted by many companies in lieu of company cars, and this is causing more headaches among motor manufacturers.

Leasing companies have adapted well to the perks tax situation, says Nedfin MD Ron Rundle. "As an industry we are offering two approaches to perks tax. The normal leasing arrangements are available for the purchase of company cars. However, we are also offering a package for companies which are moving on to the employee transport allowance system. Under the scheme the employee arranges the purchase of his car through his company. The payments are deducted from his salary by the company."

Marketing products to the fleet market used to entail approaching a limited number of company members. But with the allowance schemes, individual employees choose their cars, and this situation will inevitably result in some innovative marketing on the part of motor makers.

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"As an industry we are offering two approaches to perks tax. The normal leasing arrangements are available for the purchase of company cars. However, we are also offering a package for companies which are moving on to the employee transport allowance system.

"Under the scheme the employee arranges the purchase of his car through his company. The payments are deducted from his salary by the company and the company sends us one cheque for all the cars being purchased by employees on the scheme.

"As the administration costs are much lower than when dealing with a lot of single units we are able to charge less. The interest rate is worked on the basis of prime plus about 1%. If the employee leaves the company and becomes a separate unit then the rate increases to prime plus about 5%," says Rundle.

Coupled with the changes in vehicle purchasing policy on the part of the fleets, is the desire for greater control over expenditure. Fleet management cards are benefitting from this situation. The three companies involved, Stannic, Volkskas Vlootkaart and Barnib Auto, are turning over about R750m annually, and growth is about 10% per year.

New mood in retailing

4/2/87 B/Day (30)

A CHANGE in shopping habits and preferences is altering the face of retailing, opening new avenues to investors and demanding a rethink from those who have already invested in shopping centres.

There is now potential in areas that were regarded as over-shopped; and there are once-profitable shopping centres in under-shopped areas that draw little support today.

There appears to be a new feeling of confidence in retailing so, for the first time in many months, it is drawing recruits and established enterprises are considering expansion.

Consumers are apparently starting to spend again, but the small entrepreneur looking to start up in a peripheral shop seems to be missing from the scene.

Dunlop Heywood MD Nic Harris claims much of the vacant space in shopping centres has been absorbed. He sees 1987 as a year in which opportunities will develop for the improvement and refurbishment of existing centres.

More important, he sees this year as one in which the development of smaller neighbourhood centres will be fostered by the development of black housing schemes by the newly-formed Housing Trust.

This falls in with the thinking of Joe Hallis, national leasing director of Anglo American Property Services which manages 344 000 m² of retail space in Cape Town, Durban, Johannesburg and Pretoria.

Although many claim that the Johannesburg CBD is over-shopped, Hallis believes "there is a tremendous growth area in the CBD for shops that will cater for black shoppers. We are positive about that. Black shoppers' opportunities in the townships are limited."

Open CBD fails to lure blacks

30 Bday 4/2/87

THE influx of blacks that was expected when the Johannesburg CBD was opened to all races last year has yet to materialise.

Some did move in, and they are dotted all over town. A few have taken premises in up-market buildings, such as the Carlton Centre, but Sanlam Properties (SP) certainly expected that more would have moved in by now, says provincial property manager Frikkie Botha.

Only 35, or 7% of its 480 Johannesburg lettings in 1986 were concluded with black tenants. And most of those were with tenants who wanted 35m² to 50m² in secondary or tertiary buildings.

Of all the buildings under the SP umbrella, blacks find that Sanlam Building at the corner of Commissioner and Sauer Streets suits their needs best. It is now acquiring dowager status, so rents are affordable, but only 14% of its space is now occupied by blacks running their own businesses.

Botha points out that when talking of black-occupied premises in the CBD one should not think only of blacks running their own businesses. "Many blacks are managing business for whites and if their numbers are added to those running their own businesses, the figure becomes much more impressive."

He believes that many more will move into the CBD to seek their fortunes when the economy improves.

Botha says he has been impressed "by the number of young blacks who do not have any business experience, but who inquire about premises in town because they want to start their careers on their own in the Johannesburg CBD bullring".

That, he feels, augurs well for the future: it shows that blacks do not lack entrepreneurial spirit.

Car prices are moving

Star 4/2/89 (30)

By Jeremy Sinek

Motor vehicle prices are on the move again — but not all are up.

Toyota, Samcor, VW and GM have raised the prices of most models, but one of VW's most popular models has come down R30 and Samcor has cut R120 off the price of two of its bakkies.

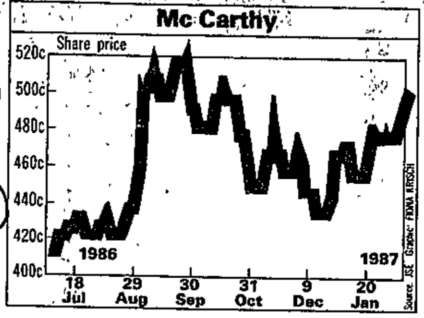
Toyota passenger cars are up by between 2,0 and 2,5 percent.

Most VWs are up by 2,9 percent and Audis by between 2,0 and 3,5. The 1,6 litre VW Golf CSL, however, is down R30.

GM's rises are 2,9 percent on smaller cars, 2,5 on bigger ones and from 1,0 to 4,0 on Isuzu bakkies.

Samcor's small Fords and Mazdas increase by 2,0 percent, with Ford Sierras up 2,0-2,5 and Mazda 626s up 2,5-3,5. The 1 600 cc one-tonners are down R120.

Motoring blue chip rides high



LIZ ROUSE

McCARTHY Group has proved to be a blue chip in the motor sector, producing glittering results in tough times.

After maintaining profits in the previous year (an achievement in itself because the going was rough in the first half), the group's taxed profit shot up 83% to R8,6m in the six months to December from the previous comparable half-year's R4,7m.

The interim dividend has been raised to 15c — covered 3,4 times by earnings of 50,5c a share — from 10c, covered almost 2,8 times by previous interim earnings of 27,6c a share.

More good news is that, provided there is no change in market conditions, shareholders can expect similar profits in the second half of the year — which means they can look for a bottom line of about R17m, against just over R10m in 1986.

With year-end earnings projected at about 100c a share, a lift in last year's final of 15c is a possibility, if cover is lowered from 3,4 times. Dividend total has been maintained at 25c in the past two years.

Well-managed McCarthy, SA's largest car distributor, achieved its interim profit lift mainly on a substantial rise in used-car and car-part sales, plus a satisfactory turnaround in truck rental.

Pushed by inflation, interim sales rose 21% to R627,9m from R517,9m. Last year, sales surpassed the R1bn-mark.

More important, at ground level, the group's performance was sound, considering the state of the new-car market. It improved market share, with new-unit sales declining by only 8%, compared with a 14% fall in national new-car sales. Sales of used cars rose by 6%.

The fact that used-vehicle sales rose in the six months shows that McCarthy

● To Page 2

McCarthy keeps to fast lane

● From Page 1

concentrated a large amount of its effort on this market with successful results. Furthermore, it took advantage of the delay in the replacement cycle in the motor market and reaped the benefits in its parts operations.

The group's ongoing cost-cutting programme resulted in a decline in expenses as a percentage of turnover. Interest paid fell by 17% to R3,3m (nearly R4m in the previous comparable half-year).

McCarthy shares firmed 10c to 505c yesterday. They are underpriced on current and projected earnings. At the current market price, projected earnings put McCarthy on a PE of just over 5 — well below the current motor sector average of 8,4 — and a projected earnings yield of just under 20%.

B/Day 5/2/87 (30)

Cape Times 5/2/87 (30)

Profits soar to R8,6m for blue chip McCarthy

Own Correspondent

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Looking at other motor company yields, McCarthy shares could surpass last year's peak of 530c, where potential earnings yield is still a high 18,8%.

CAPE TIMES 5/2/87 (30) 269

R434 000 attributable profit

Montays chain shows dramatic turnaround

By AUDREY D'ANGELO
Financial Editor

MONTAYS furniture chain has achieved a dramatic turnaround in the six months to December, ending the first half of its financial year with an attributable profit of R434 000 compared with a loss of R474 000 in the year to June.

This was achieved on a slightly lower turnover of R9,6m compared with R10,6m for the six months to December 1985, when attributable profit fell to R121 000.

The tax bill was also higher at R443 000 (R132 000) and an additional provision of R99 983 was made for doubtful debts.

Earnings rose to 13,8c a share compared with 3,8c for the same period the previous year and a loss of 15,07c for the year to June.

The Cape Town-based chain's executive chairman, Sydney Kriseman, said no interim dividend would be paid because the chain was consolidating its position.

It is also preparing to move more into the middle-income market.

Kriseman said yesterday that it was now placing more emphasis on sales to the middle-income group of all races, with payment spread over six months.

The chain plans an intensive marketing campaign pointing out the big savings in interest and finance for people who buy in this way rather than on hire purchase spread over 18 or 24 months.

Montays has in the past concentrated mainly on the lower-income group and had many black customers in the Eastern Cape areas worst hit by unrest.

This was one of the reasons it was hit badly by the downturn and unrest.

Kriseman pointed out that black people, particularly in the Eastern Cape, had suffered more unemployment than coloured customers in the Western Cape.

'Branches closed'

Unrest had made it impossible to call on customers who had fallen behind with payments or recover merchandise from those no longer paying.

He said the turnaround had been achieved mainly by "strong consolidatory action", including the closing down of 10 branches — none of which were in the Western Cape. This had cut overheads by R2,5m.

In future, most expansion would take place in the Western Cape.

"There is scope for us to open more branches here," Kriseman said.

CONFIDENCE LEVELS OFF

FM 6/2/87 (30)

Assocom's Business Confidence Index (BCI) levelled off for January at 89,5. Though this is much higher than December, Assocom believes that figure was distorted downwards by the impact of holidays and "certain key indicators."

Undermining the situation was the considerable fall in the number of new motorcars sold and a decrease in retail sales; this tended to outweigh positive factors, chiefly in the financial sector. The latter included lower interest rates, an improving dollar price for gold, and new highs on the JSE.

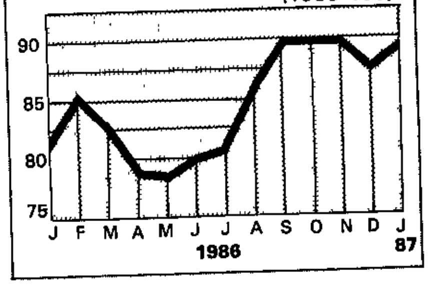
Assocom argues that the foundations have been laid for economic recovery in the next 12 months, though it foresees problems. Assocom stresses the need for a modest fiscal stimulus in the mini-Budget, especially by cuts in direct and indirect taxes.

Some business sources, however, feel the BCI represents an unsophisticated analysis with various inputs out of date, and suggest it might be beneficial for Assocom to provide greater statistical backup.

The BCI is made up of 13 economic indicators which according to Assocom have greatest bearing on the business mood. They include the gold price, the rand, imports, inflation, the JSE, interest rates, retail sales, insolvencies, migration

Christmas dip

Assocom business confidence index (1983-100)



and unemployment.

Assocom has also been criticised for using the words "business confidence," rather than "business activity." This tends to stress, say critics, "not what businessmen are saying, but what they are doing." However, an activity index is merely historical. Surely it is better to get some idea of future trends by monitoring what businesspeople intend to do about it?

(30)

REVENUE'S CAR CAMPAIGN

FM 6/2/87

That jogger with the notebook who stopped outside your house for a few moments could just have been an employee from Inland Revenue. He, along with most of Revenue's 6 000 staff, has been instructed to look out for vehicles garaged in SA that are registered in Bophuthatswana.

Reason is that the buyer could have saved up to 12% GST by buying and registering a vehicle in Bop, which has no sales tax. Revenue has compiled a list of SA-Bop vehicles, and is now collating information from the traffic authorities.

The defaulting taxpayer faces potential hardship: GST liable will be collected, plus penalties of up to 100% of GST owed.

Offenders may then have the cases forwarded to the police for alleged fraud. A Revenue spokesman says many cases are blatant: a Rolls-Royce belonging to a Johannesburger, for example, was registered at his gardener's address in Bop.

There will be no amnesty on the GST owing or penalties applicable. But Revenue may waive the fraud charge if an offender gives himself up before the campaign goes full-out.

Revenue claims the campaign's main aim is to reverse declining tax morality.

FM 6/2/87

BLACK MARKET 680 30

Stirring the giant

It is now widely assumed that by the year 2000 — just 13 years away — blacks will account for two-thirds of the country's retail expenditure.

By then, an authoritative forecast says, some 60% of the black population will live in the urban areas, as opposed to the present 39%. And already, a third of the urban black population earns more than R400 a month.

Marketing to the black sector has become a thriving business in its own right, leading to the emergence of firms specialising in township communication.

Among the leading firms is Transworld, headed by Mara Minnaar, which boasts the National Soccer League (NSL), Black Luv and the SA Black Taxi Association (Sabta) among its clients.

"There will be a gradual confidence-building process," she says, and "Blacks are already very confident in the retail sector, and put a premium on quality. But they are timid about going to open hotels, restaurants and cinemas."

Figures tend to support Minnaar — a Young & Rubicam survey shows that although 70% of Sowetan TV viewers know that most cinemas are open to all races only 17% have been to an open cinema.

Minnaar doesn't expect a significant cultural convergence between black and white. "It looks as though we are following the American trend in which magazines are aimed specifically at the black consumer and they'll preserve a separate identity."

It is acknowledged that there is already a target group of 20 000-30 000 affluent blacks, but Minnaar believes this isn't where the best potential lies. "These people are role models and decision makers, but it is the emerging middle class — teachers, nurses and middle managers who have increasingly Western expectations — that will be the most important consumers.

"There will also be a greater emphasis on owning homes and so the appliance market could grow substantially," she says.

However, not all firms are working on the assumption that there will always be a separate black market. Eric Parker, marketing manager of Squires Foods, says the proportion of blacks in company restaurants depends on the site. "But the basics of quality, service, cleanliness and value for money still apply," he says. "It would be a retrograde step to start black steakhouses."

Businessmen have become sceptical of talk about the explosion in black spending. The appliance sector, in particular, promised a boom after electrification which never materialised, according to retailers. Now black purchases of electrical appliances are lower than they were four years ago.

Brian McCarthy, of the McCarthy motor group, told the last *FM*'s Investment in 1987 conference last November that black vehicle ownership in the next few years would increase by 6%-7% a year, but would not hit the 12%-15% growth levels predicted as recently as three years ago.

So what is different this time? Marketing expert Nkosana Ndaba believes that in the past there was not enough consultation with blacks themselves. Too much credence was given to white self-styled "black marketing experts."

And he believes blacks have acquired the confidence to start their own businesses. "If white business would take a responsible attitude and train blacks, it could contribute substantially," he says.

"The problem is that, so far, there's little in the way of office space in the townships and blacks have to come into the intimidating and expensive environment of the CBDs."

And advertising executive James Moleya warns that black marketing will continue to be a very inexact science as long as advertisers rely on stereotypes. "We used to hear about the 'successful African' — but he was not a real person, just a puppet." ■

DURBAN LETTING (30) FM 6/2/87

Sunnier outlook

There is growing evidence that the Durban property market is at last on the mend. In addition to other brokers' perceptions (*Property* January 16) that good times are on the way back, J H Isaacs Geshen (JHIG) reckons it is experiencing a "dramatic increase in inquiries for space.

Bill Leslie, director in charge of JHIG's industrial and commercial leasing, says the better response rate applies to virtually all sectors of the real estate market.

He reckons demand began to rise for retail and industrial property in the latter months of last year. And inquiry levels are being maintained. Even in the over-supplied Durban office market, he says, several major deals have been signed.

"And in the hard-hit industrial sector," Leslie adds, "confidence is now more evident and manufacturing space is being taken up. Last year vacancies in that sector, including warehouses and factories for sale which were standing empty, stood at more than 500 000 m²."

It could mean that industrialists perceive a greater need for space as sanctions force the country into greater self-sufficiency. Leslie cannot be sure of this, but does foresee definite benefits from this direction in the short term.

In the retail sector, demand before Christmas ran high for well-located premises and vacancies in the hard-core CBD were rare. While rentals of R70/m² had been achieved in West Street, these were unusual, and the maximum rate for 100 m² still stood at R50/m²-R55/m².

Good suburban shopping premises were also attracting interest, with most major shopping centres showing few vacancies.

While the oversupply of office accommodation in the greater Durban area still stands at about 90 000 m², Leslie says there has been a good take-up of space, especially by institutions.

However, rental levels have remained virtually unchanged over the past year and Leslie sees no prospect of higher returns in the immediate future. Indeed, he says most landlords are still adopting a softer approach to tenants when renewing leases. ■

Durban offices . . . starting to shape up

MARITZBURG (30) 6/2/87

Shopping galore

FM

Development in Maritzburg tends to follow a counter-cyclical pattern — and not always by design.

"For some reason we always seem to run a few years behind the other major centres," laments one developer who maintains that building in a trough does have its drawbacks.

One of the more obvious is that three major shopping centres with a combined lettable area of around 30 000 m² will come on stream in downtown Maritzburg at roughly the same time this year. In a small town like Maritzburg, letting is likely to be ferociously competitive.

The Maritzburg municipality, which is developing the Symonds Street centre at the intersection of Church and Symonds streets, seems to have a head start. OK Bazaars has already been signed as the principal tenant and one of the four line shops available has been let.

Municipal officials confirm that a rental of R42,50/m² has been achieved on the 126 m² shop, good by Maritzburg standards, and that the balance of the space will go to tender shortly at an upset price of R35/m². Municipalities habitually conduct business on a tender basis.

Game Centre in Commercial Road seems to be faring equally well. Game, of course, will be taking the bulk of the space and thus far takers have been found for most of the line shops at roughly comparable rentals.

Bringing up the rear is the Maritzburg Mall at the intersection of Longmarket and Murphy streets on the northern side of the town. Pick 'n Pay has agreed to take 4 800 m² as the anchor, but developer Hugh Nash and Co still has about 30 line shops to offload.

Nash has no doubt that they will all be let by opening day in November. Shopping in downtown Maritzburg, he notes, is traditionally strong and he says tenant inquiries are extremely encouraging.

So much so, in fact, that he is holding off on final lease contracts in the hope of achieving higher rentals later on. As it is he has initially come in at rates below his competitors — between R16/m² and R24/m² for the line shops as against around R35/m² elsewhere.

This, he says, has been made possible by the financing of the scheme. It is being funded by the United Building Society Insurance Company — its first foray into the retail sector — and the Dorbyl pension fund. Explains Nash: "We didn't have to borrow money at 18% on the open market."

Nash has guaranteed the owners an initial return of 11% and is confident that his centre will eventually pull the most shoppers. Having a top food operator like Pick 'n Pay should help. But more important, he says, is that the 30 or so line shops and 400 parking bays should give the centre a one-stop shopping appeal which the others lack.

Also, he sees the distinctly fringe location as no real disadvantage. "There's no question," he says, "that Maritzburg's CBD is spreading nothwards. My guess is that it won't be long before this place is the centre of the action." ■

FINANCIAL MAIL FEBRUARY 6 1987

SABC to back down on TV ads?

30

6/2/87 DD.

2 little Kiwis get away from it all

Two young New Zealanders, Weston and Fletcher Morrison, make their mark on the sand at the Eastern Beach, far from the bustle of the workaday world. Dispatch photographer Frith Webster took this study in sunny concentration.

Dispatch Correspondent

JOHANNESBURG — In the face of intense lobbying by major advertisers, the SABC appears ready to back off on its revenue-boosting policy of screening advertisements during top TV shows.

Retail giants, worried that consumers will associate their products with programme interruptions, have brought great pressure to bear on the corporation.

The director of advertising and public relations at the OK Bazaars, Mr Alan Fabig, said he had had discussions with the SABC's deputy director-general of finance, Mr Wynand Harmse, and as a result "he has agreed to review the policy".

"We have had a lot of complaints but Harmse gave me his personal assurance the policy will be reviewed," Mr Fabig said.

Late yesterday Mr Harmse confirmed the corporation is to review the situation.

"We will again look into the matter and I will make a full and official comment either tomorrow or Monday.

"The critical public reaction is unfortunate. We really have tried over the past few months to smooth out presentation problems," he said.

The corporation's practice of screening advertisements during programmes, which began last September, has provoked a flood of letters and calls to newspapers.

Earlier yesterday the chairman and managing director of Pick 'n Pay, Mr Raymond Ackerman, announced the company would consider withdrawing all advertisements from television if Auckland Park did not revert to its old system of screening ads.

"The current system, instead of attracting the public, is alienating it. I cannot spend fortunes to alienate."

Mr Ackerman said the public was under the impression that — in a move to capitalise on prime-time viewing — it was the advertisers who had requested mid-programme screening.

"That is not so. It's become SABC policy so they may increase their advertising revenue. We cannot afford to have people upset, and I believe this is a retrogressive step."

The president of the Association of Advertising Agencies (AAA), Mr Hennie Klerck, said the AAA had a meeting with the corporation on the matter last week.

"In its quest for revenue the SABC is pumping ads into popular programmes, which has created an anti-viewer feeling."

Viewers, he said, were being alienated by the continual interruptions and advertisers feared the resentment could backlash on their products.

The managing director of Checkers, Mr Clive Weil, said: "We have asked the SABC to see to it that our advertising is inserted either prior to or after a particular programme. We have not had any positive reaction and will now attempt to meet with SABC officials to make our views known."

Editorial opinion P12
More reports P13

R240m paid to Basotho miners

MASERU — The South African gold mines paid out a total of more than R240 million to Basotho mineworkers employed in the industry in 1986, according to statistics released in Maseru by the Employment Bureau of Africa (Teba), which recruits Basotho labour for the gold mines.

The statistics show an increase of 15 per cent in total payments from R208 million the year before. — Sapa

Pre-tax profit tops R4,3m

Cape Times 6/2/87

Joshua Doore back in the black

Financial Editor

JOSHUA DOORE — hard hit in 1985 by the recession and soaring interest rates — is back in the black with pre-tax profits of R4,3m in the six months to December and will pay an interim dividend of 1c a share.

It is the second furniture company within two days to announce a dramatic turnaround, following Wednesday's report by the Cape Town-based Montays chain that it was profitable again.

Industry recovering

This seems a clear indication that the furniture industry, one of the worst sufferers in the recession, is recovering.

Before being merged with the Price 'n Pride chain in April 1986, the former highly geared Joshua Doore saw its entire income eaten up by interest in the 1985 period and recorded a pre-tax loss of R2m.

Price 'n Pride earned R546 000 after interest in the six months.

But after effective action by the Price 'n Pride team which took over management of the merged chains, the balance sheet at the end of December showed a healthy and conservative debt to equity ratio of 0,25:1.

Non-recurring costs of R550 000 on an advertising campaign to restore Joshua Doore's image and outlay costs for the new computerized debtors system were written off in the period.

In line with current legislation, tax at the full rate has been provided for, but MD David Sussman says that due to the growth of Joshua Doore's debtors book, the entire tax bill of R2,1m is deferred. This strengthens the group's cash flow.

Income after this theoretical tax charge is R2,1m, yielding earnings of 3,07c a share.

Effective cost control

Sussman said the turnaround had been achieved by cutting overheads, tighter cost control and "a successful relaunching of Joshua Doore.

"It is anticipated there will be continued pressure on margins. However, if there is no deterioration on the political and economic scene, we remain confident the company will achieve the forecast earnings of R3,7m — equivalent to 5,4c a share — in the year to June."

The new Joshua Doore is controlled by a consortium consisting of management, New Bernica and Lifegro, which has a 31% stake and an option to buy the 25% held by Rusfurn.

Car-makers back in black as prices soar

(30) ST 8/2/87

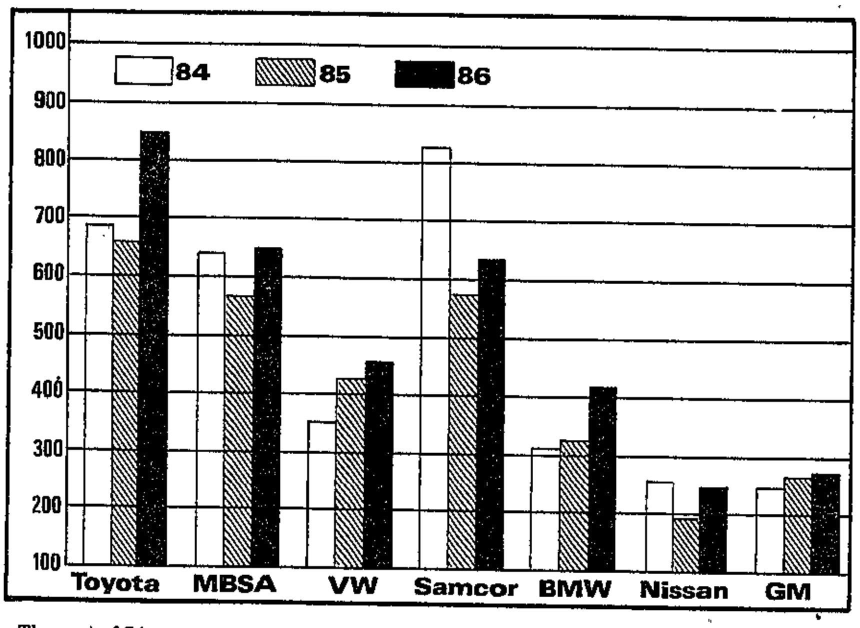
By Don Robertson

THE 35% increase in car prices last year lifted the industry's turnover by 13% in spite of the lowest number of sales in 10 years.

Consumer resistance resulted in a drop from 45% to 30% in sales of new cars to individuals. Last year's new-car sales totalled 174 453 compared with 204 322 in 1985.

Although many indviduals switched to small cars, luxury sellers Mercedes-Benz and BMW increased their market share.

Figures prepared by Mercedes-Benz show car sales rose to R3,678-billion last year from R3,251-billion in 1985 and R3,618-billion in 1984.



Profit

The increased turnover, excluding commercials, returned several manufacturers to a profit.

It is accepted in the industry that Mercedes-Benz and BMW are back in the black, and Samcor has been running at about break even since June.

Toyota, the only company listed on the Johannesburg Stock Exchange, reported a profit of R7,6-million for the six months to June 1986. It is still showing a profit. Volkswagen is expected to be in the money soon.

The turnaround follows estimated losses of about R1-billion by manufacturers in the past two years. The losses will have to be recouped before a return on investments is again possible.

The cost of SA components rose by about 21% last year. Turnovers of component manufacturers are rising, and the higher prices lifted the value of retail sales. These figures are not available.

Components

The apparent disparity between the 35% rise in prices and the 13% rise in the value of sales is explained by the fact that prices were increased four times last year.

Toyota gained 26% of the market, and lifted sales to R851-million — up 27% on the R668-million in 1985.

Next was Mercedes-Benz with a turnover of R648-million compared with R576-million in 1985. Although Mercedes had only 11,2% of the car market, its sales results were boosted by the high price of the marque and additional income from Honda which added R188-million.

Samcor, the Ford and Mazda manufacturer, recorded sales of R638-million compared with R583-million. Last year Ford had 11,1% of the car market and Mazda 9,7%.

Volkswagen recorded the highest percentage gain in turnover — 34%. It sales rose to R569-million from R425-million in 1985. Volkswagen was one of only two companies which increased unit sales last year. It held 17,4% of the car market.

BMW, the other manufacturer to increase unit sales last year, reaped R412-million from cars compared with R326-million in 1985. It gained a 7,5% share of the car market last year — a record for the company.

Nissan chalked up a 28% increase in turnover from a low base of R192-million in 1985. Sales in 1986 were worth R246-million and market share was 7,8%.

Strikes

General Motors, affected by strikes and the change in control of the company, lost market share — holding only 8%. But it raised turnover to R274-million from R268-million in 1985.

The balance of total turnover was made up by Renault sales of R34-million compared with R120-million in 1985. Renault has withdrawn from the market.

Jaguar sales by Leyland were R2,8-million compared with R7,8-million in 1985. Tak, which sells Lancias, had a turnover of R1,2-million.

DIAGONAL STREET/by DAVID CARTE

Black buying boost to lift shopkeepers

8/2/87 S/T (30)

THE 35 retail and wholesale companies listed on the Johannesburg Stock Exchange will lift aggregate earnings by 36% and dividends by 39% this year.

This recovery from a low base is foreseen by stockbroker Max Pollak & Freemantle in its 240-page annual retail report.

In their financial years ending in 1986, the 35 companies earned a total of R205,9-million and paid R86,6-million in dividends.

RECESSION

Max Pollak & Freemantle believes they will earn R279-million and pay R120,4-million this year.

The broking house estimates 22% earnings and 18% dividend growth in 1988.

The leader of the MP&F team, Eric Levine, selects Jazz, Midas, Edgars, Score, Frasers and Housewares as having the best earnings prospects for 1987.

He is also enthusiastic about the furniture sector, which is set to recover from what he terms a "zero base".

Although the authors of the report expect retail and wholesale shares to tend higher with the JSE, they point out that share prices have ignored the recession of the past three years and already discount a recovery in consumer demand (see graph).

The firm is not wildly bullish about the pace of recovery, warning that it is tentative. MP&F says debt was a record high relative to personal disposable income in the first quarter of last year, so the recovery's sustainability depends on socio-political factors.

Max Pollack's analysts say the black population stands to benefit most from renewed growth.

According to the University of South Africa's Bureau of Market Research, black consumers accounted for about 40,5% of retail sales last year.

They bought 48% of food, 46,5% of beverages, 41% of clothing, 44% of furniture and 50% of audio and TV sales. Average black earnings from 1973 to 1985 grew by 17,9% a year compared with white earnings growth of 13,2%.

RELEVANT

MP&F believes earnings of blacks will exceed those of whites within 20 years, assuming 19% growth for the former and 15% for the latter.

"The urban black population in SA will increase from 7-million to about 20-million by the turn of the century. This is one of the most relevant socio-economic trends of our times. Nearly a million people on average will settle in urban areas each year over the next 14 years.

"These people will need housing education food, clothing, entertainment and jobs. The vast majority will be unskilled and will therefore be part of the C and D income group. Their needs will be basic. They represent the Third World market in SA. Retailers specialising in this market ... will flourish.

"Companies that are targeted directly at Third World markets include Pepkor, Frasers, Jazz, Score, World, Ellerines, Metro and Cashbuild. OK Bazaars is the largest retailer to the black consumer market."

Spending on food in the recession has held up better than that on other commodities. MP&F finds food increased its share of retail sales from 34% in 1981 to 42% last year.

Beverages share of the retail market fell by about half to 5,6% last year from 11,8% in 1978. Sales of clothing, footwear and textiles last year accounted for 17,6% of retail sales compared with 20,5% in 1978. Durables share fell from 15,5% in 1982 to 12,9%. The pharmaceutical and entertainment sectors made relative gains.

The fastest-growing sectors in the past seven years were other domestic hardware (cutlery, crockery, etc) with a 25% annual growth rate, food pharmaceuticals, stationery and books. The worst performers were domestic appliances, furniture, beverages and jewellery.

Consumer debt is still a major constraint on growth. Personal debt has fallen in real terms since 1983, but at 31% of disposable income it is still too high.

GEARING

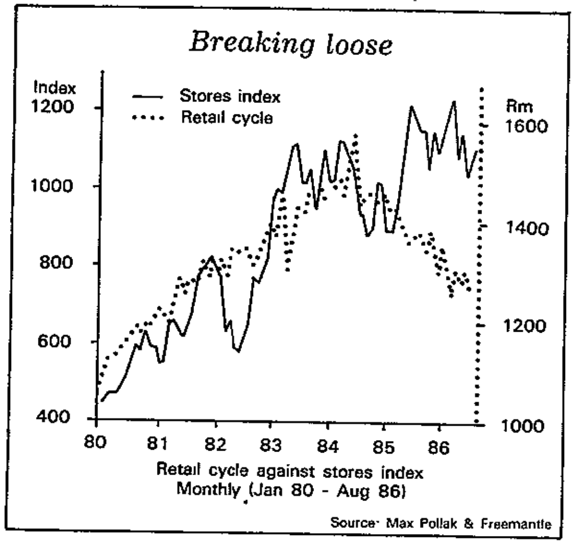
"For a resumption of growth in consumer spending to take place, an improvement in GDP is required. Coupled with the massive increase in debt and debt repayments in the past, it would require a substantial improvement in the economy before retail sales improve significantly."

MP&F says that with 22 of the 35 listed retailers controlled by the founding families or other individuals, the climate for rationalisation is ripe, especially in an environment of improving profitability.

Looking at the balance sheets of the 35 companies MP&F finds: the average gearing ratio has fell from 63,1% in 1982 to 56,2%, short-term borrowings declined from 50% of total borrowings to 38,4%, credit terms to customers dropped from an average of 55 days in 1982 to 48 days in 1985, and supplier credit increased from 12,4% of turnover to 15,3%.

Major trends in income statements include trading margins falling to 4,2% of turnover from 6,4%, interest cover halving from 4,9 to 2,4 and tax rates rising to 50% from 35%.

Because there is no tax shield in the retail industry, MP&F says retailers will be major beneficiaries if company tax is reduced.



Shares have soared even though retail sales have flagged, indicating that the JSE has ignored the recession.

R20m of chicken feed

THE Mine Employees and Mine Officials pension funds are looking a bit sick over their huge investment in the United Building Society.

They paid R6 for each of 20-million shares. They bid even more than R6. The shares have not gone higher than 570c. Now they are 505c, and the pension funds' paper losses are about R20-million.

Of course, that is chicken feed to the funds which held investments of R3,4-billion last year.

They have long been wary of equities, which by cost make up only 18% of their investments.

Their equity investments are worth a billion rands more than cost, and thanks to historically high interest rates their fixed-interest holdings last year were worth R288-million less than cost.

WOOLTRU LIMITED
(Registration No 05/08278/06)

PEPGRO LIMITED
(Registration No 83/01066/06)

PEPKOR LIMITED
(Registration No 65/07765/06)

PEP STORES LIMITED
(Registration No 05/18945/06)

The Board of Executors has been authorised to advise that the merger negotiations between Wooltru Limited and Pep Stores Limited have been terminated by mutual agreement.

The Board of Executors
Since 1838, people have trusted us to manage their money.

Joint statement by Messrs David Susman (Chairman of Wooltru Limited) and Christo Wiese (Chairman of Pepgro Limited and Pepkor Limited).

Cordial negotiations covering an extensive range of alternative schemes have taken place over the past weeks between the two groups. These negotiations have been called off as agreement could not be reached on an appropriate structure for the merger other than by Wooltru Limited acquiring the entire issued share capital of Pep Stores Limited. While the Board of Pepkor Limited was prepared to pursue a possible merger, it did not consider it in the best interests of Pepkor Limited shareholders to dispose outright of its Pep Stores subsidiary.

Cape Town
9 February 1987

D818145

UB 30

MINI-BUDGET REACTION

FCI calls for reform to restore confidence

Business Day Reporters

THE Federated Chamber of Industries (FCI) warned yesterday that investor confidence could only be fully restored if substantial progress was made on the reform front.

Reacting to the mini-budget, FCI president Hans Snyckers said it was firmly aimed at stimulating confidence in the still flagging economy.

Increased consumer spending power should put greater thrust into the upswing, he said.

Medium-term

"The chamber hopes other actions in the government's pipeline will not neutralise the positive effects generated in this budget," he said.

Snyckers welcomed the emphasis on implementing the medium-term economic strategy — especially in terms of pursuing a policy of promoting inward industrialisation.

Spokesmen for both the Associated Chambers of Commerce and the Afrikaanse Handelsinstituut last night welcomed the package announced by Finance Minister Barend du Plessis in Parliament yesterday.

Assocom CE Raymond Parsons said he "shared the realistic assessment of the economic situation and the outlook for SA" given by Du Plessis.

He welcomed the tax and other concessions.

He said they would make a "positive contribution to business and consumer confidence".

"Assocom believes that the fiscal decisions embodied in the Part Appropriation speech improve the chances of SA reaching a target growth rate of 3% in 1987, unless neutralised by other unforeseen circumstances," said Parsons.

He added he was pleased with the Minister's rejection of price and wage controls as well as the postponement of salary increases for civil servants.

AHI vice-president and MD of Sanlam Pierre Steyn said he was "pleasantly surprised" by the content of the budget.

In particular, lower personal taxation rather than a general salary increase would contribute towards fighting inflation.

Loan levy

"The lowering of the maximum marginal rate to 45% will be especially beneficial to entrepreneurship," he said.

The steps announced would boost both consumer spending and consumer confidence.

And this would be enhanced by the early repayment of the loan levy.

However, Steyn warned against unnaturally high private and public sector salary increases later this year.

INCOME TAX PAYABLE: 1987 AND 1988
MARRIED UNDER 60

Income	No Children 1987	No Children 1988	No Children Reduction	1 Child 1987	1 Child 1988	1 Child Reduction	2 Children 1987	2 Children 1988	2 Children Reduction	3 Children 1987	3 Children 1988	3 Children Reduction
R	R	R	R	R	R	R	R	R	R	R	R	R
3 300	—	—	—	—	—	—	—	—	—	—	—	—
6 000	2	—	2	—	—	—	—	—	—	—	—	—
6 500	78	—	78	—	—	—	—	—	—	—	—	—
7 000	154	55	99	59	—	59	—	—	—	—	—	—
7 500	230	130	100	135	30	105	40	—	40	—	—	—
8 000	306	205	101	211	105	106	116	5	111	21	—	21
9 000	458	355	103	363	255	108	268	155	113	173	55	118
10 000	610	505	105	515	405	110	420	305	115	325	205	120
11 000	762	655	107	667	555	112	572	455	117	477	355	122
12 000	914	805	109	819	705	114	724	605	119	629	505	124
14 000	1 263	1 136	127	1 168	1 036	132	1 073	936	137	978	836	142
16 000	1 689	1 544	145	1 594	1 444	150	1 499	1 344	155	1 404	1 244	160
18 000	2 177	2 018	159	2 082	1 918	164	1 987	1 818	169	1 892	1 718	174
20 000	2 704	2 532	172	2 609	2 432	177	2 514	2 332	182	2 419	2 232	187
25 000	4 188	3 994	194	4 093	3 894	199	3 998	3 794	204	3 903	3 694	209
30 000	5 905	5 702	203	5 810	5 602	208	5 715	5 502	213	5 620	5 402	218
40 000	9 951	9 590	361	9 856	9 490	366	9 761	9 390	371	9 666	9 290	376
50 000	14 318	13 831	487	14 223	13 731	492	14 128	13 631	497	14 033	13 531	502
60 000	18 873	18 228	645	18 778	18 128	650	18 683	18 028	655	18 588	17 928	660
80 000	28 367	27 225	1 142	28 272	27 125	1 147	28 177	27 025	1 152	28 082	36 925	1 157
100 000	37 867	36 225	1 642	37 772	36 125	1 647	37 677	36 025	1 652	37 582	35 925	1 657

NB. (1) The above amounts have been calculated on the basis that the taxpayer's wife has no income and that he has no other dependants.
(2) The standard deductions for medical expenses and rebates for insurance premiums have been allowed.

Smiles as car sales perk up

EVE Post 30 10/2/87

Post Reporter

THERE were smiles on the faces of motor industry executives today as the first of the year's sales figures revealed that the slide in sales could be over.

"The declining trend in the vehicle market evident in the last quarter of 1986 has been arrested," said the president of the National Automobile Manufacturers' Association (Naamsa), Mr Peter Searle.

And Naamsa director Mr Nico Vermeulen said tax relief announced in yesterday's mini-budget could play an important role in boosting sales further.

Figures released today showed car sales for January at 14 049 — an increase of 16,4% over December, 1986.

But they were only 1,4% above the figures for January last year, and revealed that the private buyer was still being squeezed out of the market.

Total sales of all vehicles in January reached 20 757 units — 2,7% up on the same month last year.

Light commercial vehicle sales of 5 898 units were 9,2% up on January, 1986, but medium commercial market dropped to 285 units — a dramatic 34,2% fall.

The heavy commercial sector remained depressed with 515 sales — virtually the same as in January, 1986.

Adding a sparkle and a tune to messages of love is street balladeer NICKY ENGELBRECHT, who offers a service based on the popular American concept of singing telegrams. He braved today's chill in his Liza Minnelli outfit to serenade a delighted Mrs ESTELLE DU PREEZ, of Central. Roll on St Valentine's Day. Story — Page 6.

Toyota sales of 3 856 passenger units again put the manufacturer in top position, followed by VW with 2 977 sales — an increase of 57,7% over December — and Samcor with 2 772. Ford contributed 1 477 to the Samcor total and MMI 1 259.

General Motors — still recovering from the effects of strikes late last year — sold 984 units, 7,9% down on their December figure.

Of GM's January sales, 460 were newly-launched Opel Monzas, on which the company's management buy-out team is pinning great hopes for 1987.

VW's Golf/Jetta range sales of 2 529 units gave it top sales spot, selling five more units than traditional number one, Toyota's Corolla.

"The general upswing in the market can be partly ascribed to an increase in confidence levels in both business and private circles," Mr Searle said.

Toyota' marketing director, Mr Brand Pretorius, was also enthusiastic about the halt in the slide.

"We are happy that the trend is positive, and while sales were not up to last year's monthly average of 14 500, the January figures are in line with our expectations of a 5% growth in 1987."

Individual manufacturers' car sales figures were:

1 — Toyota, 3 856 (27,4%)

2 — VW, 2 977 (21,2%)

3 — Samcor, 2 772 (19,7%) Ford 1 477 (10,5%), MMI 1 295 (9,2%)

4 — BMW, 1 251 (8,9%)

5 — Mercedes Benz, 1 209 (8,6%)

6 — Nissan, 996 (7,1%)

7 — GM, 984 (7,0%)

Slight upturn in vehicle sales during January

10/2/87 Star (30)

By Jeremy Sinek

Not great, but better than expected — that is the fairest summary on the January vehicle sales figures.

The passenger car tally of 14 059 sales — 16,4 percent up on December's miserable 12 076 — defied some car makers' predictions of below 13 000 sales in a holiday month.

Most car makers agree February will be the first real test of the hoped-for modest upturn in 1987.

January's passenger car total was 1,4 percent up on January last year. Light commercial vehicles sales fell 1,9 percent from December but January's figure of 5 898 was 9,1 percent better than last year's.

On a maker-by-maker basis, January versus December comparisons need to be treated with caution. In most cases those who scored the biggest gains in January experienced the worst of December's slump, and vice versa. Figures may also have been distorted by sales held over to January to get a new year registration.

DOUBLED

Thus BMW's virtual doubling of its sales in January should be seen against December sales that were little more than half the company's monthly average spread over the whole of last year.

Likewise, Mercedes's 40,6 percent fall follows a 35,6 percent gain the previous month; Samcor, up 38 percent in January, was 28,9 percent down in December; and VW's 57,7 percent gain in January was off the base of December sales that were 28 percent lower than November's.

It was nonetheless an encouraging month for VW, with the Golf/Jetta just pipping the Toyota Corolla to the top of the models best-seller chart and beating Samcor into second place on overall passenger car sales, behind traditional market leader Toyota.

It is predicted that passenger car sales in 1987 will be between 185 000 and 190 000, compared with 174 453 last year.

Sales over the remainder of the year will need to average at least 15 500 a month to achieve that goal.

Cape Times 10/2/87 (30)

Ivan Hammerschlag

Furniture Fair boosts income

Financial Editor

FURNITURE FAIR, the Cape Town-based chain listed on the Johannesburg Stock Exchange in August, lifted net income for the six months to December by 69% to R375 000 (R222 000) and turnover by 98% to R6m (R3m).

Earnings were 4,99c (2,95c) a share and the maiden dividend is 2,5c a share.

Net income before interest, provision for doubtful debts, unearned finance charges and taxation was R1,1m (R588 000).

Furniture Fair is the third furniture chain in a few days to announce improved results, but MD Ivan Hammerschlag said he did not believe this was a sign that "we are in any kind of boom".

He thought the increase in buying had been due partly to the fact that people had been paying off debts for most of the past year without incurring more.

"Towards the end of last year they realized that they had paid off their hire purchase and were in a position to buy more without exceeding their budgets".

Hammerschlag, whose Mitchells Plain branch is due to open next month, said he was "delighted" by the results for the past six months, particularly in the present depressed consumer market.

He attributed Furniture Fair's continued success to its policy of aggressive marketing and tight credit control.

One of its strengths was that it financed its own instalment sales agreements.

A new store which opened in Wynberg in September was making a substantial contribution to group profits, with a further boost expected next month when the Mitchells Plain store opened.

"In view of the fact that the company is ahead of its budgeted targets and that these did not include the Mitchells Plain contribution, the directors anticipate a further substantial increase in earnings in the second half of the year."

Hammerschlag said the chain's target market was the lower- to middle-income group.

He had no intention to move up-market. "But as our customers move from the lower- to middle-income group we will move with them."

B/Day 10/2/87 (80) 30

Furniture group does well

Business Day Reporter

FURNITURE FAIR, the Cape furniture retailing group listed on the JSE in August, lifted earnings 69% to 4,99c a share in the six months to end December 1986 — 11% below the company's forecast of 5,6c a share for the full year.

A maiden interim dividend of 2,5c a share has been declared.

Furniture Fair has shown impressive growth in its relatively short period of existence. Turnover reached R6,1m, 98% up on the same period in 1985 and already ahead of the turnover for the full 1985 financial year.

Earnings in the six months increased to R375 000.

MD Ivan Hammerschlag said he was delighted with the company's performance, particularly in view of the generally depressed consumer market.

He attributed Furniture Fair's continued success to its policy of aggressive target marketing and tight management and credit control.

"Our results are ahead of expectations in all respects," he said.

He added the group was well on track to becoming the dominant furniture retailer in the Western Cape. A new store that opened in Wynberg in September was making a substantial contribution to group profits, with a further major boost due in March when the group's new 550m² Mitchell's Plain store comes into operation.

Mitchell's Plain is one of the prime growth areas in Furniture Fair's target market.

"In view of the fact that the company is ahead of its budgeted targets and that these budgets did not include the Mitchell's Plain contribution, the directors expect a further substantial increase in earnings in the second half of the year."

One of Furniture Fair's strengths is the fact that it finances its own instalment sales agreements. Tight control of the debtors book has enabled the company to offer credit terms to an expanding client base, while maintaining collections at a budgeted and strictly monitored level.

17/3/87

Two Shoprite stores to open in Transvaal

B/Day

(30)

MICK COLLINS

SHOPRITE, the listed Cape-based supermarket chain within the Pep group, is to launch into the Transvaal market with the opening of two stores before the end of 1987.

The stores, part of two centres in Pietersburg and Tzaneen, are being developed in a joint venture by Retail Property Projects and a local company, the Moolman group.

The Pietersburg development, Metropolitan Centre, is being financed by Metropolitan Life at a cost of R10m.

Full details of the Tzaneen development, in which Shoprite has reserved 2 500m², are not yet available.

EVENING POST, TUESDAY, FEBRUARY 10, 1987

Committee to look at 6 CBD hawking sites

30

By DENISE BOUTALL

SIX possible hawking sites in Port Elizabeth's Central Business District come up for discussion at today's meeting of the City Council's Community Services Committee.

The report by the Town Clerk, Mr P K Botha, comes after hawkers, who had flocked to the CBD in unprecendented numbers over the last few months, were told to leave.

The committee also considered a report on the possibility of establishing a fresh produce housewives' market in the city.

The proposed hawking sites are on the west side of Victoria Quay below the freeway ramp to Russell Road, the pavement in front of the Murray and Stewart Centre, the lane between the OK Bazaars and CNA, the western end of Britannia Street, the raised pedestrian area above Jetty Street adjacent to Market Square and the open park at the corner of Rink Street and Cape Road.

Hawking can be allowed on Market Square if the trading conditions that apply there are relaxed, says Mr Botha.

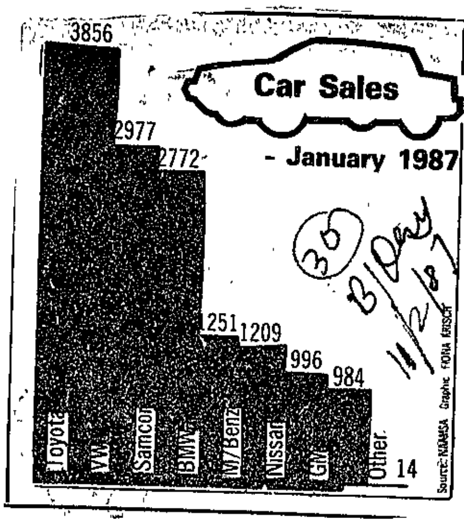
The proposals all include the provision of fixed vending tables and, in certain cases, fixed umbrellas.

The hawking in Main Street outside major shops has upset traders and the lack of hygiene has also caused concern in the Health Department.

In another report, Mr Botha says the five market agents operating at the Port Elizabeth fresh produce market have said they are not interested in operating a retail market at the showgrounds or anywhere else.

They were asked their opinions after the committee last month considered a report from the Director of Markets, Mr J H D McKenzie, in which he opposed the possibility of the City Council getting involved in the establisment of a retail market at the showgrounds.

Mr McKenzie said the city was well served by retail stores and was even possibly overtraded. He doubted that a retail market would lead to additional consumption of fresh fruit and vegetables at realistic prices.



January car sales improve

30 B/Day 11/2/87

MICK COLLINS

WITH new-car sales for January showing a 10,6% leap over December, leading motor commentators are cautiously optimistic about the industry's future.

Although the rise comes off a low base, spokesmen said it was indicative of an upswing based on a revival of business and consumer confidence.

New-car sales rose to 14 059 for the month after falling to 12 076 in December. Commercial-vehicle sales were stagnant at 6 698 after dropping to 6 685 in December, National Association of Automobile Manufacturers (Naamsa) figures show.

One of the main surprises was Volkswagen's passenger-vehicle sales of 2 977, an increase of 57,7% over December.

The company's market share in this sector rose by 19,4%. The Golf/Jetta range was SA's top seller, beating the Toyota Corolla into second place. It was the first time since July 1986 that the Corolla had been outsold.

Volkswagen MD Peter Searle said the upswing could be partly ascribed to an increase in confidence levels in business

To Page 2

Car sales show upturn in January

From Page 1

and private circles.

"However, the composition of the market has also changed radically in the past two years, with private buyers now comprising a much lower proportion than fleet."

Toyota marketing director Brand Pretorius said the company was happy that the trend was positive. "The January figures are in line with our expectations of a 5% growth in 1987."

Total vehicle sales for January amounted to 20 757, an increase of 10,6% over the figure for December but only 1,4% above the figures for January 1986.

Naamsa director Nico Vermeulen said sales had picked up during the second half of the month.

"The recovery was, however, off an exceptionally low base and was partly due to new-car buyers delaying purchasing vehicles in order to benefit from having vehicles registered as 1987 models."

A GM spokesman said: "The results were in line with what we had anticipated. Our commercial-vehicle sales held up well, but our passenger-car sales were affected by the non-availability of the Monza during the first three weeks of January."

Samcor's group MD Spencer Sterling said the increase should not be seen as a pointer of better things to come.

Garlick sees few changes

MERVYN HARRIS

GARLICK, the Cape-based department-store chain, reports virtually unchanged earnings of 63,9c (73,2c) a share for the half-year to end-December 1986.

The interim dividend is unchanged at 18c a share and the directors hope the final dividend will be at least equal to last year's payment of 26c a share.

They add that there is little sign of a soundly-based economic upturn.

"This appears unlikely until the state of emergency is removed and progress is made towards a national constitution acceptable to all races," they say.

Rise in turnover

Turnover rose 14,2% from R45,8m to R52,3m, but this was offset by pressure on margins and escalating costs, leaving pre-tax income virtually the same at R3,9m (R3,86m).

Profits attributable to ordinary shareholders were R1,91m against R1,89m at last year's interim stage.

The directors say the Tygervalley store is now showing a steady improvement, which will continue but will not, initially, have any major effect on overall results.

Garlick shares, at their current price of 600c, are on a dividend yield of 7,3% against the 4,1% average for the retailers' and wholesalers' sector, reflecting the company's poor rating.

30

11/2/87 Bday

(45c + 5c tax)
For other prices, see Back Page

Natal, Western Province, Eastern Province 80c (71c + 9c tax)

"THE VITA

Pick 'n Pay fuelled up to take on liquor industry

(30) B/Day 11/2/87

KAY TURVEY

PICK 'N PAY, which last year challenged the petrol cartel, has accused liquor producers and wholesalers of operating a monoply.

This week *Business Day* learnt that the chain store group had lodged an objection with the Department of Trade and Industry against what it believes to be "collusion among liquor wholesalers and producers which serves to protect their vested interests in bottle stores and the hotel industry."

In a report submitted to the head of liquor board last week, Pick 'n Pay complained about the "real cartel operation" which it alleged existed among liquor producers and wholesalers. Pick 'n Pay, which hold 36 wine licences, has made application for additional licences.

Price increases and cash discounts, which were always offered at the same time to liquor retailers by major producers, illustrated that there was collective action, Pick 'n Pay chief Raymond Ackerman said.

He criticised government for allowing the continuation of Cape Wine and Distillers (CWD), a listed company in which KWV, South African Breweries and Rembrandt each own shares.

In 1983 Ackerman met former Industries Minister Dawie de Villiers to protest against a Cabinet decision to over-rule recommendations by the Competition Board that CWD should be dissolved.

The Competition Board had recommended that CWD be broken into two separate competing companies and that retail interests in the liquor business be kept apart from producer and wholesaling interests.

Morkels shows 59% turnover growth

Cape Times 11/2/87 (30)

JOHANNESBURG. — The Morkels group has said that its 74-store furniture chain chalked up a record turnover in January of R14,2m, — a 59% growth over turnover for the same period a year ago.

MD Carl Jansen said turnover was also well ahead of December's sales of R12,9m (a figure that fell short of expectations) and the company is therefore on line to realize the projections contained in the prospectus for its March 11 JSE listing application.

He said: "January has been an exceptional month, with the last week generating growth of 79% compared with the same period in 1986.

Hire-purchase accounts

"When you consider that our growth in January 1986 was 49,7% over the January 1985 figure, we're looking at growth on growth in 1987."

Jansen said preliminary figures for the retail furniture market showed a growth of 18%. At the same time, Totalsports, the 10-store sporting goods and sports apparel chain exceeded its budget in January with sales of R681 000, a growth of 36,7% above the January 1986 figure.

Market information is that the clothing and footwear retail sector was about 25% ahead of January 1986 performance.

"Totalsports is now rapidly approaching the store break-even level for the financial year to March 1987 after incurring heavy start-up costs.

TV ad campaign

Jansen said an extraordinary feature of Morkels' January sales was the very high percentage of new business in hire-purchase accounts.

For example, in the Natal stores more than 60% of HP business written came from new customers and this appeared to be indicative of the chain's performance, although final analysis of returns is not yet complete. He attributed this trend to the high level of interest created by in-house-designed advertising campaigns.

"The long-standing TV-dominated marketing approach has been successful and has served to raise Morkels's profile in the market place quite dramatically. — Sapa

Motor industry off to a good start for 1987

Motoring Editor

THE new motor industry year had a good start in January, with car sales up 16,4% on the December, 1986, figure and 1,44% up on the corresponding month last year.

Total vehicle sales, at 20 757, were 2,7% up on January, 1986.

Coming off the grid at a fine pace and leaping into the lead for the year, the Volkswagen Golf-Jetta range outsold the Toyota Corolla range by five units, with 2 529 to 2 524.

VW also recorded a 57,7% increase on its December, 1986, showing, but BMW pulled out even more stops to produce a 93,4% increase over the same month.

CAR SALES

Manufacturer*		Units	% mkt	% change on Dec '86	% change on Jan '86	Year to date Units	Year to date % mkt
Toyota	(1)	3 856	27,4	+10,2	+8,1	3 856	27,4
VW	(4)	2 977	21,2	+57,7	+44,2	2 977	21,2
*Samcor	(3)	2 772	19,7	+38,0	−3,3	2 772	19,7
BMW	(7)	1 251	8,9	+93,3	+8,8	1 251	8,9
M-Benz	(2)	1 209	8,6	−40,6	−25,6	1 209	8,6
Nissan	(6)	996	7,1	+6,52	−4,3	996	7,1
GM	(5)	984	7,0	−7,34	+24,1	984	7,0
Other	(8)	14	0,09	+600	+16,6	14	0,09
*Samcor:Ford		1 477	10,5	+30,0	+27,1	1 477	10,5
MMI		1 295	9,2	+48,5	−24,0	1 295	9,2

Top five models

Golf/Jetta	2 529
Corolla	2 524
Cressida	1 307
BMW 3-ser	995
Mazda 323	823

Industry totals

Jan '87	14 059	
Dec '86	12 076	;change +16,4
Jan '86	13 859	;change +1,44
Year to date	14 059	
Comparable '86		;change +1,44

* Indicating ranking in previous month

Cape Times 12/2/85

Wooltru lifts profits by 32%

30

Financial Staff

WOOLTRU has emerged from a lean period with a sparkling 32% hike in profit attributable to ordinary shareholders for the six months ended December and an 8% rise in the interim dividend.

The interim dividend is 27c (25c) on improved cover and net income attributable to ordinary shareholders before extraordinary items is R19,15m (R14,48m). EPS is up 30% at 56,1c (43c). Extraordinary items comprising profit on the sale of fixed property totalled R291 000 (R2,327m).

The improvement is based on a relatively modest increase of 19% in turnover at the half year (excluding Top Centre) from R384m to R448m. Net asset value per share has increased to 650c (596c).

Chairman David Susman and CE Tony Williamson note that consumer spending remained buoyant in November and December, prompting the satisfactory life in profits of the three retail operating companies.

The substantial store development and refurbishing programme of the past three years is regarded as bearing fruit, and the better rate of profit is expected to be maintained for the full year.

30

Black plan to buy pull-out firms hits political flak

A black business plan to buy companies which disinvest from SA has told potential investors that it enjoys wide black support. But this week both the ANC and Cosatu repudiated the scheme, reports SEFAKO NYAKA

Ntatho Motlana ... one of the prominent directors

BLACK business' bid to buy up disinvesting companies is running into trouble.

This week both the African National Congress and the Congress of SA Trade Unions condemned the Black Equity Participation (BEP) project, which has told at least one German funding agency it has the ANC's approval.

The ANC this week dismissed BEP's operation as "rank opportunism" and denied giving its blessings.

Sebina said the ANC had never been approached on the issue. If it had been, it wouldn't have supported the idea because companies disinvesting from South Africa would still be in the country and still paying taxes to the government.

"And you know what the tax money is used for," Sebina said.

Cosatu, meanwhile, says it has warned the initiators of the project that it will bring them into direct conflict with the workers.

Cosatu said it had been approached by an intermediary and had warned against the project.

"The buyout plan does nothing to solve the problems of the country, nor does it address the poverty, unemployment and low wages suffered by the majority.

"All it does is allow a few individuals to make capital out of that suffering and out of the struggle to end apartheid and exploitation," Cosatu said.

The BEP was formed in the second half of last year and has as its board members Soweto Civic Association leader Ntatho Motlana, Richard Maponya, Jackie Mphafudi and Gibson Thula.

Maponya is a leading businessman in Soweto and has various business interests in the Lebowa "homeland".

Thula, also a businessman, is a former Inkatha official while Mphafudi is practising as a doctor in Soweto.

The former secretary general of the SA Council of Churches, John Rees, and business consultant Allan Wentzel are mentioned as trustees of the owning company, Khotso Trust.

Wentzel told the *Weekly Mail* the entire issued share capital of BEP is owned by Khotso Trust, "a charitable trust having as its beneficiary objectives education, health and social welfare projects aimed primarily at the black community".

A report from the Committee of Executive Secretaries (GFK) in West Germany, a body approached by the BEP for funds, states that Wentzel had verbally told them the ANC suppports the BEP project.

The GFK says after investigation it found that this is not so.

In a separate report, another German-based church organisation points out that the venture would only bring about the financial security of the initiators of the project.

Evangelisches Missionwerk (EM) in Hamburg says the proposal will not bring about a change in the policies of large South African companies, nor will it aid in the transfer of capital from whites to blacks or the creation of secure jobs for blacks.

"What will most certainly be brought about is the financial security of the initiators of the project," the report states.

Existing documentation indicates that meaningful changes can be brought about by a coalition of "black trade unions", says EM, and suggests funds should go to those best able to effect a structural change — black trade unions.

The report states that the BEP proposal in no way indicates how the transfer of wealth from whites to blacks is to be done.

"This is not surprising since such a transfer is not possible.

"The agenda of multinationals we examined does not involve the transfer of business capital from whites to blacks, but rather from externally controlled holdings to companies incorporated in South Africa."

The report cites the "pull-out" of IBM and General Motors, stating that they still reap profits from proxy companies inside the country.

Assocom attacks liquor licensing

B/Day 12/2/87 30 18

KAY TURVEY

"VIGOROUS representations" have been made to the Liquor and Competition boards by the Associated Chamber of Commerce (Assocom) to either abolish or relax restrictive liquor licensing legislation for food retail chains.

Assocom chief executive Raymond Parsons said yesterday the chamber had urged the Liquor Board to call a meeting of all interested parties to work towards more flexible liquor licensing.

An Assocom body, the major food and retailers technical committee — which represents most of country's large food chains — has been tackling the issue of licensing for the past five months.

Last week, Pick 'n Pay lodged a complaint with the Department of Trade and Industry against the "collusion among liquor producers and wholesalers which serves to protect their vested interests in bottle stores and the hotel industry".

Committee member Herbert Mabin said the ceiling of 36 liquor licences imposed on food chains "placed a significant limitation on competition and did not promote the growth of sales and output".

He criticised the legislation for not taking account of a company's size, turnover or number of branches.

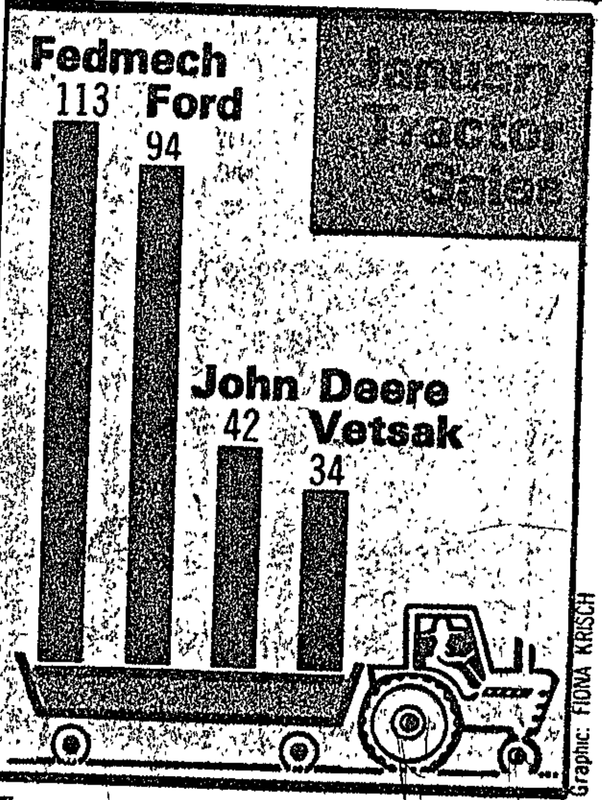
In response to an Assocom memorandum addressed to the Liquor Board's chairman in December, Mabin said he believed it was gathering views from other interested parties.

Liquor Board chairman Tommy Vorster and Competition Board chairman Stef Naude were unavailable for comment yesterday.

□ A *Business Day* correspondent in East London reports that draft legislation completely revising the Liquor Act has been completed.

It now is with Department of Trade and Industry legal advisers, but Fedhasa is doubtful whether the legislation will be passed during the 1987 parliamentary session.

Fedhasa director A Brock said in Pretoria yesterday the Act was "all embracing", but declined to expand on what recommendations his association had made.



Tractor sales appear to be heading for a repeat of last year's dismal performance. Sales during the first month of 1987 were 9% down on December's figures.

● See Page 3

UAL Merchant Bank Limited is authorised to announce that th

FM 30 13/2/87

VEHICLE SALES

Picking up speed

The motor industry breathed a collective sigh of relief with the publication of January car sales figures. They showed sales of 14 059 units, 16,4% up on December. Performance was also 1,4% ahead of January, but still way short of January 1984, when more than 23 000 units were sold.

National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen says sales picked up after a slow start to the month. He expects this trend to continue with the tax cuts announced in the mini-budget and the resulting boost to disposable incomes.

Total vehicle sales in January were also up by 10,6% on December and by 2,7% on January 1986. The heavy commercial sector registered a 24,1% improvement over the same period, but light commercial sales fell 1,9% to 5 898.

The real winner in the car market was Volkswagen, whose sales increased by 57,7% to 2 977 units. The month provided double cause for celebration for VW with the Golf-Jetta range nudging the Toyota Corolla from its best seller slot by all of five units. The next three places were taken by the Cressida, the BMW 3 series and the Mazda 323.

Mercedes-Benz sales fell 38,5%, but car marketing director Peter Cleary says this was due to dealers running out of stocks. "At the beginning of January they had only two weeks' supply and more cars arrived only in the last few days of the month because of our Christmas shutdown."

BMW, one of the two companies to register an improvement last year, increased January sales over the previous month by 93,3% to 1 251 units, increasing its market share to 8,9%. Marketing manager John Jessop says 2 000 orders are outstanding for the 3 series and the 5s are fully spoken for until April or May. ■

PINETOWN CBD (30)

Gearing for battle

The prospect of a monster retail scheme on Pinetown's doorstep has put the wind up the local CBD Association. Fearing they may lose their competitive advantage, traders have vowed to fight back with everything they can muster.

They have every right to be concerned. The 33 000 m² rival shopping centre, being planned on a site in Kings Road with Pick 'n Pay as the major tenant, is 20% larger than Pinetown's entire hardcore CDB.

The scheme's underwriters, Sanlam, and developers, Retail International, say they are committed to going ahead — in spite of protests that the development could mean the death knell for shop owners in Pinetown's central commercial district. "We should already be on site," says Sanlam's assistant GM Hendrik Bester.

Resigned to the fact that they could soon be faced with a powerful new force in the market, vested interests in the CBD are already planning strategies to counter the competition. They have engaged town planning consultant Reg Pheiffer and Associates who (among others) was responsible for new town plans at Randburg, Maritzburg and Windhoek. Pheiffer's brief is to improve Pinetown's shopping appeal.

The move has the backing of the borough council which has pledged to commit its full resources to the CBD upgrade project. A sub-committee comprising borough officials and businessmen has been formed and a target date of June 30 has been set for finalising the planning concepts. Sanlam's centre should open for business in November.

Though Pheiffer has been given an open mandate, most believe he will take his lead from what he has already done in Randburg and elsewhere and open up the CBD with a series of pedestrian malls.

Pinetown CBD Association chairman Stuart Sampson says, while the final details have still to be worked out, he sees the CBD being integrated into a compact unit and run and managed "as any regional shopping centre would be. Pinetown," he notes, "is a powerful magnet in its own right."

Few would argue with that. Or with the contention of the property owners' sub-committee chairman Mick Hyatt that the Pinetown CBD has a head start. Its biggest advantage, he reckons, is that it has been developed at historical cost and "doesn't have to lay any money on the table for infrastructural requirements."

Cynics, however, could be forgiven for claiming that they've seen it all before. Pinetown, by its own admission, has been toying with the idea of pedestrianising part of Hill and Crompton streets for the past 20 years.

The only difference this time is that the prospect of facing some healthy competition for the first time may finally jog it into taking some positive action. ■

13/2/87

WORLD PROPERTY BODY

SA makes its play

After 10 years in the cold, SA's property industry has high hopes of obtaining membership of the international real estate association Federation Internationale des Proffessions Immobilieres, (Fiabci).

Until now, the Institute of Estate Agents has deliberately refrained from applying for membership because of the political opposition to SA known to exist among some Fiabci members.

Indeed, Nigeria threatened at last year's meeting of the 43-nation body in Taiwan that it would quit if SA was accepted. Since then, however, there has been much lobbying behind the scenes and the institute feels it now has sufficient support to be accepted.

South African membership, says former institute president Norman Nel, could create a vital channel for all real estate professionals to the international market.

As the international body represents a full spectrum of property professionals, Nel reckons membership will also help to change the institute's image as no more than an association of house agents.

Among others, the benefits would be an international student exchange programme and access to world markets and professionals. The result could be a significant upgrading of the profession locally, says Nel.

Because of the importance it attaches to its membership bid, the institute is to send a multiracial delegation to the federation's conference in Copenhagen in May.

Israeli members, remembering how their country was also excluded for years for political reasons, are said to have lobbied other countries on SA's behalf. The federation's rules, it is being pointed out, specifically prohibit the withholding of membership on political or religious grounds.

Nel, who will be one of the delegates to attend, says that much depends on SA's image abroad in the coming months.

However, ongoing discussions with Fiabci's executive committee have shown an overwhelming interest in admitting SA — even if it means saying goodbye to the Nigerians. ■

CAPE TOWN CBD (30) 13/2/87

Stuttafords goes FM

Cape Town development company Equikor has emerged as the buyer of the city's prime-located Stuttafords building on the block bounded by Adderley, Hout, St Georges and Shortmarket streets.

With the final agreement due to be signed this week, the deal is said to have been clinched at a price of more than R11m. Part of the negotiations revolve around the exact date of the store closure, but word is that it will stop trading in May.

Equikor beat at least three other prospective buyers to the bargaining table (*Property* February 6).

Several options

Three possibilities are believed to be under investigation, one of which will include parking. However, all the plans will retain the attractive facade of the building and will upgrade the interior to modern standards.

Equikor, says director Ian Hirschon, has developed a number of centres in platteland towns in the last seven years and has also been involved in two other controversial developments in the city.

Its redevelopment of the Promenade in Camps Bay and the old Rotunda site caused concern among some environmentalists. The Promenade development was built for R6m and consists of a hotel and shopping centre anchored by Pick 'n Pay.

The Rotunda site, now 30% complete, was won on the "proposal call" system which required the approval of redevelopment plans by the city council.

The company, says Hirschon, is negotiating with an institution for longer-term financing of the Stuttafords redevelopment. ■

BARCLAY CHANGE

After 21 years with brokers Richard Ellis (RE), formerly Dunlop Heywood, director Alastair Barclay is to go into business on his own as a principal, rather than a broker.

He will, however, continue his association with RE as a consultant.

Barclay's departure from RE could soon be followed by chairman Roland Walker who reaches retirement age this year. Walker's future with the company is said to be up for discussion at the next RE board meeting this month.

Richard Ellis's Barclay . . . reaching the majority

CONSERVATION ACT

Sanity at last

Some sanity could be reintroduced into the new regulations governing development under the Environmental Conservation Act after all.

Fillip for sales of heavies as ...

Oldies reach the end of the road

ST (30) 15/2/87

By Jim Penrith

LAST year's sales figures figures reflect dismal times for the automotive industry — particularly the heavy-commercial vehicle sector.

But HCV market leader Mercedes-Benz believes replacement this year of many heavies at the end of their extended life should give sales a fillip.

Mercedes-Benz executive for commercial marketing Adolf Moosbauer says: "We estimate the average truck life at five years, eight for heavies — although these are being stretched to 10 years. We regard 10 years of life for a heavy vehicle as an absolute maximum, even though the professional transporters who are responsible for 75% to 80% of the HCV market have their own excellent service and infrastructure.

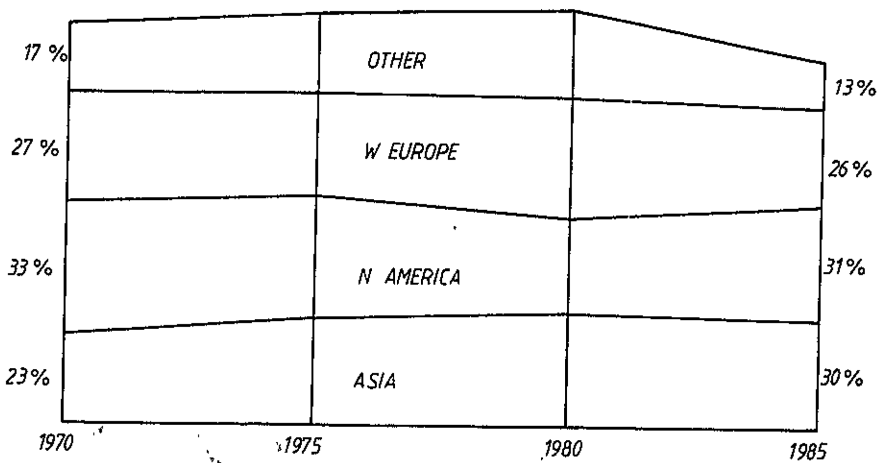
"About 3 500 HCV units must now be at the end of their life cycle, so this year the big operators will need to start buying again.

Technology

"Tonnages carried in South Africa have grown consistently, but there has been an enormous improvement in technology, vehicle use and roads. Management of transport operations has also improved greatly since these vehicles were bought.

"Last year sorted the men from the boys. With the big professionals starting to buy again, we should have a turnaround in the HCV market and leave the worst behind us."

JAPANESE MARKET PENETRATION



Mr Moosbauer says that because there is now so little difference in HCV prices from one manufacturer to another — at most about 5% — the emphasis will increasingly shift to back-up.

"The uniform drivetrain we now have makes it simply a matter of how well someone is established and how well he can back up his product. There is no magic. Service of top quality is where the battle lines will be drawn."

Commitment

He sees Mercedes-Benz's commitment to South Africa — underscored by Daimler-Benz's direct investment of R200-million — as giving it a head start in this race.

Mr Moosbauer says: "Daimler-Benz has been export orientated for many years and this has strengthened us in terms of the vastly varying demands all over the world. For 20 to 25 years we have been exporting 50% of our production and Daimler-Benz has not been shy to adopt an investment policy which has set up plant in South Africa as well as in South America, the US, the Middle East and elsewhere

"In the past 20 years many developing nations with growing markets have been obliged by lack of cash to halt imports. They have gone the route of local assembly and then local content. This has not only been the case in South Africa.

"It has also become a fact of life in the rest of Africa. Daimler-Benz responded to this trend long before anyone else and adapted to the changing times. This is one of the reasons why Mercedes-Benz is confident about the coming year, which we believe should give us a 15% growth rate, or 35,5% market share."

Turning to the international scene, Mr Moosbauer says a Daimler-Benz survey indicated a tentative return to historical averages in world demand for trucks of six tons GVM and upwards.

"The boom in the second half of the 1970s which had its origin mainly in a general high demand for consumer goods as well as the booming building industry in the industrialised nations was followed by a drastic collapse of the commercial-vehicle demand in 1983. We are only now slowly recovering from this.

"If we leave out the big unknown Chinese market everything points to the fact that in the rest of this decade, and probably into the 1990s, the market for a million commercial vehicles over six tons will not be exceeded.

"This does not necessarily mean that there will be a reduction in tonnage carried — the opposite is taking place, leading to rationalisation, better vehicle use and bigger tonnages carried a unit. These factors are holding vehicle sales down."

Wild card

Mr Moosbauer says Japanese vehicles are now close to Western prices because of an increase in their overheads. Nonetheless, Japan is the only manufacturer showing a distinct increase in market share in the Third World nations of Asia.

Whereas from 1970 to 1985 North American penetration of Asia dropped from 37% to 29% and the West European stake fell from 36% to 31%, Japan's sales in Asia bounded from 17% to 27%. Asia at the end of 1985 represented at 30% a world market second only to North America (31%).

China looks as though it is the wild card in the future international pack and could prove to be a challenging market for Japanese manufacturers — although they would have to abandon their traditional policy of no direct investment to secure this profitable niche.

Tills dance at Jazz

15/2/87 (30) S11

Business Times Reporter

JAZZ Stores has started to deliver on the extravagant promise built into the share price by reporting a 112% rise in earnings a share in the six months to December.

Clive and Earl Sacher's high-performance food retailer to blacks lifted sales by 407% to R62,5-million, pretax profit 400% to R2,9-million and taxed profit 388% to R1,5-million. Earnings a share were 5,3c and an interim dividend of 1,5c has been declared.

The company expects to do better in the second half, with earnings of 12c virtually assured.

Jazz, which two years ago had sales of R10-million, achieved sales of R22-million last year and is heading for R130-million this year. It wants R1-billion in six to seven years.

The group comprises 52 stores, 10 of which are converted Checkers supermarkets. According to the Sacher brothers, customer count in the Checkers stores rose by 28% under new management, but the average sale fell from R9 to R7. Turnover dropped by 11% in rand terms — but because of the changed sales mix and better shrinkage control, margins rose by 28% and gross profit 13%.

Jazz held margins in a competitive food market. Although selling space rose by 364%, sales were 400% higher, indicating more sales a square metre.

The Sachers aim to become "the dominant chain serving the C and D income brackets".

OK Bazaars is its No 1 target. The OK strike has played into Jazz's hands.

The Sachers see plenty of expansion potential. Jazz re-

□ To Page 3

Jazz Stores

ST 15/2/87

□ From Page 1 (30)

cently acquired DeeBee supermarkets for R5,75-million. It has net assets of R8-million and the price was six times earnings. This chain will run independently as in the past.

Black Chain, the Soweto supermarket group which Jazz manages, returned to the black, but did not contribute to the latest result.

Jazz's results bode well for controller Tradegro, whose major subsidiary, Checkers, has reportedly returned to the black after huge losses last year. Metro has lifted earnings by 30%, Cashbuild 50% and now Jazz 112%. The property arm is still bleeding, but because of lower interest rates, will be far less of a drag on the group.

So standby for knock-out results from Tradegro when it reports at the end of the month.

SWT 15/2/87 (30) (58)

R1m trust to help black business

COLGATE-Palmolive has established a R1-million business development trust to help black enterprise.

Managing director Gerry Nocker says the trust will provide finance, premises, equipment, raw material and expertise.

Mr Nocker says: "It is vital that we look towards a more equitable redistribution of wealth in this country.

"By transferring technology and opportunity to the black business community we can play a major role in the future development of South Africa.

"The trust will support manufacturing and service sector industries on the East Rand. We aim to give impetus to the creation of jobs.

"The board of trustees comprises eight people, three of whom are Colgate executives.

"The other five are persons selected either because of their record as successful East Rand black businessmen or because of their professional involvement in the development of small businesses."

ADE aims for 80% local content as sales bottom

15/2/87 ST #(30) General (30)

Hartmut Beckurts

LAST year's tractor sales of 5 000 were the lowest in South Africa in more than 25 years.

Commercial-vehicle sales of 7 500 kg and over for 1986 totalled 11 289 — the lowest since the 1950s.

But the industry expects no growth this year.

The projection is based on a belief that both the economic and political conditions will not differ substantially from those of 1986, says Hartmut Beckurts, managing director of ADE.

Mr Beckurts says: "Economic factors, such as the improved balance of payments, a stable gold price, lower interest rates and a steady rand indicate, however, that the commercial-vehicle and tractor market has bottomed out.

"Good rains have restored much confidence to the agricultural community and indications are that farmers are ready to start replacing ageing machinery and equipment. They will support SA products, such as the ADE engine which offers high quality and continuity of supply in the face of disinvestment and sanctions.

"Only a few farmers and fleet owners have not switched to the ADE engine and standardised on ADE parts for maximum benefits. I quote 'Commercial Vehicle Dealers Digest', which says that 'without ADE, the cost of today's commercial vehicles would be about 30% higher'.

"Local content average of an ADE engine is 75% by mass. We aim to increase it to 80% by the end of 1987. This will go a long way in offsetting the impact of costly imports.

"Although we are frequently accused by the uninformed as being responsible for the price increases of vehicles and tractors, the opposite is the case.

Reduced

"In 1981 the ADE engine represented on average, 22,6% of the retail price of a tractor, but today the percentage is 15,2%. Whereas agricultural machinery increased in price by more than 220% since 1980, ADE engines rose by only 99%."

Mr Beckurts says ADE will continue to fight inflation and to improve productivity so that it can keep its engine price competitive — without dropping its high quality.

Astas executive director Jim Turner says that since the introduction of ADE engines and Astas gearboxes, local-content drivetrains have had a stabilising effect on prices.

"Not only were price increases on Astas products held to below the inflation rate, but in many instances prices of spare parts of SA-made components were kept constant or even reduced.

"The rand's deterioration against other foreign currencies caused unprecedented price increases, and had it not been for SA-made components, prices would have been higher than they are."

Annualised savings of R1,86-million have been made by Volkswagen SA on previously imported components for cars — and an increase to R11,4-million is possible. Mr Turner says: "If these savings could be achieved by one car manufacturer, one can imagine what the total could be in the commercial-vehicle industry because of the proposed local-content programme. Most manufacturers could achieve well over 40% local content immediately.

"To take advantage of economies of scale, SA industry requires all the support users can provide. Although long-term benefits are obvious, users are still buying imported products and not specifying SA drivetrains."

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Tough — even if there's a revival

Dave Scott ... inventories cut to bone

THE most pessimistic forecasts of the heavy-truck industry were borne out by National Association of Automobile Manufacturers of South Africa sales figures for 1986.

Only 6 839 heavy trucks were sold last year compared with 10 430 in 1985 — a drop of 34%.

Sales for last December underlined the industry's plight — only 415 heavies were sold. Sales were 44% down on December 1985.

Pressure is not expected to ease this year and forecasts are for only a marginal improvement to about 7 000 sales in spite of positive economic indicators.

Complex

An improvement in the market could, according to some spokesmen, complicate things and place greater pressure on the industry.

Users demand a variety of trucks, many of which require specific chassis from manufacturers. It is a complex market with varying needs that have to be met from vastly reduced inventories and planned production volumes.

Dave Scott, general manager of Nissan South Africa's heavy-vehicle division, thinks pressure on manufacturers could increase markedly because of the market's limited scope. Manufacturers and users should move closer together and plan their requirements for the year.

Lead times

Mr Scott says: "Because of limited volumes forecast and the long lead times in our industry, manufacturers will have to work closely with users in terms of planning.

"Optimists believe that an exchange rate of about the 50 US cents to the rand is likely if the gold price remains above $400 an ounce this year.

"Pessimists believe that the figures will be 40 US cents to the rand and the gold price will average $380 for the year.

"Fortunately, things seem to be going the way of the optimists and there are definite signs of an upturn in the economy.

"If there is an upswing of any magnitude, several bottlenecks could develop in the truck industry, particularly if suppliers of ancillary equipment fail to respond in time and have not done their homework.

"Nissan does not see the market going much above 7 000 heavies in 1987, and our initial annual forecast is usually optimistic. We were looking at 9 500 for 1986 this time last year.

"There will really be no sales figures to shout about in the current year. Bottlenecks in supply could become a real problem."

The underlying reason for this concern is that for more than three years the heavy-truck industry has operated with exceptionally high inventories after being trapped by the downturn in the economy. Inventories have been reduced to drastically low levels.

Poor guessing

The lack of accurate forecasting has also played a role and without positive indicators from end users the industry seems unlikely to once again expose itself to the ravages of overstocking.

Buyers may find it difficult to obtain new trucks at short notice and the needs of a more active economy may not be met to everyone's satisfaction in the short term.

Many trucks cost about R100 000 and one needs only 20 vehicles in the stockyard to tie up R2-million — and incur a sizeable interest bill even at lower rates.

In addition, it seems there will be pressure on real prices paid for heavy-commercial vehicles as opposed to list prices. These are expected to rise by about 20%.

The reason for cost pressure is that in reducing their inventories, many manufacturers sold vehicles at far below list prices.

Large inventories are virtually a thing of the past, and buyers will have to pay for vehicles costed at current prices and thus close to their list or "sticker" price.

The fact that heavy vehicles may be in short supply could cause prices to firm towards the list quotations and lower discounts will be offered.

SBDC works to scrap restrictions

16/2/87

B\Day

THE Small Business Development Corporation (SBDC) has embarked on a joint campaign with municipalities to examine and scrap by-laws restricting small businesses.

The licensing, health, town planning and traffic departments, and the city secretariat are represented on the Johannesburg committee.

An SBDC spokesman says the goal is to get municipalities to establish such committees, as this will put an end to the practice of officials talking down to people and instead have the community pointing out flaws in legislation.

Listed in the achievements of the Johannesburg committee are:

- The removal of advertising as a requirement for a licence, the simplification of the licence application form and recommendations that some licensing requirements be restricted to areas where there could be a health risk;
- An amendment to the by-laws restricting hawkers and the declaration of hawking areas in the CBD;
- The lifting of restrictions on home businesses; and
- An examination of restrictive health by-laws.

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... months to June 1986. also told the Saficon dividend for ... Saker's Finance.

More flexible liquor licensing sought for food chains

Star 16/2/87

230

"Vigorous representations" have been made to the Liquor and Competition Boards to have "restrictive" liquor licencing legislation either relaxed or abolished for food retail chains, says the Associated Chambers of Commerce (Assocom).

Assocom chief executive, Mr Raymond Parsons, says the chamber has urged the Liquor Board to convene a meeting of "all interested parties" to work towards more flexible liquor licencing.

At Assocom, the major Food and Retailers' Technical Committee — which represents most of the country's large food chains — has been tackling the issue of licensing for the past five months.

Pick'n Pay last week lodged a complaint with the Department of Trade and Industry against the "collusion among liquor producers and wholesalers which serves to protect their vested interests in bottle stores and the hotel industry".

Committee member Mr Herbert Mabin said the ceiling of 36 liquor licences imposed on food chains "placed a significant limitation on competition and did not promote the growth of sales and output".

He criticised the legislation for not taking account of a company's size, turnover or number of branches.

Reponding to an Assocom memorandum addessed to the Liquor Board's chairman in December, Mr Mabin said he believed it was gathering views from other interested parties.

Liquor Board chairman Mr Tom Vorster and Competition Board chairman Mr Stef Naude were not immediately available for comment.

An East London report says that draft legislation completely revising the Liquor Act had been completed.

The report says the new bill is now with Department of Trade and Industry's legal advisers, but the Federated Hoteliers Association of SA (Fedhasa) says it is doubtful whether the legislation will be passed before the close of the current session of Parliament.

Fedhasa director Mr A Brock says the Act is "all-embracing," but he declines to comment on what recommendations his association has made. — Sapa.

Revised wage offer: store strike to end?

DD 14/2/87

JOHANNESBURG — Striking OK Bazaars workers throughout the country are to be consulted by the Commercial Catering and Allied Workers' Union during the next few days on a revised wage offer from the company, a spokesman for the union said yesterday.

Talks to resolve the marathon strike ended at 4 am on Saturday with an indication that an end to the two-month-old dispute was possible.

Mediators for the union and OK Bazaars said in a joint statement the union had agreed to consult its members on a new wage offer.

The union will officially respond to the company's offer when mediation talks resume on Saturday.

The mediators would not provide details of the talks and both the union and OK Bazaars have agreed not to comment on mediation.

About 10 000 workers have been on strike at the national chainstores and warehouses across the country in support of their demand for a R160 a month across-the-board increase, rejecting the company's offer of an R85 increase.

A spokesman for the union, Mr Jay Naidoo, said yesterday the union members would be consulted in a series of meetings this week.

Meanwhile, a two-man delegation from the union which left for Europe last week to seek financial aid for the strikers was presently in England, according to Mr Naidoo.

Mr Naidoo was unable to say whether the fund-raising mission, headed by the union's president, Mr Makhulu Ledwaba, had been successful or not. -DDC

Second half yields 80% net profit

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World Furnishers' earnings top R5,1m

Cape Times 10/2/87

WORLD FURNISHERS has almost quadrupled attributable earnings for the year to December, to a record R5,1m (R1,3m) and the final dividend is 15c (nil) a share.

Earnings a share rose to 50,6c (13,3c).

The directors say the improvement came in an "outstanding" second half, in which 80% of net profit was made.

Improved margins

These results, following the dramatic turnaround of both the Montays and Joshua Doore chains and improved profits by Furniture Fair, seem to provide further proof that the upturn has come at last for the retail furniture trade — one of the hardest-hit by the recession.

At the operating level World Furnishers' W & A subsidiary improved margins to 10% from 8,6% the previous year.

But a substantial reduction in gearing to 16,5% from 67,7% produced a far better return on shareholders' funds.

This debt reduction, to a total R6,5m from R17,6m, resulted mainly from a profit of nearly R10m on the sale of shares in Jazz Stores. This income is shown as an extraordinary benefit below the line. In addition, improved asset control also helped reduce borrowings.

As a result, World Furnishers claims that it now has the lowest debt/equity ratio of any of the furniture retailers, with interest cover up to 5,8 times from 1,2 and a pre-tax return up to a healthy 8,3% from only 1,7% in 1985.

"This strong position on the balance sheet is even more remarkable when one considers that the company is carrying an HP book currently in excess of R100m," World Furnishers said in a statement.

It continued: "During the year steps were taken to improve customer relations, including closer contact with consumer bodies and improved service and staff training. These are continuing, but have already produced positive results.

"In addition, product standards have been upgraded with more attention paid to international design trends and many of the bottom end of the ranges discontinued.

"This increasing awareness of both the quality of service and quality of product have been important factors behind World's improved performance last year."

Continued growth

Turnover during the year increased by only 11,5% to R82,6m, but the figures are not directly comparable due to six store closures during the year which brought the company's total outlets down to 89 at the year-end.

Nevertheless, executive chairman Reuben Swidler expects the growth pattern to continue this year. He said improved conditions in the rural areas, after better rains, and more stability in the townships should both be conducive to increased demands for furniture. — Financial Staff and Sapa

Jazz Stores profits hit high note in quick-time

16/2/87

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LIZ ROUSE

JAZZ Stores' turnover and profits in the six months to December surpassed the figures achieved in the previous 18 months, reflecting the group's rapid expansion.

However, earnings growth was not as spectacular as the issued share capital increased substantially.

The interim earnings increase was 112% to 5,3c a share compared with 2,5c a share in the 1985 half-year and 7,7c in the previous 18 months. A 1,5c interim dividend has been declared compared with 2c paid in the previous 18 months.

Turnover shot up 407% to R62,5m and compares with sales of over R51m in the 18 months to June 1986. Taxed profit rose 388% to R1,5m from R305 000 and compares with R1,2m in the previous 18 months. Included in the latest interim figures are sales of R22,7m and a net profit of R600 000 from Dee Bee Supermarkets.

The board is confident that second-half earnings will surpass those of the past six months.

Jazz still has R6,7m in the cash kitty, which leaves room for further expansion. Net asset value has increased to 62,5c a share from 37c a share at the end of June 1986.

A higher final dividend appears on the cards. At 295c on Friday, Jazz shares have come off their high of 350c.

SBDC works to scrap restrictions

16/10/87

THE Small Business Development Corporation (SBDC) has embarked on a joint campaign with municipalities to examine and scrap by-laws restricting small businesses.

The licensing, health, town planning and traffic departments, and the city secretariat are represented on the Johannesburg committee.

An SBDC spokesman says the goal is to get municipalities to establish such committees, as this will put an end to the practice of officials talking down to people and instead have the community pointing out flaws in legislation.

Listed in the achievements of the Johannesburg committee are:

- The removal of advertising as a requirement for a licence, the simplification of the licence application form and recommendations that some licensing requirements be restricted to areas where there could be a health risk;
- An amendment to the by-laws restricting hawkers and the declaration of hawking areas in the CBD;
- The lifting of restrictions on home businesses; and
- An examination of restrictive health by-laws.

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Liqour industry 'over-regulated'

CAPE TIMES 17/2/87

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Financial Staff

AN INCREASE in the number of liquor licences granted in the past two years meant that "a lot more people are chasing a limited growth market," SA Breweries (SAB) marketing director Peter Savory said at the Fedhasa conference yesterday.

"Another fundamental problem is that 25 brands comprise 70% of the market. Everybody sells the same, so unless there is some innovative service, the only reason to buy at one outlet rather than another is price."

Savory was taking part in a debate on whether controls on the sale of liquor were in the public interest "and, in fact, at all possible".

He said SAB believed in free competition and believed the liquor industry was over-regulated.

But he thought a distinction should be made between hotels and bottle stores.

UCT economics professor Brian Kantor, who is a member of the Competition Board, said that unrestricted competition was in the interest of the consumer and the strongest force to keep prices down.

He warned liquor retailers: "The climate of opinion in SA is running in favour of less control. You will have to learn to work in new markets."

'Lip service to the idea' 30

Assocom 'fails small traders'

Cape Times 17/2/87

By AUDREY D'ANGELO
Financial Editor

FEDHASA

ASSOCOM is more concerned about the interests of big business than of small businessmen, the national President of the Federated Hotels, Liquor and Catering Association (Fedhasa), Mike Kovensky, suggested yesterday.

He was speaking at a Fedhasa conference at the Aroma Inn, Brackenfell, to discuss problems facing liquor retailers and how to overcome them.

The problems included unfair competition from retailers who did not charge GST and from supermarket chains who used wine as a "loss leader".

Speakers included M W Z Kunene, vice-president of the National Organization of Black Liquor Retailers, who said that now they were licensed and subject to restrictions they faced unfair competition from "the informal sector".

While legal black retailers, who conformed to opening hours and paid GST, opened for business at 9am, their unlicensed competitors started selling liquor at 6am from cafes and houses at lower prices, Kunene said.

Kovensky told him there were also white retailers who concealed some of their turnover from the authorities and undercut law-abiding competitors by failing to charge GST.

But this unfair competition would end when the new "input-output" tax came into operation on May 1.

From that date liquor retailers would pay tax on their supplies on purchase from wholesale firms.

Kovensky said he believed this would result in as much as R200m more being collected in tax.

Gilbeys marketing director Mike Barquin said his firm backed the "input-output tax" although it might result in problems with some customers whose profits would be hit.

Discussing supermarket wine licences, Kovensky said that granting them put badly needed jobs in bottle stores and hotels at risk.

He said hotels were "a small business industry". They were labour-intensive and employed between 80 000 and 100 000 people, each of whom had an average of five dependants.

Total wine sales had not risen as a result of supermarket sales. The business had simply been "displaced".

Discussing a meeting with Assocom representatives last week, Kovensky said: "I really believe such an organization panders to big business."

He said all the big chains were represented on Assocom's retail food sub-committee: "I don't believe Assocom is remotely interested in the small businessman. It is paying lipservice to the idea."

Panel-beaters are being hammered by the law

Post Reporter

MANY small panel-beating shops in the Eastern Cape want the law forbidding them to work on Saturdays repealed.

They say the restriction hampers their effort to keep their businesses going in hard times.

One shop owner, Mr Simon Mandel, said today he would like to see the law repealed, "in the first place so that we can run our businesses more efficiently and secondly, to earn more money.

"Many firms work behind closed doors on Saturdays.

"Quite often we have Government inspectors peeping through windows and making a note of cars' CB numbers.

"If next week the inspector comes along and you tell him you were working on your own vehicle, which is legal, he says: 'No you didn't, you were working on such-and-such a car'."

In some cases charges have been brought.

"Often we have such a backlog that could be dealt with at the weekends that we have a haywire situation on Monday mornings," he said.

"Instead of being able to tell a customer that he can come for his car on Monday the customer is kept waiting until Wednesday."

Another small businessman, Mr Gerrit Botha, said he was having a "big fight" over the matter with the National Industrial Council for the Motor Industry.

He had written to the Minister of Manpower, Mr Pietie du Plessis, asking for the law to be scrapped.

"I can also speak for my labourers. I employ 20 men — white, black and coloured — and most of them want to make more money working overtime."

A spokesman for the Industrial Council in Port Elizabeth said today: "Early last December a countrywide survey of panel-beating businesses was conducted.

"About half the employers were against changing the law, and about half the employees said they would like to be able to work on Saturdays.

The council was considering the results of the survey and would decide whether to recommend changes in the law.

Journal to encourage black business

(30) B/Day 17/2/87

THEO RAWANA

BLACK business and white entrepreneurs are to meet in the pages of an new journal aimed at bringing the two sides together in the interests of capitalist development in SA.

The Contactmaker Programme, a new marketing assistance scheme spearheaded by the Small Business Development Corporation (SBDC) and sponsored by a group of local and multinational firms, has launched *Contactmaker Catalogue*, a journal which serves as a shopwindow for small business.

Heading the scheme is the multiracial, 12-member Contactmaker Programme Committee, chaired by Joe Malapela, 44. The committee's black-white ratio is 7-5.

Secretary V E Kirkpatrick says it is essential blacks should be in the majority, since this is not a patronising venture.

Malapela, who is a director of a communications firm, says: "The object is to get big business to have a hand in upgrading the black businessman, who will in turn play a big role in job creation.

"Through this catalogue, blacks will be exposed to large companies and identify markets for their products and services. Big business will be able to identify sources of supply with competitive prices," he says.

"We want to get the big companies to make firm commitments to order from these entrepreneurs. There's no point in having some director making vague pledges and soon forgetting about the whole thing.

"Raw material suppliers need to understand, too, that these people are held down by buying at retail prices and lack of credit facilities."

After the pilot catalogue published towards the end of last year, the first one will be launched in April. Besides the different black entrepreneurs advertising themselves in the catalogue, national SBDC representatives who are at hand to facilitate contact are listed.

People are invited to subscribe to the journal at R70 a year.

SBDC MD Ben Vosloo says: "Many small businessmen have the right products but need to make contact with the right market segment. *Contactmaker Catalogue* will encourage contact and assist black and white businessmen in speaking to the right people, co-operating with each other and, ultimately, in boosting their own businesses and the economy as a whole."

30 18/2/87 DD.

Chairman: CBD body ready to tackle needs

Dispatch Reporter

EAST LONDON — The Central Business District Association here was not a body competing with the East London Chamber of Commerce, but was geared to home in on the specific needs of the area regarded as the economic heartland of the sub-region, the chairman, Mr Gwyn Bassingthwaighte, said yesterday.

He told a group of businessmen at a luncheon to boost the association's membership drive that the body had been formed last July because it was felt the chamber of commerce was too broadly structured to see to the specific needs of the CBD.

Some of the major concerns in the CBD agreed yesterday to take out membership of the body.

"The association is not a pressure group but is an agency for identifying problems (and strengths) that affect the wellbeing of the city," he said.

He said the CBD was the heart of the sub-region and had suffered a number of body blows such as the hawker problem, consumer boycotts, parking problems, inadequte security and the unnecessary traffic congestion because it acted as the main thoroughfare to the West Bank.

"This has resulted in the CBD not fulfilling its true role in the economic growth and development of the area and this is an expensive exercise because all the economic and infrastructural development already exist in the CBD and East London cannot afford the time and the money to have another area replace this.

"All that must really be done is what is happening in other places: revitalisation of the CBD."

Mr Bassingthwaighte dealt with how the association tackled matters through its subcommittees and with some of its major achievements.

"A major effect is the influence it has had on the attitudes of businessmen, professionals and municipal officials towards working together for common purpose."

He said a number of significant results might arise from the successes of the association.

He listed these as the retention of money in the area, co-operation between all sectors and the harnessing of available manpower and knowledge.

(30) B/Day 18/2/87

Wooltru keeps an eye out for a takeover target

CHRIS CAIRNCROSS

RETAILING blue-chip Wooltru is back in the market — after its aborted takeover talks with Pep — still hungrily looking for an acquisition it can use as a springboard to launch into the predominantly black, low-income market.

The group remains convinced it is in its long-term interests to take steps to penetrate this sector and establish a firm operating base.

In an interview with *Business Day*, Wooltru chairman David Sussman stresses there is little urgency in launching Wooltru on the takeover trail.

But he would be happy to see something happening at least six months down the line.

And, he adds, Wooltru has already identified several opportunities for takeovers.

Most of these, it seems, are not exactly in a similar mould as listed Pep Stores, which has an established, sophisticated chain of retail outlets with a well-settled culture and ethos.

A takeover of Pep is now no longer a prospect. "There is no chance of getting together. We have exhausted the principles involved," Sussman says.

Wooltru's predatory eyes are now focussed on younger, more entrepreneurial retail chains, already located in the right market segment, which could benefit from the group's financial muscle, retail depth and skills.

Until that happens Wooltru executives are concentrating efforts on learning as much about the character of the black market as possible.

The numbers in the low-income market are formidable. And that does not include the informal sector, enthuses Sussman, stressing the group's commitment to eventually getting a slice of this action.

He admits it will be some time yet before the purchasing power of this group is likely to be properly mobilised.

Wooltru forecasts that much of retailing's growth to the year 2000 will still come from the upper- and middle-income groups, and is demonstrably comfortable with the commanding stake it has here with its Woolworths and Truworths chains.

Both chains have gone through an extensive revamp in the last couple of years. Sussman estimates the group's capex on these, and on the building of its new head office in Cape Town's CBD, at about R150m.

Spending in these areas is already bearing fruit, with consumer buying moving into a more positive trend.

"Sales per sq m are already twice that of any other clothing business in SA," Sussman boasts.

(20) Sowetan 18/2/87

Shopkeepers can improve their lot

IN his column this week, Phil Khumalo, a senior lecturer at Wits University's Centre for Developing Business, looks at what township retailers can do to improve their image in the communities.

IN the course of my work I take every opportunity to establish what consumers think of retailers in the townships. My research indicates that as a whole retail outlets in the townships do not have a good image in the communities.

Why is this? The most common complaints concern lack of courtesy, cleanliness and prices. I have addressed the first two problem areas in previous columns. These I believe can be changed with proper attention to staff training and development.

Prices

But what can we do about prices? Retailers in the townships suffer from disadvantages seldom realised by the buying public. Because shops are small and retailers have not had the freedom to enlarge their premises, they do not have storage facilities that could enable them to purchase in large quantities. This puts them at a disadvantage to the large retail outlets in town. In addition certain suppliers no longer deliver to the townships. As a result of this shop owners have to fetch merchandise.

Costly

This is very costly in terms of time and travelling expenses. Small wonder, given the above, that commodities in the townships are often more expensive.

I think that time has come for our retailers to use their combined purchasing power. This could be done in two ways. A purchasing organisation could be formed to consolidate the orders of the many retailers and so negotiate better prices.

This organisation could also organise deliveries and so leave our retailers free to run their shops instead of being delivery people.

Another way could be for retailers to form their own wholesaling company. this company could cater for the specific needs of the township retailers and also be a good business investment. Imagine a business receiving the total support of all our retailers. Imagine if that business was owned by the people supporting it.

I have spoken to various people about the above concepts on an informal basis and there is an interest. If any readers are interested I would be willing to assist.

Remember, we can make it happen.

Durban best for shops

18/2/87

IN the heavily overtraded retail market, Durban is probably the only place in SA that could support a large new shopping centre.

And probably the worst area to develop shopping centres at present is Cape Town's northern suburbs, where there are far too many malls, says Rapp & Maister (R & M) senior executive (shopping centres), Gavin Main.

Main believes Durban is the one region that could possibly still support a new regional shopping centre, although perhaps not as big as Johannesburg's Eastgate or Sandton City.

He says many shopping centre schemes have been mooted for the East Rand and most municipalities are anxious to attract developers.

However, developers are wary of these "ambitious" schemes and it seems unlikely they will get off the ground in the near future. And certainly not in today's over-traded market, Main says.

R & M's newly constructed Alberton City shopping centre, providing 34 300m² of rentable area, in itself offers a major challenge to existing East Rand CBD retail shops and will probably make other developers rethink plans for competing centres on the East Rand, Main believes.

Alberton City itself will take a while before it becomes a major success story. "Nonetheless we are much more optimistic about it than we were last year," he says.

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New company is a first for Alex

By SY MAKARINGE

A BLACK-OWNED wholesale company, the first of its kind in Alexandra Township, received an overwhelming support from the local traders when it was officially opened this week.

Situated at Marlboro Gardens and about a stone's throw from the township, Songoba Distributors is an answer to problems Alexandra shop-owners and traders had been experiencing over the years.

Until recently, Alexandra businessmen travelled long distances to get their stocks.

Co-owner of the distributorship, Mr Moses Masina, said the idea to establish a wholesale company next to Alexandra came up when local traders could not get their supplies during the unrest in the township last year.

The company was formed after he got together with Mr Ronnie Manyosi and Mr Peter Matlhare. They raised about R15 000 to start the company.

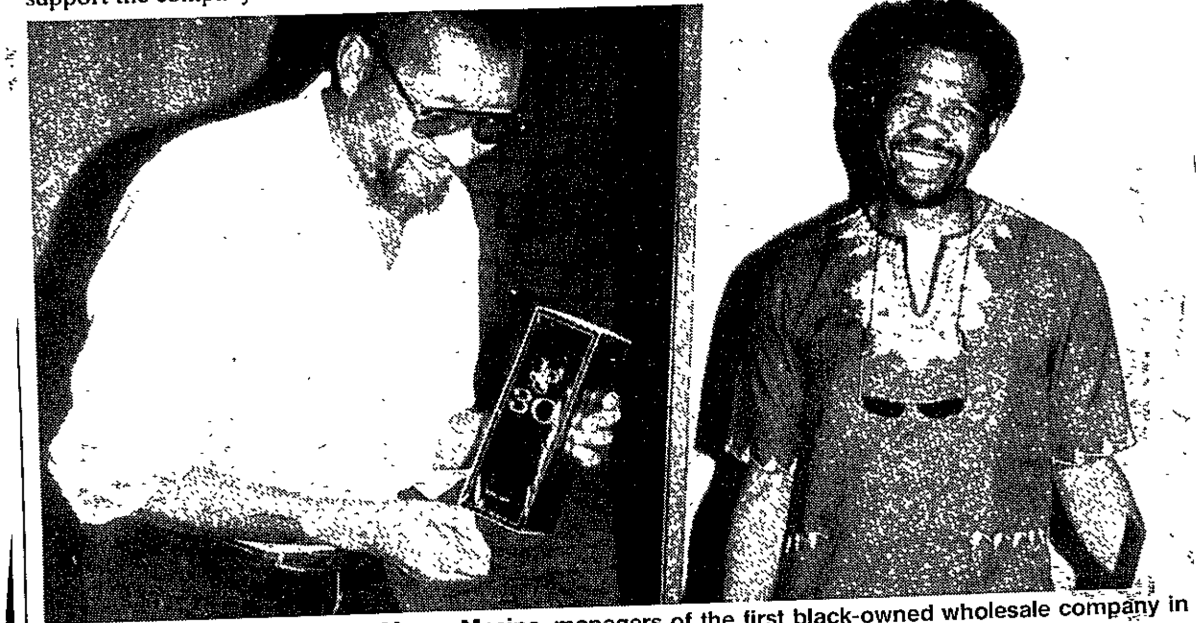
Mr Masina is an expert in industrial relations while Mr Manyosi had been working as a representative for a number of distributing companies for more than 20 years.

Commenting on the support the company received when it was opened on Monday, Mr Masina said: "It was terrific. All the supplies we had, have been bought. It now looks like we are closing down, instead of opening".

The company distributes 13 different kinds of merchandise, including cigarettes, sweets, malt and minerals.

Mr Manyosi said they called the company Songoba (we will overcome) because it would bring to an end problems that black traders had been experiencing in the past.

He said the company also played a vital role in the easing of unemployment by creating job opportunities for at least 20 people. He said they hoped to employ more people when business picked up.



Mr RONNIE Manyosi and Mr Moses Masina, managers of the first black-owned wholesale company in Alexandra.

Assocom will tell PW 'take a big leap'

19/2/87

30

Star

By Michael Chester

Big business is planning to challenge the State President to make a dramatic leap forward with reform at a new round of Cabinet discussions.

A central issue will be private sector proposals for a sweeping relaxation of barriers that hinder black entrepreneurs and black families from moving into residential as well as business areas long regarded as whites-only zones.

The challenge will be delivered by the Association of Chambers of Commerce in behind-the-scenes talks which will pivot on a call to the Government to make a firm commitment to the dismantling of all remaining laws and regulations that amount to racial discrimination.

However, Assocom insiders lay emphasis on hopes that the dialogue will steer clear of party politics.

MAIN THRUST

Mr Harold Groom, president of Assocom, has summoned all 20 members of the national management committee and senior permanent staffers to meet in Cape Town at the weekend in readiness for the talks.

The main thrust will be the pursuit of the main resolutions of the Assocom national congress in Johannesburg in October and which urged the Government to:

- Hasten the process of reform and to implement reform decisions without delay.
- Open all areas zoned for business and commerce in terms of local town planning schemes for occupation and/or ownership without restriction based on race.
- Facilitate the removal of restrictions which inhibit ownership and/or occupation of land for residential purposes, in accordance with local circumstances.

Leading the motion was the Johannesburg Chamber of Commerce which won approval from all 100 chambers across the country and which claims the collective support of 23 000 private companies.

PEACEFUL CHANGE

The Assocom delegation will remind Cabinet Ministers that there was already evidence of a smooth and uneventful phase in opening the central business districts of many cities and towns.

Assocom will concede that spreading the loosening of restrictions on residential zones was less clearcut.

But it will argue: "Undoubtedly the phasing out of segregation in housing and schools is a complex and difficult undertaking. Nevertheless, in a South African metropolitan context, demographics and morality — and international presures — leave us with no feasible alternative."

As a starter, the argument runs, individual municipal councils should be allowed to make their own decisions on pressing ahead with the removal of residential restrictions if they so wish — "without having to be held back by the opinions of other communities".

It is likely that Sandton will be listed as an example of a municipality that wants Group Areas restrictions removed.

Toyota's trading profits up R21,9m to R34,7m

B/Day (269) 19/2/87 (30)

MERVYN [illegible]RRIS

HIGHER car prices enabled Toyota to boost trading profits from R12,8m to R34,7m for the year to end-December 1986.

The recovery was even more dramatic at the attributable level, with a turnaround from a loss of R53,5m to profit of R20,5m. After being caught short on a foreign exchange loss of R58m in the previous year, the group covered forward and suffered no forex loss in 1986.

However, analysts caution the magnitude of last year's price increases should keep demand for new cars fairly subdued this year.

The rise in the dividend has been restricted to 100c (25c) a share because of the still modest results and the need to fund increased cash requirements as a result of inflation.

After dramatic fluctuations, the yen-rand exchange rate ended the year on a lower note, increasing vehicle prices well above the inflation rate and hitting the size of the car market.

Although Toyota retailed fewer units last year — down from 85 083 to 78 877 units — the drop of 7,3% compared with a fall of 13,3% in the total vehicle market.

The group's market penetration thus improved from 27,9% to 29,8%.

Group operating income rose from R37,8m to R66,9m, but the interest bill increased from R27,6m to R33,4m despite lower interest rates.

Disposal of a company more than halved the contribution to earnings of associated companies to R654 000 (R1,8m).

The board says the value of the rand will not be subjected to the same violent fluctuations during the new financial year as in the immediate past.

They, therefore, expect future price increases will be more realistic and should thus contribute to a more stable and modestly growing market for cars.

Toyota expects to maintain its position in the market, and given a continued modest improvement in the economy, the board expects the financial results to show steady growth.

The share looks fairly priced at its current level of R46.

FINE! 14747

Metro carries off more cash

CAPE TIMES 20/2/87 (30)

By AUDREY D'ANGELO
Financial Editor

METRO Cash & Carry has achieved a dramatic improvement in results in the first half of its financial year in spite of unexpectedly difficult conditions, financial director Alan Sacks said yesterday.

The group lifted earnings for the six months to December to 12,4c (9,5c) a share and will pay an interim dividend of 6c (nil).

The results show that higher interest from equity investments — it rose to R295 000 (R172 000) — helped the improvement.

Pre-tax profit rose to R11m (R8,6m) and net profit to R5,5m (R4,2m). The tax bill rose to R4,9m (R4m).

Discussing the difficulties faced by Metro in a "traumatic year", Sacks said it had suffered from the unexpected death of its CE and founder Lionel Katz, as well as going through an extensive restructuring.

And the market, instead of growing as had been forecast by MD Cecil Smith in last year's annual report, had actually shrunk.

"This was because the aggressive price discounting between Checkers, Pick 'n Pay and OK Bazaars caused the small retailers who are our customers to lose business."

In spite of this, Sacks said, Metro had expanded its share of the cash and carry market. "The cake has grown smaller but our share of it is bigger.

"And now that the supermarket trade war is coming to an end, there is no doubt the cake will get bigger.

"We are definitely looking for growth. We have 131 stores and there is room for expansion."

The venture into liquor wholesaling had been a success and this was also a growth area.

Metro was selling liquor at five stores when the last financial year ended in June. Now it was doing so at six or seven "and there are more in the pipeline", Sacks said.

Your quic

Crucial strike talks

Sowetan 3/2/87

THE two-month-old OK Bazaars wage strike by approximately 10 000 workers enters a crucial stage tomorrow when the dispute's mediators meet for what is likely to be the final round of protracted talks.

The Commercial, Catering and Allied Workers' Union of SA (Ccawusa) is expected to table its response to an undisclosed management offer at tomorrow's proceedings.

Ccawusa members have been on strike at more than 100 OK outlets since December 18 demanding wage increases and a minimum wage of R450 a month.

Black businessmen will shape SA's destiny: Chief

21/2/87 Star (30)

OWN CORRESPONDENT

A GROWING hard-core of black entrepreneurs, tough survivors schooled in the township slums, will be the future backbone of the free enterprise system in South Africa, says Chief Mangosuthu Buthelezi.

And it was not far-fetched to say that out in the sprawling shanty towns bare-foot "Harry Oppenheimers" of another generation were taking root.

The kwaZulu Chief Minister said these resourceful black businessmen, trained in a harsh economic school, were vital for the country's survival.

He said there "was no future worth having" without free enterprise. As a force for change, he said, the role of black businessmen would have a huge significance, a fact that was being conveniently ignored by analysts at present.

"In every squatter area, in every slum there are forces at work, teaching people how to survive," said Chief Buthelezi. "It's a brutal kind of national selection, and the future will yet see the extent to which aggressive achievement-orientated business practise will play in shaping the destiny of this country."

He said many white businessmen were out of touch with "grassroot" economic forces.

They tended to keep out of the crowded shanty towns, in spite of the huge potential consumer market.

So black entrepreneurs, with their street-wise skills, were rapidly fulfilling the crucial role of linking this huge spending power — by weight of numbers rather than affluence — into the central cash economy.

"Black businessmen have a special grassroots role which, as yet, has not been properly analysed. The very logistics of our

CHIEF BUTHELEZI: more confidence in the country's future.

population distribution and the demands of a growing economy place a premium on black businessmen and the development of black business skills."

Consequently, it was essential, Chief Buthelezi said, that white industrialists "roll up their sleeves" and help hone these fledging black business skills. For, if blacks were not granted a meaningful role in society, free enterprise had no hope of surviving.

Already it was being placed under siege by militant trade unions and radical extremists.

Whites could no longer carry the burden of providing jobs for all — the basis of a stable society — and this in itself presented unlimited possibilitites for black entrepreneurs.

Chief Buthelezi predicted that more and more genuine black-white business partnerships would be cemented, which could well turn out to be the giants of South African industry one day.

In spite of this hard-core of street entrepreneurs making ends meet in the harshest of environments, blacks would still need white and Indian expertise and capital for many decades to come, he said.

"When I look at future economic development, I again and again see just how vital the role of the small businessman will be in the future.

"The bulk of South Africans are black, and virtually all real poverty is black. And there is a population bulge now moving towards the market place that will be making massive employment demands."

He said these job demands could no longer be met by established business, and that the growing number of small businessmen, especially blacks, would play a crucial role in meeting peoples' aspirations.

It was also inevitable that small black and white businessmen would become increasingly embroiled in "competitive conflict", but that, unless business was deregulated and the Group Areas Act scrapped, this healthy competition would take on racist proportions.

Chief Buthelezi said he now had more confidence in the country's future than he had had for a long time.

"Black business schooling will continue, and they will continue to do what they can to bridge the gap between the poorest of the poor and the free enterprise system," he said.

Car market to stabilise in 1987?

W/E Post 21/2/87

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Motoring Editor

POSITIVE economic factors, including an increase in the gross national product and lower interest rates, are expected to help stabilise the motor industry during 1987.

But the vehicle market is still expected to remain in a depressed state.

This is the view of Nissan marketing director Stephanus Loubser, who this week forecast sales of 180 000 passenger vehicles and 85 000 light and medium commercial sales for the year.

Mr Loubser said the belief was that the dramatic increases in prices over the last year would not be repeated and that it was reasonable to expect that increases for the year would be between 12% and 15%, if the rand remains firm again the yen and the mark.

"At this level it is expected that price increases will be below the level of inflation and motor cars could effectively become cheaper to the man in the street," he said.

"Profitability in the industry is a key factor and essential to its future existence. Fixed cost elements are now under control and if the yen maintains a level of more than 70 to the rand we envisage being able to operate at profitable levels," he said.

While the prospects of any large-scale improvement in motor vehicle sales during the coming year remained dim, Nissan was confident of faring "a lot better" in the market place during 1987.

"For 1987 the company is optimistic it will improve its market share and has a target penetration of 12% of the passenger vehicle market and 16% of the combined passenger and light commercial vehicle market."

Mr Loubser said Nissan would, in the next 18 months, place several new models into the market which should help in gaining market penetration.

22/2/87

Toyota's R20,5m profit a 'joke'

ST 20

By Don Robertson

IMPROVED margins boosted Toyota in the year to December last and earnings are likely to be better in the current year.

But with a turnover of R1,5-billion and assets of R650-million, the attributable profit of R20,5-million "is a joke", says financial director Bill Hewitt.

"Traditionally, we would be looking for a return on assets of about 8%, a figure Barlows did last time, but we made only 2%."

However, results above the bottom line are impressive. Group operating income rose to R66,9-million from R37,8-million, which left pre-taxed profit at R34,7-million compared with R12,8-million.

Spoiling this performance was an interest bill of R33,4-million against R27,6-million in spite of the drop in interest-bearing debt to R182-million from R260-million.

Mr Hewitt says it happened because debt built up shortly before the end of 1985, but was reduced towards the end of last year. He expects interest charges to fall below R25-million in the current year.

The attributable profit of R20,5-million followed a loss of R53,6-million, although the 1985 figure included foreign exchange losses of R58-million. In the past year, forward cover was taken and no losses were suffered.

Earnings were 505c a share compared with a loss of 1 318c, but shareholders have been rewarded with a five-times covered dividend of 100c compared with 25c previously.

The improved profit margins were assisted by a large increase in vehicle prices. Toyota lifted sales to 78 877 units for a 27,9% market share.

DIAGONAL STREET / by DAVID CARTE

Poor man's Woollies on the way to JSE

(30) ST 22/2/87

LOOK out Woolworths, here comes Bergers, the next clothing chain destined for the Johannesburg Stock Exchange lists.

The Cape-based clothing chain has never advertised, and is far from a household name.

But its sales bounded from R18-million in 1983 to R34,3-million last year.

Howard Mauerberger, super-mod managing director of the 63-year-old chain told me this week: "We have 132 stores virtually across the country and aim to open 15 more a year.

"I hope to double the number of stores in the next five years."

Mr Mauerberger, who joined the Cape-based company at 18, is the grandson of its founder.

ISSUE PRICE

Last year's sales were an improvement of 28% on the previous year's R27,3-million.

Taxed profit roared from R337 000 in 1985 to R1,2-million last year.

There will be about 20-million shares in issue, of which the directors will hold 70%.

The issue price is expected to be 10 times earnings, implying an initial market capitalisation of R12-million.

Until the prospectus is published in two weeks, that is all the financial information available.

SPECIAL PLACE

The listing, a private placing, will bring in R2,8-million for working capital and development of the stores. The new shares will go to suppliers, other friends of the company and institutions.

Senbank is merchant banker to the issue and Lowenthal & Co the sponsoring broker.

Bergers serves mainly the black and coloured C and D income brackets.

"We have a special place in retailing," says Mr Mauerberger.

"Because we are all-cash and cater to the C and D markets, we do not really have a direct competitor, although we overlap with Wooltru, Sales House, Top Centre and Frasers' Smart Centre."

The way Mr Mauerberger describes it, Bergers is a pretty slick operation, doing more or less the same thing in clothing that Jazz is doing in food.

Like Jazz, it tries to place its stores in high-traffic areas. The thin geographical spread, he says, is no logistical problem, thanks to a system of regional divisions.

Like Jazz, Bergers claims unique understanding of its high-growth market.

According to Mr Mauerberger, it is not good enough merely to be inexpensive. B and C clothing buyers are extremely quality conscious. Black and coloured buyers prefer American styles, with more detail and fancier trim.

They also fancy badges and sports-theme clothing.

Bergers is setting out to become a black or coloured Woolworths, focusing on quality and value for money in a more defined market than Woollies.

Bergers has upgraded stores, which today are clean and uncluttered. Now they are to be brightened and given more pizzazz, says Mr Mauerberger.

Howard Mauerberger ... cash business

The black and coloured market is outgrowing all others and is highly fashionable among retail investors these days. Judging by the generous proposed PE, Bergers' issue will be a hit.

23/2/87 EvePost

Businessmen face heavy penalties for late trading licences

Post Reporter

BUSINESSMEN who failed to renew their trading licences by January 31 face heavy penalties and the risk of prosecution.

A municipal spokesman confirmed that late payments carried a monthly penalty of 23%, payable from January 1. Operating without a licence was also a criminal offence, punishable by a maximum fine of R200.

Licences lapsed at the end of December and firms were given a month's grace before action was taken, he said.

The spokesman was reacting to a complaint by a Central wholesaler, who said he had to pay what amounted to a 46% penalty of R34,50 on his licence fee of R75 for being two days in arrears.

Mr Barry Gerber said it was "totally ridiculous" that he was saddled with an effective two month penalty on a fee that he had been two days late in paying.

Mr Gerber said he had taken the matter up with two city councillors and consulted PE's Development Officer, Mr Andre Crouse.

"When PE is crying out for new business, this is not the sort of attitude the municipality should take."

Car-sales figures out

A total of 11 326 new cars were registered in the Transvaal last month, Central Statistics have reported in Pretoria. (30)

In the luxury class, 959 BMWs were sold against 637 Mercedes Benzes. Toyota sold most cars — 3 087, while Volkswagen, with 2 224 units, was the only other manufacturer to record four-digit sales.

● Retail trade sales for this month are expected to equal February 1986's in real terms, with an expected turnover of R2,88 billion exceeding February 1986's by 19 percent, Central Statistics said. — Sapa.

Star. 23/2/87

Bergers seeks listing to beef up growth

Business Day Reporter

BERGERS, one of SA's oldest clothing retail chains, is seeking a listing in April after a private placing aimed at raising R2,8m.

Founded in 1924, the Cape-based cash chain has 132 clothing stores, including franchise operations, throughout Southern Africa.

Bergers' target market is the lower to middle-income group. Most of its customers are black.

A private placing of shares with employees and associates through Senbank will open next month. Sponsoring broker is Lowenthal & Co.

The chain's turnover has grown from R18,1m in 1983 to R34,3m in 1986. The chain employs 650 people and has outlets in SA, Botswana, Swaziland, Lesotho, TBVC states and Namibia.

Howard Mauerberger, a grandson of one of Bergers' founders, says growth will come from the opening of new stores in prime locations at a rate of about 15 a year, as well as through the upgrading and enlargement of existing stores.

BD 23/2/87

BUSINESS

Beares' net up 33 pc but it's still gloomy

Star 24/2/87 (30)

Magnus Heystek

Beares Limited is bucking the trend of optimistic forecasts emanating from the retailing sector and is not expecting much fireworks in consumer demand in the second half of its financial year to end June.

This follows a hardly exciting period to end December last year in which turnover remained virtually unchanged. According to the interim report, turnover declined to R240,234 million from R240,726 million in the comparative period the previous year.

Interest costs were down to R7,446 million from R8,711 million while the tax bill increased to R4,965 million, leaving net income attributable to ordinary shareholders of R5,057 million, an increase of 33 percent compared with the corresponding period in the previous financial year.

An interim dividend of 2c a share has been declared.

Beare's management ascribes the increased earnings, despite static turnover, to better management of assets, higher productivity and a firm lid on overhead costs. The sharp decline in interest rates no doubt improved profitability, but this was counteracted by the even sharper decline in maximum Ladfoca-rates.

Although Beares expect higher profits for the year as a whole (compared with the previous year), trading conditions will remain tough, it feels. The stimulatory measures announced recently will have only a limited effect on consumer spending, as "not enough is been done to alleviate the financial position of people in the lower income groups".

Middelburg 'ignored' own survey

Own Correspondent

Middelburg Town Council had ignored the results of its own survey by keeping the central business district white, councillor Mr Rex Hilligan said last night at the council's monthly meeting.

He said the survey showed most businessmen were in favour of an open trading area.

Yet the council scrapped plans for an open CBD. Its explanation was that it had provided an "adequate" free trading area around Twin City complex on the town's outskirts.

Mr Hilligan and two other councillors who asked for a further investigation were outvoted by the five rightwing councillors present.

forecast in the prelisting document published last October. At the time a dividend of 50c was forecast for the 1987 year, and the group appears to be on course to meet this after the interim dividend of 20c.

What helped boost the latest figures was the virtual elimination of the previous period's interest bill, which dropped from R2,3m to R98 000. Interest-bearing debt of R23,3m was repaid in full, while rates also declined during the year. MD Barry Davison points out that a ferrochrome operation such as CMI is capable of being an enormous generator of cash; until an expansion of capacity goes ahead — and no such expansion is planned at present — there should be no need for the group to hold borrowings.

Until the rand sets a new direction, a key determinant of profits will be fundamental demand for ferrochrome, and dollar prices. Davison says demand has been firm for some

MARKET TALK

Pick 'n Pay for recovery

With less than a month to go to its final report, **Pick 'n Pay's** share price continues to languish near a one-year low at around R33. Last year the share was bid up to new highs over R50 in anticipation of exceptional year-end profits. After announcement of a mere 6% earnings advance, the stock crashed close to current levels and never really recovered.

Many felt that Pick 'n Pay had come to the end of its rapid growth. Among reasons for this, competition has grown, particularly from the refunded Checkers group. Also, consumer spending has shown little growth for some years.

But while exponential growth is almost certainly past for Pick 'n Pay, the chain may well have a few surprises in store for sceptics. Given its largely fixed overhead structure, the group's profits are highly reactive to any unbudgeted increases in turnover. It is at sales level, joint MD Hugh Herman tells me, that Pick 'n Pay is showing new strength.

In terms of sales, he says, November was "very strong" while Christmas was only "reasonable", but since January group sales have again been running well above budget. Two factors may account for recovery in Pick 'n Pay's trading strength: consumer spending has begun to revive — feedback from most major retailers seems to confirm this; and Pick 'n Pay has apparently begun to recapture market share previously lost to Checkers.

For the two months to end-December, recently published Nielsen statistics show Pick 'n Pay's market share rising to 37,7% (37,1%), against a fall in Checkers' share to 23,4% (23,9%), while OK Bazaars held steady.

Although five new stores have been opened this year, Herman says a feature of the chain's growth is the extent to which its refurbished stores have contributed. "We find the refurbished stores almost immediately improve their turnover," he says. "This is particularly evident where new departments, such as bakeries, are added." Pick 'n Pay's venture into cash and carry markets has been met with fierce opposition from the Metro chain. Herman says, "we have proved what we wanted to, and this year we will open between three and four new cash and carry outlets."

This year should show the extent of the group's improvement. When figures for the year to end-February are released the chain should easily match its prediction for earnings between 200c-205c a share. Most analysts, in fact, are expecting earnings closer to 210c, at which level the share yields 6,4% on earnings and 3,1% on dividend.

While those are still thin yields, it seems an open question whether they reflect the group's potential for accelerated growth off its existing base — particularly if consumer spending maintains its present upward trend. Some recovery in the share price is likely during the next few months. *Neville Glaser*

Midas adds horsepower

The highly-rated Midas motor spares operation is negotiating deals which could substantially augment its growth prospects if agreement is reached. The Alfa Romeo group, which Midas bought for R3,7m this week, is a small but profitable operation, and analysts believe there are substantial assessed tax losses which will be of great benefit to Midas, given its recent 47% tax rate.

Midas MD George von Loeper says the Alfa acquisition forms a good base for further expansion and adds: "The company intends expanding into the genuine parts field and we will be seeking further parts franchises. Any assembly plant closing down in SA will therefore have an outlet". This suggests that Midas could well be involved in the event of further motor company disinvestments.

Von Loeper says another, more substantial acquisition is under negotiation which could affect the value of the group's share. He says the acquisition is in the motor spares field, as Midas intends sticking to the principle of expanding in the distribution field to provide one-stop shopping facilities for the motor wholesaler. If negotiations are successful, the announcement will be made soon.

As the Alfa acquisition absorbed most of Midas' cash pile, analysts expect the group to issue paper in payment for its next acquisition, as this will also help to make the share more marketable. Only 48 800 of the total 9,2m shares in issue traded last month.

The Alfa Romeo acquisition has brought the group Alfa, Daihatsu and Fiat spares with an original cost value of R2,5m, but these have been substantially written down. Midas will also take over the lease on Alfa's Midrand head office and warehouse. Von Loeper says rationalisation will not be necessary as the Alfa group has already been slimmed down.

As results from motor groups such as McCarthy and Curries testify, the car parts business in SA is booming, and Midas has expanded its franchise operation from 82 outlets to 90 outlets within six months. A year ago the group had only 53 outlets. This growth suggests that Midas will easily maintain and possibly exceed the 52% earnings growth rate achieved in the first six months of the year to August 1986. This implies earnings of about 32c for the year and a dividend of 11c. *Kerry Clarke*

RMB collects shells

Rand Merchant Bank has two cash shells waiting to be put to more productive use, but it does not intend claiming one of these for its own listing. Says MD "G T" Ferreira: "We contemplated raising capital either through a private placing or a listing, and for the moment we have opted for a private placing. This does not rule out the possibility of a listing, but it is not planned for the near future."

On announcement of a 25% increase in earnings last week, RMB indicated its intention to raise additional capital in the next six months by way of a rights issue and subsequent private placement with several financial institutions.

When RMB bought 76,6% of **Trade & Industries** (T&I) a month ago, the immediate speculation was that RMB intended to list through the cash shell. Since this was denied, the market concluded the acquisition of 39% of **Romanda** from Glen Anil Investments a month later was intended to provide a vehicle for the listing. In both instances, principal assets and liabilities of the companies were retained by the vendors, leaving RMB with a cash shell.

But Ferreira says: "A careful reading of the Romanda announcement shows it was not our intention to use the company for our own listing. A bank needs the approval of the registrar of banks to acquire a subsidiary. As our announcement was not subject to registrar approval, it shows we did not intend to keep Romanda as a subsidiary."

While RMB's corporate finance division made a significant contribution to group income during the six months to December 1986, RMB helped only two companies — Medi Clinic and Vansa — to the market last year. The bank will be bringing at least [illegible] companies to the JSE in 1987, and Ferreira says the intention is to use Romanda and T&I as vehicles to list two of these companies. Ferreira says the companies are [illegible] as substantial as Medi Clinic, and will be looking to raise amounts varying between about R5m and R20m. *Kerry Clarke*

FM 27/2/87 (30)

ARGUS 27/2/8

Shares boom as big firms climb out of the red

30

By TOM HOOD
Business Editor

SEVERAL large companies reported strong recoveries today after being heavily in the red.

A R25-million loss a year ago was turned into a half-year profit of R17-million by Tradegro, the retail group which includes Checkers, Dions, Metro, Russells and other chain stores.

Checkers swung to a R1-million profit from a R24-million loss.

NEW PEAK

Packaging giant Kohler is resuming dividend payments, having turned a R13-million loss for 1985 into a R15-million profit.

The good news fuelled the industrial share boom on the Johannesburg Stock Exchange and the industrial index jumped 12 points to a new peak of 1 609.

The euphoria boosted the new Sol Kerzner company Transkei Sun, which made its debut yesterday. The shares, issued at 150c, opened at 260c and closed at 250c with 1,3-million shares worth R3,3-million changing hands.

● See Page 16.

CAPE RETAILING (30)

More on top

A significant chunk of retail trading in Cape Town's CBD is transacted underground in the Golden Acre — a shopping arcade which a professor of town planning has dubbed "the mole-circus." Many Capetonians will, therefore, welcome plans for a new above-ground development which will transform the old

FM 27/2/87

Stuttafords building in Adderley Street into an exclusive upmarket shopping mall.

A joint announcement by Stuttafords and the prospective developers, Unidev subsidiary Equikor, will probably be made this week.

Reliable sources say the new mall will follow roughly along the lines of Durban's Workshop, which transformed the old railway workshops into a successful shopping centre. However, the *FM* was unable to obtain confirmation of this from either the project architects Stauch Vorster or Equikor.

Stuttafords MD Ken Geeling is non-committal: "The deed of sale hasn't been signed yet," he says. "If the property is sold, the purchaser will decide what to do."

All Equikor MD Geoff Grylls will say is that "it's a ticklish deal. There are some very sensitive issues involved. I'm not prepared to comment."

Staff security is a particularly sensitive area. Market sources believe that Stuttafords, which has been running down stock for some time, will close in April.

Equikor has already had preliminary discussions with about eight leading retailers including Pick 'n Pay, Clicks and the Foschini Group.

Pick 'n Pay and Equikor are currently discussing the development of an upmarket food outlet — along the lines of P 'n P's food emporium in Durban's Workshop — in Stuttafords' basement.

Pick 'n Pay joint MD Hugh Herman says "a different type of store catering specifically for downtown shoppers is envisaged — a perishable-orientated store with a small range of groceries.

"The developers have spoken to us, but we're still having discussions and a decision is by no means definite. We haven't even seen the plans yet."

The Foschini group and Clicks are in a similar position. Foschini is looking at the proposal, but has not made any commitment.

Sadly, though, the sale of Stuttafords' Adderley Street flagship could spell the demise of the Stuttafords name in upmarket retailing. Last year Old Mutual bought Stuttafords' 50% share in Cavendish Square and Stuttafords is now a tenant. ■

Tradegro turns loss into R16,8m profit

GERALD PROSALENDIS and HAROLD FRIDJHON

TRADEGRO has effected a R41,8m turnaround in its results for the six months ended December 1986 compared with the first half of the previous financial year.

The Sanlam-controlled trading group, which includes Checkers, Dions, Metro Group, Russells and other chainstores, showed a bottom-line profit of R16,8m compared with a loss of R24,9m. This is equivalent to earnings of 9,11c a share, after posting a loss of 32,71c a share at December 1985 (fully diluted). The undiluted figures are more striking — a loss of 61,39c compared with current earnings of 6,3c.

CE Mervyn King said last night the results were satisfactory. He was on target for his prediction of a R70m profit for the full year.

"At the time I made the prediction, it seemed ambitious. But I made it with a degree of confidence."

The re-positioning of the company has proved to be correct, he said.

The group's operating profit rose almost fourfold to R45,8m, but the interest bill was halved at R16,1m against R33,8m at December 1985.

Supermarket chain Checkers, on a 31% increase in turnover which just fell short of the R1bn mark, swung to an untaxed profit of R1,2m from a loss of almost R24m. King said market share had increased by more than 20% in the past 12 months.

A 20% improvement in the turnover of Russells furniture chain to R20,2m resulted in the R1,8m loss at December 1985 being transformed into a R14,8m

● To Page 2

30

BDay 27/2/87

Tradegro makes a turnaround

● From Page 1

profit before tax. The company reported Rusfurn would be listed shortly, and with this in mind gearing was reduced by selling the major portion of its investment in Joshua Doore. The present holding of 25,1% of Doore's equity is the subject of an option.

Although Dion's profitability has further to be improved, untaxed profit for the six months amounted to R798 000 on a lower turnover of R116,3m, this contrasts with a loss of R4,2m on a turnover of R130,8m.

King said the turnaround in Dion's resulted from a reduction in expenses and an improvement in margins.

Cashbuild lifted profits by 50,6% to R1,2m from R771 000 for the same period the previous year; black retailer Jazz by 88,5% to R1,5m from R305 000, benefiting from its recent acquisition of 14 Dee Bee supermarket stores; and wholesaler Metro by 30% to R5,6m from R4 3m. The department store group Greatermans-/Stuttafords doubled profit to R1,8m from R972 000 on a turnover that increased to R17,3m from R13,8m.

The group was currently working on two schemes to recapitalise property division Coreprop and an announcement could be expected soon, said King.

Long-term liabilities rose to R201m from R181m, little changed from the year-end figure.

30

BDay 27/2/87

30

Black spending bucks the trend

KAY TURVEY

DESPITE an estimated 6% drop in real consumption spending for all race groups in 1986, retailers catering for black consumers reported increased sales in the same period.

Retailers believed sales were lifted by nationwide rent boycotts, which had the effect of boosting black spending. Widespread consumer boycotts in the cities also led to increased spending in rural and homeland outlets.

Wits University research group head Mark Swilling last year estimated the 54 boycotted black councils were losing a total of R60m-R80m a month in rent payments. These sums effectively acted as a massive subsidy to the black consumer and provided a huge cash injection into the economy.

Market Research Africa (MRA) MD Clive Corder attributed the boon in black consumer spending to rent boycotts and a burgeoning informal sector.

There was an apparent increase in the number of hawkers and people involved in back-yard businesses, while growth in the number of boarders and squatters on established properties had substantially contributed to disposable income.

The development of black financing methods meant a lot of money circulating in the townships was remaining in the hands of blacks. Corder said the popularity of unregistered burial societies and the stokvel system in which participants pooled money on a monthly basis amounted to forced savings.

While there had been a decline in full-time employment, the number of employed blacks was stabilising.

He said recent research by MRA had determined there were 860 000 blacks looking for full-time employment and 100 000 looking for part-time work in the metropolitan areas.

Unisa's Market Research Bureau research director Marius Loubser estimated consumption spending dropped 5%-6% in 1986 from 1985, based on monthly figures from the Department of Statistical Services.

Real disposable income for blacks grew 14,5% in 1980/85, while white purchasing power dropped 0,5% in the comparable period.

In 1985, white spending represented 54% of total private expenditure and black spening 33%.

Bergers MD Howard Mauerberger said: "While overall consumer spending is reported to have dropped in recent months we have experienced a greater demand for our merchandise."

The cash clothing chain, which caters for the black consumer, last year improved sales 28% on the previous year's R27,3m and turnover rose to R34,3m 1986, up R7m on 1985.

"At the time of the boycott in the greater Port Elizabeth and East London areas, we noted increased spending in the homelands.

"We do see growth continuing, given no unforeseen factors such as increased unemployment," he said.

SA Breweries public affairs manager Gary May said growth in beer sales continued to come primarily from black consumption.

"Black disposable income obviously improved last year through jobs in the informal sector, despite the unfavourable economic climate."

He said there had been a dramatic swing in the number of black-owned bottlestores.

Score retail division MD John McLean said the rent boycott had contributed to increased sales of durable and semi-durable goods last year.

Saleshouse MD Donald Ethridge said over the past 10 months his stores had reported a very rapid growth in sales, with turnover up 30%.

KIRSH PROPERTIES

Second debut

FM 27/2/87

Coreprop, the Tradegro property arm launched officially this week to administer some R500m worth of property, could apply for a JSE listing before year-end.

The portfolio contains 48 shopping centres, 17 Metro/Cashbuild outlets, 20 free-standing stores and a number of other properties. At a stroke, Coreprop thus becomes one of the larger real estate concerns in the country.

Almost all properties involved currently house the retail and wholesaling operations of the old Kirsh group, now held in Tradegro, which falls in turn under Sanlam-controlled Sankorp.

The new company, says CE George Skinner, administers centres hosting more than 1 000 tenants. These include 57 Checkers, Checkers Warehouse (hyper) and Jazz stores, two Dion outlets and seven Joshua Doore centres.

Major outside tenants in the group include Edgars (two departmental stores), Ackermans (four) and Clicks (four).

Previously these centres were administered by the different trading divisions but the properties have now been consolidated in Coreprop to allow the Tradegro subsidiaries to concentrate on trading.

Of the space which Coreprop will now administer, only 260 000 m² is company-owned, with the balance of 360 000 m² under headlease from institutional owners.

Coreprop's founding provides some insight into the property problems which caused much of the grief in the old Kirsh group. For example, contrary to popular belief, it was not the company-owned properties which caused most of the hassles, but the headleases.

Skinner explains that after entering into headleases over so much space, the group found itself in financial trouble after failing to let the balance of the line shops in order to reach the unrealistic targets set by the old trading division. Those rental levels were established under the headlease arrangement.

In addition, new centres were financed from working capital which led to cash-flow problems and a resultant overdraft at punitive rates.

Part of Skinner's new strategy is to negotiate with the institutional owners and to encourage them to cede the headleases to Coreprop. The intention is to persuade the owners to exchange the headleases for equity in Coreprop with a guaranteed income and a chance to participate in equity growth.

This way, the institutions' yields may drop slightly in the short term, but the equity option will provide longer-term growth.

Skinner sees this taking place the year after next, when Coreprop starts to turn to account the 13 undeveloped sites which will provide a massive 650 000 m² of development land. Already four new centres are in the planning stage, he says.

The sites to be developed next year, he says, are Epson Downs (Sandton); the Brooklyn Circle site (Pretoria); a site at Hillcrest (Durban) and another in Benoni. Total development cost will be R50m, with pre-financing coming from the institutions.

Skinner has been active in unscrambling the property portfolio for the past year and consolidating it under the Coreprop banner. He has assembled a team of experienced real estate professionals and set up regional divisions actively to market and administer space.

Coreprop's Skinner ... the bare bones of the problem

Already, he says, the team has been able to reduce the 30 000 m² of vacant space in Coreprop centres to 19 000 m² and he expects the overhang to fall further to around 15 000 m² by June.

Skinner cites one example of a Checkers-developed centre which cost the group heavily. Funds were borrowed on overdraft rather than long-term and as a result R8m was added to the cost of a R42m centre. However, he reckons the new team has now managed to turn the centre around to a point where it is no longer showing a negative return.

The gearing of the company at present, admits Skinner, is "very negative" because of the way this and similar developments were financed. However, he is currently trying to sell some wholly owned stock to institutions under a management arrangement and hopes in this way to reverse the situation.

Another problem was that the previous management had paid for land acquisitions out of working capital instead of taking options and raising long-term institutional funding before developing.

On average there are still 15 years to run on most headleases which were generally entered into on 20-year terms with renewal options.

Eleven of the headleases, he says, are highly unprofitable and are dragging down the whole portfolio. If this can be reversed — and Skinner is confident of a breakthrough soon — he is sure the group will return to profitability during the next financial year.

Most Checkers properties, however, are not housed in Coreprop developments — about 130 of the 182 outlets operate in centres owned by other developers.

Among the larger centres owned by Coreprop are the attractive Galleria in Sea Point, Game City in Durban and The Avenues at Springs. Skinner says more than 17 Coreprop centres contain more than 8 000 m² each. About half the properties are in the Transvaal with the remainder spread around the rest of the country. ■

JOHANNESBURG CBD (30)

Sage investment

Sage Properties has bought the 5 131 m² Standard Bank Library Gardens Building on the corner of President and Fraser streets, Johannesburg, for "more than" R4m.

The building is directly west of Sage Centre, from which it is separated by a pedestrian mall. Sage also owns Sage Life Centre to the north-east of Sage Centre, which means it now controls most of the two contiguous blocks surrounded by Simmonds, President, Sauer and Pritchard streets.

Not surprisingly, Sage Properties MD Noel Mills sees the latest buy as a good one. Any building overlooking the Library Gardens must rank as well located, he reckons, because Johannesburg buildings with adjacent "green lungs" are comparatively rare.

The eight-floor building offers a 664 m² ground floor banking hall which will continue to be tenanted by Standard Bank along with a mezzanine floor of similar size. Standard has just renewed a 15 year lease on the premises at an undisclosed rental.

FM 27/2/87

Sage's new acquisition ... one for the library

Sage Life Centre was recently modernised and offers a rentable area of 13 700 m² over 13 floors. The adjacent Sage Centre has around 12 000 m² leasable.

Mills says application could well be made to link the parking in Sage Centre and Standard Library Gardens Building under the Fraser Street mall. This will not only increase parking significantly, but will improve its marketability.

This will add to the existing parking in the area which includes the large municipal garage across the road and the bays beneath the library gardens.

The Standard Bank building offers a ratio of only 0,66 bays per 100 m² of rentable area against the more common four bays: 100 m² in most decentralised locations.

A decision on upgrading the latest acquisition still has to be made. Mills says the building is in "pretty good nick," but refurbishment seems likely nevertheless and there is no lack of confidence that customers will be found for the space. ■

FM 27/2/87 (30)

Modest growth in motor sales forecast for 1987

28/2/87 Star

30

By Stan Kennedy

Following five years of decreasing sales in each of the motor vehicle sectors of the vehicle manufacturing industry — cars and light, medium and heavy commercial vehicles — 1987 is expected to see only a modest growth, according to the National Association of Automobile Manufacturers of SA (NAAMSA).

At the same time, the industry is hopeful that it can hold new car price increases this year at a maximum of 12 percent.

In its review for the quarter ended December, NAAMSA forecasts total sales for 1987 at 275 260 units, four percent up on the 264 676 last year.

The breakdown is: Cars 183 150 (174 453), LCVs 80 100 (78 935), MCVs 4 830 (4 449) and HCVs 7 180 (6 839).

Last year, new car sales declined by 14,6 percent compared to the 1985 figure. It was the lowest industry annual sales total in the past 10 years and 57,8 percent down on the all-time record of 301 528 in 1981.

Light, medium and heavy commercial vehicle sales also declined in 1986 by 7,4 percent, 16,2 percent and 34,4 percent respectively, compared to 1985 sales. In the case of the strategically vital truck and bus sector, last year's unit sales of 6 839 was the lowest total in the past 24 years.

NAAMSA says that in an average year about eight or nine percent of the car population, currently estimated at 3,2 million, is normally replaced. However, in 1986, the replacement rate fell to about 6,5 percent.

"Declining consumer and business confidence and the unprecedented vehicle price increases were the most significant obstacles to the new vehicle market returning to more acceptable levels," NAAMSA says.

"By way of illustration, over the past three years, prices of locally-produced cars increased by 85 to 93 percent, while over the same period, salary and wage increases rose by 35 to 40 percent.

"Manufacturers are conscious of the fact that new car prices escalated to a level out of reach of most private buyers. It is also recognised that a sustained pace of recovery in demand will have to reflect positive trends in real income."

NAAMSA says that the recent enhanced stability in the international exchange rate of the rand and the appreciation which has taken place are expected to help manufacturers to hold new car price increases at 12 percent

It points out, however, that the anticipated lower rate of increase in new car prices will soon filter down to used car prices, whose trading values have also risen sharply in the past year.

Barring any deterioration in the rand's international exchange rate, particularly against the mark and yen, and noting the government's commitment to revitalising the economy, the industry believes that total sales this year will increase by five to seven percent.

This should give a minor boost to the industry, which is currently using only 56 percent of its production capacity.

Tradegro looks for No 2 spot

S/T 1/3/87 (30)

By David Carte

AFTER a R41,8-million profit improvement in its first half, Tradegro, the R4-billion-a-year retailer, is to set up and list South Africa's second-largest furniture and home goods chain.

Tradegro will bring together Rusfurn and Dion and list the merged company on the Johannesburg Stock Exchange.

With sales of more than R450-million a year and a 1988 taxed profit target of R22-million, the company will be No 2 in furniture and big-ticket domestic items after OK Bazaars.

Keen rates

Checkers once hovered on the brink of insolvency and Russells and Dion were losing millions. Tradegro became the butt of competitors' jokes.

Tradegro chief executive Mervyn King believes that now that Checkers, Dion and Russells are back in the black and Metro Cash, Jazz and Cashbuild are running fast, the joke will soon be on competitors.

Mr King says: "This group is beginning to flex its muscles. Once Rusfurn and Dion are together, they will smack OK's hyperamas."

One of the new company's plans is for Dion to offer discount prices not only on its goods but on hire-purchase finance.

Dion's new managing director, Hymie Sibul, says: "TV sets, VCRs and other imported goods are too expensive for most cash buyers. We wish to offer reliable, up-market buyers a chance to buy on credit at keen rates."

Dion makes cash sales of R200-million a year, which it can use to fund its new credit arm.

New management takes the view that Dion erred in building stores that were too large and too full of stock. Some of the bigger stores will be scaled down. Dion will expand from its Transvaal base.

Rusfurn has had a disastrous past four years, but achieved a R17-million profit turnaround in the six months to December. It recovered from a pre-tax loss of R1,8-million to a pre-tax profit of R14,8-million. Lower interest rates were important to the improvement, and Rusfurn doubled operating profit before interest.

It hopes to make R16-million before and after tax this year and R20-million in 1988. So huge are its assessed losses, it is not expected to pay cash tax until 1993.

Dion, which achieved a R5-million turnaround in its first half, pays 50% tax. It will break even this year, but aims at R4-million before and R2-million after tax in 1988.

Rusfurn acquired 100% of Dion at undisclosed net asset value from Tradegro. Tradegro shareholders will be offered shares in Rusfurn. About 15% of the shares will end up in non-Tradegro hands.

Jeff Austen, managing director of the merged company, says the listing will be on an "attractive" PE of 5 or 6, which means the listing will value the merged company at more than R100-million.

Wonders

He says Rusfurn's furniture chains — Russells, Rudicks, Tiger and Arrow — will retain their identities as will Dion.

The only reason the companies were brought together was that Dion was short of strong leadership, and Rusfurn had management to spare. Eventually Dion will get a separate listing. When that happens, Rusfurn share-

□ To Page 2 □ To Page 3

Tradegro runs

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□ From Page 1

holders will be able to subscribe for shares.

Mr King says all Tradegro's divisions except property are doing well. Prospects in property are also brightening.

He says Checkers chief executive Clive Weil has worked wonders. Checkers has increased market share by 20% and returned to the black from a R24-million first-half loss in 1985. Last year Checkers lost R41-million, but Mr King hopes it will achieve a R50-million turnaround, suggesting a R9-million profit before and after tax this year.

Metro Cash, Jazz Stores and Cashbuild are excelling.

Mr King says the improvement has been achieved in a flat economy and ascribes it to Tradegro's change of philosophy.

"We were a conglomerate in which the identities of the different operations were lost. Imagine how disheartening and demotivating it was, for instance, for the chief executive of Metro to see his great profits swallowed by losses in Checkers with no credit for his performance.

"Now each chief executive has full responsibility and indeed, a stake in his operation

We're big enough to go it alone

Wiese shuns Pepkor marriage proposals

By Hellosie Truswell

PEPKOR'S chief executive, 45-year-old Christo Wiese, sets the record straight on why Wooltru-Pepkor merger initiatives were derailed. But he says Pepkor is not looking for a bedmate.

Pepkor and its listed subsidiaries will go it alone

"If I did not think group performance and bottom-line profits would improve substantially I would have sold to Wooltru"

The merger talks failed because "there was a difference in approach. We disagreed fundamentally on the structure of the merger"

He stresses that the cultures of Wooltru and Pepkor are diverse

"Our point was that the deal could be put together only as a true merger One would have had a holding company with retail investments Each retail operation would operate in its own environment and almost to its own set of rules

"Wooltru leaned more towards a takeover of Pep Stores We made it clear that as far as Pepkor was concerned Pep Stores was not for sale It is a business well placed in the SA of today and tomorrow."

R150m profit

Mr Wiese believes the merger would have resulted in pre-tax profit of R150-million in its first year.

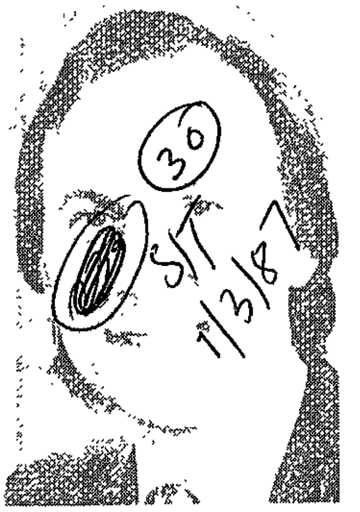
"The clothing retail group could have spanned the spectrum of the SA clothing market The strength would have been the sheer size of the operation."

Added benefits would have included an element of protection "from the fact one would be operating in many markets"

One of the synergistic benefits in a merger would have been combined buying power in terms of basic fabrics, for instance Rationalisation benefits would have extended to more cost-efficient use of computer programmes and point-of-sale terminals

These would have been increased use of Pep Stores' manufacturing capacity. However, Mr Wiese says manufacturing capacity is fully used. "We are not looking for off-take of our products from other sources."

Pepkor's disastrous record over the past two to three years and its high



30 SIT 1/3/87

Christo Wiese ... why Wooltru deal fell through

gearing have combined to undermine investor confidence.

A merger, says Mr Wiese, "would have brought Pepkor and Pep Stores share prices more in line with the underlying value of the shares"

But "one would have had to assess whether the growth prospects in Wooltru were as good as our own In terms of size Pep Stores has earnings greater than Wooltru Pep Stores has an impressive five-year record in terms of sales and profit"

Stellenbosch

Mr Wiese, who cut his teeth in the Pepkor stable after completing his LLB degree at Stellenbosch University, says "We are looking for a handsome return to profitability in the coming year This financial year has been used to set the restructuring of the group in motion We were not concentrating too much on the income statement"

The current year's statements are due in May

Pepkor's R16,4-million loss in the past year necessitated a rethink about corporate strategy

"We have sold businesses, closed businesses, scaled them down We have listed a few star performers We will have more listings."

The next listing should be Budget Footwear, the Durban shoe manufacturer with an annual turnover of more than R30-million and net profits of R3-million.

Mr Wiese points to other "perfectly listable companies", such as Titan Textiles and Cravateur Tie Company.

He stresses the nature of Pepkor will change when the listings are concluded

"Unil now Pepkor was a holding company of only unlisted companies. It has become a holding company of listed companies Each will be structured on its own If one looks at gearing in Pepkor, one will judge its gearing on the basis of being a holding company of listed subsidiaries with a conservative debt-equity ratio objective"

Pep Stores will expand its trading area by 5% to 10% a year in the next five years

That and increasing productivity a square metre are the things that count not necessarily new stores"

Undervalued

Mr Wiese believes that both Pepkor and Pep Stores shares are undervalued

"One simply has to look at the PE ratio of Pep Stores relative to those of other clothing retailers Even bearing in mind that Pep Stores has the advantageous tax rate I believe the share price is on the low side"

A realistic price he believes, would be R11 or R12

"You have to start making the numbers At R11 a share the total market capitalisation of Pep Stores is more than R500-million Pepkor owns 97% of Pep Stores Multiply that and you get R485-million Total borrowings of Pepkor would be R130-million to R140-million. That leaves you with net assets of about R340-million.

"Divide that by 8,4-million shares and you get nearly R40 a share. In addition you have all the other Pepkor assets tossed in for nothing. The book value of those assets is R200-million."

Mr Wiese is philosophical about the share price -- "I think investors are asking if we can get our act together."

He adds: "They are not certain that we can get rid of all the dogs in our stable or turn them around without lowering our earnings in the next couple of years

"They also say our gearing is too high and therefore we are a fairly high-risk company. The 50% discount on our shares is because of these uncertainties On our performance in the next financial year the shareholder can make his own valuation"

'GHOST TOWN' THREAT TO WHITES-ONLY CBD

By IVOR CREWS

RIGHTWINGERS in a conservative platteland town council have blocked the opening of their central business district (CBD) to all races — despite the majority of the businessmen being in favour of the move.

And now shocked white businessmen fear that Middelburg could become a "ghost town" because the adjoining black township, Mhluzi — which is responsible for much of their income — has applied to become a free trading area.

'Clever'

The businessmen believe this could attract white business and money away from the CBD.

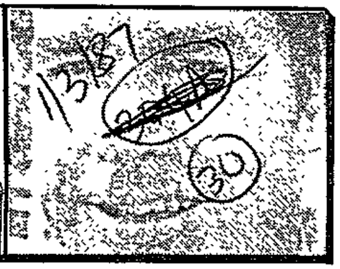
Most town councillors were in favour of opening the CBD to all races.

But, it is claimed, some "clever" political manoeuvring by CP and HNP members ensured that a vote on the issue was taken when a member of the council — in favour of the opening of the business district — was playing golf.

JAN ROUSSEAU
Sakekamer chairman

PIKKIE COETZEE
Standing for CP

CHRIS ESTERHUIZEN
Tricked by rightwingers



JOHN BRISLIN
Commerce president

Middelburg's town council comprises 10 members — five members of the National Party, who were behind the move to open the CBD, and four rightwing councillors.

The tenth member is mayor Mr Johan Strydom, who exercises his vote only in the event of a tie. He is standing for Parliament on an HNP ticket in the May general election.

When the vote was taken, the result was a 4-4 tie — and the mayor then cast his vote against opening the CBD.

On the day the vote was taken, the crucial item was not on the agenda.

Councillor Chris Esterhuizen, believing that there was no important business to be handled that day, excused himself from the meeting.

Angry

Then, seeing the way clear to victory, the rightwingers forced a vote on the CBD.

This week, an angry Mr Esterhuizen said: "I was not aware they were going to decide the issue.

"If I had been present at the meeting, the vote would have gone the other way."

He said he was very disappointed at the outcome, but conceded it was "a clever political move", and he would have to accept the majority vote.

Meanwhile, members of the Middelburg Chamber of Commerce and the Afrikaanse Sakekamer have vowed to fight the racial issue tooth-and-nail.

"The opening of Mhluzi to all races could lead to Middleburg becoming a ghost town," said Mr John Brislin, president of the Chamber of Commerce.

"It will have a dramatic effect on business if local traders decide to move their premises to cater for the black market and will consequently have a detrimental effect on the CBD."

Mr Brislin said businessmen were "very upset as they support free enterprise", and would continue to fight the issue.

Mr Jan Rousseau, chairman of the Afrikaanse Sakekamer, said: "The vast majority of our members support the CBD being opened to all races.

"We feel the council should be more enlightened as it would benefit all the businessmen and members of the community."

He said the Sakekamer would keep pushing the council to reconsider their decision as they had been "avoiding the issue".

"We would like to see them make a stand," he urged.

Mr Rousseau said Middelburg did not only consist of rightwingers.

"We have opened the local cinemas to all races and a vast number of residents support the Government's policy of reform."

Candidate

The chairman of the management committee, Mr Pikkie Coetzee — asked to comment on the refusal of the town council to open the CBD — said tersely:

"The decision has been made. Further than that I am not prepared to comment."

Mr Coetzee is a CP candidate in the coming election.

Cash on the way out at the supermarket

1/3/87 By Ruth Golembo (30)

CONSUMERS will soon not need cash at the supermarket.

A high-tech link-up among Pick 'n Pay supermarkets, banks and building societies will allow shoppers to debit their accounts in payment.

PayNet, soon to be introduced in Pick'n Pay stores, will put paid to the risk of carrying large sums of money — both for the consumer and the store.

PayNet will allow for price scanning, cheque authorisation and electronic funds transfer at point of sale (EFTPOS) from the shopper's account to Pick 'n Pay's.

It will provide a safeguard against credit-card and cheque frauds because customers will have to identify themselves with a secret code.

It will also provide an electronic link for the company's supermarkets across the country — giving access to management information, stock controls and staff inquiries.

Pick'n Pay systems director Ronnie Herzfeld says the system will give the group an edge on competitors in terms of customer service.

Mr Herzfeld says: "It is in line with our commitment to providing the consumer with a more efficient and cost-effective service and will make for improved management control and business information flow.

"It is highly efficient from a security point of view. It also makes for speedy check-outs and will do away with long delays in having cheques authorised."

Although loath to give figures for the cost of the new network, Mr Herzfeld admits it is a major investment.

Pick'n Pay is not sticking its neck out by being the first chain to introduce EFTPOS.

"There is no risk. We see it as a response to our customer needs.

"There was a lot of doubt whether the ATMs would take off, but they have become second nature to banking clients."

Evaton shopping complex row

By STAN MHLONGO

VAAL businessmen are set for a race clash with a Chinese businessman, who has built a R1,4-m shopping complex in Evaton and is allegedly monopolising the market in the area.

Evaton Chamber of Commerce secretary Thomas Mzimba told about 100 businessmen at an urgent meeting this week that his organisation would do all it could to eject the Chinese businessman from Evaton.

Mzimba said the man – a Mr Ford – was making local black businemen suffer by "stealing all the business to his new shopping complex" on the outskirts of Evaton.

Mzimba said "there was an irregularity the minute Ford opened his shopping complex on agricultural land he had bought from a farmer Van Vuuren for R1-million last year".

Mzimba said Ford – who he claimed was kicked out of his business premises next to Regina Mundi by the Soweto Council in 1980 – had disobeyed a government regulation by building a shopping complex on agricultural land without first obtaining permission from the Home Affairs Minister.

"There is no sign that he had been prosecuted for this. Instead black businessmen are suffering because Ford is monopolising all the township business. I totally reject the idea that there is free enterprise and democracy in South Africa – it's a false claim. There is no equality between blacks and whites", said Mzimba.

30 M

1/3/87

Stuttafords to close city store

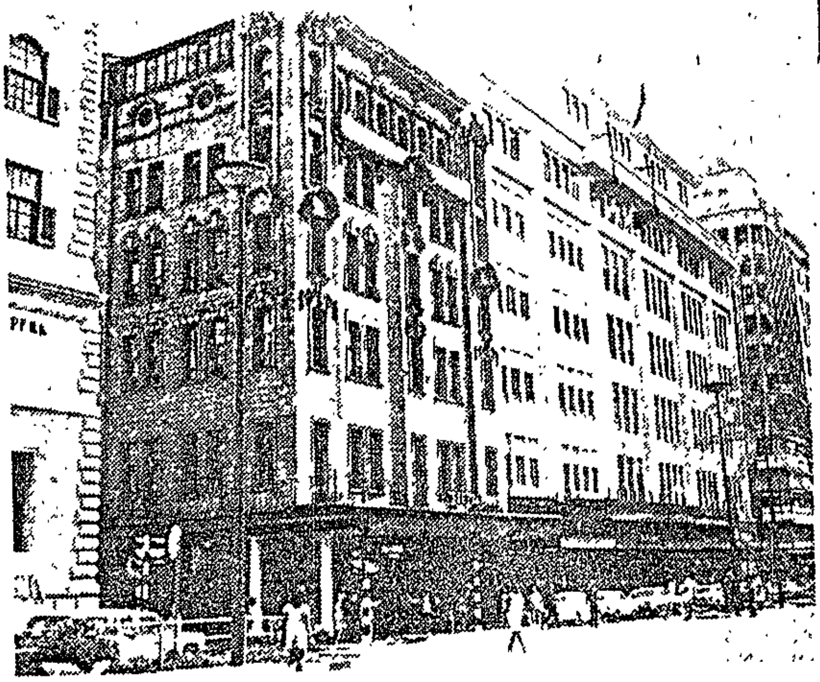
Cape Times 3/3/87 (30)

By NEILL HURFORD
Property Editor

STUTTAFORDS department store, which has traded in Adderley Street for 130 years, will close its doors on April 18, it was announced yesterday.

A spokesman said last night that most of the stock would be transferred to the Cavendish Square branch of Stuttafords.

He said as many as possible of the city store's 145 employees, who were addressed by management yesterday afternoon, would be absorbed into the Claremont store.



Stuttafords . . . seen from Adderley Street.

He confirmed the sale of the building and said the new owners would make an announcement soon about the fate of the premises, which are bounded by Adderley and St George's streets. The sale is reported to have been negotiated around R10 to R12 million.

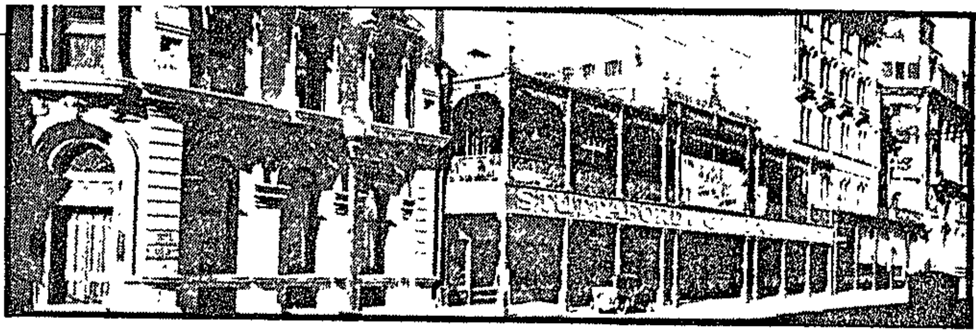
Members of the group believed to have bought the building could not be reached last night, but it is believed that the intention is to revamp it to include a retail mall.

"At the moment, members of the staff — both clerical and retail — are our major consideration and we are spending a great deal of time working out ways in which to place them, either in the Claremont store, or in other jobs," said the spokesman.

There was a possibility that staff could even be placed in the Stuttafords Sandton store, sold to Greatermans in 1985.

There was no question of closing-down sales being held in the city store, he said, and added that Stuttafords expected a substantial increase in turnover in the Claremont store where, however, no further expansion of departments was contemplated.

Stuttafords was established by Cornishman Samson Rickard Stuttaford soon after his arrival in Cape Town in 1857, and remained in the family until 1978 when it was sold to Mr Graham Beck.



1898: THE original Adderley Street property in 1898. Twenty years later Stuttafords acquired St George's House, left.

Argus 4/3/87 30

Farewell to Stuttafords

Staff Reporter DICK USHER

FOR 130 years Stuttafords has been an integral part of central Cape Town.

When the Tavern of the Seas was a small town of 20 000 people, the "harbour" was nothing more than a wooden jetty at the end of the Heerengracht and horse-drawn cabs and carts thronged the muddy streets, Samson Rickard Stuttaford came to South Africa.

Arriving at the small port at the foot of Africa in June 1854, not yet 21, he quickly grasped the commercial possiblities available in the colony and its vast hinterland and within three years had started the commercial venture which survived the vicissitudes of drought and depression, world wars and local upheavals and made of them opportunities for growth and expansion.

The Stuttaford name has been associated with Cape Town and South Africa since then, both as a high-quality department store and as a significant family in local and national affairs.

He opened his first business venture in 1857 in Harrington Street, behind where the City Hall now stands, and the following year the Cape of Good Hope directory recorded his name for the first time — albeit wrongly spelt as "Samson Stutterford".

But despite this inauspicious beginning, and the difficult years that followed, S R Stuttaford progressed. He had been joined in South Africa by his brother, William Foot Stuttaford, and later they formed a partnership with William Thorne.

It was this partnership which, prompted by the urgings of Samson Stuttaford who felt certain that Adderley Street would one day be the business centre of Cape Town, in 1870 bought the Colonial Bank building at the corner of Adderley Street and Hout Street for £10 000.

This was the original section of the group of buildings which the company was to acquire over the years until it owned the entire central city block bounded by Adderley, St George's, Hout and Shortmarket streets and sold in a deal announced this week that marked the end of the Stuttaford name's association with the centre of the city.

SERVICE: Three Stuttafords employees with 127 years' service between them. From left, Mrs Dorothy Pienaar, Mrs Rosie Williams and and Mr Ronnie Fraser.

The partnership had been assisted towards the prosperity that enabled it to buy the Colonial Bank building by the discovery of diamonds and then gold in the interior.

Ladies' corsets, the "safety bicycle", the newly-invented primus stove, furniture, books, eyeglasses and spectacles, cameras, mourning costumes, and a myriad of other items — including "Champion beetle traps" and "furniture grimps" — found their way into may homes from the store that was rapidly becoming the foremost in Cape Town.

The company also provided an early home for the pioneers of radio in Cape Town when broadcasting started in South Africa.

In 1870 Samson Rickard Stuttaford's eldest son Richard was born, a man who, until his death in 1945 was to play a prominent role in the affairs of the business, the city and the state.

He had been president of the Association of Chambers of Commerce, a minister in General Hertzog's Fusion Cabinet of 1933 and Minister of Commerce and Industries in General Smuts's cabinet during World War 2.

He was succeeded by his son, Richard Bawden Stuttaford, and some employees still with the company joined Stuttafords at that time.

Mrs Dorothy Pienaar, Mr Ronnie Fraser and Mrs Rosie Williams — with a total of 127 years' service between them — recalled that it had always been a family affair.

"People asked me why I stayed so long. For me this is my home," said Mrs Williams.

She started work as a cleaner in the staff canteen when she was 18, then cooked for the staff and in the many Stuttafords tea-rooms and restaurants for customers.

Ronnie Fraser, 43 years with the company, started as a porter and later filled many positions.

They all recall a visit to the store by the Queen Mother during the British royal family's visit to South Africa.

"All the girls were lined up, and as she came into the store she actually touched me. That meant a lot to me," said Dorothy Pienaar.

Another of Ronnie Fraser's jobs, while he was working in the interior decorating department, was to arrange the red carpet for the opening of Parliament every year.

He also proudly recalls that he decorated many of the best homes in the Peninsula and sometimes went as far afield as Mossel Bay.

Stuttafords quits city centre

Cape Times 4/3/8?, 30

Elegant — but consigned to Memory Lane

By ROGER WILLIAMS
Chief Reporter

FOR long it was regarded as the most elegant department store not only in Cape Town but in South Africa.

Now, Stuttafords in Adderley Street is about to join Fletcher and Cartwrights, Cleghorn and Harris and other great names of central Cape Town's commercial past, in memory lane.

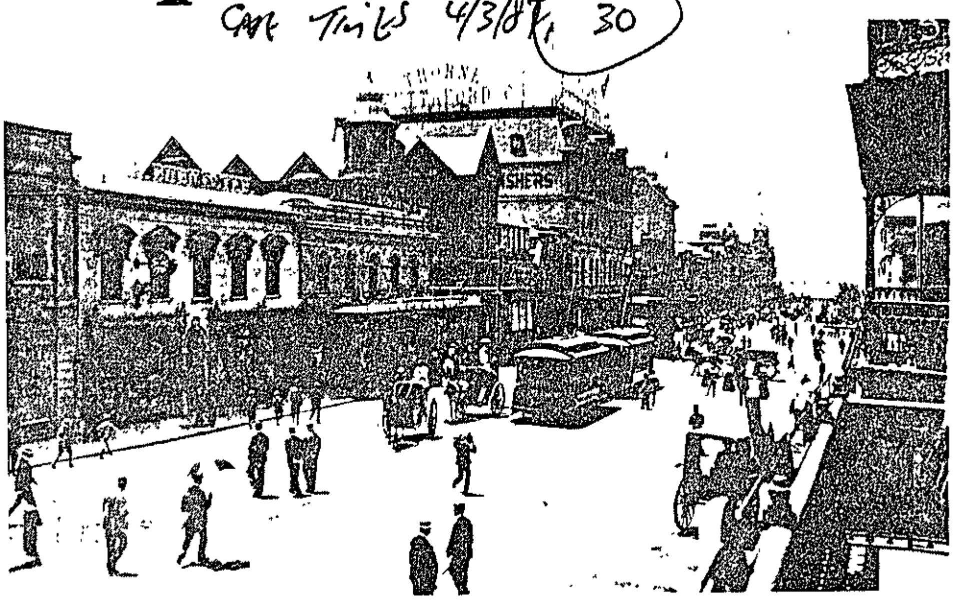
As reported by the Cape Times yesterday Stuttafords, which has traded in Adderley Street for 130 years, will close its doors on April 18 and most of its stock is to be tranferred to the company's Cavendish Square branch.

Artist/historian Ms Desiree Picton-Seymour, who refers to the original Thorne and Stuttafords building in her book "Victorian Buildings in SA", said yesterday she hoped that whatever plans there were for the Stuttafords site, these would not entail demolition.

The main building, she said, was erected in the 1930s (after demolition of the existing structure) to the design of a French architect who specialized in department stores, while the adjoining stone building on Shortmarket Street was designed by John Parker and built at the turn of the century.

"The Stuttaford buildings are architecturally important in that, apart from being aesthetically pleasing, they are in scale and in character with the surrounding buildings of importance in central Cape Town. Whatever is done to the interiors, the facades should be retained."

☐ Stuttafords building, in its heyday, was one of those that, with Fletcher and Cartwright's, Cleghorn's and other Adderley Street stores, sported a balcony tearoom. These used to be the city's most-popular meeting places for shoppers in the days when hansom cabs, landaus and tramcars trundled down the Mother City's characterful main thoroughfare.



The original Thorne and Stuttafords building in Adderley Street, as it looked nearly a century ago. The present Stuttafords store stands on the same site.

CBD — 'no cause for pessimism'

Staff Reporter

THE centre of Cape Town is still the city's prime retail area, and major stores trading in the CBD have no intention of following Stuttafords' example by moving lock, stock and barrel to the suburbs.

The chairman of the City Council's town planning committee and member of the CBD Association, Mr Clive Keegan, said the closure of Stuttafords in Adderley Street was no cause for pessimism about the future of the CBD.

"On the contrary, the redevelopment of the building offers enormous opportunities for stimulating retail trading in the city centre."

The buyers, Equikor, have not yet released details of their plans for the future of the building, but they are believed to be considering developing a retail shopping mall on the ground floor.

Mr Keegan said the City Council would do all it could to urge the new owners to develop retail outlets at street level and to marry the redevelopment with the design of the St George's Street Mall.

He dismissed fears that the closure of Stuttafords heralded an exodus of retail traders from the city centre, saying that most retail firms considered their CBD shops the "flagships" of their companies.

"The OK Bazaars has just spent a fortune refurbishing its Adderley Street store. So have Edgars and Woolworths, and Garlicks is planning extensive renovations," he said.

The manager of Garlicks in St George's Street, Mr Malcolm McKnight, confirmed that his store was due for "quite a lot of renovation".

Garlicks, which is 103 years old, is considered the younger sister of "Stutts" and serves much the same market.

Mr McKnight said Garlicks had been expanding over the past few years, and although growth in the CBD was not as rapid as in the suburbs, "retailers generally do extremely well in the city".

Mr McKnight said he was "very sorry" to see Stuttafords leave the CBD.

Although this could boost his store's turnover in the short term, it was "not good for the city", he said.

Sad day for city's 'grand old lady'

Labour Reporter

AN AIR of gloom hung over the 130-year-old Stuttafords building in Adderley Street yesterday as the staff mourned the imminent closure of Cape Town's grand old lady of department stores.

"It's a very, very sad day," said one department manageress who has worked in the store for more than 40 years.

"I started out as a saleslady in the bazaar section when I was 15 years old. The store has been my whole life.

"I don't know what will happen to me now . . . I am too old to start a new job. I am self-supporting and have no other source of income, but management has promised to look after those of us who don't get jobs in the Cavendish Square shop."

Sales personnel said they were expecting management to call them in individually over the next few days to tell them their fate, and were not prepared to be identified for fear of jeopardizing their chances of another job with the company.

But all those interviewed were full of praise for the store, and said they would sorely miss their regular customers.

"It is the people who made the store," one saleswoman said. "The sales personnel are all highly skilled because the customers expect good service and they have always got it here. We will miss our regulars."

Some sales staff said the news of the sale of the building and closure of the store had come as a "complete shock", but others said they had suspected that something of the sort was in the air when the upper floors and the basement were closed last year.

Management has promised to try to accommodate as many of its employees as possible at its Cavendish branch and to award retrenchment benefits to those who lose their jobs as a result of the closure.

Henshilwoods may close too

"Cape Times" 5/3/87 30

By NEILL HURFORD
Property Editor

CAPE TOWN will shortly lose another of its old established department stores — Henshilwoods in Claremont — according to retail sources.

The sale and closing down of the store in Main Road, Claremont, is expected to be announced at the end of the week.

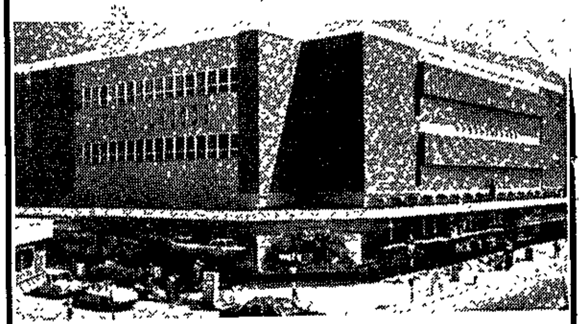
This follows confirmation on Monday of the closure on April 18, of the historical Stuttafords store in the city centre.

Henshilwoods, which has traded in Claremont for 92 years, has, according to sources, been sold to Wooltru for major redevelopment and expansion of the Claremont Woolworths store.

Both Henshilwoods and Woolworths sources were non-committal yesterday, but it is believed that staff at Henshilwoods have been informed of the closure.

Henshilwoods was established in 1894 by draper and outfitter Thomas Henshilwood senior, who called it Claremont Bon Marche. The store, which was rebuilt in 1952, has remained in the hands of the Henshilwood family since its establishment.

Henshilwoods in 1894



Helshilwoods in 1984

Cape Times 5/3/87

THURSDAY

Milly's boosts profits by 115%

MILLY'S, the Cape-based fast foods and convenience store chain, has posted an increase in after-tax profits of 115% for the six months to December 31.

The company's interim report published yesterday shows after tax profits rocketed to R202 000 against the R94 000 achieved during the equivalent period last year.

Milly's was listed on the JSE on September 25 last year, and the number of shares in issue at December 31 has been restated to allow proper evaluation of the results.

Earnings per ordinary share, based on the 5 380 000 shares in issue, and after an allowance of R17 000 for the participatory preference dividend, are up from 1,75c to 3,44c and have enabled the company to declare a dividend of 1,5c per ordinary share.

The increase in earnings has been achieved from a turnover up 65% to R2,5m. The directors point out that this increase is largely due to the widened customer base gained through increased marketing activities. The outside catering division and new local and imported product developments also made a significant contribution, they say.

Provision for tax is down to R65 000 from the R79 000 of last year. The reduction has been made in light of recent capital expenditure, particularly on the Milly's carousel project in Sea Point, as well as the "inherent tax advantages within the structure of the group". — Sapa

Cape Times 5/3/87

Juicy Lucy lifts earnings by 40%

30/289

Financial Editor

NEW acquisitions have helped Juicy Lucy to lift net income after tax for the six months to November by 68% to R264 000 (R143 000); and earnings by 40% to 2,8c (2c).

Turnover rose by 26% to R3,2m (R2,5m) and attributable income by 68% to R240 000 (R143 000).

MD Geoffrey Topol says: "The acquisitions of the Milky Lane franchise chain and Juicy Lucy in Pretoria with nine outlets have been a significant positive contribution to our business.

"Both were acquired during the period of July and August 1986.

"Since the acquisition of Milky Lane four more outlets have come on stream. Long-term plans for Milky Lane indicate an exciting growth pattern.

'Positive results'

"Despite extremely difficult trading conditions, effective controls and increased marketing, activities have shown positive results.

"Prospects indicate that an improved business climate will further contribute to a steady growth."

He said Juicy Lucy was also about to open a chain of outlets aimed mainly at the black market.

"The first store in this chain has been sited in the Johannesburg Central Business District and is scheduled to open next month."

There were also plans to introduce some Juicy Lucy products in supermarkets.

"Initial consumer reaction has been positive. This will increase our brand exposure and provide an additional source of royalties for the group."

Cape Times 6/3/87.

Wooltru acquires control of Makro

30

By AUDREY D'ANGELO
Financial Editor

WOOLTRU has moved into the fiercely competitive wholesale market by acquiring control of Makro (SA).

It has agreed to pay R43,3m for the two thirds of Makro owned by Dutch firm SHV Holdings, which recently announced that it had given way to strong pressure to disinvest from SA.

The other third is owned by Safren Trading.

Wooltru CE Tony Williamson said yesterday:"We think there is exciting growth potential in the wholesaling end of the market.

"Makro has been held back by its foreign shareholding."

Makro has five outlets in the major cities of SA, including one in the Cape.

A joint statement issued yesterday by Wooltru, Safren and the SA management of Makro indicated this number should soon increase.

"Makro will now be a totally SA company and both shareholders wish to expand Makro at a far greater rate than it has in the recent past," the statement said.

"Makro will in future be better placed to take advantage of other expansion opportunities."

The statement said the SA Competitions Board had been consulted in this matter and did not consider the transaction to be against the public interest.

"Makro will continue to operate as an autonomous entity and there will be no changes to the management or staff of the company.

"The company structure of Makro will remain the same, as will its employment practices and commitment to its social responsibility programme — which has the full support of Wooltru."

The statement also said that the acquisition "will not have any significant effect on Wooltru's earnings per share in the short term, but Wooltru believes that in the long term there will be a positive impact."

Said Williamson: We shall be able to help each other a lot."

The acquisition of Makro will not cause Wooltru to dismiss the idea of expanding into the lower income retail market.

Chairman David Susman said last year that it saw this as the main growth area and wanted a chain to cater for it, with a separate identity from Woolworths.

Negotiations with Pepkor broke down earlier this year.

Williamson said yesterday:"We will still consider getting into the Third World market.

"We will still continue to look at possible acquisitions and also consider starting our own business."

Cape Times 6/3/87

Stuttafords revamp to cost R7m

By NEILL HURFORD 30
Property Editor

AN ESTIMATED R7m will be spent on upgrading internal services and creating a three-level retail area and parking for at least 100 cars in the existing Stuttafords buildings in the city centre. The exterior will be carefully cleaned and restored.

This was disclosed by the Cape development company Equikor Ltd, whose purchase of the buildings for R11m was confirmed yesterday.

"As a Cape Town-based company, we feel duty-bound to preserve one of the last of the city's fine examples of historic architecture for residents' benefit," said Mr Ian Hirschson, a director of the company.

He said that all the refurbishment of the store would be internal and the exterior would be restored to "its former glory".

"It will become an exciting major retail trading centre and our development is intended to endorse that the CBD is by no means dead," said Mr Hirschson.

Equikor would take possession of the buildings on June 1 and work on the project would start in July, with a completion date around April next year.

While final plans had not yet been completed, the intention was to retain the basement level, the ground floor and first floor as a trading area, which was likely to comprise specialist stores.

Internal landscaping was to be a major feature of the retail area, which would be light, bright and in keeping with the Cape vernacular.

The site area of the buildings which make up the Stuttafords complex is 4 000m². A total of 11 000m² over the three levels would be devoted to trading. Two further floors were under negotiation to be let as offices. The remaining office floors were on long lease to the GPO.

Mr Hirschson said his company was working in close co-operation with the City Council to integrate the project into the St George's Mall plans.

"With the advent of the flea market on Greenmarket Square and the new NBS headquarters with its mall between the square and St George's Street, a new lease of life will be given to this part of town."

Apart at the seams

For many years the Ronald Sassoon (RS) label on jeans' pockets has adorned SA's fashionable backsides. So the provisional liquidation last week of the high-profile high-fashion Cape Town-based clothing manufacturer dealt fashion trendies a serious blow.

RS has a bond with Repfin for R2,4m and originally went into judicial management on February 10 because of liquidity problems. However, although the high cost of raw materials is a major reason for the company's difficulties, market talk is that Sassoon's attention has been elsewhere. Plant in Mauritius or Israel is one rumour.

Although Ronald Sassoon has not been actively involved for the past 18 months in the company which bears his name, he does still own 76% of RS's issued share capital and remains a non-executive director. His brother's company, Alan Sassoon Investments, is the other shareholder.

Now negotiations are well under way with more than one interested party to dispose of the business. A deal is likely to be signed this week.

"There is absolutely no prospect of Repfin losing money through RS," says Stephen Gore, an RS provisional liquidator and a director of Sanec Cape. Another source maintains: "The company is actually solvent, assets exceed liabilities and it has substantial outstanding orders."

Gore says the rag trade has held up reasonably well over the last year considering the economic circumstances. "But liquidations are definitely rising once again in the Cape where there has been an increase in liquidations and insolvencies in the last few weeks."

Women's fashion house Treasures, also placed in liquidation last week with debt of R1,4m, is another Cape clothing trade casualty.

And Richard Wystyn's Newname clothing company, liquidated late last year with total liabilities of over R10m, was another. But Wystyn, who has been associated with a number of successes as well as failures, is making a characteristic comeback. He is currently making an offer for the restructured company and is back in business. ■

FM 6/3/87

30

TRADEGRO (30) FM 6/3/87

Returns needed

Last October, when Tradegro chairman Mervyn King targeted a R68m turnaround for the Tradegro group in the year to end-June, he looked highly ambitious. Interim results for the six months to end-December have gone a long way towards vindicating his optimism, and have helped to restore some credibility.

Attributable profits have shown a R41,8m turnaround, swinging from a R25m loss in the 1985 interim to a profit of R16,9m. Recovery was derived both from a sharp upturn in trading profits and a virtual halving of the interest bill. That trading profit jumped to R45,8m after sliding to the year-ago R11,2m and plunging deeply into the red during the next six months, is heartening.

A pickup in consumer spending since last August helped. But these results indicate some success with a high-risk strategy adopted by Checkers. A key objective was for Checkers to buy market share. Management says that the supermarket chain's penetration is up by 20%, in line with Checkers MD Clive Weil's assertion of last October.

Listed interests Metro, Cashbuild, Jazz and Joshua Doore have all done well, as was expected. But the major question marks are

TRADEGRO IN PROFIT

Six months to	Dec 31 '85	Jun 30 '86	Dec 31 '86
Sales (Rm)	1 722,9	1 986,8	2 218,4
Operating profit (Rm)	11,2	(4,5)	45,8
Profit (loss) before tax (Rm)	(22,6)	(20,3)	29,7
Attributable profit (loss) (Rm)	(25,0)	(24,1)	16,9
Earnings (loss) (c)			
— Undiluted	(61,39)	(79,51)	6,3
— Fully diluted	(32,71)	(4,7)	9,11

related to the unlisted trading divisions, Checkers, Rusfurn, Dion, and the department stores. Total turnover by the unlisted divisions rose in the six months by 24% to R1,33 billion. Of these the main problem area was Dion, whose sales fell 11% to R116,3m. Rusfurn's sales rose by 20% to R202m, the department stores' by 26% to R17,3m, while Checkers' surged by 31% to R989,6m.

Low margins

Other than the profitable wholesaler, Metro, Checkers is by far the largest trading division. Since late 1985, management has aimed to win market share by following main competitors, essentially Pick 'n Pay, on price. Checkers slashed its own trading margin, evidently to ultra-thin levels. After its return to profitability, Tradegro's overall trading margin was a slim 2,1%. But this was more than triple the previous interim's margin of 0,6%.

Checkers' strategy of buying market share was obviously risky. There were also potential gains in that the supermarket chain has huge overheads. Its profits can benefit rapidly from any improvement in sales volumes. On the strength of the sales figures, Checkers' pre-tax profits swung from a loss of R24m to a profit of R1,2m, Rusfurn turned its loss of R1,9m into a profit of R14,8m, Dion made a R798 000 profit after losing R4,3m and the department stores made a profit of R1,8m, almost double the previous profit.

But Tradegro is still hobbled by heavy borrowings. At end-December interest-bearing debt stood at R264m, amounting to 82% of the shareholders' funds and convertible debentures, which totalled R321m. There are plans to reduce gearing but it is uncertain when it will improve appreciably. Of the R207m long-term liabilities, King says R130m are in Rusfurn, with about R65m in the property division, Coreprop. Management is working on plans to reduce debt in Coreprop, and details should be announced in about a month.

Rusfurn's debt should be reduced after a listing, which is planned for the last week of April. Before its listing Rusfurn will acquire 100% of Dion at net asset value. Dion — now the main laggard in the group — achieved a R5m profit improvement despite lower sales, and management has plans for expansion and a repositioning of the discount group. It would be logical to expect a listing of Dion through Rusfurn when it is sufficiently profitable but that is unlikely to happen soon.

All these developments show continued progress. Payment of a dividend may be possible for Tradegro in the 1988 year. Yet the share price, at 185c on Tuesday, did not react to the return to profit. It is not difficult to see why. Two of Tradegro's major components, Checkers and Dion, whose total annual sales exceed R2,2 billion, are achieving little more than to break even.

Tradegro needs to show that it can reduce debt and lift profitability to acceptable levels — not simply move into the black — if it is to earn reasonable returns on its huge asset base. Meanwhile the retail and wholesale sector remains highly competitive.

Andrew McNulty

(45c + 5c tax)
For other prices, see Back Page
Natal, Western Province, Eastern Province 80c (71c + 9c tax)

BDay 6/3/87

Wooltru gets control of Makro for R43,3m

LESLEY LAMBERT

FOOD and textile chain Wooltru has acquired two thirds of the equity of Makro SA for R43,3m from its former Dutch parent S H V Holdings.

Makro's parent decided to withdraw from SA in January when the Dutch government refused to underwrite its fire insurance after a spate of anti-apartheid arson attacks at several of its Netherlands outlets.

There had been speculation earlier that Safmarine and Rennies Holdings (Safren) — which will maintain its one third of Makro's equity — would acquire control.

Wooltru CE Tony Williamson takes the view that his group's shift from its core retail business into the wholesale market will be beneficial in the long term.

"We believe that there is a lot of future growth in wholesaling in this country and our investment in Makro will give us an entrée into the low-income market.

"Makro has been severely limited as a foreign-controlled company. Now that it is totally South African, both shareholders wish to expand Makro at a far greater rate than it has in the recent past," Williamson said.

"Makro will in future be better placed to take advantage of expansion opportunities."

Wooltru, whose merger/takeover talks with the Pep Group recently collapsed, will finance the R43,3m from borrowings.

Williamson said his group had ample scope to fund the acquisition through borrowings without becoming concerned about gearing.

The acquisition is not initially expected to have a significant effect on Wooltru's earnings a share. However, the directors expect it to have a positive impact in the longer term.

In a joint statement issued late yesterday, Wooltru, Safren and the management of Makro SA announced that the wholesaler would continue to operate as an autonomous entity and there would be no changes to the management or staff of the company.

Both shareholders have committed themselves to supporting Makro's employment practices and social responsibility programme.

However, Williamson said that while they would keep the company in its historical market, they would try to expand the market and change the format of the stores.

Assocom-FCI tie-up talks likely

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DAVID FURLONGER
Industrial Editor

6/3/87

ASSOCOM and the Federated Chamber of Industries (FCI) are under pressure to re-open merger talks.

Officials of both organisations confirm talks are likely, following the resignation of FCI CE Johan van Zyl, disclosure of a report critical of management, and news that the FCI is laying off staff as an austerity measure.

Van Zyl has been a leading opponent of a merger, partly on the basis that he believes the FCI and Assocom have different roles to play.

A senior FCI source said yesterday: "The fact that he is leaving makes it easier to talk and therefore more likely."

Assocom is keen for talks to get under way as soon as possible. However, opponents of a merger say this is because the association wants effective control of the merged body, and could best achieve this with the FCI in its weakened state.

The FCI source said talks should wait until the immediate after-effects of the FCI's rationalisation wore off. He said many employees were "jittery" and angry" at the suddenness of the move, and early talks might be interpreted as a takeover bid by Assocom.

Announcement of the retrenchments and Van Zyl's resignation come days after the FCI's management board was presented with a report on the chamber of industries movement by management consultancy Pim Goldby.

One source said the report was damning of the movement's leadership. Van Zyl — who said his resignation was not linked to latest developments — said the report was "critical but not damning".

The last time Assocom and FCI seriously considered a merger was in 1982.

ANDREW OVENSTONE

To market, to market . . .

Untouched by the massive losses made by Ovenstone Investments Limited (Oil), ex-chairman Andrew Ovenstone (see cover story) is planning a comeback on the JSE next year with a listing of his Ovbel property company.

Formed late last year after a private placing through the Board of Executors — of which he is also chairman — Ovbel barely scraped together the R23m needed to acquire the property portfolio from Oil.

But Ovenstone is confident that the company with its three divisions — Ovland (development); Ovcon (construction) and Bellandia (housing) — will turn in a profit this year. And he believes that the projected after-tax profit of R2,7m in the first full year of operation — as forecast in the private placing document issued last year — will be achieved.

The newly restructured Ovbel, he reckons, will have reduced its debt:equity ratio from 63% on October 1 last year towards an acceptable 50% by March 1988.

This will be done by selling certain fixed assets which will reduce Ovbel's debt and enable the company to operate more vigorously in the trading market. Discussions on the sale of a number of properties are under way, although no large deals have yet been concluded.

Ovenstone's view of the quality of the property investment, however, is not shared by Premier Investments chairman Tony Bloom who rescued Oil from near-insolvency. Bloom, in deciding whether to rid Oil of either its property or fishing interests, opted for property. In his view, it will take a long time for the property market to recover and, anyway, Ovbel's stock is generally far from prime.

Ovenstone tells the *FM* that current plans are to step up sales of timeshare and retirement village units which have proved profitable in the past. To this end, Ovbel has established a trading arm in partnership with other investors — named Hi-time International — which will spearhead the campaign.

Sales over the Christmas holidays, he says, were "exceptional" although he is reluctant to quote figures. He says other projects are under consideration.

Ovenstone adds that the book value of Ovbel's gross assets is R85m, including the trading stock in Bellandia and Ovcon. The company is also involved in the management of headleases which Ovbel holds over certain centres. These headleases, he claims, are profitable.

He is reticent on the profit contribution made by each of the three divisions to Ovbel. But he is busy "restructuring the equity bases of each division" and this should be complete next month. He is adamant that all three divisions have equal profit potential.

He reckons his new team, consisting of directors Tiny Barnetson (Ovland), John Clark (Bellandia) and Jan Kaminski (Ovcon), has the expertise to make Ovbel profitable. And recently he appointed another Board of Executors director, Pierce Newton-King, as a non-executive director on the Ovbel board.

The question now, of course, is whether Ovenstone can deliver what he has promised. Investors don't need long memories to know how short he has fallen before. ■

NEWTOWN

Mourning trade

The opening this month of Johannesburg's Wolhuter Street Mall, adjacent to the Market Theatre, will not come before time for struggling tenants who moved in ahead of the official opening date.

Some of them — chosen from 200 applicants for retail space — moved in last year. But the early birds, it transpires, have caught very few worms.

Since the area is not known for retail trading, they complain there has been no passing trade and that even low rentals are expensive when there is no business.

But Anglo's Grahame Lindop, who heads the Wolhuter Street Precinct Trust formed to develop the mall, reckons the tenants knew exactly what they were letting themselves in for. They were fully aware of the situation, he says, when they decided to move in ahead of time.

The shopowners, meanwhile, are hoping that business will pick up when the promised restaurants in the mall open and many remain optimistic. "It's early days," says one, adding that the low rentals have helped to get them through the trough.

What is needed, tenants feel, are promotions to draw trade to the area because the general public seems unaware of their existence.

On Saturdays, for example, while the flea market over the road does brisk trade, there is little spillover benefit even though many flea market shoppers drop in at the Market Theatre for tea.

In an effort to boost trade, Lindop is now negotiating for the flea market to open three days a week. This will tie in with its original aim to provide a Covent Gardens-type facility.

The retail mix, he says, is aimed at a diverse market and will offer a florist, an old book shop, antiques, and a punk hairdressing salon. There will also be a branch of the Threadneedle Street costume rental company, which will both sell and rent theatrical-type costumes and clothing.

Lindop admits that, initially, rentals will be below market rates. At present, tenants are paying around R6/m² on leases of two to three years.

Among projects planned for the mall is the *Yard of Ale*, a Bistro-type quick-snack res-

Wolhuter Street mall . . . time to start marketing

BUSINESSMAN OF THE WEEK

Making the medicine go down

W/C Argus 7/3/87

30

By DEREK TOMMEY

LEX Tannenbaum, the executive chairman of E J Adcock, injected some excitement into the pharmaceutical trade in Cape Town this week.

He announced that his company wanted part of the local pharmaceutical wholesale business, worth between R10-million and R12-million a month, and which is currently dominated by two other large wholesalers.

Slim and trim, 40-year-old Mr Tannenbaum is confident that he will soon get a sizeable chunk of the market. The high quality of his company and the services it offers will see to this, he believes.

Also the company is offering membership of its Family Circle chain of pharmacies, which the E J Adcock supports elsewhere in the country, in competition with the Link and Plus chains.

"For historical reasons E J Adcock, ranked number five in the trade, has not been in Cape Town," he said. "But we are already in the Transvaal, Natal and the Free State and we want to be national. There is plenty of room in the Cape for another wholesaler.

"I've been with the business ever since I was born," he said this week. "My father started Adcock Ingram and I've known all about it since I was a child."

A little surprisingly, he is not a pharmacist. However, he is well qualified to manage any business, possessing a B Com and Ll B from Wits and an MBA from UCT.

There are more than 40 pharmaceutical wholesalers in South Africa but most are small. There are three large "capitalist" wholesalers which are owned by the public and another eight major "socialist" wholesalers who are owned by the trade, he explained.

Chemists generally buy about 70 percent of their requirements from one wholesaler.

Wholesaling is highly competitive. "I don't think our entry into the Cape will increase the competition — only increase the excitement in the Cape market — which is one of the most price sensitive in the country," he said.

E J Adcock is investing about R1-million in establishing itself in the Cape market.

One of its ways to make itself known to the trade has been to issue every pharmacist with a brochure outlining its services — which is an eye opener to anyone not familiar with the pharmaceutical trade.

One section reads :"E J Adcock — your 'one stop shop' wholesaler". It continues: "Need finance to open or purchase a pharmacy, or to refurbish your existing store ? Phone Adcocks".

Other services offered include accounting, computer consulting, and staff training, all of which are aimed at improving the efficiency of the pharmacist and his profitability.

"We are greatly concerned about the financial position of pharmacists, said Mr Tannenbaum explaining the reaason for the accounting services.

"Our financial health depends on the financial health of our pharmacies.

"The wholesaler is not just a middleman. He's in contact with the pharmacist at least once and possible twice a day. If a pharmacist has a business problem, no matter what it is, we expect him to make one phone to us — and cry 'help'.

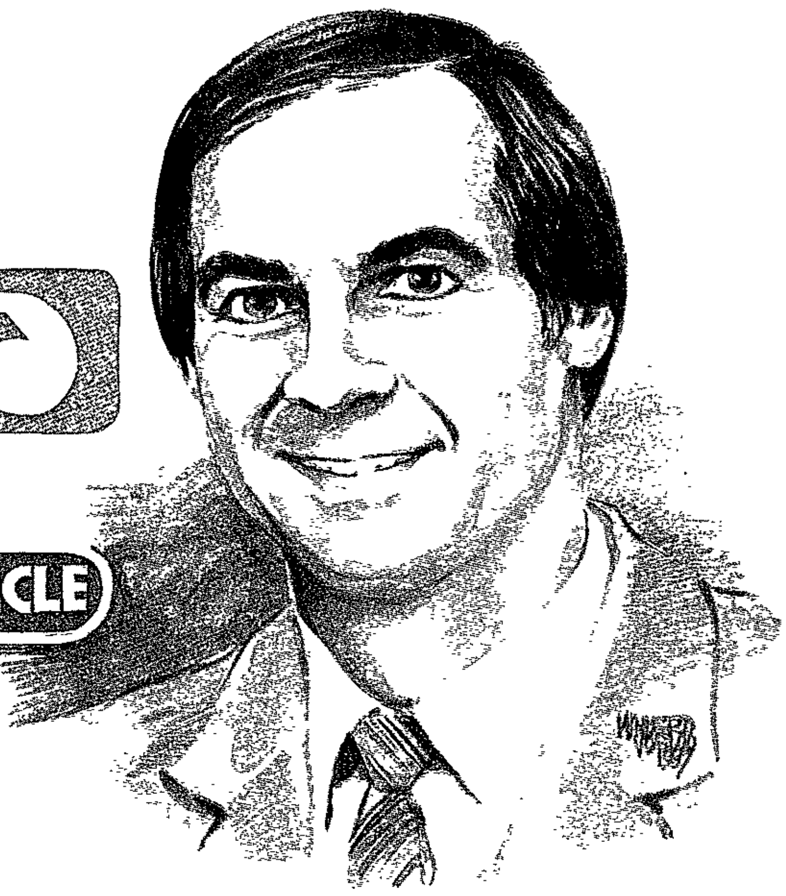
EXCELLENT

"The wholesaler is giving an excellent service," Mr Tannenbaum said.

He denied medicine prices were high. "They are no higher in South Africa than elsewhere."

The pharmaceutical trade will be watching with keen interest the progress made by E J Adcock — and so will many other businessmen, for it is not often that a Johannesburg company tries to break into the highly competitive Cape market.

FAMILY CIRCLE



Lex Tannenbaum . . . sizeable chunk of the market.

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Bergers forecasts a turnover of R44,6m

Business Day Reporter and Sapa

TURNOVER of R44,6m and pre-tax profits of R3,2m in the year to December 31, 1987, are forecast by Bergers Group, which is seeking a listing in the JSE's retailers and wholesalers sector on April 9.

The listing of the 132-store cash clothing chain will follow a private placing of 2,8-million shares at R1 each. The placing through Senbank opened on Friday (March 6) and closes on March 27.

Bergers, one of Southern Africa's oldest clothing chains, caters predominantly for blacks.

The R44,6m turnover forecast represents a 30% increase on 1986 sales of R34,4m. It is a 240% increase on 1983 sales of R18,1m which yielded pre-tax profits of R458 000.

Forecasts show the anticipated sales of R44,6m are expected to yield R3,2m in pre-tax profits — a 60% leap on the 1986 figure of R2m from R34,4m turnover.

Taxed profits for 1987 are forecast at R2m, as against R1,3m for 1986, and R335 000 in 1985.

A total of 20 million shares will be in issue when Bergers is listed. Based on this issue at R1 a share, the forecasts for 1987 represent earnings of 10c a share and a yield of 10%. The directors expect that dividends for the year will not be less than 5c, representing a yield of 5%. They intend maintaining a cover of at least two times.

Net asset value after the placing and on issued share capital of 20 million shares will be 27c.

The directors expect growth to come from the opening of new stores in prime locations at a rate of about 15 a year, as well as through the upgrading and enlargement of existing stores.

SPRINGTEX HOPEFUL

Business Day Reporter

SPRINGTEX will achieve considerably higher earnings during the current financial year, chairman Michael Teixeira says in the annual report. The company was listed on the JSE last year.

Taxed profit for the year of R1,3m and earnings a share of 13,4c for the year ended December 31 both achieved the pre-listing forecast.

The first dividend for the current interim period is expected to be 2c a share, with the final dividend for the year at least 3,25c a share.

Teixeira says funds raised last year had little impact because the listing was only in the the final quarter of the year.

"The company has now repaid a major portion of its borrowings, and the resulting reduction in interest payable will have a substantial impact on future profits."

The acquisition of the Table Charm group at the end of 1986 is also expected to have a positive impact on future earnings, he adds.

Boya said Umsa would struggle ... representative for the ...

We're the ones to market new SA — Nafcoc

B Day 9/3/87

(30)

THEO RAWANA

THE National African Federated Chamber of Commerce (Nafcoc) sees itself as the force to market the SA of the future to black Africa and the world.

Nafcoc PRO Gab Mokgoko says that as the policy of apartheid has destroyed all chances of whites — and even blacks — dealing freely with Africa, Nafcoc should prepare the ground to market post-apartheid SA through its international connections in Africa, Europe, the Far East and the Middle East.

"Plans to open an office in the US are all but complete and this will serve as a link with the world business community," says Mokgoko. He says the US office is to be followed soon by one in Brussels to focus on the European business community.

"We are engaged in the liberation struggle, but we are fighting from the economic front," says Mokgoko.

"We are engaged in major international communication and are directly involved in the Brussels-based International Chamber of Commerce. Our president Sam Motsuenyane is a committee member of the world body and chairman of the SA component.

"We aim to deal directly with trade development groups so that funds flow directly into black hands for black projects. Nafcoc will serve as a base for the entrepreneurial advancement of blacks by interacting directly with other black businessmen in the West."

Mokgoko says moves to this end started in 1984 when Nafcoc held talks with the chairman of the Small Business Sub-Committee in the US House of Representatives, Parren Mitchell.

"Nafcoc is better placed to market the new SA and SA products. It's going to be the black man who will open the doors of the world to the SA white man. In consultation with African organisations, we are going to open business missions in certain African countries in preparation for the future.

Seminar on black business

THEO RAWANA

THE National African Federated Chambers of Commerce is planning a major seminar on the funding of black business, Nafcoc PRO Gab Mokgoko says.

The seminar, to be held on a date still to be announced, will focus on the plight of the black businessman.

Mokgoko says Nafcoc's industrial and counselling committee has expressed concern over the inadequacy of funding for the black businessman.

"There is rhetoric. Black business has been accepted as a job creator. But banks and big business have been unable to identify black business's need for funding," Mokgoko says.

"Instead, the man with money and collateral is favoured when it comes to lending. The black man, especially in the present economic climate, is regarded as a lending risk. Insurance firms are pulling their policies out of black business.

"There is a need to punch holes into lending guidelines so as to cut down on the high lending requirements."

A RAND Supreme ...

Mutual respect leads to amicable settlement

ALAN FINE

HEED HAS been taken by the opposing sides — Pick 'n Pay and the Allied Workers' Union (Ccawusa) — of the lessons of a bitter pay dispute fought between them a year ago.

After a painless and particularly brief set of negotiations, the two have reached a hitherto unequalled settlement incorporating R100 across-the-board wage increases plus paid holidays on May Day and June 16.

Pick 'n Pay's Frans van der Walt has a simple explanation for this: "Both approached the negotiations with much more respect for the other's power. And there was a mutual trust."

Put another way — both proved their capabilities last year. There was no need to repeat it.

This time last year Pick 'n Pay was about to get its own taste of Ccawusa militancy. The strike there was far shorter than the recent OK Bazaars strike — but just as bitter.

The settlement has set the standards for the coming year. Last year, almost every wage settlement in the retail sector matched the 1986 Pick 'n Pay strike settlement figure of R85.

This will probably recur. Ccawusa is certainly expecting it. Some retailers are already resigned to it. The corollary, though, is that, having made plain its satisfaction with the Pick 'n Pay agreement, Ccawusa will be hard-pressed to improve on it elsewhere.

Indeed, the next wage round at a major retailer may be particularly difficult.

Talks with Checkers begin within weeks. The company has had an unenviable profit record in recent years and will not find it easy to meet the union's expectations.

Competition discussions

WOOLTRU and Makro consulted with the Competition Board in terms of the Maintenance and Promotion of Competition Act, 1979, regarding the acquisition by Wooltru of Makro, board chairman S J Naude has announced.

The board said in a release it was aware that the proposed acquisition might cause an increase in concentration in the wholesale and retail trade, but this did not appear to be against the public interest as the two groups served different market segments.

A wide range of suppliers sell to the two groups with no more than a 3% overlap.

The board said it was also aware that it would be preferable for the foreign interest in Makro to be sold to a knowledgeable local purchaser in the trade for strategic business reasons.

Should these transactions have materialised, there could have been serious competitive implications for the wholesale and retail trade.

Mining houses to take action

Jo'burg CBD misses out on RSC levies

10/3/87 B/Day

JOHANNESBURG'S CBD, host to the mining houses, will not become the major beneficiary of the two Regional Services Council (RSC) levies to be imposed on the mining industry when the RSCs start operating from July.

CHRIS CAIRNCROSS

Department of Finance sources say the levies — on turnover and employment — are to be imposed directly on the operating mines themselves, and the revenue obtained is to be re-deployed to provide the infrastructure and services in those areas where the mines are located.

This could mean some of the smaller RSCs, located in outlying areas where economic activity is virtually "self-serviced", could also potentially become among the wealthiest — unless the local authority concerned decides to reduce the rates set in the RSC Act: 0,25% of payroll and 0,1% on turnover.

This is unlikely, at least in the 12 months from July, as these two rate levels are to be applied uniformly by all RSCs during this first year of operation, in view of the fact that no clear budget parameters have been established anywhere.

Official estimates are that the two levies could yield as much as R800m in the first year, providing for surpluses at the end of the 12 months.

And, with officials already saying these rate levels are still too low, it is probable these ceilings will be raised substantially a year from now.

This prospect is the cause of concern within the private sector, even though it is a development which comes as no surprise.

Although this third tier of government

To Page 2

Jo'burg CBD misses out on levies

B/Day 10/3/87

From Page 1

is not given the authority to raise levies beyond those prescribed in the RSC Act, it has now become obvious Finance Minister Barend du Plessis can simply bypass this by providing "bridging finance" in the main or mini budget and, at the same time, authorise increases in the ceiling on the two levies to be included in amendments to the legislation.

Given the early warnings issued by officials, it seems certain some sort of bridging finance will be provided this year — even though the full range of services will not.

Like the budget, therefore, these regional taxes are also open-ended.

The manner in which the mining industry is to be handled has, apparently, caused something of a quandry within this sector.

Mining house representatives are to meet within the next few days to decide on whether they should bow to this arrangement or seek an alternative option.

Their position is different to that to be imposed on the financial institutions — banks, building societies and life offices.

Although the establishment levy will be applied where the regional and other front offices employees are located, the turnover levy will be where these institutions have their head offices.

Thus, Cape Town, which hosts many of the life head offices, could benefit proportionately more than other centres from the premium and investment income enjoyed by those major institutions.

Another factor of intense concern to the business community is the principle laid down in the RSC legislation which excludes business areas in the determination of the voting power of the local body through which it is represented.

As the business community is to be the main source of revenue for the RSC, this feature in the legislation continues to arouse fierce reaction, with organised commerce maintaining it is still only equitable that the voting power of local bodies representing these interests should be commensurate.

Cape Town's Chamber of Commerce says the situation is tantamount to "taxation without representation".

So far these objections have fallen on deaf ears.

B/Day 26/3/87

Clicks ups profits 28,1%

HAROLD FRIDJHON

STORE refurbishment and the opening of two further branches contributed to Clicks, the chain store group, raising its taxed profit by 28,1%, from R3,742m, to R4,795m for the 26-week period ended December 28, 1986.

The interim dividend has been raised from 6,356c a share to 8c.

Chairman Jack Goldin said last night that the policy of upgrading the chain's shops and making them more attractive had proved very successful. In the case of the Plein Street premises in Cape Town which had been re-located turnover was doubled.

"People enjoy shopping in a bright environment," he said. "The exercise has been well worthwhile."

Sales for the half year increased from R96,1m to R119,6m, an improvement of 24,4%. But the operating profit went up by a larger percentage, rising by 28% from R7,4m to R9,5m.

Goldin says that during the current calendar year the group plans to open 10 new shops taking the chain's outlets to over the 100 mark. The programme for 1988 is even more ambitious and should take the network towards the targetted 200 stores.

At last night's market price of 900c and taking the latest and the previous dividends the share is trading on 1,95% yield.

CAPE TIMES 26/3/87

the Cape Times

Clicks posts 28,1% higher profits

By JANE ARBOUS

HOT on the expansion trail, retailers Clicks has reported a 28,1% jump in interim after-tax profits with an increased 8c dividend over the same period in 1985.

One of the main reasons for a 24,4% increase in turnover was the remodelling of many of its stores plus the relocation of the Plein Street branch last July after which turnover more than doubled, Clicks chairman Jack Goldin said yesterday.

In its interim report for 26 weeks ending December 28, Clicks recorded sales totalling R119,6m compared with turnover of R96,1m for the six months ending December 31, 1985.

Operating profit before taxation totalled R9,5m (R7,4m) and after tax profit was R4,8m (R3,7m).

In this period, a new store was opened in Potchefstroom and another in Durban.

"The group has also been very active in upgrading and remodelling existing stores which policy has been a great success and has made a positive difference to sales."

The Golden Acre branch is currently being revamped.

Clicks plans to open a further 10 stores in the 1987 calendar year which will bring the total number in the group to 94. The group's expansion programme for 1988 is expected to far exceed the number of stores opened this year, taking the total number of stores beyond the 100-mark and on the way to achieving Goldin's expressed target of 200 stores over the next few years.

According to Goldin, the Diskom chain which caters mainly for the lower-income group, has shown exceptional growth in the period under review and has made a meaningful contribution to group sales and operating profits.

There are 17 stores in the Western Cape.

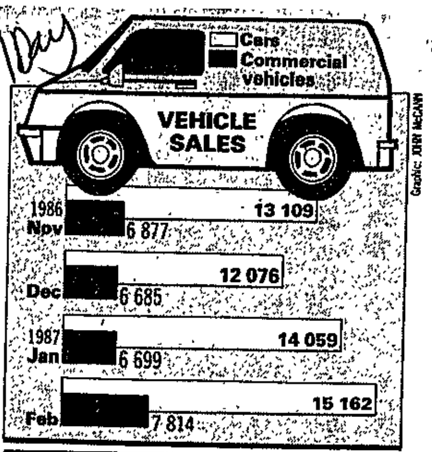
"Management have decided to accelerate the growth of the Diskom chain and the first store outside of the Western Cape will be in Natal."

The interim dividend of 8c a share shows an increase of 26% over the previous interim dividend of 6,35c.

Goldin said he was confident that the company could maintain growth of 28% for the rest of the financial year.

He added that the new debt agreement signed by SA this week was "a very positive sign" and would increase confidence.

Higher car sales spark optimism



DAVID FURLONGER
Industrial Editor

MOTOR industry officials were heartened by figures yesterday showing that vehicle sales in February were more than 10% up on January figures.

But there was caution that it was too early to predict a genuine recovery.

Sales of new cars improved nearly 8% last month to 15 162. No one was happier than Eastern Cape neighbours Volkswagen and Delta Motor Corporation — VW because its Golf/Jetta range knocked the Toyota Corolla off top spot for the second month in a row, and Delta

● See Page 3

because its car sales shot up 39% compared to January. Its Kadett range enjoyed a startling 67% rise.

Total light commercial vehicle sales improved 13%, medium commercials 59%, and heavy trucks and buses 31%.

Welcoming particularly the strong improvement in medium and heavy commercial sales the National Association of Automobile Manufacturers (Naamsa) adds the recovery is off a very low base.

While warning against drawing too many conclusions from February's performance, Naamsa is guardedly confident growth will continue.

It says March will tell whether a genuine upturn is on the way. Assuming SA maintains its improved economic growth and that replacement demand for vehicles continues, Naamsa predicts "possible further modest sales gains in each of the sectors in the months ahead".

Other industry officials are more openly optimistic.

Volkswagen MD Peter Searle, who is also Naamsa president, says overall vehicle sales improved 10,6% in February, against a traditional 2,5% increase over the same period. He says the figures indicate "a steadily improving business climate and increasing consumer confidence in the economy".

FEBRUARY CAR SALES

BMW — 3 Series 991, 5 Series 221, 7 Series 43, Total 1 255.

Delta Motor Corporation — Opel Rekord-/Commodore 210, Opel Kadett/Monza 1 157, Ascona 6, Total 1 373.

Mercedes-Benz — Honda Ballade 783, M-Benz W123 Series 8, W124 Series 650, W126 Series 83, Other 1, Total 1 525.

Nissan — Langley/Pulsar 759, Skyline 321, Laurel 2, Total 1 082.

Samcor — Ford Laser/Meteor 1 035, Sierra 684, Mazda 323 930, Mazda 626 457, Total 3 106.

Toyota — Corolla 2 556, Cressida 1 150, Other 6, Total 3 712.

Volkswagen — Golf/Jetta 2 595, Passat 337, Audi 500 174, Total 3 106.

Other — Lancia 3.

Total February 1987 — 15 162.
Total February 1986 — 13 913.
Total January 1987 — 14 059.
Total January 1986 — 13 859.
Total Jan-Feb 1987 — 29 221.
Total Jan-Feb 1986 — 27 772.

11/3/87

36

LIGHT COMMERCIALS

Delta 708, Leyland 14, Nissan 1 328, Samcor 1 584, Toyota 2 489, VW 560.

Total February 1987 — 6 683.
Total February 1986 — 6 199.
Total January 1987 — 5 899.
Total January 1986 — 5 406.
Total Jan-Feb 1987 — 12 582.
Total Jan-Feb 1986 — 11 605.

MEDIUM COMMERCIALS

Delta 73, M-Benz 19, Nissan 40, Samcor 169, Toyota 153.

Total February 1987 — 454.
Total February 1986 — 485.
Total January 1987 — 285.
Total January 1986 — 430.
Total Jan-Feb 1987 — 739.
Total Jan-Feb 1986 — 915.

HEAVY COMMERCIALS

Delta 74, Erf 12, Hestair 6, Leyland 35, Malcomess 22, Man Truck 31, M-Benz 284, Nissan-/Magnis 68, Samcor 35, Toyota 110.

Total February 1987 — 677.
Total February 1986 — 633.
Total January 1987 — 515.
Total January 1986 — 513.
Total Jan-Feb 1987 — 1 192.
Total Jan-Feb 1986 — 1 146.

TOTAL INDUSTRY SALES

Toyota 6 464, Samcor 4 894, VW 3 666, Nissan-/Magnis 2 518, Delta 2 228, M-Benz 1 828, BMW 1 255, Leyland 49, Man Truck 31, Malcomess 22, Erf 12, Hestair 6, Lancia 3.

Total February 1987 — 22 976.
Total February 1986 — 21 230.
Total January 1987 — 20 758.
Total January 1986 — 20 208.
Total Jan-Feb 1987 — 43 734.
Total Jan-Feb 1986 — 41 438.

R7m for Stuttafords facelift

11/3/87 B/Day

30

AN estimated R7m is to be spent on renovating the old Stuttafords building in Cape Town.

Internal services are to be upgraded and a three-level retail area is to be built.

Parking for at least 100 cars is also to be developed, while the exterior of the building will be thoroughly cleaned and restored.

This was disclosed by the Cape development company Equikor Limited, whose purchase of the old building for R11m was confirmed last week.

Petrol verdict contested

12/3/87

Pick 'n Pay's fight to continue with its prohibited petrol sales coupon scheme was taken on appeal to Bloemfontein today.

The company has appealed against a judgment in the Cape Supreme Court in which Mr Justice Berman dismissed Pick 'n Pay's application against the Minister of Mineral and Energy Affairs to prevent him from stopping the coupon scheme.

Pick 'n Pay had sold petrol at the fixed price at its outlets, but had handed out coupons offering a reduction on the price of other goods.

Counsel for Pick 'n Pay will argue the coupons did not affect price-fixing as they could not be used for petrol, but only for other goods.

Counsel for the Minister will argue the selling of petrol and the providing of coupons — for a lower price on groceries or other goods — constituted a single transaction.

Ford, Mazda in price war

12/3/87 FM

(30)

NORMAN SHEPHERD

A PRICE war in new vehicle sales has broken out, with Ford and Mazda dealers slashing prices on small cars countrywide.

Samcor has cut its prices to dealers, most of whom are passing on the savings to buyers.

The price slashing is seen as a bid by Samcor to push certain models and help sell itself out of recession.

Buyers can save R3 000 on a Ford Meteor 1300GL or R2 000 on a Mazda 323 saloon or 1600 sedan.

"Anybody who can afford the R1 568 minimum deposit, which includes GST, can drive out with a new car. Lower interest rates — down from 23% to 19% — mean 48 monthly instalments of R404," says a Ford dealer.

On top of the discounts, some dealers are making special trade-in offers.

Kempster Ford in Durban is offering Ford Laser automatics for R15 650 — a R2 500 discount.

Rand Ford sales manager Kobus Vosloo said: "Prices are being cut on the Meteor to get it on the road. It has been on the market for nine months. There is a price reduction of R3 000 until March 25."

Small businessmen face too many laws

Faster action needed to lift restrictions

12/3/87

(30) B/Day

THEO RAWANA

PROGRESS in lifting business restrictions has been painfully slow and the champions of small business have called for faster action.

Small Business Development Corporation (SBDC) interest promotion manager Johan Naude says now the reform process has been accepted, immediate implementation should follow.

Local authorities should make themselves accessible to the developing business communities through the SBDC.

Job Creation SA MD Ian Hetherington says the new Temporary Removal of Restrictions on Economic Activity Act, by which the President can deregulate by proclamation, gives a little light at the end of the tunnel.

But, he says, even then certain steps in the Act have to be followed before the proclamation becomes effective.

Naude asks if the Shop Hours Ordinance is really necessary. He says: "Although unions are known to be against longer hours, retailers can arrange with them and open for as long as they want if the market responds.

"The Land Use Act restricts use of land to one form of activity, but this need not be the case if there is a need for another activity."

Naude says on the positive side, street vending activities have been accepted to a large extent in Johannesburg, special vending zones have been proclaimed in areas surrounding railway stations and bus termini and licensing procedures have been streamlined.

Hetherington says the man who wants to start up a manufacturing business has to face various Acts.

As well, business has to contend with ordinances from Parliament, homelands, the provinces and local authorities. While these weigh heavily on the little man, they finally affect big business as well.

Hetherington says: "At the Carlton Conference in 1979 P W Botha — then Prime Minister — made a passing reference to 'open areas' where blacks could manufacture. This was welcome news to the National African Federated Chamber of Commerce and Industry (Nafcoc) industrial committee.

"The committee wrote to three Ministers and nothing came of it. It was only seven years later that a change was made to allow blacks to manufacture in 'controlled areas', but not in 'group areas'.

"It was discovered in November last year that 70% of SA land is a controlled area."

Veka back in profits

(30)

LIZ ROUSE

VEKA has staged a R3,2m turnaround into profitability in the year to December, helped partly by the rights issue and the sale of its Pepkor preference shares.

The turnaround was achieved in difficult trading conditions and after the three most difficult years in the clothing group's history. However, the company is not in a position to restore dividends at this stage.

Taxed profit for 1986 was R140 000, or 0,59c a share, compared with a loss of over R3m (28,6c a share) in 1985. An extraordinary profit resulted in a total profit of R807 000.

According to a Press release, the extraordinary profit can be mainly attributed to the sale of the group's building in Salt River, Cape Town, for R1,85m.

Veka's recapitalisation was finalised in July 1986 with the rights issue of R4m and the sale of Pepkor prefs for R7m.

It was originally expected these steps would be finalised earlier in the year. The positive effect in the second half only, says MD Almero Oosthuizen, was therefore less than expected.

He adds that, as 1986 was one of the most difficult years for the clothing industry, he regards it as an achievement to return to profitablity in this year.

Veka chairman Daantjie du Preez says he is optimistic the group can improve further on results this year. As market leader in schoolwear in SA, the company has an improved order book so far this year.

Veka shares have recovered from their low of 20c in November last year and are currently trading at 29c.

BD 12/3/87

Chamber warns on sanctions sell-outs

Exporters and importers must 'pull together'

By Chris Moerdyk

...e of the more serious problems of ...nctions was local businesses "sel... ...ch other out".

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maximum liaison with Governme... some regulations affecting ... ex... would ... to be ...

The Star's October 13 story warning of sanctions "sell outs".

Sell-out firm ignored Chamber's warning

By Chris Moerdyk

A warning six months ago by the Johannesburg Chamber of Commerce that one of the more serious problems of sanctions was "local businesses selling each other out", has gone unheeded by at least one South African company.

According to reports from Washington yesterday, a South African company, angered by its inability to get off the US sanctions "hit list", has told the US Government that several other South African companies should also be on the list.

In October last year, The Star quoted Mr Pat Corbin, president of the JCC, as saying "sanctions spawn self-interest and competing exporters could resort to leaking information on competitors".

Mr Corbin told The Star yesterday: "It is a pity businesses tend to look at their own interests rather than those of their country.

"This particular company has obviously reacted to its inclusion on the US list by saying 'it's not fair' and refuses to stand by while its competitors have an unfair advantage."

He added that businesses could also be expected to "sell out" their competitors for no other reason than their own private gain.

"This kind of thing is most unfortunate, but moral or strategic issues aside, the bottom line is human nature."

Cape Times 13/3/87 (30) 2389

Foschini enjoys 50,5% profit leap

By JANE ARBOUS

AN AGGRESSIVE sales programme has propelled Foschini Limited out of the mid-80's industry slump, resulting in an unexpected 50,5% jump in year-end profits and a record dividend payout topping 1 000c.

In its preliminary report released yesterday, earnings per share (EPS) leapt by 50,6% to 2 536c from 1 684c in 1985.

Dividend cover was restored to the traditional 2,4 times, with a final dividend of 902c (payable on May 4) bringing the total for the year to 1 077c. This represents a 41% growth over the interim payout and an overall 33% increase over the previous year.

The disparity between the EPS jump and the 32,6% increase in dividend per ordinary share can be explained by the fact that the 1985 dividend was held at 1984's 812c — despite a 1985 drop in profits of 11,9% and a reduction in dividend cover to 2,1.

At a press conference yesterday, chairman Clive Lewis said the results represent the highest increase ever recorded "in normal trading" apart from the 1957 turnaround from a loss to profit position.

Commenting on the fact that the profit growth rate exceeded the 17,9% increase in turnover of R329,8m (R279,7m), CE and MD Hugh Mathew said the main reasons were tighter stock control and a policy of not pursuing turnover through discounts, mark-downs or excessive consumer credit. The second half of 1986 reflected the continued modest improvement in the economy and against this, the turnover result was considered "satisfactory".

Turnover so far has been at a promising level and although February closed a little softer than expected, Mathew said the position was still well ahead of this time last year.

While both men declined to make specific forecasts for 1987 until the release of the financial report at the end of the month, both were cautiously optimistic.

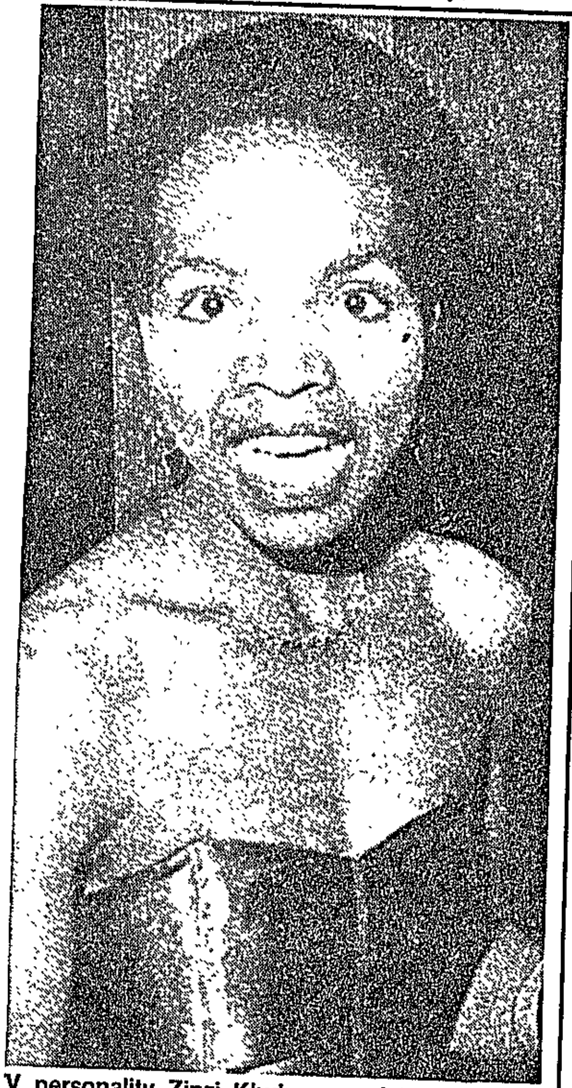
The aggressive sales programme at full retail selling prices and a definite push for more market share would continue, but much depended on unstable political factors.

Mathew said: "The resilient economy cannot indefinitely withstand the ravages of political stagnation, financial mismanagement at the highest level, a continuing state of emergency and smouldering unrest — all of which must take their toll."

Asked to comment on why the market appeared not to have recognised the inherent strength of Foschini — one of the highest priced shares on the JSE at a current 25 000 — Lewis said one reason might be that people did not think a mature company with 600 stores could expand further.

"On the contrary," he said "there is ample opportunity for growth within our operating structure."

Neither had the market anticipated the latest results, he said.



V personality Zinzi Khulu was pictured at the
ıunch of the black-owned Active Broking Services
this week.

Small businessmen urged to think big

Sowetan
(30)
13/3/87

By NKOPANE MAKOBANE

SMALL businessmen must strive to make their businesses bigger, according to Mr Makana Tshabalala, president of the Greater Soweto Chamber of Commerce and Industry.

He was addressing a Press conference in Johannesburg to announce the Matchmaker Fair '87 to be held at the National Exhibition Centre, Crown Mines, Johannesburg, on May 6 and 7. The first Matchmaker Fair was held last year.

The fair — held under the auspices of the United States and Foreign Commercial Service — is co-sponsored by the GSCCI and the American Chamber of Commerce in South Africa.

Other institutions which are actively co-operating in organising the event are, the Sullivan Signatories Group, Get Ahead, Ango-Vaal, the Urban Foundation and the Small Business Development Corporation.

Matchmaker provides a meeting place where vendors demonstrate their capabilities and promote the goods and services they can provide to prospective buyers. American, South African and foreign corporations operating in South Africa attend to make contact with potential suppliers from the black, coloured and Asian private business sector.

Mr Makana said throughout the years black businessmen have been kept outside and could not follow through to make their business big. He said by organising the fair, they were trying to put a sane programme for the South African economy.

He added that response to the fair has sofar been tremendous. Of the 100 stands that will be available, 70 percent have already been taken.

JOHANNESBURG CBD

Uniting the east

30 FM 13/3/87

Two major buildings occupying a full block each are to be developed by United Building Society (UBS) at a cost of more than R45m. The sites lie immediately south and east of its existing Johannesburg headquarters.

The developments, for which architectural planning is well under way, will help create a mini financial node on the eastern periphery of the CBD, with the UBS and IGI as the major players (see box).

In a deal with Satbel, the UBS has already bought the blocks needed for the redevelopment for R3,8m.

The block to the east of United Towers — bounded by Polly, Marshall, Mooi and Anderson streets — previously housed the Ster-Kinekor head office and was constructed originally for SA Associated Newspapers (Saan), publishers of the *FM*.

The building on that site will be demolished to make way for a 20-storey office block connected to United Towers. Construction of this development, however, won't start immediately and the building will probably be ready for occupation only in about two years, UBS MD Piet Badenhorst tells the *FM*.

More immediately, the block to its south, bounded by Polly, Marshall, Troye and Anderson streets, will be demolished to make way for a computer centre. Plans are already being drawn up by architects Rinaldi McDonald & Crosby for the centre with a construction start set for later this year.

Space in the existing 29-storey United Towers, says Badenhorst, is already under pressure and all floors have been converted to open plan to accommodate the maximum number of staff.

Explains Badenhorst: "For the past four years we have had a freeze on hiring staff. However, with expansion plans on the cards we will need additional capacity and the two new buildings are designed to meet those needs."

Badenhorst will not be drawn on whether any of the new space will be used to house staff for UBS's planned entry into the commercial banking field. At this stage, he says, plans are "strategic" and being kept secret from competitors.

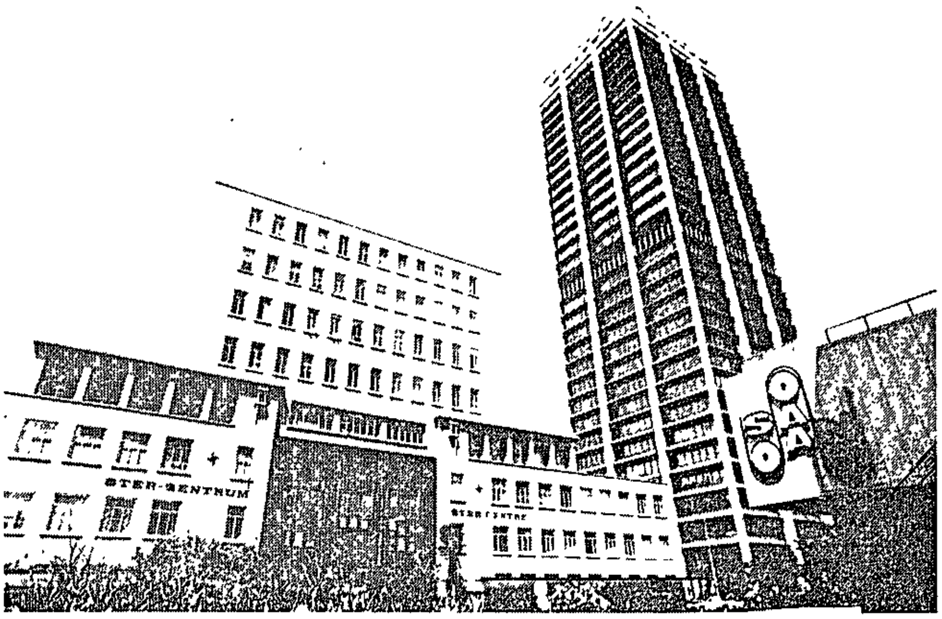
Earlier this week, UBS announced that it was negotiating an exchange of shares with Volkskas which would indicate a tie-up ahead of the UBS's planned entry into banking.

Until now, there has been comparatively little development to the east of Carlton Centre. However, the UBS move will clearly provide impetus for satellite developments in the general area.

One developer likely to benefit is JCI which bought the former Saan building on the block opposite the planned 20-storey tower. (The site for the tower block, in turn, was vacated by Saan in the Sixties).

No buyer has emerged for the Saan building or the two sites across Polly Street which were part of the package, but JCI reports a good deal of interest from prospective tenants in the building.

The UBS move will clearly help and the possibility of JCI redeveloping the old Saan property remains one of the options. ■



UBS acquisitions ... take-off time for the east side

SOUTHERN LIFE

FM 13/3/87

Retaining the split

After the merger in 1984 of Southern Life and Anglo American Life, it seemed only a matter of time before their property interests would be joined (*Property* October 5 1984). Yet three years later, the real estate portfolios are still being run separately, split rough-

WALKING ON AIR

There are so many aerial walkways up or planned in Johannesburg that wags are predicting that there could soon be more pedestrians moving above the city streets than on them.

Latest addition to the growing list is insurer IGI's skywalk which will connect its HQ building at the corner of Anderson and Mooi streets to its re-clad training centre and regional office across Anderson.

And the Easter weekend will probably see the completion of Standard Bank's skywalk which will connect its existing superblock in Simmonds Street with the second phase across the road. By the *FM*'s count this will be Johannesburg's sixth.

Trendsetter, however, was Rapp & Maister which built the city's first between the old Grand National Centre in downtown Johannesburg with the then Greatermans department store. Today it links Dion's with the Tony Factor Intown Centre.

Others to have appeared since connect Carlton Hotel and Carlton Court, the SABC's old Broadcasting House with Welfare House across Fox Street and the Braamfontein Hotel with its parkade.

The IGI link, says IGI's Roy Light, should be ready by June-July this year, and will connect at first-floor level. Cost is estimated at R500 000-R600 000.

Further renovations are planned at 163 Anderson to blend in with the HQ.

THE VOICE OF BUSINESS

FM 13/3/87

30

A many-tongued hydra

It has always been a weakness of South African business that it has not spoken with a single voice. Civil servants or politicians, faced with delegations from the Afrikaanse Handelsinstituut, Chamber of Mines, Federated Chamber of Industries (FCI) and Associated Chambers of Commerce (Assocom), all giving different advice, can be forgiven for saying "A plague on all your houses!" and going on to do just what they wanted to in the first place.

Historically there were good reasons — or, at any rate, explanations — for lack of unity. When Afrikaans business was very much the poor relation, it needed the separate voice which the AHI provided. Crudely, but not unrealistically, the FCI was seen as protectionist, Assocom in favour of free trade. And the concerns of the mining industry were unique.

These distinctions are fading. The problems that face "Afrikaans" business — if that description still makes any sense — are now no different from those of their English counterparts.

Commerce and industry increasingly realise that the one thing they both need most is a healthy, competitive economy free from special pleading and entrenched inefficiencies. And while mining, with its high export orientation, may still be in a unique position, the financial interests that control the mines have spread their tentacles widely into the secondary and tertiary sectors.

It is significant that a sizeable proportion of Assocom's membership now comprises industrialists rather than merchants. They not only find Assocom more effective, they feel at home there.

The FCI is a venerable institution which has played a valuable role in promoting its members' interests. But its activities increasingly overlap with those of Assocom, to the extent recently of making joint statements and representations on matters of mutual interest.

A combination of changed circumstances and hard times raises the question whether business can still afford this plethora of representative bodies. South Africans above all should remember that Unity is Strength. The departure of senior staff from the FCI and what is understood to be an adverse consultants' report could offer an opportunity to end structural weakness.

The last thing we would advocate is that one body should swallow up the other. That could create great resentment and would suggest that all the virtue lies on one side — which is definitely not the case. But a genuine merger of Assocom and the FCI, with an entirely new identity reflecting the broader scope and capitalising on each constituent's own special skills, could enable business to chart a much surer path through the political and economic minefield that lies ahead.

ASSOCOM/FCI 30 13/3/87

Shotgun wedding

After years of speculation, which started with the publication of the Poolman Report in 1982, it seems that a merger between the Federated Chamber of Industries and Assocom is finally on.

Only a substantial rescue package from big business could save the FCI now, but businessmen tell the *FM* they can no longer afford the luxury of two separate, largely overlapping, bodies. The time spent on committee work and the cost of subscriptions have become too great.

A report on the FCI by management consultants Pim Goldby has been seen as an indictment of the way the federation was run during Johan Van Zyl's tenure as CE.

Van Zyl, who has subsequently resigned, is highly respected as an economist but industrial sources believe he had spent too much time in academic life to be an effective CE of a business organisation.

FCI president Hugo Snyckers says substantial restructuring of the movement is being undertaken, including a "redistribution of activities between national and regional constituent bodies." Headquarters establishment has been cut, and 14 of the 30 staff members have already been retrenched. Many see these moves as a prelude to a link-up with Assocom.

In most areas, Assocom seems to be run as a tighter ship — for example, although FCI has eight constituent bodies and Assocom has 108, FCI's travel bill was R147 645 while Assocom's was less than R30 000.

Also, Assocom has maintained a steady income growth while the FCI, between 1985 and 1986, saw a surplus of R75 000 degenerate into a R305 000 deficit. More than R250 000 of the loss was because of a shortfall in subscriptions, although corporate council subs are three times Assocom's.

In retrospect, leading businessmen believe the FCI made two fatal mistakes: firstly, the move to Pretoria took it away from the heart of the business world and, secondly, it became too dependent on big corporations. Increasingly it turned to its corporate council to bail it out and so alienated its constituent chambers.

Assocom past president Bill Yeowart believes Assocom has an effective system of financial control. "A similar system evidently didn't exist at the FCI and it's unfair to put all the blame on Van Zyl," he says.

In a move already under way, the Transvaal Chamber of Industries is negotiating to join the Johannesburg Chamber of Commerce to form a joint Witwatersrand Chamber of Commerce and Industries.

"This time the pressure for merger is from the bottom up," says JCC president Pat Corbin. "Without exception the members I canvassed wholeheartedly supported the move. Ultimately I hope we'll be joined by the Greater Soweto Chamber of Commerce."

But Corbin emphasises the move will be a genuine merger and not a takeover.

So far the two head offices have remained tight-lipped. After the embarrassment of the merger collapse in 1982 Assocom CE Raymond Parsons is reluctant to make the first move — but rank-and-file pressure could make him initiate the marriage proposal.

What Assocom will clearly have to bear in mind when the merger comes is that the FCI's work in the industrial field will have to continue, particularly in labour relations. ■

Soyco calls on Motlana to quit

30

13-19/1/87 (W) Mail

By SEFAKO NYAKA

THE Soweto Youth Congress (Soyco) has called on the Black Equity Participation (BEP) to disband and told Soweto Civic Association leader Nthato Motlana to dissociate himself publicly from the venture.

Soyco made the call during its three-day general council meeting in Soweto at the weekend.

Several activists, on the run since the State of Emergency was declared, emerged for what a Soyco representative said was "proof that we can hold meetings right under the state's nose".

The BEP was formed in the second half of last year to buy up disinvesting companies. It has as board members Motlana, Richard Maponya, Gibson Thula and Jackie Mphafudi.

The BEP had told potential investors it enjoys wide black support, but the ANC and Cosatu have repudiated the scheme.

BUSINESSMAN OF THE WEEK

C/C-ARGUS 14/3/87 30

Milly's is cooking

By DEREK TOMMEY

MICHAEL Bruchhausen, 26, is probably South Africa's youngest managing director of a quoted company.

And in an interview with him this week it soon became clear that his father and two elder brothers had good reasons for appointing him to the top spot of Milly's, the Cape Town convenience store group, when the family bought the company a year ago.

"I was probably appointed MD because I had more administrative experience than my brothers," he said, adding that both were in the business and were around to take charge when he was absent from Cape Town.

But in an impressive survey this week of Milly's operations and prospects it quickly became obvious that the company's affairs are in the hands of a highly capable young man.

His knowledge of business would do credit to someone twice his age. Clear-headed and articulate, he knows what is at stake and where he and the company are going.

Also helping his reputation is the good track record he has achieved in the short time he has been with Milly's.

In September he took the company to the share market. And last week he reported a 64 percent increase in turnover, a 54 percent rise in pre-taxed profit and a 96 percent rise in earnings a share.

The Bruchhausens became interested in Milly's when the rand plunged in 1985 and hit the family's food appliances importing and wholesaling business, he explained.

"We decided to find another investment. We were looking for a food business and through business associates we heard that Milly's was up for sale and we took it over in the second half of 1985.

"We started with two stores — in Mill Street and Sea Point. We subsequently bought back the Claremont store, opened a new store in Clifton and did the Carousel development at Sea Point.

"It is a difficult business to be in. We don't want to fall in the trap of calling ourselves a supermarket. I think the correct word to use is a convenience store — the key word is convenience.

"We specialise in things we make ourselves but we also offer a limited range of groceries. The thrust of our business is 'come in and buy what we make'.

"We have a mixture of clients. Milly's traditionally has had an upper class Jewish clientele, or supposedly so. But we are finding an increasingly wide mix of people coming to our stores."

Looking ahead, Mr Bruchhausen said the company was planning to expand its retail outlets. Within the next few months it would be opening stores in the Western Cape and either in Natal or the Transvaal.

"We have to be extremely careful where we go. You have to consider the site, what type of customer you will get and whether there is the foot traffic."

"An easier side of the business to expand, and one that we have been concentrating on lately is production. We have recently negotiated a contract with South African Transport Services to use their central kitchens at the Cape Town station. We intend more and more to cut out the middle man from our supply line and become our own producer and to supply products to Sats and otehr retailers.

"We have our own butchery and will be producing all our cold meats, and that is where the strength of our business will be."

Mr Bruchhausen said the black market was of great importance to Milly's. "We are at a crossroads in terms of where we are going. We have had a number of offers to go into both Athlone and Mitchell's Plain. They are both big and lucrative markets.

"The name will be important, whether we franchise or go there ourselves. You want to know the business you put in there is politically and economically sound. But we are definitely going into the black market.

The Carousel at Sea Point was trading well, he said.

"However, when we opened we had two big problems. We opened on December 6, smack in the middle of the season. We had a tremendous volume of people and faced some serious problems coping. The sheer number of people took us totally by surprise. But today it is going well."

Apart from expanding the business, Mr Bruchhausen has one other major aim. This is to have its shares moved from the development capital market sector to the main board of the Johannesburg Stock Exchange.

Michael Bruchhausen . . . the key word is convenience.

Township gets R10m shopping complex

By Ruth Golembo

A R10-MILLION rand shopping centre will be built in Katlehong township on the East Rand.

It will have a mix of boutiques, beerhalls and informal hawking avenues is set to come off the ground.

The centre, the first of its kind in the township, is the brainchild of entrepreneur Dickson Mbluli, managing director of Mbluli Investments.

Capital will come from a financial institution still to be named. RMS Syfrets is the leasing and development consultant.

Mr Mbluli says the demand for shopping facilities in the township is unbelievable.

"We have been inundated with applications for shop space, but preference will be given to Katlehong businessmen.

"Bringing a shopping centre to the township has always been an ideal of mine.

Building has started and the centre should be open for trading by April next year.

"Market research shows a need for shops. By keeping the building and development cost down we are able to offer the shops at low rents.

"This will help do lower the cost of goods in township shops.

"The shopping centre will also contain video-hire outlets, a beergarden, beerhall and a night club. It will become an important social gathering place for township residents."

The main tenant will be a supermarket chain. Others include a furniture store, liquor stores, banks, an upmarket restuarant, an estate agent and a service station.

Situated a stone's throw from Katlehong Hospital, the centre will include doctors' and dentists' rooms and offices.

It has five acess roads.

The architects and engineers are Gey van Pittius de la Harpe & Associates.

Senior partner Brian de la Harpe says the planning and design of the centre will ensure low rents without sacrificing design qualities.

"Cost was the major factor in the design. We used the cheapest and most functional materials but have made no compromise on top-quality finishes — like door handles, mirrors, glass shop fronts and colourful walkways.

"The centre is only the second of its kind.

"We designed the first, a far smaller one, for Vosloorus."

McCarthy plea for private car leasing

15/3/87 ST

By Don Robertson

THE motor industry — suffering from its lowest sales in 24 years in some sectors — is bitter about Government's attitude to its plight.

An impatient Theo Swart, managing director of the largest motor trading company, McCarthy Group, will ask the Government to reintroduce private leasing of cars and light commercial vehicles.

Cash cow

He will also "oppose in the strongest terms" a proposal by the Board of Trade to offer incentives for the export of used cars.

"There is a serious shortage of used cars in South Africa and if this proposal succeeds it will only cause more problems for the motor industry.

"If used vehicles are exported from South Africa, many dealerships will be threatened. The intentions of Government would also be in doubt."

Mr Swart says that if the export proposals are based on the the same incentives available for the export of components — R4 a kilogram — the export of a second-hand car could bring an additional R3 000 profit.

"Although this is substantial, it will leave dealers in tatters."

Mr Swart, through the National Automobile Dealers Association (Nada) and the Motor Industries Federation (MIF) will also ask the Government to reduce general sales tax on the sale of second-hand cars to 5%.

"GST on the sale of used cars is nothing but a cash cow for the Government. On average a car is sold four times in its life, each time earning the 12% GST."

In 1985 the Government earned R1,5-billion from the motor industry through direct tax and GST and the money was important to the economy.

Prices soar

In the past two years, car prices have soared by up to 75%, placing them out of reach of the individual. About 80% of cars are bought by companies and the private market needs some stimulation, he says.

"If private leasing were introduced, it could boost sales by 10% immediately."

Car sales in 1971 were 175 882 and after reaching a peak of 381 528 in 1981 were down to 174 453 last year.

"We, the national dealers, are running out of patience and I want a quick answer from the Government to these suggestions," says Mr Swart.

New-look Delta on its way to breaking even

15/3/87 ST

Bob Price . . . break even by next year

By Don Robertson

TWO months under its new management team, the Delta Motor Corporation is "looking good and is now probably the lowest-cost producer in the industry".

Bob Price, Delta chairman, says that although the company expects a loss this year "we could be in a break-even position by the end of 1988".

Management efforts have involved an overhaul of the company's operations, reduced manufacturing costs, ensured continuity of supply and technical support and strengthened the marketing effort.

Mr Price says reduced manufacturing costs now mean that break even can be achieved with sales of about 25 000 units a year compared with the previous 33 000.

Sales of the new Monza improved in February, but Mr Price is looking for better.

"We expect Monza sales to cause a reduction in Kadett sales of about 1 800 this year, but we hope for Monz sales of about 8 000 for an overall improvement of 6 200 this year."

The company is also considering investments which will include passenger and commercial vehicles.

"Provision has been made to take us through to 1988," says Mr Price.

Support

Mr Price decsribes his plan as a "knife and fork" scheme in which "we will take something off an existing platform, without making a new one".

Although not giving a hint about the future model mix, Mr Price says the middle of the market is well served and, "we could go back into the top end. However, we are looking at the total picture."

No relief from kitty

By STAN MHLONGO

VAAL businessmen who lost millions of rands when their businesses went up in smoke during the 1984 unrest will not be compensated for their losses.

The Southern Transvaal Chamber of Commerce this week announced that only R18 000 was in the kitty to provide relief for those businessmen who suffered.

300 businesses were gutted during the unrest.

Soutacoc president William McBain Charles told a conference of Vaal businessmen that "the organisation was withholding the money, because it would be a mockery to distribute R18 000 "among so many".

The "many" Charles referred to are scores of businessmen from Evaton, Sharpeville, Boipatong, Bophelong, Sebokeng and Zamdela.

Answering another speaker, he said it had been always been the motto of his organisation to fight whites encroaching the black market, "for their selfish interest, while blacks are barred by the Group Areas Act from the white market".

"It has also come to the attention of Soutacoc that this is done without the blessing of our people," said Charles.

He said it was necessary for blacks to be represented at the highest level of government to stop this growing malady.

He also appealed to businessmen to pay their employees "living wages".

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Sowetan 15/3/88

Mayor tells of planned centre

By SELLO SERIPE

KATLEHONG Mayor Thami Siluma this week announced a R10-million shopping centre to be constructed in Katlehong in July.

But the mayor would not disclose the source of the capital, saying "the financers would be made known at a later stage".

At a Press conference in Johannesburg to announce the project, Siluma also said that shops would be allocated to traders at a reasonable monthly rental.

He said the rental would be kept to a minimum and would average about R12 per square metre.

"The project will be a very important component of the new business centre of Katlehong, which will ultimately form the Katlehong CBD," said Siluma.

And at this level of rent, he added, traders would be able to operate profitably and the possibility of traders being able acquire their shops on sectional title may eventuate.

The mayor also challenged the government to scrap the Group Areas Act and said it was "nonsense to scrap influx control while other unfair laws gagged blacks".

Mayor Siluma (left) and councillors with a model of the proposed centre.

Sowetan 19/3/87

Report shows 'frustrations'

16/3/87

B/Day

DAVID FURLONGER
Industrial Editor

A REPORT criticising the Federated Chamber of Industries (FCI) and chamber of industries movement for poor management and loss of credibility has prompted differing reactions from industry.

Businessmen say the report, commissioned by the FCI last year and now being studied by its management board, reflects the frustrations of many of the movement's members.

However, while some believe the report sounds the death-knell for the FCI as a separate entity, others believe it must recover.

Prepared by management consultancy Pim Goldby, the report says the FCI and chamber movement face two major challenges — loss of credibility and lack of money.

It says the movement has effectively lost its way. It lacks good management, suffers from lack of unity and growing disillusionment among members, and is in danger of manipulation.

It has also lost credibility among busi-

● To Page 2

B/Day 16/3/87

Mixed reaction to report

● From Page 1

ness leaders: an opinion apparently mirrored in the decision of the Corporate Forum — a group of more than 50 major business enterprises — to leave the movement.

The MD of one of the country's biggest industrial conglomerates — and a forum member — said at the weekend the FCI should open merger talks immediately with Assocom.

He said: "If the report is a fair reflection of the state of the movement, then it sounds pretty grim and you must wonder if it can recover. There are too many business groups in the economy, so perhaps now is the time for them to get together."

However, the chairman of another industrial group said a separate role for the FCI remained.

He said: "It must recover. Assocom is made up of shopkeepers and traders, and the FCI of manufacturers. They are different animals and it is silly to talk of there being no need for separate groups."

His view was echoed by the financial director of a third group: "If anything, you need more industry groupings, not less."

FCI management board chairman Norman Warner insists there is no question of the body giving up the ghost.

He said: "All this talk of a merger is nothing more than idle speculation."

● See Page 4

SOUTHERN AFRICA[...]LOPMENT RESEARCH UNIT

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— Reuter

Cape Times 18/3/87

Pennypinchers buys B & B Plastics

30

PENNYPINCHERS, the discount building materials group which was listed on the DCM in November 1986 has acquired B & B Plastics with effect from November 30 1986.

B & B Plastics is a wholesaler of a wide range of decorative plastic laminates used in the manufacture of kitchens, office and domestic furniture and the shopfitting industry. B & B Plastics also distributes the "Blum" range of cabinet accessories and kitchen fittings.

This acquisition complemented the product-range of Pennypinchers' successful and expanding boards division. Under their direction B & B has achieved a dramatic turnaround in sales and profitability.

The transaction, which was at a cost of R949 533 payable in cash, was based on the net asset value of B & B Plastics at November 30 1986.

At the date of this announcement a major portion of the stock acquired in the transaction had been sold.

18/3/87

SOWETAN 30

'Whites must go'

VAAL Triangle traders have resolved to oust white businessmen from the borders of black townships because the Government has not repealled the Group Areas Act.

The traders took this decision at a meeting after the opening of a huge white-owned shopping complex outside Evaton township.

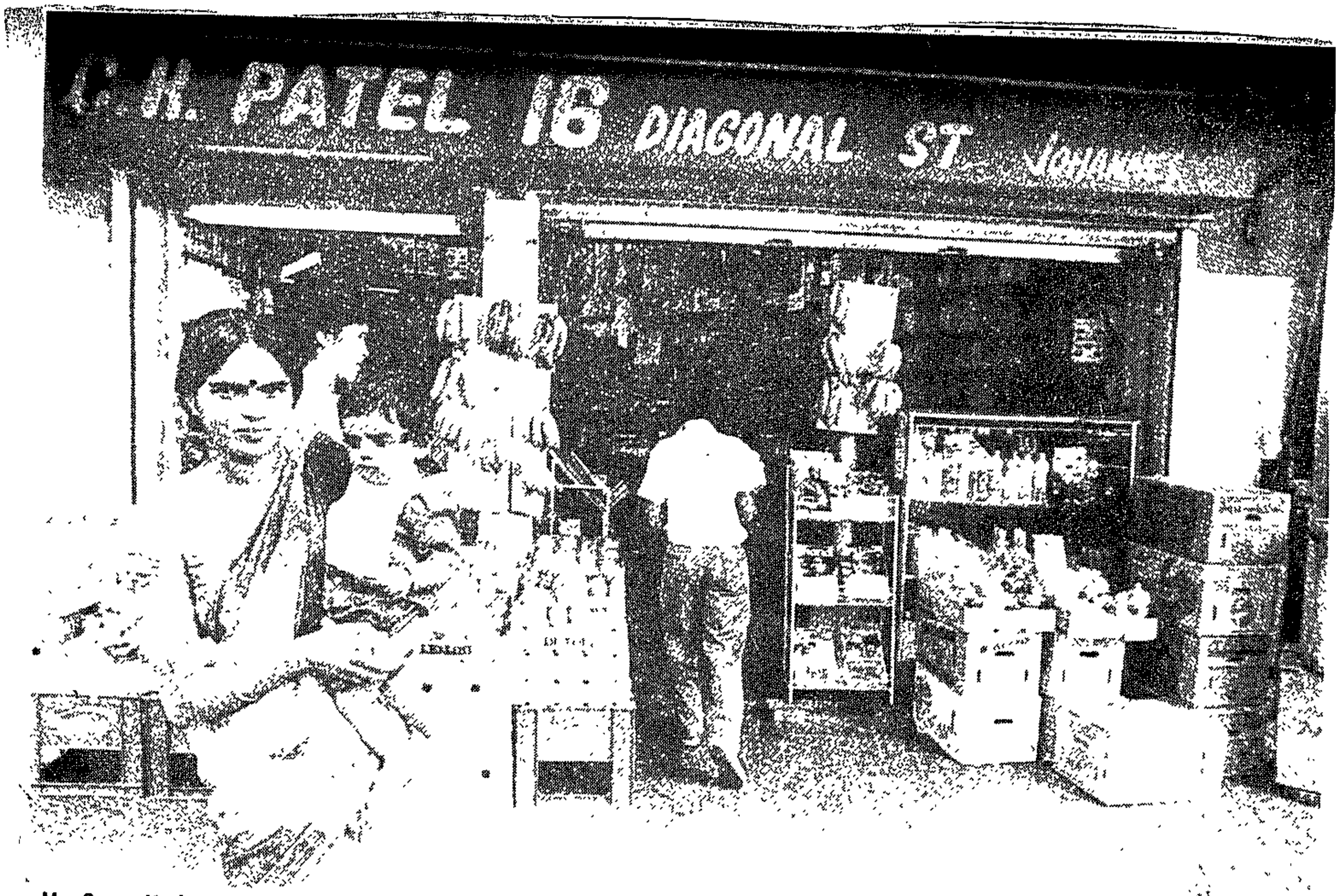
The president of the Southern Transvaal African Chamber of Commerce, Mr Willie McBain-Charles, yesterday said they would take several steps, including applying for an expropriation order from a court of law.

He said traders were concerned about opportunities granted to whites by local authorities to open businesses on the outskirts of black townships.

He said although in terms of legislation opening CBDs to all races had been done by some white towns, they would not allow white business in black areas.

He said: "We are still not allowed to buy and own land in the CBDs because of the Group Areas Act."

A spokesman for the Vereeniging Chamber of Commerce said although he did not know the circumstances leading to white-owned businesses being opened next to black areas, his chamber was not opposed to blacks trading in the city centre.



Mrs Saryu Keshav and her six-month-old son Jeeten stand outside one of the shops in Diagonal Street, Johannesburg, which are to be demolished.

(266) (30) (134) STAR 18/3/87

● Picture by Rebecca Hearfield.

JCI plans to demolish Indian shops

A mining house wants to demolish Johannesburg's oldest intact street scene — the Indian shops in Diagonal Street. Johannesburg Consolidated Investment plans an office block there.

'Famous street scene'

By James Clarke

Johannesburg City Council's planning department is to decide whether to allow the demolition of the city's most famous street scene.

The Victorian shops on Diagonal Street between Pritchard and President Streets, with their balconies, filigree iron work and the colourful Cairo-style fruit market date back to 1896. The street was recently renovated and fitted with Victorian street lamps by Anglo American at a cost of R800 000.

The public is unlikely to take the news sitting down. The shopkeepers, whose shops are a tourist attraction, were appalled when they heard the news yesterday.

The street flanks Newtown which the city council is about to develop into a human-scale, 24-hour-a-day activity area with a strong heritage atmosphere.

The council recently attracted 26 entries in its competition for a design for Newtown and all, including one that advocated the total demolition of Newtown, called for the preservation of Diagonal Street's historic shops.

Mrs Flo Bird, of the National Monuments Council, has asked this organisation's "urgent affairs" committee to freeze the application.

'Only for the better'

By Frank Jeans

The Argus company has sold its Diagonal Street property behind The Star building to Johannesburg Consolidated Investments for R3,7 million.

The block of 28 flats and line of shops opposite the glass tower of Barnib House will be demolished and JCI will build an office block on the site, subject to planning permission being granted.

The sale is subject to vacant occupation within six months with the onus on JCI to meet this deadline.

The company has already earmarked several blocks of flats in which Indian families in the Argus property will be offered alternative accommodation "superior to what they have now".

Mr Ian McPherson, general manager (property) of JCI, said: "We have no intention of getting round any local ordinances and will comply with all requirements laid down by the city council and the Department of Community Development."

Answering critics who believe the building has historical value, Mr McPherson said his company had investigated the possibility of retaining the old facade but consulting engineers had advised that this was not possible.

"Accordingly, in terms of our development proposals, we plan to recreate the facade of the building as it now stands," said Mr McPherson.

"Any new building which takes the place of the old property can only be for the better."

Edited by Mick Collins

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Industrial market reports upsurge

SA's main central business districts all report a lift in the business tempo, and this new confidence has given developers their first real optimistic glimpse into the remainder of this year. MICK COLLINS surveyed several companies' property portfolios, and most reported an increase in lettings and the number of inquiries for available office space.

INCREASED demand for CBD office space, coupled with an upsurge in the industrial market, has given developers their first real optimistic glimpse into the remainder of the year.

A spokesman for Metlife property division, a large life assurance company with an extensive property portfolio, says all main centres — Cape Town, Durban, Johannesburg and Pretoria — report a lift to the business tempo.

"And this is a sure sign the economy is recovering. Over the past few months there has been a marked increase in letting and in the number of inquiries for office space."

The spokesman says the company, which specialises in commercial and industrial property developments and letting, has seen the market firm in Cape Town.

"For many months the city has seen an over-supply of office accommodation.

"The recent letting of Project 166 to government, however, makes Metlife's 14 Long Street the only central city office development for rent.

"And here too areas covering 1 299m² have already been let and occupied by the Standard Bank since the beginning of the month.

"The Parc du Cap office development in Bellville is now fully let with the Department of Health and Welfare occupying 1 930m² and Santam Insurance occupying the remaining 750m² of the third building in this development," he says.

"In Natal, Meschemes has rented 573m² of Escoval house in Smith Street, Durban, which is now 80% occupied, while in Johannesburg another 400m² of our Fox Street building has been let."

Ovcon's contract manager, Johan Erasmus, says the handover to tenants at the new R40m Volkskas Momentum Life Centre in Pretoria has gone exactly according to schedule.

ISM, Stannic and over 200 advocates and staff from the Pretoria Bar of Advocates have already moved in with Stannic on the ground floor, ISM on the seventh, eighth and ninth floors and the lawmen on eight floors in the east block.

Ovcon has also completed its R10m contract for the new headquarters of Norwich Union Life at Claremont in the Cape.

"The second tower floor for independents is letting fast," a spokesman says.

The Johannesburg head office and warehouse facilities of Audiodek Enterprises are to be relocated in the new industrial and commercial area of Selby.

The building of the new premises comprises 700m² of office space and 2 500m² of warehouse and service facilities.

The contract has been awarded to Clearspan.

Industrial property broker, Leading Brokers, was responsible for securing the property from US-based Muller Phipps. The broker also arranged finance through Southern Life Property Holdings, who will remain the landlord.

Also in Johannesburg, Crusader Life is to build a new corporate head office at a cost of R7m.

MD Bob Rowand says the new building will be situated next door to the present Crusader House in Anderson Street.

"We purchased the vacant property at the same time as we acquired the building. Building there will mean minimal disruption when we move."

The two buildings will have a combined value of R13m.

9/3/87 DD.

Small business role stressed

(30)

Business Editor

STUTTERHEIM — Small business development was one of the cornerstones of the reform process and the freemaket system, but it required commitment from the whole of South Africa, the chairman of the Council for Small Business (CSB), Professor Nic Swart, said here yesterday.

Professor Swart was opening a small business seminar which has attracted about 150 delegates from all parts of the country.

Meeting the objectives of small business development would require a national and regional strategy which would have to be continuously adapted to changing circumstances. The CSB had been appointed to advise the government on policy matters, and perform a co-ordinating function by developing a data-base without interfering in private sector organisations, Professor Swart said.

Local authorities had a major role in opening the door through deregulation of licensing and zoning and the provision of infrastructure.

While the government was "moving away from the socialistic pole" there were definite limits to what it could contribute. Local authorities and the private sector had to take the necessary initiatives.

There was considerable discussion yesterday of the frustrations of small businesses in overcoming red-tape. Delegates were given an assurance by a senior official in the Ministry of Economic Affairs and Technology, Mr J. Vermaak, that the government had decided deregulation was in the best interests of the country and would purposefully carry out that policy.

Mr Vermaak, the director of the Office for Privatisation and Deregulation, said there had already been significant deregulation in the areas of price control, job reservation and influx control. "I venture to predict that there will be a lot of significant deregulation in the course of this year," he said.

"All the machinery of deregulation is in place and functioning. There are willing operators waiting to get the machinery working on problem areas," the managing director of Job Creation Ltd, Mr Ian Hetherington, said, speaking on the "murder" of small business by red-tape. He said the degree of unemployment required swift action by government.

"We in the small business community have succeeded in getting the politicians and a few of the bureaucrats to talk the language of deregulation. But this is no more than the parading of flags before the battle starts. At the moment the authorities seem to think that deregulation is their idea and that they can afford to take their time over it," Mr Heherington said.

(30) SMR. 19/3/87

Traders 'shocked' at news of possible demolition


Mr Ramane Keshav ... "First option to the tenants".


Mr Manica Gowan ... "We all grew up here".


Mr S Daya ... "This atmosphere is unique".


Mr R Dayaljee ... "A family business for 60 years".


Mr Ahmed Hassan ... "Everyone buys here".


Mr Yunus Vallu ... "10 000 people walk past daily".

By Shirley Woodgate, Municipal Reporter

Indian traders in Diagonal Street reacted with shock and dismay to yesterday's news that the landmark building housing their 40 shops opposite Barnib House faces demolition.

Shopkeepers like Mr Ahmed Hassan — who has spent a lifetime working in the area as well as living and educating his children nearby — slammed plans by Johannesburg Consolidated Investment (JCI) to replace the recently renovated Victorian shops with an office block as "absolutely shocking".

Mr Hassan said it was grossly unfair of JCI not to have told the shopowners of its plans. The first hint the traders had of their possible eviction was when they read about it in The Star, he said.

"What are the chances of the tenants clubbing together and buying the building?" asked Mr R Dayaljee, who owns a cosmetic shop and a fruit and vegetable outlet that was handed down from his grandfather to his father.

"I have been a shopkeeper all my life. I will lose my entire livelihood if we are forced to move."

He was backed up Mr Ramane Kersav, who said the traders would have to get together to discuss buying out the building from JCI as a last-ditch attempt to stay. This had been achieved by tenants in the building opposite, who raised R1,6 million to tender successfully for their block in 1983.

The renovated Victorian building in President, Diagonal and Pritchard streets has been sold by the Argus company to JCI for R3,7 million subject to vacant occupation in six months.

It will be pulled down and replaced by an office block if the city council's planning department allows the new development to go ahead.

"They will be destroying Johannesburg's cheapest fruit and vegetable shops trading in an atmosphere that cannot be found anywhere else in town. An historic corner of the city and an important tourist attraction is also at stake," said Mr S Daya.

Another shop owner, Mr C Keshav, said: "This means disaster for us. I have worked here since I left school. We have worked this business up from nothing to what it is today."

Trader Mr C Morar said: "I have just spent nearly R70 000 on renovations to my shop after obtaining permission from Anglo American Properties.

"They should have told us there was something in the pipeline."

SOUTH 19/3-25/3/87

Thousands in GST ripoff

THOUSANDS who can ill afford it, are ripped off every day by paying GST on tax-exempt items

In a random survey done by SOUTH, 35% of shops visited charged 12% GST on exempted food items. These include,bread, butter, fish, fruit, maize-meal, margerine, meat, milk (both fresh and powdered), vegetables, brown-bread meal, beans and lentils.

The shops charging GST on exempted items were mainly in the lower income areas like Mitchells Plain, Athlone and Guguletu.

Lower-income families have been hard-hit by inflation and huge increases in food prices in recent months.

Many consumers have no idea which food-items are exempt and end up paying more than they legally should.

Although the Department for Inland Revenue has recovered R97,16-million from GST defaulters, tax consultants estimate the figure to be as high as R1-billion a year.

Clive Robson a senior tax officer at the Department of Inland Revenue said the figure was "exceptionally high but not impossible".

Regular checks at shops and retail outlets are being stepped up to counter the abuses on the GST system.

"This is a very difficult area to police,"Robson said.

Mr Schalk Albertyn, chief director at the Department of Inland Revenue, said the estimate was a "bit high" and that he was never a good one for guesswork.

The "Mama and Pappa corner cafes do cheat us," he said, "but that it could only count for a couple of million."

The biggest GST defaulters were the big companies, Mr Albertyn said

LITECOR (30) FM 20/3/87

Coming to light

The sales and profit history of Litecor, the second largest player in the R500m electrical wholesaling and distribution market, lacks the lustre of its largest competitor Elcentre, but the benefits of rationalisation should add shine to profits in the current year.

Litecor, which will be listed in the electronics sector of the JSE on Monday, has approximately 15% of the market, compared with Elcentre's 35% share. Keens, the company recently bought by Form-Scaff, is estimated to have a 12% market share, so over 60% of the market is in the hands of these three companies.

Litecor's turnover fell from R66,6m in the year to June 1982 to R58,6m in 1986, compared with Elcentre's turnover of R41,9m in the year to end-February 1982 and R72,9m in 1986. Elcentre entered a new league with its acquisition of Glolec earlier this year, and is looking for turnover approaching R155m in the year to end-February 1988, while Litecor expects turnover of about R70m in the year to end-June 1987.

Both companies have had a fairly erratic after-tax profit record largely because of harsh conditions in the construction sector, but Elcentre's net income in 1986 was 82% higher than in 1982, compared with Litecor's 58% growth.

Litecor MD Ronny Tollemache attributes his group's erratic performance to the rationalisation which has been undertaken in recent years. The group's branches in South West Africa/Namibia have been closed as management felt more comfortable confining operations to SA, and it is left with 15 outlets.

Benefits of rationalisation are reflected in the improvement in Litecor's operating margin which widened from 4,8% in 1985 to 7,2% in 1986. This is on a par with Elcentre which achieved an operating margin of 7,5% in 1986.

Litecor achieved profit after tax of R1,3m in the six months to end-December 1986 and predicts net income of R2,3m for the year to end-June 1987, representing 80% growth over 1986. This forecast is for earnings of 19,6c a share and a dividend of 8c, placing the 160c offer price on a 5% dividend yield, suggesting a stagging profit is in store.

Acquisition planned

Growth in 1988 will depend on the benefits which Litecor enjoys from the funds being injected into middle and low income housing, while the group also plans an acquisition in the current year, to be financed through further issue of paper.

"We are looking into related areas such as building hardware — there are some very successful companies in this sector," says Tollemache. "We aren't looking to buy a multitude of small companies and would rather go for a well-established company with a large chunk of its market."

Tollemache says further negotiations are also underway which, if successfully concluded, could have a material effect on the opening price of the share. Shareholders are therefore warned to exercise caution in their dealing of Litecor shares prior to listing. Tollemache says the listing could be called and then immediately suspended depending on the timing of an announcement giving details of the transaction under negotiation.

Kerry Clarke

JOHANNESBURG CBD

Retailers to the rescue

(30) FM 20/3/87

Johannesburg retailers and property owners are planning a major programme to upgrade the city's decaying city centre and slack security in an effort to recapture trade from major suburban shopping centres.

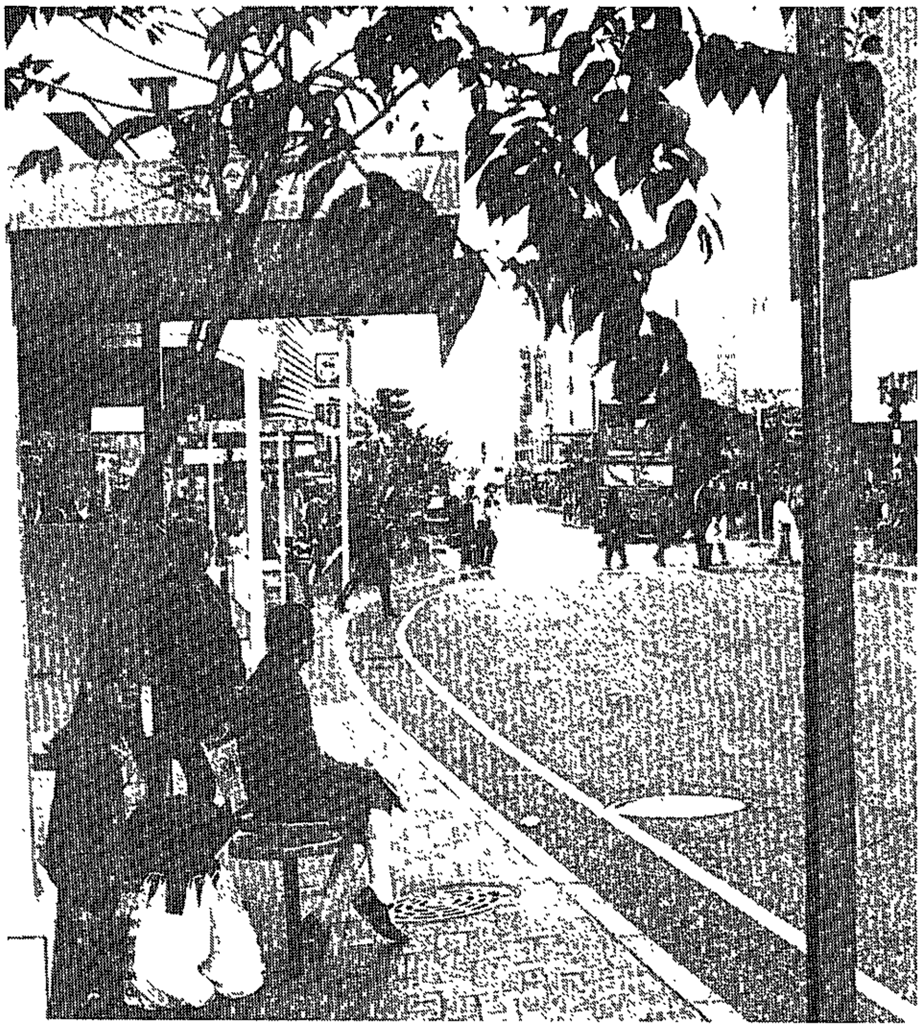
A top-level committee formed from the ranks of retailers, developers and institutional investors has been formed by the SA Property Owners' Asssociation (Sapoa) to deal with the problem.

The programme, says committee chairman Philip Chilton-Jones of retailer Edgars, does not necessarily involve the pedestrianisation of streets and will be tackled on a block-by-block basis.

It could, however, include the upgrading of sidewalks, street furniture, light fittings and the general appearance of streets outside shops. Accessibility and traffic flow are other important features being examined.

Plans are still very much in the embryonic stage, but Wits University is likely to be called in to analyse which sectors of the city need the most urgent attention.

Chilton-Jones stresses, however, that discussions still have to be held with municipal townplanners. Also, talks will be held with the Johannesburg Chamber of Commerce and the CBD Association.



Johannesburg CBD . . . waiting for a change of scene

No final proposals have been made on the funding for the programme but, says Chilton-Jones, it would obviously involve contributions from retailers and developers fronting on to blocks slated for improvement. The plan is modelled on a similar scheme in Singapore which, he says, has worked exceptionally well.

Sectors which may receive priority, he says, are parts of Pritchard and President streets. However, a close watch will be kept on the possibility of ensuing loading problems.

The scale of the campaign will be nothing like that of the Smal Street mall which required a large capital investment from the private sector.

"There is an undoubted need for an improvement to Johannesburg's downtown area," says Chilton-Jones. "The public is far happier shopping in clean, pleasant surroundings as has been proved by the success of shopping centres like Eastgate and Sandton City."

Sapoa's "beautification" programme will be tackled on a pilot basis and, if successful, will gain support by example, he says.

The security aspect, he says, is far more complex. What is *not* intended, however, is that retailers should start their own vigilante groups.

What is accepted is that CBD security is becoming a big issue and a further specialist committee has been set up to recommend solutions, he says. ■

JOHANNESBURG CBD (30)

Mutual uncertainty

F/M 20/3/87

Eighteen months after announcing plans for the redevelopment of an entire Johannesburg city block, Old Mutual Properties (OMP) is still humming and ha-ing about what to do next.

OMP property investment manager Derek Stuart-Finlay tells the *FM* that plans for the R70m project are currently being finalised and that a decision could be taken "within the next three months."

The project — which was to have entailed the development of a whole city block bounded by Harrison, Pritchard, Kerk and Loveday streets — was stalled when the economy went into free fall and made nonsense of the original viabilities.

Initial plans were for a 15-storey block offering 30 000 m² of office space, with ground floor retail and parking for 300 cars on three basement levels.

Last year, although plans were stalled, OMP went ahead with the implosion of the building and excavations. The excavation, says Stuart-Finlay, has been shored up and OMP is now in a good position to start building immediately board approval is given.

It seems unlikely, though, that OMP will proceed with the complex in phases. Speculation was that it might start initially with the parking and retail element and add the office component later.

Stuart-Finlay defends the early demolition of the old building, pointing out that structural problems developed which would have cost OMP dearly in renovations.

Small Business chamber formed

AD 20/3/6 (30)

Business Editor

STUTTERHEIM — Owners of home industries and small businesses across South Africa decided yesterday to form a new organisation to represent the interests of those who feel "squeezed" by officialdom in both the public and private sector.

Basic guidelines for the new organisation, to be called the Small Business Chamber, were: it should be multi-racial; open to all owners or operators of small businesses in the informal and "formalising" sector as well as small farmers and service industries; and and that it should resist domination by more formal orginaisations like chambers of commerce.

A steering committee was elected to draw up a proposal for a constitution by the end of June.

"As long as you are a little person who is liable to be squeezed, we want you," said Mrs Margie Richardson, one of the committee members. "Come to us and we will use all the muscle that the many small people have."

The decision followed a two-day exchange of views between 170 representatives of small businesses and platteland municipalities and representatives of the government, development organisations and the banking sector.

Problems outlined by the small business people, whose activities ranged from one-man hobby-type industries to a spinning and knitting operation employing 70 people, included a lack of marketing and financial expertise, unsympathetic treatment by bank managers, frustrations with bureacuracy and suffocating regulations.

The meeting resulted from an exchange of views on the problems of small businesses between three home industry operators and Mr Nico Ferreira, of Stutterheim, who was conducting a national survey of the handicrafts industry.

They spread the word through personal contacts and the aid of the Roep organisation which aims at preventing the decline of platteland towns. "The response was colossal," Mr Ferreira said.

"Never in our wildest dreams did we anticipate that we would bring in people from all over. There was a grassroots response countrywide."

Mr Ferreira was elected chairman of the steering committee with the three home industry operators, Mrs Richardson, of Trapps Valley, Mr Adele Cutten, of Port Alfred, and Mrs Anna Louw, of Burgersdorp.

Battle for Diagonal Street 'national monument' looms

(30) Star 21/3/87

Traders to fight back

Shirley Woodgate

Indian market traders in Johannesburg's Diagonal Street have united in a bid to frustrate efforts to force them out the shops they have run for more than half a century.

The 40 tenants in the mainly fruit and vegetable market have appointed attorneys to investigate ways of preventing the building being demolished.

This is their response to the announcement that the block bounded by Diagonal, President and Pritchard Streets had been sold by the Argus Company for R3,7 million.

The buyer, Johannesburg Consolidated Investments, intends putting an office block on the site.

A spokesman for the attorneys said preliminary investigations had started.

The developer's plans could be thwarted by having the renovated Victorian building declared a national monument, he said.

Shop premises on Diagonal Street were recently extensively renovated by Anglo American at a cost of R800 000.

The shops became a tourist attraction in their setting opposite the blue glass Barnib House, one of the most avant garde buildings in the city.

Car deals anger buyers

Two pay up for vehicles they couldn't claim

JUNE BEARZI, Star Line

Sea Point Auction Mart in Isando has been slated by angry bargain hunters who say they took costly hammerings at recent car auctions there.

Two Johannesburg men said they lost their cash as they were unable to take possession of cars knocked down to them. When they complained to Avron and Paul Greenberg, two brothers who own the firm, they say they were treated off-handedly and rudely.

The auctioneers who put about 200 cars a night under the hammer were criticised for selling cars without documents, applying extremely restrictive conditions and for their "pay-up our commission regardless" policy.

Mr Murray Duncan's VW, knocked down to him for R2 464 in November, has been impounded by traffic authorities as the auctioneers have refused to supply change of ownership papers.

Johannesburg personnel manager Mr Ephraim Shingange was forced to pay a R1 700 "commission" although he was unable to secure a 1981 Mercedes he made the final bid on.

Mr Shingange explained he attended an evening auction on February 23: "I was forced to lodge a R1 000 deposit before I could bid. I agreed to do this as I was led to believe the auctioneers could arrange finance if a car was knocked down to me. I selected a Mercedes for R17 000 but, when I immediately applied for the finance at Sea Point Auctioneer's offices, I was told they did not finance cars which were more than three years old.

VOETSTOOTS

"When I complained, Mr Greenberg demanded that I forfeit my R1 000 deposit and pay an extra R700 for his commission. I was given only 72 hours to raise the R17 000 or lose the car and pay the commission," he said.

Mr Duncan explained his predicament: "I cannot get the car licensed, roadworthied or registered in my name and the Benoni traffic authorities have impounded it. Mr Greenberg's attitude is he sold the car voetstoots and if I can't get it transferred it's my problem."

When approached by Star Line at his Cape Town offices, Mr Avron Greenberg agreed it was illegal to sell the car to Mr Duncan without change of ownership papers, but added:

"When you are dealing with a massive turnover as we are it's bound to happen."

Agreement on R21m takeover

Metro buys up Fraser shares

Cape Times 24/3/87 30

Financial Editor

FRASERS trading group — a household word in Southern Africa for generations — is to be taken over by leading cash and carry wholesaler Metro, for at least R21m.

UAL and Senbank announced last night that agreement in principle had been reached for Metro to acquire the major family shareholding in Fraser Consolidated (Frascon) for 420c a share — well above the price of 340c reached on Thursday last week.

The remaining 18,27% of shares held by the previous controlling consortium are in the hands of Tiger Oats.

Similar offer

The announcement ends speculation that began on Friday when dealings in the shares of Metro, Frascon and Frasers were suspended at the request of the companies.

It was announced last night that Metro will make a similar offer to minority shareholders on completion of the deal.

They are advised to continue to be cautious in their dealings.

There will also be "an appropriate offer" to holders of Frasers 13,7% unsecured convertible irredeemable subordinated debentures for their rights arising on conversion.

'Prepared to pay'

"We expect that moving Frasers' average operating margin upwards will produce additional profits," Metro MD Cecil Smith said last night.

"This is why we were prepared to pay a premium over the price of Frascon shares on the JSE last week."

Frasers was started in what was then Basutoland, now Lesotho, more than a century ago.

It grew into a group with 462 outlets — 159 retail clothing, 73 furniture, 58 mine concession, 51 supermarket, 44 general dealer, 41 cash-and-carry, 24 building materials and 12 wholesale.

Both Mervyn King, chairman of Metro's parent company, Tradegro, and Donald Campbell, chairman of Frascon, said the deal would clearly have long-term benefits for both operations.

Frasers added to Metro stable

BDay 24/3/87 (30)

LESLEY LAMBERT

FRASERS trading group will be absorbed by leading cash-and-carry wholesaler, Metro, in a deal worth at least R21m.

There has been an agreement to Metro's acquisition of the major family shareholding in Fraser Consolidated (Frascon) for 420c a share.

The remaining 18,27% of shares held by the previous controlling consortium is in the hands of Tiger Oats.

On completion of the deal, a similar offer will be made to minority shareholders who, having been advised to exercise caution in their dealings after the shares of Metro, Frascon and Frasers Limited were suspended on Friday, have been warned to continue carefully.

There will also be an appropriate offer to holders of Frasers' 13,7% unsecured convertible irredeemable subordinated debentures for their rights arising on conversion.

Metro MD Cecil Smith said yesterday: "We expect that moving Frasers' average operating margin upwards will produce additional profits.

"This is why we were prepared to pay a premium over the price of Frascon shares on the JSE last week."

Frasers operates a network of 462 retail and wholesale outlets in SA and neighbouring countries.

The wholesalers provide distribution faciities for the retail chains and service several thousand independent retailers country-wide.

The chairman of Metro's parent company Tradegro, Mervyn King, and Frascon chairman Donald Campbell said the deal will have long-term benefits for both operations.

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PROPERTY

(30) B/Day 28/3/87

Retail rentals lack lustre

RETAIL rentals and renewals are failing to respond to stimulatory measures and are still considered lacking the lustre of the rest of the property sector.

Rentals have dropped by about 10% on renewals, effectively a lot worse in real terms, says Anglo American Property Services (Ampros). It administers about 350.000m² of retail space throughout the country, of which 98% is let.

"Good shops are always lettable, even though it may be at a lower rental," says outgoing national leasing director Joe Hallis. "They are not like offices that stand empty. There are always takers — but at a price."

In a review of prospects for 1987, the company says it expects rents to rise by as much as 30% this year to again match increases in the Consumer Price Index (CPI).

But in Cape Town, the review says, shop rents will lag behind the other major areas because of the dramatic increase in shopping centres in the past 18 months.

Hallis says it is unlikely any new major shopping complexes will be opened in the next 18 months.

He says the larger regional shopping centres are the ones drawing the business. Smaller neighbourhood centres are also working reasonably well, but those in between have problems.

Hallis says: "Some of those in-between centres are running into trouble in today's over-traded retail market. These so-called community centres are almost a thing of the past.

"Traders in those centres, who rely for their custom on comparative shopping, are suffering. Fashion and furniture traders are really under pressure."

He says even in Ampros' Bryanston and Killarney centres, some tenants are battling to make a living.

As for extended shopping hours in the Transvaal, Hallis says those will only really work in the larger regional centres. And in the major downtown areas, those will continue to depend — and increase their dependence — on black trade.

Hallis says: "But this is a potentially lucrative market and is, indeed, a good trend."

Ampros' Smal Street mall, which links the Carlton Centre to the new Johannesburg Sun hotel, is also working "extremely well".

Hallis says: "It is not only letting well, but working well for the traders."

The Carlton Centre, though, is suffering from the lack of transport for black shoppers and has, therefore, not yet reached its optimum trading pattern.

Hallis says: "Developers must capitalise on the black market in the downtown areas." And the Carlton Centre is aiming to improve the volume of trade with blacks in the coming year.

As for Durban, Hallis says the CBD area is doing well. In Cape Town, the linked underground shopping area is working.

In Pretoria, Ampros' Sunny Park Centre in Sunnyside is performing more than satisfactorily and this year it will get a R5m-R8m upgrade, which will give it another boost. Hallis says: "There were hiccups in the Pretoria CBD when some of the regionals opened, but trade is starting to come back."

Traders' plea on rents

SOWETO: Businessmen yesterday made a plea to black community organisations to solve the rent crisis.

"We face ruin if the crisis is not resolved," said the traders at a special meeting called by the Greater Soweto Chamber of Commerce and Industries (GSCCI).

The plea follows the attack on Soweto businessman Mr Lehlohonolo Motaung, who suffered losses amounting to R65 000 when his home was set alight last weekend.

There was also an attempt to petrol-bomb his supermarket business. The attack was apparently triggered by the fact that lights at Mr Motaung's supermarket had been switched on while those of nearby

To Page 4

(30) Sowetan 26/3/87

Rents plea

From Page 1

houses remained cutoff.

More than 100 businessmen resolved at yesterday's meeting to approach black political organisations with a view to seeking guidance in the current rent crisis, reported now to have cost black local authorities R160 million in rent revenue countrywide.

Another businessman this week received a veiled threat from a group of youths with regard to payment of rent and service charges, the GSCCI meeting was told.

The GSCCI president, Mr Makana Tshabalala, told the meeting that Soweto's 3 000 businesses faced ruin if the rent crisis was not solved. "Ironically, the community will boycott us when our businesses are ruined, and buy from white shops."

The black businessman was faced with a dilemma which need to be addressed immediately," the GSCCI president said.

Mr Tshabalala said his organisation had made unsuccessful attempts to contact more than 20 community organisations about the matter.

Several attempts to convene a meeting between the Diepmeadow Town Council and the Diepmeadow Chamber of Commerce had hit a blank, the meeting was told. The municipality had failed to respond to the chamber's request for a meeting to discuss the rent crisis."

Dozens of traders in Diepmeadow had received notices to "pay or be evicted" from the council.

(30) Sowetan 26/3/87

Retail trade sales on upward trend

(30) B/Day 1/4/87

KAY TURVEY

RETAIL trade sales have shown a slight upward trend, the latest Central Statistical Services figures revealed yesterday.

The expected retail trade sales of R3,1bn for March 1987 increased 22,9%, compared with March 1986.

In the first quarter, seasonally adjusted real retail trade sales (at constant 1980 prices) rose 1,9% over the last quarter in 1986.

There was little increase in real sales for March 1987 (R1,31bn) over February sales (R1,30bn).

Total trading revenue for retailers in motor vehicles and accessories declined 6,6% in February 1987 compared with January.

The expected trading revenue of R1,4bn for February 1987 decreased 23,3% compared with February 1986.

This was despite a noticeable improvement in the results of the motor trade since July 1986.

The expected real wholesales trade sales (excluding diamonds), at constant 1980 prices, for the six months to February 1987, showed a slight seasonally adjusted increase of 2,2% over the previous six months.

The figures further revealed production prices for all commodities for SA consumption as measured by the PPI were 14,9% higher in January 1987 than in January 1986 — the lowest increase since February 1985.

January production prices rose 0,8% over December 1986.

'Grand poised for major expansion'

30

Score increases earnings by 81%

Cape Times 1/4/87

By AUDREY D'ANGELO
Financial Editor

SCORE FOOD HOLDINGS — the retail cash and carry chain which bought Grand Bazaars 10 months ago — has lifted attributable earnings for the 53 weeks to February by 81% to R10,7m, compared with R5,9m the previous year.

The final dividend is 20c (11c) a share, making a total of 27,5c (16c) for the year, covered 2,7 times.

Turnover rose by 78% to R744,8m (R419,5m) and income before tax and interest by 81%, to R21,5m (R11,8m).

Earnings were up by 73% to 75,1c (43,5c) a share.

The former Grand Bazaars, renamed Grand Supermarkets, which made a loss of R275 000 at the interim stage, has been turned around. The profit figure has not been given separately, but a statement issued by the group says it is "well beyond" the forecast R750 000.

Take-overs

Group MD Carlos dos Santos says Grand is "now poised to embark on a major expansion programme".

In addition to this, he says Score is "still actively seeking take-overs and exploring a number of possibilities".

He forecasts that group turnover will pass the R1 billion mark in the current year.

Grand Supermarkets MD Mike Palmer said it was about to open a new store at Triomf, raising the number on the Reef to three, and was looking for more sites all over the Eastern and Western Cape and in the Transvaal.

Image change

"Our major expansion will be in the Transvaal," he said. "But we have a good share of the market in the Eastern Cape as well as in our home base in the Western Cape.

"We shall go wherever we see a gap in the market."

Palmer said competition between the main supermarket chains was growing fiercer.

"We are all fighting for market share. The population is not growing and therefore we can grow only at a competitor's expense."

Grand has changed its image since being acquired by Score. In the first three months R3,5m was spent on refurbishing all 22 stores, the product mix was reviewed, merchandising improved and computerization and new systems introduced.

SOUTH, March 26 to April 1 1987

30

Ottery goldrush a tale of woe

Traders complain of high rents and bad business

By CHRIS GUTUZA

TRADERS who rushed into Ottery Hypermarket believing it was going to be a goldmine are holding their heads in woe.

It's not the glittering success they dreamed it would be.

According to one trader some shops are now on the verge of closing down because business is poor and rentals are high.

"If it were not for the sureties or other lease obligations we would have been gone long ago," he told SOUTH.

Several traders who rent outlets at Ottery Hypermarket claim they were given a raw deal by the owners, and that they were led to believe the hypermarket would be a goldmine.

Now the traders are planning to ask Mr Raymond Ackerman, of Pick 'n Pay, to reduce their rents.

The decision to approach Mr Ackerman follows disagreement over rent reductions between a deputation of traders and the hypermarket management.

A dissatisfied trader said: "Pick 'n Pay's response was very cool. A delegation was given a hearing of two minutes before being dismissed."

It is believed that some traders then wrote letters to Mr Ackerman about their difficulty with the high rents.

Mr C Clarke, general manager of Pick 'n Pay's property division said the company would only discuss the rental question with tenants individually.

"The rent contract was accepted by individual tenants. Pick 'n Pay will not discuss the matter with any group or committee," he said.

"Pick 'n Pay spent hundreds of thousands on the hypermarket project. Since the hypermarket opened it has drawn large crowds. The tenants also benefitted.

Difficulty

"Traders hired the outlets with open eyes. If there is a slight reduction of shoppers that causes tenants difficulty they can speak to us about it, but we cannot promise anything."

But tenants complained that the complex fell short of what they were promised.

The owner of a big chain store said: "We certainly moved into the hypermarket with closed eyes. It turned out different to what we were promised.

"A rental reduction of 50 to 60 percent would be more in line with turnover.

"Rentals are between R35 and R40 a square metre. For an average of 100 square metres, tenants are paying between R3 500 and R4 000 for an average sized shop.

"The bigger units are between 150 and 200 square metres which means these tenants are paying at least R5 000 to R7 000 a month. In addition, tenants have to pay 10 percent of their rental for operating costs.

Profitable

"We would not mind paying the high rent if business were as profitable as we were promised it would be.

"These rentals are either the same or higher than for prime shopping centres like the Golden Acre. With such high rentals you can imagine what the traders have to turnover to cover their overheads, let alone make profits."

His Ottery store did worse than all his other outlets. Business was generally down, but at the Ottery centre it was unusually quiet.

Problems

Of the 40 odd stores in the centre, he estimated at least 30 were having problems.

"We only hope that struggling traders will get some relief from Pick 'n Pay," he said. "It is the only way some of us will survive."

Another trader criticised the centre itself "There isn't even a commercial bank here."

... the total cost of goods and services.

"What the trade terms "shrinkage" also costs plenty. It is estimated that the Big Three retailers alone will lose R100m to theft and fraud this year.

All of which has to be paid for. It would be naive to believe that the support costs of manufacturers are not built into the prices of their products, or that retailers will accept Trade and Industry.

What is needed is a thorough re-evaluation of the whole food sector, at primary (farm), secondary (processing) and tertiary (retail) levels.

Finance Minister Barend du Plessis says he's concerned at the prevalent view that profit margins must be fully restored before meaningful price reductions can be offered. Yes indeed; we must never forget that retail- ... supply and demand?

If — as the *FM* suspects — the answers are not unrelated to the historic political power of the farm sector and its attendant bureaucracy, it will be interesting to see whether this beneficence is repaid on May 6. If large parts of the platteland swing rightwards, political expediency could join economic good sense in justifying a wholesale reconsideration of policy. ■

METRO

(30) F 114 27/3/87

Letting bygones be bygones

Ever since Metro returned to the JSE last June its share price has been a weak performer — yet profit growth has exceeded expectations.

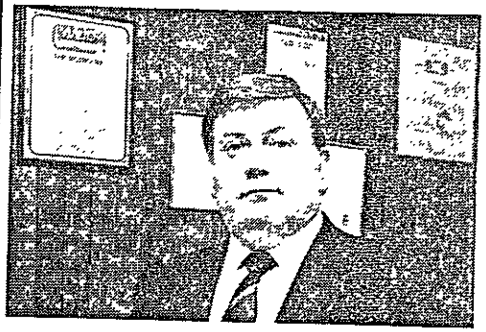
The stock market is often unforgiving, and sometimes perhaps a little unfair. In the mediocre rating accorded Metro since its return to Diagonal Street last June, elements of both will be found. As a relisted company, the wholesaler has delivered even more than it promised. Interim profits were up 30%, well ahead of the group's earlier prediction of 20% growth. You would hardly say so after looking at the share's collapsing trendline, which shows Metro radically underperforming the retail sector index.

Possibly the chain bears some residual tarnish from its association with the erstwhile Kirsh group. More fundamentally, some investors might be put off by its large size, comprising more than 130 stores. Metro seems a pretty mature group, and operates in a food wholesaling industry that has become fiercely competitive. But if the recent profits failed to refute any notion of a slowdown, most would not have missed last week's signal of a major deal with potential material benefits for Metro.

Metro has emerged as an unexpected predator, successfully stalking the R540m-turnover Frasers group, itself somewhat underrated on Diagonal Street (see *Fox*). It was confirmed on Monday that Metro has taken a major stake in the diverse consumer group by acquiring from the McDonald family their 32% interest in Frascon, the Frasers pyramid company. Metro will attempt to raise its stake over 50%, going for control of the Frasers group.

Metro's growth potential should be considerably enhanced by the deal. Firstly, by its being able to consolidate the accounts of recovery-bound Frasers. Secondly, economies of scale and strategic benefits should be achieved by adding Frasers' 41 cash-and-carry outlets, many located in prime areas, to Metro's related operations. While any such deal is unlikely to relieve pressure in the fiercely-contested wholesale food market, it does create new battlelines between Metro and its toughest competitor, Trador.

In recent years, fledgling Trador has stolen much of the limelight from Metro. It emerged a few years ago as the food wholesale arm of Score, which had until then dealt only in the retail food market. Since its listing late in 1984, Score has performed



Metro's Smith ... expanding the trading base

spectacularly in both profits and share price. The share has climbed exponentially since listing from under 200c to 1 475c.

Founded by previous Metro managers who, led by Carlos dos Santos, defected in the early Eighties, Score has enjoyed several advantages over Metro. Its small trading base of 17 Trador stores has meant that, while it is able to add three or four new branches a year, its earnings growth rate has been far steeper than that of its more mature rival. Score's earnings have grown at 50% a year compared with Metro's 30%. Moreover, with their intimate knowledge of Metro, Score's managers could target its expansion at all the key trading areas near the most profitable Metro stores.

But the scenario could be changing. That, at least, is the view of Metro MD Cecil Smith, who believes that "the worst of Score's onslaught could be over, as it is clearly running out of good areas it can poach. Soon they will have to move into 'B' areas, which are not as well located, or as profitable as the 'A' areas." Metro stores are tied into relatively attractive long leases, which Smith believes gives it a definite advantage over Score, which could find itself locked into more expensive leases as it expands in a recovering property market.

Metro is fighting back. Limited in scope to expand its network, the chain is finding growth elsewhere. It has extended its product range, recently adding a range of liquor products. It has diversified into new trading formats; and, with the move on Frasers, has bought additional operating capacity.

The group's traditional customer base — on what he saw as a changing pattern in food sales. His target was the growing market of small black traders who were buying goods directly from manufacturers.

Katz felt there was a need for a middle man. On the one side, not all traders were happy buying direct, as they were forced to buy in far larger quantities than usually suited them; and timeous delivery could not always be relied on. On the other hand, manufacturers were not entirely happy with the costs involved in delivering to a multitude of traders, or with their bad debt exposure after delivery. In recent years township violence has further underscored the risk of township deliveries, and more manufacturers than ever are selling their goods indirectly, through distributors like Metro.

Metro grew rapidly, eventually to be listed on the JSE. In the Seventies it became a Kirsh group subsidiary and, for a while, a darling of the JSE. Then, just as Metro was reaching the pinnacle of its performance and prestige, Natie Kirsh took the disastrous decision in the early Eighties to delist and bury it, together with Checkers, Russells and other group subsidiaries, into the amorphous mass that was to become KTG. Once out of the glare of a JSE listing, and with the company's identity blurred, Metro's staff morale deteriorated.

"It was traumatic to be suddenly out of the limelight," recalls finance director Alan Sack. "We had become known as a high-profile and successful company, rated in all the Top 100 corporate surveys. Suddenly we

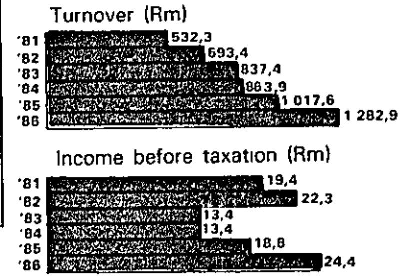
STOCK EXCHANGE LAW

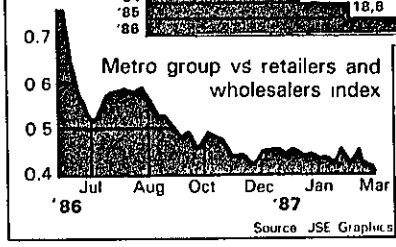
Protecting th

South African law is currently out of step with international practice on an important issue affecting dealings in quoted securities. As things stand, a local purchaser (in good faith) can, at least theoretically, be faced with a claim from the owner alleging that the scrip was stolen. Under South African common law, this circumstance currently entitles the owner to "vindicate" — that is, reclaim the securities.

The JSE has now argued, in a strongly and carefully worded memorandum submitted to the SA Law Commission, that the time has

Past patterns





the small independent trader who buys in bulk for resale — has broadened to include middle-to-upper income groups through the advent of a new chain of Trade Centres, three of which came on stream last year. Covering 10 000 m² each, Trade Centres are twice the size of the average Metro store, and target a wide range of products — from food to clothing and fancy goods. They trade in a similar market to Makro.

While Metro finds growth pockets from within its structure, the cash and carry market it services is expanding rapidly. Metro's prescient founder, Lionel Katz, founded the Metro chain after World War 2 to capitalise on what he saw as a changing pattern in food sales. His target was the growing market of small black traders who were buying goods directly from manufacturers.

Katz felt there was a need for a middle man. On the one side, not all traders were happy buying direct, as they were forced to buy in far larger quantities than usually suited them; and timeous delivery could not always be relied on. On the other hand, manufacturers were not entirely happy with the costs involved in delivering to a multitude of traders, or with their bad debt exposure after delivery. In recent years township violence has further underscored the risk of township deliveries, and more manufacturers than ever are selling their goods indirectly, through distributors like Metro.

Metro grew rapidly, eventually to be listed on the JSE. In the Seventies it became a Kirsh group subsidiary and, for a while, a darling of the JSE. Then, just as Metro was reaching the pinnacle of its performance and prestige, Natie Kirsh took the disastrous decision in the early Eighties to delist and bury it, together with Checkers, Russells and other group subsidiaries, into the amorphous mass that was to become KTG. Once out of the glare of a JSE listing, and with the company's identity blurred, Metro's staff morale deteriorated.

"It was traumatic to be suddenly out of the limelight," recalls finance director Alan Sack. "We had become known as a high-profile and successful company, rated in all the Top 100 corporate surveys. Suddenly we had lost our identity, to be absorbed into KTG." To make matters worse, KTG started making losses and its poor performance rubbed off on morale in Metro.

There was also confusion over the KTG pyramid, Metro Corp, which continued to be listed and many mistook to be the trading subsidiary. "We would make profits, which no one would see," says Sack. "The two listed companies, Metro Corp and KTG, would report losses, and even our own staff had trouble believing that Metro Corp was not us, and that we were, indeed, operating profitably."

Two other events in the early Eighties were to have significant impact on Metro. One was the return to the cash and carry market of Carlos dos Santos, with his Trador chain, soon to become a formidable competitor to Metro. About the same time, an overseas subsidiary of Metro, called Jetro, was running into problems, and Katz was forced to spend most of the year overseas nursing that company back to health. Back home, Katz had left to deputise for him a management team that by all accounts was brimming in business school education, but which had limited experience in the hurly-burly of food wholesaling.

Trador was becoming more threatening, and when it started poaching top-level staff from Metro, management panicked. The group which had been so carefully nurtured by Katz slipped into crisis management. Depending on what the opposition was doing, prices were raised one week, only to be cut the next.

In line with business school theory, stock levels were cut to the bone. But this proved a poor marketing move, for as Katz was later to comment: "There is nothing a customer hates more than to arrive at an understocked store after travelling long distances." Under accumulated pressures, Metro buckled and its profits collapsed between 1982 and 1983 from R22,3m to R13,4m.

Katz returned to resume command, and quickly put Metro back on a growth track with pre-tax profits soaring to R24m by June 1986. Motivation returned, and last year the chain achieved an important objective with its relisting. But Katz was not to live through the company's first year back on the JSE: he died last year and was succeeded by Cecil Smith.

Although Smith and his team have worked hard at restoring the chain's former image with investors, its shares have languished for months around 540c, well down on the 800c attained immediately after Metro's reverse takeover of Cokicor last year. While this makes for a worrying graph, analysts point out the fall from 800c was largely technical, as the stock was initially traded in small volumes, largely by former Cokicor shareholders. As volumes climbed, the share began to find its true rating — although many feel it might have fallen too far.

In mid-February, with the share at 540c, stockbroking firm Martin & Co's Janet Mills put out a "mild buy" recommendation. Mills predicted that Metro's earnings growth would be 30% in 1987, and higher in 1988. The market, she said, was growing fast enough to support above average growth rates for both Metro and Trador. Mills concluded, though, that Metro shares, "on the ratings to end-June 1987 and 1988, appear a little undervalued in relation to Score."

Most see no obvious downside to the present deal. Gains in terms of Frasers' potential hidden wealth (undervalued properties, etc), and rationalisation benefits that can flow from this deal, must be large. It puts Metro into a different league, and places new pespective on its share. *Neville Glaser*

8/3/30

METRO/FRASERS

Expect further moves

Metro's move on Frasers this week is almost certainly part of a wider strategy to merge some of Fraser's eight divisions with other subsidiaries of Metro holding company, Tradegro. Having scalded itself so badly during its phase as a full conglomerate, Tradegro is unlikely to be comfortable in the long term with Frasers' present structure. Tradegro, under the direction of chairman Mervyn King, has lately moved firmly towards focused trading in its listed subsidiaries (see *Leaders*).

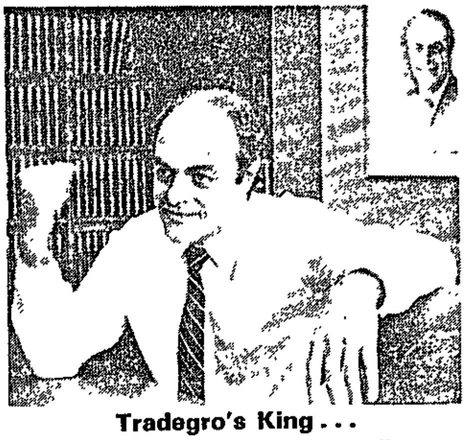
If a merger at operating level proves too difficult — because, say, their corporate cultures are too different — then Tradegro will almost certainly look towards separate listings for some of Frasers' larger divisions.

With few exceptions, each Frasers division has a counterpart in the Tradegro group: its 73 furniture stores fitting into Russells, 41 cash and carry outlets and 12 wholesale warehouses belonging with Metro, 51 supermarkets and 44 general dealers with Jazz, and 24 building supplies branches with Cashbuild. There are also 58 mine concession stores, and 159 retail clothing outlets, collectively generating group turnover of R540m a year.

In a deal worth R21m, Metro has agreed to buy from the McDonald family at 420c a share their 32% stake in Frascon, Frasers' pyramid company, which holds 50% of Frasers' stock. Tiger Oats is the second major shareholder in Frascon, holding an 18,2% stake. Metro will make the same offer to Frascon minorities, hoping to raise its stake to a controlling 50%. If its eventual holding falls short of 50%, Metro will almost certainly accumulate stock up to this level — only then can it begin to consider rationalisation, for example of administrative functions.

For more serious mergers at operating level, however, Metro won't be able to do much without first taking out minorities in Frasers. That buy-out could prove a lot more expensive than the one involving Frascon, as investors are likely to chase Frasers' stock in anticipation of such a move. Moreover, the market has long suspected that Frasers, which was founded over 100 years ago, could have considerable hidden wealth.

That Metro has agreed to buy out the McDonald family at 420c — 60c above the pre-suspension price — seems to imply that they, too, recognise Frascon was fundamentally undervalued. The contention of Metro MD Cecil Smith, that Metro will be "looking to move Frasers' operating margins upwards," could relate to synergistic benefits of a merger, or equally it could refer to perceived inefficiencies in the Frasers operation. Notably, Frasers' cash and carry division achieved operating margins of 1,16% in 1986, compared with Metro's own margin of 1,9%.



Tradegro's King . . . committed to focused trading

Either way, a small improvement in Frasers' total operating margin, calculated at 4,2% in the year to end-September 1986, could translate into a sharp improvement in earnings.

Frasers, tracing its roots to Lesotho, has a strong presence in neighbouring black countries, where Metro has been looking to expand. The tie-up gives Metro added bargaining muscle in certain product lines, such as blankets, which Frasers sells in vast quantities.

Frascon, suspended at 360c, traded after relisting on Tuesday at 415c. Frasers traded at 740c, also well up on its pre-suspension price. Metro opened at R6, having languished until Tuesday around 540c. On these improvements, the deal has finally rewarded the patience of those investors in Frasers who have held the share for many months, and through several false starts, in anticipation of an eventual raid.

Neville Glaser

FINTEC

New look

Fintec's share price has increased sevenfold in the past year, and investors must wonder how much further it can go. But there is justification for high expectations, as shown by the Rank Xerox deal. Fintec chairman Bill Venter says that after the acquisition of Rank Xerox and a 1m rights issue, earnings a share should be around 168c for the year to end-February 1988. This is an increase of more than tenfold on 1985-1986 earnings — and Venter's plans for Fintec are by no means complete.

The Rank Xerox deal was certainly cheap. Fintec has paid R40m and taken over bank loans amounting to another R30m. Based on the total cost of R70m and taxed profits for 1986 of R7,8m, the deal was clinched at an earnings multiple of 9, as against Fintec's p:e of an astronomical 112 before the announcement and 159 on the current price of R42.

Rank Xerox can be expected to grow. Substantial forex write-offs caused losses of R5,3m and R16,9m in 1984 and 1985, so the turnaround in 1986 was R25,4m. Rank Xerox is looking for movement away from traditional copiers with rapid expansion into the networking market. It has 25% of the desktop copier market, about 55% of the market for larger copiers, above 60% of sophisticated laser printers and 10% of electronic typewriters.

The exact means of the payment has not been decided but will be a combination of shares and cash. At the present price, a rights issue could raise the full R40m, so the company will be left with cash — the amount depending on how many shares are issued. One use for this cash could be to repay debt. "It is a group strategy to keep debt low," says Fintec CE Clive Jandrell.

The R7m cash pile held in February last year should increase, though other recent acquisitions, Roneo Alcatel and 50% of South Continental Devices, were cash purchases. Net worth per share after these deals, but before the Rank Xerox acquisition is estimated at R4,60, based on the market value of Fintec's 4,5m Punch Line shares.

Jandrell says Fintec has been marked as the third leg of Altron's operations. It is still relatively small beer in Altron's R1,5 billion-turnover operation, but management obviously wants to expand Fintec further. Rank Xerox, currently Fintec's largest holding, will not be allowed to dominate for long. "The next logical move is data processing," says Jandrell. Venter has previously said negotiations were in progress with at least two multinationals, so an aquisition of a computer company, perhaps a disinvestment, could be next.

Investors probably regard Fintec as being effectively cum rights. Its forward p:e is 25 against Punch Line's 27 and C-Matic's 37, so, despite the run, the share is not overpriced compared with the electronics sector. The share is tightly held, with only 779 000 in the hands of the public.

Altron owns 81% of Fintec. The Rank Xerox deal should add 12% to Altron's earnings, putting the company on a forward p:e of 16, without taking into account last year's growth. This is not expensive in comparison to the electronics sector.

Pat Kenney

(30) FM 27/2/87

BUSINESS CONDITIONS

Basic improvement

Livelier business activity was evident over a wide spectrum during the first quarter of 1987, according to manufacturers questioned by Stellenbosch University's Bureau for Economic Research (BER).

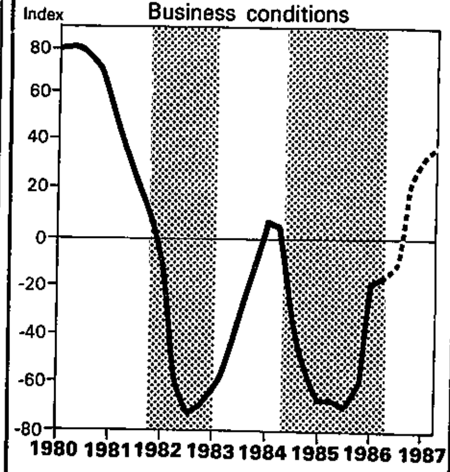
BER's April 1987 *Manufacturing Survey* finds that since the third quarter of 1986, manufacturers indicate that they are operating under more favourable business conditions compared to the previous year, and expect even more pronounced improvement in the second quarter.

The graph depicts businessmen's confidence. The vertical axis measures the difference between the number of "better" and "worse" responses. The responses show significant correlation with the business cycle.

The survey attributes the improvement in manufacturers' perceptions to improved agricultural prospects, a stronger rand and gold price, better industrial production and retail sales, expected increase in labour remuneration, and the announced tax relief to individuals.

However, BER issues a caveat: "Recently improved levels of activity, evident since the second quarter of 1986, and expectations of continuing improvements during 1987, should be seen against the background of longer-term regression."

Improving picture



Source : Bureau for Economic Research

Between 1982-1985, the manufacturing sector's contribution to real GDP actually fell by 3,1% a year. On average, each year between 1982-1985 in the manufacturing sector, real fixed investment declined by 11,4%, employment by 1,9%, and productivity by 2,4%.

The survey is not optimistic in the long term.

"Any improvements are from low level bases and 'lively activities' should be regarded relative to previous years' experience." ■

WALTONS (30) FM 27/3/87

Listing toys

Waltons is to float off Redgwoods, the toy wholesaler and retailer which this month bought several companies in the babywear manufacturing and retailing sector. The group expects turnover of R37m in the year to end-February 1987.

Waltons will hold 53% of the 60m Redgwoods Holdings shares in issue after the group's listing in July.

Following the recent acquisitions, Redgwoods Holdings comprises, in addition to the Redgwoods toy operation, the babywear manufacturing and retailing operations of Little People, Mothersworld, United Nursery Products and Northern Electroplating and Northern Plastics.

Vendors of the babywear companies are to receive 48m new Reggies shares with a cash value of R9,23m and a cash sum which is dependent on audited results for the year to end-February.

An additional R6m will be raised by a rights issue of 12m shares immediately following the listing, and these funds will go to bolster working capital. Before the rights issue, Waltons will hold 66% of the 48m Reggies share in issue, and will therefore be entitled to receive 7,92m Reggies shares in the rights issue. Waltons will renounce these shares in favour of its shareholders, as will Walhold, which will be entitled to 3,9m shares. The balance of the rights issue, being 4,08m shares, will be made available to the public through a public offer.

The group expects after-tax profits of R1,5m (2,5c EPS) in the 1987 financial year and 66% growth to R2,5m (4,2c EPS) in 1988.

Ridge Riley, MD of issuing house Quaestor IV, says this strong profit growth will result from synergistic benefits derived from selling both toys and babywear through the expanded chain of 72 outlets. He says the new group will have substantial buying power, and will also benefit from the Waltons financial expertise. The group sees the seasonal nature of the toy industry being offset by the relatively stable babywear market.

Riley says the group hopes to maintain a strong profit growth pattern, and is looking to the black market for future expansion.

Kerry Clarke

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RSC PREPARATION

Oggi (30) 27/3/87

Assocom has issued a useful handbook on regional services councils (RSCs) in response to the desperate thirst for knowledge on these new impost-raising creatures. Observers have commented that RSC levies (0,25% on payroll and 0,1% on turnover) have been mentally wished away by many businessmen.

But businesses (including partnerships, sole proprietorships, financial institutions — and most of the public service) will have to do their administrative homework. Assocom highlights the following areas. The business should:

- ☐ Ascertain the RSC region(s) empowered to collect levies from it;
- ☐ Allocate internal administrative responsibility regarding the various regions levies will be payable in;
- ☐ Determine the *nature* of its transactions within the meaning of the regulations;
- ☐ Ascertain the operational date of each relevant RSC;
- ☐ Review and amend accounting systems — as a matter of urgency;
- ☐ Carefully consider inter-group transactions, to prevent "cascading," if possible;
- ☐ Consider rationalisation of operations, for example, by discontinuing activities in more than one area;
- ☐ Decide whether to be taxed on a "receipts" or "accruals" basis (considerable amounts can be saved by signing contracts before levies are first exacted); and
- ☐ Study and be familiar with the regulations.

Assocom notes that the attempt to keep the legislation "simple" has done little more than create large areas of uncertainty.

FINANCIAL MAIL MARCH 27 1987

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• Agiot Duma

ce Relations

Checkers have jumped from red to black

30

Cape Times 28/3/87

"Checkers, Checkers, just up the creek," was the ironic slogan two years ago. Today the company is in the black, strong, and vibrant. JANE ARBOUS tried to find out why.

OPERATING in a fiercely competitive market, Checkers has seen a remarkable turnaround in performance over the past two years.

And while management is playing the leading role, Checkers believes that its new television advertising campaign starring MD Clive Weil is having considerable impact.

Some indication of the company's recovery can be seen in the following figures: for the six-month period ending December 1985 Checkers recorded a loss of R23,99 million. In the corresponding period ending December 1986 — the ad campaign was well underway at this stage — a profit of R1,2 million was made.

The total loss for the full financial year to June 1986 was about R45 million. The projected profit for the year ending June 1987 is expected to be about R8 million.

Checkers claims that during the 14-month period from October 1985 to December 1986, its market share increased by 22%. The bulk of this, it believes, came from Pick 'n Pay, and to a lesser extent from OK Bazaars and the smaller chains. The company is looking at a more modest growth of a few percent this year .

The battle back into the black was accompanied by the closure or sell-off of nine stores of its initial 200, with another 10 stores transferred to Jazz.

Weil has a good track record. His two-year stint as joint MD at Metro Cash and Carry — always a successful company — saw profits doubled. Two years ago when he joined the troubled supermarket chain which was continually losing market share, he was the fifth MD in eight years. Since then he has taken it from a huge loss to a respectable profit situation with the new ad campaign which cost about R8 million, has put a face on a once-imageless company.

Body to push for small business

(30) Whs 24/3/87

By DENISE BOUTALL

FARMERS' wives running home industries and other small business operators are banding together to form a national organisation to push their case for greater co-operation from banks and the Government.

They also want to increase their export business.

A conference at Stutterheim, attended by 170 small entrepeneurs from throughout the country, decided to form a national Small Business Chamber to look after the interests of the burgeoning informal sector.

Mr Nico Ferreira, chairman of a steering committee appointed to draft a constitution, said marketing, finance and deregulation appeared to be the main problems facing small business.

Many of the delegates at the two-day conference were women, some of them farmers' wives who make wool and mohair products and fashion items.

"The problem is that the South African market is limited, and we want to have a look at the possibility of export," said Mr Ferreira, who is a farmer and small business consultant in Stutterheim.

Finance was another major obstacle. "Banks don't really have a system for handling the needs of the informal sector," he said.

"Although most of them now have small business divisions, these are usually situated in the big cities only.

"The banks will have to rethink their approach."

Mr Ferreira said small entrepreneurs usually needed only small amounts of money. "But they need it immediately and financial institutions are not geared for this."

Organisations like the Small Business Development Corporation and the Get Ahead Foundation filled the gap to some extent.

On the other hand, it was important for entrepreneurs to become better organised and businesslike in their approach.

The issue of deregulation had also been addressed.

Mr Ferreira said he became aware of the problems faced by small businessmen and women when he undertook a survey on behalf of the Urban Foundation last year.

(30)

 STAR 28/2/87

onsumers night have he edge on nflation his year

SVEN LUNSCHE

Consumers could well find that this year there might just be that extra bit of money left in their pockets, according to the March edition of the Reserve Bank's *Quarterly Bulletin*.

Apart from the news that overall economic growth is looking upwards, the Reserve Bank also said that if the upward trend in disposable income can be maintained, gross domestic expenditure could rise, also aided by a lower inflation rate.

On a half year basis, real personal disposable income rose by two percent in the second half of 1986, compared with the same period last year, after it had shown negative growth rates over the last two years.

Apart from having more money in their pockets, consumers might also spend less this year as "the inflation rate stands to benefit further from the more recent advances in the exchange rate in the third quarter of 1986 and in the first few months of 1987," the bank said.

Although the recent improvement in the inflation rate was "largely attributable to purely statistical factors," the decline has clearly been aided by the recovery of the rand's exchange rate.

With the improved outlook in both wage renumeration and inflation, consumer spending should definitely be given a boost, but in 1986 it was still subject to inhibitions and constraints which were not normally part of the country's business cycle.

"Both investment and consumer expenditure clearly were influenced downwards during much of 1986 by private decision makers' enhanced sense of uncertainty and a reluctance to take longer-run views and enter into longer-term commitments," the bank added.

The Bank said households during 1986 had sought to work down the real burden of earlier financial commitments in the light of, among others, the decline in real household incomes, less buoyant prospects for steady employment and promotion, and a less favourable outlook for a rise in their real standard of living in the more immediate future.

Turning to employment figures the Bank said the "steady recovery in aggregate domestic production during most of 1986 failed to have a major impact on employment up to the third quarter of the year.

"Signs of more significant increase in the demand for labour could be observed in the fourth quarter in certain important sectors of the economy," the Bank said.

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SUNDAY TIMES, Business Times, March 29, 1987

Biggest in the field heads for DCM

By Ruth Golembo

COMPUTER Warehouse, which claims to be South Africa's largest independent computer retailer, plans to be listed through a private share placing on the Development Capital Market of the Johannesburg Stock Exchange in May.

The Cape-based firm, which started as a one-shop company three years ago, now has eight branches.

The company's growth will continue, says Warwick Smith-Chandler, co-founder and managing director, because unlike its retail competitors, Computer Warehouse controls all aspects of its business — from import to direct selling.

Mr Smith-Chandler says: "We do everything connected with computer retailing ourselves — from research and development to training of users.

"Because we import, assemble and sell computers we can keep prices competitive.

"We are known for our low prices and good back-up."

40% higher

Turnover grew from R1-million in 1985 to R6,6-million in 1986 and was more than R16-million in the year to February 1987. Forecasts for the current year are nearly 40% higher at R22-million.

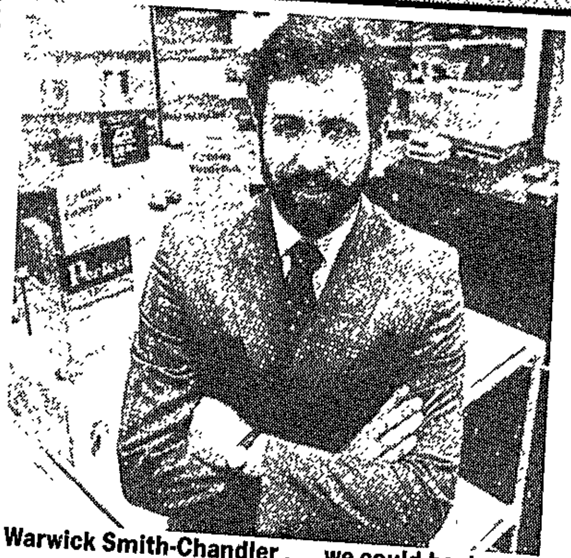
The prospectus will be published next month.

Mr Smith-Chandler says bottom-line profits have kept up with turnover. Taxed profits for the last financial year were more than R600 000.

Proceeds of the listing will fund growth. Computer Warehouse has outlets in the Western Cape, Johannesburg, Pretoria, Durban, Port Elizabeth and East London and plans to open four more on the Reef in the next few months.

It hopes to have 15 stores in the next three years and is looking to increase the number of authorised dealers.

It also plans to increase its product base and branch into computer-related products and office equipment.



Warwick Smith-Chandler . . . we could beat sanctions by making the goods

Education

Mr Smith-Chandler says personal computers makes up 40% of sales. Beside its retail outlets, the company markets to major corporations and has made inroads into the educational market.

"We have sold more than 1 000 machines to universities, schools and technicons and have identified them as a major market.

"There is a great demand for computers in education."

The company employs 120 people. Production has increased from 30 machines a month to more than 400.

Apart from its house brand range of microcomputers, Computer Warehouse sells peripherals and computer stationery.

Know-how

Although it does not make components for microcomputers, the company has the technical know-how to embark on manufacture when volumes justify the cost.

Mr Smith-Chandler says: "We import from Britian, Switzerland, Korea, Singapore, Hong Kong, Japan and the United States.

"We do not see sanctions as a threat, but if they were implemented we would be able to start manufacture.

"We design some of the components and have a strong technical team."

Computer Warehouse is the first computer retailer to come to the JSE. Competitor Joffe Associates, which recently merged with Mercedes Datacor, plans to be listed soon.

R4,9m—that's what's owing on SA cars

(30) 5/1/87

By Don Robertson

SOUTH Africans owe R4,9-billion on their cars, equivalent to 13% of the national Budget.

The amount excludes unearned finance charges, estimated conservatively at R1-billion.

The amount owing compares with R4,1-billion in 1985, a decline in real terms.

According to the Reserve Bank the amount was owed to the four wheels banks — Wesbank, Stannic, Santam and Nedfin — on new and used cars and light commercial vehicles in December.

Since December 1985, the price of cars has increased by up to 37%. Deposits on new cars were reduced to 10% in August of that year. As a result, finance houses were required to finance a larger portion of many of the cars sold.

Rates fall

However, interest rates have fallen from above 25% to as low as 15% on a linked interest rate.

The battle for a bigger share of this lucrative market continues among the top four finance houses.

Wesbank is by far the largest in the wheels market with R2,2-million outstanding at the end of last December. This figure compares with R2,05-billion at the end of December 1985.

Wesbank claims to finance almost 35% of all new and used cars and writes an average of about R135-million a month in additional business.

Second

Stannic holds second position, being owed R1,5-billion at the end of December last year. This compares with R927,7-million in the previous December. Stannic also finances the purchase of cars through its commercial bank.

Making great strides in the market is Santam, which was owed R908-million last December. This compares with R691-million in 1985, which included substantial finance charges.

Managing director Roeland Perold says the company has made inroads into the market since the link with Trust Bank in July 1985. The size of the book has nearly doubled since that date.

Chamber wants holiday inquiry

20/3/87. N/M. 30

Mercury Reporter

THE Durban Metropolitan Chamber of Commerce says in its latest information digest that it welcomes the recent Government announcement that a new public holiday in recognition of Workers' Day is to be instituted on the first Friday in May.

The Chamber says, however, that there is a need for a full inquiry into all public holidays to ensure that they are evenly distributed and that they meet the reasonable aspirations of all sectors of the community, without necessarily increasing the number of public holidays during the year.

The article says the chamber questions whether the rank and file of workers are unhappy with the choice of the first Friday in May as Workers' Day, as indicated in statements by various trade union leaders.

The workers are likely to find that the benefits of a long weekend outweigh those of symbolism, particularly since May 1 falls on a Sunday in 1988, the Chamber says.

Row over plan to sell Indian Market

Mercury Reporter

(30)

THE Durban Indian Market Stallholders' Association is up in arms over the Durban City Council's move to sell the old Victoria Street Indian Market site to private developers instead of allowing the stallholders to take it over.

Mr R J Naran, vice-chairman of the Durban Market Stallholders' Association, said the council was 'riding roughshod over stallholders' requests for a new Indian Market to replace the one destroyed by fire more than 20 years ago.

'We are extremely disappointed with the council, which is not even standing by its moral obligation of giving us alternative accommodation,' he said, adding that the association was considering taking legal action against the council.

'We also asked the council to consider giving us a site for an oriental plaza, but we are still waiting. The council is asking for a fantastic price for land,' he said.

Mr Mahomed Rajab, chairman of the Grey Street Indian Local Affairs Committee and chairman of the Central Durban Indian Ratepayers' Association, said the council had overruled a decision by the LAC for the site to be used for a new Indian Market or alternatively for it to be developed into a public park.

Invitation

31/3/87
N.M.

The council has invited investors and entrepreneurs to develop the former Indian Market and Durban Men's Home sites in Victoria Street and Queen Street for 'bulk general business', according to Durban's Town Clerk, Mr Gordon Haygarth.

The site, which is bounded by Queen Street, Victoria Street and Russell Street, is at one of the major entrance points to the city centre and has a total area of 9 180 sq m.

The council has asked that offers be submitted together with a deposit of R20 000 to the Town Clerk's Office not later than 11 a m on Friday, July 31.

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INVESTMENT

Argus 2/4/87 30

Great expectations as Rusfurn goes for JSE

From GARETH COSTA

JOHANNESBURG. — A brand new concept in retailing, large scale rationalisations of floor space and a merger with its furniture sister in the Tradegro group, will see Dions and Rusfurn as a major force in the durable and semi-durable product markets.

The consummation of the new retail giant took effect this week with the merger of the two Tradegro wholly-owned subsidaries.

Soon-to-be-listed Rusfurn will incorporate a number of furniture outlets covering a broad spectrum of the market, while Dions has innovated the concept of "discount credit" on "big ticket items".

STRONG CASH FLOW

Part of the rationale of merging the two operations has been that Rusfurn, which has 92 percent of its sales on credit, can benefit from Dion's strong cash flow and ease funding within the group.

The listing, which is scheduled for late May will be pitched to meet the required spread of shareholders without diluting Tradegro's share too much. No more than 10 to 15 percent of the shares are expected to be offered to Tradegro group shareholders.

The two divisions will contribute roughly the same amount to profits, but Rusfurn chief executive Mr Geoff Austin says that growth in Dions offers the most cause for excitement.

Most of the changes have taken place in Dions, which will have 30 000 square metres less floor space to accommodate more offices.

The move into the credit arena is designed to bring back buyers of large appliances and durable goods, while still offering discount. Dion MD Mr Hymie Sibul explains that this area was seriously affected when the economy went into a downturn.

Until then the man in the street often used to pay cash for items costing in the region of R1 000. Now, however, those same products cost twice as much and it is difficult to pay cash for them with salary increases lagging far behind the inflation.

If, however, a large deposit of 50 percent is placed, Dions will finance the rest at interest rates up to six percent below Ladofca (the ceiling rate) and a few points below if only 20 percent deposit.

FOREX PROBLEMS

Other changes taking place in Dions is the disposal of the food department in the Parow branch, the sale of Dion Business Systems and the move towards leasing some of the departments. Better utilisation of all the stores is being handled by Tradegro's property arm, Coreprop, which will result in some major changes in the next few months.

With foreign exchange problems behind it, consumer spending on the increase and the economy generally looking a little more encouraging, the new Rusfurn group is well poised to secure its fair share of the market.

Excellent results from Pick 'n Pay

3/4/87 B/Day (30)

LIZ ROUSE

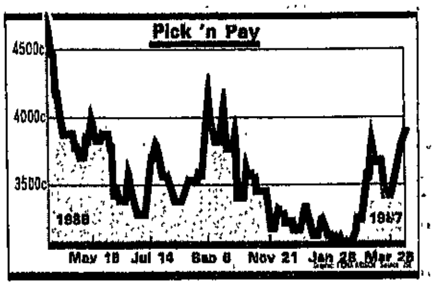
PICK 'N PAY'S attributable earnings rose by a spectacular 21,3% to R43,068m from R35,496m for the year ended February 28, 1987.

From earnings of 220,1c a share (previous 181,4c a share), the final dividend was raised to 84c (70,5c), lifting total distribution by 17,4% to 108c (92c).

This was the first time Pick 'n Pay has paid out over 100c. Dividend cover improved to 2,04 times from 1,97 times, healthy for a group planning further supermarket openings and development of its cash-and-carry operations.

Earnings and the final payment were better than expected by share analysts and the group appeared to be back on its strong growth track.

Chairman Raymond Ackerman was justifiably delighted with year-end results and said in the preliminary report that Pick 'n Pay's increased profit from a turnover 15,1% higher at R2,467bn (R2,144bn) "puts Pick 'n Pay right back into the strong growth story that it has had in its 20 years of existence, and



although we have never dropped in profit in any one year over the previous year, the last few years have not shown growth of this magnitude".

Taxed profit growth slowed down to 13% in the first half of the year, when turnover was hit by the prolonged strike.

Ackerman confidently predicted a taxed profit increase of 20% for the coming year, "which is a bold projection in the South African climate today". March turnover was up more than 21% on the same month in 1986.

Management was particularly

● To Page 2

Pick 'n Pay earnings rise 21,3%

3/4/87 B/Day (30)

● From Page 1

pleased with the huge surge in turnover in the second half of the year, "which certainly heralds an improvement in the economy", and also the fact that Pick 'n Pay got over its labour problems.

Openings planned for this year were a supermarket in Edenvale, Transvaal, in May; a second Price Club in Johannesburg in June (following the most successful launch of the first cash-and-carry operation in December 1986); a small supermarket in Camps Bay in July; a supermarket in Mmbatho in the second half-year; and another supermarket in Maritzburg, also in the second half.

In addition, the Springs supermarket would be turned into a superstore, which would double its present size, in line with the renovation of the Boksburg hypermarket last year.

The Brackenfell hypermarket was undergoing major renovation. Other supermarkets as well were getting renovation treatment and, in general, Pick 'n Pay had a "very busy year ahead," said Ackerman.

Agreement had been reached with the Unions as regards wage negotiation. This had been a major problem last year and at least this had been put to bed for this year.

To pay increasing wages for staff, the group had had to concentrate a lot on productivity and efficiency, and the year-end results bore witness to the fact that these efforts had been successful, said Ackerman.

Pick 'n Pay shares firmed 100c to R39 yesterday. The stock has shown a strong uptrend from its low of R30,75 in February this year and appears to be on the way to surpass the previous peak of R48 in April 1986.

Current earnings yield is 5,6% and dividend yield 2,8%.

Pick 'n Pay Holdings (Pikwik) shares have recovered to R18,50. Pikwik's earnings rose to 53,36c a share (45,44c), the final dividend was increased to 41,5c (34,85c), raising the total to 53,35c (45,45c).

B/Day 3/4/87 (30)

Uniewinkels-Boymans merge into retail giant

MERVYN HARRIS

A NEW FORCE in retail clothing with an annual turnover of R100m has been formed by the merger of Boymans with Uniewinkels, a division of Amrel.

The new group, which will provide a range of clothing for the whole family, has the potential to become one of SA's leading clothing retailers, the chairmen of the two companies said in a Press statement yesterday.

The deal involves Amrel selling 100% of Uniewinkels Beherend to Boymans in exchange for 36% of the enlarged Boymans group. The exchange will be facilitated by the issue of 3 870 301 Boymans shares at a price of 200c a share and a cash payment of R5m, placing a value of R12,7m on the transaction.

Boymans operates 50 stores in the Transvaal and Natal and has a turnover of R48m a year. The group specialises in retailing menswear through its well-known chains such as Levisons, Cyrils, Deans and Woolfsons.

It retails family clothing and school uniforms through the John Scott chain.

Uniewinkels has a national chain of 14 department stores, mainly in the Transvaal and Free State, and one store in Cape Town. Its strength lies in the area of school uniforms and women's fashion.

The synergies between John Scott and Uniewinkels should materially benefit the new group.

Boymans chairman Eric Ellerine said yesterday: "We now have a group capable of providing clothing for the whole family, including school uniforms".

Amrel chairman Ronnie Cohen said: "We view our 36% investment in the enlarged Boymans as strategic with great potential in the medium and long term. It makes sense to form a more powerful retail group which can cater for SA's clothing requirements from the young to the more mature shopper."

The deal will have no immediate material effect on the earnings or net asset value of Amrel shares but is expected to increase earnings in the medium term.

The transaction will benefit Boymans's earnings in the current financial year to December 1987 and will increase its net asset value by 52c a share from its current 131c to 183c.

ARGUS 3/4/87

INESS

(30)

COMPANIES

Sparkling PickPay aims for R3-billion turnover

By TOM HOOD
Business Editor

A R530-million rise in turnover to R3-billion is the aim of Pick 'n Pay for 1987, its 20th year in business.

"I have taken a private bet on it," says chairman Mr Raymond Ackerman. "It's going to be tough and will mean a 22 percent increase in turnover but there is an outside chance we will make it."

The group boosted sales by 15 percent (R353-million) to R2 467-million in the year to end-February — "our turnover is greater than any other retail company in the country", he said.

Market share improved from 35,6 a year ago to to 37,7 percent at end-December and was now about 38,8 percent.

"Market share is not a priority of this company. Our aim is to be profitable in every store in which we trade," he added.

Retail sales in March were 21 percent ahead of a year ago and Mr Ackerman "confidently predicts" a 20 percent hike in after-tax profits for the coming year.

This is a bold projection in the South African climate today, he says, and the company is poised for a very exciting few years of growth and development.

"Last year many people said we had run out of steam but we and Clicks were the only retail groups that grew last year."

"The company has a lot of growth potential not only in this year but in the years to come. We have pinpointed areas of opportunity in many parts of the country which we haven't yet touched."

Sales perked up dramatically in the second half of the year to February 28 and earnings jumped by 21 percent to 220c a share.

Payout of an 84c final dividend raises the total by 14c (17 percent) to 108c a share. This exceeds the most optimistic forecasts by analysts and is the first payout to exceed R1 a share.

First half turnover improved by only 10,5 percent when the group's supermarkets were hit by a major strike in April and May last year — "a major setback", said Mr Ackerman.

Second half sales, however, rose by 19 percent — "a huge surge in turnover which certainly heralds an improvement in the economy".

"The 20 percent growth in earnings puts Pick 'n Pay right back into the strong growth story that it has had in its 20 years of existence.

"Although we have never dropped in profit in any one year over the previous year, the past few years have not shown growth of this magnitude."

Four supermarkets and a hypermarket were opened last year and the group expects to reap the benefit of R13-million spent on renovations to others stores.

The Australian hypermarket's turnover grew by about 25 percent but after two years is not yet generating profits.

"The company is still pursuing the Australian venture, hoping for a breakthrough which will enable it to announce a further expansion."

MOTOR INDUSTRY

Picking up speed

The motor industry is set to share in the benefits of an improving economy. Manufacturers are expecting passenger car sales of around 185 000 units in 1987 — 6% up on last year.

It is off a very low base, of course, but nevertheless the signs of improvement are encouraging, especially as price increases are expected to be contained in a 12%-15% range in line with the falling rate of inflation and the higher rand.

Apart from these two discernible trends, it is clear that the top end of the market has been virtually unaffected by the precipitous fall in the lower end.

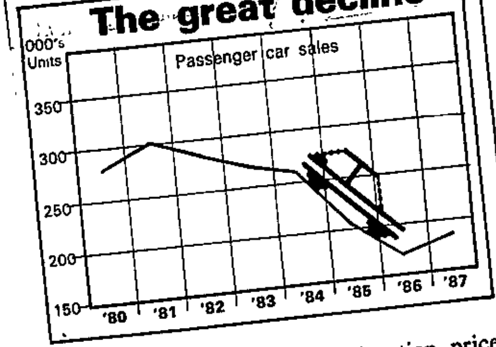
Noting that there are definite signs of recovery, Toyota marketing director Brand Pretorius says the better sentiment is especially strong in light commercial vehicles.

"For years now," says Pretorius, "farmers have been repairing their older bakkies, but there comes a time when this is no longer possible and replacement becomes a must."

Peter Cleary, director in charge of the Mercedes-Benz (MB) passenger car marketing division, says he sees the market absorbing about 180 000 passenger cars this year. Nissan MD John Newbury puts the figure at 184 000-185 000.

Says Toyota's Pretorius: "The massive price increases of the past two years would seem to be behind us. They were caused mainly by the dramatic fall in the value of the rand against foreign currencies. But this situation seems to have stabilised, with the rand standing at around 74 yen for quite some months now. But should the rand take another plunge, the whole situation price wise could change again."

The great decline



Interestingly, the general trend to downtrading caused by rising prices has left the top end of the market relatively unscathed.

MB's Cleary says: "We have not really been affected by any downtrading — but then, of course, we estimate that about 80% of the vehicles we sell are to companies or to professional individuals.

"We recently imported a batch of 60 Mercedes-Benz 560 SEC coupés in completely knocked-down form and assembled them here. All were pre-sold at a price of R183 000 each and we are now pre-selling a second batch of 60 cars."

There is certainly no sign of recession at this end of the market.

But below the top of the range, the industry has been less fortunate. Pretorius says fleet operators tend to move to smaller cars for middle management, rather than to medium-sized cars.

"But today," he reckons, "you can get a Toyota Corolla, a Volkswagen Jetta or a Honda Ballade with all the extras like air-conditioning, radio/tape and so on without having to move to the top of the ranges." ■

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3/4/87

FM

ASSOCOM-FCI MERGER

Leading from behind

Moves towards a merger of SA's two major employer bodies, Assocom and the FCI, have been put on hold — but two powerful affiliate bodies, the Johannesburg Chamber of Commerce (JCC) and the Transvaal Chamber of Industries (TCI), are becoming more outspoken in their demands for change.

Last week, outgoing JCC president Pat Corbin told businessmen that the JCC was prepared to pool its assets (estimated at about R5m) with the TCI to form a common Witwatersrand Chamber of Commerce and Industry, even if this meant going over the heads of the smaller Reef chambers.

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The JCC owns the building it occupies, while the TCI has a short-term lease with Allied Building Society, so the TCI would be more secure in the chamber of commerce offices. JCC members overwhelmingly support the move and so has its council.

Incoming JCC president Aubrey Pitt hopes the rationalisation will be even wider. "We're talking to the Soweto Chamber, the coloured chamber and we hope for greater co-operation with the Johannesburg Sakekamer," he says.

Acting TCI president Hennie Viljoen is more cautious. "We are exploring every avenue of co-operation and I expect to see joint TCI-JCC committees in future. But there's no immediate prospect of a merger."

Indeed, Assocom president Harold Groom's much-publicised meeting last week with his FCI counterpart Hugo Snyckers was apparently not even "a talk about talks."

Snyckers says even after the FCI's rationalisation moves, it would continue providing much the same service. "We will streamline our services and carry them out more cost-effectively."

But with half the head office staff retrenched and some services disappearing, this might not be too easy. The FCI is closing its parliamentary office, a well-supported lobbying and information centre.

Senior Assocom sources refuse to speculate publicly about the prospects for a merger and believe that any more discussion could be counter-productive. National executives of both bodies will hold their mid-year meetings in May and the issue has been put aside until then.

Assocom seems to be in no hurry to follow the JCC's lead and wants the FCI to make the first moves. Senior sources say ongoing JCC-TCI talks "will have no bearing" on possible merger developments in the parent bodies.

Corbin claims the FCI is out of step with its members' views. "FCI corporate council members I have canvassed are overwhelmingly in favour of merger," he says. "A chamber has no authority unless it represents its members." ■

Supermarket critics confounded

Cape Times 3/4/87 (20)

Pick 'n Pay lifts earnings 21%

By AUDREY D'ANGELO
Financial Editor

PICK 'N PAY has lifted earnings for the year to February by an impressive 21% to R43m (R35,4m) or 220,1c (181,4c) a share, confounding critics who pointed out that its rate of growth had slowed in recent years.

Turnover is up by 15% to R2,4 billion (R2,1 billion) and trading income before tax to R69,3m (R59,8m).

The final dividend is 84c (75c) a share, making a total for the year of 108c (92c) on an increased cover of 2,4 (1,97) times.

Announcing plans for further expansion, chairman Raymond Ackerman said yesterday: "I can confidently predict an increase in after-tax profits of 20% for the current year, which is a bold projection in the SA climate today."

He said the year had started well, "with March trading at over 21% increase on the previous year".

Ackerman said it was particularly pleasing that turnover had "jumped by nearly double, to 19,2%", in the second half of the last financial year after a first half in which it had increased by 10,5%.

Strike hit morale

This, he said, certainly heralded an improvement in the economy.

It also showed that Pick 'n Pay had fully recovered from the effects of the five-day strike last year which had damaged morale as well as affecting profits.

This year, he said, Pick 'n Pay had already reached agreement with the unions over pay rises. "It is one of the most bullish things for us that we have got that settled.

"We are definitely by far the biggest payers in the industry. Our minimum today is over R530 a month."

He said plans for expansion included a small supermarket in Camps Bay, due to open in July, and a second Price Club cash and carry wholesale outlet following the success of the first, which opened in Johannesburg in December.

Growth ahead

Ackerman said others would follow — but not immediately — in the Cape.

Describing cash and carry as "an exciting development", Ackerman said Pick 'n Pay had a lot of growth ahead of it in the years to come.

Other new openings planned for the current financial year included supermarkets in Mmabatho, Edenvale and Maritzburg.

The Brackenfell hypermarket was undergoing a major renovation.

Ackerman said turnover at the Australian hypermarket continued to grow at the rate of about 25% a year "but we are still experiencing problems with the unions as regards building a second store" — because of anti-SA feelings.

Pick 'n Pay was, however, "still pursuing the Australian venture, hoping for a break-through which will enable the company to announce further expansion".

3/4/87 (FM)

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CAPE TOWN CBD

To the fore

Cape Town's foreshore is expected to become the city's most important medium-term property development zone when statutory restrictions on the development of the area are scrapped by parliament later this year.

The move will lay the foundations for the type of developments the city council has been seeking for years.

Town Planning committee chairman Clive Keegan says approval of the Cape Town Foreshore Amendment Bill — which is expected to be a formality when parliament resumes later this year — will make the foreshore quadrant the city's most important development area for the next 10 to 15 years.

The Cape Town Foreshore Act, passed in 1950, places severe restrictions on the use of land in the area which was reclaimed from the sea through projects — including harbour redevelopment — initiated 40 years ago.

The council agitated for years to be given authority over the area. Its last request to government, in 1984, was turned down.

At the time, the then city engineer Jan Brand said the restrictions were discouraging investors and keeping down the value of land in the area. The Cape Town Chamber of Commerce also opposed the continuation of the restrictions.

According to Keegan, the present Act means any change in the use of land as laid down by the government-appointed Cape Town Foreshore Board, or any deviation from specified standards of design, have to be approved by parliament. Under the tricameral system, this means being passed by three different Houses — a procedure which consumes both time and money.

"This has been a very significant deterrent to the development of the foreshore, to the extent that even the State has been reluctant to develop the area. The amendment to the Act will release the foreshore, for the kind of development we have been wanting, for years," he says.

Government's change of heart is in line with its new policy of deregulation.

One of the first developments likely to benefit is a proposed underground parking garage at Thibault Square — possibly for as many as 600 cars. Keegan says the success of the ongoing development of the St George's Street Mall is dependent on the availability of parking in the area — which is currently in short supply.

Another property that will benefit is the old power station site. The power station is being demolished and the redevelopment of the site — details of which have not been decided — will play an important part in the council's plans to re-establish the central city's link with the harbour, which was lost when the foreshore was reclaimed.

The amendment could also revive proposals made by Brand in 1984 which provided for an effective rejuvenation of the foreshore area including the construction of flats, hotels and shops which would be allowed to stay open 24 hours a day.

According to Keegan, about 40 of the 118 foreshore stands are still undeveloped. Most of the 40 are owned by the State, but ownership is likely to revert to the council once the amendment is passed.

In his view, the area now has "enormous potential" for peripheral residential development, while also providing space for the expansion of the CBD. ■

BUSINESS CONFIDENCE

Vast improvement

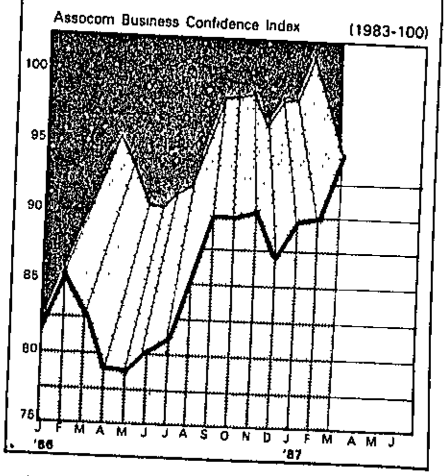
Strongly positive factors dominated economic perceptions in March, according to Assocom. Its Business Confidence Index (BCI) for that month leaped to 93,5, well up from 89,8 in February. This is the third consecutive month of improvement, and the highest the index has been since Assocom began the monitor in January 1985.

BCI is based on the behaviour of certain key markets identified as important to business confidence.

Positive developments included a stronger rand-dollar exchange rate, a decline in the number of registered unemployed, increased motor car sales, a growth in retail sales, and a decline in net emigration. The number of insolvencies also declined, indicating improving credit conditions in the corporate sector.

Negative developments included a slight increase in the latest year-on-year inflation rate, a slight decline in the overall price of quoted shares, and a slowing down of the number of new companies registered.

Reaching for the sky



However, positive developments clearly triumphed over these negative factors. Assocom believes the improved business mood will be sustained over the next few months, especially with strengthened foreign confidence as reflected in the recent foreign debt deal.

But, Assocom warns, "There are no grounds for complacency. The recovery cannot be taken for granted as business and consumer confidence has to be restored step by step. The short-term economic outlook remains strongly dependent on growth in real disposable income, from which increased credit demand should flow.

"If, by May, overall economic recovery is not taking place at a satisfactory rate, the main Budget on June 3 will have to be geared to assist the process, such as by cutting tax further." ■

(30) SOWN 3/4/87.

Threatened traders object to complex

Atteridgeville plan hits serious snags

Pretoria Bureau

The planned development of a modern business complex in Atteridgeville by the Small Business Development Corporation (SBDC) due to start later this year has hit serious snags.

Traders who would have been forced to close shop to make way for the new venture have objected.

Their strongest objection is that the new development will cost them their livelihood. They also claim that they were not properly consulted about their future.

Uncertainty surrounds the future of the Buys Mbatha Square project to have been opened for business in September 1988.

'PUT ON HOLD'

A spokesman for the Atteridgeville Traders' Association said at the weekend the project had been "put on hold" following a meeting last week with representatives of the SBDC and the owner of the site, Mr Joseph Tshabalala, former mayor of Atteridgeville.

A spokesman for the SBDC said today that as far as the corporation was concerned the project "is not dead". He said the SBDC had got "negative feedback" about the project from traders at the meeting. He said certain preconditions, fears and expectations had emerged from the traders.

It had also become apparent that there was a "communication problem" between the traders and the township's administration, he added.

He said the corporation would withdraw from the project if that was the feeling of the affected traders.

Mr Tshabalala said he was not happy with the manner in which the corporation was handling the project. He had asked the SBDC to withdraw from the project, he added.

Mr Tshabalala said he was aware there was a lot of dissatisfaction among the traders about the project. He said traders were also very unhappy about the involvement of a "development committee" in the project. The committee was mainly made up of officials of the local council and the traders felt that these officials had usurped the powers of the council.

The acting town clerk, Mr George Mahlaela, a member of the committee, said it was established to "monitor the progress of the development of the new complex". He said as far as the committee was concerned, the project was going ahead as planned.

Mr Tshabalala said he would raise money to "go it alone" with the development of the site. He was planning a R7 million complex with 32 business units.

Diagonal Street confusion

Star 3/4/87 30

By Shirley Woodgate, Municipal Reporter

Diagonal Street's Indian shopkeepers are thoroughly confused about plans for demolishing the building in which they have traded for half a century.

The 40 shopkeepers — mainly fruit and vegetable traders — say all they know of their future was what they have read in The Star.

First, they were told through the Press that the building had been sold by the Argus Company in a multi-million rand deal with Johannesburg Consolidated Investments who intended demolishing it to make way for an office block.

Then they read last Saturday that only the back portion abutting The Star would be demolished.

Mr Ian McPherson, general manager of the property division at JCI, said: "We are still in the dark until negotiations with the city council and the National Monuments Council have been finalised.

"Until we have the answers we do not know what form the redevelopment will take. We have been fully aware all along that we are dealing with sensitive issues".

Mr McPherson said three buildings on the site were involved — one in Diagonal Street, one on the corner of Diagonal Street and President Street, and the third abutting The Star.

Only the third building was likely to be redeveloped, he said.

P 'n P entering the black market

Raymond Ackerman ... "scope to expand".

CAR Times 30/4/87

Pick 'n Pay is aiming for new markets . . . and the black market is the first to be earmarked for development. AUDREY D'ANGELO reports.

PICK 'N PAY is launching a two-pronged attack on the burgeoning black market, chairman Raymond Ackerman said this week.

The main one will be indirect, by expanding its new cash-and-carry business, Price Club.

"We do not want to take business from black entrepreneurs who are starting up their own shops and chains," Ackerman said in an interview.

"Instead, we will supply them and we are also running training programmes for them.

"People have wondered why we were apparently not aiming more at the black consumer market, since this is the main growth area in this country.

"We are in fact aiming at it — but mainly through this route. Our first branch of Price Club, opened in December, was an experiment.

"It has proved successful and now we are really going for it. It is a very exciting concept."

In making this decision, Pick 'n Pay is entering a tough new market in which it faces formidable competition from industry leader Metro and its rapidly growing rival, Score.

But Ackerman appears to relish this idea. Referring to his group as a David facing Goliath, in spite of the fact that it achieved a turnover of R2,4 billion in the year to February, he pointed out that his main rivals Checkers and OK Bazaars have the backing of Sanlam and SA Breweries.

"We have no 'big Daddy' behind us. We are an independent group and although our 93 stores are fewer than Checkers' and OK Bazaars' we have the biggest turnover of any retail group in the country.

More expansion

"The fact that we have fewer stores also gives us more scope to expand."

The second prong of Pick 'n Pay's attack on the black and Asian markets will be new supermarkets in areas where these communities shop — Ormonde in the Transvaal, Kempton Park and Lenasia — and one in Mmbatho.

It already has a supermarket in Bisho. "We were invited to go there."

Another experiment Pick 'n Pay will try in about four months may take it on a collision course with the rapidly growing Shoprite chain, in the Pepkor group, and with Score's retail interests.

"We are going to open a small supermarket in Camps Bay in about July because we believe there is a need for such stores in some places."

Ackerman is not apologetic about lifting Pick 'n Pay's earnings by more than 21% in the past year at a time when consumers were battling with inflation, particularly in food prices.

Pointing out that this is "not much above the inflation rate", he explained: "I must make profits in order to stay in business and pay improved wages. I would get no medals for waving a banner saying 'I went broke to help the consumer'.

"I have three publics to please — the consumer, the unions who want better pay for their members, and the business world which expects Pick 'n Pay to grow and make profits."

He believes he helps the consumer "by battling against the monopolies to keep prices as low as possible", and by reasonable mark-ups on the cost.

The average mark-up — which is not the same as profit — on dry groceries is between 9% and 10% and on perishables, which are more expensive to handle and have a high wastage factor, about 25%.

Ackerman says this is low by world supermarket standards and particularly in comparison with the US.

Disagreeing with the suggestion that over-protection for farmers is a major reason for high food prices in this country now, he says that although some farmers have done well "a lot of them have had a rough time, and it is essential to keep them on the land.

"We want US companies to stay here. But some of them have contributed to inflation because they have to report their profits in dollars to the parent organization and the weakness of the rand has caused them to raise prices unnecessarily in order to be able to give satisfactory results."

STAR 7/4/87

Cosatu 'wants status quo destroyed'

By Mike Siluma

The strike by between 13 000 and 16 000 black South African Transport Services (SATS) workers has entered its 26th day, with management accusing the Congress of SA Trade Unions (Cosatu) of seeking to "overthrow the status quo" in SATS and other sectors of the economy.

Reacting to a Cosatu offer to help resolve the dispute, SATS spokesman Mr Jannie van Zyl said it was well known that SATS had been singled out as one of the major industries in which single industrial unions have been planned by Cosatu.

"It would be very naive for SATS to negotiate with a union which, as pointed out, seeks to overthrow the status quo not only of SATS but also other industries of our economy," said Mr van Zyl.

He said Cosatu's aim of one union an industry represented "a point of view which is not only contrary to the principle of freedom of association but also very far removed from modern industrial relations".

Mr van Zyl said Cosatu's call for the intervention of organised commerce and industry would "hopefully not succeed, as many of the industries represented by these bodies are also on Cosatu's agenda".

Cosatu spokesmen could not be reached for comment this morning. Cosatu has said, however, that the strike is rooted in the workers grievances and the union will support them in every way.

Cosatu said it was the workers themselves who would decide on the course of the strike.

The railway workers are demanding the unconditional reinstatement of a colleague dismissed from the SATS City Deep depot last month.

Other organisations which have supported the SATS workers include the Transvaal Students' Congress, the National Union of Mineworkers and the Cusa-Azactu federation.

● The Post and Telecommunications Workers Association (Potwa) reported that about 4 000 black post office workers are on strike in Soweto.

The workers are protesting alleged racial prejudice by senior officers as well as management's alleged anti-union stance.

Management comment was unavailable early this morning.

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CR 7/4/87

Business pullout due to info clamp

JOHANNESBURG — Some overseas business enterprises had "pulled up their stakes and trekked" partly because they did not know what was really happening in South Africa, the Association of Chambers of Commerce said yesterday.

Assocom said in an item in its quarterly review these companies had been "assailed by conflicting rumours which undermined confidence at a time when when the economy was suffering a prolonged recession".

The article, "Censorship — The Economic Effects", said Assocom regretted the recent breakdown in talks between President P W Botha and Newspaper Press Union representatives on Press restrictions, adding the chamber believed "open-line communications are a basic ingredient of business confidence.

"A free flow of information is essential to the conduct of business. Not only is market intelligence necessary when making and shaping investment decisions, but so is information covering a wide spectrum of events."

Over the years Assocom had propounded the view that the private enterprise philosophy "goes much deeper than the freedom to trade in free markets.

"It also implies the freedom of speech, the freedom of association and free access to information."

There had unfortunately been an increasing tendency for access to information to become less free

Recognising that national security ,"must always be of overriding importance in every state", Assocom nevertheless felt a clear conception "of what constitutes a threat to national security is necessary".

(30) B/Day 8/4/87

New catalogue is launched by SBDC

THEO RAWANA

SMALL business took a major marketing step yesterday with the launching of the Small Business Development Corporation's (SBDC) Contactmaker Catalogue at Pennyville, near New Canada.

Directed at both the small entrepreneur and big white business, the catalogue serves as a link between the two.

Annual subscription is R70. The catalogue is updated as new companies come in.

Publication costs are shared by the SBDC and businessmen who serve on the Contactmaker Programme. The multiracial, 12-member committee heading the programme has Joe Malapela as chairman.

Addressing about 60 people at the launch (a third of the audience were from big business), SBDC MD Ben Vosloo said: "The Contactmaker Catalogue is not a charity publication and these businesses are merely examples of thousands like them who should be part of the mainstream of the SA business world.

"They don't look for charity or sympathy but for business."

Interest rates bottoming

CHRIS CAIRNCROSS

INTEREST rates, certainly on longer term investments, are very close to bottoming. That was the view of most institutional analysts questioned yesterday.

But the analysts were cautious over taking too strong a stand on how long rates will remain at current levels before showing signs of moving up.

And conditions seem destined to remain in limbo at least until the May 6 election or after the tabling of the delayed Budget in Parliament.

Although ...

Escom, Iscor pension cash to fund shopping complex

Star 8/4/87 (30)

By Frank Jeans

Escom and Iscor's pension funds have got together to build a R58 million shopping complex on Main Reef Road on the Johannesburg-Roodepoort border. The main feature of the 41 000 sq m centre on a 15 ha site is that it is an open trading venture and will cater for a vast area of all-race shoppers from Newlands to Maraisburg and from Florida to Soweto.

Due to open a year from now, the centre will be named Highgate, in the style of Eastgate, Bedfordview and Westgate, Roodepoort.

The new complex may puzzle those who believe Johannesburg does not need another shopping giant. But the Escom Pension Fund (EPF) planners see it as filling a market need and are notworried that it will take custom away from established retail centres such as Cresta in Blackheath and Westgate.

Indeed, EPF, which does not build to sell, but views property as a long-term investment, funded the latter and last year took over 100 percent ownership of the former from Nedbank.

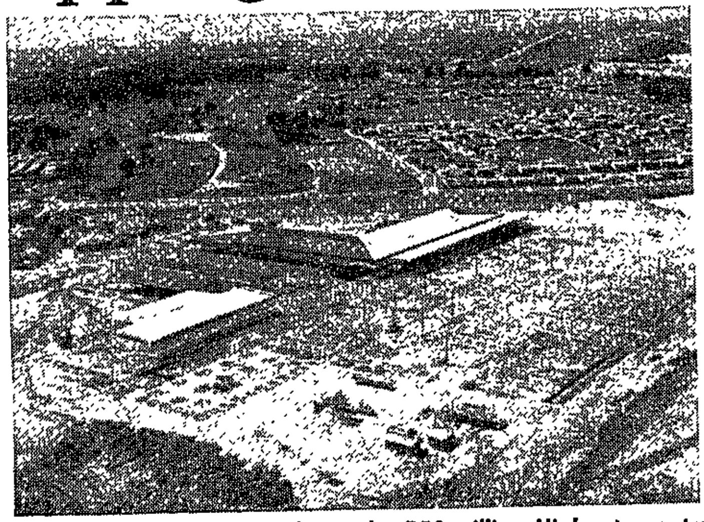
Property development consultant Mr Marshall Finlay of Finlay Associates, which is managing the project, says there are strong indications that people of all races are looking for a one-stop, full service quality shopping environment under one roof in an accessible position.

Anchor tenant among the national chains will be Pick 'n Pay which is signed up for an 18 000 sq m hypermarket, while liquor chain, Solly Kramer's, Ackermans and Joshua Doore are showing strong interest.

Also under consideration is cinema, restaurant and fast food outlets.

Another attraction for potentiale tradersis the rental pattern which is already established although business is still a year away. A fixed price building contract has allowed the developers to fix rents with a greater degree of accuracy, says Mr Finlay.

It is expected that leasing of line and satellite shops will begin in June at rents from R15 to R25 a sq m.



Coming out of the ground ... the R58 million Highgate centre bounded by Commando and Main Reef Roads.

Assocom urges stand against curbs on Press

Star 9/4/87

30

By Michael Chester

The Association of Chambers of Commerce (Assocom) has urged business leaders to close ranks and take "the strongest possible stand" against gags on the Press and government moves to make the State the prime source of news.

The lack of information, Assocom says, has contributed to the pullout from South Africa of a number of overseas firms.

The association has also warned that the concealment of full information on the state of the nation will mean that voters at the May 6 general election will be forced to mark their ballot papers with their opinions shaped only by what they are permitted to know — and by rumour.

Assocom's remarks are contained in a special report entitled "Censorship — the Economic Effects" carried in the association's latest quarterly review.

Assocom says government gags have been the influence behind some of the recent pullouts by international companies.

"While many of the disinvestment withdrawals from the country have been the result of political pressures, particularly in the US, other enterprises pulled up their stakes and trekked partly because their managements did not know what was really happening in South Africa," it says.

"They were assailed by conflicting rumours which undermined confidence at a time when the economy was suffering a prolonged recession and returns on investment were not regarded as adequate for a perceived political risk."

Assocom regrets the breakdown in talks between President P W Botha and the Newspaper Press Union because it believes open-line communications are a basic ingredient of business confidence.

"A free flow of information is essential to the conduct of business," the report argues.

"The Government has claimed that it has been compelled to restrict the flow of 'sensitive' news to safeguard national security.

"While national security must always be of overriding importance in every State, a clear conception of what constitutes a threat to national security is necessary. And, even when some aspects of perceived national security are involved, restrictions on information should be applied with more flexibility."

The report adds that "the non-reporting of events does not mean that undesirable activities have ceased; they have merely been screened from view."

(Report by M F Chester, 47 Sauer Street, Johannesburg.)

Star 9/4/82

Govt policy has 'aggravated difficulties for businessmen'

South Africa's political establishment had done much to aggravate the difficult position many large companies are experiencing and had created a fertile environment for those wishing to exploit the already explosive and polarised situation, Mr Donald Gordon, founder and chairman of the R7 637-million Liberty Life group said in his annual statement today.

Mr Gordon stressed that: "The Government's continuing pre-occupation with maintaining or modifying the unacceptable system of institutionalised racialism and apartheid has made the ability of the business community to defend our position at home or abroad virtually impossible.

"Clearly, all vestiges of discriminatory policies must unequivocally and summarily be dismantled to create a foundation from which South Africa can return to normality and provide the environment which will facilitate political stability and economic growth.

"The world, however, cannot expect standards of behaviour which few, if any, nations are realistically able to sustain.

"These objectives are even more critical than they were a year ago and their implementation progressively more difficult in view of both the increasingly radical polarisation of our society and the lack of recognition and encouragement by the Western World of any steps, however tentative, taken by the State and by others willing to embrace a realistic and acceptable agenda for change."

He said South Africans were making efforts to resolve the country's problems with little support.

Mr Gordon said unemployment was the critical problem for the South African economy. And it was difficult to correct without a major de-escalation of international and local pressure and the adoption of a meaningful agenda for reform. — Sapa.

for comment last night. | The general man- minutes.

Free enterprise should be for all — Rogers

30

DD 9/4/87

Dispatch Reporter

KOMGA — It was imperitive that the free enterprise system be made to work for all South Africans, the NRP/PFP alliance candidate for King William's Town, Mr Pat Rogers, said here last night.

Mr Rogers told some 35 people in the town hall that the economic situation in South Africa was more critical than the constitutional situation.

The constitutional situation had been created for South Africa, while the economic situation was created by South Africa.

National Party policies had resulted in the country having a limited tax base where a minute proportion of the population shouldered most of the tax burden.

The laws of the country did not allow all its citizens to participate in the economy to the full extent where taxpayers and entrepeneurs could get a better deal.

"If you think of the boycotts and unrest I can see no reason why blacks should be concerned about the economy and free enterprise that is not available to them."

Mr Rogers said it was essential to remove from the statute books those laws which prevented blacks from participating fully in the economy. Unless these were abolished blacks would not negotiate for the constitution that South Africa needed.

The national economic cake had to be made bigger and this could only be done by bringing other people into the economy.

Turning to security, Mr Rogers said he had not heard or seen "one thing about what the NP will do about the security situation after the election".

The ANC existed in Zimbabwe and other countries because of the situation in South Africa and "not the other way round as the NP says".

He said the ANC's revolutionary actions stemmed from "our legislation and what has happened here, and not the reverse".

"While whites are still in a position to negotiate we must be pro-active and not reactive," Mr Rogers said.

The leader of the NRP, Mr Bill Sutton, who shared the platform with Mr Rogers, said that the government could not continue with reform as "no one trusts them".

Reform would begin by bringing blacks into Parliament which was designed to resolve the differences of society.

"We want to include all the people of South Africa. Consensus can be achieved in standing committees and then taken to Parliament.

Mr Sutton said white South Africans had been fed a story of "swartgevaar" for 40 years. As a first step urban blacks should be brought into Parliament.

The government intended creating a statuatory council where blacks would advise on legislation.

"If we are looking for a solution we don't create a body of people who are the voice of the majority and then deny them power," he said.

(Report by Barbara Hart, 33 Caxton Street, East London.)

10/4/87

(30)

B/Day

Car sales in March best in 15 months

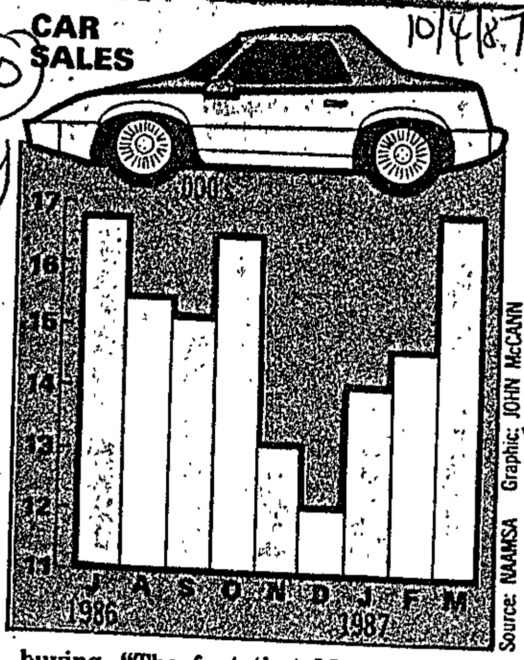
DAVID FURLONGER

CAR SALES in March hit their highest level for 15 months.

At 16 879, sales were 11,3% up on February to record the highest monthly figure since December 1985. Car sales in the first three months were 10,3% up on the corresponding 1986 quarter.

Peter Searle, Volkswagen MD and president of the National Association of Automobile Manufacturers (Naamsa), said yesterday: "The continued rise in passenger car sales augurs well for the motor industry."

He said March sales were traditionally strong, partly because of pre-Budget



buying. "The fact that March sales increased over the previous two months

● To Page 2

March car sales hit 15-month high

(30) B/Day

● From Page 1

10/4/87

despite the fact that the Budget has been postponed, indicates the economy is continuing to improve."

Searle predicted that if the trend was maintained, overall car sales this year could hit 190 000, up from 174 000 last year.

He said: "If the gross domestic product grows by at least 3% this year, and if inflation can be contained at 15% to 16% during the year, the industry can expect a market in the region of 190 000 passenger cars in 1987, about 9% higher than last year."

Bakkie and minibus sales also soared last month, as light commercial vehicle (LCV) dealers enjoyed their second-best month since mid-1985. Sales of 7 943 were 18,8% up on February.

Naamsa director Nico Vermeulen said car and LCV figures "exceeded all expectations" and proved the tentative recovery of earlier months could now be confirmed as a clear upturn.

He attributed the recovery to several factors. These included aggressive marketing and special offers, improved business and consumer confidence, and growing pressure for overdue vehicle replacement.

Last month was the third in a row that car sales have shown big gains. Sales were 11,3% up on February's 15 162 and more than one-third up on December, when the market plummeted to little more than 12 000.

Sales of medium and heavy commercials, at 398 and 648 respectively, continued to disappoint and both were below February levels. However, industry officials said sales exceeded those of March 1986 and confirmed an underlying stronger trend in both sectors.

The 10 best-selling cars were the Corolla (2 713), Golf-Jetta (2 609), Laser/Meteor (1 616), Opel Kadett/Monza (1 343), Toyota Cressida (1 155), Mazda 323 (1 047), BMW 3 Series (988), Honda Ballade (870), Nissan Langley/Pulsar (853), and Ford Sierra (844).

See tables on this page

(30) FM 10/4/87

SANDTON COUNCIL

R23m litigation threat

Sandton Council's plans to create an open-air pedestrian mall in Rivonia are facing a major challenge from retailers who are threatening R23m in claims for possible loss of trade.

And as Sandton is already heavily committed financially, it is predictably concerned. To date, it has spent more than R3m on a major by-pass road and, last week, it authorised a further R563 000 for an additional service road. As a result, it is now anxiously talking to affected retailers in an attempt to smooth ruffled feathers.

The new roads, one of which is almost complete, will create a detour around the portion of the old main road which will be closed and pedestrianised.

The once ambitious plans for the mall — heralded as an alternative retail node to Sandton City — now appear to have been cut back to a facility little more than 400 m long. It is here that the council has encountered problems with the 20 or so traders who will be directly affected by the possible closure of the street.

But Peter Gardiner, chairman of the steering commitee which is handling the project, insists the scheme is not headed for the rocks. The original plan remains, he says, but will be phased in. Plans, he adds, are already "well advanced. We are now into the detailed planning stage for the first section."

Nonetheless, Gardiner's team has been holding individual meetings with all the retailers concerned to allay their fears of trade loss. Efforts are being made to prove to traders that the scheme will help, rather than hinder, their businesses.

"Studies overseas show that once areas like this are pedestrianised, trade goes up by 25%-30%," he says. "It will create a truly attractive village atmosphere that will encourage people who do not traditionally come here to visit and shop."

Gardiner has co-opted urban designers Gallagher Aspoas Poplak Senior in his effort to convince the traders to drop their claims and support the new mall. But some shop owners are already complaining that since the by-pass road opened a few weeks ago, trade has already dropped off.

"Unless we actually do something to enhance trade, their business will be lost to other retail nodes in the longer term, since there are no natural attractions to draw trade to this area," Gardiner says.

The scheme is also facing protests from two other major landlowners at either end of the original — and much larger — mall. Both are still holding out for land prices that are even frightening off the major developers. For the moment, though, their land is excluded from the contracted mall plans.

Gardiner insists that the construction of the first phase will be well under way early next year and, when complete, traders will be "delighted" with the results.

But the retailers' major concern is whether they can hold out that long. ■

THE WILEY MYSTERY

Land not the key

Possible problems with the late John Wiley's multi-million rand property development at Noordhoek near Cape Town have been ruled out by industry sources in Cape Town as a likely reason for his apparent suicide two weeks ago.

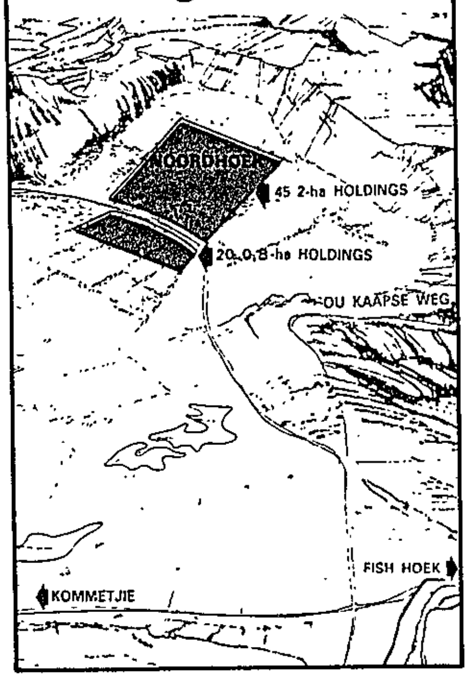
In fact it is generally accepted in property circles that the De Goede Hoop Development Company, owned by the Wiley Family Trust, of which Wiley was a trustee, has turned the corner after a long, uphill battle to move into the black.

The development comprises 42 "farmsteads" of 2,2 ha each and 28 smaller 0,8 ha "meadowsteads" — all of which were once part of the 400 ha De Goede Hoop Estate bought by Wiley in 1982 for around R1m.

The estate, originally owned by Sir Drummond Chaplin, is dominated by a majestic Herbert Baker-designed manor house.

About R3m was spent on infrastructure and development prior to selling, but the

Turning the corner



(30) FM 10/4/87

SHOPPING CENTRES

Testing the west

Johannesburg's latest shopping mall, the R58m Highgate Centre west of the city, has scored something of a coup with Pick 'n Pay signing for 18 000 m² of hypermarket space.

The new centre, funded equally by the Escom and Iscor pension funds, is on the border of Soweto and is expected to draw much of its trade from the black community. Apart from the hyper, an additional 22 000 m² of retail space is being let — of which the bulk is expected to be leased to major chains.

Highgate must rank as one of the best located shopping facilities for black consumers south-west of the city. It is within five minutes driving time of Soweto, on a major Putco bus route and close to both the western bypass and the New Canada station.

However, funds' adviser Finlay & Associates is determined to target the centre at the whole spectrum of consumers. For example, white shoppers from Roodepoort have been identified within the prime catchment.

Extensive research by the company, says MD Marshall Finlay, has shown that blacks favour a high-grade image in shopping centres. Major attention is therefore being given to sifting retail applicants of which there is no shortage. Currently, he says, there is demand for four times the amount of available space.

Within the immediate area, there is a coloured population unofficially estimated at 77 000. These people, believes Finlay, are likely to treat the hyper as a convenience centre.

Although Finlay won't disclose rentals, Pick 'n Pay is believed to be paying around R10,50/m² which, along with standard turnover clauses, is believed to be one of the highest hypermarket rentals yet achieved.

And since the centre will also compete directly with the OK's Roodepoort Hyperama, it is clearly seen as a tactical move by the group in the ongoing supermarket war.

Highgate, which is already under construction and scheduled to open in April next year, is of similar size to the first phase of Coreprop's Westgate centre, which also overlaps into the same catchment.

One aspect that remains to be resolved is the inclusion of an entertainment component and discussions are under way with Ster-Kinekor. However, since there is no further bulk available for development, this could mean the reduction of the retail component if the cinemas are included. Thus, says Finlay, sums are being done to see just how viable it is for the developers to include such a component.

Unfortunately, further expansion will require site assembly which could prove an expensive process as adjacent landowners are already only too well aware of their land's worth.

The site, originally owned by Rand Mines Properties, was sold to the two pension funds earlier this year. The building, on the corner of Commando and Main Reef roads, is being constructed by Nitor and Matrix.

Parking is being provided for 2 500 cars and black taxi ranks are expected to improve customer flow further. ■

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BOYMANS/UNIEWINKELS

Seeking synergies

Boymans' merger with Amrel's Uniewinkels looks a good strategic move for both parties. Boymans, while retaining management control, gets 100% control of a company with a budgeted turnover of R45m a year — for R5m in cash and a share issue valued at R7,7m.

This increases Boymans' projected turnover for 1987 to R100m. Moreover, Uniewinkels' departmental stores and Boymans' John Scott stores target similar income groups, and both offer customer credit. There will also be advantages in more rationalised buying and marketing. Control of Boymans remains in the hands of its directors.

Amrel gets 36% of Boymans' enlarged issued share capital, and disposes of a division which has failed to perform to expectations.

Although Boymans' MD Abe Brodkin will not discuss plans for Uniewinkels, it seems likely that, once the company has taken a good look at the operation, it will use the John Scott name to give Uniewinkels' department stores a younger image.

Boyman's Ellerine ... poised for the upturn

Under chairman Eric Ellerine, who assumed the position last year, Boymans has improved its operating profit, and claims to be well poised to take advantage of an economic upturn. While Brodkin is adamant that the advantage of the deal is solely due to synergies between the operations, cash flow might be put under strain should turnover rise dramatically. Brodkin anticipates no problem in cash flow, so one might speculate that the financial details, due to be released in the June 30 interim report, will show that Uniewinkels has contributed a strong current assets position to the consolidated balance sheet.

That Amrel is accepting shares in part payment, probably indicates that it is confident that Boymans will succeed in improving bottom line results of the enlarged operation.

Dave Edwards

REUNERT

Slimming down

Barlow Rand high-technology group Reunert has made a substantial dent in its borrowings through the sale of the major part of its industrial division to Fenner SA, a company previously 50%-owned by Reunert. It also becomes a more sharply focused business, and may at last be better positioned for growth.

Reunert's stake in Fenner SA has been bought by a consortium comprising Fenner's British holding company and Hill Samuel Merchant Bank. Reunert will be left with less than 10% of the expanded Fenner Group, which will seek a listing in the engineering sector of the JSE in the next few months.

The group, which consists of power transmission and conveyor belting supplier Fenner SA, valve and process control company Control Specialists, leak-sealing and machining company Furmanite, and the 50% owned centrifugal pump supplier KSB, had turnover of R92m in the year to end-August 1986.

Reunert CE Richard Savage says the sale of the four industrial companies and the disposal of the switch and socket manufacturer Lumex to Ronnie Price's Eureka last month, have together reduced Reunert's borrowings by some R30m. Borrowings at 1986 year-end were R146m. Reunert received R16m from Fenner and R6m from Eureka, while the disposed companies' own borrowings amounted to about R8m.

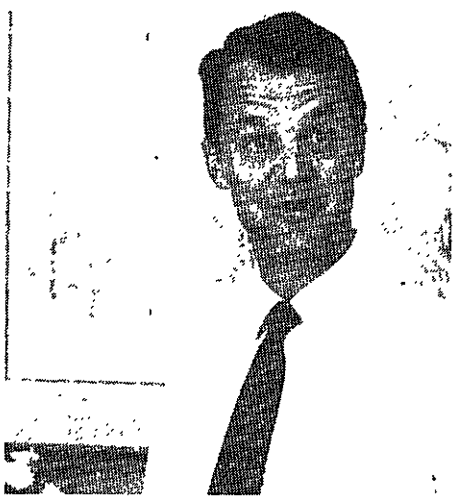
Savage says the sale of the industrial companies fulfils the group's strategy to specialise in the electronics, telecommunications, computer and electrical engineering sectors. The group now has no interests in other sectors.

As the industrial profits had recently begun to recover after a tough few years, Reunert was able to negotiate a price above net asset value. Savage says a major factor motivating the sales was the considerable organic growth potential in the Reunert electronics and computer interests. He says the group needs to free capital and management to handle this growth.

The sales have no effect on Reunert's net asset value, and had they taken place in 1986, Savage says after tax and minorities, the sales would have made a difference of less than 0,1c to Reunert's earnings.

Savage says Reunert is initially retaining a minority stake in the new group as an act of good faith, although this stake could eventually be sold. Savage will remain a director of Fenner SA, while Reunert executive director Peter Ibbotson has been appointed chairman of the new group.

Fenner MD Tony Clegg says most of the



Reunert's Savage . . . sharpening the focus

companies in the new group have a major stake in the markets which they serve, so the group needs to make acquisitions to move forward. This is one of the reasons for the listing.

Clegg says growth prospects vary among subsidiaries. Fenner SA sees growth coming from new hydraulic and electronic-based products and a recently acquired distributorship for chain transmission products. KSB, which has previously concentrated on the agricultural market, should be able to expand into the mining sector in future, while Furmanite and Control Specialists are offering new services which have growth potential.

Kerry Clarke

BERGERS (30) F14

Rural listing 10/4/87

One of SA's oldest retail chains, Bergers — founded in 1924 — is to be listed this week, following its private placing of 2,8m shares. Investors should be in line for a stagging profit of about 30%.

The family-run Bergers clothing chain, which supplies the lower and middle-income groups principally in rural areas, was revamped a few years ago with infusion of new management. Rapid expansion had left the group lacking the infrastructure necessary to support the extended store complement. Financial director Mervyn Jacobson says benefits of the re-organisation are only now flowing through.

This explains why turnover and profits spurted ahead last year, after a lull in 1985, and how the group can predict net income growth of 50% to R2m in the year to December 1987. It aims to achieve a compound annual growth rate in pre-tax profits of not less than 25% a year, from 1986 to 1991.

Jacobson says another six stores should be added to the present 132 complement by end-May, and the group could expand to 200 stores, incurring virtually no additional head office costs. Turnover was R34m from 132 stores in 1986, and the target is turnover of R44m from 142 stores in 1987.

Bergers will raise R2,8m through its listing and, after R1m has been applied to reduce borrowings, the remaining R1,8m will be used for new store openings, or for an acquisition in the existing line of business. MD Howard Mauerberger says the group is not interested in moving out of the black market or into the credit business. Neither will he consider expanding into manufacture, although a stake in a cut-and-trim business is possible.

Mauerberger says the black market has to be the biggest growth sector, considering the population break-down in SA; but he admits this sector is becoming more competitive, with a number of the larger chain stores — such as Edgars — launching aggressively into the black market. "This doesn't worry us too much, because the major competitors are credit operations, so their mark-up is greater than ours," says Mauerberger.

In addition, Bergers benefits from low overheads in its remote locations, with rentals far lower than in city areas. Bergers managed to pep up its low operating profit margin, which ranged from 3,1% to 3,2%, in the past four years. This margin increased to 6,8% in 1986, and is expected to be 7,2% in 1987. The group's tax rate has reduced from 42% in 1983 to 35% in 1986, thanks to siting of subsidiaries in homelands and in Namibia.

This group should be rated at least as well as Pep Stores, even though Bergers' management says the two companies are not in direct competition, as Pep places greater emphasis on the lower end of the market. Pep Stores enjoys a dividend yield of 3,7% and a p:e of 12,3. Based on Bergers' expected earnings of 10c for 1987 and dividend of 5c, the share should list at about 130c. *Kerry Clarke*

MIDAS

Nice touch

Motor parts distributor Midas has crowned its first year on the JSE with earnings 82% ahead of the previous year, and 26% ahead of its prospectus forecast. Turnover rose 31%, but thanks to the leverage inherent in Midas's largely fixed overhead structure, oper-

ELLERINE (3

Positive signs

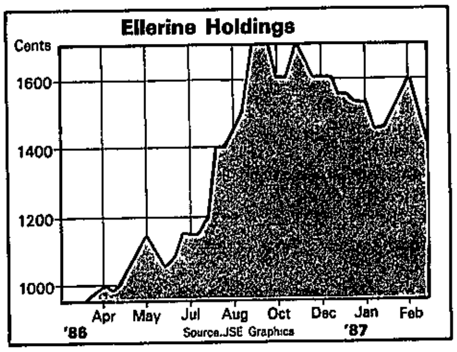
Activities: *The group's subsidiaries operate in the retail home furniture and appliance market.*
Control: *Tedelex holds 60,2% of the equity.*
Chairman and managing director: *E Ellerine.*

Capital structure: *6,9m ords of 50c. Market capitalisation: R96,6m.*
Share market: *Price: 1 400c. Yields: 4,1% on dividend; 16,4% on earnings; PE ratio, 6,1; cover, 4,0. 12-month high, 1 700c; low, 980c. Trading volume last quarter, 49 000 shares.*
Financial: *Year to December 31.*

	'83	'84	'85	'86
Debt:				
Short-term (Rm) ..	23,1	16,2	17,9	26,7
Long-term (Rm) ...	17,4	16,4	9,0	8,0
Debt:equity ratio	0,56	0,38	0,27	0,31
Shareholders' interest	0,41	0,40	0,41	0,41
Int & leasing cover .	3,6	2,6	2,5	3,0
Debt cover	0,58	1,05	0,74	0,70
Performance:				
	'83	'84	'85	'86
Return on cap (%) ..	18,0	20,6	11,4	11,6
Turnover (Rm)	200	232	242	298
Taxed profit (Rm)	16,6	12,7	12,4	15,8
Earnings (c)	240,7	184,0	180,0	229,0
Dividends (c)	52	40	45	57
Net worth (c)	1 053	1 237	1 450	1 622

Ellerine's recovery off a low base continued in the past year, and although it has yet to top 1983 earnings levels, it seems certain the group will achieve this objective in 1987.

Director Sidney Ellerine says sales are holding up well compared with last year. "Sales aren't up substantially," he says, "but the increase is sufficient to make us happy."



He says unrest in the townships had quietened, and collections are far better than a year ago, so this should help margins. Ellerine's pre-interest margin fell from 11,4% in 1985 to 10,5% in 1986 as inflation hiked overhead costs, and poor collections took their toll. The deterioration in collections was reflected in cash flow: cash generated by trading operations plunged from R27,3m in 1985 to R4,2m in 1986.

But Ellerine is in a better position than most furniture retailers in its ability to absorb bad debts. The group has 34,4% of turnover tucked away in a provision for doubtful debts and unearned finance charges, following the allocation of an additional R19m to this provision in 1986.

Turnover growth in 1986 was helped by the opening of 10 new stores, and average turnover per store rose from R884 000 to R1,1m. The intention is to open a further 10 to 15 stores during 1987, says Sidney Ellerine. This will take the total close to 300.

Despite expansion, interest-bearing debt rose by only R7,8m in 1986, taking debt: equity to 0,31. Chairman Eric Ellerine says the group's long-standing policy of maintaining a four times dividend cover has stood it in good stead, as expansion has, to a large degree, been financed from retained profits. While expansion has slowed in recent years, the intention is to maintain the high dividend cover.

Of the borrowings raised by Ellerine in 1986, R1,75m was used to finance the purchase of fixed property, leaving R6,1m to boost working capital. The squeeze on working capital was evident in the decline in the current ratio from 2,31 in 1985 to 2,23. The group aims to keep a current ratio of about 2,2.

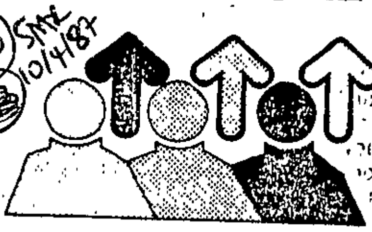
The performance in 1987 will depend on the extent of the upturn in consumer spending, and while the recovery has so far been hesitant, indications are that the year as a whole will show an improvement over 1986. Prospects are good that Ellerine will show further earnings growth in 1987, and on this basis, and considering the group's net worth of R16, the share seems cheap at present. However, the thin trade in the share will make it difficult for investors to get a look in.

Kerry Clarke

Black advancement must start with improved communication

In response to The Star's "Building for Tomorrow" series, Anthony D Manning suggests that the real problem is not that there is a shortage of suitable candidates for advancement, nor that blacks have a "Third World mentality" which makes them unsuited for First World business leadership.

30 Star 10/4/87



For many South African companies, black advancement will be an exercise in futility. Their chief executives will encourage sound programmes and will support them with deep sincerity. A great deal of time and effort will be put into making them work. A lot of money will be poured into them.

Yet the failures will outnumber the successes and increased efforts will simply increase everyone's frustration.

As Sheryl Raine showed in her series of excellent articles, "Building for Tomorrow", organisations such as Barclays Bank and AECI have already gone a long way down the road of black advancement. They have thought carefully about how to recruit people, how to train them, how to pay them. They have lobbied the Government to change restrictive and discriminatory apartheid laws. They have bought houses for their blacks employed in white suburbs. They spend lavishly on educating black children and on upgrading social amenities.

In other words, they have taken a holistic view of what needs to be done to make blacks truly competent and competitive in the white business world and they are tackling the problem on all fronts.

It would probably be true to say that South African firms are world leaders in black advancement. One recent American survey of the *Fortune 500*, for example, found just four blacks in senior executive positions. As an article in the *Harvard Business Review* commented: "This is almost no progress at all."

So South African companies must be praised for their efforts. And they must be pushed to accelerate those efforts.

Unfortunately, though, for every success story there is a tale of woe. For every black who is put into a meaningful management job, and who gets on top of it, many others fail to make the grade.

This is bound to happen today and it will continue to happen. The result is that black advancement will be a stop-go process and quite unaffordable in the eyes of many businessmen.

Clearly, black advancement is vital to the future of South African business and society. Equally clearly, it is a very complex process.

Anthony Manning . . . "risks must be taken".

The whole South African environment is structured to make it so. Social norms, laws and differences in the way blacks and whites are educated have over many years rendered some people less equal than others. Businessmen have a legitimate excuse for not moving faster with black advancement when they say: "We just can't find people whom we can advance."

They also tell how they have been let down by blacks who apparently have had a suitable background and who have been given opportunities.

But the real problem is not that there is a shortage of suitable candidates for advancement, nor that blacks have a "Third World mentality" which makes them unsuited for First World business leadership. Rather, it is one of communication.

Perhaps nowhere else in the world has communication been so deliberately slowed down, blocked or totally destroyed as in South Africa. And if black advancement is to have any chance of success, improving communication must be the first point of attack.

Poor communication in business is a world-wide phenomenon. In South Africa it affects the performance of both blacks and whites. It's a key reason for this country's extremely low productivity growth rate. It is also a major source of the industrial relations conflicts which are escalating so rapidly in their length, intensity and cost.

If black advancement is to make real gains in the years ahead, communication must become its central theme. Naturally, attention must be paid to recruitment, to training, and to mentoring and career path-planning. Also, risks must be taken: some people will have to be promoted into jobs for which they are perhaps not quite ready.

All of these steps will have some positive effect. Without communication, however, none of them will lead anywhere.

Fortunately, improving communication is quite simple. It begins with a change in behaviour: with people making determined efforts to share ideas and information. It is kept alive through training in communications skills, in negotiation and conflict resolution and in interpersonal relations. And it is driven forward by the use of every available communications medium: meetings, information bulletins, newletters, annual reports, mailshots, audio and video programmes, and so on.

Communication must be seen as a company-wide process. It must be treated as a top management priority. It must be developed as a long-term strategic resource — not simply exploited as a "quick-fix" tactical option.

If great strides have already been made in black advancement, there is far more work to be done. Improved communication is where it all begins.

● *Anthony Manning joined the Coca-Cola Export Corporation in 1985. He has run many workshops on communication, business strategy and change. He has also published a book on the subject.*

Planners stand in the avenue of the old Lock Street Jail which is to be converted into a mall of semi-formal shops and light industries. From left: Mr Arrie de Lange, the consulting engineer, Mr Piet Strümpher, manager of the Small Business Development Corporation in East London, Mr Chris Winterbach, the architect, and Mr Dave Williams-Jones, the quantity surveyor.

Old Lock St jail to be SBDC centre

(30) DD 11/4/87

Business Editor

EAST LONDON — The derelict Lock Street Jail in Fleet Street here is to be converted by the Small Business Development Corporation (SBDC) into a "hive" of small industries and retail outlets at a total cost of R1,2 million.

The SBDC's East London manager, Mr Piet Strümpher, said yesterday that the project, which has been three years in the making, would differ from other SBDC "hives" for the semi-formal and small business sector.

This was because it would be a blend of both light industrial and retail shopping outlets within an historical environment.

Historical aspects such as the outer walls, the death cells and the gallows chamber of the old jail, built in 1870 and deproclaimed in 1979, would be restored and preserved as tourist attractions.

This was in accordance with agreements with the Historical Monuments Commission and the Department of Land Affairs from whom the building had been obtained.

The building, which had since become the home of vagrants and been stripped of valuable artifacts, wo,ld be converted [illegible]

were hanged in 1919, would be equipped with awnings and would be rented out on a daily basis for activities complementing the tourist attractions of the jail.

A wide avenue running the length of the jail, the oldest building on the east side of the Buffalo River, would be opened onto Fleet Street and would become a mall housing retail outlets on one side. This would give way to light industry workshops further inside the two-story building.

In addition, new offices for the SBDC, communal conference facilities and a fast-foods outlet would be housed in the building, Mr Strümpher said.

The development would affect a small portion of an adjoining old cemetery. Eight isolated tombstones would be moved to the north-west corner of the graveyard and their original locations marked with commemorative tablets.

next year into [illegible] housing 33 light industrial and retail units.

These would vary in size from 15 to 90 square metres and would be available to aspirant and [illegible] small

The SBDC [illegible] fence off the larger, hitherto neglected portion of the cemetery and maintain it as a tourist attraction.

"Relatives have been

industrialists and retailers of all races at reasonable rentals.

The courtyard around the death cells and the gallows chamber, where the first prisoner was hanged in 1882 and where five prisoners

approached and they are happy with the arrangements," Mr Strümpher said, adding that the whole jail project would be tackled in close co-operation with the Historical Monuments Commission.

Car sales rise — at expense of profits

ST 12/4/87

(30)

CAR sales rose by an encouraging 10,3% in the first quarter of the year, but this achievement cost some manufacturers dearly.

By Don Robertson

Price continues to be the major factor in the market. The steady sales increases recorded since the beginning of the year resulted mostly from some very aggressive sales campaigns, price reductions and attractive financial packages.

As a result, the profitability of many manufacturers is not necessarily increasing and a significant portion of the higher sales levels are being subsidised.

Nevertheless, there was definite evidence of vehicle replacement, which resulted from improved business and consumer confidence. This has tempted some manufacturers to forecast total car sales for the full year of 190 000 units — an increase of almost 9% on the 174 453 sold in 1986.

Sentiment

Car sales in March were 11,35% up on February at 16 879, to record 46 100 for the three months, compared with 41 789 in the first quarter of 1986.

The improved sentiment spilled over into the light commercial vehicle (LCV) market, which recorded sales in March of 7 943 units against 6 683 in February. Sales for the quarter were up 17% at 20 525, compared with 17 537 in 1986.

Sales of medium commercials were disappointing in March at 398, compared with 453 in February — for a three month total of 1 136, down 11,6% on the three-month total of 1 285 last year.

However, the heavy truck and bus market confirmed the better economic prospects, with total sales for the quarter of 1 841 this year compared with 1 772 in 1986. March sales were marginally lower at 648, compared with 678 in the previous month.

Dominate

In the individual stakes, Toyota continued to dominate in most sectors, with total sales for the quarter of 19 539 units for a market share of 28,1%. Samcor followed with sales of 15 220 for 21,9% of the market, with Ford holding 11,7% and Mazda 10,2%.

Volkswagen was next with sales of 10 848 for 15,6% of the market, Nissan with 7 863 for 11,3%, and Delta, formerly General Motors, with sales of 6 637 for 9,5%.

Mercedes-Benz, which has no presence in the LCV market, had sales of 5 305 for a market share of 7,6%, while BMW, which operates only in the car market, recorded sales of 3 793 for a 5,4% share.

"The encouraging figures are further evidence that the economy is moving into a more positive phase," says Brand Pretorius, Toyota marketing director.

"Motor vehicle sales statistics are generally looked on as a sensitive barometer of the general macro-economic health of the country, and it looks as though the economy has entered a definite growth phase."

Traders angry at new levies

SOUTH, 15-21/4/87

30

SMALL businesses are furious about the levies imposed on them to support the Regional Services Councils. (RSC).

Mr A L Gafoor, secretary for the Chamber of Muslim Meat Traders for the Western Cape (COMMTRA), said it was "totally opposed to the state's latest tax innovation to feed its bankrupt ideologies".

All businesses in the Western Cape are required to register their concerns by the end of this month.

"For those that do not register, the Regional Services Act provides for a penalty of R5 000 or imprisonment for a period not exceeding 12 months or for both such fine or imprisonment," Mr CH Mocke, the secretary for the divisional council said.

Taxes will be levied on businesses in the Cape Town RSC area in two parts.

The first will be a 0,1% levy on turnover and the second, a services levy calculated on 0,25% of an enterprises salaries and the income of self-employed individuals.

"The levies are to be imposed on turnover and remuneration paid and does not take cognisance of profits," Mocke said.

The services levy is expected to hit hardest at those labour intensive enterprises. Employers will be forced to retrench workers and evade the tax by investing in capital intensive machinery.

Gafoor said: "The employment tax is a contradiction in terms. On the one hand the government appeals to private enterprise to create more jobs and with the same breath introduces a tax on employees, discouraging employers from engaging more labour."

COMMTRA sees the implementation of the RSC as part of the government's strategy to appease the growing unemployment among whites.

"The state needs to increase its bureaucracy to accommodate white unemployment.It fears white alignment with the broader masses," Gafoor said.

For butcheries, who are taxed three cents a kilo of meat, these additional taxes are hard to swallow.

The West cape Traders Association (WCTA), which represents over 2 000 black traders in the Western Cape, finds the system proposed by the RSC "unacceptable".

A spokesperson said: "We cannot support this undemocratic institution.The WCTA feels it is the central government's responsibility to provide all these services. We blacks pay taxation without representation which makes a mockery of democracy".

Consumers can expect the price of every item and service to increase thus making the cost of living in the RSC areas less tempting. The unemployment and rise in consumer goods in the RSC areas will serve as a subtle form of influx control.

The tax levies will be collected by the Divisional Council until the RSCs have come into operation on July 1.

Only Pick 'n Pay can help — Ottery traders

SD UN 30 15/1/90

STRUGGLING Ottery Hypermarket traders, hard hit by a lack of business, have decided to sort out their problems individually with Pick and Pay, the owners of the complex.

Pick 'n Pay recently refused to meet the traders as a group. The traders pay rentals of R3500 and R4000 a month which they consider too high.

"We don't know what to do. Only Pick 'n Pay can help solve our problem," one of the tenants said.

"The promise of a flourishing business is not forthcoming. Lack of public transport to and from the hypermarket contributes largely to our difficulties. The ordinary man in the street is not able to get to the hyper and only those with their own transport or those who get lifts are able to shop here.

"Many of the traders here are small businessmen who are struggling to make a living. The owners of chain stores can somehow cushion their losses but if we don't show a profit we face bankruptcy," he said.

"For some of us it is now a matter of either paying the suppliers or the rent on time," another disillusioned trader said.

"The contractual lease obligations that is hanging over our heads keep us here. Although it provides for a three-year option, it is Pick 'n Pay who has the option to reconsider our presence here,", said another trader.

FOSCHINI

30

Profits, loans leap

Activities: *Chainstore retailing clothing and jewellery. The group operates under the names Foschini, Markhams, Pages and American Swiss.*
Control: *Lefic owns 50% of the equity. The directors have ultimate control.*
Chairman: *S Lewis; managing director: H A L Mathew.*
Capital structure: *970 000 ords of 50c each. Market capitalisation: R257m.*
Share market: *Price: R265. Yields: 4,1% on dividend; 9,6% on earnings; PE ratio, 10,5; cover, 2,4. 12-month high, R265; low, R175. Trading volume last quarter, 1 670 shares.*
Financial: *Year to December 31.*

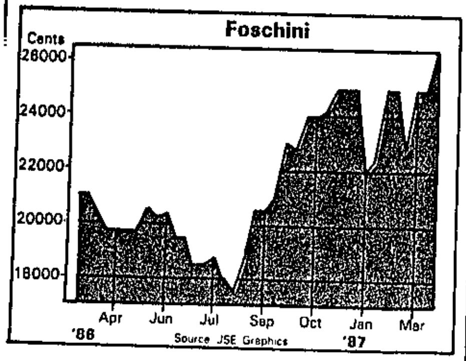
	'83	'84	'85	'86
Debt:				
Short-term (Rm) ..	7,4	0,6	0,1	27,3
Long-term (Rm) ...	12,0	12,0	11,9	11,8
Debt:equity ratio	0,34	0,16	0,14	0,39
Shareholders' interest	0,46	0,49	0,50	0,49
Int & leasing cover .	7,7	10,8	2,5	2,7
Debt cover	1,21	3,2	0,25	0,75

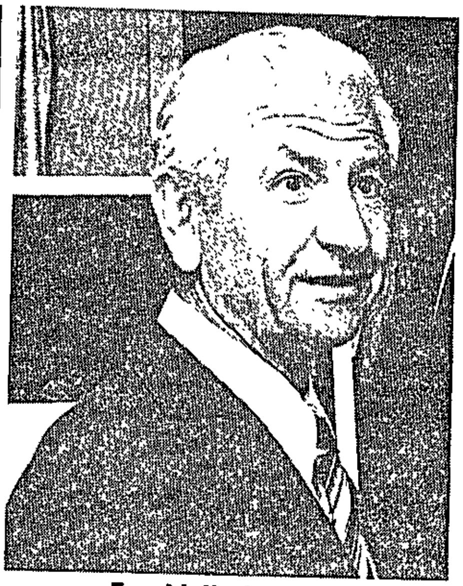
Performance:

	'83	'84	'85	'86
Return on cap (%) ..	26	24	19	25
Turnover (Rm)	245,0	266,2	279,7	329,8
Pre-int profit (Rm) ...	32,7	38,2	32,5	51,8
Pre-int margin (%) ..	13,3	14,3	11,6	15,7
Taxed profit (Rm)	17,2	18,6	16,4	24,6
Earnings (c)	1 715	1 910	1 684	2 536
Dividends (c)	770	812	812	1 077
Net worth (c)	5 803	7 969	8 842	10 301

A feature of Foschini's 1986 balance sheet is the sudden appearance of R27m short-term debt. The loan was raised to pay an unusually high tax bill, resulting from a long-standing dispute with the Receiver of Revenue, which Foschini has apparently lost. The chain had prudently provided for the tax over several years, so neither present nor future earnings are affected.

What has happened, though, is that Foschini has been called to liquidate its tax debt, with the result that its debt:equity ratio has more than doubled to 39%, from 14%. Although the present gearing ratio is still well within the group's financial target, it is higher than the levels attained by the group in recent years. The last year when debt:equity was this high was 1982, when it reached





Foschini's Lewis ... expecting real growth

59%. The interest bill will certainly be higher than would otherwise have been the case, and this will place some restraints on bottom-line growth.

At operating level, though, Foschini looks as strong as ever. From a 17% increase in sales last year, operating profits spiralled to R51,8m (R32,5m), with all the divisions performing well. According to Finance Director Roy Norman: "Our stock clearances were among the best we've had. Foschini is also still benefiting from the computerisation of daily sales statistics which is assisting our planners tremendously."

All divisions are expected to improve further this year. The Foschini chain is expected to boost sales without much expansion. More jewellery counters will be introduced in the boutiques while the main emphasis will be on improving productivity m². Page's main growth is expected to come from the opening of more than a dozen stores.

The group is expecting real growth in 1987, although detailed forecasts are not offered. Turnover so far is ahead of last year. However it should be borne in mind that sales for the first half of 1985 were slow and much of the activity came after July. Norman concedes that it will be more difficult to improve on the second half's performance.

Foschini's 970 000 issued shares are tightly held between pyramid company Lefic, institutions and pension funds, making the few that were available almost unmarketable at prices of around R300. This may change when the chain splits its share 10-for-one, which it recently announced it intends doing. Expectations are that the counter will trade at about R30 after the split, putting shares within the reach of smaller investors.

Norman believes the unmarketability of Foschini is responsible for its weak rating relative to competitor Edgars — even though tight asset management enabled it to outperform Edgars on pre-interest margins. Edgars is currently sitting on a p:e ratio of 18,4, considerably higher than the 10,4 of Foschini.

Cherilyn Ireton

BTR DUNLOP

Moulded together

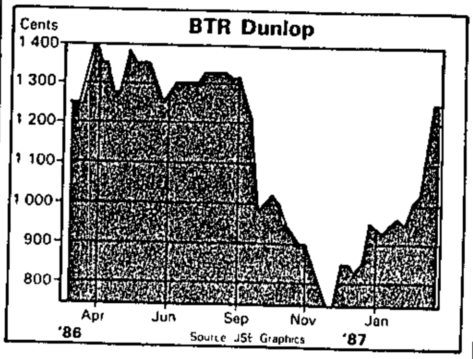
17/4/87

Activities: *The group is involved in manufacturing and trading. Principal products are tyres, tubes, conveyor belts, industrial hose, rubber mouldings and extrusions, diesel engines, fluid transmissions, automotive engine components, vinyl flooring, carpets, sports goods, mattresses and foam products.*
Control: *BTR PLC (UK) holds 53% of equity.*
Chairman: *P Fatharly; managing director: C R Hooper.*
Capital structure: *23m ords of 50c. Market capitalisation: R316m.*
Share market: *Price: 1 375c. Yields: 5,5% on dividend; 6,3% on earnings; PE ratio, 14,5; cover, 1,2. 12-month high, 1 400c; low, 750c. Trading volume last quarter, 195 000 shares.*
Financial: *Year to December 31.*

	'86
Debt:	
Short-term (Rm)	25,5
Long-term (Rm)	1,1
Debt:equity ratio	0,18
Shareholders' interest	0,59
Int & leasing cover	8,6
Debt cover	1,24

Performance:

	'86
Return on cap (%)	14,6
Turnover (Rm)	355,6
Pre-int profit (Rm)	36,5
Pre-int margin (%)	10,3
Taxed profit (Rm)	20,0
Earnings (c)	86,5
Dividends (c)	75
Net worth (c)	632



VEHICLE SALES 30

Strong upturn

FM 1/4/87

March vehicle sales figures contain two surprises — the best turnover in 15 months and market leader Toyota losing its number one spot to Samcor.

New car sales of 16 879 were 11,8% up on February, and showed a significant 20,4% increase on March, 1986.

With improved farming prospects the recovery was even sharper in the light commercial sector, which jumped 18,8% above February this year and 32,2% over March 1986.

Conversely, the troubled mediums and heavies both declined from relatively good February sales — by 7,1% and 4,4% respectively.

The total new vehicle market again breached the psychological 25 000 a month mark — at 25 868 — for the first time since October 1986.

But this month's most notable feature was the end of Toyota's reign as number one selling car manufacturer.

Samcor came in top with 4 011 units — or a 23,7% market share — with Toyota on 3 871 or a 22,9% share.

Samcor's success can largely be attributed to an aggressive marketing campaign and a series of discounts. But as a consolation prize Toyota Corolla recovered its position as SA's best-selling car, ending Golf Jetta's two-month reign.

Volkswagen was the only manufacturer to record an absolute sales fall — although only 2,4%.

"We have a long waiting list which is affecting our market penetration," says MD Peter Searle.

"January and February VW sales were exceptionally good and first quarter sales are 30% up on last year.

"We are confident we'll preserve our 20% market share this year."

Delta

In its first full month as Delta Motor Corporation the old GM increased its car sales by 13,0% and increased its market share by 0,2% to 9,2% in the car market and 10,1% of the total vehicle market.

Kadett Monza overtook the Cressida to become the number four car behind the Corolla, Golf Jetta and Laser Meteor.

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen says the overall success of the industry can be attributed to improved business and consumer confidence as well as vehicle replacement demand pressures.

"The tentative recovery of earlier months could now be confirmed as a clear upturn and positive sales growth trend," he says.

But Delta MD Keith Butler-Wheelhouse is less optimistic: "I still think the car market will only go up 2%-3% this year to 180 000. Much of the March buying was in anticipation of price increases.

"April will be the crucial month," he says. ■

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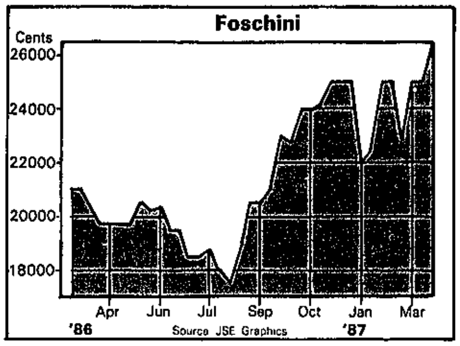

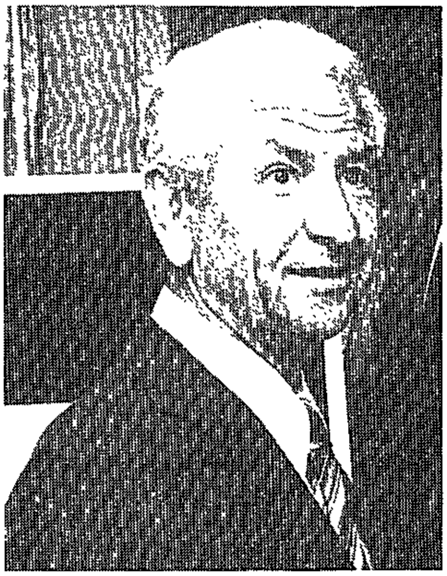

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Cherilyn Ireton

Black entrepreneurs knocking on business's door (30)

Cape Times 17/4/87

Brighter side to foreign pullouts

Black businessmen have their foot in the entrepreneurial door . . . and disinvestment could see them make further gains. ANDREW DONALDSON spoke to Nthato Motlana.

SOUTH AFRICA'S black business community also stands to gain from the spate of management buy-outs of local subsidiaries of disinvesting foreign firms.

Soweto civic leader Dr Nthato Motlana stressed in an interview with Top of the Times that he not only believes blacks now have a foot in the door of the business world — and big business at that — but they are on the verge of streaming into a market place previously considered wholly white territory.

In what is considered a major breakthrough in economic co-operation in South Africa, an all black-owned investment company has recently concluded a deal with one of the largest Coca-Cola franchisees in the country and now controls an East London bottling plant.

Nthato Motlana . . . "initiative for the small businessman".

The company is Kilimanjaro Investments (Pty) Ltd, a subsidiary of Black Equity Participation (BEP), formed in August last year which drew in Dr Motlana as a member in November.

Motlana, the founder chairman of the Soweto Committee of Ten and a recent appointment to the Southern Life board of directors, now heads another BEP subsidiary, Get Ahead (Pty) Ltd.

While he declined to discuss any of his or BEP's future business plans this week for fear of placing "certain deals in jeopardy", he did expand on the BEP initiative.

BEP was formed by three businessmen; each with varying backgrounds.

The company's chairman is a former Urban Bantu Council member, Richard Maponya. Its other partners are former Inkatha executive member, Gibson Thula, and a second Soweto MD, Dr Jackie Maphudi.

Initial reports indicated that BEP had been formed with an aim of buying out companies that were pulling out of the country and this was confirmed by Maponya, who explained that one of its aims was to negotiate with companies planning to pull out but would not elaborate any further.

Motlana, who claims to be only a "peripheral member" and who entered the initiative "because I thought this is something that blacks could exploit", explained that BEP's functions would be far wider.

"BEP is intended not only to focus on departing companies but on getting a piece of the action for black businessmen," he emphasized, adding that the majority of companies BEP had spoken to were South African companies "operating within South Africa" and not divesting companies.

However, not all were happy with the company's formation. In January, the giant Congress of South African Trade Unions (Cosatu) condemned the BEP intentions, adding its "cloak and dagger manner" exposed the "selfish, individualistic attitudes of those involved".

"A buy-out plan does nothing to solve the vexing problems of the country," Cosatu maintained.

Yet whatever the objections BEP has nevertheless scored a major success with its new bottling company.

Kilimanjaro Investments last month concluded a deal with the Coca-Cola subsidiary, Suncrush Ltd, and National Beverage Services (Pty) Ltd in terms of which Suncrush's East London bottling plant was sold to a new company, Kilimanjaro Bottling (Pty) Ltd.

Equity is divided thus: 49% Kilimanjaro Investments, 31% Suncrush and 20% National Beverage Services.

Kilimanjaro also netted the right to acquire share-holdings of both Suncrush and National Beverage Services and the new company entered a management contract which left Suncrush managing the plant for the next three years.

Motlana, however, has maintained he was not involved in what he termed the "Coca-Cola thing" — his efforts would now be directed into Get Ahead.

"We're a very much smaller thing than BEP," he said. "They're the big guys; trying to get into the action at that level. We look up to them — but only just from a lower level.

"Ours is an initiative for the smaller businessman and there's a lot more of us."

Motlana says Get Ahead will be generating exciting news "soon".

Assocom: no to censorship

17/5/87

Dispatch Correspondent

JOHANNESBURG — Censorship would not promote business confidence, the Association of Chambers of Commerce of South Africa (Assocom) said in its first-quarter review.

The private enterprise philosophy went much deeper than the freedom to trade in free markets, it said.

The philosophy also implied the freedom of speech, the freedom of association and free access to information.

"If we are to maintain those freedoms in which we believe, we must take the strongest possible stand against the state being regarded as the prime source of information and so-called news."

People in business knew that the wider and more diverse their sources of information, the better equipped they were to perform in the market place and a well informed public in turn knew how to exercise their basic right — freedom of choice, the report said.

Bumper Easter for PE business

30

EP 21/4/82

By DEBBIE MARCH

PORT ELIZABETH had a bumper Easter weekend, with traders, hoteliers and campsite managers all notching up near-record figures.

The balmy weather and a host of specially organised activities bolstered trade, and retailers said today they had "never had it so good".

The major stores said sales were far better than last year and far better than expected. One had difficulty in keeping up with the demand for hot cross buns.

"We have had an incredible Easter, especially since it fell in the middle of the month and in spite of the fact that we were closed on Saturday," said a hypermarket manager.

Restaurateurs and take-away outlets reported exceptional trade.

Hotels were all more than 70% full and caravan and camping sites turned people away.

All the rondawels, chalets and cottages at Sea Acres on the beachfront were fully booked. Only a handful of the 500 caravan sites remained vacant.

It was the same at all the city's camping and caravan sites.

The Willows Resort on the city's outskirts was also fully booked and had been for some months.

Both sites were forced to turn dozens of disappointed holiday-makers away.

The beachfront saw huge crowds on Saturday and Sunday when temperatures reached 33C and 26C.

"It's been incredible. The Pollok Beach parking lot was jam-packed. I have never seen it so full — not even in December," the beach manager, Mr Johan Crafford, said.

He estimated that at least 30 000 people had flocked to the beach on Saturday and Sunday.

dus said increased business confidence noted at the interim stage

trimmed the rise in attributable income to 69% from R3m to

recent peak. At the current price, the shares yield 2,6% on dividends.

22/4/87 (30) BDay

John Orr boosts income 33%

LESLEY LAMBERT

JOHN ORR Holdings has posted impressive results for the year to February after its change from a property and department store company into a focused retailer.

Taxed income of R2,97m was 33% ahead of the previous year, despite an increase in the tax rate from 41% to 44% and earnings per share were boosted 32% to 56c a share, despite the increase of the number of shares in issue from 5,16-million to 5,22-million.

The earnings shares were split into 52,3c from trading activities and 3,7c from listed investments. Out of these earnings John Orr is paying a final dividend of 13c a share, making 23c (18c) for the year.

Shareholders received a special dividend of R4 a share after a consortium headed by The Board of Executors and retailers, Stewart Cohen and Laurie Chiappini, bought control of John Orr in October and changed its focus from property investments to retailing.

On a 26% increase in turnover, net trading income rose 60%. John Orr reported a turnover of R102,3m, compared with R81,1m the previous year.

Joint MD Stewart Cohen said the group had diversified away from its traditional department store base and that over 80% of operating income was now derived from specialty stores, discount stores and off-price stores.

Joint MD Laurie Chiappini said the group was currently testing several new retail concepts in the off-price area — specifically Footgear, a cash shoe warehouse and Mr Price, a cash off-price apparel store.

Chiappini said all divisions had traded well in the year under review and that group sales had exceeded R100m for the first time. "We believe that the group is well positioned for future growth and we anticipate further increases in profitability," he said.

Sound new investments

(30) B/Day 22/4/87

SHOE-SHINERS BACK

THEO RAWANA

Dan Madonsela gives Harry Oppenheimer a shine

THE street shoe-shiners, previously banned in Johannesburg, have re-invaded the city — this time as legal entrepreneurs.

And they count the likes of former Anglo American chairman Harry Oppenheimer among their customers.

The Small Business Development Corporation (SBDC), in its drive to create jobs at low cost, teamed up with Reckitts Household Products (Nugget) to launch a scheme whereby 50 unemployed people were given shoe-cleaning kits and stands free of charge to start them on their way.

Armed with Johannesburg city council letters exempting them from licensing requirements, the shoe-cleaners pitch themselves at strategic locations cleaning shoes of the wealthy and poor alike.

Although the average fee is 50c a shine, there is no fixed charge and a cleaner can make up to R18 a day, depending on the customer.

The SBDC, encouraged by the way Johannesburg's pilot scheme has taken off, hopes other city councils will follow the example

B/Day 22/4/87

Detainees: PFP goes to court

Own Correspondent

THE Progressive Federal Party has launched a Supreme Court application for an order overturning the Commissioner of Police's latest "notice" banning campaigns for the release of detainees.

State President P W Botha and the commissioner have until today to file replying affidavits and the case is scheduled for trial on Friday, according to legal sources.

An affidavit filed in support of the application by Gardens MP and PFP general executive chairman Ken Andrews, argues both Botha and the commissioner have acted beyond their legitimate power.

The State President acted *ultra vires* on December 11 last year by defining as a "subversive statement" one which encourages or incites people to commit an act identified by the commissioner as threatening public safety or order, Andrews said. This amounted to delegating the power to make regulations to the commissioner, a power clearly vested only in the State President, he said.

Motor sales figures may be 25,9% up

22/4/87

GERALD REILLY

PRETORIA — SA's recession-hit motor industry is firmly on the mend, according to National Association of Automobile Manufacturers (Naamsa) director, Nico Vermeulen.

Vermeulen said Central Statistical Services figures, released yesterday, showed total trading revenue in the motor industry for 1987's first quarter was expected to be 25,9% up, compared with the 1986 January-March period.

Revenue in the first quarter this year amounted to R4 443,2m, compared with R3 529,5m in the same 1986 quarter. Vermeulen said the 25,9% increase in trading revenue reflected the escalation in vehicle prices, as well as an actual improvement in the numbers sold.

In January-March this year 46 100 new cars were sold — 10,3% up on the 41 789 sold in the period last year. The quarter's combined commercial vehicle sales were up by 14,1% to 23 502 units, compared with January-March 1986.

Contracts value 25% up

B/Day 22/4/87

DAVID FURLONGER

THE value of new civil engineering contracts in the first quarter of 1987 is more than 25% up on last year.

In all, 125 contracts worth a combined R160m were recorded by the SA Federation of Civil Engineering Contractors (Safcec) last month. After figures of R150m in January and R215m in February, a first quarter total of R525m is well ahead of the R400m in the same quarter of 1986.

Safcec says the figures reflect "a continuous, substantial improvement in the flow of new work since the middle of 1986".

Of March's new contracts, only one was for more than R10m — a R10,6m contract for work at Dunswart station for Benoni Town Council. Other major contracts included one for R9,2m to build a reinforced concrete reservoir for the Rand Water Board at Klipfontein.

The combined value of March contracts for building township roads, stormwater drainage and internal water and sewerage services was R51m.

AIRLINE MOVEMENTS

John Orr boasts 33% profits boost

Cape Times 22/4/87

30

Financial Editor

THE Board of Executors' first venture into retailing has proved successful.

John Orr — bought in October by a consortium headed by the Board and Cape Town retailers Stuart Cohen and Laurie Chiappini — and completely restructured, has lifted after-tax income for the year to February by 33% to R3m.

Turnover rose by 26% to R102,3m (R81,1m). Pre-tax income rose to R5,3m (R3,8m) of which R4,9m (R3,1m) came from trading and only R393 000 (R737 000) from listed investments.

Attributable income rose to R2,9m (R2,2m) and earnings to 56c a share of which 52,3c came from trading and 3,7c from investments.

The final dividend is 13c a share making a total of 23c (18c) for the year.

Shareholders also received a special dividend of R4 a share in January as a result of the sale of property interests.

Commenting on the results, Stuart Cohen said yesterday: "The group that people see today is a very different business from the John Orr of a few years ago.

"It has diversified away from its traditional department store base and over 80% of operating income is today derived from speciality stores, discount stores and off-price stores.

"Our view is that the group is now well positioned to take advantage of burgeoning middle-income spending which is where we see the future growth.

"The Milady's speciality chain of 113 outlets serves the young middle income female shopper looking for well priced fashion while our third world department store, the Hub discount chain, is a mass merchandiser appealing to shoppers of all races.

"Both these chains are strategically placed to accelerate with the growth in middle income spending."

Chiappini said: "Believing as we do that this is the market segment of the future, we are also currently testing several exciting new retail concepts in the off-price area — specifically footgear, a cash shoe warehouse and Mr Price, a cash off-price apparel store".

Beck turns a good profit on his Stuttafords involvement

23/4/87 (30) B/Day

KAY TURVEY

THE sale of the Stuttafords flagship Adderley Street premises to Unidev for R11m last week almost winds up coal magnate Graham Beck's involvement in the Stuttafords group after having realised well over R50m on his orignal R12m investment.

The grand old lady of department stores has retired to a leased operation in surburban Cavendish Square, Claremont.

Beck said yesterday he had had various offers to buy this shop, but had no immediate plans to sell unless there was a "desperate buyer".

In 1978 Beck bought Stuttafords with its six department stores from the Stuttaford family for R12m, and shortly thereafter delisted the company from the JSE.

Three years later Beck commenced his asset-strip. He recouped R10m by divesting the transport and warehousing operations.

These included Cape Town warehouses sold to Clicks for R1,5m, and properties in Cape Town, Pretoria, Port Elizabeth and Pinetown sold to Old Mutual Properties (OMP) for R5,7m. The name and the assets of Stuttaford Van Lines were then sold to the Unisec Group for R2m in April 1982.

Early last year Beck's wholly owned Kangra Holdings sold Stuttafords' 45% shareholding in Cavendish Square to OMP for an undisclosed sum. At the time the centre was conservatively valued at around R26m and speculation was Beck received anything between R11,25m and R20m for his shares.

Stuttafords had begun the development of Cavendish Square — one of Cape Town's most upmarket and successful shopping centres — in 1972 with Greatermans and OMP. It is now soley owned by OMP, with Stuttafords only a tenant.

In 1985 the Kirsch Trading group subsidiary Greatermans acquired the Stuttafords Sandton City store with its staff and stock and has continued to trade under the Stuttafords name.

The lease for the Maritzburg store had been bought by John Orrs a year earlier.

Stuttafords' Durban store, an historic landmark in the city, was sold to Garlicks for an estimated R15m in 1983 and shortly afterwards the store in the Rosebank Mall was closed.

Commenting on his latest sale, Beck said he had sold the Adderley Street store as it needed to be re-developed and Kangra Holdings was not interested in redevelopment.

The sale of assets realised about R49m excluding goodwill for the shops which were operating in leased premsies.

30 DD 23/4/87

SBDC funds King small business

Dispatch Correspondent

KING WILLIAM'S TOWN — R10 000 has been set aside in a pilot plan by the Small Business Development Corporation (SBDC) in Pretoria for prospective businessmen in King William's Town, Breidbach and Schornville.

"R10 000 seems awfully little but it is just a start to see how we progress," Mr Ian Fleming, who is chairman of the SBDC's recently formed local investigating committee made up of local businessmen and council officials, said.

"When we have used up that made available to us, we will be given another allocation," Mr Fleming said.

Application forms for loans are obtainable from the Town Clerk's office in the Civic Centre.

Mr Fleming said people of all races, who had schemes that were practical and could be developed into small businesses, could apply.

"It is more like an expanded hobby," he said.

He said the committee was on the lookout for premises.

"The idea is to find premises so that we can give people a place in which to work, have machinery there available for use or to hire out if the businessman does not have what he needs," Mr Fleming said.

Loans, from as little as R50 to a maximum of R2 000, could be channelled through the local committee.

Larger loans, that would not be taken out of the allocated R10 000, have to be applied for through the SBDC's representative in East London, Mr Pieter Strumpher.

Mr Fleming said all loan applications could be initiated through the local committee, who would automatically channel applications for larger loans to Mr Strumpher.

The loans obtained through the local committee would be repayable at one per cent interest per month.

"The purpose of the loans will usually be for raw materials to process and sell, or for equipment used in the conversion," Mr Fleming said.

Small business activities elsewhere which had benefited from SBDC loans were welding, woodworking, knitting, dressmaking, leatherwork, maintenance and repair operations.

The president of the Kaffrarian Chamber of Commerce, who is also a member of the local investigating committee, Mr Jack Patel, said: "It is about time something like this happened. We (the chamber) have had quite a few people approach us for financial assistance."

W & A

Changing course

Activities: *Holding company with interests in furniture retailing; automotive products; and distribution and trading.*

Control: *Weicor owns 50%.*

Chairman: *M Simchowitz; managing director: B Joffe.*

Capital structure: *5,1 m ords of 50c each and redeemable cumulative shares; 149 900 6% of R2 each; 8 m variable of 1c each. Market capitalisation: R132,6m.*

Share market: *Price: 2 600c; low. Yields: 4,8% on dividend; 13,6% on earnings; PE ratio, 7,4; cover, 2,8. 12-month high, 2 725c; low, 575c. Trading volume last quarter, 612 000 shares.*

Financial: *Year to December 31.*

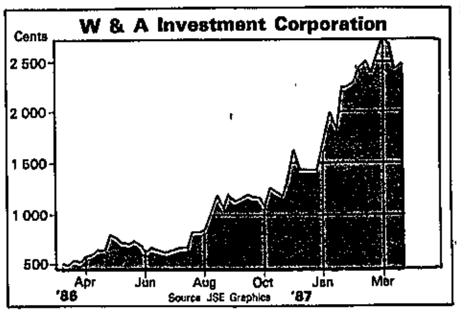
	'83	'84	'85	'86
Debt:				
Short-term (Rm) ..	10,2	35,5	31,2	6,7
Long-term (Rm) ...	40,2	187,5	142,3	103,1
Debt:equity ratio	1,20	1,33	0,98	0,54
Shareholders' interest	0,28	0,32	0,37	0,43
Int & leasing cover .	1,6	1,4	1,2	2,3
Debt cover	0,24	0,13	0,07	0,45

Performance:

	'83	'84	'85	'86
Return on cap (%) ..	10,4	13,6	8,8	13,2
Turnover (Rm)	214	908	611	693
Pre-int profit (Rm) ...	18,9	73,0	45,7	69,9
Pre-int margin (%) ..	8,8	8,0	6,9	10,0
Taxed profit (Rm)	n/a	13,7	7,3	35,6
Earnings (c)	150	34	77	35,3
Dividends (c)	60	50	25	125
Net worth (c)	776	1 019	1 341	1 820

Although we suggested a year ago that W & A had enormous potential for a rebound, the actual improvement in its profits has been breathtaking. The share price has risen sharply in tandem with rising profits, despite the uncertainty caused by chairman Mannie Simchowitz's move to London, and the subsequent appointment of Brian Joffe as MD. Joffe has been with the group for 3½ years, and remains MD of W & A subsidiary E W Tarry, but investors cannot be blamed for wondering what changes he will make at W & A.

Joffe emphasises: "The results are the cleanest ever. Whereas previously profits came from Simchowitz's deals, they are now from the continuing operations of the company. We are the market leaders in every field we are in." The result has been an EPS rise of 358% to 353c, assisted by the restructuring of the group to allow more of the earnings of subsidiaries to filter through to W & A, and less to be siphoned off to minorities.



The largest single contributor to pre-tax group profits was General Tyre with R5,1m, followed by World at R4m, Tarry with R2,1m and Bradlows with R1,3m.

Earnings of the unlisted companies — Burhose, Hygenia Triang, W & A Textiles, Glen Anil Development, and Glen Anil Investments — are not revealed, but 62% of group income came from manufacturing, 18% from distribution, and 20% from retailing.

A number of companies closest to W & A in the complex group structure are in cyclical industries, but Joffe points out that the largest contributor, General Tyre, is in the replacement end of the motor market, as well as enjoying the benefit of new sales. This is also true of Tarry and Burhose. As for the furniture subsidiaries, Bradlows and World, Joffe feels these companies are currently at the bottom of their cycle — a fact that should work to the benefit of W & A investors for the next few years.

We have discussed details of the individual listed subsidiaries in recent issues, and Joffe's prediction that the group will achieve "inflation plus" in terms of earnings growth seems reasonable.

For many investors, the question will be whether Simchowitz will be an *eminence grise*, exerting influence from behind the scenes. Joffe concedes that Simchowitz still has control and that, with large quantities of his funds invested in the group, Simchowitz is not about to abandon it.

He does not see this as a problem: "I have as much autonomy here as I have at Tarry. Certainly, if there was no large controlling shareholder, there would be more freedom of action, but Simchowitz never interfered with anything I wanted to do at Tarry and I would not be here if I felt I couldn't introduce the changes I want to."

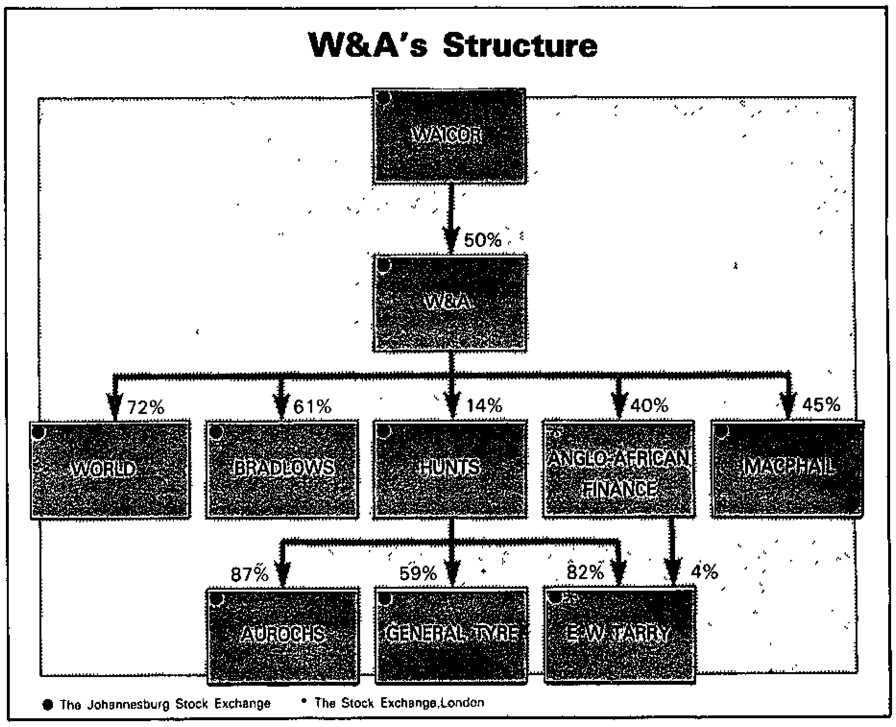
To Joffe an important point is the strong management in the operating companies of W & A, which means that the performance of the group does not depend on either him or Simchowitz.

Joffe intends further reducing borrowings, despite last year's 37% drop in debt and 42% fall in interest paid. "We expect interest rates to rise in the medium term," he says, "and will repay loans with cash generated by better asset management and restructuring."

Joffe also says he won't acquire companies with gearing problems: "We are not interested any more in acquiring cheap assets at a discount."

That there will be acquisitions is not in doubt, Joffe has made this intention clear. And Simchowitz has already set about building up an empire in England, using one of the two companies in the group with London listings.

Investors have already made their sentiments felt in the share price. With net worth of 1 334c a year ago, the share stood at 775c. Now the price is 2 650c, well above net worth of 1 820c. Owing to the sharp earnings turn-



JOHN ORR 24/4/88 (30)

Revitalised FM

The revitalised John Orr chain has reported a strong rise in earnings a share, based on a 60% leap at operating level. At bottom line, the advance was reduced to 33% by the combined effects of a higher tax rate of 44% (41%) and a fall in investment income to R393 000 (R737 000).

The year to end-February has been one of groundswell change for the group. Late in 1986 control passed to a consortium headed by The Board of Executors, Stewart Cohen and Laurie Chiappini. Since then, the group has liquidated its property investments — for many years the main focus of analysts' attention — and the proceeds distributed by way of a R4 a share special dividend. What remains is a focused retailer earning over 80% of operating income from its speciality and discount stores, which include the Milady's speciality chain and The Hub discount chain.

Most of the rest of earnings come from the John Orr departmental chain. This is becoming an even smaller part of total earnings, given the recent switch towards more specialised trading. With its niche carefully identified, joint MD Stewart Cohen believes "the group is now well positioned to take advantage of burgeoning middle income spending, where we see the future growth."

At 500c, John Orr trades on a price:earnings ratio of 8,9 times, well below the industrial sector average p:e of 14. Latest results, although perhaps in line with most forecasts, reflect a rising profit trend that could warrant some re-rating.

Neville Glaser

council offices.

Shining future for 50

30

By JOSHUA RABOROKO

Sowetan 27/4/87

THE Small Business Development Corporation has created more than 50 jobs for the unemployed.

The people have been given kits and stands to clean shoes on street corners in Johannesburg. They earn between R15 and R20 per day.

Most of these proud entrepreneurs charge an average of 50 cents for shining shoes.

The managing director of SBDC, Dr Ben Vosloo, yesterday said they were hoping to open such projects at 150 other major cities and towns in an attempt to create new jobs.

He said polishing kits and stands were given free of charge to unemployed people. Each shoe cleaner has a letter of authorisation from the Johannesburg City Council exempting him from all licencing requirements.

Anyone who would like to become a shoe cleaner should contact Mr Dawie Crous of the SBDC at (011) 634-7351. Kits are available through a mini-loan scheme.

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28

Sowetan 27/4/87

Job creation centre opened

THE National African Federated Chamber of Commerce (Nafcoc) and the giant Barlow Rand company have jointly opened a job creation centre to help thousands of black businessmen to solve the unemployment problem facing the country.

At a ceremony opening the centre in Alexandra, Nafcoc's executive director, Mr Stanley Khubheka, said the centre, which provided premises for black entrepreneurs, could be seen as a vital breeding ground for future black manufacturers and industrialists.

'MAYO

THREE of the students who
(from left to right) Mrs C M

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Shop deliveries hit by rail strike

28/4/87 30

B Day

NORMAN SHEPHERD

SOME supermarkets have run out of stocks because of deliveries delayed by the rail strike.

In one instance, road transport permits were refused to a retail chain which wanted to fetch supplies.

Food director for Checkers warehousing stores Paul Susan said yesterday Checkers had been refused permits to bring coffee supplies by road from Newcastle to Johannesburg.

Business Day yesterday canvassed major retail chains to assess the effects of the six-week-long strike.

They reported delivery delays of up to two weeks, resulting in shortages — particularly at stores in outlying areas — of canned foods, glassware, coffee, towels and linen.

Susan said: "We are going out of our heads because we can't get stock to the country stores, which rely on rail services. Our biggest problem has been getting canned goods from Cape suppliers to our stores."

Pick 'n Pay warehouse manager James Dickerson said: "We have had a few problems with supplies of canned goods and glassware, but the containers

To Page 2

Supermarkets go short in wake of rail strike

28/4/87

B Day

From Page 1

have started coming in fast. Goods we expected two weeks ago are pitching up now."

30

Dion warehouse manager Theo Gerber said initially deliveries of towels, linen and other consumer goods had been delayed, but that five-day delays of containers had been cut to two days. PX (small containers) were being delivered within 24 hours.

Frank Wells of UPC retail services, in charge of group distribution for Edgars, Sales House and Jet, said: "We acted to alleviate the problem. Cape goods were brought up by road. Non-striking Sats staff coped with our goods traffic at Kaserne."

Association of Freight Forwarders executive director Alan Cowell said a delay of three days was the average.

Sats PRO Elmarie Roux said that for the first two weeks of the strike, which began on March 13, there was a backlog of 2 000 containers at the City Deep depot, south of Johannesburg. This represented a two-day delay in deliveries, which was soon worked off, she said.

There was also a two-day delay at the Kaserne depot, south of Johannesburg, but there were no delays at smaller depots. Transport of bulk goods such as sugar and coal was unaffected, she said.

Car prices to increase again soon

B/Day 29/4/87

35

— DAVID FURLONGER
Industrial Editor

CAR prices are about to increase for the second time this year.

Volkswagen confirmed yesterday that prices of its VW and Audi ranges would rise by an average 3% next week. Other manufacturers are expected to follow suit.

Samcor officials were meeting yesterday to decide on Ford, Mazda and Mitsubishi vehicles prices. They are likely to announce increases of between 3%-4%.

A Mercedes-Benz spokesman said a decision on Mercedes and Honda vehicles "is likely in the next few days".

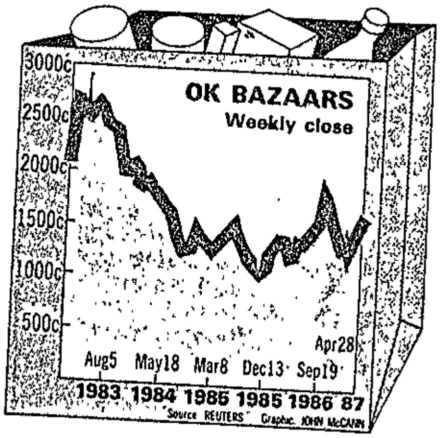
BMW implemented its previous price increase a month later than most other manufacturers and its prices will not go up before June.

A Delta spokesman said its prices were not about to rise. Nissan and Toyota officials were unavailable for comment, but industry sources said it was unlikely VW and other companies would increase their prices unless they were sure market leader Toyota was about to do so.

The increases are the second quarterly rise this year and are in line with industry forecasts of a 12%-15% increase in car prices during 1987.

threats to lives and damage to property and followed requests that police stay

demonstration was peaceful and that no stones or missiles had been thrown.



OK boosts earnings in spectacular turnaround

B/Day 29/4/87

DAVID COHEN

IN a remarkable turnaround, OK Bazaars' attributable earnings rose by 22,5% to R15,1m from R12,3m in the year to March, after three years of disappointing results.

OK's MD Gordon Hood yesterday attributed the chain's success in posting more spectacular results than some of its competitors to "an aggressive marketing and price campaign launched in July 1986, as well as a favourable shift in the sales mix from low-margin foodstuffs to higher-margin general merchandise".

The 15,8% rise in turnover to R2,36bn from R2,04bn was achieved despite R20m to R30m in lost sales caused by extended strike and boycott action in January and February. The strike, resolved in mid-March, saddled OK with an additional wage bill of R17m a year.

HOOD

The 22% rise in earnings an ordinary share to 123,0c (100,8c) enabled OK to raise its final dividend to 52c (42c), boosting total distribution by 21,7% to 73c (60c). OK is 70%-held by SA Breweries.

The tunaround may surprise share analysts who have viewed OK's growth prospects with scepticism. Yesterday's share price of 1 700c offers investors a 60% discount on the net worth a share of 2 803c. Its quoted price/earnings ratio of 16,1 is also lower than that of its competitors.

Investor perception of the riskiness of the retail sector has increased as the industry's susceptibility to boycott and strike action has grown.

Hood said: "The sterling performance has been achieved despite depressed consumer spending and a substantial increase in social unrest, strikes and political discord.

"Prospects look good for moderate economic growth and we expect this to rub off on the retail sector. We are better placed to take advantage of the prospects for the coming year than we were last year," he said.

Speaking about his prime-time TV advertising appearances, Hood said: "I believe my appearances on the box give the chain a much-needed face and a personality."

OK, which has about 200 stores, plans to celebrate this, its 60th anniversary year, with five new stores, one new hyperstore and the refurbishing of six major store.

year in terms of a reverse listing where-

Frasers profit up 50%

29/4/87 B Day 38

LIZ ROUSE

FRASERS, soon to join the Metro stable, reports a 29% rise in turnover and a 50% increase in attributable profit for the six months to March.

Earnings a share are up 46% to 23,8c a share on a slightly bigger issued share capital from the 1986 half-year's 16,3c a share. The profit leap is from a low base in 1986.

Improved trading conditions resulted in a rise in turnover to over R329m (R255,7m) while operating profit increased by 18,5% to R10,4m (R8,8m). Net finance charges were reduced to R3,9m (R4,3m) as interest rates declined.

However, gearing remains high with total borrowings standing at over R66m, compared with R48,3m at the end of December 1986. Finance leases amounted to R16,5m (just under R10m at the end of December).

Chairman Donald Campbell says in the interim report that second-half earnings are traditionally greater than in the first half of the year, when earnings make a less significant percentage contribution. Also, most of the current benefit from lower interest rates was already being felt by the second half of last year.

He estimates that earnings for the full year should increase by 20%.

Frasers shares are trading at 830c, up 35% this year.

CMT 7/4/83 29/4/87 (30)

Frasers boosts earnings by 50%

JOHANNESBURG. — Unaudited earnings attributable to Frasers shareholders for the half-year to March 31 increased by 50% to R3 539m on a 29% increase in turnover, according to a report to shareholders yesterday.

After taking into account options exercized by shareholders in January this year, earnings per share were 23,8c, an increase of 46%.

The directors said trading conditions had improved on the 1986 level, with turnover including associates jumping to R329,03m from R255,7m and operating income up 18,5% on last year to R10,4m.

Lower interest rate pattern

The trading improvement had been enhanced by a reduction in net finance costs following the lower interest rate pattern. This combination had significantly boosted earnings in percentage terms.

Looking forward to the full year's results in September, the directors said shareholders should bear in mind that the greater proportion of annual profits were brought to account in the second half-year, and most of the current benefit from lower interest rates had already been felt by the second half of last year. — Sapa

Traders look at problems

29/4/87 Sowetan (30)

THE Southern Transvaal African Chamber of Commerce and Industries is to discuss various problems facing black businessmen during the two-day conference to be held at the Johannesburg Sun Hotel next Tuesday.

The president of Soutacoc, Mr Willie McBain-Charles, yesterday said the conference, whose theme is "Black Business: Capitalism or Capitalist Agents," comes at a critical time when the white general elections will be held.

He said many black businessmen stumbled into the business world as a result of intolerable exploitation. They had been denied basic rights which were enjoyed by their white counter-parts.

He said: "Black business is taxed without representation as to how the money is spent. They are also denied the right to refuse or accept the right to own the building in which they trade."

"Business is warned that there can be no economic change without political change. Being sensitive to our call, we invite other organisations to join our struggle towards democratic nationwood," he said.

The conference will be addressed by trade union and community leaders from here and overseas.

OK Bazaars lifts earnings by 22,5%

CM 17/87 29/4/87 (30)

Own Correspondent

JOHANNESBURG. — In a remarkable turnaround, OK Bazaars attributable earnings rose by 22,5% to R15,1m from R12,3m for the year ended March 31, 1987 after three years of dissapointing results.

Posting more spectacular results than some of its high-flying competitors, OK's MD Gordon Hood attributed the retail chain's newfound success to "an aggressive marketing and price campaign launched in July 1986, as well as a favourable shift in the sales mix from low-margin foodstuffs to higher-margin general merchandise".

The 15,8% rise in turnover to R2,36 billion from R2,04 billion, was achieved in spite of R20m to R30m lost sales as a result of extended strike and boycott action in January and February this year. The strike, which was resolved mid-March, saddled OK with an increased wage bill of R19m a year.

The 22% rise in earnings an ordinary share to 123,0c (100,8c) enabled OK to raise their final dividend to 52c (42c), boosting total distribution by 21,7% to 73c (60c). OK is held 70% by SA Breweries.

The turnaround may surprise share analysts who have viewed OK's growth prospects with sceptism.

Yesterday's share price of 1 700c offers investors a 60% discount on the net worth a share of 2 803c. Its quoted price earnings ratio of 16,1 is also lower than that of its competitors.

Hood said: "The sterling performance has been achieved in spite of depressed consumer spending and a substantial increase in social unrest, strikes and political discord.

"Prospects look good for moderate economic growth and we expect this to rub-off on the retail sector. We are better placed to take advantaage of the prospects for the coming year than we were last year," said Hood.

Speaking on his prime-time advertising television appearances, Hood said: "I believe my appearances on the box give the chain a much-needed face and a personality."

OK, which has about 200 stores, plans to celebrate its 60th anniversary with five new stores, one new hyperstore and six major store refurbishments.

d and Allied

et, Food and

Pep Store profits ahead of forecast

CAPE TIMES 29/4/87 (30) Lep

Financial Staff

PEP STORES LTD — the major clothing retail division of the Cape-based Pepkor group — has produced turnover and profits well ahead of the forecast contained in the group's listing statement.

According to the annual report published yesterday for the 12 months to February 28, attributable profit climbed by 32% to R40,8m on a turnover of R508m — up 25% on the previous year's figure. This growth is also well ahead of that for the clothing, footwear, textiles and accessories sector.

The board has declared a final dividend of 24,5c a share, bringing the total for the year to 40c.

Two other features of the group's performance are an improvement in the debt:equity ratio, from 85% to 18%, and a 50% improvement in stockturn.

Group operating profit, at R53,1m, showed an increase of 11%. MD Basil Weyers explained that this lower growth compared with that of sales is primarily attributable to the actions taken to improve the group's asset management, as well as to an aggressive sales promotion drive to increase market share.

Struggle to get delivery permits

NORMAN SHEPHERD

SUPPLIERS had told Checkers retail warehouse stores they could not get road transport permits for deliveries during the rail strike, the company's food director Paul Susan said yesterday.

Susan said Nestlé, Beacon and others had told him of their struggle to get permits to deliver goods to the Checkers-warehouse stores. Nestlé and Beacon spokesmen yesterday denied applying for temporary permits.

Susan said suppliers could be unwilling to speak out for fear of possible repercussions, and using one or two examples could cloud the issue.

The point was, as far as he understood it from suppliers, that the local road transportation boards had not relaxed their rules during the rail strike.

"With the current situation on the railways, why can't the boards relax their rules completely and allow manufacturers to supply stores with the goods we desperately need without having to go through a whole lot of red tape?

"In view of the drama, why is it necessary to apply for a permit? If the road permit situation has been relaxed, this has been kept quiet," Susan said.

Transport Department deputy director-general "Boy" Claasens said in Pretoria yesterday he did not have a breakdown immediately available on how many temporary road transport permits were granted or refused since the start of the rail strike, but would investigate.

Warning on Mozambican border crossings

GERALD REILLY

THE constant border crossings of Mozambicans could no longer be tolerated, deputy Minister of Constitutional Development and Planning Ben Wilkens said yesterday.

He said at the opening of the fourth session of the KaNgwane legislative assembly authorities would act against those abusing the leniency of the KaNgwane and SA governments.

It was estimated that 14 000 to 20 000 Mozambicans had entered KaNgwane illegally since September 1984. Only 8 070 temporary permits had been issued so far.

Wilkens said it was accepted that short-term assistence must be provided for humanitarian reasons.

"We have clear evidence, however, that not only is there an influx of Mozambicans, but also a constant coming and going across the border which can no longer be tolerated." There was evidence, too, that many Mozambicans used KaNgwane merely as a springboard to the interior, particularly to the PWV area.

They were part of an illegal work force, which deprived KaNgwane citizens of jobs in the PWV area, he said.

Black money will boost retail market

(30)

KAY TURVEY

A BIG jump in black consumer spending leading to a significant growth in the retail market can be expected in the next few years.

Amrel and Southern Suns chairman Ronald Cohen said at an investment conference at the Carlton Hotel yesterday he expected black consumer spending to double by the year 2000.

He said black spending would dominate the clothing sector by the turn of the century with 58% of the market, while the projected figure of 55% in the furniture and household sector would probably be substantilly higher, given the increased spending on black housing projects.

Retailers had already begun to cater for the changing aspirations of the black consumer.

"In the next decade we will not be looking at the market in ethnic terms, but in terms of income," he said.

B/Day 30/9/88

Holidays trim car sales

DAVID FURLONGER

NEW car sales this month are expected to be about 14% down on March.

From 16 875 in March, industry sources expect April sales to be about 14 500.

The decline is attributed to the reduced number of trading days. With Easter and other public holidays reducing commerce and industry to four four-day weeks in a row, dealers have had three fewer trading days than in March.

Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), says that on a daily basis, sales this month were at least as good as those of March.

"And the improvement extends to light, medium and commercial vehicles as well, which is most encouraging. The recovery there seems finally to be taking off."

Delta Motor Corporation MD Keith Butler-WHeelhouse says: "It's been like a mini-Christmas in April."

CAPE TIMES 30/4/87

R14,9m Amrel turnaround

30

Financial Editor

AN UPSURGE in sales in the final six months — particularly by its furniture division — enabled Amalgamated Retail (Amrel) to achieve a dramatic turnaround in the year to March.

It reports attributable profits of R14m compared with a loss of R982 000 last year — with earnings of 54c a share compared with a loss of 11c last year.

The final dividend is 40c making a total of 51c (nil) for the year.

Turnover rose by 21% to R627,1m (R518,2m) and pre-tax income to R26,9m compared with a loss of R941 000. Almost R21m of the pre-tax profit was earned in the last half of the financial year.

After-tax profit was R12,8m compared with a loss of R1,7m and attributable earnings from associated companies and foreign subsidiaries totalled R1,2m.

MD Stan Berger says the improvement in retail sales accelerated in the final six months.

"While national retail sales are estimated to have grown by 16% in the past year, sales in the furniture industry where Amrel is dominant were some 18% ahead of last year."

He said the clothing division also grew in line with the market and the Scotts group "turned in a very creditable performance".

Chairman Ronnie Cohen says that although unemployment remains high and consumer confidence is fragile, the group expects a continuing upswing in consumer spending in the year ahead.

"The furniture division will continue to benefit from prevailing low interest rates and the expected high growth in housing in the coming year.

"The rationalization of our footwear interests and the acquisition of our interest in Boymans should enhance earnings.

"Assuming a relatively stable socio-political environment, the group is confident of a further and satisfactory increase in earnings per share in the coming year."

Sowetan

30/4/87

Black travel firm opens

A NEW black travel agency, the first of its kind in the Johannesburg Central Business District, was officially opened at a lavish ceremony at a Johannesburg hotel this week.

Zamangomusa Travel Agency, which was started about four months ago, is the brainchild of former SABC-TV2 commentator, Mr Zama "ZZ" Masondo, and his younger brother, Musa.

Mr Masondo, who is managing director of the agency, said although the agency was established about four months ago, it had promoted a number of tours throughout the country.

He said he did not receive any financial backing when he ventured into the business.

"I just exhausted my own purse. But I have now applied for financial assistance from the Small Business Development Corporation as we plan to expand the business and buy our own luxury coaches," Mr Masondo said.

Already a branch has been opened at Emadadeni in Natal. Mr Masondo plans to open three more offices in Cape Town, two in Maritzburg and one in Bophuthatswana.

He said the promotion of overseas tours was also in the pipeline.

"I ventured into this business not only to improve the quality of black tourism, but to create job opportunities for our people. Already we have a staff of about 15. This could be increased to about 60 in the near future," Mr Masondo said.

MR ZAMA "ZZ" Masondo with his wife Zodwa, celebrating the opening of Zamangomusa Travel Agency at a Johannesburg hotel.

CAPE TIMES 30/4/87

Shoprite boosts profits by 55%

30

By AUDREY D'ANGELO
Financial Editor

SHOPRITE — the fast-growing Cape based supermarket chain which was listed on the Johannesburg Stock Exchange (JSE) in December — boosted after-tax profit in the year to February by 55% to R2,8m, equivalent to earnings of 9,3c a share.

Turnover rose by 35% to R170,6m (R126,3m) and operating profit by 33% to R5,2m.

These results are far in advance of those forecast in the listing prospectus. The directors say in view of this and the continued excellent performance an interim dividend will be declared in October.

MD Wellwood Basson said last night that business was still good and the chain, which now had 31 stores, would move into the Transvaal before the end of 1987 with new stores in Pietersburg and Tzaneen.

Expansion plans included three new stores in the Western Cape at Hout Bay, Bothasig and Parow.

Although Shoprite's target market has traditionally been the lower and middle income groups, Basson said he expected the Hout Bay store to do well.

"We have a store in Durbanville, where the market is much the same as in Hout Bay, and it has been successful.

"We sell much the same basic merchandise as Pick'n Pay and the other big chains and we shall be the only supermarket in Hout Bay".

The Hyperette chain, once part of Shoprite, was separated from it before the listing and transferred to another division of the Pepkor group.

Basson said he thought most of the improvement came from an increased market share.

COMMERCE

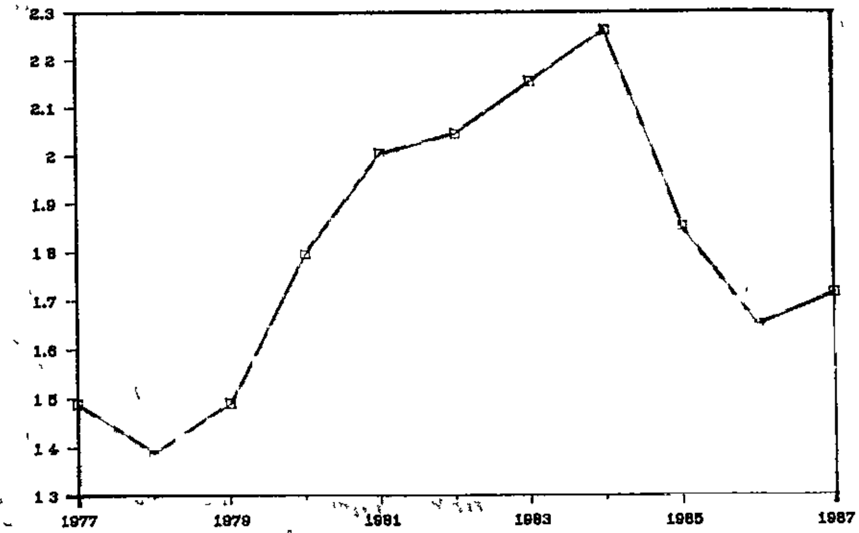
GENERAL

1987

MAY

RESIDENTIAL BUILDINGS

FIXED INVESTMENT : 1980 PRICES



Cpt Times 5/5/87 TOTAL 30

CNA-Gallo lifts earnings by 62%

JOHANNESBURG — CNA-Gallo increased turnover for the year to end-March by 14% to R353m (R309m)

The preliminary annual statement shows gross margins were held to cover an 11% year-on-year trading expense increase, alleviated by the reduced cost of debt servicing

The ratio of trading profit to sales improved as did the contribution from the group's share of earnings in associates, resulting in a 62% increase to R13 272 000 (R8 214 000) in earnings attributable to ordinary shareholders

Fully absorbing additional investments in subsidiaries, acquisitions and the costs of launching the "CNA Top 40" video rental project during the year, the group has strengthened its balance sheet and reduced interest bearing debt to 11% (29%) of the enhanced shareholders' fund

The final dividend was increased by 2c to 14c per share, making the total dividend for the year 18c per share, an increase of 50% over the previous year, and is covered 2,3 times — Sapa

Insurers look at methods

AS premiums soar, SA insurance executives will be seeking ways to streamline their businesses, and to acquaint themselves with modern overseas methods and cover, at next week's 19th annual conference of the Insurance Institute of SA (IISA) at the Mount Nelson

Overseas speakers include the chairman of Lloyd's Underwriters Non-Marine Claims Office, Dick Hazell, and a Lloyd's specialist in contractors and liability insurance, Michael Williams Among the local speakers will be a senior lecturer in industrial relations at UCT, Kate Jowell, and assistant general manager of pensions of the Old Mutual, Reg Munro

30

21/5/82 Star

'US committed to free trade with SA'

THE American business community was committed to the free enterprise system and the promotion and development of trade and commerce between the United States and South Africa, two American concerns said yesterday.

In a joint statement the American Chamber of Commerce in South Africa and the Signatory Association said they were also committed to a free and just society in the country

They said "We have continued to promote on-going investment in South Africa and have actively opposed the disinvestment and divestment efforts organised in the United States

"We are justifiably proud of the achievements of our member companies in the areas of education, community development, training and advancement, housing, health and care and business development

"The specific support that our members have given to their employees in their search for acceptable housing and accommodation has been done in the belief that employees deserve living conditions appropriate to their economic status and social standing "

They said that while these activities were conducted with due consideration for the sensitivity of the broader issues involved, "we will maintain our responsibility in providing such assistance and guidance "

"To describe those carefully considered initiatives as civil disobedience is irresponsible and counter-productive to the Government's stated commitment to reform," they said

They said the vast majority of American companies in South Africa voluntarily subscribe to a code of employment conduct, representing a visible commitment to the future growth of South Africa

They said they believed that business had a constructive role to play in actively supporting the removal of all discriminatory legislation, an approach which was consistent with statements and business practices of leading South African companies

The American business community would continue to responsibly address those issues which affected their business mission and the well being of their employees together with those of the broader community, the said

30 DD

22/5/87

TDC reacts to report

Dispatch Reporter

UMTATA — Each business allocated by the Transkei Development Corporation (TDC) should be allocated on merit, the Commission of Inquiry, into the Department of Commerce, Industry and Tourism, heard here yesterday.

The commission continud to hear evidence, from a TDC delegation. A report was presented to the commission by the TDC commenting on the Nkuhlu Commission report into the TDC. The report had not been officially presented to the TDC.

The report dealt with many aspects of the TDC which included incentives and strategy.

On the matter concerning the sale of businesses at cost, the report said the TDC sympathised with the view adopted by politicians that businesses taken over from previous white owners should be transferred to Transkeian owners at cost as a means of resdistributing wealth.

However, the TDC felt this could only be justified under strictly applied conditions which included.

- It should be applicable only when the business is immediately transferred to the new owners — not where TDC has increased the value of the business while managing the business over a period through profits and improvements effected.

- It should be applicable only to businesses bought out by the South African Development Trust (SADT) and transferred to the Transkei government — it should not apply to houses or other buildings erected by TDC, nor to businesses established or aquired by the TDC.

- The allocation process needs to be well defined and strictly adhered to, to ensure that all applicants for SADT businesses are considered and that each business is allocated on merit.

The paper stated that the TDC should be able to realise it's assets at reasonable replacement values so these funds, generated from sales, could be used for further business development.

The commission heard that the TDC was the key institution in the selection of industrialists.

On the topic of incentives and their potential dangers, the commission heard that the TDC and the Transkei Industrial Board (TIB) were aware of the dangers of attracting short term investors under the incentive scheme.

For this reason safety measures had been adopted in assessing and monitoring industries which qualified for concessions which might help clamp down on the problems faced. The measures which sought to ensure that the industries attracted were viable and had a sound economic base included the following.

- The industry was expected to make profits before concessions within a reasonable period of time — normally by the third year of operation.

- The Industries which make a loss before concessions in their second and subsequent years must submit an explanation as to why tis has occurred and what steps were being taken to correct the situation. From the second year on, concessions will be witheld until satisfactory reports are forthcoming.

- TDC's industrial stategy be aimed at attracting industries which have a sound economic base

Motor trade revenue is up 30%

(30)
Ev Post 21/5/1987

Post Correspondent

JOHANNESBURG — Latest Central Statistical Services figures confirm the ongoing improvement in the overall motor trade, says the director of the National Association of Automobile Manufacturers (Naamsa), Mr Nico Vermeulen

The figures show that for the three months to april, trading revenue in motor vehicles and accessories increased by 30% to R4,596 billion, compared with the same three months in 1986.

However, trading revenue dropped by 3% in April compared with March, but increased by 21,7% compared with April last year

Mr Vermeulen said the statistics reflected the continuing all round improvement in the industry

He cautioned, however, that when inflation of about 17% was taken into account, the real increase in revenue was not nearly as dramatic

But he was confident the trading tempo would continue to increase this year

Armed debt agent strikes terror

Sowetan 21/5/87

30

A PREGNANT West Rand woman was recently allegedly terrorised and harassed by an armed tracing agent employed by a leading furniture store.

The agent and two other men allegedly raided the Kagiso home of Miss Elizabeth Zwane in the early hours of last Wednesday to repossess an expensive bedroom suite she had bought from the Krugersdorp branch of Bradlows Furnishers.

Miss Zwane, who lost her job in January after she fell pregnant, told CONSUMER CORNER that she was in arrears with her account.

She said she had made arrangements with the branch manager, Mr Brian Scannell, to pay later this month as she was expecting a cheque from the Unemployment Insurance Fund.

Tough

Miss Zwane said the agent, who is also employed by Bradlows as a debt collector, pounded at the doors of her home about 5am on Wednesday saying he was a policeman.

"After entering the house the well-built and tough-looking man told me he was from Bradlows and came to repossess the furniture I bought from them.

"When I tried to explain that it was contrary to my agreement with Mr Scannell, the man produced a firearm and threatened to shoot if I wasted his time

"I let him take the furniture away as I was so scared he'd shoot if I continued to argue with him," Miss Zwane said.

She said she also saw a huge dog on the back seat of his car.

R3 000

Miss Zwane said she had already paid the store R4 000. She owed them about R3 000.

Mr Scannell said Miss Zwane had made more than 20 promises to pay, but did not.

"She's R987 in arrears. She can't go on for months without paying. Nobody can tolerate that," Mr Scannell said.

He said the store hired an independent tracing agent and debt collector about a year ago when it became difficult for his employees to get into the township.

Mr Mike Fleming, director of Bradlows, said he would not tolerate such behaviour. He promised to take disciplinary measures to make sure that such incidents were not repeated.

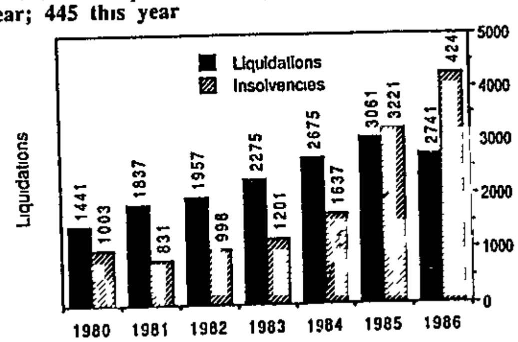
BUSINESS BAROMETER

(30)

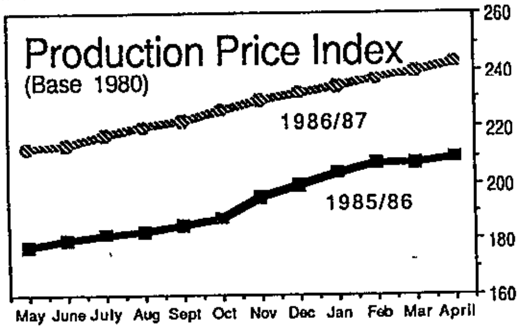
GENERAL INDICATORS

INSOLVENCIES

The number of companies and closed corporations placed under final liquidation during the three months February to April was 35 percent lower than in the same period last year: 685 companies last year; 445 this year



But the number of insolvent private individuals and partnerships during February to April this year *increased* by 4,5 percent on the same period last year: from 941 to 983.



INFLATION

The annual inflation rate as measured by the consumer price index (CPI) was 17,3 percent in May — up from the April figure of 16,2 percent.

Food prices rose steeply, increasing by 27 percent in the year to May. The annual increase in the production price index (PPI) to April was 15,9 percent, approximately the same as the March figure.

The PPI measures changes in wholesale prices whereas the CPI reflects retail prices.

BALANCE OF PAYMENTS

The current or trade account of the balance of payments continues to show a surplus — indicating that the level of exports is greater than that of imports.

Current account of balance of payments
Annualised seasonally adjusted figures
R millions

	1986					1987
	1st qr	2nd qr	3rd qr	4th qr	Year	1st qr
Merchandise exports	20 760	23 607	27 321	27 340	24 807	24 930
Net gold exports	14 854	15 768	18 370	17 884	16 719	17 680
Merchandise imports	−23 752	−24 619	−30 579	−23 638	−25 647	−26 180
Trade balance	11 862	14 958	15 112	21 586	15 879	16 430
Net service and transfer payments	−8 284	−9 380	−8 220	−8 668	−8 638	−9 000
Current account balance	3 578	5 578	6 892	12 918	7 241	7 430

Source: RESERVE BANK

WAGES AND SALARIES

Average monthly salaries and wages in manufacturing industry rose by 2,5 percent in real terms in the first four months of this year.

For black (African) employees, the increase was higher than the average at 6,3 percent. In money terms, average salaries and wages in manufacturing were R963 in January and R1028 in April.

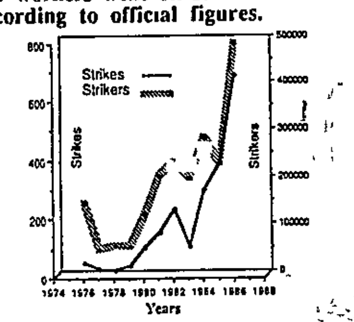
Black salaried and wage workers earned an average of R650 in April. In construction, the increase in real salaries and wages between January and April this year was 1,8 percent, with that for black employees 2,4 percent. Average wages, in money terms, for black workers in construction was R435

INDUSTRIAL RELATIONS

STRIKES

A record number of workers went on strike in South Africa last year, according to official figures.

The numbers of strikes and of strikers in 1986 were double those of the previous year. The average number of workers per strike last year was 535 — compared with figures of 114 in 1976 and 271 in 1981.



WEEKLY FINANCIAL RATES

Johannesburg Stock Exchange Indices

JSE Indexes	22/6/87	22/6/86	% CHANGE
All Market Index	2256	2326	—3,1
All Gold Index	1964	2077	—5,4
Industrial Index	1894	1897	—0,2

Short-term interest rates

	22/6/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,75%	8,75%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Gold Price

24/6/87	WEEK AGO	% CHANGE
442,4	447,8	—1,2

EXCHANGE RATES

Selling price: Major currencies against rand

	24/6/87	WEEK AGO	% CHANGE
US dollars	49,13	49,33	—0,4
Pounds Sterling	330,25	329,21	+0,3
Deutsche Mark	0,89	0,9	—1
Yen	71,15	71,58	—0,6
Swiss Franc	0,74	0,75	—1,3

Source: FIRST NATIONAL BANK

Effects of cutting GST spelled out

30

Warning by Assocom of a 13% CBT

BDay 19/11/87

GERALD PROSALENDIS
Financial Editor

COMPREHENSIVE business tax (CBT) would have to be implemented at a rate of 13% if GST was to be reduced to 4% as envisaged by the Margo commission, according to research by Assocom.

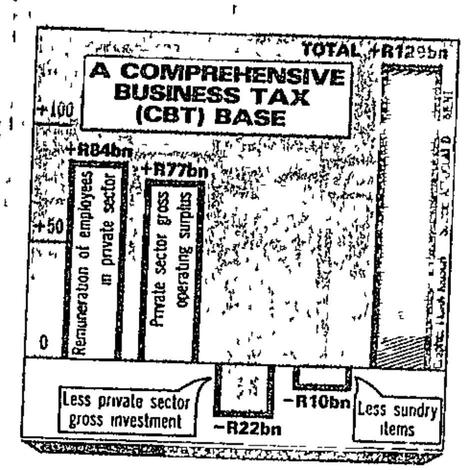
These figures emerge from an Assocom document, widely distributed this week to its members and chambers, which examines various combinations of rates of GST and CBT in order to prevent a net loss of revenue to the fiscus

The 13% projection is based on the assumption that exports be excluded from the CBT tax base, a distinct possibility. The net effect would be two taxes, one of 13% and one of 4%, in place of GST at 12%. If on the other hand exports are not excluded, CBT will fall to 8,5%, says Assocom

See Page 11

In subsequent discussions, certain members of the Margo commission have indicated their belief that GST should ultimately be abolished and replaced entirely by CBT. If this occurs Assocom estimates that CBT would run at about 16,5% with exports excluded and 11% if they are included

"If exports were excluded from CBT the rate would be 16% or more, which would be absolutely unacceptable; and it might be just as high if GST were retained but foods and inputs were exempted



"There would be pressure for the exclusion of small business — as occurred in Michigan where the tax had its genesis — and labour-intensive industries from CBT

"The country might well find itself with a CBT at 20% or more, which would spell intolerable damage to the economy.

"Rates of around 9% or 10% or even higher would exert a very marked upward influence upon prices and the cost structure," the document says.

This might be accentuated if CBT were to apply to exports, and exporters,

To Page 2

P.T.O.

E Post 26/1/87

SA group and ANC to attend business meeting

Post Correspondent

JOHANNESBURG — The director-general of the South African Foundation, Mr Kurt von Schirnding, says the foundation is to attend a meeting in London tomorrow between ANC leader Mr Oliver Tambo and international businessmen.

He said the foundation would be represented by its London director, Mr David Willers, at the meeting, which had been arranged by Business International, a multinational research and information company

The chairman of the British Industry Committee on South Africa, Sir Leslie Smith, will address about 70 business executives from the United States, Britain and Europe. All the companies represented have business links with South Africa

Items on the agenda include the goals and tactics of the ANC, sanctions, alternatives to disinvestment and possible future political and economic scenarios

Mr Von Schirnding, former South African Ambassador to the United Nations, said Mr Willers would present the "moderate, middle-of-the-road viewpoint" and he would stress that violence, carbombs and necklacings were unacceptable to moderate South Africans

He did not believe the foundation was "making waves" by talking to the ANC leader The Government had not reacted to the foundation's participation

The director of Business International's Southern African services, Mr Graham Hatton, said the aim of the conference was to help the executives of international companies gain a better understanding of the environment in which they operated.

Hugo: Don't wait for govt

Cape Times 27/5/87

Call for grass roots change

By AUDREY D'ANGELO
Financial Editor

BUSINESS must continue "to lobby with a loud voice for political change" — but that is not all it should do, the outgoing President of the Cape Town Chamber of Commerce, Peter Hugo, said yesterday.

He told members at the annual meeting: "We must act now and not wait for government Business needs to take the lead and encourage a grass roots groundswell of change within its immediate sphere of influence, on the shop floor, in boardrooms, at work stations and in the market place"

Disclosing that the chamber was "seeking to set up an organization where businesses can pool their resources and expertise to develop social action programmes in this region", Hugo said sanctions against SA had "boomeranged in that they have undermined the government's reform programme while giving fresh impetus to the politics of the right wing.

"Another serious consequence has been the withdrawal of foreign companies from this country.

"This not only deprives the economy of key growth generators but also seriously depletes the resources available for educational and socio-economic upgrading programmes

"These programmes reflect the social commitment of the business community and represent an essential element of the free enterprise system in a mixed economy with a rich diversity of interest groups

"The wider business community, not just the multinationals and large corporations, must respond to this challenge."

Discussing the economy, Hugo said the growth of the bureaucracy had been one of the most disturbing features this year.

"According to the Commission for Administration statistics there were over a million persons on the State payroll last year — up by more than 50 000 from 1985.

"The sheer size of this bureaucracy is worrying when measured against the dwindling pool of skills that is available to drive the economic growth that really only the private sector can provide."

Calling for cost-benefit analysis to be applied so that taxpayers would receive value for their money, Hugo said this was being done all over the world.

"In SA the burgeoning public service and its accompanying crippling tax burden cries out for greater efficiency and accountability in public spending.

Retiring president Peter Hugo, left, fastens the chain of office around the neck of the new president, Michael Boyes
Picture OBED ZILWA

"Few would question the need for more trained teachers, more schools to improve black education, more police to counter the rampant crime problem or for money to be spent on employment and training programmes to cope with our massive unemployment problem."

But Hugo questioned the need for a new black teacher training college in the Peninsula when training facilities for whites were under-utilized, for 14 departments of education when one would do and for "the full staff structures of Provincial Administrations and Divisional Councils to be absorbed into other departments and bodies".

John Orr cashes in

MERVYN HARRIS

THE John Orr group is poised to enter an interesting stage in its 101-year history, after its revamp into a well-diversified retail organisation.

Now controlling shareholders — the Board of Executors and joint MDs Laurie Chiappini and Stewart Cohen — have transformed the group from being heavily dependent on department stores for generating profits to a spread of business across the retail spectrum, with strong speciality and discount store divisions

The change is in line with world retail trends as the MDs point out in a detailed annual report designed to give shareholders a new perspective on the group and its future direction

The result of the significant change in the composition of the group is that departmental stores — John Orr's consists of four stores — now contribute less than 30% of sales and less than 20% of earnings. (See graph).

Miladys with its 113 stores is now a national womenswear speciality chain, while The Hub, a regionally concentrated discount department store chain in Natal, sells large volumes of bulk purchased merchandise

With Mr Price and Footgear, the group is experimenting with exciting cash concepts in clothing and footwear, the MDs say.

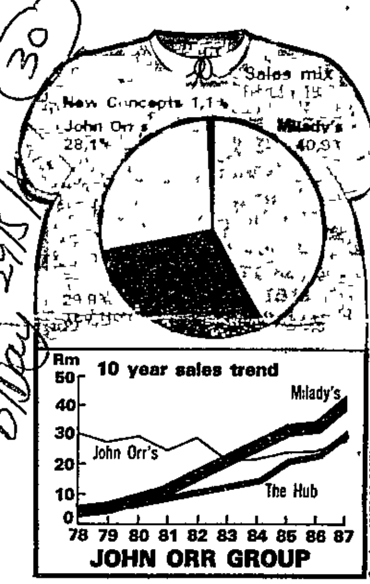
They say the company's decentralised structure — each division has its own MD and board and the group head office is thus small — encourages an innovative and entrepreneurial style

They say "This enables us to react more rapidly than our larger, more structured competitors to the rapidly changing retail market place by introducing creative operating strategies and new store concepts on an ongoing basis."

Chairman N Labuschagne says trading during the first few months of the new financial year to February 1988 has been good and he looks forward to another year of increased profitability

Last year's 32% earnings-a-share rise to 56c (42,4c) means that earnings are now approaching the 1983-84 level, when they were above 60c

John Orr shares have shot up from 300c in December to 640c this week. This places them on an historic dividend yield of 3,7%.



support — about 15% of the electorate — could be classified as a potential accretion to the Afrikaner Right If we set current support of the Right at 30% of the whole, then — at least under political conditions favouring the Right — Treurnicht could command some 45% It is assumed, of course, that the Right by then would be unified under Treurnicht's leadership

Among the optimists, however, we must align Dirk Laurie, Professor of Mathematics at Potchefstroom University He argues that the Conservatives have made little or no gain in terms of popular vote since 1982 — that they have effectively mobilised their full constituency of farming and blue-collar support According to Laurie, the most the CP could

President Botha . . . another Smuts?

hope for under the existing delimitation would be a total 60 of seats in the next Assembly He does not allow Treurnicht much support outside the Transvaal

Prudence suggests weighing our judgment towards the worst case The whole history of modern SA argues for the stubborn persistence among Afrikaners of conservative opinions on ethnic issues

New delimitation

We must also assume that present constituency divisions will by 1989 have been superseded by the results of a delimitation to be held soon But it must not be thought that a redelimitation under existing rules would favour the Nationalists — some of the seats to disappear would be Cape and OFS seats where NP prospects would be better than in additional blue-collar seats to be established within an enlarged level of representation for the Transvaal as a whole

Some estimates indicate that Treurnicht could win another 50 seats under the existing delimitation The problem is no longer so much the unloading of rural seats after approximately equal representation has been re-established between the provinces, as the effects of heaping up middle- and upper-class support in pockets in the main metropolitan regions At the same time, conservative voters are spread around the country

This distributional effect of a single-member system is important Take one example the UK There, the Labour Party has in the past, and could again, gain power on a minority of the popular vote

The only way to avoid this is some element of proportional representation (PR) There are many hybrid systems which would not reflect the impersonality of the pure "party list" arrangement used in many parts of the world West Germany, for example, uses a mix of single member seats and the party list

The *FM* urges government, before it appoints the next delimitation commission, to give careful consideration to modifying the present single-member system

Vote share

One objection would be that the NP is now the major beneficiary of the distributional effect, since it enjoys the largest popular vote If the latest election had been held under a pure PR system, the governing party's representation would have been much reduced (in line with the popular vote), almost to a point where it could only govern with the assistance of one other grouping in the Assembly

The rejoinder must be that it would be sound politics to reform the system now before a shift in the popular vote produces the reverse result

For the more remote future, it could be timely to move away from a "winner takes all" system towards a coalitional type of government more capable of reflecting shades of opinion in our diverse population When all is said and done a modified PR system would echo the consensual elements in the tricameral arrangement

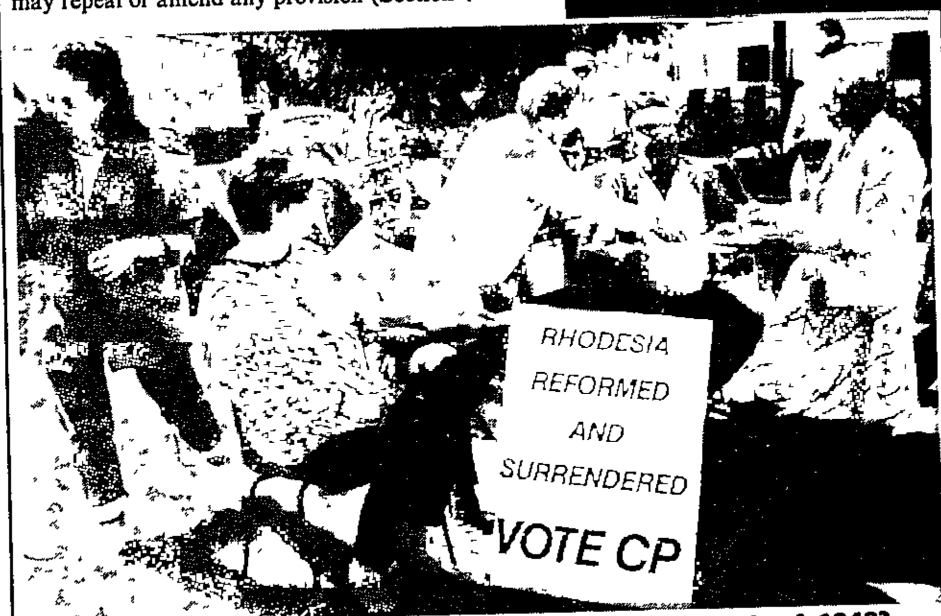
What of the technical issue of amending the Constitution, either to extend the life of the white Assembly, or to introduce other electoral changes?

In terms of the current Constitution (embodied in Act No 110 of 1983) "parliament" may repeal or amend any provision (Section 99) — with a special two-thirds majority needed for a change to language rights

If a Bill to extend the life of the Assembly beyond 1989 or to amend the method of parliamentary representation were to be passed by the Assembly, but then rejected by one or both of the other two houses, it would be referred (under Section 32) to the President's Council, which has the authority to override the rejection

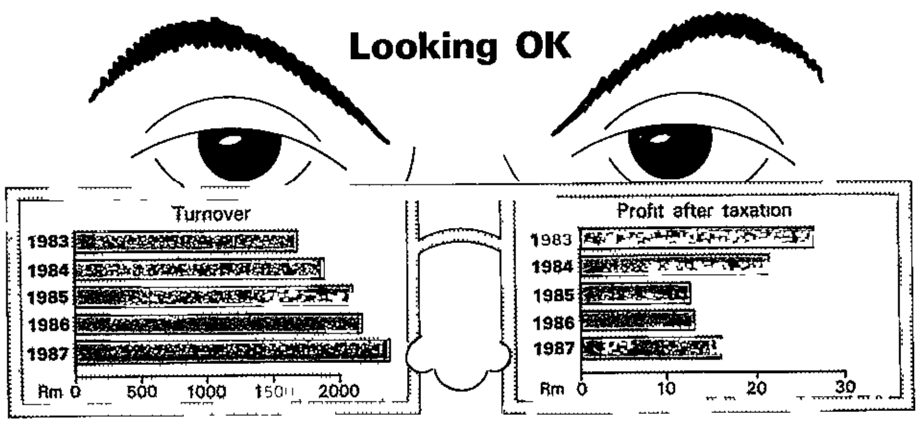
Given the influence of the State President on the composition of the President's Council, it hardly seems that a Bill passed by the Assembly would fail to find approval within the same session of parliament — as needed

It is probable too that a Bill to prevent the Right from gaining power on a minority white base would attract strong support both in the coloured and Indian houses So constitutional technicalities should not be seen as a major obstacle ■



C P table, Treurnicht (above) . . . repeating the triumph of 1948?

(30)



year to end-March to report earnings of R15,1m This was 22,5% up on the previous year, and was achieved despite a serious strike late in the year

That OK is growing off a low base is undeniable In its hey-day in 1982, it reported attributable profits of R32,9m, double last year's figure — achieved on half the turnover At trading level, the group has never achieved profit margins that matched the leading retailing chains, although comparisons are clouded by the OK's unique product mix, which ranges from foods through clothing to big ticket durables

The chain bears only a passing resemblance to either Checkers or Pick 'n Pay, both of which specialise in foods In the markets that OK serves, margins are much higher but demand is cyclical Unlike the other two, OK strives to improve sales mix as much as sales volume, and last year only a small shift in its sales mix towards durables was needed to send profits spiralling Not only advertising, but a general improvement in consumer demand, is helping OK to sell its high-margin lines

Consumer recovery

But food still accounts for over 60% of turnover, compared with 55% in the early Eighties "If we could return to the ratios of the early Eighties," notes MD Gordon Hood, "we could virtually double our profits " This would imply OK keeping its food sales growing at a reasonable rate, while its other products ride strongly on a consumer recovery

This interplay between the group's food and other departments is an important part of OK's trading philosophy, as reflected in the unusual floor lay-out The food department is situated at the back of the store, where it is intended to draw shoppers past the high-margin departments on their way through Whether consciously or subliminally, shoppers on their way to the food counter cannot miss seeing the specials available in different parts of the store Rising food sales therefore tend to spin off into other departments as well — or so the theory goes

This is one reason Hood couldn't afford to fall behind in the battle for food sales, and is partly the reason for OK's aggressive TV campaign last year But OK, for all its power and presence, cannot be called a highly productive chain, when conventional measures of productivity are used Even in its best trading year — 1982 — its operating margin was only 4,8%, not much more than Pick 'n Pay achieved by selling a much higher proportion of low-margin foodstuff

Successive MDs, ranging from Cyril Atkinson in the early Seventies through Meyer Kahn to the present Gordon Hood, have applied themselves to improving the group's productive use of assets — and all succeeded to some extent But what none of these managers could change was the unique, and some would say outdated, trading format they inherited

OK was born in the early Twenties from the marriage of two great trading formats, the "bazaar" and the department store Its founders were Michael Miller, a Lithuanian-born travelling salesman, and Sam Cohen, a professional musician, though by his own admission a poor one

The two men started a wholesale operation in Bloemfontein, supplying country stores During a buying trip to England they struck on the idea of setting up a "bazaar," a concept then flourishing in England The idea of a bazaar was that it bought cheaply in bulk directly from suppliers, avoiding the wholesaler — at that time a traditional middle-man Sales were made only for cash, enabling the bazaars to trim overheads inherent in credit control This was reflected in their unbeatable prices

The first OK Bazaars opened in Johannesburg's Eloff Street in 1927 It was a roaring success, and remained so right through the Depression. The store was targeted at a mass market ranging from middle to lower income groups, and branches were located in downtown sites, often close to commuter points where they could feed on the daily ebb and flow of blue-collar consumers

As the group expanded, it started adding specialist departments, and so was transformed slowly into a fully fledged department store The department structure was itself a great concept that had originated in the cold countries of Europe at the turn of the century In these countries, it was a boon to shoppers to be able to buy all their requirements under one roof, instead of having to scurry from one shop to another in the cold.

Specialist stores

The concept became somewhat outdated after World War 2, when shopping malls emerged By providing a number of specialist stores under cover, the malls served the same purpose as the department store But because each store in a mall is a specialist, its level of service and expertise was usually better than that offered by a departmental store selling similar products John Orr, among others, represents the rapid post-war contraction of department stores in SA. More than most, OK continues to use the format quite successfully

When SA Breweries gained control of OK for R136m in 1973, however, the chain had over-expanded and was unproductive Its profits had stagnated, and it was struggling to find an answer to its young and more vibrant competitors like Pick 'n Pay, Checkers, Russells and Rave Atkinson, a chartered accountant, had been brought in to put the group on a road to consolidation and margin management

The group launched its hyperamas — large stores which concentrated on durable and appliance lines, targeted at the middle-to-upper income groups to whom OK

OK MD Hood . . . something to smile about

CAR SALES (30) FM

The growth goes on

19/6/87

The gloom in the motor industry seems to be dissipating Moreover, those foreign companies which remain, seem satisfied with the contribution of their South African subsidiaries.

The three German-based car companies — Mercedes-Benz, VW and BMW — together increased their market share in the first quarter from 34,6% to 37,6% over last year. In April their market share shot up to 40,1% Total quarterly "German" sales also increased by 34,6% over 1986 — from 14 449 to 19 452.

April car sales certainly give grounds for optimism Although they declined by 3,7% on March, dealers say this was because April was a short selling month. On a daily basis sales were up by about 8%.

Compared with April last year, both cars and heavier vehicles made solid gains — car sales went up 14,2%, while light commercials increased by 29,6%

"We are out of the valley in which we were stuck for 18 months between early 1985 and late 1986," says Sepp van Hullen, new MD of Mercedes-Benz of SA (MBSA)

"Our parent Daimler-Benz is now satisfied with our contribution to the profitability of the group, although it will take some time to recover our losses," he adds

VW finance director Adam Bage agrees. "It's a relief to see black figures again We are now contributing to the group's bottom line, but profits aren't what they should be, given the investment that's been made "

BMW MD Walter Hasselkus says the local company came out of the red last October, and is now making a small profit Market share for the first quarter of the year rose to 8,23%, compared with 7,52% for the whole of 1986

MBSA's total production for the year is targeted at 21 000 passenger cars (11 500 Hondas and 9 500 Mercedes) as well as 3 000 commercial vehicles But indications are that this will not meet demand In April alone MBSA sold 1 865 cars (including 1 002 Mercedes) as well as 266 commercial vehicles.

Last year they sold 19 468 cars (10 042 Hondas and 9 398 Mercedes) and 2 825 commercial vehicles, but the new Honda 160 series is expected to push Honda sales along.

VW is aiming to keep its 20% market share, which could mean sales of 40 000 cars — if the optimists are right — compared with 30 314 last year First quarter sales of 9 122 were already 30,6% up on 1986

VW's April market share of 21,1% and sales of 3 427 shows it's well on target.

Although Toyota regained its position as the top-selling manufacturer last month, the Golf-Jetta outsold the Corolla with 2 961 sales compared with 2 563.

Other Japanese manufacturers were looking distinctly lacklustre. Nissan was at the bottom of the pile with 1 078 units and a 6,6% market share, while a disappointing 1 157 Mazda units (a fall of 25,5% from March) led to a fall for Samcor from top position to number three spot

Nevertheless, Nissan can look forward to boosted sales with its new Skyline range — recently introduced this month — expected to sell 800

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen says — barring any deterioration of the rand and taking note of government's commitment to revitalise the economy — new car and commercial vehicle sales could strengthen in unit terms by 8%-12% in 1987 compared with 1986, to a grand total of somewhere between 190 000 and 196 000 units overall. ■

Motor trade heads for 18% sales lift

3/5/87

8/1

By Don Robertson

(30)

THE motor trade is expected to generate income of R18,2-billion this year — up 18% on the R15,4-billion in 1986.

In a review of the industry for 1986 Econometrix forecasts that sales of new vehicles will rise by 19,9% to R5,9-billion from R4,9-billion last year to provide 34,6% of revenue. Sales of used cars will rise by a similar percentage to R3,6-billion from R3-billion and will represent 17,8% of sales.

The biggest increase will be from workshop revenue, which is expected to rise by 23% to R2-billion from R1,6-billion. Revenue from this source is directly related to new-car sales which are expected to be about 195 000 this year.

Spares and accessories business is expected to grow this year. Sales are forecast at R3,5-billion — up 17,9% on the R2,9-billion in 1986, which was 26,8% higher than the R2,3-billion in 1985.

This sector has benefited from the postponement of new-car purchases in the past two years during which prices rose by 38% in 1986 and 23% in the previous year.

The balance will be made up of "other" sales of R3,2-billion in 1987 compared with R2,9-billion. These figures mainly represent forecourt sales.

SBDC expands business field

10/5/87 CityPress (30)

A MAJOR step to bring black businessmen into contact with corporate and company business for them to find and exploit markets for their products has been taken by the Small Business Development Corporation

It is known as Contactmaker

Contactmaker is a marketing idea which brings these two sides of business together into an arrangement that suits both, and is helping to make black business enterprises profitable

Contactmaker is regarded as a "yellow pages" of black business It lists the products and services provided by black businessmen and where they are to be found in a catalogue

The idea evolved from the need, which an SBDC spokesman explained as being

"Many companies would like to do business with black businesses, but they don't know how or where to find them

"On the other hand, many black businesses are finding it extremely difficult to penetrate white businesses, due mainly to lack of market exposure Many black entrepreneurs often find themselves operating on the fringes of the developed business world, yet finding that a firm foothold in the big business environment is often vital to their growth and development

"Large businesses tend to be rather conservative and deal, on the whole with other large businesses, because they operate within a similar structure and environment and are often ignorant of the services and products offered by small businesses

"Many small entrepreneurs, both black and white, have penetrated the corporate structure and through innovative marketing techniques, have become suppliers to large companies

"However, marketing their products is one of the major stumbling blocks to expansion, and marketing support is what Contactmaker is all about

"The first issue of the Contactmaker Catalogue late last year was a trial run, with the tremendous demand we are convinced that we are on the right track

The cost of the the Contactmaker Catalogue is shared by the SBDC and private businessmen who serve on a taskforce aimed at developing the program even futher

Heading the program is the multi–racial 12 member committee chaired by Joe Malapela Malapela said ." Most small black businessmen have good ideas, but are never given the opportunity to prove themselves Contactmaker helps them get in touch with the right people"

The Contactmaker Catalogue will be supplemented, revised and published regularly until it forms a comprehensive "yellow pages for black business"

Companies may become members of the Contactmaker Program for an annual subscription fee of R70 Members not ony receive the catalogue, but also notification of forthcoming Contactmaker network events

Similar working groups have flourished in the United States, providing black entrepreneurs with the opportunity to meet and establish mutally advantageous business relationships

In the USA these programmes have proved to be one of the most succesful methods of integrating black business with the mainstream of business activities The Contactmaker network activities aim to bring black and white business people face to face, in order to futher their entrepreneurial goals ' Dr Ben Vosloo managing director of the SBDC said " We believe this concept will contribte considerably towards the development of a more favourable business environment in South Africa We hope that the white business sector will suport this publication and participate in the program because it enables these small businessmen to take the first step on the entrepreneurial ladder Our country needs more such programs to bridge the gap that exists between black and white businesses

" Contactmaker Catalogue is not a charity publication, and these businesses are merly examples of thousands all over South Africa who should be part of the main stream of the South African business world These businesses don't ask for sympathy or charity, but for business At the SBDC we are convinced that there should be no reason why black businesses cannot compete for business in the so called white market All we require is that they be given sufficient opportunity to do so,"he added

The Contactmaker can be ordered from the SBDC Contactmaker Catalogue, PO Box 7780, Johanesburg 2 000

The Contactmaker Catalogue has its own success stories This is the story of Francis Magam, who started Woolcraft Knitwear in his backyard with a borroed knitting machine in 1981

In 1983 his business had expanded and he was forced to move to Dobsonville Industrial Park where he increased his operating machines to ten

Recently, through Contactmaker he received orders to the value of R500 000 rand

His staff complement has risen from 6 to 15 and his assets grew from R2 000 to over R60 000

Like Francis Magam, more and more black entrepreneurs have managed to get a foot in the corporate door, through Contactmaker

30

Black businessmen 'not capitalists'

THEO RAWANA

BLACK businessmen were not capitalists but only distributers of goods from the white sector, National African Federated Chamber of Commerce (Nafcoc) president Sam Motsuenyane said yesterday.

Opening the 7th AGM of the Southern Transvaal Chamber of Commerce in Johannesburg, Motsuenyane said history had shown constant attempts to keep blacks out of the economic mainstream.

Paternalistic

Chamber president W McBain-Charles said freedom was not only acquiring offices in the city, but working towards a meaningful economy.

Saying SA boasted great mineral resources, soaring gold prices and a high standard of living he asked: "Why do we need 'hunger' programmes with voluntary helpers feeding the multitudes? It is help that can be withdrawn any time depending on the intensity of opposition to this paternalistic hand-out which only addresses the effect and ignores the cause

"Racial laws and traditions and deprivation of capital have a major impact on the lull in meaningful development, hindering the mobility of African commerce. State control or interest in key industries is cause for concern within a so-called free enterprise system."

Urbania Mothopeng, wife of jailed Pan Africanist Congress (PAC) president Zeph Mothopeng, warned businessmen against a "liberalised" white card game they could never hope to win.

"The place of the black businessman is with blacks He must not accept 30 pieces of silver," she said.

(30) Evening Post 20/5/87

We'll speak out, say businessmen

By DENISE BOUTALL

ORGANISED commerce and industry in Port Elizabeth today reaffirmed their commitment to comment on any issues that affect business and their determination not to ignore the wider needs of the community

They were responding to statements made yesterday by the State President, Mr P W Botha, in which he called on business to confine its actvities to business matters

The director of the Chamber of Industries, Mr Brian Matthew, said the MCI's stand was that it attended to all matters that affected the business of its members

"We will comment and make representations on any matter that impinges on business be it local government, the economy, tax or politics It is our duty and responsibility to convey our views to government."

He pointed out that the Government had made a point of talking directly to business at the Carlton and Good Hope conferences

Business and the Government needed one another, he said, and it was the business sector that had carried the country through the debt crisis

Mr Matthew said that the businessmen who held talks with members of the ANC in Lusaka had done so in their individual capacities

The director of the Port Elizabeth Chamber of Commerce, Mr Tony Gilson, said that while the chamber accepted that its primary duty was to promote the interests of business and free enterprise in general and to serve its members, "we cannot ignore the needs of the community at large"

This had been acknowledged by various Government Ministers in discussions about largely political issues with the chamber over the last two years

"Every Minister we had discussions with welcomed the fact that the chamber was getting involved in the community and no one suggested that we stop doing what we were doing"

"We accept that the chamber cannot dabble in politics However, where there are obvious grievances in the community we must convey them to the authorities"

Some of the issues raised by a joint delegation of the Port Elizabeth, Uitenhage and Grahamstown chambers of commerce at a meeting with the then Minister of Co-operation and Development, Dr Gerrit Viljoen, in April 1985 at the height of the unrest was the inferior education of Africans, property ownership for Africans and increases in service charges

(30)

Sowetan 20/5/87

Black traders under fire

By LANGA SKOSANA

VERY few black businessmen gave donations towards the welfare of the black aged, the annual meeting of the Soweto Care for the Aged was told at the weekend.

The Reverend Tom Mbabane, chairman of the association, criticised most black businessmen and said almost all the money that his body received came from white organisations

"What is the use of shouting that capitalism is evil when our black businessmen don't want to help their own black people. This is a disgrace", he said

He said his association would again make appeals to black businessmen for help in the financing of the new old age home

A name for the new home was adopted at the meeting It is to be officially known at "The Soweto Home for The Aged"

An appeal was made to anyone to contribute a foundation stone for the building

According to Mr Mbabane, the new home will be completed in the first half of next year

SBDC talks could lead to interest in clothing factory

Evening Post 20/5/87 (30)

Post Reporter

PARTIAL take-over of a large clothing factory in Middelburg by the Small Business Development Corporation (SBDC) is under discussion.

Following the recent relocation of some of the plant's operations from the Karoo town back to Port Elizabeth, Valley Textiles was considering leasing a portion of the factory to the SBDC, the company's regional manager, Mr Trevor Trow said yesterday.

"It's a huge factory, mostly spinning but part of it is now unoccupied. We are having discussions with the SBDC," he said.

He added that because the SBDC had yet to see the 8 000 square metres factory, he did not wish to commit himself any further.

A spokesman for the SBDC, however, said they would be going to Middelburg next week to inspect the factory and to undertake a feasibility study.

If the go-ahead is given, jobs for some 300 to 400 might be found, he said.

"We were approached some time ago to see if would start a project to employ a number of people there," he said. He added that assistance would be given on the marketing side.

"We are trying to start a project and would employ some of the skills that already exist there".

Business can play a role, says Steyn

CAPE TOWN — As the "unstoppable and inevitable" processes of change regained momentum in South Africa the business community, with its links on both sides of the country's political divide, would be better able than ever before to act as a catalyst for change, Mr Jan Steyn, executive chairman of the Urban Foundation, said yesterday

Addressing the Public Relations Institute of South Africa on the topic "Can the Private Sector Bring About Social Change?" he said the subject was more challenging now than it would have been before May 6 because many of those who had faith in a common future saw the election result as a setback for the ideals the State President Mr P W Botha, set for South Africa when he opened Parliament last year

Mr Steyn said that because of the country's racially divided society there was little understanding of the aspirations, frustrations and feelings of rejection that had become established among leadership groups in those communities

Many young people were more uncertain today about the country's future than at any time since Sharpeville in 1960 The rapid rise in their emigration was assuming alarming, proportions

"Despite the enormous polarisation that has occurred recently among black people a majority, despite their frustration and anger, still evidence goodwill and, despite the vitriolic rhetoric of some of their leaders, are willing to support reasonable, but real compromises

Therein lies the hope for the future Sapa

(30) STAR 20/5/87

Traders' demands

THE South African Government has been challenged by businessmen to give freehold rights to blacks and to scrap the Group Areas Act.

The challenges formed part of the resolutions taken during the annual conference of the Vaal Triangle African Federated Chamber of Commerce held in Vereeniging.

The businessmen said the question of land ownership was vital to them because it offered them security and right to trade anywhere they wished.

They urged the Government to abolish all discriminatory laws, including the Group Areas Act so that black traders could compete favourably with their white counterparts.

The president of the Vaal Chamber of Commerce and Industry, Mr M S Weitzmann said the town council of Vanderbijlpark had resolved to open their central business district for multiracial trade, while the town council of Vereeniging had opened a portion of the central trading area.

He said the Town Council of Sasolburg had restricted black trading in their central trading area.

He stressed that while the white municipalities have made a start to open their areas, the Lekoa Town Council has not made any effort towards normalisation of black-white relationships.

30 Sowetan 19/5/87

Dramatic increase in building plans

30 E POST 19/5/87

Municipal Reporter

A DRAMATIC increase in the value of building plans approved in Port Elizabeth this year has shown there is a definite spirit of optimism, the City Engineer, Mr Arthur Clayton, told a municipal engineer's congress today

He was addressing the Institution of Municipal Engineers of South Africa in the city

"I like to feel that the activities of the City Engineer's Department contributed to this revival," Mr Clayton said, setting out some of the department's activities and developments which were innovative

He dwelt first on the light rail transit system, pointing out that the coloured residential area of Booysen Park was 20km from the major employment areas and that Motherwell would house 250 000 people 16km from major employment areas

Passenger volumes were now in excess of those that could be accommodated by bus transport

Port Elizabeth had to decide whether to construct roads at an increasing rate or to opt for provision of a mass transit system

A financial analysis was well advanced and it appeared that the system would operate free of a subsidy after about 10 years.

Mr Clayton said another project to ease the lot of the road user was the urban traffic control system which would measure the pattern of traffic and change traffic signal timings to match the developing situation

The Port Elizabeth system will be the first in the world to monitor specific vehicles attached with identification transponders, in this way bus schedules could be checked

The department had also developed a method of building on heaving clays, he said

The most exciting project was the Mossel Bay gas scheme and he pointed out that council officials, the Midland Chamber of Industries and a local business consultant had compiled a joint study to promote the city's case as major fabrication centre

Commerce expects business to improve – trade survey finds

Post Reporter

WHOLESALERS, retailers and the motor industry enjoyed "lively trade" in the first quarter of 1987 and expected "equally good times" in the second quarter, according the Bureau for Economic Research at Stellenbosch University

However, white consumers' confidence remained fragile and that of blacks at a low level, according to the BER's latest survey of trade and commerce which was released today

Wholesalers reported that conditions were improving but expect a sharp improvement only in the third and fourth quarters

"The majority reported conditions to be better than a year ago, but nevertheless found them unsatisfactory"

In the retail sector the bureau found conditions much better than a year ago

Similar conditions prevailed in the motor trade It was expected that the demand for used cars would taper off in favour of new cars

The BER is also predicting a reversal of consumers' fortunes after two years of deterioration — part of a trend that started in 1980 This year real disposable income is expected to increase by 2,8%, compared with the drop of 4,1% in 1986

"The ability of the white consumer, in particular, to spend money has undoubtedly improved during the past few months, especially in view of the relatively cheap and readily available credit"

named Danie and Joe

"I have been without a wife for 10 weeks now and I am really getting tired," he said

"If all goes well with her, she will be able to come home this weekend and the babies will follow in about a month's time"

Mr Terblanche said he had seen his babies "about a hundred times" through the glass of the incubator

"They really look nice and all appear to be very healthy"

Asked how his nearly three-year-old son, De Jay, felt about the prospect of being joined by five siblings, he said "He seemed quite excited, especially after he had a glimpse of them

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Anderson charged with FCI's survival

18/3/87 (30)

THE APPOINTMENT of 62-year-old Steve Anderson as executive director of the Federated Chamber of Industries (FCI) offers the national body the chance to draw breath following its recent upheavals.

By Anderson's own admission, his appointment signals a change in priorities for the FCI.

While it will continue to involve itself in broad socio-political issues, greater emphasis will laid on bread-and-butter industrial issues and — more important — on the FCI's own survival

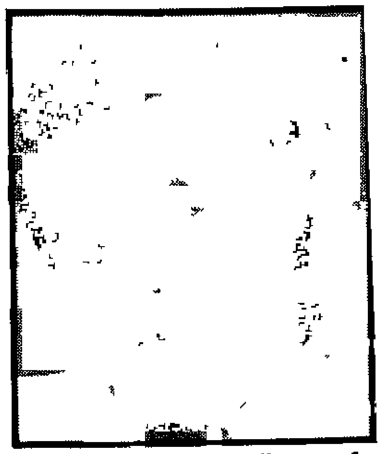
The differences between Anderson and the man he replaces are obvious.

Johan van Zyl, the academic and former university professor, gives way to a former AECI executive director with years of experience in management and industrial relations

Fourteen years an AECI executive director before his retirement in 1984, Anderson has spent the past three years involving himself in education and his family farm in northern Natal

DAVID FURLONGER/Industrial Editor

☐ ANDERSON ... "FCI here to serve its members' needs"



☐ VAN ZYL ... "indicator of the shift in priorities"

'Management skills'

Chairman of the Institute for Industrial relations, he is a member of the Wits University Council, a governor/trustee of the Wits University Foundation and board chairman of Science Education Project.

"My background is one of management skills," says Anderson. "That is what I have been appointed to the FCI for."

Some would argue that is exactly what the FCI needs right now.

Through its Business Charter, overseas lobbying and other efforts to hasten the reform process, it has not been shy to join the movement by business into the socio-political field

Unfortunately, it did so at its own expense, neglecting issues closer to home.

A report early this year by a firm of management consultants found the FCI and chamber movement to be in financial and organisational disarray, out of touch with its members and to have lost the confidence of business leaders

Van Zyl, after nearly eight years in the job, announced his resignation as executive director before the report was prepared

He says the appointment of Anderson, with his history of management, is evidence of the FCI coming to grips with its problems

"It's an indicator of the shift in priorities," says Van Zyl. "The whole movement is under pressure and priorities must be management concerns and getting back on its feet The keyword at the moment is viability. We must get our house in order. Inevitably, the movement must look more inward"

According to Anderson, his appointment is "a recognition that the federation is here to serve its members' needs".

But once the breathing space is over, what then? Anderson describes his appointment as "an open-ended arrangement". At 62, however, he admits his may not be a long tenure.

Most observers agree his time will be used to decide finally the FCI's long-term future — whether it should exist as a separate body, or merge, either with Assocom or the Steel and Engineering Industries Federation (Seifsa).

Strong body

Anderson is in no doubt that, while opportunities for co-operation exist, there remains a need for a strong industrial body Early indications are that the executive council and management board feel the same way

Following informal talks between FCI president Hugo Snyckers and Assocom opposite number Harold Groom some weeks ago, and an assurance there would be regular contact, Assocom sources say no further meetings have been held

Snyckers says future talks will be held in the context of normal contacts, but mergers will not be discussed

However, he says Anderson's appointment and latest policy decisions do not signal a moving-away from any merger

"How can we be moving away? We never sought a merger in the first place."

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Skin lighteners to go, says Checkers

CHECKERS has decided to remove skin lighteners from its shelves within 60 days unless positive action is taken by the health authorities and manufacturers of skin lighteners to ensure consumer safety

This follows several months of negotiations with medical experts, consumer groups manufacturers and the health authorities

As a result, Checkers, two months ago, requested manufacturers to embark on a massive safety program, warning consumers that skin lighteners could cause permanent disfiguration if used in excess

Checkers also requested that meaningful warnings be prominently and simply stated on packaging in all major local languages, and that a danger symbol be used to alert illiterate people

"We have taken a responsible stand by listening to all sides in this matter and it is upsetting to see that there has been a dragging of heels on the part of the industry and the health department," said Clive Weil, MD of Checkers

The only progress to date has come from consumer groups

The Consumer Union has now called on all retailers to remove skin lighteners from their shelves while the industry gets its house in order

"However, we understand that there may be draft legislation in the pipe-line But should there be no positive action or argument to persuade us otherwise, from industry sources or health authorities within 60 days, we will be obliged to remove these products from our shelves," said Weil

Meanwhile, Checkers is preparing its own warning signs in Zulu, Sotho, English and Afrikaans which state

"Warning current research suggests skin lighteners could damage your skin permanently "

The signs will go up on shelves within the next two weeks

Wood has potential in the building industry

GREAT interest has been expressed in the country's first ever in-depth symposium on the role of timber in housing.

The symposium will be hosted by the Southern African Lumber Millers' Association and the Engineers' Association of South Africa on June 9 and 10 at the CSIR Conference Centre in Pretoria.

The official opening will be conducted by Joe Taylor, managing director of the National Housing Trust, and all subjects related to timber-frame housing will be covered.

First, a review of construction and building in timber will be given, including a review of timber housing in South Africa and how the housing crisis in the country can be solved.

A panel discussion with representatives from various fields, including the South African Bureau of Standards, local authorities, the Association of Building Societies, the CSIR and National Timber Research Institute will take place.

CP 17/5/87

BUSINESSMAN OF THE WEEK

Getting on top against all odds

w/c-Press 16/5/87 30

By DEREK TOMMEY

THAMSANQA "Kwa-Mzala" Mamfanya has much to be proud about

He has built up a number of profitable enterprises — in spite of operating in a climate that for many years was basically hostile to black business

He has thrived and prospered, becoming chairman of Enoya Limited, the first black public company to operate a supermarket in Guguletu

But life is not particularly easy at the moment for Mr Mamfanya , he admitted this week The Enoya supermarket, which was founded in 1983, needs more capital, and he is finding this extremely difficult to obtain

"SOLICITING"

"We are soliciting for help But it is difficult with us black businessmen because you have to start from scratch You have nothing, no loans

"We managed to get to get one loan from SBDC but it has turned down a request for a second one"

Mr Mamfanya said another problem facing the supermarket was obtaining trained black staff "Cape Town has always been a Coloured preference area and there are as yet few trained black supermarket managers in the area."

The Enoya supermarket also faces tough competition, he continued Guguletu was ringed by competing supermarkets, he said

He is rather bitter about this competition His white counterparts were not being sincere when they claimed they wanted to uplift the black man, he remarked

"All they want to do to syphon off whatever money there is from the townships"

Mr Mamfanya was born in Burgersdorp in the north-eastern Cape 58 years ago

"I started my business career at very low scale, selling envelopes, writing pads, pens and pencils," he recalls

His first attempt to expand failed, partly because he ran up against the "system", leading to substantial losses

"In 1953 I and some friends formed a private company to sell stationery It had its office in Caledon Street, Cape Town But we could not operate there because we were forced out of the premises by the Group Areas Act

Thamsanqa Simon Mamfanya . . . moving force.

"We decided to open an office at Queenstown instead One of our number was made a director and general manager to look after the business there.

"We gave him a free hand, and he used it to squander everything there was That was the end of the company"

His next step was to start a carpentry business, making boxes, which led in 1956 to him becoming a partner in an undertaking businness.

"That business went well," he said But he subsequently sold his share and used the proceeds to open a book shop in Guguletu

"I supplied all the African schools with stationery and books But in the late 1970s there was talk of the Government supplying free books and I thought this was the end of my book shop."

So he applied to the authorities for permission to open a dry cleaner on his premises instead.

FLOURISHED

This took four years to obtain, he remarked

But the effort was worthwhile for the new business flourished He also retained his book business, which was re-opened at the Guguletu small business complex

During these later years he was a moving force in the establishment of the Western Province African Chamber of Commerce, in which he has held the offices of treasurer and vice-president.

Mr Mamfanya then become involved in the flotation of Eyona, whose problems are now filling his days

His aims, he said, were to try and provide more jobs and education so as to help the black man.

He also believed that the sooner the black man worked together in business in partnerships and in private companies, the better it would be for them

SOWETAN, Friday, May 15, 1987

Tombstone buyers are left in the lurch

Consumer Corner

By SY MAKARINGE

A N elderly Soweto woman, who paid R1 800 for a tombstone, was left in the lurch when the owner of a Rustenburg-based tombstone-manufacturing company closed his businesses and disappeared

Mrs Julia Malatjie (50), of Pimville, Soweto, not only lost her money, but also saw her plans of unveiling her late daughter's tombstone in July going up in smoke

Mrs Malatjie, who entered into a lay-bye agreement with the company in April 1985, said this week that she did not expect to recover her money as frantic efforts to trace the dealer had already proved fruitless

Said Mrs Malatjie. "I only realised that I was paying for a tombstone that never was when I went to pay off my balance of R438 at his Johannesburg store in December last year

"The offices were deserted and the doors locked"

Overseas

She said she also visited the company's branches in Johannesburg, on the East Rand and Rustenburg, but to no avail

She said it was rumoured that the owner had gone overseas

Consumer Corner has established that the company, which also traded under another name, was run by seven directors, four of whom were blacks

It is possible that they have not left the country

A spokesman for the company's lawyers in Rustenburg said they were not told about the move to close the businesses

Complaints

He said they only became aware of this when they were inundated with complaints from disappointed customers

"Many came to us to make their payments, but we turned them away as we did not get instructions from our client to collect money from his customers," the spokesman said

He said there was seemingly nothing customers could do, but accept the loss

MRS JULIA Malatjie . . . lost out.

Checkers opens fire in a 60-day war on skin-lighteners

The war against skin-lighteners has lasted decades. But it could end soon, now that Checkers' Clive Weil has issued)-day ultimatum to the manufacturers. What happens next depends on the attitude of the Premier group

WEEKLY MAIL REPORTERS

A BATTLE over social responsibility is developing between two giant figures in the manufacturing and retail sectors — Tony Bloom of the Premier Group and Clive Weil from Checkers — over the fate of skin-lightening cosmetics, which doctors believe have caused permanent disfigurement to hundreds of thousands of South African women

Checkers MD Weil this week signaled the start of yet another round in the decades-long battle to outlaw skin lighteners when he issued a 60-day ultimatum to manufacturers and the government. He demanded they take "positive action" to protect consumers from the controversial cosmetics, by printing prominent warnings on packaging that the product could cause permanent disfiguration — failing which he would ban them from the chain store's shelves

"We have taken a responsible stand by listening to all sides in this matter and it is upsetting to see that there has been a dragging of heels on the part of the industry and the health department," Weil said.

The reaction of the manufacturing industry to the challenge is likely to turn on the stance taken by Bloom's Premier Group which — through the Twins pharmaceutical company, in which it has a 50 percent stake — effectively controls half of the South African skin-lightening market.

Consumer activists and doctors who have been lobbying Bloom to take a stand against the controversial cosmetics

Bloom was overseas this week, but AB Krok, MD of Twins Pharmaceuticals, denied the products were harmful He said the main problem was that "certain blacks mix the creams with other chemicals like Vim. That, and excessive usage, creates skin problems"

South African dermatologists are convinced, however, that there is overwhelming evidence the cosmetics are causing permanent damage to the skins of users. A survey has suggested as many as 42 percent of South Africa's black women have suffered their effects

It is estimated over 30-million packs of skin-lightening creams and lotions are sold in South Africa each year — a market worth some R60-million

Controversy about skin-lighteners centres on an active agent used, called hydroquinone, which researchers are convinced causes permanent disfigurement.

The skin-lighteners are also used in other parts of Africa as well as America and Europe. The US authorities and the European Economic Community have in the past limited the hydroquinone content which may be used and the South African government has followed suit. But it now appears the effect of the chemical is cumulative as well as possibly being compounded by interaction with the South African sunshine.

A leading campaigner against the cosmetics in South Africa, the president of the Black Consumer Association, Ellen Kuzwayo, has bitterly attacked manufacturers and distributers of the products, accusing them of making money out of suffering

"They close their eyes to this because the people who suffer are black people I am sure if white people were exposed to this type of damage there would be a real hullabaloo about it."

She said black domestic servants in South Africa were particularly vulnerable to the cosmetics "They look at their madams and they think it is smart to be like madam, with that white skin"

Twins MD Krok said the percentage of hydroquinone in skin lighteners — which have been sold for 30 years — was initially not controlled and was mixed with other ingredients "The effect — coupled with excessive usage — led to skin problems.

"Recently, however, the United States legislated that the maximum content of hydroquinone could not exceed two percent. This country followed suit three years ago And no other ingredient can be used Dermatologists have since shown a decrease of skin problem

"The problem is that certain blacks mix the creams with other chemicals — like Vim That and excessive usage creates skin problems," Krok said

"What we need is more education and training, more intelligent usage"

The trade in skin-lighteners has a long and fairly ugly history Originally mercury was used as the bleaching agent, although it has long been known that the substance causes both brain and kidney damage — the expression "mad as a hatter" is derived from the use of mercury to shape felt hats Its use was banned by South Africa in 1975

Manufacturers replaced mercury with monobenzyl ether of hydroquinone, despite the fact that it had been known as long ago as 1940 that the chemical produces unsightly white blotches — both where it is applied and at distant sites of the body — by effectively poisoning the pigmentation cells It was also banned by South Africa in 1975, to be replaced by hydroquinone which was also being used at the time.

Cases of skin damage caused by hydroquinone were seen in the late 1960s and the phenomenon was authoritatively reported in the British Journal of Dermatology in 1975 Initially the chemical bleaches the skin, but then the skin begins to darken again, turns coarse and develops what is known as a "caviar" appearance — small black lumps under the skin which gradually grow larger and coalesce, leaving women with the appearance of wearing a coarse black mask on their faces

Analyses in 1978 showed concentrations of hydroquinone in skin-lighteners ranging from 3,5 to 7,5 percent In 1978 both Britain and the USA introduced legislation limiting the concentration of hydroquinone in cosmetics to two percent, requiring the printing of warnings on packages and controlling false advertising South Africa followed suit in 1982.

Legislative controls largely dealt with the problem overseas, but in South Africa damage to skin continues to be reported, even among women who have only been using the creams and lotions since 1982 The reasons for this are not certain, but are thought to relate to the popularity of skin-lighteners — they are used as a standard face cream by black women — as well as greater exposure to sunlight in South Africa

A survey conducted in Pretoria in 1985 indicated that skin damage resulting from skin-lighteners is related to education 51 percent of black women with no schooling showed hydroquinone damage, compared to 47 percent with primary schooling, 20 percent with secondary and 12,5 percent with tertiary education

A South African dermatologist who is involved in the campaign against skin lighteners has said there is "surprisingly little" consumer resistance to harmful effects of the products "Women continue to buy creams when they know their friends' complexions are being devastated by the same creams

"Everything except the cream is blamed for the damage. The favourite organ to be blamed is the uterus The intro-uterine contraceptive devices, the birth control pill and fibroids (benign tumours of the uterus) are readily blamed for the damage," she said "Even if a woman realises that one preparation is harming her she will buy and use other preparations which also contain hydroquenone in a frantic effort to reverse the damage

The managing director of Nicholas Kiwi in South Africa, John Barton, said controls of the skin-lightening creams in South Africa were consistent with those in the US, Europe and Australia "A tremendous amount of research has been done on this subject, obviously, through our Australian parent over the years. I am fairly confident we are selling a product which doesn't cause any damage"

He said, however, that "people may be using them more often than they should — they are advised (on the packets) to use them twice a day"

HEAVY VEHICLE SALES (30)

Off the bottom

Although still low, sales of heavy vehicles (over 7 500 kg) are at last turning around — following six disastrous years of steady decline (see graph)

Sales of heavies last year plummeted to their lowest level in recent history — in fact, the fall from 26 893 in 1981 to 6 839 last year represented a drop of more than 70%

In the first four months of the year unit sales edged up around 4% — from last year's 2 355 to 2 447 And although April sales of 606 units were down on the March figure of 648, they were, nonetheless, 4% up on April last year

Industry sources say the outlook for May could be even better, as April sales suffered from a short selling period because of the number of public holidays

The news of increased sales has come like a breath of fresh air to the industry And what's more, the future looks even brighter

Nissan GM for heavy vehicles, Dave Scott, is convinced the number of big capital projects in the pipeline — such as the Lesotho Highlands water scheme and the Mossel Bay gas project — will have a positive effect on the trucking industry over the next five years

"The market is moving more or less in line with our expectations of around 8 000 unit sales this year We expect a 10% to 20% growth against last year," says Adolf Moosbauer, head of the heavy vehicle division of market leader Mercedes-Benz

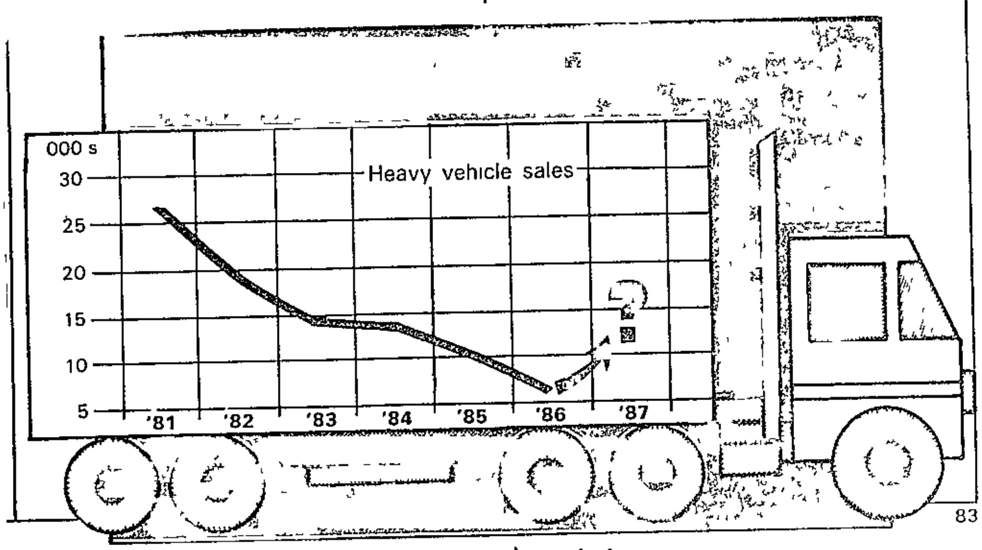
Des Gush, Toyota SA executive director in charge of heavy commercials, puts the potential market at 7 600 units

"With some earlier forecasts showing sales of around 7 100 units this year, we recently found ourselves short of stock More than anything else, the past six years' sales decline can be put down simply to price In 1981 a seven-ton truck cost in the region of R17 000-R18 000 Today the same vehicle would cost R60 000"

Another bullish factor is that there are fewer manufacturers to share the cake "Oshkosh, International-Harvester, Ford, Mitsubishi, and now Isuzu, have all disappeared from the heavies scene," says Scott

Leyland also looks vulnerable after the lowest sales in its history So pressures should ease on the more entrenched remaining manufacturers

Moreover, with the economy turning, many operators needing to replace aged vehicles should be coming back into the market On the face of it, the industry has a lot to look forward to ■



FM 15/5/87

30 SMR 21/8/87

Assocom welcomes jobs report as a 'watershed'

By Michael Chester

The Association of Chambers of Commerce (Assocom) yesterday welcomed the President's Council report on job-creation strategy as a "watershed" in thinking on chronic unemployment problems

A statement said the report deserved serious attention among policy-makers in both the Government and the private sector.

"It should also be compulsory reading for all those inside and outside the country who believe that intensified overseas economic pressure is the answer to South Africa's problems," it added.

Assocom said the report was a realistic analysis of the unemployment dilemma. If implemented, the recommendations would make an important contribution to economic policy

"Organised commerce shares the emphasis which the report places on the significance of economic growth and its composition as a generator of jobs," said Assocom "In particular it welcomes the role which the report assigns to the private sector to create work

Dr Azar Jammine, director of the Econometrix research unit, said: "What is especially encouraging is the stress on the potential role of the small-business entrepreneur. Now to be seen is the speed at which the Government dismantles all the regulations and red tape that have hamstrung the private sector"

ASSOCOM

(30/6/89)

Confidence rests on govt reform

HELENA PATTEN

LONG-TERM business confidence depended on how government reacted to the "strong mandate for real reform" it received in the general election, Assocom said yesterday.

In a memorandum at the end of its mid-year executive council meeting, Assocom said "How the political mandate is handled by government will influence whether short-term business confidence is translated into long-term confidence as reflected in private fixed investment

"Any political solutions should be based on the free enterprise system which encourages the participation in the economy of all groups"

CE Raymond Parsons said Assocom considered the economic outlook to be "positive but not yet very dynamic" A 3% economic growth rate for 1987 remained attainable, but only if supported by firm economic policy measures

While consumer spending remained the "weak link", there were clear signs of increased business and consumer confidence.

"Business confidence may be running ahead of improvements in the 'real' economy", the Assocom memorandum said

It said the strengthening business sentiment perceived had come mainly from gold, the rand and the dollar — although signs of the improvement in the "real" economy were also apparent

"The financial position of the average consumer remains tight National retail sales in real terms appear to be on a plateau, although some sectors and regions are doing better than others Increases in real disposable income remain the key to sustained growth in 1987"

Parsons said it was crucial the economic strategy agreed upon by the private and public sectors at last year's November 7 economic conference be implemented if the upturn in the economy was to be maintained

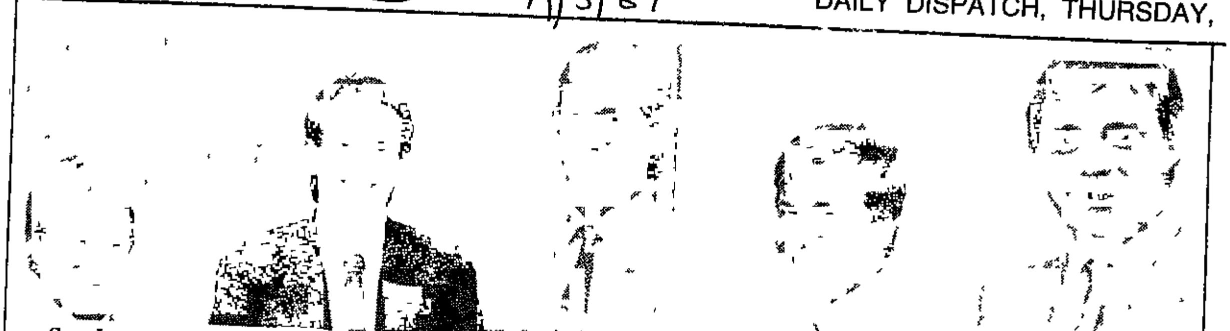
Cape Times 12/5/87

Strike ends

STRIKING workers at the Republican News Agency in Parow have agreed to return to work today, while negotiations with worker representatives over wages are continuing.

A spokesman for the Paper, Wood and Allied Workers' Union said management had agreed to continue negotiating with the union, which most of the workers had joined since Monday.

The workers, who struck on Monday, initially said they would not go back to work till management addressed their demands, which included a 65% increase in wages and a 40-hour working week, but a compromise was reached yesterday.



Speakers at yesterday's industrial relations seminar organised by the Border Chamber of Industries (BCI) were, from left, the industrial relations manager at Mercedes Benz, Mr Theo Swanepoel, an industrial relations consultant, Dr Peter Cunningham, the chairman of the BCI labour affairs committee, Mr Wayne Munro, the industrial relations manager at Wilson-Rowntree, Mr Trevor Pons, and the personnel manager at Barlows, Mr Andrew Cooper

Seminar told business and politics inseparable

Business Editor

EAST LONDON — Businessmen were not able, in the South African situation, to avoid political issues when dealing with labour matters, delegates to a labour relations seminar were told here yesterday

The seminar, attended by almost 100 industrialists and businessmen, was organised by the Border Chamber of Industries (BCI) to expose owner-managers to as many aspects of industrial relations as possible, said the BCI's president, Mr John Rich

A session on the community and political issues affecting East London workers was preceded by talks on aspects such as fair and unfair labour practices, how to deal with recognition demands by trade unions, negotiation procedures and the legal aspects of labour relations

Speaking on the community and political issues, a regional director of the Institute for a Democratic Alternative in South Africa (Idasa), Mr Eric Mtonga, said that, because of the conditions under which they lived, workers could not differentiate between political and economic issues

Black workers did not enjoy the same rights as whites They wanted direct participation through democratically elected structures in issues that affected them in the workplace and the community

Because of laws making gatherings and demonstrations illegal, employers were exposed to stay-aways and boycotts as the only form of protest available to workers

Workers did not like these actions but they were forced into them because of the conditions under which they lived, Mr Mtonga said

He urged employers to consider the conditions under which their workforce lived and to negotiate on their behalf

The political consciousness of workers had risen and, because of prevailing circumstances, this would be brought to the factory floor. "But as long as there is good communication between management and employees, I don't believe there will be problems," Mr Mtonga said

Historically, workers' experience had been that there was an alliance between employers and the state and that management benefitted from apartheid However, a shift had been perceived and a sector of management was today contributing towards the destruction of apartheid, he said

Workers did not see the scrapping of apartheid as the only issue, but also wanted greater participation in the means of production and a fairer share of profits if they had equal qualifications They wanted to be in a position to send their children to university or to benefit if the Group Areas Act were to be scrapped

A representative of the South African Allied Workers' Union (Saawu), Mr Robert Gqweta, said the future of South Africa lay in the hands of all its workers, irrespective of colour

Trade unionism had been brought about by a have and have-not situation and a conflict between the principles of maximisation of profit and maximisation of wages Both employers and employees had to negotiate this conflict through democratic structures

"Trade unionism does not end at work It goes home to where we stay in squalid conditions "

Because of the nature of South African government and a perception of "bantustan" government as a "supervisory system," workers were, through actions affecting industry, appealing to their employers, who had a vote, to speak for them

"Let us try together to improve the situation and to voice these grievances," Mr Gqweta said

He thanked the Border Chamber of Industries for its "total commitment" to industrial relations "To maintain industrial relations in a segregated society is not just a day's work "

An industrial relations consultant, Dr Peter Cunningham, said employers had an important role in developing the alternative structures towards which South Africa was moving

"We need to make it seen that negotiation is a viable alternative in the resolution of conflict and to demonstrate this through negotiation at a company level."

The recurring theme in the discussion about community issues had been democracy and the need for legitimate and credible procedures and structures

Businesses should assess to what extent their social responsibility programmes reflected real commitment and should rather regard them as "total responsibility" programmes which would lead to a healthy environment and therefore healthy business activity

Dr Cunningham said there was a widening gap in management's knowledge about township conditions

Businessmen could not avoid political issues which were forced on them by the South African situation There had to be a "moral fairness" and an increasing tolerance of the society in which they lived

"We must get to grassroots issues and not rely on official media stereotypes," Dr Cunningham said

He also urged businessmen to become involved in the debate about socialism and capitalism instead of hedging and rejecting the concept without a base for doing so Unions would be very aware that trade unionism did not operate under state-controlled systems, he said

"Read the Freedom Charter It is freely available You must understand the contents and be able to debate them," Dr Cunningham said

Business must 'lookout'

Sowetan 8/5/87 (30)

THE business sector must never be seduced into silence or coerced into conformance either by sweet and reasonable entreaties or public or private pressure by the Government, Mr Obed Kunene, executive director of the Urban Foundation, said yesterday.

Delivering a keynote address at a seminar organised by the Institute of Personnel Management at a Sandton hotel, Mr Kunene said the business sector should be wary of traps such as the Carlton, Good Hope and Pretoria conferences where the Government seemed to be ready to talk and listen

Mr Kunene said those conferences appeared to uninvolved onlookers to be little more than a forum for the promotion of Government policies

"The Government tried hard, and succeeded to some extent, to create an impression that business and Government were as one.

"The perception, correctly or incorrectly prevailing among the masses is that the private sector is basically operating in cahoots with the Government, tacitly condoning Government actions "

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'Traders must do their share'

50

Sowetan 8/5/87

MRS URBANIA Mothopeng, wife of the jailed Pan Africanist Congress president, Mr Zeph Mothopeng, yesterday said black businessmen have a major role to play in the national liberation struggle and for freedom from hunger and exploitation.

Addressing the 17th annual general meeting of the Southern Transvaal African Chamber of Commerce (Soutacco) in Johannesburg, she said they needed skills, education and whatever they could lay their hands on, for their liberation.

She said. "But in the process of getting those skills we should not be swallowed up to become junior partners in the oppression of the African nation."

The conference, whose theme is "Black Business Capitalism or Capitalist Agents?", was also addressed by Mr Sam Motsuenyane, the president of the National African Federated Chamber of Commerce, Mr Pandelani Nefolovhodwe, vice-secretary of the National Council of Trade Unions.

Mrs Mothopeng said Africans wanted a fair deal for their labour. They were tired of being exploited for the benefit of the few in their land.

Cape-based group strengthened

R52,7m Pepkor rights offer

CAPE TIMES 7/5/87

30

By AUDREY D'ANGELO
Financial Editor

PEPKOR, the Cape-based retail and manufacturing group, has announced a R52,7m rights offer to reduce borrowings and finance future growth

The announcement was made last night together with the publication of results for the year to February 28 showing that the restructuring of the group — which ended the previous financial year with a loss of R42,8m — has strengthened its position

It achieved a profit of R7,2m before extraordinary items Turnover was up by 27% to R876m (R693m) and operating profit up by 10% to R55,8m

The directors say that in view of this improved performance, Pepkor expects to resume paying dividends with the August interim, at a higher rate than before they were suspended

The extraordinary items of R19,4m to be set against profits reflect the R29,5m in restructuring costs provided for at the interim stage, less a profit of R10,1m realized from the listing of Shoprite and the disposal of Pep Stores shares

Pepkor's holding company, Pepgro, has announced a rights offer to raise R29,6m The announcement says these funds are needed to enable it to follow its rights in the proposed Pepkor rights offer

Christo Wiese, controlling shareholder and chairman of both Pepkor and Pepgro, has undertaken to follow his rights in both the offers

Pepgro and Pepkor shareholders will be asked to approve an increase in the authorised share capital which will be necessary for the rights offer

Wiese, who admitted Pepkor's gearing had been a major problem, said the rights issues were part of the planned programme to restructure the group

"We have been implementing a programme to restructure the group both physically and financially

"The rights issue is one of the steps in the programme

"Action already taken includes the disposal of certain non-core operations, cutting back on others and the listing of Pep Stores and Shoprite, the group's two major divisions

"While we have been highly successful in improving the operating side of our balance sheet, as the results for the year to February 28 clearly indicate, Pepkor's gearing has been a major problem

"As a new objective, we have decided therefore that the group should not be geared in future in respect of its equity investments in its divisions, and we are recapitalizing Pepkor's equity accordingly

"The group's only gearing will flow through from its divisions, and no division will be geared beyond 60%"

Other steps in the financial restructuring of Pepkor will include the selloff to achieve the required shareholding spread, in terms of JSE regulations, of approximately 11% of Pepkor's stake in Pep Stores

122% leap for Edgars

6/5/87

B/Day (30)

EDGARS attributable earnings leapt 122% to a record R40,8m from R18,3m for the year to March in results that surpassed management expectations and sustained interim performance.

Edgars CE Vic Hammond yesterday attributed the group's results to "higher-than-expected market growth, an aggressive inventory stance, increased productivity, strong cashflows, and its pricing and marketing campaigns

"Edgars is still the powerhouse of the group and contributed more than 80% to bottom-line profit, while Sales House and Jet both upped their contributions."

The 26% rise in turnover to R930m from R735m — against a sector growth rate of around 20% — points to a significant increase in market share.

And the disproportionate surge in earnings can be attributed to operating margin increases to 9,7% (7,0%) and R5m reduced interest.

Final dividend up

The 122% rise in earnings per share to 1 895c from 852c enabled the group to up its final dividend 260c to 585c, thereby boosting final distribution by 78% to a record high of 800c (450c) The earnings rise ensured a 26% increase in dividend cover to 2,4-times from 1,9-times

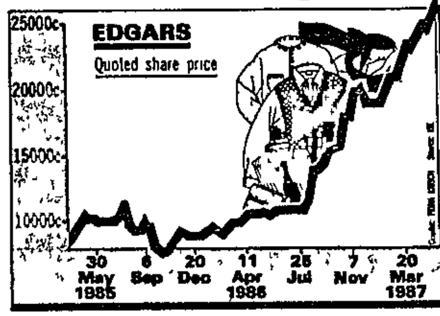
The results bode well for the retail sector and particularly for 61% shareholder SA Breweries

Hammond said internal profit generation, the finance provided by the R50m debenture issue and productivity gains were the main reasons in reducing gearing to 21% from 51%.

Coming on the heels of excellent group interim results and generally improved sector performance, Edgars' earnings rebound will not be come as a shock to the market

The quoted share price, at its current high of R270, represents 330% of the net worth a share of 8 196c

While optimistic about group prospects and maintaining the upswing in consumer spending, Hammond conceded the results "would be a hard act to follow".



DAVID COHEN

Stores, factories, mines report absenteeism

Commerce hit hardest as half a million stay home

6/5/87 B/Day

30

ALAN FINE and THEO RAWANA

COMMERCE seemed to be worst hit by the stayaway of an estimated 500 000 workers countrywide yesterday.

Notably, the mining industry was affected only marginally, spokesmen for the major mining houses said

About 20 000 black miners took part However, up to half of the clerical and manual workers at the groups' Johannesburg head offices did not turn up for work.

Commerce appeared badly hit compared with manufacturing, especially in the Transvaal

OK Bazaars said there had been a 95% stayaway at branches in Johannesburg central, 50% in northern Johannesburg, and 80% in Pretoria

The OK's stayaway rate was 40% in the Vaal area and 15% in Natal It was unaffected in the Cape

A Checkers spokesman said almost no black workers arrived for work in Port Elizabeth, and the situation was the same on the East Rand Slightly more people came to work in Johannesburg, but it was still "pretty widespread"

Checkers branches in Pretoria, the Western Cape and Natal were not hit

SA Breweries reported a total stayaway at plants in the Eastern Cape, and above 90% in Pretoria It was one of a few companies affected significantly in the Western Cape, where 50% stayed away

AECI said plants employing labour from major townships were generally hard hit, while those in rural areas less so or not at all

The stayaway was total at AECI factories in East London and PE, while it was more than 90% on the Reef Work carried on as normal in Cape Town and Somerset West

The Modderfontein dynamite factory had a partial stayaway

Sats said about 300 workers on the Reef did not arrive at work

A Colgate-Palmolive spokesman said from Boksburg there was 99% black absenteeism, with production at a standstill

Coca-Cola also had a varied attendance and said the Transvaal was hit hardest, while a Dorbyl spokesman said the urnout was spasmodic.

SA Steedores reported 95% morning-shift attendance in Durban, but only a 5% afternoon shift "due to transpor problems" There was a very smll turnout in PE, and a 30% stayawa in Cape Town East London and Richards Bay were not affected.

Mercdez-Benz said 60% of the black wrkforce was present at its East Lodon plant, and the company was abl to maintain production

Almot all 9 000 black miners at WesterrHoldings gold mine's 4, 5 and 6 shaftsstayed away from work.

Thre Gencor gold mines — Grootvlei, with 5 400 employees, Marievale, vith 1 200, and Unisel, with just moe than 3 000 — faced almost total stayaways In addition, about 25% ofthe 800-strong workforce at the Impala platinum refinery did not arrive or work

And 0% of the workers at Rand Mines Milling & Mining stayed away.

Gold Fields, Anglovaal and JCI reportd no abnormal absenteeism on their mines

Call for a

BUSINESS

COMPANIES

ARGUS 6/5/87 (30)

Edgars profits soar 75 pc

By TOM HOOD, Business Editor

A SPENDING spree on clothing and footwear boosted Edgars group's sales by R194-million or 26 percent to a record R929-million for the year ending March

Without increasing its 301 Edgars, Jet and Sales House outlets, the company achieved a 29 percent sales increase in the second half — 11 percent in real terms

Operating profit rose by 75 percent to a record R90-million while operating margins of 9,7 percent showed a healthy increase on last year's 7 percent

And shareholders, whose last three dividends fell below the 1983 peak, will get a record payout of 800c for the year, well above 1983's high of 623c The final of 585c also exceeds last year's total of 450c and is 80 percent more than the 325c final paid last year

Taxed profit more than doubled to almost R41-million from R18-million to achieve earnings of 1 895c share, up 122 percent on last year's 852c and ahead of the previous best of 1 145c in 1983

Earnings for the current year are expected to be even higher, according to the directors' budgets

"While some doubts have been expressed about the sustainability of the upswing in the economy, current indications suggest that consumer spending will continue to show real growth in the coming year," they say

A strong upturn in national sales of clothing, footwear, textiles and accessories resulted in a market growth estimated at 20 percent for the year

The group's aggressive inventory stance enabled it to respond to the higher than expected market growth, say the directors

Borrowings were slashed by R30-million to R47-million and helped to cut the interest bill by R5-million to R12-million

● **LONGDISTANCE**, the recently listed road transport operator, has acquired 80 percent of Cape Town's D J Breytenbach Transport (Pty) in a cash and shares deal

This is expected to add R650 000 to group after-tax profit, now projected at R2,4-million for the current year, says the company

CMC Times 6/5/87 (30)

Edgars stores earnings leap 122%

JOHANNESBURG — A 122% leap in the earnings of Edgars' three store chains — Edgars, Jet, and Sales House — and including the group's two Celrose factories, augers well for SA Breweries (SAB) results due out today

Edgars group earnings a share climbed from 852c to 1 895c a share

SAB controls Edgars as well as OK Bazaars, which has already produced unexpectedly improved results, and Amrel and Afcol, which have also performed well

For the year to date Edgars directors say "The strong upturn in national sales of clothing, footwear and accessories in the second quarter continued, leading to a market growth estimated at about 20% for the financial year

"The group was able to respond and second-half group sales rose 29% (11% in real terms) representing further substantial market share gains by all the group's businesses

"Operating profit rose to an all-time high of R90,3m (1986 R51,5m) on group sales of R930m (R735m)

"Operating margin at 9,7% showed a healthy increase on last year's 7%," say the directors

"Average borrowings and interest rates were well below last year's resulting in a substantial 115% improvement in taxed profit (from R18,4m to R40,8m)"

Stocks and debtors are well in with sales trends and cash collections remain strong

Fixed asset growth resulted from the decision to own rather than lease furniture and equipment

The automatically convertible debentures raised during the year are to be regarded as permanent capital

Other loans came to R46,8m, representing 21% of permanent capital against last year's 51%

The final dividend will be 585c a share to make a total of 800c for the year — a 78% improvement on the previous year's 450c

The board says of prospects "While some doubts have been expressed about the sustainability of the upswing in the economy, current indications suggest that consumer spending will continue to reflect real growth

"The group has planned accordingly and has budgeted for a further improvement in earnings . " — Sapa

May 5 1987

(30) BDay 5/5/87

Retailers forecast 4%-7% 1987 earnings increase

Confidence up with sales

KAY TURVEY

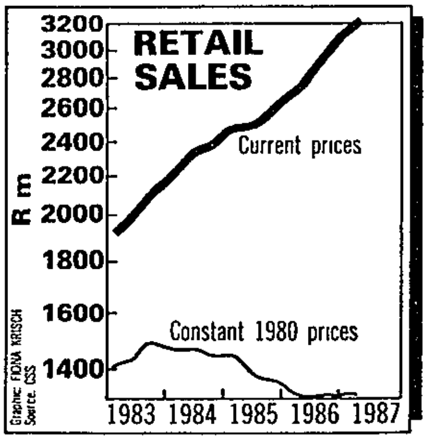
RETAILERS predict a 4%-7% inflation-adjusted increase in bottom-line earnings for 1987 — the first real growth in this sector for two years — after bouyant turnover in the past two months

Amrel executive chairman Ronnie Cohen said turnover on a month-on-month basis was 25% up over last year,

"The industry is recovering from a low base, but we are beginning to see real growth of about 7%," he said.

Cohen said semi-durable goods, such as clothing, would fare better from more black buying So would furniture, because of greater input into black housing.

Edgars MD Vic Hammond predicted a 3% real increase in the sale of semi-durables, generated largely by the black consumer. Hammond reported turnover up 28% over last March, with "a fantastic couple of weeks in April" before the height of the SA Transport Services (Sats) strike unrest



PRICE increases have been responsible for the upward trend in retail turnovers but, as this graph clearly shows, the physical volume of sales appears to have declined The upper curve shows retail sales at current prices, but the lower, almost static, curve reflects sales at constant 1980 prices.

Tradegro CEO Mervyn King said there had been a marked improvement in spending since the traditionally quiet months of January and February He expected the 20% increase in March's turnover to be sustained for the rest of the year and to keep ahead of inflation

Checkers MD Clive Weil said although turnover for March and April was a little better than budgeted, he was not overjoyed with the prospects for 1987 "I just don't see where the additional income is going to come from."

Cecil Smith, MD of Metro Cash and Carry, said turnover was up 24%-25% over last March and April

In spite of the negative effects of the railway strike, the company experienced "a good Easter", he said

Smith discounted wage increases as a significant factor unleashing consumer spending Inflation on basic commodities at around 10%-12% was a lot less than 1986

Pick 'n Pay's Raymond Ackerman said "stupendous" Easter spending had pushed turnover up 23% over last April He said he would be happy if a 20% increase in turnover was sustained.

RETAIL TRADE (30) FM 22/5/87

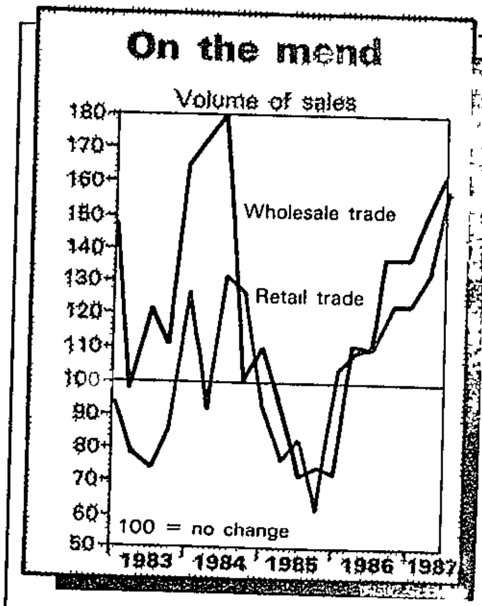
In better order

Activity in the wholesale and retail sector picked up in the first quarter and is expected to improve further during the rest of 1987, according to the latest survey by the Bureau for Economic Research (BER) on *Trade and Commerce*

These expectations would seem to be supported by growth forecasts for private consumption expenditure (PCE) of about 4,5% However, the report warns that improvement in both confidence and PCE is coming off a low base

Most wholesalers reported improved sales volumes in the first quarter (see graph) Most also expect a pick-up in orders in the second quarter and a sharp increase in consumer demand towards the second half of the year.

Purchase prices are expected to rise faster than selling prices, which indicates that many traders will absorb costs to increase sales and reduce stock levels



The same should hold for retailers Sales volumes in this sector also improved in the first quarter, and are expected to increase in the second and third quarters (again see graph)

Conditions in both sectors are much improved on a year ago, though most wholesalers still found business unsatisfactory

Improved conditions have also failed to have any impact on employment Both the wholesale and retail sectors are still retrenching workers However, Ockie Stuart of the BER believes that retrenchments have fallen sharply in recent months "There should be a net increase in jobs in these sectors towards the second half of the year," he says

PCE is expected to increase in the rest of the year, on the assumption that the minister of finance will give some boost in the Budget

Stuart would like to see tax cuts, in particular a cut in GST "This would automatically bring down inflation and would help confidence," he says

Piet van Schaik, economist at stockbroker J D Anderson, agrees that a cut in GST would be the best way to encourage greater expenditure, but points out that it would have only a one-off effect on inflation

However, both believe that the minister will settle for a mix of limited tax cuts and high public salary increases Van Schaik warns that "the size of the Budget deficit limits the discretion to boost expenditure through these measures" ■

MOTOR INSURANCE

An accident world

It is often said that SA has one of the worst motor accident rates in the world Confirmation comes from detailed research by Swiss Re

In its latest *Sigma* report, *Accident risk on roads of industrial countries*, only Ireland — with an accident rate of 175 per 10 000

No real growth in sales but ...

National Food Index up 11%

B/Day 22/5/87

(30)

KAY TURVEY

THE National Food Index, measuring sales of groceries, toiletries and confectionery grew by 11% in 1986 to the year ending January-February 1987.

Figures, published by Integrated Business Information Services (formerly A C Nielsen), show although there was no real growth in food sales, the bigger supermarket and food chains grew at the expense of the smaller superettes, grocery stores and cafes

Checkers, OK, Pick 'n Pay, Grand Bazaars, Shoprite and Spar foodliners showed an annualised growth of 13% for this period, while superettes, including Spar food markets, Kwiksave, Score, Black Chain and other independent retailers reported a growth of 7%.

Checkers MD Clive Weil attributed the decline in expenditure to a drop in consumption as consumers became more selective and wasted less

Fierce long-term competition among "the big three" — Checkers, OK and Pick 'n Pay — had driven down margins and contributed to the decline, while at the same time opening a price gap between the large chains and the independent grocer.

Weil said this had resulted in the market shifting towards the cheaper prices.

However, although the overall market for the smaller chains and independents had shrunk, there were the "non-major" chains which had expanded market share by catering for a specialised clientele

Score group MD Carlos dos Santos said it was quite possible the grocery sector could see real growth this year, as consumer confidence was higher while the repayment of loan levies earlier this year and this week's 12,5% public sector salary increase would put a lot more money in the market.

Jazz financial director Amed Mayet said business last year had been better than expected, after their acquisition of 10 new stores from Checkers

He said the company was looking forward to a real growth of 3% this year, after making in-roads into the black market through new acquistions

BDay 30 22/5/87

P 'n P expects profit growth of at least 20%

PICK 'N PAY forecasts a profit growth of not less than 20% this year, the 1987 annual report says.

In the MDs' review, Raymond Ackerman and Hugh Herman say strong trading in the latter part of fiscal 1987 and highly satisfactory sales for the first two months of the current financial year are distinct indicators that Pick 'n Pay has shrugged off the difficulties of the first half of 1986.

Signs of decreasing inflation, salary increases at a higher level than last year and rising consumer confidence indicate the company could perform strongly in the years ahead, as it is well geared for future growth

The directors say that, with 93 stores, the company has not yet reached maturity, as there are many important areas in which they are not represented and their potential market is far from saturated.

A commitment to a steady programme of opening new stores, the development of new retail formats and the modernisation of existing

KAY TURVEY

stores should enable Pick 'n Pay to increase market share.

They say the "Price Club" cash-and-carry venture, the smaller module stores — the first of which is to be opened in 1989 — as well as the majority of their new store openings conveniently located for black customers, will enhance their entry into this high growth market

The ongoing development of high gross margin areas, such as perishable foods, hardware and clothing will enable them to increase overall margins but retain a competitive pricing structure.

A "wait and see" policy with regards to expansion in Australia is being adopted because of trade union and government attitude to SA's politics, the directors say.

Three top superma

BULK BU

rkets named as culprits

W/E ARGUS 23/5/87

30

Y RIP-OFF

Weekend Argus Correspondent

JOHANNESBURG. — Millions of housewives who expect to save money by bulk-buying at supermarkets are paying more for household essentials.

Extensive pricing surveys this month show that bulk-buying — hailed as the housewife's budget-saver — can cost up to 50 percent more.

Three major supermarkets — Checkers, Pick 'n Pay and OK Bazaars — have been named the culprits in what is already called the "Bulk-buy rip-off"

The survey shows that buyers-in-volume can lose up to several rands a time on basic items they put into their trolleys and so pay more for getting less.

Buying 12-roll "economy" toilet-paper packs, for instance, can cost a customer R7 including tax, whereas getting 12 individual rolls of the same brand would only cost R4,68

The customer pays an excess of 50 percent, equivalent to another seven free rolls of the identical paper

Higher among fast-sellers

The surveys, conducted in various branches of the supermarkets on the Rand show that bulk products are priced between 25 and 30 percent higher among fast-selling essentials like cooking oils, dairy powder blends, toilet paper and rice

Other products for which customers pay penalties on bulk packets are in the field of cleaners, margarines, fabric softeners, washing powders and dishwash liqui's

[illegible] other slower-selling brands — in identical [illegible] — such as jams, canned fruit, polishes, bleaches, tea, and especially dog foods, still cost less in large volumes

Bulk-buying surcharges, where the unit price rises as the volume increases, are especially common where odd sizes make it difficult even for keen-eyed shoppers to spot how they are being penalised

Rice price confusion

They are far-less common among goods in regular sizes where one look could show a housewife whether she was being overcharged.

Bulk rice in identical plastic bags sells for up to 19 percent more at Checkers, 25 percent more at OK, and three percent more at Pick 'n Pay, compared with 1kg-unit prices

However, rice prices are obviously in a state of confusion — among other brands, the unit prices of large volumes are lowest

Don't blame us, say supermarket chiefs

Weekend Argus Correspondent

JOHANNESBURG — The country's three supermarket chains have issued statements defending themselves against charges of misleading bulk buying customers, and have put part of the blame for high prices on suppliers of staple products.

In Cape Town the managing director of Pick 'n Pay, Mr Raymond Ackerman, said that such suppliers often gave special deals on small and faster-moving packs. "But despite this many bulk packs still are better value," he added.

"We genuinely try our best to give price advantages on bulk, but often we simply cannot. We have had meeting after meeting with suppliers about this. Believe me, the supermarkets do not cheat. But you seem to have a good case on high bulk prices of rice."

■ Checkers' managing director, Mr Clive Weil, says his group had never claimed that bulk buying is always cheaper.

"It is for this reason that Checkers invested in a very expensive unit pricing system for benefit of all customers in all 175 stores. This pricing enables the consumer to compare all pack sizes in price per unit in order to find the cheapest buy We are the only chain offering this facility on all merchandising in all stores countrywide."

Despite having advertised it widely Checkers had found "very few consumers make use of it".

He said extra packaging costs made bulk packs more expensive, and such packs were often not as popular. Small popular packs were often cheaper because retailers promoted them more actively and at lowest profit margins.

Explaining OK Bazaars dilemma on high bulk prices, managing director Mr Allan Fabig said in a statement that OK customers were largely drawn from the ranks of ordinary working men and women, often weekly paid, who usually preferred small packs because they were easier to carry, especially from stores in downtown areas

"Consequently OK special offers are invariably concentrated on these sizes. Bulk packs are often stored as a service and convenience to customers rather than as a fully commercial proposition," Mr Fabig said.

Report slams Govt on E Cape

'Solution' becomes part of the problem

By DENISE BOUTALL

THERE are too many committees trying to solve the problems of the Eastern Cape.

This is a major finding of a hard-hitting report compiled by a specialist team at Rhodes University and released today.

It says that instead of being part of the solution, the Government's regional development policy was part of the problem of the "relative backwardness" facing the area

Rhodes economists, headed by Professor Phillip Black, were commissioned by the Region D development advisory committee to look at the problems facing the region and to devise a strategy for the future

Region D — including Port Elizabeth, East London, Ciskei and southern Transkei — was created as part of the Government's strategy for regional development in April, 1982

The policy has often been criticised as being aimed at shoring up apartheid rather than encouraging development on sound economic principles

The minimal incentives granted to Port Elizabeth in the early stages led the then Mayor of PE, Mr Ivan Krige, to protest that the city was being "ripped-off".

Recommendations contained in the Rhodes report include

- A new policy to promote the development of specific industries in different regions and sub-regions.
- A thorough review of the current incentive scheme.

One of the report's most damning findings is, in effect, that the system itself has become too cumbersome to achieve its aims

The team found that the regional structure involves "several hundred individuals in the activities of 27 working committees, three regional development advisory committees, nine joint working committees, a regional liaison committee, several *ad hoc* task groups and the East Cape Strategic Development Team".

"It is quite possible, therefore, that the system itself has prevented its participants from addressing the crucial socio-economic and political issues which confront the region," says the report.

It recommends that the structure be simplified to "secure a more apporopriate and effective system of development administration" by splitting Region D into two sub-regions — Port Elizabeth-Uitenhage (PEU) and East London-King William's Town-Ciskei (EKC).

This would encourage a "regional consciousness" and make it easier to reach agreement on a wide range of

● Turn to Page 15

P.T.O.

Govt slammed on handling of East Cape's problems

From Page 1

issues and lead to better administration

The rationalised system should be designed to draw in effective and legitimate black participation and include a devolution of real decision-making power to the regional and sub-regional level and reduced central Government control

It recommends that initiatives to find a "local option" — as has been urged by several prominent business leaders — be "encouraged, promoted and facilitated"

The report makes it clear that for a variety of reasons, including the lucrative incentives offered in the EKC area, that area had grown more rapidly in the 70s and 80s than the PEU area

But even if an effective policy was adopted it would take 10 to 15 years before the region could compete on the local, national and international markets

It describes the current regional development policy as "inadequate" because it is aimed at encouragiong a broad range of industries at a large number of industrial development points selected for political rather than economic reasons

As an alternative, it proposes a national policy that promotes specific industries and economic sectors in each specific region

Members of the team propose a two-pronged strategy involving the creation of "growth poles" for specific industries and the promotion of industries based on local resources, like agricultural and mineral products, in the rest of each region.

The region has advantages for the production of textiles, clothing, electrical cables and conductors, microelectronics and motor components and the processing of dairy products, meat, vegetables and fruit

The PEU area is well placed for the Mossel Bay project as well as the processing of wool, mohair, skins and hides

Transkei could be the centre for a timber-based manufacturing industry and also has large deposits of low-grade coal, clay, limestone and other construction minerals

● The report, entitled "Industrial Development Strategy for Regional Development" was commissioned by the Regional Liaison Committee of the RDAC and financed by the Development Bank of South Africa

The team of economists included Prof Black, Dr J L Wallis and Mr P J McCartan, all of the Rhodes University Department of Economics, and Prof Bill Davies, of the Institute for Social and Economic Research

Rhodes report calls for scientific park to spur growth

Weekend Post Reporter

A SCIENCE-BASED industrial park is needed in Region D to develop the technological base of the region

This is one of the recommendation in the report prepared by Rhodes University economists for Region D's RDAC (regional development advisory committee)

The proposal is one of a long list of supplementary steps dealt with by the report in the section arguing for a thorough investigation of the incentives that apply in the region

"The various development institutions should convene an urgent meeting with the Council for Scientific and Industrial Research (CSIR) to investigate a science-based industrial park taking advantage of the available technical and academic skills at the technikon and universities," the report says.

Research activities could be directed at particular industries

The report argues that financial incentives in the region should focus on corporate tax or lump sum tax relief, the removal of indirect taxes, such as import duties, import surcharges and GST, and deregulation These incentives should be made available to industries best suited for development in Region D

Such incentives would give more scope for industrialists to reinvest their profit in the region and would be bigger inducements for new investment in the area The region would have a better chance of attracting industries on a long-term basis rather than "fly-by-nights" depending on incentives for their survival

While rural development based on small-scale entrepreneurial skills was desirable, "it is difficult to escape the conclusion that part of the long-term solution lies in the orderly migration of rural workers to the growth centres in Region D and elsewhere"

On the question of small industries the authors say that food and mineral processing hold potential

In towns such as Grahamstown and Stutterheim, industries should be protected from unfair competition from towns in the EKC area enjoying incentives

Small industries could be encouraged by making money available at lower interest rates, local government incentive schemes, the establishment of community development corporations and the appointment by municipalities of promotion officers to facilitate contact between entrepreneurs and financial institutions

The report advocates the proclamation of free trade areas and the removal of measures which restrict the entry of firms into particular industries

It advocates the removal of citizenship requirements for permanent residents, training and retraining programmes to raise productivity and reduce turnover It also calls for the recognition and acceptance of trade unions

The report says various infrastructural issues also need addressing

These include the ceding of industrial land at Berlin to Ciskei, increased water storage capacity in Transkei, Graaff-Reinet and Jansenville and the use of low-grade coalfields, and hydro-electric power in Transkei

The report calls for improvements in the telecommunications system in Transkei, the establishment of container depots at Butterworth, eZibeleni (outside Queenstown) and Dimbaza, funding for the light rail system in Port Elizabeth, and improvement of roads in Transkei and Ciskei

Assocom probes 'shrinkage' curbs

Retail sector to lose R800m through theft

(30) B/Day 25/8/87

THE retail sector would lose R800m — 2% of a R40bn turnover — this year through theft, the Associated Chamber of Commerce (Asssocom) said.

Assocom is investigating strategies to combat theft after numerous representations from retailers, particularly the grocery chains.

Assocom legal adviser and security committee secretary Ken Warren said at the weekend that the "staggering sums" lost through shrinkage — theft — cost business and the economy dearly.

Unisa criminology professor Beaty Naude, who is assisting Assocom, said shrinkage, whether active or passive, accounted for about 60% of losses and shoplifting for about 25%.

Checkers MD Clive Weil estimated that major supermarket chains lost more than R100m annually.

He said security was one of the major problems facing supermarkets as shrinkage was hidden in margins, so driving them up.

Edgars CE Vic Hammond said shrinkage was always greater in a downturn or

KAY TURVEY and MICK COLLINS

when communication between management and staff was bad. He said Edgars had conducted experiments which showed the costs of bringing shrinkage down through added surveillance was greater than the costs of shrinkage.

Warren said during the Christmas period about R144m was lost through shrinkage. Assocom had urged tough action as part of a nationwide crackdown.

Already judicial procedures had been streamlined and courts had promised swift punishment for offenders.

Security experts said a worrying aspect of the increase in shop lifting had been the incidence of involvement of teenagers.

Children as young as 13 had already appeared in juvenile courts — many with previous convictions. Sentence was usually postponed until the child reached 18, when the case was reviewed and sentence passed.

A recent Assocom survey found the

● To Page 2

Retail sector to lose R800m via theft

● From Page 1 B Day (30)

profile of a shop-lifter had altered radically:

- Most shoplifters are likely to be between 11 and 30,
- More women than men are apprehended,
- Teenagers and children are more likely to be involved than adults,
- Depressed economic conditions lead to theft;
- Some shoppers have psychological problems which cause them to steal

Industry sources said the main problem was theft by employees.

A source said "About 75% of all retail theft can be attributed to collusion by staff with customers and friends and through backdoor leaks

"We are encouraging stores to take a deterrent approach and put in uniformed security staff along with other measures"

He declined to say what the other security measures were, but said most stores in the retail sector had their own security and, in cases where employees were discovered to be stealing, most now instituted proceedings against the culprits.

Tough action urged in crackdown

Cape Times 25/5/87 30

Retail sector to lose R800m

Own Correspondents

JOHANNESBURG — The retail sector will lose R800m in thefts — 2% of a R40 billion turnover — this year, the Associated Chamber of Commerce (Asssocom) estimates

Investigations into strategies to combat theft are at present being undertaken by the chamber, after numerous representations from retailers, particularly the grocery chains

Assocom legal adviser and secretary of the security committee Ken Warren said at the weekend that the "staggering sums" lost through shrinkage — theft — cost both business and the economy dearly

Unisa professor of criminology Beaty Naude, who is assisting Assocom, said shrinkage, whether active or passive, accounted for about 60% of losses and shoplifting for about 25%

The major supermarket chains lose over R100m annually, Checkers MD Clive Weil estimated

He said security is one of the major problems facing supermarkets as shrinkage is hidden in margins, so driving them up

R114m Christmas loss

Edgars CE Vic Hammond said shrinkage is always greater in a downturn or when communication between management and staff were bad He said Edgars had conducted experiments which showed the costs of bringing shrinkage down through added surveillance was greater than the costs of shrinkage

Over the Christmas period Warren said, an estimated R144m was lost through shrinkage

The chamber has urged tough action as part of a nation-wide crackdown

Already judicial procedures have been streamlined and courts have promised swift punishment for offenders

A worrying aspect of the increase in shoplifting, said security experts, has been the incidence of involvement of teenagers Children as young as 13 years old have alraedy appeared in jouvenile courts — many with previous convictions

Sentence is usually postponed until the child reaches 18, when the case is reviewed and sentance passed

More women apprehended

A recent survey conducted by Assocom says the profile of a shoplifter has altered radically'

- Most shoplifters are likely to be between 11 and 30 years of age
- More women than men are apprehended
- Teenagers are more likely to be involved than adults
- Depressed economic conditions lead to theft
- Some shoppers have psychological problems which cause them to steal

But the main problem, said industry sources, is theft by employees

"About 75% of all retail theft can attributed to collusion by staff with customers and friends and through backdoor leaks

"We are encouraging stores to take a deterrent approach and put in as lot of uniformed security staff along with other measures"

He declined to reveal what these other security measures were but said most stores in the retail sector had their own security and in cases where employees were discovered to be stealing most now instituted proceedings against the culprits

25/5/82

Thefts cost SA stores R800m

Assocom urges tough steps to combat growing problem

JOHANNESBURG — The retail sector will lose R800 million — two per cent of a R40 billion turnover — as a result of theft this year, the Associated Chamber of Commerce (Asssocom) estimated at the weekend

Investigations into strategies to combat theft are at present being undertaken by the chamber, after numerous representations from retailers, particularly the grocery chains

Assocom's legal adviser and secretary of the Security Committee, Mr Ken Warren, said at the weekend that the "staggering sums" lost through shrinkage — theft — cost both business and the economy dearly.

Professor Beaty Naude of Unisa's criminology department, who is assisting Assocom, said shrinkage, whether active or passive, accounted for about 60 per cent of losses and shoplifting for about 25 per cent

The major supermarket chains lose over R100 million annually, the managing director of Checkers, Mr Clive Weil, estimated

He said security was one of the major problems facing supermarkets as shrinkage was hidden in margins, and so driving them up.

Edgars' chief executive, Mr Vic Hammond, said shrinkage was always greater in a downturn or when communication between management and staff were bad He said Edgars had conducted experiments which showed the costs of bringing shrinkage down through added surveillance was greater than the costs of shrinkage

Over the Christmas period Mr Warren said an estimated R144 million was lost through shrinkage.

The chamber has urged tough action as part of a nationwide crackdown

Already judicial procedures have been streamlined and courts have promised swift punishment for offenders.

A worrying aspect of the increase in shop lifting, said security experts, had been the incidence of involvement of teenagers

Children as young as 13-years-old, many with previous convictions, have already appeared in juvenile courts

Sentence was usually postponed until the child reaches 18 when the case was reviewed and sentence passed

A recent survey conducted by Assocom said the profile of a shop lifter had altered radically

- Most shoplifters were likely to be between 11 and 30 years of age
- More women than men were apprehended
- Teenagers and children were more likely to be involved than adults
- Depressed economic conditions led to theft
- Some shoppers had psychological problems which caused them to steal

But the main problem, said industry sources, was theft by employees

"About 75 per cent of all retail theft can attributed to collusion by staff with customers and friends and through backdoor leaks

"We are encouraging stores to take a deterrent approach and put in a lot of uniformed security staff along with other measures," Mr Warren said

He declined to reveal what these other security measures were but said most stores in the retail sector had their own security and in cases where employees were discovered to be stealing most now instituted proceedings against the culprits

26/5/87 Hansard

treatment, (b) to whom and (c) when,

(5) whether he will make a statement on the matter?

†The MINISTER OF LAW AND ORDER (for the Minister of Justice)

(1), (2), (3), (4) and (5) The circumstances surrounding an incident on 5 May 1987 at the Durban Prison of the nature referred to in the question, are the subject of a motion application brought before the Supreme Court in Durban on 18 May 1987

The hon member will probably agree that the information asked for may form part of the facts to be considered by the Court and that it will not be in the interest of the administration of Justice to pre-empt the process of litigation

Group Areas Act

*12 Mr R M BURROWS asked the Minister of Constitutional Development and Planning

(1) Whether, since 12 February 1987, his Department has received any applications from couples who entered into mixed marriages for the issue of permits in terms of section 26 (3) of the Group Areas Act, No 36 of 1966, to reside permanently in White areas and to be exempt from the provisions of the said Act, if so, how many as at the latest specified date for which information is available,

(2) whether any of these applications have been granted, if not, why not, if so, how many as at the latest specified date for which information is available,

(3) whether any such applications have been refused, if so, for what reasons in each case;

(4) whether he will make a statement on the matter?

The DEPUTY MINISTER OF INFORMATION (for the Minister of Constitutional Development and Planning):

(1) No Applications for the granting of permits in terms of section 26 (3) of the Group Areas Act, No 36 of 1966, are dealt with by the different Provincial Authorities The information for each Province is as follows

Transvaal and Orange Free State

(1) None

(2) and (3) Fall away

Natal

(1) Two applications have been received

(2) Both applications are still under consideration

(3) Falls away

Cape Province

(1) Six applications have been received

(2) Yes—One application granted

(3) Yes—Five applications have been refused The applicants are in terms of section 12 of the Act disqualified persons to acquire and/or occupy immovable property in a proclaimed white area

(4) No

†Mr F J LE ROUX Mr Chairman, arising out of the hon the Minister's reply, could he perhaps give us an indication as to what criteria are applied in the granting of applications of this nature?

†The DEPUTY MINISTER Mr Chairman, obviously I cannot answer that question and I will appreciate it if the hon member would put the question on the Question paper [Interjections]

Temporary Removal of Restrictions on Economic Activities Act

*13 Mr R M BURROWS asked the Minister of Economic Affairs and Technology:

Whether any action has been taken in terms of the Temporary Removal of Restrictions on Economic Activities Act, No 87 of 1986, if not, why not, if so, (a) what action and (b) in respect of what date is this information furnished?

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†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

Yes, but these actions have not yet resulted in the issue of proclamations in terms of the Temporary Removal of Restrictions on Economic Activities Act, 1986

(a) Information in respect of actions taken up to 13 February 1987 was given in my written reply to Question No 307 on 23 February 1987

In addition the Competition Board has completed its investigations in regard to the preparation and sale of foodstuffs, licensing of taxis, legislation pertaining to Black businessmen, business licensing and hours of business

The recommendations of the Board in regard to the regulation of

(i) foodstuffs were accepted by the Minister of National Health and Population Development and the relative old regulations were substituted by less restrictive new regulations,

(ii) taxis were accepted by the Government and have already been incorporated in the White Paper on National Transport Policy which will be implemented by the Minister of Transport Affairs,

(iii) Black businesses have been referred to the Ministers of Constitutional Development and Planning and of Education and Development Aid who will institute the necessary further actions,

(iv) business licences and hours of business were referred to the four Administrators for comment and the necessary further actions will be taken as soon as the comments have been received and processed

Four further petitions for the issue of proclamations were received Three of these are in respect of the procedures which must be followed to obtain permission to use land for business purposes The Competition Board has already started an investigation into the use of land for business purposes in general

The fourth petition is in respect of an industrial centre and will be submitted for consideration by a parliamentary committee as soon as the necessary investigation has been completed

(b) 22 May 1987

SATV News/Network: monitoring

*14 MR P G SOAL asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services

(1) Whether he has taken note of the findings of the monitoring by Rhodes University journalism students of the coverage given by SATV News and Network programmes to political groupings during the election campaign, if not, why not, if so,

(2) whether he has taken any action as a result, if not, why not, if so, what action?

The MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES

(1) Yes

(2) No further action will be taken on account of the reasons mentioned in my speech in the No-confidence debate

Hansard 26/5/87

Rent/service charges in arrears

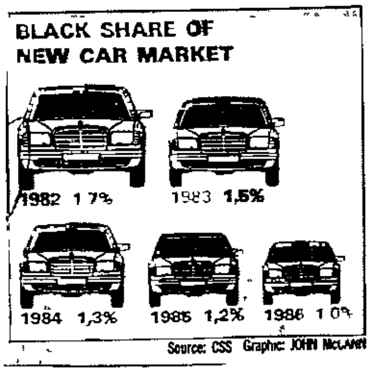
*15 Dr W J SNYMAN asked the Minister of Constitutional Development and Planning †

What total amount was owing to organisations under his control in respect of arrear (a) rent and (b) service charges in Black areas in the Republic, as at the latest specified date for which figures are available?

Hansard 26/5/87

(30) B/Day 26/5/87

Whites second to US in car ownership



DAVID FURLONGER

WHITE South Africans own more cars per person than nearly anyone else in the world.

With one car to each 2,2 members of the white population, only the US — at 1,8 — has a higher proportion of cars to its population White South Africans are 20 times more likely than blacks to own a car

International figures show that SA as a whole has one car to every 11 people

A breakdown of those figures, however, reveals that white-owned cars work out at 450 to each 1 000 members of the white population, and black-owned cars at 22 per 1 000 blacks

Motor industry officials say the figures are a further indication of the disappointing rate at which blacks are able to buy into the car market They say the predicted "boom" in black car-buying, which persuaded many companies to set up in SA, remains far in the future.

COMMERCE

GENERAL

1987

JUNE

Sanlam helps small business, the arts, sport and a lot more

SANLAM is the largest contributor to funds for the Small Business Development Corporation.

But apart from that, it takes a socially responsible stance in other areas, not least in its approach to the welfare of its employees

As a mutual, the organisation also feeds back to its policyholders both profits and investment income — to people of all races and circumstances

For its employees, Sanlam has "a committment to provide a pleasant and safe working environment and favourable conditions of service"

There is also a committment to the full use of talent and equal opportunity for development and advancement Sanlam believes that human resources and job creation are of vital importance.

Cheap housing

Beyond its responsibility to its employees, there is a social responsibility programme that extends to the community at large — through the Small Business Development Corporation and the Urban Foundation, community centres, creche, self-help schemes and low-cost housing project

A major goal is economic development, through large and small enterprises, and contributions go to the SA Free Market Foundation as well as economic and marketing research organistions

By Ivan Philip

"If business is to prosper and grow," says a spokesman, "it must be in a society where people are doing likewise"

There is emphasis on youth, with concentration on welfare, education, sport and recreation Financial assistance goes to such organsiations as the SA Heart Foundation, the Medical Research Council and the SA National Council for Alcohol and Drug Abuse

Recognising the need for hunger relief, the company made a substantial donation to the National Council for Child and Family Welfare

Sport

Sanlam contributes to more than 20 national welfare organisations, mainly concerned with youth-related activites In a move to encourage sport, sponsorship goes to amateur athletics meetings, the Trim Gym Association and foreign tours

Patronage extends strongly to education and Sanlam plans to extend that effort through donations to tertiary educational institutions The money will go to books and other facilities for libraries

In cultural fields, there is strong support for theatre and music Donations go to Cape Town's Baxter Theatre, the Roodepoort International Eisteddfod, the Cape Town Symphony Orchestra and the National Youth Orchestra

The Sanlam Prize for Youth Literature and the Sanlam Literary Award encourage aspiring writers

Much has been done to support conservation and the preservation of SA's cultural heritage, including the preservation of historic buildings and the accumulation of works of art which have been exhibited more than 100 times

Wild life

Last year, more than 42 00 people visited seven of these exhibitions

Contributions are made to the Wild Life Society and the SA Nature Foundation

Sanlam has contributed more than R8-million to the community in these ways

A spokesman says "Atractive as it would be to concentrate this budget on a few high-profile projects, we cannot turn our back on many deserving causes that rely on us for support We try to find some compromise"

Compromise

However, the basic social function of any business organisation is to help people to earn a living

Through its subsidiary, Sankorp, more than 400 000 jobs have been created

Another 20 000 jobs have been created in the past two difficult years In the end, that is what most people want Their jobs, says Sanlam, are the source of self-respect

Assocom reports confidence dip

30/6/87

JOHANNESBURG — The economic growth rate mooted for the economy this year could be in jeopardy, according to the latest Business Confidence Index (BCI) from the Associated Chambers of Commerce (Assocom)

Following a standstill in April and May, the BCI declined in June, Assocom reports

The BCI is calculated on a 1983 base of 100 It reflects a June level of 93,0 — down from 96,4 in May, 95,9 in April and 93,5 in March

In the first two months of the year the level hovered between 89,5 and 90,0

Assocom points out, however, that the June figure is still 16 per cent above that for June last year

The report notes "In contrast to the previous two months, when the various sub-indices of the BCI showed a mixed performance, only two of the 13 sub-indices posted increases in June

Positive influences on the composite BCI

- A decline in the number of unemployed of all races
- The average rate on three months Bankers' Acceptances fell slightly

Negative influences

- The dollar price of gold declined, while the overall market index of the JSE also fell As the consensus is still that the gold price should continue on an upward trend, the present decline could be no more than a temporary setback
- Inflation, as expressed by the CPI, rose from a year-on-year rate of 16,2 per cent in April to 17,3 per cent in May Fuel, power and food costs appear to be the main culprits
- Sales of new cars dropped in May There were probably special reasons for this, and anecdotal evidence for June suggests increasing demand for motor vehicles National retail sales, in real terms, also registered a slight decrease but the trend remained virtually on a plateau

The BCI report comments "Business confidence is still much higher than 12 months ago, but business sentiment has now dipped for the first time in 1987 Although Assocom does not believe that this means that the economy is slipping back into recession, it could be a further strong signal that the three per cent economic growth rate for 1987 is in jeopardy

"There is undoubtedly scope for faster economic growth, but the performance is still falling short of the potential" — Sapa

(30) DD 24/4/89

12 hawkers arrested

EAST LONDON — Approximately 12 hawkers were arrested yesterday by the East London City Police for various offences

The superintendent of the city police department, Mr Graham Moore, said the arrests had not been as a result of any special drive by his department

"There is nothing out of the ordinary in the arrests," he said.

"The Department of Health is very strict with people hawking foodstuffs without a licence."

"The people arrested were charged at the Fleet Street police station and their goods confiscated as evidence They will appear in court soon," Mr Moore added' — DDR

Firms use discounts to buy turnover

B/Day

Clothing industry left out in cold

(30) 25/6/87

KAY TURVEY

CLOTHING RETAILERS are buying turnover with discounts, and substantial increases in manufacturers' prices are not being passed on by retailers, who have shown a corresponding tendency to mark-down goods.

The late arrival of the cold weather has slowed stock turnover and heavy winter clearances are expected.

Ockie Stuart, of Stellenbosch University's Bureau for Economic Research, says: "Manufacture in consumer goods is stepping up and the tempo is certainly livelier than in other areas."

Foschini MD Hugh Mathew says retail prices have not increased by the same amount as the value of manufacturers' production. He says although order values are up considerably, the number of units are much the same as last year depending on assortments.

The unit selling price of goods had increased substantially during the past three seasons as the result of inflation, but unless sales were increasing at more than 16% at full mark-up, there could be no real growth.

Mathew says "I believe it is as good a time as any to go for growth, overdrafts are low, so we are putting in stock to see if the growth everyone is talking about is really out there"

Garlicks marketing director Noel Boyce says trading has become tough in the past 12 months, "with plenty of strategy bullets flying".

Discounts or incentives always ensured sales growth under any conditions, but had now become a definite element in the marketing mix, adding to turnover but hurting profitability.

Boyce says levels of inventories will remain much the same as last year, while winter sales have not been looking good as the weather only recently became cold

John Orrs joint MD Stewart Cohen says there has been no real growth during the past three years and John Orrs will protect market share, but not at the expense of profits

The recent cold weather had seen a jump in sales of winter merchandise, which would reduce mark-downs at the end of the season

Jet MD Peter Hind says his company is looking for better stock turns, keeping growth in stock slightly lower than growth in sales.

This winter had been tough — although the cold snap would help rectify the situation

Call to broaden free enterprise

(30)

EP 25/6/87

By MICHEL DESMIDT

THE survival of free enterprise is an absolute prerequisite for the development of a free democratic society in South Africa, says the president of the Association of Chambers of Commerce, Mr Harold Groom

Speaking at a Port Elizabeth Chamber of Commerce lunch today, Mr Groom said it was imperative that the free enterprise system be seen to be more socially responsive to offset mounting calls for socialism among blacks

"Unless the business community becomes more active in making the free enterprise system accessible to blacks, their only recourse will be to call for a system of government which will theoretically, at the stroke of a pen, create the opportunities and transfer the wealth for which they have been waiting so long"

The "terrible irony" was that socialism had never matched the expectations of the masses and even now Communist countries were turning to experiments with privatisation to boost their flagging economies

Apart from the threat of Marxist socialism, the South African economy had become burdened with regulations and discriminatory legislation which, while intended to protect, had inhibited the business sector

Assocom's 23 000 membership had a pivotal role in the reform process and to this end should provide affordable home ownership and support financially and, in kind, informal and informal career-orientated education, said Mr Groom

Local deregulation and privatisation had to be strived for, with special emphasis on giving blacks a chance to tender for services

Mr Groom said blacks had to be consulted at every level to establish their perceptions, problems and find solutions jointly By seeking forums for discussions, business could help in the process of negotiation with the Government

All inflammatory statements which served to polarise opinions had to be avoided at all costs and race relations had to be normalised at the workplace — the forum for about 80% of inter-group relations

Mr Groom said the informal sector should be backed as a major agent for job creation, without which poverty, violence, and instability will be the order of the day"

(50) DD 25/6/87

SA car sales set to go up

PORT ELIZABETH — Passenger car sales this year are expected to be 15 per cent up on last year and a similar improvement is possible in 1988, the head of the National Association of Automobile Manufacturers of South Africa, Mr Peter Searle, said yesterday.

Mr Searle's statement comes at a time when the South African car industry appears to have been caught flat-footed by the sudden economic recovery — and unable to meet the soaring demand

Sources in the industry say the shortage seems to have been caused by manufacturers cutting their stock holdings which, with today's interest rates, are extremely expensive, and living on a hand-to-mouth basis

One source said "Manufacturers are dead scared that if production is increased, the demand will drop off and they will be left holding large numbers of stock."

In the motor manufacturing business, it is very hard to slow down or step up production in the short term.

Mr Searle, who is also managing director of Volksvagen South Africa, estimated that 200 000 passenger cars would be sold this year

He was convinced the upward trend in motor vehicle demand would be sustained in 1987 and into 1988, and steps were being taken to increase production

"With waiting lists for virtually every model in our range, this is the logical step to take "

After making a negligible number of sales to the government over the past three years, since March this year VW had already secured firm orders for 1 119 vehicles, with the promise of 300 to come, its public relations officer, Mr Ronnie Kruger, said

VW is hiring another 400 to 500 workers to cope with the increased demand for its products

The other Eastern Cape motor manufacturer, Delta Motor Corporation, following its decision to sell to the Government after becoming South African owned when General Motors pulled out of South Africa at the end of last year, disclosed yesterday it too had collared a large portion of the government market

Mr Van Rooyen, the company's director of product development and planning, said yesterday that so far this year Delta had sold 1 500 vehicles to the government

Demand, meanwhile, is outstripping supply at other motor companies in South Africa

Samcor, makers of Ford, Mazda and Mitsubishi had shortages of passenger and light commerical vehicles in May across the board but had stepped-up production and should be in a position in July to meet all demand, said Mr Ruben Els, Samcor's public relations manager

30

Shock in store for furniture buyers

Consumer Corner

By SY MAKARINGE

PROSPECTIVE furniture buyers must brace themselves for a big shock — most furniture dealers on the Reef and other parts of the country have decided to discontinue giving a free delivery service to their customers.

And it is only a matter of time before those who are still providing the service start following suit, according to Mr Frans Jordaan, chief executive director of the Furniture Traders' Association of South Africa (FTASA)

Morkels Furnishers was the only furniture company contacted by *Consumer Corner* which indicated that it did not intend stopping the service it has been providing to its customers for a long time

Furniture traders who began implementing delivery charges in the last two months said they took the decision to meet the rocketing costs of transportation and the maintenance of vehicles Another reason they cited was that free delivery was unfair on those who used their own transport to take their goods home after purchasing

Consumers must from now on expect to fork out transport charges of up to R80 when purchasing furniture on the Hire Purchase Agreement

OK Bazaar's delivery charge is three percent of the cost of the item purchased This means that if a customer buys a TV set worth R3 000 from OK, he will be expected to pay a further R90 for transport

OK's transport charge came into effect at the beginning of June this year

A spokesperson for Ellerines Furnishers, which deals solely with the black market, said from July 1 the company would charge a R20 transport fee for goods costing up to R1 000 and R30 for items worth more than R1 000

Angry

She said this was due to the high costs of keeping delivery vans on the road She added that the vehicles also had to be kept in good condition

Another furniture shop said it charged a standard R40 delivery fee, irrespective of whether the goods purchased cost R100 or R10 000

A Garankuwa, Pretoria, consumer who bought furniture at the Garankuwa branch of OK on May became angry when his goods were not delivered to his home

The customer, Mr Moses Mthimunye, told *Consumer Corner* that he went back to the shop to find out what the problem could have been

"I was told that the goods were not delivered because the papers that I signed did not state whether I had paid my transport charge I was surprised because that was the first time I heard that transport must be paid for," Mr Mthimunye said

He said he could not understand why the shop charged him a delivery fee as he bought goods on May 29 — two days before the new rule came into effect

Mr Bob van Coller, OK's director for the Johannesburg region, said the new rule definitely did not apply retrospectively He promised to investigate the matter

Mr van Coller said OK "reluctantly" implemented the transport charge due to "pressure of the costs of delivery"

He said this was in line with what other furniture shops were doing

Mr Jordaan said it was not new for furniture shops to charge a delivery fee

"They do this because of the economic situation Most, if not all, will start charging for transport," Mr Jordaan said

PEP STORES

(30)

High base

Activities: *SA's largest clothing, footwear and household goods retailing chain, comprising the Pep Stores and Ackermans chain and eight factories*

Control: *Pepkor is the holding company*

Chairman: *C Wiese, managing director, B Weyers.*

Capital structure: *45,6m ords of NPV. Market capitalisation R467,4m*

Share market: *Price· 1 025c Yields 3,9% on dividend, 8,7% on earnings, PE ratio, 11,5, cover, 2,2 12-month high, 1 075c, low, 900c Trading volume last quarter, 1,5m shares*

Financial: *Year to February 28*

	'86	'87
Debt		
Short-term (Rm)	9,0	10,6
Long-term (Rm)	52,0	0,05
Debt equity ratio	0,53	0,08
Shareholders' interest	0,47	0,52
Int & leasing cover	2,2	2,6
Debt cover	0,6	4,5

FM 26/6/87

Performance	'86	'87
Return on cap (%)	19,8	21,6
Turnover (Rm)	405,8	507,6
Pre-int profit (Rm)	47,8	53,1
Pre-int margin (%)	11 8	13,1
Taxed profit (Rm)	31 2	42,1
Earnings (c)	67,6	89 4
Dividends (c)	—	40
Net worth (c)	208	257

Pep Stores, listed last November, is one of a small number of companies offering a direct investment into the burgeoning black consumer market The company has proved itself virtually recession-proof, thanks to a product range that is basic and low in fashion content

In fact, although clothing is a large component of Pep Stores' sales, management claims that studies show the group's sales to be closely tied with the cycles of basic foods. While this gives the company a contra-cyclical profile, it also means that Pep Stores is trading off a high earnings base, without the recovery potential that investors may be looking for

Earnings a share grew by a highly respectable 32% last year The bottom-line performance was somewhat misleading, though, as it owed much to falling interest rates, which helped trim finance costs from R10,8m in 1986 to R4,9m Growth at operating level was a more sedate 11,1%.

But financial management is important, and the group is clearly concentrating on this Debt was reduced to R11,1m (R61m) last year, and the debt equity ratio fell to 0,05 (0,52) Improved asset management is shown by the fall in stocks to R166,3m (R198,9m), despite the rise in sales. Creditors increased to R87,7m (R65,3m), indicating suppliers are being stretched as part of a plan to reduce debt

Stock turn improved to 3 times (2 times), which many analysts would regard as still being too low Stock build-up seems a problem inherent in the Pepkor group, because of its peculiar make-up Pep Stores is vertically integrated, owning eight factories which produce exclusively for its outlets

Because its products are low-fashion, and therefore can safely be held in the store for an extended period, there must be a temptation to keep the factories working at 100% operating capacity, even at the cost of overstocking the stores Management has started addressing this issue, although they may still have some way to go

Other productivity ratios look impressive, such as the 21,6% reported return on total assets, and the 34,8% return on shareholders funds.

While it operates a large network of 565 outlets, Pep Stores' markets appear to be a long way from saturation, as evidenced in its expansionary plans for this year "In line with our view of SA's urbanisation into the year 2000, and the projected population increase," says MD Basil Weyers, "we plan to open 24 Pep Stores and 10 Ackermans outlets during the current financial year "

That, with organic growth from existing stores, should enable the chain to maintain a healthy growth rate this year, even though the benefits of falling interest rates are past

At 1 025c, the share trades on a p e of 11,5 times, on the low side for a company in the stores sector There is one shadow overhanging the share — holding company Pepkor, left with an excessive stake in Pep Stores after the subsidiary was reverse-listed into Bearing Man last year, will be forced soon to sell off a large part of its holding, to comply with JSE regulations on spread This could place some downward pressure on the share

Neville Glaser

30 26/6/87

PICK 'n PAY

Seeking growth

Activities: *Mass retailer of food and general merchandise through 12 hypermarkets and 81 supermarkets*
Control. *The directors have a controlling interest.*
Chairman: *R D Ackerman, joint managing directors R D Ackerman and H S Herman*
Capital structure: *19,57m ords of 10c each Market capitalisation R812m*
Share market: *Price 4 150c Yields 2,6% on dividend, 5,3% on earnings, PE ratio, 18,9, cover, 1,2 12-month high, 4 550c, low, 3 075c Trading volume last quarter, 335 000 shares*
Financial: *Year to February 28*

	'84	'85	'86	'87
Debt				
Long-term (Rm)	12,7	12,4	12,1	11,8
Debt equity ratio	0,10	0,09	0,08	0,07
Shareholders' interest	0,39	0,36	0,33	0,31
Int & leasing cover	31	33	37	50
Debt cover	3,6	4,1	4,6	5,6

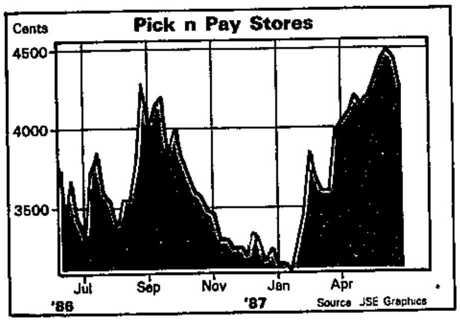
Performance·

	'84	'85	'86	'87
Return on cap (%)	18,1	16,7	16,1	14,9
Turnover (Rm)	1 501	1 825	2 145	2 468
Pre-int profit (Rm)	56,7	65,5	66,1	75,3
Pre-int margin (%)	3,4	3,3	3,2	3,1
Taxed profit (Rm)	31,4	33,5	35,5	43,1
Earnings (c)	161	171	181	220
Dividends (c)	72	83,5	92	108
Net worth (c)	633	704	707	811

Pick 'n Pay has emerged relatively unscathed from a torrid period, when striking labourers and revitalised competitors hammered at its profits Checkers mounted a massive marketing drive early in the year, to which Pick 'n Pay was slow in responding. Interim earnings rose by a mere 13%, but after that the group got itself into high gear, and ended the year creditably, with earnings up 21,3%

Turnover rose 15% to R2,47 billion (R2,14 billion), while trading income rose 26% to R67,8m (R53,7m) The operating margin improved to 2,7% (2,5%), which is probably the best in the industry. But falling interest rates and a lower cash balance reduced interest received to R3m (R7,9m), partially eroding the bottom-line advance

Ackerman forecasts a profit growth of not less than 20% this year, while noting the



Pick 'n Pay's Ackerman . . . developing new markets

economy appears stronger than in the previous few years. But it is the long-term prospects that interest most analysts, particularly as some suspect Pick 'n Pay might have seen the best of its growth years.

One potential long-term growth market is contained in the entrepreneurial explosion of black traders. Pick 'n Pay is currently testing this market through its "PriceClub" cash-and-carry chain An experimental outlet was opened in the Vaal Triangle last October, with another having opened in City Deep. Says Ackerman "Initial experience has confirmed that this market holds promise and this arm of the company's activities will be promoted and developed actively in the years ahead."

The group is also continuing its policy of refurbishing existing outlets, which has resulted, management says, in a marked improvement in the trading performance of those stores concerned. Operations at the hypermarkets at Boksburg and Bloemfontein, and the Welkom superstore, were improved last year, this will be followed by the upgrading of the Springs supermarket, the Brackenfell hypermarket and four older stores Refurbishment allows for a higher proportion of high margin products to be carried, which is expected to contribute to higher overall margins

Pick 'n Pay also continues to develop its scanning and electronic funds transfer system This will be progressively introduced during the next few years, and is expected to improve efficiencies

Despite cries that the supermarket industry is overtraded, Ackerman remains convinced that there are still "important trading areas" to be tapped But the group's rate of new store openings has dropped This year only three standard supermarkets are to be opened, with a small convenience-type development at Camps Bay, Cape Town Pick 'n Pay currently retails through 81 supermarket outlets, making its rate of new store development seem relatively low

Nevertheless, with the share at R40,50, and on a p e ratio of 18, investors have accorded the Cape-based chain a high rating, suggesting few believe that Ackerman will be content to live on past successes

Dave Edwards

EDGARS (30) £1M

Back in fashion

By adopting an aggressive inventory stance, and increasing its range of merchandise ahead of improved consumer spending, Edgars pushed its sales up by 26% last year All three major retail divisions, Edgars, Sales House, and Jet, contributed to this performance, with particularly the black-orientated Sales House (the one presumably most vulnerable to boycotts) doing well to increase its operating profits to R15m, while lifting its profit margin to 10%

With the trading area kept more or less stable after rapid expansion, the gearing effect of rising sales off the existing sales base is shown in last year's rise in operating profits These climbed 75% on much improved margins Lower interest rates and a reduction in debt levels resulted in earnings at-

BALANCED GROWTH

Sales (Rm)

	'86	'87	Rise (%)
Edgars	483	614	27
Sales House	116	145	25
Jet	140	174	24

Activities: *The group retails clothing, footwear, and accessories through 331 stores in southern Africa and has two factories which manufacture family clothing*
Control *SA Breweries has control*
Chairman. *J M Kahn, chief executive V B Hammond*
Capital structure: *2,15m ords of R2 each Market capitalisation R602m*
Share market. *Price R280 Yields 2,9% on dividend, 6,8% on earnings, PE ratio, 14,7, cover, 2,4 12-month high, R280, low, R100 Trading volume last quarter, 4 000 shares*
Financial. *Year to March 28*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	3,3	10,3	21,6	3,4
Long-term (Rm)	63,9	73,5	55,6	43,5
Debt equity ratio	0,5	0,6	0,51	0,21
Shareholders' interest	0,42	0,39	0,39	0,45
Int & leasing cover	1,4	1,4	1,4	1,80
Debt cover	0,43	0,31	0,29	0,80

Performance

	'84	'85	'86	'87
Return on cap (%)	15,2	15,1	13,1	18,0
Turnover (Rm)	653	683	735	930
Pre-int profit (Rm)	49,7	56,2	51,9	90,6
Pre-int margin (%)	7,6	8,2	7,0	9,7
Taxed profit (Rm)	19,6	19,8	18,2	39,2
Earnings (c)	890	940	852	1 895
Dividends (c)	500	515	450	800
Net worth (c)	6 250	6 674	7 082	8 195

tributable to ordinary shareholders rising by 120% to R40,9m (R18,3m). The dividend rose 78% to R8 (450c)

On the balance sheet, the rise in permanent capital to R227m (R153m) is principally thanks to R50m raised in a rights issue last year of automatically convertible debentures Some of this money has gone toward purchase of furniture and equipment, in an effort to reduce high leasing costs Total leasing charges rose to R80m (R76m), but should begin to fall this year

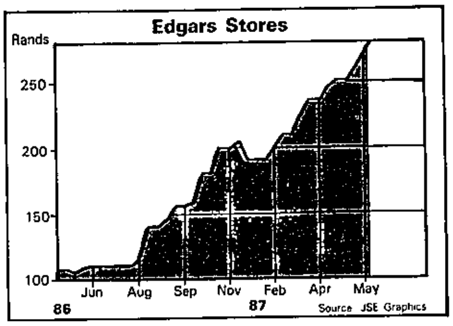
Despite concern over profitability in larger Jet stores, the better spread of profits across the group's retail divisions is a positive factor for the future Last year, CE Vic Hammond said that "on existing floor space group sales can be easily increased by 50%" This overcapacity was the result of contractual obligations entered into before 1982 On Hammond's information there must still be considerable potential to develop sales internally before opening new stores

Edgars is moving toward a higher, 2,5 times dividend cover and the share's current dividend yield is 2,9%, well below the sector average of 3,7% Hammond discounts any concerted expansion in its embryonic Express cash chain, designed to test the low margin market of less-affluent blacks. "We

Edgars' Hammond . . . potential for higher sales

will feel our way," he says

This seems an appropriate policy after the group's bad experience with Ackerman's, which traded in a similar sector and was eventually sold in 1984 He looks to further profitability in Jet, where some large stores are still losing money. Hammond, however,



sees the group as being "back on the expansion trail"

Signals that the awaited economic recovery is well under way must give the share a bullish undertone, but the continued erosion of disposable income may still retard full-blown growth Nevertheless, the group is riding high on a cyclical recovery in clothing markets, and investors who spotted its potential have been well rewarded The current R280 share price is more than double its 1982 high — before the recession — and 40% up this year

Dave Edwards

(30) Eve Post 15/6/87

'Red tape curbing black business'

By JIMMY MATYU

ALL the factors inhibiting the advancement of black business can be traced back to unwarranted interference by governments, whether national, homeland or local

This was said by Mr I J Hetherington, managing director of Job Creation, from Johannesburg, when he addressed the annual meeting of the Eastern Cape African Chamber of Commerce (Ecacoc) in Port Elizabeth at the weekend

He said he was tempted to describe the factors as over-regulation, socialism and economic Marxism

"If blacks enjoyed economic freedom — if there was a true free enterprise system — there is no doubt at all that black business would advance," he said

Mr Hetherington said it was only recently that a small measure of deregulation and economic freedom had been granted to blacks in the passenger transport field

He said that in 1979, after many years of effort, the National African Federated Chamber of Commerce (Nafcoc) finally persuaded the Government to permit blacks to manufacture in urban townships outside homelands

As a result of this concession to individual economic freedom many varieties of manufacturing businesses had sprung up everywhere

Mr Hetherington said blacks still had to undergo costly and time-consuming procedure in establishing or expanding businesses

He said there was a lot of talk nowadays about deregulation, about restoring individual economic freedoms and the State moving out of enterprises that could be better run by the private sector

"Some local, regional and State authorities are re-examining existing legislation and the methods of administering it, and are repealing or mending a little of it here and there in order to bring relief to small business proprietors

"In other cases, Ministers are using some of their discretionary powers under certain Acts, to grant exemptions to very small or very new businesses"

Mr Hetherington said the overwhelming body of written, codified rules and regulations had been a major contributor to the extremely low economic growth over the last 15 years and to the exceedingly high unemployment

Mr Hetherington said that in the South African situation, where more than half the population, including many whites, were functionally illiterate, it made even less sense than normal to codify so much of the law

● Ecacoc has instructed all its members to close their businesses for the whole day tomorrow to observe the 11th anniversary of the Soweto riots

Quiet anniversary of Soweto unrest

30

Big stayaway of Eastern Cape workers

DD 17/6/87

JOHANNESBURG — The 11th anniversary of the Soweto disturbances — in which about 575 people died in 1976 — was marked "quietly" nationwide with no reported violence and few workers reporting for duty.

Some employers had negotiated June 16 as a paid holiday with employee organisations and those that did not are expected not to pay staff who were not at work yesterday.

A police spokesman Captain Reg Crewe, said last night that the "general opinion was that everything was very quiet" nationwide

Workers for the major chainstore groups — Checkers, OK Bazaars and Pick 'n Pay — had negotiated for the day to be a paid holiday and absenteeism in other sectors ranged from five per cent to total stayaways

Labour and employer groups in the Eastern Cape estimated absenteeism there to be about 90 per cent

A Chamber of Mines spokesman, Mr Peter Bunkell, said there was a five to six per cent stayaway in the gold mining industry and it was "somewhat higher" on coal mines He would not elaborate

A spokesman for the Department of Posts and Telecommunications in Pretoria said the Witwatersrand was most affected by postal workers staying away

Most commemoration services and meetings held in the sprawling township were well attended and there were no violent incidents.

About 200 people leaving a service at the Central Lutheran Church in Jabavu were alleged to have been dispersed with teargas Police have not been able to confirm this.

— Sapa

(30) DD 18/6/87.

SBDC service growing — chief

MR PATEL

Dispatch Reporter

KING WILLIAM'S TOWN — A retailer, Mr Jack Patel, has been re-elected president of the Kaffrarian Chamber of Commerce

At the chamber's annual meeting, a local pharmacist, Mr Alan Corrans, was re-elected vice-chairman

The Managing Director of the Small Business Development Corporation (SBDC), Dr Ben Vosloo from Johannesburg, was the guest speaker

Dr Vosloo reported on the expansion of the SBDC's main services to the small business community during the 1986 financial year and said that the total letable sheltered area made available to small business entrepreneurs had grown in excess of 400 000 square metres

He stressed that development was a "do-it-yourself" operation and was certainly not the result of the "Johannesburg boffins merely arriving with bags of gold in the form of government promotion"

Dr Vosloo said that the SBDC was a public company in which the total holding of the private sector shareholders was equal to the public sector holding

The private sector shareholders had a major representation on the Board of Directors and its committees

"A fundamental principle was the development of the co-owners and managers in all sectors of the community," Dr Vosloo added

Dr Vosloo underlined the need for more money to be channelled through the SBDC and quoted an extract from the corporation's annual report as an index of what the future held

The extract read: "As always, we (SBDC) will continue to involve the private sector, particularly the institutional investors, in the development of the underdeveloped areas Our aim is to encourage these institutional investors to put their funds directly into the underdeveloped areas The SBDC ideally would like to act as a catalyst," he added

Intimidation trial resumes today

The trial of six people charged with intimidating a Pick 'n Pay employee to participate in a strike last year by assaulting him will continue today.

Yesterday the trial of Mr James Hadebe (24) and Mr Livingstone Majodina (30), both of Orlando East; Mr Samuel Vikilahle (29) and Mrs Alinah Mofokeng (35), both of Meadowlands; Mr Samuel Dladla (22) of Naledi Extension, and Mrs Magdelina Phatlhane (33) of Chiawelo Extension, Soweto, was postponed by arrangement with the defence counsel.

The six have pleaded not guilty to intimidating Mr Samuel Richard Mondi at the Sandton Hyperama on December 20 by kicking, hitting and stabbing him. All are free on bail of R600.

In a request for further particulars, the defence asked whether it was alleged that the only motive of the accused for assaulting Mr Mondi was intimidation.

The State replied that any other motive "is irrelevant, for the six accused are only charged with contravening the Intimidation Act".

(30) STAR 19/6/87

Star 20/6/87 30

Pick 'n Pay considering another share split

TOM HOOD

CAPE TOWN — Pick 'n Pay is planning another share split to lower the price of its shares and help more employees become shareholders.

No figure has been decided, but analysts believe the ordinaries — currently trading around R40 — will be subdivided into 10 new ones at 400c each, a split favoured by several companies

News that the directors are thinking of a split was disclosed by the chairman, Mr Raymond Ackerman, at yesterday's crowded annual meeting.

"The price was subdivided some years ago when it reached R50 and it is now time to consider another split," he said.

About 11 percent of the 19 000 employees hold shares, and Mr Ackerman said he would like to see at least 25 percent of the staff as shareholders.

At the last share split, shareholders received the equivalent of 14 shares for one share owned.

The directors were given power to control the company's 19,5 million unissued shares until the next annual meeting. Authorised capital amounts to 30 million shares.

More than 700 000 shares are held by a trust set up in terms of Pick 'n Pay's share purchase scheme and a share option scheme.

Almost R14 million of the company's cash is tied up in the employee share purchase trust, according to the balance sheet Another R10,8 million has been advanced in housing loans.

An analysis of shareholdings shows 630 directors and employees own more than a million shares or five percent of Pick 'n Pay Stores About 1 700 individual investors own 1,3 million or seven percent

Another 865 directors and employees own 1,6 million shares or 8 percent of the pyramid company, Pick 'n Pay Holdings, which owns 52 percent (10 million shares) of Pick 'n Pay Stores Some 1 400 individuals own 1,5 million or 7 percent

Turnover boost

Pick 'n Pay earnings soar

CMB Times 20/6/87

30

BY JANE ARBOUS

PICK 'n Pay's current financial year got off to a roaring start with trading up 21% from the year end in March, chairman Raymond Ackerman said yesterday.

Addressing shareholders at the AGM in Claremont, Ackerman said this was well above the same period last year and augured well for 1987.

He said the company was considering a share split, mainly to give more staff a stake in the company.

One of the company's strengths was that 11% of the 19 774 full-time employees were shareholders. He anticipated this doubling in the next few years.

Joint MD Hugh Herman said in a response to a question from the floor that P 'n P was reassessing the Australian situation, where they have been unable to get permission to expand, and were looking at ways of circumventing the law.

Herman said its sole store was growing by about 18% to 20%.

In the last financial year Pick 'n Pay lifted earnings 21% to R43m (R35,4m) or 220,1c (181,4c) a share. Turnover was up 15% to R2,4bn compared with R2,1bn the previous year.

Herman said the company had started poorly last year but had picked up well. He predicted earnings of not less than 20% for the current financial year.

He also pointed out that although the staff had increased by 7%, the salary bill had risen by 15%, in line with their turnover increase.

Ackerman said it was important that business leaders show confidence. This was evident in P 'n P's opening of three new stores in the past month, with more to come.

He appealed to the government "from the heart" to rescind "any possible thought of making us rent collectors".

P W Botha had accused business of meddling in politics yet the rent boycott move was a highly political and emotive issue.

Ackerman said business involvement with rent collections could "smash" confidence which was reviving, and debilitate industrial relations.

W/E ARGUS 20/6/87

Trolley dumping pushes up store prices

30

Trolleys abandoned in Canterbury Street.

by JEREMY DOWSON
Weekend Argus Reporter

CARELESS shoppers who leave supermarket trolleys on pavements or in carparks are inadvertently pushing up prices

An investigation into the problem of abandoned or stolen trolleys this week revealed that they are costing each of the major chains, Pick 'n Pay, Checkers and OK Bazaars, around R1-million a year to replace — R1,2-million in the case of Checkers

Those that don't end up as rusty scrap in vacant lots or junkyards often end up being used as anything from portable braais to go-karts

And ultimately the consumer — careless or otherwise — ends up footing the bill

Each trolley costs a supermarket between R123 (Checkers) and R150 (Pick 'n Pay)

If the "abandoned trolley" problem were to disappear the major chains would each save a cool R1-million or so — which could possibly be passed back to the consumer

Furthermore, any store whose trolley is found in the street stands to incur a fine or have it impounded, depending on the local authority's bylaws In Cape Town abandoned trolleys are impounded It costs R15 to recover a clearly marked trolley and an extra R5 for an affadavit if the store can't prove ownership

Small wonder, then, that the major chains are going all-out to combat the loss of trolleys

For instance, Checkers is highlighting the problem in a consumer awareness programme And Pick 'n Pay recently introduced a motorised trolley-collection system in the carparks of many of its stores, albeit at considerable expense

According to the chain's Western Cape regional director, Mr John Barry, the collection system has already alleviated the problem considerably.

But the situation could "certainly be improved", he said

Checkers PRO Adele Gouws said some of the chain's stores used a deposit system for trolleys However, the chain tried to keep the number of such systems to a minimum, as many customers complained about the inconvenience of this

She said Checkers' policy was not to prosecute people who were found to have unreturned trolleys

"If we find out who they are we just ask them kindly to return them"

The problem was most severe in "flatland" areas

"We have found that in very built-up residential areas, where it is easier for people to walk a few blocks to the store, rather than battle to find parking, people are more inclined to push their trolleys back to their flats"

And while a few brought them back on their next shopping expedition, many did not

An OK spokesman said trolleys that had gone missing from Johannesburg stores had been known to reappear in places as far-flung as Botswana and Bophuthatswana

(30) B/Day 22/6/87

Theft hits car rental profits

MICK COLLINS

WITH bottom line profits being eroded, the car rental industry has lambasted motor manufacturers over the lack of anti-theft devices in vehicles

But the motor industry has reacted saying it is doing all it can about a problem which is universal

A SA Vehicle Rental Association (Savra) spokesman says the motor industry has ignored the problem which is costing car hire firms millions

Savra chairman Noel de Villiers says "The motor industry should have taken on the responsibility a long time ago"

Avis MD Tony Langley says his company lost nearly R1m in the last seven months through theft "While we do carry comprehensive insurance there is a high excess to pay" A breakdown of Avis losses shows that in the period June 1986 to April 1987 a total of 63 vehicles were stolen

Imperial Car Hire director Maureen Jackson says the company has been hit by a 40% increase in thefts from January to May "We have been asking manufacturers to help In five months theft cost us nearly R500 000 Now we are fitting our own devices The statistics have dropped dramatically"

A Nissan spokesman says the company has been testing devices for months "Our intention is to fit all cars with anti-theft measures If we can get costs right, I believe we will solve the problem during the next few months"

VW's public affairs GM Ronnie Kruger says 'Any easy solution will be an easy solution for a thief We are developing a system which will be available next year In the meantime, we will be engraving identification numbers on all vehicles, probably before the end of the year"

Toyota marketing director Brand Pretorius says the company is restricted by franchising agreements but more developments are in the offing from Japan "We can offer motorists four different options which we have tested extensively They range in price from R150 to R750"

And Samcor group MD Spencer Stirling says the company has been evaluating systems but has not yet found one that has an acceptable level of reliability

"However, we are consulting with specialist electronics companies in the development of a suitable system for fitment on the assembly line"

B/Day 22/6/87

Group Areas Act report in the offing

DOMINIQUE GILBERT

THE long-awaited Group Areas Act report is likely to be tabled in Parliament before this session ends

It is understood some members of the NP caucus, although facing severe pressure from the rightwing Opposition are committed to bringing about some changes to the Act

This will be good news for those who had feared the report might have been shelved after it was referred back to the President's Council (PC) a few months ago

Although scrapping the Act has been ruled out it appears the local option for local authorities is still on the cards

The PC faces the problem of how to cope with voting rights for people who will possibly be able to live in opened-up areas

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Staff shares might be increased

Pick 'n Pay shows overall growth

Own Correspondent

PICK 'n Pay was considering a share split, mainly to give more staff a stake in the company, chairman Raymond Ackerman said on Friday

Ackerman told the AGM one of the strengths of the company was that 11% of the 19 774 full-time employees were shareholders and he wanted that to double in the next few years He said employee participation was a worldwide trend

Joint MD Hugh Herman said in a response to a question from the floor that Pick 'n Pay was reassessing the Australian situation, where it had been prevented from expanding, and was looking at ways of circumventing the law

Herman said that despite lack of progress in its plans to open up two more stores because of opposition from unions and the Labour government, its sole store was growing by about 18% to 20%

As far as the local market was concerned, Ackerman said company business was up 21% from the year-end in March, and that augered well for the rest of the year

In the last financial year, Pick 'n Pay lifted earnings 21% to R43m (R35,4m) or 220,1c (181,4c) a share Turnover was up 15% to R2,4bn compared with R2,1bn the previous year

Herman, who said the company had started poorly last year but had picked up well, predicted earnings of not less than 20% for this financial year

He also pointed out that although the staff had increased by 7%, the salary bill had risen by 15% — in line with the turnover increase

Devoting most of his address to business confidence, Ackerman said it was important business leaders show confidence, and this was evident in Pick 'n Pay's opening of three new stores in the past month, with more to come

However, he appealed to government to inject business with confidence, specifically the reduction of taxes and restoration of growth

He also appealed to government "from the heart" to rescind "any possible thought of making us rent collectors"

P W Botha had accused business of meddling in politics, yet the rent boycott was a highly political and emotive issue

Ackerman said business involvement with rent collections could "smash" confidence which was coming right and spoil industrial relations

First SA black firm for exhange

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SMC 22/6/87

SESHEGO, Lebowa — Mr Pothinus Mokgokong is about to make history as head of the first black-owned company to be floated on South Africa's stock exchange.

The product is simple — bread. The market is captive, competititon is minimal and the results are solidly profitable for Lebowa Bakeries Limited, which operates in one of the tribal homelands created by the South African Government.

That a black company should be floated on the Johannesburg exchange, the world's 11th largest, showed South African blacks were making some progress in spite of racial segregation, Mr Mokgokong said.

"It is a beginning, a breakthrough economically," the 64-year-old chairman said in an interview.

On Johannesburg's Diagonal Street, the Wall Street of South Africa, stockbrokers predict Lebowa Bakeries' debut next month will win popularity with white investors — very few blacks participate in the market — and be a success.

If so, it will make Mr Mokgokong wealthy by black South African standards.

He holds 80 000 of the shares in the company, part-ownership of which is being offered to the public at 75c a share by the major investor, the Lebowa Development Corporation.

The offering is relatively small, only 2,15-million shares worth R1,6 million.

In the past five years, Lebowa Bakeries net profits have risen 92% to R2,4 million and turnover 111% to R32 million.

"They're buying my expertise, not my colour," said Mr Mokgokong, who is also an official of the Lebowa Development Corporation and the homeland's Development Bank, funded by the South African Government. — Sapa-Reuter

Delta backs call to relax car credit

(30) EPost 23/6/87

By MICHEL DESMIDT

PRIVATE leasing and the relaxation of hire-purchase conditions would stimulate new car sales, according to the marketing manager of the Delta Motor Corporation, Mr John Cuming

Mr Cuming was reacting to a call by Mr Theo Swart, joint managing director of the McCarthy Group, for the Government to reintroduce private leasing and relax antiquated HP regulations in order to boost private car sales

Mr Swart said with the steady drop in disposable income, the man in the street accounted for only 20% of new vehicle sales, compared with 50% only five years ago

Mr Cuming said Delta would support a relaxation of credit controls in order to boost the private buyer content of sales Most passenger car sales were to fleet owners, with private buyers accounting for 30% to 35% of sales

The advantages of leasing were

- The 20% deposit on HP sales was not required
- A lease could be negotiated over a maximum of 60 months compared to the 48 months allowed on HP instalments
- Lease payments could be structured down to a residual value at the end of the contract period, after which the client bought the vehicle With HP payments, on the other hand, fixed monthly payments covered the entire cost of the vehicle over the HP period
- Leasing provided for maintenance contracts, protecting lessees from large, one-off repair bills

Mr Cuming said at present leasing was restricted to people who used their cars in the pursuit of their professions

However, if leasing were to be opened to the general public, more people could afford new cars

Mr Swart's plea for help was supported by the Motor Industries' Federation

The South African motor industry has had a 10-year setback, said Mr Jannie van Huysteen, executive director of the MIF, adding that national new car sales of 17 400 last year were the lowest since 1976

Whites willing, says Chamber of Mines chief

Business urged to push for reform

(30) SMC 23/6/87.

By Michael Chester

Big business was urged by the president of the Chamber of Mines today to renew its pressure on the Government to speed up the implementation of socio-political reform.

Mr Peter Gush, chairman of the Gold Division of the Anglo American Corporation, said in a presidential address in Johannesburg that it was unfortunate that the pace of reform had slowed down to a mere crawl.

The general election appeared to have confirmed that the country was now less willing to accept reform — but this was confused with the topic of national security.

Mr Gush said states of emergency were rarely favourable to the growth of a more just society, particularly the longer they were imposed.

The dismissal by the rest of the world, and especially the West, of the reforms that had already taken place as being of little account had only strengthened those forces in South Africa that made for isolation and intransigence

"All this must be resisted," he said "The future of South Africa will depend on the willingness of all parties to negotiate

"I believe that the country's white population is more willing to accept greater changes to abolish discrimination than our rulers believe

'Only way'

"This is the only way we can go if the country is to prosper. It is imperative that we advance on this road more rapidly than we have done until now"

Although the private sector had little direct influence on the Government, businessmen could and should do many things to keep alive the prospects for a secure future for South Africa.

The slight influence on the Government did not mean business should simply stand by and wring its hands.

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Black company about to make dough on the JSE

SA PRESS ASSOCIATION

BUSINESSMAN Pothinus Mokgokong is about to make history as head of the first black-owned company to be floated on South Africa's Stock Exchange.

The product is simple — bread the market is captive, competition is minimal and the results are solidly profitable for Lebowa Bakeries Limited, which operates in one of the tribal homelands created by the South African Government

That a black company should be floated on the Johannesburg exchange, the world's 11th largest, showed [illegible] with African blacks [illegible] making some progress despite apartheid racial segregation, Mokgokong said

"It is a beginning, a breakthrough economically," the 64-year-old chairman said in an interview

On Johannesburg's Diagonal Street, the Wall Street of South Africa, stockbrokers predict Lebowa Bakeries' debut next month will win popularity with white investors — very few blacks participate in the market — and be a success

If so, it will make Mokgokong wealthy by black South African standards He holds 80 000 of the shares in the company, part-ownership of which is being offered to the public at 75 cents a share by the major investor, the Lebowa Development Corporation

The offering is relatively small, only 2 15 million shares worth a 1 6 million Rand

In the past five years, Lebowa Bakeries net profits have risen 92 percent to 2 4 million Rand and turnover 111 percent to 32 million Rand

Mokgokong expressed the confidence and, optimism of a top executive of a prosperous and growing company

He said earnings will dip slightly this year because of expansion costs but in the following two to three years "we hope to double our profits and turnover "

Johannesburg Exchange president tony change president Tony Norton said there was no apartheid in listings on the exchange "Any company that meets our standards is welcome We don't discriminate," he said.

Norton [illegible] predicted more black firms would be listed although they would be few and far between "

Lebowa Bakeries sells its 200 000 daily loaves in Lebowa and has six bakeries in the homeland which is located in north eastern Transvaal and has a population of 2 3 million blacks

Apartheid

The company headquarters in Seshego is 11 km from the ultra-conservative white Afrikaner town of Pietersburg where apartheid is strictly practised

Bread distribution is allocated in the homeland so that Lebowa Bakeries gets 60 percent of the market and six white-owned firms the remaining 40 percent

Mokgokong said brown bread accounted for 90 percent of sales because the 850 gramme loaf costing 54 cents was 20 cents cheaper than a white loaf and more nutritious

Whites

The company's 690 employees include 15 whites who help manage it and train black workers The top manager is James McKenna a baker from Edinburgh, Scotland who has lived in South Africa for 17 years and in Lebowa since 1978

McKenna said his role and that of the other whites did not "detract from the fact that this is a black-owned company and blacks manage the daily operations "

"They're buying my expertise, not my colour " said the 48-year-old McKenna who also is an official of the Lebowa Development corp, the homeland's development bank funded by the South African Government - Sapa-Reuter/GB

E P GUSH

Business has vital role in securing SA's future

BD 24/6/87

30

This is an abridged version of the address given by Mr E P Gush at the 97th Annual General Meeting of the Chamber of Mines held in Johannesburg on June 23, 1987

In the wake of more than two years of township violence, the results of the recent general election, and the general polarisation of attitudes in the country doubts have been voiced at the prospects for political reform and therefore long term stability

Although the private sector has minimal direct influence on Government, this does not mean we should simply stand by and wring our hands business is a key activity with enormous potential influence in many areas affecting the hopes, aspirations and perceptions of all South Africans We as businessmen therefore can and should do many things to keep alive the prospects for a secure future for our country

In this context our first duty is to continue to invest and to generate wealth, without which the economic needs of South Africa cannot be met

Our second objective as employers must be to pursue good employment practices, provide proper training, appoint and promote people on the basis of their ability, pay fair wages, deal equitably with employees' elected representatives, do the utmost to provide a safe and healthy working environment and, where applicable, also, congenial living conditions and implement effective social responsibility programmes

Thirdly, as leaders with responsibility in the wider community we have a duty to continue to press and encourage Government to implement the socio-political changes necessary for an environment in which individuals can realise their optimum potential and business can operate with maximum efficiency

Perhaps the most important contribution we can make, by action and example, is to ensure the future of the free enterprise system in an economically viable South Africa This requires firstly that any perceived connection between capitalism and apartheid be dispelled, and indeed that they be identified as incompatible It needs to be communicated convincingly that free enterprise is not an exploitative system, as some have come to believe but is in fact the most effective means to wealth and job creation yet devised Secondly, for the free enterprise system to work effectively all the constraints must be removed We seek not only deregulation and privatisation but also clearer evidence of government understanding of and commitment to the total concept of free enterprise

THE WORKFORCE

With mining revenue up by 13,9 per cent to R29,5 billion in 1986, capital investment up by 28,8 per cent to a record R3,3 billion, and a workforce of more than 756 000 – an all-time high – the mining industry continues to fulfil its two vital functions, namely generation of wealth and employment

A remarkable feature of our economic history over the last 15 years has been the increase in the incomes of partially skilled black mineworkers Between 1971 and 1986 the real cash earnings of this segment of the workforce rose by 285 per cent It is important to point out that the increase in wages of these employees was not achieved at the expense of skilled employees who have remained competitive with skilled workers in other sectors of the economy and are among the highest paid in their class in the country

A factor now beginning to make an impact is the opening up to all races of the whole range of skilled artisan trades and officials' occupations at the same wage rates as their white counterparts which the Chamber negotiated with the relevant trade unions and Government in the early 1980s The increasing move by other races into these occupations is illustrated by the fact that by the end of August last year there were 3 194 blacks, coloureds and Asians in jobs previously reserved for whites only Of these 2 629 were employed as officials, 444 as apprentices and 121 as artisans

Another factor is undoubtedly the emergence of the National Union of Mineworkers (NUM) which has built up considerable bargaining power in the few years of its existence

NUM is now the largest trade union in South Africa and is still growing Some of its policies and utterances are seen by employers to be irrational – such as calling for economic sanctions which could close down mines, and in the same breath threatening strikes if workers are retrenched because of such closures

It has become increasingly political, its members, adherents, supporters and sometimes its shaft stewards have resorted to widespread illegal strike action, physical intimidation and even murder which the union leadership has refused to condemn There must be some doubt too, as to whether NUM really represents the views of the majority of its members on certain issues, as evidenced at times by resentment and resistance among black workers on the mines to some of the unions policies and methods, even to the extent of counter-violence What in fact appears to be occurring is a maturation process as the union s members and its leaders and officials sort out their own relationships and priorities

On the positive side many negotiations have been concluded with NUM it has some highly capable leaders its officials have intervened constructively in numerous disputes at mine level and it is serving to sharpen the industry s attention to a range of issues, most notably wages safety and the future of the migrant labour system For their part mine managements are having to revise their attitudes and personnel practices and get to understand and communicate with their black employees in a way never attempted in the past A total adjustment in relationships is therefore occurring

We firmly believe in the value of the current labour relations system and it would be a tragedy if this were to be jeopardised by irresponsible behaviour by individuals associated with any of the parties involved, and here I include the State whose role should be constructive and supportive of the industrial relations system To ensure reasonable behaviour some kind of code of conduct must be established which should be applicable to all parties and which if adhered to will prevent violence and intimidation which is in danger of bringing South Africa s otherwise sound system of industrial relations into discredit

South African mines house over one million people and the mining industry in fact provides more accommodation than any other agency except the State

The most noticeable results of the industry's efforts are to be seen on the coal mines some of which have housing for married and single employees recreation clubs, schools and other social facilities which I think I can say with absolute confidence are equal to any mine anywhere in the world

Growth in the gold mining industry has been somewhat less than in coal The gold mines have nevertheless also improved living conditions for black mineworkers who enjoy high standards of food and accommodation, and have access to virtually every conceivable sporting and recreational facility The deprivations flowing from the migrant labour system as well as other considerations demand of us as employers that we do the utmost to provide our employees with comfortable and congenial living conditions, and above all conditions in which they can exercise a maximum choice between accommodation options

Foreign workers who for many years have provided valuable service acquired considerable skills and attained positions of some seniority are constrained not only by this country but by their own countries from bringing their families into South Africa

Programmes are being initiated to allow black South African employees to own married accommodation in proclaimed townships near the mines, but there is a limited amount of serviced land available and not more than 3 per cent of the labour force can legally be accommodated on mine property This will become an increasing problem as the skills profile of black workers changes

Legislation such as the Group Areas Act needs to be removed Nevertheless considerable progress is being made in some instances to enable black employees to become home owners in established townships

The industry will continue to pursue this matter with Government and depending on the degree of success achieved and the economics of individual mining companies, mining groups will take steps to accommodate a greater percentage of employees with their families on or near the mines

SAFETY

There have been three tragic accidents of disaster proportions in recent years – at Hlobane colliery in 1983 at Kinross gold mine in 1986 and at Ermelo colliery in April this year which was followed almost immediately in successive weeks by a series of further accidents on other mines involving multiple loss of lives

The accidents have occurred at a time when the South African mining industry has conducted its greatest drive yet to make mining safer both in terms of financial expenditure and in human effort – and in which it has succeeded

In respect of both fatalities and injuries the statistics show that the trends are clearly downwards, with gold mines achieving their best ever results in 1985 when the fatality rate fell to 1 03 per 1 000 people in service and the coal mines recording their best performance last year with a fatality rate of 0 33

I find it difficult therefore to reconcile the recent spate of multiple fatality accidents with the demonstrable positive safety trend in the industry, and can only see them as what are technically known as random chance events attributable to human error or other coincident factors hopefully not to recur

In coal mining the safety performance of our mines is similar to that of West Germany better than the United States and worse than the coal mines of the United Kingdom with recent fatality rates of 0 30 0,60 amd 0 17 respectively

There are differences in the kinds of mining technology employed in these countries In geological conditions, in productivity and in the profiles of the workforces, all of which can impact on and influence safety performance

In the case of gold mining the factors are very different In a way South African gold mines are in a similar position to the British coal mines before they mechanised Their high fatality rate – which approximates ours now – was significantly reduced when mechanised mining methods were developed Thus any technical breakthrough in this area will not only lower the fatality rate but will also reduce the size of the workforce

The South African mining industry is without a doubt a world leader in its endeavour to find and introduce innovative techniques to improve mine safety The Chamber of Mines Research Organisation is not only involved in safety oriented research but is spending large amounts on new systems and designs that will have a major impact on safety

JOB RESERVATION

The imminent repeal by Parliament of the scheduled person definition in the Mines and Works Act will be an historic development since this is the last remaining piece of racially discriminatory legislation affecting employment in South Africa This will enable blacks and Asians to qualify for the 13 certificates of competency relating to certain types of skilled work and previously restricted to whites and Cape coloureds

It is up to Government for its part to show that the controversial new enabling clauses in the legislation to abolish the discriminatory scheduled person definition are related only to health and safety requirements and will not be used to block black advancement

OUTLOOK

To turn now to the economy Although the long awaited signs of revival are unmistakably there it is too early to see how sustained or robust this recovery will be Last year the economic upswing began to run out of steam in the first quarter

Growth during the first quarter of 1987 was however considerably above that for the comparable period of 1986 even if it was below the vigorous expansion of the second half of the year

This levelling off should not be seen as a reason for pessimism The three per cent growth rate for 1987 anticipated by the Minister of Finance in his budget speech may still be obtained but it does suggest that it will depend crucially on the return of business confidence

The most promising recent sign of hope for the South African economy has of course, been the sharp upturn in the gold price, and I do believe that the outlook for gold over the next year appears more favourable than it has for a long time

But our problems must still be solved at home The recent budget provided for much enlarged Government spending The record of such spending in South Africa belies the dictum that everything that goes up must go down Not only has it made tax reductions impossible, but the scope of the private sector has been further restricted Comprehensive privatisation seems more distant than ever at a time when the economy needs all the flexibility which greater exposure to market forces will bring

It is also unfortunate that the pace of reform has slowed down to a mere crawl The general election appears to have confirmed that the country is now less willing to accept reform but this is confused with the issue of national security I believe that the country's white population is more willing to accept greater changes to abolish discrimination than our rulers believe This is the only way we can go if the country is to prosper

CM

The full text of this address is available from
The General Manager
Chamber of Mines of South Africa
P O Box 809
Johannesburg 2000

6479/o

(30) B1.Day 4/6/87

OK sales are 'on top'

MERVYN HARRIS

OK BAZAARS has retained its position as the major Southern African retailer in terms of sales, says MD Gordon Hood.

He makes this claim in the company's annual report on the basis of including sales from leased operations, mainly butcheries. With growth reasonably constant in the four major retail sectors in which the group operates — food, clothing, housewares, and furniture and appliances — sales rose to R2 5bn (R2 1bn) in the last financial year.

Hood points out the unique character of the OK. It has no strictly comparable competitor and only its divisional performances can realistically be measured against those of similar specialist groups.

The high food participation of 62,4% of total sales, up from 58,5% in 1984, continues to exert a detrimental effect on gross margins. Furthermore, continuing pressure on consumers to economise led to increased purchases of low margin staples and basic commodities in all merchandise groups and thus further eroded margins.

Encouraged by signs of a moderate upturn in economic activity during the second half of the last financial year, Hood says earnings for the current year should show an improvement over those of the previous year.

FM 26/8/87

(30)

AHI CONGRESS

Spelling it out

The annual Afrikaanse Handelsinstituut (AHI) congress is an occasion for the private and public sectors to renew old friendships, build up contacts — and to lay it on the line

Last week's three-day congress in Bloemfontein was no exception — although the level of acrimony was low and everyone cooperated in retaining and cementing the unity that forms an essential part of the Afrikaans business establishment

Top names in business and government rubbed shoulders socially, while also scoring telling points in economic and business debate

Although State President P W Botha in his keynote opening speech told businessmen to stick to their last, this call was generally interpreted to apply to the likes of Chris Ball, Tony Bloom and Murray Hofmeyr

The congress therefore had its fair share of open debate — although the favourable election result, increased political stability, improved international perceptions and a more bullish economic outlook tempered the tone of discussion and added to the *bonhomie*

Trust Bank MD Chris van Wyk's speech on "Economic Perspectives" — following the keynote address by Finance director-general Chris Stals — can perhaps be taken as representative of Afrikaans business thinking

Van Wyk says "dynamic, strong leadership" is the prerequisite for creating a prosperous, peaceful future for all South Africans He strongly attacked laconical official and private sector acceptance of 2,5%-4% growth rates for a country with such vast growth potential as SA

"The phrase 'under the circumstances' has made prisoners of many South Africans We should 'manage' many more of the circumstances which we too easily accept The challenge is to inspire South Africans to achieve on levels which were considered, till now, to be out of reach It can be done I see this every day in the business life of SA," says Van Wyk

A 3%-4% GDP growth rate is "bad news" for SA — in the long run an average 5%-plus growth rate is essential, while even higher rates will be necessary in the short-term to make up for the "dismal" performance of the Eighties so far "We insult ourselves by referring to a 3% growth rate as though this were an achievement," says Van Wyk

"We must orientate ourselves anew to a national economic achievement Ambitious, demanding goals and plans come first. If these are 'sold' in the right manner by enthusiastic, convinced leaders, such goals would create the will and inspiration to overcome obstacles This will change the national state of mind from a 'problem' mentality and a negative spirit to an opportunity outlook," adds Van Wyk.

Van Wyk says a properly spelt out, marketed and monitored long-term economic strategy was a top policy priority This would create the discipline created by long-term planning — against the tempting alternative of a short-term "ad hocracy" and opportunism Commitment is needed to change ideas into reality, he added

"Confidence demands stability — sociopolitical as well as economic-financial Wild swings in interest and exchange rates — as in the past few years — harm confidence," Van Wyk says "Debasement of the currency, resulting from the unacceptably high inflation rate with which we have for years been living in sin, undermines national confidence "

Van Wyk is adamant that there is no trade-off between inflation on the one hand and economic growth and job creation on the other "My fear is that many businessmen, government and other politicians believe that such a choice does exist " Inflation destroys jobs, savings, business confidence, exports and labour peace — "high inflation is a financial terrorist," he says

But a "steely political will" is needed for the fight "The treatment is long-term, in constant doses," Van Wyk stresses "In the fight against inflation government must walk ahead — and must always be visible. This is imperative to overcome a high inflation rate " ■

Probe into reasons for unrest attacks on black traders

5/6/87 (30)

By JULIETTE SAUNDERS

A PUBLIC hearing is to be held in Port Elizabeth at the weekend to determine the reasons black businesses become the first target of attack during periods of civil unrest

Organised by the National African Federated Chamber of Commerce and Industry, the hearing is open to trade unionists, businessmen and "anyone who has anything to contribute", according to Mr M J Thema, Nafcoc's national legal services manager.

The East Cape areas most affected by arson and looting are Port Elizabeth, Uitenhage, Cradock, Grahamstown, East London and Fort Beaufort, he said

The hearing, Mr Thema said, formed part of Nafcoc's national commission of inquiry into the causes of destruction of black businesses during unrest periods

Nafcoc also hoped to adopt methods through which this destruction could be averted

The hearing is to be held at the Urban Foundation offices at Kwazakhele on Saturday, June 6, between 10am and 5pm Posters advertising the hearing were erected in Port Elizabeth

The commission of inquiry, of which Mr Thema is secretary, began a year ago It has a June 30 deadline to publish a report on its findings.

It was given a mandate to

- Gather and collate evidence from the principal areas where violence was experienced
- Establish the image black business has within the black community
- Determine the best economic policy for South Africa
- Detail the role blacks should assume in economic activity
- Establish how the relationship between black businessmen and the communities they served could be improved.

Delta's new vehicle sales highest for several years

30 WP 6/6/87

By RALPH JARVIS
Motoring Editor

NEW vehicle sales figures for Delta Motor Corporation in May soared to the highest total for several years, climbing an encouraging 20,4% over the April, 1987, sales.

The combined total for passenger cars and commercial vehicles rose to 2 797 units, setting a new record for Delta, the company which took over from General Motors South African.

Delta managing director Mr Keith Butler-Wheelhouse said the company was obviously elated with the May results

"We believe our showing to be the tangible evidence of public confidence and support for Delta and its product range"

The combined sales for the first five months of the year was also the highest since 1985

Mr Butler-Wheelhouse said the May passenger sales figure was 1 477, the highest on record for May since 1985.

In the commercial sector the figure was 1 320, the highest May total since 1984 and the highest figure for any month since December, 1985.

WP 6/6/87 (30)

Top speakers to address black Chamber of Commerce

By MIKE MABUSELA

TOP speakers will deliver papers at the annual meeting of the East Cape African Chamber of Commerce (Ecacoc) in Port Elizabeth next Saturday.

Among them are Mr Peter Morum, former managing director of Firestone; Mr Ian Heatherington, managing director of a job creation company owned by the National African Chamber of Commerce, and Mr Moses Leoka, director of Empers, Leoka and Kevany Consultants, a recently-formed Johannesburg firm.

Mr Leoka — a former commercial manager and assistant public affairs manager of Standard Bank Investment Corporation — will deliver a paper on "Deregulation — the best way to activate black urban entrepreneurs"

Mr Morum will speak on "The role large businesses could play to accelerate growth" and Mr Heatherington on "Factors inhibiting growth and development of black business operations"

Ecacoc president Mr Sydney Mshweshwe said the AGM would attended by black businessmen and -women from all over the Eastern Cape

In the evening, Ecacoc will choose Miss Ecacoc, who will represent the chamber at a Miss National Chamber of Commerce beauty contest in Johannesburg in the second week of July.

Tickets for the show, at R10 each, can be bought at the Urban Foundation's Advice Centre, Kwazakele

PE soon to become knitting yarns centre

Business Reporter

PORT ELIZABETH will become the source of about 70% of the knitting yarns in South Africa when Union Spinning Mills (USM) starts manufacturing Patons and Baldwins (P&B) knitting yarns in the city next month.

Unispin, the holding company of USM, recently acquired P&B and is in the process of moving plant and machinery from the two P&B factories at Randfontein and at Mogwase in the North Western Transvaal to Port Elizabeth.

About 300 people were employed in the Transvaal operation but the same number of jobs would not be created in the city immediately, Unispin MD Mr Chris Snijman said this week. Only a few people would be relocated.

"However, in the long term we are looking at considerable growth and the creation of many job opportunities"

USM now employs 1 200 people

Mr Snijman said it had been decided to consolidate Unispin's operation in Port Elizabeth because the local infrastructure was very good and it would be better to have the entire operation under direct control of head office management

He estimated that Unispin would have about 70% of the knitting yarn market once the entire operation was functioning, which was expected in about a month.

The relocation to Port Elizabeth also meant that more wool would be processed in Port Elizabeth

P&B manufacture upmarket knitting yarns

'Exceptional' sales set turnover soaring

Cit Trans 8/6/87 (30)

Morkels boosts profits 81%

Finance Staff

SUSTAINED productivity at store, employee and chain level by Cape-based Morkels throughout the past financial year won a record increase in market share and produced after-tax profits of R2 573m on annual sales of R115,3m

The year's sales to March 1987 were 37,4% up on the results achieved by the group in 1985-86.

Operating profits at R9,3m were 81,7% above the R5,1m obtained a year earlier.

MD Carl Jansen said the furniture and sports chain group's after-tax profit was 10,2% ahead of forecast in its listing prospectus while turnover exceeded projections by 3,9%.

Morkels was listed on March 11 and its first dividend will only be declared after the 1987/88 financial year, as stated in the prospectus.

Jansen said exceptional sales from January in the fourth quarter to March 1987 had helped the retail furniture chain to exceed turnover for the same period in 1986 by 44%.

This compared favourably with growth of 52% in the first quarter, 53% in the "soft" second quarter, and 11% in a disappointing third (Christmas) quarter.

Overall growth was more than double the 18,1% growth of the national retail furniture sector

Jansen noted that one of the highlights of the year's performance was the "magnificent management" of the debtors' book, achieved in the face of continued political unrest and high unemployment. Losses emanating from the trading assets, debtors and stocks, had been reduced to record low levels.

Asset growth from R66,8m last year to R96,3m was primarily due to growth in the debtors' book following the increase in sales.

The 73-store furniture chain — one of the smallest in the sector — advanced its market penetration by 16,2% to a record 3,23% of the R3,38bn retail furniture sector from a low of 1,68% recorded in April 1983. This was the fourth year of growth in succession.

If this trend is maintained, Morkels will have effectively doubled penetration in only four years.

The 10-store Totalsports sporting goods and apparel chain increased its market share off a low base by 15,9%.

For the period to March, 1987, Totalsports contributed R6,1m to group sales, 44% ahead of the previous year

It is now planned to proceed with the "roll-out" of Totalsports to reach 30 stores in the next five years, starting with the opening of a flagship store in Sandton City.

Jansen said the group's budget for the coming year was realistically set, taking into account the price competitive nature of the market, continuing inflation at between 16,5% and 17,5%, and an expected strong pent-up consumer demand.

Proven capacity of increasing market share over a protracted period and the advent of new furniture stores and sports outlets placed it in a favourable position to exceed the planned sales of R136m, after tax profit of R5,1m, and earnings of 12,7c per share in 1988 as forecast in the prospectus.

JOHN ORR (30)

New look

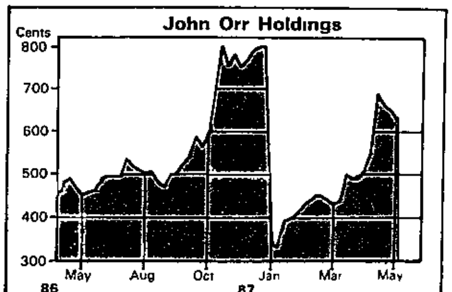
Activities: *Diversified retail group operating speciality, discount and departmental stores*
Control: *With a consortium comprising The Board of Executors, L Chiappini and S Cohen*
Chairman: *N A Labuschagne, deputy chairman W J McAdam*
Capital structure: *5,2m ords of 10c, 389 000 6% cum prefs of R2 Market capitalisation R32,8m*
Share market: *Price 630c Yields 3,7% on dividend, 8,9% on earnings, PE ratio, 11,3, cover, 2,4 12-month high, 825c, low, 300c Trading volume last quarter, 420 000 shares*
Financial: *Year to February 28*

	'86	'87
Debt		
Short-term (Rm)	13,5	13,3
Debt equity ratio	0,52	0,69
Shareholders' interest	0,48	0,36
Int & leasing cover	1,4	1,5
Debt cover	0,2	0,4

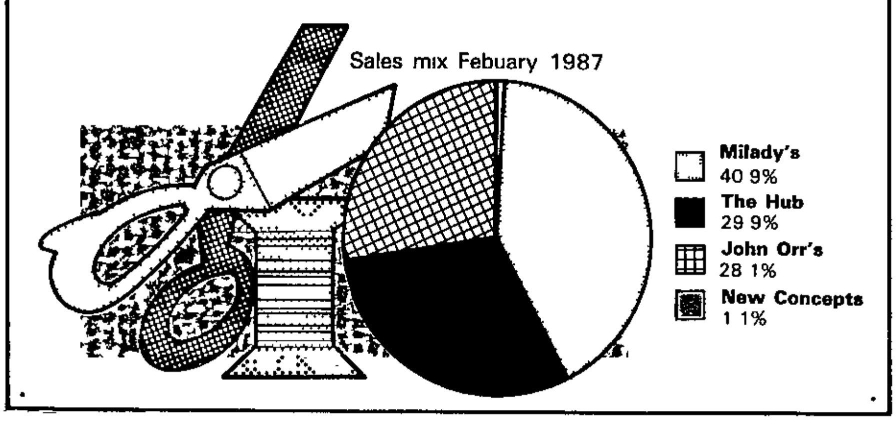
Performance:

	'86	'87
Return on cap (%)	11,8	14,0
Pre-int profit (Rm)	6,4	7,5
Pre-int margin (%)	7,9	7,3
Taxed profit (Rm)	2,2	3,0
Earnings (c)	42 4	56 0
Dividends (c)	18	23
Net worth (c)	488	354

John Orr Holdings



How it mixes



With its latest annual report, John Orr has gone some way towards shedding its formerly dowdy image Amid a blaze of fashion photographs, its new directors confirm the shift of its focus away from departmental stores, towards specialised and discount trading

The group has been transformed since last year, when control passed from family hands, where it had been for over 100 years, to a consortium comprising The Board of Executors and Laurie Chiappini and Stewart Cohen (now joint MDs of the group).

In what looks to have been a sweetener offered to the controlling family, the takeover coincided with a R4 "special dividend" declared from the proceeds of the sale of investments in the Umdoni and Tamboti trusts, into which John Orr had previously sold its substantial portfolio of properties

An immediate outcome of the dividend strip was that net worth per share declined, while the debt equity ratio deteriorated to 0,69 (0,52) — a ratio that nevertheless looks acceptable for John Orr, which carries a large credit component in its sales

The sales mix reveals that Milady's now represents the bulk of group trading (40,9%) This chain, which targets at a large middle market of white and black clients, is on a formidable growth trend, having opened one new branch every month in recent years, to reach its current base of 113 stores There will be no slowdown in Milady's growth rate, say Cohen and Chiappini, who note that Milady's appears to have found a growing niche in the gap left by stores like Edgars and Truworths, which have traded upwards in recent years

Termed a discount departmental store, The Hub operates four large stores in Natal, and will open one more in the Shelly Beach Centre this year The chain is said to be performing well and, according to the directors, "it can clearly be expanded into a national chain "

As part of a strategy to improve both the cash component of group sales, and group operating margins, new management launched a chain of factory shops last year, called Mr Price's There are currently nine stores operating on a franchise basis, and expansion here is likely to be rapid, says Cohen

After a period of rapid closures, the upmarket John Orr's departmental chain is left with four branches, all of which are trading profitably Cohen and Chiappini claim to be happy with the way this chain is being run, although they stress that no additional branches will be added until an acceptable profit margin is attained

At 630c, John Orr shares are well up on their 12-month low of R3, but below the high of 825c But if one adds the R4 special dividend into the current price, one realises the share has done a great deal better than the numbers suggest With new management breathing life into the group, John Orr could be destined for powerful growth

Neville Glaser

More increases forecast for Amrel's future

30 12/6/87 B Day

LIZ ROUSE

PROVIDING meaningful socio-political progress is achieved, a further and satisfactory increase in earnings is forecast for Amalgamated Retail (Amrel) by chairman Ron Cohen in his annual review

While unemployment is still rife and confidence remains fragile, Cohen expects a continuing upswing in consumer spending, helped by an improved agricultural performance and lower mortgage rates

The merger of Uniewinkels with Boymans should enhance the apparel division's earnings Its taxed profit was only R300 000 in the year to March, but showed a good turnaround from 1986's loss of R1,7m

In the footwear division (whose taxed loss was narrowed to R900 000 from 1986's loss of R4,3m), Cuthberts and ABC are over the worst

The furniture division, which earned a taxed profit of R14,5m (R5m in 1986), will benefit from the prevailing low interest rates, increased interest in the housing market from middle to upper-income groups, as well as from expected growth in black housing, says Cohen

The furniture industry grew at 18% during the year to March 1987, while Amrel's furniture turnover grew by 24%, indicating that the division gained market share

The division controls seven furniture chains and has a store network embracing every section of the SA consumer profile

Amrel calculates that it now holds about 11% (1986 10%) of the total SA furniture retail market, thanks largely to market share gains made by Furniture City, Geen & Richards and McNamee.

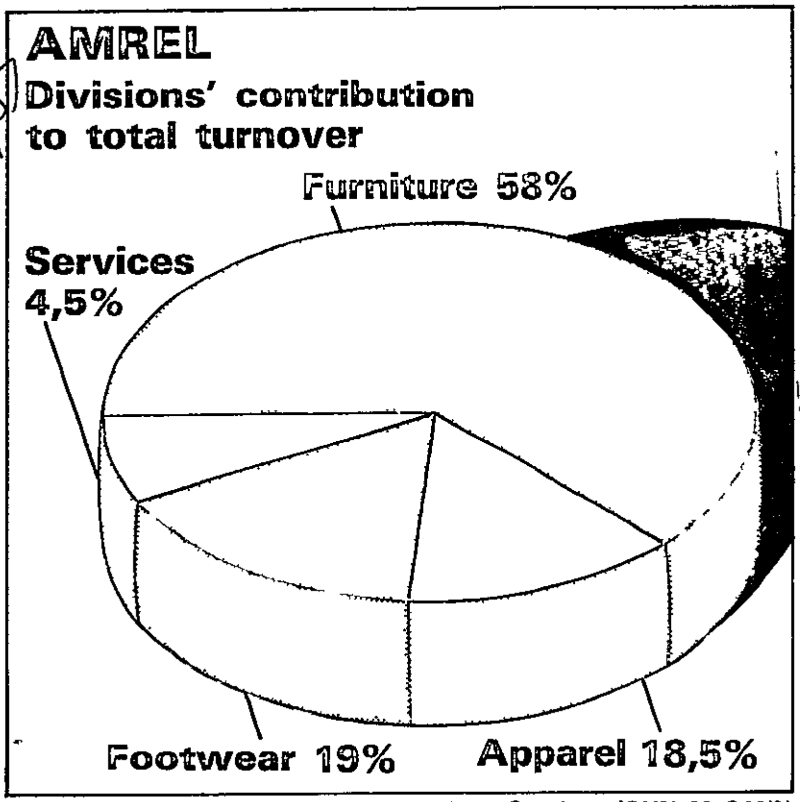
Amrel's next largest profit contributor, although the smallest division, is the services division which contributed R2m (1986 R1,4m) to attributable profits The division continues to show good growth and excellent profitability

The services division comprises Early Bird, Multiserv and Prontaprint In April this year, Multiserv acquired the shoe repair operation King Cobbler Services will be expanded organically and through acquisitions

Amrel's interest bearing debt to shareholders' funds deteriorated to 1,69 1 from 1,39 1 The higher gearing will receive particular management attention in the current year

There was a significant increase in the value of debtors sold to the group's finance company, Amrelfin As much of the increased funding required by the finance company comes from Amrel, the group had to increase its investment in Amrelfin by R54,8m (1986 R32,8m)

Earnings amounted to 154c a share (11c loss in 1986) and dividends were restored at 51c Operating return on net assets was 16,7% and return on shareholders' funds 14,6%



Source: AMREL Graphic. JOHN McCANN

(30) DD 12/6/87

Businessmen urged to reach out to workers

DURBAN — Business had to reach out to workers, understanding their needs, fears and grievances and demonstrating that their best hope for the future lay in the successful functioning of a free enterprise economy, Dr Zach de Beer told businessmen here last night.

Dr De Beer is chairman of the Southern Life Association and Anglo American Property Services.

He said there was a danger of estrangement, frustration and alienation among the country's black people and, therefore, the industrial workers.

It was easy enough for business to wash its hands and blame the government and apartheid for this situation but this attitude would not get business far — it was more important for management to make the bridging of the gap part of its system.

"Business must be prepared to devote real resources to this task, to give it real priority. South Africa's future may in the end depend on this issue as much as upon any other."

Dr De Beer called on businessmen to make their companies "places where men and women of equal dignity and worth work together in mutual trust to achieve more for themselves for the companies and, ultimately, for society as a whole."

On other points he said:

- Economic integration had reached a point which whites had come to accept but there was a danger that blacks might now start rejecting the possibility because they were confined to the bottom of the pyramid.
- Colour bars had to go and intensive training for black workers had to be provided so that black people would become part of the planning and production process.
- Housing was a national priority, with the provision of suitable land a pressing need.
- A healthy property market required that the Group Areas Act should go.
- In the industrial relations sphere, the granting of workers' rights without parallel political rights put management in an "excruciatingly difficult position" because it had to deal almost daily with matters that should not be part of its agenda, Dr De Beer said. — DDC

PE commerce agrees with Assocom on holidays

30

12/6/87

EP.

By MICHEL DESMIDT

ORGANISED commerce in Port Elizabeth is in broad agreement with Assocom's recommendations regarding the streamlining of public holidays but a member of the clergy has expressed reservations about the suggestion that Ascension Day could be scrapped

The director of the Port Elizabeth Chamber of Commerce, Mr Tony Gilson, said yesterday the Association of Chambers of Commerce's proposals to the Committee for Economic Affairs of the President's Council reflected those proposed by the chamber at the national congress last October.

The Senior Priest of the Anglican Diocese in Port Elizabeth, Canon Peter Bowen, said where a religious holiday was not considered a holy day, there was no justification for it being a holiday

In the case of Ascension Day, it ranked in importance with Christmas Day and Easter on the religious calender

However, within his parish of St Pauls, Parsons Hill, it was generally regarded as a holiday rather than a holy day, drawing an average 25% of parishoners to services

"If people understood the implications of Ascension Day, they would regard it as important as Christmas and Easter"

Mr Gilson said the thrust of the proposal was that existing public holidays did not satisfy the needs and wants of the population at large This could only achieved through compromise and negotiation, with the character of each holiday being taken into account

Areas where the chamber particularly agreed with Assocom included having holidays on Mondays rather than Fridays wherever possible and that the declaration of Workers' Day on the first Friday of May rather than May 1 was undesirable

BUSINESSMAN OF THE WEEK

Buying well to sell well

W/C Argus 13/6/82

30

Ismail Patel. . part of a new South Africa.

By DEREK TOMMEY

ISMAIL Patel, head of the giant Venus factory shop group has achieved much in the 20 years he has been in Cape Town

He has built up what must be the biggest clothing and textile factory shop in the South Africa — and probably in the Southern Hemisphere

But it was not a solo effort, he says, paying tribute to the help he has received from his wife, Shirien

She was indefatigible, always on the go, he said She was at work early in the morning, worked all day and then happily cooked for dinner parties in the evening

"She has been the backbone of the business"

He had also been strongly supported by other members of his family and by a loyal and devoted staff

"FROM GOD"

"But nothing comes to you unless it comes from God above I believe this implicitly"

The business, which is close to the Kenilworth Centre, now occupies three sites, covering a total of more than 3 000 square metres, filled with racks of women's, men's and children's clothing.

In the afternoons and weekends his premises are invariably full of buyers looking for bargains

"If you take care with your buying you have no problem with your selling," Mr Patel said.

"We buy our merchandise from local suppliers, who are big names in the clothing trade and branded clothing We also import quite a bit on our own I make one or two buying trips a year

"We have a good relationship with our suppliers, with our bank and even our customers, many of whom we know by their first name

"We always have trouble with the big retailers because we are selling their merchandise much more cheaply

"But our suppliers realise they need us in the market, because there is no retail trade other than the big retailers and Venus

"That is why they allow us to use their trade mark, which include Monatic, Consulate and Embassy"

Mr Patel was born in Johannesburg. His mother was also South African-born His father came from Surat, about 250km south of Bombay, around 1925

Mr Patel does not forget his roots He still visits Surat and contributes to charities there

He came to Cape Town in 1967 as a representative, but shortly afterwards he and friends started a hosiery mill Within a year he set up Venus Hosiery Mill with Mr Aaron Searle of Seardel

"Years later I bought all the shares in the mill and carried on the business by myself My wife and I also branched out into retailing and door to door business

"Then we opened the factory shop. Later we sold the hosiery mill and the building of which we are now tenants"

Mr Patel has six children of whom three, including a daughter living in the United States, are married The others are still at school

He is a prominent race horse owner and also breeds race horses

"I have been one of the lucky ones in racing"

"LEARN THE TRADE"

He plays golf, but says his racing handicaps are better than his golf handicap

Mr Patel is proud that he has assisted many members of the Indian community to become successful businessmen

"To succeed in business you must first work for someone else and learn the trade," he said

"They you must buy well If you do this you have no difficulty selling your goods You also must be honest, give value for money and work hard," he said

However, he is also deeply involved in community affairs and charity work

MEDIATE

Discussing his aims and aspirations he said his dream was to mediate a peaceful solution to this country's problems

"It would give me great pleasure because this is the country for everybody

"If one day, without having any polical sides, or any bloodshed or violence, and if there were a means or a way, which I think there is, and God gives us the sense to sit together, I would like to be part of a new South Africa"

30 08 4/6/87

Cloete urges council to speed up privatisation

By MATTHEW MOONIEYA
Local Affairs Reporter

EAST LONDON — The East London Chamber of Commerce has made a strong plea to the city council to speed up privatisation and "to think big"

The plea came in a review of last week's municipal budget by the chamber's president, Mr Nico Cloete, who also supported a Daily Dispatch editorial comment which urged the council to think big

The editorial came in the wake of a debate over a request for a R50 000 donation from Capab to help foot the bill for a projected glittering opening of the Guild Theatre in February.

Mr Cloete agreed that the matter should never have been debated and that the money should have been raised in the interests of boosting the city.

"That whole debate was negative and the council does not seem to think big enough The damage has been done now through that debate and we don't think it can be repaired, even if the money is raised It has soured matters "

He said the council could not be faulted generally on the budget, which had been kept under the inflation rate, but "there are a few things in general which the chamber is concerned about"

These included privatisation, the slowness in instituting the National Productivity Institute (NPI) recommendations to boost productivity and the lack of maintenance of the city's assets

"There is no reason why assets such as the zoo, aquarium and Marina Glen could not be leased out to private enterprise The council must try to curb expenditure of an administrative nature "

He said council should also look at levying the end user directly for services and not making it a general levy

"Here one thinks of the marketing of the city The hotel industry and all related parts of the sector should be made aware of the benefits accrued in marketing the city

"We agree that the funding for bodies such as the Publicity Association must come from the local authority and we do not feel council should go begging to commerce and industry There must be some form of levy on the industry "

Mr Cloete said the chamber was concerned about maintenance of the city's assets such as buildings, roads and pavements

"The city needs to be spruced up as this generates confidence in the private sector It must look dynamic, and cash to spruce up the city should not be limited because at the moment it looks decayed "

On the NPI report, Mr Cloete said although some of it had been instituted there was a need to speed it up

Making big bucks in bad times

FOCUS

By SY MAKARINGE

When the country was plunged into one of the worst economic crises in history about two years ago, a way was paved for unscrupulous individuals and bogus companies to make fast bucks from the unsuspecting and unsophisticated black consumer

This culminated in untold misery for many black families who were frantically and desperately fighting to keep their heads above the water as the rand continued to shrink and the country's economic crisis deepened

The sharks took advantage of the economic climate, critical unemployment and wide-scale retrenchments that followed it, and abused advertisement pages of newspapers to reach their prey

Sharks

Looking absolutely genuine, these sharks — who more often than not are white people — promise jobs to the unemployed, to lend money to the desperate and to give assistance where it is needed But all for a fee

What happens next is that the company closes shop without leaving a forwarding address, or opens the same business under another name

It is a case of the fatter cows eating the thinner ones as the owners of these bogus companies make more money from people who are politically and socially deprived

Consumer organisations, advice offices legal firms and newspapers are always inundated with pleas for help from members of the public who were left in the lurch by these companies and individuals

These organisations have painstakingly tried to trace companies which were closed down or individuals who have vanished, but with a poor success rate

These sharks came in the form of employment agencies, estate agents, money-lending institutions and financial consultants They get away with murder so to speak because there are very few laws in South Africa which protect the consumer

Even in cases where laws exist the penalties are not harsh enough to end these unscrupulous practices

A man raked in thousands of rands when he advertised jobs in a widely-read black Johannesburg newspaper He asked applicants to enclose R10 with their applications so that he could arrange identity cards for them

They were also asked to send in passport photographs giving many desperate job-seekers hope But a few days before the man was supposed to open his 'new business' he disappeared, leaving a trail of anger frustration and misery behind him

Rip-off

This is just one example of how bogus employment agencies rip off the black consumer They get away with it because they do not furnish their full names, street addresses and other important particulars when they place their adverts in the papers

Recently an unemployed Hammanskraal man Mr Joel Mthethwa responded to a newspaper advert in which a security firm at Empangeni offered to train people as security guards After a few days Mr Mthethwa received a reply in which he was told to send R30 for training equipment

He did so and that was the last he heard from the "security firm

Angry

"I wrote many letters to them, but I received no response I now have reason to believe that these people are conmen who are out to make money from poor blacks" the irate Mr Mthethwa said

A spokesman for the Empangeni Post Office, where the owner of the bogus firm was renting a post box, said he had received numerous complaints from angry people who wanted to know the street address of the company so they could go there personally

It was found that the man had not provided the Post Office with this information when he made an application for the box number

Another area that has been the centre of controversy is the "business" run by fly-by-night financial institutions These money-lending companies are mushrooming at an alarming rate particularly in the densely populated Johannesburg area

They promise would-be clients loans ranging from R500 to R5 000 without the guarantee of security or fixed assets Prospective clients have to pay non-refundable administration fees of between R10 and R50 before their applications are considered

More often than not, applicants forfeit their fees because of their "unsatisfactory" trade references

Where loans are advanced and granted, the interest rates are very high when compared to those of reputable financial institutions

Experts say that these companies are making a lot of money from the non refundable administration fees although the companies themselves maintain that they charge the fees to cover costs including stationery, office rent labour and telephone bills

Mr Amon Motlhamme of Pretoria for example wanted to improve his home but did not have the money to do it When he saw an advert in a newspaper he thought his dreams would be realised

I phoned the financial institution immediately after seeing the advert They told me to call at their offices to make an application I gave them my trade references, which I believe are excellent, as well as R75 administration fee," Mr Motlhamme said

A few days later the application was rejected and his money forfeited Mr Motlhamme claimed that the company did not even bother to check his references

The controversy surrounding these institutions got so serious that the Department of Financial Institutions in Pretoria launched a high-level investigation into their activities Two of the companies now face possible prosecution

Bogus estate agents also take advantage of the critical shortage of houses in the townships Always immaculately dressed, they approach their victims at random and promise to sell them 'vacant' houses Prospective homebuyers are then asked to pay a deposit of between R100 and R200 before the deal is concluded

House

When the homebuyer goes to inspect the house he finds, to his dismay, that the house that was on sale had never been vacant

One of the people who jumped at one of these "offers' was Mr Isaac Mabila, a Soweto father of four, who has been on the housing waiting list since 1973

He was offered a 'vacant' house in Dube for only R8 000 by a man who looked like an estate agent

"The well-dressed gentleman whom I met in town said he would need a R5 000 deposit The balance he said would be paid over a period of three years

"The gentleman said he needed R100 urgently so that he could organise transport to take my belongings to my new home

Warning

He took the money and my lodger's permit and left That was the last I saw of him," Mr Mabila said

Consumer organisations have warned people to be careful not to enter into unfair contracts, but the message always fails to filter down to the man-in-the-street Newspapers have also been requested to withdraw suspicious adverts placed in their classified columns

A spokesperson for the Newspaper Press Union said in cases where an advertiser asked for money to be sent to him, he must give a 14-day or money-back guarantee

She said advertisers must also give their full physical addresses and full particulars of their companies, especially in cases where money must be sent to them

Now what part will business play in the reform process?

2/6/87


Ball under fire

In the conservative post-election climate, the Government has taken a tough line on trade unions and has also made it clear to businessmen that they should keep out of politics. Political Reporter Colleen Ryan reviews the situation.


Groom inactivity denied

Big business has adopted a low political profile in recent months and this has placed in question the role the private sector will play in future reform developments.

At one stage, businessmen were making tentative moves towards communication with the ANC and calling for urgent reform. More recently, they have been less vocal.

The present situation is one of inaction by most businessmen, according to Mr Christo Nel, a business consultant and the past leader of Project Free Enterprise.

The shift in the political stance of businessmen appears to have taken place in the last six months.

During the white election campaign, most businessmen were silent on the subject of politics and there were no major calls for change.

As early as November last year, unions interpreted the indaba between business and Government as a sign that the State and the private sector had moved closer

Government wrath

There have notable exceptions, but businessmen who have taken more critical positions have had to endure Government wrath. One example is First National Bank managing director Mr Chris Ball, who was personally attacked by the State President.

Last month, the State President called on big business to keep out of politics.

The swing to the right in the white election and the Government's preoccupation with maintaining supremacy through the use of the security forces appears to be militating against greater business pressure for real reform, say some analysts.

On the other side, pressure from trade unions on businessmen is also mounting. Apart from stayaways and strikes which have resulted in more manhours lost so far this year than during the whole of 1986, businesses are being subject to political pressure from organised labour

Concern has been expressed about the silence from businessmen on the growing confrontation between the Government and black trade unions.

The largest black trade union federation, the Congress of SA Trade Unions (Cosatu) has called on businessmen to take a stand on "the State's propaganda campaign to discredit the federation" or risk being subjected to the same treatment.

In the months ahead, will businessmen be more vocal on political issues? Will they tell the Government to keep its hands off the unions? Or are they more likely to remain silent when the expected crackdown on unions and other organisations occurs?

Mr Nel said the Project Free Enterprise study of 1983/84, which examined how free enterprise could be maintained and "sold" to blacks, indicated grave alienation between business and black workers.

"Business support for the tricameral Parliament and its reluctance to take an ongoing stance against the abuses of power through the state of emergency, particularly the detention of children, and its general inaction has led black people to link business and Government more closely

"This is sad, especially because there are certain distinct developments in the black community acknowledging the potential role of business Business has tended to stay out of the debate, or when people like Chris Ball have emerged, businessmen have not come out in great support (for him).

"The lower profile that organised industry and commerce is taking by maintaining general comments as a response is contributing to alienation of blacks

"Business has a chance of either stating its intent of becoming more relevant in a post-apartheid society by getting involved in current apartheid society in such a way as to move away from the current system."

Dr Duncan Innes, senior lecturer in industrial sociology at the University of the Witwatersrand, is not optimistic about the role big business will play to bring about change.

"The first thing that struck me after the election was how industrial shares on the Johannesburg Stock Exchange shot up This is a measure of business confidence. Businessmen appeared to feel that the election results were good for the country," said Dr Innes.

"Whether they are going to call for more reform is doubtful What businessmen have been saying lately has more to do with the economy than reform. With the Budget coming up, they are asking for the economy to be stimulated and for the Government to allow it to grow To the extent that the Government does this, there will probably be fewer demands from businessmen for reform."

'The business community must do more to make the free enterprise system accessible to blacks.'

Dr Innes said that while the Government was increasingly threatening to act against black trade unions, employers, with a few exceptions, have been silent.

"Some people with good industrial relations are worried about what these actions will do to the economy in the long term but the majority think that if the Government can smash the trade unions, it is to their advantage"

Dr Innes said this was likely to result in long term damage to industrial relations. "If workers are not allowed to organise, then there is little future for the free enterprise system"

Mr Harold Groom president of the Association of Chambers of Commerce of South Africa, said it was not true that the business community was in a state of "inactivity"

He said he had made a number of speeches countrywide calling on the business community to become more involved in the reform process. Assocom believed that.

- The business community had to do more to make the free enterprise system accessible to blacks.
- The reform process should be accelerated and the private sector should play a constructive role in mediating between black groups and the Government.

Businessmen should ensure that all discrimination was removed in their own organisations. They should also promote affordable home ownership, encourage development of the informal sector, encourage education initiatives and promote communication between blacks and whites in the workplace.

"We have found that going public on various critical issues and starting a public debate in the media is counter-productive," said Mr Groom.

"We (Assocom) are talking to our own constituency, made up of 24 000 member companies. We are saying that business has got to play a role. Our approach is totally economic For the Government to negotiate a successful political dispensation that will lead to a free, democratic society the constitution must be based on the free enterprise system. Blacks have got to be given greater participation in the system. The only way this can happen is for all discriminatory measures to be removed.

"Business has a tremendous role to play Reform will cost money and so we have to have an economy that is moving If decisions have been made in the past that deny people access to the economy, then they have got to be addressed

"We have learnt our lesson. After Sharpeville in the 1960s we did go public and the Prime Minister refused to talk to us. We lost leverage.

"It is difficult for people under pressure to understand that. That is why we have to keep cool heads. It is no use creating a lot of noise."

Mr Groom said more results were produced from direct talks between Government and business than using a public medium like a newspaper

Sanlam takes up Furnfair offer

Cape Times 2/6/87 (30) (250)

Financial Staff

SANLAM has indicated that it will be taking up a significant portion of the rights issue by Cape-based Furniture Fair (Furnfair)

The furniture retailing group intends to use the R2,9m raised through the offer to accelerate its expansion programme

The announcement published yesterday by sponsoring brokers Senekal, Mouton and Kitshoff, states that the furniture retailer will raise R2 891 350 through an offer of 2 628 500 ordinary shares of no-par value at 110c a share

The shares will be offered on the basis of 35 ordinary shares for every 100 ordinary shares held in Furnfair

One of the country's fastest-growing furniture retailing groups, Furniture Fair's performance in the current financial year, which ends on June 30, has exceeded expectations

Earnings per share for the nine months to March 31 were already ahead of the forecast of 5,6c a share for the full year.

To accommodate the rights-offer deadlines, the company brought forward the declaration of its final dividend At 3,5c a share this brought the total dividend for the year to 6c — 114% ahead of the forecast 2,8c

COMMERCE

GENERAL

1987

July

NBS acquires Hill Samuel retail business

13/7/87

LIZ ROUSE

IN A deal involving deposits of R14m, NBS has acquired the Cape Town retail business of Hill Samuel Merchant Bank, the two financial institutions said today.

Hill Samuel's other activities in Cape Town are unaffected by the arrangement, which becomes effective from August 1.

The acquisition, which also involves premises and staff, follows the success of a similar take-over by NBS of Hill Samuel's retail operations in Durban and Johannesburg, valued at R55m.

Since the acquisitions two months ago, NBS Investor Centres have been established in these cities, offering an expanded range of investment products and services.

B/Day

36

FINANCE

Supermarkets face 'uncertain future'

KAY TURVEY

THE SA supermarket industry — one of the most competitive businesses in the country — faces a tough and uncertain future.

There is no collusion, and on-going, daily price wars between chains have contributed to containing inflation. Mike Perry, of business consultants Perry & Associates, says this is because of the concentration of buying power among "the big four".

Perry says this view is supported by the experience in Brazil, where government tried to encourage a concentration of buying power among retail groups in order to contain inflation.

The combined turnover of Checkers, OK, Pick 'n Pay and Spar represents 75% of the market in many trading areas.

Yet although market share of the major supermarkets has more than doubled in the past 17 years, Perry says this growth trend appears to be declining.

Ironically, this is largely a result of increasing black buying power.

Boycotts and unrest have created new buying patterns, which are being felt by supermarkets looking to increases in black spending at a time when white disposable income is declining.

Further, the substantial increase in black buying power has encouraged the rapid expansion of wholesalers. Burgeoning wholesalers are making supermarkets a less attractive market for manufacturers.

At present supermarkets have the edge because of their size, but Perry says a comparison of latest annual reports shows wholesalers' turnover growth running at double the rate of supermarkets.

He cites as "worrying" the strengthening of manufacturers' negotiating position, as a result of recession and disinvestment leading to mergers.

"In future we could see the vertical integration of manufacturers into distribution at the retail and wholesale level.

"Increasingly, big manufacturers will try to take a stake in distributors, either to keep up with competitors or because they have access to capital which makes it economically viable," Perry says.

He believes these trends could lessen the relative strength of supermarkets versus manufacturers.

Pick 'n Pay challenges every price increase from suppliers. "We never just accept an increase unless it has been discussed across the desk," says Pick 'n Pay's food GM Richard Cohen.

A recent Consumer Council survey found supermarket price increases matched the rate of inflation, rising 17% in the year to June. The probe concluded that supermarkets appeared to be freezing profit margins and absorbing in part some product price increases.

Council researcher Zelda van Antwerpen cautions that the survey is a guideline, although it does indicate supermarkets are working hard to keep their prices down.

"They seem to have realised that if they don't operate efficiently they won't survive."

Yet, says Perry — who has investigated the relationship between retailers and manufactureres in Australia, France, Germany and Brazil — a measure of the efficiency of SA supermarkets is their worldclass ranking.

He says supermarkets are increasingly relying on higher productivity as wholesalers erode their market share, and this should pay off.

Weekend Post 13/7/83

Move to open CBD in U'hage probed

Municipal Reporter

PROCLAMATION of the central business district of Uitenhage as a free trade area is being investigated by the Group Areas Board.

A spokesman for the municipality said today that the town council had approved the establishment of the free trade zone some time ago.

An advertisement published today said the Group Areas Board was investigating the desirability of the proposal

The map indicating the area can be inspected either at the Town Clerk's office or at the Department of Development Planning in Port Elizabeth, it said

Representations by anyone interested in the matter are invited to be submitted in quintuplicate to the Regional Director of Development Planning before the end of this month.

The Uitenhage spokesman said the council agreed to what had been proposed and he believed the proclamation could possibly take effect before the end of August.

30 B/Day 13/7/87

Exchange of views important — Motsuenyane

Nafcoc plans regular talks with the ANC

THEO RAWANA

THE National African Federated Chamber of Commerce (Nafcoc) will maintain regular contact with the ANC after its meeting with the banned organisation in Lusaka last year, president Sam Motsuenyane, says

"We need to keep constant contact with the ANC so as to know what they think and keep them informed about how we think," he said after Nafcoc's 23rd national congress in Johannesburg last week

"Government did not react unfavourably to our meeting the ANC, because we did not keep anything secret," he said

Asked for Nafcoc's stand on sanctions and investment and rumours of a split in the organisation over the question, Motsuenyane said "There was a misinterpretation of Nafcoc's resolutions at its summit last October In Natal, some people interpreted Nafcoc's new policy as outrightly supportive of disinvestment

"As a result, relations between the Inyanda Chamber of Commerce and Nafcoc became strained The situation returned to normal after a thorough exposition of the new policy was given to the Inyanda chamber

"Effectively, Nafcoc still supports the policy of conditional investment, encouraging investment where blacks have a direct benefit or involvement The only additional element introduced was that Nafcoc would not campaign to oppose sanctions or disinvestment, directed at SA and government in particular

"This would be the case if the following demands are not met

- That all political prisoners are released and all political parties are unbanned,
- That government drops the state of emergency,
- That government enters into dialogue with credible leaders, and
- That government commits itself to dismantling apartheid"

Motsuenyane said the summit had resolved Nafcoc should establish a research structure to look into the possibilities of mobilising financial, technical and other resources to facilitate the "indigenisation" of investments that became available as a result of sanctions

"We feel that the economy should be de-racialised so that black people get involved in takeovers of investments of companies that pull out"

Asked for comment on the warning by one speaker at the conference, black American businessman Malcolm Beech, that integration in the US almost killed black business because white business had made inroads into the black market, Motsuenyane said the situation was different in SA because blacks were in the majority

He was happy with the strides the organisation had taken from its founding in the early 1960s

The role of black business in politics

DR Motsuenyane . . . Nafcoc.

FOCUS

By JOSHUA RABOROKO

BLACK entrepreneurs' involvement in politics has become inevitable as the traders feel that business in South Africa cannot be divorced from politics.

Business has accepted that they are expected to take symbolic action during unrest in the country

They have also realised that they have to close their shops during stay-aways called by liberation and trade union organisations, and during commemoration days

Some businessmen have been detained without trial in terms of the state of emergency Others have been killed and injured during unrest Shops have been gutted

This emerged at the 23rd national conference of the National African Federated Chamber of Commerce in Johannesburg last week

Delegates dropped political hot potatoes at the door of Parliament when they asked the Government to abolish apartheid, to release political leaders, to unban the African National Congress, the Pan Africanist Congress and to negotiate with leaders like the jailed Nelson Mandela

Businessmen have also warned of more violence if the Government does not negotiate with true leaders.

Nafcoc's approach in recent days is a recipe for confrontation with the Government which has said it was disturbing that business and trade unions were moving deeper into politics terrain

Black business needs to ponder its impotence because it is a middle-class buffer between the Government and forces fighting for liberation

It remains to be seen how black business can expand and gain more economic muscle and at the same time retain a credible image in the black community.

Will they be able to cope with campaigns carried out by the United Democratic Front and the Azanian People's Organisation and the youth movements?

Will business stand the pressure and help strangle the economy on which they depend?

Why black business involvement in politics?

Nafcoc's president, Dr Sam Motsuenyane, explained "The black man in business has been the product of a restricted milieu"

Problem

"He could not escape the problem of his community Black businessmen have been detained, killed or injured in the current violence," Dr Motsuenyane told the conference

Delegates agreed that the opposition of most blacks to capitalism was understandable because of apartheid's influence on business

They believe business had a duty to limit that influence

One speaker, managing director of Co-ordinated Marketing and Management, Mr Reuel Khoza, said "Not only is a black business powerless, but it is politically problematic"

Mr Khoza said black business should play a role in black nationalist projects with educational, labour and political movements.

Dr Motsuenyane said black attitudes had hardened since the state of emergency was declared

"Black business has been on the periphery of the business community It has received crumbs from the table of big business There has been no real involvement It has been a matter of tokenism Whatever is happening now is too little too late," he said

Economy

Nafcoc has recently met the ANC in Lusaka because, according to Dr Motsuenyane, "I doubt if any free enterprise or democratic government would have much to quarrel with our agreement with this organisation"

He said the ANC believed in a mixed economy This meant private enterprise on the one hand and joint ownership of certain strategic enterprises — much as existed under the present Nationalist Government

Nafcoc was prepared to work closely with other liberation organisations which believed in the free enterprise system. They would continue to see the ANC and the PAC

Exploitation

Dr Motsuenyane said "Our movement in the fight against oppression and exploitation stemmed from the fact that black business was no longer prepared to be used to perpetuate the status quo

"Nafcoc was no longer prepared to talk in cliches, but was eager to spell out what political and economic goals it was now struggling for.

"This is why we have refused to participate in the proposed statutory council if the acknowledged leaders are still imprisoned and political organisations banned"

Lest we

(30) 17/7/87 Sowetan

Nafcoc to talk to ANC, PAC

By JOSHUA RABOROKO

THE National African Federated Chamber of Commerce will continue to act as a catalyst and will seek contact and dialogue with other people and organisations within the broad spectrum of South African politics in South Africa, including the African National Congress and the Pan Africanist Congress.

This was said by the public relations officer of Nafcoc, Mr Gabriel Mokgoko, in an interview with the *African News Organisation* following reports that Nafcoc was to continue discussions with the exiled ANC and PAC movements on the future of South Africa.

The revelation followed in the wake of a South African delegation comprising mostly Afrikaans-speaking South Africans having had talks in Dakar, Senegal, with a senior group of ANC officials, and speculation in Government circles Pretoria might adopt laws preventing South Africans from talking to the ANC

"Nafcoc is committed to continue its efforts to encourage a peaceful resolution to South Africa's political problems. For that reason and acting on the decisions and spirit of its national council endorsed at its 21st national conference, Nafcoc decided to continue discussions with the ANC," Mr Mokgoko said

During the weekend of May 24 to 26, 1986, delegations from both Nafcoc and the ANC met in Lusaka, Zambia, for discussions The meeting was led by their respective presidents, Dr Sam Motsuenyane and Mr Oliver Tambo

At the meeting, the two parties discussed a wide range of issues of concern to all people inside South Africa Nafcoc explained after their meeting with the ANC in 1986 that the main objective of the discussions was to help in efforts to create a situation where it would be possible for all genuine leaders of South Africa to enter into negotiations aimed at a just and peaceful resolution of the fundamental problems facing South Africa

VEHICLE SALES (30) FM 17/7/87

Two cheers

June's sparkling car sales figures — at 17 231 some 16% above May's figure of 14 812 units — has brought cheer to both manufacturers and dealers. It has also tended to discount gloomy predictions that the spark has left the industry

The January-June figure for car sales now stand at 94 392 — or 10,35% up on 1986's 85 543. The outlook for further improvements remains bullish

Apart from heavy commercials, vehicle sales rose across the board last month, pushing January-June totals to higher levels in all categories (including heavy commercials) compared with 1986

Some of the more salient features of the June car sales are the return of the Toyota Corolla to top individual slot with sales of 3 016 May leader VW/Jetta posted 2 899 sales at number two spot.

Delta Motor Corporation (previously General Motors) also has cause to feel pleased. Its Opel Kadett/Monza has now notched up 7 017 sales since the beginning of the year, compared with only 3 930 last year. Admittedly the Monza was only added to the range in the second half of last year, but with total Delta sales for the period moving up from 6 106 to 8 251, all indications are that the restructured South African company is set to perform a lot better than its US predecessor.

Nissan also saw sales of its Skyline rocketing after the launch of the new range at mid-year. June sales were 1 006 against 392 in May.

In the overall car sales stakes, Toyota again leads the pack, followed by Volkswagen and Samcor with its Ford and MMI ranges. But if commercial vehicle sales are added to the cars, Samcor takes over second spot, with VW third.

January-June sales of light commercial vehicles also look good These are 18% up on last year, with Toyota again leading with 35% of the market, followed by Samcor with 25% and Nissan at 18% Samcor's forward cab bakkies carrying the Mitsubishi badge have done much to push Samcor's market share from below 20% to the current 25%

In the medium commercial vehicle bracket (5 001 kg-7 500 kg), January-June sales showed a 4% fall-off, though June sales were actually 14% up on June 1986 But in the heavy commercial vehicle category the situation was reversed, with January-June sales only marginally up on last year

Nevertheless, with total industry sales in the first half of the year 12,18% up on last year, there is reason for two cheers at least. ■

write page (30)

lack business ponders upon its own impotenc

USINESS IN PROFILE

frican Bank chief Gaby omola holds controver- views on banking and role of the bank in the -ck community. HILARY JOFFE reports

..RE were a couple of things hich Gaby Magomola, recently ap- inted chief executive of the African Bank, was reluctant to discuss this week But what he did give *Weekly Mail* were his controversial views on banking as black nationalist strategy, and on the role of the African Bank in the community

What Magomola did not discuss — because it is *sub judice* — was the problems in the foreign exchange sec- tion of the African Bank's corporate ...ing division The bank's foreign ...change trading licence is still under ...spension and there are court pro- ceedings investigating alleged foreign ...change contraventions by ex- ...ployees of the bank

The idea of the African Bank, now 12 years old, was conceived by the National African Federated Chamber of Commerce (Nafcoc), which saw it as imperative to have a black-owned financial institution to stimulate the development of businesses and consumers

The corporate banking division is a more recent development established to serve large corporations, in part because at the time Sullivan signatory companies were looking for ways to do business with black owned institutions

What of the future of the bank?

I would like to see the bank develop as a South African-owned bank I would like to move away from ethnicity It just so happens that we are black-owned and black-managed You've got a Volkskas and a Sanlam, which are Afrikaner based, and it doesn't make them less South African They are models which have worked well to serve those communities We think the African bank represents that model and if carefully nurtured and carefully managed it can promote economic advancement of the community from which it derives.

So do you see a parallel with the (early) Afrikaner nationalist strategy of building up a capital base as a way of building the nation?

My view, which doesn't represent the bank's view, is that any nation which is disadvantaged and has a history of economic denial of opportunities should look at itself and create institutions to get itself lifted by its own bootstraps.

The African Bank represents (again in my view) a vital strategy for economic survival and sustenance Not

community and to identify the areas where those resources have got to be redistributed, in the form of loans or advances, to generate capital formation and income. It's not our job as a financial institution to determine the equitable distribution of that income. But we will certainly recycle it back into the community.

How will the bank do this?

We're not only a bank that looks after black business We look after the ordinary person out there who is looking to improve his quality of living But more importantly we are an institution that's looking very careful-

Gaby Magomola

ly at our black professionals who are coming out of the business schools, medical schools, law schools and who have nothing to offer as collateral.

So we are looking to be more aggressive in that marketplace then we will be making the contribution that's expected of a bank that's community based

At the same time we operate to satisfy our shareholders and we would like to ensure they get returns on their investments

What is your view on the legitimacy of black business in the black community?

That makes things more difficult for us as a bank Because we are community based and we have to be responsive to the vibrations outside our doors

I think the rejection of a free market economy by some of our people is an indictment on the structure that obtains in this country to deliver equitably to all sections of the community When you have this sort of a distortion — where the accumulation of wealth is skewed in favour of one section of the population — it becomes easier to understand why the majority of the population start to question the merits of the so-called free enterprise system.

We don't have answers to that very vital question But perhaps we can look for more innovative ways of delivering more to our people, within our limited resources, to demonstrate that if the free market system was left to its own devices there would be more equity

I think the African Bank is viewed as a very important and vital institution It is the only independently black-owned financial institution in South Africa And it is a collective effort of a number of black South Africans

Maybe one of our shortcomings has been that the bank has not reached out the way it ought to have But we are only 12 years old and we're growing — and now we are reaching out and making our own people aware that it is their own institution

Is the shortage of black managers a problem for the bank?

We don't have a pool of black banking technocrats, so we are forced to draw from the non-black sector for expertise We are pragmatic Whenever we do that, the key thing is the transfer of knowledge So we will ask them for help But we will also prepare them to understand they work for a black-owned institution The cultural value system may be different, and to that they must be able to relate But on the financial and legislative system there is no compromise we are going to be judged like other South African banks

Despite all the talk by white politicans of the need for a black 'buffer middle class', African business is small, weak — and painfully aware of it. HILARY JOFFE reports from the Nafcoc conference this week

TWO questions dominated the 23rd conference of the National African Federation of Chambers of Commerce in Johannesburg this week

One was how could black business expand and gain more economic muscle The other was the image and the legitimacy of black business people in their own communities

The group of people Nafcoc represents is in a way a marginal one, which does not fit quite so comfortably into the business establishment or into the largely working class communities in which they live

It is also a relatively powerless group As one speaker argued, black business wields little economic power and what political standing it has is largely a result of ruling class attempts to create a buffer middle class

Compared, for example, with black workers, who can withdraw their labour in strikes and stayaways Nafcoc members look fairly powerless Their middle class status marginalises them in the communities in which they live And their profit orientation makes them suspect among their customers and employees who, for the most part, identify profits and "free enterprise" with inequality and exploitation

The free market system and free enterprise were much mentioned But as the conference progressed, participants began to emphasise the need to get away from the "isms (capitalism and socialism) and to look for economic solutions which would best serve black interests The question which came up most often, in various guises, was that of the role black business people in the struggle for change

The theme for the conference was "Black Business at the Crossroads Challenges for the Nineties" And the major challenge, it seemed, was how to balance the potentially conflicting roles of being business and being black in South Africa

The see-saw was set up from the start of the conference, with the host region's president, W McBain Charles, welcoming delegates with the comment that this was the second Nafcoc conference held under a State of Emergency

"A priority on the national agenda is freedom. The question of the next decade is how business will relate to freedom and the role it will play towards eradicating poverty and unemployment," he said.

The answer suggested by the first speaker, Stannic managing director ... market system is unmatched in its inherent flexibility and its ability to create wealth," he argued.

"Traditional apartheid and a free market economy are not the same thing at all," he said — the first of many speakers to advance that argument

There was consensus that the opposition of most black South Africans to capitalism was understandable given the inequities which the system had generated But the argument put forward by many of the speakers was this perception was based on the political peculiarities on the system — and that business had a duty to change that perception

But it was the keynote speaker, Reuel Khoza, MD of Co-ordinated Marketing and Management who, with the warning that he would tell "home truths", introduced some self-doubt into the proceedings

"Black business What black business?" he asked "We have no credible representation in any of the major economic sectors such as mining, agriculture, manufacturing, financial institutions or even retailing"

The contribution of black business to South Africa's gross domestic product was estimated at less than one percent, and if all black owned companies were to be listed on the stock exchange, their collective market capitalisation would probably be less than that of a company like South African Breweries (R4,12-billion), he said

Not only was black business economically powerless, it was politically problematic, Khoza suggested "Black business today is a prime example of a state-created middle class

it could not have come about except at the pleasure of the ruling establishment for purposes inimical to the black national cause," he said

Nafcoc's Sam Motsuenyane

"The middle class were to be given a stake in the status quo so as to be a buffer against the 'radical masses' "

He said political and labour movements tended to see black business as co-opted into the system "We as black business have supped and have been seen to have supped too well from the tables of the SBDCs, the Urban Foundations, the homeland decentralisation process, the opening of CBDs, without any visible con- front ... advances on the political

Khoza argued a primary task for conference participants was to build up their economic role But he went on to talk in terms of a broader black nationalist project in which they ought to be playing an active role

Particularly important was to shape choices strategies for economic liberation But he called also for Nafcoc to seek links with educational, labour and political movements and to make common cause with them

And while he received a standing ovation for his address, there seemed to be an uncomfortable silence in the debate which followed on the questions of political strategies and political alliances

The tightrope act which is Nafcoc's politics, particularly in relation to the government, was evident as outgoing president Sam Motsuenyane described some of the federation's activities during the year

Nafcoc does play a role as a lobby to the government — on everything from detentions to sorghum beer It submitted a memorandum to the government after its 1986 conference, calling for the dismantling of apartheid and the repeal of the Land Acts, making proposals on deregulati... and privatisation and asking the go... ernment to do something about ... situation in KwaNdebele, where Na... coc council members were among ... many people in detention

Four government ministers final... met Nafcoc in June of this year — ... meeting does not seem to have of... fered much joy for the federation

In response to the proposals on dis... mantling apartheid, the cabinet mini... sters (Chris Heunis, Gerrit Viljoe... and Barend Du Plessis) offered Nafcoc the proposed National Statutory Council — they refused the privilege.

The delegation told the ministers "there was no way that Nafcoc could participate in the proposed statutory council if the acknowledged leaders are still imprisoned and black political organisations banned", Motsuenyane explained in his presidential address to the conference And he explained explicitly the problems for black business in co-operation with the government

"It is a well known fact that black South Africans have today lost confidence in the present government and that they also are increasingly becoming wary of being co-opted or associated with governmental programmes which are not perceived to enhance progress towards the fulfilment of their genuine economic and political aspirations "

He emphasised the importance fo... Nafcoc of the image of black busi... ness in the eyes of "those communi... ties from which it derives a majo... part of its support and legitimacy Black businessmen did not see the... selves as part of the affluent wh... business community but as "part a... parcel of the black underprivileg... section of the South African com... nity with whom they should no... sever connections at any point", said

How to act out this role and to seen to act it out — and at the ... time to ensure a future in which ... nes... and free enterprise would ... — was ... question at the ce... the conference But it was not which was explicit all the time.

There was discussion of li... and taxes, of the proposal to set ... black insurance company, o... problems and prospects of the ... can Bank and Black Chain and ... ucation programmes and manag... training And the conference pro... ings were punctuated with a ... of fundraising drives

"Networking" is a lot of w... conference is about — the c... parties, the banquets, the Lad... ternoon and, at the end, *Nkosi lel'i Afrika* and the Miss ... Beauty Contest

Smoothing the sanctions r

SEVERE tensions between Nafcoc and its Natal affiliate, the Inyanda Chamber of Commerce, over Nafcoc's policy on sanctions and disinvestment have been resolved.

This was said by Sam Motsuenyane in his presidential address at the Nafcoc conference this week

Nafcoc resolved at a summit conference in October last year that it would not campaign to oppose disinvestment or sanctions directed against South Africa and the government in particular, Motsuenyane said.

Delegates to the summit agreed that "in view of the fact sanctions .. have become a fact of life in the South African situation, any discussion on the merits or demerits of sanctions has become an academic exercise.

But they resolved that "the... a case for selective eco... pressure unless all political ... oners are released, all pol... parties are unbanned, the go... ment enters into dialogue w... credible black leaders, and ... government commits itself to ... mantling apartheid.

"Nafcoc's policy is that it ... not take part in any future e... to encourage new investments ... cases where blacks are not ... ingfully involved.

"It is a policy of 'conditio... investment'", Motsuenyane sa... in his address.

Once a thorough exposition ... the policy was given to the Na... dissidents, "the situation ... turned to normal," he said.

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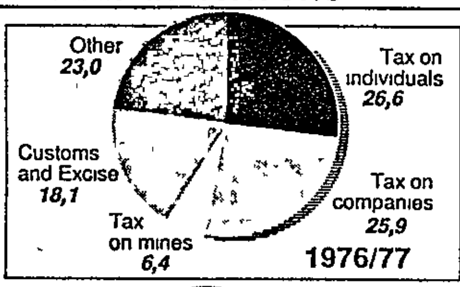
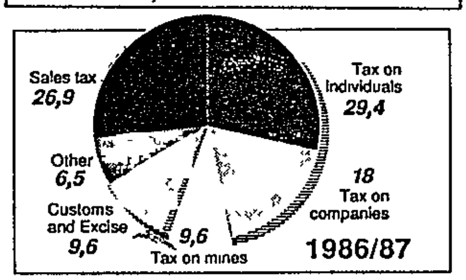
BUSINESS BAROMETER

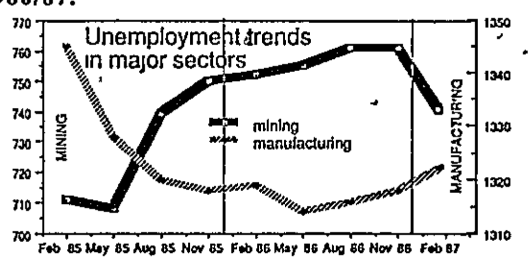
GENERAL INDICATORS





TAXATION

The tax burden has shifted significantly over the past decade, with company tax contributing only 18 percent of the government's income last year compared with almost 26 percent in the mid-1970s. Individual taxpayers are bearing much more of the tax burden, however, through personal income tax and through general sales tax. Together these items made up over 56 percent of the government's income in 1986/87.

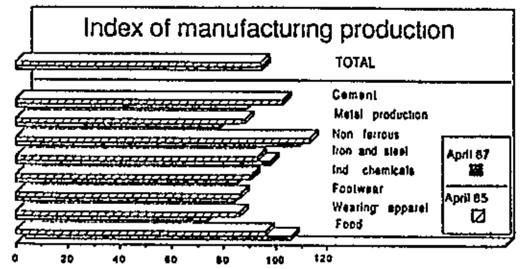


EMPLOYMENT AND UNEMPLOYMENT

A Central Statistical Service survey shows that of the total unemployed recorded in November 1985, 29 percent of coloured, 32 percent of Asian and 36,3 percent of African unemployed had been out of work for more than a year. Three-quarters of unemployed African workers were between the ages of 15 and 35.

RETAIL TRADE SALES

Retail trade sales for the first quarter of this year were 2,5 percent down in real terms on the same period last year and 0,5 percent down on the last quarter of 1986. Sales in March this year (at constant 1980 prices) were 5,3 percent lower than in February, with largest decreases in footwear, ladies' clothing, and household furniture.



MANUFACTURING OUTPUT

As the graph shows, production in the manufacturing industry is at similar levels in real terms to what it was two years ago. In the food industry, for example, the physical volume of production has risen but in other sectors, such as clothing, it has actually fallen over the two years since April 1985.

FINANCIAL INDICATORS

Johannesburg Stock Exchange Indices

JSE Indexes	13/7/87	WEEK AGO	% CHANGE
All Market Index	2441	2346	+ 4
All Gold Index	2176	2071	+ 5
Industrial Index	2008	1930	+ 4

Short-term interest rates

	13/7/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	9,05%	8,8%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Gold Price

13/7/87	WEEK AGO	% CHANGE
446,5	443,30	=0,7

Selling price: Major currencies against rand

	15/7/87	WEEK AGO	% CHANGE
Pounds Sterling	331,85	331,45	+ 0,1
Deutsche Mark	0,8983	0,8985	+0,02
Yen	73,40	73,38	+0,03
Swiss Franc	0,7481	0,7491	-0,1
Financial Rand	,7481	,7491	-0,1

US Dollar against major currencies

	15/7/87	WEEK AGO	% CHANGE
Rand	48,60	48,82	-0,5
Dm	1,8485	1,8405	+ 0,4
Sterling	1,6128	1,6180	-0,3
Yen	151,04	150,31	+0,5
SwFr	1,5395	1,5345	+ 0,3

Source First National Bank

WORLD ECONOMY: GROWTH FORECAST

	Real GNP % change from previous period			Inflation % change from previous period					Unemployment in % of labour force		
	1986	1987	1988	1986	1987	1988	1986	1988	1986	1987	1988
US	2,5	2,5	2,75	2,1	4,00	4,5	140,6	-126	7,0	6,75	6,5
JAPAN	2,5	2,0	2,0	0,6	0	1,75	86,0	87	2,8	3,0	3,0
GERMANY	2,4	1,5	2,0	-0,4	0,75	1,5	35,8	29	8,0	8,0	8,25
OECD EUROPE	2,5	2,0	2,0	3,7	3,75	3,5	52,0	23	11,0	11,0	11,25
TOTAL OECD	2,5	2,25	2,25	2,8	3,5	3,75	-19,7	-30	8,8	8,25	8,25

The Organisation of Economic Co-operation and Development forecasts a real economic growth of 2,5% in industrialised nations during 1987 and 1988.

Source: Frankel Kruger

Rival service announced Cit Times 20/7/87

Storm breaks as FCI expels Tvl chamber

30

From DAVID FURLONGER

JOHANNESBURG — Organized commerce and industry is bracing itself for head-on civil war, after the decision by the Federated Chamber of Industries (FCI) to expel its Transvaal chamber and set up a rival service

The Transvaal Chamber of Industries (TCI) formally voted on Friday to merge with the Johannesburg Chamber of Commerce and form the Assocom-affiliated Witwatersrand Chamber of Commerce and Industry (WCCI)

On the same day, the FCI announced it would expel the TCI, move its own headquarters from Pretoria to Johannesburg, and create a new service for industry in the region

Accusations and counter-accusations have flown thick and fast since the announcement

The FCI said it was expelling the TCI for "failing to meet financial obligations" FCI president Hugo Snyckers said yesterday the TCI paid none of its R180 000 subscription last year and only R45 000 this year

TCI officials responded by saying the FCI had made it impossible to meet these demands by affiliating members of the Corporate Forum — comprising about 50 of the country's biggest corporations — direct to the FCI By doing this, it had robbed the TCI of many of its biggest subscribers

It was learnt at the weekend, however, that the forum has given the FCI one year's notice of its intention to disaffiliate The decision will cost the FCI about R700 000 in subscriptions

TCI vice-president Johnny Frankel said the chamber had, in fact, met its financial obligations because the FCI budgeted for only R45 000 from the TCI last year According to Snyckers, however, this figure was revised from the original R180 000 only after it became clear the TCI would pay no more

WCCI officials accused the FCI of "a declaration of war" by its decision to set up in Johannesburg They said the TCI vote to merge was almost unanimous and in addition to its membership, the chamber was taking with it all its committees and years of experience in handling the region's industrial problems They said it would take the FCI years to build up the same expertise

Snyckers, however, said the FCI was bringing that expertise from Pretoria He said the FCI was bound to offer its services to Johannesburg industry and said the backing for a JCC-TCI merger was far from unanimous

"We believe there are many companies who want to continue their relationship with us"

He said the FCI would not create a separate Witwatersrand structure Companies would affiliate direct to the FCI and not a local chamber They would use the FCI's central services, although certain extra facilities would be created to serve specific local needs

The TCI also accused the FCI of "sheer spite" in refusing to allow it, as part of the WCCI, to enjoy some affiliation to the FCI on industrial matters

Some businessmen yesterday regretted the FCI's decision to set up a new Witwatersrand service, saying it would splinter commerce and industry at a time when the mood among businessmen was for a united voice

However, the FCI motion expelling the TCI states it is not intended to hamper negotiations between the FCI and Assocom on closer co-operation in the future

In its statement on Friday, however, the FCI said it had already opened talks with the powerful Steel and Engineering Industries Federation (Seifsa) on closer co-operation with that body Although both organisations insist they will retain their separate identities, sources say the FCI's new Johannesburg home is almost certain to be in Seifsa headquarters

30

BUSINESS

Now is the time to check out barcoding

KAY TURVEY

IN LINE with worldwide trends, computerised checkout scanning, which enables retailers to tighten inventory control and cut theft by about half, is taking off in SA.

The first bank of numbers that barcode goods — through the unique identification of products by way of 13 digits represented by vertical lines and spaces of varying widths — were issued in SA four years ago

Today 80% of foodstuffs are coded, while retailers have introduced the system in about 70 pilot stores, a figure that is set to double by the end of next year The CNA alone plans to install scanning in 100 outlets by 1988

Greater impetus

In comparison with an initial period in 15 European countries — where almost 15 000 stores now use barcodes — twice as many SA stores have adopted the system, says SA Numbering Association executive director Bob Pearcey.

He says scanning would have had still greater impetus if the rand had not dropped sharply two years ago and made importation of the technology almost prohibitive.

In addition, scanning-installation costs per store are greater than in the US, as more checkout points are required in SA to cater for peak cycles — because of SA's restricted shopping hours, more than 50% of weekly turnover takes place on Friday afternoons and Saturday mornings

However, Pearcey says the capital investment in scanning can be paid back in 18 to 20 months through the more effective and more efficient operations it affords In the US, where scanning is 11 years old, it has been found to have increased profits by 1%.

Pick 'n Pay has pilot scanning in two of its hypermarkets and hopes to install scanning systems in all its stores within the next three years

Pick 'n Pay systems director Ronnie Herzfeld says better shrinkage performance has already been noted in the stores making use of scanning.

Pearcey says scanning not only prevents under-ringing by cashiers, but also highlights inconsistencies in a cashier's performance.

The information carried by scanners also allows one to identify areas where shrinkage is taking place.

Save on interest

Taffy Hewson, management services director at the OK, which has installed scanning at three stores, says the area were "fortunes" can be saved is on interest payable on stock held.

He says item sales can be recorded efficiently — "the first writing is the last writing" — and precise selling rates can be established, thus allowing for quick stock-turns and eliminating the need to hold buffer stock

However, Hewson says setbacks have been experienced through lack of agreement on ways of barcoding all goods

At present, barcoding cannot give the information required for different pricing structures on different-sized clothing, and it is possible to remove barcoded labels from fabrics.

Symbols cannot be printed directly onto fabric as the weave disrupts the logic in the scanner.

Retailers also see scanning as benefiting the consumer through faster checkouts and more descriptive, easier-to-check sales receipts entitles visitors to a wine-tasting glass ... the tastings, a series of lectures on

FCI to compete with new body

Chambers brace for a civil war

30 20/7/87 BDay

ORGANISED commerce and industry is bracing itself for head-on civil war after the decision by the Federated Chamber of Industries (FCI) to expel its Transvaal chamber and set up a rival service.

DAVID FURLONGER
Industrial Editor

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To Page 2

Chambers set for civil war

30 BDay 20/7/87

From Page 1

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Drop Inn faces suit over wine

20/7/87 BDay 30

THE new owner of liquor retailer Benny Goldberg's, Cape-based group Drop Inn, has been served with a summons for allegedly breaking an agreement to buy about R3m-worth of Neethlingshof Estate wine.

West German multi-millionaire Hans Schreiber, owner of Neethlingshof, said on Friday: "A law suit will be instituted against Drop Inn for not adhering to the terms of a sales agreement to take delivery on June 1 of about 50 000 cases of bottled wine from the estate.

"Drop Inn chairman Sam Berg signed the agreement but I don't see any performance from his side."

HAMISH McINDOE

Schreiber, speaking from his home in West Germany, said he bowed out of talks to buy Benny Goldberg's from the Premier Group on condition Drop Inn bought his wines.

Sam Berg would only say that Drop Inn would carry out the agreement with Schreiber "as it is spelt out".

Two bids made for Ellis Park

HELOISE HENNING and PETER STACEY

TWO BIDS have been made for Ellis Park stadium, home of Transvaal rugby, its MD Robert Denton said yesterday.

But, he said he knew nothing of reported plans to extend the stadium for cricket.

Rapport yesterday reported that Helam diamond mine chairman Wimpie Ackermann was waiting for Volkskas, the owners of the stadium, to reply to his offer.

The other bidder was the chairman of Ellis Park, Johan Claasen, who was leading a business team with an offer of R26m.

It also quoted Ackermann saying if he bought the stadium he planned to capitalise on gate fees by accommodating cricket.

To do this, he would even break down part of the stands to renovate Ellis Park.

The Transvaal Cricket Council has to make a decision on its future with Wanderers in 18 months.

New rivals compete in commerce and industry

By Dan Side

The battle is about to be joined by two "new" associations for the right to speak on behalf of commerce and industry based on the Witwatersrand

On the one side is the Witwatersrand Chamber of Commerce and Industry (WCCI), a merger created by formal vote last week to bond the Johannesburg Chamber of Commerce (JCC) with the Transvaal Chamber of Industries (TCI)

The rival group is the South African Federation of Industries (FCI), which lost no time following the disclosure of the merger vote in announcing the move of its offices from Pretoria to Johannesburg and the establishment of new links

The "new" aspect of the FCI involves the opening of investigations in tandem with the Steel and Engineering Industries Federation of South Africa (Seifsa) with a view to federation in future It is expected that when the FCI crosses over the Jukskei River, it will share Seifsa's headquarters

FCI president Dr Hugo Snyckers said in a statement last week that the hook-up with Seifsa would not result in the loss of identity of either partner while they jointly investigated an aim to "improve the effectiveness of their services to industry and reduce the cost of such services to their members".

Dr Snyckers said it would be recommended to an extraordinary meeting of the FCI that the TCI's membership be terminated because of "failure to meet its financial obligations" to the national body

The TCI's affiliation with the JCC came as a blow to the FCI as serious negotiations broke down in 1982 to forge an alliance between the FCI and the Associated Chambers of Commerce (Assocom)

REJECTED OUT OF HAND

The merger at national level, proposed at the time by RAU vice-rector Mr Joe Poolman was rejected out of hand by the FCI

And attempts at collaboration broke down again last March when Assocom's Mr Harold Groom and FCI's Dr Snyckers made a bid at resuming negotiations In the light of this failure to join forces, it is significant now that FCI is now apparently moving in the direction of Seifsa

According to a report by management consultants Pim Golby, the FCI has seemingly been ripe for a merger for some time Pim Goldby found the FCI and the chambers of industries movement to be in disarray — "badly managed, open to manipulation, short on credibility and alienated from big business".

The TCI may have been involved in a financial struggle, but it appears the FCI had been faring little better

Dr Snyckers said in his statement last week that the investigation into a formal co-operation pact with Seifsa would take "some months", but FCI may have to move fast

It may prove expedient to prevent the TCI-JCC building on a power base that already controlled — through the TCI, alone — representation of more than 60 percent of all business activity in the region

And the battle for supremacy between the two factions will put to the test the theory that commerce and industry don't mix

It was considered in some quarters that a more logical union was between TCI and Siefsa. Both are industry-based and a significant overlap in membership already exists

30 STAR 21/7/87

Plans for new CBD unveiled

By MATTHEW MOONIEYA
Local Affairs Reporter

EAST LONDON — The multi-million rand redevelopment of the central business district and the proposed new shopping complex on the adjacent South African Transport Services land were given concrete boosts yesterday

While plans for the CBD redevelopment — which have been accepted in principle by the city council — were officially unveiled at a press conference in the City Hall, it was revealed in Johannesburg that the Murray and Roberts shopping complex could start in January

Mr Nigel Mandy, who has been appointed a consultant to the developers, said preparatory plans would be ready in draft form in six weeks when Murray and Roberts would meet Sats again for further discussions

He said if agreement was reached and the municipality passed the plans, work could start on the site in January.

"The two parties have six months to negotiate the deal If they agree, work could start immediately," he said

The press conference was addressed by the mayor, Mrs Elsabe Kemp, flanked by the town clerk, Mr Les Kumm, and the chief city engineer, Mr Graham Keppie

Sats was represented by the senior superintendent of works and estates here, Mr A L Brown, while the East London CBD Consortium, which did the urban design proposal, was represented by Mr Chris Driver and Mr Nico Cloete

In reply to a question, Mr Brown confirmed that the Sats land could become available immediately the negotiations with the developers were finalised

Mrs Kemp said "This opens a new era in development in the city and I am pleased to announce that the city council has accepted it in principle. The council is very excited about the commercial development and possible general residential development at a later stage "

She said the pedestrianisation of Oxford Street, although suggested as a planning option as far back as 1970, could not be implemented at that time for practical reasons

"With the increasing popularity and success of pedestrian shopping precincts and changed circumstances, including the availability of Sats land, it has become feasible to envisage the prospect of the Market Square, the CBD, City Hall (which is being upgraded for conference purposes), and the new Sats development all being united by a pedestrian concourse leading to new commercial activities and a vibrant CBD "

Mrs Kemp said the council was in full agreement with Sats entering into negotiations with a developer of the calibre of Murray and Roberts

See also page 15

22/7/87

Putco takeover could turn political

Give blacks a fair go, says Nafcoc

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MICK COLLINS

PUTCO has been asked by the National African Federated Chamber of Commerce (Nafcoc) to ensure that blacks have the first and fair opportunity to make an offer for the majority shareholding in the bus company.

Reacting to reports in Business Day that a rightwing Afrikaner consortium had made a R150m bid for the JSE-listed transport giant, Nafcoc national co-ordinator Gabriel Mokgoko said blacks had used Putco from its inception

He said "It is regrettable that Mayer (nominee for the Afrikaners) and his group should demonstrate such a glaringly myopic view on the economic future of our country

"The truth is that blacks are no longer satisfied with the crumbs that fall from their masters' tables — politically and economically The future is clearly that which will make blacks active across the board and not as distant observers as Mayer and his group are trying to make them"

Mokgoko said because the Afrikaners were taking a racist stance, they should not be surprised if blacks took a political stance on the matter

He said "They are kindling a fire they may not be able to extinguish"

And the SA Bus and Taxi Association (Sabta) also accused the mystery business consortium of behaving typically like "groups with questionable backgrounds"

Inconsistent

Sabta's executive committee said the consortium's nominee, Anthony Mayer, had been making inconsistent media statements

It said "According to Sabta records, Mayer said the consortium wanted to ensure that Putco remained in white hands, that the consortium was multiracial, that he had received death threats and, then again, that Putco could not be allowed to fall into black hands

"Whether Mayer and his unnamed consortium like it or not blacks must, as a matter of necessity, be brought into the mainstream of the economy"

Meanwhile, a spokesman for the legal office of Sabta nominee Ivor Brownlees said yesterday that no statement on negotiations between Sabta and Mayer would be forthcoming "at this point in time"

The Star

Is the share boom going to bust?

THE RENEWED strength of the Johannesburg Stock Exchange again highlights the paradox of advancing share prices against the background of an economy struggling to pull itself out of recession

It seems illogical for the stock market to be hitting new highs when the economic rebound may be faltering, but this is consistent with the history of share price behaviour. Not only do stock markets reflect the future rather than the present but they also tend to overreact — on both the positive and negative extremes of their long-term equilibrium

On the basis of past experience, the current Diagonal Street boom can be interpreted as reflecting expectations of a brisk economic recovery, with the extent of the JSE's buoyancy suggesting that a measure of overreactive optimism is already taking place

Yet it would be unrealistic at this stage of the cycle to conclude that share prices are on the verge of collapse. The stock market is convincingly underpinned by results from listed companies which belie the economic averages. And while much of the improvement in company figures derives from factors unrelated to better turnovers (reduced interest charges, elimination of foreign exchange losses and more operating efficiency), their markedly higher recent earnings and dividend statistics do go some way towards justifying ruling share prices.

Other factors fuelling the demand for shares are the peaks being reached on major stock markets (especially Wall Street); the inability of Pretoria's monetary authorities to make any impact on the rocketing inflation rate, low interest rates and an institutional sector bursting with excess liquidity.

Tempering the euphoria is the axiom that every boom is followed by a bust. The more vigorous the boom, the more devastating the bust The fire that is burning in Diagonal Street may not yet be hot enough to char any fingers. That it will eventually do so is undoubted And as has happened so frequently in the past, many will not have the agility to avoid the severe burns that always result from a stock exchange bear market.

(30) whole page 12/7/87

Nafcoc mus 'be active'

Willie MacBaine, of the Southern Transvaal Chamber of Commerce.

ZB MOLEFE

BLACKS were this week urged to move to the centre stage of economic and sociopolitical action at the 23rd annual congress of the National Federated Chamber of Commerce in Johannesburg

In his keynote address, businessman Ruel Khoza said "We cannot afford to be passive viewers, watching history unfold Change is inevitable But change for the worse is not inevitable

"We must make history Not just watch it We must invest in the future, not just accept it The future belongs to those who plan for it "

Khoza, who received a standing ovation, reminded delegates that it was a common error among South Africans to talk of black business as a phenomenon of the mid-60s and 70s

"In fact, I think most of us equate the beginning of black business with the birth of Nafcoc 23 years ago In so doing, we shortchange ourselves of a proud history

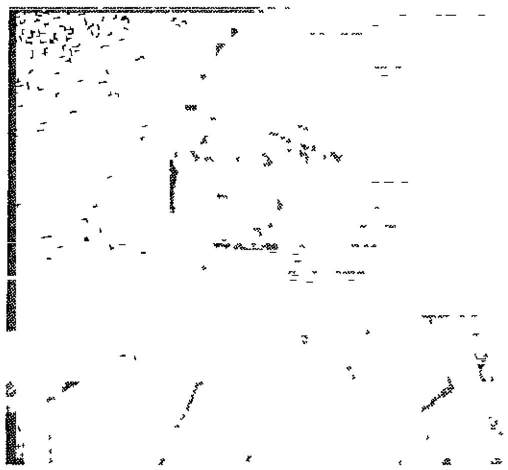
"We shortchange ourselves of fully understanding and appreciating the potency of black business A potency that invited the harshest repression," said Khoza

Khoza told a hushed and moved conference that black business was being challenged to join forces for the eradication of the economics of exclusion – apartheid

He also told the conference that black business was being challenged to join forces for the termination of 'the politics of oppression – apartheid

"You are called upon to unite for economic and political liberation Unity will be your strength Remember the pharoahs had a favourite and effective strategy to keep their slaves in bondage – keep them fighting among themselves," said Khoza

This divide-conquer-and-rule technique has been a potent weapon in the arsenal of oppressors



Dr Manas Buthelezi ... SACC president.

Nafcoc President Dr Sam Motsuenyane.

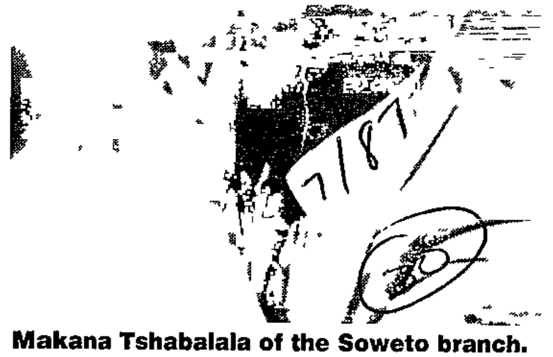
which slaves unite the Red Seas of history open and Egypts of slavery crumble"

The conference, whose theme was "Black business at the crossroads – challenges for the future", was told by American businessman Malcolm Beech that black South African economic development today was similar to that of black Americans in the late 40s and 50s

"Most of your businesses are retail outlets with a growing personal service sector located primarily in those areas where the majority of black South Africans live," said Beech

University of Zululand senior research fellow Paul Zulu did not pull his punches when he spoke of the educational and political challenges facing black business in the 90s

"Within its own area of operation in the townships and rural areas, Nafcoc's record is not that impressive," said Zulu



Makana Tshabalala of the Soweto branch.

He argued that he found it difficult to understand the arguement that retail giants like the OK Bazaars and Pick 'n Pay could afford low prices because they bought in bulk

He said that a large number of township residents forfeited money in transport fares trying to go for cheaper prices in town

"Traders in black areas should seriously consider developing a concept of 'social capitalism', accepting that they are operating within a mode of production which they are unable to change in the short term," said Zulu

Therefore, the black businessman should not claim to be small and incapacitated, while, at the same time, leading a lifestyle that is paradoxical to his claims – an expensive car, a massive house and numerous holidays

"Some of this excess profit must be ploughed back into the community, by expanding the business to emulate the Pick 'n Pays and work towards the claimed discounts to enable the bulk of the population to reap the benefits of growth," said Zulu

Nafcoc hears the government view

By ZB MOLEFE

SOME black political organisations were not primarily aiming for the removal of discrimination but their main objective was to destroy capitalism, the 23rd annual National African Federated Chamber of Commerce conference heard this week

This emerged from Nafcoc president Dr Sam Motsuenyane's presidential address to hundreds of delegates from black business chambers countrywide at Johannesburg's Standard Bank Arena

Motsuenyane reported to the conference about Nafcoc's meeting last month with a number of key government Ministers on a number of socio-political issues facing black business

Some of the senior Ministers at the meeting included Constitutional Planning and Development Minister Chris Heunis, who acted as co-ordinator, and Minister of Development Aid and Education Gerrit Viljoen

Motsuenyane said government delegates had told the Nafcoc delegation that some black political organisations "were not actually looking primarily at the removal of discrimination, but their main objective was to destroy capitalism"

"Political prisoners must foreswear violence as a safeguard against possible escalation of violence following their release was another government response," said Motsuenyane

He also told the conference that the government was convinced of the necessity to create a new political framework in South Africa

The Nafcoc president told the conference of his delegation's difficulty in convincing the government to adopt a flexible position, starting with meaningful discussions with credible black political leaders

"To begin with these momentous discussions, in the absence of acknowledged leaders such as Nelson Mandela and other political prisoners would only be futile and worthless," added Motsuenyane

He went on "But this would also represent a careless squandering of a precious opportunity which may never occur again"

The plight of Nafcoc's KwaNdebele region, which has seen the organisation's key members detained and their businesses destroyed in what has been described as a bloody situation hinging on anarchy, was also discussed

Prominent among those detained in the homeland are the Nafcoc regional chairman, a Nafcoc council member and a member of the Ndebele royalty who was Health Minister in the homeland, Prince Cornelius Mahlangu

The KwaNdebele crisis was one of the reasons which prompted Nafcoc to seek last week's government meeting in Cape Town

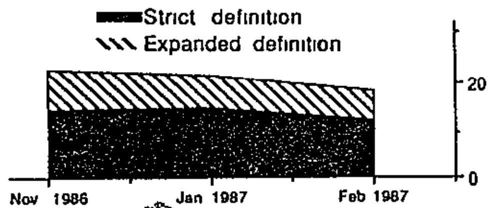
"Nafcoc appealed to the Minister of Constitutional Planning to endeavour to restore peace in the area by bringing the different warring factions together and, above all, to heed the voice of the majority of the people of the area – which in our view is opposed to the proposed KwaNdebele independence," said Motsuenyane

BUSINESS BAROMETER

GENERAL INDICATORS

UNEMPLOYMENT

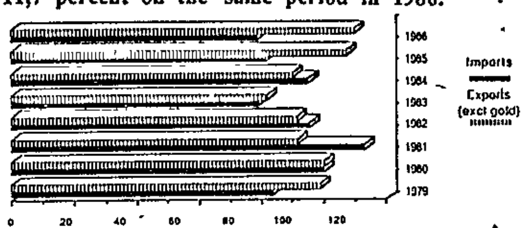
Official figures on unemployment put it at 974 000 workers in Feburary this year, down 7,2 percent on the January figure of 1 050 000. This is based on the Central Statistics Office's 'strict definition' of unemployment. The CSS 'expanded definition' gives a figure of 1 198 000 unemployed in February, or 19,2 percent of economically active workers. The unemployment rate is higher in towns than cities.



Official unemployment rates

IMPORTS AND EXPORTS

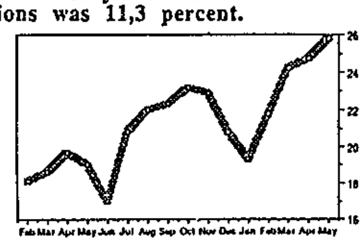
South Africa's trade surplus for May dropped to R901,8 million from R1,29 billion in April, according to the Commissioner for Customs and Excise. Exports fell by 13 percent while imports were down 3,7 percent on April. The trade surplus for January to May this year was R5 653,5 million, an increase of 11,7 percent on the same period in 1986.



Volume of imports and exports (index)

MOTOR VEHICLES

Transvaal motor vehicle registration figures for May indicate that sales of new cars, kombis and vans are up while used-vehicle sales have dropped. New motor vehicle registrations for May were 10,9 percent higher than last year: the decrease in used-vehicle registrations was 11,3 percent.



Food price inflation rates

CONSUMER PRICE INDEX

Inflation for the 'lower income group' is running at an annual rate of 18,7 percent for May, compared with rates of 17,9 percent for the 'middle income group' and 16,6 percent for high income earners. Food inflation for May ran at an annual rate of 25,8 percent, the highest since April 1981 when the rate reached 27 percent, according to Central Statistics Office figures.

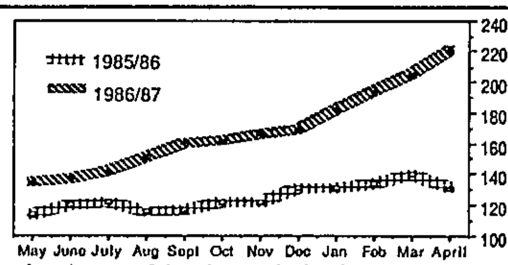
INDUSTRIAL RELATIONS

WAGE BARGAINING

Annual wage negotiations between trade unions and employers have resulted in average wage settlements of 16,4 percent, according to Andrew Levy and Associates'. This figure covers the period January to May this year. The average settlement in ALA's Febuary survey was also 16,4 percent, reflecting Cosatu's living wage campaign for 1987, say the researchers. Black unions continue to obtain highest wage awards for their members, gaining settlements which are four or five percent above the national norm.

Johannesburg Stock Exchange Indices

JSE Indexes	3/7/87	WEEK AGO	% CHANGE
All Market Index	2347	2309	+ 1,6
All Gold Index	2081	2032	+ 2,4
Industrial Index	1928	1914	+ 0,7



Index of industrial share prices

Short-term interest rates

	6/7/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,8%	8,8%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Gold Price

6/7/87	WEEK AGO	% CHANGE
443,3	449,75	-1,4

Selling price: Major currencies against rand

	8/7/87	WEEK AGO	% CHANGE
US dollars	48,65	48,95	- 0,6
Pounds Sterling	332,27	330,03	+ 0,7
Deutsche Mark	0,8976	0,8937	+0,4
Yen	73,25	71,81	+2,0
Swiss Franc	0,7499	0,7420	+0,1
Financial Rand	,3000	,2888	+3,9

US Dollar against major currencies

	8/7/87	WEEK AGO	% CHANGE
Dm	1,8450	1,8258	+ 1,1
Sterling	1,6165	1,6155	+0,6
Yen	150,57	146,70	+2,6
SwFr	1,8450	1,8258	+ 1,1

Source First National Bank

10/7/87 (30) FM

OPEN CBDs

Now for Knysna

The Knynsa CBD this week became the 48th to be officially opened to trading by businessmen of all races since government started "de-racialising" central trading areas in 1985

CBDs now "open" are: Johannesburg, Durban, Nelspruit, Estcourt, Howick, Potchefstroom, Cape Town, Ottery, Witbank, Colenso, Delmas, King William's Town, Volksrust, Port Shepstone, Vryburg, Malmesbury, Kimberley, Nigel, East London, Stellenbosch, Queenstown, George, Paarl, Swellendam, Somerset West, Fish Hoek, Port Elizabeth, Bellville, Parow, Hermanus, Pietermaritzburg, Plettenberg Bay, Strand, Still Bay, Verwoerdburg, Eshowe, Worcester, Pietersburg, Montague, Welkom, Milnerton, Benoni, Grabouw, Glencoe, Vanderbijlpark, Gordon's Bay, Springs and Knysna

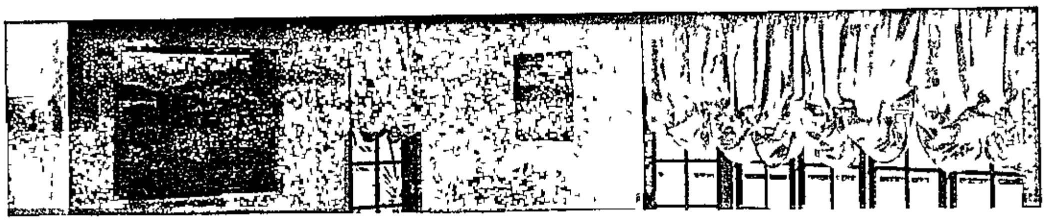
Proposals for open CBDs which have been accepted since March last year, but which have not yet officially been proclaimed "open" due to technical reasons have come from Akasia, De Aar, Edenvale, Empangeni, Frankfort, Germiston, Graaff Reinet, Harrismith, Kempton Park, Klerksdorp, Kroonstad, Krugersdorp, Kuils River, Matatiele, Mooi River, Moorreesburg, Oudtshoorn, Pinetown, Postmasburg, Prieska, Randburg, Roodepoort, Sandton, Uitenhage, Upington, Virginia, and Westonaria.

Proposals still under consideration by government have come from Alberton, Balfour, Bethlehem, Bloemfontein, Boksburg, Bredasdorp, Carletonville, Ceres, Douglas, Kokstad, Ladysmith, Messina, Middelburg (Tvl) Newcastle, Port Alfred, Potgietersrus, Pretoria, Richard's Bay, Rustenburg, Swartruggens, Warrenton and Westville

Only one proposal, from the Bloemspruit Local Board, has been delayed ■

The *FM* brings its readers the most news, comment and interpretation possible under the new regulations restricting publication of certain matters.

It does not believe that the restrictions are necessary or in the public interest, but will obey the law.



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BIG BUSINESS

Crying wolf too often

Big business — or an increasing concentration of business ownership — is currently being blamed by the ignorant for most of this country's economic ills. Ill-informed if well-meaning politicians and many trade unions accuse it of anything from rising food prices to inadequate wages

Probably it is only a matter of time now before Sanlam and Old Mutual will be held responsible for what promises to be Western Province's persistent defeat on the rugby field

Unhappily, the emotional satisfaction that mediocrity finds in bashing big business is pervasive Even the Competition Board, which should know better (and which is advertising for more staff), appears to be losing its perspective, to put it kindly

Indeed, there are some indications that the board is becoming so politicised and romantic in this respect that corporate acquisitions of any size will soon become impossible

The danger is, of course, that the force of its moral suasion (it operates beyond the courts) is so great that there could be serious economic consequences It could kill the entrepreneur and seriously hamper economic growth for what it believes to be worthwhile (albeit mistaken) social and political reasons.

The fact of the matter is that concentration of ownership is the fault of government, not of business. Its detrimental consequences are relatively benign and it has some substantial advantages The *FM* has been arguing this for years This week it found an ally in Assocom which submitted its views on concentration in the financial sector, a subject currently under investigation by the board

This investigation had its roots in unfortunate circumstances last year when Nedbank announced it was investigating the purchase of Finansbank Finance Minister Barend du Plessis was so piqued that he was not informed in advance — although there was no need for those concerned to do so — that he first referred the deal to the board

When his motives became clearer and he had given more thought to his hasty action, the deal was given the green light But to save face, the board was given the task of investigating the ownership of the financial sector as a whole. So politicised has the subject become that the board set to work with more will than wariness.

In these circumstances, we wonder whether the good sense argued by Assocom will have much avail In essence, Assocom has argued that the current degree of "concentration" is partly

Assocom has submitted its views to the Competition Board on the concentration of ownership in the financial sector. The *FM*, in reviewing them, looks at some consequences of putting prejudices before sound economics.

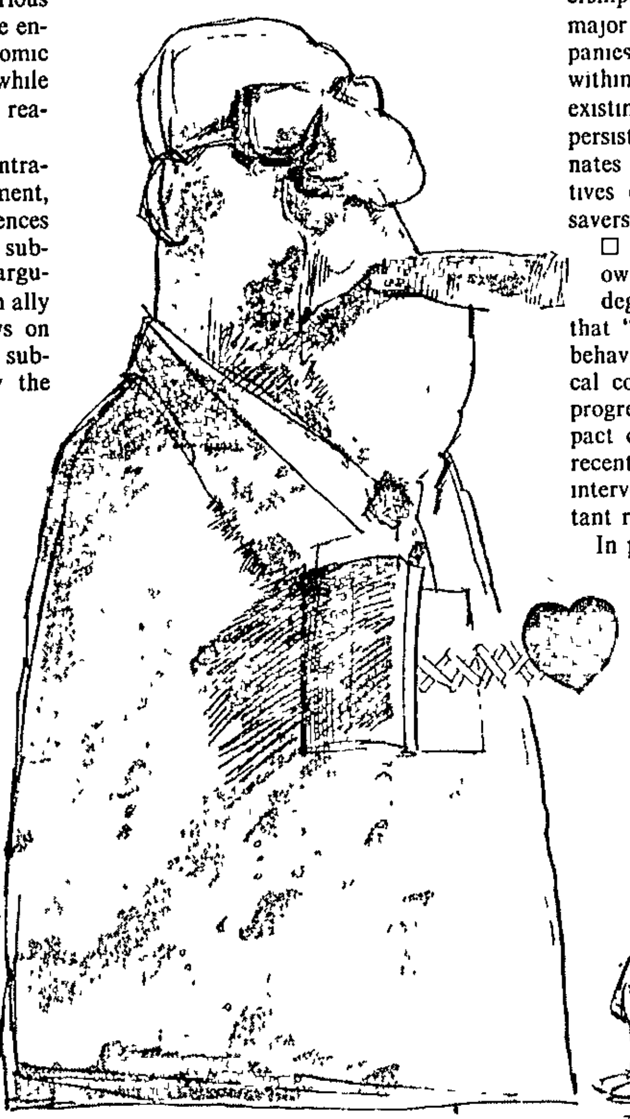
a function of the relatively small scale — and the external constraints — under which the South African economy operates In part, it is a function of artificial constraints and distortions (like departures from strict "tax neutrality") imposed by government itself

Assocom says it is committed to a minimum of State intervention and welcomes government's endorsement of the free enterprise system It applauds recent trends "towards deregulation and privatisation " But, "in circumstances where an abuse of market power becomes evident," each alleged abuse should be addressed on a case-by-case basis rather than by resorting to inflexible blanket legislative control — "so as to maintain a favourable climate for private enterprise "

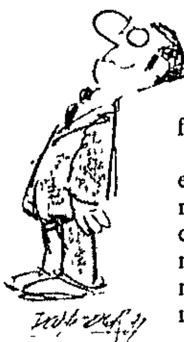
Assocom, however, "accepts that textbook perfect competition" is an unattainable goal the aim of both government and of the private sector must be directed towards the maintenance of "as large a degree of effective competition as is practicable "

Assocom notes "four main economic inducements to concentration "

- The small size of the South African economy Consequently, if "firms are to exist" in those industries where large scale is necessary, then the "existence of large companies is unavoidable,"
- Disinvestment has resulted in inevitable acquisition of foreign operations by local corporations since 1985 — so increasing concentration both within the market sector concerned and at an aggregate economic level,
- Private sector reaction to regulation has increased the concentration of effective ownership, and exchange controls preclude major expansion of South African companies overseas, so they are forced to expand within the country and thereby raise "any existing levels of market dominance " The persistence of a "massive State sector" eliminates it from the list of investment alternatives open both to contractual and other savers, and
- Governmental intervention, action and ownership contribute to the high local degree of concentration Assocom accepts that "certain governmental ownership and behaviour patterns" are motivated by political considerations, and acknowledges that progress in reducing the anti-competitive impact of these patterns has taken place in recent years But "governmental ownership, intervention and regulation" are still important restraints in certain areas



In particular, bodies like Sats, Iscor and Eskom are still among the 50 largest companies in asset terms Measures exist which protect State enterprise from new competition Anti-competitive marketing structures still dominate agriculture Administrative restrictions hamper new entry into regulated fields like banking and insurance And tariff protection and import controls in some instances unduly reduce the forces of competition.



Assocom also considers the theoretical issues relating to monopolistic competition. The economic costs of oligopoly may be offset "in part or in whole" by benefits

P.T.O.

from economies of scale or by an increase in innovation And the threat of market entry ("contestability") can ensure the continuance of competitive behaviour patterns alongside the benefits of scale already noted

Assocom is strongly opposed to monopolistic corporate behaviour "which deliberately sets out" to restrict competition But this type of behaviour must be carefully distinguished from "a responsible reaction to market forces which leads to changes in market structure " Assocom notes that this distinction is "recognised in the existing legislation " But the legislation does not address the question of what to do if the "proximate reasons" for lack of contestability "are themselves government-engendered "

Price rises

(In passing, Assocom says that there is evidence that prices in concentrated industries tend to rise "more slowly than inflation in general," while prices set "by State-owned corporations and agricultural marketing boards" tend to rise more rapidly than the aggregates So private sector concentration cannot be blamed for inflation.)

As an illustration of misguided intervention, Assocom cites the local content programme for motor vehicle manufacture — one illustration of how a low level of concentration can be forced on an industry to its detriment

In conclusion, Assocom concedes that there is room for "proactive competition policy" in the South African environment. But this policy must be designed "with care" and exercised on a case-by-case basis Assocom objects quite rightly to the approach of selecting concentrated markets in the private sector in isolation from the economy as a whole

But, to date, many other government policies have had consequences "inconsistent with the aims of the Competition Board " Assocom believes that priority should be given to creating a coherent and non-contradictory policy across the economy In particular, attention should be drawn to the issues of tax neutrality towards savings, deregulation and privatisation, and removal of barriers to the establishment and growth of small business And State-imposed trade controls reduce the level of overseas import competition

Not only that, but there is a need for large firms or associations of firms to generate among themselves "an otherwise unnecessary level" of countervailing power for dealing with the "giant government-owned or controlled agencies which permeate the economy "

"A most pressing need" is to increase the flow of savings for investment in the economy If this can be done (from local or overseas sources), "without the flow passing through the existing giant financial intermediaries," concentration and conglomeration will tend to be immediately reduced

Here, tax policies are relevant "which promote the retention of profits" in the hands of large houses, rather than their distribution to shareholders In a "tax-neutral" situation, the choice between retention for internal growth and payment of dividends for "external reinvestment" by shareholders would be made on merit alone

To conclude, Assocom says that "simplistic attacks" on the existing structure of business — notably compulsory asset divestiture — might well deconcentrate But the ultimate aim of economic policy "is not deconcentration, but wealth creation " And that goal requires savings and investment In the last resort, "competitive forces direct savings to their most valued investment uses "

World trade

The *FM* believes that great care should be taken to prevent public policy — in relation to crucial areas of the economy — being determined in the future (as it has on more than one occasion in the past) by superficial and emotive attitudes with historically determined political overtones

Large businesses are needed by a country as dependent as we are on world trade They may introduce inefficiences into the domestic economy that are sometimes unfortunate They are not, by any stretch of the imagination, responsible for inflation although they can hamper government's efforts to stabilise prices But in the final analysis only government itself can keep the general level of prices stable

Concentration has little to do with economic growth, but a great deal to do with encouraging capital formation Moreover, the bulk of the financial protection against premature death, disability and old age given to less affluent whites comes from the highly concentrated life assurance industry Without it, they would be most likely a direct burden on the community

So we understand why the Competition Board allowed the Old Mutual to absorb National Mutual and the UBS to gain effective control of Volkskas They were wise decisions But the board must not stop there ■

would be only R1,08m a year. Taking operating costs and maintenance at R80 000 a year for the new building, this would yield R1m net

Of course, there are several factors to be considered before deciding on major refurbishment or demolition and rebuilding

The most important, of course, is location No amount of sprucing up will induce tenants to part with larger rentals for space in a building which is badly positioned in terms of area or access On the other hand, if the site is good, it is probably worth spending money on bringing a building up to potential

Other factors to be considered are the structure and configuration of the building, as well as its ability to meet modern infrastructural requirements for bigger lifts, airconditioning, electrical, reticulation and parking facilities There is also the question of existing tenants, although in many cases landlords will not consider recycling until there is a significant vacancy factor

On the positive side, it is often cheaper to gut and rebuild the interior of a building than to demolish it — and usually quicker The concrete frame of a building alone is said to be worth an estimated R200/m².

It is difficult, if not impossible, to quantify the various factors in general terms, because each project requires a different approach But it does seem there will be continued demand for the services of refurbishers as long as an oversupply of office space in CBDs keeps rentals down at a time when development costs continue to rise ■

JOHAN ANNANDALE

IN MY OPINION

The property trust future

Johan Annandale is MD of Volkskas Property Trust Managers and is currently chairman of the Association of Property Unit Trust Management Companies.

Property ownership has traditionally been viewed as the cornerstone of wealth However, direct investment in property can, in certain instances, be cumbersome and risky.

Investment in the units of a property unit trust ensures property ownership through a vehicle that presents security, growth and marketability — with some tax advantages as a bonus.

The creation and operation of unit trust schemes in property shares is regulated by the Unit Trust Control Act of 1981 The unit holders in a property trust, as beneficiaries, acquire shares in the property trust's portfolio and participate proportionately in the income or profits derived from that portfolio

On the question of security: the Act provides for a trustee who supervises the interest of all the unit holders and ensures that the management company acts within the ambit of the trust deed and the Act A property trust must be sponsored by approved institutions to gain registration with the office of the Registrar of Unit Trusts under the Act The relationship that exists between the property trust, its unit holders, the management company, the trustee and the auditors ensures that the provisions of the Act are adhered to.

Neither the management company, nor any of its directors may derive any pecuniary advantage from, or personal interest in, the acquisition or sale of underlying securities by the management company. The management company may not own or develop fixed properties for its own account.

The development of properties belonging to the fixed property companies in the unit trust must be done by contracts awarded on public tender

Fixed property may not be acquired for the purpose of development, nor may an existing fixed property be developed without an audited feasibility study being prepared and the trustee being satisfied that the projected costs of the development are reasonable and that the property company and/or the property trust holds sufficient funds to complete the development.

The management company and the trustee ensure that fixed property companies maintain sufficient reserves to enable them duly to maintain and repair their fixed properties.

Unit holders have the same right to remove the trustee from office as they have to dismiss the management company.

The conditions pertaining to such a removal is set out in the Act.

The investment policy of a property trust is governed by the relevant provisions of the trust deed concerned

The growth of an investment in property trust units, as illustrated in the 1987 annual report of the Association of Property Unit Trust Companies, can be summarised as follows

□ The average annual growth (capital plus income) from 1982 to end 1986 of the Property Trust Index was 20,9% and of the Financial and Industrial Index 22,3%, while the inflation rate averaged 14%,

□ Over the four-year period 1982 to end 1985, the average annual growth of the Property Trust Index was 24,5% a year, while the Financial and Industrial Index grew, on average, by 20,1% a year over the same period,

Given the fact that property unit trusts carry relatively low financial risk, the returns currently shown on the stock exchange boards compare favourably with those on the financial and industrial sector Hence growth in the property fund capitalisation and improved investor sentiment appear fully justified

Marketability is the most important feature of any investment. The successful launch of the new property funds continues to underscore the popularity of this medium of investment In particular, growing interest has been shown by institutional investors who increasingly regard this avenue as an alternative to direct propery investment

The major factors influencing this move by institutions are the greater marketability of their investment, minimal property management responsibility, as well as the ease with which the investment value and appreciation can be ascertained

During 1986, the number of units traded on the JSE rose significantly to just over 81m, from 65m units during 1985 Market capitalisation of the funds at 31 March 1987 stood at R2,3-billion, an increase of 41% over the March 1986 figure of 1,7-billion

Two new property unit trusts have been listed on the JSE during the 12 months ending 31 March 1987, a fact which has also contributed to the increased market capitalisation of the funds

What are the tax implications? A property trust is not regarded as a company for tax purposes. Dividends are distributed by the property-owning companies to the property trust which, in turn, distributes them to its unit holders with no tax deduction until it reaches the hands of the unit holders (whether they are individuals or companies), in the same manner as interest income would be taxed

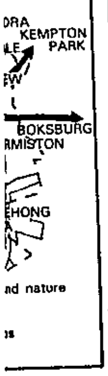
The increased economic activity experienced during the first half of the year indicates that the projected 3% gdp growth may well be achieved.

Confidence in the real estate industry is returning and an increase in activity has already been experienced.

This is evidenced by the fact that vacancies in buildings serving the retail industry are relatively low and there are indications that the office market is also becoming more active

Even the traditionally slow-to-recover industrial market is showing signs of recovery Fueling this general upward movement in the property sector are predictions of higher commercial and industrial rents together with the prospect of high inflation in a hard-hit construction industry where profit margins were cut to the bone during the recession.

The yields reflected in the JSE property trust sector could, therefore, present investment opportunities which, 12 months hence, may turn out to have been excellent buys.



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EAST LONDON

Retail row

A storm is brewing over proposals for a regional shopping centre and office block some two km from the East London CBD

The city council has applied to province to have a 12,9 ha site in Union Avenue in the suburb of Selborne rezoned to accommodate the centre If approval is granted, the site will be sold by private treaty to Elcorp Property Developers.

Plans for the centre, to be developed, managed and let by RMS Syfrets, include a 14 500 m² OK Hyperama, 5 000 m² of office space, Ster-Kinekor mini-cinemas seating more than 400 and a parking ratio of six bays/100 m² of the 40 000 m² gross lettable area. Speculation is that other national retailers, including Woolworths, Clicks, Ackermans and Edgars will fill a major portion of the remaining retail space

Predictably however, the threat of a possible new competitor on their doorstep has led the city's CBD Association (CBDA) to object to both the proposed rezoning and possible sale Moreover, it has taken its objections directly to the Cape administrator Trotting out an argument which by now has a familiar ring to it, the CBDA maintains the centre would draw custom away from the CBD, weakening its merchandising mix and thus the council's rate base

It does, however, have a strong ally in the Old Mutual which has also objected to the rezoning on the basis that it is heavily committed to the CBD and has a responsibility to the tenants who carry on business from its buildings

Consultant to the CBDA Nigel Mandy contends the location of the centre on the Union Avenue site would place the CBD at an immediate disadvantage

"Access to the CBD from inland is by very few routes, the major ones being Oxford Street, the railway line which parallels it and the nearby north-western freeway Locating a major centre astride these routes would inevitably divert a great deal of shopping patronage"

In that he could have a point After the consumer boycotts of the past, having to contend with a major and well-located new rival could be the death knell for East London retailers.

However, it might just be that market forces will be the final arbiter in deciding the destiny of retailers in the eastern Cape RMS Syfret's Pat Flanagan says moves to establish the centre have been largely tenant-driven

"Research has shown that East London is undershopped, and the proposed site for the Clarendon Gardens Centre was identified as a prime location some time ago by major national traders. What's more, the OK Bazaars store in the CBD will not be closed, what's envisaged is an expansion of retail activity rather than a relocation." No doubt the consortium of institutional investors who will stump up the money see it the same way.

Once again, though, the CBDA begs to differ It maintains the Union Avenue site should be used to reinforce the pattern of land uses which presently exist in the area — educational, recreational and residential — and to provide for the possible extension of the nearby Frere Hospital.

But developers Elcorp mount a compelling argument why the centre should go ahead They maintain the CBD is becoming increasingly popular with the lower income groups, while "nowhere in the city is there a centrally-located shopping centre offering single-level, upmarket, quality merchandising tailored to meet the needs of the middle and upper income brackets."

Adds Flanagan: "We believe the centre would contribute to the quality of life in the area There will be cinemas and restaurants, the centre will be open in the evenings and it will provide a controlled environment not subject to natural elements such as wind or rain"

As an alternative, the CBDA has suggested the development of the Sats site adjoining the railway station identified in April by the CBD Study Consortium It contends a shopping centre on the Sats property, planned to link with the CBD, would increase the "critical mass" of downtown shopping and services. The proposals have already been accepted in principle by the city council.

Other advantages, this consortium maintains, would be the provision of more city parking space on the Sats site, additional commercial construction close to the core, retail and entertainment support for the city hall conference centre and the removal of a barrier to the CBD's development

However, Flanagan is of the opinion that the development of a major retail and commercial centre on the Sats land would, in fact, serve to split the city centre by significantly diminishing the number of traders ■

10/7/87 (30) FM

Blacks feel left out

Prof tells Nafcoc indaba

(30) Sowetan 10/7/87

By JOSHUA RABOROKO

BLACKS did not feel part of the economic system, despite the scrapping of some discriminatory laws in South Africa, the head of Unisa School of Business, professor Nic Wiehahn, said on Wednesday.

Professor Wiehahn told the 23rd conference of the National African Federated Chamber of Commerce in Johannesburg that despite the opening of the central business districts blacks were still excluded from making decisions in the economy of the country.

He said blacks did not have access to the political and educational structures which were related to the education system because they were regarded as sojourners in the "white economy."

He said black business was at the crossroads because of the apartheid laws which had deprived them of opportunities to make decisions on socio-political and economic issues.

DELEGATES at the National African Federated Chamber of Commerce's conference in Johannesburg.

Professor Wiehahn said the challenge facing business was to persuade the Government to continue with its reform process and to bring blacks into the political decision-making process soon.

He said blacks were getting impatient and intolerant with what they perceived to be procrastination of political reform.

He said "The education of black children has become a top priority and quite a number of complaints are involved in the education of children for the future of the country. A major part of crisis in African countries is the lack of managerial skills and expertise on the part of black business."

Professor Wiehahn challenged business to break down the social human and other barriers that existed between people within businesses and to become better acquainted with workers and other organisations in the country.

"We must communicate much more with other people in our daily lives because communication is the vehicle of our thoughts and perception," he said.

Professor Wiehahn also said it was important for business leaders to communicate with trade unions, political and other organisations in order to co-operate with them in persuading the Government to bring about meaningful change in South Africa.

30

She lost her R750 deposit

Consumer Corner

By NKOPANE MAKOBANE

A RETIRED Pimville, Soweto, school-teacher is angry with a Roodepoort car dealer who she claims is refusing to refund money she paid as deposit for a panel van.

Mrs Caroline Potwana, now a pensioner, said in January this year she went to Fastsell Motors to buy a bakkie.

After concluding a deal with a salesman she was asked to pay R750 deposit for a van worth R5 000

She was then given a date when to fetch the van after it would have been taken through a roadworthy test

To her surprise, she said, on the agreed day she was told to pay the whole balance before she could get the vehicle She had explained she was on pension and still awaiting money from the department, but the dealer refused to reason, she said

"Realising that no pension money was forthcoming from the department I went to the dealer on June 21 to demand my deposit as I was unable to give them the balance in cash

Owner

"The receptionist at the garage told me there was nothing they could discuss with me unless I produced a receipt My plea that I had misplaced it and for them to check my name in their books also fell on deaf ears.

The owner of the garage could not be reached for a comment However, a salesman who gave his name as Shane, said they were aware of Mrs Potwana's case

He said the procedure is that once a customer has paid a deposit, he has committed himself to buying a car after it had been taken through a roadworthy test

"In the case of this lady, we have lost several buyers because she did not show up after paying the deposit

"Mrs Potwana must also realise that we cannot just refund her money like that We have spent money to make the van roadworthy by putting in things such as lights and brakes The van is still with us

"She must come in and speak to the man who took her deposit Deductions on expenses can be made and perhaps the two can reach a compromise," he said

Nafcoc says 'no' to RSCs

19/7/ B Day

THEO RAWANA

REGIONAL Services Councils (RSCs) and draft legislation that would compel employers to deduct rent arrears from workers were rejected by the National African Federated Chamber of Commerce (Nafcoc) at the end of its 23rd annual conference in Johannesburg yesterday.

Although Nafcoc resolved not to take part in the proposed National Statutory Council (NSC), it was decided that participation by individuals should be left to members

The conference decided to adhere to Nafcoc's policy that it should not prescribe to members on such matters.

A resolution dealing with ownership of land without the right to exploit its minerals was left to a Nafcoc committee investigating the scrapping of the Land Act.

The question of which economic system — capitalist, socialist or communist — Nafcoc should embrace, was also shelved as a special committee was already studying it.

A resolution calling on regions to look after businesses of members detained without trial was carried with local chambers directed to take up the task after discussions with affected members.

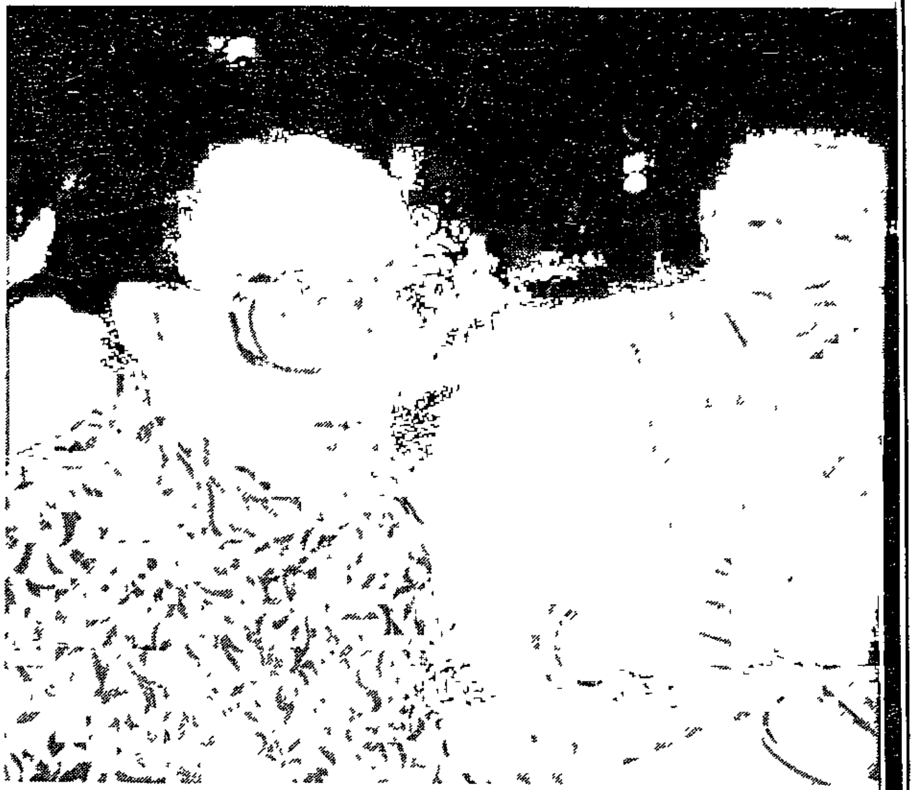
The conference resolved to call on all business organisations to campaign against laws barring black farmers from acquiring land

judicious as possible, e.g. by going to the earliest year for which there are 2 agreements and deleting the earlier one as long as it isn't a January agreement. This shouldn't really affect you, but is something to be borne in mind.

Any problems, I hope not, but just in case, phone Michelle Saffer at (021) 650-2737, or leave a message at (021) 650-2750.

Demand for abolition of apartheid

NAFCOC PLEDGE



THESE three Soweto lasses (from left), Miss Pinkie Moshoeshoe, Miss Du... Phumzile Makhena were some of the guests who attended the Nafcoc-Carlt... seminar at a Johannesburg hotel this week.

BLACK business has pledged to fight for the abolition of apartheid and to help black traders detained in terms of emergency regulations.

By JOSHUA RABOROKO

Delegates at the 23rd national conference of Nafcoc also asked the Government to effect fundamental political change in South Africa.

The resolution to help detained traders came after the conference was told that many people, including businessmen, had been detained in the KwaNdebele area and other parts of the country

Prisoners

It was decided that detained businessmen be assisted financially to prevent their businesses from collapsing

Delegates deplored detention without trial and called on the Government to release all political prisoners and detainees

Some of the Nafcoc members known to be detained in KwaNdebele are Prince Cornelius Mahlangu (chairman, Nafcoc national council), Prince James Mahlangu, Mr S P Maphosa, Mr D G Mthimunye and Mr R Motha

Nafcoc has appealed to the Minister of Constitutional Planning and Development, Mr Chris Heunis, to try and restore peace in KwaNdebele and to heed the voice of the majority of the people opposed to independence

The conference also resolved to

- Reject the racially structured Regional Services Councils and the proposal by the Government to deduct rent from workers' salaries
- Seek economical and political parity between blacks and whites

30 10/7/87 Sowetan

Bergers aims for 157 stores

10/7/87 B/Day (30)

Business Day Reporter

CLOTHING chain Bergers has made its first acquisition since being listed on the JSE and is now aiming for a network of 157 stores by the end of the year.

Bergers has bought Stewart and Wallet, a chain of five stores trading out of Witbank in the eastern Transvaal.

Bergers MD Howard Mauerberger says the purchase consideration is being settled through the issue of 190 000 shares at R2 each to the controlling shareholders of Stewart and Wallet

Increase on forecast

Mauerberger adds the acquisition should have the effect of increasing Bergers' earnings a share for the year to December by 7% This will mean an increase on the forecast 10c to 10,7c a share. There will be no material effect on net asset value

Bergers' newly acquired stores operate primarily in the black menswear market, catering to the middle to upper income group

"The company is highly successful and its founder, James Stewart, will be joining Bergers with the object of developing and expanding into the menswear market," says Mauerberger

"James Stewart has proved to be an outstanding merchandiser and his skill in operating in the black market will have material benefits to Bergers in the medium and long term"

He says that of the new stores forecast for 1987 in the prospectus, seven have already opened and a further 13 will open by end of December

"These stores, together with the acquisition, will give Bergers a total of 157 stores by the end of the year."

1987 30 DD 10/7/87

Nafcoc rejects RSCs, rent collection plan

Dispatch Correspondent

JOHANNESBURG — Regional Services Councils (RSCs) and draft legislation that would compel employers to deduct rent arrears from workers were rejected by the National African Federated Chamber of Commerce (Nafcoc) at the end of its 23rd annual meeting here yesterday.

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The conference resolved to call on all business organisations to campaign against all laws barring black farmers from acquiring land.

(30) 5/7/87

Black business takes no clear line on sanctions

BARNEY MTHOMBOTHI

Black business has decided to sit on the fence and take no clear-cut view on sanctions and disinvestment

The National African Federated Chamber of Commerce (Nafcoc) says it will neither encourage nor oppose disinvestment

It says however that there is "a case" for selective economic pressure until all political prisoners are released, organisations unbanned and a commitment by government to dismantle apartheid

In a precarious balancing act Nafcoc is caught between its own entrepreneurial instincts to support continued inflow of capital into the country and the popular belief among many black organisations that disinvestment represents the only remaining peaceful weapon to deal apartheid a terminal blow

Nafcoc averted a split in its ranks six months ago when Inkatha called on Inyanda Chamber of Commerce to withdraw

BUY IMMUNITY

Inkatha is strongly anti-disinvestment and has actively campained against isolating this country

kwaZulu Chief Minister Chief Mangosutho Buthelezi had accused Mr Motsuenyane of trying to buy immunity from ANC reprisals

A Nafcoc delegation met the ANC in Lusaka last year

Mr Motsuenyane did not refer to Chief Buthelezi by name in his presidential address but said Nafcoc's stand on foreign investment had been "grossly" misinterpreted

"In Natal, certain people interpreted the new policy of Nafcoc to be outrightly supportive of sanctions and disinvestment As a result, the relations between the Inyanda Chamber and Nafcoc became severely strained," he said

FACT OF LIFE

Mr Motsuenyane said that as sanctions had become a fact of life, any discussion "on the merits or demerits of sanctions has become an academic exercise" The Chamber should find ways of living with the situation"

Nafcoc would take no part in efforts to encourage investments in all cases where blacks were not meaningfully involved

It would also not campaign to oppose disinvestment or sanctions "directed against South Africa and the government in particular"

Nafcoc is to look into the possibility of mobilising financial, technical and other resources to facilitate the "indigenisation" of those investments that become available as a result of sanctions

SCC

W Mail 10-16/7/87

LETTERS FROM A LINKSFIELD LIBERAL

Mon-Imali
Linksfield
Saturday, June 4

My Son,

I have done it. I have joined an organisation. Even stranger, I have chosen an extra-parliamentary organisation. I have put my name to something called a "progressive movement". I have signed a thing called a charter.

Now you know, my son, that organisations are popping up all over as fast as Computers Programmers for a Progressive Future can find new alphabetic configurations to provide the necessary acronyms. It is a simple process. Firstly, the computer has to put together the letters (there is, after all, a limited number of ways one can put together the words congress, progressive, democratic, people and charter); then various lawyers have to raise funds to draw up a constitution (in line with the basic principles of Braamfontein democracy: one person, one vote; one person, one committee; one person, one charter); then you have to choose which political prisoners and Winnie Mandela personae are to be patrons; then, lo and behold, an organisation can start up and, within hours, it has an office in Khotso House, two seats on the UDF national executive and can take out advertisements in sundry newspapers calling for anything it likes, providing it includes the release of political prisoners, the unbanning of certain organisations and is paid for in small, unmarked dollar bills.

But, I hear you say, why should I show such a sudden interest in the workings of democracy? I, who went into retirement with the Liberal Party, who think the Civil Rights League is run by Abdul Bhamjee and Soyco is something you should put on sushi, who once cleaned his BMW with your mother's sash, who gave to a church jumble sale your sister Gloria's t-shirt collection (Nusas '77, Nusas '78, Nusas '79, Nusas '80, etc), who has already booked his ticket to South America. What happened to me?

Well, you see, my son, they have now formed a Congress of South African Writers. And between these epistles I get off to you weekly and the creative writing I have to do on my cheques to get you to read these missives, I qualify for entrance into this latest of progressive democratic people's congresses.

The importance of this new congress cannot be underestimated. It will write all the charters that anyone could ever need (a workers' charter, a women's charter, a children's charter, a charterists' charter and, finally, a workerists' charter) and promote the redistribution of acronyms on a fair and equal basis. One person, one acronym.

I am also hoping to lobby for a relaxation of the cultural boycott. I somehow feel that a letter from a son to a father should not fall within the bid to isolate the regime. I think you should be given permission to write an occasional, short, unemotional note simply acknowledging receipt of my creative writing. You could give an undertaking not to be too cultured or creative in your letters to me — much as I have undertaken not to write any poetry on the cheques I forward to you.

I have now put my mind to a major new work. It will be called "Ode to a tractor" or possibly "A tract on odours". The publishers are already bidding for it because I spread the word that it will include a message from Robben Island, have no commas, verbs or nouns, and at least 400 pages of explanatory notes. I will refuse to submit it to the Publications Appeal Board on the grounds that I can be much more famous if no-one is ever able to read my work.

Anyway, my son, at least now you can hang around the coffee bars of that school you attend ... the sceptical that your father is a distinguished South African writer who cannot be read in his own country. Nobody would guess that it's my toilet business that has made me distinguished, at Sun City at least, and that if I am not read it is because I have not yet written.

Keep this letter, my son. It may one day be part of a collection of my writings — not published because of Emergency restrictions, the threat of banning and disagreement with the local publishing collective.

Your father,

Dad

OTHER PEOPLE

A Namibian vision of the strife this side of the bord...

One of the most impressive speakers at last week's SACC conference was the woman who delivered the report on refugees: Nora Chase, a Namibian now based in Geneva. THAMI MKHWANAZI reports

SIPPING tea in Saint Barnabas College's diningroom, Nora Chase took time off from the South African Council of Churches conference to recall her involvement in Namibian politics and her work in the World Council of Churches.

She was one of 250 delegates at the conference and delivered a paper entitled "On Every Continent — Refugees Challenge the Churches". Chase attended the church assembly as an observer for the WCC where she is deputy-director of the commission on inter-church aid, refugees and world service.

Her office is the biggest sub-unit of the WCC, responsible for all inter-church aid. It is divided into area desks — Asia, Africa, the Middle East, the Pacific, Latin America, the Carribean, North America and Europe — and functional desks which deal with personnel, refugees and migration.

Since April Chase has travelled to Tanzania, the Middle East, Zambia, United States, Ethiopia and Britain.

She is based in Geneva where she lives with her three children — two daughters aged 14 and 17 and an eight-year-old son — but the tall church worker has not cut her bond with her birthplace, Namibia.

Chase is one of eight children and attended primary school in Windhoek before going on to Trafalgar High School in Cape Town.

Here she entered the world of student politics and, at the age of 14, joined the Cape Peninsula Student's Union. Two years later she enrolled for a diploma in education at the University of Cape Town.

At UCT Chase became a member of the Non-European Unity Movement.

"It was here that I obtained my political training and rubbed shoulders with senior Unity members like Neville Alexandra and Fikile Bam," she said.

Chase also became a member of the Society of Young Africans.

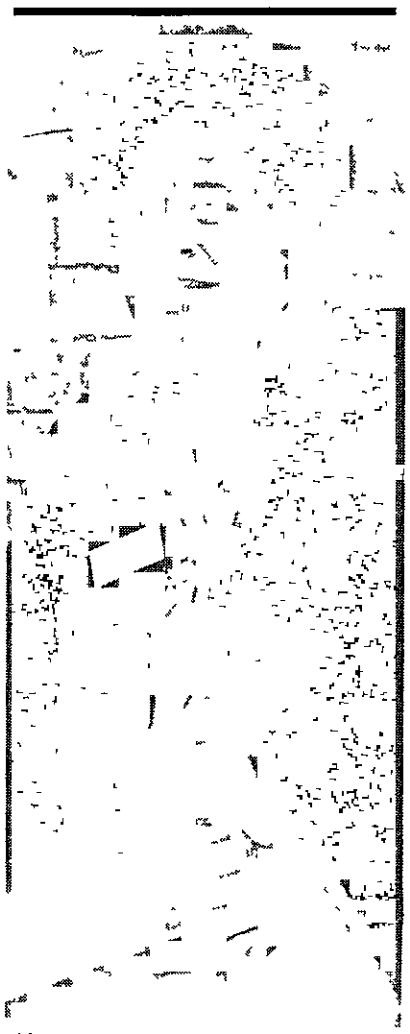
When the South West African People's Organisation was formed in 1960 she became an active member of its Cape Town branch, organising workers for the movement.

During this period she met former Swapo leader Andreas Shipanga and Peter Mueshiange, who is now Swapo's foreign affairs secretary.

Before completing her diploma at UCT she went to Tanzania where she obtained a West German and United Nations scholarship to the Free University of West Berlin.

It was here that she met and married West Indies gynaecologist Dr William McDonald Chase. But the marriage only lasted six years.

She resigned from S...



Nora Chase ... Namibia still feudal in many parts
Picture: ANNA ZIEMINSKI, Afrapix

and joined the South West Africa National Unity, becoming its external secretary for education. Asked why she resigned from Swapo, Chase said: "I wouldn't like to criticise a liberation movement in public."

Her relations with certain members of Swanu became sour when the Multi Party Conference was due to meet South African government representatives and Namibian political organisations at the 1984 Lusaka Conference in an attempt to resolve Namibia's political impasse.

During the conference, the pro-MPC faction within Swanu engineered the expulsion of Chase. Swanu branches then insisted ...

More than three-quarters of the Swanu branches voted for ... which reinstated Chase to ... and she became secretary for ... affairs.

In 1974 she wrote her doctoral thesis on Nigerian literature but ... she could defend her thesis, she ... recalled by Swanu and assi... the organisation's Tanzanian office.

While in Germany, where she ... the secretary of the African Student Organisation, Chase's Namibian passport was withdrawn by the South African authorities.

Chase said she believed South Africa's struggle for freedom was far ahead than Namibia's in terms of "impact". She said South Africa ... in a state of war — the SA Defence Force "occupied" black townships whereas the guerrilla war in N... was "confined to the north only".

She argued that until "South Af... is free, Namibia will not be fr... Even if we can get a paper independence in Namibia, it won't be independence in the true sense of the word which Namibians will decide their destiny." This, according to Chase, was due to South Africa's strategic and economic potential.

Chase hopes the opposition in both countries will unite to form a "formidable force. The struggle suffers because of disunity."

For her it is not important which organisation leads liberation but "how and what will happen". She believes the country should be free and people should have the democratic right to choose the party of their choice.

"My brother," she declared, "My party has adopted a socialist economic policy, but that does not mean a blind application of socialist theories to the prevailing Namibian situation.

"Irrespective of what economic system, unless we address and solve the land question, we won't be able to control the economy of the country.

"What would be required is a strong government that would take the necessary measures of seizing ownership of the mineral resources for the people and utilise these for the development of the whole Namibian population."

She said that in many parts of Namibia a feudal system was still in existence. Land barons owned large tracts of lands while an overwhelming number of people were landless.

"Naturally," she said, "the method of handover would have to be part of the negotiation prior to independence." It would be "unrealistic to think we nationalise everything. Socialism is a developmental process, moving from feudalism, through pre-capitalism and capitalism to ...

WHO'S LEFT?

by Stent

ECONOMY

lack business ponders upon its own impotenc

USINESS IN PROFILE

frican Bank chief Gaby omola holds controversial views on banking and role of the bank in the ck community. HILARY JOFFE reports

...RE were a couple of things ...ich Gaby Magomola, recently appointed chief executive of the African Bank, was reluctant to discuss this week But what he did give *Weekly Mail* were his controversial views on banking as black nationalist strategy, and on the role of the African Bank in the community

What Magomola did not discuss — because it is *sub judice* — was the problems in the foreign exchange section of the African Bank's corporate ...ing division The bank's foreign exchange trading licence is still under suspension and there are court proceedings investigating alleged foreign exchange contraventions by employees of the bank

The idea of the African Bank, now 12 years old, was conceived by the National African Federated Chamber of Commerce (Nafcoc), which saw it as imperative to have a black-owned financial institution to stimulate the development of businesses and consumers

The corporate banking division is a more recent development established to serve large corporations, in part because at the time Sullivan signatory companies were looking for ways to do business with black owned institutions

What of the future of the bank?

I would like to see the bank develop as a South African-owned bank I would like to move away from ethnicity It just so happens that we are black-owned and black-managed You've got a Volkskas and a Sanlam, which are Afrikaner based, and it doesn't make them less South African They are models which have worked well to serve those communities We think the African bank represents that model and if carefully nurtured and carefully managed it can promote economic advancement of the community from which it derives.

So do you see a parallel with the (early) Afrikaner nationalist strategy of building up a capital base as a way of building the nation?

My view, which doesn't represent the bank's view, is that any nation which is disadvantaged and has a history of economic denial of opportunities should look at itself and create institutions to get itself lifted by its own bootstraps.

The African Bank represents (again in my view) a vital strategy for economic survival and sustenance Not community and to identify the areas where those resources have got to be redistributed, in the form of loans or advances, to generate capital formation and income. It's not our job as a financial institution to determine the equitable distribution of that income. But we will certainly recycle it back into the community.

How will the bank do this?

We're not only a bank that looks after black business We look after the ordinary person out there who is looking to improve his quality of living But more importantly we are an institution that's looking very carefully at our black professionals who are coming out of the business schools, medical schools, law schools and who have nothing to offer as collateral.

Gaby Magomola

So we are looking to be more aggressive in that marketplace then we will be making the contribution that's expected of a bank that's community based

At the same time we operate to satisfy our shareholders and we would like to ensure they get returns on their investments

What is your view on the legitimacy of black business in the black community?

That makes things more difficult for us as a bank Because we are community based and we have to be responsive to the vibrations outside our doors

I think the rejection of a free market economy by some of our people is an indictment on the structure that obtains in this country to deliver equitably to all sections of the community When you have this sort of a distortion — where the accumulation of wealth is skewed in favour of one section of the population — it becomes easier to understand why the majority of the population start to question the merits of the so-called free enterprise system.

We don't have answers to that very vital question But perhaps we can look for more innovative ways of delivering more to our people, within our limited resources, to demonstrate that if the free market system was left to its own devices there would be more equity

I think the African Bank is viewed as a very important and vital institution It is the only independently black-owned financial institution in South Africa And it is a collective effort of a number of black South Africans

Maybe one of our shortcomings has been that the bank has not reached out the way it ought to have But we are only 12 years old and we're growing — and now we are reaching out and making our own people aware that it is their own institution

Is the shortage of black managers a problem for the bank?

We don't have a pool of black banking technocrats, so we are forced to draw from the non-black sector for expertise We are pragmatic Whenever we do that, the key thing is the transfer of knowledge So we will ask them for help But we will also prepare them to understand they work for a black-owned institution The cultural value system may be different, and to that they must be able to relate But on the financial and legislative system there is no compromise we are going to be judged like other South African banks

Despite all the talk by white politicians of the need for a black 'buffer middle class', African business is small, weak — and painfully aware of it. HILARY JOFFE reports from the Nafcoc conference this week

TWO questions dominated the 23rd conference of the National African Federation of Chambers of Commerce in Johannesburg this week

One was how could black business expand and gain more economic muscle The other was the image and the legitimacy of black business people in their own communities

The group of people Nafcoc represents is in a way a marginal one, which does not fit quite so comfortably into the business establishment or into the largely working class communities in which they live

It is also a relatively powerless group As one speaker argued, black business wields little economic power and what political standing it has is largely a result of ruling class attempts to create a buffer middle class

Compared, for example, with black workers, who can withdraw their labour in strikes and stayaways Nafcoc members look fairly powerless Their middle class status marginalises them in the communities in which they live And their profit orientation makes them suspect among their customers and employees who, for the most part, identify profits and "free enterprise" with inequality and exploitation

The free market system and free enterprise were much mentioned But as the conference progressed, participants began to emphasise the need to get away from the "isms (capitalism and socialism) and to look for economic solutions which would best serve black interests The question which came up most often, in various guises, was that of the role black business people in the struggle for change

The theme for the conference was "Black Business at the Crossroads Challenges for the Nineties" And the major challenge, it seemed, was how to balance the potentially conflicting roles of being business and being black in South Africa

The see-saw was set up from the start of the conference, with the host region's president, W McBain Charles, welcoming delegates with the comment that this was the second Nafcoc conference held under a State of Emergency

"A priority on the national agenda is freedom. The question of the next decade is how business will relate to freedom and the role it will play towards eradicating poverty and unemployment," he said.

The answer suggested by the first speaker, Stannic managing director ... though it is, the market system is unmatched in its inherent flexibility and its ability to create wealth," he argued.

"Traditional apartheid and a free market economy are not the same thing at all," he said — the first of many speakers to advance that argument

There was consensus that the opposition of most black South Africans to capitalism was understandable given the inequities which the system had generated But the argument put forward by many of the speakers was this perception was based on the political peculiarities on the system — and that business had a duty to change that perception

But it was the keynote speaker, Reuel Khoza, MD of Co-ordinated Marketing and Management who, with the warning that he would tell "home truths", introduced some self-doubt into the proceedings

"Black business What black business?" he asked "We have no credible representation in any of the major economic sectors such as mining, agriculture, manufacturing, financial institutions or even retailing"

The contribution of black business to South Africa's gross domestic product was estimated at less than one percent, and if all black owned companies were to be listed on the stock exchange, their collective market capitalisation would probably be less than that of a company like South African Breweries (R4,12-billion), he said

Not only was black business economically powerless, it was politically problematic, Khoza suggested "Black business today is a prime example of a state-created middle class it could not have come about except at the pleasure of the ruling establishment for purposes inimical to the black national cause," he said

Nafcoc's Sam Motsuenyane

"The middle class were to be given a stake in the status quo so as to be a buffer against the 'radical masses' "

He said political and labour movements tended to see black business as co-opted into the system "We as black business have supped and have been seen to have supped too well from the tables of the SBDCs, the Urban Foundations, the homeland decentralisation process, the opening of CBDs, without any visible con- front ... advances on the political

Khoza argued a primary task for conference participants was to build up their economic role But he went on to talk in terms of a broader black nationalist project in which they ought to be playing an active role

Particularly important was to shape choices strategies for economic liberation But he called also for Nafcoc to seek links with educational, labour and political movements and to make common cause with them

And while he received a standing ovation for his address, there seemed to be an uncomfortable silence in the debate which followed on the questions of political strategies and political alliances

The tightrope act which is Nafcoc's politics, particularly in relation to the government, was evident as outgoing president Sam Motsuenyane described some of the federation's activities during the year

Nafcoc does play a role as a lobby to the government — on everything from detentions to sorghum beer It submitted a memorandum to the government after its 1986 conference, calling for the dismantling of apartheid and the repeal of the Land Acts, making proposals on deregulation and privatisation and asking the government to do something about the situation in KwaNdebele, where Nafcoc council members were among many people in detention

Four government ministers finally met Nafcoc in June of this year — the meeting does not seem to have offered much joy for the federation

In response to the proposals on dismantling apartheid, the cabinet ministers (Chris Heunis, Gerrit Viljoen and Barend Du Plessis) offered Nafcoc the proposed National Statutory Council — they refused the privilege.

The delegation told the ministers "there was no way that Nafcoc could participate in the proposed statutory council if the acknowledged leaders are still imprisoned and black political organisations banned", Motsuenyane explained in his presidential address to the conference And he explained explicitly the problems for black business in co-operation with the government

"It is a well known fact that black South Africans have today lost confidence in the present government and that they also are increasingly becoming wary of being co-opted or associated with governmental programmes which are not perceived to enhance progress towards the fulfilment of their genuine economic and political aspirations "

He emphasised the importance for Nafcoc of the image of black business in the eyes of "those communities from which it derives a major part of its support and legitimacy Black businessmen did not see themselves as part of the affluent white business community but as "part and parcel of the black underprivileged section of the South African community with whom they should never sever connections at any point", said

How to act out this role and to be seen to act it out — and at the same time to ensure a future in which business and free enterprise would — was the question at the centre of the conference But it was not which was explicit all the time.

There was discussion of ... and taxes, of the proposal to set up a black insurance company, of problems and prospects of the African Bank and Black Chain and education programmes and management training And the conference proceedings were punctuated with a ... of fundraising drives

"Networking" is a lot of what conference is about — the cocktail parties, the banquets, the Lady ... afternoon and, at the end, *Nkosi Sikelel'i Afrika* and the Miss ... Beauty Contest

Smoothing the sanctions r

SEVERE tensions between Nafcoc and its Natal affiliate, the Inyanda Chamber of Commerce, over Nafcoc's policy on sanctions and disinvestment have been resolved.

This was said by Sam Motsuenyane in his presidential address at the Nafcoc conference this week

Nafcoc resolved at a summit conference in October last year that it would not campaign to oppose disinvestment or sanctions directed against South Africa and the government in particular, Motsuenyane said.

Delegates to the summit agreed that "in view of the fact sanctions .. have become a fact of life in the South African situation, any discussion on the merits or demerits of sanctions has become an academic exercise.

But they resolved that "there ... a case for selective economic pressure unless all political prisoners are released, all political parties are unbanned, the government enters into dialogue with credible black leaders, and government commits itself to dismantling apartheid.

"Nafcoc's policy is that it ... not take part in any future ... to encourage new investments ... cases where blacks are not meaningfully involved.

"It is a policy of 'conditional investment'", Motsuenyane said in his address.

Once a thorough exposition the policy was given to the Nat... dissidents, "the situation ... turned to normal," he said.

PEPKOR 36

Taking another look

In the wake of radical restructuring, investors have cautiously reassessed the share, poorly rated in the past because of high gearing and exposure to loss-making subsidiaries But the credibility gap created by former misadventures persists It will be a long haul to shed the negative image

A rights issue to raise R52,7m to recapitalise the equity base and repay borrowings (concluded last week) played a large role in this tentative reappraisal The perception that Pepkor now has funds partially to free itself of a punitive interest bill appears to have fuelled a 45,5% rise in share price, which closed at R24 late last week

Funds to be raised

Further funds will be raised to eliminate the R129m debt by year-end. Apart from the rights issue, R50m will accrue from the sale of about 5m Pep Stores shares — required by the JSE — R25m from running down working capital in loss-making subsidiary, House of Monatic, and R20m from restructuring the finance company's property portfolio

Once outstanding debt is wiped out, gear-

Pepkor's Wiese ... moving wealth upwards

ing will merely reflect that of subsidiaries, which will be kept at 60% of equity There is another serious problem, however Loss-making operations will have to be slashed before the earnings of cash-generating subsidiaries, Pep Stores and Shoprite, have a marked impact on bottom line.

But if management achieves its objectives, Pepkor will begin to realise full profit potential. Its poor relative capitalisation will probably not lag its subsidiaries, as now

Investors have preferred Pep Stores and Shoprite, because they tired of healthy subsidiary profits being dissipated at holding company level by forex losses (R51,7m in 1985-1986), an onerous interest burden (R37,8m last year) and enormous losses at House of Monatic (R7,6m last year).

Were this not the case, and market capitalisation reflected the listed subsidiaries, the share should trade at least at R30. There appears to be substantial discounting for the poor history and uncertain future Perhaps when investors are confident management has got its act together, they will give the price a further boost, bringing it more into line with underlying assets *Linda Ensor*

FM 10/7/87 (30)

MARITZBURG

Gone shopping

With major retailers OK Bazaars, Pick 'n-Pay and Game all opening new stores in Maritzburg this year, shoppers are keenly anticipating something of a retail price war at the discount level.

First up and running is the R40m Symons Centre, being built by Stocks and Stocks (Natal) for the Pietermaritzburg Corporation, in which OK Bazaars has taken the majority of the retail space

The site is an entire city block on Church Street and the centre will have an underground bus station and parking for 560 cars

Gross leaseable area is 18 200 m², with OK Bazaars taking 7 000 m² and 6 000 m² of backup and warehousing space. There are also eight smaller shops totalling 1 200 m² and four of seven office floors available for letting The corporation is taking three floors and a 10th-floor conference centre.

A skywalk will link the second office floor of the centre to the adjacent civic building. In addition, a special under-street tunnel has been constructed to serve as an exit from the new bus station

Construction of the retail component is three months ahead of schedule Indeed, the OK is already trading, while the rest of the centre should be complete by September.

That should coincide with the opening of Game's new store in Commercial Road and the new Pick 'n Pay outlet in Murphy Street

Responsibility for letting the Symons Centre offices will rest with the city's estates manager or an appointed agent. It is likely to be tough going, considering the oversupply of space in the town Assistant city engineer Malcolm Dickson agrees there is a glut of office space in Maritzburg, but rules out discounting the space to entice tenants. "Essentially, the space has been provided to accommodate future municipal expansion, so there is no desperation about letting it," he says.

With the newcomers to the retail scene, there has also been some suggestion that Maritzburg could be heading for an overshopped situation. Some even doubt whether all three of the new retail centres will succeed However, Dickson believes major retailers are unlikely to commit themselves to new centres unless they see market potential.

"In fact, it has been said that because many people travel to Durban to make large purchases, Maritzburg is undershopped in terms of discount stores." ■

Symons Centre . . . ahead of the game

Frames in focus

With sanctions making life difficult for many South African businessmen, innovation and imagination have become more important than ever

The message hasn't been lost on Durban designer Terry McAllen, who has secured orders from distributors worldwide for revolutionary spectacle frames he has designed for sportsmen. Ironically, the product is made under licence in Taiwan to cut costs

Only marginally less innovative than the actual product is the method McAllen has devised to raise development finance — he sells "royalties" on prospective sales to a limited number of investors

McAllen's frames have been internationally patented and feature a frame attached with hinged and flexible clips to a velcro-strip headband. This holds the frame free of the forehead, nose and ears

The secure attachment and robust design, he points out, makes it possible to pursue most sports while wearing the glasses in comfort.

Armed with the first frames from the moulds of the Taiwanese manufacturer, he has already secured confirmed test orders for 50 000 pairs from distributors in Canada, the US, the Netherlands and France. The spectacles will be distributed in SA by Le Spec and McAllen expects them to be on the local market within three months.

He tells the *FM* the fob price he negotiated allowed for a gross profit per frame projected at the start of the venture of $2,50 This was apportioned over 100 "royalty units," entitling unit holders to a "royalty" of 2,5 US cents per sale.

Early units went for about R5 000 but, as demand rose, so did the bidding, with subsequent units purchased at R16 500 each

At an average R10 000, and assuming an exchange rate of $0,50c.R1, an investor will recover the outlay after 200 000 sales And since the contract is good for five years, the opening orders of 50 000 are on target to show positive returns, he says

Mindful of the fact that such unconventional financing methods require a great deal of trust, McAllen urged initial shareholders

to establish a trust, registered as "Tomorrow's Trends Trust" The five-man trust is chaired by the finance director of a major motor dealer in Durban, John Ellis.

"All investments come into this trust and we authorise expenditure," explains Ellis The most recent statement from the trustees to some 65 investors in McAllen's various projects revealed that a total of R313 000 had been invested

Ellis is confident the spectacle investment will outperform anything available on the conventional market. "If you look at the potential and consider how many sports players wear glasses and experience problems, the demand is enormous I believe we're looking at a market worth millions." ■

FM 3/7/87

BTI

Pushing exports

The Board of Trade and Industries (BTI) is currently involved in three major investigations that could have a strong impact on future export policy

The first is a review of export concessions with a view to making South African manufacturers more cost-effective and internationally competitive The second is aimed at devising a possible long-term strategy for the South African economy, and the third involves an investigation into a more "concentrated" joint export promotional effort by the State and private sectors.

The investigations are all part of the BTI's new and concerted "outward looking" emphasis

The first investigation flows from the recommendations of a 1986 White Paper It deals with broad economic policy, but SA's future export policy is a major component.

The suggested long-term strategy is based on the assumption that to prepare South African industry for the Nineties, it is necessary to start planning now The principle of joint government-private sector strategic planning and decision-making, especially with reference to export policy, is an important aspect of this strategy

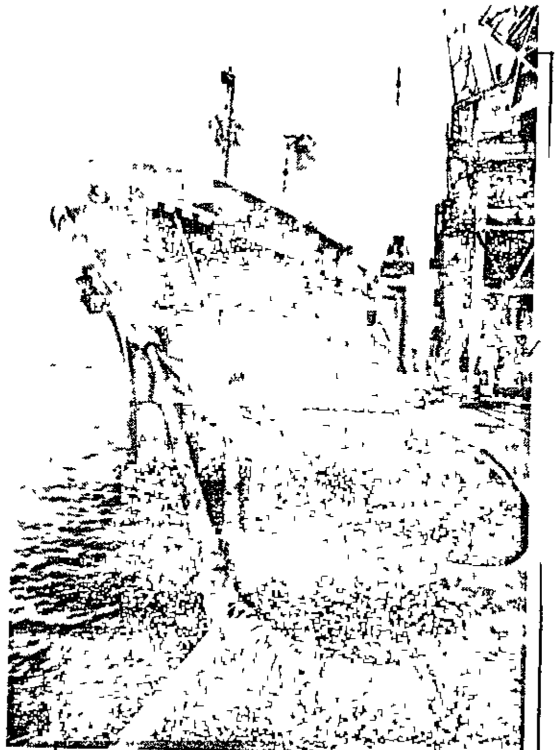
The approach has been welcomed by powerful voices in the private sector AECI group MD Mike Sander and Trust Bank GM Chris van Wyk have already expressed support for such closer co-operation between the State and the private sector The argument is that the private sector must be ensured of ongoing government "support" before costly, multi-million rand investments in new export based plant can be considered

The current investigation will be mainly focused on export-based plant, rather than the "strategic" industries that demanded — and received — such high levels of protection in the Sixties This policy led to severe market distortions and added to inflationary pressures

The BTI's investigation will also look at the changing demand from world markets — both now and in future — for SA's traditional exports It will try to determine how State policy should complement the efforts of the private sector in penetrating major new markets in a changing world

With an international shift away from base metals to composite materials like plastics, semi-conductors and silicon chips, the report might suggest shifts away from SA's traditional reliance on the export of its raw minerals into world markets

BTI chief director Riel Heyns says a "broad based" document stating the aims of the investigation will be publicly issued "within a few weeks" This will be accompanied by an official announcement in the *Government Gazette* — and interested parties in the private sector will be invited to make suggestions on the structure of, and priorities for such a long-term strategy



Exports . . . ready to cast off?

Meanwhile, an investigation into the possible rationalisation of export trade promotion and the creation of a single body, is also proceeding BTI CE Gerrit Breyl says the board is still receiving "mixed reaction" on the suggested new policy

"It is difficult to say when the investigation will be completed, but it could be before the end of the year," he tells the *FM*

Controversy especially surrounds the idea of a small charge being levied on all exports to pay for trade promotion

Export promotion body, Safto, is also implicated, as the possible outcome of the investigation could be a link-up of State and private sector export promotion activities With the Export Trade Promotion section of the Department of Trade and Industries already actively involved in export promotion through SA's international trade representatives, merging its activities with those of

FCI tells govt to back off

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3/7/81 Day

AMID FEARS of a crackdown on the black trade union movement, the Federated Chamber of Industries (FCI) has told government such action was more likely to exacerbate conflict than resolve it.

The FCI's views on the labour situation are contained in a memorandum sent to the Manpower Minister about six weeks ago and acquired by Business Day.

It says the approach of the "security establishment" that unions should involve themselves only in "bona fide trade union activities" gives rise to the unrealistic view that the politicisation of unions can be reversed merely through the use of force against a few communist agitators.

The FCI says such politicisation will continue until union members are given an effective say in running the country.

The memorandum calls for a reduction in confrontation on all sides, and for agreement between government, unions and employers on defusing conflict.

See Page 4

Blood pressure problem floors Helen Joseph

Safto could be a possibility

Especially in the current international climate, it might make sense to create a closer liaison between private sector and government on the export front — depending on how the suggested joint body will be structured

COSMETICS

War paint winners

Beauty in SA is certainly more than skin deep It has always been big business but is becoming increasingly so, with local manufacturers moving into upmarket cosmetics ranges

Two new lines — one launched in May and another due in July — indicate a new strategy in the billion-rand industry This involves the production of quality cosmetics at budget prices, distributed through retail chains in opposition to expensive, big-name overseas brands sold through selected outlets

In 1985 (the latest year for which statistics are available) the Department of Statistics estimated that the total cosmetics industry in SA, including beauty soaps and toiletries, turned over more than R1,25 billion This means that local manufacturers, through the middle-market placing of upmarket products, are looking at big money

The Collage range, to be launched at the end of July, is made for Allied Pharmaceuticals by Azochem Laboratories and will be available through pharmacies only The Gallia range, made for the House of Gallia by a local cosmetic chemist, was launched in May and is available through selected supermarkets countrywide

Collage is starting with a colour range of 12 lipsticks, 12 nail polishes, 48 eye shadows (12 quartets), eight blushers (four double packs) and three mascaras Foundations, powders and skin treatment products will follow by early 1988

The range has been developed in response to requests from pharmacies for an exclusive cosmetic brand and has taken only nine months from conception to production

The speed with which it was developed is attributable to the expertise of Azochem, which has spent R1m over five years specialising in make-up technology It also benefits from a know-how agreement with a British company Azochem has created a local colour library from which customers can choose for individual ranges, and it produces for several direct sales cosmetic companies

Glen Merryweather, deputy MD of Allied Pharmaceuticals, says his company is anticipating a "conservative" turnover of R2m-R3m on the new products in the first year from 600 pharmacies

So far little additional capex has been required, although the launch is expected to cost in the region of R250 000

The House of Gallia, which has taken more than two years to develop its range, has started with skin treatment products two traditional cleansers, an exfoliator, a toner, a moisturiser, a night cream and a dual-purpose skin treatment

In addition it has spent time and more than of R250 000 on researching the market

Says Gail Schoeman, product manager for Gallia "Up to now, we have been importing premium brands from Europe We were concerned at the fall-off in domestic purchases and set out to find out where the consumer who had previously bought these premium items was going

"As a result of that research, we decided to develop Gallia We then looked at optimum distribution potential and decided to launch, not through postal orders or direct sales, but through supermarkets The launch exercise is concentrating on below-the-line intensive in-store promotions and sampling "

Turnover target for the new products in 1987-1988 is more than R2m through more than 50 supermarkets The range and distribution network will be increased over the next five years

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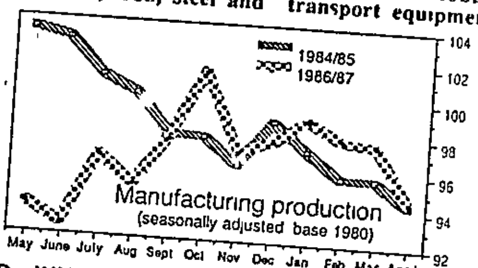
BUSINESS BAROMETER

GENERAL INDICATORS

MANUFACTURING PRODUCTION

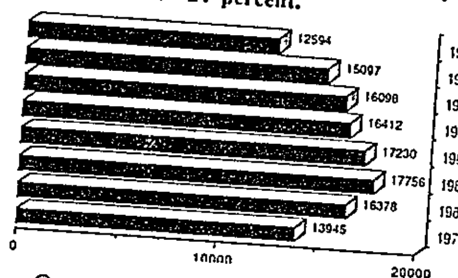
The physical volume of manufacturing production rose towards the end of last year but has been declining again this year, with the index for April 1,3 percent lower than in April 1986. Industrial sectors in which production has fallen include tobacco, leather, wood, iron, steel and transport equipment.



Manufacturing production (seasonally adjusted base 1980)

FIXED INVESTMENT

Gross domestic fixed investment, or capital spending on new plant and machinery has fallen in real terms for the last three years. The situation has improved in the last six months, with private business investing seven percent more in real terms in the first quarter of this year than in the same period last year. But capital spending by public corporations dropped by almost 24 percent.



Gross domestic fixed investment (at constant 1980 prices)

MONEY SUPPLY

A change in the money supply, the amount of money circulating in the economy — variously defined according to liquidity — affects the general level of spending possible. M1A counts notes and coins in circulation plus cheque and transmission deposits in banks, Post Office Savings and building societies

Monetary aggregates

R millions

	1987 Feb	Mar	Apr	May
M1A	14 031	13 982	14 275	
M1	[illegible]8 097	[illegible]0 933	27 918	
M2	56 [illegible]	57 [illegible]	58 71[illegible]	
M3	79 922	81 264	82 370	83 [illegible]40
M3 Seasonally adjusted	80 1[illegible]6	80 009	82 287	83 071

Percentage change in monetary aggregates over 12 months

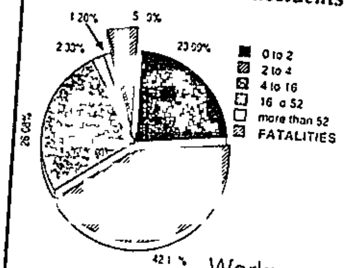
	Feb	Mar	Apr	May
M1A	20 11	14 84	15 12	
M1	18 55	20 50	24 49	
M2	3 37	6 23	8,28	
M3	7 09	10 53	10 37	10 97

Source RESERVE BANK

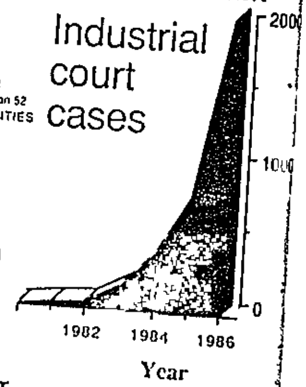
INDUSTRIAL RELATIONS

INJURIES AND DEATHS AT WORK

There were 8 994 workplace accidents and dangerous incidents in the course of 1986, according the Department of Manpower's annual report. 8 101 workers were injured or killed in industrial accidents (the figures exclude injuries on mines or in the South African Transport services), with 67 people fatally injured in accidents involving electricity.



Working weeks lost as result of injuries 1986



THE INDUSTRIAL COURT

Reinstatement orders made up over three quarters (1 551) of the vastly increased number of cases which went to the industrial court last year. 451 cases (22 percent) involved unfair labour practices.

Short-term interest rates

	29/6/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,8%	8,75%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Johannesburg Stock Exchange Indices

JSE Indexes	29/6/87	WEEK AGO	% CHANGE
All Market Index	2315	2256	+ 2,6
All Gold Index	2047	1964	+ 4,2
Industrial Index	1917	1894	+ 1,2

Gold Price

1/7/87	WEEK AGO	% CHANGE
448,9	440,95	+1,8

Selling price: Major currencies against rand

	1/7/87	WEEK AGO	% CHANGE
US dollars	49,14	48,80	+ 0,7
Pounds Sterling	330,79	331,08	- 0,09
Deutsche Mark	0,8954	0,8912	+0,5
Yen	72,03	71,24	+1,1
Swiss Franc	0,7422	0,74	+0,3
Financial Rand	,2975	,2913	+2,1

Source First National Bank

(30) 3/7/87 Sowetan

BLACK BUSINESS FIGHTS APARTHEID

THE National African Federated Chamber of Commerce is to evaluate the role of black business in the struggle against apartheid during its 23rd national conference to be held at the Standard Bank Arena at Ellis Park in Johannesburg next Monday.

By JOSHUA RABOROKO

The theme of the conference is "Black Business at the Crossroads — Challenges for the Future" and will bring several issues, including the involvement of business in the liberation struggle and to fight against exploitation

Bishop Manas Buthelezi, president of the South African Council of Churches, Dr Conrad Strauss, managing director of the Standard Bank, Dr Nyika Kupare from Zimbabwe and Professor Nic Wiehahn of Unisa will be among the speakers

The president of the Southern Transvaal African Chamber of Commerce, Mr Willie McBain-Charles, said invitations have been sent to more than 1 500 delegates

Organisations such as the National Council of Trade Unions (Nactu), Congress of South African Trade Unions (Cosatu), the United Democratic Front, Azanian People's Organisation and other community organisations have been invited

He said that a forum will be explored through which black businessmen could combine their resources in the fight against economic and socio-political exclusion in South Africa

He said the time had come for black business to evaluate some of the white formulated economic systems and socio-political structures in order to determine their applicability to a post-apartheid era in the country

"Black business has a role to play in bringing about social, political and economic change in South Africa. The reason behind this is that we feel that these issues may not be separated," he said

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Middelburg may open CBD to all

MIDDELBURG — The new National Party-controlled Middelburg Town Council is to reconsider opening the CBD to all races

Last month, the NP took back control of the council after it had been run for four months by a CP/HNP/AWB alliance

During that time, a survey showed most Middelburg businessmen favoured opening the CBD

(30) STAR 8/7/87.

xpected a government | terday recommended

Nafcoc Congress

Flex business muscle Nafcoc meeting told

JOHANNESBURG — Black businessmen had been reduced to a nation of small retailers and many have had to accept this stance in the homelands structure, Mr R Khoza said in his keynote address to the 23rd annual conference of the National African Federated Chamber of Commerce (Nafcoc) here yesterday.

A successful black South African businessman, Mr Khoza received an extended standing ovation from the delegates when he argued that blacks in South Africa faced a crossroad.

Their relative lack of success in fighting against oppression was illustrated by the fact that they did not know clearly what they were fighting against — hence clear strategies had to be formulated

"The call isn't to recklessly take on the might of the state as the youth has done in the past ten years, but to flex our muscles like the workers do — and not be defeated."

Mr Khoza warned against blindly striving to achieve what capitalist black Americans or socialist African states had without looking at the needs of black South Africans.

Reacting to his address the president of Nafcoc, Dr Sam Motsuenyane, said blacks had to determine what worked for them rather than depending on the "isms" of capitalism, socialism or Marxism because many blacks did not understand the implications of such systems

He agreed that blacks were articulate about what they did not want "but they don't know what solutions are needed"

Dr Motsuenyane said the de-racialisation of the Southern African economy was necessary Economics and politics were tied to racialism, he said The emphasis had to be on solutions, not complaints

● A Zimbabwean company owner and director, Dr Nyika Kupara, who was to have addressed the conference, sent a telexed message saying he would not be able to attend as his visa had been delayed.

● The beauty of South Africa escaped the black man as he was confronted with racial arrogance, the president of the Southern Tranvaal African Chamber of Comerce (Soutacoc), Mr W McBain-Charles, told the conference

He said black business stood at the crossroads

The choice was moving toward integrity and respect, or toward further exploitation.

He said the quest of the next decade should focus on how business would relate to freedom and how it would help eradicate poverty and unemployment

Call for direct US trade

JOHANNESBURG — A prominent black American businessman yesterday urged black South African businessmen to trade directly with their counterparts in the US

Mr Malcolm Beech, a former head of the Washington DC Chamber of Commerce, said that in spite of sanctions black businessmen in the US were prepared to trade with black South Africans

He was speaking at the 23rd annual conference here of the National African Federated Chambers of Commerce (Nafcoc)

"With all the anti-South African sanctions talk going on in the US, blacks do not know there is organised black business like Nafcoc. But now that we know, we are prepared to help you," Mr Beech said

He also urged black managers in corporate South Africa to use their know-how to develop black business — DDC

June car sales set for a crash

2/7/87 (30) B Day

DAVID FURLONGER

VEHICLE manufacturers are bracing themselves for disappointing June sales figures.

Sources say June sales of cars and light commercials fell short of expectations, although they will show an improvement on May. Official industry figures are due later this week.

June and July are traditionally the strongest selling months for new vehicles, and industry executives had predicted last month's figures would be the best this year.

Predictions are for a new car market of between 15 500 and 16 000 sales. That is up on the 14 812 of May, but falls far short of the best monthly figure so far — March, when 16 875 new cars were sold. In April, the figure was 16 253

Sources blame stock shortages of some models as part of the problem. According to one, manufacturers may also have over-estimated the extent of the market's recovery this year.

SA blacks urged to trade with US

THEO RAWANA

A PROMINENT black American yesterday urged black SA businessmen to trade directly with their counterparts in the US.

Despite sanctions black businessmen in the US were prepared to trade with black South Africans, former head of the Washington D C Chamber of Commerce Malcolm Beech, said.

He was speaking at the 23rd annual conference of the National African Federated Chambers of Commerce (Nafcoc) in Johannesburg.

"In all the anti-SA sanctions talk going on in the US, blacks do not know there is organised black business like Nafcoc. But now that we know, we are prepared to help you," Beech said.

SA black business today was in the same position as its US counterpart in the 1940s, he said.

"Develop the retailing business and get into manufacturing and you must know that you have a world-wide market.

He urged black managers to use their know-how to develop black business.

Senior research fellow at the University of Zululand Paul Zulu, said black business could intervene in the education crisis by establishing private schools which would be directly under black control.

7/7/87

S/Day

CHALLENGE TO BUSINESS

(30) Sowetan 7/7/87

By JOSHUA RABOROKO

BLACK business should start acting more like "political and economic pressure groups" in order to eradicate apartheid in South Africa.

The managing director of Co-ordinated Marketing and Management, Mr Reuel Khoza, said this in Johannesburg yesterday

He said business should recognise that the fight was not for concessions for black business, but for the economic rights and opportunities of blacks in this country

He was delivering the keynote address at the 23rd national conference of the National African Federated Chamber of Commerce (Nafcoc)

More than 1 000 delegates from local and overseas business concerns are attending the conference

The conference was officially opened by the South president of the South African Council of Churches, Bishop Manas Buthelezi

"You are challenged to join forces for the termination of the politics of oppression

"You are called upon to unite for economic and political liberation Unity will be your strength"

Mr Khoza also urged black business to join hands with labour movements, extra-parliamentary organisations, youth and other organisations to fight for the liberation of blacks

Nafcoc's president, Dr Sam Motsuenyane, said the time was rife for black businessmen to come with solutions to South Africa's problems

MR RUEL Khoza . . . address.

Issue of land is 'black business's top priority'

30 7/7/83 Sowe.

By Sam Mabe

The goals and strategies of black businessmen would be non-starters if they did not follow the path of national redress for the land that was taken away from them, Co-ordinated Marketing managing director Mr Reuel Khoza said yesterday

Delivering a keynote speech at the National African Federated Chamber of Commerce's (Nafcoc) 23rd annual conference, the theme of which was "Black business at the crossroads — challenges for the nineties", Mr Khoza listed the land question as one of the pathways that could lead black business out of the crossroads.

He also suggested the establishment of serious think-tanks to deliberate on guidelines towards a common goal.

He told more than 800 delegates the challenge facing black businessmen was to act more like "a political as well as economic pressure group"

He said black business had played no role in resisting the dispossession and denial of opportunities for black people, because by definition, black business did not exist.

The machinery of economic repression had ground black economic activity into oblivion.

He said. "We cannot be at the crossroads as business people because we have yet to start our journey. Black business has been stifled and legislated out of existence since the late 1880s."

He added that blacks were dispossessed of their land as a strategy designed to make them dependent on employment from whites

Today, some of South Africa's greatest hopes lay in the wisdom, courage and the strength of the labour movement to effect changes

Organisations such as the Congress of South African Trade Unions and the National Council of Trade Unions set the labour relations agenda of this country

Another speaker, a senior research fellow at the University of Zululand, Mr Paul Zulu, called on African traders to review seriously their relationship with employees

He said they should encourage their employees to belong to unions so as to empower them to engage in healthy bargaining positions. He said that in a country where capitalism was associated with racism, Nafcoc should steer clear of this association.

(30) B Day 8/7/87

Supermarkets act

NORMAN SHEPHERD

SUPERMARKETS appear to be freezing profit margins, absorbing in part some product-price increases, says the Consumer Council.

Its survey of 98 products in 40 stores shows prices rose 17% in the year to June, with an increase of under 1% last month — in line with the inflation rate

Council researcher Zelda van Antwerpen says "This survey should not be taken as entirely representative, as it excludes red meat and fresh fruit and vegetables It covers toiletries, cleaning aids, processed meat, chicken, a lot of canned goods, milk and eggs

"But it is a basic guideline and should give some idea of pricing trends The suppliers to supermarkets have increased their prices tremendously So it indicates the supermarkets are working hard to keep down their costs"

Nafcoc rejects council until leaders freed

JOHANNESBURG — The National African Federated Chamber of Commerce (Nafcoc) has rejected participation in the proposed National Statutory Council if acknowledged black leaders are still imprisoned and black organisations banned

This was said by the president of Nafcoc, Dr Sam Motsuenyane, in his address to the 23rd annual congress here on Monday

Dr Motsuenyane said a Nafcoc delegation met the Minister of Development Aid and Education, Dr Gerrit Viljoen, the Minister of Finance, Mr Barend du Plessis, and the Minister of Constitutional Development and Planning, Mr Chris Heunis, in Cape Town last month and presented a memorandum stating

- Apartheid should be dismantled as soon as possible,
- The state of emergency and detention without trial could not eliminate the problems facing South Africa,
- Blacks should be allowed to take part in the government of the country

Government response was that black leaders were being invited to take part in talks to establish a National Statutory Council and that political prisoners must foreswear violence as a safeguard against escalation of violence

"The Nafcoc delegation told the ministers that the important starting point must be the unconditional release of political leaders to create a climate of reconciliation," Dr Motsuenyane said

"It is clear a stalemate has been reached with government stating preconditions for the release of political leaders but denying the same right to concerned leaders and organisations outside the National Party"

He added that blacks have lost confidence in the government

Blacks were increasingly becoming weary of being co-opted or associated with government programmes which were not perceived to enhance progress towards the fulfillment of their economic and political aspirations

Dr Motsuenyane said blacks would probably continue to remain sceptical until they were assured of the government's unwavering commitment to a new and broader vision of the united non-racial South Africa — DDC-Sapa

Prof: push for power sharing

30 27/7/87

JOHANNESBURG — Corporate business should constantly influence and persuade government to continue with its reform process to bring blacks into the political decision-making process, the head of the Unisa School of Business, Professor Nic Wiehahn, said yesterday

Addressing the 23rd annual conference of the National African Federated Chamber of Commerce (Nafcoc) here, Prof Wiehahn appealed to corporate business, including black business, to continue discussions with the government, criticising where justified

He said a challenge facing corporate business lay in education and training

Corporate business should concern itself with the education and training of black management in particular, he said, as a major part of the crisis in African countries was the lack of managerial skills and expertise

This was one of the direct causes of the low number of black managers in corporate business — other reasons being prejudice and discrimination

The entire sub-continent could no longer develop without a dramatic increase in the number of black managers at all levels of business, Prof Wiehahn said — Sapa

Black businessmen have been told that 'some of South Africa's greatest hopes lie in the wisdom, courage and strength of the labour movement to effect changes'. SAM MABE reports from Johannesburg

Argus 8/7/87 30

Land 'a pathway for black business'

THE goals and strategies of black businessmen would be non-starters if they did not follow the path of national redress for the land that was taken away from them, says the managing director of Co-ordinated Marketing, Mr Reuel Khoza

Delivering a keynote speech at Nafcoc's 23rd annual conference whose theme is "Black business at the crossroads — Challenges for the nineties," Mr Khoza listed the land question as one of the pathways that could lead black business out of the crossroads

He also suggested the establishment of serious think-tanks to deliberate on the production of guidelines towards a common goal

He told more than 800 delegates that the challenge facing black businessmen was to act more like "a political as well as economic pressure group"

He said the fundamental challenge was however, to come into being He said black business had played no role in resisting the systematic dispossession and denial of opportunities for blacks, because by definition, black business does not exist

The machinery of economic repression had ground black economic activity into oblivion, he said

"We cannot be at the crossroads as business people because we have yet to start our journey Black business has been stifled and legislated out of existence since the late 1880s," he said

He said the black man was dispossessed of his land as a strategy designed to rob him of his self-sustaining capacity and to make him depend on employment from the white man

Today, some of South Africa's greatest hopes lay in the wisdom, courage and strength of the labour movement to effect changes

Organisations such as the Congress of South African Trade Unions and the National Council of Trade Unions set the labour relations agenda of this country "They make the music, they do not dance to it"

He said that in the education sphere, blacks had become active and had sought to set the educational agenda through efforts such as "people's education"

Another speaker, a senior research fellow at the University of Zululand, Mr Paul Zulu, called on African traders to review seriously their relationship with their employees

He said they should encourage their employees to belong to unions so as to empower them to engage in healthy bargaining positions

He said that in a country where capitalism was associated with racism, Nafcoc could afford to steer clear of this association

Nafcoc sets conditions for NSC participation

8/7/87

B/Day

THEO RAWANA

THE National African Federated Chamber of Commerce (Nafcoc) rejected participation in the proposed National Statutory Council if acknowledged black leaders were still imprisoned and black organisations banned, Nafcoc president Sam Motsuenyane said yesterday

Motsuenyane said a Nafcoc delegation met Development Aid and Education Minister Gerrit Viljoen, Finance Minister Barend du Plessis and Constitutional Development and Planning Minister Chris Heunis in Cape Town last month and presented a memorandum stating

☐ Apartheid should be dismantled as

● To Page 2

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Nafcoc wants imprisoned leaders released

8/7/87 B/Day

● From Page 30

soon as possible,

☐ The state of emergency and detention without trial could not eliminate the problems facing SA, and

☐ Blacks should be allowed to take part in the government of the country.

Government response was that black leaders were being invited to take part in talks to establish a National Statutory Council and that political prisoners must foreswear violence as a safeguard against possible escalation of violence.

"The Nafcoc delegation told the ministers that the important starting point must be the unconditional release of political leaders," Motsuenyane said

Govt must act - Nafcoc

Sowetan 8/7/87

BLACK businessmen have told the Government that if it did not heed calls such as the unbanning of political organisations and the release of political prisoners and detainees, the alternative was to face continuous violence.

By JOSHUA RABOROKO

In his presidential address to the 23rd annual conference of the National African Federated Chamber of Commerce, its president, Dr Sam Motsuenyane, gave a report on the meeting a Nafcoc delegation held on June 23 in Cape Town with top Government officials who included the Minister of Finance, Mr Barend du Plessis, the Minister of Constitutional Development, Mr Chris Heunis and the Minister of Development Aid and Planning, Dr Gerrit Viljoen

The delegation told the Government to

- Repeal all discriminatory laws,
- Unban black political organisations;
- Unconditionally release all political prisoners or detainees; and to
- Involve authentic leaders in meaningful negotiations in determining a better future for South Africa.

The Nafcoc delegation also told the ministers that they would not participate in the proposed National Statutory Council if acknowledged black leaders were still imprisoned,

He said the Government response to Nafcoc's proposals was that political prisoners must foreswear violence.

Nafcoc boss to bow out

SAM Motsuenyane ... long service.

By JOSHUA RABOROKO

TWO senior officials of the National African Federated Chamber of Commerce intend to bow out after a long service, although they will still serve as members of the organisation.

They are the national president, Dr Sam Motsuenyane and vice-president, Mr A M Gadi, from the Transkei Chamber of Commerce

This was announced at the Nafcoc conference in Johannesburg this week by Dr Motsuenyane who said it was rather unfortunate and distressing that the present conference took place while South Africa was still under a state of emergency.

He said "There can be no doubt that during the present social upheaval, which has practically engulfed the whole country for nearly three years, a great many Nafcoc members as well as the black community have suffered many hardships that may have left a deep feeling of anger and bitterness in their trail

"Some prominent members of Nafcoc from KwaNdebele and other regions are unfortunately held in detention under the current state of emergency regulations We must deplore the conditions which have given rise to the prevailing unstable political climate in the country," he said

Dr Motsuenyane said that Nafcoc would soon release findings of its commission of inquiry into the destruction of black businesses during the riots. He urged black businessmen to make contributions to the Masikela-Mavimbela memorials scholarship fund in order to make more black children get opportunities to further their studies.

He urged black businessmen to become job creators in order to curb the high rate of unemployment in South Africa.

Sowetan 9/7/87

Cape Times 9/7/87

Stuttafords Sale?

Finance Staff

JOHANNESBURG — Kirsh Trading Group subsidiary Greatermans is negotiating to buy Stuttafords in a private purchase of shares

Stuttafords MD Ken Geeling said yesterday no agreement had been signed, but added if Greatermans did take over the company they would assume responsibility for all trading operations and staff

It is understood pension fund technicalities are holding up the sale which is anticipated to go through tomorrow, as Liberty Life is still evaluating the staff pension fund

Stuttafords, once the grand old lady of department stores is now a leased operation, occupying 14 322m² in suburban Cavendish Square, Cape Town

In 1985 Greatermans acquired the Stuttafords Sandton City store with its staff and stock and has continued to trade under the Stuttafords name

In April, Stuttafords' flagship Adderley Street premises were sold to Unidev for R11m

The imminent sale will bring to an end coal magnate, Graham Beck's involvement in the group His wholly owned Kangra Holdings bought Stuttafords with its six department stores from the Stuttaford family in 1978

Greatermans CE Kevin Smith yesterday declined to comment

Optimism as car sales surge 16%

9/7/87

MICK COLLINS

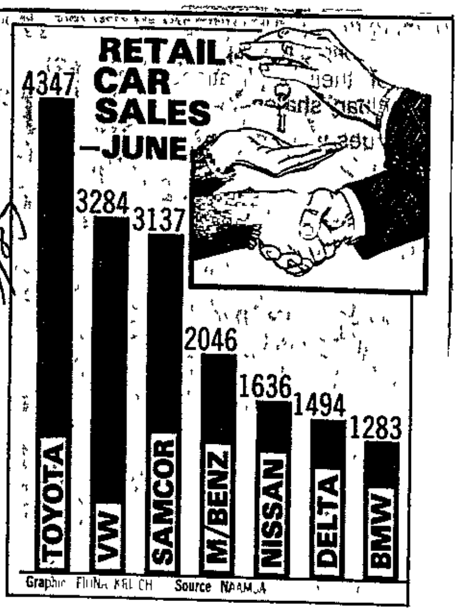
NEW car sales in June surged 16,3% to 17 231 units — the highest monthly score for the motor industry in 19 months.

Prospects for further improvement in the months ahead appeared better than at any time during the past three years, industry sources said yesterday. This was despite earlier fears of poor June results

Although June and July are traditionally strong selling months for the industry, the figures are considered a vast improvement on the May total of 14 812 units and have given rise to optimism the economy is finally on the mend.

Light truck sales were 8 027 units — a rise of 9,6% compared to the May sales — confirming the basic strength in this segment of the market.

Toyota was again top of the log with 4 347 units, followed by Volkswagen with 3 284 units Samcor, with its dual Ford/MMI range, was in third spot with 3 137 units



Toyota regained top individual spot with sales of its Corolla reaching 3 016 units — narrowly outpointing last month's leader Golf/Jetta which had sales of 2 899 for June.

Nissan increased its Skyline sales by 156,6% from 392 in May to 1 006 last month with the launch of the new Skyline range

Nissan marketing director Stephanus Loubser said· "This phenomenal increase

(30)

● To Page 2

Optimism as car sales surge 16%

● From Page 1

9/7/87 (30)

in Skyline sales underwrites· Nissan's confidence in the new model line-up and the positive manner in which the market has received the car"

National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen said the general recovery had gained further momentum with sales rising to their highest monthly total in 19 months

"Aggressive marketing strategies, including special sales incentives by various manufacturers and innovative financing packages, the introduction of new models and vehicle replacement demand pressures, all contributed to the strong gains recorded"

Prospects for the rest of the year, he said, remained positive It was expected demand for new cars and light trucks would continue to rise as the economy recovered further

Sales of medium and heavy trucks and buses at 448 and 508 units, respectively, remained depressed however.

CT 7/1/85 9/7/87 (30)

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The imminent sale will bring to an end coal magnate, Graham Beck's involvement in the group. His wholly owned Kangra Holdings bought Stuttafords with is six department stores from the Stuttaford family in 1978.

Greatermans CE Kevin Smith yesterday declined to comment.

STUTTAFORDS IN TAKEOVER BID

8 10 Dec 9/7/87

KAY TURVEY

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Call to focus on education

BLACK businessmen have been called upon to focus their attention into introducing a constructive alternative education with full community participation.

A senior researcher at the University of Zululand, Mr Paul Zulu, said that black business should

By JOSHUA RABOROKO

intervene in the education crisis

Mr Zulu said businessmen should set up pilot schools where the planning, administration and control of the buildings, the staff and curriculum could be entrusted to the communities

He was addressing delegates at the 23rd national conference of the National Federated Chamber of Commerce (Nafcoc) on the topic "Black Business and the Politico-Educational Challenges of the Nineties"

Mr Zulu said the setting up of such schools could function as private schools and follow the official syllabus to the extent that they met examination requirements, but still remained centres for democratic participation in education

Hawker report delayed

30

Eve Post 1/7/87

Municipal Reporter

PREPARATION of a Small Business Development Corporation (SBDC) report proposing solutions to the problems of Port Elizabeth's hawkers has been delayed

A SBDC spokesman said the hawker problem was "complicated" and was being investigated The report was being developed for presentation to the City Council

"We're looking at a possible meeting this month or next month," he said

There had been a few delays because the situation was not simple — many factors had to be taken into account and there were many groups involved which had to be kept satisfied

The report is eventually expected to make proposals for solutions to the problems of Buffelsfontein and city centre hawkers, groups which have been the centre of controversy for some time

Early this year the City Council was unable to reach an agreement on finding a solution to city centre hawkers with special sites being proposed but not accepted

In the meantime the status quo remains and the hawkers continue to ply their trade

Alleged unsightly awnings and litter are among problems at the Buffelsfontein site to which the City Council is also seeking solutions

1/7/87.

Springs proclaims free trade areas

(30)

By Shirley Woodgate, Municipal Reporter

Springs is the latest town to proclaim free trading areas, bringing to 47 the number of business areas "opened" to all races in South Africa.

According to the proclamation, three free trading areas have been proclaimed in the Springs CBD.

Proclamation exempts particular areas from sections of the Group Areas Act, allowing members of all race groups to occupy, use or acquire buildings, land or premises for trading, commercial, professional or religious and educational purposes.

A spokesman for the Department of Development Planning said 47 free trading areas had been proclaimed in 44 municipalities, with two separate proclamations for some municipalities — for example Nelspruit, Colenso and Port Shepstone.

A further open trading area would soon be proclaimed in a Cape town and 42 other applications were being investigated, the spokesman said.

The Springs free trading area is bounded by Seventh Street, First Avenue East, Boksburg Road, First Street, the railway yards down to Ninth Avenue, Second Street and Seventh Avenue.

Truworths opts for an 'Arthur'

FM 2/7/87

RETAIL clothing chain Truworths has purchased System W, a decision support system, and with it "Arthur," a retail merchandising system Both systems will be used for merchandise planning and monitoring financial and business operations

A Truworths spokesman said the acquisition is strategic and long-term, as Arthur enables planning systems to be updated with the results of international experience "We will be able to test the impact of decision-making on the total company," said the spokesman "Arthur and System W will enable Truworths to do what it already does — only better The systems match and support the thinking behind, and the process of, merchandise planning that is part of Truworths today"

The chain is anticipating better sales and stock-turn, improved clearance rates, reduced markdowns and improved assortments, he said The decision to implement the software follows the recognition that Truworths's existing planning systems were "showing their age"

Management selected the system only after two years' investigation into available systems "The appeal of the system lies in its flexibility and the fact that it is tailored to our needs," said the spokesman "It fits our current planning methods and gives us up-to-date information on the state of our business by bringing together planning, merchandise, finance and stores"

The systems will be installed on a 4341 VM dedicated machine at Truworths's corporate headquarters in Cape Town

Let's get down to business - Nafcoc

FOCUS

By JOSHUA RABOROKO

THE National African Federated Chamber of Commerce will next week ask businessmen to throw in their lot with other community organisations and trade unions in their fight against oppression and exploitation.

More than 1 500 local and overseas businessmen converge on the Standard Bank Arena, Ellis Park, Johannesburg, for the five-day 23rd national conference of the Chamber

The theme of the conference will be "Black Business at the Crossroads — Challenges for the Future" and it is expected to challenge businessmen to take part in community activities because of the turbulence in the black townships and the continued state of emergency.

Organisations such as the Congress of South African Trade Unions, the National Confederation of Trade Unions, the United Democratic Front, the Azanian People's Organisation, civic associations and youth movements have been invited to the conference

The conference comes after the State President, Mr P W Botha, has warned businessmen not to meddle in politics.

DR SAM Motsuenyane, president of Nafcoc.

The president of the hosts, the Southern Transvaal African Chamber of Commerce, Mr Willie McBain-Charles, says the membership of Nafcoc is committed to the search for a peaceful solution to the South African conflict

Businessmen are expected to rededicate themselves to the principles of full economic and political freedom for all South Africans.

"The theme of the conference does not relate only to the impact of the current socio-political situation in South Africa on black business, but also takes a serious look at the challenges which face the country," Mr McBain-Charles says.

He says that Nafcoc is to work towards evolving an economic system that will contribute towards black advancement, and not one that will merely change the colour of oppression.

The chamber believes the least that can be done in the short term to free the country from the threats of constant instability and sanctions is to seriously, consider the unconditional release of political prisoners and the unbanning of the African National Congress and the Pan Africanist Congress

THE president of Soutacoc, Mr Willie McBain-Charles

Mr McBain-Charles says a platform will then have been formed for initiating peaceful dialogue

He says there is no way business can ignore the political crisis in the country because there can be no economic power without political power

"The need for dialogue was again highlighted after a Nafcoc delegation visited Lusaka and met with leaders of the ANC," he says

The conference will have to decide on Nafcoc's relationship with people working within Government-created bodies

Needs

Mr McBain-Charles says the conference will also consider the need for black business to dissociate itself from exploiters of labour

"We need to encourage our members to introduce healthy labour relations within their business, to pay living wages and to introduce benefits such as pension, insurance and medical aid schemes

"This is why we have invited trade union federations," he says

He says Nafcoc has asked the State President to

- Grant full citizenship to all South Africans,
- Scrap all discriminatory legislation,
- Open public schools and tertiary institutions to all,
- Announce an intent to dismantle apartheid,
- Open business opportunities for all races everywhere, and
- Abolish social and residential segregation

Speakers at the conference will include the president of the South African Council of Churches, Bishop Manas Buthelezi, Professor Nic Wiehahn of Unisa, Dr Conrad Strauss, managing director of the Standard Bank, Mr Ruel Khoza of Co-ordinated Marketing, and Nafcoc's president, Dr Sam Motsuenyane

Lest we

Business must take a good look at itself

SO many newspaper headlines these days are about strikes and labour disputes that many a manager is anxiously asking himself: Will my business be next to be hit?

The strikes are particularly important for businessmen today because the economy is showing signs of recovery, but a recovery that is fragile in the face of growing sanctions and disinvestment

What I find particularly amusing these days is the growing number of look-we-are-clean adverts that businessmen are inserting in newspapers to fight "unreasonable" trade unions

Gone are the days when they relied on normal editorial stories to give their version of events, they have to show their innocence

The spate of advertisements after the scrap-apartheid adverts that became fashionable after September 3, 1984, when the current unrest started

Businessmen must be asking themselves exactly what has happened to their once loyal labour force Before they start looking for troublemakers under every stone, I suggest that they look at themselves first

In their introspection they will discover that somewhere in the drawers of the personnel manager's office there might be a copy of reports such as the P-E Salary Survey These reports quantify apartheid in rands and cents

Take any category of work and you will find a hierarchy that would please Dr Hendrik Verwoerd if he were to rise from his grave today whites are paid the most, "Asians" are next, "coloureds" third, and "blacks" least (I am using the terminology of some of these reports, which is identical to that of Pretoria)

I remember recently watching the managing director of Gefco and chairman of the South African Asbestos Producers Advisory Committee, Mr Pat Hart, on television deprecating the gap between the pensions given to miners whose lungs are affected by asbestos

According to the publicity secretary of the Black Allied Mining and Construction Workers' Union, Mr Motsomi Mokhine, before a recent 10 percent increase, blacks were given R1 790 in drips and drabs, while whites were given R24 000 as a lump sum and a monthly pension

If that discrepancy does not get you hot under the collar, then you have no sense of justice Mr Hart should have been out there righting this wrong instead of making sad noises for TV cameras

Of course, all managers know that these things are happening in their firms, but I believe that reading the reports I mentioned earlier with open eyes is a necessary and sobering exercise

The workers do not have to read any reports they feel and know apartheid in action

They know that the top jobs, for whatever reason, are for whites only, that there might be a little controlled mixing in the middle — controlled to ensure white seniority in the "mixed" departments, and that blacks will always be at the bottom of the heap

These same workers were out there in the trenches, in the townships expressing their anger at apartheid, at the fact that they have no control over their own lives They are still venting it

It was inevitable that they would turn their attention to the places where they spend most of their waking lives, their workplaces

They are now expressing their anger at having to be treated as part of the dumb machinery that has to do what it is told to do, at their lack of control over their work.

They are also expressing their frustration at what is happening outside the workplace because they believe business is not doing enough to change it

Those companies that have started to realise that they are dealing with living people, who think, love and laugh and have the ability to make sane choices, will be spared

Those that ignore their workers' wishes will continue wondering at the tricks that fate is playing them — "when we are so good to our people". Even if they pretend to negotiate with the trade unions

Only the people — through their deeds — will tell if you are good to them

ETAN, Friday, July 3, 1987 Page 9

PERSPECTIVE

Joe Thloloe

shima and Nagasaki Nuclear dust clouds He said that for the biosphere as well

Growth boost for small business

D.D. 1/7/87

GRAHAMSTOWN — A growing interest in and parallel policy shifts by the authorities had led to an expansion of small business activities, Mrs S de Montille of Vista University said at the South African Geography Society conference here this week.

"I also believe this has impacted and reduced the numbers of 'formal' small enterprises in places like Soweto."

Official opinion had until about 1979 been generally hostile towards informal enterprises, Mrs De Montille said.

The reasons included.

- The black unemployed turned to informal activities but, under apartheid ideology, should not have been present in the urban areas at all
- "Informal" was equated with "illegal" and possibly even "criminal".
- Informal activities provided unfair competition to formal businesses.

Mrs De Montille said the solution had been not to develop informal enterprises but to eradicate them.

This had been done by a mass of laws and regulations imposed on informal enterprises by all levels of government — central, provincial, local and even agricultural boards.

She said some estimated that as many as 1 000 different regulations governed informal activities

The 1976 Soweto riots had given impetus to reform and the development of a more positive position had arisen with progressive relaxation of restrictions

"Seen against the broader framework of economic development theory, government intervention in small business is following the reformist path of the ILO (International Labour Organisation) and others."

- The International Geographical Union (IGU) was to monitor the International Council of Scientific Union's programme on global change in the natural environment, said the secretary-general of the IGU, Professor L. A Kosinsky.

To avoid too much emphasis on the natural processes and not enough on the human component it was planned to ask the International Social Sciences Council to look at the human aspect

Professor Kosinsky said this was a major long-term initiative in which geographers in individual countries could enter either through the human or the natural channels

He said that until now IGU congresses had been three-week events with seminars, papers and a week devoted to field trips, but the format could change

"Some experienced scholars are not participating We also want to attract the younger whizzkids But people are less prepared to spend three weeks at congress Its length discourages them"

The IGU communicates with its member nations through a bulletin and circular letters

y, July 27, 1987

30 27/7/87 Sowetan

Tutu's message for SA business

Cape Town's Anglican Archbishop Desmond Tutu sees himself as an "interim leader" but says he has no political ambitions whatsoever. "I just want to be a pastor A pastor who might have to stand up against the powers that be, whoever those may be," he said in an interview last week. Today we publish the second part of his interview

FOCUS

Q. It has been argued that some of the more significant socio-political changes in South Africa have come about during times of economic growth In that sanctions and disinvestment could cause economic stagnation, are they not going to make peaceful change more difficult?

A (laughter) I wish it were true, but all the evidence is to the contrary Some of the most vicious and repressive legislation in the country has been imposed not at times of recession, but when the economy was booming

Look at the facts When did business leaders start trundling off to Lusaka? When that bank in America (Chase Manhattan) said it would not roll over loans, then suddenly these guys discovered that the air around Lusaka was healthy and they needed to breathe it more frequently

But now they have gone back to their complacency The Government appears now to be in control, the price of gold is steady, and now most of the business community believes that because it is making such huge profits that everything is hunky-dory It's the same with the Government, any effort at pretending that there is change is almost always a public relations exercise

How many booms have we had since 1960 and can you honestly say what our lot, politically has improved The homelands have become independent many blacks have been turned into aliens in the land of their birth, forced population removals have taken place

Even now when they claim we are in the middle of reform, here in Cape Town they say to people who have been living happily "You must go"

Q What role do you believe businessmen and in particular the multinational corporations who choose not to disinvest should play What specifically should they do

A We said to them long ago you have a clout which you are not using and they were sitting pretty at the time and they said "nonsense" The multinationals said we are really guests in this country I told them their presence here was as much a moral and a political issue as it was economic and they didn t listen

At that time I said you have to go to the Government don't talk politics with the Government talk economics Say to the Government that the migratory labour system doesn't make economic sense

Say to the Government you are also insisting on the unionisation of workers Because one of the cardinal tenets of unionism is that a worker is free to sell his labour wherever

This would mean freedom of movement which would be cutting at the heart of the influx control system Again you would not be talking politics but that it is part of the free enterprise system that one should sell to the highest bidder

Basically one was asking them to say to the Government that you are interested in remaining in South Africa and even increasing your involvement provided that your workers are housed in family-type accommodation as family units near the place of work of the breadwinner and that you encourage unionisation, want to make a very significant contribution to black education and so forth

But I think we are past that point because now the workers are talking about their own involvement running the show

Those were things that these guys thought were radical and revolutionary about five to 10 years ago

If they had in fact implemented some of the things one was suggesting to them then, I believe we would have been much further forward because the effect of all of that would have permeated into our political consciousness and would have helped to change perceptions

Bargain

Now, I think they've got to accept that they have a political role They should tell the Government that unless certain things happen They tell them nicely and in a manner that doesn't seem to be an ultimatum But they ought to be saying to them "Look one two three four things ought to happen and if they don't we really will have to pull out"

You hear people say it doesn t really matter if they pull out you will buy things at bargain prices and so forth But, why are they worried then if the benefits to them are so great?

Let me just say there is not going to be a let up on the disinvestment thing until we say so — not Desmond Tutu — but until significant blacks who are recognised at the moment as somehow authentic in their representation of black views

If they claim that I am a prime mover in the disinvestment campaign then the obverse of that is obvious if I, among others were to say today "Put your plans on hold" a lot of people would listen, wouldn't they?

Maybe I would be pulling the carpet out from beneath too many people but I would be prepared to do that I would be prepared if the state of emergency was lifted, political prisoners and detainees released and our political organisations unbanned and the Government said seriously "We are talking and the agenda is an open agenda"

Q Sections of the South African media — particularly but certainly not exclusively the SABC — have adopted a consistently hostile posture towards you in recent years. Why do you think this is the case?

A All of us want to feel we are in control of the situation and we have a kind of war situation in South Africa and the feeling of being embattled If there is such a thing then there are two things you want to do First, you want to identify the enemy and second if you are not able to find reasons (for the conflict) you must identify a scapegoat

For a very long time the scapegoat was America because of Andrew Young and Jimmy Carter, but they could not use America under Reagan with his constructive engagement. Nor could they with any real credibility speak about a "total onslaught" when you have signed accords with all and sundry

So you must then look for an enemy inside the country and the Archbishop of Cape Town, for whatever reasons, has provided them with someone who they could identify as public enemy number one or at least a very useful scapegoat

People do not deal with the problem but rather direct their venom at one they think is causing it and thereby consistently avoid dealing with the issues

But if they have problems with me, then they are in real trouble If they find me difficult to handle, then they should think of packing up and going because they have not met with really radical people

I am nice, I really am nice in appealing to them "Please, all we want is to be able to live full human lives with you sharing We don t want to drive you into the sea"

As the Freedom Charter says South Africa belongs to all who live in it If they have identified me as their problem, I just have to say then "Okay do that, and maybe even succeed in liquidating me, but you will remain with your problem here I am not claiming anything for myself, but you will be in real trouble"

Q Do you believe that attacks levelled against you by sections of the media may have enhanced rather than diminished your stature and credibility among the majority of South Africans?

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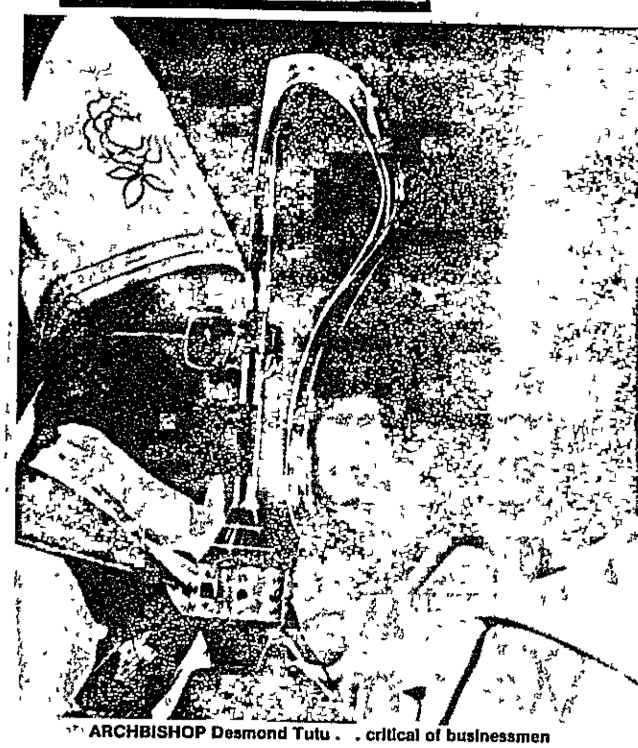

ARCHBISHOP Desmond Tutu . . critical of businessmen

OUR cartoonist who does the daily political drawings is in Britain. He will resume his drawings when he returns.

reckless and/or negligent driving On 23 July 1987 the member was convicted on a charge of culpable homicide and sentenced to a fine of R400,00 or 12 months imprisonment

(3) No, but the facts raised during the criminal trial are presently being perused with the intention of taking possible departmental action

(4) (a) to (c) I refer the hon member to the above paragraph 2 (b) and my reply in paragraph 2 (a) and (c) to written Question No 48 of 18 February 1987

Note I want to point out to the hon member that during the incident the member of the South African Police was on his way to attend to an emergency alarm, and that the court accepted this evidence as extenuating circumstances

Rooi Els/Betty's Bay/Kleinmond area

*6 Mr R R HULLEY asked the Minister of Constitutional Development and Planning:

Whether he or his Department intends to proclaim the Rooi Els/Betty's Bay/Kleinmond area as a nature area, if not, why not, if so, when?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

Yes Negotiations with regard to the establishment, in terms of section 9 of the Environment Conservation Act, Act 100 of 1982, of a management committee for the nature area to be established are under way As soon as this aspect has been finalised, the formal proclamation of the nature area by the Administrator will follow

Chronic spinal injuries

*7. Dr M S BARNARD asked the Minister of National Health and Population Development:

Whether any facilities are available in the Transvaal for the rehabilitation of chronic spinal injuries in Black persons, if not, why not, if so, in what hospitals?

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The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

Yes Natalspruit and Kalafong

Underutilised institutions

*8 Mr R M BURROWS asked the Minister of Education and Development Aid

Whether (a) he and (b) any minister of education of a national state has approached the Minister of Education and Culture in the House of Assembly to admit Black students or pupils to underutilised institutions under the control of the Department of Education and Culture, if not, why not, if so, (i) when, (ii) in respect of what specified institutions and (iii) what was the response?

†The DEPUTY MINISTER OF EDUCATION

(a) Yes

(b) No

(i) 27 November 1986

(ii) Broad guidelines in respect of the possible utilisation of such educational institutions were discussed

(iii) The response was positive

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Kwamevane Township

*9. Mr R W HARDINGHAM asked the Minister of Constitutional Development and Planning

Whether any decisions have been taken in regard to the upgrading of Kwamevane Township, near Howick, if not, why not, if so, (a) what decisions and (b) when?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING·

Yes

(a) Kwamevane will be retained and upgraded within its present boundaries

(b) The decision was conveyed to the relevant local authority on 14 July 1987.

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Abuse of air-ticket privileges

*10 Mr D J N MALCOMESS asked the Minister of Transport Affairs

(1) Whether, with reference to his reply to Question No 21 on 16 June 1987, the inquiry into the alleged abuse of air-ticket privileges at Jan Smuts Airport has now been completed, if not, (a) why not and (b) when is it anticipated that it will be completed, if so, (i) who was in charge of the inquiry and (ii) what were the findings,

(2) whether any action has been taken as a result of the inquiry, if not, why not, if so, (a) what action and (b) with what result,

(3) whether the matter has been referred to the South African Police, if so, (a) on what date and (b) with what result,

(4) whether he has studied the report of this inquiry, if not, why not if so, when,

(5) whether he will make a statement on the matter?

†The MINISTER OF TRANSPORT AFFAIRS

(1) No

(a) Investigation by the SA Police is not yet completed

(b) Presumably during the second week of August 1987 (i), (ii) and (2) Falls away

(3) Yes

(a) 2 March 1987

(b) Matter is *sub judice*

(4) Falls away

(5) No

Generic medicine: tests checked

*11 Dr W J SNYMAN asked the Minister of National Health and Population Development †

(1) Whether a team of experts appointed by the South African Medicines Control Council is at present checking the accuracy of tests on generic medicine by a certain laboratory, particulars of which have been furnished to the Minister's Department for the purposes of his reply, if so, (a) what is the name of this laboratory and (b) how many medicines are involved in the investigation,

(2) whether he will make a statement on the matter?

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The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

(1) Yes

(a) Gestalt (Pty) Ltd

(b) 20

(2) No, as the matter is still under investigation

Clarendon Gardens Shopping Complex

*12 Mr F J LE ROUX asked the Minister of Constitutional Development and Planning †

(1) Whether a certain project, particulars of which have been furnished to the Minister's Department for the purposes of his reply, was submitted to the Administrator of the Cape Province for his approval, if so, (a) what (i) was the Administrator's decision and (ii) were the reasons for his decision, (b) where is the project being launched, (c) what is the (i) nature and (ii) name of the project and (d) by whom is it being undertaken,

(2) whether there was any objection to the project, if so, (a) by whom was objection lodged and (b) what was the nature thereof,

(3) whether the city council concerned has approved the project; if so, (a) what city council and (b) when,

(4) whether he will make a statement on the matter?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(1) A proposal for the development of a shopping complex, to be known as

(30) Hansard 28/7/87

the Clarendon Gardens Shopping Complex, was submitted for approval by the Administrator

(a) (i) No final decision has been taken yet

(ii) Falls away in view of the reply to 1 (a) (i)

(b) The land envisaged for the project is situated within the municipal area of East London and is bounded by Union Avenue to the north, Cheltenham Road to the south, the site of the Clarendon Primary School to the east and Erf 6451 of the SA Transport Services to the west

(c) (i) It is an application for the rezoning of the land in question in terms of section 17 of the Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985) in order to make it possible for the land to be developed for business purposes.

(ii) It is commonly referred to as the "Clarendon Gardens Development"

(d) The land belongs to the East London Municipality and the intention is to sell it to Elcorp C C Other interested parties will, however, be given the opportunity by means of a municipal notice in the press to submit offers in this regard

(2) A large number of objections were lodged

(a) A large variety of parties have objected

(b) The main points of the objections are basically the following·

(i) Loss of public open space and central recreational facilities

(ii) Increased traffic flow and traffic noise

(iii) Depreciation of properties in the vicinity.

(iv) Security problems and danger to scholars

(v) The land should be utilised for educational and sporting purposes

(vi) The proposed development will detract from existing businesses in the central business district and other businesses being planned

(vii) Parking problems will be created for visitors to and staff of the schools and hospital situated nearby

(viii) Future expansion of the Frere Hospital will be affected

(3) The council concerned does not have the power to approve the project but supports it

(a) East London City Council

(b) 3 November 1986

(4) A statement on the matter will be made after consideration thereof should this be considered expedient

HoA

Group Areas Act

*13 Dr F HARTZENBERG asked the Minister of Justice †

(1) Whether the Attorney-General of the Transvaal recently refused to institute a prosecution against certain persons who have allegedly contravened the provisions of the Group Areas Act in Zeerust, Transvaal, if so,

(2) whether the Attorney-General has since received a request to issue a *nolle prosequi* certificate, if so, when,

(3) whether this certificate has been or is to be issued, if not, why not; if so, when?

†The MINISTER OF JUSTICE:

(1) Yes

(2) Yes, 25 February 1987.

(3) Yes, 16 June 1987

Hansard

1/7/87

Prof de Lange/ANC: discussions

*14 Mr J M BEYERS asked the Minister of Foreign Affairs †

(1) Whether he or his Department (a) has investigated and (b) has been informed of alleged discussions abroad between a representative of the ANC and a certain person, whose name has been furnished to the Minister's Department for the purposes of his reply, if so, (i) what is the name of this person and (ii) what action has he taken or is he contemplating in this regard,

(2) whether he will make a statement on the matter?

†The MINISTER OF FOREIGN AFFAIRS

(1) (a), (b), (i) and (ii)

According to information confirmed by Professor J P de Lange personally, he did not travel abroad to hold discussions with the ANC Towards the end of May, 1986, Professor De Lange on invitation of an American institution, attended a conference in New York where he delivered a paper on education in South Africa Professor De Lange is generally acknowledged as an expert in the field of education.

Without him being aware of the fact beforehand or without him having anything to do with it, the relevant conference was attended by persons who are members of the ANC During the tea and meal breaks he was introduced to and had conversations with the other conference participants including persons who are members of the ANC and who attended the conference on the invitation of the American hosts Professor De Lange is of the opinion that if he is asked to state a point of view at an international conference regarding a subject such as education in South Africa which is of importance for South Africa and he can thereby advance South Africa's interests, he does not hesitate to do so

(2) Falls away.

HoA

Government/ANC: discussions

*15 Mr J M BEYERS asked the Minister of Foreign Affairs †

(1) Whether the Government was involved in alleged discussions abroad between a representative of the ANC and a certain person, whose name has been furnished to the Minister's Department for the purposes of his reply, if so, (a) why, (b) what was the nature of this involvement and (c) what is the name of this person,

(2) whether he will make a statement on the matter?

The MINISTER OF FOREIGN AFFAIRS

(1) No (a), (b) and (c) fall away

(2) No

National monuments/shipwrecks

*16 Mr R M BURROWS asked the Minister of National Education

(1) Whether his Department or the National Monuments Council is involved in the drafting of new legislation relating to (a) national monuments and (b) shipwrecks, if so, (i) when is it intended to submit this legislation to Parliament and (ii) what bodies were or are to be consulted in drafting this legislation,

(2) whether the National Monuments Council and/or his Department has received submissions on new legislation relating to the protection of shipwrecks, if so, (a) from what bodies, (b) on what dates and (c) with what result;

(3) whether he will make a statement on the matter?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING (for the Minister of National Education)·

(1) (a) No

(b) No

(i) Falls away.

(ii) Falls away.

Liquor retailers under pressure

(30)

B/day 31/12/87

MICK COLLINS

A TIGHTENING of credit lines by SA's largest liquor supplier is likely to put hard-pressed retailers under more pressure, Fedhasa says.

The curtailment of credit terms by the Cape Wine & Spirit Institute (CWSI), due to come into effect on April 1, 1988, will see the introduction of a 30-day settling-up period, without any period of grace.

Fedhasa president Mike Kovensky said the move was likely to put retailers, who were starting to emerge from a traumatic period, under more pressure.

He said: "Our appeal, which was turned down, was that in what appears to be a slight economic upturn, the trade should be allowed to recover more fully from the recession."

He said despite the belief that liquor sales were buoyant, they had contracted during the past year.

"Honest traders realised smaller profit margins in a market where delinquent retailers and tax evaders competed on equal terms."

But CWSI director Rian Kruger said the change of credit terms would assist in achieving more stability in the retail trade.

Quoted in the Liquor Store Monthly magazine, Kruger said: "Where credit is granted, the terms of payment shall be a maximum period of 30 days from the date of statement, without a period of grace.

"Customers who are granted credit will have the option to either pay the full amount within 30 days, or pay within 15 days and receive an early settlement discount which will remain unchanged at 2%."

The magazine said the move, which was expected to strengthen the position of bona-fide retailers, was supported by numerous members of the trade.

It named CWSI members, who represent 96% of the liquor products sold in SA, as Douglas Green of Paarl, Gilbeys, Stellenbosch Farmers' Winery, the Oude Meester group, Union Wine, E W Sedgwick & Co, Central Wine & Spirits, Mooiuitsig Wynkelders, Jonkeer Boerewynmakery, J D Bosman & Co and Avrons.

The magazine quoted Gilbeys MD Peter Fleck as saying the new terms would make the institute's business more manageable.

BUDAY (30) 30/7/87

Bradlow's makes great turnaround

LIZ ROUSE

BRADLOW'S Stores, the upmarket furniture retailer, has achieved a spectacular profit turnaround in the first half-year, continuing the sharp uptrend of the second half of 1986.

Attributable taxed profit was R1,1m in the six months to June, compared with a loss of R225 000 in the first half of 1986 Net profit for the previous full year was more than R2m

Earnings were 65c a share, compared with a loss of 13c a share in the 1986 first half and 120c for the year

Furniture retailers traditionally earn more in the second half of the year. Executive chairman Philip Jacobson is confident the outlook for the second half will be better than the very good second half of last year

"Productivity and profitability continue the trends that were established then and, with expenses under tight control, we expect to surpass the 1986 performance by a comfortable margin All key operating criteria are being met."

A conservative estimate of year-end earnings would be about 140c a share, possibly heading for the previous peak of 153c a share in 1981

Jacobson does not put a figure on year-end earnings or on the possible final dividend (Bradlows pays only one dividend) However, he says dividend cover will be lower at 3,5 to four times compared with last year's high six times

Taking year-end earnings at 140c a share and cover at four times, a payment of at least 35c is assured, compared with last year's 20c.

Turnover for the six months increased by 14,7% to R43,7m — including only one month of trading by the Daniel Lowe chain of stores — from R38,1m in the 1986 first half

Bradlow's moved out ot the unsuccessful Daniel Lowe discount marketing concept at the end of January this year, taking a write-off of R766 000, which is the full extent of costs involved.

Turnover of the on-going upmarket operations was 29% ahead of the same time in 1986, reflecting a real growth of 12%

CM Trade 30/7/87

Bradlow's sees turnaround — earnings reach R1,1m

30 ~~282~~

JOHANNESBURG — Furniture retailers Bradlow's Stores has achieved a spectacular turnaround in trading in the six months to June 30. Earnings amounted to R1,1m, compared with a loss of R225 000 in the first half of 1986 and earnings of R2m in the full 1986 year.

Earnings per share were 65c, compared with a loss of 13c a share for the same period of 1986 and earnings of 120c a share for the full year.

Turnover in the six-month period increased by 4,7%, from R38,1m to R43,7m, but the latter included only one month of trading by the Daniel Lowe chain of stores.

Bradlow's moved out of the unsuccessful Daniel Lowe marketing concept at the end of January, 1987, taking a write-off of R766 000, which is the full extent of the costs involved.

Turnover of the ongoing Bradlow's operations was 29% ahead of that in the comparable period of 1986. Turnover in the full year was R92,4m.

The core business of the company has continued the strong recovery, which started to gather momentum in the second half of last year.

"Consumer confidence has improved, and is continuing to improve," said Philip Jacobson, executive chairman. "Personal incomes have increased and interest rates are lower and stable, so big ticket items, like furniture, are more affordable."

The outlook for the second half of the year is that it will be better than the very good second half of last year.

"Productivity and profitability continue the trends that were established then," said Jacobson. "And with expenses under tight control we expect to surpass the 1986 performance by a comfortable margin. All key operating criteria are being met." — Sapa

SBDC takes over the financing of fisheries

30/7/87 BD

(30)

NORMAN SHEPHERD

THE Small Business Development Corporation (SBDC) has taken over the financing of the Fisheries Development Corporation of SA.

Provincial authorities will handle technical aspects such as the development of harbour facilities, while policy matters rest in the hands of the environment affairs minister.

The disbanding of the fisheries corporation was part of government's rationalisation plan and the SBDC was better equipped to handle loan applications and the form of financing generally involved in promoting the establishment of small fishing concerns, SBDC Cape GM Mike Pentz said yesterday.

The board has been reduced to two directors and a chairman. It will be disbanded when the corporation is finally abolished in a few months.

Funds ceded to the SBDC include a sum of R7m, but it remains to be seen whether property holdings of corporation subsidiary Seafare will go to the SBDC or to a government department.

Tax owed by the fisheries corporation since October 1985 was written off in a Government Gazette published this month

Pentz said the SBDC had taken over the corporation's assets but none of its liabilities, which were minimal.

Under the Fishing Industry Development Act 86 of 1978, the corporation's liabilities could not exceed half of its shares and assets without ministerial permission.

30

Blacks produce own code to monitor SA companies

By DAVID JACKSON

SOUTH AFRICA's top 100 companies are to be rated against a home grown code of employment practices — initiated by a group of leading black management executives

The controversial labour code founded by the Rev Leon Sullivan is in tatters following the American cleric's decision to support the disinvestment lobby

But now comes a new plan to monitor obstacles in the way of upwardly mobile blacks in industry and commerce as part of a drive to enhance the quality of local black management in South African business

Its organisers are the independent Black Management Forum with an impressive portfolio of black professionals on its books

More than 50 South African companies are already corporate members at a fee of R1000 a year

The code is not modelled on Sullivan and is not seen in any way as a substitute for it

But says the Forum's Public Affairs Manager Mr Morakile Shuenyane. "There was some opposition to the Sullivan code because it was imposed on companies from outside

"This is an entirely South African exercise and the list of criteria will be drawn up by experts who have experience of local conditions and problems.

The Forum will draw up the code — still in the planning stages — with the help of outside researchers

Leading companies are to be consulted about its aims — and it is hoped to have the first ratings ready by the end of the year

The preliminary target of 100 companies is a rough guideline

Attitudes

The organisation with its head office in Johannesburg and regional branches throughout the country, was set up soon after the 1976 Soweto disturbances to counter "negative attitudes to blacks in the work place and to promote quality black management

Explains Mr Shuenvane, who himself holds the position of Social Responsiblity Manager for the now wholly-South African-owned Makro company

"Part of the problem in the past was the number of token black managers in executive positions some of whom were inefficient.

"They were placed there because it looked good to the mother companies overseas. Their lack of competence tended to harden white attitudes and to reinforce racial stereotypes whites were being exposed to the wrong calibre of black managers."

As a result, he says, blacks immediately below the black executive saw him as a puppet or stooge while white managers did not accept him as a colleague

'A large percentage of whites only come into contact with blacks at the gardener and messenger level.

"Hence it is the responsibility of black management to play a role model with the intention of melting white attitudes

Says Shuenyane It was to some extent a 'them' and us' scenario Black managers were often regarded as Uncle Toms and as part of the problem

Unacceptable

In turn, these managers often did not identify sufficiently with the problems of the black community and were not accepted by them. They didn t belong anywhere

The Forum is not politically-orientated But the reality is that many of the new entrepreneurial management class will be among the leaders in a post apartheid society

Ingrained prejudices on both sides are not broken down overnight Progress since 1976 has been slow

But a recent survey conducted by the Wits Business School estimated there are now more than 200 black managers — some of whom hold key positions in their companies

The Forum s President Mr Don Mkhwanazi is the Marketing Development manager for Smith and Nephew The vice-president, Mr L. Ndlovu is Labour Relations manager for Afrox

Other directors on the Forum's 15 man board are listed as holding executive positions in companies such as Shell SA SAB and Cadbury, among others.

The forum has an open-ended stance on the economic base on which the future South Africa should be built.

Explains Shuenyane "We have no preconceived views about capitalism, socialism or any of the isms

'We are commissioning a team of reseachers who have a mandate to investigate a suitable ism' for our special circumstances

Says Forum chairman Mr L M Ndlovu "We are into development and democracy

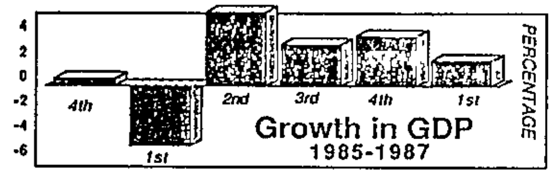
The individual member must be equipped to fit, shape and harmonise his two key spheres, society and the corporate world.

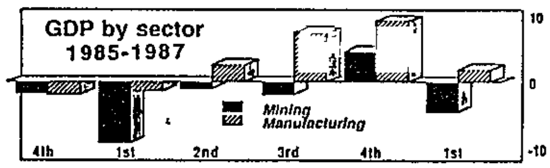
Both environments have acute shortcomings which impede individual and group advancement.

(30)

BUSINESS BAROMETER

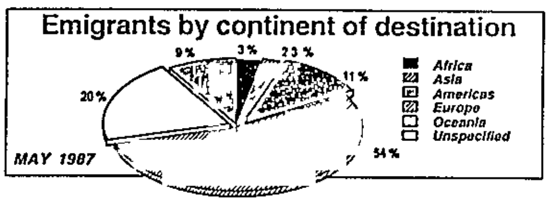
GENERAL INDICATORS





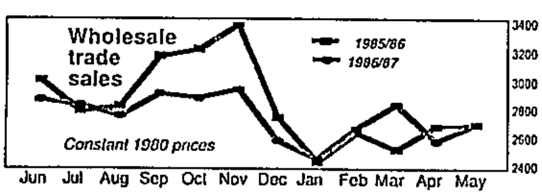
GROSS DOMESTIC PRODUCT

As the first graph shows, South Africa's, real gross domestic product increased at an annual rate of only 2 percent in the first quarter of this year, tailing off from the higher economic growth rates last year. The seasonally adjusted real GDP in the non-agricultural sector increased by 2,5 percent while that in agriculture dropped by 4,3 percent. The second graph shows annual growth rates for each quarter since the end of 1985 in mining and manufacturing.



EMIGRATION

5 501 South Africans emigrated in the first five months of this year, compared with 6 114 in the same period last year· a decrease of 10 percent. 18,5 percent (1 020) of the emigrants from January to May this year were in professional or technical occupations, including 187 engineers, 33 medical doctors and 135 educationists. Managers and executives made up 4,7 percent of the emigrants and clerks and salespeople, 8,3 percent. The chart shows the destinations of 1 013 emigrants who left in May.



WHOLESALE TRADE SALES

The value of wholesale trade sales (excluding diamonds) for the first six months of this year is expected to be 2,1 percent higher in real terms than in the last six months of 1986, according to the Central Statistical Service The value of expected wholesale sales, in money terms, for June this year is 13,3 percent higher than in the same month last year. (The graph shows the trend of wholesale sales, at constant 1980 prices).

INDUSTRIAL RELATIONS

WAGES IN METAL AND ENGINEERING

Actual wage rates for all employees in the steel and engineering industries were 14 percent higher in real terms in the quarter ended May this year than in the same quarter in 1986.

	UIF PAYMENTS	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS
1982	120 347 613	74 521 972	44 713 183
1983	188 363 953	87 644 697	52 586 818
1984	325 133 883	104 264 171	62 558 503
1985	386 467 103	196 086 986	196 086 985

UNEMPLOYMENT INSURANCE

Almost R380 million was paid out in unemployment benefits last year, with an average 45 000 people a month applying for benefits, says the National Manpower Commission. In an attempt to increase the Unemployment Insurance Fund's revenue, the contribution rate was increased from 0,7 to 0,9 percent as of the beginning of this year. Figures supplied by the Minister of Manpower show that the UIF paid out R208,3 million more than it received in contributions for the five years from 1982 to 1986.

FINANCIAL INDICATORS

Johannesburg Stock Exchange Indices

JSE Indexes	20/7/87	WEEK AGO	% CHANGE
All Market Index	2529	2441	+ 3,6
All Gold Index	2281	2176	+ 4,8
Industrial Index	2071	2008	+ 3,1

Short-term interest rates

	20/7/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,9%	9,05%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Gold Price

20/7/87	WEEK AGO	% CHANGE
449,65	446,5	+0,7

Selling price: Major currencies against rand

	22/7/87	WEEK AGO	% CHANGE
Pounds Sterling	331,71	318,92	+ 4
Deutsche Mark	0,8984	0,9057	-0,8
Yen	73,54	74,01	-0,4
Swiss Franc	0,7481	0,7880	-5,4
Financial Rand	,2975	,2975	0

US Dollar against major currencies

	22/7/87	WEEK AGO	% CHANGE
Rand	48,35	48,93	-1,2
Dm	1,8582	1,8510	+ 0,4
Sterling	1,6038	1,5420	+4
Yen	152,10	151,25	+0,6
SwFr	1,5410	1,6105	-4,3

Source First National Bank

(30)

COMMERCE AND INDUSTRY

Winners and losers

Can the Federated Chamber of Industries (FCI) survive an outright split and resultant open competition for members among employer organisations?

This is the question being asked by both commercial and industrial concerns after last week's announcement that the FCI was seeking the expulsion of the Transvaal Chamber of Industries (TCI), intended getting together with the Steel and Engineering Industries Federation of SA (Seifsa), was moving its HQ to Johannesburg and opening a new Transvaal branch

Certainly, its actions were being interpreted as a challenge to the newly constituted Witwatersrand Chamber of Commerce and Industry (WCCI) formed last week from the merged TCI and Johannesburg Chamber of Commerce (JCC) The TCI exists now only as a legal entity Its membership and services have been transferred to the WCCI, whose headquarters are in Johannesburg and which is affiliated to Assocom

It is difficult to say what role personalities play in the new schism which has developed between the employer bodies With the benefit of hindsight, though, it would be safe to conclude that it was a mistake for the FCI to move office to Pretoria — which its decision to re-establish itself in Johannesburg tends to confirm What could make more sense is its intention to affiliate with Seifsa It is quite possible that for FCI members, Seifsa affiliates would make better bedfellows than their colleagues in commerce

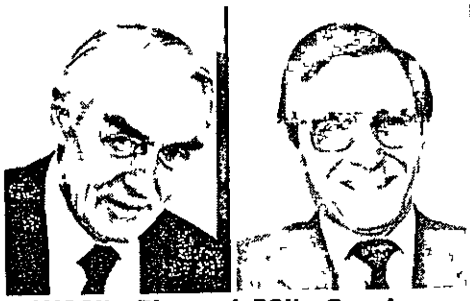
On numbers alone though, the FCI would appear to be in a losing battle

The WCCI has in excess of 4 600 members, of which more than 1 100 are industrial and manufacturing companies including giants like AECI, Amic, Barlows and Gencor That total, incorporating more than half of the *FM*'s Top 100 companies, is made up of JCC's 4 200 members (700 of which are industrial) and the TCI's 400-500 members

Assocom's more than 100 affiliated chambers represent some 23 000 companies, including a high proportion active in mining, manufacturing and agriculture It has maintained a steady growth in income over the years.

The FCI, on the other hand, has eight regional chambers and 20 national associations, representing some 8 000-10 000 companies It relies heavily on its directly affiliated 50-member Corporate Forum, most of whom have duplicate membership in Assocom The Forum has, however, given the FCI 12 months' notice of its intention to disaffiliate

This can only exacerbate an already parlous financial position within the FCI, whose



WCCI's Pitt and FCI's Snyckers ... who's smiling now?

1985 surplus of R750 000 became a R250 000 deficit in 1986 FCI's R250 000-plus shortfall in subscriptions is also nearly three times Assocom's figure The Corporate Forum alone accounts for close on R700 000 in subscriptions

But FCI president Hugo Snyckers claims the TCI's own financial problems over the past two years are largely to blame for the FCI's parlous situation He adds that the FCI's budget should balance in 1987/1988

However, WCCI sources retort that the FCI is directly responsible for its misfortune by taking large corporate members away from the TCI and affiliating them through the Corporate Forum directly with FCI This created the massive fall in TCI subscriptions

What is also questionable is what sort of membership support the new FCI off-shoot is likely to draw Increasingly, businesses say they cannot afford to support two separate, but largely overlapping bodies The huge majority vote by TCI members for the merger with the JCC is seen as a significant indication of the current trend in thinking among industrial companies

The WCCI is not gloating, however "We are indeed sad that such divisive action should come at this point in SA's history While we do not see ourselves as being in a state of war, we were not unduly surprised by the FCI's actions They had refused an approach by the TCI for some kind of association with WCCI and have made it quite clear that they are not over-enthusiastic about merger talks with Assocom," says WCCI president Aubrey Pitt

"We are not particularly concerned over FCI's announcements Our priority as an employer body is giving good service to our members Meanwhile, we still hope that our example of the TCI and JCC getting together will go further Something along these lines could include common interests with the Afrikaanse Handelsinstituut and the National African Chambers of Commerce "

Nor has Assocom president Harold Groom lost hope for merger negotiations with the FCI "I would not like to see anything forced, because a forced marriage is very often an unhappy one But it is clear that many of the traditional reasons for separate representation of commerce and industry have long since fallen away.

"It was said that commerce was free trade orientated, while industry tended to be protectionist Assocom has modified its approach and is now prepared to give qualified support to protection for new strategic industries, providing it is temporary and does not adversely affect the consumer

"Commerce and industry both rely on support from the consumer We are all engaged in business I would like to see the consultant report on Assocom and FCI completed so that future negotiations could centre on facts, rather than on some possibly mistaken perceptions." ■

FUEL REBATES 18

Fuelling farm anger

Recent changes in the diesel fuel rebate system for agriculture will close a loophole that cost the State about R500m a year in lost revenue But cash-strapped farmers describe the new measures, expected to add millions to their R700m/year fuel bill, as "bureaucracy gone wild "

Farmers now have to pay upfront when they order their fuel and then reclaim the rebates from the Department of Customs and Excise (DCE) as they use up the fuel They must be registered with the DCE, can claim only once a month, and the *minimum* claim for fuel used has been set at 500*l*. All claims must be supported by invoices

Their problems don't end there either — the rebate on fuel used for transporting farm produce has been reduced, adding to transport costs

SA Agricultural Union (SAAU) director Piet Swart claims the DCE unilaterally changed the rebating system Many transport operators who were not entitled to, registered as farmers and misuse of the scheme was rife He says the SAAU understood that unless action was taken, fuel prices would have to be increased

"We suggested the retention of the old system with the necessary, built-in safeguards," says Swart "But the new system was imposed without our consent "

The SAAU estimates that farmers will have to find an additional R350m/year to pay their fuel bills The rebates, now included in the cost of fuel, are 24,134c/*l* for farm

SA expressed its "strenuous objec- gime". — Sapa-Reuter.

Chain stores 'too powerful'

(30) 20/7/87 B/Day

KAY TURVEY

LARGE supermarket chains' control of 74% of the retail market is "unhealthy" because of the pressure it allows them to exert over manufacturers and suppliers.

Retail Management Group MD Ig Ferreira believes this clout has been a primary factor leading to amalgamations among suppliers, resulting in fewer products being available.

Suppliers are increasingly looking to smaller retailers to broaden their base away from the dependence on the major stores, he says.

RMG is the holding company for Sentra Stores — formerly Sentrakoop Handelaars — an organisation founded 23 years ago by former Prime Minister Hendrik Verwoerd to assist small retailers to remain competitive with the advent of supermarket chains.

Today Sentra Stores' membership of 600 independent retailers is 40% black and has moved away from its co-operative structure, which acted largely as a buying and administrative vehicle for its members.

Ferreira, formerly a director of Pick 'n Pay Hypermarkets, stresses the need for expertise to be developed among small retailers, to give them the opportunity to "fight back".

He believes this is particularly important since real growth among grocery retailers will come from these stores, as the predominantly urban supermarket chains have realised their growth potential

In some areas, stores have experienced a 55% growth in turnover in the past year.

RETAILING (30)

CNA tries again

Having burnt its fingers a couple of times, CNA is returning to a hot sector of the computer market by launching a range of consumables (disks, stationery etc) and software on a pilot project basis

Admitting that previous forays into this market — such as ventures to sell TRS-80 home computers and "Results" business software — had failed, CNA stationery buying manager Brian Hudson says the retailer simply got into the market too early

"The market is more mature and stable now," he tells the *FM*, "so we stand a much better chance of success this time around Also, the price of the software has come down dramatically to what is now an attractive retail purchase"

Nevertheless, CNA is proceeding cautiously The pilot project will run for at least 18 months Only 20 of its biggest shops in the main centres will carry the range initially Consumables are already selling, and the software is due to appear in the shops early next month on brightly branded spinner stands

"If returns on a rands per square metre basis justify it, we can explode the concept to many more of our 300 stores," says Hudson. "We have sophisticated stock control systems that tell us how each item is doing every six weeks That puts us in a position to move very fast"

What has induced CNA to try software again is the emergence of so-called "paperback" software — low-priced "clones" of higher-priced packages In this case, the software is bought from Softcover Software, a company formed by software entrepreneur Gordon Schachat, chairman of construction software company Brett Schachat Associates

Many paperback packages are as good as, if not better, than the originals they are based on, says Schachat. Others, he admits, have fewer features

"But that is not necessarily a problem Research shows that many people never use all the features of sophisticated packages, so they are quite happy to pay a lot less for a package with the features they do use"

Typically, a spreadsheet called VP Planner retails at R199, compared with more than R1 000 for the best-selling Lotus 1-2-3 which it emulates At the same price is VP Info, which is said to be compatible with the top-selling dBase III database package. Paperback Writer, which is described as a full-function word processor, retails for R99, as does Paperback Speller, a 60 000-word dictionary that is said to be compatible with all PCs

As the market grows, says Schachat, these prices are likely to fall steeply

Understandably, CNA is not announcing sales targets for its new line of computer products, but the signs are that this time around, the company will do well out of them Sales of IBM-compatible PCs in SA are expected to reach 60 000 this year, in addition to tens of thousands already in the market that are underused

"With software at these prices, there will be many buyers eager to make more use of their PCs," says Shachat. "A new level has appeared in the market, a second tier of add-on sales. In future, people will buy software as they buy books today" ■

FM 24/7/87

BDay 31/7/87 (30)

Pepped up for growth

KAY TURVEY

PEPKOR SUBSIDIARY, Pep Stores, the clothing, footwear and home textile retailers listed in November last year, can't expand fast enough to meet growth potential

The planned opening of 34 stores this financial year has almost doubled and 60 stores are now in the pipeline

Pep Stores reported current assets of over R32m in bank balances and cash for the year-end February. With almost no gearing, MD Basil Weyers says they are sitting in an embarrassing situation where they make use of their money.

The group does not invest in property. Fixtures and fittings in the two major retail chains, Pep Stores and Ackermans, are inexpensive and functional so expansion costs are minimal

On an annualised basis, Weyers expects new business to contribute more than R45m to turnover. As most store openings are planned for October and November, the full benefits of expansion will only be felt in the 1989 financial year.

Cape Times 3/7/87

Increase in earnings forecast

New sales lift Furniture Fair income by 113%

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By AUDREY D'ANGELO
Financial Editor

FURNITURE FAIR, the rapidly growing Cape Town chain listed on the Johannesburg Stock Exchange (JSE) last August, has lifted net income for the year to June 30 by 113% to R1,3m. Earnings are 18,3% — 64% above the listing forecast

MD Ivan Hammerschlag said the rise was mainly due to the high volume of sales at the new Mitchells Plain and Wynberg stores

He plans further expansion, which he says will be financed by the R2,9m raised by the listing A store in Bellville, with a trading area of 562 sq m, is due to open in October and Hammerschlag said the company was negotiating for another site in Athlone.

He is also planning to expand by acquisition "We are looking for companies to take over but we have not found what we want yet."

But the company will not diversify "We will stick to the furniture business, which we know"

Forecasting a further substantial increase in earnings in the current year, Hammerschlag pointed out that Furniture Fair's target market in the lower and middle income group was a growing one.

The huge Blue Downs scheme "is going to open up a brand new market for us

"The continuing demand for new homes for the coloured community means that there will be a continuing demand for new furniture

"We have weathered the recession successfully and now many people find themselves able to take on new credit commitments.

"Our experience is that new stores make a profit from day one — which means that the Bellville store will contribute to profits for the full year"

The figures quoted for the year to June and the comparative figures for the previous year have been adjusted to make no provision for deferred taxation

Hammerschlag said this was following an overseas trend, not to make provision for taxation which a company did not expect to have to pay.

The company's expansion plans and the fact that its trading was mostly on credit meant that the debtors' book always exceeded current profit and therefore, as long as it continued to grow, a tax bill was unlikely

Hammerschlag said the company's strict credit control made a large number of bad debts unlikely

Clicks to open 15-to-20 new stores

30 31081 23/7/87

Business Day Reporter

CLICKS boosted sales by more than 24% in the year ended June, and chairman Jack Goldin has announced a multi-million-rand expansion programme.

About 15 to 20 new stores will be opened in the financial year ending June 1988 — a more than 20% increase on the existing 68 stores

The 24% sales spurt over the past year underscores the group's blue-chip reputation, and was achieved in the face of some of the fiercest discounting yet seen in SA retailing

"Clicks substantially increased market share. Not only were sales well ahead of forecast, but margins are intact and bottom-line profits (to be announced in August) should be equally good," says Goldin

The major significance of the performance is that growth has been organic — only two new Clicks stores and one Diskom branch were opened

Profits should surge this year with the group benefiting from the planned expansion

Transvaal and Natal have been given high priority by Clicks in new store openings Many of the stores should be trading in time for the Christmas peak shopping season.

COMMERCE
GENERAL
1987
AUGUST

JCC to talk on tougher US sanctions

The possibility of tougher United States sanctions on South Africa unless apartheid is scrapped will be discussed at a special forum of the Johannesburg Chamber of Commerce next month

In its latest bulletin, the JCC says President Reagan must soon report back to Congress on the progress, or lack of progress, in ending the system of apartheid and establishing a non-racial democracy in South Africa.

If substantial progress is not seen to have been made, President Reagan is likely to recommend additional measures against South Africa and possibly take action against other countries trading with South Africa, the JCC says

Among measures proposed in the US Anti-Apartheid Act are proposals aimed at encouraging South Africa to end the state of emergency, release political prisoners and trade union leaders, permit free participation in the political process, establish a timetable for the abolition of apartheid laws, and end military and paramilitary activities aimed at neighbouring states

The JCC believes an up-to-date appraisal of the US Anti-Apartheid Act, possible future punitive measures, and the Government's position on reform is necessary

Supply small traders — WCTA

THE Western Cape Traders Association has supported the formation of another dairy which it hopes will ease the monopoly stranglehold on the Cape Flats

But the association has called on the new dairy, Homestead, to supply the smaller traders and not only one supermarket chain

According to the secretary of the WCTA, Mr Yusuf Pahad, hundreds of traders in the Cape Flats are at the mercy of "zoning" by the four major dairies, whereby one dairy operates in an area

Dairies have denied that they are involved in "zoning".

"We welcome any new competition," Pahad said. He assured the new dairy that it would get the support of the WCTA, whose members control about 1 500 shops "if and when they are in this area".

"Milk should be available from more than one source in an area," he said.

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20/26/8/Sout

BOOST FOR LONG DISTANCE DRIVERS

MR SIDNEY Motingoe ... founder member in the Transportation Board. He is the second black man in the country to hold the certificate.

By SONTI MASEKO

A RECENTLY launched transportation, cartage and car hire company is developing rapidly according to founder member Mr Sidney Motingoe.

The new organisation is called the African Transport and Car Hire Association (ATCAHA)

'The aim of the association is to enable taxi drivers doing long distance travel to open their own registered companies, referred to as closed corporations

"This enables them to expand their transport businesses and not have to obtain permits for every new vehicle they buy.'

Permit

They are not mere permit holders," Mr Motingoe said

ATCAHA, with a membership of 2050, according to the public relations officer, Mr, Themba Nongqekele is a countrywide organisation also operating in the "homelands".

The formation of ATCAHA was almost accidental, Mr Motingoe said He said he started as a marketing consultant, assisting people who had problems in obtaining taxi, trading, and hawk-

Helping hand for taxis

(30) Sowetan 26/8/87

ers licences

"I found myself faced with a problem People were coming back to me with their licences, not knowing how to go about and arrange business," Mr Motingoe said

Lessons

Then Mr Motingoe started training lessons which are still running, every Tuesday and Thursday evening, teaching people about setting up a business, being in control, administration, managing and marketing

But most of his work went into transport, because he had more people who were interested in taking passengers on long distancce trips.

There was also a need for long distance taxi and only Putco, Greyhound and SATS were doing long distance travel while, the taxis were mainly local

ATCAHA grew from a tranpsort body known as the Soweto Transport Car Hire Association, which operated only in the Transvaal When the association established branches in the other provinces ATCAHA was formed as an umbrella national body

The association also has a group scheme with life, pension and medical aid benefits for the members

Apart from a six member executive, the association employs a full-time chartered accountant and appointed a legal advisor

Economy take off due to politics?

EAST LONDON — Politics had to make it possible for the economy to take off and every businessman had a role to play in driving the government toward reform, the national president of the Association of Chambers of Commerce (Assocom), Mr Harold Groom, said here last night.

He told the quarterly meeting of the East London Chamber of Commerce "The future is what we as businessmen make of it We cannot be the vicitms of change We must be the protagonists for change "

Mr Groom said Assocom had made it clear to the State President, Mr P W Botha, that economic and social reform must come just before political reform

"We told the State President that if he negotiates a political dispensation based on democratic freedom and free enterprise, it must be done correctly and the disenfranchised must have all the prohibitions of discriminatory legislation removed if he is to enter the free enterprise system

"The Group Areas Act will have to go Communities will have to make their own decisions on whether to open their areas This is what we told the State President and he told us that he did not have a problem with that "

Mr Groom urged that businessmen must talk to blacks to eradicate the mystique and mythology associated with blacks

"I have made a point of talking to black businessmen It is tough talking with them as they are cynical and suspicious but in the final analysis when you hve done so, you find blacks have the same aspirations as we have

"I had talks with people in Crossroads and found politics was only seventh on the agenda Socio-economics matters took precedence," he said

Black businessmen were also faced with first and Third World situations where they lived and they faced pressures in their communities which whites could never understand

Mr Groom said businessmen should urge the government on on the road to privatisation and deregulation

"They will not move unless we push them on," he said

He was confident of the future despite the traumas which the country would have to face

BLACK SECRETARIES TO PLAY IMPORTANT ROLE

BLACK secretaries are going to play an important role as the economy of South Africa becomes "indigenised", the president of the Southern Transvaal African Chamber or Commerce said

Mr Willie McBain-Charles was addressing a function in Johannesburg at which 25 students, were graduating on a secretarial course in typing and word processing from the Afri-Type College and Blackseed Communication Systems

Mr McBain-Charles said many more black business organisations were coming to the fore It was important he said that black secretaries ensure their survival

Efforts

"Your graduating is important in that it was from a black venture As black people we should not be discouraged because it is from the townships that we will take our roles Know that there are many black organisations that are concerned about your situation Our efforts are not in vain because one day we will rise to be in front," he said

Speaking on the importance of education in the commercial world Mr Reggie Veldman principal of Bosmont High School said black secretaries must develop competitiveness He said in most cases we are not competitive enough

He said the graduands were now entering into a world of computers which people used to take for granted In South Africa he said, it was also a world where the privileged had ruled for a long time

"It is sad that in South Africa the different groups had been polarised It is going to take a long time to get to know one another

"It is a pity that the commerce world is where whites are regarded as important people For you, you are entering a world where people have to appreciate your skills

Troubled

"I urge you not to be apologetic You are entering a world of a troubled human scenario and you must develop competitiveness The most important stage of your development will be self education because ultimately success depend on yourself" he said

Mr Phil Khumalo, director of Blackseed, said one of the National African Federated Chamber of Commerce (Nafcoc) tasks was to train businessmen It was important therefore that they had black secretaries He told the graduands that they will be expected to perform twice as well as their white counterparts

SOME of the students who this week graduated from a secretarial course in typing and word processing Also in the picture at the back is Mr Willie McBrain-Charles and on the far right, Ms Irene Summers, director of Afri-Type College

CP lambasts 'integration propaganda' on SABC

HOUSE OF ASSEMBLY — **The SABC was promoting an integration process in South Africa in its advertisements and programmes, Prof Chris Jacobs (CP Losberg), said on Monday**

Speaking in the SABC vote of the budget, he said the film called *The Imposter* on Saturday night was an example of how integration was being imposed on the public

The film had included a love affair between a white girl and a black boy

When his children asked him what he thought about the matter, he would have to lay the blame with the SABC

He said an "Americanisation process" was taking place by the broadcast of film after film, programme after programme and advertisement after advertisement showing integration

The Government was only able to stay in power by the efforts of the SABC which acted as a propaganda arm

He said he resented having his licence money used by the Government to fight his point of view on the television screen

"Does the Government fear that if the CP's message gets through to the public, it might come to power"

Prof Jacobs said that unless the SABC began fulfilling the terms of its licence, the CP would take action

Asked later what he meant by "action" Prof Jacobs, said the matter would be taken to court — Sapa.

Zambia on a spy alert

LUSAKA — **Zambia on Monday warned its citizens to be alert for spies and foreign agents It said might attempt to gather information and recruit accomplices to carry out attacks and acts of destabilisation within its borders**

The warnings were broadcast on national radio

'The enemy is desperate and has resorted to attacking Zambians," the radio said in one bulletin

Please bear in mind that some persons you mix with in bars hotels at football matches on the streets, in shops and indeed in your own homes may be enemy soldiers ' it added

The bulletins urged Zambians to be vigilant and to report any suspicious persons to the security forces

No explanation was given for the broadcast

However, officials said such security announcements had been made on a regular basis in the past and were part of a campaign to make the public aware of the need for vigilance

Zambia, with other frontline states, has been the target of attacks by South African armed forces Pretoria says the attacks are aimed at guerillas of the African National Congress (ANC) which is fighting to end white domination in South Africa

Before Zimbabwe's independence in 1980, Zambia had also suffered attacks by Rhodesian security forces hunting nationalist guerillas based in Zambian Territory — Sapa-Reuter.

Dog shoots his master

PARIS — Man's best friend shot dead his master on Sunday in central France

Roger Surroca (37) of Pinet went hunting on Sunday as usual with his four-year-old Alsatian Napoleon, in the nearby Herault woods

At the end of the day, Napoleon jumped into his usual place on the front passenger seat, triggering off a loaded shotgun which blasted Surroca in the driver's seat

He managed to get out of his car to call for help, but then collapsed on the ground

Napoleon, realising something was wrong, firmly placed his front paws on the car horn, bringing fellow hunters to the scene within minutes

But it was too late

Police said Napoleon, aged four, will not be put down as the accident was due to his master's imprudence

A friend said "Napoleon had no fear of guns, and used to carry his master's in his mouth for long distances It was as though he was handling a bone"

STA indaba

THE Soweto Taverners Association is to hold a general meeting at the Club Pelican tomorrow

The meeting, which starts at 2pm, will report back on licensing and also discuss a number of other important issues

Members of the association, interested parties and people willing to join the association are welcome

The challenge for black businessmen

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26/8/87 Sowetan

BLACK liquor traders have been troubled by political deprivations and denied the opportunity to advance their businesses in South Africa, the chief executive of the African Bank, Mr Gaby Magomola said yesterday.

He said black traders have been under several restrictions in obtaining liquor licences because of political reasons, and have been denied opportunities to sell liquor in residential areas, hence the establishment of "illegal" places — shebeens

However, he added, these restrictions have been lifted to a great extent and the challenge now facing liquor traders was to grab the opportunity to help uplift the economy of blacks in the country

He was addressing the fifth annual conference of Ukhamba Liquor Association which was attended by more than 300 delegates from all over South Africa held in Johannesburg yesterday

Mr Magomola, in his address, said black liquor traders should be encouraged to buy shares and take out loans from the African Bank which was committed to their advancement

Information

He said the bank was establishing an information centre and data bank to keep abreast of developments as they specifically related to black business — both here and elsewhere

He said the African Bank was planning a major expansion drive as it had been inundated with requests to open up new branches "Our objective is to capture and mobilise black savings so that the funds entrusted to us can be redirected to develop and assist black business We want to position the bank as an institution committed to black advancement and business," he said

He said Ukhamba should take an initiative in uplifting the standards of business in the industry "We want the African Bank and Ukhamba to lead in the future "

He also said the African Bank was destined to take part in

- Establishing a small business unit,
- Establishing credit facilities such as cheque accounts and an Africard,
- Restructuring the management of the bank for greater operational efficiency, and
- Establishing an international division and for this purpose, to appoint an export and import front to handle its business,

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Sowetan 26/8/82

R120-m complex for Cape township

A GIANT shopping and industrial complex is to be built near Khayelitsha at a cost of R120 million, believed to be the largest investment of its kind in the Peninsula

Construction on the first fully multiracial shopping centre, together with an industrial estate of 84 factories, will begin, at the latest, in January and the first phase would take about six months to complete, Mr Barry Fletcher, chairman of the development company, Airport Industrial Corporation said

When completed the shopping and industrial complex, which will provide sites for both light and heavy industry, would create thousands of job opportunities for people in the area, he said

Strategic

Situated strategically at the intersection of the N2 and the new Cape Flats freeway, the complex — which is to be called Crossways — is expected to serve about 400 000 customers of all races, in particular Khayelitsha residents who do not have access to shops and facilities close to their homes

Mr Neil Gardiner of the letting agents, said that financial backing had not yet been finalised but negotiations were under way with a "number of big institutions"

International pharmaceutical companies had been approached and it was hoped that they would help finance a sophisticated hospital in the third phase of the development

So far hundreds of enquiries had been made from traders from a cross section of the population and the centre would be the first fully multiracial complex in Cape Town as it fell outside any proclaimed group area

388 - LADIES' STOCKINGS INI

Superceding w.d. no: 298

AREA A: East London.

AREA B: Parys.

AREA C: Estcourt.

S Times 23/8/87 (30)

Bergers bright

BERGERS, the recently listed clothing chain, earned of 2,3c a share in the six months to June

Turnover increased by 28% to R15,8-million from R12,3-million in the previous comparable half-year Taxed profits rose to R455 000 from R155 000

Managing director Howard Mauerberger says earnings should improve in the second half

The group plans to open 20 stores this year and to exceed its forecast earnings

(30) 25/8/87 Sowetan.

NAFCOC BID TO END MONOPOLY

Aim is to buy all Sorghum beer outlets in the country

THE National African Federated Chamber of Commerce intends to buy all sorghum beer outlets formerly run by administration boards in the country, the federation's president, Dr Sam Motsuenyane, said yesterday.

Opening the fifth annual conference of Ukhamba Liquor Association in Johannesburg, Dr Motsuenyane said the aim was to take over the industry completely and end white dominance in the brewing and sale of a product that is mostly consumed by blacks

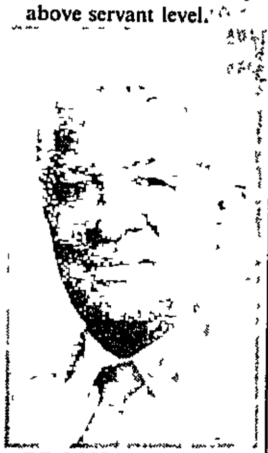
The conference, attended by more than 300 delegates from all parts of the country, is to look into legislation affecting black liquor dealers in South Africa

In his address Dr Motsuenyane said Nafcoc had already made proposals to the Government to enter into negotiations for the sale of the existing sorghum beer breweries which were previously run by the boards

He said: "These breweries are presently managed by the Industrial Development Corporation, pending their privatisation which is expected to take place before March 1988"

Nafcoc had pioneered efforts to open the South African economy for greater black participation It led to the lifting of restrictions on the sale of liquor to blacks and privatisation of the liquor industry, he said

The black community had up to now been seen largely as a nation of consumers and labourers with no real stake and involvement in the economy of the country above servant level.



DR SAM Motsuenyane

He encouraged delegates to the conference to establish partnerships in buying these outlets but added that they should avoid being used as fronts by white companies

Cape Times 25/8/87

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Bergers earnings up 187%

BERGERS, the cash clothing chain listed on the JSE main board in April, has boosted earnings by 187% after increasing sales by 28% for the six months to June

The chain's MD Howard Mauerberger, says Bergers traditionally earns the major portion of its income in the second half of the financial year, and expects the trend to continue

Bergers' turnover for the six months to June was R15,81m, 28% ahead of the corresponding 1986 figure of R12,28m

Income after tax and attributable to ordinary shareholders totalled R460 000 (R155 000), producing earnings a share of 2,3c (0,8c).

"It is anticipated that the forecasted after-tax profits for 1987 will be exceeded."

He says Bergers will complete the year with a total of 157 stores

Mauerberger says the chain will continue to seek further opportunities for acquisitions

Bergers' dividend policy is to declare an annual dividend in March, payable in April of each financial year The first dividend will be payable next April

Romens expands

25/8/87 B/Day

30

MICK COLLINS

ROMENS, the Cape Town-based discount men's outfitters which comes to the JSE next month, is set to buttonhole the market with the establishment of a huge franchise operation.

The company hopes to have 100 franchised outlets within the next three years which, with the wholesale division, are expected to contribute about 17% to the company's forecast pre-tax profits of R1,2m

Chairman Danny Kahn says franchise agreements have been concluded with retailers in the Peninsula, Boland and Namibia "At least two others are expected to follow before the end of the year"

Kahn plans to develop the Cape and Namibian markets during the next two years before expanding throughout SA

Most of the company's turnover, which reached R5,9m for the financial year to February 1987, comes from its retail arm, which comprises two outlets.

As well as an export arm based in London, Romens also runs a wholesale division, which supplies independent retailers and will also service all franchise holders

"Rather than extend the number of our own outlets, we have chosen the franchise route, where we will offer our marketing, sales and merchandising expertise to experienced men's outfitters"

We're out — lock, stock and barrel — says disgusted Ackerman

Cape Times 22/8/87 30 ~~250~~

Pick 'n Pay quits Aussie

Union pressure halts building of supermarts

PICK 'N PAY has sold out its mushrooming multi-million rand interests in Australia.

A trade union ban has effectively halted further construction of its supermarket outlets for the past 18 months

In an exclusive interview with Top of the Times soon after his return from Australia last week, MD Raymond Ackerman said his company had sold out "lock, stock and barrel," retaining only general manager Peter Rice as an "advisor" to the new owners

Pick 'n Pay was a one-third owner of the company Ackerman said his recent 10-day visit had been to tie up the final sale and a deal which would involve a "part of future profits linked to our advice and guidance"

WHAT CHOICE? .. Raymond Ackerman back from Australia where paying has nothing to do with picking, or business

By CHRIS BATEMAN in Cape Town and MARSHALL WILSON in Melbourne

He declined to reveal a price but said it was "fair"

Ackerman said negotiations between Pick 'n Pay and member bodies of the Australian Council of Trade Unions had been sunk by the interference of ANC and SWAPO members at the bargaining table

"There's no question that the unions finally listened to them Our evidence to show our non-racial approach cut no ice Things, like 65% of our management in the Western Cape being black and coloured did not interest them," he said

Ackerman expressed disgust "at the way the Australian unions and government treated us, denying us visas and so on", but added that "the Aussie people, staff and customers were very, very good to us"

Accusing the Australian government of "throwing investment away", Ackerman said its approach displayed "total hypocrisy and total stupidity"

Pick 'n Pay's sole operating branch in the Brisbane suburb of Aspley turned over $50 million in the first year and expected to top $70 million in 1987-88

The preparation of a site for the second of a planned 10-branch network at Taylor's Lake near Melbourne came to a halt in 1985 when the Plumbers' and Gasfitters' Union forced the downing of tools

The marketing concept provided the impetus for Australian rivals to hit back with no less than 28 Super K Marts mushrooming across the country since Ackerman first showed his hand three years ago

Rice described the union bans as "biased and unfair" and said the Libermans family in Melbourne had bought out the remaining one third share to gain full ownership.

One of four expatriate South Africans in the Brisbane store of which all will return home by the end of 1988, Rice said Pick 'n Pay has been at the forefront of corporate opposition to apartheid since it was formed in 1967

"When Ackerman started it was illegal for people of different colour to share canteens, toilet facilities or offices," Rice said "But the company ignored all that from day one"

And while the plumbers' union acknowledged Ackerman's 1985 role in joining 92 SA business executives who challenged apartheid laws, as well as recognizing that 42% of his management staff in SA is non-white, they sensed commercial undertones may have led to such pragmatism

"The sacrifice by Pick 'n Pay is small compared with the benefit to the struggle against apartheid," a union official said

P.T.O.

Rice, admits the sacrifice has been massive, as well as frustrating in view of the quick growth of rivals geared to withstand the SA chain's slick onslaught

One of the largest stores in Australia with 21 000 sq m of floor space, total staff of 600 and 78 check-out points, the Aspley Pick 'n Pay has proved a winner with enthusiastic Brisbane shoppers able to buy everything from lingerie to live lobsters under one enormous roof

In the context of the current debate of whether or not PM Bob Hawke runs the country, or the trade unions, the nobbling of Pick'n Pay and its subsequent demise makes the point as eloquently as any

● The new Australian company will retain the Pick 'n Pay name

Farm 'roos says prof

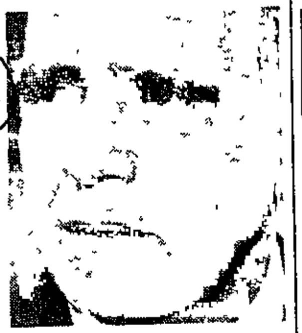
AUSTRALIA, whose fortune was said to ride on a sheep's back, has been told to harvest kangaroos by a Sydney University professor who says low-fat kangaroo meat could become an export

He said over-grazing by sheep was turning millions of acres of prime pasture into arid land — Own Correspondent

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 2614

Unions ban curbs chain in Australia

DD 22/8/88



Mr Ackerman

MELBOURNE — Mr Raymond Ackerman's multi-million dollar Pick'n Pay foray into the stark Australian consumer retailing landscape appears to have failed because of a trade union ban which limits further building expansion

Popular with shoppers in the Brisbane suburb of Aspley, where the South African magnate's sole branch turned over $50 million in the first year and expects to top $70 million in 1987-88, the concept has provided the impetus for rivals to hit back.

No less than 28 super k marts have mushroomed across the country since Mr Ackerman first showed his hand three years ago, of which the Aspley branch was planned to be the forerunner of 10 similar outlets across the country

But in 1985 the plumbers and gasfitters' union forced the downing of tools at Taylors Lake on the outskirts of Melbourne, where a 16-hectare site was being prepared for the construction of a second $35 million Pick'n Pay miracle

Backed by the Australian Council of Trade Unions, which actively supports the labour government's ban on all contact with South Africa, the union has prevented Pick'n Pay from gaining ground in a depressed economy well suited to enthusiastic marketing which the Ackerman chain does best

Mr Peter Price, Pick'n Pay's general manager in Australia, described the union bans as biased and unfair

He said two thirds of the Australian company is owned by the Liberman family in Melbourne, with only one third in the hands of Mr Ackerman's retailers which owns 12 hypermarkets and a range of other retail outlets in South Africa turning over $3 billion annually

One of four expatriate South Africans in the Brisbane store, of which all will return home by the end of 1988, Mr Rice said the chain had been at the forefront of corporate opposition to apartheid since it was formed in 1967.

"When Mr Ackerman started it was illegal for people of different colour to share canteens, toilet facilities or offices," Mr Rice said "But the company ignored all that from day one"

And while the plumbers' union acknowledged Mr Ackerman's 1985 role in joining 92 South African business executives who challenged Pretoria's apartheid laws, as well as recognising that 42 per cent of his management staff in South Africa is not white, they sensed commercial undertones may have led to such pragmatism

"The sacrifice by the chain is small compared with the benefit to the struggle against apartheid," a union official said

Mr Rice admits the sacrifice has been massive, as well as frustrating in view of the quick growth of rivals geared to withstand the chain's slick onslaught

One of the largest stores in Australia with 21 000 square metres of floor space, total staff of 600 and 78 check-out points, the Aspley Pick'n Pay has proved a winner with enthusiastic Brisbane shoppers able to buy everything from lingerie to live lobsters under one enormous roof

21/8/87 FM

MOTOR INDUSTRY

Shortages loom

Should the current demand upswing in the new passenger car market continue, local manufacturers could be facing critical stock supply bottlenecks (*Business*, August 14)

The unexpected surge in buyer interest in new passenger vehicles, coupled with long lead times for parts supplies from offshore manufacturers, seems to have caught the industry off guard

Last month's 18 937 passenger car sales was the best in two years and 10% up on June's 17 231 It was also well up on the previous month's total

"At the beginning of the year, we forecast a total market of some 180 000 units Since then we have had to change our forecasts But from the date we increase our parts orders from Japanese suppliers, it can take four to five months before they finally find their way into a new car," says Toyota MD Colin Adcock

"This means you cannot react all that quickly to sudden demand increases and can find yourself short of stock I think the market this year could go to 200 000 passenger cars — but it could have gone even further were it not for stock shortages across the industry "

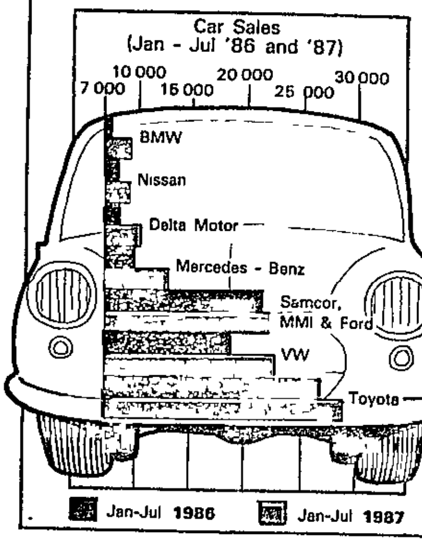
Volkswagen is also apparently critically short of stock and if the upswing continues the situation will be exacerbated Samcor sales and marketing director Les Brown says the group is experiencing shortages on certain models and on light commercial vehicles (LCVs) July LCV sales were the best in three years

Nissan MD John Newbury says there is a tight stock situation, but Nissan is still able to deliver "The upswing came much quicker than anticipated," he notes Newbury predicts that with the recently introduced new Skyline and a new Langley on the way in October, "the company could push market share from its current 10% level to 13%-14% by the end of the year "

But the real star performer is Delta's Monza July sales shot up 72% above June with over 1 000 units sold for the first time since introduction — evidence that the new team at Delta is performing better than the previous owners, GM But stock shortages could halt the run, warns sales director Billy van Wyk, adding that while Monza is already sold out to the end of August "it has not affected Kadett sales at all "

The luxury end of the market also has its problems Merecedes-Benz has a strike at its East London plant and expects possibly disastrous August sales And BMW marketing manager John Jessup says while it is the company's marketing strategy to maintain low stock levels, the continuing upswing and the July phenomenon has virtually cleared BMW out of stock "No doubt some of our dealers are holding stock But we have been extremely tight on stock for the past nine to 12 months," he says

Climbing again



Motor industry consensus is that the upswing will continue Toyota marketing director Brand Pretorius says in the medium term this is no flash in the pan VW MD and current Naamsa president Peter Searle believes the principal reason for the upturn is that increases in new car prices this year are unlikely to be above 12%, against an inflation rate of around 17% "So, relative to inflation, cars are actually becoming cheaper," he observes

However, the heavy commercial vehicle (HCV) market remains as depressed as ever The July sales jump from June's 508 to 658 is "not significant," says Mercedes-Benz heavy vehicle division chief Adolf Moosbauer "One government tender can move the market by 100 vehicles in a month In fact I recently revised my 1987 HCV sales forecast down from 8 000 to 7 500. We expected to sell over 700 HCVs last month, but that just did not materialise "

METRO (30) FM

Keeping pace 2/8/87

Management is justifiably pleased with a performance that was better than most analysts had expected, achieved as it was during a period of great uncertainty for Metro Following the sudden death of MD Lionel Katz last November, new management was thrown into a cash-and-carry market that resembled a battleground with Metro, Trador, Shield and others vying for sales Despite these difficulties, and off a very large sales base of R1,6 billion, Metro pushed earnings for the year to end-June up by 35% to R16m from the previous R11,9m

The cash-and-carry market continued to grow rapidly last year, as more food producers opted for indirect distribution through groups like Metro However, new MD Cecil Smith perceives a distinct flattening in demand, indicating perhaps that the market is moving into a period of consolidation

This doesn't mean that investors will see flat earnings from Metro On the contrary, as long as the group continues to broaden its customer base through newly developed Trade Centres, and sticks to its programme of innovative product expansion, as it did with a line of liquor products last year, it should run easily ahead of the inflation rate

The preliminary profit report was accompanied by a balance sheet which reveals a tough hand controlling financial matters Pick 'n Pay may have been the first mass retailer to effectively turn its creditors into bankers, but Metro uses the same strategy with visible success. By extending accounts payable by R60m to R257,1n., the group forced creditors to fund last year's R50m increase in stock to R211,1m, and a R6m increase in debtors to R33,5m At year end, it had cash resources of R33,5m (R34,3m)

Terms of a complex deal involving the takeover of Frasers cash-and-carry stores have yet to be concluded Every indication is that Metro can only score by it In April 1987, Metro acquired a 31,8% stake in Frasers' holding company Frascon, in exchange for 3,76m Metro shares. Subsequently, a further 2,77m Metro shares were issued to Frascon minority shareholders, to raise Metro's stake to 55% No account has been taken of Frasers' profits in the past year. But if Metro were to account for earnings from Frasers/Frascon, its own bottom line can only benefit, given that Metro shares trade on thinner yields than do Frasers

But Metro does not want to hold Frascon/Frasers as a broadly based retail conglomerate Frasers, it seems, will be split into its various divisions, with each component merged with a compatible company in the Tradegro group What makes the deal so tricky is that Metro is attempting to move the assets of one listed group into a number of other listed groups, each of which has minority shareholders who must be looked after equitably

Metro shares trade at 750c on a p e ratio, based on latest earnings of 35,5c, of 21 times. While it is a respectable rating, it is unclear at present whether the price fully discounts potential benefits of absorbing Frasers' cash-and-carry division. *Neville Glaser*

SBDC profits dip despite more loans

HELEN WISHART

DESPITE increased assistance to small businesses in the year to end-March 1987, the Small Business Development Corporation (SBDC) has announced a 15% dip in profits to R10,6m (R12,5m in the previous financial year)

In its sixth annual report, released yesterday, the SBDC disclosed that 6 997 direct loans, totalling R177,2m, were granted during the year. This reflects a 93,7% and 73,9% increase respectively

Although turnover increased to R43m from R40,5m, bottom-line profits were 15% lower due to an increased bad debts, higher leasing and operating costs, and increased provisions for depreciation

Retained income increased from R31,2m to R34,6m, but no dividend was declared

The SBDC finances infant enterprises through its Mini-loan programme, which provides loans of up to R5 000 and the Comprehensive Assistance Programme, for finance of up to R30 000. During the year, 2 193 loans (1 494) were granted under these schemes at a value of R9,8m (R9,5m)

By special resolution at yesterday's AGM, it was decided to increase the authorised share capital by R100m to R300m, through the creation of 50-million additional ordinary "A" and 50-million additional ordinary "B" shares, at R1 each Both classes of shares will rank *pari passu* with existing shares

During the year the issued share capital increased from R136,5m to R148,5m as a result of the rights offer to shareholders resulting in commitments totalling R27,2m

'Switch cash to small firms'

18/8/87 B/Day 30

THEO RAWANA

SA's ECONOMIC problems would be minimised if 20% of expenditure on defence and police could be switched to small business development, Rembrandt Group founder Anton Rupert said yesterday.

Addressing a Small Business Development Corporation (SBDC) meeting in Johannesburg, Rupert, who is chairman of the corporation, said the SBDC had done a lot to save jobs through its small entrepreneurship projects in its six years of existence

"But more money is needed to create more small businesses which will generate more jobs," said Rupert

A one-man-one-job concept would go a long way toward solving SA's problems He added "We all need to put more cash into job creation Let's pull ourselves up and create our own entrepreneurship

"SA has to stop depending mostly on imports If just 20% of expenditure on defence and police could be diverted to small business development, our problems would be minimised."

If property ownership had been opened to blacks in the early 1960s, SA would not be having problems now "There is no private property ownership in Soweto If there were, we would have tens of thousands of black property agents," he said

Cash 'n carry sales plummet

Wholesalers hit by new tax on exported liquor

WHOLESALE cash 'n carry liquor sales have plummeted following the imposition of sales tax on exported liquor at the beginning of this month

The amendment to include GST on sales of liquor to TBVC countries and neighbouring states followed the introduction of tax at source in May, and is a further measure to close GST-evasion loopholes in the liquor industry

Makro MD Doug Catto says liquor sales are in the doldrums this month as a result of GST charged on exports, and followed wide-scale stocking-up by homeland retailers last month.

Growth area

Catto says sales have also suffered as a result of taxing at source Liquor sales are a big growth area for Makro, generating turnover of up to R75m a year.

Metro marketing director Brian Joseph says sales from its Pretoria outlet, which supplies Bophuthatswana, have dropped because the new legislation is being applied stringently.

KAY TURVEY

Confusion surrounds the legislation as exports dispatched by the wholesaler directly to the liquor vendor, or liquor licencee in an independent homeland or neighbouring country, are exempt.

However, Joseph says, after taking legal advice Makro is acting on the stricter interpretation of the law and taxing all liquor purchases, which has resulted in a drop of sales

Fedhasa president Mike Kovensky has welcomed the new legislation The hotel and catering body supports any moves toward a more equitable tax base, he says

"I feel no sympathy if there has been a drop in sales among delinquent traders," he says.

SA Breweries public relations officer Gary May says there has been no decline in beer sales this month "Our volumes continue to grow and our figures are well ahead of August last year."

SAB is cushioned from the full effect of the new legislation as it has breweries in Bophuthatswana, Botswana and Lesotho.

16/8/87 S Times (30)

Jazz Stores at the double

By Stephen Rogers

JAZZ Stores has almost doubled its earnings a share, on increased share capital, from 5,7c to 10,1c in the year to June The total dividend rises from 2c to 4c

However, the results are slightly disappointing after the strong performance at the interim stage when earnings rose from 2,5c to 5,3c a share Most analysts expected earnings of about 14c a share for the year

At the current price of 365c, Jazz is on a earnings yield of 2,8% and dividend yield of 1,1%

Turnover increased from R41,5-million to R123,8-million, the acquisition of the Dee Bee chain and consolidation for 12 months of the Checkers stores boosting the final figure

Turnover growth should be equally impressive in the current year The group is negotiating to buy a chain of 53 Frasers supermarkets and 40 general dealers They would double turnover

Because of the low dividend yield the acquisitions, expected to be settled next month, will be financed through the issue of paper But earnings a share should not be diluted

Trading margins remained at a relatively high 4,5%, resulting in an operating profit of R5,6-million (R1,9-million) Taxed profit rose from R980 000 to R2,9-million

"We in South Africa could ... the huge intellectual resources available at the technion"

Uncle's well again after taking a bath

S Times 3D 16/8/87

By Julie Walker

JOSHUA Doore has returned an impressive performance for the year to June 1987.

The results cannot be compared with those of the previous year because Joshua Doore was reversed into the Consure cash shell in April 1986 However comparative trading results are given.

These show a 28% increase in turnover and a 17-fold increase in operating income Net income after tax rose from a loss of R3,4-million in 1986 to a profit of more than R8-million before deferred tax.

A new board, managed by David Sussman, took over when Joshua Doore was listed on the Johannesburg Stock Exchange and knew that it had a sick company on its hands. Not only were several of the chain's warehouse and showroom premises in a poor state of repair, but delivery vehicles and forklift trucks were falling apart.

Large quantities of redundant, damaged and slow-moving stock were disposed of at a cost of more than R800 000 and the total non-recurring costs trimmed R1,5-million off bottom-line profits

Nevertheless, earnings of 5,6c a share were returned and the dividend for the year totalled 2c. On the current share price of 105c the PE is almost 19 and the dividend yield is 1,9%

The decision to provide for deferred tax was taken even though Joshua Doore will not be liable for several years, says Mr Sussman.

"Professional consultants advised us to make a provision for deferred tax in case there is an amendment to legislation and the Receiver of Revenue insists on it."

The profits would have been doubled if there had not been a provision for deferred tax. Most furniture retailers run a hire-purchase book which affects their tax position, and hardly any listed retailers pay tax.

There are 20 Joshua Doore stores and six Price 'n Pride outlets which are supplied from the company's warehouses. The company has opened showroom-only outlets for Joshua Doore which can be served by the existing warehouses. This should improve the stock turnover rate by about 40% to nearly seven times a year.

Mr Sussman says. "With the large number of houses being constructed, Joshua Doore is set for growth. We are coming off a low base and are increasing our slice of a growing market"

Solid for JSE

By Stephen Rogers

SOLID Door Group Holdings, a manufacturer of wooden exterior doors and related products, will be listed in the building and construction sector of the Johannesburg Stock Exchange at the end on September

It is coming to the market through a private placing of 4,1-million shares at 75c each, raising R3,1-million to finance expansion. The group also intends to finance acquisitions through the issue of new paper. Initially the directors will have 86% of the 29-million issued shares, but their holding will be diluted

Solid will have an initial market capitalisation of R21,8m.

Pre-tax profits are fore-

Plessey lifts profit to R23m

S Times 16/8/87

By Udo Rypstra

TELECOMMUNICATIONS giant Plessey South Africa has made a R23,1-million profit before tax — an increase of 35,6% — after the previous year's R17-million

All six divisions are doing well

Return on R90-million capital employed was 25,6% compared with 21% the previous year

Plessey, a subsidiary of Plessey plc, is 26% owned by Sanlam Gross profit of more than R23,1-million is forecast for the current year

Plessey says that among the products it launched were a small PABX system called the Gemini, a telephone extension cord and the MRA7 tellurometer

Sales of facsimile machines trebled for the second consecutive year and sales of components doubled for the third year running

Plessey claims to have gained market share in the tough PABX market

A spokesman says "This is considered a major achievement as Plessey's local content is high Costs might have risen had continuous product development not been carried out by our highly sophisticated R&D unit"

Plessy owns 50% of Telephone Manufacturers of SA (TMSA), which contributed million Total capital ining total earnings to R17,3-million Totalk capital investment is about R80-million

vertible, redeemable partici-

B/Day 14/8/87

Pepkor's sparkling interim dividend

30

Business Day reporter

PEPKOR'S declaration of an interim dividend of 37c a share confirms it is well on its way to achieving the "dramatic" increase in earnings for the financial year predicted by chairman Christo Wiese at the company's AGM last month.

The dividend is the first to be paid by the company since the 1985 interim, of 23,5c a share.

Pepkor has taken the unusual step of declaring the dividend ahead of the release of its interim results — scheduled for publication towards the end of October — to avoid the payment of undistributed profits tax

In line with Pepkor's stated policy of covering dividends by at least 2,5 times, the dividend declaration indicates minimum earnings of 92,5c a share for the six months to August 31, 1987, on the 11 692 800 shares in issue. This translates into earnings of at least R10,8m for the six months, compared to a net loss of R400 000 for the equivalent period last year

On past performance, the final dividend should be between 50c and 60c a share

In line with the Pepkor action, holding company Pepgro — which derives its income mainly from its 54% stake in Pepkor — has declared an interim dividend of 18c a share

Cashworth's stitch in time

14/8/87 LIZ ROUSE B/Day

CASHWORTHS Fashion Holdings has acquired a 50% holding in Microstitch, which designs women's fashionwear under the label "Sissy Boy"

This follows on the announcement of its 50% acquisition of R Sassoon & Company.

Cashworths chairman Norman Schutz says both companies will continue to operate autonomously, but will have access to the financial and administrative controls of the Cashworths group

By taking up 50% of the Sassoon operation, Cashworths was able to rescue the fashion house, which had experienced financial difficulties About 240 jobs were saved and Ronald Sassoon was persuaded to return as designer and head of the company He had left the business in 1985

Sassoon has been appointed to the board of Cashworths with immediate effect

Schutz predicts that the acquisition of the two companies will contribute in the region of R550 000 to taxed profits for the financial year ending April 1988

Business Repor

FRIDAY, AUGUST 14, 1987

'Back black co-ops for more jobs'

CAPE Times 14/8/87 30

Financial Editor

WHITE South Africans should help black co-operative ventures back by labour and community organizations to help fulfill the country's job needs, Shell (SA) chairman, J R Wilson, said last night

Speaking at the annual WP Institute of Marketing Managers "Marketer of the Year" banquet, he said small business could not compete with big business because it could not take advantage of the economies of scale

About half the small firms in SA did not survive beyond two years

But small black business had suddenly become "a much sought after and pampered species", and regarded as a panacea to the national unemployment problem

"Is the informal sector really the solution to the country's economic problem?

"The fact that 30% to 35% of the inhabitants of Crossroads derive their livelihood from providing a service activity in the area certainly keeps money in circulation but it does not create real wealth "

Wilson said black community organizations and trade unions were attempting to do something about unemployment

"It is not generally known, but the black community has initiated a number of economic co-operative enterprises around the country to address the problem "

Examples of this were the Atlantis consumer co-operative, the black taxi association (Sabta) the Tiakeni textile co-operative in the northern Transvaal and the Sarmcol workers' co-operative in Natal

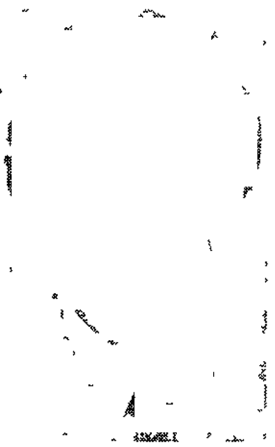
Wilson said that white business could add to the resources for such projects

"The need for sensitive involvement and creative and sincere co-operation, is urgent "

Economics the key to region's future

14/8/87.

EAST LONDON — It was hoped that the future of the region would be determined by economic realities rather than political terms, the president of the East London Chamber of Commerce, Mr Nico Cloete, said yesterday



MR CLOETE

Politics, economics both have vital role — Cloete

"If we believe that, then we must acknowledge that original commerce and industry have a vital responsibility to the people of this region

"Unfortunately, business or politics cannot survive independently and are compelled to form a partnership where one does not necessarily agree with the other all the time But they agree to a common goal," Mr Cloete said

He said sustained economic recovery and growth could not be achieved without tangible political adjustment, ensuring that the majority of the people became economically active

Mr Cloete said privatisation was a "buzz" word and could not become a reality unless tackled carefully and with discretion

"One cannot privatise at all costs and it is in this area that the Chamber of Commerce can play a constructive role in assisting authorities to identify those functions most suitable for private activity," Mr Cloete said

He said the chamber acted as the watchdog for its members without always being on the attack and gave credit when credit was due

"Through constructive dialogue we endeavour to assist the city council to achieve these goals "

Speaking on total interaction and development, Mr Tony Trowbridge, of the Johannesburg CBD Association, said the Westminster system was an unqualified failure everywhere

"It is a medieval system which has not progressed and does not meet the modern-day complexities," he said and declared that there were no political solutions to South Africa's problems

Mr Trowbridge said the reality was that all problems were local, no matter what government was in power

The real challenge facing South Africa was to change the nature of power through a system which was development and future orientated and which sought to reconcile differences instead of institutionalising them, he said

"It is therefore not the superficiality of "change" that is required, but a transformation in our thinking and approaches to ourselves so that a shared vision of the future is possible," Mr Trowbridge said

He said the objectives of a new system would involve a transformation from a conflict to a co-operative model, from a "winner takes all" to a "win-win" situation, from majority rule to the accommodation of all minorites; from public and private sector alienation to co-creativity, from pressure groups to supportive special interest groups; from a past to a future orientation and development, from wealth distribution to wealth creation, from centralised planning to regional economic self-sufficiency, and from multi-racial fears to an ecology of cultures

Mr Trowbridge said consitutional designers invariably worked down from the power position and focused their attention on systems and proportions of representation

"Voting as such is only a small part of the democratic process, and one that is open to considerable distortion and corruption," he said

"It matters far more than any new system should identify the qualities and competence of the votee rather than the voter

"The real fear of the average person is that they will not be governed competently, and that their effect on important decisions affecting their lives are limited to a voice once every four or five years

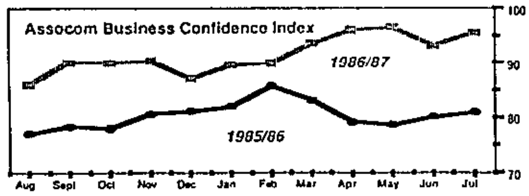
"When people find that they are unable to comment, communicate or contribute effectively to the decision-making process, it is inevitable that they should resort to bypassing, criticising and subverting the system instead of supporting it

"The best place to begin a process of transformation of society is where the greatest problems are — but where the greatest opportunities exist for meeting and solving them — at local government level

"The linking agency for developing a co-creative community is a local citizens assocation," Mr Trowbridge said

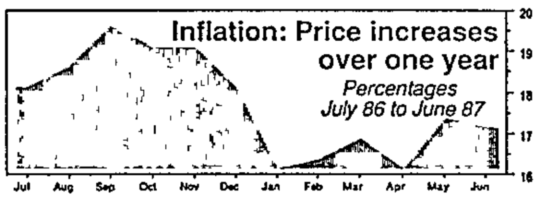
BUSINESS BAROMETER

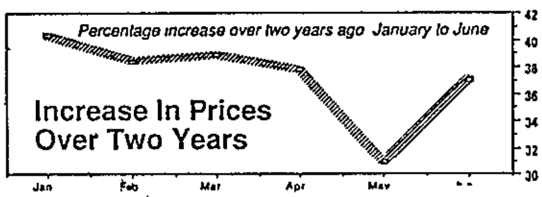
GENERAL INDICATORS



BUSINESS CONFIDENCE

Assocom's business confidence index increased by 2,5 points to 95,5 in June, after falling by 3,5 points in May. The BCI is not a survey of the confidence of business people. Rather, it measures the performance of major economic indicators, such as the stock exchange, exchange and interest rates, foreign trade and local sales. As the graph shows, the BCI has tended upwards for most of the past year.





INFLATION

June's inflation rate as measured by the consumer price index was 17,2 percent — only marginally lower than the rate for May. As the graphs show, the inflation rate has gone up in the last couple of months after dropping earlier this year from last year's 18 percent plus levels But compared with two years ago, prices are 30 to 40 percent higher. Once again, the poor suffered highest inflation rates in June: The rate for the lower income group was 19,2 percent, compared with 16,3 percent for the higher income group.

MONEY SUPPLY

The amount of money in the economy continues to grow but is still below the Reserve Bank's target range. M3, the broadest definition of money, grew by 11,17 percent in the year to June, whereas the Reserve Bank would like to see growth rates of 14 to 18 percent. Money, as narrowly defined by M1 which includes cash plus cheque and demand deposits in banks, increased 25,6 percent in May, indicating higher demand for credit and thus reflecting some improvement in the economy.

FINANCIAL INDICATORS

Johannesburg Stock Exchange Indices

JSE Indexes	4/8/87	WEEK AGO	% CHANGE
All Market Index	2689	2561	+5
All Gold Index	2459	2312	+6,4
Industrial Index	2205	2111	+4,5

Short-term interest rates

	4/8/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,8%	8,95%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Gold Price

5/8/87	WEEK AGO	% CHANGE
$470,60	$457,9	+2,8

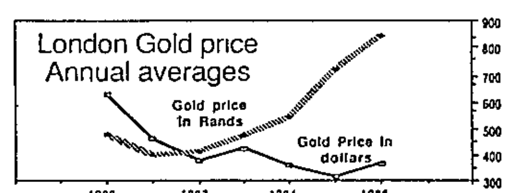
Selling price: Major currencies against rand

	5/8/87	WEEK AGO	% CHANGE
US dollars	48,13	48,30	-0,4
Pounds Sterling	328,07	331,41	-1
Deutsche Mark	0,9036	0,8972	+0,7
Yen	72,48	72,76	-0,4
Swiss Franc	0,7491	0,7431	+0,8
Financial Rand	0,3038	0,3088	-1,6

US Dollar against major currencies

	5/8/87	WEEK AGO	% CHANGE
Dm	1,8785	1,8576	+1,1
Sterling	1,5790	1,6007	-1,4
Yen	150,60	150,65	-0,03
SwFr	1,5565	1,5385	+1,2

Source: First National Bank



w/Rale 7-13/8/87

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Car sales best in two years

6/10 Day 11/8/87 30

MICK COLLINS

A SHARP increase in passenger car sales last month has seen the motor industry reach its highest point in two years.

Sales of 18 937 units in July, which were 9,9% above June's total and 10,8% higher than in July last year, have led industry leaders to comment that sales this year could reach 200 000 units.

To reach the 200 000 mark, sales will need to average 17 334 a month for the rest of the year, representing a 7% growth on the figures for the first seven months of the year.

Sales of new light commercials at 8 624 units for July represented the best monthly light truck sales total in the past three years.

National Association of Automobile Manufacturers of SA (Naamsa) president Peter Searle said the demand could be attributed to a combination of factors, including continued improvement in the economy as well as the positive influence of official measures to stimulate business activity generally.

"Overall, new vehicle sales prospects for the remainder of 1987 remain reasonably positive. However, instances of stock shortages in respect of various manufacturers' product lines represent a worrying feature."

In the top 10 passenger ratings, Toyota's Corolla held it's lead position with sales of 3 411 units, followed by the VW Golf/Jetta range with 3 050. Toyota remained overall market leader with total sales of 8 248 (28,8%), followed by Samcor 5 202 (18,2%) — made up of Samcor Ford 2 702 (9,4%) and Samcor MMI 2 500 (8,7%) — VW 4 066 (14,2%) and Nissan 3 897 (13,6%).

Toyota marketing director Brand Pretorius said: "We're confident the positive trend we are now witnessing will be sustained, at least in the medium term. It's not a flash in the pan."

Passenger sales figures for market leader Toyota were 4 677 vehicles — the highest since December 1984.

In the LCV sector, Toyota captured 38,8% of the total market with sales of 3 350. Samcor with sales of 1 926 and Nissan with 1 925, were second and third respectively, sharing 22,3% market share. Samcor's returns were shared between Ford's 965 units (11,2%) and MMI's 961 (11,1%).

Medium commercial sales were down, the Naamsa figures recording an 8,5% drop over June and a 2,6% drop on figures for July last year.

Boom in motor sales to continue

The recovery in motor vehicle sales has built up ahead of steam that is likely to continue at least through the rest of the year

July figures just released show passenger car sales were 9,9 percent up on June and 12,9 percent higher than the same month last year

For the year so far car sales are 10,8 percent higher than the comparable period in 1986, and car makers are increasingly confident of breaking the 200 000 barrier by year's end

There's more good news in the light commercial sector, with a July score of 8 624 — 7,4 percent better than June and 15,8 percent better than July 1986.

Although sales of medium commercials were down a little, the strategically significant heavy commercial sector posted a 29,5 percent gain on the June figure

The increases were achieved despite continuing stock shortages of some models — shortages which to some extent Toyota marketing director Mr Brand Pretorius says are likely to continue for the rest of the year.

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Star

11/8/87

WELCOMED

Mr Pretorius particularly welcomed the return of the private buyer to the new vehicle market.

General economic growth, a more stable political scenario and improved company profitability — which triggered increased fleet demand — were other factors influencing the upturn.

While Toyota maintained its comfortable lead at the head of the car sales table with 4 677 sales (its highest since December 1984), Delta (up 29,5 percent), and BMW (up 20,3 percent) posted the most dramatic gains over June.

The bulk of car sales came from the light car sector, with the Toyota Corolla (3 411 sales), VW Golf/Jetta (3 050), Opel T-Car (1 757) and Honda Ballade (1 362) heading the list.

(30) DD 10/8/87

Black business still restricted — SAIRR

But govt moves to upgrade conditions

Dispatch Correspondent

JOHANNESBURG — Black business was still restricted by a complicated maze of regulations despite the government's stated commitment to "equivalence for all businessmen", said the South African Institute for Race Relations (SAIRR) social and economic update for the second quarter of this year.

The SAIRR said the precise scope and jurisdiction of the regulations afffecting black businessmen were often unclear to legal experts, let alone black business people themselves

"There are indications that an overhaul of restrictions on black business may be imminent," the report said

"If these changes are made, the key question will be whether black businessmen, historically deprived of the capital and skills they require to compete, will be able to do so without assistance, or whether special measures will be required to assist them in overcoming the backlog created by legislated discrimination."

The publication notes the emphasis that government spokesmen have placed on the need to "uplift" black socio-economic conditions as a means of guaranteeing stability

It notes also that increased provision has been made for such upgrading by an increased allocation of resources

Among the positive trends identified by institute's socio-economic update are

- A 40 per cent increase in black education spending in the 1987 budget against a rise of over 8 per cent for whites
- A 40 per cent increase in the budget for social services
- A 26 per cent increase in the development aid budget which pumps funds into the homelands

But it added there were suggestions that the government was trying to reduce backlogs — created by now abandoned policies — without making policy changes which would erode segregation

"The second quarter of this year saw a number of government moves to upgrade black socio-economic conditions," the SAIRR said

"Its insistence on doing so through racially segregated systems, however, meant that apartheid continued to be firmly entrenched in the sphere of social services "

The increased allocation of resources had not been accompanied by the removal of legal and administrative obstacles, the SAIRR said, even in areas where the government was committed to change

In areas such as housing, the SAIRR said, blacks' access to facilities was constrained by low income which could not improve unless present social and political policies were altered

"As the government endeavours to reduce backlogs, remaining racial restrictions in law and policy are likely to emerge even more sharply as obstacles "

The SAIRR said there had been no movement away from the government's insistence on providing segregated services in areas such as housing, health and education

The update said housing was the one area where restrictions had been relaxed, but even so developers complained about continued bureaucratic obstacles

"There is no sign of change in laws and policies which hamper full black urbanisation, such as the Group Areas Act and the "deconcentration" policy

"Urban land freed for black housing is being allocated in terms of guide plans which assume that both the Act and policies limiting black access to urban land will remain in force," the SAIRR said

- Big business had been experiencing an administrative nightmare since transactions started attracting RSC levies on August 1, said Amrel's financial director, Mr Mark Bower

The financial director of Premier Group, Mr Gordon Utian, said members of his company, "we're up to our teeth in paper work "

Altech's finincial director, Mr Neill Davies, said an enormous amount had to be spent on training staff to cope with the levies

An Arthur Young partner, Ian Mckenzie, said companies were grappling with the many grey areas in RSC legislation

"A major problem arises, for example, with contracts which are partly sale and partly service, because the type of contract affects the region to which the levy must be paid "

See Editorial P 6

Housewares on the rise

Business Day Reporter

HOUSEWARES, the first direct selling retailer listed on the JSE, has posted another period of growth since coming to the boards in May last year.

In its third set of results since listing, for the six months to June, Housewares lifted earnings a share over the 1986 period by 42%.

Taxed profits of R1,21m (R807 000) for the period were 50% better on a turnover increase of 56% and yielded earnings a share of 5,1c (3,6c)

The increase in earnings was the result of a combination of continued growth in core divisions and the successful addition of two new divisions, chairman Melvyn Gutkin said.

"We expect growth of at least a similar order during the second-half year," said Gutkin

He said Housewares was contemplating a rights issue to finance further growth, and an announcement would be made at a later stage.

"Our growth to date has been achieved without a significant focus on the needs of black consumers We recognise the potential in extending our customer base to the lower income market and have begun planning to enter this sector.

"We expect the successful execution of these plans to make a significant contribution to profits in 1988."

Client accounts grew to 46 000 from 40 000 at year end.

Reviewing the six months to June, Gutkin said Sweet Dreams, a division marketing a new range of household linens, had contributed significantly to group profit since its launch on February 1.

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Even lawyers cannot plot a clear and obstacle-free course

Black business lost in maze

SUSAN RUSSELL

BLACK business was still restricted by a complicated maze of regulations despite government's stated commitment to "equivalence for all businessmen", said the SA Institute for Race Relations' social and economic update for the second quarter of this year.

The report said there had been a number of government moves to upgrade black socio-economic conditions during this time

But, it added, there were suggestions government was attempting to reduce backlogs — created by now abandoned policies — without making policy changes which would erode segregation further

"The second quarter of this year saw a number of government moves to upgrade black socio-economic conditions," the SAIRR said in a Press statement accompanying the release of the update

"Its insistence on doing so through racially segregated systems, however, meant that apartheid continued to be firmly entrenched in the sphere of social services "

The increased allocation of resources had not been accompanied by the removal of legal and administrative obstacles

In areas such as housing, the SAIRR said, black access to facilities was constrained by low income, which could not improve unless social and political policies were altered

"As the government endeavours to reduce backlogs, remaining racial restrictions in law and policy are likely to emerge even more sharply as obstacles "

The SAIRR said the precise scope and jurisdiction of the regulations affecting black businessmen were often unclear even to legal experts

"There are indications that an overhaul of racial restrictions on black business may be imminent," the update report said

"If these changes are made, the key question will be whether black businessmen, historically deprived of the capital and skills they require to compete, will be able to do so without assistance, or whether special measures will be required to assist them in overcoming the backlog created by legislated discrimination "

The SAIRR said there had been no movement away from government's insistence on providing segregated services in areas such as housing, health and education

"There is no sign of change in laws and policies which hamper full black urbanisation, such as the Group Areas Act and the 'deconcentration' policy "

The SAIRR noted three positive trends

These were a 40% increase in African education spending in the 1987 budget, against 8% for whites, a 40% increase in the budget for social services, and a 26% increase in the development aid budget which pumped funds into the homelands

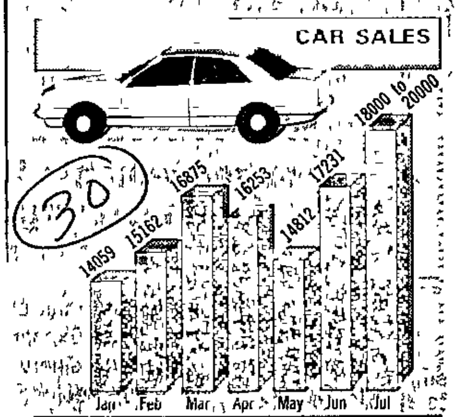
July set to be a boon for car sales

DAVID FURLONGER
Industrial Editor

JULY was another boom month for new vehicle sales, manufacturers have predicted

Figures due to be released today are expected to show sales hit their highest monthly level this year.

National Association of Automobile Manufacturers director Nico Vermeulen and Toyota marketing director Brand Pretorius believe the figures will show July car sales of about 18 000. Previous highest was June's 17 231.



Source: excluding estimate: NAAMSA Graphic: JOHN McCANN

Pretorius said the July tally might be higher, but discounted the prediction of a finance house that it could reach 20 000.

Delta Motor Corporation said last night it had increased sales of its Opel Monza by 72% from June to July, selling more than 1 000 in a month for the first time.

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PEPKOR

Raising its sights

Activities: *Investment holding company with interests in retailing of semi- and non-durable goods, manufacturing of semi-durable goods, and via associated companies, investments in fixed property*
Control: *Pepgro owns 54,43%*
Chairman: *C H Wiese.*
Capital structure: *8,4m ords of 50c Market capitalisation R210m*
Share market: *Price R25 Yields 3,4% on earnings, PE ratio, 29,1 12-month high, 2 500c, low, 975c Trading volume last quarter, 431 000 shares*
Financial: *Year to February 28*

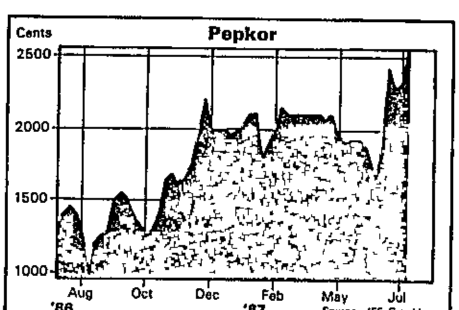
	'84	'85	'86	'87
Debt				
Short-term (Rm)	15,7	8,0	128,3	163,1
Long-term (Rm)	66,5	119,0	52,9	0,8
Debt equity ratio	1,24	1,22	2,03	1,97
Shareholders' interest	0,29	0,29	0,28	0,21
Int & leasing cover	2,2	1,5	1,16	1,25
Debt cover	0,19	0,21	0,10	0,15

Performance:

	'84	'85	'86	'87
Return on cap (%)	10,3	—	14,3	12,5
Turnover (Rm)	412,3	581,8	692,7	876,7
Pre-int profit (Rm)	23,4	46,9	50,8	55,8
Pre-int margin (%)	5,7	8,1	7,3	6,4
Taxed profit (Rm)	14,1	18,1	10,4	12,4
Earnings (c)	96,2	(262,5)	(509,7)	85,9
Dividends (c)	67,5	69,0	23,5	—
Net worth (c)	770	889	334	194

Pepkor shares offer an earnings yield in line with the sector average and well above that of Pick 'n Pay, Clicks and even subsidiary, Pep Stores Chairman Christo Wiese, though, claims that the rating is actually low, based on current earnings and his expectations for the year

But Pepkor, unhappily, has a credibility problem among market analysts, who point to previous promises left unfulfilled — though there were always reasons for the failures. Latest example is the list of objectives published in the Pepkor accounts of the six listed, only one was met Debt equity, where the ceiling is given as 75%, was 135% at year-end The group probably will earn a higher rating if Wiese does succeed in achieving his latest targets He is confident that restructuring and repayment of debt



Pepkor's Wiese . . . setting high targets

will lift earnings substantially

Cash holdings currently total R50m — the recent rights issue raised R52,7m and the sale of Pep Store shares another R30m To conform with JSE regulations, Pepkor has to sell 11% of its 45,4m shareholding, and has sold 3m, so about R90m seems in the bag The balance still needed to repay borrowings of R128m net of cash at 1987 year-end should come from reducing the size of loss-making subsidiary Monatic, selling non-core divisions such as Kloppers and Titan, and reducing working capital The group offsets cash deposits of R35m against total borrowings of R164m "After the reorganisation, Pepkor will have no debt, except on consolidation," says Wiese, who adds that cash already received has been used to repay debt, not simply to offset loans

Part of the reason for questioning whether Wiese will achieve his forecasts lies in developments in financial 1986 In that period, R74,6m was raised from a rights issue and private placing of prefs, but borrowings net of cash still rose R36m Foreign exchange losses cost R51,7m, most of which were caused by uncovered foreign borrowings

The method of accounting has not helped to improve the share's rating It is, to say the least, extremely complicated with the additional problem last year of a change in accounting policy Though the new policy is more conservative, it involved a prior year adjustment of R57m, relating partly to a R26m increase in the original forex loss, while tax was raised from R1m to R4m

There are other complications One is the large number of different types of preference shares Another is the handling of properties According to Wiese, the properties were taken off the balance sheet four years ago to prevent distortion of ratios They were sold to joint finance companies, of which Pepkor owns less than 50% but carries 100% of the losses Wiese says that 20-year finance has been arranged in a back-to-back deal, which means there will be no further losses from this source Last year the properties cost R1,2m

Other loss-makers last year were House of Monatic (R7,6m), US operations and exports (R4,2m), and Pepkor Finance (R23,7m), which carries the cost of servicing debt Extraordinary losses wrote off another R19,4m, mostly the result of discontinued operations — R16,8m incurrred in SA and R10,9m in the US — reduced by the sale of shares in subsidiaries

Wiese says, however, that any extraordinary items in the present year will be positive a profit of R30m is expected on sale of Pep Stores shares and exposure to overseas operations is fully provided for A positive effect is possible if a partnership deal in the US can be arranged

The main profit contributor, cash cow Pep Stores — which brought in R40,3m last year — and Ackermans plan to open another 50 stores, mostly in metropolitan areas Tax losses of R89m are available, mainly in Pep Stores, which will help the bottom line for some time (*FM* June 26)

"Pepkor's earnings could rise 300% this year," Wiese claims "Dividends will probably be three times covered while we are still restructuring " He contends that dividends can be paid as the company's distributable reserves are positive, though those of the group are negative, and Wiese sticks to his forecast that dividends will exceed the 1985 level of 69c They could be higher if his forecast EPS increase is correct In that case, the share is on a forward p e of 13,7 and dividend yield of 4,6%, well above the sector average of 3,3%

If Wiese succeeds in his plans and in repaying the debt, he can win more confidence from the investment community Should his forecasts indeed prove correct, the share looks cheap

Pat Kenney

MORKELS (30)

Larger slice

The group claims to be gaining market share, and its listing in March did much to ease the adverse effects of the prolonged slump in furniture retailing Despite difficult condi-

FM 7/8/87

(30) FM 7/8/87

Activities: *Retailers of furniture, appliances, audio and video products and sporting goods*
Control: *Federale Volksbeleggings owns 75%*
Chairman *N J Organ, managing director C H M Jansen*
Capital structure: *40m ords of 4c each Market capitalisation. R48m*
Share market. *Price 120c Yields: 5,3% on earnings, PE ratio, 18,8 12-month high, 130c, low, 100c. Trading volume · last quarter, 230 000 shares*
Financial: *Year to March 31.*

	'86	'87
Debt		
Short-term (Rm)	2,2	26,0
Long-term (Rm)	0,8	2,2
Debt equity ratio	0,06	0,69
Shareholders interest	0,54	0,38
Int & leasing cover	1,0	1,4
Debt cover	0,9	0,3

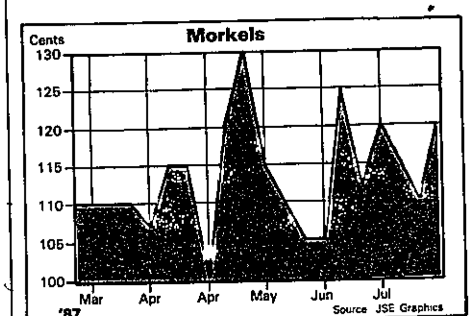
Performance

	'86	'87
Return on cap (%)	7,6	9,4
Turnover (Rm)	83,9	115,3
Pre-int profit (Rm)	5,1	9,3
Pre-int margin (%)	4,6	8,0
Taxed profit (Rm)	0,6	2,6
Earnings (c)	12,5	6,4
Net worth (c)	94,0	94,7

tions and the decline in consumer spending, turnover rose 37,4% compared with 18% growth for the sector, and Morkel's share of the market, now 3,23%, increased by 16%

Beyond the balance sheet date, results for the six months to end-June 1987 show further recovery in a 20% rise in turnover and 138% increase in operating profit to R3m Internally, strong emphasis on productivity was rewarded last year with operating profit of R9,3m (forecast R8,8m), 81,7% up on the previous year EPS were 10% ahead of the forecast 5,8c

As with other furniture chains, turnover growth combined with changes in hire-purchase legislation has meant a rise in Morkels' debt, with interest payments remaining a drag on profits Short-term debt climbed alarmingly to R26m (R2,2m), owing partly to conversion to short-term debt of a portion of R26m in shareholders loans at the time of the listing



However, MD Carl Jansen maintains that "the company has the infrastructure to manage a larger debtors' book and it took advantage of the current low interest rate to improve profitability from the debt financing operation"

The potential of Totalsports has not yet been realised, the chain was trading at breakeven by year end The recent acquisition of Varsity Sports in Sandton is expected to have substantial benefits.

Taxed profit of R5m on sales of R136m is predicted for the coming year, provided growth in consumer demand is sustained and interest rates remain low There has not been much movement in Morkels' share since its listing at 115c, bearing out the view of many analysts, who at the time felt it had been pitched too finely At 120c, Morkels is trading on a forward p.e of 9,4 times, which is a fair rating

Linda Ensor

Pietersburg's escort agency is in business

JOHANNESBURG — Pietersburg's first escort agency, with the exotic name of "Pandora's Box", opened for business this week with a temporary permit and four young women on its books

The agency has met with considerable opposition, but one of the owners, Mr Vonnie Mare, said today all necessary conditions had been fulfilled — including the controversial medical tests for Aids and keeping a register of clients

He said many telephone inquiries indicated that there was a demand for the services offfered by the agency, but further publicity was needed to place the operation on a sound business footing

The agency will initially charge R170 for the services of an escort

The young women employed by the agency will receive fixed salaries

The agency is waiting for a decision on its application for clearance to operate permanently

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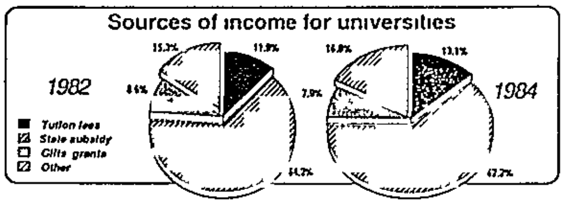
BUSINESS BAROMETER

GENERAL INDICATORS



TERTIARY EDUCATION

The revenue of universities increased by 31,6 percent from R835,7-million to R1 099,7-million from 1982 to 1984 As the graph shows, the contribution of the state (including government departments, local authorities and provinces), decreased while that of fees increased in that period.

Total revenue of technicons in 1984 was R200-million, of which the state contributed R142-million

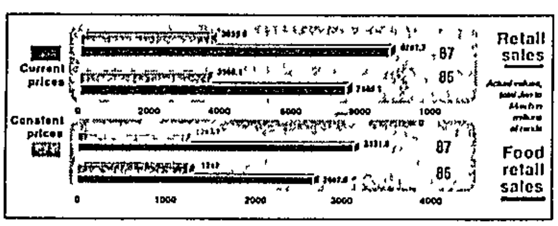
University salaries and wages increased by 44 percent from 1982 to 1984

FOREIGN TRADE

South Africa's trade surplus in the first half of this year was R6,67-billion, slightly higher than the R6,65-billion surplus in the same period last year Exports amounted to R19,92-billion from January to June· 1,6 percent higher than the 1986 figure, while imports rose by 2,2 percent to R13,24-billion.

HOTEL INDUSTRY

Hotel industry net profit for the first quarter of this year was seven times larger than in the first quarter of 1986, a figure of R6,3 million The industry had shown net losses of up to R11-million per quarter for almost every period since 1985.



RETAIL TRADE SALES

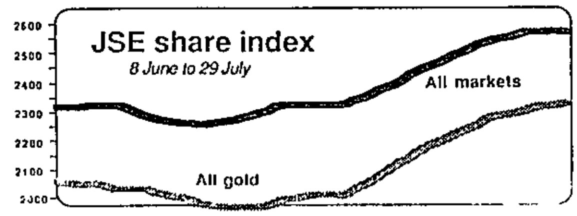
Expected real retail trade sales for the six months up to July this year are 2,7 percent (seasonally adjusted) lower than for the preceding six months and 2,2 percent lower than for the corresponding six months of 1986. As the graph shows, retail sales for the first quarter of this year increased in money but not in real terms, and food sales actually declined in real terms.

MINING

The physical volume of mining production, including gold, was almost eight percent lower in February this year than in the same month in 1986 Total non-gold production in February showed a seasonally adjusted decrease of 0,9 percent compared with January this year. Largest decreases were in production of iron ore and manganese ore Total non-gold sales in February were four percent higher than in January

Mining industry profits for the quarter ended December 1986 totalled R3 051,9-million and capital expenditure on new assets totalled R973,2-million

FINANCIAL INDICATORS



Johannesburg Stock Exchange Indices

JSE Indexes	28/7/87	WEEK AGO	% CHANGE
All Market Index	2561	2583	- 0,9
All Gold Index	2312	2346	- 1 4
Industrial Index	2111	2106	- 0,2

Short-term interest rates

	28/7/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,95%	8,9%	11,5%
Prime overdraft rate	12,5%	12,5%	14,5%

Gold Price

6/7/87	WEEK AGO	% CHANGE
456,15	452,4	+ 0,8

Selling price· Major currencies against rand

	8/7/87	WEEK AGO	% CHANGE
US dollars	48,33	48,25	+ 0,2
Pounds Sterling	331,06	332,44	- 0,4
Deutsche Mark	0,8970	0,8981	- 0,1
Yen	72,69	73,53	+ 1,1
Swiss Franc	0,7499	0,7420	- 0,3
Financial Rand	30,38	29,63	+ 2,5

US Dollar against major currencies

	29/7/87	WEEK AGO	% CHANGE
Dm	1,8560	1,8613	- 0,3
Sterling	1,6000	1,6040	-0,2
Yen	150,40	154,40	-2,6
SwFr	1,5373	1,5440	- 0,4

Source First National Bank

B/Day 5/8/87

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FNB banks on Rosebank

TERRY MEYER

THE REDEVELOPMENT of Johannesburg's Rosebank area is to be given a significant boost with the construction of a five-storey office and retail block by First National Bank (FNB).

The present bank premises on the prime 2 000m² site on the corner of Tyrwitt and Cradock Avenues is to be demolished It will be replaced by a building that will offer a total of 5 000m² of leasable space

Redevelopment cost of the new building has been estimated at R10m.

The existing bank premises, says FNB divisional GM Mike Henderson, is over-crowded and doesn't compare favourably with those of the other financial institutions in the area.

"The present banking hall only occupies a third of the site that we own. In the Fifties the bank granted servitudes in favour of the municipality for parking as well as a taxi rank, and it is being used for that at present," he says.

The site will be redeveloped so that the new building will tone in with others in the area, and architects Bentel & Abramson — who designed the Standard Bank building opposite — will also be responsible for the new building.

"Even after the new building is complete we will still only occupy about half of the site, as the five-storeys will take us up to full bulk," says Henderson. "The City Council are keen that we maintain the taxi rank, as well as providing a 'flow-through' so that the new building does not interfere with the council's long-term redevelopment plan for Rosebank," he says.

FNB itself will probably take up all the ground floor retail space and some of the office space, leaving about 2 000m² to rent out

"We are not in the property business and are not looking to create new office space However, office accommodation is in demand in Rosebank and we believe that there will be no problem in letting it out," he says.

"Retail space in Rosebank, however, is battling in certain of the centres so there are no plans to create any new space in this sector that we can't fully occupy ourselves," says Henderson.

The bank is also looking to build underground parking space and could well tunnel under part of Tyrwitt Mall to create additional parking

The City Council has demanded that of the six parking bays to be provided for every 100m² of leasable space, 4,5 bays should be made available to the public to reduce the shortage of parking in the area.

Henderson says that the bank is still toying with various alternatives relating to the design of the building.

Coal policy aggressive 'because of oversupply and not sanctions'

30 Star 3/8/86

By Adele Baleta

South Africa's coal marketing policy abroad is aggressive primarily because of the oversupply of coal on the world market and not because of sanctions, says Mr Gerald Robinson, financial manager of the Transvaal Coal Owners' Association (TCOA)

He was commenting on a statement made by the Australian Ambassador Mr Robert Birch at a South African Institute of International Affairs speakers' meeting in Johannesburg on Wednesday night

Addressing the questions of sanctions against South Africa, Mr Birch said his country had suffered as a result of these "persuasive" measures against South Africa

"Our coal exports have suffered because of South Africa's more aggressive marketing of its cheaper product on our traditional East Asian markets as a direct response to the threat and partial implementation of international coal sanctions," he said

Mr Birch added that Australia had lost up to R800 million over the past six months in lost coal contracts with East Asia as a result of South Africa exporting cheaper coal to Japan.

Mr Robinson in reply said "The increase in tonnage at Richards Bay on the Natal north coast and the increase in ports has been an important factor in enabling South Africa to export cheaper coal and we would try to sell regardlesss of sanctions which is admittedly a small factor.

"The normal market response is that the more the quantity of coal the cheaper the cost per ton All producers want to to keep reasonable production tonnage to cover fixed costs," he said.

Mr Robinson said he could not comment on Mr Birch's statement that Australia had predicted and accepted "South Africa's aggressive marketing policy" before it endorsed and implemented coal sanctions against this country.

"Australia has a freight advantage when supplying coal to the East Asian market whereas we have the advantage of cheaper coal."

"Japan has dropped its tonnage purchases generally due to its present economic condition and because its steel industry is in a bad way," he added.

The TCOA is South Africa's largest exporter of coal and represents a number of collieries who export coal on their own accord.

Cape retailers step up expansion in Transvaal

(30) Star 3/8/87

By Derek Tommey

The major Cape retailers are sensing an improvement in business conditions and are getting ready to make an assault on the lucrative Transvaal market by opening a dozen or more new branches in the next six to 12 months

Two leading chains with head offices in Cape Town — Clicks, the country's bigget discount toiletries chain and Pep Stores, the country's biggest clothing chain, have both announced important expansion programmes

Mr Trevor Honneysett, recently promoted to be managing director of Clicks, has been quick to make his mark. In an interview he reported that Clicks was heading for exciting new growth.

The number of Clicks stores is to be increased from the present 69 to 100 in the near future, he said. But this was just a start Feasibility studies had showed there was room for 200 Clicks stores in South Africa

Immediate plans were for eight new Clicks stores by the end of the current financial year and a total of 20 by the end of next year — a 30 percent increase in outlets in 18 months

Mr Honneysett said this growth rate should not impose any strain on the company. It was in a strong financial position and the management for the new stores was already available

There were many areas where Clicks could expand For example, it had only two branches in the Free State.

Turnover this year had been running 24 percent ahead of last year — an increase well above the inflation rate

Mr Christo Wiese, chairman of Pep Stores, this week also announced an accelerated expansion programme.

He said that Pep Stores was still in the first phase of its development and there were exciting years ahead for the company.

Pep, which originally has planned to open about 30 new stores this year, has now raised this number to 50

And by the end of next year the company would have grown even a lot more, Mr Wiese said.

The group's food store chain, Shoprite, is also expanding After opening five stores in the past year, bringing its total to 31, it is now dipping its toe in the lucrative Transvaal market

Branches are to be opened in Northern Transvaal at Pietersberg and Tzaneen, which should provide a springboard for further penetration of that market, said Mr Wiese.

Bergers, a Cape Town-based chain which was listed on the Johannesburg Stock Exchange earlier this year, is continuing with its substantial expansion programme, said the managing director Mr Howard Mauerberger

The group, which started the year with 132 stores, plans to have 20 more by Christmas But besides opening its own stores it has also gone on the acquisition trail, buying a five store Witbank group called Stewart and Wallet

This group, which is highly successful, caters mainly for the middle and upper income black men, said Mr Mauerberger The group's founder, Mr James Stewart, is an outstanding merchandiser and is joining Bergers, said Mr Mauerberger. This could lead to a further acceleration in Bergers' growth, he said

Mr Hugh Herman, managing director of Pick 'n Pay, said the company already had a substantial expansion programme and there was no need to accelerate it.

The programme included a hypermarket, five super stores and four of the new Price Club cash and carry stores

Cape Town retailers said that most of the new stores are to be sited in the Transvaal That province's growing black population and the rise in living standards are making the Southern Transvaal the main market in this country

'Disposal in line with restructuring'

Pepkor sells 3 companies in R46m deal

30

Cape Times 27/8/87

IN a deal valued at R46m, the Cape-based Pepkor group has sold its Budget Footwear, Rich Rags and House of Monatic operations to Lenco Holdings

According to Pepkor's chairman, Christo Wiese, the disposal of the three companies is in line with a restructuring programme designed to focus the group's operations more clearly

"As part of the programme, we have already listed our two star performers — Pep Stores and Shoprite — and have disposed of certain non-core operations," Wiese said

"Clearly, the retention of Budget Footwear, Rich Rags and House of Monatic was no longer compatible with our new strategic direction of transforming Pepkor into a true investment holdings company with its focus on retailing and allied manufacturing

Budget and its subsidiaries manufacture high-volume, inexpensive shoes, PVC shoe components and cross linked foam for various industrial applications

Rich Rags manufacturer knitwear while the House of Monatic manufactures and distributes high quality fashion clothing for men under well-known trademarks such as Monatic, Viyella, Carducci, Yves St Laurent, Embassy and Consulate

The House of Monatic's scale of operations has been substantially reduced by Pepkor since April 1986

The working capital requirements have been scaled down by more than a third and the manufacturing operation has been moved from the I L Back premises in Parow to the much smaller Bertish factory in Salt River

The purchase consideration will be settled by cash payments of approximately R31m and the issue of 11m Lenco shares to Pepkor and approximately R15m Of these shares 10m will be underpinned for cash at R1,25 a share

Pepkor will therefore efffectively receive R43,5m in cash and 1m Lenco shares

While the transaction will have no material effect on the net asset value and earnings of Pepkor shares, it will increase Lenco's net asset value a share at March 1, 1987 from 35c to 75c a share

Lenco's projected earnings, based on 36m shares in issue, are expected to increase from 8,5c to 18c a share for the year to February 28, 1988

The transaction is subject to approval by Pepkor and Lenco shareholders

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Stumbling blocks must be removed

THE important role which Sakekamers and local authorities such as municipalities and regional services boards could play to stimulate local business initiative, were stressed by Pierre Steyn, president of the Afrikaanse Handelsinstituut (AHI) and managing director of Sanlam when he addressed the Standerton Afrikaanse Sakekamer yesterday.

Unemployment was the most important economic problem in South Africa at present This could be solved if entrepreneurs were given free reign

According to Mr Steyn, all stumbling blocks in the way of the small businessman should be removed as soon as possible "Much has already been said about deregulation — little has, however, been done

The process of political decision-making and execution should be speeded up otherwise the backlog in job creation would only grow larger "

He called on Sakekamers and AHI members to show creative thinking and innovative action. "Make practical suggestions to your local authorities on action which could fruitfully be privatised and about unnecessarily inhibiting regulations which, in your opinion, could be lifted entirely or partly," said Mr Steyn

Sakekamers should increasingly make their influence felt in their respective communities to encourage entrepreneurship

The values on which the free enterprise system were based, should be impressed on the minds of young people so that they could develop a positive attitude towards the free market system The total community should be reached

Mr Steyn also made an urgent appeal to regional services boards and municipalities to take the initiative in applying a purposeful policy of promoting private business initiative and to limit regulations that stood in its way

Retail sales take a turn for better

(30) Star 27/8/87

By Alta Dent

After dropping steadily in real terms since the third quarter of last year, retail sales seem to have recovered slightly, with economists and retailers expecting further improvements in the months ahead

Real retail trade sales for this month are expected to show a seasonally adjusted increase of 0,9 percent, compared with July figures

However, Central Statistics Services (CSS) says the figures are still down 0,3 percent on the same period last year.

The slight upswing can be attributed in part to a decline in food price increases, which have risen by less than one percentage point for the third consecutive month

Other factors include buoyant results reported by the private sector, improved profit margins, substantial salary and wage increases (expected by some analysts to approach a high of 20 percent in the second half of the year) and a marked upturn in sales of TV sets and microwave ovens

Another encouraging sign, say economists, is the recent fall in inflation. At 16,3 percent, the July consumer price index (CPI) figure was almost one percentage point down on that of June (17,2 percent)

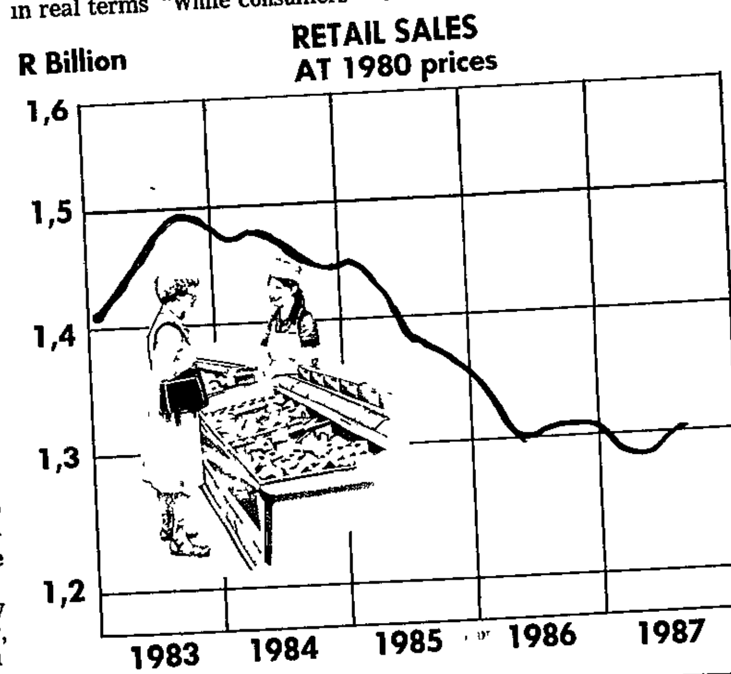
"The economy is still very fragile", says Mr Johan Louw, chief economist for Sanlam "But a decline in the inflation rate should create a positive environment for modest growth Moreover, the recent increases in salaries and wages will help consumers to consolidate their positions and make them more inclined to spend money"

Clothing group Edgars expects real growth for the year, with sales increasing "upwards of 20 percent on the same period last year" Chief executive Vic Hammond says Edgars' figures apply to both cash and credit sales

On the other hand, Checkers' Clive Weil says sales are down in real terms "While consumers are shopping more frequently, the cost of the average transaction is down — a clear indication of more selective buying in the face of less disposable income"

The Consumer Council concurs with this view, saying lower-income groups spend more on food purchases and are thus harder hit by inflation

Both Joshua Doore and Pick 'n Pay say increased demand for a broad range of products has brought about a marked upturn in the buying tempo This is attributed mainly to more competitive prices and, in the case of TVs, to the recent drop in the tax surcharge



20 new stores planned

Clicks lifts profits, div

Cape Times 27/8/87

By AUDREY D'ANGELO
Financial Editor

THE results reported by Clicks Stores for the year to June, prove very definitely that the good times are back — at least for this successful Cape Town-based group

Trevor Honneysett

Operating profit before tax has risen by 29% to R17,4m, outstripping the 24% rise in turnover to R227,7m (R183m), and showing that pressure on margins has eased.

And new MD Trevor Honneysett has announced plans to open 15 more Clicks stores in the present financial year and a further five between January and June 1988

He said a total of 200 stores were planned for the Clicks chain, which now has 69 And its subsidiary, Diskom, targeted at the black consumer, is expected to grow bigger than Clicks

Clicks Stores' attributable profit for the past financial year rose by 27,3% to R8,8m (R6,9m) or 44,18c (34,72c) a share after a rise in the tax bill to R8,5m (R6,5m) The final dividend is up by 36,8% to 13c (9,50c), making a total of 21c (15,85c) for the year

"We are delighted with the results Market share once again improved and the increased final can be taken as a sign of our confidence in trading in the current period," said the chairman, Jack Goldin

He pointed out that the improved results had been achieved almost entirely through internal growth, since only three new stores were opened in the last financial year

Honneysett said that over the next 18 months, the trading area would be expanded by nearly 20% Management in all divisions was being "beefed up" to cope with the rapid expansion, which would be funded entirely from internal resources

Honneysett said profits from the 16 stores in the Diskom chain, which so far operates only in the Western Cape, were "well ahead of budget"

□ Pyramid company Clickdin, which has a 50% stake in Clicks, lifted its final dividend by 37% to 6,30c making a total of 10,10c for the year Earnings per share were 10,36c (7,82c)

Goldin said that apart from its strategic holding in the operating company, Clickdin was likely to be used as a vehicle for diversification

He said "several interesting acquisitions" were being considered They were all allied to existing operations

Rembrandt dividends

ALL four listed companies in the Rembrandt group — which holds its annual meeting tomorrow — have lifted their interim dividends by more than 25%.

Rembrandt Group has increased its interim by 25,5% to 6,9c (5,5c); Rembrandt Controlling Investments has increased its interim by 25,6% to 5,11c (4,07c); Technical and Industrial Investments has increased its dividend by 25,7% to 4,75c (3,78c) and Technical Investment Corporation has increased its dividend by 25,5% to 4,48c (3,57c).

B/Day (30) 27/8/87

Competition hots up in wholesaling

The burgeoning black consumer market is opening up new avenues for the major wholesalers. All the major players in the sector are gearing up to cash in on the cash 'n carry boom. Here some experts in the field comment on prospects.

KAY TURVEY

COMPETITION in the wholesale food sector is intensifying as the big players vie to capitalise on future growth in the black market

Black consumer boycotts last year disrupted traditional buying patterns to the advantage of the wholesalers Yet Mike Perry of Perry & Associates, business consultants, warns it won't be all plain sailing, as the level of enforced stability which currently exists in the townships makes it easier for retail chains to attract back black shoppers

This trend is encouraged by the high level of competition between supermarket chains and will drive the cash 'n carries to further innovation, he says

Perry says it is possible wholesalers will increasingly move into food broking for supermarket chains

Metro MD Cecil Smith says although wholesalers benefited from the unrest situation last year, stability is better for growth

Outstripped

In its first year as a listed company, Metro outstripped forecast attributable earnings of R14,5m, achieving almost R16m for the year to June

Metro, which acquired Frasers in a deal worth R21m, is set to gain from the synergy benefits from absorbing Frasers' 41 cash 'n carry outlets and 12 wholesale warehouses.

Smith agrees with Perry that the wholesaling industry will expand, if wholesalers can efficiently take over distribution from manufacturers

Smith, whose group pioneered cash 'n carry wholesaling in SA, sees the scope for expansion of the business as vast, through the extension of limited ranges Few cash 'n carries carry meat, fruit and vegetables or furniture, for example.

Metro, a chain of 131 stores with sales of R1,25bn a year, plans to extend its three liquor outlets and 28 more are planned by 1990. The group is also expanding into Transkei.

Makro, after eight years of restricted growth in the hands of its Dutch parent, is also set to embark on an expansion trail which will result in four new store openings and an increase in turnover of about R100m every year in the next four years.

Makro, which became a subsidiary of Wooltru earlier this year, is likely to go for a separate JSE listing, and with its broader offering of products is set to maintain growth.

Makro MD Doug Catto cites liquor as a fantastic growth area While on the non-food side, stationery aimed at the commercial sector is a big seller, with builders' hardware and DIY also becoming increasingly popular.

Wooltru's acquisition of Makro was intended to bring it into the high growth black market, after talks with Pepkor broke down Catto estimates 90% of the food sold by Makro is consumed by blacks.

Makro is in a position to learn a lot about store display and layout from the Cape group, while it will also benefit from their merchandising sources, Catto believes

He says despite competition from supermarkets there is definitely a place in the sun for efficient small retailers, although there is a tremendous need to train these retailers in shop-keeping skills.

Shield is one cash 'n carry wholesaler involved in helping the small independent retailer develop more sophisticated merchandising and trading systems — under its Multi-Save banner

Shield, listed in July, has increased turnover more than 10 times in the last five years, and is ahead of schedule in plans to have five new wholly owned operations trading before the end of the year.

Competition in the wholesale sector has further intensified with the entry of Pick'n Pay and its two Price Club stores A third is being built.

Slowed down

Price Club MD Sean Summers said the company entered the market to balance trading as its opposition was represented in the wholesale sector — Checkers is linked with Jazz and Metro, and Trador with Score.

Summers says although growth in the wholesale market has slowed down, it is still a very lucrative area with huge growth potential Worth R3,8bn a year, it is half the size of the conventional retail market at R8bn

Score, born out of Metro when Carlos dos Santos and three other key managers walked out and set up in opposition, boosted attributable income 81% to R10,6m for the year to February, opening two new stores and benefiting from the bouyant cash 'n carry market Its expansion programme is still under way.

Clicks profits get 29% boost

Own Correspondent

THE results reported by Clicks Stores for the year to June 30 prove very definitely that the good times are back — at least for this successful Cape Town-based group

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He pointed out that the improved results had been achieved almost entirely through internal growth, since only three new stores were opened in the last financial year

Honneysett said that over the next 18 months the trading area would be expanded by nearly 20%

S Times 30/8/87

Tradegro scoops Orrs

THE department store division of John Orrs has ~~been~~ sold to Tradegro, it was confirmed today.

The move gives Tradegro three John Orrs ~~departmental~~ stores to add to its three Stuttafords/Greatermans stores.

Chairman Mervyn King says Tradegro's department store division will have an annual turnover of about R~~100-million~~.

● See Business Times

30

Tradegro buys part of Orrs

Star 31/8/87 (30)

Finance Staff

The department store division of John Orrs has been sold to Tradegro

This move gives Tradegro three John Orrs departmental stores to add to its three Stuttafords/Greatermans stores, and the core of a department store chain

Tradegro chairman Mervyn King said that with this acquisition, Tradegro's expanded department store division will have an annual turnover approaching R100 million

He added that Tradegro is contemplating listing this division in the near future

In turn, John Orr Holdings will now concentrate its attention on specialty retailing by way of its Milady's and Third World Hub chains

And, to better reflect its sharper focus, John Orr holdings is being renamed "The Specialty Store Company" (Storeco)

According to Storeco's joint MD Stewart Cohen, the disposal of the John Orrs department stores along with the sale of certain properties currently being negotiated "means that we will almost eliminate borrowings with a resultant reduction in our interest payments"

Financial details of the deal will be made available today

'Strike a lesson for Chamber'

● From Page 1

of course, be measured in terms of strains imposed on the management-worker relationship, the strife between strikers and non-strikers, the disturbing incidence of violence, intimidation and murder, loss of jobs and wages sacrificed

On the question of whether the about 30 000 workers who had been dismissed since the strike began for failing to heed return-to-work deadlines, Mr Steenkamp said individual mining houses would decide on their fate

Anglo American Corporation, the biggest employer in the Chamber, has been the hardest hit and has dismissed thousands of striking Num members.

Spokesman Mr Bobby Godsell declined to comment yesterday and referred reporters to the chamber

Meanwhile the National Union of Mineworkers has said it does not regard the settlement as a defeat for the union or a victory for the Chamber of Mines

Addressing journalists at a Johannesburg hotel, Num general secretary, Mr Cyril Ramaphosa, said the strike was a lesson for the Chamber, which had miscalculated by thinking the action would last for only 48 hours

The Chamber had also not anticipated that as many as 340 000 workers would go out on strike

"The Num, together with Cosatu, would strengthen its living wage campaign in 1988," he said and added that workers started going back to work at 9pm last night at most mines

Union Wine a star performer

Picbel group profits soar

CAPE TIMES 31/8/87 (30)

By AUDREY D'ANGELO
Financial Editor

THE Cape Town-based Picbel group — with interests ranging from refrigerators to wine — has achieved record results for the year to June

Pre-tax profits soared by 89% to R20m (R10,6m) and attributable earnings by 67% to R8,7m (R5,2m)

At share level, earnings rose to 197,6c (118c) and the dividend to 32c (25c)

Chairman Jan Pickard said the growth was due mainly to the manufacturing division, Picardi Appliances (Picapli) which lifted after-tax profit to R11,8m (R4,3m)

Star performer

Union Wine was another star performer, lifting after-tax income by 137% to R1,9m (R834 000)

Pickard, who forecast improved earnings for the group in the current year, confirmed that negotiations had been in progress with Sol Kerzner for 50% of Union Wine

But he said these had broken down "at this stage" because, although he would have liked Kerzner as a partner, he wanted to keep management control

□ Picardi Investments lifted operating income by 46% to R34,2m (R23,4m), after-tax income by 76% to R17m (R9,6m), and earnings by 67% to 197,6c (118c) a share Turnover rose to R333,1m (R258,8m)

The dividend was 28% higher at 32c (25c) a share

□ Picardi Holdings, the holding company of the operating companies in the group, lifted after-tax profit by 104% to R13,5m (R6,6m) But dividends were reduced by 33% to 60c (90c)

□ Picardi Appliances lifted operating income by 97% to R23m (R11,7m) and earnings by 273% to 98,3c (26,3c) a share But the dividend was only 4c a share

Reserves

Pickard said the low dividend was to build up reserves

□ Union Wine lifted operating income by 43% to R7,1m (R4,9m) and earnings a share to 13,1c (5,9c)

□ Picardi Properties was the only apparent disappointment in the group with a 7% fall in operating income to R2,3m (R2,4m) and a 24% fall in earnings to 10,1c (13,3c) a share But the dividend rose by 13% to 4,5c (4c) a share

MD Peter Day said the fall in profits had been due to changes in the textile division, which was now no longer manufacturing exclusively for Adidas, and "the adjustment is now behind us"

Tradegro buys John Orrs stores

31/8/87 · B/Day · 30

CHERILYN IRETON

JOHN ORRS has sold its department store division to the revived Tradegro group.

In terms of the deal, Tradegro gets three John Orrs department stores to add to its three Stuttafords/Greatermans stores and the core of a department store chain.

Tradegro chairman Mervyn King said in a statement that with this acquisition, Tradegro's expanded department store division will have an annual turnover approaching R100m.

He added that Tradegro is considering listing this division soon.

John Orr Holdings, which plans to focus on speciality retailing, will now call itself The Speciality Store Company (Storeco)

Storeco joint MD Stewart Cohen said the disposal of the department stores has been on the cards for some months.

"The sale disposal, along with the sale of certain properties which we are currently negotiating, means that we will almost eliminate borrowings, with a resultant reduction in our interest payments.

"In addition, the cash flow will provide the group with a sound foundation for the rapid expansion of our existing businesses

"We will be in a position to acquire additional speciality store chains and develop innovative speciality store concepts. We have already set Storeco on the speciality retailing path and believe that this will be exciting for the group."

Record total dividend of 43c

McCarthy doubles attributable profit

CAPE TIMES 31/8/87 (30)

JOHANNESBURG — The McCarthy Group has had its best-ever year — doubling attributable profit from R10,4m (60,7c a share) to a record R20,5m (120,1c a share) in the year to June 30, 1987

And shareholders reap the rewards with the highest-ever dividend distribution — a final of 28c making a record total of 43c (2,8 times covered) for the year

Outstanding results

The company — SA's largest motor vehicle distributor — achieved these outstanding results in a year in which national dealer sales of new vehicles fell by 1%

In fact, McCarthy increased its market share for the third time in succession — from 11,4% to 11,7% — which means that one out of every 8,5 new vehicles (cars and commercials) now sold in SA come from the McCarthy stable

One of the main reasons for the company's strong performance was its stringent control of costs, which rose by only 9% — or just over half the inflation rate

Another reason was a 28% increase in turnover, which was R290m up at R1,3 billion

Operating profit rose by 74% from R24,3m to R42,3m, reflecting an increase in operating margins — which went up from 2,4% to 3,2%

Interest bill

The interest bill came down from R7,2m to R6,3m, taking pre-tax profit from R17,2m to R36m — an increase of 109%

The tax man's takings more than doubled from R6,7m to R15,4m, while minority interests accounted for R88 000 (R105 000 previously)

The results are well ahead of forecast At the halfway stage, chairman Brian McCarthy pointed to a more or less unchanged second half

In fact, second half earnings rose from 50,5c to 69,6c, thanks to a more buoyant vehicle market in which the group increased its new unit sales by 6% over the first half — Sapa

S Times 30/8/87

20% better than figures suggest

SOUTH Africa's economy is doing much better than official statistics suggest because they tend to overlook the important role played by small business, says the chairman of the Small Business Development Corporation, Anton Rupert.

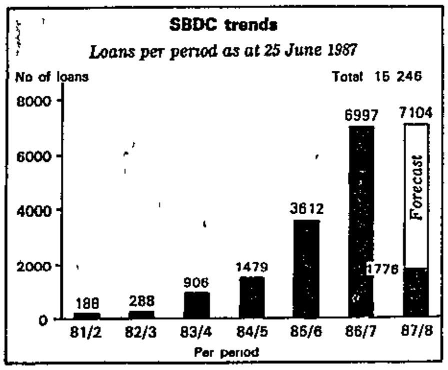
He says the economy is performing up to 20% better than official figures suggest and he uses Italy as an example

Dr Rupert says "The time has arrived to revise the methods used to measure growth of the gross national product and incorporate the burgeoning Third World component Italy has set us an example The Italians recently revised their national economic statistics upwards to account for their large underground economy

Third largest

"As a result it was discovered that Italians actually enjoy a higher per capita income than the British and their economy is now the third largest in Europe The informal sector has made a major contribution to Italy's economic revival

"A similar move here will not only reflect our true economic potential but will enable policy-makers to appreciate the extent and important role of the small business sector in South African economy"



The general manager, development services of the SBDC, Mike van der B Smuts, points to the acquisition of Putco by the taxi owners' association

Mr Smuts says "This is a case of small business developing through the various levels until it is able to compete at the highest level Below the surface we have a small business sector that is gaining momentum, largely without recognition

"Reports in Time magazine and other reputable publications in recent weeks have shown that there is a remarkable similarity between South Africa and Italy in the informal business sector

"One publication reports that 'Italy defies most attempts at generalisation It is a country of contrasts both an advanced, developed country and an underdeveloped one'

"It says the Italian economy has advanced and profitable sectors which use technology second to none But the most lively and profitable sector is that of small business

"This part of the economy has been described as 'economia sommersa' (submerged economy) because it avoids many laws and regulations regarding taxes, social security, wage rates and regulation of working conditions"

Trade-union practices in Italy also boost small business which escapes laws affecting every firm with more than 15 employees

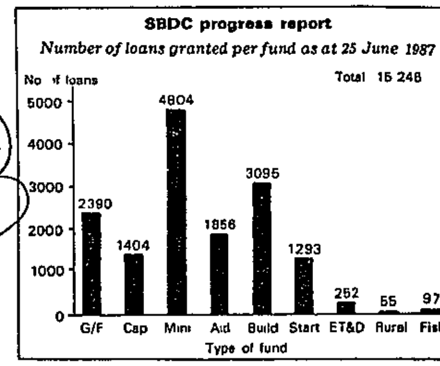
"The only phenomenon we have yet to see is that of big business decentralising production and involving small firms"

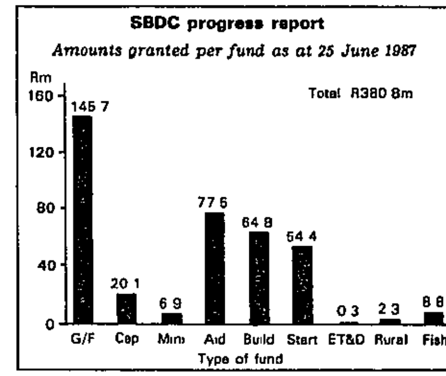
"The key to SA's informal sector lies in several measures to promote evolutionary growth These include deregulation, small loans low cost premises, skills acquisition, provision of raw materials, tools for manufacturing, informal apprenticeship schemes, co-operatives and backward/forward linkages with the formal sector"

He mentions some of the SBDC's successful activities in the past year

- The granting of 6 997 direct loans totalling R177,2-million, exceeding in one year the cummulative totals for the previous five years
- Promoting job creation and elimination of the housing backlog in less developed areas through extension of the Small Builders Bridging Fund whereby 2 346 small builders were financed for a total amount of R49,6-million
- A breakthrough in co-operation from the private sector in the joint development of much needed business premises in neglected areas As a result the total lettable business space grew to more than 410 000 square metres by the end of the year Working space for 1 400 entrepreneurs employing nearly 18 800 people has been provided
- An exciting job creation innovation — the establishment of incubators for entrepreneurs with technical skills During the year, entrepreneur training and development Centres became operational in Port Elizabeth, Uitenhage, Stutterheim, Athlone, Pennyville, Chatsworth, Phoenix, Maritzburg and Bloemfontein
- Expansion of the SBDC's development services, which by the end of the year were providing information and advisory services to almost 20 000 people a month
- Direct assistance to the informal sector through mini-loans, the building of market stalls, a nationwide shoeshine project and the hiring out of vending carts

Mr Smuts says the SBDC seeks to promote the interests of small businessmen by lobbying for the removal of unnecessary legislative barriers





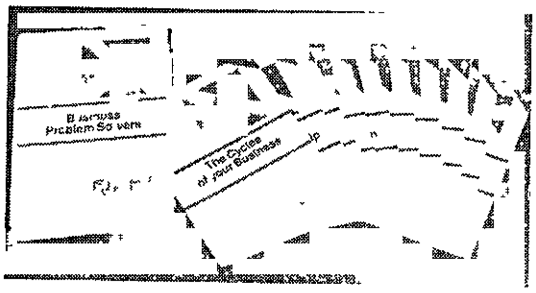
BUSINESS TIMES SURVEYS SMALL BUSINESSES

Standard lends cash and a hand

30

30/8/87 S Times

STANDARD Bank's Small Business Development and Advisory Department (SBDAD) has since its inception in 1981 evolved a total approach to the small business sector.



Senior manager Roy Polkinghorne says "Our motto is 'we don't just lend money, we also lend a hand' Providing a wide range of training and support services for the small businessman has become an integral part of our operation,"

SBDAD's latest training package is called The Business Problem Solver Series

Designed specifically for the small business market, Problem Solver is a powerful, easy to understand business tool consisting of a set of 10 booklets filled with no-nonsense, practical advice that can be put to immediate use

The series was developed after research into the small business market More than 500 small businessmen in many parts of SA were surveyed and clear trends emerged

Mr Plokinghorne says "First, the small businessman feels lonely out there He is on his own and does not have anyone to talk to He wants constructive advice to assist him to run his business

"Second, we identified a major weak link Although he may be a skilled technical or marketing person, there are some strengths a small businessman needs to make a success of his venture Without doubt the weakest link is his lack of financial skills

"As a result of the survey we started to investigate topics that would be most helpful to the small businessman and came up with the 10 contained in the Problem Solver Series "

Seminars

The books have been tested at training seminars offered by SBDAD Training manager Alistair Tite says "the feedback has been tremendous"

Mr Tite, who conducts SBDAD's training programmes for small businessmen countrywide, says the demand for the courses is growing swiftly

"More than 2 000 small businessmen have attended our courses and the thirst for knowledge is remarkable "

SBDAD offers two financial training programmes They are not restricted to the bank's customers

The first is the three-day financial course for retail entrepreneurs

Mr Tite says "It focuses mainly on the importance of keeping financial records We introduce delegates to a record-keeping system developed by ourselves and give them enough stationery for the year It is a simple colour-coded system requiring no knowledge of budgeting and cash flow, and it addresses that most important topic — how to approach your bank manager for finance "

The cost a delegate is R90 and includes all course material, lunches, teas, etc

Then there is the business management workshop (two days, R150 a delegate), designed to meet the needs of the more sophisticated small businessman

Mr Tite says "This course is a practical workshop that deals with subjects such as how to read and analyse a balance sheet and ratio analysis We play a lot of 'what if?' games and cover key areas such as costing, pricing, budgeting, cash flow and break-even analysis

"We also spend a lot of time showing the small businessman how to gather key financial data, put them together and use them for control We have developed our own set of cash-flow and budget forms which we supply to delegates

"Finally, we look at how to manage your bank manager, how to approach him for finance We find there are a lot of good, viable ideas for small business ventures ,but often they never get off the ground because of the way they are presented to prospective financiers This course shows the entrepreneur how to put a proposal to a banker or financier "

Standard has a team of small business managers who also provide this essential service to small businessmen

Mr Polkinghorne says "Our managers are specialists in this area They know and understand the needs of the small businessman and are there to assist him, tailoring financial packages to meet his needs

"The success of our small business managers is reflected in our loans portfolio Since SBDAD was established we have helped almost 90 small businessmen of all races and have lent close on R50-million to this sector "

Indian traders fight village bid to kick them out

INDIAN traders in a small coalmining village are determined to fight attempts to remove them

They claim that complaints from Conservative Party farmers around the eastern Transvaal village of Ogies are the reason why moves are being made to get them out

The police had been asked to investigate the complaints and the matter was now in the hands of the Attorney-General, residents said

By BOETI ESHAK

The Indians of Ogies have been living and trading there since 1919

"We will fight efforts to move us," the grandson of the first resident of the area and secretary of the Ogies Liaison Committee (OLC), Mr Ismail Mayet, said this week

"Since 1964 the State has been trying to establish an Indian group area in which to resettle us," he said

A 107ha area, about 10km from Ogies, was suggested by the Transvaal Provincial Administration

It is an old mining area which has since been abandoned There are 27 houses, recreation facilities, offices and compounds for 32 married families and 300 single people there

"The OLC rejected this We would have had to assume responsibility for the provision of services," Mr Mayet said

He pointed out that if Indians were resettled on mining land they would not be able to buy the land on which their homes were built

Permits

"Now the authorities want us to apply for permits to trade here We hold valid trading licences and we are not going to apply for permits," Mr Mayet said

"The Ogies Local Areas Committee wants the matter to be investigated by the Department of Constitutional Development and Planning," a spokesman for the Peri-Urban Board said.

Mr Ahmed Arbee, a Transvaal MEC, said he had asked the provincial authorities to look into the establishment of an open CBD in Ogies

S. Times 30/8/87 (30)

Let us trade in our own shops!

A GROUP of Indian businessmen who have developed a unique commercial centre are waiting for Government permission to trade in their own shops

The R3,5-million Mosque Plaza, developed around a 50-year-old mosque in Rustenburg's central business district, is owned by the Rustenburg Muslim Jamaat

Although the town council and white business organisations are supporting the Indian businessmen in their efforts to obtain trading licences, they are opposed to their acquiring more land in the town centre

The plaza, with 17 shops and nine office suites, is due to open on September 25

As the CBD has not been declared "open", the majority of traders — who are Indian — have to apply for permits to trade in a white group area

Mr Enver Surty, a spokesman for the Muslim Jamaat, said the Rustenburg Town Council, the Afrikaanse Sakekamer and the local Chamber of Commerce supported the idea that the CBD be opened to all races

"However, they were forced to turn down our permit applications because it is up to the Government to decide whether we can trade in the CBD," Mr Surty said

"We are hoping that they will be granted," he said

Town secretary Mr John Watson said his council had recommended that Rustenburg's CBD be opened to all races — but for trading only

"We have submitted our report It is now up to the Department of Constitutional Development and Planning

Sunday Times Reporter

to make the final decision," Mr Watson said

"Until then, non-white traders will have to apply for permits to trade in the CBD"

Mr Surty pointed out that occupancy of the plaza was not restricted to Indians

"In keeping with developments and the Islamic philosophy that we are all equal, we wanted a mix of tenants — both in terms of racial integration and trade," he said

Mr Surty said there was no friction between Indian and white traders Whites, in fact, were looking forward to the opening of the plaza

Benefits for employees

30/8/87 S/Times

(30)

SMALL businesses create job opportunities, strengthen the economy and provide crucial services.

Old Mutual recognises the importance of small businesses and the difficulties experienced by employers in providing employee benefits comparable with those offered by large organisations without draining company resources Research has led to the development of Orion, an employee benefit package designed for small businesses

Orion has enabled Old Mutual to minimise a client's costs, reduce time spent by a client on administration, simplify administration and provide the client and members with useful information

With this package an employer can choose to establish a pension fund or a death and disability plan for his employees It offers a flexible range of benefits so that few restrictions are placed on what the employer can offer

He can alter the benefit structure whenever he likes, and he can specify different levels of benefits for different categories of employees

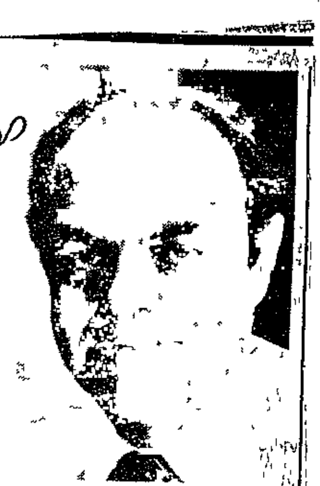
These benefits include a pension, based either on final salary or on contributions accumulated over a specified number of years, group life assurance and disability benefits, an escalation benefit to offset inflation, and enhanced withdrawal benefit, and permanent health insurance

The administration system is computerised

Resurrected Tradegro set to get Orrs

30/8/87 S/Times

(30)



Mervyn King .. life in dead ducks

Kevin Smith leader of inspired young team

AFTER staging a sensational profit recovery, Tradegro — South Africa's biggest wholesale and retail group — is set to take over John Orrs department stores.

Asked to confirm reports from sources close to John Orrs, Tradegro chief executive Mervyn King told Business Times "There will be an announcement on Monday"

John Orrs management is on record that it wants to sell.

Tradegro, controller of Checkers, Metro Cash & Carry, Jazz, Rusfurn and Coreprop, has announced one of the biggest profit turn-arounds in SA corporate history

It reports an R88,8-million bounce-back from last year's loss of R58,5-million to a taxed profit of R30,3-million in the year to June

Tradegro owns successful department stores in Greatermans and Stuttafords and is expected to use the formula that turned them stores into winners in John Orrs

After the deal, Garlicks will be the only department store group outside Tradegro

The six-store Greatermans-Stuttafords chain has reported sales of R34,9-million and pre-tax profit of R2,9-million. Sales rose by 24% and pre-tax profit by 60%. Return on capital was a creditable 24%.

By David Carte

John Orrs three department stores in Durban, Maritzburg and Sandton turn over R23-million a year and earn R1-million

So, together the department stores would constitute a national chain with strong buying muscle and synergy It would turn over R58-million and earn R3,9-million The Greatermans-Stuttafords management team is expected to add greatly to John Orrs profitability

Golden rules

Although he would not confirm that John Orrs was coming into the stable, Mr King said Tradegro's department-store division would be listed separately by the end of November

"Department stores were a dead duck in SA They were closing down everywhere, but we studied American and European experience and established two golden rules they must be regional and not in the central city That is why, when we bought Stuttafords from Graham Beck, we took Sandton and Claremont, but not the Adderley Street, Cape Town, store

"The second golden rule was not to be all things to all people One decides on a focus We have gone for fashion for the under-35 market The rest of our success came from an inspired young management team led by Kevin Smith"

Mr King told Business Times that every part of Tradegro, apart from the property company, was operating profitably

The target for 1988 was sales of R5-billion — up from R4,4-billion in 1987 — and a "substantial" increase in taxed profit from the R30,2-million now reported

Mr King said there would be significant rationalisation benefits in Frasers, acquired through the pyramid, Frascon, from the McDonald family, with the co-operation of Tiger Oats

Frasers alone will add R500-million to sales this year It was not included in the latest results

Frasers has 43 cash and carries, 12 conventional stores and 58 mine shops which will merge well with Metro Cash's 143 cash-and-carry warehouses Cashbuild and Wanda, the black furniture company, will also acquire significant new outlets from Frasers

Listed Jazz Stores will acquire 53 supermarkets and 44 general dealers with sales of R160-million from Frasers Jazz, unheard of only two years ago, will then have 150 stores serving the lower-income group Jazz's turnover is expected to spurt from R123-million to R300-million

Most of the Jazz shops are in heavy-traffic urban locations Frasers is mostly in rural areas, so there will be no overlap

The next step in the evolution of Tradegro is expected to be the separation of Jazz from Checkers, which controls it now

This will result in a large inflow of cash to Checkers, which will then be able to take on more effectively its chief rival in food, Pick 'n Pay

Checkers improved sales by 13% to R2-billion and turned last year's loss of R41,3-million into a profit of R6,5-million Second-half sales stagnated at R1 030-

☐ To Page 3

☐ From Page 1

million, but pre-tax profit was R5,3-million against a loss of R17,3-million in the comparable previous period.

The strategy of depicting managing director Clive Weil as "Mr Checkers", every housewife's friend, has paid off handsomely

Mr King believes that with strong representation in food, furniture and even housing for blacks, his group is uniquely poised for the next 20 years

Rusfurn was the other big turner, but with Dion in and Joshua Doore out, it made only R535 000 in its second half after R14,5-million in the first

Managing director Geoff Austin said the first half was always Rusfurn's best Dion was back in the black and he would be disappointed with earnings growth of less than 25%

Problem

With former problem areas Checkers, Metro, Rusfurn, the department stores and even Dion trading effectively again, Mr King is exulting about a plan made two years ago that has come together

When he took the reins of Tradegro from Natie Kirsh, the mega-group was a joke among its rivals and close to insolvency

"I said in a speech in Cape Town the other day that there is nothing more futile or more hollow than activity of the present without insight into the future"

Mr King said "When we took over, we separated each company from its peripheral interests Together with the chief executive in each case, we set a mission for each company The CE in each case communicated this down to the the lowest-level employee, so everyone knew where his or her company was going

"We exploited each company's expertise and made sure they all stuck to their core businesses We have set out to dominate each of our markets by organic growth and by acquisition We have achieved this in every major division

"We also made sure there was succession in place, so there were no hiccups when we lost Lionel Katz and Albert Koopmans and had to find good people for Dion and Rusfurn"

30 1987

TIMES surveys
SINESSES

S/Times (30) 30/8/87

Advice for the up and coming

IN an effort to assist and promote mini-businesses, the Business Achievers Foundation was been set up by black and white executives this year.

The BAF's initial target is to raise R1-million working capital It is applying for government accreditation as an educational organisation

One of the foundation members, Dan Gonski, who heads Entrepreneurs Marketing, says there is a great need for comprehensive financial, training and counselling schemes for small entrepreneurs

Mr Gonski says "The ultimate objective of the exercise is to create small enterprises throughout SA capable of standing on their own feet and managed by well-trained and financially sound business people"

Emphasis

The foundation aims to

- Give emergent black entrepreneurs who do not have enough capital (or security) for normal bank loans an opportunity to go into business or maintain or improve their businesses
- Encourage and boost job creation by setting up emergent black entrepreneurs in business with emphasis on younger people
- Unearth and sponsor latent business talent among young blacks
- Establish a model financial scheme which could be used as a guide by financial institutions and other concerned organisations in designing financial packages for emergent black entrepreneurs
- Encourage and facilitate the assimilation of more blacks in the business environment
- Educate and counsel entrepreneurs on the various aspects of business
- Offer small manufacturers and other small business concerns the benefit of bulk buying of raw materials

The board of trustees includes W M Ramoshaba, chief executive of WR Consultants, J van Rooyen, president of the Associaiton of Black Accountants of Southern Africa, M Maponya, managing director of Maponya Supermarket and a director of Wesbank, M H Simms, managing director of Appletizer, M Mabaso, president of the International Prayer Women's League and co-ordinator of nearly 10 000 manufacturers, G Cooper, managing director of Johnson Wax, and Mr Gonski, executive director of the foundation

Can Tradegro keep it up?

29/8/87 (30)

Dr ISSY BACHER

Star

In our study this week we are going to take an in depth look at Tradegro, a representative of the Retailers and wholesalers sector of the JSE

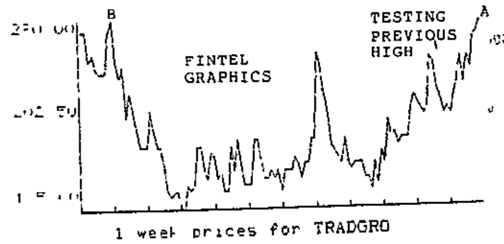
In terms of its recent trading history Tradegro has given a good performance, rising from a low of 125c in November 1985 to reach this year's high of 280c on Thursday, August 27 1987. In doing so it is testing its 1985 high of 280c registered in May of that year.

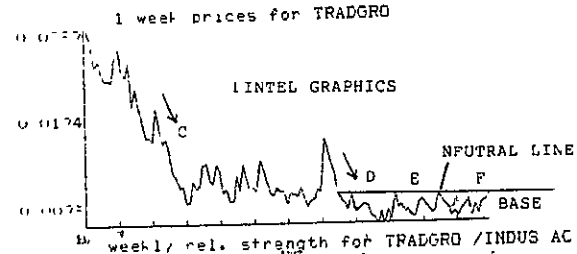
Though the top graph shows that the Tradegro price has responded nicely to the recent turnaround in the company's fortunes, a study of the lower graph reveals a different perspective of its performance and potential

This graph compares the strength of Tradegro to the JSE industrial index over a period of 2,5 years It clearly reveals that, despite its recent rise, it has been a laggard in terms of performance

If the graph points downwards (See arrows at C and D) it means that the index is superior in trend

What is particularly interesting and potentially exciting is that in the last 30 weeks, a substantial base has formed, indicating that Tradegro is now beginning to match the performance of the JSE industrial sector. In doing so it is testing the neutral line EF which Tradegro would have to cross to gain the upper hand





CONCLUSION However, if Tradegro is then able to continue to outperform the index it would justifiably be included as a long-term hold for your bottom drawer.

38% rise in attributable profits

Wooltru shows impressive sales growth

CAPE TIMES 29/8/87

By AUDREY D'ANGELO
Financial Editor

WOOLTRU's results for the year to June 30 make cheerful reading and show that the middle income target markets catered for by Woolworths and Truworths are spending money again

An impressive 48% rise in turnover to R1 103,2m (R744 100) was due partly to the acquisition of a two-thirds shareholding in Makro, expected to give the group better penetration of the growing black consumer market

But although the directors say that sales would have gone up only 20% without Makro's contribution from January, a 38% rise in attributable profits to R40,2m (R29,1m) is not due to the cash and carry firm

The directors say that attributable earnings after tax "were unaffected by the acquisition after taking into account additional stock provisions in Makro and interest on the purchase price"

Earnings a share have risen by 37% to 117,9c (86,1c) which more than makes up for the 15,8% drop in 1986 The final dividend is 33c (27c) making a total for the year of 60c (52c) a share.

Pre-tax income rose to R84,1m (R61,6m), but a hefty 40% rise in tax to R42m (R31,6m) brought net income after tax down to R42,1m (R31,6m)

Chairman David Susman and CE Tony Williamson say the group benefited from the overall improvement in the SA economy

Discussing prospects, they say "Indications are that the economic upswing will continue through the current financial year and on that basis earnings should once again show satisfactory growth"

The group's long-term liabilities have risen to R101,5m (R20,7m), but fixed assets are up to R292,4m (R195,1m) The net asset value per share is up to 757c (620c).

Susman and Williamson explain that "the increase in long-term liabilities has arisen from the acquisition of Makro, ongoing capital expenditure, higher stocks in the existing chains and the early redemption of the variable rate cumulative preference shares"

Stuttafords seeks a listing on JSE

W/E News 29/8/80

THE Stuttaford chain of department stores, emulating the phoenix, is to seek a share market listing, possibly within the next six months.

Stuttafords is part of the Tradegro group This has owned the Greatermans and Stuttafords stores in Johannesburg for some time, and recently bought the Stuttafords store in Cavendish Square at Claremont, Cape Town.

Mr Mervyn King, head of Tradegro, said today he was confident that the specialised department store had a future

In the past the department stores tried to be all things to all people and had failed But he believed they still had an important role to play, especially as fashion merchandisers

Many shoppers were tired of the ordinariness of current shopping They wanted an account at Stuttafords, they wanted the pleasure of shopping in the department store surroundings

Mr King said it was possible that Stuttafords could acquire further department stores in the future

Figures in Tradegro's preliminary profit statement issued yesterday reinforce Mr King's confidence in the future of the department store

In the 12 months ended June, the department stores in the Tradegro group increased their turnover by 23,8 percent to R34,9-million and their profit before tax by 60,5 percent to R2,9-million. — **DEREK TOMMEY**

Nafcoc transport conference

28/8/87. Sowetan

30

THE National African Federated Chamber of Commerce will hold a transport conference in Port Elizabeth next month to explore ways of facilitating the further entry of blacks into more avenues of the transport industry

SABC radio news reported that the chamber's transport committee secretary, Mr Johnny Thema, said the conference would also analyse and isolate obstacles that stifled the effective entry of blacks in the industry, examine existing and future Government policy regarding transport matters and how such policy impacted on black transport entrepreneurs

In addition, the conference would impart general information on transport matters and the transport industry as a whole, and launch a Nafcoc-initiated national umbrella body which would look after the interests of transport entrepreneurs and users throughout the country

This year's theme will be "opening the transportation horizons for the black transport entrepreneur in South Africa" — Sapa

Tradegro turns in fine performance

28/8/87 Star (30)

By Ann Crotty

Last October, Tradegro chairman Mervyn King's forecast of a R68 million turnaround in attributable profit looked overly ambitious

The actual results for the 12 months to June makes it look conservative Attributable profit turned around from a R58,5 million loss in 1986 to a R30 million profit in 1987 Earnings per share were up to 16,3c from a loss of 44,6c

Turnover was up 20 percent to R4,4 billion The major contributors at the sales level were Checkers with R2 billion, Metro with R1,6 billion and Rusfern with R500 million

Total pre-tax profit from all divisions — excluding Coreprop — was R67 million. The contributions at this level show a different picture Checkers accounts for only 10 percent, Metro provides 47 percent and Rusfern 23 percent. Some of the difference can be attributed to the higher profit margins available in the Metro and Rusfern business

A lot of it can attributed to the fact that at 0,3 percent, Checkers margins are still far from healthy

On the positive side, Checkers made a remarkable turnaround from a pre-tax loss in 1986 of R41 million to a profit of R6,5 million. If management can get margins up to even 0,6 percent and turnover for financial 1988 increases a modest 10 percent, then next year's pre-tax profit contribution by Checkers could increase to about R13 million

Mr King is more optimistic He believes that now that Checkers is "out of the mud and swimming", a 1 percent margin is attainable in financial 1988 This would point to a pre-tax profit contribution of about R20 million.

A major area for improvement, he says, is shrinkage, which currently takes about 1,5 percent of turnover Mr King believes there is scope to reduce this to 1 percent and boost profit margins accordingly

The group's balance sheet shows gearing down slightly to 84 percent from 81 percent in 1986

The latest figures do not include Frascon, which is currently being absorbed into the group and, according to Mr King, will be the only acquisition this financial year It seems that management will be concentrating on consolidating the recent re-structuring and going for better margins.

(82) - (30) Sowetan 28/8/87

Govt to sell beer outlets to blacks

THE Government is to speed up its deregulation policies and to privatise and sell its sorghum beer outlets to blacks in South Africa, a Government official said yesterday.

Addressing the fifth annual conference of Ukhamba Liquor Association, the chief executive director of the Department of Development and Planning, Mr J Scheepers, said the Government wanted to speed up these practices because it aimed at improving the standard of living as well as to involve blacks in the free enterprise system.

He said various organisations such as the National African Federated Chamber of Commerce (Nafcoc), Ukhamba and the National Tavern Association had made proposals to the Government concerning the selling of liquor outlets to blacks in residential areas. The proposals were put before a Government select committee.

The Government is prepared to give blacks opportunities to get into the black liquor trade because it wanted to relinquish these industries to private sector, Mr Scheepers said

He added that there had been a sharp decline in the profits made by these outlets while they were owned by government institutions such as administration and development boards

"The main reason for the decline was because of political unrest which erupted in black residential areas in recent days," he said

Replying to a question from a delegate, Mr Scheepers said the Government did not intend selling these outlets to the private sector because of unrest situation but mainly because it wanted black and the private sector to get involved in the free enterprise system

However, he said, it was not the intention of the Government to sell these outlets to community councillors or to any government bodies

He encouraged Ukhamba members to establish partnership with other companies in order to buy these outlets with the purpose of uplifting the standards of living for blacks and to improve their quality of life in the country

Off-sales in black hands

15/Day

(30)

28/8/87

THEO RAWANA

THE off-sales sector of the liquor trade in black areas had been placed in the hands of the black entrepreneur, Liquor Board assistant director M B Avery said this week.

He told the fifth annual congress of the Ukhamba Liquor Association that, in an attempt to overcome blacks' financial problems in taking over liquor outlets relinquished by Administration Boards, government had promoted the 51%-49% partnership concept between blacks and whites.

Avery said: "This concept was abused and blacks were used as fronts for white investment in township outlets. Blacks were ostensibly in control as a camouflage for undisclosed white interests.

"This practice was publicly condemned by the chairman of the Liquor Board and the Minister of Commerce and Industry."

Avery said: "The off-consumption of the liquor trade in black areas has been placed in the hands of the black entrepreneur. The clock can never be turned back."

The Liquor Affairs Department had taken steps to promote the interests of black business, including its attempts for the establishment and development of a legal on-consumption trade in the black areas.

Rand closes firmer

JOHANNESBURG — The rand closed firmer at $0,4863/70 against Wednesday's $0,4838/45 finish here, as the dollar continued weak amid intensified bearish sentiment and the gold price remained firm, dealers said

Trading was quiet and featureless, and dealers saw no reaction in the market to Wednesday's vote by mineworkers to continue their 18-day-old coal and gold mine strike

The financial rand closed steady at $0,2850/2900

Against other currencies, the rand closed at
USA: 0,4863/70
UK: 3,3415/45
Germany: 0,8820/35
Switzerland: 0,7260/75
France. 2,9475/525
Netherlands· 0,9940/60.
Japan: 69,00/10
— Reuter

Kruger rands

JSE Closing

	Buyers	Sellers	Sales
1 oz	1210	1215	1210
1/2 oz	—	580	580
1/4 oz	28500	29500	28500
1/10 oz	—	12300	12300

Trading gains momentum

CAPE TIMES 28/8/87 30

Foschini income rises by 25%

By AUDREY D'ANGELO
Financial Editor

CAPE TOWN-based clothing and jewellery group Foschini lifted both operating income and net income by 25% in the six months to June, on a 40% rise in turnover

The interim dividend has risen to 17,5c (16,8c) a share

CE Hugh Mathew said yesterday that "trading since the end of June has continued with similar momentum and has been marginally better than planned for the months of July and August"

Operating income

But, he said, the rise in operating income to R8,7m (R7m) and in net income to R4,3m (R3,5m), was due mainly to higher costs and prices rather than to an increase in the number of units sold.

"From our observations, the anticipations of a material economic upturn in 1987 have exceeded the reality and unit price escalation in our industry, although below the published inflation rate, is a material factor in the monetary growth in sales and profit"

And he warned "A climate of political and economic stability is essential if the current levels of commercial activity are to be maintained"

If such a climate of stability could be maintained "the results for the year-end should show a satisfactory increase on last year"

Mathew said sales in the second half of the financial year were normally higher because "winter clothes are less exciting and the season is shorter"

The results for the first half showed the success of the group's strategy of controlling stock levels and margins tightly "while adopting a rather more aggressively planned sales programme"

Explaining how stock levels were controlled, he said the retail clothing chains in the group ordered only the quantity they expected to sell, with a small margin to cope with a slight increase in demand

Surge in demand

Admitting that this would mean they could not take advantage of a sudden unforeseen surge in demand, because they would not have enough stock, he said it saved them from having to mark down large numbers of garments left unsold as the season went on

Mathew said that because Foschini took part in the design of many of the clothes made for its stores, and fabric played an important part in this, some stock had to be ordered as long as 18 months in advance

But extra fabric was ordered for garments expected to be a big success, so that more could be made up if necessary

"Fabric makes up 25% of the cost of a garment and it can always be made up into something else"

He said computerization had taken much of the guesswork out of planning ahead Computers made it possible to monitor the buying habits and tastes of the group's customers all over SA and anticipate what was likely to sell well in different areas and how great the demand would be

Tradegro shows R89m turnaround

Cape Times 28/8/87

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Own Correspondent

JOHANNESBURG. — Retail giant Tradegro has shown a turnaround of R89m in attributable profits for the year to June, exceeding the ambitious R70m turnaround target set by CE Mervyn King

Defying sceptics who said the R4 billion a year group could not swing from profit to loss in just 12 month after sustaining record losses last year, the group now reports an attributable profit of R30,2m

On a comparative basis the group sustained attributable losses of R58,5m last year

Earnings per share, also on comparative terms are 16,3c on a fully diluted basis after a loss of 44,6c a share — fully diluted — at June 1988

Sales kept pace with inflation rising 16% to R4,4 billion out of which a R39m after-tax profit was achieved against a background of stikes, stay-aways and a decrease in purchasing power

All divisions performed well showing increased profits on larger sales, in particular Checkers and Rusfurn turned huge losses back into the black

However Coreprop, Tradegro's property company launched earlier this year showed losses of R5,5m against R11m for the previous year As a result of over gearing the company budgeted to remain in a loss position, although containing the loss

King said the establishment of Coreprop had indirectly contributed to the group's success by freeing trading companies to concentrate on their core business

He was confident the successful recapitalization of Coreprop would put it back into profits this year

The future growth of Tradegro with Frasers now also in its stable was assured, King said, predicting a dramatically improved bottom line performance for the current financial year.

Tradegro swings into profitability

BDay 28/8/87

(30)

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KAY TURVEY

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King says the establishment of Coreprop has contributed indirectly to the group's success by freeing trading companies to concentrate on their core business. He is confident the successful recapitalisation of Coreprop will put it back into profits this year.

King says the results prove the group now has the correct corporate structure and strong teams in each operating company.

Tradegro's future growth — with Frasers now in its stable — is assured, King says, and he predicts a dramatically improved bottom-line performance in the current financial year.

TRADEGRO LIMITED

(Tradegro)

(Registration number 05/07721/06)

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FINANCIAL RESULTS – YEAR TO 30 JUNE 1987

GROUP INCOME STATEMENT

	Unaudited 1987 R000	Pro forma 1986 R000	Audited 1986 R000
Turnover	4 445 532	3 709 627	3 709 627
Operating profit before interest	85 757	6 667	6 667
Less Interest paid	27 126	49 547	49 547
Profit (Loss) before taxation	58 631	(42 880)	(42 880)
Taxation	19 720	11 105	4 652
Profit (Loss) after taxation	38 911	(53 985)	(47 532)
Attributable after-tax earnings of non-managed associated companies	3 025	1 419	1 419
Minority shareholders' interest in profits	(10 634)	(1 946)	(1 946)
	31 302	(54 512)	(48 059)
Non-convertible preference dividends	(1 039)	(994)	(994)
Net profit (loss) attributable to ordinary shareholders and convertible instrument holders	30 263	(58 506)	(49 053)
Appropriation of profit (loss)			
Dividends and interest on			
Convertible debentures	22 659	12 232	12 232
Compulsorily convertible preference shares	3 878	7 060	7 060
Net profit (loss) before extraordinary items attributable to ordinary shareholders	3 726	(77 798)	(68 345)
	30 263	(58 506)	(49 053)
Extraordinary profits not included above	15 632	13 794	13 794
Earnings (loss) per share			
Fully diluted (cents)	16,3	(44,6)	(37 4)
Undiluted (cents)	6,6	(160,4)	(140,9)

Note The 1986 pro forma figures have been adjusted to allow for a notional tax charge for Cashbuild and Metro to make the comparative with 1987 more meaningful

The number of ordinary shares and convertible instruments in issue at the year end was as follows

	1987	1986
Ordinary shares	55 643 847	48 514 733
Compulsorily convertible preference shares	13 177 635	20 306 749
Convertible debentures	116 198 797	116 198 797
	185 020 279	185 020 279

Extraordinary profits (losses) comprise	1987 R million	1986 R million
Surplus on sale of shares and dilution of holdings in subsidiaries	14,4	41 7
Loss on closure of divisions	(1,0)	(22 3)
Other	2,2	(5 6)
	15,6	13,8

ABRIDGED GROUP BALANCE SHEET

	1987 R million	1986 R million
CAPITAL EMPLOYED		
Shareholders' and convertible instrument holders funds	332,5	318,6
Long-term liabilities	78,2	208 0
Minority interests	114,8	62,8
Deferred tax and deferred revenue	7,8	9,3
	533,3	598,7
EMPLOYMENT OF CAPITAL		
Fixed assets, investments and loans	488,2	458,2
Current assets	1 007,9	892,9
	1 496,1	1 351,1
Less Current liabilities	962,8	752,4
Interest bearing	199,7	48 9
Non-interest bearing	763,1	703 5
	533,3	598,7

COMMENTS

1 The year under review has shown a turnaround of R89-million in profits attributable to ordinary shareholders and holders of convertible instruments, on a comparable basis with the previous year This continues the positive trend evident at the half year and has been achieved despite a general decrease in the purchasing power of consumers

2 During the year Rusfurn was successfully listed Prior to the listing, Dion was incorporated into Rusfurn

3 The Stuttafords store at Claremont has been acquired It is intended to list the department store division in due course

4 Proposals for the refinancing of Coreprop are well advanced and an announcement will be made shortly

5 The decrease in long-term liabilities and the consequent increase in short-term liabilities is due to the reclassification of certain loans subsequent to the listing of Rusfurn

6 On 27 June 1987 the Metro Group acquired a controlling interest in Frascon Frascon has not been consolidated and earnings have not been accounted for due to the different financial year ends It is the intention to rationalise the Fraser Group's activities with those of companies in the Tradegro Group and an announcement in this regard will also be made shortly

7 The table below shows the sales and profit before tax attributable to the divisions for the year under review on a comparable basis with the previous year

DIVISION	SALES		PROFIT BEFORE TAX	
	June 87 R000s	June 86 R000s	June 87 R000s	June 86 R000s
Checkers	2 019 660	1 783 100	6 553	(41 317)
Department Stores	34 900	28 200	2 905	1 810
Cashbuild	117 231	87 481	5 244	3 882
Metro	1 629 090	1 282 911	31 768	24 364
Jazz	123 847	41 450	5 568	1 876
Rusfurn	518 011	481 479	15 345	(6 235)
Coreprop	–	–	(5 517)	(11 020)

8 Deferred tax on long term timing differences not provided for would have amounted to R7,2-million for the year

9 Group profitability should continue to improve provided that there is no deterioration in the present economic situation

10 No ordinary dividend has been declared

For and on behalf of the Board

M H Daling

M E King

Johannesburg

27 August 1987

Transfer Secretaries:
Central Registrars Ltd
154 Market Street
Johannesburg 2001

Registered Office:
18th Floor, Glencairn
73 Market Street
Johannesburg, 2001

Tradegro swings into profitability

B/Day 28/8/89

(30)

KAY TURVEY

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contracting, trading and electronics operations within the electrical divisions ... tionless overall econo... linan says.

Foschini sews up neat profit

KAY TURVEY

HIGH levels of merchandising productivity in all Foschini trading divisions contributed to boosting taxed profit 40% to R4,3m for the first half year

Interim dividends were upped 33% to 23,4c a share, after the comparative figures for the dividends had been re-stated because of the sub-division of shares in both Foschini and Lewis Foschini Investment earlier this year

Lewis Foshini Investment, whose income consists entirely of Foschini dividends, increased dividend from 8,75c to 11,7c

Tightly controlled stock levels and margins, with aggressive sales programmes, are reflected in the results, says Foschini CE Hugh Mathew. Income before tax is also up 40% to R12,2m

Trading since June has been marginally better than planned and, given a reasonably stable political and economic environment, results for the year-end should show a satisfactory increase on last year, says Mathew.

However, anticipation of a material economic upturn in 1987 has exceeded the reality and unit price escalation in the industry is a material factor in monetary growth in sales and profit, he says.

(30)

SOWETAN, Thursday, August 27

MAYOR DECLARES WAR ON 'FRONTS'

Scathing attack on traders who allow themselves to be used by others

30

27/8/87

By MONK NKOMO

THE Atteridgeville City Council has promised to support businessmen in the elimination of "fronts" in the local business sector.

Speaking at a special meeting of local traders, the mayor, Mr Matthew Mahlangu, made a scathing attack on certain black businessmen who allowed themselves to be used as "fronts" and later blamed the council for the presence of non-black business groups in the townships

Mr Mahlangu said the council had complained in the past and even now about money that filtered out of the township to other areas where the whites and Indians benefited.

"We have found that certain local people abuse the system of a 49/51 percent partnership and give the council the impression that they are majority shareholders

"It is only later that we realise the businesses are actually owned and run by other race groups You, the traders, must assist us to stamp out fronting once and for all," said Mr Mahlangu

He also urged traders to comply with the existing regulations on health and planning "Illegal structures have been sprouting at some shops A stop has to be made to avoid creating unhygienic and hazardous conditions at our businesses," the mayor said

He also told the traders to report any other business people operating in the township illegally

The mayor called on the traders to communicate with the council to create the right economic climate in the township He also promised to attend to other grievances submitted by the local traders association

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27/8/87 (4992) Sowetan

SAPA reports that Mercedes Benz has cancelled the introduction this month of its new 124 range station wagon due to its East London plant being closed as the result of industrial action.

The car — modelled on the same lines as the 184 range — would have gone on sale next month, a company spokeswoman said in Pretoria.

Mercedes Benz's East London plant remained closed yesterday because of a wage package dispute with the national union of metalworkers of SA.

Workers started a work stoppage on August 4, and the company later dismissed 188 striking employees.

iness Report

THURSDAY, AUGUST 27, 1987

20 new stores planned

Clicks lifts profits, div

30

Cape Times 27/8/87

By AUDREY D'ANGELO
Financial Editor

Trevor Honneysett

THE results reported by Clicks Stores for the year to June, prove very definitely that the good times are back — at least for this successful Cape Town-based group

Operating profit before tax has risen by 29% to R17,4m, outstripping the 24% rise in turnover to R227,7m (R183m), and showing that pressure on margins has eased

And new MD Trevor Honneysett has announced plans to open 15 more Clicks stores in the present financial year and a further five between January and June 1988

He said a total of 200 stores were planned for the Clicks chain, which now has 69 And its subsidiary, Diskom, targeted at the black consumer, is expected to grow bigger than Clicks

Clicks Stores' attributable profit for the past financial year rose by 27,3% to R8,8m (R6,9m) or 44,18c (34,72c) a share after a rise in the tax bill to R8,5m (R6,5m) The final dividend is up by 36,8% to 13c (9,50c), making a total of 21c (15,85c) for the year

"We are delighted with the results Market share once again improved and the increased final can be taken as a sign of our confidence in trading in the current period," said the chairman, Jack Goldin

He pointed out that the improved results had been achieved almost entirely through internal growth, since only three new stores were opened in the last financial year

Honneysett said that over the next 18 months, the trading area would be expanded by nearly 20% Management in all divisions was being "beefed up" to cope with the rapid expansion, which would be funded entirely from internal resources

Honneysett said profits from the 16 stores in the Diskom chain, which so far operates only in the Western Cape, were "well ahead of budget"

☐ Pyramid company Clickdin, which has a 50% stake in Clicks, lifted its final dividend by 37% to 6,30c making a total of 10,10c for the year Earnings per share were 10,36c (7,82c)

Goldin said that apart from its strategic holding in the operating company, Clickdin was likely to be used as a vehicle for diversification

He said "several interesting acquisitions" were being considered They were all allied to existing operations

Rembrandt dividends

ALL four listed companies in the Rembrandt group — which holds its annual meeting tomorrow — have lifted their interim dividends by more than 25%

Rembrandt Group has increased its interim by 25,5% to 6,9c (5,5c), Rembrandt Controlling Investments has increased its interim by 25,6% to 5,11c (4,07c), Technical and Industrial Investments has increased its dividend by 25,7% to 4,75c (3,78c) and Technical Investment Corporation has increased its dividend by 25,5% to 4,48c (3,57c)

Rand eases

JOHANNESBURG — The rand closed lower at $0,4838/45 against the opening of $0,4850/57 and Tuesday's $0,4860/67 close here, as the gold price continued to drift aimlessly below $460

A slightly firmer dollar, which continued to be buoyed by fears of Central Bank intervention, was the main depressant in a very quiet market, dealers said

Reserve Bank support for the rand was minimal

The financial rand, however, ended firmer at $0,2850/2900 against Tuesday's lose of $0,2813/63

Against other currencies, the rand closed at
USA 0,4838/45
UK 3,3300/30
Germany 0,8850/65
Switzerland 0,7290/305
France 2,9545/95
Netherlands 0,9965/85
Japan 69,40/50

Gencor, Sanlam get stake in Arban

JOHANNESBURG — Gencor and Sanlam have each taken a stake in Arban Group Holdings whose subsidiaries market a wide range of specialized and strategic products and services to the mining, steel, power and chemical process industries

Arban has successfully placed all 4m of its private placing issue at 100c a share

A total number of 15,8m shares will be in issue when Arban is listed on September 3 — Sapa

Cape Times 27/8/87

Port income 54% higher

30

Financial Editor

BRIAN PORTER HOLDINGS is preparing for expansion after lifting attributable income for the year to June 30 by an impressive 54% to R1,8m (R1m)

Chairman Brian Porter said yesterday that sales, including those of new cars, were rising and negotiations for an acquisition were in progress

The rise in attributable income was achieved in spite of a 2% drop in turnover to R163,8m (R167,3m), which Porter said was due mainly to the sale of Western Province Motors early in the financial year

Operating income

Net operating income was up by 29% to R4,1m (R3,2m) and pre-tax profit by 53% to R3,3m (R2,1m)

Earnings rose to 56,1c (39 2c) a share before an extraordinary item — the profit of R375 000 from the sale of WP Motors — and 70,3c after it The final dividend is 12c (8c), making a total of 20c (13c) for the year

A 63% increase in the tax bill to R1,8m (R1,1m), reduced net income after tax to R1 4m (R1m) although the interest bill dropped by 20% to R873 000 (R1m)

The net asset value per share has risen to 547c (496c) and the gearing ratio is down to 25,62% (51,22%)

Porter said the rise in profit was due to an improvement in the gross margins of parts and petrol and a change in the products sales mix

Used cars had contributed a significantly higher proportion of revenue than in the previous year

Major contributor

He said the Germiston Motors Group had been the major contributor to group profits reflecting the more buoyant trading conditions in the PWV area

But, he said "We are very happy with our results All our franchises are doing well"

Porter said the tendency for firms to buy cheaper cars for the use of executives, which had started in the recession seemed to be changing

He had several orders for the new 735I BMW, at a cost of R120 000

"About half are from firms and half from individual buyers There is money about"

He said he was not opposed to the Margo Commission's recommendation that fringe benefits should be taxed as cash, provided the other recommendations which would lower the tax burden for individuals were also followed

"If people have more money in their pockets they will buy cars for themselves"

Rupert thinks small; Shell thinks co-op

By HILARY JOFFE

THE chiefs of two giant multinationals have come out with opposing positions on whether small business and the informal sector are the solution to unemployment

While Rembrandt Group chair Anton Rupert, has stressed the importance of small business in the South African economy, Shell South Africa chairman John Wilson has cautioned against viewing the informal sector "as a panacea to our national economic problem of unemployment"

Speaking at the opening of the Small Business Development Corporation's annual general meeting, Rupert, who is chairman of the SBDC, said "If just 20 percent of expenditure on defence and police could be diverted to small business development, our problems would be minimised," reports said

Rupert said small business needed help from both the private sector and the government· "More money is needed to create more small businesses which will generate more jobs."

Opening the meeting, SBDC managing director Ben Vosloo said since 1981 about 158 300 job opportunities had been created or maintained at an average cost of R2 400 per opportunity "The private and public sectors share the SBDC's conviction that small business is by far the most cost-effective job creator in the South African economy," Vosloo said.

But Shell's Wilson is sceptical.

In an address to the Western Province branch of the Institute of Marketing Managers last week, he pointed to some of the limitations of small business. He argued in favour of co-operative projects, such as the South African Black Taxis Association or the Sarmcol Workers Co-operative, initiated by black community organisations and trade unions "Co-operatives are favoured over small business firms because they embrace the very important principles of collective responsibility and the shared utilisation of skills," he said.

He said South Africa's business infrastructure was inadequate for supporting its population growth "with the result that unemployment has reached catastrophic proportions", with black unemployment over 50 percent in some areas

Wilson described the informal sector business network in black townships as "the creative response of impoverished people" but questioned whether the informal sector was really the response to structural unemployment.

He cited figures showing that half the small firms in South Africa did not survive beyond two years and argued that small firms were clearly not in a position to compete with large enterprises because they did not enjoy the benefits of economies of scale. "In South Africa, where 10 percent of the economic enterprises account for about 76 percent of total turnover in industry, construction and trading, the small firm really struggles for survival," Wilson said

W Mail 27/8/87

Clicks Stores earns more, pays more

27/8/87 Star

By Ann Crotty

Latest annual figures from Clicks show its policy of opening new stores in recession times is continuing to pay handsome dividends

Turnover for the 12 months to June was up 24,4 percent to R22,7 million, while slightly improved margins helped to boost pre-tax profit by 29 percent to R17,4 million.

Although only three new stores were opened in financial 1987, the figures must reflect benefits of the full year's contribution from the ten new stores opened in financial 1986.

Sixteen more stores are planned for financial 1988

Earnings a share were up 27,3 percent to 44,18c and the company has declared a final dividend of 13c a share, 36,8 percent up on the June 1986 figure

"While results are generally in line with market expectations, the final dividend is slightly more generous than expected It underlines management's confidence in its ability to finance expansion plans from a healthy cash position

At the end of calendar 1986, the company authorised an additional 5 million shares which have still to be issued

At the time management said some of them might be issued to management and some to cover possible acquisitions. On the acquisition front there is nothing in the market similar to Clicks mix or target market so management would be looking to something slightly different

Chairman Jack Goldin says at present they do not have a "definite, complete deal" and notes they could be looking at a company in an allied area such as stationery or toys where Clicks already has expertise.

Yesterday the share, which is tightly held, closed at R11 and at an historic P/E ratio of 25 times

Mr Goldin expects turnover to increase by about 35% in the current financial year and earnings to "continue to increase as they always have"

If earnings do increase by about 35%, the share is on a prospective P/E of 18,5 times However, the fact that the group will be bringing on board 16 new stores at staggered intervals during the year may dampen the earnings performance.

COMMERCE

GENERAL

1987

SEPTEMBER

(30) STT 13/9/87

Metro the winner in Tradegro deal

By David Carte

METRO Cash is convinced that it did best in the complex Tradegro reshuffle this week.

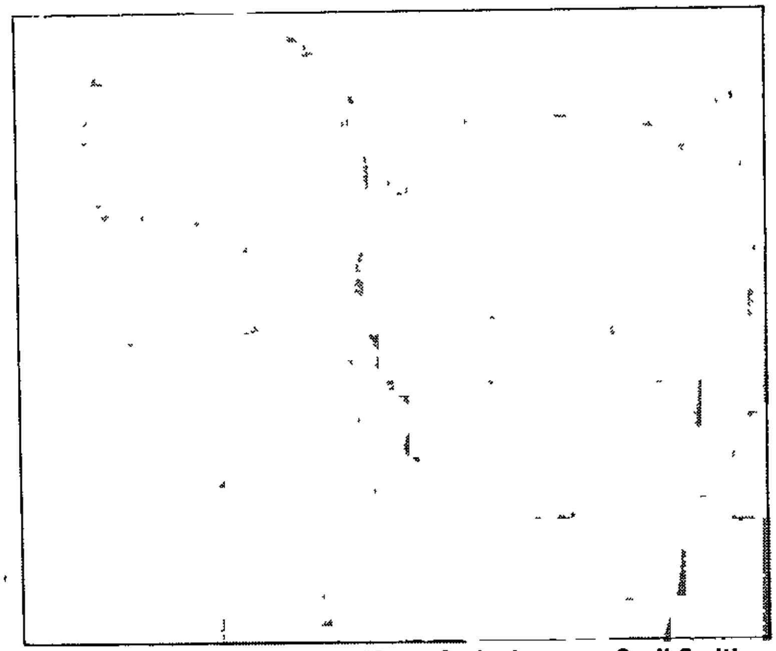
Metro managing director Cecil Smith says "All five Tradegro companies benefited, but nobody came out of it better than we"

Mr Smith believes that the acquisition of 63% of Jazz Stores at a R26-million discount and retention of Frasers wholesale operation, its mine stores, supermarkets and general dealers consolidates Metro's strong position in the black market

It will also help Metro to keep earnings growing at the 35% rate of last year

Apart from control of fast-growing Jazz Stores, Metro keeps R350-million of Frasers sales of R600-million a year and 55% to 60% of its taxed profits

Before the deal Metro was looking for sales of R2-billion a year Now the target is R2,3-billion



Something to celebrate . . . Metro Cash chairman Cecil Smith and financial director Allan Sack

Rebates

Mr Smith says "The official announcement said that had the deal been in place, our earnings would not have been affected in the year to September 1987 — but that statement is based on simple addition of their earnings and ours and division by the new shares issued

"It does not take into account the better suppliers' rebates we shall obtain through increased buying muscle Nor does it reflect the more cost-effective and profitable trading Metro will bring to the Frasers outlets it has acquired

"It also ignores the synergy among the companies and the strategic benefit of gaining a strong foothold in the retail business"

Sharp analysts were able to deduce from the terms of the complex restructuring of the Tradegro Group that Metro acquired control of Jazz Stores at 200c a share compared with a market price of 365c — a R26-million discount

Not that Jazz has been prejudiced For 7,25-million new shares, it has doubled its size overnight

Mr Smith says Frascon purchase clinched in June was "the best possible acquisition in the world for Metro"

Metro initiated the buying of Frascon, but Tradegro chief executive Mervyn King negotiated and clinched it

While other bidders were negotiating with the McDonald family, which controlled Frasers through Frascon, Mr King negotiated with Tiger, which had a pre-emptive right to the McDonald shares Tiger passed the shares to Metro at cost

Not only did Metro acquire 43 cash-and-carry wholesalers in this week's reshuffle, it picked up 58 mine concession stores and 12 conventional wholesale outlets

It also ventured safely and without conflict with its customers into retailing through mine concession stores, rural retailers — and Jazz

Mr Smith says "Our main rivals — Score and Trador — have both wholesale and retail and so does Pick 'n Pay"

What particularly pleases Mr Smith is that Metro did not have to pay a premium for Frascon even though there were several bidders and it had to negotiate with Tiger Oats

Tiger sold Frascon to Metro at market value on the understanding that it would receive "most favoured nation treatment" from the important outlet

The 12 conventional wholesale operations, which are distinct from cash and carry, give credit and deliver and earn better margins on sales

Mr Smith says "Our one conventional store makes more money than their 12 Think of the potential, when we bring the 12 to Metro profitability"

Frasers 58 mine stores made only R800 000 last year, a pitiful R14 000-odd a store Metro thinks it can increase the contribution

The transaction will put more than R30-million of cash into Checkers bank account, helping it to compete with cash-rich Pick 'n Pay

Unrest

Proof that Frascon and Frasers shareholders were fairly treated is that Retco is staying with its Frasers shares

Mr Smith reports that Metro is trading well in the more peaceful township environment

"It was suggested that we did awfully well out of unrest last year Well, we sold much bigger volumes of mealie meal and basics, but higher-margin business suffered On balance, unrest was not good for business Peace and prosperity in the townships are what we need to thrive"

At 800c, Metro is 22,5 times the 35,5c earned last year If it attains 35% earnings growth this year, the forward PE would be 16,7 — cheap relative to Score and Jazz

18/9/87

FURNITURE FAIR (36) FM

Growth driven

The Cape-based furniture retailer moved on to the main board earlier this week, barely one year after its listing on the DCM Furniture Fair is a young company which appeared to be expanding ahead of itself in the period before its listing Last year it barely had enough resources to fund growth, with working capital requirements absorbing most of its trading profits

Capital raised at the listing was used to finance the opening of two new stores, doubling outlets and boosting turnover 129% to R13m, some 85% up on the pre-listing forecast of R5,7m However, after repayment of long-term debt, the R2m raised in the listing proved insufficient To enable further expansion, a further R2,9m was raised by way of a rights issue after the year end, enabling the company to expand into new markets with minimal gearing

Immediate plans are to open a new store in Bellville, which management believes has substantial trading potential in the B and C income group market The latest store in Mitchell's Plain has been running 200% over sales budget

Like Rusfurn, Furniture Fair now makes no provision for deferred tax, in view of the anticipated expansion of its debtors book The big difference is that, unlike Rusfurn, Furniture Fair has no assessed losses to fall back on should debtors decline and tax become liable This remains unlikely as long as the debtors book maintains the growth pace of last year, when it more than doubled from R3,7m in 1986 to R8m

Sales for the first two months of the current financial year are well up on 1986 and chairman Ivan Hammerschlag believes the trend will continue At 320c, the shares stand on a p e of 17,5 times, below the DCM average but well above that of the Furniture and Household sector (10,5) This is a high growth company with excellent prospects but the share price is already at a demanding level

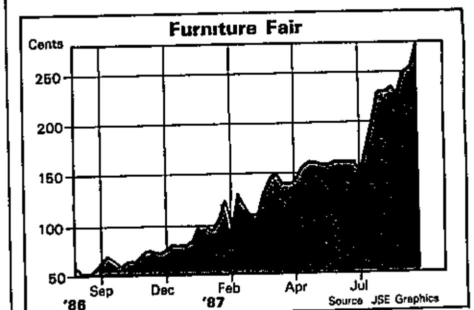
Kay Turvey

Activities: *Domestic furniture and appliances retailer*
Control: *The directors have a controlling interest*
Chairman: *I Hammerschlag*
Capital structure: *7,5m ords of no par value. Market capitalisation R24m*
Share market: *Price 320c Yields 1,9% on dividend, 5,7% on earnings, PE ratio, 17,5, cover, 3 12-month high, 320c, low, 52c Trading volume last quarter, 1,166m shares*
Financial *Year to June 30*

	'87
Debt	
Short-term (Rm)	0,56
Debt equity ratio	0,13
Shareholders interest	4,2
Int & leasing cover	5 2
Debt cover	2,5

Performance

	'87
Return on cap (%)	15,8
Turnover (Rm)	13,0
Pre-Int profit (Rm)	1,4
Pre-Int margin (%)	10,8
Taxed profit (Rm)	1,4
Earnings (c)	18,3
Dividends (c)	6
Net worth (c)	55,84



Chain hits group areas snag

(30) STAR 16/9/87

Pretoria Bureau

The Kentucky Fried Chicken chain which is disinvesting from South Africa aims to increase the stake of "non-whites" in its existing businesses, many of which are in white areas, a company spokesman said.

Mr Mike Holme, managing director of the group, said the implications of the Group Areas Act will first have to be discussed with the relevant authorities.

"We will act as a good corporate citizen in the matter "

He was reacting to claims made by a black franchise holder, Mr Abel Sibanda of Mamelodi, that local management did not highlight the pitfalls and restrictions of the Group Areas Act to their American principals recently.

According to Mr Sibanda proposals were explained at a meeting of franchise holders in terms of which 28 of the 56 outlets owned by Kentucky Fried Chicken would be sold to blacks

"This excited us tremendously. But after the Americans left we were told that this would not be possible because of the Group Areas Act," said Mr Sibanda.

Escort agencies facing curbs as govt gets tough

50
BD 1/12/87

from ORMANDE POLLOK
Political Correspondent

CAPE TOWN — Sweeping changes to the Immorality Act — including the name — have been proposed in a new bill which will clamp down heavily on illicit sex at so-called escort agencies and seedy massage parlours.

The Immorality Act, now devoid of clauses barring sex across the colour line, will be known as the Sexual Offences Act with vastly increased fines for prostitution, pimping and illicit sex

The government's hard stand on the morals issue comes after an in depth investigation into the Immorality Act by the President's Council.

Strong protection is provided for children being forced into sex for cash situations and the bill tightens up loopholes surrounding the operations of escort agencies introducing an "irrefutable presumption" that a person who introduces people for "unlawful carnal intercourse" has committed an offence.

A memorandum with the bill says that existing provisions are "totally inadequate" to secure a prosecution.

"Consequently the offence is further defined so that it is an offence if any person, with intent that a person may have unlawful carnal intercourse or commit an act of indecency with any other person for reward, performs for reward any act which is calculated to enable such other person to communicate with such a person," says the memorandum

A requirement that the attorney general should consent to a prosecution is also deleted

Pimping will now carry a maximum jail term of seven years.

MOTOR SALES

30 FM 11/9/87

Slight downturn

August motor industry sales were down a disappointing 7,7% from July's 28 629 units to 26 633 However industry spokesmen say they were anticipating a drop as June and July are traditionally good selling months

Passenger car sales declined to 17 016 from 18 937, light commercials showed a slight increase to 8 628 from 8 626, medium commercials dropped to 385 against 408 and heavy commercials moved down from 658 to 604

Toyota was once again riding high with car sales of 3 898 units, with VW in second slot on 3 602 Samcor was third with 3 123 unit sales, followed by Mercedes-Benz/Honda on 1 764 units — surprisingly high considering the month-long strike at Mercedes' East London plant What it does indicate is that lost production had clearly not yet worked its way through to the showroom floors

Though Nissan marketing director Stephanus Loubser claims the group has strongly improved its market share from 6,6% in April to 10,1% in August, it still trailed Mercedes in fifth position followed by Delta and BMW

Interestingly, as far as individual models are concerned, VW's Golf/Jetta/Fox range, with sales of 3 187, was way ahead of its closest rival, the Toyota Corolla range, which sold 2 721 Once again Nissan's new Skyline range did well, selling two more units in August than July

Toyota was again completely dominant in the light commercial field (3 031 unit sales), followed by Nissan (1 996) and Samcor (1 785) Toyota also headed the medium commercial category with Mercedes-Benz, as usual, dominating the heavy commercial category

While there has been a fall-off from July, motor dealers can draw solace from the fact that sales levels are still well up on those prevailing at this time last year Industry chiefs expect the market to continue growing well ahead of last year, though they anticipate the rate of growth will be slower in the last quarter ■

TRADEGRO/FRASERS

Sharing the spoils

(30)

Tradegro has devised a creative solution for breaking up the Frasers group, while protecting the rights of seven sets of minorities The deal it has cobbled together is said to leave everyone happy, although (as Orwell would have put it) some more so than others

Happiest of all must be Metro, which laughs its way to the bank with a capital profit of at least R26m for playing the part of middle man in first acquiring Frasers, then selling off its component parts to fellow subsidiaries in the Tradegro group. The deal involves shuffling assets between Tradegro, Frasers, Frascon (Frasers' holding company), Metro, Jazz, Rusfurn and Cashbuild — all in the same group. While no party loses in terms of potential earnings, or net worth calculated at balance sheet values, the deal will very definitely benefit Metro when the assets being shuffled are valued at market values

This is what it amounts to. Metro will sell 8,716m Frascon shares (worth R40,97m at current market prices) to Tradegro in return for 15,359m Jazz shares (worth R56,06m) — which Tradegro will acquire from Checkers — and R11m cash So Metro receives assets worth R67m, and parts with investments worth R41m, for a cool gain of R26m How did it come about? Metro simply was not prepared to acquire Jazz stock at its present p e multiple of 36 times This does not mean that Metro regards Jazz shares overvalued at their present 365c, says Metro director Alan Sack, but simply that "the deal was structured in our interest, given that we had control of Frasers " In negotiation, says Sack, "we agreed on a p e rating for Jazz similar to our own" (which is 22 times)

Who loses? It has to be Tradegro, although, because it retains a 41% stake in Metro, it indirectly receives back part of the R26m it loses to Metro Perhaps, though, one should not make too much of these paper gains and losses The deal holds tremendous strategic and trading value for all concerned It must be remembered that acquisitions are being made at operating level, and in each case the savings in administration costs will be large Higher trading margins in all its operating companies are an important target for Tradegro at present

Once control of Frascon has passed to Tradegro, Frasers will sell its cash and carry, wholesale, mine stores, supermarket and general dealer stores to Metro for 13,38m Metro shares (worth R107,0m) Metro immediately passes on the supermarket and general dealer businesses to Jazz for 7,25m Jazz shares (worth R26,5m) Frasers will also sell its Buy and Build business to Cashbuild for 1,4m Cashbuild shares (worth R4,69m), and its furniture business to Rusfurn for 33,8m Rusfurn shares (worth R39,9m) Rusfurn CE Geoff Austin intends merging Frasers' 77 furniture outlets with the 59 outlets in the Wanda chain, which then gives his group a powerful share of furniture sales to the black market Against a backdrop of Rusfurn's recent sharp revival, and given obvious benefits flowing from this deal, Rusfurn shares might well be due for a re-rating from their current 118c, where the p e ratio is only nine times

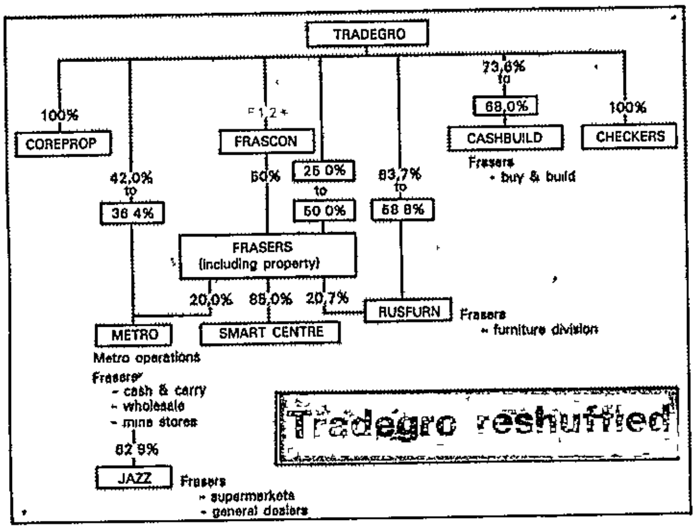
Cashbuild will almost double its outlets, and will increase gross sales by some R40m The building supplies stores it acquires are believed to be operating below potential, and by turning them around Cashbuild will truly come into its own

Early next year, Frasers intends listing Smart Centre, the one Frasers division that has no home in the Tradegro group With turnover of R57m, this retail clothing chain promises to be an interesting, although not very large, listing

The deal offers Frasers shareholders three options They can hold on to their Frasers shares and do nothing, they can sell their Frasers shares to Tradegro for 960c cash each (current trading price 980c), or they can hold half their Frasers shares and exchange the other half (with regard to every 50 Frasers shares held) for 45 Metro, 100 Rusfurn and 15 Cashbuild The ratio of shares they receive will ensure that a Frasers shareholder will participate in each company's business in approximately the same ratio as he has been doing through Frasers

At current prices, the last option is the most attractive, as it allows investors to exchange Frasers shares trading at 980c each for a portfolio of investments worth 1 018c per Frasers share Apart from the conversion premium, the exchange route also gives an investor a direct stake into Metro, which is not a bad place to be, given its large gains from this deal

Neville Glaser



Tradegro reshuffled

CSO PRICES

Another notch

De Beers this week announced the increase in prices of rough diamonds sold by the Central Selling Organisation (CSO) that has for months been expected by the market The extent of the rise, an overall increase of 10% in prices of all categories except boart and drilling diamonds, was probably at the lower end of analysts' predictions Since early this year, analysts have mooted increases of about 10%-15% during 1987

A number of conclusions may be drawn from the announcement That the increase was only 10%, and that it becomes effective at the sight on October 5 rather than being introduced earlier this year as some expected, shows that De Beers' attitude to the market remains cautious and conservative

The latest rise comes after two increases totalling 14,5% during 1986, and means that prices of rough diamonds will have been lifted by 24,5% in some 16 months, starting with the first increase of 7,5% last May Given the low rates of inflation ruling in leading diamond retail markets, particularly the US, Japan and western Europe, this amounts to a substantial rise in real terms

The diamond trade had enjoyed several years of pegged prices during the first half of the decade, so solid increases had to come sooner or later One pitfall that De Beers would presumably have tried to avoid was any risk of generating price resistance when the market was showing healthy recovery

In the US, which is still the largest retail diamond market, buyers would have felt the full force of higher prices of diamonds, as these are priced by the CSO in dollars However, in markets whose currencies have continued to strengthen against the dollar, most notably Japan (the second biggest re-

RETAIL INDUSTRY

30

The big rebate punch-up

It's shaping up as the supermarket fracas of the year with Pick 'n Pay's Raymond Ackerman squaring up to Checkers' Clive Weil over the issue of manufacturers' rebates.

Though they take diametrically opposed points of view, both say they are on the side of the consumer, their arguments are anti-inflationary, pro free market and that the survival of the retail industry is at stake

The debate over the rebate system has a long history, but it flared anew when Weil expressed strong criticism of manufacturers' rebates when he recently announced Checkers' winning results

Ackerman — who three years ago fought and won the battle in favour of rebates against Spar and the Grocery Manufacturers' Association (GMA) at the time of a Competition Board inquiry — is now threatening to go to TV, radio and print to refute Weil's statements

Rebates go under many names — target discounts, confidential rebates, overriders, performance discounts, performance rebates or just plain kickbacks — and have been widely used by the trade as bulk purchaser inducements for decades.

Arrangements are complex and have innumerable variations, but in essence a manufacturer negotiates sales targets with a retailer who — if he meets them — receives at year-end an additional percentage discount on the purchase price The targets can be corporate (covering a full product range) or specific (applying to individual products) and are usually based on the previous year's performance or on growth estimates.

Hundreds of millions of rands are involved — Weil and Ackerman both agree the rebate system accounts for some 3% of the gross annual turnover of SA's entire grocery business

However, Weil contends the money should be ploughed into price discounts which would ultimately benefit the consumer He says the system has been taken over by the manufacturing giants and used against smaller suppliers and retailers

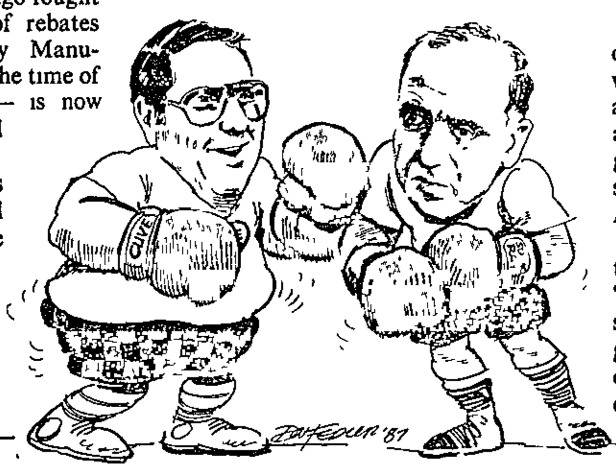
"The balance of power has shifted. Big retailers used to call the tune Now the big manufacturers dictate terms," says Weil.

For example, Checkers buys one of its biggest selling products from one manufacturer and rebate earnings run into millions While there are smaller manufacturers of the same product, "I cannot afford to support the small guy's cheaper product because I am busy making my figure with the bigger guy."

The rebate system therefore "prevents the logical business decision to take away some business from the big company and give it to the smaller competitor — because it would lose me a fortune in cash The small supplier would have to give me a 60%-70% rebate to compete."

Weil says it is more difficult now for suppliers to get goods on supermarket shelves than it was two years ago — and it will be even more difficult in future unless the rebate system is revised

"We and the consumers of SA want competition We need innovation. We need a situation where there is unencumbered access to the grocery shelves and I do not think the rebate system allows for any of that," says Weil



Rebates not only prevent a return to genuine business values where a retailer buys a product for one price and sells it at another, but "permit domination by the big guys at the expense of the smaller people." The fear is if the private sector does not resolve the situation, government will step in and impose a solution. "I don't want to see that, but I think it is bound to happen," Weil warns

Ironically, for such a strong adherent to the free market, Ackerman calls Weil's attitude "socialist" and "anti-consumer."

Manufacturers, he says, will support Weil's approach, because they would dearly love to get rid of rebates "Think of all the extra money that would flow into the coffers of international and local companies if rebates were done away with "

He disagrees with the supposition that small suppliers will be forced by target discounts to sell out to the giants And rebates make the difference between profit and loss in the supermarket industry, he contends.

"Pick 'n Pay made R72m last year. We make approximately 3,1% net profit and the entire amount comes from target discounts Suppliers give them willingly and encourage me to take them They are tough guys and strong on the big brands, but fighting for the best deal is what the game is all about."

When he started Pick 'n Pay 20 years ago, he says he fought against Checkers and OK who had huge rebates "I had to start up with a small group of three little stores and compete against them I didn't go running to government or say the rebates were wrong I just fought like mad to get the best discount Everybody has the same opportunity to do the same thing today It is a free market You negotiate the best deal you can

"We are always striving for more discounts cash discounts, target discounts, advertising discounts The more we can achieve, the more we can keep prices down and balance inflation If rebates go, inflation goes up Any attempt to get rid of the rebate system is anti-consumer and anti-South African "

GMA executive director Jeremy Hele says they do not have a specific policy on rebates "We believe that what a retailer pays a supplier for his goods and what he sells those goods for are his own business We are only concerned that there should be no interference in the principle of competitive freedom, however a supplier or retailer might define that activity "

Manufacturers remain close-mouthed on the whole issue, which reinforces Weil's point that "they know they are on to a good thing "

Right or wrong, manufacturers' rebates are a controversial subject What seems clear though is that if retailers want to head off yet another government investigation, perhaps the time has come for a critical self-examination of the system One way or another we haven't heard the last word on the subject ■

SPORTS SPONSORSHIP

Threat from Margo

Major sponsors of sporting events in SA have reacted warily to the Margo Commission's recommendation that international sports sponsorships should no longer be allowable for tax purposes

Dennis Maister, the man behind last year's Yellow Pages rebel cricket tour, says Maister Directories would certainly have to take a new look at the situation if tax allowances on international sporting events were to be axed

National Panasonic MD Terry Millar says his company would likewise have to re-exam-

MARKET MOTOR GROUP

FM 11/9/87

Riding Toyota

Market Motor Group (MMG) derives broad benefits from its involvement in used cars, repairs and parts service — but its Toyota new car dealership must be a major reason for the 98 times oversubscription of its public offer

In its traditional business, MMG has grown from a small used-car business outside Cape Town, started by the Sank brothers, Barney and Abe, in 1954 The brothers will indirectly hold 66% of issued shares after the offer of 2,3m shares to the public and 2,25m shares by way of a private placing

MMG has grown to a diversified group with 16 motor outlets in the western Cape, and the largest new car Toyota dealership in the Cape When Toyota marketing director Brandt Pretorius endorses the group and (at the JSE presentation) talks bullishly about the motor market's potential for this year and 1988, the share seems to have potential

It has an unusual investment in the film industry which saved tax equivalent to 6c of its 15,3c EPS last year. According to Alan Ipp of Fisher Hoffman Stride, MMG's auditors, the concept has been regarded as sound financial planning The film makers got full exchange control approval to help finance a film called *Scavengers* made in SA, MMG is one of a number of investors in this project

Forecasts conservative

Earnings contribution from the film investment will gradually decline until the tax benefit is fully utilised in 1989 Any possible ramifications of the Margo Commission could thus be avoided.

Along with the rest of the motor industry, MMG had a poorish performance in 1985, when the new car market dived. The group had little profit growth until the 1987 year (June year-end) when earnings tripled to R3m

Although the group's film curbed tax, the good performance was also due to a rapid rise in operating profit, which reached R3,8m (R2m) on a 24% increase in turnover to R102m (R83m). According to new financial director Avrom Sank, the 28-year-old son of Barney Sank, "Our forecast is conservative — and doesn't take into account large expansion currently taking place "

Turnover is forecast to rise to R122m, but taxed profit is expected to be close to this year's R3,1m because of the lower tax charge provided by film investment this year The share offer will dilute next year's earnings to 14,1c (15,3c) a share but, even so, the 100c issue price puts the share on an attractive prospective p e of 7,1 times.

The low p e and high oversubscription suggests the share might trade higher than the 130c that some analysts have predicted for its September 18 listing Stags may have another field day — but MMG will have to show longer-term growth to justify a higher rating *Dave Edwards*

Teeing off

Interleisure's R40m thrust into the sports and toy industries represents no great spending spree for a group accustomed to big time acquisitions What is important is the base that this new sports division provides for expansion into the high-growth sports market

Given the group's track record of entering new areas on a large scale, the 100% acquisition of six businesses, which have a combined annual turnover of R40m, is small in comparison to other divisions capitalised at R500m

Combined annual turnover of the acquired companies increased by 59% in 1987 over 1986, although no figures are given at this stage Interleisure executive chairman Ian Heron says he expects a significant profit increase from the latest acquisitions, given the rationalisation benefits that will result from centralised warehousing and administration, functions previously served separately by each company acquired The division is expected to make a positive contribution to group earnings for the current year, although full benefits are only expected in the ensuing years

Immediate plans are to develop speciality stores and expand product ranges of the wholesaling interests Heron says the intention is to incorporate sports shops, cinemas and restaurants together in leisure centres Sports warehouse speciality complexes are also planned, although no locations have been earmarked

The still unnamed sports division will comprise a fourth division of the restructured Interleisure Heron tells me that a fifth divison is being set up by splitting Satbel, currently the main contributor to group earnings Ster Kinekor Video, Cinemark, Irene Film Laboratories and Computicket have been taken out of Ster Kinekor cinemas to form a new Cinema Services division, to be headed by former Ster Kinekor operations director Hans Hawinkels

Inherent growth, and Computicket's entry into travel bookings, are considered to have made the operations large enough to comprise a stand-alone division, says Heron

Satbel is investigating the possibility of setting up entertainment centres in black areas These centres would be a logical site for new sports equipment outlets targeted at the black market Black schools' increasing involvement in sport has heightened the market's growth potential, says Heron.

Interleisure's acquisition of the businesses of Treger Golf & Sports, Pro Golf Sales, The Pro Shop, Cobie le Grange's Golf Discount Centre, Golf Distributors and Opal Sportswear gives the group significant market share in the retailing of golf equipment and apparel At wholesale level, it will be involved in the supply of tennis, cricket, golf and soccer equipment and sports apparel, although the intention is to broaden product ranges *Kay Turvey*

Interleisure's Heron ... a springboard in sports

(30)

'Credit card sex' in posh SA hotels

10/9/87 30

JOHANNESBURG — Visiting businessmen could phone in their "orders" to an escort agency, and girls would be delivered to their hotel rooms by a regular taxi driver who collected the agency fee and often carried a credit card machine with him.

This was said in evidence yesterday in the Johannesburg Regional Court before Mr I J Luther on the third day of the trial of Mr Andras Bako, 48, and his son Miklos, 27

The two are charged with procuring women for sex for an exteneded period at the Romance Escort Agency in Klein Street here

The men have pleaded not guilty

The court was told that clients were given slips which requested them to refrain from making "indecent suggestions" to the escorts

Miss Charmaine Joel, an escort, told the court she did not know whether the taxi driver was attached to a bureau, but "he was always there to drive the girls around"

She added that requests would sometimes be received from people staying out at the Sandton Sun and that the escort would be sent out by taxi. The client was liable for the taxi fee

She told the court that the accused would always ask the client's name and address and would phone back to make sure he was sure he was where he said he was

A regional manager of a credit corporation, who lives in Bloemfontein, testified that he was in Johannesburg for business on December 3 last year and was booked in at the Millpark Holiday Inn

The defence counsel, Dr P Yutar, said that "in view of the importance of this gentleman's position", the defence would not oppose an application that the witness' name be withheld from publication "because the prejudice is so obvious"

The regional manager explained that he phoned the Romance Escort Agency after seeing their advertisement in a newspaper

"I just asked for an escort," he said and added he had not given any specifications

He was told the cost was a R50 agency fee and "the rest was negotiable".

The escort arrived accompanied by "Danny", the taxi driver The witness was quoted a fee of

● To Page 7

Nafcoc members killed

TWO prominent members of the National African Federated Chamber of Commerce have died in separate incidents, according to the chamber's public relations officer.

The president of the Orange Free State African Federated Chamber of Commerce, Mr Marks Mabitle, was killed when his car collided with a train at a level crossing near Bloemfontein at the weekend.

The second member, Mr Abel Maoe Masoeu, of Rockville, Soweto, was shot dead by unknown people at his home last Thursday.

August vehicle sales hit R595m

MICK COLLINS

MOTOR vehicle sales continue to forge ahead with turnover for August rising 20% to hit R595m, compared with the R494m recorded in August 1986.

Light truck sales represented the best monthly total achieved in the past three years and turnover rose 18,6% to R140m (August 1986. R118m).

Industry sources said although turnover was not inflation-adjusted, it showed strong growth as margins had improved and unit sales were up despite price increases.

Total sales of vehicles for the month, traditionally slack after July, was 12% up at 26 633 units, compared with 23 642 last year.

Car sales were 10% up at 17 016 (15 404), while the total sales for the year also improved over the 10% mark at 130 343 (117 725).

Also up were light commercial vehicle sales for the period January/August at 60 861, compared with 51 549 last year.

Director of the National Association of SA Automobile Manufacturers (Naamsa) Nico Vermuelen said an improving economy, the stability in the value of the rand and the corresponding reduction in the rate of escalation of new vehicle prices, should all serve to under-

● To Page 2

August vehicle sales hit R595m

● From Page 1

pin demand at current levels

"Instances of stock shortages in respect of various manufacturers' product lines, aggravated by work stoppages in certain sectors of the industry, could however, result in temporary setbacks being experienced"

He said that following strong sales gains recorded during July, it was to be expected that the new vehicle market would show a tendency to consolidate during August

"While the August new car sales at 17 016 units had declined by 10,1% from the July figure, they nevertheless represented an increase of 10,4% compared to the corresponding month of 1986"

One of the strongest performers was Nissan, which showed a 38,6% increase in market penetration over the last five months

Sales of the new Skyline maintained high levels with a total of 1 012 units sold, compared with 1 010 in July and 1 006 in June.

Nissan marketing director Stephanus Loubser said "This is proof that our new Skyline has been well accepted by the buying public, especially the very critical fleet-owner segment of the market.

"June and July are traditionally the best sales months of the year, and the decline in August was expected. We expect the current growth, albeit small, to continue well into 1988," Loubser said

A spokesman for Delta said the company's share of the new vehicle market was steady at 10,2%, despite product shortages on nearly all model lines.

Director of vehicle sales Willie van Wyk said that following the successful launch of new pickups and passenger vehicles in July and August, demand had exceeded supply

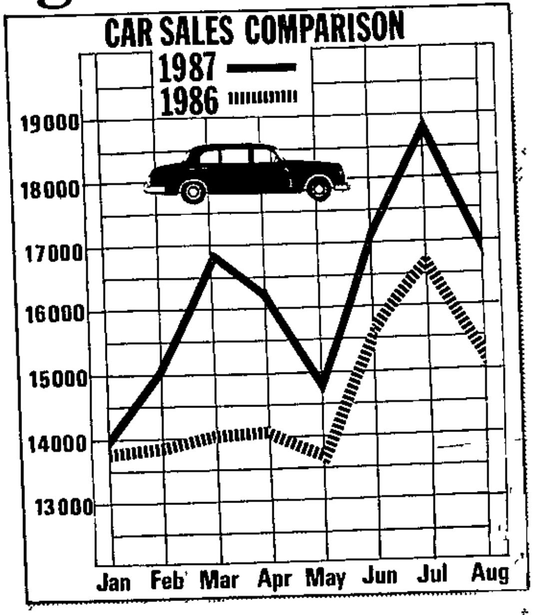
"In the light commercial sector of the market, the new Isuzu one-tonners performed particularly well, to improve on July unit sales by 35%."

A VW spokesman said "Our year-to-date passenger sales total of 25 916 units is 26,6% up on the same period last year, while our market share for this period is 19,9% This is comfortably in line with our objective of 20% for 1987, and we are confident of meeting this target"

Car makers stay buoyant despite August sales drop

30

9/9/87



Motor manufacturers have not been disheartened by a 10,1 percent drop in passenger car sales in August after a peak enjoyed in July

August sales were usually lower than in June and July, and the total of 17 016 sales represented a 10,5 percent improvement on August 1986

Light commercial sales held steady at July's levels — 8 628 as against 8 626 — and were 17,7 percent better than the same month last year Medium and heavy commercial vehicle sales slid slightly from July, but were also up on last year.

For the full year to date, car sales were 10,7 percent above 1986 and Toyota marketing director Mr Brand Pretorius said he was anticipating passenger car sales for the year to top 200 000

He said. "The figures were also affected by the fact that there was one fewer selling day in August and the strike at the Mercedes-Benz plant

(30) Sowetan 9/9/87

Business site for council member

By MOJALEFA MOSEKI

THE Soweto City Council has allocated a business site to a councillor, Mr Johnson Mokoena, with a recommendation that other applications should not be invited

The site is at Zone 7, Pimville, where 400 new houses have just been completed

Mr Mokoena plans to build a garage and a general dealer's shop which he hopes will open next year

The allocation of the site was approved by the council during its monthly meeting at the end of June It approved the allocation with a recommendation that advertising requirements be waived

The recommendation was made by the executive committee of which Mr Mokoena is also a member

Mr Mokoena yesterday said the requirement to advertise the site was waived because the site was on a "newly developed area" and no other person had applied for it.

He said "no favours" were made to him by the council in approving his application because the site "belonged" to the "developer" who had agreed to sell it to him for trading purposes

The mayor of Soweto, Mr Nelson Botile, supported Mr Mokoena's explanation

This is not the first time that the Soweto council has waived the advertising requirements when allocating sites to councillors for business premises

The former deputy mayor, Mr Isaac Buthelezi, was allocated a site for a garage in 1985 and the requirement to advertise the site was waived.

Other councils have also avoided calling for applications where councillors were awarded sites to establish businesses

Advertising of business sites 21 days before development starts is required by law

Mr Botile yesterday rejected as "untrue" claims that the site was allocated to Mr Mokoena as a "token of appreciation" for his support of the council leadership

Demand forces P 'n P to open stores on Sundays

CAPE TIMES 8/9/87 30

By AUDREY D'ANGELO
Financial Editor

AN increasing demand for Sunday shopping is forcing Pick 'n Pay to provide it in some areas although chairman Raymond Ackerman said yesterday that he would prefer not to do so

Pointing out that in the relentless competition between supermarket chains Pick 'n Pay cannot afford to be the odd one out, Ackerman said it was already experimenting with Sunday opening in selected stores including Mitchells Plain and the "new generation" small supermarket at Camps Bay

Constantia is next on the list and will start Sunday trading "in a few weeks' time"

Ackerman said that Sunday shopping was a world-wide trend as more married women went out to work, and he received a constant stream of letters from customers asking him to provide it

"I feel strongly that staff should have adequate time off to rest and spend with their families and this is one of the reasons I have resisted Sunday opening It is particularly hard on management

"I am also worried about the effect on the small shopkeeper if all the big chains are open on Sundays and late in the evening It could mean the end for some of them"

Stressing that staff would still have adequate time off, Ackerman said a shift system was in force at all stores opening on Sunday

"That costs us more, of course, but it is still profitable to trade on Sundays even with the expense of more staff

"And it will mean more jobs available — provided small shops which have relied on Sunday trade do not go out of business I am genuinely concerned about that and I hope we do not get the same situation here as in the US, where people shop at any hour every day"

Denying that it was competition from Checkers in particular that was causing Pick 'n Pay to take this step, Ackerman said "I am happy that they have turned around after a difficult time It is very commendable

'But all they have achieved is a profit of R6m and that is what we do with one hypermarket

"And in fact we have been experimenting quietly with Sunday opening at Mitchells Plain and in Durban for a year It had nothing to do with their improved results"

He said only stores in places with sufficient demand would open on Sunday The new Camps Bay store was already open from 9am until 8pm every day including Sundays

There were plans for Sunday trading at selected stores in Johannesburg and Port Elizabeth

Barlows puts 150 workers on ice over tea dispute

6/9/87 C/Press

(30)

CP Correspondent

A TOTAL of 150 workers have been dismissed from the Barlows refrigeration plant in East London following a dispute over proposed changes to working conditions.

The workers, who are all members of the South African Allied Workers, were dismised on August 28 after they failed to heed an ultimatum by management demanding that their return to work.

Chairman of the workers' committee, L Mngqolo, said the dispute began on Monday last week when the company introduced changes to their tea and lunch break times.

The total time allocated for breaks was to remain the same, but redistributed to drop the afternoon tea break.

The workers had refused to accept the conditions as they had not been referred to the workers' committee

Management had later threatened to withdraw housing and burial loans unless the changed times were accepted.

The workers in turn demanded that pensions should be paid out.

Mngqolo also said that the company was refusing to recognise the worker's committee.

A deadlock was reached and some 150 workers were fired after management issued three ultimatums for them to return to work.

"The dismissal of workers showed that management completely disregards good industrial relations and is undermining the feelings of the workers and the recognition agreement," Mngqolo said.

A company spokesman, Neil Davies, said this week that the plant was operating and new workers were being recruited

He denied that threats to withdraw housing and burial loans had been made.

"Workers did not have these benefits so it is not a point of contention," he said

Davies said managment had, on numerous occassions, urged workers to follow the procedures set out in an agreement between the company and Saawu.

"Despite management's willingness to discuss and resolve their grievances, Saawu failed to follow the procedures and continued with the illegal strike.

"On August 27, and again early on the morning of August 28, the company made final appeals to the striking workers to return to work on Friday, August 28.

"The workers failed to heed the final ultimatum. The company had no other alternative, but to dismiss the workers participating in the illegal strike," he said.

Davies said dismissed workers could re-apply for employment. – Elnews

Ciskei Govt sells cars on the cheap

By KEITH ROSS

EAST LONDON — The Ciskeian Government is selling hundreds of redundant vehicles on contract to a private company at 30% of their book value — a deal that some Ciskeian officials claim is costing the taxpayer "a fortune"

Officials also claimed this week that the system of selling the cars was not adequately controlled and was open to abuse

This was denied by a Ciskeian Government spokesman who said the system was "favourable" to the administration

The system came about when the Government signed a contract to allow all redundant vehicles to be bought by a private company, Ciskei Auto Brokers

In terms of the contract Ciskei Auto Brokers would buy all redundant vehicles up to one-ton capacity "for 30% of the nominated book trade figures as determined by the last available issue of the *Auto Dealers Digest*".

The contract is for three years and can be renewed for a similar period

It put an end to the earlier system of selling redundant vehicles by public auction — much to the chagrin of some Ciskeian officials.

"Now the vehicles are sold privately and many are going at way below their actual value," said an official

On motor dealer said "Some of the vehicles are write-offs but at that price there is still a lot of money to be made"

Another dealer, Mr Dave Wilson, believed the auction system was the only fair way of selling the cars

But Ciskei's Deputy Director-General of Foreign Affairs and Information, Mr Headman Somtunzi, said selling the vehicles by public auction was a lengthy procedure.

"Now a favourable contract has been entered into with Ciskei Auto Brokers and redundant vehicles are bought irrespective of their condition," he said

"Immediately the value of the vehicle is determined and confirmed payment is made within 12 hours.'

(20) 80 4/9/87.

TO ADVERTISE ON THIS

Assocom and government discuss labour relations

from Nico Muller
Parliamentary Reporter

CAPE TOWN — An Associated Chamber of Commerce (Assocom) delegation had "wide ranging and constructive" talks yesterday with the Minister of Manpower, Mr Pietie du Plessis, on an overall review of labour relations in South Africa

Assocom's president, Mr Harold Groom, said afterwards that the chamber had emphasised that while the collective bargaining procedure currently unfolding in South Africa was sound, it could not be expected to indefinitely withstand unreasonable political pressure.

This highlighted the need for political structures to accommodate legitimate black aspirations, Mr Groom said.

Mr Groom said Assocom had emphasised that the labour relations system in South Africa was at a crucial stage of development.

Impending amendments to legislation "should be designed to improve and not impede" collective bargaining procedures

While there was scope for evolutionary improvements, the underlying philosophies and mechanisms were sound, Mr Groom said.

Assocom welcomed the government's policy of non-interference in labour negotiations during the recent mineworker's strike — expressing the hope that the stance would prevail in future.

He said the industrial relations system would continue to be subjected to such tests of strength, but it was desirable to leave the resolution of conflicts to employers and trade unions "as far as possible".

Assocom had also emphasised that that no industrial relations system could be expected to indefinitely withstand unreasonable political pressures — no matter how well the system was designed, Mr Groom said

"This pointed to the need for appropriate political structures to be evolved to accommodate legitimate black aspirations."

Gun laws to be tightened

CAPE TOWN - The government is planning to clamp down on firearm owners who lost or had their weapons stolen through negligence, the Minister of Law and Order, Mr Adriaan Vlok, told Parliament last night

A draft Bill in this regard would be published for comment before the end of the year, Mr Vlok said during debate on his budget vote in the House of Assembly.

He said 35 766 firearms were stolen or reported missing in the last ten years Only about half of these were found again — DDC

ral system rejected Labelling

Assocom in talks with Du Plessis

30

8/9/87

Business Day Reporter

AN ASSOCOM delegation led by organisation president Harold Groom met Manpower Minister Pietie du Plessis and his Director-General Piet van der Merwe in Cape Town yesterday

According to Assocom, the meeting was an overall review of labour relations in SA.

Groom told Du Plessis that although there was scope for evolutionary improvements in the collective bargaining process, the basic underlying philosophies and mechanisms were sound

Regarding the recent mineworkers' strike, Assocom welcomed non-interference by government in labour negotiations, and expressed the hope that this stance would prevail in future.

Assocom also emphasised that no industrial relations system could be expected to withstand unreasonable political pressures indefinitely. This pointed to the need for appropriate political structures to be evolved

Canada's history ... Sharpshooters will be stationed on rooftops hundreds ... consignments of skimmed milk powder with an invo-

Crisis faces video shops

(30)

SABC 10/10/87

Independent video outlets struggling to survive against the barrage of competition from SABC-TV and M-NET allege they are being squeezed by the distributors, Ster-Kinekor, and that the video industry is being crippled

The allegations have been denied by the managing director of Ster-Kinekor Video, Mr Henk Ten Hoorn Boer.

The Saturday Star began investigating the issue after being contacted by several video shop owners this week who said that the situation has grown so much out of hand, that they are being forced to close down their shops and seek employment elsewhere They do not wish to be named

'We are being slowly strangled'

Sara Martin

EXHORBITANT PRICES

Video shop owners allege that their video turnover has dropped by half because they are forced to pay an exhorbitant price for the latest films ranging in price from R190 to R240

"Can you imagine how many times you must hire the film out at R6 a time to get your money back," says a video shop owner

They also allege that if they want the latest box-office hits, they are forced to buy two packages of four movies every month amounting to over R800 a package

"I just don't have that sort of money to spend on one top movie and three other inferior ones But if we don't buy the package we have to wait a whole month to buy the top movie singly."

Video owners say that is one of the main reason why Beta video films are dying in this country

"We just can't afford to buy two sets of the same movie, so we go for the more popular VHS one," says the owner

They allege, too, that whereas they are promised a "TV window" (period when the movie may not be shown on TV or M-NET) of a year or eight months as in the case of CBS releases, these films are often shown on TV before that time period expires

"When that happens Ster-Kinekor grants us a 50 percent discount, not on the latest releases as should be the case, but on the old back catalogue"

The video owners allege they have complained again and again to Ster-Kinekor, only to be told they can buy their stock elsewhere

"They know full well they hold the monopoly of the industry and they can do as they please," says the owner

A Saturday Star reporter, posing as a future video shop owner, contacted Ster-Kinekor Video to verify the claims and was told by a spokesman that most of them were correct However, she refused to divulge prices and said she would only provide more information if the reporter "came in to their offices and filled in a form with all the details of the video company"

Asked to comment, Mr Ten Hoorn Boer from Ster-Kinekor said that his video company did not have a market monopoly

MASSIVE DUTIES

Mr Ten Hoorn Boer said Ster-Kinekor's prices compared favourably with those countries like the United States (R203), Japan (R212), the United Kingdom (R166) and Holland (R200)

"Our manufacturing costs are 300 percent higher than the manufacturing costs in countries mentioned, mainly due to the yen/rand exchange rate and the massive import duties and 'ad valorum' taxes we pay"

He said the slow disappearance of the Betamax format from the market was a worldwide phenomenon

TRADEGRO (30) FM 4/9/87

Ready to grow

Tradegro has achieved a remarkable turnaround in its year to end-June 1986, more than fulfilling ambitious targets set by chairman Mervyn King 12 months ago Management deserve accolades for the progress that has been achieved, particularly at trading level, where pre-interest profit rocketed from R6,7m to R85,8m on a 20% growth in turnover Behind the achievement was a R48m improvement (after-tax) in Checkers and a R21,5 advance in Rusfurn.

The problem facing investors is to decide whether the move into profit makes the share attractive at current levels Dramatic as the swing was, and the net profit attributable to ordinary shareholders and convertible in-

P.T.O.

strument holders totalled R30,3m against the previous loss of R58,5m, this R4,5 billion turnover group is not yet offering shareholders much at the bottom line

Previous rights issues and financial restructurings have led to large dilution of earnings Fully diluted attributable earnings remain unexciting at 16,3c per share — even though this is to be compared with the negative 44,6c in the 1986 year.

A major challenge still facing Tradegro is its debt That the interest bill dropped by R22,4m from R49,5m to R27,1m must be attributed mainly to lower rates. Despite the inflow of funds that resulted from the various listings of group companies in the year, total interest-bearing debt increased by R21m to R278m (R257m) at June 30.

Evidently the reason for the rise in borrowings was increasing demands for working capital, essentially in Rusfurn, which has enjoyed growth in sales volumes But, while the debt levels may have eased relative to the group's equity base, borrowings remain a heavy burden when viewed against the still thin operating margin and the need to produce large net profits if growth is to be achieved at the bottom line.

If Tradegro is to fully establish its credentials as an attractive investment, it needs to sharply reduce borrowings — preferably before interest rates rise again — and lift the profitability at trading level a lot further

Rusfurn is the key to the debt position Substantial restructuring is still planned for Rusfurn, with the objective of boosting its profits and strengthening its balance sheet The furniture group (which also owns 100% of Dion) plans to double the size of its low-income group chain, Wanda, with the absorption of the Frasers group Wanda, says King, would then become "a most listable entity"

"If Wanda were to be listed in the next 12 months, it could bring in a meaningful amount of money," says King "I also see Dion being listed in, say, the next 18 months and that should also bring in a useful amount relative to borrowings When both are listed, you could have a net decrease in debt of between R50m and R80m."

As far as margins are concerned, management will focus attention on this in all divisions. Help will come from such developments as the Frasers acquisition and the consequent restructuring, soon to be announced, and the expansion of the department store operation. This week's deal with John Orr brings three John Orr stores into the Tradegro group, in addition to the earlier acquisition of Stuttafords' Sandton store and the revamp in Claremont. King says the expansion should enable significant improvement in the department stores' profitability and clear the way for a listing

King stresses that these deals do not mean Tradegro is regaining its former penchant for acquisitions. If management could have dictated events, he says, both Frasers and John Orrs would have been acquired 18 to 24 months later; part of the motivation was to

TRADEGRO'S REBOUND

Year to June 30	1986	1987
Turnover (Rbn)	3 7	4,5
Pre-interest profit (Rm)	6 7	85,8
Taxed profit (Rm)	53 9	38,9
Attributable profit (Rm)	58,5	30,3
Earnings (c)		
fully diluted	(44 6)	16,3
undiluted	(160 4)	6,6

avoid allowing these, particularly Frasers, to fall into competitors' hands.

But the giant Checkers chain will remain the key to Tradegro's trading profits On a 13,3% turnover rise to just over R2 billion, Checkers swung last year from a R41,3m pre-tax loss to a R6,6m profit, although in the black, the trading margin was only 0,325%

King says that his target for the current year is to lift Checkers' margin to 1%, building up to at least 2% over a couple of years. If the margin hits 1% this year, Checkers will more than triple its profits to at least R20m "If we can achieve that, then even the worst of pessimists should be satisfied that we're back on track," he adds.

Apart from management's efforts to improve all aspects of the supermarket chain's operations, King says Checkers has maintained its market share gains, market conditions have improved, and competitors have shown signs of allowing margins to rise. The strategy, he says, is that "Checkers keeps its margins in line with those of major competitors, and when they lift their margins we will follow"

However, King says the market outlook remains difficult to assess Real growth is being seen in certain divisions such as Rusfurn, Dion and, more recently, Metro, but — contrary to the historical pattern — not in food distribution. While a seasonal upswing should be seen in the current six months, he is sceptical that the upswing in consumer spending will be either robust or lasting.

At 295c, up by 25c since the release of results, the share price is more than double the low of 135c set in January The price translates to an 18,1 times p e on fully diluted EPS, and is no longer cheap on historical earnings If Tradegro can achieve the targets for the current year, particularly in Checkers — and the last 12 months have offered investors considerable grounds for confidence — the share should show further appreciation.

Andrew McNulty

COMPUTERMATIC

Peripheral problems

Whatever problems pyramid Eureka may have, appear to be rooted in Computermatic (C-matic), which apparently has run into management problems Six of the eight directors who were present at its listing have left, including CE Neill Miller who emigrated to Australia in July Miller was a founder member of C-matic, and developed its successful bureau service.

C-matic has become a controversial share around Diagonal Street, where some analysts have adopted sharply divergent views Some feel that, given the reputation of Eureka CE Ronnie Price for restoring troubled subsidiaries, there could well be reason to expect good growth this year This school of thought says that the share is oversold and due for a recovery Others hold reservations about the performance since last year's listing

It is not as if the company performed badly last year At bottom line it beat its prospectus forecast of 20c by 2,5c a share, but it did this in a somewhat surprising way Acquisitions in 1986 changed the anticipated scenario Sales of R53,9m were way ahead of the forecast R36,5m, although operating profits of R5,9m fell far short of the anticipated R6,9m and thereby implied lower than expected margins In fact, the predicted 19% margin is high for the industry A nil tax rate (forecast 30%), probably mainly from T & L Electronics, lifted earnings above forecast, and was 133% up on the previous 18-month period.

Price says that the computer divisions in C-matic were restructured during the second half, and an extensive programme of consolidation and rationalisation was implemented. This included important changes in management and strategic direction In his annual review of the computer division, Price says "The inability of C-matic to contain costs during its phase of major infrastructural expansion, together with its policy of writing off the full costs of implementation in the first year of a contract resulted in pressure on margins."

Long-term debt rose to R12,2m (R0,5m), boosting the interest bill This will be eliminated by income from the Sequel listing From March 1 Sequel Computer Holdings was merged with C-matic's hardware sales division Under the Sequel banner, the merged company was reversed into cash shell Barbican, and transmuted to the electronics sector.

C-matic gets rights to 48% of Sequel's 20,5m new shares, which are in turn offered to C-matic shareholders One 200c Sequel share (which has risen to 330c in the last few days) is offered for every two C-matic shares held Says Price "The proceeds of the rights issue will repay C-matic's R14m in interest-bearing debt, and create cash reserves of R10m"

Even though the hardware division has now been moved out, Price says he expects C-matic to achieve above average growth in profitability in the future. Following their recent setback, C-Matic's shares have shown some recovery of late At 440c, down from a high of 775c, the p e is a healthy 19,5, but low compared with others in the electronics sector There could doubtless be further appreciation if indeed the suspected problems have been resolved But have they? Something more tangible than reputation may be needed to reassure the market fully.

Dave Edwards

Sowetan 3/9/87

Making money from your home

This week our correspondent at the Centre for Developing Business, part of the Wits Business School, discusses making money by running a business from home

MOST people who consider starting a business think in terms of renting or buying premises from which they will operate their business.

Seldom is operating from home considered as an alternate way of starting a business. More often than not home-based business activities are associated with selling magwinya, colddrinks, flavoured ice-blocks, etc.

Very few of the people engaged in these activities regard them as business operations but they *are* and there are many opportunities for people to conduct businesses at or from home.

Among the many reasons people have for starting businesses are three which often lead to attempts to start up at home. The individual concerned might be unemployed or, if employed, not earning an adequate income.

The advantages of starting from home are that a person can start in a small way without having to take the risk of laying out large amounts of money to rent premises, equip them and stock them with materials or merchandise.

The person with an existing job also has the security of the income from his full-time job while building up his part-time business.

There are a host of goods and services that can be sold from home. Clothing, curtaining, bookkeeping services, shoe repairs, carpentry, upholstering are only a few of the possibilities. A further advantage is that by having lower expenses a home-based business will be able to offer more competitive prices to its customers.

Ideally people should use a skill they already have. The skill could be one that has been learned in the workplace (welding, bookkeeping, motor vehicle repairs) or as a result of a hobby such as photography, sewing or any other part-time activity.

To assist those who wish to run a business from home the Centre for Developing Business is offering a free course on Wednesday, September 16, at 5.45pm.

All interested members of the public are invited to attend this free course which has been sponsored by Unysis. Phone (011) 643-3241 to register.

SBDC lends R380,8m

THEO RAWANA

THE Small Business Development Corporation (SBDC) has granted loans amounting to R380,8m to 15 246 prospective small businessmen in its six years of existence, says MD Ben Vosloo.

He says the corporation created 158 000 jobs in the process.

He says the SBDC is currently receiving about 20 000 inquiries a month nationwide. "But we approve one in seven applications through lack of funds."

In addition to the R380,8m granted in loans, property development projects to the value of R124m were completed. This put the total SBDC investment in small business development at over R500m

The SBDC's annual report shows 6 997 direct loans totalling R177,2m were granted in the last financial year, a 93,7% and 73,9% increase respectively over the previous year.

Through the Small Builders' Bridging Fund, 2 346 small builders were financed for a total of R49,6m to provide housing in neglected areas at an average cost per job of R1 625.

The SBDC's development services have been expanded nationwide with the introduction of Business Promotion Units, the implementation of the Local Enterprise Taskgroup Scheme (LETS) and marketing assistance by means of the Contactmaker Programme.

(30) B/Day 3/9/87

(30) BDay 3/9/85

Small businesses courting disaster

HELEN WISHART

SMALL business should carefully weigh up the cost of embarking on litigation against conglomerates This emerges from a recent Appellate Division (AD) decision in favour of Iscor and against small Springs business Harchris Heat Treatment (Pty) Ltd

Harchris initiated court proceedings against Iscor in 1982, after attempting to settle the matter out of court, on the basis that Iscor had misappropriated confidential information for its own use, which related to an allegedly unique furnace designed by Harchris MD Harry Preston

The Transvaal Provincial Division decision by Mr Justice O'Donovan in 1982 found in favour of Harchris. Iscor appealed against the decision and succeeded in the AD by a majority of three judges to two The majority judgment was given by Mr Justice Jansen at the end of July

Reluctant

Harchris's litigation costs were about R260 000. Harchris was also ordered to pay Iscor's costs, which are still to be calculated.

For Harchris, the primary consideration in taking Iscor to court was a matter of principle. Financial backing was not a limiting factor, in that Harchris was prepared to see the case through to the end, if need be.

But it can safely be said that small business is often not inclined to initiate costly proceedings against a party backed with unlimited resources.

The facts of the case were that Harchris had, after 22 years in the business, designed and built a particular "top-hat" furnace in 1979, capable of performing specialised work.

Iscor investigated the possibility of sub-contracting with Harchris to ease its work load Several meetings were held between the parties, during which Harchris explained the mechanics of the furnace to Iscor management

Unbeknown to Harchris, within a few weeks Iscor had constructed its own furnace — the "ZD" — capable of doing the same specialised work as the Harchris furnace

The Iscor ZD furnace was completed in October 1979, in a record 18 days and at the record cost of R168 000

Unisa academic Professor Esme du Plessis said the matter related to a common law aspect of "intellectual property law" (being intangible ideas or concepts), which deals with the misappropriation of confidential information

Harchris proved both elements of his case to the satisfaction of Mr Justice O'Donovan — namely, that the information was confidential and that Iscor had copied the idea and used the information

He found that Iscor had saved itself a good deal of time, trouble and expense by copying the Harchris furnace. None of the witnesses knew of the existence of another furnace of this sort and that the information was only disclosed because it was in the context of contract negotiations

He said the differences between the Harchris and ZD furnaces did "nothing to displace the clear inference to be drawn from the basic similarities between the two furnaces. The more enterprising copyist may well seek to improve on his model without ceasing to be a copyist"

Du Plessis said the AD judges did not question the confidentiality aspect of the information, but they found on the facts that copying had not taken place. They said "the availability of new materials and components may lead to independent but similar adaptation. There are no prescribed features to satisfy when proving the act of copying. But the claimant must prove a definite link between his property and what the defendant eventually arrived at. This is difficult to prove in the Harchris case," she said.

'There are no prescribed features to satisfy when proving the act of copying'

If Harchris had patented its idea, statutory protection would have been available and proof of copying would be irrelevant.

But in order to be patented, the idea had to satisfy strict requirements it had to be a new idea (not known to the public) and it had to be inventive. The patent had to be registered and had a lifetime of only 20 years. If the design had been materially represented, it could have been statutorily protected by way of a copyright

Commenting on the common law principle of unfair competition, which was invoked in the Harchris case but not focused upon, in that Iscor and Harchris were not competing traders as such, a leading patent attorney said

"A bare concept cannot be protected from unfair competition, unless it is a trade secret and requirements for proof of confidentiality are satisfied Apart from patenting the idea, some protection can be gained from getting a written confidentiality undertaking from the party before whom one is touting the idea."

In this way, the undertaking would provide both factual evidence of the link between the parties and the confidentiality aspect would be easier to prove if the document stated that the information was not to be publicly disclosed.

He said "Local industry is presently going through a phase where there is a lot of light industrial development In many cases people are tripping over other people's rights due to their ignorance in the market, and a lot of money is wasted as a result."

Du Plessis also said that an idea could be protected by way of a design registration: "Requirements are less strict than for registration of a patent, since the inventiveness aspect is not required The idea can be an obvious one, so long as it is new.

"Application is made to the Designs Office and drawings or photographs must be supplied. The design, not the principle, are protected. Design does not cover features dictated by function".

Commenting on whether, in litigation, the balance favoured big business above small business, Du Plessis said this was not necessarily so, but that "the limitation of financial resources for small business is a hindering factor".

'Halted'

An interesting aspect of the Harchris case is that the principle of misappropriation of confidential information was invoked, although the confidentiality aspect was not focused upon (rather the case hinged on whether use had been made of this information), despite the fact that Iscor and Harchris were obviously not rival trading parties.

To date, the concept of misuse of confidential information has only been relevant in the context of rival parties and unfair trade or competition.

Du Plessis said: "It is a pity that the AD judges took so long to deliver their judgment (two years) and that the process of law is so halted by such delays".

A Johannesburg advocate commented that the dissenting (minority) judges appeared unusually critical of the majority judgment. The dissenting judges — Mr Justice Hoexter and Mr Justice Botha — could not deliver their judgment before the majority judges had done so

The dissenting judgment comments that the "long delay in the despatch of the work of the Courts is corrosive of justice. The prejudice and inconvenience suffered by both litigants as a result of the delay in the delivery of judgment is keenly regretted"

They added that "in our judgment, the conduct of the defendant (Iscor) in this case involves an infraction of *boni mores* (the accepted custom, behaviour) from which the general sense of justice of the community must inevitably recoil".

While the cost of enforcing one's propriety rights against big business is exhorbitant, other factors can — and must — be considered when dealing with big business outside of court to obviate even the idea of litigation.

It would appear that statutory protection of a concept or design, where possible, affords some peace of mind when negotiating with trading partners.

Where unfair competition or the misuse of confidential infor mation are possible dangers every feasible measure should be taken to jealously guard the rigi to personal exploitation of it idea or design.

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Industrial growth of rural areas sought

MICK COLLINS

GOVERNMENT moves to crack down on the abuse of decentralisation incentives is seen as part of an overall strategy to speed up the movement of industry to country areas.

The push has been mounted amid fears that lack of employment opportunities in rural areas will encourage urbanisation at a rate that cannot be accommodated on an orderly basis and with available funds.

A spokesman for the Decentralisation Board says about 80% of SA's industrial production, by value, takes place in four metropolitan areas representing between 2% and 4% of SA's geographical area.

"While the metropolitan areas in SA might not be regarded as overconcentrated in international terms, infrastructural and social problems are already being experienced The situation will certainly deteriorate if steps are not taken to counter the trend before the problems reach unmanageable proportions"

A relative lack of economic development is being experienced in rural areas, he says, which sees a growing reservoir of un- and under-employe people who do not share in the advancement of SA a whole.

Now government, in collaboration with Transkei, Bophuthatswana, Venda and Ciskei, has embarked on an active strategy of regional development

Solving problems

The strategy makes provision for the involvement of local people in the identification and solving of problems hampering development in their respective regions

It also makes provision for the elimination of duplicate structures and the mutual development and utilisation of basic infrastructures.

The spokesman says since inception of the programme in 1982, more than 5 000 projects have been approved, involving 368 000 job opportunities and an investment of R6bn

"Present indications are that about 50% of these projects will come to fruition Up to March 31, 1987, more than 2 100 projects were established with 130 000 job opportunities"

"The projects approved include the relocation of 302 projects from abroad involving 63 992 jobs and an investment of R651m"

Such relocations, he says, have the additional benefits of foreign investment and the transfer of technology

Political comment in this issue by Ken Owen News bills by Trevor Bisseker Headlines and sub editing by Gordon Amos All of Times Media Ltd 11 Diagonal Street Johannesburg

Bank set to train small businessmen

HELENA PATTEN

B/day 3/9/87

STANDARD BANK'S Small Business Development and Advisory Department (SBDAD) is launching a new training package this week for the small business sector, it said in a statement

Senior manager Roy Polkinghorne said providing a wide range of training and support services for the small businessman had become an integral part of the operation

The new Business Problem Solver Series consists of a set of 10 booklets covering topics such as cycles in a business, pricing and costing, management of working capital and sources of finance.

Polkinghorne said "The small businessman feels lonely out there. He's on his own and doesn't have anyone to talk to. He really does want constructive advice to assist him in running his business"

He also identified a lack of financial skills among small businessmen as the major weakness in making small ventures successful

STAR 2/9/87

Fears of labour relations backlash as black taxes rise

By Michael Chester

The number of black workers drawn into the income tax net could jump to one million this tax year, and the annual tax burden on blacks will rise above R1 000 million next year unless the Government makes tax reforms

The Association of Chambers of Commerce has joined economists and management consultants in voicing concern over possible damage to industrial relations if tax is singled out as a new threat to black advancement.

"The basic danger to labour relations is that many black workers will feel cheated as the taxman takes a growing cut out of every pay increase they are awarded", says Miss Naomi Brehm, salaries survey manager of P-E Corporate Services.

Dr Azar Jammine, director of the Econometrix research unit, agrees the bite of income tax on pay packets threatens to throw labour relations into turmoil.

Tax consultant Mr Nic Nel says: "Many blacks will see no logic in being forced to pay income tax when they have no political voice in decisions on how the tax system should operate."

WORKERS

Dr Jammine finds that the number of black workers hit by income tax since they were brought into the pay-as-you-earn system in 1984/85 has soared from 121 000 in 1985/86 to 658 000 last year — and looks likely to swell to one million in this tax year.

The tax load carried by black workers grew from R115 million in 1985/86 to R400 million last year, and is estimated to be about R700 million for 1987/88.

Dr Jammine lays the blame for dissatisfaction squarely on the impact of fiscal drag, which draws more and more black workers into the income tax net.

"It has become crucial that the Government accelerates the tax reform programme and takes action in the next Budget to cut income tax rates, lift the tax threshold, and reduce the sharpness of the curve in marginal tax rates," he says.

Assocom chief executive Mr Raymond Parsons says the spread of the income tax net to hundreds of thousands of black workers "adds a new dimension to the urgency of tax reform".

He adds: "Apart from obvious relevance to economic growth, productivity and the brain drain, tax policy is now also a growing factor in labour relations.

"In the past, taxation has tended to be the prerogative and concern of the white population This is no longer so. All population groups now have a stake in a sound tax system"

8/9/87

Nafcoc to launch transport body

THEO RAWANA

THE National African Federated Chamber of Commerce (Nafcoc) is to enter the transportation industry by launching a transport operators' umbrella body — the SA United Transport Association (Sauta).

Nafcoc will hold a conference for aspirant transport operators in Port Elizabeth on September 10 and 11

The conference theme is "Opening the Transportation Horizons for Black Entrepreneurs in Southern Africa".

Nafcoc's acting transport secretary Johnny Thema said yesterday there would be seven speakers and the main address would be given by Department of Transport deputy director Ronnie Meyer, who will explain government policy on transport

Another speaker will be SA Bus and Taxi Association (Sabta) national business development co-ordinator Noel Mlokothi.

Thema said blacks had always thought of the transport industry only in terms of the taxi business "The aim of the organisation will be to increase black involvement to cover all aspects of transport — especially cartage and haulage.

"We aim to increase the expertise of the average operator in all transport operational skills and enlighten him on legislation and government policy as it impacts on black operators."

Asked about Nafcoc's relations with Sabta, Thema said they had improved and the two were holding talks. "Sabta and Nafcoc cannot afford to be divided," he said

(32)

dead in the street.

Seminar to benefit the jobless

1/9/87 Sowetan

30

A TWO-DAY seminar to benefit jobless people is to be held at the Small Business Development Corporation Entrepreneur's Training Centre, Canada Road, Pennyville Industrial Park, tomorrow and Thursday.

Miss Peggy Reid-Daly, originator of the self-help motivational seminar, "Strategies for Survival", said it would help unemployed people who want to find a way to generate an income.

"The present unemployment crisis can be solved through people becoming self-employed or starting a small business.

"For people to achieve this goal, they have to be sufficiently motivated, have feasible ideas, know how to go about getting started and be able to obtain the necessary finance.

"Today people hesitate to take on new challenges because they fear failure. However, the truth is that we are never given a desire without also being given power to realise that desire," she said.

During the seminar, the participants' abilities and resources will be assessed. They will also be shown a number of techniques which trigger ideas on how to plan, to market the product and finally what steps to take to obtain a loan to get started.

Seating is limited and reservations should be made by phoning Miss Reid-Daly at (011) 642-9630.

Sex-oysters

LONDON — Forty-seven percent of regular oyster eaters in Britain claim that oysters are good for their sex lives, according to a survey published here yesterday.

The survey was commissioned by a leading seafood restaurant chain.

Famous

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Checkers back with R6m profit

CAPE TIMES 1/9/87 (30)

JOHANNESBURG — Retail chain Checkers has achieved a turnaround of almost R50m in the year to end-June with a profit of R6m compared with a loss of R43,3m in the previous year

The group, which comprises 163 supermarkets and seven warehouse stores, pushed up sales by 16% to R2,019m and again increased its market share

Checkers has completed its store "pruning" exercise with the divestment of 18 stores It plans to open one new warehouse store and two or three supermarkets in the coming year

MD Clive Weil, who took over two years ago, said in the first year, as expected, the group had "bled profusely" The past year had been "moderately successful" as hoped, and now the base had been established for accentuated improvements in the future

The group was considering going to the JSE, but not in the immediate future

"We have disappointed the investment community too many times in the past, so we would not want to launch such an issue too soon, until we are sure we are ready"

Weil said trading in the first two months of the current year had been good although, like its competitors, it had not found any increase in public spending which statisticians had been talking about

"People are shopping more frequently but buying less," he said, "and we will be content if we achieve the 1% real growth in sales we are looking for"

Weil attributed the company's turnaround from two years ago, when it was "faceless," inspired little confidence and owed banks around R120m, to seven basic priorities it identified and addressed: New trading policy, reduction of expenses, reduction of shrinkage, elimination of non-supermarket activities, improving gearing, improving internal motivation and morale, and improving advertising and positioning

It had been gaining around 4 000 new customers a week, in spite of having closed 21 outlets round the country

"We are now going in the right direction and progressing as planned

FM 18/9/87 (30)

M & S SPITZ

Stronger step

The recent sale of the manufacturing operations leaves the up-market shoe retailer well heeled to pursue its core business, while also strengthening the balance sheet. This comfortable situation follows a turnaround last

Activities: *Retailing of footwear and leather fashionwear*

Control: *The directors control 54% of ordinary shares*

Chairman: *A Spitz; managing director: P Bolliger.*

Capital structure: *6,68m ords of 50c 117 500 cum prefs of R2 Market capitalisation. R13,4m*

Share market: *Price: 200c Yields 3,5% on dividend, 10,39% on earnings, PE ratio, 9,6, cover, 3. 12-month high, 220c, low, 120c. Trading volume last quarter, 450 000 shares*

Financial: *Year to May 31*

	*'84	'85	'86	'87
Debt				
Short-term (Rm)	6,2	7,8	3,5	6,5
Long-term (Rm)	0,1	0,1	0,1	0,67
Debt equity ratio	0,9	1,3	0,7	0,63
Shareholders' interest	0,44	0,37	0,59	0,76
Int & leasing cover	0,9	0,9	0,9	1,35
Debt cover	—	—	0,1	0,29

Performance

	'84	'85	'86	'87
Return on cap (%)	5,3	6,7	7,6	10,7
Turnover (Rm)	28 0	28,0	28,1	36,2
Pre-int profit (Rm)	0,8	1,1	1,0	2 2
Pre-int margin (%)	2,9	4 0	3,2	6,0
Taxed profit (Rm)	(506)	(428)	(235)	1,5
Earnings (c)	(15,3)	(12,8)	(7,9)	20
Dividends (c)	—	—	—	7
Net worth (c)	195	179	140	154

* 11 months

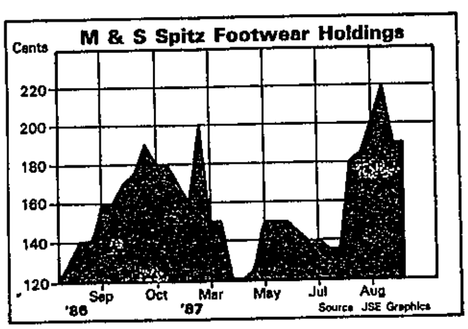
year to profits of R1,36m, after three years of losses.

Spitz disposed of its ladies' handbag and shoe factory, including exclusive Bally licence rights, to Conshu for R5m. "We are now pure shopkeepers and can put our total effort into retail," says chairman Anthony Spitz. The group continues to hold land valued at R1,5m on which the manufacturing operation is sited Management is still deciding on how to use this asset most effectively, says Spitz

Executive deputy chairman Raymond Cohen says funds from the sale will be used to repay borrowings. Debt.equity, which at year-end was 63%, will be reduced to between 7,5% and 10% by January, once the last payment by Conshu is made, says Cohen. Borrowings at R6,6m for the May year-end were sharply up on the previous year, as R2m in preference shares became payable in December

One reason for the sale of the manufacturing division was its poor profitability in the past year. Rising costs of imported raw materials flattened margins and sales volumes.

Benefits of the R3,6m rights issue helped to reverse a pre-tax loss of R91 800 into profit of R1,5m for the year to May Lower interest rates contributed to a 89% rise in operating profits as the interest bill was almost halved to R660 000



Turnover, which had remained static at around R28m since 1984, increased 29% to R36m as market share was regained Spitz says the opening of nine new leased departments in Garlicks stores in July 1986 contributed substantially to turnover without hurting sales in existing Spitz stores. The advantage of this deal was that, while it involved no additional overheads for Spitz, much of the profits on R7m additional turnover through Garlicks stores flowed directly to Spitz's bottom line. Inventory levels increased 27% to R9,9m largely as a result of this investment.

Spitz's Spitz ... staying with retailing

Margins at 6% were much improved. Spitz attributes this to tighter buying resulting in fewer mark-downs The policy now is to stick with the more successful, classic stock. "We have found we can't try to be all things to all people," says Spitz. Margins also benefited from closure of peripheral stores

Spitz sank into the red in 1984 when diversification and expansion plans co-incided with an economic downturn which hit the footwear industry particularly badly Gearing and interest bills soared while turnover declined.

The disposal of the manufacturing division and the Garlicks deal should heighten this return to profitability and the group has budgeted to achieve a R2m pre-tax profit for the current year. At 200c, and trading on a p·e ratio of 9,6 times, the share seems set for further recovery. *Kay Turvey*

RETAIL INDUSTRY (30) FM 18/9/8

Rebates round two

Checkers' MD Clive Weil has certainly stirred up feelings in the grocery business with his disparaging remarks about target discounts (*Business* September 11)

Several suppliers and manufacturers have contacted the *FM* to voice support for his contention that the rebate system (worked as an annual kickback on retail sales targets) makes it difficult for smaller businesses to get their products on the supermarket shelves

However, the suppliers against the rebate system where fearful of being identified by name or brand As one put it "We do a minuscule amount of business with the big chains, but at least we've got a foot in the door and if we speak out against the system we could well end up being victimised "

All maintain, however, that they are offering cheaper products than the large manufacturers, but that they cannot place goods with major supermarket chains because of the rebate system

"We even give support through advertising, including television It costs us a lot of money, but the big chains just turn around and say they can't afford to buy too much from us because it would prejudice their meeting targets and upset their rebate," says one supplier

Examples of affected goods include peanut butter, vegetable oil, tinned pet food, mushrooms and rice

Consensus among the more than a dozen suppliers who called the *FM* seems to be that their products are 4%-6% cheaper than those offered by the large manufacturers "Not that it matters, when we can't get them on the shelves "

They say the rebate system is a "comfortable little arrangement" that benefits the big manufacturers at the expense of the consumer They also agree with Weil that government will eventually intervene if the industry does not voluntarily amend the practice ■

(30) B/day 17/9/87

Enterprise feeds half SA's workers

REPORT: Linda Ensor/PICTURES: Benedicte Scott

FREE ENTERPRISE .. chickens, fruit and vegetables bring independence to this Winterveld vendor

THE LAW makes things difficult for them, vested interests would like to keep them lame, but businessmen in the informal sector bounce along with a happy disregard for how things "ought" to be done

Their creativity has become a powerful economic force which quietly works behind the scenes maintaining more than 50% of SA's labour force who would otherwise be at starvation's door

The Small Business Development Corporation (SBDC) estimates that 40% of total GDP — which stood at R140,6bn in 1986 — is generated by small businesses in the formal and informal sectors

Some might argue that this figure is too high, but even if it is halved it means that billions of rand are being generated and that, rather than being the peripheral adjunct of the formal sector, the informal sector has become its underbelly, providing its manufacturers and retailers with a large market for their goods

The formal sector — the recognised, legally-sanctioned sector — cannot provide enough jobs for the approximately 350 000 new workers coming on to the labour market each year And, as the population rises, the disparity will become even wider

While the size of the informal sector may expand and contract with economic booms and recessions, it has become a crucial and permanent part of the economy

Official unemployment figures vary from the 1,1-million estimated by Central Statistical Services to the 3,3-million under-employed and unemployed suggested by the President Council's economic affairs committee

By the end of the century, 30% of the labour force — 5,8-million people — will probably be without jobs

Comparing these figures with the SBDC's estimate of 800 000 small businesses — 600 000 of them unlicenced — one gets an idea of how rapidly the informal sector itself will have to grow if it is to be the mainstay of the unemployed

The SBDC estimates that.

- 75% of new jobs created in SA are generated by the small businesses in the formal and informal sectors,
- Small businesses in the formal sector are responsible for about 35% of all formal sector employment, and
- The approximately 800 000 small businesses in the formal and informal sectors contribute about 40% to overall economic activity

Winterveld — a semi-rural squatter settlement north-west of Pretoria — is an example of how enterprising people can be in the most unlikely of circumstances

They are mostly unemployed and poor but they have grit, and like the chickens which peck a survival out of the dust have improvised many ingenious ways of scraping together an income

Winterveld's main road has signs advertising a cobbler, an upholsterer, a coal merchant, a panel-beater, a mechanic and a hairdresser, most of them conducting a thriving business in the yards of their mud-built homes

There are plenty of fruit vendors and live-chicken sellers and clothing bazaars Others earn money by providing services A panel-beater needing to use an electrically-driven machine can hire a generator for a fee, and water can be bought from one of several water-sellers

These people show a wealth of creativity and initiative which would be completely strangled were they to abide by all the laws and regulations — licensing laws, health regulations, building regulations, labour legislation and municipal and provincial by-laws and countless more

Tax consultant Costa Divaris says it is impossible at present for the informal sector to become legitimate

"If they had to comply with all the regulations they would be wiped out They have no choice but to stay illegal, and this places a real restraint on their growth

"They are caught between the high costs of submitting to the regulations and the exhorbitant costs of bribery"

And bribery is rife, to the point where it is considered part of normal business costs

Divaris does not believe government is capable of devising strategies to encourage and legitimise the sector, despite the urgency of the task "It does not have the will to do so," he says

Powerful vested interests of those who have representation in local or tribal authorities and in the central government are mostly blamed for the tardiness A hawker selling fruit in competition with a trader is told by a traffic officer to keep moving on every hour

But in the long run they can't be kept out, and what was part of the informal sector bursts its way into the formal one and changes its character

Black taxi-drivers and shebeen owners have after long and bitter battles won recognition for themselves and lowered the threshhold dividing the formal from the informal

Johan Naude of the SBDC is adamant that the authorities will have to learn to accept them "These people do not go away even if you legislate against them Even if you don t give them licences, they will still be there because they have to make some money"

But the licensing and related laws are only some of the obstacles The Group Areas Act constrains growth and there is a need for venture capital Money-shops — such as those operating in Mexico, lending small amounts of cash every day — could be a possibility if the Usury Act were amended

Far more important than a revision of the law, according to Ian Clark programme manager for the Wits Centre for Developing Business, is the urgent need to provide technical skills

The market for services such as plumbing, electrical maintenance, welding and upholstering is enormous, and Clark urges an overhaul of the educational system to provide "skills for life" rather than academic knowledge

All those interviewed in Winterveld who had become successful businessmen were using skills acquired in the formal sector before they branched out on their own

Clark says this is a universal trend "People who have not had a working experience are at a tremendous disadvantage in setting up and running their own business The chances of them being able to move from the subsistence level to any higher level are remote in the extreme"

One criticism of the informal sector is that it does not pay taxes — and if the informal sector is as large as the SBDC estimates, there is a vast amount in tax being lost to the fiscus

Tax consultants are adamant, however, that informal businesses must remain outside the tax system, not only because collection would not be feasible but also to encourage their growth

Margo Commission chairman Mr Justice Cecil Margo says those at the bottom end of the informal sector should be excluded

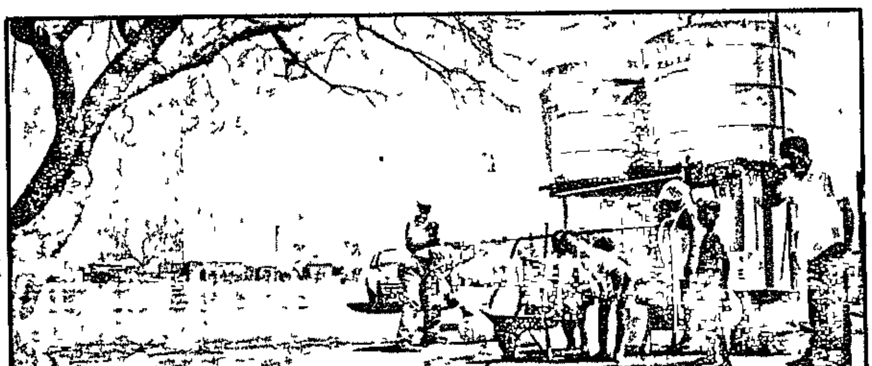
"There is the chap who conducts a little business of his own without premises, maybe pushing a cart, polishing shoes or trimming hedges He is harmless, always below the zero tax level and should be encouraged

"If he can grow he can become the backbone of the economy, as in the case of Italy and Japan where cottage industries employ several people"

Margo says it is the upper sector of the informal sector, where "moonlighting" is practised and where small businesses have become quite profitable, that a substantial tax base exists which must be netted

Apart from generating wealth, those active in the informal sector have also won for themselves a great deal of respect and admiration and created an allure of freedom for those operating under constrained circumstances on the other side of the legal barrier

"Thank God for the informal sector," says Divaris



FREE ENTERPRISE . clean borehole water sold for 12c a bucket at Winterveld

SOWETAN, Wednesday, September 16, 1987

30

Record keeping is important

This week our correspondent at the Centre for Developing Business, part of the Wits Business School, looks at a specific small business opportunity.

LITERALLY hundreds of millions of rands are being spent on small business development in South Africa

The reason for this is that the larger industries as a whole are not providing the necessary job opportunities and it has been realised that the best way to alleviate unemployment and stimulate economic growth is to get people working for themselves And people are — there has been a significant number of small business start-ups in all areas and covering a wide range of business types

Weakness

There is, however one particular weakpoint in most small business — the basic record keeping process The reason for this is that the majority of small business owners are either marketing or production people who do not have the necessary skills to maintain their own records, or their businesses are too small to employ the staff to do so Another problem is that many business owners do not attach sufficient importance to record keeping

Information

Record keeping or bookkeeping is important It is the first step in the process of gathering information that will enable the owner to know exactly how his business is progressing Is the business making a profit?

The size of the bank balance does not necessarily tell us about the profitability of the business In addition the businessman will need to know exactly how much is owed to his business and by whom as well as knowing how much is owed by the business Proper record keeping will also enable the owner of the business to keep control of the expenses of his business

Services

The rise in the number of small businesses and the importance of record keeping provide an opportunity for people with clerical experience and an interest in business to start up businesses offering bookkeeping services The advantages of starting this type of service business is that virtually no capital is required and it can be done on a part-time basis from home A person can then build up his business before giving up any full-time employment

One of the challenges facing a bookkeeper is that in the small business environment they are often the businessmans' main source of financial and business advice Unfortunately training as a bookkeeper does not necessarily equip people with an understanding of how a business works

To run a successful bookkeeping service a person needs to know about the following things in addition to his ability to keep record

- How to obtain finance,
- How to prepare budgets and cash-flow forecasts,
- How to deal with GST and other official returns,
- Insurance,
- Costing and pricing and so on

Of course it will also be necessary for the person to know how to go about marketing his services to the business community This will require a knowledge of marketing, selling techniques and negotiating skills

There is a programme available to those who wish to develop themselves as bookkeepers It consists of a foundation course in business, a course on the theory of accounting, and a financial management course All of the courses are specifically aimed at those who hope to deal with the small business community

For further information about the programme phone Mel Brooks on (011) 643-3241

SCCI to decide on court move

THE Greater Soweto Chamber of Commerce and Industry will decide on Wednesday whether to go ahead with plans to take the Soweto City Council to court over the allocation of business sites in the townships.

Mr Sydney Mahlangu public relations officer of the organisation, said the chamber had conducted investigations into the allocation of business sites and this report would be presented to members "We will then ask for a mandate from our members to proceed with court action against the council," he said

The chamber will also decide what steps to take on the rent boycott in the townships Mr Mahlangu said many traders were affected as they were not paying rent

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Sowetan 11/9/87

More businesses needed to boost EL, says chamber

30 14/9/87

Daily Dispatch Reporter

EAST LONDON — New businesses are needed here to stimulate the local economy and create job opportunities.

This is the view of a spokesman for the East London Chamber of Commerce, Mr John Griffiths

"Unfortunately the labour 'unrest' situation here does not encourage businessmen to look favourably at East London as a business area "

He added "There are not going to be enough jobs in this area at the end of 1987 for the thousands of school leavers "

A survey conducted among the city's employment agencies has revealed that the unemployment rate is down and is not as high as it was in 1986

However, there is a dearth of specialized technical people looking for jobs

"There are plenty of jobs available, but it is finding the right person for the right job that creates the problem," said the manager of a personnel agency, Mrs Trish Jansen

The manager of a well established recruitment and management advisory company in East London, Mr Ed Batty said "There is a higher percentage of people unemployed in the middle to lower income bracket than in the specialised or qualified fields

"One of the main problems facing the employment agencies here is where to find jobs for school leavers

"The average school leaver does not seem to realize that because he does not have any experience or qualification in business or industry, he is going to have a lot of difficulty finding a job

"They must focus clearly on a career that they want for themselves as opposed to 'what job can I get '

"East London is essentially an industrial manufacturing area, and employment opportunities here are mostly factory related

"The economy in the Border and nationally is being influenced by the fast growth of higher technological productivity

"The factory today is essentialy looking for skilled qualified people

MR BATTY

"The bottom line for the school leaver is for him to go on to further education and qualify in a specific field

"That is what the employer of tomorrow is looking for today

"Companies are unwilling or unable financially to spend money training new staff in the apprentice field for skilled or qualified positions.

"Obviously this does not apply to all companies My advice to the school leaver is do not leave school, carry on and get a qualification," Mr Batty said

The president of the Border Chamber of Industries, Mr John Rich said

"Industry today has become more technically orientated and consequently needs people trained in technical skills

"For the school leaver this would imply getting some form of further education which does not mean a university degree although that would be very desirable

"There are many skills and trades that industry needs where training is available at technical colleges

"For example there are shortages in the artisan field and computor operations

"I hope that the uplift in the economy will continue particularly as we have seen very little capital investment in the Border over the last couple of years

"Without which industry does not grow and of course there are no new jobs being created," he said

The Director General of Manpower, Mr P J Van Der Merwe said in Pretoria "Employers should be careful in not insisting on too high a qualification when employing staff, particularly school leavers

"It is better to invest time and the money needed to train a school leaver in his development in the company.

"However, on the other hand school leavers must not be choosy when looking for a job and must not ask high salaries to begin with

"There are a number of vacancies in the public service as well as the private sector that would suit the school leaver

"There is also a very great need for new members in the police force," he said

Mr Van Der Merwe added "Only 1,8 per cent of the white work force in South Africa is unemployed. The black unemployment figures unfortunately are running as high as 19,2 per cent "

30 B/Day 14/9/87

Assocom off to Europe to say its piece

A HIGH-POWERED delegation from organised commerce in SA will fly to Europe this week in an effort to counter pro-sanctions pressures before next month's Commonwealth Conference in Vancouver and the review of the US Comprehensive Anti-Apartheid Act

The Assocom delegation, which will visit Britain, France and Spain in a 10-day "goodwill mission", says sanctions against SA have been counterproductive

It adds in a statement "It remains important that, whatever political differences may exist between countries, the private sector should continue to promote dialogue and communication overseas"

The delegation will be led by Assocom president Harold Groom and includes the presidents of its three largest constituent chambers

The group comprises Assocom CE Raymond Parsons, Durban Metropolitan Chamber of Commerce president Ivan Dodd, Witwatersrand Chamber of Commerce and Industry president Aubrey Pitt, Cape Town Chamber of Commerce president Michael Boyes, and Assocom foreign trade secretary Bess Robertson

The overall purpose of the visit, says the statement, is "to exchange views with leading businessmen, bankers and politicians in those three countries on the latest internal and external events affecting SA, and to reinforce overseas economic links

"The discussions will include issues such as the reform process in SA, the state of the economy, sanctions and labour relations.

The visit "has been timed in particular to take place ahead of the Commonwealth Conference in Vancouver and the review of the US Anti-Apartheid Act — both of which are scheduled for early October

"The question of sanctions will, therefore, feature strongly in the Assocom overseas discussions"

Among those to be met in London is British Deputy Foreign Secretary Lynda Chalker

In France and Spain, Assocom will sign business co-operation agreements with its counterparts

The French and Spanish Chambers of Commerce and Industry had made the necessary arrangements for the signing of these "mutually advantageous" agreements in Paris and Madrid

The statement concludes "Assocom believes this mission is taking place at an appropriate time, especially when there is better news about the SA economy to be disseminated abroad"

The Assocom group will return to SA on October 1 — Sapa.

(30) STAR 14/9/87.

Farmers may not be at President's economy summit

Assocom will field its strongest team available at the State President's economic summit next month, but organised farming representatives will probably be missing.

The South African Agricultural Union, representing 45 000 of South Africa's commercial farmers, and Assocom, the main employer organisation representing commerce and a broad spectrum of industry, are holding their congresses at the time the summit is to take place on October 22

Assocom's legal manager Mr Ken Warren said "We will be represented." The organisation has attended the previous summits

Mr Warren said it was a bit soon to say if delegates to the congress would also be invited to the Pretoria meeting. "We will obviously try to field out strongest available team," Mr Warren said.

Assocom's conference is from October 19 to 22 in East London. Nearly 400 delegates from around the country will attend. Their economic debate takes place before the State President's meeting, so whoever does attend the summit will be armed with Assocom's latest collective views.

Assocom's approach to the summit will depend on how it views developments in the economic field, including taxation. It submits its assessment of the Margo Commission on October 16

The president of the South African Agricultural Union and senior officials have previously been invited to Mr Botha's summits, but will be missing this time

SAAU is having its annual congress, which takes up to a year to plan, in Durban on October 21 and 22, and 200 people will attend It has informed the State President's office of the clash.

"We are in a dilemma" a senior person in SAAU said "In the past we attended with great interest and contributed"

The official pointed out that senior SAAU staff enjoyed the ear of Government members on an on-going basis.

State President P W Botha said at last November's summit in Pretoria that it was held to engender confidence and to seek solutions for the future He said the new economic strategy was aimed at "further extending our modern economic sector against the background of continued constitutional and socio-economic reform".

This year's summit will discuss the Margo Commission

About 150 leaders from the private and public sectors and academics will meet in Durban this week to look at unemployment. Latest figures from Pretoria University show that three million potentially economically active people in South Africa and the independent homelands are unemployed. The meeting was called by Toyota.

Assocom bid to counter sanctions

A high-powered delegation from organised commerce in South Africa will fly to Europe this week in a bid to counter pro-sanctions pressures before next month's Commonwealth Conference in Vancouver and the review of the US Anti-Apartheid Act.

The delegation, which will visit Britain, France and Spain on a 10-day "goodwill mission", says sanctions against South Africa have been counter-productive.

They added in a statement: "It remains important that, whatever political differences may exist between countries, the private sector should continue to promote dialogue and communication overseas."

The delegation from Assocom (The Association of Chambers of Commerce of SA) will be led by the president, Mr Harold Groom, and includes the presidents of its three largest constituent chambers. — Sapa.

Business Report

Reverse take-over of Juicy Lucy by Wimpy

JOHANNESBURG — By means of a reverse take-over, using Anglovaal Industries subsidiary Wimpy Restaurants (Pty), Avbak Food Holdings is to acquire 60% of Juicy Lucy SA — creating SA's largest and most broadly-based fast food chain

This operates its own outlets as well as franchising others

Juicy Lucy's name is also to be changed and it is to seek JSE approval to transfer its listing from the development capital market to the JSE's main board

Announcing this last night, the two companies stated that an agreement had been concluded by which Juicy Lucy acquired all the businesses of Avbak's wholly-owned subsidiary, SA Wimpy (Pty) with effect from July 1 From that date, Juicy Lucy has also acquired, or is currently acquiring, certain other businesses or companies that operate Juicy Lucy, Burger Fair, BJ's Pantry, Peckers and Snoman outlets

Payment for the latter businesses' outlets will be made through the allotment of a maximum of 8 743 333 of Juicy Lucy shares, which will necessitate an increase in the company's authorized capital

As payment for the take-over of SA Wimpy Restaurants' businesses, Juicy Lucy will further increase its capital by issuing about 26m shares to Avbak. Avbak will then have a 60% stake

Based on Juicy Lucy's unaudited June 30 balance sheet, the company's net asset value was 37c per share, while its income statement shows earnings for the year equivalent to 6,1c per share

After the take-over, Juicy Lucy's net asset value will be 115c per share Earnings for the year to June 30 1988 are expected to rise to 10c per share

The agreement depends on certain conditions precedent being met by November 30 These include Juicy Lucy members' and the JSE's approval for the Wimpy acquisition and increase in share capital It will also be subject to a change of name for Juicy Lucy and the transfer of its listing to the main JSE board.

The merger will create a broadly-based food service chain which, under the Avbak umbrella, will have 350 outlets

The enlarged group's board will be headed by John Bryant, an executive director of Anglovaal Industries Vincent Hays will be MD — Sapa

'Textile industry suffered enough' 30

Assocom slams ban on import of piece goods

MICK COLLINS

ASSOCOM has strongly objected to government's decision to ban the import of textile piece goods.

In a message to Economic Affairs Minister Danie Steyn the association said the decision could have far reaching effects on the clothing industry which has already lost 35 000 workers over the past four years.

It said it could also have a severe impact on an already high inflation rate caused by excess demand and lack of adequate supplies.

"Numerous members have received a letter from the Director of Imports and Exports in which they were notified that no further permits will be granted for the importation of textile piece goods which (if they) are available locally.

"These members have expressed their dismay at this step which represents a fundemental reversal of the recommendations of the Steenkamp Committee into the textile industry and the Kleu Commisssion into an industrial strategy for SA."

Government accepted the recommendations of these inquiries and in particular that import control should not be used as a protective measure.

"In communication with the Department of Imports and Exports, no hint was given of any reversal of stated government policy in this regard."

Assocom further pointed out that the Steenkamp Committee was specific in its view regarding disruptive imports and the manner in which they should be handled.

"The committee found that import control placed far too much discretion in the hands of a few civil servants and that import control could not be responsibly applied more quickly than duties."

SUNDAY TIMES, Business Times, September 20, 1987

30

Time to buy as real car prices drops

By Robyn Chalmers

HIRE-purchase interest rates on cars have fallen from a high of 26% last year to 19% — and the time seems ripe for the ordinary man to consider buying a new vehicle.

HP charges are now close to the inflation rate.

Viv Bartlett, managing director of First National Industrial Bank, says interest rates are unlikely to drop by more than one or two percentage points by the end of the year. He does not expect any sharp increases next year.

Neil Martingale, Wesbank senior general manager, has a similar view. He says now is an excellent time to buy because car prices are rising and inflation will continue about its present level.

Packages

Nico Vermeulen, director of Naamsa, believes that vehicle prices will not rise by more than 12,5% this year. If the exchange value of the rand remains stable next year, there should be no major vehicle-price increases

Mr Vermeulen says: "With the rate of inflation steady about 17%, and car prices going up by 12%, in relative terms cars are becoming cheaper. Consumers can reap the benefits of low interest rates as well as the attractive financing packages offered by vehicle manufacturers"

Manufacturers are equally optimistic about holding down prices. Car prices have risen by 7% this year.

Toyota managing director Colin Adcock is confident that increases by the end of the year will be well below the rate of inflation.

"Prices will probably increase by 2% or 3% at quarterly intervals next year, and as we are now at a stable stage in the economy, people can think about buying at their leisure"

Two types

The ordinary buyer can use two types of interest rates when buying on HP — fixed and flexible Flexible rates are on average 1,5 to 2,5 percentage points above the prime overdraft rate, now at 12,5%. A 14% or 15% flexible interest rate is far more tempting than a 17% or 18% fixed rate, but consumers are warned that they will suffer if prime rises.

Jan Rossouw, assistant general manager, marketing, of Stannic, says: "At present consumers are inclined to opt for fixed rates because of the bad experience they had in 1984 and 1985 when rates on instalment-sale agreements went as high as 32%.

"Monthly instalments increased to an extent that many could no longer afford them and were forced to sell their cars"

Ceiling

Consumers may, however, buy on a flexible rate of 15% and set a ceiling of, say, 20%.

Mr Rossouw says "We advise all consumers to read the fine print, and negotiate the best deal possible."

Anyone considering buying a car on HP should not rush into a decision, but wait until it can be done without fear of financial difficulties. Consumers should consult banks with departments specialising in HP.

The maximum amount of interest a bank may charge on most deals is 19%. Several banks give lower rates for teachers and long-standing clients — some as low as 16,5%.

Deposit

Another point to consider is what percentage of the purchase to put down as a deposit. The minimum deposit on new cars is 10%, on 1985 and 1986 models it is 20%, and on 1983 and 1984 models it is 30%.

It is often seems desirable to put down the lowest possible deposit, but certain factors should be considered

First, to pay a low deposit and instalments over a long time means that interest will be charged on a larger outstanding amount. The consumer will thus end up paying much more interest

Second, paying instalments over a long time means that the value of the car will have depreciated extensively by the time it has been paid for.

Bill aims to break up monopolies

30 SMR 21/4/87

By David Braun, Political Correspondent

PARLIAMENT — Legislation empowering the Government to break up certain monopolies controlled through foreign companies was introduced today.

The Maintenance and Promotion of Competition Amendment Bill, if passed, will be retroactive to dismantle monopolies which already exist and which, according to lawmakers, could have serious implications for the South African economy.

According to a memorandum attached to the Bill, introduced by Minister of Economic Affairs and Technology Mr Danie Steyn, the Maintenance and Promotion of Competition Act of 1979 empowers the Minister to prevent the formation of harmful economic concentrations.

FOREIGN COMPANY CONTROL

'A particular acquisition usually occurs domestically and is subject to the controls of the Act However, there have been increasing instances where domestic companies obtained control over other domestic companies by means of an interest in a foreign company.

'Such a foreign company in turn exercises control via another foreign company over the domestic company over which control is eventually obtained

Should such transactions result in harmful concentrations in the South African economy, the acquisitions concerned cannot always be dissolved.

The Bill has automatically been referred to the Joint Standing Committee on Economic Affairs and Technology for consideration.

The Government hopes it will be passed by Parliament before the end of this session.

Scargill's call for sanctions under fire

(30) 21/9/87

Dispatch Bureau

LONDON — The Assocom Chief Executive, Mr Raymond Parsons, last night attacked miners' leader, Mr Arthur Scargill, for his call for sanctions against South Africa.

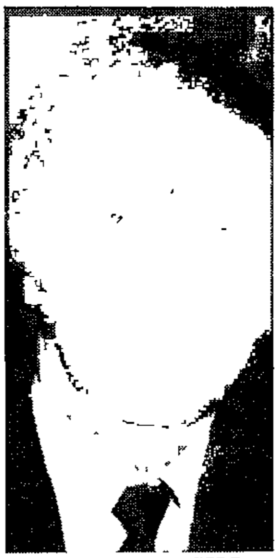
When calling for a boycott of Shell for its links with South Africa, Mr Scargill also urged general sanctions against South Africa at an anti-apartheid meeting this weekend

Mr Parsons, who is in the UK with a high-powered delegation from organised commerce, in an effort to counter pro-sanctions pressures, arrived in time to deal with Mr Scargill's call

He will take it up with Mrs Lynda Chalker today when the delegation meets her at the Foreign Office

Last night Mr Parsons said "The Assocom delegation will discuss Mr Scargill's stance with top British government officials tomorrow."

These include the minister at the Foreign Office, Mrs Chalker



ARTHUR SCARGILL

"There appears little chance of Mr Scargill's call for sanctions being heeded in Britain, as it can only damage employment in both countries"

Sanctions and boycotts remained counter productive whatever Mr Scargill felt, Mr Parsons said

The Assocom delegation will visit Britain, France and Spain in a 10-day "goodwill anti-sanctions mission"

Besides Mr Parsons, the delegation comprises the Assocom president, Mr Harold Groom and the presidents of its three largest constituent chambers

The overall purpose of the visit is to "exchange views with leading businessmen, bankers and politicians in the three countries, on the latest internal and external events affecting South Africa, and to reinforce overseas economic links"

30% surge in the sales of vehicles and accessories

DAVID FURLONGER

VEHICLE and accessory retailers increased turnover by more than 30% in the first eight months of this year, according to government predictions.

August sales are expected to be R1,68bn, up 27% on August 1986. Sales for the January-August period are expected to total R12,76bn, compared to R9,78bn last year.

Vehicle sales have been consistently higher this year than during 1986. They have been particularly strong in the second half of the year.

According to Central Statistical Services "The substantial increase in sales of new vehicles during July and August resulted in the substantial increase in total trading revenue over the past few months. Revenue for the three months up to August increased by 5,5% (seasonally-adjusted) compared with the previous three months."

THE tills ring happily but this cannot be said for the employees.

FOCUS

Call for fair deal from black employers

THERE is a need for black employers to seriously examine their attitudes to and their treatment of their employees, the Labour Education Officer of the Community Advice Bureau, Mr Thabo Montjane, says.

By MATHATHA TSEDU

The emergence of a "non-white capitalist class" within the black community had created a high incidence of exploitation of black by black, Mr Montjane says.

Mr Montjane spoke after the dismissal last weekend of 10 taxi drivers by their black employer for belonging to a trade union. The drivers were told to resign from the union if they wanted to keep their jobs

Citing several cases the Cab has handled in the past, Mr Montjane said that the lack of "enabling labour laws to protect workers in the bantustans meant employers were getting away with murder"

In one case two men employed by a dry cleaners in Pietersburg, who were members of the South African Laundry Dry Cleaning and Dying Workers' Union, were summarily dismissed

The workers, Mrs Edith Mankhapo Mothiba and Mrs Priscilla Mamakgotla Dikgale, earned R45 a week each but allegedly had R6 deducted every month for the Unemployment Insurance Fund The deduction should be R1,41

The owner of the business denied in an interview with the *Sowetan* that she had fired two workers for belonging to a union She said the two were fired for "domestic problems" She also denied the R6 deduction for UIF

Efforts by the union to discuss the issue with her were met with a response from her attorneys stating that she was "not prepared to enter into any discussion of this matter" The attorneys said she was at liberty to take any action she contemplated.

In another case, a pregnant woman employed by a shop was fired in February this year She was not given her salary and other monies due to her

When Cab wrote a letter to the employer to demand notice pay, leave pay and the January salary, they were told the matter had been handed to attorneys She is still waiting for payment The UIF card that was incorrectly filled in and returned to the employer for correction has also been returned

Cab's letter to the shop said "We would like to point out that we hardly expect this type of action from fellow black brothers and sisters like you Our people have been exploited, maltreated and robbed of their monies by white people for so long that we expect black employers like yourself to improve the situation rather than imitate the Boers"

Domestics

Mr Montjane said consulting attorneys was the stock reaction of black employers "They seem to prefer to pay attorneys' fees rather than to give the people who serve them loyally for every little money what was due to them"

He said the cases dealt with were just the tip of the iceberg "You can only imagine the number of domestic workers who are exploited in black homes People work until very late No days off and very little pay These people don't even come to our offices for assistance when they are dismissed," he said

The same black people may be members of unions at their work places, demanding better pay and working conditions, but they come home to behave like the white employers they criticise

"Unless a serious look at the attitude and practices of black employers is taken, the fabric of our society will be torn," Mr Montjane said

Mr Montjane said Cab's fortnightly workshops on labour matters were designed to raise the level of consciousness of the workers and to improve the understanding between employer and employee

He said Cab was planning a special workship for black employers.

Economic prospects 'not rosy'

FOCUS

This week economist LYNN PIKHOLZ looks at commodities and how they affect the economy.

COMMODITY prices are beginning to show some real strength after a decade of glut which shoved prices to their lowest real level since the thirties Key metals and certain raw materials are leading the way

The general view is that we have seen an all-round bottoming out of commodity prices Based on technical analysis, copper and aluminium prices have revealed an impressive uptrend on the chart points

On the fundamentals (i e demand and supply) the future of certain key commodities is also looking promising although excess production capacity of nearly all the important commodities will tend to temper price rises

Historically commodity prices have tended to react in line with inflation The reaction or overreaction of precious metal prices to inflation and inflationary fears has been noticeable once again recently This has occurred with the realisation across markets that world inflation has bottomed out and an uptick in world prices is expected

Traditionally the outlook for inflation has been largely bound up in the outlook for the cost of energy The instability in the Gulf with a resultant fluctuating oil price way above the 10 dollar a barrel days of last year provides a strong impetus to inflationary fears This is encouraging investors to hedge themselves

The fundamentals (i e demand and supply for oil) point to an oil-glut and a possible downward trend in the oil price which we should witness by the year end

Should the price of oil fall, the higher oil price of today is still significant with respect to inflation as many countries will be tied into contracts at firmer oil prices The cost push inflationary effects will certainly filter through into overall prices in these countries

In the precious metals market gold has performed extremely well rising steadily since 1984 This upward trend is firmly in place and extends across other precious metal markets such as platinum and silver.

Bullish

The bullish outlook for precious metals is being entrenched by increasing concerns over fundamental problems in the money markets (e g the US trade deficit and the Japanese and German surpluses)

These imbalances which persistently exist between the economies of the major countries are a destabilising force on world markets The fact that the dollar is widely expected to depreciate against other major currencies is also making investors anxious about dollar investment and they are thus more willing to put their money into alternative assets

Moreover, as most commodities are denominated in dollars, a depreciating dollar broadly means an increase in commodity prices Investors are diversifying their portfolios to incorporate a wider spread of commodities

Their rising demand for commodities is in turn pushing up prices and it is this trend we have been seeing lately despite downward corrections due to profit-taking

Not all commodity prices have been rising equally Base metals and industrial agricultural raw materials have fared far better than foodstuffs Base metals depend mainly on industrial consumption rather than the whims of investors and speculators

Low inventories, falling interest rates, a depreciating dollar and accelerating inflation laid the foundation for the boom in base metals Since the beginning of the year the price of nickel has surged 49 percent, aluminium 41 percent and copper 35 percent This compares to a 15 percent increase in the gold price The low stock levels are ensuring that the market will be volatile on its upward trend Prices of some footstuffs are still at their lowest level in 50 years despite a noticeable improvement in others

Prices of many commodities outside the precious metals are still falling in real terms or at best holding their own

Commodities sometimes follow their own cycles despite general commodity movements Sugar has been especially hard hit in recent years

Excessive overstocking for many consecutive years by the European Community in order to protect farmers has distorted markets and created an irreversible glut, at least in the short term

The potential for sugar to be used as a source of fuel (by extracting ethanol) may change this picture Copper production, on the other hand, was cut drastically in recent years due to slack industrial demand Stocks are now so low that renewed industrial demand is driving prices up again

Prices

On the agricultural front, products such as rubber and cocoa have seen a turnaround in their prices — albeit a modest increase Rubber has risen approximately 5 percent and cocoa 6 5 percent in the past eight months Cotton prices have been seeing a recovery since August last year Wool prices have also risen strongly

This trend has not been echoed in the coffee market as Brazil, expecting a huge coffee crop is exporting coffee at prices far below the recommended market price

In South Africa commodities form an essential part of our economy as we are primarily dependent on the primary sector (i e mining, quarrying and agriculture) Rising commodity prices thus have strong implications

The scenario with respect to commodities on the precious metal side is far more favourable that than of agriculture where we are faced with increasing sanctions abroad and market distortions locally

Our agricultural sector, like most others in the world is bound up in bureaucracy Government loans, grants and subsidies to farmers distort markets and encourage overproduction We have been exporting maize at a loss for many years

The government is finally trying to rectify the situation and is attempting to "buy out" the farmers in order to persuade them to reduce the number of hectares used in maize-production

Although there has been a strong uptick in commodity prices, when one excludes the precious metals, the long-run prospects do not seem all that rosy It is unlikely that developing countries dependent on commodity exports will see a turnaround in their terms of trade

It would be fair to say that we have probably witnessed the end of the "big bear" in commodity markets We must however, temper our joy as there are massive surpluses and potential production capacity in most commodities world-wide which ensures that "little bears" will be running around for some time to come — but then on the bright side again Goldilocks is also here to stay

W/Mail 18-24/9/87

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THE ECONOMY

Managers talk of being black — and capitalist

By MBULELO LINDA, Port Elizabeth

THE role of black managers, balancing upward mobility with the expectations of the community, was debated at the annual conference of the Black Management Forum in Port Elizabeth on Friday

Under the banner "The role of the black manager in a changing socio-economic and political environment in Sout Africa", ways black managers could remain part of the "struggling popular masses" and yet rise in the corporate world were discussed

Keynote speaker Bonginkosi Nzimande, a senior lecturer at the University of Natal, asked whether black managers and their communities were reconcilable He questioned whether the upward mobility of black managers was perceived by the community as part of and consistent with the national "liberation struggle".

Attention was also focused on whether the free market economy, irrespective of its political context, was capable of redressing current inequalities as well as meeting a demand for the redistribution of wealth

Delegates also discussed whether black managers would be able to meet the demands of the workers and the community when they finally arrived in the corridors of corporate power

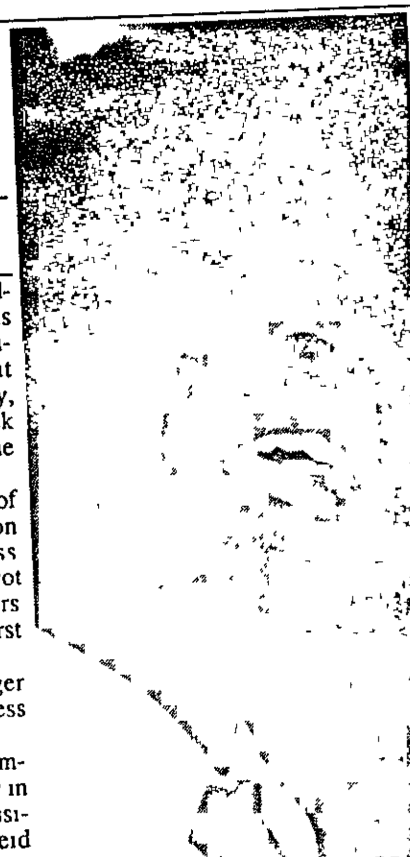
According to Nzimande, "It is not good enough for instance to say the BMF must play the role of 'catalyst' (the dominant theme in their black advancement seminar in Durban this year), but contribute and fully participate in the struggle to bring about economic and political democracy, not as understood by individual black managers but as understood by the struggling masses."

For the former national president of the Azanian People's Organisation and present Soweto business manager, Khehla Mthembu, the pivot of his argument for black managers was "You should be a black man first — then a manager"

"Only when the black manager takes himself seriously can business take him seriously," he said

He said black managers had an important role to play in the economy in the event of an outflux of white business persons in a post-apartheid South Africa

It was a blessing in disguise, he said, that South Africa would be the last country on the continent to achieve freedom, for South Africans could learn from the mistakes made by black people throughout Africa "We must create our giants of Biko, Mandela and Sobukwe They have shown us the way, they did not wait until liberation before they came with



Nzimande . BMF must contribute

documents like the Azanian People Manifesto or the Freedom Charter.

"Now when we talk in the politi arena we know what people want their demands are well document But we as black managers do know what kind of economy want" — Ecna

Stokvel plan to help traders

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Sowetan 24/9/87

BUSINESS Challenge, an organisation that is helping small business people, is to start a trust fund that will enable them to obtain loans at financial institutions.

Details and the structure of the trust fund will be explained at a seminar to be held at the Carlton Hotel in Johannesburg on October 18, Mr Phil Khumalo, co-ordinator of the seminar said

He said the fund will be some kind of "stokvel" run on professional lines To become a member, one will have to pay R50 a month and the amount will be put on trust in a bank.

"We have realied that our people have it tough when they want to obtain loans With our trust fund, members will be able to get loans to the maximum of R2 000, and even more in exceptional cases.

"Business Challenge will be guarantors for those people seeking such loans

"We believe that with this scheme we shall enable struggling small businessmen to expand and in turn employ more people In this way we shall be fighting unemployment in view of the on-going process of disinvestment," he said

The launching of the fund will take place in Swaziland at the beginning of December Those who want to attend the Johannesburg seminar can contact 23-7620 It will start at 2pm

A helping hand for small businesses

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WR551 26/9/87

SMALL businessmen will soon be getting a helping hand to break into the big time

It is coming from the the Small Business Development Corporation (SBDC), which is undertaking the compilation of a comprehensive register of small entrepeneurs to assist their marketing effort

"Many small businesses find it extremely difficult to penetrate the big business environment, mainly due to a lack of market exposure," said Mr Danny Mansell, Eastern Cape regional general manager of the SBDC, in announcing the plan

"Finding a foothold in this highly competitive environment is often vital to their growth and development

"Large businesses tend to be rather conservative and deal on the whole with other larger businesses and are often unaware of the services and products offered by small business

"Once completed, the register of small business will be made available to government and semi-government authorities and businesses listed will receive tender information automatically

"Large manufacturing concerns often require smaller manufacturers to manufacture components or supplementary products on a sub-contracting basis

"With the availability of a small business register these concerns will be able to identify and contact smaller manufacturers easily

"The main objective of the register is to provide entrepreneurs with an opportunity to get a foot in the corporate door, with the register being supplemented and revised regularly until it forms a comprehensive Directory of Small Businesses"

By Bob Kernohan
Business Editor

Small businesses interested in being listed in this register should contact Mrs Ronel Swart at ☎ 041-521517 or 521601

Meanwhile, more help for the small businessman has been provided by a major bank

It is Standard Bank's Small Business Development and Advisory Department (SBDAD), which has just launched its the latest training package, The Business Problem Solver Series

Designed specifically for the small business market, Problem Solver is a powerful, easy-to-understand business tool consisting of a set of 10 booklets filled with no-nonsense practical advice that can be put to immediate use

Topics covered are the cycles of business, using other people's help, pricing and costing, developing a business plan, making sense of terms and jargon, management of working capital, measuring performance, managing your cash, managing your bank manager and sources of finance

20

Danny set fire to the till and took Romens to JSE

By Peter Schafer

ROMENS, the Cape Town clothing retailer that joined the Johannesburg Stock Exchange's Development Capital Market, a week ago at 52c compared with the issue price of 40c seems to have plenty of upside.

The achievement of Danny Kahn of Romens was to turn a little clothing store into an operation generating R500 000 a month

In 1962, Mr Kahn became tired of selling hair cream and jelly beans in the family store at Cradock and headed for the Western Cape Town to sell "suits for the sensible executive"

He took a lowly job in the store called Romens It did not take him long to figure that high quality at low prices was much in demand Within three months he made an offer to the owner to buy the shop

The elderly owner accepted with a cynical smile and sat back to watch Mr Kahn burn his fingers

But the only thing that Mr Kahn set on fire was the till In the first year, turnover rose from R8 000 to R240 000 He installed a tailor for instant alterations, discovered that clothing factories were only too happy to sell in bulk at low prices and that it was better to sell 50 suits for a 20% mark-up than one suit at 300 percent

In those days Mr Kahn had to stand in line to place his orders with the big factories — today the factories stand in the queue His average annual order approaches R5-million

He says not even the big boys — Woolworths, Truworths, Markhams — can compete with the range of merchandise and prices that Romens offer

It is not luxury shopping there — you jostle among hundreds in the Waterkant Street shop in the city centre on a Saturday morning — but your Man About Town and Mentone suit will cost you a lot less than in many other stores

Mr Kahn hopes to take Romens into the big time He will use the R1,8-million raised in the listing primarily to finance a francising operation master-minded by himself and his new young partner, Dave Marks

The franchise operation promises to make several small outfitters rich Mr Kahn claims the first one, in Paarl, increased the owner's turnover threefold in a month The aim is for 100 franchise shops in the next three years

Clothing store owners will not receive the Romens brand of success for nothing — it will cost them R25 000 down to buy at lower than factory prices and 5% on whatever they purchase

Mr Marks has developed a computerised stock-management system, which provides a daily breakdown of all items sold With a turnover of R5,8-million that will be needed Romens has in stock at any one time 40 000 shirts, 12 000 suits, 10 000 belts, 20 000 pairs of socks, 6 000 pairs of jeans and 8 000 pairs of trousers

Mr Kahn foresees the franchise operation bringing in R30 000 a year from each shop In profit terms this could mean something like an extra R2-million a year

One of the aces up Romens' sleeve is its export arm It has discovered strong demand in Britain for SA clothes

Mr Kahn says "We have a store in Oxford Street, London We have had to use another SA factory to supply the merchandise"

'French and SA relations improve'

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Star 28/9/88

PARIS. — South African businessmen on a "goodwill" tour of Europe have reached an agreement with the Assembly of French Chambers of Commerce and Industry to relaunch commercial relations.

France is one of Pretoria's eight leading trade partners.

Mr Harold Groom, leader of the six-man delegation representing the Association of South African Chambers of Commerce, did not provide details of the agreement reached in France or say when the agreement was reached.

But in an interview with the French news agency, Agence France-Presse, he said French banks had displayed a "more positive" attitude toward South Africa.

The South African group is visiting London, Paris and Madrid in an attempt to counter economic sanctions and disinvestment before the next meeting of the Commonwealth in Vancouver and future discussions on South Africa in the US Congress. — Sapa-AP.

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'BOSSES DO NOT HAVE A HEART'

BLACK businessmen have an image problem resulting from inhuman and uncivilised employment practices as well as a lack of a social conscience.

By MATHATHA TSEDU

This was said by the community affairs manager of a brewing company, Mr Windsor Shuenyane, when he addressed members of the Lebowa Chamber of Commerce (Labcoc) in Pietersburg at the weekend.

Speaking at the launch of the Dr A M S Makunyane Memorial Scholarship Fund on the theme "Black business — does it have a social responsibility" Mr Shuenyane said the eyes of black businessmen have for too long remained "focussed on self and the accumulation of more wealth".

"With very few exceptions they have lacked a social conscience and sensitivity regarding their responsibility to the community," he said.

Mr Shuenyane said a study of reaction to disasters and tragedies had revealed that "it is always the other races who have come forward to offer relief and compassion"

"This challenges you to be more community minded and to be practically involved in neighbourhood community welfare and selfhelp projects," he said.

Citing an article published in the *Sowetan* last week which revealed gross exploitation of workers by black employers, Mr Shuenyane called for the adoption or a "human and civilised employment practice code" and an end to the treatment of black customers as if "they have come to beg and not to buy".

Builders call for township projects

CAPE TOWN — A black builders' association, which was formed recently, has urged the Cape Town committee to consider it in the allocation of projects in townships.

At a meeting with Langa, Nyanga, Guguletu and Khayelitsha mayor Roland Njoli, the Western Cape Black Builders Association said their builders were being left out in the cold when it came to building projects.

Association chairman C P Mack said that by including the association in projects the town committee could help with job creation in black areas and help ensure that money generated in the community would stay there.

Njoli said their needs would be borne in mind and he was happy the association had brought these to his attention.

The association, which was formed about three weeks ago, has about 60 members. — Sapa.

B/day

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29/9/82

Car sales to beat estimates? (30)

BD 30/9/87

JOHANNESBURG — The head of South Africa's largest car retail group has echoed manufacturers' predictions that new car sales next year will exceed recent estimates

The McCarthy Group's MD, Mr Theo Swart, said yesterday the 1988 market would be 220 000 cars — compared with his previous 205 000 forecast.

Toyota, Volkswagen and Nissan all recently stated they expected similar totals in 1988

Mr Swart said the main reason for his optimism was the improvement in the economy, which was creating more disposable income

"Although next year's sales will be well below the peak of 300 000 reached six years ago, we are seeing a slow, but steady, build-up of confidence in the market," he said — DDC

Commerce students' body makes progress in EL

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DD 30/9/87

Daily Dispatch Reporter

EAST LONDON — The national president of the International Association of Ecomonics and Commerce Students (Aiesec), Mr Matthew de Villiers, has expressed his satisfaction at progress made by the association's new branch at the Rhodes University East London campus

Mr De Villiers visited East London as part of his Easten Cape tour, where he has been meeting local committees on the various campuses

"The main objective of the tour is to see what the organisation is achieving, as well as to train and motivate the committees," Mr De Villiers said

"We are trying to establish uniformity across the country, because sometimes the local committees tend to go off on their own and don't stick to the aims of the national executive "

Mr De Villiers said that the main aim of Aiesec was to allow students to develop into better trained and experienced managers

The local Aiesec committee was formed earlier this year when students on the East London sub-committee which fell under the Grahamstown committee, expressed a desire to become independent

Mr De Villiers said the national executive discussed the appeal and then decided to grant them prospective level membership

"They will be able to apply for the next level membership at the meeting in December," he said

Mr De Villiers said a local committee in East London had not been formed earlier, because at that time there were too many committees on the various campuses around the country

"The national executive could not handle all the committees, so we were forced to consolidate by not forming any more

"As soon as we could we allowed this committee to be formed," Mr De Villiers said

Mr De Villiers said the East London branch showed they had potential to succeed

An outgoing member of the local committee, Mr Andrew Hoole, said they had used this year to get the organisation off the ground in East London

"We have been quite successful this year We have 80 members, which is quite good when you think there are only 300 students here," he said

One of the activities of the local Aiesec committee was to organise a Stock Exchange game, which was played by a number of students, Mr Hoole said

"We also held a Commerce Week, which was actually only two days We are trying to get a whole week next year set aside for commerce

"Other highlights of the year were a cocktail party to introduce new members and the Aiesec Ball, which was held two weeks ago," Mr Hoole said

A business development course would be held at the Port Elizabeth Technikon at the weekend and this would be attended by the members of the new committee, Mr Hoole said

CBDs revitalised by pedestrian malls

(30) B/day 30/9/87.

PEDESTRIAN malls are becoming an increasingly influential tool in the revitalisation of CBDs.

And because of the success of this concept both locally and abroad, new town centres — such as Ennerdale south of Johannesburg — are incorporating malls in their plans from the start.

Reg Pheiffer of Pheiffer Marais, a design firm which is responsible for more malls than any other practice in the country, says although there are a number of factors to be considered in a CBD revitalisation, malls contribute to several of them

These factors include.

- ☐ Separation of locale from through traffic, separation of pedestrian traffic from vehicular and loading activity,
- ☐ Provision of ample, well-located parking,
- ☐ Injection of new facilities into the town centre,
- ☐ Ongoing promotions, making public spaces attractive in their own right. Where malls are established, this requires mall management, handling security, promotions and maintenance,
- ☐ Financing of the total scheme — this must be within the reach of the city council, phased if necessary,
- ☐ During the period of incubation of the scheme, the CBD must be protected from interim development of competitive schemes,
- ☐ Environmental improvement.

"A mall will help with some of these goals, but it must not be seen as the panacea for any town," says Pheiffer.

The first phase of a new mall in the heart of the old Benoni CBD was opened recently and is already popular, he comments It will ultimately link up with a proposed major redevelopment scheme, handled by Pheiffer Marais, for the lake-front about 500m away.

At Ennerdale, 30km south of Johannesburg, the firm has prepared a start-to-finish plan for the establishment of what will effectively be a whole new town.

The client is the House of Representatives, but private sector funding is being sought for development where applicable Plans are underway for a shopping centre on one of the big sites already sold, and for a library and clinic

A major pedestrian mall has been incorporated as the backbone of the shopping area and will be, in terms of the 20-year plan, probably the largest in the country, although it will be built incrementally.

In a reversion to more traditional modes of working and living, provision has been made for residential accommodation over some of the retail space — this being considered desirable by the smaller operator

This will ensure, says Pheiffer, that the town centre remains alive after 5pm.

"We are really hoping this part of the plan will take off."

Fewer

Business Report

Projected turnover of R300m

FS and W & A form new firm

Own Correspondent

JOHANNESBURG — In another major market move, FS and W & A Industries yesterday announced the formation of a household and furniture conglomerate with a projected turnover of R300m by the merging of eight separate companies

The merged company, to be known as Homemakers, brings together W & A subsidiaries World Furnishers, Bradlows, Selwyn Nieman and Lee Fabrics with JSE listed Housewares and Fablibe as well as the unlisted Sembel-It, Multi-Pine and Harry Coll

Homemakers will be listed in the Retail and Wholesale sector by way of a reverse listing into Fablibe at a later date

CE of the new group will be Hilton Nowitz, deputy chairman of Housewares

Trading in the four shares that were suspended on the JSE — World, Bradlows, Housewares and Fablibe — will resume today

W & A CE Brian Joffe said yesterday "As its initial investments, Homemakers has acquired a controlling interest in the four companies listed on the JSE and four unlisted companies

Minority shareholders in the four listed companies will be able to participate in Homemakers by way of a share swop deal on the following basis

- 190 Homemakers shares for 100 Housewares shares held,
- 540 Homemakers for 100 World,
- 1 900 Homemakers for 100 Bradlows, and,
- 100 Homemakers for 100 Fablibe

Nowitz said yesterday that first year's annualized profit attributable to ordinary shareholders will be R23,3m, equivalent to earning 14c on each of the 167m Homemakers shares in issue

The company intends paying an annual dividend covered at least three times

Joffe said the transactions would have no immediate impact on the earnings of W & A or Waicor shares, but had the transaction been effective on June 30, it would have increased the net assets value of W & A by R18 a share to R38, and of Waicor by R7 to R15 a share

(20) 3/Bus 30/9/87

More rough stones for cutting

Diamond bourse will 'revitalise a dying industry'

Ernie Blom, Chairman of Board of the Diamond Bourse, examines uncut diamonds. Picture Robert Botha

THE establishment of SA's first diamond bourse is a step forward which will help a dying industry redevelop.

Diamond Bourse board chairman Ernie Blom says the opening of the bourse has tremendous implications for the local diamond industry, because it will make available larger quantities of rough diamonds for cutting and polishing

There are between 500 and 600 diamond producers in SA of which 350 are independent SA is one of the world's top five diamond producers

There is high demand for local diamonds because they are often of much higher quality than those mined overseas

Council for Mineral Technology (Mintek) president Aidan Edwards says the bourse will help create a climate for growth in a market that has been depressed in recent years.

The De Beers "sight" system means manufacturers have been restricted to specialising in particular sizes or ranges of sizes of stones The new marketplace will give an added dimension of flexibility, says Edwards.

Increased local diamond cutting and polishing will counter a heavy flow into SA of "black market" cut diamonds from overseas

A major factor making local manufacturers uncompetitive against these

MANDY JEAN WOODS and PETER STACEY

imports is the 35% *ad valorem* tax on jewellery manufacture, which the Margo Commission has proposed should be abolished

Edwards estimates rough-diamond production outside De Beers at under 5%, and local cutting and polishing at about 10% of total SA production

A significant proportion of diamonds sold locally are cut overseas, imported and sold illegally. These stones can be brought into stock without records, and while the public may pay GST, the dealer need not pass it on to government.

Establishment of the bourse will also mean that diamonds which dealers cannot sell locally can be exported without the current 15% export tax being charged, says Botha.

"It is difficult to estimate the volume of business the bourse will do, but it should be well over a few million rand a month Reaction from the Rough Diamond Dealers' Association, the Master Diamond Cutters and local producers has been very positive and everyone is eagerly awaiting the opening of the bourse," Botha says.

"We don't want to be seen as competition for De Beers diamond mines We do want to get maximum benefit for SA and to help smaller cutters and polishers by getting extra goods on to the market"

BLACK TAXI INDUSTRY

The new capitalism

Shell's venture into the uncharted waters of black capitalism through its encouragement of a network of black-owned service stations around the country is beginning to reap rewards

Service stations owned by black shareholders and managed by trained black staff in the major CBDs and country areas now serve as nuclei for associated small businesses in a classic example of developing free enterprise

The move involves hundreds of enthusiastic blacks and has been quietly planned and put into practice by the Southern African Bus and Taxi Association (Sabta), in association with Shell, over the last 18 months.

FINANCIAL MAIL SEPTEMBER 18 1987

30

It began in 1986 with a major planning exercise between Sabta and Shell SA, instigated by Sabta Marketing MD James Chapman.

Planning took 12 months and resulted in a 264-page agreement setting out full financial, organisational and management details for the setting up and running of black-owned garages. Chapman then toured SA and Namibia with the document, explaining the concept to small groups of black taxi men.

The net result was the formation of the Sabta Bridge Trust to provide finance, with outside trustees to monitor and control the situation

Says Chapman "The trust was an attempt to show possible investors that we were not looking for a quick killing It also demonstrates just how serious we are about this project and illustrates our willingness to learn from past mistakes, as we have been severely criticised about financial control."

Companies were approached to make available soft loans and more than R1m was raised in three months. Each garage costs around R80 000 to set up, including the acquisition of the site, which is provided as a repayable short-term loan

Already there are 12 service stations running in centres as far afield as Johannesburg, Soweto, Benoni, Pretoria, Springs, Zwidi near Port Elizabeth, Uitenhage, Glibe outside Durban and Umlazi The finishing touches are being put to another in Bloemfontein and there are plans for four others in

Escort businesses are booming in PE

30 19/9/87 W POST

By COLIN URQUHART

THE number of escort agencies and massage parlours has doubled in Port Elizabeth since July and business is said to be booming.

A Weekend Post investigation this week revealed that three new agencies were recently granted business licences by the municipality and another application is said to be pending.

If granted, Port Elizabeth will boast seven agencies

At present there are about 30 women on the PE agencies' books

Business has become so competitive with the arrival of the new parlours that two old agencies are said to have changed their names to begin with early letters in the alphabet so that they could head the personal columns of the local newspapers

The owner of the newest agency, which opened its doors this week, is a former Rhodesian sales representative, Mrs Chrissie Oppermann, who told Weekend Post she was still recruiting women (and men) to act as escorts for her customers who wanted partners for dinner and dancing or just to entertain

A divorced mother of three teenage children, Mrs Oppermann said her agency was solely an escort agency and did not provide in-house or travelling massages services like the others

She said her agency would also be offering a two-girl cabaret act at R200 for a half-hour show and a kiss-o-gram service at around R60

People wanting to book live bands to play at parties, weddings or any function could also contact her agency

and an escort is provided at between R65 and R70 for the evening Any "extras" — meals, cinema tickets, chocolates etc can cost the customer between R100 and R200 and it is all "strictly cash"

A massage at the agency costs about R25, but if you prefer the woman to travel to your hotel or home an additional R20 — excluding the cost of the taxi — is charged

One escort told Weekend Post she earned R20 from the initial introductory fee, enjoyed the meal and would accept any tips her date gave her

She said that on being engaged by the agency she had to sign a form stating that she would "conduct herself in a proper and lady-like manner on all occasions, not indulge in immoral or indecent acts or say anything that might bring the agency into disrepute"

A spokesman for the narcotics bureau of the South African Police confirmed that all agencies had to be registered with the police Women who undertook massage assignments also had to be registered, but not women working strictly as escorts

He said the agencies were closely monitored This showed that the clients were mainly local or out-of-town males in the 30 to 45-year age bracket

He also confirmed that over the past year an undisclosed number of women working for certain agencies had been charged with prostitution

The spokesman said five agencies offered escorts and/or massage, one offered only escorts (male or female) and one offered only a travelling massage service.

There are no escort agencies in the neighbouring towns of Despatch and Uitenhage

can buy and this is one way of doing it, by running my own, well-organised business," she said

Mrs Oppermann believes there is still room for her business despite there being five others "People want to escort attractive, well-spoken, intelligent dates," she said

Most of the agency owners are women, but two of the older agencies belong to the same man.

At most agencies customers are asked their preference

30

SCRAP LAND ACT - NAFCOC

BLACK businessmen want the Government to scrap the Land and Group Areas Acts for greater involvement of blacks in agriculture and future economic development of South Africa.

The information officer of the National African Federated Chamber of Commerce, Mr Gabriel Mokgoko said the scrapping of these acts would open scope for a conducive climate of the philosophy of the free enterprise system among the black communities

He said "It will also create job opportunities and food production and economic development in the country

For this purpose, he added, the chamber has called upon all regions to constitute agricultural committees so that agricultural development did not solely remain the responsibility of the Government and para-statal organistions

"The role of this committee is to offer or arrange for expert advise for black farmers, especially in the National States

"The committee will work very closely with the various departments of agriculture and farmers associations in various regions," he said

He said "The Land Act, and the Group Areas Act (1966) are an inpediment to the realisation of these ideals, and to that extent constitute a resounding negation of the free enterprise concept

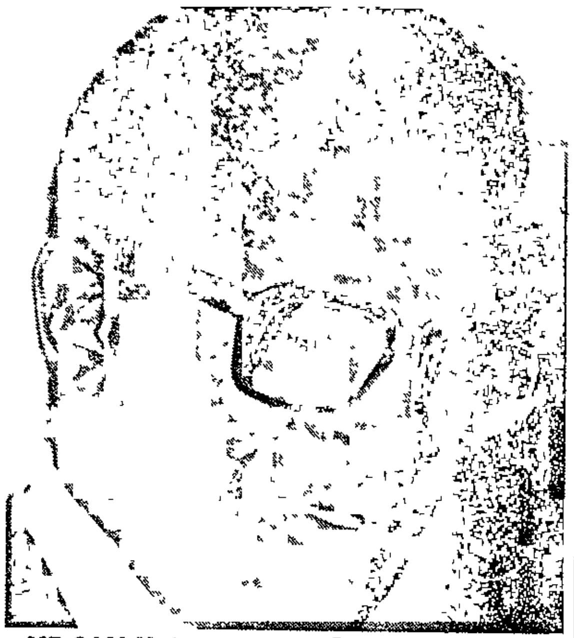
"Unless these acts are scrapped the country shall continue to see limited black involvement in a major sector of job creation The Government has been accordingly requested to give blacks a stake in the ownership of land by scrapping those acts "

Limited

Mr Mokgoko said a delegation of Nafcoc earlier met with Government officials for the scrapping of the acts and it was given an assurance that the issue was being investigated by the President's Council

He said poor agricultural performance in areas inhabited by blacks was largely the result of inadequate land and unsatisfactory tenure arrangements, lack of adequate credit facilities, insufficient infrastructure, poor marketing facilities and inadequate education and training on a formal non-formal basis

The Chamber has prevailed upon the Government to provide these facilities so as to create more favourable image of agriculture and occupation or profession



MR SAM Motsuenyane, chairman of Nafcoc.

GOVERNMENT GAZETTE

OF THE REPUBLIC OF SOUTH AFRICA

REPUBLIEK VAN SUID-AFRIKA

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VOL. 267 30 CAPE TOWN, 18 SEPTEMBER 1987
KAAPSTAD, 18 SEPTEMBER 1987 No. 10916

STATE PRESIDENT'S OFFICE

No. 2069 18 September 1987

It is hereby notified that the State President has assented to the following Act which is hereby published for general information.—

No 49 of 1987: Appropriation Act (House of Assembly), 1987.

KANTOOR VAN DIE STAATSPRESIDENT

No 2069 18 September 1987

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No 49 van 1987: Begrotingswet (Volksraad), 1987

ACT

To appropriate amounts of money for the requirements of the Administration: House of Assembly during the financial year ending 31 March 1988.

(English text signed by the State President.)
(Assented to 9 September 1987.)

BE IT ENACTED by the State President and the House of Assembly of the Republic of South Africa, as follows —

Appropriation of moneys for requirements of Administration House of Assembly

1. Subject to the provisions of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), there are hereby appropriated for the requirements of the Administration House of Assembly during the financial year ending 31 March 1988, the amounts of money shown in column 1 of the Schedule, with which the Revenue Account: House of Assembly shall be charged

Short title.

2. This Act shall be called the Appropriation Act (House of Assembly), 1987

Schedule

Vote No	Vote Title	Column 1	Column 2
		R	R
1	Health Services	64 836 000	
	Including—		
	Financial assistance to National Council for Mental Health		1 000
2	Agriculture and Water Supply	991 363 000	
3	Education and Culture	3 338 972 000	
	Including—		
	Schools of industry Grants-in-aid to school funds		23 000
	Reform schools Grants-in-aid to school funds		3 000
	Financial assistance to declared cultural institutions		
	Museums		4 943 000
	Art collections		453 000
	Assistance to organizations for preservation of national memorials		
	Board of Control Huguenot Monument		31 000
	Louis Trichardt Association		17 000
	1820 Settlers' National Monument Foundation, Grahamstown		677 000
	Control Board. Voortrekker Monument		703 000
	Grants-in-aid		
	Training, coaching and participation		40 000
	Administration of recreation bodies		45 000
	National fitness scheme		10 000
	Recreation facilities and apparatus		1 000
	Conferences and projects		4 000
	Promotion of cultural services, youth work and publicity		
	Recurrent expenses of cultural organizations		667 000
	Presentation of courses and projects		3 798 000
	Erection and maintenance of camps and camp sites		361 000
	Issuing of publications		12 000
	Promotion of performing arts		
	Community theatres		500 000
	Overseas study		15 000
4	Local Government, Housing and Works	293 935 000	
5	Budgetary and Auxiliary Services	19 755 000	
6	Improvement of conditions of service	198 000 000	
7	Welfare	769 936 000	
	Including—		
	Care of the aged		
	Homes for the aged and infirm Special grants		650 000
	Subsidies		
	Child Welfare Additional/supplementary to any formula		100 000
	Community centres		50 000
	Grant-in-aid to Salvation Army..		3 000
	Total	5 676 797 000	

COMMERCE

GENERAL

1987

OCTOBER

Not the cheapest but . . .

CAPE TIMES 1/10/87

Checkers stores still fighting credibility gap

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By AUDREY D'ANGELO
Financial Editor

YEARS of bad management have left Checkers with a credibility gap which makes it impossible to claim to be the cheapest supermarket chain with any chance of being believed, MD Clive Weil admitted yesterday

So it was decided that it should position itself as the chain which was "as cheap as our main competitor — Pick 'n Pay"

Weil told Western Cape members of the Federated Hotels, Restaurants and Catering Association (Fedhasa) at a lunch in the Arthur's Seat Hotel "The message we are sending to Pick 'n Pay is that they are the masters of the margins

"If they raise them, we will be much happier but if they lower them we will lower ours too "

Weil said that when he took over as MD of Checkers it was suffering from the effects of 12 years of bad management It was near liquidation and owed the banks R120m

"It had been taking people for a ride We were more expensive than Pick 'n Pay

"You cannot get away with saying you are competitive if you are not You cannot advertise that you offer friendly service and have a concerned management if the service is not friendly and the management are nowhere to be seen "

The Checkers management had not even realized that they were losing their grip, because the big chains were squeezing small men out of existence which meant that the potential market was growing But Checkers' slice was not

Weil said that the advantage of coming into the supermarket trade at the top, knowing nothing about it, was that he was able to ask questions

"And I did not ask the people at the top, who were responsible for the mess, but the people lower down "

It was decided to re-launch Checkers to be competitive

"We had to choose a position over prices, which are what matters most to the public

"We steered away from saying we were the cheapest because we realized that if we chose that position we would not be believed There was a huge credibility gap as far as Checkers was concerned

"You can tell the truth, but if you are not believed you are dead You can tell an untruth and then you will also be dead — but not until a bit later "

He considered cutting all margins by about 1,5%, but this would have seemed very little to the consumer although it would have cut profits by about R30m

Instead, it was decided to cut the 250 known value items (KVIs) by 5% or 6% which in some cases made them cheaper than at Pick 'n Pay

"But we never said we were cheaper We always said 'as cheap' That is implicit in our advertising — 'trolley for trolley it is just as cheap at Checkers' "

Weil said it was wrong to say that Checkers had turned around It was in the process of turning

Praising Pick 'n Pay as "a fine supermarket chain by world standards," he said it would be Checkers' strategy to match it not only in price but in other factors such as cleanliness, location and friendliness of staff

"We are a very big ship and it takes time to turn a supertanker round But we are turning "

Down at the supermarket, social action's good business

(30) W/Mail 25/9-1/10/87

SOUTH AFRICAN companies don't have to worry about disinvestment pressure

But retailers, whether South African or foreign-owned, do need to worry about their relationship to the consumers on whom they depend It's a business in which marketing strategies are closely linked to company image

As some supermarket chains see it, social responsibility projects are part of the way they do business

Jazz Stores and Pick 'n Pay have rather different philosophies about social responsibility — a difference which may reflect the markets they serve But both acknowledge openly the combination of genuine concern and enlightened self interest which motivates their projects

"Social responsibility is thrust on us because we are dealing closer to the lower income black consumer than any other chain in the country We're right down there," says Jazz Stores' Mark Lamberti

"As a company trading as close as we do to the black community, we are part of it and we have to identify with the things that are important to that community"

He emphasises though that Jazz does not want kudos for its efforts — "It's easy to make massive donations to Operation Hunger or to get involved with the Urban Foundation But in entering these areas of social responsibility you run the risk of doing exactly what the the government has done — imposing things on people without consultation This is what we are trying to resist."

The company prefers to keep its social responsibility programmes local and low-key — and to consult its own workers and black community leaders to find the most pressing needs in a particular area It shies away from sponsorship of soccer teams and beauty competitions but tends to direct funds towards "the disadvantaged", says Lamberti

"For us to have a blanket prescription about the right way to involve ourselves with the communities on which we depend would be in contradiction to the spirit of participation and democracy," says Lamberti

He argues that the stores are part of the lives of the people in the areas in which they operate, and "If we can relate to shoppers with more than the relationship between trader and customer then we're on the track to success", he says

But he stresses that "we are committed capitalists" and social spending by each supermarket branch is linked to its success He believes whites have misrepresented both democracy and capitalism in South Africa and if blacks are to favour "the real thing" they must share in both the profits and the power

In relation to its own employees, Lamberti says Jazz Stores is "totally supportive" of trade unionism One thing he's proud of is that the company has granted as paid holidays June 16, May 1 and March 21, as well as an additional day of "paid socio-political leave" There are also benefits such as bursary schemes He would like to see more consultation with the trade union to identify needs in these areas and would like them linked to productivity levels

Pick 'n Pay's social responsibility profile is somewhat higher — but the supermarket chain's Raymond Ackerman says much of it is local and unsung

His philosophy is that social responsibility is "inextricably bound up with the way we run our business — if you want to take in life you've got to give"

Pick 'n Pay is best known for its support of university Rag campaigns, Shawco (Students Health and Welfare Committee) in Cape Town, and has now gone high profile with its support for Operation Hunger

Ackerman happily acknowledges that funding social responsibility projects is "enlightened self-interest" "If you look after your customers they'll look after you," he says But this approach, he argues, is not only good business but good for the country

He says the company's projects are seldom high profile The Operation Hunger campaign has "gone high profile because the poverty is too terrible and this is a way of making customers and everyone aware of it", he says Of course, he acknowledges, it's also a way of getting people to shop at Pick 'n Pay

Hilary Joffe

Traders plan to act against wholesalers

30

Sowetan 21/10/86

THE WESTERN Cape Traders' Association plans to take action against wholesalers who continued to sell products at cost prices to the public.

Members of the 2 000-strong WCTA, said they were shocked when a wholesaler advertised cost prices directly to the general public

MEYER KAHN

Hungry pride

30 FM 2/10/87

Pick a Kahn, any Kahn. Genghis Kahn Kubla Kahn Kahn, the Afrikaans-speaking Jewish boykie from Brits Kahn, the effervescent CE who doesn't know the meaning of the word can't

Meyer Kahn, group MD of SA Breweries and the Institute of Marketing Management's 1987 Marketing Man of the Year, is all of them, and more

He's the 47-year-old 2 m tall personality whose combination of iron will and arm-round-the-shoulder camaraderie dominates the biggest consumer-based marketing company in the country He's the man whose answers to questions are so perfectly positioned that you almost get the impression they are rehearsed

"In essence, marketing is the blood in the corporate body It is the face, it is the image, it is the package, it is the brand, it is the service — it is fundamentally the professionalism of trying to achieve

"There is no doubt in my mind that marketing in the true sense of the word requires a tremendous amount of knowledge and professionalism But I don't think that's what makes a good marketer

"The two factors in my opinion that distinguish the good from the bad when it comes to consumer-based marketing are hunger and pride

"Good marketers are always hungry They regard the purchase of a competitive product or a competitive brand almost as an insult And pride. marketing is all about pride, it really is It's pride in your company, in your product, in your presentation, in your brand

"Professionalism you can learn, but hunger and pride I think you are born with," he says.

Kahn should know all about that

His father owned and ran a furniture retailing business in Brits, where he matriculated from the Afrikaans-medium Brits Hoerskool, and went on to Pretoria University where he acquired a law degree

He says he picked up much of his finely tuned business acumen from his dad, but he certainly supplemented it with an MBA while putting in his mandatory spell in the family business. Then the young Kahn headed south to Johannesburg, where he joined the OK as a management trainee in 1966. He delights in saying that he even worked behind the counter before becoming marketing controller

After a short break back in Brits, he was coaxed into returning to Johannesburg to become CE of Afcol's retailing division, where he really let rip with his own distinctive aggressive style. He practically pushed the company into a phase of remarkable

Kahn . . . born with it

growth, culminating in its listing as Amalgamated Retail

In June 1977, the OK won him back as MD

That was when Kahn took on the consumer giants at their own game, fighting for — and winning — market share in the food, clothing and specialist furniture sectors.

In 1978 he predicted the OK would hit R50m pre-tax profit within five years In May 1981 he achieved that target, two years ahead of schedule, and characteristically gave the credit to his team — "We all did it." That same year saw him appointed to the board of SA Breweries, and few were surprised when he took over in 1983 from Dick Goss as CE of the group.

His reaction at the time lacked any false humility or awe at the honour. He did not, however, actually say what he is often quoted as saying· "Hey, what about this — not bad for a boykie from Brits!" But he could have.

The irreverence is all part of the Kahn charm He *is* larger than life, he is genial, he is mischievous, he is undoubtedly likeable. But behind the unwavering blue eyes lurks a ruthlessness of purpose that must make lesser people quake

"I do have a lot of natural stamina, and I must say I'm not an uptight kind of guy I'm also incrediby lucky to be part of a company that believes in an open and casual approach for its managers

"We're very relaxed here If any of us starts behaving like a dumbcluck, somebody will come and tell him so We talk to one another We even get together for a couple of beers before going home in the evening

"But the difference between mediocrity and excellence is the team element, and that is very strong here SAB has an amazing management team I'm almost embarrassed by the way they carry me "

More false modesty? What about his reputation for autocratic management?

"The nature of the business tends to bring out autocratic tendencies, and not only in those of us right at the top

"But it's not autocracy in the negative sense It's more a matter of being prepared to take urgent and immediate decisions, and of taking risks That requires autocracy "

And whatever it requires, apparently, Kahn will provide Even his ambition is tied up with his company "I want to see it take its rightful place as a world class organisation "

Which he believes will happen, because he's optimistic, not only about SAB's future but also about SA's — despite what he calls the "polecat syndrome "

"We'll win through We have a remarkably resilient people, economy and country."

Kahn has spoken, and you believe him. ■

SID TRICKETT

Price's profit

An entrepreneur is set apart from the salaried ranks by a willingness to gamble, says Durban retailer Sid Trickett

Successful entrepreneurs, in turn, are distinguished by a capacity for work, an ability to learn from mistakes and the skill of limiting risks — a "conditioning process" which will automatically reward those who persevere

Plain sailing? On the surface, it has been for the Trickett (38), who in 10 years turned a R4 000 investment in a second-hand furniture store in Pinetown into an eight-store chain now seeking a JSE listing on a forecast R35m turnover for 1988

The financial rewards have been considerable Trickett's current holding in the Price furniture stores group is 44% He and his partner Dave Rees will each retain 33% of Pricefurn Holdings Ltd at listing, and together will hold at least 40% for five years once the group goes public in October

It earned an after-tax profit of R61 000 in 1983 This rose to R485 000 last year and is projected at R828 000 for the year ended June 30 1988

Capitalised at the issue price of 50c per share, the value of Trickett's 3 997 170 shares in Pricefurn will amount to a fraction

More training needed?

It is a truism that throwing money at a problem is not always the solution. This certainly applies in the case of small business development where skills upgrading, formal and informal training form an essential part of the success recipe.

The question is: is enough being done in SA to meet these needs?

The Small Business Development Corporation (SBDC) and some banking institutions have been in the forefront of informal and semi-formal business development.

But, while their intervention is welcome, what is questionable is whether acting merely as financial facilitators is going far enough Some indicators — like the rising incidence of bad debt — caution against hasty conclusions.

The SBDC is still way in front as far as offering financial assistance to small, and informal, businesses is concerned. Since its inception in 1981, it has granted loans amounting to R380,8m to 15 246 "prospective" small entrepreneurs, while also investing R124m in property development projects — a total of more than R500m.

And due to its wide focus, which includes the informal sector, the SBDC maintains it was instrumental in creating or maintaining 158 300 job opportunities, at an average cost of R2 400 a job, since 1981 This confirms, a spokesman says, that the small business sector is "by far the most cost-effective job creator in the South African community."

By way of comparison, the Standard Bank (SB) Small Business Unit has, over the same time span, provided R50m to 900 businesses in the formal small business sector. But, says SB training manager Alistair Tite, it is continually seeking new areas of investment — like investigating support for community-orientated ventures at grass roots level.

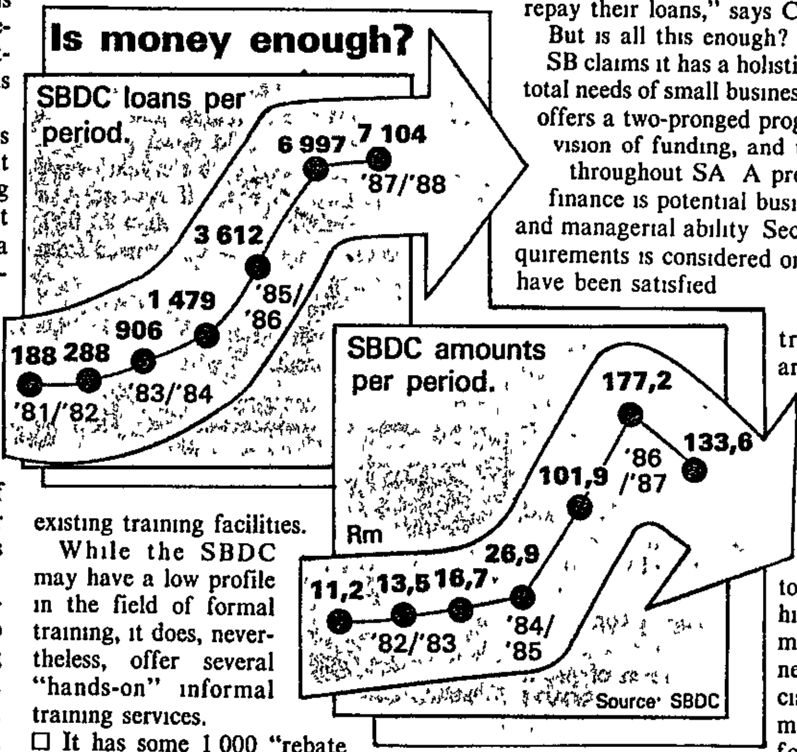
Investment from the formal financial sector has often been offered as the key to success, says Wits Centre for Developing Business programme manager Ian Clark. But he adds: "Just to put money into a developing business, while ignoring training, is an exercise in futility." He maintains it is questionable whether financial support alone is sufficient to stave off failure in the medium to long term.

Looking at the training need, some refer to the US experience where it is claimed that if embryonic businesses are capable of surviving the first two to five years, their chances of success are greatly enhanced

SB Small Business Advisory Department senior manager Roy Polkinghorne says bad debts generally become more of a feature during the "growth" stage of a business in its second and third years This is also the time when managerial skills become increasingly relevant. A training course focused at this period therefore represents a means of improving managerial skills and reducing bad debts. This calls for a commitment to training as a supplement to financial investment.

But while "training" has become an upmarket buzzword to many in solving multiple ills, financing and training often appear to have been largely compartmentalised in small business development

SBDC spokesman Dawie Crous says the corporation does not have the manpower to offer full-time training courses to small businessmen He also believes that to add any SBDC effort to existing training services would be a folly Instead of possibly replicating services, he proposes the centralisation of existing training facilities.



While the SBDC may have a low profile in the field of formal training, it does, nevertheless, offer several "hands-on" informal training services.

- It has some 1 000 "rebate consultants" on its books — qualified registered professionals who offer a wide range of marketing and other services to small businessmen at rates subsidised by the SBDC. All SBDC clients can make use of these experts;
- It has just published a dictionary of training centres in SA as a reference service for small businessmen;
- Some 70 retired business executives have offered their services in terms of the SBDC's "mentor advisory programmes" (MAP) These MAP consultants offer their advice and assistance to entrepreneurs free, with the SBDC picking up their basic costs A MAP consultant may "adopt" a number of small businessmen and offer them "hands-on" training

The services are concentrated at the various SBDC "industry hives," such as the one at Pennyville, Johannesburg, where 157 small businesses already employ some 620 people in the production of furniture, security gates, clothing and other products.

"We have now started appointing MAP consultants at all our industrial parks to give valuable on-the-job training," says Crous

- The SBDC also offers after care training services to its clients in bookkeeping, marketing and display, buying, pricing, promotion, staff handling and all related services. "We have to do this, as we want our clients to repay their loans," says Crous.

But is all this enough?

SB claims it has a holistic approach to the total needs of small business development It offers a two-pronged programme the provision of funding, and training facilities throughout SA A prerequisite for SB finance is potential business profitability and managerial ability Security on loan requirements is considered once these criteria have been satisfied

SB's Tite says training courses are structured on two levels, providing both elementary and sophisticated business administrative and accounting tools The logic behind this is that most entrepreneurs in SA (especially in the informal and semi-formal sectors) have the technical ability, but are lacking in the appropriate administrative skills

It would thus appear that a workable economic solution is available to one of SA's most pressing social and economic problems — the high level of unemployment

Commitment already exists through the wide support for small business development But there is no question that it would be shortsighted not to look beyond the financial requirements of the small business sector ■

30

ARGUS 29/10/87 (30)

Laws hamper black business, congress told

Staff Reporter

IT WOULD be impossible for seven-million whites to create job opportunities for 50-million blacks by the end of the century and black businessmen would have to help generate enough wealth to meet this demand

However, this would only be achieved once apartheid was abolished, said Western Cape Traders Association general secretary Mr Kassiem Allie

Giving the keynote address at the 10th annual congress of the association, which represents about 2 000 Cape Flats traders, Mr Allie said the Group Areas Act limited blacks' opportunities to become part of the economic mainstream

More tax

This was so because the Act 'denied them the right to trade freely, live freely and to educate their children freely in all parts of South Africa"

Mr Allie said the introduction of regional services councils meant that businessmen had to pay additional taxes to implement the tricameral system of government

"In order to maintain a fast-drowning Government, our taxes are one of the highest in the world and our company taxes are enormous. The Government is fast losing control of the country's economic fate and it has shaken the confidence of the businessman

"The Government has further lost touch with the plight of the millions of South Africans,"

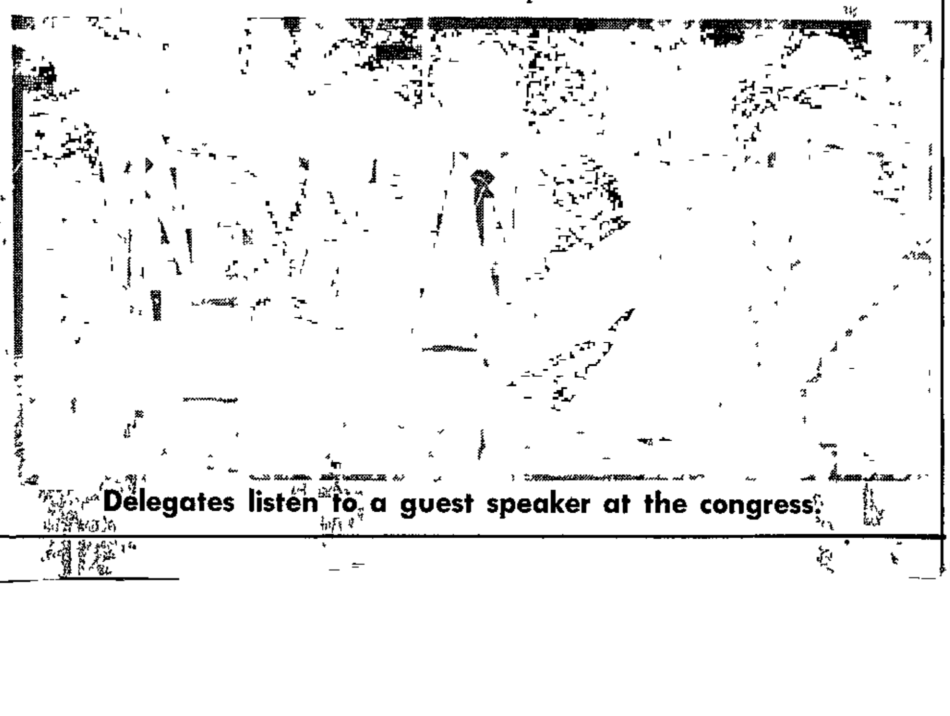
Turning to international pressure on South Africa and internal labour struggles, Mr Allie said "Surely the workers of South Africa have realised their only weapon is the withdrawal of their labour and purchasing power as a peaceful method to drive some sense into the heads of the rulers."

Prisoners

He said the WCTA called on the State to avoid such a situation by implementing a number of measures "in a genuine manner and as a matter of urgency"

He listed these as the dismantling of apartheid, the lifting of the state of emergency, the unconditional and immediate release of Nelson Mandela and other political prisoners, the unbanning of all political organisations and the initiation of dialogue across colour lines with a view to establishing a non-racial, representative government.

This had to take place in the context of the suspension of violence on all sides of the political debate



Delegates listen to a guest speaker at the congress.

Part of the large crowd of traders and dealers who attended the WCTA congress in Wynberg last night.

Pictures LEON MULLER, the Argus

The UDF delegation at the congress was, from left, Mr William Thomas, Mr Rauf Kahn, Mr Wilfred Rhodes, Mrs Rashida Omar, Mrs Sabira Jinnah, Mrs Maggie Marks and Mr Joseph Marks.

Argus 29/10/87

Traders' association has strong links with community

30

Staff Reporter

FROM an organisation born out of grocery traders' problems, the Western Cape Traders' Association had grown during the past 10 years into an organisation which embraced all types of business and established strong links with other community organisations

Speaking at the conference session of the WCTA's 10th annual congress in the Wittebome Civic Centre last night, chairman Mr Sharief Hassan said one of the major achievements of the organisation was the establishment of the WCTA Educational Trust

The trust had recently been promised a total of R37 500 by two new sponsors

Politically, the WCTA had established closer links with the community by, for example, becoming affiliated to the United Democratic Front

Hadji Ebrahim Essop Patel, an executive member of the Municipal Market Buyers' Association for fruit and vegetable dealers, called on WCTA members to work more closely with trade unions and other community organisations

"Don't exploit Never become so inhumane that you become profit-motivated only," Mr Patel said

POLITICAL CONSCIOUSNESS

Mr Faried Sayed, editor of the weekly Muslim Views, said the WCTA had raised the political consciousness of its members and had to realise it was "part of the broader mass of people with a responsibility in the struggle for liberation"

Advocate Mr Dulla Omar, chairman of the United Democratic Front in the Western Cape, said that the WCTA had "through participation in action heralded in a new era of co-operation between black traders and the oppressed workers"

During the second session of the congress, the following office-bearers were elected

Mr Sharief Hassan (chairman), Mr Abdul-Kader Roomaney (vice-chairman), Mr Kassiem Allie (secretary), Mr Yusuf Pahad (assistant secretary), Mr Hamza Essack (treasurer), Mr Siva Moodley (assistant treasurer), Mr Kazi Abdullah (trustee), Hadji Ebrahim Essop Patel (trustee)

Other executive members are Mr Makkie Isaacs, Mr Aneez Samsodien, Mr Les Rudolph, Mr Ebrahim Badroodien, Mr Rob Williams, Mr Abubaker Amien, Mr Shaheen Ebrahim, Mr Hasmet Khan and Mr Sataar Parker

Escorts: a service or a sin?

31/10/87

PAUL OLIVIER

Not immoral, says girls' boss

An escort agency boss who "wants to set the record straight" but wishes to remain anonymous claims it is not "morally wrong to provide married men with escorts, as men will always be men".

The owner of the agency, in Johannesburg, told The Star he regarded agencies as a service to the community

"A man phoned the other day to arrange a date for his son to take to a matric dance. This is the kind of service we provide to the public

"There are many lonely men out there who need a girl to talk to The agencies also cater for overseas visitors"

The owner of the agency admitted that many married men dated his girls "I do not regard it as morally wrong. This way they do not pick girls up from the streets."

According to the agency manager, Miss Karen Smith, such establishments can be run respectably if the management is sound

"With good management, escort agencies aren't bad," she said. "However, many girls who work at these agencies are drug addicts It is one of the biggest problems with which the industry must cope Another problem is perverted clients"

Escort agencies hit the headlines after police swoops on various establishments in Johannesburg

The parliamentary Standing Committee on Justice this year gave attention to the agencies by supporting changes to the Immorality Act to make prostitution "for reward" an offence. The Immorality Amendment Bill would increase the maximum sentence for procuring to seven years

The Bill expressly declares it an offence to "have unlawful carnal intercourse, or to commit an indecent act, with any person for a reward"

It appears that if the Bill becomes law, the identities of witnesses may no longer be protected It is expected to come before Parliament next year

Some suggest that the way to legalise such matters is to establish a red light district, such as that in Amsterdam, which would "do away with much anger and frustration"

It has been reported that "vice girl" operations in Hillbrow are a potential Aids timebomb

Dr Dennis Sifris, head of the human immuno-deficiency unit at the Johannesburg Hospital, told The Star prostitutes in Johannesburg could contribute to the rapid spread of the disease

"It is a strong possiblity that someone will come into contact with a carrier of a sexually transmitted disease, such as Aids, where a large number of sexual encounters and partners are involved

"Prostitution poses a major threat in the spread of Aids."

Police liaisón officer Lieutenant Pierre Louw said this week it was the aim of the police to root out prostitution

Assocom predicts boom in spending over Christmas

30/10/82

JOHANNESBURG — South Africans are expected to spend around R8 700m on their Christmas shopping over the next two months, according to a national survey by the Association of Chambers of Commerce of SA (Assocom)

Retailers, it says, are expecting a good Christmas sales period, with a strong seasonal upswing in the weeks ahead

In the light of the present and expected state of the economy, expectations for Christmas sales were much more favourable than last year.

Overall retail sales for November/December are expected to rise by about 18% in money terms over the same period last year, which should bring sales to about R8,7bn over the two months

Assuming a 16% rate of inflation, this would mean retail sales rising about 2% over last year's figures in real terms.

Christmas sales for the same period last year increased by 14,4% in money terms, but declined by 5% in real terms

The survey, carried out among 250 large and small retailers from all sectors of the economy in both urban and rural areas, reported customers remained very price-conscious

By far the majority of respondents expected their customers to be even more price-conscious than last Christmas, said Assocom

Both price-consciousness and quality-consciousness, it said, were influenced by the fact that the average customer's growth in purchasing power was barely keeping pace with the inflation rate

The market was improving as a result of the good rains and a small rise in employment opportunities However, basic food prices had risen steeply

More than half the respondents indicated they would launch "special promotions" during the festive season

As usual, discounts, special offers and marketing campaigns would be a feature of the Christmas sales period

Competition was likely to be keen, said Assocom

Most respondents reported the level of opening stocks for the festive season was higher than last year — Sapa

30/10/87 (30)

'Small businesses vital to economy'

By JOSHUA RABOROKO

SMALL businesses are the cornerstone of the free enterprise economy, the chief executive of a consulting company, Mr Willie Ramoshaba, said this week.

Speaking at the official launching of the Business Achievers Foundation in Johannesburg, Mr Ramoshaba said small businesses fulfilled consumer needs and provided employment and entrepreneural opportunities for a new generation of businessmen and women.

Mr Ramoshaba, who is the president of the foundation, said it was clear to concerned people that the route to economic power had few lanes for blacks.

The foundation is aimed at the promotion of self-sufficient small businesses throughout the country and is dedicated to those people who desperately need help.

Goals

The foundation has set itself the goals of:

- Financially assisting those entrepreneurs who lack development capital (and who lack the security necessary for normal bank loans);
- Encouraging job creation by assisting in the establishment of small businesses;
- Discovering and developing the untapped business talents of blacks;
- Establishing a model financial scheme to be used as a guide by financial institutions — and other concerned organisations — in designing financial packages for small businesses,
- Educating and counselling emerging entrepreneurs at an early stage and to ensure that they develop into properly equipped members of the business community; and
- Extending the benefits of bulk buying to small businesses.

He said: "There have been many attempts to encourage the development of black business in South Africa, but none of them has answered our real needs, and none has enjoyed significant success."

He added. "It was against this background that a group of businessmen — both black and white — recognised the need for a comprehensive financial, educational and counselling scheme designed to meet the special needs of South Africa's emerging entrepreneurs."

The foundation would initially concentrate on those sectors in the business which were

HOTEL AND LIQUOR TRADE

Footnotes

1. Notice - 48 hours for barmen, off-sales attendants, wine stewards and general workers in bars or off-sales.
2. Public Holidays - No provision is made for paid Public Holidays.

GARLICK 30 FM

Tighter controls

30/10/8

Excessive markdowns and record shrinkage impaired Garlick's profit growth in the year to end-June Net taxed income of R2,39m was virtually unchanged from R2,36m in 1986

The group's sales, which are pitched towards the upper end of the market, remained vulnerable to weak consumer spending Margins remained depressed, as evidenced by a mere 5% increase in operating profit to R5,3m on a 15,4% advance in turnover to R101m

Structural re-organisation and the establishment of two regional buying offices resulted in buying control problems as stock rose excessively, resulting in larger than normal markdowns, says chairman John Garlick However, stock control appears to be an on-going battle for the group In 1986 stock rose 15% on an 11% increase in turnover, rising to a 28% rise in stock to R21,3m on a 15,4% lift in turnover during the 1987 year

Garlick says the change in organisational structure will enable management to target merchandise more precisely, while savings in salaries arising from a reduction in buying — and other — staff will be of further benefit Staff numbers were reduced by 224 to 2 206 Measures are also being taken to address the theft problem

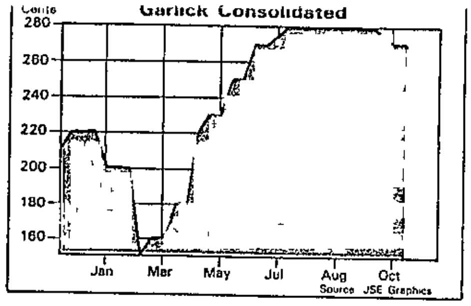
The Cavendish Square and Durban stores improved results, as did Tyger Valley, where progress was made towards eliminating 1986 losses

Long-term debt was paid off but short-term borrowings soared from R855 000 in the previous year to R6,5m, pushing the debt equity ratio up to a still conservative 0,17 from a low of 0,02 A lower incidence of advance payments and an increase in credit turnover contributed to a 39,4% increase in debtors to R19m

Garlick says the prospects for an improvement in the current year are a lot more favourable than in the past He predicts a minimum profit improvement of 30%, providing the shrinkage problem can be rectified and consumer spending improves

The share fell during the week by 100c from its high of 850c, but profit expectations may provide support

Kay Turvey



Activities: *Department stores with outlets countrywide, the principal commodities being clothing and fashion accessories, cosmetics, home textiles and other household requirements*

Control: *Garlick Consolidated owns 60,1% of the equity*

Chairman: *J Garlick, managing director J Garlick*

Capital structure *3m ords of R1 each, 1m cum pref of R2 each Market capitalisation R26m*

Share market: *Price 850c Yields 5,2% on dividend, 9% on earnings, PE ratio, 11,1, cover, 1,7 12-month high, 850c, low, 550c Trading volume last quarter, 39 193 shares*

Financial: *Year to June 30*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	0 3	0,3	0,9	6,5
Long-term (Rm)	0 9	0,8	0,7	—
Debt equity ratio	0,04	0 03	0 02	0 17
Shareholders interest	0,72	0 71	0 86	0 73
Int & leasing cover	3 8	3 4	2,3	2 2
Debt cover	5,1	4 2	2,8	0,8

Performance

	'84	'85	'86	'87
Return on cap (%)	19,0	14,7	10 3	9—
Turnover (Rm)	78	79	87	100,8
Pre-int profit (Rm)	8,2	6,9	5 2	5,4
Pre-int margin (%)	10 6	8,8	5,9	5 3
Taxed profit (Rm)	4,0	3 3	2,4	2,4
Earnings (c)	129,4	107,7	75 4	76,4
Dividends (c)	44	44	44	44
Net worth (c)	980	1043	1074	76,4

Garlick's Garlick ... change in structure

OK BAZAARS (60)

Clearing hurdles

OK Bazaars has had some tough problems to overcome recently. these included a fall in the real disposable income of most of its customers, and the need to win customers back after a prolonged strike Despite these hurdles, the group's turnover and earnings grew at a faster pace in the six months to end-September than in the year to end-March

MD Gordon Hood says that interim sales, which rose by 16,9%, could have been better, but were impaired as strikes cut disposable income, particularly on the mines. "The main reason, though," he says, "is lack of consumer spending power in lower-middle income groups " This affects the traditional OK stores more than the Hyperamas, which cater for the upper market and contribute a growing proportion — up to 20% this year — to group sales

Margins have improved, but only slightly. at operating level, they rose from 0,8% to 0,9% "If we could move OK's margins 1% we could double profitability," says Hood, "and this goes through to the bottom line " To achieve this, Hood wants to change the sales mix He plans to maintain market share in food, but increase sales growth in furniture, appliances, clothing and housewares There has already been a swing into furniture Hood says the Hyperamas have lower margins but a better mix They have also benefited from the small upturn in spending, which Hood sees as mild, and confined to the middle and upper income groups

OK ALL RIGHT

Six months to	Sept '86	March '87	Sept '87
Turnover (Rm)	1 104	1 260	1 291
Pre-tax (Rm)	9,3	19,8	11,7
Attributable (Rm)	4,3	10,8	5,4
Earnings (c)	35	88	44
Dividends (c)	21	52	24

Profit to outside shareholders jumped from R299 000-R550 000 The reason lies in the Bophuthatswana stores, which are run on a partnership basis and minorities increase with the number of stores The eighth store will be opened this week and the size of the store at Mmabatho has been doubled

Other expansions include a new Hyperama opened in Bloemfontein last week, and seven to eight new or replacement stores are being built each year Funds used are borrowed from institutions and the premises are leased for 20-30 years Most of the planned capital spending of R29m for this year is for this purpose

Though the impact of OK's long strike was felt in the last financial year, one might have expected some residual effect Hood says there has not been any Bad debts are lower than last year, although the payback period has increased Hood says he has seen considerable customer loyalty and, of course, the figures for the second half should show a high growth rate compared with the strike period last year

But he is cautious on forecasts. "I hope for a continued 25% EPS growth this year, but it depends on the economy," he says The Natal floods will hurt sales, but Hood expects to be able to improve stock-turn throughout the group and wants to make further cuts in borrowings, which were reduced by R12m to R166m *Pat Kenney*

MONTAYS

Over-geared

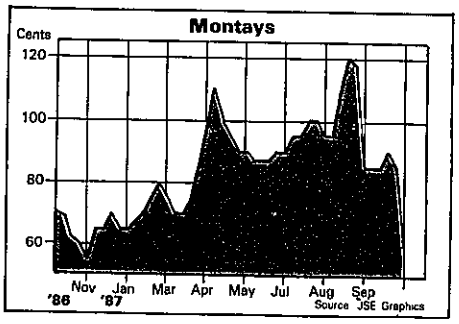
Following three years of losses, Montays turned in a modest pre-tax profit of R43 797 for the year to end-June This was achieved on a slightly reduced turnover of R17m — the lowest since 1982 — as unsuccessful operations in the eastern Cape and Transvaal were scaled down and 14 outlets closed Montays' trouble began in 1985 when its expansion into the black market coincided with an economic recession and political unrest

Benefits from the clean-up of ledgers in Montays' black stores flowed through to bottom line, with net income rising to R15 486 after losses of R473 912 for the previous year Chairman Sydney Kriseman says the collection of ledgers of closed stores under "the present unsettled circumstances" is taking longer than anticipated, and prevented a more meaningful return to profitability

Hefty write-offs of bad debts and losses over the past three years have resulted in excessive gearing and a large interest bill of R1,3m Kriseman says capital reconstruction, in the form of a rights issue or links with a big brother, is being considered to alleviate gearing and to allow for sales growth in existing stores Group policy is to upgrade merchandise to attract the middle and upper-middle income consumer

Montays concentrates business on the Cape Peninsula, where the sales contribution is over 70% Kriseman discerns no upturn in consumer spending so the battle will be to continue to contain and reduce overheads Given its heavy borrowings and sluggish market demand, prospects for Montays are bleak

Kay Turvey



Activities: *Operates clothing and furniture stores, mainly serving the coloured market in the western Cape*
Control: *The directors hold 66% of the equity*
Executive chairman: *S Kriseman*
Capital structure: *3,15m ords of 50c Market capitalisation R2,68m*
Share market: *Price 85c PE ratio, 173 12-month high, 125c, low, 55c Trading volume last quarter, 335 700 shares*
Financial [illegible] *to June 30*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	6,1	8,3	5,3	6,4
Long-term (Rm)	2,0	0,7	—	—
Debt equity ratio	1,45	1,76	0,86	1,1
Shareholders interest	0,29	0,27	0,24	0,23
Int & leasing cover	1,75	0,72	0,52	2,6
Debt cover	0,17	*	*	0,01

Performance.

	'84	'85	'86	'87
Return on cap (%)	11,8	5,6	3	6
Turnover (Rm)	19,7	19,2	17,3	17,0
Pre-int profit (Rm)	2,6	1,2	0,66	1,4
Pre-int margin (%)	13,1	5,9	3,8	8,1
Taxed profit (Rm)	0,66	(0,34)	(0,47)	0,015
Earnings (c)	21	—	—	0 49
Dividends (c)	7	—	—	—
Net worth (c)	173	162	147	147

*Negative cash flow

FM 30/10/87

30/10/87 FM 30

JOSHUA DOORE

More outlets

Joshua Doore has responded well to new management, producing a solid profit turnaround A 25% compound growth in taxed profits is forecast for the current year The merger with Price 'n Pride in April 1986, and improved merchandise ranges, pushed turnover up by 28,1% while pre-tax profits rose from R693 000 to R8m However, the figures are not directly comparable, owing to the recapitalisation and restructuring after the group's change in identity and nature since its reverse listing into Consure

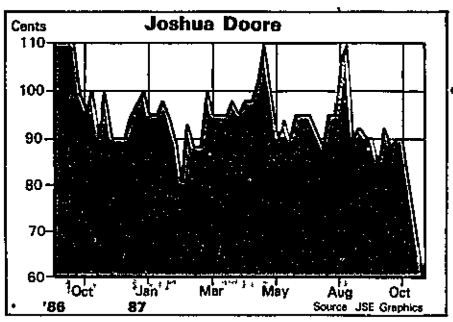
Chairman Les Mankowitz says government's commitment to new housing is positive for the group Joshua Doore, a volume-orientated business operating on tight margins and relatively low overheads, is set to benefit from an upturn in consumer spending Mankowitz says high interest rates in recent years have made consumers reluctant to become committed to long-term debt.

Improving cash flow, despite dramatic growth in the debtors' book, should allow the group to finance growth from within, he says Introduction of a computerised debtors' system saw an improvement in the debtors' book, with collection periods cut to around 210 days An on-line stock and ordering system scheduled to be operational by June 1988 is expected to reduce stock holdings

Improved collections and increased stock turns, as well as a high level of cash sales, will enable the group to open additional branches and increase business in existing stores without increasing gearing. Plans are to open three new outlets in the current year Management intends to reduce interest-bearing debt further

Mankowitz says growth expectations and confidence in the group have been endorsed by the consortium of major shareholders exercising its option to acquire an additional 17m shares, 18 months early. After year-end the management consortium, headed by MD David Sussman and including New Bernica and Lifegro, bought Rusfurn's final 25,1% stake in Joshua Doore for R7,8m, increasing its stake to 55%

Kay Turvey



Activities: *Furniture retailing under the names of Joshua Doore and Price 'n Pride*

Control. *A triumvirate of Joshua Doore management, Lifegro and New Bernica hold 85% of equity*

Chairman *L Mankowitz, managing director D Sussman*

Capital structure: *68,8m ords of 1c each Market capitalisation R41m*

Share market: *Price 60c Yields 3,3% on dividend, 9,3% on earnings, PE ratio, 10,7, cover, 2,8 12-month high, 120c, low, 60c Trading volume last quarter, 6,5m shares*

Financial: *Year to June 30*

	'86	'87
Debt		
Short-term (Rm)	3,7	12,6
Long-term (Rm)	1,4	1,2
Debt equity ratio	0,08	0,48
Shareholders interest	0,39	0,32
Int & leasing cover	1,27	5,96
Debt cover	0,13	0,62

Performance:

	'86	'87
Return on cap (%)	1,0	10,3
Turnover (Rm)	21,0	120
Pre-int profit (Rm)	0,69	9,2
Pre-int margin (%)	3,3	7,67
Taxed profit (Rm)	0,38	3,8
Earnings (c)	1,8	5,6
Dividends (c)	n/a	2
Net worth (c)	38,6	41,9

BUILDING UP

Six months to	Oct 27 '86	Mar 31 '87	Oct 27 '87
Turnover (Rm)	86 0	79,2	101 5
Pre-tax (Rm)	8,6	7,0	11,1
Attributable (Rm)	3,9	4,1	4,8
Earnings (c)	77	80	94
Dividends (c)	21	44	24

"Our products are mainly suited to the requirements of lower- and middle-income groups, but used in all levels of housing bar the cheaper self-built sector"

Last year the building products division recorded a 54% increase in operating profits to R5,2m against R2,1m from mining and R7,1m from refractories Until divisional figures are released in the next annual report, it is impossible to judge just how fast building product sales are growing

Even though Reid expects the mining division to improve in the second half, performance seems increasingly linked to the building industry He hopes group annual earnings will increase over last year, but warns "the rate of increase in the second half is unlikely to match that achieved in the first half."

Dave Edwards

EDGARS (30) FM

Giant steps

30/10/87

The sad part of the current stock market decline is that it is taking place when companies are recording spectacular results Apart from the DCM new listings, which have such small turnovers that it is comparatively easy to show substantial improvements, larger companies such as Edgars continue to report rapid growth

It might have been expected that the group would take a breather after increasing earnings by 122% in the year to end-March In fact, in the six months to end-September it pushed earnings up by another 54% This, says CE Vic Hammond, shows the leverage to be gained from strong sales growth, which improved operating margins from 9,8% to 11,4%

Turnover increased by much less, even though, at 28%, the rate shows real growth of at least 8%. Inflation for the clothing, footwear, textiles and accessories (CFTA) industry was 19% Since the real growth rate for this sector was only 2%, Hammond believes market share has been increased

EDGARS LEAPS

Six months to	Sept '86	March '87	Sept '87
Turnover (Rm)	423,0	506,7	542,6
Pre-tax (Rm)	35,0	42,7	55,2
Attributable (Rm)	18,4	22,4	28,3
Earnings (c)	853	1 042	1 313
Dividends (c)	215	585	320

Improvement has been achieved throughout the group, says Hammond, with Sales House, which caters almost exclusively for the black market, lifting turnover more sharply — at 32% — than the group About 50% of group customers are blacks, but Sales House has been repositioned to appeal to a higher income group About 15% of total turnover currently comes from Sales House, 17,5% from Jet, and the rest from Edgars stores

Hammond attributes growth to a better merchandise mix, aggressive promotions and good marketing The number of active accounts has risen by 8% to 1,5m "We are getting better productivity from existing space, because of improved presentation and layout," he says, though he adds that sales could easily grow 33% on the existing floor space

The strength of the Edgar's balance sheet can be seen from its low gearing of 19%, and from the fact that the turnover rise was financed by an increase in capital employed of only 9%

The Market Street flagship store was refurbished for R5m, but this expenditure has proved worthwhile "The Johannesburg CBD is now the High Street of Soweto," says Hammond Other stores are also being revamped and expanded, and some new ones may be opened, but there will be no massive expansion such as occurred some years ago

Hammond is hesitant about the second half, which he sees as recording slower growth than in the first half, as the comparable period in the 1986-1987 year was particularly good As with most retailers, the outlook depends on economic growth to a large extent and professional forecasters have regularly been proved wrong in recent years But if the economic growth is there Edgars should do well

Assessing the share price is even more difficult than the economy At R350 it is well beyond most small investors, and this has probably worked in the company's favour The price has fallen only 17%, against the 24% drop in the retail index. The intention is to subdivide the shares 20-for-one to improve marketability, even this will lower the price only to R17,50 and few individual investors are likely to climb in now

Pat Kenney

Ellerines' first year of negotiations with organised labour could be a baptism of fire The company and the Commercial & Catering Union (Ccawusa) are to meet this week to discuss wage increases The union says workers are prepared to strike if their minimum wage demand for R550 a month, plus a R200 a month across-the-board increase are not met It is also opposing the trade's "performance targets."

The company has offered a basic R90 a month wage increase, in addition to other improvements in service conditions, but won't say more until it has met the union. Ccawusa claims to have 6 500 of Ellerines' 0 000-workers as members. 30/10/87

FM (30)

Vehicle sales set to override shortages

30 B/day 30/10/87

REVITALISED vehicle sales are expected to overcome industrial action and stock shortages to continue current growth until at least the middle of next year

The National Association of Automobile Manufacturers (Naamsa) says new car sales in the third quarter of this year were 10,5% up on the second quarter

Naamsa director Nico Vermeulen says in his quarterly review the improvement is the result of aggressive marketing and sales campaigns, high levels of fleet and government purchases, private buyers returning to the market, and the introduction of new models

DAVID FURLONGER
Industrial Editor

He says most manufacturers have suffered stock shortages. In some cases, the situation is critical

Part of the reason is that manufacturers have been surprised by the market's strong growth this year, and long component delivery times have prevented them meeting the extra demand.

Vermeulen comments "Lost production as a result of industrial action in sectors of the component and assembly industries, and production losses due to the water crisis in Natal, are expected to aggravate the already difficult stock position in the industry"

But this does not diminish market growth prospects, he adds Pointers to further growth to mid-1988 remain "reasonably positive"

An improving economy, a more stable rand, replacement demand and the reduced rate of vehicle price increases "should underpin demand for new motor vehicles at the current improved levels"

The improved market is having a positive effect on the industry

Manufacturers employed 31 725 workers at end-September, 2 000 more than at the beginning of the year Production capacity utilisation for all vehicles climbed from 40% at end-1986 to more than 66% in September.

SA will spend R8,7 billion

Assocom predicts a record Christmas

(30)

SMC 29/10/87

The Association of Chambers and Commerce today forecast that South Africans would spend a record R8 700 million on their Christmas shopping.

The shop tills are expected to ring up around R1 400 million more than last Christmas.

Assocom still assumes that the spending spree will go ahead — despite the impact of the "Black Monday" debacle on the Johannesburg Stock Exchange and bourses around the world

Expectations of Christmas sales, says a special survey, look much more favourable than last year, swinging as much as 18 percent higher in cash terms

Virtually all the trade sectors expect to show big jumps in sales — but also expect customers to be far more conscious of price and quality and much more reluctant to incur new debts

Keen competition among retailers will mean another major round of discounts and special offers in the battle to woo customers

WEATHER

Among the factors behind the optimism

- The positive effect of a livelier economic growth rate, now forecast at 2,5 percent in real terms for the full year.
- At least a small improvement in the employment position.
- A higher rate of increases in salaries and wages, now expected to equal, or perhaps exceed, the inflation rate for next year
- Better company profits, with those in the retail trade more than doubling in the first half of this year and with fewer liquidations and insolvencies.
- The end of the long drought in the platteland.
- Low interest rates and a favourable outlook for the gold price

Basically, says Assocom, the economy has entered an expansionary phase — and South Africans are going to celebrate

All's clear ahead, say the captains of industry

Despite talk of 'catch 22s' the atmosphere at Assocom's annual congress was positively cheery. FRANZ KRÜGER reports

THERE was a sense of carefully cultivated optimism when South Africa's captains of commerce — and some vice-captains, too — gathered in East London this week for the annual Assocom congress.

Resplendent in uniform pinstripes, the serried ranks of delegates heard speaker after speaker say that the key to economic recovery in South Africa lay in "improved confidence" And if such confidence was lacking, they, at least, were determined to set it to rights

Stellenbosch economist Professor Attie de Vries predicted a growth rate for next year of four to four-and-a-half percent. He conceded that the estimate could "be labelled as relatively optimistic

"Yet (such) a growth rate, virtually at a cyclical peak . is definitely not going to solve the long-term problems of South Africa in respect of employment creation and improving the social infrastructure such as housing and education," said Prof De Vries.

Confidence, he said, was a "key factor to the fortunes of next year". Improvements in overseas prices of commodities, and greater stability in the foreign exchange and interest rate markets, would stimulate confidence

But confidence in the political stability and future of South Africa was of greater importance The country, he said, was in a "catch 22" situation. "no further political reform, coupled with a continued State of Emergency, will undermine confidence and possibly lead to more strikes and labour unrest."

But, he added, "should the process of political reform continue and be speeded up, this can lead to uncertainty in itself — making entrepreneurs hesitant of committing themselves by way of new investment "

De Vries predicted that in the next year, inflation would decelerate, prime overdraft rates and mortgage rates would remain stable, and the recovery would "continue well into 1989 if not later".

Also evident at the conference — and perhaps allied to the "confidence" — was a sense of *toenadering* toward the government. The days of Assocom's calls for the lifting of the State of Emergency seemed strangely distant.

Said outgoing president Harold Groom. "If business is to play the role of facilitator in the process of political negotiation, it follows that business must be moderate in its public utterances and even-handed in its criticisms.

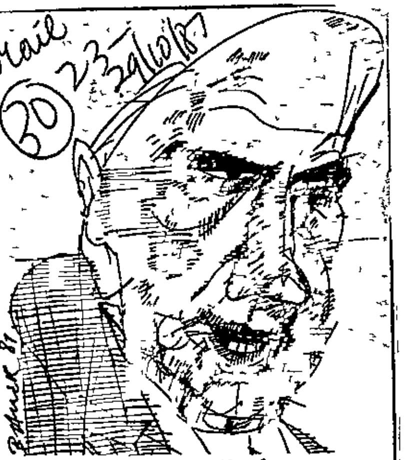
"Inflammatory statements o...y serve to polarise opinions and make no positive contribution to peaceful reform."

Groom also said the recent announcement that nine members of the proposed National Statutory Council would be elected, was "to be welcomed.

"I would urge all parties to use the opportunity provided by the National Council to open high-level dialogue, and for preconditions to be lowered all round in order to get talks going," he said

In these circumstances the choice of Minister of National Education, FW de Klerk, as opening speaker, was perhaps also significant De Klerk, tipped as a possible successor to PW Botha, exhorted delegates to accept "the challenge of adversity".

Senior Assocom officials privately described the mood of the congress as representing a "new pragmatism". The feeling of businessmen was that existing opportunities should be fully exploited, rather than impossible demands made on government.



FW de Klerk

The congress agenda was dominated by technical, economic issues: privatisation, third party insurance, urbanisation, economic stimulation and taxation.

The last day of the congress coincided with the "business summit" called by State President PW Botha to discuss the proposals of the Margo Commission of Inquiry into the tax structure, and the tax issue loomed large in East London.

Assocom expressed its strong opposition to the comprehensive business tax (CBT) and value-added tax (VAT) proposed by the Margo Commission. — Elnews

Amrel's interim earnings up by 121%

CAPE TIMES 29/10/87

30

From CHERILYN IRETON

JOHANNESBURG — Amalgamated Retail Ltd (Amrel), enjoying more effervescent market conditions, has turned in a fine set of interim results, with earnings up 121% to 75c a share

In line with Amrel's policy of paying a three times covered dividend, the interim dividend has been raised by 127% to 25c a share against 11c a share paid out last year This is the highest interim payout since 1983

The better-than-expected results, which brings Amrel's earnings per share back to levels last achieved four years ago, reflect generally improving consumer confidence, according to MD Stan Berger

Although the accounts for the half year show that turnover increased by only 6% to R311,4m, the comparative figure for 1986 includes the sales for the Uniwinkels chain which was sold to Boymans at the end of the last financial year If the Uniwinkels sales are excluded, Amrel's sales jumped by 17%

Much of the group's growth came from the furniture sector, where there was a noticeable increase in spending by the middle to upper income groups

Good performances

Berger reports that the footwear/apparel division continued its recovery, thanks to good perfomances from Select-a-Shoe and Scotts The return to profitablity from this division follows the rationalisation of its trading operations

Another factor behind the improved performance from group was the strict management of assets Berger says collections from customers improved during the period under review "Our stockholdings are current, and the growth in the net assets for the six months was limited to 4% which, in an improving business climate and increasing volumes of business, we believe is creditable "

While Berger says the group's gearing ratios were "well held at 2,91 for liablities to sharholders funds and 1,65 for interest-bearing debt to shareholders funds", both figures are slightly up on the previous year as a result of the increased sales, many on HP or account

Cape Times 30

Thursday, October 29, 1987 ★

WCTA aims for 'new morality'

By CHRIS BATEMAN

TODAY'S challenge for black traders was whether to resist succumbing to an unfair system and join in a "spree of super-profits" or to make major sacrifices by participating in the struggle for a new morality.

This was said by Mr Dullah Omar, a United Democratic Front chairman, who delivered the keynote address at the congress of the Western Cape Traders' Association last night.

He said that in a country in which 80% of the Johannesburg Stock Exchange was owned by five major companies and all sectors were dominated by huge monopolies as millions starved, the dominant value propagated was selfishness

"That's why the WCTA's contribution is so important. We are not only trying to improve the material contributions of people but to promote a new morality," he said.

Unfortunately people were faced with a regime which was determined to maintain a system based on super-profits and black traders were encouraged to "take the coward's way out by joining this spree of super-profits".

Speaking on the state of emergency, he said one of the main reasons for its imposition was not a breakdown in law and order but that the liberation movement had been making rapid strides.

In 1983 the government produced a new constitution which resulted in "that fraud — the Tricameral Parliament"

In 1984 people had boycotted this Parliament "out of existence" — creating a political crisis in which the liberation movement had scored victory after victory.

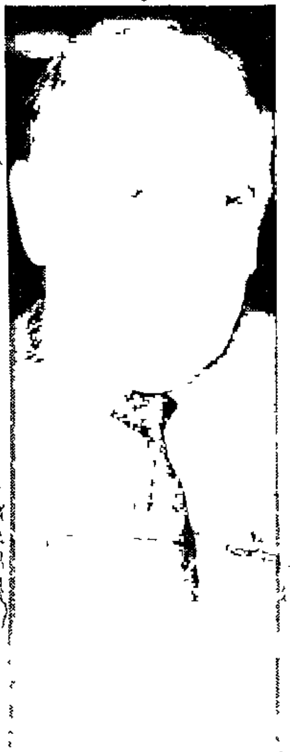
In spite of the Bantu Education Act in 1954 launching a "gigantic attack on the minds of our youth" to accept the status quo, the "revolts" of 1976, 1985 and 1986 had turned the situation completely around

Cape Times 29/10/87

New Moon, Nov 21

Apartheid bad for business — Ackerman

EAST LONDON —Apartheid is bad for business and only economic development will eliminate it, the chairman of Pick 'n Pay, Mr Raymond Ackerman, said at a meeting of Toastmasters yesterday.



MR ACKERMAN

"The role of business is one of the greatest instruments of change in South Africa It can save the country," he said

He said economic development would eliminate discrimination and enrich the whole nation

"I believe that businessmen are more credible than politicians," he said and urged businessmen to convince the world that "sanctions are evil"

He appealed to businessmen to make person to person contact with people overseas in the same profession or trade

"Convince them that South Africa is worth investing in because investment in business and housing is the right way to eliminate apartheid," he said

"To create poverty with sanctions is evil, 'the worst form of terrorism is poverty' to quote Martin Luther King," Mr Ackerman said.—DDR

Remarkable recovery continues

Edgars shows earnings growth of 250%

30

Cape Times 28/10/87

From CHERILYN IRETON

JOHANNESBURG — Edgars has continued its remarkable recovery in the six months to September, with attributable profit up 54% to R28,3m

The group gained substantial market share in the six month period, a factor which contributed to the growth in earnings from 853c at the previous halfway stage to 1 313c a share — up 250% since September 1985

MD Vic Hammond says the higher earnings allowed for a 49% increase in the interim dividend to 320c a share (215c) Although the dividend is conservatively covered at 4,1 times (4), cover for the full year should be at the traditional level of around 2,5 times

Led by a 32% growth in sales from Sales House, the group's turnover increased 28% to R542,6m (R423m) This compares with an industry growth of 21% over the same period Sales from Edgars were up 30% while Jet lagged behind with an increase of 17%

Hammond gives no specific earnings forecast for the full year but says earnings will improve, albeit at a slower rate "Sales will exceed R1 **billion** (R929,7m), generating pre-tax profit in excess of R100m."

However, based on Edgars past performances, when pre-tax profit at the half-way stage accounted for around 45% of the full year figure, one could estimate that pre-tax profit could in fact touch R120m in the year to end-March 1988

Hammond warns that the gearing at 19% is "unnaturally low and it would be foolish to leave it at that level," adding that it will increase towards the year-end as Edgars' policy of bringing back assets onto the balance sheet continues"

Commenting on events on world stock markets Hammond said SA was to a degree insulated from the "awful repercussions of this damn thing"

However, "consumer confidence is a fragile thing If the market settles down and shares stabilize at the lower level it won't be serious for us"

Meanwhile the Edgars 20-for-one share split will go ahead regardless of events on the JSE Edgars is currently trading at R350, which represents a a share price of around R17,50 a share after the split, which Hammond concludes "is still a nicely priced share"

Based on annualized earnings of 2 355c and an annualized dividend of 905c, the shares — at R350 — are on a price to earnings ratio of 14,9 times and a dividend yield of 2,6%

414 -

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30 SPRC 28/10/87

Business must do more about reform — Jowell

By Frank Jeans

WILD COAST — Business must get involved more in the reform process, says one of the country's leading academics, Mrs Kate Jowell, senior lecturer in industrial relations at the Graduate School of Business at the University of Cape Town

Speaking at the Building Industries Federation Congress, Mrs Jowell hit out at the Government for spending less time on reform and more on re-establishing control and suppressing challenges to its authority ".

"Business has to find a way of defusing or deflecting the issues elsewhere, lest it and the economy become increasingly the punch bag in the political fight between the State and black workers," she said

VESTED INTERESTS

Mrs Jowell said governments — especially this Government — were bad at protecting market systems, despite all their rhetoric, because of their own vested interests

"They both have an interest in securing a viable economy in the future and ensuring for themselves in any new political structure the kind of independence that will allow them to protect their joint and several interest"

That inevitably meant that they had to push for gradual reform of our political system rather than the radical change of revolution

That was the challenge facing business — to find a way to forge a contract with labour to bring about wider political and economic change

Referring to the pledge by Cosatu to the living wage campaign, the aims of which included a 40-hour week without loss of pay, no tax deductions and an end to the hostel system, Mrs Jowell asked "Can the typical company afford a living wage?

"Laissez-faire Friedmanite capitalists will say they'll pay what the market forces of supply and demand dictate, and take a strike on the issue for as long as the costs of disagreeing with a union demand remain less than the cost of agreeing, or until replacing their labour force looks a cheaper option

"If that cost makes them uncompetitive they'll go out of business or mechanise and expect increasing unemployment and minimal social security to ensure that next year's demands are more rational in economic terms"

"The Government has now accepted, in principle, that certain areas may become mixed by a process of local choice, although that process remains somewhat obscure

"This opens up numerous possibilities for business to take the Government at its word and ensure that at the very least, all new housing developments are mixed," said Mrs Jowell

Mrs Jowell referred to the view of one trade unionist at a recent discussion group in Soweto "All voting and economic power lies with business Therefore, if things don't change, it is because big business doesn't want it to"

Mixed reaction from analysts

OK Bazaars increases earnings 24,7%

Cape Times 27/10/87

From MERVYN HARRIS

JOHANNESBURG. — OK Bazaars' 25,7% increase in earnings to 44c (35c) a share for the half year to September 30 has produced mixed reactions from analysts

While most believe the results are in line with expectations under current economic circumstances, some analysts say the results are at the lower end of their forecasts

The interim dividend has been raised only 14,3% to 24c (21c) a share in line with the company's policy of reducing the distribution to around 50% over a number of years The current payout is based on a 55% distribution

Trading performance

MD Gordon Hood is optimistic that the trading performance and earnings of the group will continue to improve in the second half of the year

"In spite of fierce competition, OK is holding its ground within the markets in which it operates," he said

The rise in earnings came in the wake of tight cost controls in an environment where there is still little or no increase in real disposable income in the lower and middle income groups and trading was further hit by industrial unrest and the recent Natal flood disaster

However, an increase in sales of big-ticket items such as furniture and appliances — reflecting buoyant spending by upper income groups at the company's Hyperamas — helped improve margins

Profit before tax rose 25% from R9,3m to R11,6m on a 16,9% increase in sales from R1,1 billion to R1,29 billion

The tax bill was up by almost R1m to R5,7m, leaving taxed profits 29,8% higher at R5,9n (R4,5n)

New stores

With outside shareholders and preference dividends taking a bigger slice, attributable profits were up 26% to R5,39m (R4,28m) Bottom-line earnings were trimmed by a marginal rise in the weighted number of shares in issue

"Margins in food are still under pressure and the more we can change our mix to sell big-ticket items, the better our margins will be," said Hood

The opening of another store this week will bring to six the number of new stores opened so far in the current financial year Another store will be opened later this year and seven new stores are planned for the next financial year

OK shares have maintained their composure amid the slaughter of share prices on Diagonal Street The shares closed unchanged yesterday at a sellers' price of R15, down only 200c from a week ago

W Cape traders celebrate 10 years

Argus 24/10/87

30

Finance Editor

THE Western Cape Traders' Association, which represents almost 2 000 black traders and storekeepers, is to hold its 10th annual conference in Cape Town next Wednesday

Mr Kassiem Allie, general secretary, said the central theme of the conference would be Businessmen in the economic crisis, the political crisis and the socio-economic crisis

"We are black businessmen and have a role to play in changing the unjust Government to bring about a just society.

"We have to normalise the situation — to get a sound South African economy, which at present is definitely in a depressed state," he said

The secretary of the association, Mr Yusuf Pahed, said the conference would be open to members and invited guests

It would begin at 6.30 pm in the Wittebome Civic Centre, Wynberg

He believed the association had the support of virtually all the black traders in the Western Cape

Mr Pahed said the association was closely involved in community affairs and was an affiliate of the United Democratic Front

People in the townships now identified black traders with the community and not with the "enemy"

"In 1976 a tremendous number of traders had their shops looted and burned down

"During the last riots in 1984-85 it was a totally different picture as a result of our development work among the community

"We've taken part in strike negotiations, we have assisted communities when there have been disasters or other problems, and we have also supported them such as when they have called on traders to close in June 16"

Mr Pahed said the associa-

(Turn to Page 3)

30

W Cape traders hold 10th city conference

(From Page 1)

tion had opposed the national chains moving into black areas.

Today they needed to expand, and the only way then could do this so would be by coming back into the black areas

"We have opposed this at all levels. The national chains did not oppose our removals from white areas," he said

Mr Pahed said it was difficult being a trader on the Cape Flats.

There was high unemployment which was affecting townships directly.

"The unemployment in the area is far higher than has been estimated.

"Where in the past you had a family of four working, today you have only one working and three unemployed

"People are becoming extremely price conscious and we have to work on very thin margins"

Cape Times 24/10/87 30

Supermarkets threat — Allie

THE Western Cape Traders Association sees the interest big chains are taking in the expanding black market as a threat. Its general secretary Kassiem Allie told AUDREY D'ANGELO why.

"WE ARE threatened by the expansion of the big supermarket chains in places such as Philippi and Ottery — and by the encouragement of informal traders with no overheads," says Kassiem Allie, general secretary and founder member of the Western Cape Traders Association, which is 10 years old this month.

"The 2 000 small shopkeepers who make up our membership were mostly forced to move to the townships and we have built up custom among the new communities which have been formed in the Cape Flats.

"Now the big chains have realized the potential of the black market and are moving in."

His association was formed in 1977 to fight for a better deal from suppliers for the small shopkeeper in the townships but has since become involved in community matters — even politics.

The keen competition in the cash 'n carry wholesale business in the Western Cape means major firms are competing for his members' custom but Allie and other members of the association's committee, who unsuccessfully fought the building of the Ottery hypermarket, see themselves as beleaguered.

"We are, of course, in favour of encouraging small business," Allie said, "but the city council and other organizations are encouraging hawkers with virtually no overheads to compete with us in the townships, not with big businesses in shopping centres."

The association does not see the opening of city centres to all races as compensation for this: "The CBDs are dead," Allie said "That's why big business is moving out of them to the edges of the townships — why should we wish to move in?"

He and his members don't believe the solution is to become tenants of the satellite shops in centres such as the new one about to be built near Khayelitsha.

"We do not think there is any spin-off benefit for small shops in centres where an anchor tenant acts as a magnet," Allie said. "The small tenants do not seem to us to be doing well at all."

The association's assistant secretary Yusuf Pahad said it was important for members

● To Page 17

Cape Times 24/10/87

A threat 30

● From Page 15

to have their shops where customers lived.

"We play an important part in community life," he said.

"We trade at grassroots level and we do more than just sell goods. We provide space in our fridges as a service for customers who have no way of keeping their food cool in hot weather.

"We support community organizations and projects."

Allie said: "People want one-stop shopping under one roof today. We need space to expand our shops. Most of us are carrying on business in little hokkies where there is no room to expand or where the non-conforming user regulations which allow us to be in a residential area prohibit expansion.

"We need the big institutions to finance development without a big chain as an anchor tenant."

Allie, now 76, has retired and no longer has a shop of his own. He kept a clothing shop in Balmoral Street, District Six for 40 years and when he had to leave he opened another in Elsies River.

He represented Ward 4 on Cape Town City Council for six years until the law prevented him from doing so.

Job creation: views differ

30 23/10/87

EAST LONDON —There was keen debate at the close of the Association of Chambers of Commerce annual congress on the government's regional development policy and the contribution of decentralisation to much needed job creation.

Conflicting views emerged on whether the main thrust of job creation should be in the metropolitan centres or the smaller rural areas.

The debate took place during discussion on a motion from the Cape Town Chamber of Commerce on urbanisation which called for a review of the decentralisation policy, development of urban areas and to extend the right of the freedom of movement to people from the TBVC countries

The motion said the positive objectives contained in the government's White Paper on urbanisation aimed at accommodating the irresistable population shift toward urban centres was recognised.

But it was felt that strategies might not achieve the aims and called on the government to support the President Council's call for a review of the decentralisation and to give full recognition of the dynamic social and economi generating power of metropolitan development

The motion called for power to be devolved to plan and determine priorities in urban areas

Seconding the motion, Mr F. Wightman, of Port Elizabeth, said the regional development plan was not working and that a survey had shown 70 per cent of blacks in his area were unemployed

Relocations were not viable and half the number of industries would not be viable were it not for incentives.

The cost to administer, assess and monitor incentives was great and it did not help local industrialists An example was that a dealer in Port Elizabeth could buy furniture cheaper from a firm in Pretoria than one in Port Elizabeth because of the subsidies

Mr Ivan Dodd, of Durban, said it was urgent that the government recognised the problems in metropolitan areas and that relocation was harming job-creation opportunities

Mr P Krauwitz, of Cape Town, said job creation had to be cost-effective The cost of creating a job in a decentralised area was between R60 000 and R100 000 and it was much more cost-effective do it in the metroplitan areas

Mr D. Shave, of Johannesburg, said jobs had to be created in both urban and rural areas He had been amazed to hear that there was a 70 per cent unemployment rate among blacks in Grahamstown

Mr Nigel Mandy, of Johannesburg, said new cities did not have to be created to accommodate blacks streaming to the cities

"The problem in cities is not the problem of size, but one of magnitude We in region H are last on the list of priorities for incentives yet we are the market for the rest of the country You can only propser in the other areas if we are in good shape," he said.

The question of job opportunities also came to the fore in the sensitive debate on a motion to investigate the retail price maintenance on fuel and impediments to the establishment of reselling outlets.

Mr E. Ritchie, of Johannesburg, said not a single garage had been established in the last 10 years by an independent and all were done by the oil companies, but this was disputed by the director of Department of Mineral and Energy Affairs, Mr L van den Berg, who said it was an incorrect statement.

A petrol retailer, Mr D Shave, of the Randburg Chamber, said he had no problem with the call for an investigation by the Competition Board but that the matter had to approached with caution

He referred to the situation of the 55 000 people employed in garages throughout the country and the five people dependent on each of those employees It had been seen overseas that through mechanisation, garages had become self-service outlets and jobs were lost

Mr Van den Berg said the government did look at the industry in sectoral terms, but as a whole and that the repeal of price maintenance could lead to loss of job opportunities

It was decided to let the executive see how to handle the matter.

The motion on the call for a corporate vote for businessmen to have a direct say in local government drew the shortest debate with a unanimous vote that Assocom call on the government to introduce legislation for it

The congress heard that the previous bill for the corporate vote promised to businessmen had lapsed.

Mr R Gosse, of Springs, said the situation now was tantamount to taxation without representation as the days were gone when businessmen worked and lived in the same place

Mr Mike Tiley, of Benoni, said businessmen lacked clout in local government and it was important that they got a say

Assocom 'not vociferous enough on Group Areas'

22/10/82

EAST LONDON — The Group Areas Act and the National Council designed to bring blacks into the decision-making process came under the spotlight at the Assocom conference in East London yesterday

Mr M Gierdien, of the Cape Town Chamber of Commerce, said Assocom had not been vociferous enough on the President's Council report on the Group Areas Act.

"We must hammer home our total abhorrence of the Act.

"We were told by Mr Pik Botha there were 45 violations of the Act in Hillbrow and there were only five prosecutions.

"It is craziness gone mad to be able to get an official dispensation to break a law. If this association does not reject it outright, I and people like me will be forced to withdraw from this association."

Assocom's President, Mr Harold Groom, said a motion had been passed last year rejecting the Act and Assocom would continue to speak out

TALK OF REFORM

Mr Peter Hugo, also of the Cape Town chamber, said there had been talk of reform for years but an Act such as the Group Areas continued, in conflict with the free enterprise system.

"The latest move to modify the Act is mere tinkering The Act is a stumbling block to economic growth, and pressure should be kept up for its repeal."

Explaining Assocom's acceptance in principle of the Government's National Council to enable the election of blacks, the Association's chief executive officer, Mr Raymond Parsons, said it was a starting point for negotiations for a political future which would uphold the values of the free enterprise system

● See pages 13 and 16.

'Post-apartheid era has begun'

Sowetan 22/10/87

(30)

SOWETAN Reporter

A POST-APARTHEID society has already started to develop, Mr Eric Mafuna, director of a major consumer attitudes company, told the Assocom annual congress yesterday.

Mr Mafuna, who was speaking on black perceptions, said the attitude of blacks had changed to where they no longer saw South Africa in white terms, or within a framework of apartheid.

Neither was a change to apartheid seen as coming from Parliament but rather from extra-parliamentary politics.

The question among the black youth now was whether a non-racial society would be achieved in the short term or whether they would "have to go into the bush."

Black youth were far more optimistic now that there would be a peaceful non-racial South Africa.

They were prepared to negotiate a non-racial society but if certain conditions were not met they would opt for violence.

The first was unemployment. They saw it as a government's duty to provide jobs.

Reforms also had to be introduced. By this they did not mean changing the Group Areas Act.

Concept

"What we are talking about is negotiations for a non-racial democracy."

The concept of white politics was also shrinking. In previous years white politics were South Africa's politics.

The perception now was that white politics were minority politics.

Mr Mafuna described the past five years of politics in South Africa [illegible] as a "melt down" in the change of attitudes.

What had happened in different ways, physically with the destruction of property, politically, economically, with the rate of the Rand being set by what happened in the townships, and diplomatically, culturally and socially. This had also influenced parliament with the belief that change could no longer come from within parliament.

Dr Van Zyl Slabbert's departure from parliament was seen in recognition of this fact.

The Government itself had become part of the extra-parliamentary movement. This was confirmed by the fact that no major legislative programme had come fo the past two years.

Ken Finlayson

Blacks are being told: free enterprise for whites only

SAR 22/10/87.

EAST LONDON — Socialism was being propagated among blacks by agencies trying to convince them that the free enterprise system was for whites only, the president of the Association of Chambers of Commerce of South Africa, Mr Harold Groom, said in East London.

In a speech in which he urged the authorities to free the economy from all restrictive and discriminatory regulations, Mr Groom drew from the lessons of history to show that major political revolutions were launched by people who felt they were economically and sopcially deprived.

"It is for this reason that Assocom believes that post-apartheid South Africa, whatever constitutional dispensations is eventually agreed, should be based on the concepts of free enterprise and individual freedom

"Assocom is totally opposed to socialism," Mr Groom said, and warned that deprived people ultimately became convinced that the only way to redress the situation was to seize political power.

He said his organisation was convinced that most blacks could subscribe to the free enterprise ethic, and acceptance would facilitate negotiation of a constitution.

Assocom was committed to peaceful reform and believed the process of negotiating a political dispensation should start as soon as possible. It had reacted favourably to the proposed National Council which would accommodate nine black elected leaders.

Mr Groom reiterated that Assocom believed that the federal or confederal option had much to commend it. — Sapa

African coal exports

Assocom rejects Margo tax plan

22/10/87

EAST LONDON — Assocom yesterday unanimously rejected the comprehensive business tax proposed by the Margo Commission report

It also rejected value added tax (Vat) and urged the broadening of the base of GST and reducing it from 12 per cent to eight per cent

Assocom asked that the regional services council establishment and service levies be replaced by a regional surcharge on GST

A motion by the Pretoria Chamber of Commerce for chambers to seek immediate opportunities for privatisation was accepted

The motion said the biggest single factor to be addressed in South Africa was job creation

Privatisation would create jobs and revitalise the economy

Public sector involvement in the economy should be reduced and the tax burden made lighter

The motion said the concept of privatisation had been distorted by big privatisation introduced in places like the United Kingdom.

"It is important to note that a great many privatisation opportunities lie in minor spheres of government operations and particularly those at local government level

"It is in these areas that chambers need to explore opportunities and discuss them with local authority agencies"

Seconding the motion, Mr A Nyschens, of OFS Goldfields, said there was too much government There was one MP for every 28 500 people

"If we want to implement capitalism we must behave like capitalists There is too much government," he said

Mr A Coombe, of Cape Town, said he was concerned at the slow pace of privatisation

He could not understand why the government wanted another three years to devise a programme

"This is another delaying tactic," he said

"Why are they paralysed with fear or are there vested interests?"

He suggested an investment partnership and urged government and local authorities to get on with the job

Share offer rejected by the Chamber

(30)

Sowetan 22/10/87

THE Soweto Chamber of Commerce and Industries has joined the lot of organisations and trade unions that have rejected Amalgamated Beverage Industries' share offer to majority of blacks.

The president of the chamber, Mr Makana Tshabalala, said the offer to blacks would not mean any meaningful business participation and was ill-timed

The beverage company, formerly controlled by Coca-Cola Corporation, has approached the chamber after failing to sell to individual traders.

R1 each

The offer of 11 million shares at R1 each to staff and about 11 000 traders has already been rejected by the Food and Allied Workers Union and community-based organisations.

Mr Tshabalala said since the offer would only constitute 11 percent of the company's shares and black consumers formed about 80 to 90 percent of its market, why was it not possible that the ratio should not be reversed.

"By virtue of the fact that blacks formed the greater part of the South African population and consumed Coca Cola in large numbers they should have major shares," Mr Tshabalala said

He said the company should actually sell part of the business to blacks Black business viewed the offer with suspicious minds.

Syrup

"The chamber was contemplating to get Coke overseas to withdraw the syrup produce under the franchise in Swaziland," he added

A company spokesman said it did not mean to stop United States sanctions lobby as Coke had already pulled-out of South Africa. The company became SA-owned last year and could not be held responsible for Coke's disinvestment.

He said selling one plant was not a sensible move for the company. Only Fawu had not supported the offer, the spokesman said.

Assocom 'must' reject PC report 'outright'

Cape Times 22/10/87

.30

Own Correspondent

EAST LONDON. — Assocom "must stop speaking on the positive actions of the President's Council's report" on the Group Areas Act, Mr M Gierdien, of the Cape Town Chamber of Commerce, said at the Assocom conference here yesterday.

"If this association does not reject it (the report) outright, I and people like me will be forced to withdraw from this association," Mr Gierdien said.

"People of colour say there can be no half-measures on Group Areas and ... we must hammer home our total abhorrence of the act."

The Assocom president, Mr Harold Groom, reminded Mr Gierdien of a motion passed last year rejecting the Act and said Assocom would continue to speak out loudly against it.

Mr Peter Hugo, also of the Cape Town Chamber, said there had been talk of reform for years, but an act such as the Group Areas Act continued, in conflict with the free enterprise system.

"The latest move to modify the act is mere tinkering ... pressure should be kept up for the repeal of the law, not its modifications," he said.

First interim dividend since 1985

Pepkor back in the black

CAPE TIMES 22/10/87 30

By AUDREY D'ANGELO
Financial Editor

PEPKOR, which last year was still struggling under a heavy load of foreign exchange debt, is back in the black after its rights offer to raise R52,7m and the sale of subsidiaries and of 2,5m shares in Pep Stores.

It has achieved attributable profits of R12,6m for the six months to August 31 compared with a net loss of R0,4m a year ago.

This is equivalent to earnings of 132,8c a share on the weighted average of 9 497 600 shares in issue, compared with the loss of 4,5c per share incurred on the 8,4m shares in issue last year.

In line with stated policy, borrowings have been slashed from R129,2m at the end of the last financial year to R49,2m and the interest bill has been cut from R21,3m to R7,8m.

An interim dividend was declared in August to avoid having to pay undistributed profits tax. This, the first interim since 1985, will be paid next month.

Pepkor chairman Christo Wiese said that turnover had risen only "marginally", to R414m (R409m) because of the sale of non-core operations. But, he said, operating profit had risen by 14% to R26,7m.

Pointing out that the second half is traditionally the most profitable, Wiese said he was confident that the group was "well on track towards paying a final dividend of between 50c and 60c, in addition to the interim payment."

He said that he was delighted with the excellent performance of the group's two principal trading subsidiaries, Pep Stores and Shoprite, both of which reported substantially improved turnover and profits earlier this week.

"However, because the figures for the interim period last year include the non-core operations, the increase in the contribution from both Pep Stores and Shoprite is not fully reflected in Pepkor's increase in results to the end of August this year."

Wiese said that the borrowings would be further reduced by year-end as a result of the sale of Budget Footwear, Knitwear Industries and House of Monatic to Lenco Holdings.

These sales are subject to shareholders' approval and will be discussed at meetings on December 3.

"I believe that our figures at the half-way stage vindicate our decision to embark on a substantial restructuring programme," said Wiese.

CAPE TIMES 22/10/87 79

CT-Times 21/10/87 30

Debt:equity ratio reduced

Pep lifts profits by 44% to R22m

By AUDREY D'ANGELO
Financial Editor

PEP STORES, the fast-growing retail chain with a large share of the black consumer market, has not only lifted profits substantially in the six months to August 31 but reduced its debt-equity ratio from 48% to 8%

Pep, which was listed on the main board of the Johannesburg Stock Exchange (JSE) in November last year by way of a reverse take-over of Bearing Man Holdings, lifted attributable profit for the first half of its financial year by 44% to R22,2m

The interim dividend rose to 18,5c (15,5c) a share

Turnover rose by 24% to R283,2m (R228,4m)

But this rise must have been at least partly due to the opening of 24 new branches of Pep Stores and nine of Ackermans during the six months

Operating profit was up by 22% to R26,3m (R21,4m) And the major reduction in borrowings, which the directors say was financed wholly from the group's own resources, resulted in an 89% drop in the interest bill to R0,4m (R3,3m)

But the tax bill also rose, to R3,4m (R1,8m)

And the directors warn that, due to the erosion of current assessed losses, the tax rate will increase further over the next three years

Pep is continuing to expand MD Basil Weyers said it was intended to open 13 Pep Stores and 16 Ackermans clothing outlets in the second half of the year

He said that so far consumer spending still lagged behind the slow economic upswing

But he was confident that the current growth rate would be maintained for the rest of the financial year

"Traditionally, trading during the second half is better than that of the first six months and our shops will be particularly well stocked for summer," he commented

Pep is still 89% owned by Pepkor, which also listed its supermarket chain Shoprite on the JSE last year

EVENING POST, WEDNESDAY, OCTOBER 21, 1987

Assocom pleads for fewer restrictions

(30)

EAST LONDON — Socialism was being propagated among blacks by agencies trying to convince them that the free enterprise system was for whites only, the president of the Association of Chambers of Commerce of South Africa, Mr Harold Groom, said last night

In a wide-ranging speech in which he urged the authorities to free the economy from all restrictive and discriminatory regulations, Mr Groom drew from the lessons of history to show that major political revolutions were launched by people who felt they were economically and socially deprived.

"It is for this reason Assocom believes that post-apartheid South Africa, whatever constitutional dispensations is eventually agreed, should be based on the concepts of free enterprise and individual freedom.

"Assocom is totally opposed to socialism," Mr Groom said and warned that deprived people ultimately became convinced that the only way to redress the situation was to seize political power

He said his organisation was convinced that the majority of blacks could subscribe to the free enterprise ethic and that acceptance of the system would facilitate negotiation of a constitution

Mr Groom reiterated that Assocom believed that the federal or confederal option had much to commend it.

"It seems more likely that a constitution based on federalism would be better able to accommodate the varying aspirations of the diferent cultures in South Africa that a constitution based on a unitary system" — Sapa

Call for closer ties between Assocom and FCI

Cape Times 21/10/87

30

From DAVID FURLONGER

EAST LONDON. — Closer ties between employer bodies such as Assocom and the Federated Chamber of Industries (FCI) are inevitable, Assocom president Harold Groom said last night.

He said while special services would always be needed for particular sectors of commerce and industry, the areas of common ground were growing all the time.

Addressing the opening of Assocom's National Congress in East London, Groom said the economies of scale to be achieved from sharing services deserved examination by employer bodies.

As president for the last year, Groom has been in the thick of attempts to forge more co-operation — even a merger — with the FCI. He also favours discussions with the Afrikaanse Handelsinstituut (AHI) and other employer bodies to find areas of common activity.

He said last night: "I would therefore, in the first instance, appeal to my colleagues in the FCI, with whom we have a close affinity, to give serious consideration to this matter in the coming year.

"The recent creation of the Witwatersrand Chamber of Commerce and Industry (WCCI) through a merger between the Johannesburg Chamber of Commerce and the Transvaal Chamber of Industries indicates that the arguments for co-operation are profound.

"The case for closer collaboration among major employer bodies has almost become a structural inevitability."

Defending the role of business in pressing for reform, Groom insisted such activity was not party political.

Even where such pressure involved the taking of political decisions to satisfy it, "it should be understood that our motivations are not party political, but economic", Groom said.

"Assocom is not an organization of protest but one of negotiation."

The commanding officer at Group 8, Commandant G. J. Bezuidenhoud, presents a cheque to the director of Child Welfare, Mrs Laura Muller, and the fund raising secretary of the Malcolmess Children's Home, Mr Frank Wastell. Looking on are the chairman of the SADF's 75th anniversary ball committee, Commandant Don Wilkins, (centre) and Sub Lieutenant L Wulff (extreme right).

Assocom head: decisions result from lobbying

30

Business Editor

EAST LONDON — Ninety per cent of government decisions were taken in lobbies, the president of the Association of Chambers of Commerce of South Africa, Mr Harold Groom, said here last night

Mr Groom set the tone for Assocom's 85th congress when he welcomed some of the nearly 400 delegates to the congress which will be officially opened tonight by the Minister of National Education, Mr F W de Klerk.

Mr Groom said it was an international phenomenon that decisions were taken outside the portals of power and later merely rubber-stamped. This was why the congress was such an important event

Mr Groom paid tribute to the East London Chamber of Commerce for hosting the congress and said East London had much to offer as a microcosm of the South African situation.

The president of the East London chamber, Mr Nico Cloete, said Assocom was entering a new era in which it would play a more profound role

References to East London as a sleepy hole were inaccurate, he said

"We are not the ghost at the coast of the sleepy hollow We let the politicians and councillors squabble while we run the show

"At times we have to put our foot down We are very close to putting our foot down again"

Mr Cloete said his chamber lived in an exciting part of the country where it was exposed to a cosmopolitan blend of First and Third World economies "bridging the boundaries of our independent neighbours"

It was a region where there was understanding of ethnic and language boundaries and where cameraderie existed

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Kupugani gets a new lease of life

30

DD 20/10/87

Daily Dispatch Reporter

EAST LONDON — Emmanuel Mission has come to the rescue of Kupugani, an organisation that combats malnutrition in the Border region.

Kupugani was closed last week but may re-open tomorrow

The mission will adopt Kupugani's aim which had been to combat malnutrition

Kupugani had done this through a nutrition education scheme and outlets providing nutritious foods at low cost

The mission runs 16 farm schools, fulfilling the needs of some 3 000 children.

Kupugani donated the furnishings at the premises in Buffalo street and its stock to the mission on condition that it continue the shop.

The superintendent of the Emmanuel Mission, Mr Geoffrey Crompton, chaired a meeting last night and a committee was elected to take over responsibility of the shop.

Mr Crompton said the mission was one of Kupugani's biggest customers, buying between R4 000 and R6 000 of goods a month

Although Kupugani's sales figures had reached R54 000, R14 000 above its target, and was making a small profit, it was closed

The chairman of Kupugani in Pietermaritzburg, Mr Leslie Weinberg, said the organisation had shown little growth in the sale of basic foods and had not achieved anything in nutrition education

The regional manageress of Kupugani, Mrs Pateka Mtimtsilani, said when she started as manager in April, the sales were below target

Because of the consumer boycott, there had been little improvement.

Kupugani had not run at a loss, she said

Mr Crompton said he could not say whether the expertise required to run Kupugani was to be found in the newly elected committee

He said the organisation would benefit from local involvement and the registered nurses already involved

Another problem raised was that the new organisation may face a withdrawal of the milk board subsidy at the end of the financial year

Mrs Mtimtsilana said milk had accounted for more than 50 per cent of Kupugani's sales

Mr Crompton said the initial needs of Kupugani included scales, repainting the shop, plastic bags to divide up the bulk quantities, transferring the electricity and telephone accounts and permanent staff

A suggestion was made that organisations who bought a lot from Kupugani invest in the new organisation

Concern was expressed at the meeting that supermarkets could sometimes offer goods at a lower price because of their bigger base

Mr Crompton said the intention was not to carry goods at prices which could not compete with big supermarket chains

He said the intention was to sell nutritional food at lower prices than supermarkets

Delegates arrive for Assocom congress

14/4/87

by Business Editor

EAST LONDON — Hundreds of delegates have arrived here for the crucial 85th annual congress of the Association of Chambers of Commerce of South Africa (Assocom) where major input is scheduled to take place in landscaping the country's economic scenario

Yesterday the Orient Beach area was a hive of activity while the marquee was prepared as the main venue for the congress which comes a few days before the State President's business summit where the spotlight will fall on the Margo Commission of Inquiry and its much-publicised proposals on Comprehensive Business Tax (CBT)

CBT will be one of the main motions of the four-day congress following Assocom's 56-page memorandum outlining its opposition to the tax which is one of the financial undergirdings to bankroll the government's constitutional proposals

The congress comes in the wake of a government quest for a simplified tax system with a broader base and lower rates of personal and corporate taxation

But the CBT, designed to recoup income lost from lower GST and revised tax rates, has not found favour with Assocom and battle lines have been drawn on the commission's sweeping tax reform proposals

The motion on the Margo report has come as a late item but is scheduled to draw major response at the congress which kicks off today with closed sessions

Meetings of the regional vice-presidents, executive staff and the board of management will be held

A labour relations workshop for members will also be held today and this evening the hosts will welcome delegates at a cocktail party.

The congress will be officially opened tomorrow night by the Minister of National Education and chairman of the Ministers' Council in the House of Assembly, Mr F. W de Klerk, who is expected to outline the government's stand on major issues worrying the business community These include the pace of reform, sanctions and issues such as privatisation and deregulation which will be debated at the congress

Mr De Klerk will be followed by the president of Assocom, Mr Harold Groom, who returned to South Africa from overseas earlier this month as head of a powerful delegation which tried to offset the concerted call for more intensive sanctions

In an interview Mr Groom said the trip had been timed to offset the Vancouver Commonwealth conference as well as the American Anti-apartheid Act debate

Picture page 3

'Back to business issues'

19/10/87 (30) B/Day

DAVID FURLONGER

ORGANISED commerce and industry cannot afford to let economic and social reforms become casualties of political posturing, says Assocom

'This week's Assocom national congress in East London is important in bringing attention back to business issues, say president Harold Groom and CE Raymond Parsons.

Parsons says "Against a background of disruption in the House of Representatives and in-fighting among the Independents, we hope this congress will identify those issues that are important to business We must make sure these issues do not become casualties of political infighting"

And Groom says "We can't allow these things to be sidelined We must bring them back on track"

The congress will be officially opened tomorrow by National Education Minister F W de Klerk This will be followed by two days of open debate

Parsons identifies economic recovery and reform as the main themes of congress

Parsons and Groom both expect lively exchanges on the Margo commission tax proposals Assocom last week issued a document rejecting key elements of the Margo report, notably comprehensive business tax (CBT) and the value added tax (VAT) system Instead, the document proposed an alternative tax system incorporating some of Margo's other proposals

The Margo report will be discussed at congress on Wednesday, the day before representatives of Assocom and other business groups confront Margo on his tax plans

'Pretoria on verge of announcing major steps'

CIT 19/10/87

Business deregulation: Govt considers reports

Own Correspondent

JOHANNESBURG — The government is considering a series of reports recommending widespread business deregulation, particularly for blacks

Recommendations include country-wide, Sunday trading, abolition of local trade licensing boards, repeal of laws restricting black business, and open entry to the taxi market.

The reports, prepared by the Competition Board, were made public at the weekend Board chairman Stef Naude says their release, at the government's request, indicates Pretoria is on the verge of announcing major deregulatory steps

The reports' release coincides with the first use of the 1986 Temporary Removal of Restrictions on Economic Activities Act The so-called "Red Tape Act" empowers the State President to cut through regulations impeding economic development

According to the latest Government Gazette, the Act is being used to speed up a building development in the Johannesburg suburb of Kew Naude expects further applications of the Act to follow

However, Free Market Foundation director Leon Louw warned yesterday that the government had promised deregulation action before without delivering While welcoming its apparent new willingness to act, he said "I'll wait and see what happens before getting excited"

Local government

The board's recommendations on entry into the taxi market — that licences should be available on demand, subject to driving ability and vehicle road-worthiness — have already been incorporated into the white paper on National Transport Policy

The report says the existing subsidized bus system is inefficient and unpopular

Another board report recommends deregulation of trade at local government level The report says that of the approximately 75 economic activities requiring licences, only a handful should be retained on health and public safety needs

The report also recommends the rest of the country follow Natal in ending Sunday trading restrictions

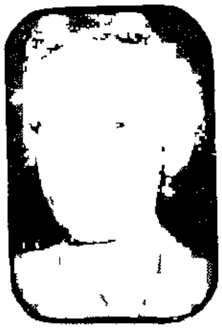
The Departments of Constitutional Development and of Development Aid are currently examining a report calling for the repeal of laws restricting trade in black areas

The report says two elements of the Development Trust and Land Act — prohibiting blacks from possessing a trading licence or buying and owning a business site without individual ministerial permission — should be repealed It adds so should two government proclamations from the 1960s barring blacks from licensing two premises within a 32km radius, and prohibiting salesmen and hawkers from entering black areas without written permission

A come-back for one-man enterprise — can it survive?

30

WPOST 17/10/87



ARTS and MINDS

by **Michael Boutall**

HE individual as an onomic or social unit s lately begun to re-ver some lost status nong corporate plan-rs

Emerging from the com-terised clutter of unem-yment statistics the one-n enterprise is forcing its y to recognition as a via-option

De-regulation is a current zz word coined to ease the sage of the individual rtal through the coils of eaucracy to wealth and ppiness

The reluctance of artists be placed in a box on a porate flow chart ren-s them suspect in the s of official planners

hey represent some-g of a glitch in the oth binary twitching of computer-designed ety

n the eyes of the cor-ate diagrammers they the people that give in-dualism a bad name

ith the instant manipu-ons of digital newspeak, vidualism becomes the dy accomplice" of lib-ism

igital think bubbles link ralism and communism he big hi-res screen at place with a double 0 ber and no name

s my wordprocessor ely digests this column, flect that most of the iovations" of Alvin ler's *Future Shock* are ady past tense

uch of his 1980 sequel *Third Wave* has al-y broken over us

is a wave of technically red social change that many respects compli-g the options in South a caught in a First and l World interface

e role of an individual t in such a confronta-of dazzling science and ry humanity might obscure

t artists thrive and er, indicating some f role

ditionally, through the ries, the artist is the dian of cultural iden-tity

In times of stress and change this identity appears more significant than in times of placid tranquillity

But for the artists the so-cial task remains the same

They must stay as close as possible to the cultural pulse of the society in which they live and observe their environment with both an outer and an inner eye

Then from an amalgam of observation, intuition, emo-tional tension and disci-plined skill the artist must make his image — and be judged on it

There is no group or com-mittee method of creating art

It is an individual task — there can be no shared re-sponsibility and no pander-ing to galleries!

The essence of creative art lies in individuality

But artists are not saints — many would suggest that they are closer to the other place!

They often cheat, copy, follow trends, pander to the gallery and duck their social responsibilities to ease their way through the hard parts — much like everybody else!

Individualism is not such an easy road and the fast buck and instant fame are as attractive in art as in anything else

In an era of mass trivial-isation in which everything seems up for grabs artistic integrity has suffered along with the rest

The corporate hothouse, the academic ivory tower and the government trough provide tempting back-waters for artists along with legions of others

Some manage to retain their integrity despite the warm, enveloping efful-gence exuding from cor-porate structures — many don't

In South Africa for the in-dividual artist to exist at all has become increasingly difficult

For many it means a dual life — one foot always in the corporate world

De-regulated or not he is an odd cog in the bureau-cratic machine

The nature of our society, with its increasingly mass-directed norms of taste and the carpetbaggers of the art market, mitigate against the survival of artists of integrity

Thus is threatening that cultural identity that we most cherish

Even the most cynical corporate strategists would argue that the objectives of "technologised" social structure and automation are ultimately humane

One often wonders about their concept of humanity!

Despite the pressures art-ists do survive and do fulfill their social role

But their precarious posi-tion appropriately reflects a key problem of our society

Increasingly, for one rea-son or another the rights of the individual are infringed for fairly dubious advan-tages to society as a whole

History tells us that this is a road to the wasteland

EL's non-profit Kupugani food store closes

30

16/10/87

Daily Dispatch Reporter

EAST LONDON — The local branch of Kupugani, a non-profit organisation dedicated to selling nutritious foods at the lowest possible cost, closed yesterday after weeks of indecision over its future.

The chairman of Kupugani, Mr Leslie Weinberg, and the managing director, Mrs Roma Pridmore, said they regretted the closure

However, Mr Weinberg said yesterday he had been contacted by Mr Geoffrey Crompton of Emmanuel Mission who had told him the mission was willing to run Kupugani here under its own name

Emmanuel Mission had been one of Kupugani's biggest customers and had expressed concern at its closure

A meeting will be held on Monday evening to discuss the possible takeover

Mr Weinburg said he had been forced to take the decision on the closure "as a number of circumstances made it impossible for Kupugani to continue in East London

"Kupugani has been operating nationally for some 20 years and experience has taught us that to operate successfully we must have the backing and active support of the local community

"Unfortunately this has not been forthcoming in East London, but because we believe there is a great need for the services of Kupugani in this area we have made every effort to keep the region in operation"

He said the organisation operated in two ways to combat malnutrition — through a professionally organised nutrition education programme, and through retail outlets which provide basic high protein and nutritious foods at low cost

"Over the years we have spent considerable sums of money and our directors and staff have given a tremendous amount of time and effort to this area, but despite this the region has shown little growth in the sale of basic foods and has not achieved anything in the field of nutrition education

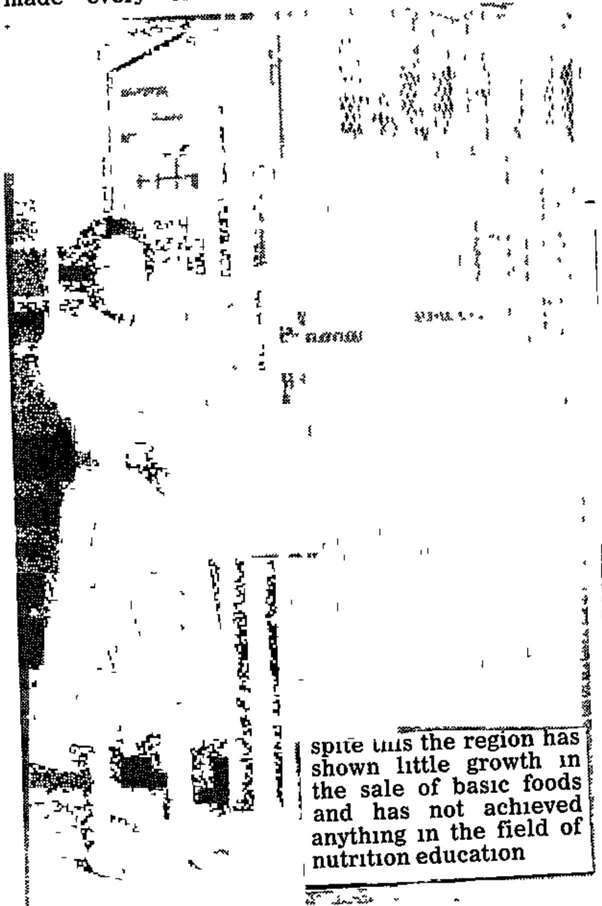
"We have been unable to gain the support of an active local committee and are now threatened with the resignation of some of the staff members.

"We have suggested to one of the members of the local support group that we would be willing to hand over the operation if an organisation could be found in East London who would be willing to accept the responsibility of running the operation independently and under a different name

"If this does take place we would be quite willing to give such organisation whatever assistance we can"

Mr Weinberg said the success of the possible takeover by Emmanuel Mission would "depend on the support of the local community, particulary business people and church organisations.

"The success of Emmanuel Mission running Kupugani also depends on customers who previously supported Kupugani to still support it under the Emmanuel Mission"



Mrs Mtimtsilana busy with last minute packing.

The regional manager of Kupugani here, Mrs Pateka Mtimtsilana, said the closure had not been welcomed by any of her staff because since April last year "we have done an unbelievable amount of work to promote Kupugani in the Border region

"I feel that it has never been a question of money, but we have been informed that our growth was not sufficient to warrant our existence in this area

"Kupugani had always had the support of the community but unfortunately had lacked the expertise and support of businessmen here

"All our work has been directed from the head office in Pietermaritzburg — I feel that they were always too far away from us and often there was a lack of communication between the two branches," she said.

Mrs Mtimtsilana added that a number of low income black and white families in the area depended on them "and I know that they will be the first to suffer when we close"

"It is a sad day for all of us here but I hope this does not mean the end of Kupugani — we hope that some other person or organisation will take over our functions here," she said

VEHICLE SALES

30 16/10/87 FM

Roll on 1988

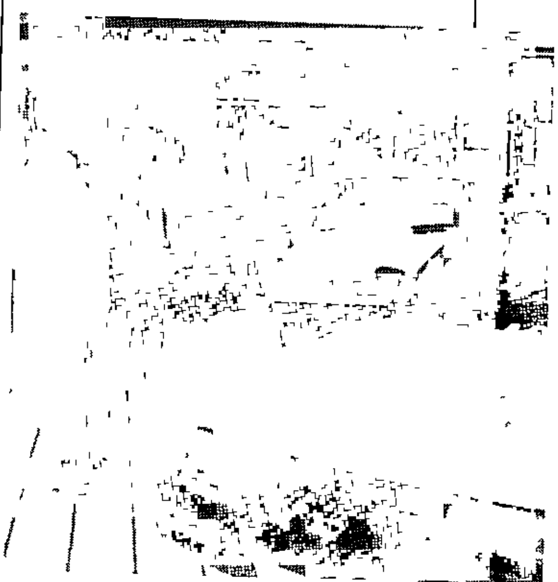
September motor vehicle sales surprised both pundits and cynics by continuing on a broad upward trend

Despite forecasts that sales would falter, sales in all categories showed increases on August And this at a time when Mercedes-Benz (MB) sales finally began to reflect the effects of the two-month strike at the company's East London plant

September MB passenger car sales dropped to a mere 356, compared with 1 764 in August and well over 2 000 in earlier months (The strike has now been resolved)

Overall September vehicle sales came in at 27 420, compared with 23 491 in September last year Car sales totalled 17 401 (17 016 in August), which is 15,3% up on the 15 091 sold in the same month last year Light commercials moved up from 8 628 in August to 8 880 last month, medium commercials recorded 471 (385 in August), while even heavy commercials showed an improvement from 604 in August to 668 in September

While Toyota once again led the manufac-



Car buying . . . the interest is ongoing

turers' field, Samcor now seems to have entrenched itself in second spot, recording the best sales since the company was formed in 1985 through the merger of Ford and Amcar Volkswagen was third, but interestingly, the VW Golf/Jetta range once again came through as the biggest individual model seller with unit sales of 3 218 compared to second runner Toyota Corola on 3 113

Despite continuing stock shortages, the industry seems set fair for sales of 200 000 this year But industry chiefs are looking to even better times in 1988 McCarthy group joint MD Theo Swart has increased his original estimate of 205 000 unit sales in 1988 to a provisional figure of 215 000-220 000 VW and Toyota support Swart's views, with VW MD Peter Searle predicting sales will exceed 220 000

The main reason for optimism is the improving economic climate, which has created more disposable income for the man-in-the-street A further bullish point is that prices are no longer rising as fast as they did in 1985 and 1986, when they had to adjust to radically changing rand/yen and rand/D-mark exchange rates

Also underpinning the market is the fact that long overdue fleet replacements are on the way This points to a significantly stronger market in 1988, says Toyota MD Colin Adcock

"Although next year's sales will be well below the peak of 300 000 reached six years ago, we now see a slow but steady build-up of confidence in the market," Swart observes

Moreover, he says the return of the private buyer, who was squeezed out of the market by high prices, will almost certainly be bolstered by the introduction of private car rental schemes ■

BLACK BUSINESS

36

Big township boost

Black business in urban townships will receive a major boost over the next two months with the opening of a series of new shop and office complexes costing more than R9m

The four centres at Vosloorus near Boksburg, Jabulani and Moletsane, Soweto, and Mohlakeng near Randfontein will offer space to 96 emergent businesses and should help arrest the "leakage factor" which channels 90%-95% of black spending out of the townships to businesses in the cities.

As there is a dearth of shopping in black urban areas, blacks have been forced to do most of their shopping in "white" areas The new move to provide quality shopping within their townships could reverse the trend

Clearly, with a city like Soweto boasting a population of around 2m, the market is vast And with the wage gap visibly narrowing, black affluence is growing

The R5,6m, 6 950 m² "one-stop" Lesedi City complex at Vosloorus (population 90 000 and growing) is situated next to a busy taxi terminal and features one of the "largest supermarkets in SA" with a floor area of 2 400 m² As with all 53 businesses in the complex, the supermarket will be black owned and managed by Gray Thathane, a local Vosloorus businessman

Finance is being provided by the Small Business Development Corporation (SBDC) Lesedi, the biggest shopping centre in any black metropolitan area to date, will be officially opened on November 28 and is expected to create jobs for about 1 000 blacks. The centre is already fully let.

SBDC GM James Scott says it is a showcase of the SBDC's policy of acting as a catalyst for entrepreneurial development

But while Lesedi is financed by the SBDC, other township centres are being jointly funded by the SBDC and the private sector This is a new development which could presage major private sector support for black business In the past, private sector financiers either shied away from the perceived risk, took equity in the SBDC, or backed organisations like the Urban Foundation

The Ra-Ikagela Mall at Mohlakeng near Randfontein is 100% black owned and jointly funded by private developers, the SBDC and JCI Herbert Maribi and Edward Peliso were the prime movers They sold shares to 25 black shareholders, registered a property development company and contributed R150 000 towards costs

"Ra-Ikagela motivated the project and raised funds through the SBDC and JCI It was JCI, in fact, who made the whole project possible, with the SBDC acting as project co-ordinator. With JCI blazing the trail, hopefully we will soon see other groups following suit," says Scott

Peliso says the trend today is towards independent operations "Black people hate handouts In the past there was a ceiling for black development in business Now we find that the financing avenues are opening up and that there is money for business development and job creation. The employees of yesterday are now becoming employers and developers," he says

Soweto's new 1 900 m² Jabulani and 2 700 m² Tsele shopping centres are much smaller than Lesedi City, but tenant interest is high At Jabulani, one fast-food shop drew 50 applications

At the Pennyville "industrial hive" on the outskirts of Soweto about 200 small business tenants already provide 600 jobs Essential equipment can be rented, while the SBDC's *Contactmaker* magazine offers a shopwindow to big business of what these small entrepreneurs can offer

In another example of joint SBDC/private sector financing of black business, Sanlam will fund 50% of a new R2m, three-storey office complex in Dube, Soweto The nearby Dube industrial park — the first in a black urban area — is fully let and expanding

The R1,8m Tsele shopping centre in Moletsane, Soweto — to be opened on December 5 — is the brainchild of local businessman Peter Tsele and is jointly funded by the SBDC and Southern Life It is ideally situated adjacent to the busy Merafe station, a ready catchment for the 22 businesses in the centre

But while these investments could be pointers to a new dawn for black business, obtaining land from the local town councils remains a problem As the black townships were originally designed as "dormitory towns," little or no provision was made for commercial and industrial zonings ■

BUILDING MATERIALS ON THE RISE AGAIN

Increases in the price of basic building materials and labour costs could add as much as 30% to the cost of an average newly built house by next July

The latest hike is for cement, which is to rise 7,5%-8,8% from November 1 Effectively, the price is to rise 37c/50 kg on bulk or mini-bulk cement and 48c/50 kg for bagged cement.

National Association of Home Builders executive director Johan Grotsius estimates the increase will add R150 to the cost of a R50 000 house

But cement makes up only 3% of the cost Bricks account for 11% and are expected to go up again in January, following average increases of 9,5% in April and 8,5% in July This is despite the fact that Corobrik has no plans to re-open its mothballed plants and is running at an average 60% capacity in the Transvaal

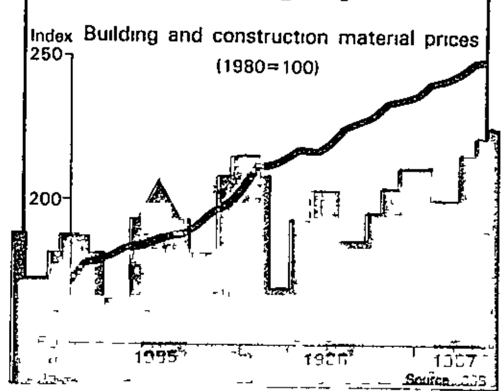
Bricks now cost between R122/1 000 and R320/1 000, depending on type

Another major structural component of a house is timber (3% of cost) Merchants have been advised that timber is to rise by 15% in January Also set to rise, probably by between 10% and 12%, is the price of paint, which constitutes 3% of the cost of a house

Other price increases passed on to the building industry in the past few months have been steel, up by 11% and 8,5% in July and September respectively, and labour costs which went up by 15% in July

Steel is used in window and door frames and roofing tiles, which together make up 6,5% of the cost of a house Sub-contract labour accounts for 21,5% of the cost, while specialist labour such as plumbers and electricians comes to 9%

Building up



Interior finishes and fittings account for a large chunk of the costs, but the price of many of these also looks set to rise

Some of the increases might be inevitable Others could be put down to opportunistic suppliers and merchants reading the signals of an upturn in the building industry and getting in ahead of the game

FM 16/10/87

(30) B/day 16/10/87

They often work with no capital and no trading site

Small men with a big mission in business

THEO RAWANA

SMALL entrepreneurs, armed only with their skills and determination to make a living, are pursuing their different occupations in the face of red tape, lack of capital and scarcity of trading sites.

One of these enterprising men is Lawrence Mvelase, 31, who took up a two-year panel-beating course in Pietersburg soon after matriculating in Soweto in 1975

He followed this with another two-year apprenticeship at a Roberts Construction panel-beating shop, before launching out on his own and operating from his home

"In 1981, I tried to get a workshop at the Small Business Development Corporation's (SBDC) industrial park in Soweto, but failed because I had no capital, references or security for a loan," says Mvelase

He continued working from his yard, graduating to buying old or damaged cars, rebuilding and then reselling them "Lack of a site is my problem as any type of unfavourable weather has an adverse effect on my business. At times it gets so bad that I have no money to pay my four assistants."

But this has not deterred Mvelase from forging ahead and converting a disused electrical substation into a mini-grocery shop.

"When the Soweto Council started its electricity upgrading scheme, I jumped at the chance of starting a small fruit and vegetable business in this abandoned sub-station

"But then the customers asked for other essentials like sugar and tea and, before I knew it, I was running a general store in here And again I meet problems when I approach the council for a licence to trade here. The demand is that I must first pay my house rent before my request can be looked into"

He says that when he was forced to close for two weeks customers flocked to his home, so great was the demand His R300-a-week turnover swells to R600 at weekends.

"I would like to get a licence to start a shop in the surrounding open space It's no longer solely my need — the people need it", he says.

Jimmy Musa developed an interest in carburettors while employed by Maritzburg Carb Shop. "I soon found that, more than the general mechanical repairs, there was a dire need for specialist carburettor repairs for Soweto motorists," he says.

Musa, 34, with his assistant, pitched a sign in the open and they now attend to about four cars a day. "Our problem is finding a site for a workshop," he says.

Linda's Cash Register started after Linda Radebe, 31, accummulated cash register repair experience at Haster Cash Registers (three years), Cash Control Systems (four years) and Data Cash Registers (five years).

Radebe says he struggled for two years before he found a workshop in Mofolo, Soweto. He has three canvassers who scout black shops and offices for cash registers which he and two other technicians repair "We also fix old ones and resell them"

Radebe's business has a turnover of R2 500 a week.

(30)

Assocom: CBT to quadruple tax

JOHANNESBURG — Organised commerce yesterday rejected the concepts of a Comprehensive Business Tax (CBT) or Value-Added Tax (VAT) in any tax reforms, and instead put forward an "Assocom Package" to the government

In a 56-page memorandum to back up its oral evidence to the task force of the Department of Finance on the Margo report in Pretoria yesterday, Assocom detailed its views on the commission's findings

It said the government appeared to have four alternatives – to leave the present basic tax structure alone, to adopt Margo's "main package" with its new CBT, to adopt Margo's "alternative package" with no CBT but considerable reform in personal and corporate taxation and GST, and a scrapping of tax based on incomes and switch to an expenditure-based tax system

Assocom said it took "the very firm view" that the third option, the "alternative package" with no CBT and no VAT, should be introduced

None of the other alternatives, it said, would be in the interests of the country's economic welfare and growth, "but rather would do very material damage to the South African economy"

It agreed with the important elements of reform and rate reduction in GST and personal and corporate income taxes in Margo's "main package," although it did not favour a narrowing of the GST base

Margo recommendations it agreed with included

- Reduction in the rate of GST,
- Repeal of the exemption of various foodstuffs from GST,
- Reduction in the rate of personal income tax;
- Separate taxation of husbands and wives,
- Virtual elimination of tax expenditures,
- Abolition of double taxation of income received by way of company dividends,
- Virtual abolition of ad valorem excise duties,
- Office investments

Other apparently implicit proposals Assocom would support included

- Equality in the treatment of cash remuneration and fringe benefits, with no exceptions,
- Increased rebates for lower-income aged persons,

Opposing CBT, Assocom said the present co-existence of company and personal income tax and GST already represented a large measure of double taxation and tax proliferation

Two important constituents of the gross domestic product, labour and the net operating surplus after depreciation, were in effect each taxed three times by income tax, then again to a large extent by GST on end consumption expenditure, and then a third time by the Regional Services Councils services and establishment levies.

"To add a CBT would mean quadruple taxation."

Overseas experts, it said, had been deeply puzzled that South Africa might have both a GST and a CBT, and had said most countries would reject such a possibility

It was also considered that a CBT discriminated against labour-intensive industries, newly-started businesses experiencing a precarious profit position, and other businesses in low profit situations because of structural recessions or other factors

It would be more difficult than under GST to tax imports and not exports

"If passed on, the CBT would make our exports still less competitive and expose our manufacturing industries to competition from preferentially taxed, disruptive imports"

Assocom also rejected the suggestion that GST might be converted to a value-added tax

The private sector administration and accounting involved in VAT was far more complex and troublesome than was generally realised, it said, and would be beyond the competence and level of sophistication of large numbers of businesses in South Africa operating virtually in "third world" environments.

Such complexities, it added, would increase the administrative burdens of the Department of Inland Revenue.

It would be difficult for South Africa to adopt VAT without similar measures being adopted by the TBVC and BSL countries, said Assocom, adding that the Margo Commission had admitted GST was much easier to collect, avoided large numbers of refunds, demanded a lower level of record-keeping, involved lower costs, and had a very wide base

The proposed "Assocom Package" would embrace virtually all the personal and corporate income tax and excise duty reforms listed, to be implemented as soon as possible, some immediately and the others as soon as they could be accommodated

It would also call for the withdrawal of GST exemptions for foodstuffs, the rate of GST to be reduced to eight per cent, rejection of the so-called inclusive system of invoicing under GST, the retention of capital and intermediate goods in the GST base, the retention of the GST exemption on exports, and the rejection of CBT and VAT

It added that any tax revenue required by Regional Services Councils should be raised by regional surcharges on the GST, with the abandonment of the establishment and services levies which were unrelated to taxpayers' ability to pay

Congress aims to give big boost to home business

30

SM 15/10/87

By Paula Fray

SMALL BUSINESS DIRECTORS: Bev Moodie (left) and Chris Darroll ... "When starting up your own home business, don't evade the law."

Home entrepreneurs must emerge from their backyard hiding places and be recognised as major contributors to South Africa's economic growth, say the organisers of a one-day congress on the subject.

Home Executive Women's Clubs (Hews) will present its first national one-day congress next week.

Hews directors Ms Jean Nixon, Ms Bev Moodie, and Ms Chris Darroll have their business origins firmly rooted in home and small business and know the basic problems facing prospective entrepreneurs.

ONE IN FIVE

Ms Darroll believes one in every five South African households is operating a home business of some sort.

She hopes the congress will dispel the myths and prejudices against home business and deal with the ignorance of both home-business people and those with vested interests in them.

A main issues at the congress will be deregulation. Hews believes there is a general apathy regarding it. There is a need to define what a home business is and then deregulate and implement legislation to assist small business growth

The home-business industry is being stifled by government and municipal legislation which confuses and intimidates prospective entrepreneurs.

Entrepreneurs who do not know whether they are legal or illegal are vulnerable, Ms Darroll says Yet the home business in the informal sector today may well become the corporation in the formal sector tomorrow, she says

Municipal legislation in some areas stipulates that only one person may be involved in a home business. This makes husband-and-wife partnerships illegal Ms Nixon points out that Hews have recommended that up to three or four people be allowed in a home business

"We are not saying give people business rights, just allow them to work within a consent basis," Ms Darroll says "Just allow them to work within certain perameters."

Hews hopes the congress will strengthen and consolidate home business into a force that cannot be ignored. Already, it is the home and small business which is creating jobs for the many new entrants to the market place, Ms Nixon says

"Established big business often thinks of small and home business as a 'hobby', yet these businesses are professional with a foot in economic power," says Ms Darroll"

For those starting their own business, Ms Moodie advises "Don't evade the law, but start up and get going."

Hews believes that anyone who has any interest in home business, whether they are in the informal or formal business sector, should attend the congress in Rosebank, Johannesburg, on October 20.

For more information, contact Hews on (011) 726-6901 or 726-6916

Alternative tax system proposed

Assocom rejects Margo's CBT 'main package'

● MARGO

GRETA STEYN

ASSOCOM has rejected Margo's "main package", of which the core is comprehensive business tax (CBT). Instead, it urges a system similar to that contained in Margo's "alternative package" — avoiding a CBT.

But though Assocom rejects the main package, it supports certain reform proposals contained in it, such as the reduction in both the rate of GST and the rate of personal income tax.

The organisation, in a report handed to the Department of Finance yesterday, has taken a very strong stance against the Margo proposal that a CBT be introduced. CBT, Assocom says, will in no way represent the replacement of a less efficient tax by a more efficient tax

The rejection of CBT came after research done on behalf of Assocom by Unisa tax expert Prof B P J Van Rensburg on value-added tax systems

Michigan visit

Van Rensburg visited Michigan, the American state where a tax similar to CBT called Single Business Tax (SBT) is levied. The Margo commission's CBT is based, to a large extent, on Michigan's SBT.

Van Rensburg, when visiting Michigan, found experts "deeply puzzled" at the possibility that SA might have a General Sales Tax alongside a CBT, as proposed by Margo

Assocom says "These experts pointed to the dangers and possible distortions involved in taxing the same base more than once under the same regime. They contended that the number of taxes should be minimised in any one tax system"

The proliferation of taxes, Assocom says, will cause "cascading". A CBT will also counteract the beneficial effects of reducing the rate of GST.

In Michigan, the point was also made that SBT or, as Margo calls it, CBT, discriminates not only against labour-intensive industries but also against businesses experiencing profit problems.

'Invisible' tax

Referring to the implications of CBT for labour-intensive industries, Assocom said: "A CBT would, *par excellence*, be a tax tending to distort and discourage the use of labour — and this at a time of high unemployment."

Other criticisms of CBT were that it was an "invisible" tax — it is not seen by consumers, although they ultimately bear its entire cost.

Apart from its strong rejection of CBT, Assocom also objects to the Margo commission's proposals on GST. It opposes the commission's move to eliminate GST on capital goods.

Assocom says: "Removal of GST from capital and intermediate goods will in actual practice save the end consumer nothing — just as the removal of GST from packing and wrapping materials earlier in 1987 saved the consumer nothing."

Even more important is the fact that the GST base would be significantly reduced

Though it rejects Margo's main package, in its own "package" Assocom endorses Margo's proposals on the reform of personal and corporate income tax — for instance, the abolition of double taxation on income from company dividends "immediately or as soon as possible".

The "Assocom package" also proposes that GST exemptions for certain foodstuffs be withdrawn, that the rate of GST be reduced to 8% and that no CBT and no Value Added Tax be contemplated.

On the question of the taxation of married women, Assocom says there is merit in the recommendation that the individual replace the couple as the tax unit

But, the organisation says, "rapid steps away from the present system of taxing couples are not desirable"

Margo 'summit'

"The loss of revenue resulting from phasing in separate taxation in 1988 and 1989, estimated by the commission at about R2,4bn over those two years, would tend to oust or retard other more important reforms."

Assocom's response to Margo is a valuable contribution to the debate on tax reform The last word will not be spoken for some time Assocom's rejection of Margo's main package has set the stage for an interesting Margo "summit" between the State President and business leaders next month

Move to help traders

14/10/87

By NKOPANE MAKOBANE

A SEMINAR to discuss a trust fund that will enable small businessmen to obtain loans at financial institutions will be held in Johannesburg on Sunday at 2pm.

The trust fund is the brainchild of Business Challenge which was started early this year to help small business people

Its objectives include helping members to market their products It intends approaching the transportation board for taxi permits for its members

It also plans to look into housing schemes offered by building societies and try to get houses for its members on reasonable terms

Loans

Mr Phil Khumalo, co-ordinator of the seminar, said the fund would be like a "stokvel" run on professional lines

Members would have to pay R50 a month into a trust account

"Members will be able to get loans up to R2 000 and more in exceptional cases Business Challenge will stand guarantor for these people seeking loans," Mr Khumalo said

"We believe we will enable struggling small businessmen to expand their businesses and in turn employ more people," Mr Khumalo said

The trust fund will be launched in Swaziland in December People who want to attend Sunday's seminar should telephone 23-7620

Assocom rejects Margo's main tax proposals

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STAR 14/1/87

By Michael Chester

The Association of Chambers of Commerce today gave a thumbs-down to the Margo Commission's main package of recommendations on tax reform and handed the Government its own set of sweeping tax proposals

Rejection by big business of the main recommendations was revealed when a top-level Assocom delegation met Dr Chris Stals, Director-General of Finance, to give oral evidence to the Department of Finance task force that will guide the Cabinet on new tax moves.

The delegation was headed by Mr Raymond Parsons, chief executive of Assocom, and Mr Bob Wood, chairman of the national taxation committee.

The main target of attack in the Margo main package was the proposed comprehensive business tax, which the commission visualised as the key to overall tax reform and cuts in income tax and general sales tax which Assocom warned would ultimately have to be borne by the consumer.

Strong opposition was also voiced to the alternative outlined by the Margo team of a change-over from the GST system to a Value-Added Tax (VAT) scheme

Assocom took its stance after studying reports prepared by Professor B P J van Rensburg, of Unisa, who was assigned to investigate current developments and thinking about tax policies in Western Europe and North America — in particular VAT and the radical business tax system introduced in the US state of Michigan, on which the Margo Commission based the CBT recommendations

The Assocom package of tax reforms handed to the Department of Finance urged

- Reduction in the rate of GST from 12 to 8 percent, entailing losses in revenue of about R3,6 billion
- Elimination of GST food exemptions — with full explanations to the public on the pros and cons — bringing in an extra R1,7 billion
- Cuts in income tax rates, costing around R1 billion — but with all State trading concerns drawn into the tax net
- Full taxation of fringe benefits, with no exemptions whatsoever, boosting revenue by R2 billion
- Abandonment of tax incentive expenditures, bringing in an additional R3 billion
- Changes in the taxation of married couples, costing R700 000
- New tax rates on dividends, costing R300 000

Assocom estimated that its own package would involve Inland Revenue losses of R5,6 billion, but gains of R6,7 billion, leaving a net gain of R1,1 billion

Showdown looms at the SCCI

MR Sydney Mahlangu . . will contest suspension.

THE Soweto Chamber of Commerce and Industries is heading for a confrontation following the suspension of two executive members, writes JOSHUA RABOROKO.

General secretary, Mr Sydney Mahlangu and executive director Mr David Mailoane, were suspended at the chamber's executive committee meeting last week.

Both said their suspensions were not legitimate. They will oppose them at a general meeting next Wednesday.

A chamber spokesman has confirmed the suspensions. He would not disclose reasons for the action.

Mr Mahlangu said that they were suspended after attending the National African Federated Chamber of Commerce's transport conference in Port Elizabeth recently.

"We really do not understand the reasoning behind the move because we had attended a meeting of the national body," Mr Mahlangu said.

"As far as we are concerned the suspension is invalid because it is unconstitutional We have only been given a verbal notice of the suspensions."

SBDC launches new programme

(30) Sowetan 13/10/87

THE Small Business Development Corporation is to launch a programme that will link small businesses with major companies and the consumer, a spokesman said yesterday.

The programme, to be called "Contactmaker" is a catalogue that consists of names and telephone numbers of small black businesses and which illustrate their products

In a statement to the *Sowetan* yesterday, the SBDC said the aim of the programme was to link up small black business with big bugs business, as well as with the buying public.

"SBDC believes that this will contribute to economic growth, which is very important in a developing country like South Africa.

Subscription to the Contactmaker will be R70 per year and for further information those interested should contact Ms Mary Hlatshwayo at 643-7351.

The main objective of the SBDC was to develop entrepreneurship among all population groups in the country. It was hoped that the development of small business was essential to create jobs, maintain free enterprise, generate wealth, encourage grassroots development and ensure innovation and creativity, the statement said

"No business is too small to be considered for help, but the SBDC requires that it be independent, unable to obtain finance in the open market, be economically viable, be profit orientated and be located within the Rand monetary area," the statement added

The statement said normally the first hurdle in starting business up or expanding a business was to get sufficient finance. The SBDC was capable through various financing programmes, to assist entrepreneurs to get over this important hurdle

Job project is a big success

MORE than 300 unemployed blacks living on the Reef have secured jobs and small businesses in the townships after receiving help and advice from an operation called "strategies for survival."

By JOSHUA RABOROKO

The operation run by Ms Peggy Reid-Daly, has helped to create job opportunities and to provide relief during traumatic situations of unemployment.

In conjunction with the Small Business Development Corporation the operation, which normally runs seminars for the unemployed, aims to: assess resources; develop creative ideas; plan businesses; identify markets; and set goals and apply for the right loan.

Ms Reid-Daly told the *Sowetan* yesterday that the soaring rate of unemployment in South Africa had culminated in her taking up the initiative to help unemployed people, especially blacks.

Loans

On a small scale she motivated blacks to start creating jobs and to get involved in small business. The SBDC has been helpful in giving loans to the unemployed to get off the ground with business.

"As far as the creation of jobs is concerned the small business sector has employed many other people. In this way we have been able to be job creators rather than job-seekers — what a success." Ms Reid-Daly said.

Her operation has been able to help about 350 unemployed blacks.

Ms Reid-Daly said a two-day seminar, aimed at motivating unemployed blacks to acquire skills, will be conducted at SBDC Training Centre, Canada Road Pennyville, Johannesburg, starting today (Monday October 14).

Those interested should contact Peggy at (011) 648-8992 all hours.

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13/10/87 Sowetan

CAPE TIMES 12/10/87

Tradegro makes record recovery

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AGAINST a background of general lack of confidence in the economy, Tradegro, southern Africa's largest trading group, has made a recovery of record magnitude in the South African economy

The following has all been achieved in the financial year ending June 1987 and indicates further potential for the group·

Sales growth

A record turnaround of R88,9m, from a loss of R58,5m to a profit of R30,3m, a corresponding increase in earnings per share from minus 44,6 to 16,3 fully diluted, an increase in sales from R3,7 billion to R4,4 billion, a growth of sales of 19,8%, compared with a growth in national retail sales of 16,4% for the same period, the acquisition and the absorption of the R600m per annum Frasers Group into the R4,5 billion Tradegro Group, a situation which will result in the merging of like with like to expand individual companies' presence in their markets, as well as synergy in buying, administration, management and other rationalization benefits

Tradegro is the holding company for Cashbuild, Checkers, Coreprop, Jazz, Metro, Rusfurn and Stuttafords/Greatermans In their annual report, released last week, chairman Marinus Daling says that Tradegro's results are even more creditable when judged against the background of a general lack of confidence in the economy

"Mervyn King and his team have transformed Tradegro from a loosely structured loss-making trader into a well-defined, well-managed group of structured businesses, each with a clear focus in its specific market. This will undoubtedly be to the benefit of all our stakeholders — our customers, shareholders, employees and suppliers"

Says Tradegro CE King "The past year has been one of tremendous pressures and challenges for both management and staff Our turnaround has been achieved through adopting policies of vision, integrity and autonomy The mission in Tradegro is for each company to concentrate on its core business and to develop the necessary participative management for our future success."

Tradegro, he says, has now laid the foundation from which to grow and increase profitability

The group's four year review shows a profit of R15,9m reported in 1984 This was followed by a loss of R21,8m in 1985 The group was obviously in trouble, caused mainly by overexpenditure in the property market In September 1985, Mervyn King was appointed CE

He immediately set about restructuring and redirecting the group. With losses of R49,0m reported in 1986 the extent of this task was fully realized Tradegro, with profits of R30,3m reported in 1987, now boasts a creditable recovery

Operating expenses

In the annual report, King stresses that the group is not yet attaining the levels of profit that can be achieved During the coming year he says the focus will be on increasing market share, improving margins where possible and tightening controls over operating expenses

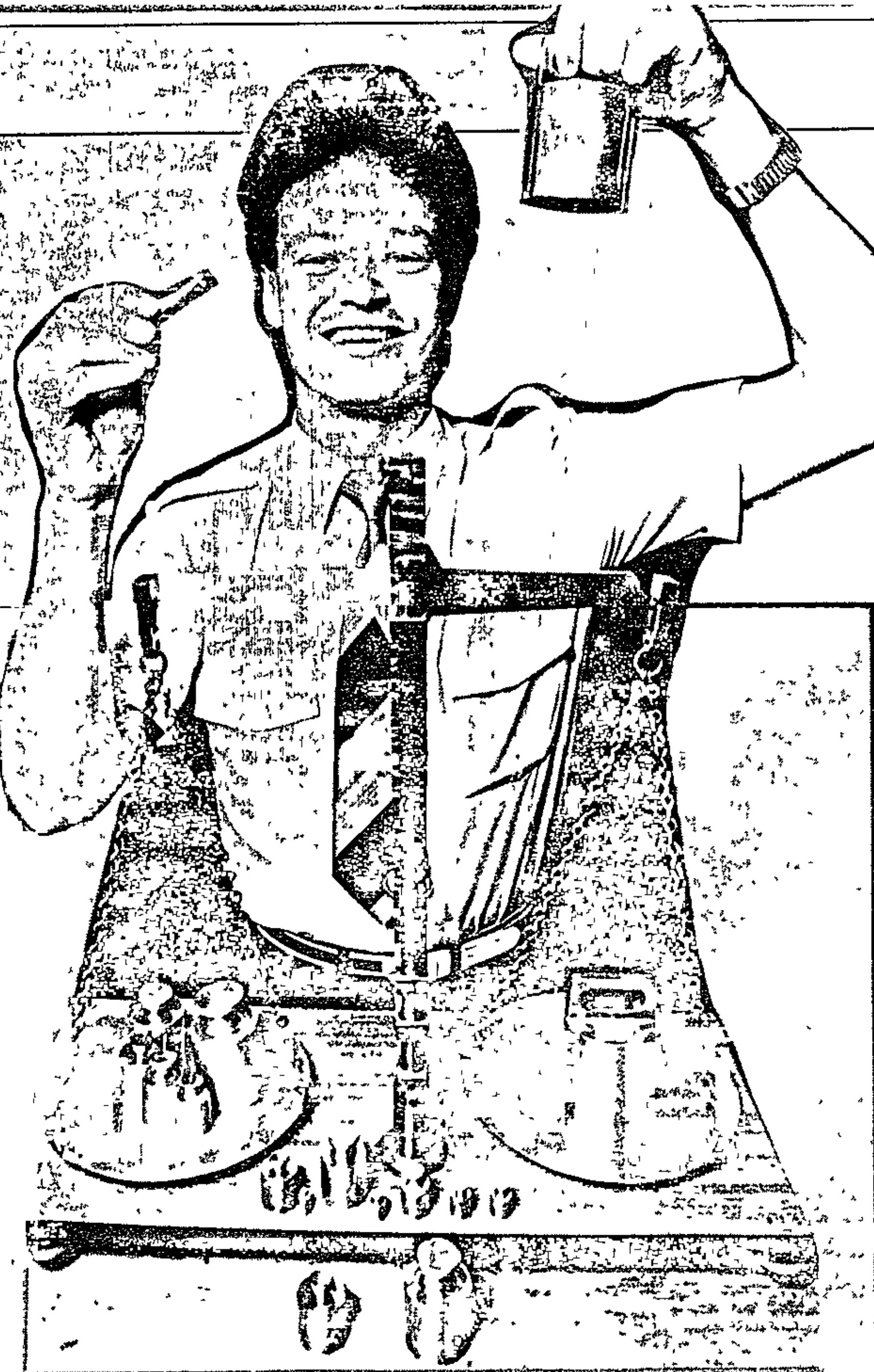
ARGUS 10/10/87

F!

... got queries ... the Housewives League do bring a lot of ... to our attention, but I wish ... were more people who would ... of those who have short-... them or engaged in any ...-seeming practices when it ... to business because the ... we are made aware of ... who attempt to rip the public ... the sooner we can rectify the ...tion.

... hope we are not giving the ... impression with these examples because we find that about 95 ... cent of traders are honest people ... said.

... the other five percent who ... a good ticking off"



Making sure every kilogram in Cape Town is an officially-sanctioned kilogram. Paul du Plessis, of the Directorate of Trade and Industries, with some mass pieces and a beam scale. Picture DION TROMP Weekend Argus

...gram with capital let-... law kilogram can only ... in lower case let-... because KG actually ... Kelvin Gamma' He ar-... he was therefore not ... a kilogram and the ... could therefore not ex-... recieve a kilogram of ... that price Fortunate-... dismissed his argu-... he was fined," Mr ... said.

... last century, especial-... Orange Free State, was the last province in ...rica to establish an as-... which controlled ... and measures, it was ... for a clerk in busi-... have to cheat his salary ... the farmers by setting ... out of balance when measuring or weighing ... chases.

... ve personally seen a small business where the owner had two sets of weights — one to use when buying goods and one for selling so the practice still exists and the sooner the consumer becomes aware of it the better," he said.

One task undertaken by the Directorate of Trade and Industries seems almost impossible,

Did you know that every measuring device in South Africa — from the tiny tot measure in your friendly local to the 3 000-litre/minute line meter at a petrol refinery, from the 0,5 gram mass meter in the chemist to the 400 ton weighbridge at Sishen, have all got to be inspected and approved before they can be used in public?

And if your local's tot measure does not have an official directorate approval stamp on it, you may be being cheated out of your full measure of favourite tipple and should notify the directorate of the practice

A bit extreme, but allowed under the law

■ But cheating at petrol pumps is another matter

"There are many ways to cheat a person out of the petrol they pay for and this takes place mainly because the customer is too lazy to get out of the car and physically check what is happening.

"The owners of the petrol pumps are not always to blame.

"The attendants work in teams and use the main electricity power switch (always located outside the building because of fire regulations) to bypass the interlock on the pump which normally would automatically revert the figures back to zero

"What they do is pump say five rands of petrol into a can before you arrive, leave the five rands figure on the pump, switch off the power supply as you arrive and then quickly switch it back on You then pay for five rand's-worth of petrol you never receive If you got out and checked you might have avoided this," Mr Venter said

"These are facts"

Another duty performed by the directorate is to maintain a set of mass and measuring standards for the Cape region

In Mr Venter's office stands the Cape's official kilogram and metre, against which all other kilograms and metres in this region are measured And to make sure our official kilogram and metre are not cheating there is a national kilogram and metre standing in Pretoria against which ours are measured and to make absolutely sure those are not short-massing and measuring us there are the international versions in Paris So the masses of humanity in the Peninsula can rest assured that when they ask for a kilogram, they are getting a kilogram — provided the person doing the weighing and measuring has not found some way to cheat

■ Any Peninsula consumer queries regarding matters governed by the five acts can be addressed to Mr Venter, Regional Director, Directorate of Trade and Industries, PO Box 466, Cape Town, or telephone 45-1517

The directorate is also willing to talk about consumer rights to any group interested in arranging a meeting

30 W/E ARGUS 10/10/87

THE BIG RIP OFF!

SPECIAL REPORT

by MARK STANSFIELD
Weekend Argus Reporter

A PENINSULA business man recently made more than R500 000 by selling water at six rands a litre to unsuspecting customers.

■ **Shocked?**

You probably are — but only because his unscrupulous practice has now been brought to your — and the court's — attention, otherwise you, too, may have been a victim

Another trader took two slices of bread out of every sliced pack he sold and used the "filched" bread to make up sandwiches in the fast-food take-away section of his business He scored both ways from the unwary — by selling loaves below the legal mass, and by charging hungry customers for the "free" bread they consumed in the form of a snack.

■ A Peninsula material seller carefully cut the brass metre measuring unit stuck to his counter in several places and reglued the pieces back together, which by now was missing a few essential centimeters — *voilà*, he had invented the shortest metre rule in Cape Town — which earned him mega bucks from those who thought they were buying a genuine metre of material

■ And then there was the café owner whose elaborate, but highly illegal, set of scales would have earned him the awed respect of an inventor like Leonardo da Vinci.

It worked like this.

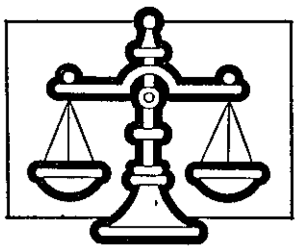
He stuck the finest nylon fishing line he could find to the measuring lever of the scales on his counter, drilled a hole through the counter top and attached the other end of the fishing line to a pedal (hidden from the customers' view underneath the counter, of course) The object was to carefully depress the pedal while placing cold meat on the scale. The more fancy the footwork below the counter, the more mass shown on the scale's dial The customers ended up paying partly for the mass of the café owners' foot and unwittingly came away with less cold meat for their money

■ **And how was the R500 000-richer water seller able to get people to buy water at six rands a litre?**

Simple

He was selling his product packed in ice so 40 percent of the total mass of the product was a solidified crystal-clear liquid not worth even a cent a litre

DO these incidents sound like fiction?



They're all true and were recounted by Mr L I T Venter, regional inspector, Directorate of Trade and Industries — a little-known government department based in a nondescript Corporation Street building in Cape Town which silently and without fanfare has been helping the consumer for years — most times without the public even being aware of the essential services they perform

Mr Venter and his team are the consumers' watchdog, protecting them from unscrupulous business practices — such as the examples recounted here

■ But it's time consumers became more aware of their rights as well as the business procedures and practices allowed under South African law because the more aware shoppers become, the less traders will be able to pull the wool over their eyes and "steal" money off them

The Directorate of Trade and Industries team make sure that manufacturers, wholesalers and retailers stick to the law in regard to five essential pieces of legislature passed by Parliament.

These are the Trade Metrology Act (the old Weights And Measures Act), the Price Control Act, the Trade Practices Act, the Credit Agreements Act and the National Measuring Units and Measuring Standards Act.

ONE member of the directorate spends hours pouring over every publication printed in the country looking for those out to dupe the public by using bad trade practices But more could be done to stop these businessmen if the public are aware that there is a department willing to fight for their legal rights when it comes to unscrupulous practices in business

"It's disappointing how little contact we have with the public," Mr Venter said

"We do get queries the Housewives' League do bring a lot of things to our attention, but I wish there were more people who would tell us of those who have short-measured them or engaged in any illegal-seeming practices when it comes to business because the sooner we are made aware of those who attempt to rip the public off the sooner we can rectify the situation

"I hope we are not giving the wrong impression with these examples because we find that about 95 percent of traders are honest people," he said

"Its the other five percent, who need a good ticking off"

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INCLUDED in the five percent was the trader who was prosecuted for giving short mass when weighing goods in his store.

"He was clever and tried to catch us out under one of our own laws In court he said that he had spelled the abbreviation for kilogram with capital letters (KG)

"By law kilogram can only be abreviated in lower case letters (kg) because KG actually means Kelvin Gamma He argued that he was therefore not stipulating a kilogram and the public could therefore not expect to recieve a kilogram of goods for that price Fortunately the court dismissed his argument and he was fined," Mr Venter said

"In the last century, especially in the Orange Free State, which was the last province in South Africa to establish an assize office which controlled weights and measures, it was customary for a clerk in business to have to cheat his salary out of the farmers by setting the scales out of balance when he was measuring or weighing their purchases

"I have personally seen a small business where the er had two sets of weigh one to use when buying and one for selling so the tice still exists and the the consumer becomes of it the better," he said

One task undertaken by Directorate of Trade and dustries seems almost ble

Did you know that measuring device in South rica — from the tiny tot sure in your friendly lo the 3 000-litre/minute line ter at a petrol refinery, the 0,5 gram mass meter in chemist to the 400 ton bridge at Sishen, have all be inspected and approved fore they can be used in lic?

And if your local's tot sure does not have an directorate approval stamp

Crisis faces video shops

Independent video outlets struggling to survive against the barrage of competition from SABC-TV and M-NET allege they are being squeezed by the distributors, Ster-Kinekor, and that the video industry is being crippled

The allegations have been denied by the managing director of Ster-Kinekor Video, Mr Henk Ten Hoorn Boer.

The Saturday Star began investigating the issue after being contacted by several video shop owners this week who said that the situation has grown so much out of hand, that they are being forced to close down their shops and seek employment elsewhere They do not wish to be named

EXHORBITANT PRICES

Video shop owners allege that their video turnover has dropped by half because they are forced to pay an exhorbitant price for the latest films ranging in price from R190 to R240

"Can you imagine how many times you must hire the film out at R6 a time to get your money back," says a video shop owner

They also allege that if they want the latest box-office hits, they are forced to buy two packages of four movies every month amounting to over R800 a package

"I just don't have that sort of money to spend on one top movie and three other inferior ones But if we don't buy the package we have to wait a whole month to buy the top movie singly."

Video owners say that is one of the main reason why Beta video films are dying in this country

"We just can't afford to buy two sets of the same movie, so we go for the more popular VHS one," says the owner

They allege, too, that whereas they are promised a "TV window" (period when the movie may not be shown on TV or M-NET) of a year or eight months as in the case of CBS releases, these films are often shown on TV before that time period expires

'We are being slowly strangled'

Sara Martin

"When that happens Ster-Kinekor grants us a 50 percent discount, not on the latest releases as should be the case, but on the old back catalogue"

The video owners allege they have complained again and again to Ster-Kinekor, only to be told they can buy their stock elsewhere

"They know full well they hold the monopoly of the industry and they can do as they please," says the owner

A Saturday Star reporter, posing as a future video shop owner, contacted Ster-Kinekor Video to verify the claims and was told by a spokesman that most of them were correct However, she refused to divulge prices and said she would only provide more information if the reporter "came in to their offices and filled in a form with all the details of the video company"

Asked to comment, Mr Ten Hoorn Boer from Ster-Kinekor said that his video company did not have a market monopoly

MASSIVE DUTIES

Mr Ten Hoorn Boer said Ster-Kinekor's prices compared favourably with those countries like the United States (R203), Japan (R212), the United Kingdom (R166) and Holland (R200)

"Our manufacturing costs are 300 percent higher than the manufacturing costs in countries mentioned, mainly due to the yen/rand exchange rate and the massive import duties and 'ad valorum' taxes we pay"

He said the slow disappearance of the Betamax format from the market was a worldwide phenomenon

New car sales up 2,2pc

9/10/87 (30)

PRETORIA — New vehicle sales in September showed encouraging gains in all sectors of the market, despite fairly widespread shortages in most manufacturers' product lines, the director of the National Association of Automobile Manufacturers of SA (Naamsa), Mr Nico Vermeulen, said yesterday.

New car sales at 17 401 units represented an increase of 2,2 per cent over the August sales total and a 15,3 per cent increase on the September, 1986, figure.

Sales of new light commercial vehicles at 8 880 units were 2,9 per cent up on August and 20,2 per cent better than in September, 1986.

On the new car and light commercial sales, Mr Vermeulen noted that every month so far this year, sales had exceeded the corresponding month's sales last year. Sales of medium and heavy commercial vehicles had also recorded welcome improvements.

The continued improved momentum in new car and commercial vehicle sales could be attributed to a combination of factors, Mr Vermeulen said.

These included the stimulatory effect of various recent new model introductions, the continued high level of corporate and fleet purchases, the return of private buyers to the market and, in the case of commercial vehicles, the favourable influence of government buying.

PICK 'N PAY

Steady record

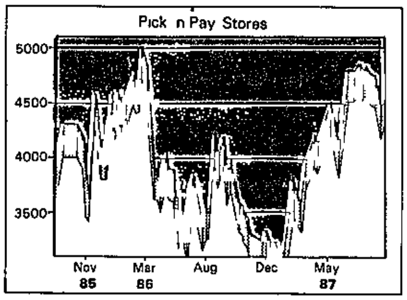
Despite misgivings evidently held by investors, Pick 'n Pay has consistently produced real earnings growth In the six months to end-August, bottom line earnings advanced by 20,15% on a 23% increase in turnover, with the interim dividend lifted by 14,5% Yet the share has for months been underperforming the retail and wholesale sector even though the price picked up recently (see graph) These results, which were accompanied by news of a share split, should offer further grounds for a positive rerating of the stock

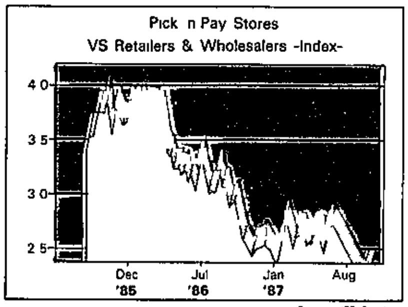
Comments an institutional investment manager. "We were impressed with the performance The profit growth was not quite as sparkling as the figures reported recently by many other companies, but most of them were moving off a very low level. These figures were achieved from an exceptionally sound base That's very important I think the market will be prepared to pay for the quality of this group's earnings."

STILL GROWING

Six months to	Aug 31 '86	Feb 28 '87	Aug 31 '87
Turnover (Rm)	1 132	1 336,8	1 392
Trading income (Rm)	26,8	42,5	32,7
Investment income (Rm)	2,0	4,0	2,1
Earnings (c)	77,3	142,8	93,0
Dividends (c)	24,0	84	27,5

Lagging the sector





Source JSE Graphics

Among reasons that have been cited for investors' cautious approach to Pick 'n Pay were that the group operates in an intensely competitive sector, that the supermarket industry is overtraded and Pick 'n Pay was fully mature, and that the group had not developed sufficiently into the expanding black market

These concerns are unlikely to disappear overnight Competition remains fierce in the supermarket sector, and Pick 'n Pay has yet to show how it will cope with its various new ventures embarked on over the past couple of years There is, nonetheless, a strong view in the market that the group has shown that it can continue to outrun its major competitors

Management, for its part, is confident that its efforts to expand the trading base will produce benefits in the current year and in 1988 MD Hugh Herman says that the move into wholesaling through the new PriceClub cash and carry stores is progressing satisfactorily "We're building a very solid base in wholesaling and we're happy with the way things are going," he says The group is currently building a third PriceClub outlet, which will probably open in the next financial year

Chairman Raymond Ackerman noted in his 1987 review that, apart from the cash and carry venture, most of the group's store openings over the next few years were conveniently located for black customers He added that the new, smaller modules would create an enhanced entrée to this market

There were several openings or renovations in line with this during the first half Among these, the Mmabatho supermarket opened in Bophuthatswana just before the half year ended and has so far produced good figures Results from the second PriceClub warehouse, which opened in Johannesburg in July, have remained above budget In the Cape, the group opened a new "Pantry" store at Camps Bay This operation, designed as a "7-11" convenience store, has also exceeded expectations and is seen by analysts as a particularly positive development

Early in 1988 the group plans to open its 13th hypermarket, which will be situated west of Johannesburg This is expected to provide an important new exposure to Soweto and the black market

As far as the interim figures were concerned, Herman says that the turnover growth was helped by gains in market share as well as by increased market activity He says that expenditure levels continue to look reasonable, although no major lift-off is in sight Nor does he anticipate any improvement in gross trading margins Pick 'n Pay, he says, will continue to rely on volume growth boosted by expansion of its trading base, and will aim to keep improving the net margin by concentrating on productivity

Pre-tax earnings are forecast to grow by at least 20% in the full year A major reason for management's confidence on the near-term outlook is that a number of new stores which have already come on stream should contribute to profits "We've been steadily opening a number of new stores every year," Herman says "We usually expect each one to take one to two years to make a profit When that happens, it can make quite a difference to overall figures "

Pick 'n Pay's Herman . . . growth from new stores

At R45,50, the share has climbed off its 12-month low of R37,75 However, it remains below the high of R50 Once the market digests these results, and the effects of the share split — which would reduce the current price to about R11,37, making the stock far more accessible to individual investors — a rerating back to at least the R50 level would not be surprising

Andrew McNulty

(30) B/day 9/10/87

Black demands and business

PATRICK BULGER

BLACK demands were entirely compatible with the interests of the business community, historian Paul Johnson said yesterday.

Johnson was speaking at a Johannesburg hotel to mark the opening of a R150m East Daggafontein mining plant.

Johnson, a former editor of the New Statesman, strongly opposes international sanctions.

He said black demands for education, housing, citizenship, property rights and freedom of movement were "not merely compatible with the capitalist system, but directly conducive to its successful performance.

Create

"It is the nature of capitalism to create consumers, to expand their purchasing power, to raise their sights, to create a world in which all have middle class standards of consumption which the immense productive capacity of capitalism can then satisfy."

Johnson said history had shown "the kind of mass prosperity generated by free-market capitalism is incompatible with the denial of political rights".

The world was making a mistake by trying to isolate SA and emphasising its difference to the rest of the continent. Apartheid had its parallels in virtually every other post-independence state where political means were erroneously seen as leading to economic well-being.

Johnson said it was important for SA to realise its own poltical fallacy and take up its role as Africa's leading economy.

30 9/10/87

E Cape's share of car market slips

By RALPH JARVIS
Motoring Editor

WHILE the country's motor manufacturers held steady in a sales market that was expected to be lower than it was, two of the three Eastern Cape plants recorded drops in car sales, with Mercedes-Benz recording its lowest figures for a long time

This trend emerges from the sales figures for September released last night by the National Association of Automobile Manufacturers (Naamsa)

Only Volkswagen showed improvements over both August, 1987 (0,5%), and September, 1986 (49,5%), with its Golf/Jetta range once again proving the country's best-seller and beating the Toyota Corolla range by 3 218 units to 3 113

Delta, with 1 267 car sales, dropped 15,5% on the August figure but was 6,6% up on September, 1986

Mercedes-Benz car sales fell by 79,8% and 79,5% due to the prolonged strike at the East London plant

Overall, the Eastern Cape's share of the total vehicle market for September was 27,8%, with Volkswagen contributing 15,4% (4 227 units), Delta 9,2% (2 532) and Mercedes-Benz 2,19% (603)

Last month, the manufacturers sold 17 401 new cars, up 2,3% on August, 1987, and 15,3% up on September, 1986

This took the year-to-date total to 147 816 — 11,2% up on the 132 816 recorded in the first nine months of 1986

Toyota once again led the country with car sales of 4 517, up 15,9% on August, 1987, and 19,8% on September, 1986

Toyota also topped the light commercial vehicle market with sales of 3 058, followed by Samcor on 2 059 and Nissan on 2 028

In the medium commercial vehicle sector, Samcor took the lead away from Toyota last month, recording 146 sales to Toyota's 131

The heavy commercial vehicle sector was once again dominated by Mercedes-Benz, who sold 214 of the 668 units sold, followed home by Nissan (153) and Totota (143)

Commenting on the September new vehicle statistics, the director of Naamsa, Mr Nico Vermeulen, said that despite fairly widespread stock shortages experienced by most manufacturers, new vehicle sales in September showed "encouraging gains"

It was noteworthy that new car and light commercial sales so far this year had exceeded the corresponding month's sales last year

Medium and heavy commercial vehicles sales also recorded welcome improvements.

"The continued improved momentum in new car and commercial vehicle sales can be attributed to a combination of factors This includes the stimulatory effect of various recent new model introductions, the continued high level of corporate and fleet purchases, the return of private buyers to the market and, in the case of commercial vehicles, the favourable influence of Government buying," Mr Vermeulen said

Lost production as a result of industrial action and production losses due to the water crisis in Natal — this is expected to affect Toyota — would only serve to aggravate the already difficult stock position in the industry

"Notwithstanding these negative features, the fundamentals for further modest growth in sales during the last quarter of 1987 and during 1988 remain reasonably positive," Mr Vermeulen said

Brokers deliver quite a 'shiner' (30)

Bday 9/10/87.

The shoe-shiners who got the boot — Islah Hlatshwoyo, left, and Derich Mahkubele
Picture Robert Botha

THEO RAWANA

MORE than 200 JSE dealers, brokers and staff members took up the fight yesterday for two shoe-cleaners who had been barred from operating in front of the exchange building.

They signed a strongly worded petition demanding that the men be allowed to resume shining shoes.

Isaiah Hlatshwayo and Derrick Makhubela had worked in front of the exchange building for four months using shoe-shining kits sponsored by the Small Business Development Corporation.

The men said a JSE security official gave them 30 minutes to leave their posts on Wednesday afternoon, or face arrest.

Upon seeing the men standing some distance away, regular customers drew up a petition demanding the shoe-shiners be allowed to resume work.

The petition said the men were rendering good service and "did not in any way inconvenience the smooth-running or the security of the institution.

"We believe the job was helping them provide for their children in these times of escalating unemployment."

SBDC business development manager Johan Naude said he hoped the issue would be resolved as "we want to establish shoe-shiners in such areas".

Official comment could not be obtained from the JSE, but it was understood the men would be allowed to resume work today.

McCARTHY

Profits accelerate

30

Activities: *Largest motor retailer in SA*
Control: *Management and families hold 11,9% of issued share capital*
Chairman: *B C McCarthy*
Capital structure: *17,1m ords of 50c Market capitalisation R185m*
Share market: *Price 1 080c Yields 4,0% on dividend, 11,1% on earnings, PE ratio, 9,0, cover, 2,8 12-month high, 1 200c, low, 440c Trading volume last quarter, 652 000 shares*
Financial: *Year to June 30*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	11 9	38 8	38 6	31,7
Long-term (Rm)	4,2	4,8	4,1	4,0
Debt equity ratio	0 19	0 49	0,40	0,27
Shareholders interest	0 44	0 42	0 43	0,47
Int & leasing cover	2,6	1,8	1,6	2,2
Debt cover	0,93	0,27	0,29	0,69

Performance.

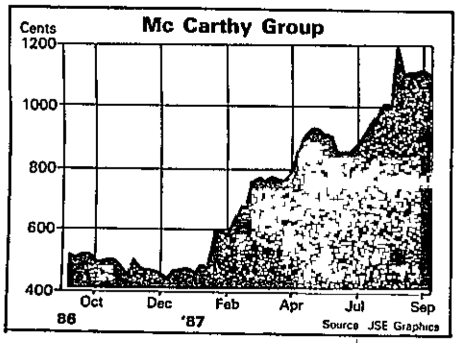
	'84	'85	'86	'87
Return on cap (%)	16,5	12,7	10,9	16 7
Turnover (Rm)	937	865	1 019	1 309
Pre-int profit (Rm)	32,4	27,4	24 3	42,3
Pre-int margin (%)	3,4	3,2	2,4	3,2
Taxed profit (Rm)	14,1	10,4	10,5	20,6
Earnings (c)	81,4	60,6	60,7	120,1
Dividends (c)	30	25	25	43
Net worth (c)	501	519	557	687

Leading motor retailer McCarthy's record 1987 earnings support the impression that the industry is showing strong recovery But with overall unit vehicle sales volumes remaining relatively slack, much of the large profit growth was created by gearing in the group's widespread distributorship network

McCarthy's business is probably twice as big as that of its nearest competitor. It has 100 dealerships in Natal, Transvaal and the western Cape

Chairman Brian McCarthy says that about 22% of the 28% rise in turnover came from increased vehicle, motor and parts prices Real growth for the group was therefore about 6% While the national new vehicle market contracted by 1% over 1986, the group, creditably, increased its share of the market to 11,7% (11,4%).

Pre-tax profit increased 74% to R42,2m (R24,3m), helped by strict containment of non-variable expenses — which rose by only 9% McCarthy has modified its management structure and frozen new employment




McCarthy's McCarthy ... achieving real growth

Greater emphasis has been placed on marketing used vehicles (turnover in this sector rose 35%) and there was a positive turnaround in the truck rental division In franchise operations, the most significant growth in profits was achieved in the Mercedes-Benz/Honda and Volkswagen franchises Encouragingly, the overall operating margin at 3,2% (2,4%) — up by 33% — was back at pre-1986 levels

With help from a lower interest bill, down 12% to R6,3m (R7,2m), pre-tax profit more than doubled to R35,9m (R17,2m) and, although this was offset by a higher tax bill, taxed profit rose 97% to R20,6m (R10,5m)

The balance sheet is again starting to look conservative Short-term debt, even after falling by R7m remains high compared with the period up to 1984, but the debt-equity ratio has been substantially reduced

With effect from March 1, McCarthy exchanged its McCarthy Distributors division and R1m in cash for a 25% holding in Midas, which was listed last year Next year this investment will be equity accounted. Owing to year-end timing differences, earnings for the four months to end-June have not been brought to account this year McCarthy says that Midas' equity accounted earnings will, in future, more than replace previous earnings from McCarthy Distributors He expects this investment will produce further benefits later

About R18m of McCarthy's property holdings, valued in total at R44,1m, will be moved into Highgate, a property company to be listed on the JSE this month In return the group will receive variable rate loan stock

While McCarthy's bottom line earnings history has been somewhat erratic — earnings fell to 72,5c a share in 1982 and 52,7c in 1983 — there seems reason to expect improvement on the 1987 year's record figure After adjusting for inflation, real earnings were only about half the 1981 figure

But the evident trend towards longer ownership of vehicles means that sales could be slow to pick up As an indication of the group's operational gearing potential, if turnover reaches, say, R12,5 billion in the current year, as it should, then a 1% increase in gross profit margin adds R15m to pre-tax profit Current estimates are that new car sales will reach 200 000 units by end-December 1987, and 220 000 units by end-1988 This makes McCarthy's view that earnings will again improve in 1988 look eminently reasonable The imponderable is the pace of growth.

After rising 130% this year, the share trades at R10,80 and stands at a 9 times p e, despite the Mercedes strike (McCarthy is the second largest dealer in Mercedes). The share must have further upward potential

Dave Edwards

GM Times 5/10/87 30

Staff thefts cause severe financial loss

From HELEN WISHART

JOHANNESBURG — Stock and cash losses suffered by retailers as a result of thefts by staff account for about 70% of the total shrinkage figure

The problem is serious and getting worse, major retailers say

They say only 20% of shrinkage is due to external shop-lifting, and 10% to administrative error

Checkers loss control GM Buddy Anderson said "Shrinkage is the biggest problem of the retail trade and the reason for many bankruptcies, although successful sales are made"

"In SA, need and lack of job opportunity motivate people to steal Staff are increasingly the breadwinners and support extended families"

Problem ignored in the past

One store manager said shrinkage had become such a problem that it was now plainly called "stealing" even though it had been largely ignored for years

Retailers across the board say losses are approaching 2% of their turnover

One retailer said the growing problem of staff-theft was exacerbated by inflation and because employees did not think of themselves as thieves when they stole from their employers

"If they bear a grudge or feel that they are underpaid, they tend to feel stealing is justified," he said

"Collusion is the biggest problem There is underringing at tills and goods are re-packed into single containers Backdoor losses occur where there is collusion between delivery and stock-control staff and the value of goods lost is higher, because cartons and crates disappear instead of single items Goods will be marked off as "received" and then some cartons will be left behind on the delivery van"

Staff-theft is difficult to monitor and to prevent by security devices Moves to clamp down on employees has implications for industrial relations

Most retailers prefer to do the necessary "groundwork" in-house, before resorting to the police to conduct investigations into staff-theft But a successful security precaution was to make losses the responsibility of every member of staff

Failure by management to consult with staff

Union queries P 'n P worker share move

From ALAN FINE

JOHANNESBURG — The Commercial, Catering and Allied Workers' Union (Ccawusa) has criticized the recent Pick 'n Pay announcement on employee share ownership because of failure by management to consult with worker representatives on the issue beforehand

Yesterday's statement, by Ccawusa national negotiator Jeremy Daphne, which also raises questions about the benefits to workers of the scheme, represents the most comprehensive comment yet from organized labour on what is becoming an increasingly vaunted concept in South African labour relations

Ccawusa represents just over 6 000 Pick 'n Pay employees

Daphne says there has been no communication with the union about the scheme and questions whether Pick 'n Pay has adequately canvassed employees' views on it

He says the union has learnt since the announcement that employees will become eligible for participation after five years' service Employees holding certain positions just below management level will automatically qualify

Finance for purchasing shares will be made available by a trust fund The board of trustees has been appointed and up to R30m has been allocated to it

Once they qualify, employees may take up an option of buying the shares, which are to be split in four If they do not have the money to do this, the shares will automatically become theirs after 10 years' service through the repayment of dividends into the trust

Daphne says the absence of consultation has raised a number of unanswered questions and concerns

He anticipates that most union members will be unable to afford to purchase shares themselves, and this will have to be done on their behalf by the trust Daphne sees it as problematic that employees have not been given a say in electing the trustees, who will represent their interests for five years.

He further questions whether employee share ownership would increase workers' say over management decisions "In assessing the scheme, it is important to draw a distinction between ownership and control

"It is clear that as individual shareholders, workers' participation in the decisions of the company is not extended in a meaningful way As minority shareholders, they can no more exert influence over the board of directors than as ordinary workers," he says

Daphne questions the motives behind the offer He notes that chairman Raymond Ackerman has said it was motivated by experience in the US, the aftermath of the strike which hit the company last year, and the results of attitudinal research among employees

"In the view of the union, this scheme is designed to inculcate a sense of loyalty to the company without acceding a meaningful stake in it In an attempt to avoid industrial action and to boost worker productivity, Pick 'n Pay hopes to make workers identify with and feel a sense of commitment to the company"

He adds that the cash benefits of the scheme are unclear "In the light of shares being reduced to one-quarter of their present prices, and the strong possibility that workers will only receive a small number of shares, it does not appear there will be significant cash benefits for worker shareholders

"Workers want a bigger share of the total revenue of the company to go into wages With the present minimum wage of R490 a month at Pick 'n Pay, the question of a living wage tops the agenda for Ccawusa members

"Ccawusa will be further discussing the meaning and implications of ownership schemes with its members at the company," he concluded

Ackerman feared union opposition

Financial Editor

PICK 'N PAY chairman Raymond Ackerman and MD Hugh Herman feared there might be union opposition to the decision to extend the company's share option scheme to more workers

When they announced their intention to offer more workers a stake in the company, both said last week that they hoped there would not be trouble with the unions

They said that so far all employees offered shares had wanted them

And both stressed that the shares were not being offered as a substitute for pay rises and good working conditions "We intend to offer both," Herman said

Ackerman said that British Prime Minister Margaret Thatcher's popularity with the electorate resulted from her understanding that ordinary people wanted a stake in the economy and giving them the chance to buy shares in privatized undertakings

He thought it vital for the stability and prosperity of SA that people of all races had a stake in the companies they worked for "This is why I am putting my money where my mouth is"

Ackerman said he intended to tour the country explaining the advantages of owning shares to all employees

Carmakers in cut-throat fight

B/day 8/10/87

DAVID FURLONGER

CAR manufacturers are engaged in a cut-throat fight for the bottom end of the market

Nissan is the latest company to bid for a slice of the small-medium car market. Its new Sentra range, launched today, comes hot on the heels of Volkswagen's new Fox and Ford's Meteor LX.

The Toyota Corolla and VW Golf/Jetta are already strong contenders in the sector, and Delta is concentrating its efforts there through its Kadett-Monza range. Mazda and Ford also have a strong presence in the market

The rash of launches into this sector confirms its growing importance to vehicle manufacturers With high prices and other economic factors forcing many customers to "buy down", the small-medium car sector now accounts for about 60% of the new car market.

With total car sales this year expected to top 200 000, that makes the small-medium sector worth about 120 000 sales With nearly 70 model variants, it is clearly the most competitive — and profitable — sales area for manufacturers

The Nissan Sentra brings eight more variants into the arena The successor to the Langley/Pulsar range, it is based on the successful Nissan Sunny, which sells in more than 100 countries All models are in the 1 300-1 600cc range, including two coupes Prices range from about R16 000 to nearly R30 000.

Nissan says it is aiming for 20% of the small-medium car market with its new range

Car sales rise again

(30) B/day 9/10/87

DAVID FURLONGER
Industrial Editor

STOCK shortages and industrial action have failed to halt the recovery in car sales.

September's sales figures, released yesterday, have reinforced industry confidence that the new-car market this year will top 200 000.

At 17 401, car sales last month were 15,3% up on September last year. They were also an improvement on August's 17 016, after industry officials had predicted a slight drop.

Other market sectors also pushed up sales from August to September. Light commercial vehicles were up from 8 628 to 8 880, medium commercials from 385

● To Page 2

Stock shortages cut inventories

● From Page 1

to 471, and trucks and buses from 604 to 668 The overall vehicle market rose from 26 633 to 27 420.

The gains were made despite worsening stock shortages as manufacturers struggled to keep pace with demand that exceeds planners' estimates With lead times of up to four months for imported components, the shortages are expected to continue until the end of the year

The market was also affected by the two-months-old strike at Mercedes-Benz, which has reduced sales of Mercedes and Honda cars to a trickle. From more than 2 000 a month before the strike took hold, the figure last month fell to 356.

However, Samcor — the SA Motor Corporation — recorded its best total vehicle sales since the formation of the company in 1985 through the merger of Ford and Amcar. Car sales were up 35% on August and overall sales almost 30%.

Nissan also improved market share, with its new Sentra light car range selling nearly 500 after it became available towards the end of the month.

Toyota marketing director Brand Pretorius said yesterday the overall market gains "demonstrate a strong underlying demand from both the fleet and private sectors We appear to be still on target for sales of 200 000 or more by the end of the year"

Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), which prepared the figures, described them as "encouraging". But he said most vehicle manufacturers were suffering stock shortages and, in some cases, the inventory position was critical.

● See chart Page 21

Pick'n Pay STORES LIMITED

INTERIM REPORT – SIX MONTHS TO 31 AUGUST 1987

Reg No 68/08034/06

INCOME – R millions	Six months to 31 8 87 (unaudited)	Six months to 31 8 86 (unaudited)	Growth	Twelve months to 28 2 87 (audited)
Turnover	**1 391,9**	*1 131,7*	*23,0%*	*2 467,5*
Trading income before taxation	**32,7**	*26,8*		*69,3*
Income from unlisted investments	**2,1**	*2,0*		*6,0*
Income before taxation	**34,8**	*28,8*	*20,5%*	*75,3*
Taxation	**16,6**	*13,7*		*32,2*
Earnings	**18,2**	*15,1*	*20,2%*	*43,1*
Earnings per share — cents	**93,0**	*77,3*		*220,1*
Dividend per share — cents	**27,5**	*24,0*	*14,6%*	*108,0*

FINANCIAL POSITION – R millions	31 8 87 (unaudited)	31 8 86 (unaudited)	28 2 87 (audited)
Shareholders' interest	**171,7**	*148,7*	*158,8*
Long-term liabilities	**7,0**	*14,4*	*11,8*
Current liabilities	**363,0**	*303,9*	*344,8*
Accounts payable	**312,6**	*246,0*	*285,1*
Taxation	**45,0**	*53,2*	*43,3*
Shareholders for dividend	**5,4**	*4,7*	*16,4*
	541,7	*467,0*	*515,4*
Fixed assets	**203,6**	*187,6*	*200,4*
Investments and loans	**54,1**	*64,5*	*54,3*
Current assets	**284,0**	*214,9*	*260,7*
Stock	**212,6**	*162,5*	*207,9*
Accounts receivable	**36,2**	*21,1*	*10,8*
Bank balances and cash	**35,2**	*31,3*	*42,0*
	541,7	*467,0*	*515,4*

PICK 'n PAY HOLDINGS LIMITED (PIKWIK)

Reg No 81/09610/06

INTERIM REPORT — SIX MONTHS TO 31 AUGUST 1987

Pikwik's earnings for the six months to 31 August 1987 were R2 775 000 (1986 — R2 442 000), giving earnings per share of 13,50 cents (1986 — 11,88 cents) The interim dividend is 13,50 cents per share (1986 — 11,85 cents) Earnings mainly comprise the dividend declared by Pick 'n Pay Stores Limited

DECLARATION OF DIVIDENDS

The following interim dividends have been declared payable to shareholders registered in the books of the companies at the close of business on 6 November 1987 Dividend cheques will be posted on or about 18 November 1987 Non-resident shareholders' tax of 15% will be deducted where applicable

PICK 'n PAY STORES LIMITED	No 39	27,5 CENTS PER SHARE
PICK 'n PAY HOLDINGS LIMITED	No 12	13,5 CENTS PER SHARE

By order of the board — M Marsden CA (SA) Secretary — 1 October 1987

WHERE SHOPPING IS A PLEASURE

and the underwriting results changed from a loss of R8,9m to a profit of R13,6m.

The reason for the improved performance can be seen from the increase in net premium income (NPI) of 73% and the reduction in expenses as a percentage of NPI from 11,5% to 8,1% The net commission expenses ratio also fell, from 16,3% to 13,5%. All of this shows a tight rein was held on expenses, though Saggers points out that "the huge growth in premium income, most of which came from old AA business, must bring with it economies of scale The important question is whether this can be maintained"

He says that the company plans that the increase in costs should not be much more than 20% in the current year The inflationary factor should ensure that NPI continues to rise at a fairly rapid pace, but a large number of clients are still underinsured, which only becomes apparent when a claim is made

Saggers does not expect investment income to rise at the same rate as last year. The rate of increase will depend partly upon cash flow and the demands which are made upon it in terms of claims

Like all insurance companies, M & F has enjoyed considerable benefits from the rise in share prices. "The higher equity market has meant an increase in assets and in the solvency margin and financial base If the JSE falls 20% this could take 20% off our solvency margin," says Saggers Even so, with its extremely high solvency margin, the company will still be in excellent shape.

M & F is the blue chip of the short-term insurance sector, but there is no avoiding the fact that the short-term sector has suffered a heavy blow It cannot be regarded as a good investment at present *Pat Kenney*

CLAUDE NEON

Looking brighter

Activities: *Advertising services through the medium of neon, fluorescent, plastic and vinyl signs and electronic displays*
Control: *Grinaker Holdings holds 51% The ultimate holding company is Anglovaal Holdings*
Chairman: *D Royston, managing director G C Grosch*
Capital structure: *5,65m ords of 40c, 200 000 5,5% cum prefs of R2 Market capitalisation R21m*
Share market: *Price 370c Yields 6,1% on dividend, 11,5% on earnings, PE ratio, 8,73, cover, 1,88 12-month high, 500c, low, 280c Trading volume last quarter, 129 000 shares*
Financial. *Year to June 30*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	1,3	1,9	3,8	3,5
Long-term (Rm)	—	—	—	—
Debt equity ratio	0,11	0,14	0,25	0,22
Shareholders' interest	0,59	0,57	0,57	0,60
Int & leasing cover	57,0	16,9	13,4	10,5
Debt cover	2,5	1,9	1,08	0,77
Performance	'84	'85	'86	'87
Return on cap (%)	26,3	23,7	21,2	19,6
Pre-int profit (Rm)	5,6	5,7	5,6	5,3
Taxed profit (Rm)	2,7	2,7	2,6	2,4
Earnings (c)	48,0	47,5	46,2	42,4
Dividends (c)	22,5	22,5	22,5	22,5
Net worth (c)	215	237	260	280

This company has had little to offer shareholders in the past four years, and the share price has reflected investors' disenchantment At its current level of 370c, it is only 23% up on its 300c level at close of the 1984 financial year

For seven years now, profit after tax has been confined in a narrow band between R2,2m and R2,73m, and the dividend has been pegged at 22,5c for four years, last year at the expense of dividend cover, which fell below 2.

But this may be the year that Claude Neon is re-rated

Substantial restructuring has put the company in a shape that could well result in improved profitability even if market conditions don't improve, according to Claude Neon director Brian Bain.

He says while a poor market had a lot to do with the flat performance in the past few years, the structure of the company was also a problem He says the company was based on conservative attitudes which have seen it through tough times when others fell by the wayside, but these attitudes haven't been conducive to high growth

Bain says that in the outdoor signage division, the focus of the marketing effort has been changed from individual clients to advertising agencies, which allocate the bulk of this type of signage. The company also aims to expand market share through a new division established to market electronic signs for indoor and outdoor use

The restructuring, with a management reshuffle, is now mostly complete Bain says the benefits should accrue in the form of increased turnover, thus taking up spare capacity, currently running at about 30% "We have a very high fixed cost in the company, with factories in Cape Town, Johannesburg and Durban, so any increase in throughput will affect the bottom line," says Bain. He says the company is also looking at improving operating efficiencies by introducing computerised manufacturing equipment

While current demand for signs is low, chairman David Royston says the disinvestment campaign has led to numerous new corporate identity programmes coming to the market, and the company is quoting on these

Bain says there is also new business coming from building societies and banks Claude Neon expects to do well in this market with its new range of electronic signs, which can be programmed with varying messages from a client's own computer system

After so many years of flat profits, Claude Neon will no doubt have to present positive proof that things have changed before investors re-rate Still, management seems confident that the restructuring will pay dividends. *Andrew McNulty*

SELMIN

Lower income

Activities: *Investment and share dealing company*
Control: *Minu Nominees hold 79% of the issued share capital*
Chairman: *B R van Rooyen*
Capital structure: *1m ords of 50c each. Market capitalisation R17m*
Share market: *Price R17 Yields 3,8% on dividend, 5,2% on earnings, PE ratio, 19,1, cover, 1,4 12-month high, R17, low, 1 250c Trading volume last quarter, 3 700 shares*
Financial· *Year to June 30*
Performance:

	'84	'85	'86	'87
Investment Income	724	832	1 074	978
Taxed profit (Rm)	637	941	1 024	893
Earnings (c)	64	94	102	89
Dividends (c)	46	55	65	65
Net worth (c)	—	1 226	1 673	1 819

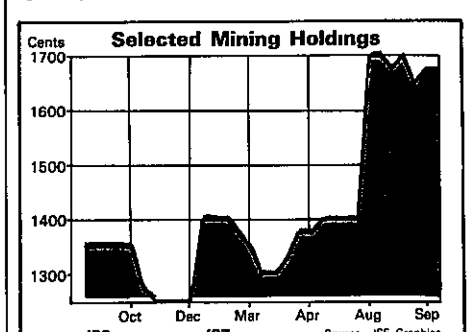
Selected Mining's investment portfolio is heavily orientated toward gold and the share remains a rand hedge stock But this year's investment earnings were hit by lower income from the investments in coal and, to a lesser extent, in gold

Although the holding in Gold Field Coal remained the same at 250 800, earnings from this source fell by 45% to R176 000 (R320 000) Despite the recent strength of gold share prices, income from gold shares dropped to R604 000 (R796 000). After adjustments from the balance of the portfolio, annual pre-tax profit after deduction of administration costs was down by 13% at R893 000 (R1 024 000)

Nevertheless, one must not overlook the fact that the aggregate market value of the investment portfolio increased by 39% to R17,9m (R12,9m)

Investors seeking a gold portfolio might consider Seltrust a viable option But two points are worth considering Firstly, with only 1m shares on offer, the stock is tightly held Secondly, at R17 the share is relatively expensive to buy, and has a lower dividend yield than a fair number of listed gold mines.

Buying Selmin involves taking a view on the future performance of its gold portfolio which is most heavily weighted towards Driefontein Cons and Libanon, with Kloof, Western Deep, and Winkelhaak also showing prominently. The share could, therefore, be seen as an inexpensive way into some quality gold stocks *Dave Edwards*



Venda amounts paid

518 Prof N J J OLIVIER asked the Minister of Foreign Affairs

(1) (a) What total amount was paid by South Africa to Venda in the 1986-87 financial year in terms of agreements between the two countries and (b) how was this amount made up,

(2) whether any additional amounts have been paid to Venda in the form of (a) loans and or (b) grants if so, (i) how many and (ii) what was the amount of the loan or grant in each case,

(3) whether any further (a) loans and/or (b) grants are envisaged in the 1987-88 financial year if so what loans or grants?

The MINISTER OF FOREIGN AFFAIRS

(1) (a) R240 595 —

(b) The amounts which were paid to Venda during the 1986-87 financial year fall into two main categories namely

A *Direct assistance*

(i) An amount for budgetary assistance under Program 3 Foreign Aid and Development Co-operation of Vote Foreign Affairs R16-[illegible]

(ii) *Technical assistance*

South Africa is from time to time approached by other governments with requests for assistance in one way or another Assistance may take the form of expert advice visits, evaluation of project bursaries etc Each such application is considered on its merits During the 1986-87 financial year the RSA spent an amount of R[illegible] 579 in this regard on Venda

(iii) *Loan Fund*

Like any other friendly country Venda may apply for the financing of certain projects within the framework of the Economic Co-operation Promotion Loan Fund Such applications are considered strictly on merit according to fixed criteria and within the limits of available funds This type of financing consists mainly of loans which are naturally repayable During the 1986-87 financial year an amount of R4 945 222 was paid to Venda

(iv) *Incentive scheme for Industries*

In accordance with existing jointly agreed arrangements between the SATBVC States, the RSA is obliged to refund the TBVC States on a rand-for-rand basis for actual expenditure incurred in these states in terms of the industrial incentive scheme which took effect on 1 April 1982 The RSA refunded Venda to the amount of R4 036 473 during the 1986-87 financial year

B *Transfers in terms of bilateral agreements*

Transfer payments which are regarded as own sources of income of the Venda Government

(i) Income Tax, An amount of R7 595 057 was transferred

(ii) An amount of R57 658 000 was paid for Venda's share in the Customs Union Revenue Pool

(iii) Common Monetary Area An amount of R1 518 933 was transferred

(2) (a) No Loans in terms of project aid agreements are included in the amount mentioned under (1) (a)

(i) and (ii) Fall away

(b) Yes

(i) One

(ii) A transfer in respect of the action programme Creation of Job Opportunities to the amount of R4 092 999 was made

(3) (a) Yes According to estimates an amount of R36 658 000 will be paid to Venda during the 1987-88 financial year from the Economic Co-operation Loan Fund

(b) Yes It is estimated that in addition to the amount mentioned in paragraph (3) (a) a total amount of R303 194 500 will be paid over to Venda during the 1987-88 financial year This amount consists of the following

Budgetary Assistance	R221 200 000
Incentive Scheme for Industries	R 1 500 000
Income Tax	R 8 600 000
Share in Customs Union Revenue Pool	R 67 070 000
Common Monetary Area	R 1 900 000
Action Programme Creation of Job Opportunities	R 2 500 000
Technical Aid	R 424 000
Total	R303 194 500

Long-distance passenger coaches

520 Mr D J N MALCOMESS asked the Minister of Transport Affairs

(1) How many long-distance passenger coaches did the South African Transport Services have as at the latest specified date for which information is available,

(2) whether any of these passenger coaches were redundant as at the above date, if so, (a) how many and (b) how many coaches will be redundant by 1 January 1988,

(3) whether it is intended to sell these coaches, if not, what is to be done with them, if so, what is the age of the most recently built coaches which are to be sold?

The MINISTER OF TRANSPORT AFFAIRS

(1) 3 365 as at 31 July 1987

(2) Yes

(a) 493

(b) 1 369

(3) The possibility of converting some of the latest models of these coaches for use on commuter services is being investigated Other redundant coaches will be sold if possible, or scrapped The age of the most recently built coaches which are affected is eleven years

Small businesses

521 Prof N J J OLIVIER asked the Minister of Economic Affairs and Technology

Whether his Department allocated any funds for small businesses run by Blacks in the 1986-87 and 1987-88 financial years, if not, why not if so, (a) what amounts in each case and (b) what amounts were allocated in the form of (i) loans and (ii) grants in each such year?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

The Department of Trade and Industry does not allocate funds directly to small entrepreneurs Funds for small business development are budgeted for annually and allocated, among others, to the Small Business Development Corporation (SBDC) In the financial years 1986/87 and 1987/88 the normal provision for small business development amounted to

30

Hansard

R44,766 million and R34,644 million, respectively, of which R41,214 million and R31,244 million, respectively, were allocated to the SBDC In addition, *ad hoc* allocations are made from time to time for particular purposes For example, up to 31 March 1987 a total amount of R155 million had been allocated to the SBDC for special job creation programmes

The funds allocated to the SBDC are used by the Corporation to assist small business in various ways Details of the assistance programmes which the SBDC has developed, (as well as of the Corporation's other sources of finance), are contained in its latest Annual Report which was tabled in Parliament on 9 June 1987 The assistance includes the granting of loans to meritorious small business enterprises and is provided irrespective of population group It is, therefore, not the policy of the SBDC to furnish particulars of its clients on a basis of colour Since its establishment in 1981 until 30 June 1987 the SBDC granted direct loans to 15 246 entrepreneurs involving a total amount R380,8 million Furthermore, the programmes of the SBDC have resulted in approximately 158 310 jobs being created and maintained

(a) and (b) (i) and (ii) Fall away

Kleinkrans, George

525 Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning

(1) Whether a residential area known as Kleinkrans and situated near Wilderness in the George constituency has been advertised for occupation by the Coloured population group, if so, (a) why, (b) on what dates and (c) in what publications,

(2) (a) what has been the cost to his Department of developing this area, (b) (i) how many houses have been constructed and (ii) at what price per house (c) (i) how many houses have been sold and (ii) at what price per house, (d) how many houses (i) are being rented and (ii) are vacant and (e) in respect of what date is this information furnished,

(3) (a) who is responsible for the sale of these houses and (b) what was the motivation for the decision to build them?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(1) No, but a Coloured group area proposal was advertised

(a) Proposals for the establishment of group areas in Wilderness and environs, including a Coloured group area at Kleinkrans, were received from the Divisional Council of George

(b) On 18 November 1966 and 10 February 1967

(c) In the "George and Knysna Herald"

(2) The construction and sale of homes are not functions of the Department of Development Planning

(3) Falls away

St Helena Mine: accident

527 Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology

(1) Whether inspectors from his Department have visited the St Helena Mine in connection with the recent accident at its No 10 shaft, if so, on what dates,

(2) whether there was any evidence of negligence on the part of any persons concerned with this mine, if so, on whose part,

(3) what were the other findings of these inspectors?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

(1) Yes Shortly after the accident at 06h45 on 31 August 1987 the Assistant Government Mining Engineer, O F S region, and both the Chief Inspector of Mines and the Chief Inspector of Machinery, Welkom, visited the shaft Operations are still in progress to recover bodies from the cage at the shaft bottom, and the abovementioned Chief Inspectors have since the accident visited the shaft more or less on a daily basis

The Government Mining Engineer and one of his Deputies visited the shaft on 31 August and 1 September 1987 and the Government Mining Engineer again visited the scene on 3 and 4 September 1987

(2) The investigation into the cause of the accident has not been completed and as yet no findings could, therefore, be made

(3) Falls away

hon

Hansard

Central Energy Fund

528 Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology

(a) By whom and (b) on what basis is the Central Energy Fund being administered?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

(a) The Board of CEF (Pty) Ltd appointed in terms of the Central Energy Fund Act, 1977 (Act No 38 of 1977)

Presently the Board of Directors of CEF (Pty) Ltd is composed as follows

Mr D R Vorster IDC, Chairman
Mr S P Ellis General Mining Corporation
Mr G C Croeser Department of Finance
Dr J A Lamprechts Department of Trade and Industry
Mr M Macdonald IDC
Mr E S Paddock Formerly attached to Mobil Oil Southern Africa (Pty) Ltd
Mr L N J Engelbrecht Department of Mineral and Energy Affairs
Dr D C Neethling Department of Mineral and Energy Affairs

(b) In accordance with directions in terms of the Central Energy Fund Act, 1977 (Act No 38 of 1977)

Contribution to SWA-budget

529 Mr C J DERBY-LEWIS asked the Minister of Finance

(a) What was the contribution made by the South African Government to the budget of South West Africa in the 1983-84, 1984-85, 1985-86 and 1986-87 financial years, respectively, and (b) how was this contribution made up in respect of each such year?

The MINISTER OF FINANCE

(a) and (b) The contribution made by the South African Government to the budget of South West Africa in the undermentioned financial years was made up as follows

Financial year	Budgetary assistance	Customs and Excise duties paid in terms of section 22 (1) (d) of the South West Africa Affairs Act, 1969 (Act 25 of 1969)
	R	R
1983-84	284 538 400	250 000 000
1984-85	372 000 000	250 000 000
1985-86	318 700 000	300 000 000
1986-87	466 970 000	350 000 000

Regional services councils

530 Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning

Whether any regional services councils (a) have been granted and/or (b) are about to be granted interest-free loans by any Government institutions or bodies, if so, (i) which councils and (ii) (aa) what are the amounts involved, and (bb) for what purposes are these loans intended, in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(a) Yes

HoA

OFS

An amount of R5,04 is paid for medicine per consultation

NATAL

An amount of R5 20 is paid for medicine per consultation

(2) No

Supply of medicines

553 Mr H J COETZEE asked the Minister of National Health and Population Development.

(1) What percentage of the consumption of medicines by the population of the Republic of South Africa was supplied by (i) State and provincial hospitals, (ii) State-controlled clinics (iii) prisons, (iv) the South African Defence Force and (v) the South African Transport Services in the latest specified financial year for which information is available and (b) what total amount was involved,

(2) whether he will furnish information on the consumption of medicines by the populations of the independent Black states, if not, why not, if so, (a) what are the relevant figures for each of these states and (b) in respect of what financial year is this information furnished?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

(1) (a) Financial year 1986-87

(i) 29%

(ii) See note 1

(iii) 0,5%

(iv) 2,5 (see note 2)

(v) 5,0%

(b) R1,123,000 000

(2) No

The Department of National Health and Population Development has insufficient information at its disposal to enable it to provide meaningful answers to the enquiries in this regard

Note 1 It is unfortunately not possible to differentiate accurately between the value of medicines supplied to patients through hospital outlets and clinics

Note 2 This percentage represents that which is supplied by the South African Defence Force in order to meet its own needs The South African Defence Force has in the past purchased medicine on behalf of the Department of National Health and Population Development and other central Government departments

The amounts involved in this respect are included under paragraphs 1 (a) (i) and (ii)

Diep River: offences

35

554 Mr S S VAN DER MERWE asked the Minister of Law and Order

(1) Whether there has been an increase in the incidence of the offences of (a) robbery, (b) theft of vehicles and (c) housebreaking with intent to steal and theft in the Diep River police station area in recent years, if so, to what extent,

(2) whether, in view of this increase, he intends opening a police station in Plumstead, if so, (a) where and (b) when, if not, (i) why not and (ii) what steps does he intend taking to combat the increased incidence of these offences in the said area,

(3) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER

(1) (a) to (c) No These types of crimes have displayed a fluctuating tendency during the past 5 years in this police station area However, during the 1986/87 statistical year it displayed a strong decrease

(2) No (a) and (b) Fall away

(i) and (ii) Because the Diep River police station serves the community in that station area effectively Existing crime prevention actions also produce positive results and shall be adjusted if it appears to be necessary

(3) Yes I wish to point out to the hon member that the South African Police monitor the crime situation in this police station area, as in every other station area accurately and in a specialised manner Instructions and methods regarding crime prevention are continually being adjusted as circumstances require The South African Police has a proud record regarding crime prevention in South Africa and they aim to continue building on that record

Group Areas Act

555 Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning

(1) Whether, since 1 January 1986, his Department has received any applications for exemptions from the provisions of the Group Areas Act No 36 of 1966, in respect of residential premises in each specified magisterial district in the Transvaal, if so, (a) how many such applications had been (i) granted and (ii) refused as at the latest specified date for which information is available and (b) what were the reasons for (i) granting and (ii) refusing each application,

(2) whether any action has been taken against (a) owners and (b) occupants of residential property in the Transvaal in terms of the provisions of the said Act during the above-mentioned period, if so, (i) in respect of the owners or occupants of which properties, (ii) what action was taken, (iii) who initiated the action, (iv) who decided that action should be taken, (v) why was action taken and (vi) what was the outcome of this action in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(1) The Transvaal Provincial Administration, which has been responsible for the issuing of permits in terms of the Group Areas Act since 1 October 1986, has supplied the following information for the period 1 October 1986 to 30 September 1987

District	(i) *Granted*	(ii) *Refused*
Alberton	2	
Amersfoort	1	
Balfour	1	
Barberton	1	
Belfast	1	
Bethal	1	
Boksburg	1	2
Brakpan	1	
Benoni		4
Christiana	1	
Carolina	1	
Delareyville	2	
Germiston		5
Hoeveldrif	2	
Johannesburg	853	42
Kempton Park	12	7
Klerksdorp	19	1
Letaba	2	
Lichtenburg	3	1
Lydenburg	1	
Krugersdorp	2	
Marico	5	2
Nigel	1	
Oberholzer		1
Piet Retief	1	
Pietersburg	1	
Potchefstroom	4	
Potgietersrus		3
Pretoria	10	4
Randburg	2	3
Randfontein	1	
Schweizer-Reneke	1	
Soutpansberg	1	
Swartruggens	1	
Vereeniging		2
Volksrust	5	
Wakkerstroom	2	
Westonaria	1	1
Witbank		1
Wolmaransstad	1	

(b) (i) and (ii) Applications are granted or refused in terms of the provisions of the Group Areas Act, 1966

(35) Upington
(36) Verwoerdburg
(37) Virginia
(38) Bloemfontein
(39) Westonaria
(40) Carletonville
(41) Gordons Bay
(42) Newcastle
(43) Stellenbosch
(44) East London

(2) (c) impossible to determine at this stage

Johannesburg North exemptions from Group Areas Act

467 Mr P G SOAL asked the Minister of Constitutional Development and Planning

(1) Whether since 1 January 1986, his Department has received any applications for exemptions from the provisions of the Group Areas Act, No 36 of 1966 in respect of residential premises in the Johannesburg North constituency, if so (a) how many such applications had been (i) granted and (ii) refused as at the latest specified date for which information is available and (b) what were the reasons for (i) granting and (ii) refusing each application,

(2) whether any action was taken against (a) owners and (b) occupants of residential property in the Johannesburg North constituency in terms of the provisions of the said Act during the above-mentioned period if so, (i) in respect of the owners or occupants of which properties, (ii) what action was taken, (iii) who initiated the action, (iv) who decided that action should be taken, (v) why was action taken and (vi) what was the outcome of the action in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

Statistics regarding applications for permits in terms of the Group Areas Act, 1966 are not maintained according to parliamentary constituencies The question, therefore, cannot be answered in its present form

Posts reserved

470 Mr C J DERBY-LEWIS asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services

Whether any posts in his Department are reserved for (a) Whites (b) Coloureds (c) Indians and (d) Blacks if so (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES

(a) to (d) No

(i) and (ii) Fall away

Posts reserved

471 Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning

Whether any posts in his Department are reserved for (a) Whites (b) Coloureds, (c) Indians and (d) Blacks if so (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(a) to (d) No

(i) and (ii) Fall away

Posts reserved

472 Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs

Whether any posts in his Department are reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF FOREIGN AFFAIRS

(a) to (d) No (i) and (ii) Fall away

Posts reserved

473 Mr C J DERBY-LEWIS asked the Minister of Manpower

Whether any posts in his Department are reserved for (a) Whites, (b) Coloureds (c) Indians and (d) Blacks if so (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF MANPOWER

(a) to (d) No (i) and (ii) Fall away

Posts reserved

474 Mr C J DERBY-LEWIS asked the Minister of Education and Development Aid

Whether any posts in the Department of Education and Training are reserved for (a) Whites, (b) Coloureds (c) Indians and (d) Blacks if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF EDUCATION AND DEVELOPMENT AID

(a) to (d) No (i) and (ii) Fall away

Posts reserved

475 Mr C J DERBY-LEWIS asked the Minister of Justice

Whether any posts in the Department of Justice are reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF JUSTICE

(a) to (d) No. (i) and (ii) Fall away

Posts reserved

476 Mr C J DERBY-LEWIS asked the Minister of National Education

Whether any posts in his Department are reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks, if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF NATIONAL EDUCATION

(a) to (d) No (i) and (ii) Fall away

Posts reserved

477 Mr C J DERBY-LEWIS asked the Minister of Agriculture

Whether any posts in his Department are reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks, if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF AGRICULTURE

(a) to (d) No (i) and (ii) Fall away

Posts reserved

478 Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology

Whether any posts in the Department of Trade and Industries are reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks; if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

(a) to (d) No (i) and (ii) Fall away

Posts reserved

479 Mr C J DERBY-LEWIS asked the Minister of Finance

Whether any posts in his Department are reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks, if so, (i) what posts and (ii) what are the salary scales attached to these posts?

The MINISTER OF FINANCE

(a) to (d) No (i) and (ii) Fall away

Posts reserved

480 Mr C J DERBY-LEWIS asked the Minister of Home Affairs

Whether any posts in his Department are reserved for (a) Whites, (b) Coloureds, 1966, are not maintained according to parliamentary constituencies The question therefore, cannot be answered in its present form

Teachers' salaries

464 Mr J VAN ECK asked the Minister of Education and Development Aid †

(1) Whether, during the period 1 January to 12 June 1987, any monthly salaries of teachers employed by his Department were outstanding after the month in which payment was due, if so, (a) what total number of teachers was affected by such delays, (b) what were the reasons for the delays, (c) how many such delays lasted (i) less than one month, (ii) between one and two months, (iii) between two and three months, (iv) between three and four months and (v) between four and five months and (d) how many such salaries were still outstanding as at (i) 12 June 1987 and (ii) the latest specified date for which information is available,

(2) whether any further delays of this nature are expected,

(3) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND DEVELOPMENT AID

(1) Yes

(a) 7 261 cases

(b) The delays were mainly due to

- the vastness of most of the regions and the geographic siting of some schools resulting in appointment documents taking some time to reach the pay office,
- the fact that all the required documents are not always submitted timeously by the teachers,
- the fact that teachers do not follow the correct channels when submitting documentation They sometimes change schools without prior formal notification, complaining only once their salaries do not arrive at the new school,
- a great quantity of data input that was inexplicably lost by the computer buro during the processing of the salaries for April 1987 and which only came to light at a later date These cases (a total of ± 1 200) could only be rectified during June and July 1987, when the problem was discovered, and
- the implementation of revised administrative procedures at the beginning of 1987 and a shortage of qualified staff in the regional offices that resulted in backlogs accumulating initially

(c) (i) 2 365 cases

(ii) 2 466 cases

(iii) 1 005 cases

(iv) 618 cases

(v) 807 cases

(d) (i) 1 854 cases

(ii) 549 cases as at 31 August 1987

(2) As a result of those problems mentioned in par (1) (b) over which the Department has no control, further delays will probably still be encountered

(3) No

Open central business districts

466 Mr C W EGLIN asked the Minister of Constitutional Development and Planning

(1) (a) How many central business districts had been proclaimed open trading areas as at the latest specified date for which information is available, (b) where is each situated, and (c) when were they proclaimed in each case,

(2) (a) how many central business districts had been advertised as at the above date as areas designated to be proclaimed open trading areas, (b) where is each area situated and (c) when is it intended that each will be proclaimed?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(1) (a) 51 until 18 August 1987

(b) *Where areas are situated*	(c) *Date of Proclamation*
(1) Johannesburg	21-02-1986
(2) Durban	21-02-1986
(3) Estcourt	18-04-1986
(4) Howick	02-05-1986
(5) Cape Town	07-05-1986
(6) Delmas	23-05-1986
(7) Potchefstroom	09-05-1986
(8) Witbank	09-05-1986
(9) Volksrust	20-06-1986
(10) Colenso	23-05-1986
(11) Port Shepstone (2)	20-06-1986/ 30-04-1987
(12) George	31-10-1986
(13) Strand	13-03-1987
(14) Hermanus	13-03-1987
(15) Vryburg	01-08-1986
(16) King William's Town	23-05-1986
(17) Ottery (Cape)	09-05-1986
(18) Plettenberg Bay	13-03-1987
(19) Kimberley	05-09-1986
(20) Swellendam	24-10-1986
(21) Paarl	24-10-1986
(22) Malmesburg	15-08-1986
(23) Pietermaritzburg	07-11-1986
(24) Stellenbosch	03-10-1986
(25) East London	19-09-1986
(26) Queenstown	03-10-1986
(27) Parow	14-11-1986
(28) Knysna	10-07-1987
(29) Bellville	07-11-1986
(30) Somerset West	31-10-1986
(31) Milnerton	30-04-1987
(32) Gordons Bay	12-06-1987
(33) Fish Hoek	07-11-1986
(34) Nelspruit ...	04-04-1986
(35) Tongaat	24-07-1987
(36) Eshowe	27-03-1987
(37) Port Elizabeth	07-11-1986
(38) Worcester	16-04-1987
(39) Grabouw	22-05-1987
(40) Vredenburg	27-03-1987
(41) Montagu	30-04-1987
(42) Pietersburg	30-04-1987
(43) Nigel	19-09-1986
(44) Stilbaai	27-03-1987
(45) Glencoe	29-05-1987
(46) Pinetown	24-07-1987
(47) Springs	26-06-1987
(48) Vanderbijlpark	12-06-1987
(49) Welkom	30-04-1987
(50) Benoni	30-04-1987
(51) Carnarvon	11-09-1987

(2) (a) 44

(b) (1) Akasia
(2) Brakpan
(3) Carnarvon
(4) Ceres
(5) Glencoe
(6) De Aar
(7) Durbanville
(8) Edenvale
(9) Empangeni
(10) Frankfort
(11) Germiston
(12) Goodwood
(13) Graaff-Reinet
(14) Grahamstown
(15) Harrismith
(16) Cape Town
(17) Kempton Park
(18) Klerksdorp
(19) Krugersdorp
(20) Kuils River
(21) Matatiele
(22) Mooi River
(23) Moorreesburg
(24) Oudtshoorn
(25) Postmasburg
(26) Potchefstroom
(27) Potgietersrus
(28) Prieska
(29) Randburg
(30) Roodepoort
(31) Sandton
(32) Simons Town
(33) Stanger
(34) Uitenhage

Hansard

†Mr J H VAN DER MERWE Mr Speaker, further arising from the reply of the hon the Deputy Minister, will the briefings reveal what questions the different respondents were asked, their answers and the interpretation thereof?

†The DEPUTY MINISTER Mr Speaker, the briefing will contain some of the answers with their replies

†Prof S C JACOBS Mr Speaker, further arising from the reply of the hon the Deputy Minister, for what reason will only some questions be given and not all? [Interjections]

†Mr J H VAN DER MERWE Mr Speaker, on a point of order I wish to come back to the point of order which I made during my question When I addressed the hon the Deputy Minister a few days ago as "Piet", you gave a definite ruling and said that you will not allow an hon member to be addressed by his first name across the floor of the House I put it to you now that exactly the same happens when hon members shout at me 'Koos run' With all respect, I see no difference between what I said to the hon the Deputy Minister and what was said to me I ask you to make the ruling which was applicable to me, applicable to hon members who continually shout at me in this way

†Mr SPEAKER I have listened to the hon member I gave my ruling according to the circumstances at the time We shall continue with questions on own affairs

Own Affairs

Questions standing over from Tuesday, 29 September 1987

Rent-controlled premises

*1 Mr C W EGLIN asked the Minister of Local Government, Housing and Works:

With reference to his reply to Question No 3 on 15 September 1987, how many of the (a) 13 922 rent-controlled premises and (b) 1 743 decontrolled premises in the Western Cape area were located in the area falling within the Sea Point constituency?

HoA

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†The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS

(a) 1 168 properties

(b) 344 units comprising 27 houses and 74 flat blocks.

Pre-primary education: investigation

*2 Mr R M BURROWS asked the Minister of Education and Culture

(1) Whether the Committee of Heads of Education has requested that an investigation be undertaken into aspects of pre-primary education; if so, (a) on what date and (b) with what result,

(2) whether such an investigation is being undertaken, if so, (a) when was the investigation initiated, (b) what persons are involved in the investigation, (c) what organisations were consulted or are to be consulted during the course of the investigation, (d) what aspects of pre-primary education are being investigated and (e) when is the investigation expected to be completed,

(3) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE

(1) Yes

(a) 6 July 1987

(b) The investigation has not been completed

(2) Yes

(a) 8 July 1987

(b) At the initial stage of the investigation it is being handled as a research project of the Department of Education and Culture

(c) After the research phase by the Department of Education and Culture, recognised interested bodies will be consulted before the report is put before the provincial education councils and the CHE

Hansard

(d) All facets related to pre-primary education

(e) During 1988

(3) No

Students, bursaries/loans

*3 Mr K M ANDREWS asked the Minister of Education and Culture

(1) Whether his Department grants (a) bursaries and (b) loans to approved students studying at universities with a view to becoming teachers, if so, (i) what financial assistance is available to each student and (ii) what conditions relating to (aa) repayment and (bb) any other specified matters are applicable to such bursaries and loans, if not, why not,

(2) whether such bursaries and loans were granted at any time during the past five years, if so, (a) when and (b) why were they stopped?

†The MINISTER OF EDUCATION AND CULTURE

(1) (a) and (b) Yes

(i) Between R3 000 and R4 200 per annum

(ii) (aa) Students who terminate their studies before qualifying pay back capital plus interest

(bb) Students who qualify as teachers redeem the study debt through service

(2) Yes

(a) Throughout the specified period

(b) Falls away

Group Areas Act

*4. Mr R M BURROWS asked the Minister of Education and Culture

(1) Whether he has made or intends making provision for the admission of pupils of all population groups to schools which fall under his Department and are situated in or near the areas mentioned as mixed residential areas in the President's Council's report on the Group Areas Act, if not, why not, if so, (a) as from what date will pupils of all population groups be admitted to such schools and (b) what persons or bodies will play a role in the admission of pupils,

(2) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE

(1) As the report is still being considered it would serve no purpose to consider the kind of provision referred to in the question

(a) and (b) Fall away,

(2) No

Mr R M BURROWS Mr Speaker, arising out of the hon the Minister's reply, is it not strange that during yesterday's debate on the report of the President's Council's committee on the Group Areas Act, he commented on all aspects which the report recommended for consideration by his department except that relating to applications to Government schools for permits by persons of other races?

†The MINISTER Mr Speaker, the hon member has probably lost sight of the fact that he had put this question down to be replied to last week The reply was drawn up to be furnished on that date No decision had then been taken or debate had taken place on this report, but the hon member now refers to the fact that I took part in the debate yesterday and says that there are questions that I still have to reply to What purpose does it serve if I now repeat to him what I said yesterday?

†Mr J H VAN DER MERWE Piet, you can

Mr R M BURROWS Mr Speaker, further arising out of the hon the Minister's reply, as I said in my first supplementary question, the hon the Minister yesterday referred to all relevant aspects dealt with in the President's Council's report except the suggestion regarding the admission by permit of pupils of with plastic handles".

Cape Times 6/10/87

Garlick stores expects to increase profits by 30%

By AUDREY D'ANGELO
Financial Editor

THE Garlick department store group expects to lift profits by at least 30% this year — provided there is a reasonable growth in consumer spending and a serious "shrinkage" problem can be overcome.

The directors say in their annual report that the stores in Cavendish Square, Tyger Valley and Durban produced better results in the year to June 30.

The Tyger Valley store made "good progress towards eliminating the loss made in the previous year," they say, and "this store should come close to contributing to profits in the current year".

It is also planned to update and improve the Adderley Street store, to which few changes have been made since its opening 34 years ago. Work on the ground floor and lower ground floor is due to be completed by June 1988.

Although Garlick lifted turnover to R100,7m (R87,2m) in the last financial year, income after tax was unchanged at R2,3m.

Describing this as "unsatisfactory" the directors say it was due to excessive mark-downs and stock shrinkage.

They explain that the group was restructured and during this process there were "problems associated with buying controls which resulted in stock rising more than it should have and in markdowns being taken which were excessive by normal standards".

These problems have now been overcome.

"Further, as a result of greater markdowns, our stores are now carrying a significantly lower proportion of old merchandise than was the case last year and are much better placed to take advantage of current trading conditions."

Shrinkage rates had been considerably higher than expected, particularly in the Transvaal where it was about R1 025 000 more at retail value than anticipated.

"Action has been taken to correct this situation, which is thought to be primarily due to theft," the directors say.

A complete stock-taking will be carried out in stores in the Transvaal and certain other outlets "to assess the success of measures taken to correct the position".

Retailers prepare for black spending boom

For decades retailers have been planning for the awakening of the slumbering giant — the black market in SA. Some sectors are already showing phenomenal growth, and there's more to come, writes LANA JACOBSON.

THE DAY when black spending power overtakes white is drawing inexorably nearer.

The black market last year accounted for 40% of SA's retail spending power, according to Unisa's Bureau for Market Research.

Between now and the year 2000, another R50bn will be added to black purchasing power, says the bureau — 25% more than total white buying power in 1985, assuming a reasonable degree of economic and political stability.

The clothing, furniture and food retailing sectors have shown particular growth.

And the factors driving growing black consumer sophistication, say analysts, are inward industrialisation, improved employee/employer relations, and the most important factor of all, urbanisation.

Demographer and Pretoria University principal Flip Smit believes urbanisation is in fact the most important socio-economic and political development in SA.

But in addition to moves to the cities, the population is simply growing.

In 1960 SA's total population was 16-million.

By 1985, it had doubled, and by the year 2000 it will have tripled

Electrification

The black proportion of the total population will have grown from 68% in 1960 to 78% in 2000.

By the turn of the century some 3 161-million homes will be required to house the growing urban population.

These homes will all have electricity — a major influencing factor on future purchasing patterns.

World Furnishers marketing director Hans Reber says: "We will always reflect real growth, no matter what the inflation rate may be.

"The effects of electrification and urbanisation keep increasing.

"We are not in a replacement market. The black market is driven by need.

"Electric items have become a growing necessity in black households, and TV sets are almost regarded as a household necessity."

Donald Etheridge, MD of Sales House, a subsidiary of the Edgars clothing group, says the black retail market is gaining strength faster than the economy as a whole

His company is doing 80% more business in income in current terms compared with five years ago

"Over the past few years the face of the black community has changed.

"Earnings are rising more rapidly than the cost of living for people who have jobs," says Etheridge.

Jazz stores MD Earle Sacher feels the phenomenal growth of Jazz stores can be, partly attributed to "bringing First World technology to a Third World culture".

Car market stabilises

3/10/87

U POST

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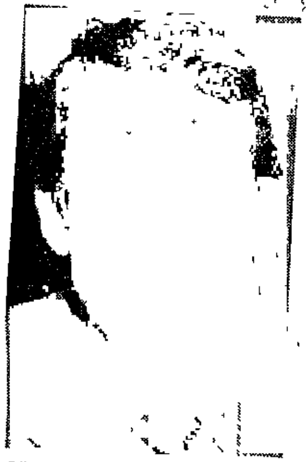


Mr MIKE MACKAY has been appointed group manufacturing director of the Edworks group of companies.

By RALPH JARVIS
Motoring Editor

FLUSHED with the success of its own New Era Skyline series and well aware of the possibilities over the next few months, Nissan of South Africa is predicting a total passenger car market of 200 000 for 1987 and 220 000 for 1988

Nissan's marketing director, Mr Stephanus Loubser, said this week there was a new kind of stability in the market which could only augur well for the industry in the next 12 months

"We see fleet owners coming back into the market and a high level of interest from the private person coming back into showrooms

"Maybe it isn't easy to buy a new car today but the interest and excitement is there

"Earlier this year and last year there was a tremendous demand for used cars but that trend is now more in favour of new vehicles

"So when we look at these different trends we can predict not only a passenger car market of 200 000 for 1987 but we can also confidently see growth of about 10% for next year.

"I predict a passenger car figure of 220 000 for next year"

Mr Loubser said there were also other reasons for the growth of the market

"One reason, no doubt, is the discounting by some of our competitors in the market place

"There can be no question about the effect of discounting on the future growth of the manufacturer and the harmful effect on the owner — if not now, then certainly somewhere down the line

"But discounting does add to the size of the market and we see discounting in all sorts of forms in the market

"There is another element in the size of the market — the launch of new cars which traditionally contributes to stimulating and changing the market",

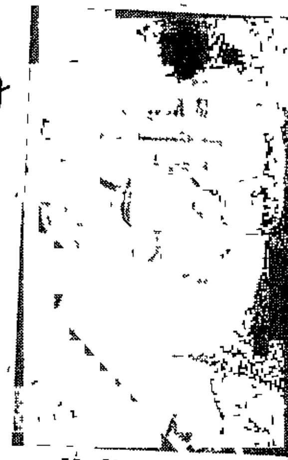
He said one of the successes was the launch of the New Era Skyline in May

Sales of the previous Skyline range averaged 322 units a month from January to May

After the launch of the new models, sales soared to 1 006 in June, 1 010 in July and 1 012 in August

Nissan's share of the passenger car market also increased from 6,6% in April to 10,1% in August and, on the light commercial vehicle side, the August sales show a 5,1% improvement over June, 1987

Total sales improved from a 10,6% share of the market in April, 1987, to 14,5% in August — a massive 38,6% increase over five months



Mr STEPHANUS LOUBSER

4/10/87 Sun 30

'Apartheid caused crisis'

By THEMBA MOLEFE

APARTHEID and the "political dormancy" of South Africa's major corporate business contribute to the present economic crisis, delegates at a seminar organised by the Institute of Industrial Relations were told in Johannesburg yesterday.

Speaking at the conference on "The Most Fundamental and Critical Issues Facing Labour and Management in South Africa" were the Congress of South African Trade Unions' education secretary Mr Alec Erwin and Wits University economics lecturer Mr Fuad Cassim.

Mr Erwin said employers should no longer remain politically dormant if they are to shape South Africa's future. He said collective bargains could effect long term relationship between labour and capital but that there were substantial obstacles.

Mr Erwin said the high level of unemployment and retrenchment made collective bargaining difficult.

Mr Cassim pointed out that the exclusion of black participation in the country's economic system, especially during the growth period in the 1960s, contributed to the present economic "decay".

He described the period between 1960 and 1970 as the "cheap labour decade" when migrant labour contributed to the economic growth.

Both Mr Cassim and Mr Erwin felt the advent of collective bargaining contributed to the present period of "hard times" for South Africa's economy.

Mr Erwin observed that the free enterprise system never existed in this country and warned big business of the dangers of a confrontation between unionism and capitalists. He said this should be avoided.

MR FAAD Cassim of the University of the Witwatersrand.

RUSFURN

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Expansion plans

Activities: *Furniture and appliance retailer.*
Control: *Tradegro owns 58%*
Chairman: *M E King, managing director. R G Austin*
Capital structure: *129,2m ords of 1c each Market capitalisation R145m*
Share market: *Price 112c Yields 11,5% on earnings, PE ratio, 8,7 12-month high, 130c, low, 100c Trading volume last quarter, 3,7m shares*
Financial: *Year to June 30*

	'87
Debt	
Short-term (Rm)	108,2
Long-term (Rm)	2,1
Debt equity ratio	0,82
Shareholders interest	0,35
Int & leasing cover	1 59
Debt cover	0,16

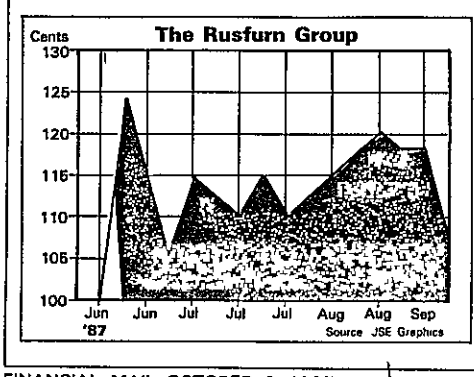
Performance

	'87
Return on cap (%)	7,1
Turnover (Rm)	518,0
Pre-int profit (Rm)	27,6
Pre-int margin (%)	5,3
Taxed profit (Rm)	16,6
Earnings (c)	12,9
Dividends (c)	—
Net worth (c)	104,7

Before the Rusfurn listing in June, we were somewhat concerned about the patchy profit history of the group It is reassuring that actual earnings for the year to June 1987 were 16% higher than the prospectus forecast.

This seems to justify the directors' contention that past history is of little relevance in view of the new management and group restructuring. Dion, previously one of the main problems, has been making profits each month since year-end, which traditionally is a period when seasonal losses are incurred, says CE Geoff Austin. Introduction of credit for large items was a success, but, says Austin, credit sales amount to only 15% of the total at present, and will be kept below 20% The high level of cash sales has meant a return on capital employed of 50%

For this reason the intention is to expand Dion Return on capital for Rusfurn as a whole is only 7% according to our calculation, though Austin says that it is 15% on the basis used by the group The intention is to raise this by expanding more profitable operations There is another advantage too, says Austin "Dion's expansion will not need financing as the capital required is minimal The main expenditure is fixtures and fittings, as Dion does not buy the buildings from which it operates "




Rusfurn's Austin ... growth achievable

Another area pinpointed for expansion is Wanda, which aims at the lower income bracket As with Dion, there will be no expansion in head office and management, but the acquisition of the furniture division of Frasers, taken over by the Tradegro group, will add another 77 stores to the Wanda chain "Frasers furniture made a profit of R6,8m in the year to September 1986," says Austin. "This year that will go straight to the bottom line, as there will be no additional head office expenses Results from this group were up year-on-year by 50% in March "

Apart from Dion and Wanda, the group is expected to grow organically, though Austin plans to transfer some of the Frasers stores to Arrow or Tiger Russells he considers to be at its optimum size now. The "Style and Time" advertising campaign has been a success and growth in turnover of 30% is expected to continue

With debtors at R279m at the end of June, compared with shareholders' funds of R135m, the group is sensitive to interest rates, and financing is important when debt equity is already 0,82 But Austin says Rusfurn is "part bank and part retailer " He maintains that the company wants to keep the ratio below 1 1, but there is no escaping the high level of debtors until terms of trade in the industry are changed "Until then we shall remain capital intensive," he says.

There are intentions to raise finance, though. One suggestion is to list Dion, followed periodically by other companies in the group Another recent development is the sale of Mastercare to Teljoy, which means the repayment of loans extended to this company It should also simplify the accounts, as Mastercare contracts are the reason for the deferred revenue item on the balance sheet.

Another unusual accounting practice will continue, though, in the non-provision for deferred tax There has been much controversy about this But Austin makes a good case that, in addition to Dion's R28m tax losses, there is another R120m to offset against current tax in the group, and that, unless the allowances for debtors are withdrawn and this is done retrospectively, there is no possibility of paying deferred tax.

Looking at the present year, Austin says that the impact of the Fraser acquisition is sent to add 2c to EPS Organic growth of 25% is expected as well, which means the target is expected as well, which means the target being set for Rusfurn is 20c "On the basis of what is happening, this is achievable", says Austin

If Austin is right, the share is on a forward p e of 5,6 With most of the furniture companies on a recovery path and expecting growth this year, it would be wrong to compare this against the historic average p e for the sector But, given Rusfurn's historic p e of 8,7 against the sector average of 10,6, there seems room for some increase in the share price — especially as a dividend is expected, starting with the interim this year.

Pat Kenney

BECKETTS

Coffee problems

Becketts' weak results reflect the impact of coffee price increases in a climate of low consumer demand After six years of tepid profit growth, the 53% jump in earnings in the 1986 year flew in the face of the problems besetting the tea and coffee market The 10,6% retreat in earnings in the 1987 year dashed any hopes that these troubles had been overcome

The rise in the international coffee price knocked profits as Becketts imports virtually

With margins at same levels . . .

Pick 'n Pay shows 20,5% profit growth

Cape Times 2/10/87 (30) 289

By AUDREY D'ANGELO
Financial Editor

PICK 'N PAY lifted pretax profits for the six months to August 31 by 20,5% to R34,8m (R26,8m) and earnings by 20,2% to R18,2m (R15,1m) or 93c (77,3c) a share

The interim dividend is up by 14,6% to to 27,5c (24c) a share

Turnover has risen by 23% to R1 391,9m (R1 131,7m)

Announcing these results yesterday chairman Raymond Ackerman said that although inflation accounted for some of this increase it was mostly due to higher sales

Stressing that profit margins had not been increased, he said "Our margin remains identical with last year — 2,5% — which is very, very low"

Referring to a statement by Checkers MD Clive Weil on Wednesday that its margins would match Pick 'n Pay's whether these were raised or lowered, Ackerman said "Mr Weil said very kind things about us, and I wish him well

"But we shall continue to fight our opposition tooth and nail all the time We shall always try to be better

"Good luck to him in following us, but we shall never follow anyone"

MD Hugh Herman agreed "The message we have for Mr Weil is that we don't propose to raise our margins

"We are here to make profits but also to give the best service and the best value for money"

Herman said he did not believe people had more disposable income than last year, since wage and salary rises had not kept pace with inflation The rise in turnover and profit showed that Pick 'n Pay had increased its market share

Pointing out that profits had risen consistently through the recession, he emphasized that the rise in the first half of the current financial year had not been from a low base

Ackerman said there had been "a strong surge in turnover in September, and the company is confident that it will be on line to make at least a 20% improvement in pretax earnings"

Announcing a proposed four-way share split in about six or eight weeks' time, he said this was being done not only to make them more marketable but to make it easier for Pick 'n Pay staff to afford them

He considered it vital not only to give people of all races opportunities for advancement and better housing but to encourage them to own shares

At present, 16,3% of Pick 'n Pay staff owned shares in the company Managers and all staff members with 10 years' service were offered an allocation and a loan to buy them which could be paid off through the dividends

It was intended to extend this scheme to more people and he would go round the country making sure that all staff understood what shares were and the advantages of owning them

Ackerman and Herman stressed that shares would not be offered as a substitute for improving wages and continuing to provide good working conditions "We shall offer those too," said Herman

Hugh Herman (left) has become sole MD of Pick 'n Pay. Raymond Ackerman, who continues to be executive chairman, has given up the position of joint MD but has become chief executive officer. Ackerman's son, Gareth Ackerman, has been appointed a director of Pick 'n Pay Holdings (Pickwick).

ARGUS 2/10/87

Store chain in drive to sell shares to staff

By TOM HOOD,
Business Editor

MR RAYMOND ACKERMAN has abdicated the managing director's throne of his supermarket chain after 20 years to undertake his mightiest marketing effort

He will stomp round his Pick 'n Pay empire of more than 100 stores to persuade the 17 000 full-time staff to become shareholders of the chain

Employees are soon to get a free offer of at least R1 200 worth of shares — the value of which could double in a short time — in the country's biggest profit-sharing scheme so far

Mr Ackerman's aim to make 50 percent of the staff shareholders as soon as possible after explaining what shareholdership means and its benefits

Business lead

"Instead of expecting the Government to do everything to secure the country's future, business should take the initiative in developing more houses and giving staff a stake in the company and try to make South Africa a home-owning and share-owning democracy," Mr Ackerman said

Pick 'n Pay is also planning to expand its housing scheme

Sixteen percent of the company's staff — 2 703 workers — already own shares Store managers get 500 on appointment, others are given 100 after 10 years' service and executives receive more as they are promoted

"We want people lower down to get shares It will involve a tremendous marketing effort My job is to go round the country explaining this to 17 000 people who at the moment do not understand the share market"

From dividends

Shares will be "sold" to employers through a share trust scheme The company provides share-purchase loans which are repaid out of dividends

Mr Ackerman believes that 40 percent of the staff could own shares by 1992

The first step will be to subdivide the present shares by issuing four new shares to shareholders for every one they hold

This will automatically lower the price from the current R44 to about R11 and also make them more marketable

The market value of Pick 'n Pay's shares is about R950-million, including about R80-million for the holding company, Pick 'n Pay Holdings (Pikwik)

● Mr Hugh Herman, who has been joint managing director for the past three years, becomes the sole MD Mr Ackerman's new role will be executive chairman and chief executive officer His son Gareth has been appointed a director of Pikwik

John Dickinson, who was a nominee in the J & B Rare Achievers Award, and who was nominated by a colleague, has asked us to point out that his letter declining nomination reached us only after publication of the judge's decision.

Had the *FM* received his letter in time, his nomination would have been withdrawn, as he wished.

2/10/87 FM (30)

PICK 'N PAY

Hungry operation

Operation Hunger is certainly the source of much controversy. Hot on the heels of the unseemly squabble over the R1m prize from the last Gold Rush comes confusion over Pick 'n Pay's new promotion in favour of the charity

Until October 17, the chain will be donating 1% of the value of till slips handed over by customers to cashiers. The four-week promotion should, according to supermarkets promotions co-ordinator and GM for southern Transvaal supermarkets Gordon Hoult, raise about R1m

But suppliers have complained that Pick 'n Pay buyers are squeezing the money out of them in the form of mandatory additional discounts (*Business* September 11).

Eight suppliers, who refused to be identified for fear of "victimisation" and possible loss of business, say they have been given an ultimatum: play along with the promotion or take your products elsewhere.

Says one: "The buyer hit me with the news before I'd even sat down in his office. It was made perfectly clear to me that if I wanted to continue supplying Pick 'n Pay, I had to provide additional discounts to make up for the shortfall that would be caused by the Operation Hunger campaign.

"That means the money supposedly being donated by Pick 'n Pay is actually being blackmailed out of its suppliers.

"The rebate system is bad enough, especially for smaller guys like me. But this sort of thing is making it worse. I don't know how much longer we can carry on being bullied like this."

Senior buyer for Pick 'n Pay supermarkets Richard Cohen says he is concerned over the suppliers' attitude. "We do not victimise people, and we certainly don't blackmail them. Those are very hard words to use when we actually try to cultivate good relationships with our suppliers.

"We are in an intensely competitive industry, and the money referred to by those suppliers is the normal rebate negotiated during a normal trade relationship.

"If they feel hard done by, they can always

come and discuss it with me. We have an open door policy with our suppliers If they feel really bad, then I will refund all the money to them."

Hoult maintains the whole thing is a "misunderstanding."

"The promotion has two very clear and distinct phases. The first, the 1% of till slips, will hopefully be funded from extra turnover generated by extra customers. The second phase, which we are calling Operation Low Prices, is what we are hoping will bring the additional customers into the shops

"In order to attract those people we have to offer lower prices, and in order to get the deals and lower prices we have to fight very hard. That is obviously what the buyers are doing, but perhaps their motives or methods are being misinterpreted.

"We always have an Operation Low Prices at this time of year, but I can understand suppliers misunderstanding its link to the Operation Hunger promotion."

It is still too early to estimate any possible growth in turnover (the promotion began on September 21), but Hoult says there should also be a positive rub-off for Pick 'n Pay itself from the campaign.

"If we attract sufficient new traffic it will improve our margins We normally have a net profit of about 2,5% before tax, but if we go perhaps R100 000 over budget then around R10 000 of that would be clear profit because it is over budget."

Notwithstanding Hoult's explanations, suppliers are clearly rankled by the increasing rebate pressure — and becoming increasingly vocal as a result. ■

COMMERCE
GENERAL
1987

NOVEMBER

SOWETAN, Tuesday, November 17, 1987 Page 13

'They often take sites and licences for themselves'

'BLACK COUNCILS STUMBLING BLOCK'

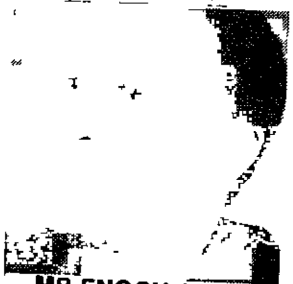
SOUTH Africa's black traders faced great difficulties when applying for business sites and licences because of the corruption of town councillors.

By JOSHUA RABOROKO

(30)

Sowetan 17/11/87

MR M Manala.



MR ENOCH Siboza.

The senior consultant of Job Creation Company, Mr M M Manala, said councillors often took the sites and licences for themselves or granted them to their favourites

He was addressing more than 100 delegates at the official opening of the R1-million Tembisa Industrial Park

The park consists of 32 small business units run by black entrepreneurs

Mr Manala said Black Local Authorities stifled the progress of small business by delaying their applications for sites and introducing inappropriate procedures when examining applications

He said "If economic development is to be accelarated within black townships, then the current inappropriate and stifling of business sites and licencing procedures must be fully examined and overhauled"

He revealed that it took small businessmen in Tembisa more than three years to get a site to establish the park The procedures were intricate and involved many people.

"These criteria are fraught with pitfalls and are administered by self-proclaimed business experts," he added.

The establishment of the centre would help create jobs for many people who would otherwise be roaming the streets

"Unemployment is one of the crucial diseases which must be remedied in South Africa because it causes political, economic and social frustration," Mr Manala said

The chairman of the park, Mr Enoch Siboza, has appealed to big business and the black community to give small business support

CLICKS STORES

30

More expansion

Activities *Investment holding company with trading subsidiaries engaged in discount retailing of toiletries, cosmetics, gifts and other merchandise on a cash basis Also has property owning subsidiaries*

Chairman. *H J Goldin managing director T C Honneysett*

Capital structure. *20m ords of no par value Market capitalisation R155m*

Share market *Price 775c Yields 2,7% on dividend, 5,7% on earnings, PE ratio, 17,5, cover, 2,1 12-month high, 1 100c, low, 775c Trading volume last quarter, 73 000 shares*

Financial: *Year to June 30*

	'84	'85	'86	'87
Debt*				
Shareholders interest	0,38	0,41	0,39	0,43
Int & leasing cover	3,2	3,2	2,8	2,9

Performance

	'84	'85	'86	'87
Return on cap (%)	24,3	23,0	20,8	21,9
Turnover (Rm)	133,7	155,3	183,1	227,7
Pre-int profit (Rm)	11 2	12 1	13,8	17,5
Pre-int margin (%)	8,4	7,8	7 5	7,7
Taxed profit (Rm)	5,5	6,2	6,9	8,9
Earnings (c)	27,8	31,1	34,7	44,2
Dividends (c)	12,75	14,25	15,85	21,0
Net worth (c)	86	107	130	172

* No debt

Clicks has a formula that works — even in bad times That much is obvious from the historical performance Over the past five years turnover, pre-tax profits, dividends and the number of stores in the group have all increased by about 100% And expansion is continuing

The merits of discount retailing a selected range of toiletries, cosmetics and small gifts through leased outlets are self-evident Lease charges are linked largely to turnover so the group's low gearing ensures that earnings can be made to grow by achieving increases in either turnover or margins

Last year in a competitive market Clicks expanded both Turnover rose 24% to R228m (R183m) mainly from higher volumes at existing stores And contrary to some analysts' expectations the operating margin improved to 7,7% (7,4%) through better efficiencies and upgrading of stores The net result was a 27% increase in eps to 44c (35c) after adding R1,1m in extraordinary profits on the sale of certain pre-emptive rights The dividend rose 32% to 21c (15,85) on slightly lower cover.

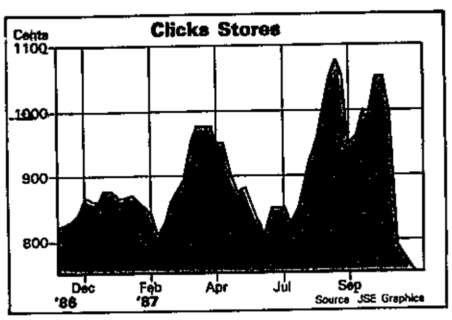
Can Clicks continue to grow at this pace? Though the departure overseas of Clicks MD June Green could possibly have some impact, her successor Trevor Honneysett — only 39 years old — has also risen through the ranks He assumes office as the group embarks on a major expansion By end-December 1987 there will be 77 stores in the Clicks stable — largely financed from internal cash resources — and Honneysett says that at least another 10 will be opened in 1988 This is well ahead of the 80 initially planned for opening by end-December 1988

Similar impetus seems likely in Clicks' black-orientated Diskom chain, which currently operates through 16 outlets in the western Cape Honneysett recently said that Diskom could eventually outgrow Clicks stores In the medium term, Clicks is expected to grow to 200 stores countrywide

Clicks has not yet bought growth though its strong financial structure, with R10,8m in cash and a strong leverage potential, might suggest there are opportunities at present Honeysett says he is looking at focused niche markets such as baby-wear and confectionery shops which he expects will fit in with group skills

Whatever direction Clicks takes it will remain linked to growth in consumer spending, particularly among lower income groups If that happens there is reason to expect that the group's above-average earnings growth will continue. At 750c, on a p e of 17 against the sector average of 11,5 the share has stood up well in the falling market

Dave Edwards



FM 13/11/87

VEHICLE SALES (30)

Up, up and away

October vehicle sales continued to rise across the board last year And in all categories, except medium commercial vehicles, sales were up on September too

Total October vehicle sales were 28 731 compared to 27 420 in September — an increase of 4,7% on the month but a rise of 12,6% over the same month last year Sales for the year to date now stand at 255 152 against 229 929 over the same period in 1986

Car sales rose from 17 401 in September to 18 485 last month October 1986 sales stood at 16 452 so the latest figure represents a jump of 12,3% Light commercial sales were up 13% on October last year and 2% above September Medium commercials fell back marginally from 471 in September to 420 in October but the heavies again moved ahead from 668 to 759

As far as cars are concerned, Toyota is still at the top of the log with sales of 4 650, followed by Volkswagen on 4 122 But Samcor is mounting a strong challenge with sales of 4 005 Mercedes-Benz only had sales of 555 passenger cars in the month, reflecting the beginnings of a long climb back from a disastrous 10-week strike only resolved in October However, less than half the total were MB cars — the balance were Hondas Normally MB sells around 2 500 cars a month

FM 13/11/87

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Looking at individual models, for the third successive month the VW Golf/Jetta range outsold the Toyota Corolla — this time by a considerable margin (3 652 against 3 157) It certainly looks as if the Golf/Jetta range is entrenching itself as the number one seller

But in the medium size car range, the Toyota Cressida was once again dominant with sales of 1 478 compared with the Nissan Skyline's 707 The Mazda 626 was even further back on 360 units

Toyota also dominated the light commercial vehicle category with 900 more units sold than second runner Samcor Toyota led the medium commercial sector as well

But strike or no strike, MB managed to hang onto its position as market leader in the heavy commercial vehicle sector The company apparently managed to keep the heavy commercial production line at East London running by using white staff during the strike

Interestingly, looking at total industry sales, Samcor is in second spot behind Toyota but ahead of Volkswagen — reversing the situation between VW and Samcor in the passenger car market This is primarily because VW has no real contenders in the commercial vehicle line, except panel vans

With only two sales months left in the year, car sales look like panning out at a little over 200 000 Total vehicle sales are likely to come close to 300 000

But stock shortages are said to be reigning in a real surge — all because manufacturers miscalculated 1987 demand It takes up to seven months, they reckon, to adjust to meet higher order levels ■

FM 13/11/87

RETAIL CENTRES (30)

New directions

Developers of retail centres intended to attract black custom are now having to contend with the preference of many of their potential customers for travel by taxi rather than buses or trains

Sites near termini or stations, particularly in black townships, are losing their appeal as retail nodes because the flexibility of the taxi system is allowing blacks to shop further afield

Professor Dries Oosthuizen, a director of Market Research Africa and former director of the Rand Afrikaans University's Institute of Urban Studies, says "There is a definite switch in towns like Benoni and Springs Previously one found large concentrations of black businesses near bus termini but now that concentration is diluted and shops further afield are attracting more black custom."

He says shopping nodes are even springing up near public and municipal parking lots where drivers can park their cabs while waiting for return loads In Johannesburg, for example, a thriving arcade has developed between Bree and Jeppe streets Customers arrive in taxis which park around the corner in West Street and reappear at regular intervals to take parcel-laden shoppers back to their homes

Oosthuizen says some towns are now trying to capitalise on the trend Germiston, for example, is providing facilities for black taxis near a large centre city bus terminus while SA Transport Services has put a large piece of adjoining land out to tender for development as a major black shopping centre

Smaller towns, however, are making strenuous efforts to curb the flow of black consumers away from their traditional shopping areas In rural towns black taxis must discharge their passengers on the outskirts — and the operators usually still choose a rank site near a railway station

Turnovers of traditional centres are apparently not directly threatened — the switch rather means an overall growth in the market, an increase in sophistication and a demand for more variety

Clive Sacher, MD of Jazz Stores, which operates about 100 black-oriented retail stores throughout the country says now only shops specialising in food prefer to be near stations and bus termini Clothing or furniture traders, even though they may cater mainly for blacks, prefer to be in the centre of town

Clive Weil, MD of Checkers, says the group is already making some of its centres much more accessible to black shoppers "Property developers are also taking the flow of black taxis into consideration in their designs and making provision for ranks in parking lots "

The parking lot of Checkers' Westonaria store for example is now virtually a terminus for black taxis, with restrooms for the operators ■

FM 13/11/8?

Business not using its clout — Cosatu chief

By Sven Lunsche

Cosatu general secretary Mr Jay Naidoo yesterday accused business of withholding its "considerable clout to bring an end to State oppression".

He also took a side-swipe at the violence in Maritzburg, immediately drawing an emotional response from kwaZulu Chief Minister Mangosuthu Buthelezi.

In a scathing attack on the business community, Mr Naidoo — who was addressing about 500 senior executives at the *Financial Mail's* investment conference in Johannesburg — said their reluctance to challenge apartheid effectively was seriously undermining industrial relations in the country

"You seem eager to wash your hands of responsibility for apartheid, but are unwilling to mount effective and convincing opposition," he said

He said business had a considerable part in shaping the current structures of the State and that it had been the main beneficiary of the system.

"Any economic initiatives by you, which do not address the political needs of the majority are therefore meaningless solutions

"A meaningful long-term relationship between trade unions and management is only possible if there is common understanding that South African society has to be fundamentally restructured," he said.

Mr Naidoo's remarks, that Inkatha was the real cause behind the current violence in Maritzburg and that their perpetrators of violence were not apprehended by the police, drew a heated response from Chief Buthelezi

"It has been known that violence in this country over the last few years has been fomented by the ANC through the UDF and its affiliate Cosatu We are committed to non-violence, but have the right to protect ourselves among others from Cosatu members, who have killed Uwusa members"

Star 13/11/87

30

TRADEGRO

30

Profits recovering

Activities *Holding company with subsidiaries and associates in retailing of food, furniture and consumer durables and cash and carry wholesaleing*

Control· *Ultimate controlling shareholder is Sanlam*

Chairman· *M H Daling, managing director M E King*

Capital structure· *55,6m ords of 50c, comp conv cum prefs of 1c each 13m variable rate, 132 810 A" part, 67m subord comp conv debs of 150c, 49m optionally conv debs of 150c, non convertible prefs 1,2,m of R2 each, 7m cum part prefs of 25c each Market capitalisation, R78m*

Share market. *Price 140c Yields 11,6% on earnings, PE ratio, 8,6 12 month high, 295c, low, 135c Trading volume last quarter, 2,7m shares*

Financial. *Year to June 30*

	*'84	*'85	'86	'87
Debt				
Short-term (Rm)	92 4	162,0	48,9	199,7
Long-term (Rm)	136,0	159 3	208,0	78,2
Debt equity ratio	0 80	1,46	0,28	0,31
Shareholders interest	0,32	0,26	0,39	0 39
Int & leasing cover	1,36	0 85	0,67	1,46
Debt cover	0,20	0,02	—	0,29

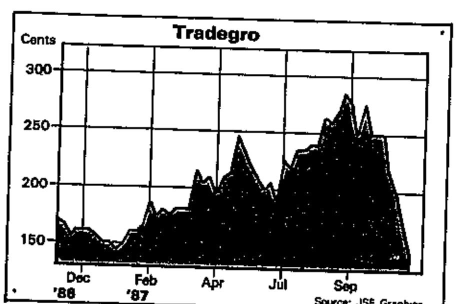
Performance

	'84	'85	'86	'87
Return on cap (%)	6 9	4 5	0,4	5,0
Turnover (Rb)	2,6	2,9	3,7	4 4
Pre-int profit (Rm)	73,1	49,2	6,7	85,8
Pre-int margin (%)	2,8	1,7	0,2	1 9
Taxed profit (Rm)	28,2	(21,9)	(47,5)	38,9
Earnings (c)**	37,6	(32,6)	(37,4)	16,3
Dividends (c)	20,0	5 0	—	—
Net worth (c)**	n/a	n/a	167	169

* Kirsh Trading
** Fully diluted

Tradegro has achieved a mammoth turnaround but its fortunes still depend mainly upon subsidiary Checkers which continues to suffer from low margins

The pre-tax turnaround from a R43m loss to a R59m profit was mainly thanks to Checkers' swing from a loss of just over R41m to a R7m profit on a 16% increase in turnover Though margins have improved they are still only 0,325% against the group's



Tradegro's king ... not short-term

1,9% (0,2%) Cost control and rationalisation of systems and structures led to a saving in costs of about R18m Capital expenditure and development costs have been kept within depreciation reserves

Another problem area has been Rusfurn which has a debt equity ratio of 0,82 but came up with earnings 16% above the prospectus forecast for the year to June (see *FM* October 2) Rusfurn CE Geoff Austin expects an improvement in subsidiary Dion and the Wanda group which has taken over the furniture division of Frasers The intention had been to list Dion and Wanda Tradegro CE Mervyn King says these plans are not affected by the stock market's fall "The listings were not contemplated for the short-term," he says "Wanda and Frasers must bed down before the listing next year and Dion will only be listed after June 1988"

Frasers also makes a major difference to Metro (see *FM* November 6) Apart from the direct profit of about R26m made when Metro sold most of Frasers to the rest of the group there is the benefit expected to come from Frasers' mine concessions, wholesale, and cash and carry stores

Jazz achieved a phenomenal 192% rise in attributable income and Cashbuild and Stuttafords/Greatermans were also star performers Cashbuild's earnings rose 43% and Stuttafords' pre-tax profits by 60%

The only division which is still unprofitable is property arm Coreprop. It is to recapitalise through a preference share issue and to dispose of unwanted properties

King says that budgets project an increased level of profitability His target is to raise the margin in Checkers to 1% and growth prospects in the other companies look good But attainment of the targets will remain difficult And King like many others is cautious about the economy and the political environment Provided consumer demand does grow there is every reason to expect substantial earnings growth from this group

Pat Kenney

Kassiem Allie's back in hot seat

THE election of Kassiem Allie as secretary of the Western Cape Traders Association has pushed the 76-year-old retired shopkeeper back into the hot seat of the organisation he helped form ten years ago.

Allie was the general-secretary of the WCTA since its formation in 1978 until last year when he was made president-elect

However, at the WCTA's tenth annual congress at the Wittebome Civic Centre last week, Allie was again elected secretary.

Allie has been involved in extra-parliamentary organisations in Natal since he was 17, and continued when he moved to the Cape in 1946.

He talks vividly about the Industrial and Commercial Union (ICU) of the 1920s and remembers leaders like Clements Kadalie and AWG Champion

Brush with law

"My interest in the struggle started when I was about 17 In the 1920s I belonged to a union called the Dunlop Rubber Company and Chemical Workers Union in Natal"

His first brush with the law was in 1941 when, as a member of the South African Indian Congress, he opposed the war effort. He was detained for three months in Durban.

In 1946, he spent another month in jail after the passive resistance struggle in Natal. He moved to the Cape that year.

In 1952, he spent another month in jail for defying the law at a segregated post office in Worcester.

He was detained for five months under the 1960 State of Emergency, and for a further six months in 1967

During the 1980 student uprising in Cape Town, he was held for more than three months at Victor Verster Prison in Paarl

Allie recently lost his wife, Ayesha. He has three children and one grandchild.

Under his leadership, the WCTA has played a role in resolving a number of labour disputes, including strikes at Simba Chips in the Transvaal, Fattis and Monis, Dairybelle in Epping and Continental China in Bellville.

Allie recently returned from Mecca where he performed pilgrimage.

According to South African exile Imam Hassan Solomon, who now lives in Mecca, Allie "propagated the message of the struggle for freedom with zeal and fervour while he was here".

Pilgrimage

Solomon sent a message to the Traders' Association congress urging them to "exercise your power wisely in the interest of the oppressed in South Africa"

Under Allie's leadership, the WCTA became the first business organisation to affiliate to the United Democratic Front.

He represented the WCTA at the national launch of the UDF in Mitchells Plain in 1983.

30

Save the market

SALT RIVER is suffering from neglect and decay, local business people believe

They say conditions in the area are deteriorating and that nothing is being done about it.

The Salt River fresh produce market, a focal point in the area, appears to be worst hit.

Stallholders interviewed at the market said it could not survive in its present form

More than half the stalls in the once-thriving market are empty and last year the City Council considered closing it because high operating costs were proving a burden on ratepayers Losses amounted to R34 000 last year

A stallholder, Mr E E Patel, took over the market this year on a ten year lease

The market was restricted to the selling of fruit and vegetables, in terms of the lease documents, said Patel He believed this was one of the reasons why the market was dying

Shopping

"In the past, a person would buy his fruit and vegetables at one place, his meat at another and go to a dairy for his milk

"Now he goes to a supermarket and does all his shopping under one roof. We can only compete with the supermarkets if we are allowed to have a variety of trading at the market

"Anyone should be allowed to come and sell leather goods, crockery, cloth and home-made articles like shoes and curtains

- The market, like the ones in London and Durban, should be a shopper's paradise, where you can buy just about anything at a discount price "

Patel said he and other business people were planning to ask the council to open the market to attract other traders and save the market

"I've worked here all my life, I was practically born at the market It would be a tragedy if this historical landmark were allowed to disappear," he said

Mr A Gool, who rents four stalls, started trading in 1959.

"Business was so good I had to wait before I could get a stall Trading has dropped since then Times are hard In the old days you could get a tray of bananas for R2, now you have to pay R17 for the same tray," he said

"The farmers used to deliver their goods at the market, but now we have to fetch them ourselves "

Gool believes things have improved since Patel took over from the council

Security

"Our rents haven't risen from R31-50 a week Many people left because the council kept increasing the rent, and their security services were no good "

Mrs H Bowren of Glider Fruiterers was 21 when she started at the market Now 60, she said she has been "trading happily all these years "

She remembers the time when potatoes were 99 c a pocket. "Now you pay R8 for these potatoes," she said

"The supermarkets are taking over, but many of our customers know we sell quality goods We have fresh fruit every day and people come from Wynberg and Sea Point to buy fruit for their restaurants."

Mr Hussein Ally's family has traded at the market for three generations

"I'm one of the new people here, most of the others have been here right from the start," he said

Ally felt that the new Salt River bridge had contributed to the decline of the market

"It hides the entrance and when people leave they have to drive for 500 metres on the double carriageway before they can turn and go back from where they came

Competition

"The council should leave a gap in the island so cars can turn immediately at the entrance The only other way out is through a residential area where children are playing in the road all the time "

Ally said trading at the market took place in a "nice, friendly atmosphere "

"There's no competition We all get on very well," he said

Mrs Z Adams and her two daughters sell their produce at the stalls next to the Ally's

According to the daughters, shoppers have become "little robots" who walk into a supermarket, put their purchases into a trolley, pay at the till and walk out.

"There's no human contact We can tell our customers to try this apple or that peach is much better Some of our customers are tourists who look for places like this The South African public does not know about markets."

Mrs Titie Patel said the market served a wide range of customers

"We get all kinds of people here, from doctors and lawyers to the chap who buys a 20c apple, and we treat them all exactly the same

"There's such a lovely atmosphere here Our produce is always farm fresh, we never hold anything longer than three days."

11/11/87

Labour update

Sowetan

More stoppages at Ellerines

SCORES of Commercial Catering and Allied Workers' Union of South Africa members staged work stoppages at several Ellerines group stores throughout the country on Monday, a Ccawusa spokesman said.

By LEN MASEKO

Ccawusa official Mr Jackie Masuku said stores in Cape Town, Nelspruit and the Eastern Cape were among those affected.

Mr Masuku said union members at these stores were "demonstrating to management the urgency of committing itself to Conciliation Board proceedings."

Willing

The wage dispute between Ellerines and the union has been referred to the Conciliation Board. But Ccawusa has accused management of being reluctant "to meet the union at Conciliation Board".

Ellerines group personnel manager, Mr Pierre de Villiers, said management was willing to resolve the wage dispute through Conciliation Board proceedings. He said the problem was that the Minister of Manpower had not furnished the two parties with dates for board sittings.

Meanwhile Ccawusa has accused management of attempting to "draw out the teeth of the union" by sacking active union members. The company had started dismissing workers who did not meet sales targets, according to the union.

"They (management) have gone about in calculated ways by selecting active union members who have been threatened with instigating the dispute," Mr Masuku said.

He said his union demanded the reinstatement of all those dismissed as this action "has severely prejudiced negotiations".

Mr de Villiers said the dismissals were part of "corrective, disciplinary action" which has been in practice within the company for the past 37 years. He said there had been "no escalation of these disciplinary measures".

Positive year for CBDA

30

Daily Dispatch Reporter

EAST LONDON — The Central Business District Association last night reviewed the activities of the past year at their first annual meeting

The meeting was chaired by Mr Gwyn Bassingthwaighte, who said that the year had been a positive one

In presenting his report, the chairman of the promotions sub-committee, Mr Tony Bryant, said that a healthy mix of big business and smaller specialised businesses had now joined the association, and that membership was increasing steadily

Planning for the Christmas Carnival was well underway, and council has been approached for additional festive lighting this year to enhance the Christmas spirit

Mr Bryant said that the Park and Ride bus scheme would run again this year to supply free access to the city

The chairman of the security and environment sub-committee, Mr Robyn Hobbs, said that patrols had reduced crime in the CBD considerably during Christmas last year, and would be reinstituted this year

Issues such as littering, hawker-related problems and procedures in the event of bomb threats had also been addressed

He encouraged businesses to help beautify the city by buying pots for pavement vegetation, which would then be maintained by the municipality

The chairman of the planning and development sub-committee, Mr Bassingthwaighte, said that the seminar on forward planning which was held during August had been the highlight of the year

He said that the association had continued to oppose the proposed Clarendon Gardens scheme during the past year, since it would have serious consequences for the CBD

He pointed out that a technical person should ideally head the development porfolio, since he would have the training to play an active role in forward planning for the city

The finances of the association were reviewed by the chairman of the finance sub committee, Mr Peter Burmeister

Office bearers for the following year are

Chairman, Mr Gwynn Bassingthwaighte, vice chairman, Mr T Bryant, treasurer, Mr P Burmeister, finance Mr P Burmeister, promotions Mr T Bryant, security Mr M Williams

Aussies set smoking ban

SYDNEY — Smoking will be banned on all domestic airline flights inAustralia from December 1

The federal government decision made yesterday has the support of the major internal carriers, ANSETT and Australian Airlines, as well as the airlines' cabin crews — DDC

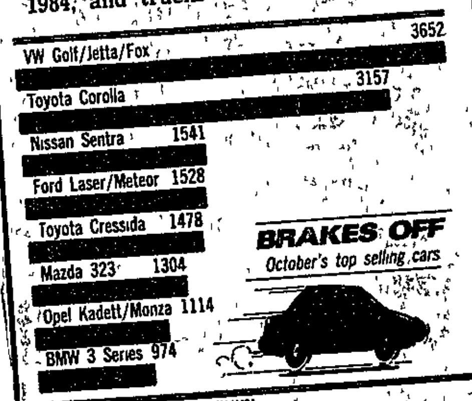
Vehicle sales top two-year record

30 B/day 11/11/87

DAVID FURLONGER
Industrial Editor

VEHICLE sales in October hit their highest monthly level in more than two years.

With light commercial vehicles recording their best performance since 1984, and trucks and buses their best



Graphic: FIONA KRISCH Source: NAAMSA

since 1985, October's combined car and commercial vehicle market of 28 731 was the highest monthly sales figure since 29 001 vehicles were sold in March 1985

National Association of Automobile

● To Page 2

(30) B/day 11/11/87

Business faces the culture gap

THEO RAWANA

BIG BUSINESS met black culture last week in a conference that carried a clear message we are poorer because Europe imposed its values on Africa and missed out on the wealth that was African culture.

The two-day "Black Culture and Business" seminar in Johannesburg was for some white delegates the first contact with the culture of the people they have lived with over the years

Es'kia Mphahlele, Professor of African Literature at the University of the Witwatersrand, highlighted the loss incurred by the failure to respect the culture of the other man when he spoke on the theme "Images of the African Personality"

Missed out

Tracing the history of African culture and religion from past centuries, Mphahlele said "The carriers of Western civilisation imposed Western religion on Africans and missed out by not enlisting African moral strength.

"Blacks had to sing praise to European history and heroes and knew nothing of their own They knew no poetry but their masters'.

"The Europeans' sense of moral rectitude and disregard for the African blinded them to the African energy We still have a section of the nation imposing its heroes on the whole nation "

Mphahlele said whites could not talk of integration on their own terms, leaping all the history of the African They had to accept themselves as part of Africa and link themselves into the wealth that was African culture and history

☐ MPHAHLELE .. "imposing"

"Black consciousness is an old concept, and it is telling the world that we have something important to teach But Europe's sense of superiority stands in the way," he said.

Herbert Vilakazi, lecturer in sociology at the University of Cape Town, drove home much the same message when he spoke on "Educating for the Future"

"Educationists must work on a new model of education for both blacks and whites, as the educational crisis in SA embraces the education of both groups," he said.

"The true aim of education was not to make more drivers, engineers, doctors and teachers but to make better human beings "

He said that as long as large masses of society belonged to the lower working classes, the model of the hallowed human being produced by the official school system was the upper class. At the end of the process he was generally a partially-formed human being.

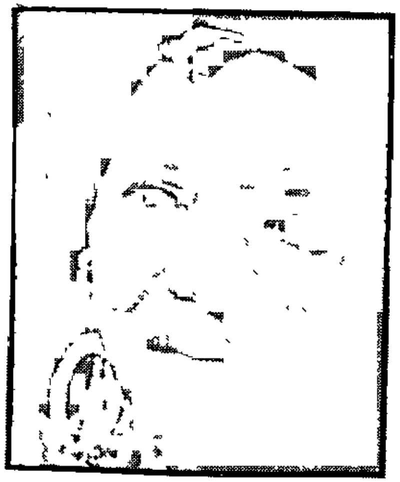
"The first major step must be towards the formation of an all-rounded, fully-developed person — an individual whose personality is a synthesis of the spiritual and cultural wealth of all the large groups within his society," Vilakazi said

"There exists in white universities a traditional bias against hiring blacks as faculty members and administrators African culture is almost totally missing as a delicate, alternative vessel and filter for the very European cultural tradition that is passed on to students."

Morakile Shuenyane, manager of social justice programmes at Makro, said that SA business should throw away its body language books if it wished to integrate African culture into its world

"They have no room at all in Africa, and the message they are giving is the direct opposite meaning of what is conveyed by Africans," he said

"An African person who won't look you straight in the eye is *not* a crook In fact, you owe him an apology by judging him in Western terms By avoiding eye contact he simply shows you respect, because in our culture eye-contact is a sign of anger, confrontation and disrespect



☐ MYEZA ... "vital role"

"The African who scratches the back of his head and rubs his hands together while talking to you is not a jittery tsotsi, he is showing you respect," he added

"In the African language we don't have an equivalent for the word 'Hi' It's too impersonal and meaningless for the most important interaction of the day "

Greetings had to go all the way, asking how one slept, how the family was, the situation in the townships and if one had transport problems that day.

Shuenyane advised whites to stop insisting on playing games and setting rules the Western cultural way Look for common ground. "Try to learn at least one sentence of an African language a day," he added.

The theme "Call Me Women" was taken by Women's Informal Training Institute director Lindi Myeza, who emphasised the inner strength of the African woman.

"She bears the brunt and keeps the fires burning in times of strife I am proud to be an African woman and to me liberation is not bra-burning.

"The African woman played a vital role in decision-making, as a power-wielding husband would never make a major tribal decision without consulting her But Western statutes have made the African woman a perpetual minor instead of enlisting the strength that lies within her."

Low opinion

Myeza said the prevalent situation is that of a white "madam" claiming to know her maid well, while the maid claims to know her just as well. "The joke is that the two know precious little about each other because they have never had a woman-to-woman talk."

She said some white women would be surprised at how low an opinion their maids had of them While the white woman could not get over how stupid and lazy her maid was, the black woman was telling her friends "Oh, she's so ignorant and lazy. All she does is sit in front of that mirror — can't even iron her husband's shirts."

Myeza had a message for the conference. "Let's get to know each other better for a better future "

'Business should be trying to bring about change in society'

30 10/11/87

There is no question ... that the process of change has lost most of its impetus over the past year. (Although hopefully the Government recognition of the kwaNatal Joint Executive Authority and the release of some detainees last week will lead to further developments).

The ill-conceived imposition of limited sanctions, the increase in the rate of corporate disinvestment (which together have dramatically reduced the capacity of the international community to influence the process) and, of course, the outcome of the general election have all contributed to this

It was not without significance that the State President subsequently, not unlike his predecessor, signalled to businessmen to stick to business and to leave politics to the politicians

With the greatest respect, business cannot possibly comply In the South Africa of today there is no longer any clear distinction between political and socio economic issues They are inextricably linked There are indeed very few matters of political significance which do not impinge in some way on the economy and the businessman He has no option but to work for the removal of all bars to economic growth, even if some of those bars have a political flavour

He cannot avoid seeking to influence the decision-making processes of a goverment which gives every indication of uncertainty as to how to determine the future direction of our society He must make known his views to as wide a range of government and senior civil service as possible

First, it is essential for the businessman to be sufficiently flexible to be able to adapt to our rapidly changing circumstances To do so he requires much more than a superficial view of the complexities.

He needs to be sufficiently well-informed to be in a position to make a meaningful contribution which extends beyond glib generalties.

Secondly, he must accept there is no contradiction whatsoever in the quest for corporate profits and the simultaneous undertaking of social investments In the longer term the former will not be possible without the latter

I use the term "social investment" rather than "social responsibility" deliberately Gone are the days when such expenditure could be termed a charitable contribution It is, in fact, now an essential for the growth of any business and, more generally, for the very survival of the free enterprise system, already so suspect in the eyes of many of our fellow South Africans

Finally he should be realistic in his choice of projects and should limit them to those which are practically achievable and hopefully capable of delivery within a reasonable time frame

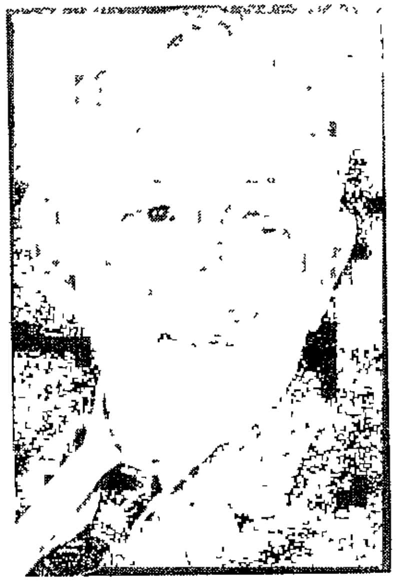
One of the most intractable problems facing South Africa today is the continuing level of conflict and confrontation I am going to suggest that the businessman has a practical part to play in helping to build effective bridges to reduce these levels The framework for this should embrace three legs aimed at

- Increasing participation in decision making at all levels
- Moving away from the present racial structuring of our society
- Affording a more equitable access for all to national resources

South Africa is currently in a stalemate On the one hand, as is being increasingly accepted, the anticipated apocalyptic situation is not at hand On the other hand, no thinking South African can believe that the state of emergency will produce any long-term solutions

And so the call from all sides is for negotiation at national level Understandable as that call is, it is unfortunately not yet a practical reality A great deal of preparatory work will have to precede it

How can business help to speed up this process? By expanding opportunities within the areas in which it has direct control and influence and by encouraging and gradually promoting participation in decision making It should, in fact, be seeking to introduce greater industrial democracy without at any time abdicating its responsibilities to manage There are a number of practical ways in which this might be achieved



Mr Mike Rosholt, chairman of Barlow Rand (left), was presented with the coveted Emeritus Citation awarded annually by The Sunday Star at a formal banquet in Johannesburg last night. This is a digest of his acceptance speech — a new rallying plea to business to stay at the forefront of socio-economic reform.

- 1 Seeking ways for employees of all colours and levels to participate in a company's future Initially this could probably only take the form of cash participation in profit schemes, as it would be unrealistic to talk of equity participations for employees living close to their subsistence level In any case, the latest traumas on the Stock Exchange are not exactly conducive But there is no question the principle is right and I have no doubt the time will come again when the climate will be right for it
- 2 The phasing out of any remaining employment practices which impinge negatively on an employee's ability to participate fully in the economy An example would be the elimination of the migrant labour system entailing, of course, the provision of family housing, reasonably close to the workplace, for those employees who want it White attitudes, the Group Areas Act and, of course, finance would be considerable obstacles But there is no question in my mind that they will have to be faced up to in due course
- 3 My third suggestion is that trade union leaders be increasingly involved in decisions which affect the legitimate interests of their members That conflict between management and trade unions should arise from time to time is inevitable

And an added deterrent is the increasing tendency of trade unions to politicise industrial relations issues In the absence of other avenues for influencing the processes that affect the lives of their members, this is understandable

But their leaders should realise that, by so doing, they run the risk of placing too much pressure on the industrial relations machinery, and thereby of actually retarding the process of their inclusion

- 4 The appointment of non-executive members of boards of directors from a far wider spectrum of the community and on a more meaningful scale than is presently the case And in consulting with black community groups on macro issues outside of business The businessman, for his part, would undoubtedly be in a far better position to gauge the likely reaction to his policies and decisions of communities which will exert ever increasing economic influence
- 5 Moving away from the racial structuring of our society so that over a period of time more and more spheres of activity become genuinely non-racial

The issue is a much wider one than the mere elimination of all traces of discrimination and the achievement of totally non-racial employment practices — tasks we are all already engaged in We should be aiming at the same time at a non-racial society, not just because it is a morally desirable concept, but because it will ultimately be in our very best interests

One has only to consider how the present racial structuring of so many of our public institutions results in a completely unsupportable waste of money and scarce human resources, completely contrary to national and business interests

Examples are our use of land, our overlapping transport, health and community services, the fragmented administration of education

Business needs to produce detailed and irrefutable evidence to persuade government that the country simply cannot afford all this duplication and that the core problem lies in our unrealistically complicated system of government with its unsupportable number of tiers of bureaucracy

- 6 Finally, affording a more equitable access to all national resources which in due course will lead to a broader distribution of a hopefully increased national income

There is no question that the last decade has seen considerable progress in a limited form of redistribution of income, by the granting of higher percentage wage increases at the bottom rather than the top Not a great deal more can be achieved, however, by this strategy

Further meaningful and sound redistribution will only be possible when people are able to move upwards on merit

Increased funds

This will, of course, call for greatly increased allocations of funds to basic education, training, housing and general development by both the public and private sectors There is no easy way, no quick solution It will be a lengthy process calling for dedication and stamina Results to date show reasonable progress in the training of technicians and artisans However, in so far as advancement to managerial levels is concerned, it has to be admitted that, despite genuine commitment to the concept by many companies, very little progress can be claimed

The government has shown preparedness to allocate an increasing proportion of national resources to social and educational programmes The private sector has a vested interest in ensuring the priorities are correctly identified It can only do so by participating wholeheartedly both with finance and personal commitment and effort.

The time is past when business could confine its efforts to "the good things" for the benefit of the lower-income groups, particularly blacks Business should now be devoting its resources and efforts to much wider horizons It should be adopting practical programmes aimed at bringing about fundamental changes in our society. And finally, no programmes will succeed unless the people for whom they are structured are very much involved in their planning and implementation

CNA dispute resolved

B/day 9/11/87

(30)

THEO RAWANA

A MEETING between CNA and black publishing company Skotaville Publishers has resolved the dispute between the two over the purchase of the publisher's books, CNA Group MD Doug Band said on Friday.

Skotaville MD Mothobi Motloatse claimed last month that CNA had placed a political ban on his company's books and had not bought its products since June last year.

Band said a meeting he held with Mutloatse during the week had helped to set the record straight concerning book purchases.

"It was just a misunderstanding and there had never been any ban on Skotaville books," said Band.

CNA MD Ian Outram had said in reply to Mutloatse's claim last month: "In evaluating titles for general stocking, our criteria in evaluating titles for general stocking are fundamentally based on commercial potential in the broad market.

"And on these grounds decisions have been made not to stock selected Skotaville titles on a general basis," he said.

Mutloatse said he was happy at the outcome of the meeting and everything had been clarified.

Cape Times, Monday, November 9, 1987

30

Station sites on offer to traders

Fleamarket at Mitchells Plain

By RONNIE MORRIS

UNUSED South African Transport Services (SATS) land has been made available — even sites on platforms — to create jobs and stimulate the informal trading sector in Mitchells Plain and elsewhere.

Already two sites — at Mitchells Plain and Lentegeur stations — have been contracted out by SATS to someone for use as a flea market.

The sites, 250m² at R250 a month and 1 500m² at R500 a month — would be sub-let to individual traders.

Mr Luther Diederichs, public relations officer for SATS, said SATS have relaxed their hold on unused land and have decided that it could create job opportunities, stimulate the informal sector and raise revenue.

Any person who wished to operate a stall at any station could liaise with SATS and if sites were available at stations, a permit would be issued and a nominal rent charged.

The only condition for the issuing of a permit would be that the trader must already be in possession of a hawker's licence, which was obtainable from the city council.

SATS would not prescribe to traders and had only laid down the minimum rules, he said.

The potential was endless and already 49 permits had been issued for the sale of "software" (clothing, fruit and vegetables and other goods) on the Cape Flats line.

However, getting a permit to sell foodstuffs would be more difficult, because SATS' catering division had first preference.

Only at stations where no catering facilities existed could an application be made for a concession, which would then be placed on tender.

At Mitchells Plain station three people are already hiring under cover space from SATS at a rental of R10 a month and elsewhere on the Cape Flats line 49 people have been issued with permits.

To prevent an individual from holding a monopoly, SATS would make a maximum of four 1x2m stands available to one trader, Mr Diederichs said.

Inquiries could be directed to Mr John Basson at 218 5805.

ARGUS 9/11/87 (30) 289

BUS

COMPANIES

Morkels profits leap 475 percent

By MAGGIE ROWLEY

FURNITURE and sports chain group Morkels, which was listed on the JSE in January, saw profits before tax soaring 475 percent to R5,7-million for the six months ending September against R996 000 for the same period last year

Turnover was up 33 percent from R49,7-million to R66,1-million resulting in the ratio of operating profit to turnover rising to 10,9 percent against 4,2 percent for the same period last year and 8,1 percent for the year ending March 1987

The group opted to make provision for deferred tax amounting to R2,8-million, bringing profit after tax to R2,8-million against R498 000

Mr Carl Jansen, managing director, said that because the consumer durable market was so volatile and unpredictable the group preferred to meet its tax obligations up front as well as to maintain its dividend cover of at least 2,3 times

He said that profit performance topped group chain turnover growth that had accelerated from a sturdy 20 percent increase in the first quarter to June to 46 percent in the second quarter ending September

This was attributable to aggressive marketing and advertising by the 74-store Morkels furniture chain which increased sales by 70 percent in September and had continued at this tempo during October

In addition, the 11 Totalsports outlets in the group had lifted its four percent turnover growth rate to 52 percent in the second quarter and 66 percent in September and October

"The performance by both chains augurs well for not only meeting our pre-listing forecasts of R136-million turnover by March 1988, a taxed profit of R5-million and a yield of 14c a share, but also surpassing these figures by very comfortable margins," Mr Jansen said

There was clear evidence of rising white consumer confidence and a return of buying confidence by black consumers with increased pay packets arising from recent wage agreement settlements

He said he did not believe the collapse in the share market would affect consumer spending in the short term

"We are more concerned about the impact of industrial action jeopardising the supply of merchandise in the vital third quarter which traditionally is the big profit generator in the furniture sector," he said

MASSIVE DRIVE TO MARKET PE

(30) Eve Post 9/11/87

THE Port Elizabeth Publicity Association is on the brink of securing the funds it needs to launch a major drive to market the city.

A leading advertising agency, commissioned to market the city as a tourist centre, needs about R700 000 to get its show on the road next year.

By KIN BENTLEY

The agency has shown members of the City Council's Policy and Resources Committee an audio-visual of its marketing strategy and according to Publicity Association chairman Mr Charles Garai, "bowled them over" with it.

Mr Peter Logan, who is handling the account for the advertising agency, gave the Evening Post a look at the audio-visual which so impressed the councillors — and if the TV ads are anything like it, they should give a tremendous boost to the city's tourist trade.

It starts out showing how the city received massive adverse publicity over the past two years.

Then it points to "renewed optimism in Port Elizabeth", citing the commitment of Delta Motor Corporation to the city, confirmation that Port Elizabeth will receive a substantial share of the Mossel Bay oil-from-gas project, the planned beachfront developments and a vast increase in the number of building plans passed.

The audio-visual quotes from a survey of visitors' perceptions, which showed that people enjoyed the beaches, which were safe, that they had a lot of fun, made many friends and that their holiday did not cost a lot of money.

By contrast, non-visitors perceived Port Elizabeth as "dead, windy and industrial".

The advertisers would seek to change the perception of this group.

It would tell them that "PE isn't what you've thought it to be. In fact, PE is the place where memories are made."

Basic to the campaign will be the use of holiday photographs, which help the visitor to recall his pleasant memories.

At the meeting, the committee accepted in principle an application from the Publicity Association for a grant increase of R600 000, which, if approved by council, will enable a top-rate tourism advertising campaign on the city, based on the "where memories are made" concept, to be run on national television, in magazines and newspapers next year.

A few adverts in the campaign have already been placed in national newspapers and magazines and the local radio station is currently broadcasting a three-minute *What's On* slot every Friday — tentative steps in what is planned to be the biggest marketing campaign PE has ever enjoyed.

Companies' role in job creation stressed

Businessmen should seek methods of encouraging all South Africans to share the fruits of the private enterprise system, President Botha said at the centenary banquet of the Johannesburg Stock Exchange at the weekend

The stock exchange was an important channel for increasing the involvement of South Africans to the the workings of free enterprise, he said

Schemes in which companies offered shareholdings to their employees were to be welcomed as they improved the motivation of the workforce and increased productivity

He said the establishment of the capital development market on the JSE in 1985 was an important step forward

"In the light of the limited ability of the existing large companies to provide sufficient employment opportunities for the continuing and large number of entrants to the labour market, the capital development market could contribute towards giving new impetus to the advancement of small and medium-sized businesses," he said

Mr Botha said about 50 percent of unfilled positions in the public service had been abolished — Sapa

30 SM 9/11/87

(30)

IRTING HIS FAMILY . . . Twelve-year-old Jeffrey Waterboer left to sell fruit and vegetables so that he could help support his family. Picture GLENN SHERRATT

Hawkers throng Mitchells Plain rail concourse

Staff Reporter

A 12-YEAR OLD boy is one of countless stallholders who make a living by selling anything from clothing to fruit and vegetables on the concourse of the Mitchells Plain station

Daily, and especially at weekends, the concourse — a main pedestrian thoroughfare — houses many stalls, where commuters and shoppers can buy a vast array of goods

The boy, Jeffrey Waterboer, said he had been forced to leave school in Std 5 because his father worked out of town and rarely gave his mother money

With the R50 he earns weekly as a fruit-and-vegetable hawker, his mother cares for five children

Jeffrey said he started work at 8am and continued till about 10pm He had been hawking for a few months already, he said

Mr Herman Manuel, 31, a father of three, said he was happy that he was allowed to hawk at the concourse after years of frustration

He earned enough money to care for his family and provide a "loaf of bread and a candle"

"It is difficult to find work Things were different when I left school, they now work with computers," he said

Earlier he had hawked at the Mitchells Plain town centre, but traffic officials and police had harassed hawkers and confiscated goods They had lost a lot of money, he said

Mr Manuel said hawkers on the concourse were a great help to the public because they acted as a deterrent to criminal elements

Mrs I Dreyer, who has three children, said that when her husband had become unemployed, they decided to set up a stall to make a living and now sold children's clothing

Their hawking business ensured that they could at least eat every day, she said

MAKING A LIVING Mrs I Dreyer at her stall on the concourse at Mitchells Plain station yesterday where she sells clothing to make a living
Picture GLENN SHERRATT

Mr John Davids said he had opened a clothing stall because he had no choice when he became unemployed He now earned a living, he said

Mr Faldie Lovell of Eastridge, Mitchells Plain, one of 10 children, said his father's ill-health had forced him to find work

He now sells spices at the concourse daily to earn money for the family He would like to do other work but has been unable to find any, he said

Mr M Patel, chairman of the Mitchells Plain Traders' Association, said the association had initiated the project because hawkers at the Mitchells Plain town centre were a problem as they sold the same goods as shop tenants

After discussions with the City Council, SATS and the traffic police, the Informal Traders' Association had been established to ensure that hawking was controlled, he said

(30) (AM) 6/11/87

DROP INN

Drop Inn's drop

In the chaos of last week's share markets, the fluctuating fortunes of recently-listed Drop Inn/Benny Goldberg's seem to have passed almost unnoticed From an issue price of 75c in early September, the share plummeted to 38c before bouncing back briefly to 60c and settling at 45c

Drop Inn's ups and downs were not a reflection of general sentiment last week competitor Aroma Liquor Holdings — listed on the DCM in June — firmed over the same period to nearly double the issue price The explanation for Drop Inn's see-sawing price seems rather to lie in rumours and half-facts surrounding the group's schedule of litigation

When Drop Inn chairman Sam Berk acquired Benny Goldberg's from Premier in May, he agreed with Hans Schreiber of Neethlingshof Estate to buy 55 000 cases of Neethlingshof's white wines over the 1987-1988 period This was to secure the withdrawal of Neethlingshof's tender to acquire Benny Goldberg's

But after Premier confirmed his bid, Berk indicated to Neethlingshof that he did not believe that all 55 000 cases of white wine destined for Drop Inn complied with the contractual description of "noble cultivar" The matter comes to court later this month with Drop Inn at risk for more than R2m if the court finds against it This, says Berk, represents about 1,25% of annual group purchases, over two years

Meanwhile Berk chose to contest with Premier the value of stock and assets which formed part of the Benny Goldberg's purchase. No one seems to be disputing the existence of the stock Drop Inn appears to be trying to secure a reduction in the purchase price of Benny Goldberg's and has withheld payment of over R1m Last week's share price tumble may have been fuelled by rumours that Premier had run out of patience and was ready to take the dispute to court According to Premier's financial director Gordon Utian, Berk has undertaken to settle his differences with Premier in the very near future

Berk tells the *FM* that agreement has been reached with Premier over valuing the stock He is not aware of any dispute over the value of assets

Other rumours likely to have affected the share include news of an indigestibly large parcel of branded whisky evidently acquired to lend colour to the opening of Benny Goldberg's warehouse store A brand not a big seller in Johannesburg, it is now being jobbed around the trade, putting the success of Benny Goldberg's relaunch in some question.

Berk says the normal pre-Xmas stockholding of White Horse is certainly not being jobbed around

Since the prospectus forecast profits based on a substantial turnaround of Benny Goldberg's by February 1988, disenchanted investors could be unloading stock in anticipation of an earnings shortfall Berk disputes this, saying sales are ahead of the prospectus forecast and up about 35% on the corresponding period last year He claims performance is about 20% ahead of the prospectus forecast

When the Drop Inn share price strengthened briefly last week, the liquor trade was rife with rumours that a settlement had been reached between Drop Inn and Neethlingshof Without confirmation, however, bearish sentiment about Drop Inn seems to have won through With all parties tight-lipped about the impending confrontation, Drop Inn does not look the kind of stock through which to recoup any of the fortunes lost in the past fortnight on the JSE *Pat Kenney*

RETAIL CENTRES

High notes

It takes courage to provide another massive shopping centre in what is essentially an overshopped Johannesburg However, the new Highgate centre south of the city appears to have every chance of working

The 41 000 m² centre, at the corner of Commando and Main Reef roads, is being developed by Nitor at a cost of R58m for the Iscor and Eskom pension funds There is no association with the soon to be listed, Durban-based Higate variable rate loan stock debenture

Other institutions and developers are watching it closely, as it could indicate new thinking on the positioning of centres

Marshall Finlay of property brokers and developers Finlay and Associates, the sole letting agents, says as most of the obvious shopping centre sites have either been taken up or are well held, developers are looking at more peripheral sites and "will rely on promotion and advertising to attract custom and establish an awareness"

This explains the heavy pre-opening advertising and promotional campaigns mounted for Highgate — aimed at attracting shoppers not only from Soweto, its natural catchment area, but also the white suburbs to the south and the CBD Indeed, the developers expect that only a third of the support will come from Soweto

The centre is being anchored by Pick 'n Pay which, Finlay says, is taking 19 000 m² for 20 years at an initial R10,50/m² The balance is divided into three elements which will be devoted mainly to furniture, entertainment, clothing and fashion

Joshua Doore, with 1 500 m², will anchor the furniture element Dashaus has signed for 700 m² and Mattress House is taking 400 m² Finlay says he is also talking to Russells

The entertainment will be underpinned by Ster Kinekor which is taking 1 800 m² for a five-cinema complex The owners of six fast food outlets and restaurants have either signed for or have committed themselves to another 1 800 m² in this sector, says Finlay

However, the clothing and fashion section seems to be sticking a bit At the moment he is talking to Woolworths, Jet and Sales House "It has taken longer than we hoped for them to decide on the sizes they want, but it looks as if between them they will take 4 000 m²-5 000 m²"

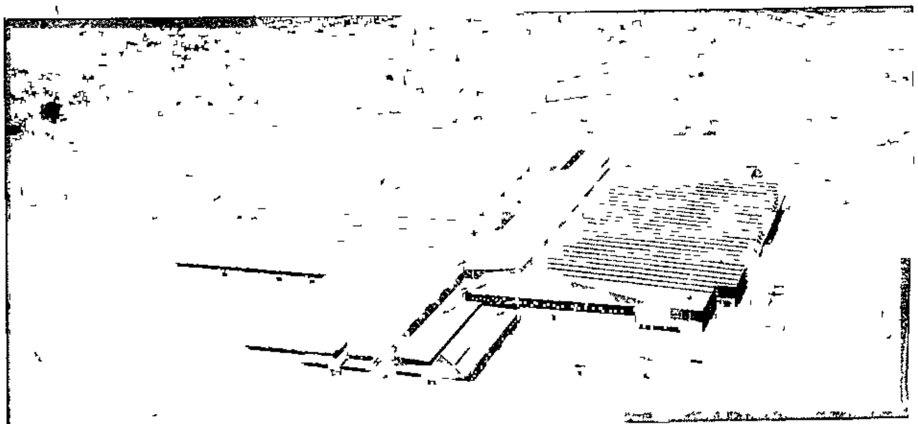
A major disappointment has been the lack of support from black traders, especially since the centre has open trading rights The market has it that those who might have been interested have been dissuaded from taking space because Highgate is not actually in Soweto But Finlay says there are likely to be several coloured tenants who have acquired franchise operations

The ambivalence of the black traders has not affected the centre's viability Finlay believes it will be 100% let by Christmas. Not taking into account the space which the three clothing stores might take, it is already 77% let, five months ahead of opening.

Moreover, Finlay expects many blacks who now patronise city centre stores will shop at Highgate. Pick 'n Pay, he says, will draw most of its support from whites and coloured people living nearby

"We are telling people all around, for example in Maraisburg, Bosmont and Soweto, that we have parking for 2 600 cars and they can get everything they need at Highgate.

"That puts us in direct competition with the OK Bazaars in Eloff Street and the Carlton Centre." ■



Highgate . . . developers and institutions watching closely

FM 6/11/81

METRO (30) FM 6/11/87

Growing market

Management has every reason to be proud of its performance Results exceeded prospectus forecasts and a pre-crash climb in the share price from 500c to 935c reflected a rerating of the stock

Operating income climbed 30,4% on a rise in turnover of 26,8%, with a small improvement in margins Chairman Mervyn King says the 35% rise in EPS came from focusing on existing cash and carry branches, developing the new Trade Centres, and acquisition and consolidation fo the SWA/Namibian chain of nine stores.

MD Cecil Smith points to aggressive marketing, continued expansion into non-food and liquor ranges, development of broader customer-based Trade Centres, as well as the drive into new areas Refurbishing and upgrading stores cost R14m

Metro's Smith ... aggressive marketing

But what really excites management are the recent acquisitions Metro has taken over Frasers' 58 mine concession stores, 12 conventional wholesale stores and 43 cash and carry stores With one head office there should be savings, but Smith feels he must still learn Frasers' business, as Frasers must learn about Metro "They are good at keeping costs down and we are good at managing creditors and stocks," he says

In addition, the 64% holding obtained in Jazz Stores gives an entrée to the lower-income group

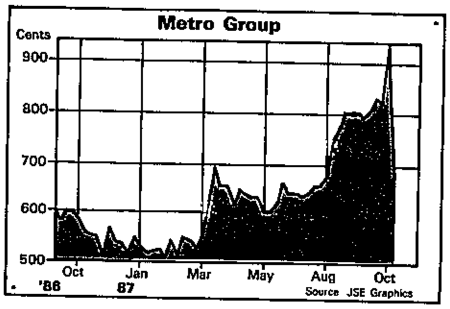
Smith expects growth to continue Organic growth should come from several sources, including black traders. "Manufacturers are happy to have an intermediary," he says "They want their goods close to the customers but don't want to carry large stocks"

Another reason for growth should be expanded ranges fresh meat, motor spares, toys and office equipment are some items he mentions. But Smith also expects to increase market share "The market must grow, but we want to grow faster than the market"

With the acquisitions, turnover is expected to increase from R1,6 billion to R2,6 billion. Financial director Alan Sack forecasts earnings around 45c, even allowing for the 8,5m extra shares in issue.

Unfortunately, though the share has recovered from its recent low below R7, it was obviously favoured by small investors who sold in panic Firmer holders may reverse some of the fall

Pat Kenney



Activities: *Wholesale distributor, primarily under names Metro Cash and Carry and Trade Centre*

Control: *Metgrouphold owns 52,5% Ultimate controlling shareholder is Sanlam*

Chairman: *M E King, managing director C N Smith*

Capital structure: *51,5m ords of no par value Market capitalisation R373,3m*

Share market: *Price 725c Yields. 2,3% on dividend, 4,9% on earnings, PE ratio, 20,4, cover, 2,1 12-month high, 935c, low, 500c Trading volume last quarter, 1,1m shares*

Financial: *Year to June 27*

	'86	'87
Debt		
Short term (Rm)	4,7	2,0
Long term (Rm)	0,3	—
Debt equity ratio	—	—
Shareholders interest	0,36	0,37
Int & leasing cover	2,88	2,61
Debt cover	4,16	13,74
Performance		
Return on cap (%)	8,6	8,1
Turnover (Rm)	1 283	1 626
Pre-Int profit (Rm)	27,5	35,0
Pre-Int margin (%)	2,14	2,15
Taxed profit (Rm)	12,9	17,5
Earnings (c)	26,3	35,5
Dividends (c)	—	17
Net worth (c)	258	311

6/11/87 FM 30

CNA GALLO

Deserving credit

Highly sensitive to consumer spending, CNA Gallo benefited from increased consumer expenditure, but perhaps the most significant achievement was the better utilisation of credit Turnover for the six months to September rose 21% to R180m Lower borrowings and interest rate advantages combined to increase net attributable profit 67% to R5,1m

Despite an 11% increase in current assets to R110,79m, short-term loans were slashed by R17,78m or some 93% to R1,34m CE Doug Band says moving goods off the shelves, amounting to interest-free financing, was attained by matching purchases closer to dates of sale

Long-term loans were also checked at R6,4m (R7,7m), contributing to a 77% reduction in interest paid and boosting pre-tax profit 74% to R6,05m

Band predicts CNA Gallo should move into a cash-positive situation average monthly borrowings are R5m less than for

CNA Gallo's Band . . . increased consumer spending

the comparable months in 1986, despite gearing up for the seasonal Christmas and back to school peaks, when retail sales are some 55%-60% higher Borrowings of R1,5m represent the stocking up of hardware and software for the Compact Disc awareness campaign

Sales benefited from increased black con-

SUSTAINED RECOVERY

Six months to	Sep 30 '86	Mar 31 '87	Sep 30 '87
Turnover (Rm)	149	204	180
Pre-tax profit (Rm)	3,5	19,1	6,0
Attributable (Rm)	3,1	10,2	5,1
Earnings (c)	9,8	32,4	16,3
Dividends (c)	4	14	6

sumer spending Band is actively looking for a retail base to rapidly expand the entry into this market Other acquisitions in the high-growth home entertainment and information area are being pursued Band says talks have been resumed now that sanity has returned to the market He sees education, particularly secondary education, as a neglected area which CNA Gallo plans to develop from grassroots if no suitable acquisitions materialise

From a high of 670c before the stock market collapse, CNA Gallo has shed 220c to 450c, where it may be a good buy

Kay Turvey

IN FOR A PENNY...

The Small Business Development Corporation's (SBDC) "industrial hive" at Pennyville outside Soweto, has received a welcome shot in the arm

Unisys, SA's largest international computer company, has donated R50 000 towards a marketing programme for the centre where 200 small black industrialists are already providing some 600 jobs (*Business* October 16).

Unisys CE Jack Horton maintains SA will only enjoy real economic stability when its First and Third World economies are effectively meshed But while the informal sector has been lauded as the saviour of Africa, some disciplines are necessary

Pennyville — where an existing building was divided into "hives" and budding entrepreneurs provided with access to a pool of equipment — represented the beginning of an important process And, added Horton, big business could still play a vital role in helping the small business sector

"Employment and education are keys to socio-political stability. Creating employment opportunities for thousands of South Africans of all colour give them a new sense of direction and the gift of personal dignity."

But marketing is essential "The best idea, the most innovative product, the most efficient manufacturer and the highest quality product are all wasted in the face of ineffective marketing."

6/11/87 (30) F/M

BUILDING DESIGN

In the driving seat

Building efficiencies are easily neglected — or sacrificed for the sake of aesthetics — when it comes to designing a new corporate head office

But, as a custom-designed building, Lifegro's newly completed R54m centre in Sandton must be one of the most efficient yet built in SA What's more, the insurance company is so convinced that staff productivity will be raised through its state-of-the-art design, it is planning no increase in head office staff for the foreseeable future

Unlike many buildings, the process of design did not begin with an architect's concept Rather, it started from the time the company realised that its accommodation in Johannesburg's CBD was insufficient and outdated for its needs

Simultaneously with obtaining the Sandton site in 1983, it appointed a project manager and surveyed other buildings to determine a development path The project management team was headed by John Gaillard, a facilities management expert, and Kim Latilla, a quantity surveyor

Gaillard says "The first question considered was whether the user should be involved at all with the design aspects of the building or whether this was purely a matter for the professionals Why employ an architect if you don't give him the freedom to design using his own style and skills?

"The answer was straightforward An architect's skills and training relate to building design and he cannot be expected to know the operational requirements of his client's organisation, unless specifically briefed by that client"

The next step was for Lifegro to form a design team, consisting of senior and middle management representatives, as well as Gaillard "This is necessary because the client or user must research needs and requirements and it's unlikely that any individual in the organisation could have sufficient working knowledge of all aspects of operation"

The Lifegro team travelled extensively to establish the type of building preferred and the internal layout to which it should lend itself Only then was an architect's design brief compiled

The professional team — architects, surveyors and engineers — could then begin on the detailed design of the building, while the internal design team began to plan the company's move Members of each team sat in on meetings of the other and a task force of senior Lifegro management co-ordinated their activities

The type of building preferred by Lifegro was that which allowed for "landscaped" offices This is a system developed originally in West Germany, where virtually all levels of staff are located within the landscaped open plan office Features are the special treatment of the building to minimise noise and generous spacial allowances for specialists and management Visual privacy is achieved with the use of screens

The main benefit of landscaping is flexibility — the ability to effect office layouts around company structures and not around the office design It calls for deep space and a minimum of levels

However, Lifegro was concerned that some cellular offices (about 30%) might need to be introduced and also that at some stage the building might need to be adapted for multi-tenancy

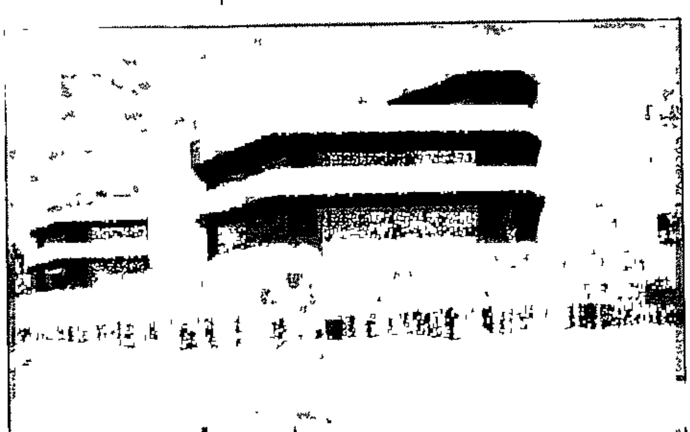
The way the design team overcame these apparently conflicting ideals was to offer a series of deep space lobes suited to landscaped offices, linked by narrower areas which could be sub-divided if necessary The design of the core area would allow each sub-divided zone to have its own entrance, while still using the common circulation and vertical transport facilities of a central atrium

There was one other major factor in Lifegro's thinking — that of providing a quality work environment to attract and keep top calibre staff The company stipulated that there should be an "outside awareness" — as much natural light as possible — and detailed attention to secondary areas as well as the main working floors

Then there was a high level of technical requirement — electrical and data reticulation systems, airconditioning and lighting, all of which were considered in the light of energy conservation with a high level of user friendliness and worker comfort

Lifegro decided to conduct reticulation systems through access flooring, as this conformed with a high level of computer usage. However, the difficulties of docking workstations to the floor, and of being able to move them easily, had to be overcome by looking again at the design and co-ordination of the electrical, data and telephone services This answer was to place dozens of small "manholes" flush with the floor and locate under each of them electrical and communications outlets

As to the workstations themselves, Lifegro specified a new system known as the "cockpit office," which gives greater flexibility than the traditional cellular layout, while improving visual privacy in an open plan environment The cockpit system features a screen-mounted desk, with equipment wiring reticulated through the desk ■



Lifegro's landscaped offices ... user-friendly

FLEXED MOSSEL

The expected property price boom in Mossel Bay has not yet materialised — although brokers and estate agents are sure that it will

The newest commercial development in the town is a Pick 'n Pay (P'n P) centre, consisting of a 2 600 m² supermarket, 4 300 m² of line shops and parking for 280 cars

The supermarket chain is obviously taking a bullish view of Mossel Bay's future growth prospects. Two competitors, Shoprite and OK Bazaars, are already established in the CBD

"P'n P may just know something we don't," says a leading Mossel Bay estate agent, "as the present population clearly can't support another supermarket"

But P'n P is not the only business banking on a boom The Ocean View Hotel, one of only two in the town, was recently withdrawn from the market as the owner is anticipating property prices will eventually take off.

Meanwhile, Murray & Roberts are building an 18-room extension to the other hotel, the Santos Protea

Speculators, too, are apparently doing well with stands One stand bought for R18 000 six months before the Mosgas project was announced was recently sold for R60 000.

Indeed, stands and houses off-plan are selling much better than existing dwellings

The 200-stand Extension 12, proclaimed at the beginning of the year, is already virtually sold out

This may be, surmises estate agent Pierre Jacobs, because many owners of existing houses are "asking ridiculous prices" in the hope of cashing in on the coming boom.

Nevertheless, there is a great demand for rented property. Average houses are renting at R800 a month while potential buyers and sellers wait to see which way the market goes.

SA business is faced with a challenge

(30)

Sowetan 5/11/87

ONE of the crucial challenges facing South Africa's business world today lies in an attempt to address the existing socio-political and economic demands of the black majority.

Business should need a call for participative management because of the extraneous division between management and labour.

Mr Reuel Khoza, the managing director of Co-ordinated Marketing and Management Company, says this division is based largely on race and has extended to socio-economic and ideological cleavages.

He says South African business has to achieve common purpose with their employees, it has to find ways of overcoming these cleavages.

He believes participative management to be a practice whereby management involves employees significantly in the running of the companies.

He finds resistance to participative management for the following reasons:

- A genuine inability of management to grasp or understand the practice,
- A mindset cultivated in the South African cultural and socio-political milieu that cannot see blacks as partners or significant contributors of any kind, and
- The false understanding that a call for genuine participative management is a call for management to abdicate their managerial responsibilities and prerogatives.

Decison-making

He says it is vital that employees be given decision-making rights in the running of the companies because they will feel committed to their work.

"It is a means of breaking the 'us' and 'them' division between management and employees," he says.

"It is difficult for some managers to apply this practice because they have become conditioned to the notion that blacks are congenitally or for environmental reasons incapable of meaningful participation management.

"This sort of mentality in management tends to breed practices where employees are not informed and not involved and consequently alienated from their jobs.

"It thus become a self-fulfilling assertion that blacks do not want involvement because for most of the time are alienated."

He says it is imperative for top management to grasp and fully understand participative management because the high echelon will increasingly be the ones that engage trade unions, political and other community leadership on the agenda for the future.

"If like their political counterparts management cannot value and seriously consider the input of those they deem not to be equals, then the future is bleak," Mr Khoza says.

He says equity participation is increasingly being seen as a panacea that will address South African socio-economic problems. It is one of the most potent tributaries towards economic mainstream.

"Equity participation is one more element in the total arsenal of effective participative management, but it should not be approached in prescriptive and paternalistic manner."

CBD shoppers spend R737-m, survey finds

Municipal Reporter 9/1645 5/11/87

CAPE TOWN'S central business district (CBD) generated sales of R737-million last year, or nearly 12 percent of the retail market of the metropolitan area, a city council-commissioned study has found

The findings were reported to the town planning committee this week

The study was commissioned partly because two major central city sites — above Cape Town station and the power station/Imperial Cold Storage block — and the closely linked waterfront project are due for development

It found that food and groceries accounted for 7,5 percent of total retail sales, clothing and footwear 16,3 percent, furniture and appliances 7,8 percent, other retail goods 13,4 percent and consumer services 16,7 percent

The CBD had an effective shopping population of 694 000, all of whom did some shopping there during the course of a year

OPPORTUNITIES

On an average day there were about 174 000 adult shoppers in the city, of whom just over a third worked in the CBD

"Considering the historical trends and looking to the future, it seems fairly certain that the CBD will continue to grow more slowly than the outlying areas," said a city planner's summary of the findings

However, the CBD could be strengthened and protected if certain problems were corrected and trading weaknesses considered

"There are opportunities for new developments which have clearly been overlooked," the report noted

The town planning committee approved the development of a "growth management strategy" which would take into account office space, transport, parking, amenities and recreation, urban conservation, residential components and tourism

MULTI-FUNCTIONAL

It also approved a recommendation that the development and disposal of the power station site and planning for other sites such as Cape Town station and the waterfront incorporate the findings of the CBD study

"Any development on (these) sites must aim to be multi-functional," city planner Mr David Jack said

The committee agreed to a similar study of offices in the CBD

● Transport Affairs Minister Mr Eli Louw has referred the Berggraaf Report on the tourist, commercial and recreational potential of South Africa's harbours back to the Sats general manager's office and it was not known when it would be released, a Sats spokesman said.

The report, which is believed to give the go-ahead for the redevelopment of Victoria Basin and adjacent areas, was expected last month

Soweto plan to aid small business

Weekly Mail Reporter

THIS week saw yet another initiative to aid small black businesses when a group of black and white businessmen, headed by Soweto entrepreneur Willie Ramoshaba, launched a foundation to assist in the development of small black businesses.

Known as the Business Achievers' Foundation, the new body will provide loans as well as financial and educational counselling for black entrepreneurs.

Those already in the field include two of the big commercial banks and the Small Business Development Corporation.

Standard Bank's Small Business Development and Advisory Department provides training, support services and loans; while First National's Wesbank is linked with Potchefstroom University's Small Business Advisory Bureau.

Nevertheless, the BAF trustees feel there is still a gap. According to Ramoshaba, "There have been many attempts to encourage the development of black business but none has answered our real needs or enjoyed significant success."

30 WMAIL
OCT 30 – NOV 5 '87

30 B/day 4/11/87

New chamber sets itself big task

THE recently-formed Johannesburg CBD Chamber of Commerce has taken on the immense task of representing a black city-centre business community which is disadvantaged from many angles, says chamber chairman Martin Sebesho.

"This is a vulnerable business community that finds itself in a strange world — the so-called white area," he says

Sebesho runs his Controlled Management Dynamics (Comad) management consultancy from a suite on the 21st floor of a Johannesburg city-centre office block

A graduate of both the University of the Witwatersrand and the University of the North, Sebesho is a founder member of the Black Management Forum (BMF), an Institute of Personnel Managers (IPM) counsellor, is registered with the SA Board of Personnel Practice and has done extensive research into black business

THEO RAWANA

Sebesho says the black businessman is rejected by the black community as mirroring white business — exploitative, opportunistic and deriving pleasure from the misery of the people

The black political groups discard him as undesirable — a capitalist

"And the white community looks at him in terms of race, instead of as a provider of goods and services," he says

The chamber, an affiliate of the National African Federated Chamber of Commerce (Nafcoc) through the Southern Transvaal African Chamber of Commerce (Soutacoc), has set itself the task of representing this society — from hawkers to lawyers and consultants — articulating its grievances and aspirations, says Sebesho.

Lots of opportunities

"There are lots of opportunities in free trade, but as individuals we are weak, coming into an established city in whose design we had no say. And we had no hand in formulating the rules governing the place

"White chambers and representative structures in the city have not demonstrated attractive overtures to us, hence the chamber was formed as a force for black business in the CBD

"Our objective is to respond to issues of concern to blacks. As an entity in the formative stages of business with no vast resources, the black man's handicap is to have to attract blacks, instead of consumers generally

"It takes a year to be known by both blacks and whites.

"The chamber aims to cushion the budding businessman — help him to streamline his trade without facing high rentals.

"We are establishing a start-up fund, an advice centre, with a database showing where to go for business, and will offer all resources at reasonable fees to help the black businessman acquire skills

Legal defence

"The chamber will conduct seminars and go on publicity campaigns to enhance the visibility of the trader It will provide lobbying services in case of trouble with the law and landlords, including legal defence against the laws that might impede him."

Sebesho says the small businessman will have access to accounting services, and experts will be available to vet franchising proposals A full-time research staff will probe every avenue with a view to helping the person concerned, be he a lawyer, an accountant, a butcher or a hawker.

"The chamber will address other black political groups, stating our role in the liberation campaign and getting deeply involved in policy issues, with a view to defining a new economic policy for SA

"We will be in constant contact with people who impact on our lives, selling a trend on a future economic policy as seen by the black businessman," he says

Cape Times 4/11/87 (30)

Gallo earnings up by 67%

Financial Editor

CNA GALLO lifted attributable earnings for the six months to September 30 by 67% to R5,1m (R3m) and the interim dividend is 50% higher at 6c (4c) a share

Turnover was 21% higher at R180m (R148m) and trading income up by 29% to R6,1m (R4,8m)

The interest bill fell to R308 000 (R1,3m) and although the tax bill was 88% higher at R2,7m (R1,4m) after-tax profit rose to R3,2m (R2m)

The directors say "The group's results for the financial year to March 31 will be materially influenced by trading patterns in the peak Christmas and back-to-school months Current trading gives cause for optimism"

DDB Band, group MD, said there was no doubt people had more to spend and he expected a very profitable Christmas season

"I think the SA economy is in a very favourable position, because we have taken our bitter medicine over the past two years

"People are not going crazy but they are in the mood to spend on medium-priced luxuries like books, records and videos and that is the market we are in"

106 electrical workers on strike

Labour Reporter AK645 4/11/87 (30)

THE strike by employees in three divisions of a city centre electrical company continued today

Mr Eli Raskin, a director of Springbok Electric, said about 106 workers were on strike demanding higher wages

He said "They have asked for indications from management that we will give them increases, but our commitment to this is minuted in our talks with their union

"We first want some form of interim procedural agreement and have given a commitment to start wage negotiations by November 9 if an agreement is signed"

● A national strike of Ellerines furniture store workers over wage demands could start within days if attempts at mediation fail

The Commercial, Catering and Allied Workers' Union is holding strike ballots at the firm's 252 outlets but members have agreed to mediation attempts

The union wants a minimum wage of R550 a month and a R200 across-the-board increase

Management has offered a R340 minimum retainer for external sales employees, R464 for internal sales employees and a minimum R94 across-the-board

Weil denies union claim that strike has spread

JOHANNESBURG — The managing director of Checkers, Mr Clive Weil, has denied that the strike by Checkers employees has spread to another 10 branches in the Transvaal yesterday

He was answering to a claim made by the Commercial, Catering and Allied Workers' Union (Ccawusa)

The strike action started 12 days ago when workers at the Emmerentia branch downed tools following the dismissal of a Ccawusa shop steward and colleague accused of theft

Employees at three Witwatersrand stores, Hyde Park, Rosebank and Sandton joined the strike yesterday, the union said

A spokesman for Ccawusa, Mr Salim Vally, said over 800 workers at Checkers branches in Roodepoort, Randburg, Heidelberg, Lambton, Secunda, Middelburg, Lydenburg, Nelspruit, Evander and Ermelo also downed tools yesterday

Mr Weil described the comments as "absolutely untrue"

Mr Vally said workers at the Highveld stores initially went on strike in protest against "insulting remarks" made by the assistant manager of Checkers Barberton, but were also striking in sympathy of the dismissed worker

Mr Vally said Ccawusa did not condone theft "but workers feel that management did not act correctly in laying charges without conducting an inquiry"

Mr Weil said he was "not prepared to comment on untruths spread by the union" He said, however, that the strike was illegal and had only a "limited effect"

"Management assured workers that the assistant manager, a Mr Nel, who allegedly insulted Ccawusa, would be suspended pending an inquiry He was transferred" — Sapa

BD 4/11/87

Labour briefs

Traders meet

SOWETO shopkeepers will meet at the Jabulani Standard Bank Hall, tomorrow to discuss problems affecting their businesses

The controversy surrounding the newly-built Trador warehouse, owned by Score Food Stores, will be on top of the agenda Traders in the townships have accused Score of giving them unfair competition

They said Soweto shops which were administered by Score bought goods from the warehouse at rock bottom prices On the other hand, the shopkeepers alleged, Soweto traders bought at inflated prices

Sowetan 3/11/87

30

(30) STimes 1/11/87.

MEANWHILE, IN THE CAPITAL THAT WAS ONCE FORBIDDEN GROUND TO INDIANS

It's much blooming better for business in Bloem

By DE WET POTGIETER

IT'S all changing in the Free State.

There was a time when Indians would rush through the province as fast as a speeding bullet. Under old laws it was forbidden ground to them.

But today they're settling there and are being accepted as welcome neighbours by the staunchly conservative community.

The Indian "mayor" of the Free State capital, Mr Moosa Seedat, told the Sunday Times this week: "It's wonderful how kindly and sincerely the white community of Bloemfontein have taken to us."

The outgoing mayor of Bloemfontein, Mr Job Pretorius, was the man who made it possible for 12 Muslim families to settle in the Free State capital.

At present they are staying in the Maitland View flats until their own residential areas are established.

Eighteen Indian businessmen were this week busily decorating and fitting out their shops in the new-look old Market, near the station, which will be similar to the famous Workshop, in Durban.

Custom

There they will trade, along with established white retailers, in fabrics, gifts and clothes, among many other goods.

They're already attracting custom from local residents.

Two shoppers from Edenburg, 80km from Bloemfontein, told the Sunday Times they'd travelled to town specifically to buy dress materials — and were delighted to be served in Afrikaans.

In the middle of the hustle and bustle of preparation for the grand opening of the renovated centre on November 14, Mr Seedat proudly told the Sunday Times about another breakthrough — the temporary premises the Muslim community started using a month ago as a meeting place for the congregation of the Islamic faith.

School

"This is history for the Free State," he said.

Mr Seedat spoke highly of the efforts of Mr Pretorius to help the new "immigrant" Indian community establish itself.

"From next year, our children will be able to attend the local Christian Brothers College," Mr Seedat said.

"Arrangements have been made with the school to accommodate the Islamic faith."

Another unusual sight on the busy street corners of Bloemfontein is that of Indian vendors selling their goods.

For Kevin and Billy Naidoo and colleague Roy Chegan, the streets of Bloemfontein are providing a roaring trade.

"Times are hard down in Durban," Mr Chegan said as he displayed a string of shining gold watches on his arm.

"We are doing outstanding business in Bloemfontein. The people here are good to us.

"We love the Free State."

Indian businessmen Amin Ebrahim and Moosa Seedat gearing up for the re-opening of the Market

BRIAN PORTER (30)

Used car boost

Activities: *Motor retailer with outlets in western Cape and East Rand*
Control *Directors hold 64,7% of the equity*
Chairman: *B J L Porter*
Capital structure· *2,6m ords of 50c, 162 500 5,5% cum prefs of R2 Market capitalisation R8m*
Share market: *Price 350c Yields 5,7% on dividend, 16,0% on earnings, PE ratio, 6,3, cover, 2,8 12-month high, 440c, low, 195c Trading volume last quarter, 25 100 shares*
Financial: *Year to June 30*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	4 0	4,2	4 1	1,5
Long-term (Rm)	2,8	3 0	2,8	2 3
Debt equity ratio	0 60	0 56	0 51	0,26
Shareholders' interest	0 30	0,39	0,38	0,43
Int & leasing cover	1,8	0 8	1,6	2,3
Debt cover	0 2	0,03	0,2	0,5

Performance

	'84	'85	'86	'87
Return on cap (%)	9,1	3,9	9,5	12,2
Turnover (Rm)	165	136	167	164
Pre-int profit (Rm)	3,5	1,3	3,4	4,2
Pre-int margin (%)	2 1	0,9	2,1	2,6
Taxed profit (Rm)	1,0	(0,3)	1,0	1,5
Earnings (c)	38	—	39	56
Dividends (c)	11	6	13	20
Net worth (c)	415	470	496	547

Although the sale of Brian Porter's Volkswagen division in September 1986 caused a 2% decline in the group's turnover for the 1987 financial year, the application of the R4m proceeds from the sale more than compensated for the reduced turnover, and helped towards a 43% rise in earnings

Part of the proceeds were channelled into reducing debt to R3,8m from R6,9m in turn leading to a 28% decline in the interest bill The remainder of the funds was applied to the used car division, which yielded far better margins than the new market in the past year The group says in its annual report that used cars contributed a significantly higher proportion of total revenue than in the previous year

This trend is expected to continue, as although new car sales are rising, supply shortages are prevalent in the industry

While most of Brian Porter's interests are centred in the western Cape, the East Rand-based Germiston Motors was a major contributor to profits in the past year, reflecting more buoyant trading conditions in the PWV area Expansion of the Transvaal interests is already underway and since year end the group has acquired Randburg Mazda which serves Johanneburg's northern suburbs

An emphasis on acquisitions within the motor trade could see see the current low debt equity of 0,26 rise in the current year The group says it would be happy with a gearing ratio of up to 0,75.

Chairman Brian Porter says in his review that the group sees the motor parts division as a growth area Plans are afoot to increase market share, especially in the important wholesale parts area, so some acquisition activity can be expected on this front

Despite a patchy profit history, this group is well placed to benefit from an improving market and at a hefty dividend yield of 5,7% the share could have attraction as a medium-term investment

Dave Edwards

Post Focus

Business bo
economic fr

Could this work in the Eastern Cape? By cutting corporate taxes, red tape and tariffs, special laissez-faire enclaves — variously named enterprise zones or export-processing zones — have cornered some 10% of today's world trade. Similar zones in Eastern Province, Border and Midland towns and cities could turn business gloom on its head and set off a boom in this part of the country.

By DONALD and DIANA STROETZEL

AFTER steel mills shut down in the mid-American city of Youngstown, Ohio, finding work for the thousands of unemployed seemed next to impossible. The city fathers were desperate Then, early in 1986, a local professor phoned Duncan Hall, head of the District Council of Corby in England, and asked· "What, exactly, is Corby's secret?"

This industrial community of 55 000, some 110km north of London, crippled by a 25% joblessness rate, had found a way to put thousands of people back to work, reports the December Reader's Digest

Hall soon explained how in a slide-show lecture in Youngstown His first slide Corby's own bleak, closed-down mill, once the heart of one of Europe's largest steel-making complexes The second the vacant plot left after the mill was razed. Then the slide that brought a loud gasp the 113-hectare area as it is today, brimming with modern factories In all, some 130 businesses, making everything from soap to boats, have settled there

Of the 13 000 workers who had been made idle by ailing industry, two-thirds now have jobs in this new industrial park — and more factories and jobs are on the way

Corby's secret? On the site of the old mill local authorities established an "enterprise zone" — a special laissez-faire enclave where assurance of lower taxes and reduced Government regulation for at least 10 years permits business and industry to operate more efficiently They created a little Hong Kong by providing many of the free economic conditions that turned that small city into a world commercial powerhouse

The notion of the British enterprise zone originated in 1977 with Reading University professor Peter Hall (no relation to Duncan Hall) after he observed at firsthand the dynamic free economies on Asia's perimeter

"Recreate the Hong Kong of the 1950s and '60s in small, selected areas of inner cities and see what happens," he advised

The British are not the only ones to have adopted the idea There are now more than 2 000 free zones in the world, some new, some with many years of proven track records

About two-thirds — mainly in the United States, Britain, Belgium and now France — are enterprise zones like Corby

Others, ranging from South Korea to Costa Rica, Turkey to Taiwan, are free ports or free trade zones usually located at seaports or airports They add the extra incentive of freedom of tariffs for imports while stored in the enclave.

Finally, there are the "export processing zones" (EPZs), which actually process or assemble duty-free imported parts into television sets, cars and other products for export

"In whatever form, these zones are the wave of the future," asserts American economist Walter Diamond "Today they handle 10% of the world's trade, some $160 000 million worth, and by 1990, that should double"

Volkswagen's plant outside America's Pittsburgh, for example, builds cars for the North American market, assembling German-made transmissions, Mexican engines and Brazilian wheels into US-made bodies

Volkswagen saves 2,5% on the cost of imported components — millions of dollars on 100 000 cars a year — because under US law such parts pay less tariff when assembled in the United States In return, Pittsburgh gets 2 500 assembly jobs, plus jobs in nearly 600 US supplier firms

"Economic free zones are beginning to turn politics upside down," says Mark Frazier, a Washington DC consultant

"Instead of distributing Government hand-outs, politicians are now creating areas of laissez-faire where government steps out, not in"

In Britain, where Prime Minister Margaret Thatcher has made creation of 25 enterprise zones a part of her Government's economic recovery programme, time-consuming red tape has been considerably reduced The same is happening in France

The free port's lure of tariff postponement can also count heavily West Germany's customs agents treat Hamburg's free port — a 16km² area — as foreign territory No duties are collected until goods leave it

At one of the late-19th-century brick warehouses towering over the Zollkanal, port overseer Hans-Joachim Siebert demonstrated why this is so important He unlocked a door that led to a room jammed with millions of marks' worth of Oriental carpets "Can you imagine the cost," he asked, "if importers had to pay the average DM6/m² [R6/m²] duty on these as they came off the boat?" It would have meant borrowing and paying interest for months or years until each carpet sold"

Small wonder that Hamburg's free port stole much of London's carpet importing trade, which is subject to heavier customs red tape

But Hamburg and other free ports often do more than simply store goods They unpack, repack, sort, check quality and assemble, adding value to their imports In Hamburg, parts come in from Japan, motorcycles go out into Western Europe

The economic influence of a free port can reach far beyond its immediate area. Such was the case with Shannon Airport, in the west of Ireland

Shannon was the first free airport and industrial zone to touch off what economists now call "export-led industrialisation" In 1958 long-range jets, no longer needing to refuel, began overflying Shannon on their trips between America and Europe "We'll have rabbits playing on the runways," Irish parliamentarian James Dillon moaned

Happily, Brendan O'Regan, then manager of the airport's popular duty-free shop, was ahead of his time "We must persuade manufacturers to settle here," he insisted

Despite scepticism, a Government-owned but independently run Shannon Free Airport Development Company Ltd, was set up with O'Regan at its head Soon the superpromoter and his salesmen were knocking on international manufacturers' doors, dangling incentives such as pre-built factories that businesses could rent

The gamble paid off Into the free port's new factories on the airport perimeter came the thoroughbreds of the manufacturing world — De Beers, General Electric, Westinghouse, Wang Today, there are more than 90 companies employing some 4 500 people

There was no holding a great idea like export-led industrialisation to Ireland In 1962 O'Regan was invited to Taiwan Then five delegations of Taiwanese descended on Shannon

At the time Taiwanese exports were nearly 60% agricultural Today there are three EPZs in Taiwan manufacturing more than a third of the parts for the country's booming computer-memory systems industry, as well as printed-circuit boards, colour TVs and a range of other goods

Pascal Lorot, French expert on free zones, sees the two million jobs already created in these enclaves around the world as vital to the future prosperity of emerging Third World economies"

Some businessmen and financiers have caught on to the attractions of Latin America as an up-an-coming free zone area

The latest development in free zones helping the Third World has been in processing not goods but information

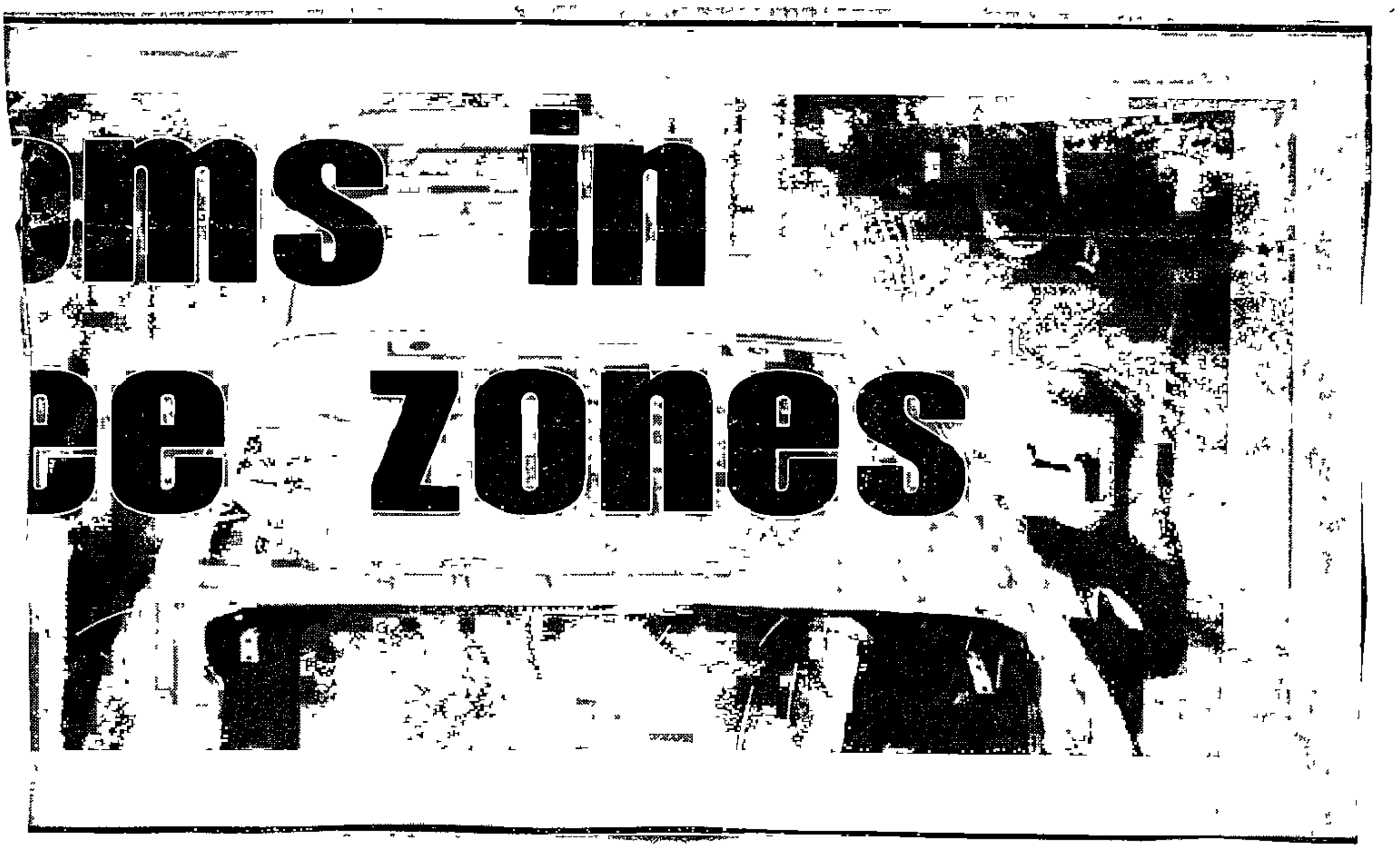
Many in the United States who dial toll-free numbers for some airlines as well as a few hotels and rental-car bookings may be surprised to have their calls answered in clipped Caribbean English A 23ha Jamaican free zone "teleport" with its own satellite saucer antenna is contracting to make such telephone reservations "It will bring us 10 000 new jobs," says Prime Minister Edward Seaga

Critics of economic free zones say that they may simply uproot business from one part of a country and set it down in another But Corby's promoters say many of their new businesses have been attracted from outside the country, mostly Europe and the United States

Others criticise tax concessions as overly generous give-aways Not so, says Shannon's O'Regan "If a firm stays three years, what a Government loses on corporate income taxes is made up by the personal income taxes and sales tax that flow in from people you put to work"

Furthermore, as world manufacturing becomes ever more global in scope, these new zones should have little trouble attracting clients among companies seeking a foothold close to their markets

Says Lallemant "The free trade zone can be such an economic locomotive that everyone — the company, the host country and the employee — comes out ahead"



ms in
e zones

COLOUR ON CITY SQUARE

Way cleared for stalls and all this Christmas

GET CRACKING! That's the message from shopkeepers around Port Elizabeth's Market Square to the informal business sector, which has been given the go-ahead by the City Council to sell take-away foods, knick-knacks and what-nots from stalls on the square.

By JACK DEWES

"Look at what Cape Town's been doing all these years," said an interior decorator, Mrs Bernadette Smithies, who runs an up-market furniture store on the edge of the square

"Hundreds of stalls every week Why can't we do the same?

"We need a flea market here selling interesting items

"Why not flower sellers to add colour?

"Why not music? UPE students could set up a bandstand here"

The manager of a surf shop, Mr Nick Pike, said stallholders would give an immense boost to business activity in the city

"That's what economists at UPE have been saying all along Give the informal sector a chance and there is bound to be a rub-off on people in the formal sector, like myself

"Stalls mean more employment for idle people They won't dig a hole and bury the money they earn They'll spend it, of course, stimulate the economy and give it a lift"

"Gosh," said a pharmacist, Miss Marelize van den Berg, "a bit of colour would make all the difference

"Bright umbrellas and canopies, for example, where ice cream and take-aways are sold"

A grumpy man with a packet of sandwiches in his hand, who declined to be unidentified, said the square was one of the bleakest spots in the city

"It's been like this for years," he said "I'll eat my hat if something gets done about it"

Also in the square was the Town Clerk, Mr Paul Botha

"Officially," he said, "we will encourage any reasonable venture It's over to private initiative now

"The trouble is that new ideas seem to peter out, but this is in no way on account of the official policy of the City Council

"We are bending over backwards to give what help we can"

The council decided to suspend its policy on the use of the square and allow the Director of Administration, Mr Carl Fischer, to permit "certain activities" over the festive season to improve the image of the city as a tourist centre

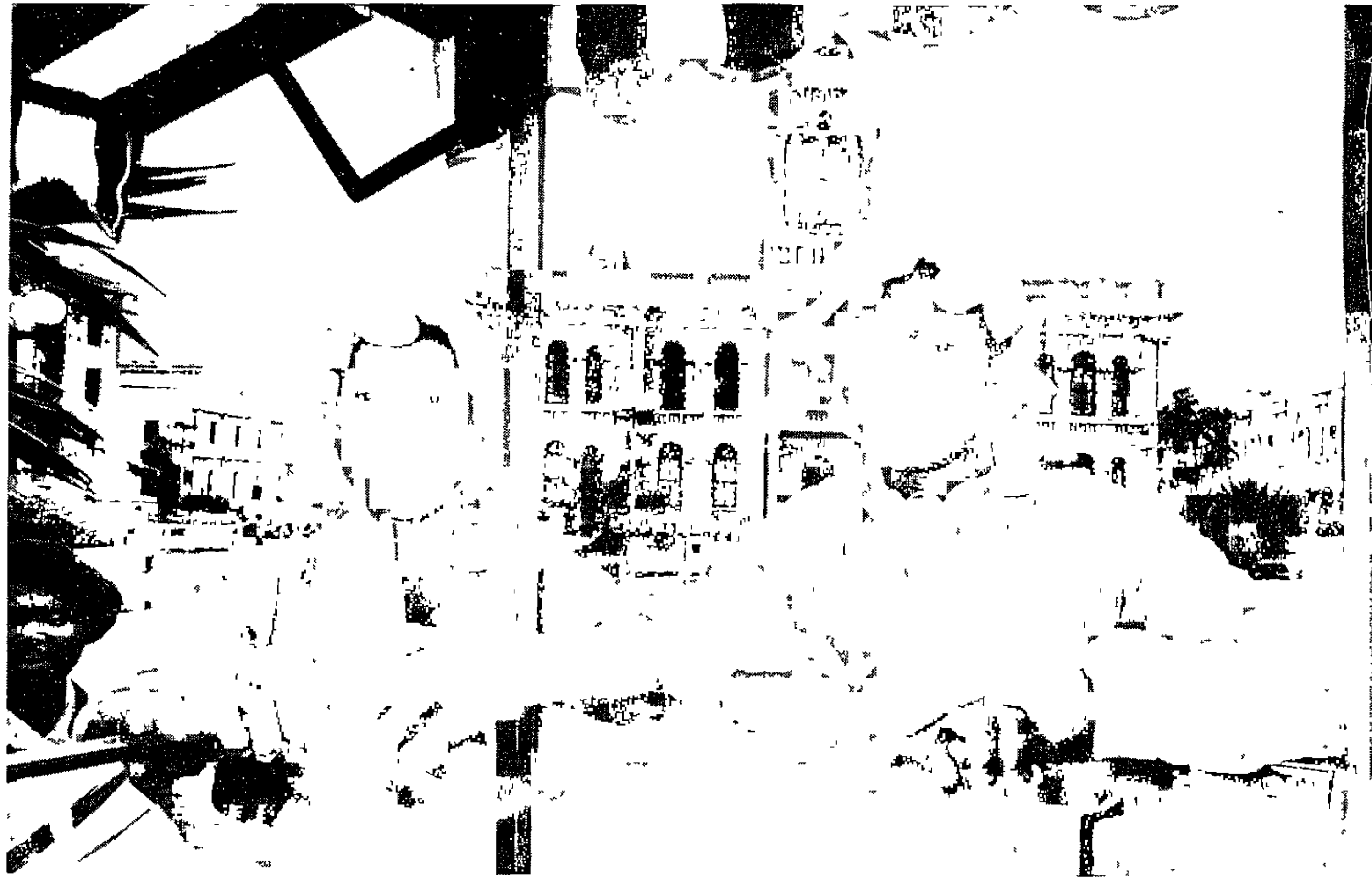
One councillor, Mr Harold Davidson, said he had been fighting for free enterprise on the square for "as long as five years ago when I was on the Publicity Association"

"Right now there are 20 licence holders who paid R20 each for a licence, but they haven't managed to achieve anything because they don't go about the business together

"One or two stalls don't attract much attention Ten or 20 of them will be another matter

"One need only think of the famous Petticoat Lane of Greenmarket Square in Cape Town, and in Israel whole streets are closed off for small businesses"

The Mayor, Mr Solly Rubin, said "I support Mr Davidson all the way Port Elizabeth is a slow starter, a conservative and industrial city, but I'll do anything possible to enliven the city and bring forth some forward thinking"



The way is open for the informal business sector to open stalls this festive season on Port Elizabeth's Market Square and thus create a bustling attraction for tourists and for PE citizens alike So far this hot dog stand, staffed by Mrs GLORIA MNCONO and Mrs HILDA BIBELE, is the only spot of brightness in the thoroughfare. Picture by Mike Holmes

Massive goodwill payment for Makro

Wooltru was created in 1981 through the amalgamation of the long-established Woolworths and Truworths organisations, developing into a diversified group with retail and wholesale interests.

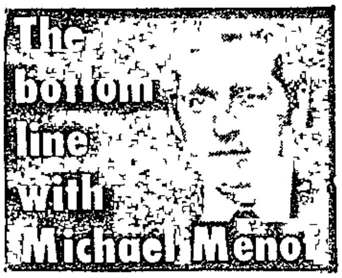
The most significant event in the past year was repurchasing 66,67 percent of Makro that included a staggering R42,6 million goodwill payment Redeeming the preference shares, high capex and Makro's purchase has more than doubled total debt.

Makro's profitability has been disappointing and its stock provisions have been increased Ominously, the annual report states that Makro's sales for the first eight weeks of the current year are only four percent up on last year's.

Was Makro's purchase price excessive and was Wooltru caught on the rebound after discussions with Pep Stores terminated midway through the past year?

Turnover increased to R1,1 billion (1986 — R744 million), of which R212 million came from Makro Net income before tax was R84 million (R61,6 million). Pre-tax profit as a percentage of sales was only 7,6 percent, but would have been 9,3 percent without Makro — up from 8,3 percent in the previous year.

Ordinary shareholders' earnings totalled R40,3 million (R29,2 million), giving 118c of earnings per ordinary share (86c), while the dividend was raised by 8c to 60c — a cover of two times (1,7 times)



Chairman David Susman says the company experienced real growth, with private consumption expenditure up by 18,5 percent and inflation slowing to 17,2 percent He justifies the hefty premium paid for Makro on grounds of its potential earnings, but gives no numbers except that Makro is strategically important to Wooltru since it provides Third-World trading experience

Chief executive Mr A G W Williamson says is Makro badly in need of rejuvenation, but he is keen for the sales of its 194 000 passport holders Food and liquor comprise 70 percent of Makro's sales, with durables and clothing covering the balance.

The final payments for the group's R50 million new head office, ongoing capex, higher stocks (1987 — R184 million, compared with the previous year's R80 million), the R20 million preference shares redemption and the purchase of Makro have had a significant effect on financial structure

Properties were revalued upwards during the year by R66 million This revaluation was included with ordinary shareholders' funds of R259 million (R212 million)

Total debt increased to R141 million (R65 million) at end-June this year and already the income statement is burdened with increased interest to R10,7 million (R3,4 million)

In the operating companies, Woolworths increased its turnover to R666 million (R543 million) Major advances were in ladies' outerwear, lingerie and footwear Increased theft in retail outlets resulted in higher shrinkage levels

Fashion chain Truworths increased turnover to R177 million (151 million) Profits were substantially ahead of last year

The Topic group increased turnover to R44,8 million (R40,5 million) in a year of further consolidation.

Makro's turnover was R464 million (R401 million) for the full year, but "profitability at the same level as last year was disappointing", says Mr Williamson

Bonwit Manufacturing reported unchanged turnover of R37,9 million (R37,5 million), with volumes affected by reduced sales to Truworths and quality problems with local fabrics

The balance sheet shows a big leap in total assets to R594 million (R369 million), with shareholders' interest at R261 million (R233 million) This includes the property surplus, less R43 million goodwill paid for Makro written off

Working capital of current assets, less current liabilities, shows a surplus increase to R48 million (R36,7 million) However, substantially higher stocks have reduced the current ratio to 1,21 to 1 (1,32 to 1), while the acid test of current assets, less stocks, to current liabilities is now a worrying 0,41 to 1 (0,62 to 1), reflecting deteriorating liquidity

Current indications are that the economic upswing will continue through the financial year, Mr Susman says Sales, excluding those of Makro, are 24 percent ahead of last year, says Mr Sussman in his report to shareholders

These are in line with current budgets If this trend continues earnings should once again show satisfactory growth

Wooltru must quickly get its act together at Makro because a significant overpayment in purchase price, especially goodwill, was possible. The escalating debt must be checked and the working capital situation must improve, especially liquidity, if the group is to remain buoyant

Small businesses can get wage relief

No businessman needed to suffer losses because of minimum wage determinations, the Minister of Manpower, Mr Pietie du Plessis, told the National Party congress on Saturday.

Delegates said small businessmen were particularly at risk of losing their viability because of the wage determinations.

Mr du Plessis said it was not well known, but he granted many exemptions, particularly to small businesses which could not afford the applicable minimum wage.

16/11/87

It often happened that these wages were determined in negotiations by industrial councils which were usually made up of representatives of the larger industries.

Star

The smaller businessmen could not afford the time to serve on them and, consequently, could not put their case.

"In the past year I have asked industrial councils to give smaller industrialists some relief, or even exemption," he said.

"I have also asked for regional differentiation in wages.

"In any event, nobody need close a business because he cannot afford to pay wages. He need only apply for exemption in writing and, if refused, he may appeal to me by letter." — Sapa.

30

Argus 18/11/87

Apartheid in business must go — industrialist

By MAGGIE ROWLEY, Finance Staff

A GIANT business pressure group uniting commerce and industry and open to all has been proposed by Mr O von G Scholtz, outgoing president of the Cape Chamber of Industries

This would mean the merging of the giant Association of Chambers of Commerce (Assocom) with the chambers of industries and other groupings in industry and commerce

At the annual general meeting of the CCI last night, Mr von Scholtz said apartheid in business must end

Mr von Scholtz

"I do not accept the grounds for divisions between organisations representing commerce and industry or within organisations representing industry The very few areas where interests clash could easily be overcome

"Separation is being maintained by the usual human fear of change, wrapped in a wide variety of mainly spurious reasons"

He proposed the formation of a new national business organisation "which allows for the sharing of services and costs of the best professionals, open to participation by all organisations representing business, and speaking with one voice"

Turning to inflation he said it was causing serious damage to the economy and urgent and positive action was required

"Our inflation is so much higher than that of our main trading partners that our advantages in exports are constantly being eroded This will continue unless the rand falls even further which, if we go on managing the economy as we do now, it no doubt will"

He warned that the measures that had to be taken to fight inflation might cause higher unemployment.

The government had to formulate a clear and consistent policy to reduce inflation as near as possible to the levels of South Africa's trading partners

A strategy should be determined in co-operation with business The means by which the government sought to lower inflation should be published and progress should be measured against set objectives, he said

Mr Getz

"Our current growth is far below the country's potential It is not a problem which can be solved only by economic policies, but lies in structural factors which inhibit the individual and the economy's ability to respond to oportunities in positive and productive ways"

Certain actions were urgently needed including

- The lowering of the tax rate
- The elimination of all unnecessary state expenditure
- Deregulation and privatisation
- The eradication of all discriminatory legal restrictions on citizens

"Inevitably this will enable every individual to achieve their ultimate potential and proper reward for effort, work and expertise, and take their full place in a thriving free market economy," he said

- Mr Mike Getz has been elected the new CCI president

(30) (88) EvePost 18/11/87

GREY AREA MOVE IS WELCOMED

JOHANNESBURG — The Johannesburg Central Business District Association (CBDA) has welcomed reported moves to formally declare some Johannesburg suburbs multiracial.

It was reported yesterday that the National Party was behind moves to make such places as Hillbrow, Mayfair and central Johannesburg legally mixed areas

Thousands of blacks, Indians and coloureds presently live in these areas in contravention of the Group Areas Act

Meanwhile, our Johannesburg correspondent reports that the extreme right-wing BBB (Blanke Bevrydingsbeweging) has vowed to spearhead right-wing opposition to National Party attempts to open certain Johannesburg suburbs to all races

They were reacting to reports that National Party MPs would push for Joubert Park, Doornfontein, Mayfair, Hillbrow and Johannesburg's central areas to be opened to all races

Professor Johan Schabort, leader of the BBB, said his movement would unite the 14 right-wing groups in South Africa

"As part of our two-year plan we will reform the economy of South Africa and as part of our five-year plan we will consolidate a new white order in the economy

"Eventually it will be possible to repatriate non-whites to their homelands in the period of consolidation of government infrastructure

"Blacks will not only be removed from white areas and put into locations As part of the reform system we would need Government assistance to return blacks to their homelands"

Membership of right-wing parties was growing beyond the wildest dreams of the BBB which aimed to act as the catalyst for all right-wing groups in South Africa, said Professor Schabort

30 South Nov 19-26 '87

Removal threat

By KURT SWART

SOME Athlone residents face possible removal following the City Council's plans to redevelop the business centre and widen a main road

The Council is reviewing proposals to extend the business area south of Klipfontein Road as far as Boyd Avenue

The area's civic association has attacked the proposals "We feel the scheme definitely involves people losing their homes" a spokesperson for the Gleemoor Civic said

"We have been canvassing residents and businessmen and they reject any development that involves expropriation"

Residents in the area faced a similar threat in April 1979 when about 150 families were issued with eviction notices by the Department of Community Development for the planned "upgrading" of the area The civic took the matter to court and in December 1980 the department abandoned the scheme

Warned

As a compromise the Council suggested rezoning the affected area for business use and residents would have the option of using their premises as shops

Five properties on Louisvale Road have already been expropriated to make way for the extension of Jan Smuts Drive into Turfhall Road

Residents in Louisvale Road were not surprised by the move Mrs Farieda Harnaker said "We were warned by the Council when our family bought the property nearly 40 years ago that we would have to move one day, so we are not really unhappy about it"

Praying

Mrs J van der Burg who rents a Council house said "I'm praying that we get another house in Athlone I don't want to be moved to Mitchell's Plain."

Mr S D Parker who owns three shops in Louisvale Road, said "I'm negotiating for a good price and don't want to spoil my chances I'm unhappy, but what can I do?" he said.

Amanda Young, of the City Council's Town Planning Branch said "Council is in the process of reviewing existing development proposals for the Athlone Central Business District, some of which do not have community support — in particular the Boyd Avenue extension proposal

"Council would like to satisfy the community demands if possible and would like to come to an agreement with local organisations on what should be done

"We at Town Planning are very sincere in our dealings with the public and we wish to avoid any conflict."

Representatives of the City Council's Town Planning Branch met with businessmen, hawkers and residents recently to discuss the future growth and expansion of Athlone's CBD

In a slide presentation the City Council showed several proposals for extending the CBD south of Aden Avenue and asked for comment, emphasising that nothing would be done without the consent of the people of Athlone

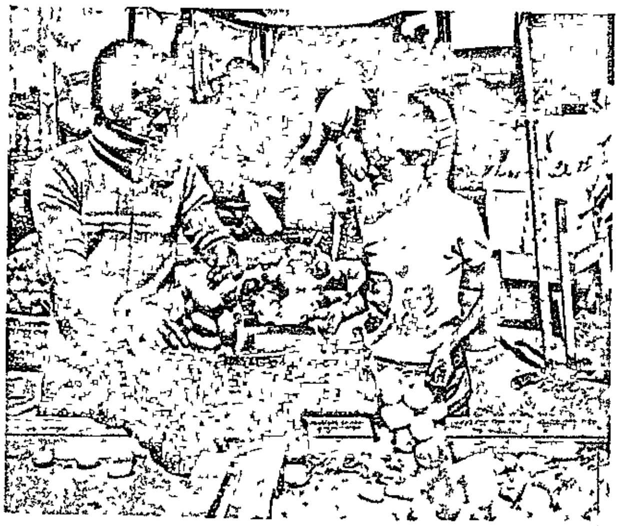
"We wish to avoid expropriating people's houses The most that will be necessary, we hope, is to take out portions of the front garden perhaps," a council speaker said

"We also want to improve the traffic flow by possibly re-routing certain streets so that people can get in and out more easily"

The position of the hawkers was discussed and council proposed that Old Klipfontein Road should be closed to traffic on Fridays and Saturdays between Dobson and Lawrence roads, turning the area into a pedestrian mall

Street trading would then continue on an organised basis leaving the pavements free for shoppers The hawkers would pay a nominal rent for their stalls

If we close the roads your trade will increase a council speaker said 'Studies show that 95 percent of such areas work Let us try it as an experiment If it doesn't work we can always return to the present situation



Hawkers ply their trade in Athlone's central business district In terms of a re-development scheme they will move to a pedestrian mall between Dobson and Lawrence roads

Hawkers

A speaker from the floor criticised the council's pre-occupation with business when people in council houses in places like Bokmakierie and Kewtown were suffering

It's immoral,' he said

Another speaker warned Council not to implement any proposal 'unless you meet with the civic the traders and representatives of the hawkers

The council indicated they would welcome such a meeting

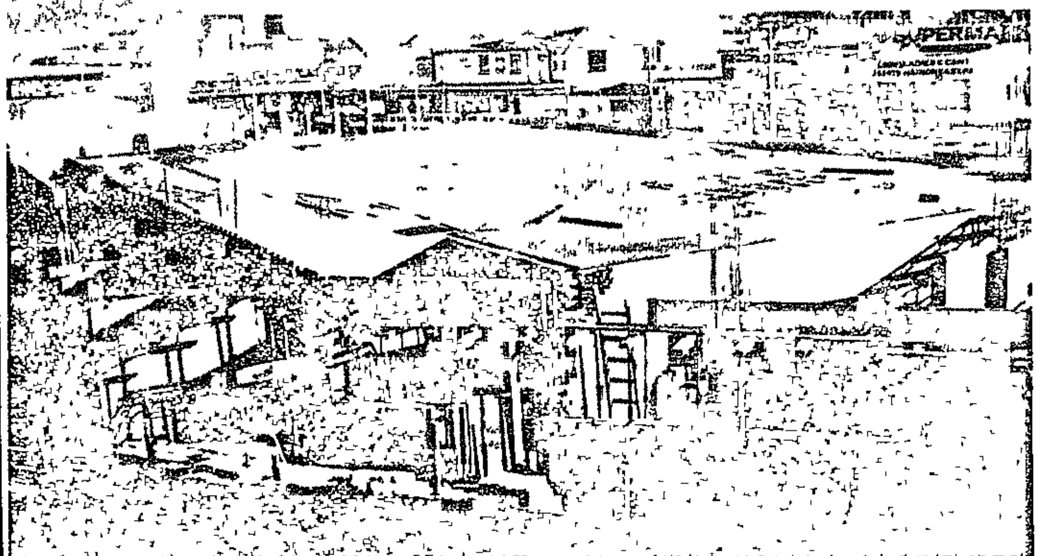
Asked about the expropriations in Louisvale Road the Town Planning Branch said they had nothing to do with it

"That is part of the road planning for Greater Cape Town," a spokesperson said

30 South NOV 19-26 '87.

ATHLONE FEATURE

New R4-m shopping complex near station



MELOFIN Centre, a multi-million rand shopping centre and office block complex is being built in the Athlone business district, near the station

According to the developer Mr Ebrahim Bhorat, the centre will cost R4-million and will be completed by the end of February

The major tenants are Old Mutual and Ackermans A firm of attorneys will also be taking premises Ninety percent of the office space has already been let

The centre, said Bhorat was strategically situated on Old Klipfontein Road in the main trading area, near to one of Athlone's few parking areas

Crime bad for business

By AYESHA ALLIE

TOO many bottle stores in central Athlone were behind increasing crime in the area, according to a business leader in the area

Mr Makee Isaacs of the Western Cape Traders Association, said crime had a negative effect on business in the area

"People want to feel free and safe when doing their shopping They like to shop where they are not afraid of being robbed."

He described Beverley Street and the station as the most dangerous

"About seven years ago the crime was mostly controlled by gangs Since the development of Mitchells Plain, there are not many of these gangs around "

Gangs

The gangs which operated in Athlone no longer lived there, he said

Isaacs linked the crime rate to unemployment and people's socio-economic background "We can just ask ourselves why we on the Cape Flats are exposed to such crimes, and not the people in Constantia "

"People usually put the blame on the hawkers But they are not the culprits

"We have big businesses in the area, banks, professionals such as lawyers, doctors and bookkeepers, but yet the area has not been expanded because of the crime-rate," Isaacs said

Fight crime

"The City Council has done nothing to improve the area Once they uplift the area, hawkers can get better facilities to do their business and people won't walk on top of each other around corners and on pavements "

He said the crime affected workers as well as businesses Bag snatching took place on weekends, at the end of the month and before Christmas "These robbers and bag snatchers get away quickly because they escape through the residential areas

"The community can also help fight crime by reporting it " He said many people witnessed thefts from cars and shops but were too afraid to tell the police.

Mr Kassiem Allie, general secretary of the Western Cape Traders Association, said the Government was directly responsible for crime on the Cape Flats

"With three million people unemployed, and working on an average of five people in a family, this means 15-million hungry stomachs The sooner apartheid is abolished, the quicker a solution will be found "

This is all due to this capitalist system," he said

Allie said there were robberies in Athlone everyday Shoppers should not blame the hawkers, 52 percent of whom were unemployed and had a right to survive, he said

The Athlone station commander, Captain Hennie Haarhoff, said the area was quite peaceful at the moment

Hungry

According to his information, the crime-rate in central Athlone was less than seven percent of the overall crimes in other areas

There were regular foot patrols which would be in the festive season

The bottle stores were not only responsible for robberies "Crimes take place wherever there are people with money," he said

The police had found no problems with the hawkers Most crimes took place in the day and the crime-rate in the area was relatively low, Haarhoff said

Year of growth for industries in the Border

29/11/87

(30)

by Matthew Moonieya
Business Editor

EAST LONDON — It was a year of great developmer for industry in the Border, it was revealed here las night.

The results of an economic survey by the Border Chamber of Industries were released in the presidential report at the sixth annual meeting last night by Mr John Rich and showed an upturn in several sectors in 1987:

- Escom electricity demand up 10 per cent.
- Textiles up 10 per cent.
- White goods, printing and packaging up five per cent.
- Furniture up 20 per cent
- Electronics and certain engineering operations up 25 per cent.
- Steel sales from Iscor's Berlin depot up nearly 50 per cent.

Mr Rich said unfortunately certain industries had remained static

"These include chemicals and pharmaceuticals as well as the building trade which always lags in economic activity," Mr Rich said. "The only sour notes are the well publicised strike at our local motor industry and harbour industry that is down a further 25 per cent year on year."

He said a more interesting trend according to the survey was that Border beer drinkers had increased consumption at the expense of wine drinkers.

"The net result is that there has been an increase in overall employment within existing industries and that is encouraging for all of us," Mr Rich said

Other points made in Mr Rich's address were

- An urgent appeal the government to sta with the construction the proposed new bla town in East London accommodate 150 00 people
- Concern by th chamber that the Mos gas project would dra artisans away from in dustry here to Port Eli zabeth.
- A call on the Ea London City Council remove its perceived in ternal political divis and get on with the nc of running the city.
- A warning that "un realistic" wage demand by unions were lan industrialists in a C 22 situation of fuelli inflation or cutti down on job creation.

More reports page 9

Effects of cutting GST spelled out

Warning by Assocom of a 13% CBT

B/day 19/11/87

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GERALD PROSALENDIS
Financial Editor

COMPREHENSIVE business tax (CBT) would have to be implemented at a rate of 13% if GST was to be reduced to 4% as envisaged by the Margo commission, according to research by Assocom.

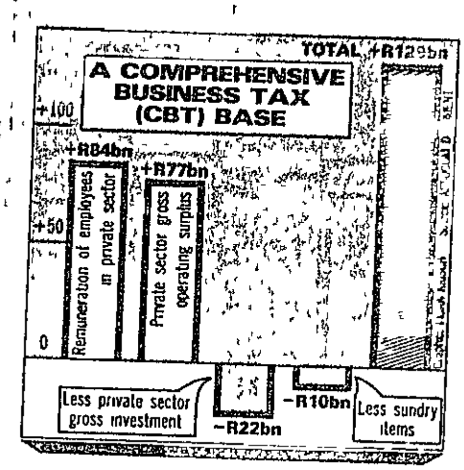
These figures emerge from an Assocom document, widely distributed this week to its members and chambers, which examines various combinations of rates of GST and CBT in order to prevent a net loss of revenue to the fiscus

The 13% projection is based on the assumption that exports be excluded from the CBT tax base, a distinct possibility. The net effect would be two taxes, one of 13% and one of 4%, in place of GST at 12%. If on the other hand exports are not excluded, CBT will fall to 8,5%, says Assocom

See Page 11

In subsequent discussions, certain members of the Margo commission have indicated their belief that GST should ultimately be abolished and replaced entirely by CBT. If this occurs Assocom estimates that CBT would run at about 16,5% with exports excluded and 11% if they are included

"If exports were excluded from CBT the rate would be 16% or more, which would be absolutely unacceptable; and it



might be just as high if GST were retained but foods and inputs were exempted

"There would be pressure for the exclusion of small business — as occurred in Michigan where the tax had its genesis — and labour-intensive industries from CBT

"The country might well find itself with a CBT at 20% or more, which would spell intolerable damage to the economy.

"Rates of around 9% or 10% or even higher would exert a very marked upward influence upon prices and the cost structure," the document says.

This might be accentuated if CBT were to apply to exports, and exporters,

To Page 2

P.T.O.

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THE ECONOMY

Unions spot a Dickensian spectre in the new "free zone" schemes

Deregulation advocates have hailed the new 'free trade zone' scheme as an unemployment beater. The unions, however, see it as an employee beater. SEFAKO NYAKA reports

THE "free trading zone" which the government plans outside Alexandra township has been welcomed as a means to create new jobs. But this week a union told a parliamentary committee that the opposite could hold true.

The National Union of Metalworkers of South Africa contended that the "free zone" will actually destroy basic labour reforms hard won over the years.

The draft proclamation to establish the zone in Kew, next to Alexandra, was announced by State President PW Botha a few weeks ago.

The scheme, the first to be established in a highly industrialised urban area, is a pivotal one and could pave the way to the opening of dozens of similar "industrial centres" nationally

In the past the trend has been to deregulate "border areas" on the fringes of the "homelands".

In its statement this week to the standing committee dealing with the proposal, Numsa said the union believed deregulation of the area, to be known as Enterprise Park, will:

will·

●Significantly depress the remuneration and working conditions of employees.

●Undermine collective bargaining structures

●Create an unstable industrial relations climate and

●Transfer a significant burden of social security from employees to the state

The proclamation proposes to suspend wage-regulating measures and several provisions of the Basic Conditions of Employment Act — gains made by unions, Numsa noted, after many years of bitter struggle.

It removes all restrictions relating to wage rates, overtime work and pay, shift work, work on Sundays and public holidays, notice of termination, the requirement that employees must be paid by the last day of the month, and deductions from wages.

The statutory minimum wage in the metal industry is R2,61 per hour. In addition to a holiday bonus, 10 paid holidays, sick pay and pension fund contributions, shift and overtime allowances are compulsory

Employees in the industrial park, who are likely to be paid R20 a week, will be living with and working next to others earning upwards of R115 a week.

The Numsa statement warned this was likely to result in an unstable labour environment

Provisions preventing the use of child labour are among the few to be retained

The proclamation also suspends significant sections of the Machinery and Occupational Safety Act and subsequent regulations.

Employers qualifying for benefits would no longer be required to introduce precautionary measures in terms of an October 1984 set of regulations where potentially dangerous working conditions exist, or to make employees conversant with any dangers or precautionary measures.

Regulations published in May 1986 compel employers to supply, among other things, protective clothing and equipment for workers engaged in hazardous tasks.

They are also forbidden to require employees to work in an area where there is a danger of fire or explosion due to the presence of inflammable liquids, unless various precautions have been taken.

Proper ventilation is required in rooms where spraying is done, and welding, flame-cutting and similar operations may not be done unless the worker has been taught to use the equipment and various safety measures are in place.

The proclamation suspends all these 1986 regulations, various building regulations and by-laws, licensing ordinances and by-laws.

It also suspends legal provisions on employee safety representatives.

Numsa holds that deregulation will create a situation of unfair competition because the costs for entrepeneurs in the metal industry will be much lower than those who are not similarly deregulated

The lower cost structure of the "start-up enterpreneurs" will result in work being subcontracted to them, said the statement, leading to major job losses from established employers in the industry.

Proponents of deregulation argue that this measure has the potential of creating more jobs.

But Numsa argues that new jobs' jobs can be created only where new markets are created or where work which is carried out in capital-intensive processes is transferred to labour-intensive processes.

"It is not clear how exempted entrepreneurs will create significant new markets Their employees will by and large earn far less than those employees in established industries whom they have replaced, and so will not significantly increase the wealth in circulation," the statement notes.

The union has also rejected the deregulation proposal because no consultations were held with the people of Alexandra and community-based organisations there, or with the Numsa shop steward council.

New Bill outlaws strikes — Cosatu

THE Congress of South African Trade Unions has criticised proposed amendments to the Labour Relations Act as a "serious attack on the labour movement in general and Cosatu in particular".

According to the federation the Bill aims to:

●Make sympathy strikes illegal.

●Allow employers to prohibit all strikes including legal strikes.

●Encourage "sweetheart unions" by allowing employers to recognise minority unions and making it an unfair labour practice for a union to claim sole collective bargaining rights.

●Allow racially-based unions to register even when they do not represent the majority of workers.

●Enable employers to sue unions for damages caused by illegal strikes.

●Allow employers to selectively re-employ workers after a strike.

The Bill will also prevent unions declaring a wage dispute for a period of 15 months.

"This means that if a dispute takes place on wages it is illegal to declare another dispute for a period of 15 months. Most wage agreements in Cosatu are not longer than 12 months," Naidoo said.

This is viewed as a direct attack against Cosatu and its "Living Wage Campaign", he added.

Unfair competition, say traders

Flea market sparks a row

(30) SOWE 20/10/87

By Sally Sealey

Several stall-holders in the Hillbrow flea market have been told by the Johannesburg City Council to close as they pose a threat to nearby shop-owners

This has brought to a head a row between the flea market and shop-owners in the vicinity, who claim the lower prices charged in the market represent "unfair competition"

An appeal for the continued operation of the flea market has been lodged with the council

Last weekend several stall-holders were approached by members of the South African Police and by Mr Peter Rose of the Hillbrow Traders' Association

A stall-holder who travels from Pretoria each weekend said "They asked me whether I make the cushions I'm selling. I told them I did and that my husband makes the lamps we sell They also asked whether this was my sole source of income."

The situation was discussed at a meeting of the Hillbrow Traders' Association, the council and the department of town planning

The market was scheduled to close on October 9 but an application for an extension is being considered by the council

But shopkeepers in the area, who are paying between R2 000 and R5 000 in rent, are pressing for the market to close by Christmas

Shopkeepers say they cannot compete with the market traders who, they claim, do not charge GST on their goods

Certain stall-holders have been accused by the shop traders of starting a price war in Hillbrow which, while benefiting the public, is bad for business

Many shop-owners have said they might have to close because they cannot compete with the low prices being charged in the market

Mr Rose said he had received several complaints from traders.

"First, the area does not have trading rights and, second, many of the stall-holders are operating without a licence If the market sold goods which were not in competition with the shops we would be prepared to turn a blind eye, particularly if the market benefits the unemployed," he said

Members of the public have expressed dismay at the closure of some stalls where prices, they say, are keen.

Hillbrow councillor Mr Cecil Bass said "I fully support the market in Hillbrow but I do know there have been some complaints from businessmen in the area that the stall-holders have been trading without licences"

Small business may revitalise economy

B/Day 20/11/87

HELENA PATTEN

THE AVERAGE monthly registration of companies and close corporations had risen 200% since 1984 and the figure's substantial small business component could ultimately revitalise the economy, the Information Trust Corporation said.

MD Paul Edwards said 83% of the increase in registrations were close corporations. While many partnerships and sole proprietors had converted to close corporations, SA could be following North America where economic growth since the 1950s had been significantly supported by a small-business boom.

A similar pattern was developing in SA. Fewer corporations controlled an increasing percentage of the economy. Greater mechanisation and computerisation meant new jobs were being created at an unfavourable rate when compared with the growth in the population. "The solution is to foster growth in the small business sector."

RETAIL CENTRES 30 F/M

Pinetown progress

Sanlam looks set to follow the success of its Durban Workshop development with its R65m shopping centre in Pinetown

The regional centre, with a gross lettable area of 34 000 m², is being built by Murray & Roberts and, despite a three-week delay caused by the Natal floods, should be completed on time in June

Meanwhile, Retail International, which holds a head lease on the centre, has already let 18 200 m² (54%) Tenants include Pick 'n Pay, Game, Woolworths, Clicks and The Hub

Danie van der berg, provincial manager property investments, for Sanlam, says three of the four restaurants in the shopping centre have already been let and negotiations on the

20/11/78

fourth are underway

Negotiations with two national clothing stores have also reached an advanced stage If they come off, the centre will have only 27% of available space unspoken for by the new year

The design of the complex provides for a "gourmet fair" zone where the six food suppliers, as distinct from the restaurants, will be located

In addition, the developers are hoping the 30 fashion and shoe shops will make the centre one of the largest fashion drawcards outside the Durban CBD

Eight financial institutions, with automated teller facilities, will be represented within its confines and the centre will have parking for 2 000 cars

23 OK workers get three-year terms

20/11/87 · By Bruce Anderson

Twenty-three OK Bazaars workers were sentenced to three years' imprisonment each yesterday after being convicted in the Johannesburg Magistrate's Court on a charge of public violence for an incident which took place at the time of the OK Bazaars strike earlier this year.

Bail for the workers was fixed at R1 000 each, pending an appeal against the verdict and sentence.

The defendants argued that none of them had been armed, no one had been injured and there had been no damage to property as a result of the incident.

Four of the workers were also convicted on a charge of intimidation. On this charge, three of them were sentenced to four years' imprisonment, two of which were suspended. The fourth worker was sentenced to three years' imprisonment, two of which were suspended.

THE BACKYARD BUSINESSES OF TEMBISA GET A HUGE BOOST

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By SELLO SERIPE

TEMBISA'S R1,3-million industrial park in Mqantsa Section was officially opened recently and the community was treated to a glittering party also attended by local businessmen.

The entrepreneurs of the park are local businessmen who are members of the Tembisa Industrial Sharblock Company while the Standard Bank provided the loan

The park already houses 32 small businesses run by people who formerly operated in their backyards

There are different kinds of businesses one would expect to be found in the central business districts and big industrial areas such as glass fitters, mechanics, welders, tailers and clothes designers

The park's chairman, Enoch Siboza, said studies were made before business people were booked

"Most of the people are poor and have shown a spirit of determination in developing," said Siboza

Among the speakers at the ceremony was Standard Bank's general manager of the commercial services divison, Chris Lombard, who said for the past five years in which the bank has been committed to the development of small business, it had identified a need for formal business premises to be made available to informal backyard operators.

"A careful study revealed, at the time, that a real and urgent need existed in Tembisa

"After indentifying this need, the bank entered prolonged negotiations with local industrialists and it was from these beginnings that the idea to build this park was born," said Lombard.

Guest speaker and senior consultant at Job Creation SA, Martin Manela, appealed to the community to support the small businessmen at the park.

Manala said it would be a gross contradiction and a very serious irony if the community and the Tembisa local authority were to buy some of the things they required from outside suppliers without first challenging the local enterpreneurs to provide them.

"Price, quality and delivery being competitive, local enterpreneurs should, of necessity, be given first choice to do business with the community and the local authority," he said.

For clothing, the community is looked after by Maureen Ncholo, who is a tailor and designer

Ncholo, 34, also designs and produces wedding and evening garments

She recently won a trophy for designing "Arabic style" clothing for ladies which rocked the townships.

Sheet-metal products are available at Buda Metal Works and Engineering under management of Lucas Mabena.

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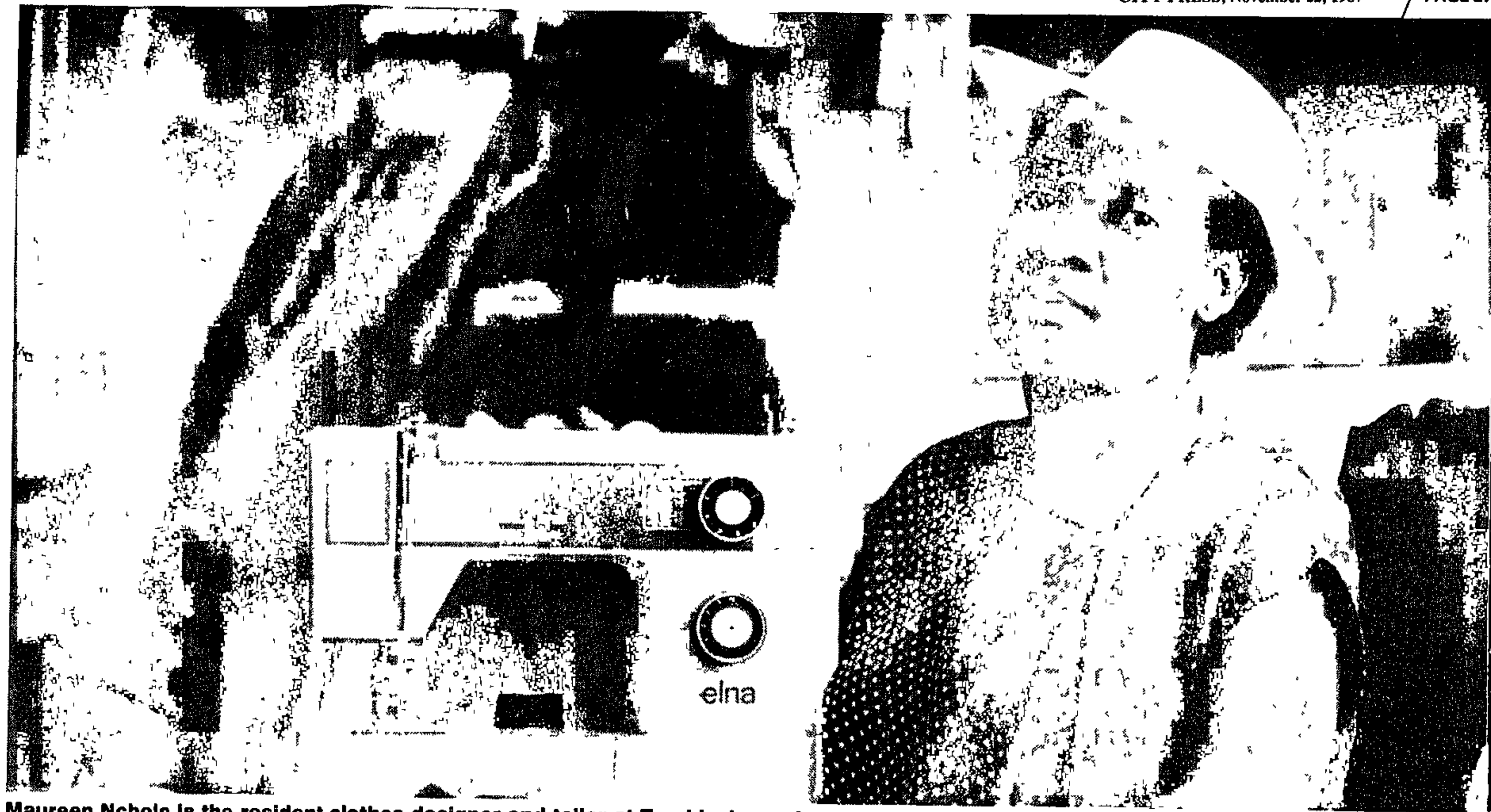
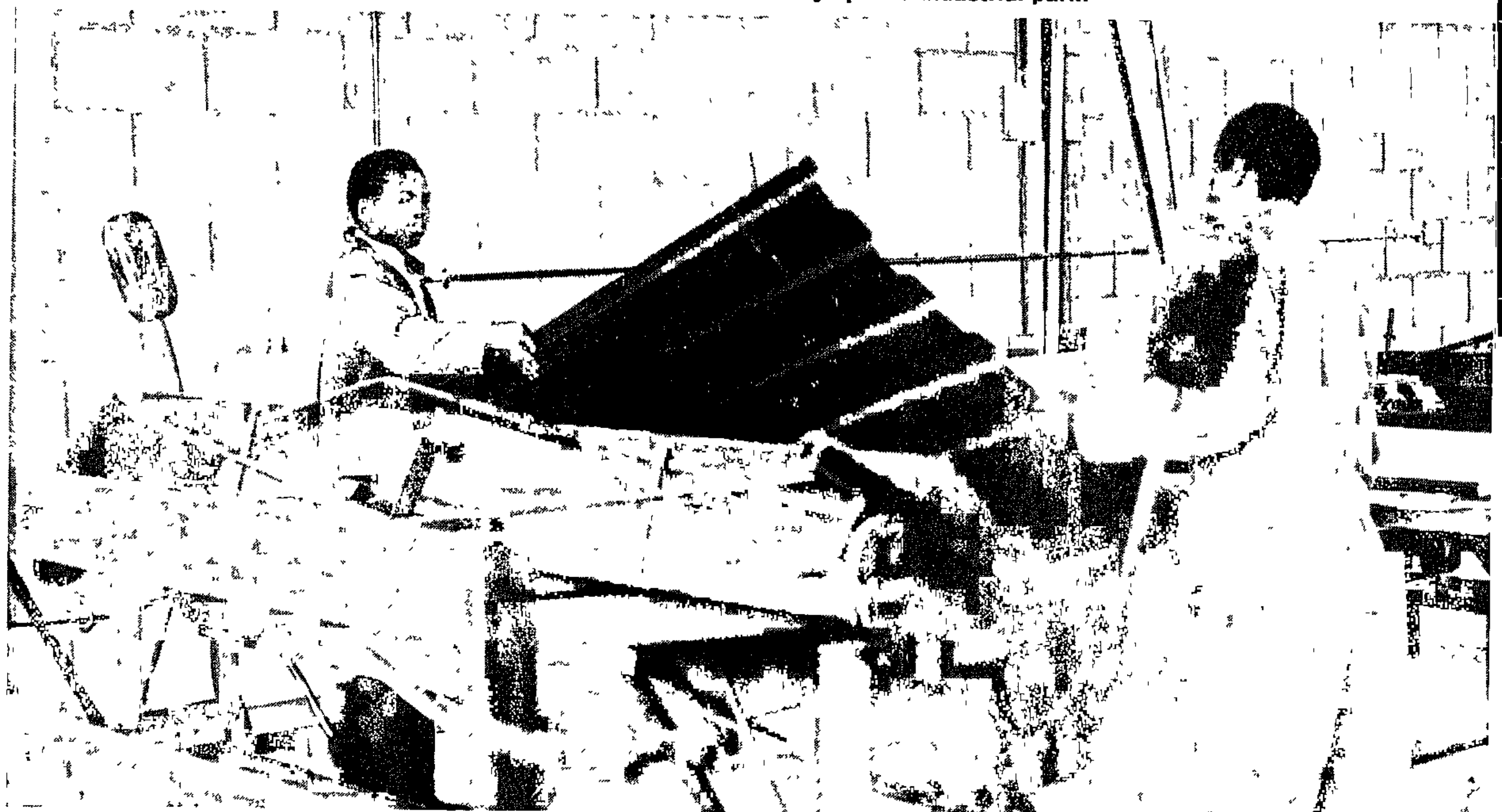


Maureen Ncholo is the resident clothes designer and tailor at Tembisa's newly opened industrial park.


Buda Metalworks and Engineering is working hard to cater for all Tembisa's sheet metal requirements.

Involvement the key to the future says Bassingthwaighte

DD 27/11/87

(30)

Daily Dispatch Reporter

EAST LONDON — The message from the chairman of the Central Business District Association (CBDA) is that "things are moving ahead" in the city.

Mr Gwyn Bassingthwaighte was speaking on the topic of the CBDA and forward planning at a Citywide Ratepayers' Association meeting

He said the key to attacking the future was "involvement" which must be multi-pronged, and cited the success of the CBDA 2 000 seminar held earlier this year which was based on the success of the forward planning of the City of Pietermaritzburg

Mr Bassingthwaighte said that it was crucial to take the city into the future and to do this one had to get down in the "nitty-gritty of how"

He said that the corporate planning sub-committee had been formed to assist in this matter, with the planning of the city as far as infrastructural elements shopping, factory and residential areas were concerned and also in the application of financial resources

He said that the city did face financial problems, but that in terms of the five goals set out for achievement by Pietermaritzburg, these aspects were actually covered by East London's five existing municipal directorates

Sigcau for Ciskei function

DD 27/11/87

UMTATA — In another apparent step towards the normalisation of relations between Transkei and Ciskei, the Transkei Prime Minister, Miss Stella Sigcau, and members of her cabinet have agreed to attend Ciskei independence celebrations in Bisho next Friday

The deputy-secretary of the Department of the Prime Minister, Mr M Mhlati, said yesterday Miss Sigcau would be accompanied by the Minister of Agriculture and Forestry, Chief Ngangomhlaba Matanzima, the Minister of Education, Mr Caleb Songca, the Minister of Posts, Telecommunications and Transport, Chief M. B. Dumalisile, the Deputy-Minister of Health, Mr Richmond Matutu, and the Deputy Minister for Welfare and Pensions, Mr Clippard Komsana

Two weeks ago, Transkei and Ciskei held talks in Bisho on the normalisation of ties between the two Xhosa states

It has also been confirmed that President Tutor Ndamase will attend three-day celebrations in Bophuthatswana next week

He will be accompanied by the Foreign Minister, Mr Tembekile ka-Tshunungwa — DDR

Flood of new registrations an encouraging sign

Small businesses give new vitality to economy

23/11/87

By Michael Chester

A boom in the launch of new small businesses might provide the crucial thrust needed to boost South Africa out of its current economic doldrums, according to surveys released yesterday by a crack team of trend analysts

The Information Trust Corporation (ITC) reports that the number of new companies seeking registration mushroomed by more than 200 percent during the past three years and is breaking all records

The monthly average run of new registrations of companies and close corporations so far this year has soared above 3 000 from under 1 000 in 1984 when sanctions and disinvestment clouted business confidence

The ITC provides a track record showing that small business enterprises have given new vitality to new-company launches.

While the monthly average of new-company registrations stayed on a plateau at about 1 000 between 1980 and 1984, the 1987 figure had climbed to 3 015 by October

ITC managing director Mr Paul Edwards says analysis has shown that as many as 83 percent of new registrations are close corporations

The emphasis on the growth of close corporations suggests that South Africa is following in the tracks of the US, where much of the economic growth since the 1950s is attributable to the boom in small business launches.

"In South Africa we are seeing a similar pattern development," he says

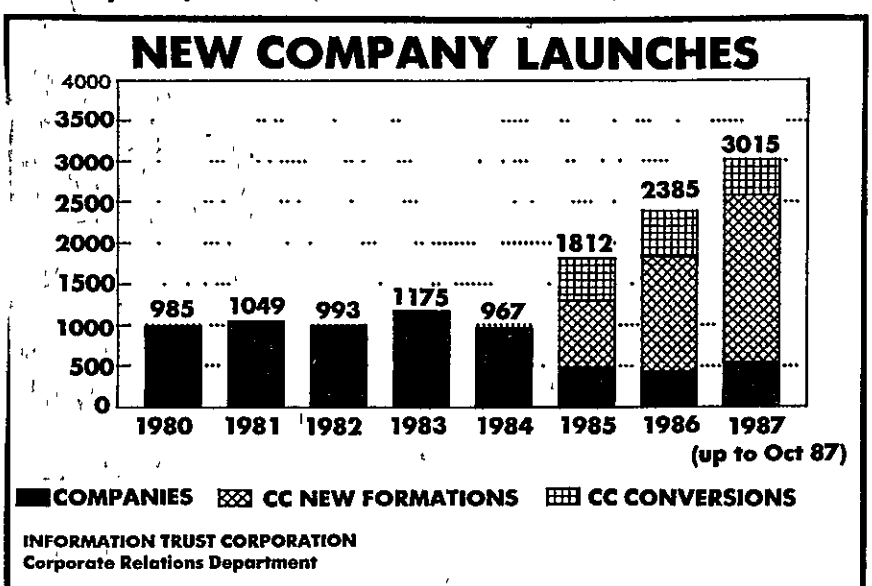
JOBS, BIRTH RATE AT ODDS

"Fewer and fewer corporations are controlling an increasing percentage of the economy. But as the concentration continues, bringing with it greater mechanisation and computerisation, new jobs are being created at an unfavourable rate when compared with the growth in population

"The solution is to foster growth in the small business sector."

Much of the dynamic new thrust in company registrations is due to the Government's encouragement of the formation of new small businesses by cutting down on red tape and by offering favourable tax benefits

"What is needed now is a concerted effort by Government to provide funds and training to help establish more new businesses," Mr Edwards adds



SOWETAN, Monday, November 23, 1987

'Face economic reality'

SOWETAN Reporter

BLACK businessmen should be sensitive to the current social, political and cultural trends in South Africa,' a leading business consultant said at the graduation ceremony of black traders at the University of the Witwatersrand.

Mr Reuel Khoza, director of Co-ordinated Marketing, said black entrepreneurs also have to face the economic realities in this country

He said they should be able to translate these challenges into a profit opportunity for their businesses if they were to grow into big corporates

About 125 black business people from the Pretoria - Witwatersrand-Vereeniging areas completed courses in retail management.

The course, sponsored by a leading engineering company and was conducted at the university, was attended by businessmen who operate butcheries, fast food outlets, confectionaries, clothing shops, general dealers and hairdressing saloons.

Change

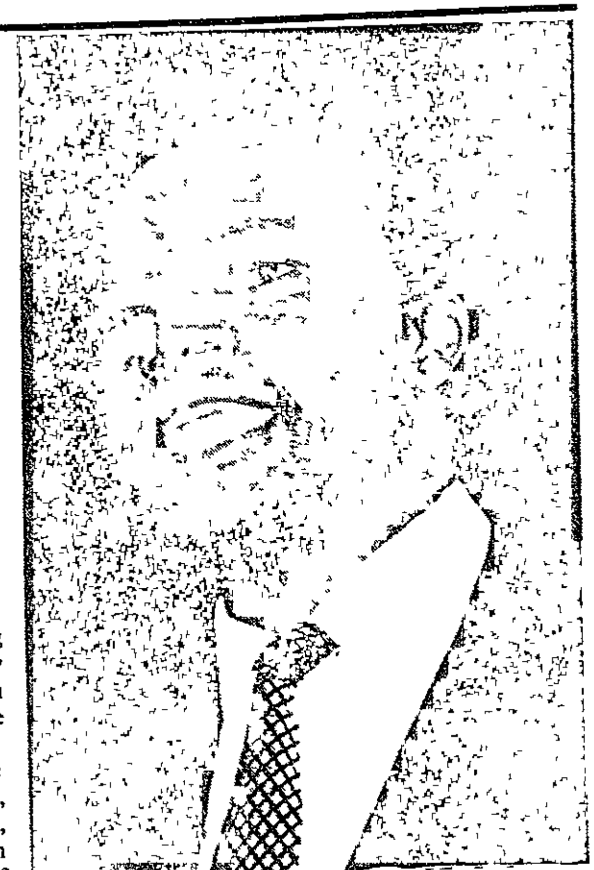
Mr Khoza said: "Successful entrepreneurs are able to rise above the thoughts and actions of others and commit themselves to the long-term perspectives of their enterprises."

He said the most important characteristic of the business environment in South Africa today was change Until recently business people operated with the assumption that they enjoyed bountiful resources to build profitable enterprises

The new technology and accelerating change were placing pressure in every organisation, large and small Allied to this characteristic change was increasing competitiveness, he added.

He said: "Most businesses after learning skills forget them. They should be able to plough back what they have learnt to the community".

They should be sensitive, versatile, patient, have vision, focus and be creative in their daily operations, if they were to adapt to change"



MR REVEL Khoza, director of Co-ordinated Marketing.

(30) 24/11/87

Ciskei 'trying to crush union'

Pick 'n Pay has undertaken to contact urgently President Lennox Sebe of Ciskei, following an alleged attempt by Ciskei police to "crush" the Commercial Catering and Allied Workers' Union (Ccawusa), the union said in Johannesburg yesterday.

Ccawusa said one of its shop stewards at Pick 'n Pay's Bisho store, Mr Hemming Dali, had been in detention since last Thursday.

When the Pick 'n Pay manager telephoned the Ciskei police, he was told by a certain Captain Gazo that this was "not Pick 'n Pay business and that Pick 'n Pay must get out of the union," Ccawusa claimed.

On Saturday, Pick 'n Pay workers went on strike demanding Mr Dali's release.

Pick 'n Pay informed Ccawusa that it had received a letter from the Ciskei police "demanding that they terminate their relationship with the union or else the store will be closed".

Pick 'n Pay is attempting to contact President Sebe to request Mr Dali's release. — Sapa.

TO

DD 24/11/87

Bisho store shuts early after worker detained

EAST LONDON — The Pick 'n Pay supermarket at Bisho closed early on Saturday because workers stopped working in solidarity with a colleague who had been detained by Ciskei Police, the regional general manager, Mr Terry Carroll, said

Mr Carroll said the workers had asked management to intervene on behalf of their colleague

The management had established the worker had been detained on security grounds, he said, and in such circumstances there was nothing management could do to help free the man

He said the workers stopped working at noon as they had indicated and the shop was closed

However, the workers returned to work yesterday and the situation was back to normal, Mr Carroll said

Meanwhile, the Commercial Catering and Allied Workers' Union (Ccawusa) said in a statement issued in Johannesburg yesterday that Pick 'n Pay had undertaken to contact President Lennox Sebe, urgently following an alleged attempt by Ciskei police to "crush" the union

Ccawusa said one of its shopstewards at Pick 'n Pay's Bisho store, Mr Hemming Dali, had been in detention since last Thursday after he had been picked up at home

When the Pick 'n Pay manager telephoned the Ciskei police, he was told by a certain Captain Gazo that this was "not Pick 'n Pay business and that Pick 'n Pay must get out of the union," Ccawusa claimed

On Saturday, Pick 'n Pay workers went on strike demanding Mr Dali's release, but at 2 pm a large contingent of Ciskei police arrived at the store and "forced workers out of the store using intimidation", claimed the statement

Pick 'n Pay informed Ccawusa that it had now received a letter from the Ciskei police "demanding that they terminate their relationship with the union or else the store will be closed down

"Furthermore, the Ciskei police wants to have control over who is employed at Pick 'n Pay," Ccawusa said

The union's head office intervened to prevent further strike action by workers on the issue while Pick 'n Pay had undertaken to urgently contact President Sebe to request Mr Dali's release

"Presently, Pick 'n Pay and Ccawusa are both monitoring the situation," Ccawusa said — DDR-Sapa

Christmas bells will ring all way to bank

By Michael Chester

South African consumers and businessmen alike are well on the way to their merriest Christmas in years — despite the stock market crash that has hogged the headlines and spread gloom in recent weeks

The good cheer came today from the mandarins at Central Statistical Services, the government department that monitors key economic signals and which has tossed away recession gloom and turned scowls into Santa Claus chuckles for the first time since 1983.

Sales patterns are well on target with recent forecasts by the Association of Chambwrs of Commerce that retail sales will reach new record levels in the 1987 Christmas shopping season

Assocom has predicted that shop sales will rocket to above R8 700 million — no less than 18 percent more than a year ago.

Taking inflation into account and the dwindling purchasing power of the rand in consumer purses and wallets, it is not only the amount of cash spent in the Christmas season that is climbing, it also promises to be the first time in years that the actual volume of goodies is going to increase — using constant 1980 prices as a guide rather than current prices

Confirmation of the likely accuracy of the Assocom forecast comes with estimates from CSS that retail sales in November look set to hit new records at over R3,7 billion. That is already almost identical to the business prediction of an 18 percent boost above cash spending in the November/December sales bonanza

When retailers tot up final figures for November, say CSS, sales will have soared more than R577 million over the total for last November

Improvements in business conditions are also indicated in CSS figures showing that the number of business liquidations between August and October shrank by no less than 35,5 percent compared with a year ago and insolvencies were down by a dramatic 22 percent

DD 26/11/87

Anger over decision to extend shopping hours

(30)

Daily Dispatch Reporter

KING WILLIAM'S TOWN — Some traders here have been angered by a decision by the borough council to forward the Kaffrarian Chamber of Commerce's request for extended shopping hours on Saturdays to the Administrator of the Cape

The proposal will be submitted to the administrator because some traders have objected to the extended shopping hours

The council has recommended that the proposal be approved

Among the traders who are against the proposal is a borough alderman, Mr Eric Weyer, who voted against the recommendation.

An official notice, in which objections to the proposal to extend shopping hours on Saturdays were invited, was published on October 8

Objections received by the council included a petition signed by 52 local traders

The town clerk, Mr Henry Hutten, said that if the shopping hours were amended, 181 local shops would be allowed to trade on Saturday afternoons — if the owners decided to do so

"Seventy per cent of the affected shopowners did not object to the extension of trading hours on Saturdays," he said

One shop owner, Mr Derek Moodie, said he was disgusted by the decision.

"In a vote of no confidence over this issue I call upon the entire executive of the Chamber of Commerce to resign

"The few retail members of the chamber should also resign The retailers in town must get together and form their own retail association

"Requests to the borough council from the retail section are always overruled by the executive of the Chamber of Commerce which makes the final decision," he said

Mr Moodie said that councillors were against the call of the businessmen in the town and were appeasing their consciences by stating that their decisions were taken in the spirit of free enterprise

"What is free enterprise if retailers are liable to be prosecuted if they do not open their businesses between 9 am and 4 30 pm during weekdays?" he said

Another businessman, Mr Areli Kockjeu, said the argument that retailers were not being forced to open on Saturdays was misleading

"We will have to open in order to protect our own businesses

"In a matter of a few months the entire trade will be affected by the extended shopping hours," he said.

The affect on family life was another argument against opening on Saturday afternoons

Mr Kockjeu said one survey among retailers who were members of the Chamber of Commerce showed that 614 employees would have to work on Saturday afternoons

"This will affect 614 families or, if the figures are projected to include all businesses in town, 4 900 families.

"Black employees have to travel long distances to work and the only time they have with their families is on Saturday afternoons and Sundays This will now also be denied them," he said

There was a large trading community in King William's Town and opening on Saturday afternoons would affect social and sporting activies

"This worries me because these activities will be transferred to Sundays which should be a day of quiet," Mr Kockjeu said

Both Mr Moodie and Mr Kockjeu said the problem should be addressed by fighting for the lifting of General Sales Tax in the town or by reintroducing GST at a supermarket in Bisho

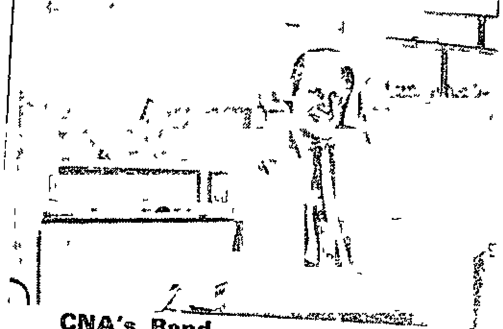
RETAIL SPENDING 30

Confident mood

Diagonal Street's plunge has not deterred most retailers from forecasting a strong December season. Major consumer-based companies canvassed are almost unanimous in their optimism, predicting the best peak period since 1984, with sales up by at least 3% in real terms over 1986

Retailers are buying confidently and moving a lot of products into stores, says Mike Perry of consultants Perry & Associates Simpson McKie economist John Banos notes that unlike other countries where there is widespread individual ownership of shares, most South Africans were not exposed to the stock market, while a more stable rand has helped restrain increases in prices of durables and semi-durables CNA CE Doug Band says "Early indications are that consumers are prepared to dig a lot deeper into their pockets this year"

The highly seasonal furniture business is expected to benefit most from revived consumer spending At the least, the 5%-10% increase in sales since June should be sustained Rusfurn CE Geoff Austin says sales in all stores are about 30% up on the comparable months of last year November trading is looking particularly good, portending a strong December when turnover usually doubles, he says Retail consultant Eric Levine says there remains enormous pent-up de-



CNA's Band ... consumers digging deeper

mand in the sector, which is trading 30% below 1984 volumes in real terms Higher salary increases and low interest rates have greatly improved consumer's debt capacity and stimulated credit demand

Amrel MD Stan Berger says hire purchase commitments appear to have been fuelled by the marked improvement in recent company results, which have created expectations of better annual bonuses and, in some instances, resumption of 13th cheques Lower bond rates and progress in the black housing market should also benefit the furniture trade, says Berger

Shield CE Theo Muller says if the trends of the last two months continue the group is in for a bumper Christmas, with a budgeted 29% real increase in turnover He cites the calmer unrest situation as helping But quieter times have had the opposite effect on large clothing chains, where November trading is much softer than last year Edgars CE Vic Hammond explains that consumer boycotts saw early Christmas buying in 1986, resulting in a weak December He is confident sales will pick up for a reasonable season, with stock levels 8% up on last year

Garlick MD Jack Garlick says the mood is generally much more optimistic and confidence is greater than in a long time, with the stock market gyrations showing no material impact But he cautions "A crash of such magnitude cannot but have some effect" Meanwhile, as A D Spitz chairman Antony Spitz says, "spending is superb" *Kay Turvey*

FM 27/11/87

Unemployed printers go it alone — profitably

30 29/11/87

INGA MOLZEN

BE A BOSS AND MAKE MONEY: this is not only Mr Isaac Mdlalose's motto and advice to others, it is also one of the bumper stickers printed by his firm He and partner Mr Leslie Shongwe are printing stickers by hand at their workshop at the Small Business Development Corporation's Entrepreneurship Training Centre, near Soweto They launched their screen printing business, African Promotions, this year.

In a business climate that hardly favours quick growth, two formerly unemployed silk-screen printers have increased in six months the turnover of their modest business 20 times

They have also been able to generate employment for others

In May this year, life seemed to hold little promise for Mr Isaac Mdlalose (36) and Mr Leslie Shongwe (26) Mr Mdlalose, a father of three, had been out of work for almost a year since being retrenched after 20 years in the printing industry Mr Shongwe who had been in the industry for two years, lost his job in January The efforts to find work proved futile

Then they saw an article in the press about "Strategies for Survival" — a two-day seminar conducted by Miss Peggy Reid-Davies for the Small Business Development Corporation (SBDC) to motivate the unemployed to become self-employed

Neither had previously considered going into business on his own and to consider it now when they literally hadn't a bean seemed ludicrous

But they were desperate So they signed up for the course and borrowed the R10 registration fee

Until then they had not met Once the course started, however, their mutual enthusiasm drew them together and they decided to join forces and start a silk-screen printing business

They had to borrow R120 to rent the small premises they first occupied at the SBDC Pennyville Entrepreneurship Training and Development Centre

Salvaged scrap paper

They made workbenches from scrap timber discarded by one of their new neighbours in the carpentry section In their first month using scrap sticker paper salvaged from larger companies, they started designing and printing bumper stickers Their turnover R200

That was six months ago Since then they have moved to larger premises and have expanded their operation to include printing T-shirts tracksuits, shop showcards, signs and labels Turnover between R3 000 and R4 000

The two entrepreneurs have now created employment for an assistant, Miss Eunice Mkwanazi (20) She had been unemployed since 1983 when she left school.

Two weeks ago another qualified printer, Mr Timothy Sekati (47) without work for two years, joined the team

Said Mr Mdlalose "I'm happy because now I don't have to depend on anybody but myself

"When I was told that my job was finished I realised how vulnerable I was" Although it is more than a year since he claimed from the Unemployment Insurance Fund, Mr Mdlalose said he had not received payment.

His advice to others wishing to start a businesses "It's not difficult Your only initial resources need to be a good idea, a plan of action, enthusiasm and initiative "You must not lose hope because you are unemployed," said Mr Mdlalose

The SBDC recently approved a R50 000 loan to enable the firm to buy machinery to increase production

Mr Mdlalose said African Promotions had almost completed the down payments for six new colour silk-screen printing machines

● For information about a seminar to be held on behalf of the SBDC Pennyville near Soweto on December 2, telephone Miss Reid-Davies (011) 648-8992 (all hours)

SEEKING HONEST PARTICIPATION

By REUEL KHOZA

THE area of participative management is one which holds one of the most crucial challenges for business

Not least because of the unnatural division between management and labour in this country – a division based largely on race and extended to socio-economic and ideological differences

South African business managements have to achieve common purpose with their employees They have to find ways of overcoming existing cleavages

The one way in which business can address this challenge is participative management

I believe this to be the practice whereby management significantly involves employees in the running of a business

However, one finds resistance to this concept for a variety reasons The first is a genuine inability of management to grasp or understand the concept

The second is born of an attitude cultivated in South African cultural and socio-political milieu where whites cannot see blacks as partners or significant contributors of any kind

Another is based on the false understanding that a call for genuine participative management is a call for management to abdicate its responsibilities and prerogatives

To deal with the last problem first, participative management does not require management to abdicate its decision-making roles But that it take into consideration input from those expected to implement or be affected by decisions

It is the concept of making employees part of the decisions, and thus committed because they are meaningful partners in the process

It is a means of breaking the "us" and "them" division because participative management, in essence is consensual management It is also a recognition that management does not necessarily have all the answers and that there is a significant store of informative and strategic input that is being neglected within companies

As mentioned earlier, it is difficult for some of our managers to apply this concept to blacks because they have become conditioned to the notion that blacks are for a number of reasons incapable of meaningful participation in management

This sort of mentality in management tends to alienate workers from their jobs

It thus becomes a self-fulfilling assertion on the parts of managements, that blacks do not want involvement

This type of manager tends to look at management as a "power relation" They are in the mould of our political leaders, incapable of genuine consultation – never mind negotiation of any kind

This is where the major challenge lies because most of our top management is in this mould That is, not resistant to participative management but totally incapable of comprehending its nature and requirements

It is imperative for top management to grasp and fully understand this concept because the top echelon I speak of will increasingly be the ones that engage top union, political and other community leadership in the future

If, like their political counterparts, management cannot value and seriously consider the input of those they deem not to be equals, then the future is bleak

Equal participation is increasingly being seen as a panacea that will address South African socio-economic problems

It is seen as a mechanism that will stem, if not reverse, the dissatisfaction with the "free enterprise" system that has become quite evident among blacks

Equity participation schemes have also, in some aspects, arisen primarily as a response to economic and political pressure from the sanctions movements abroad

So, in the main, equity participation schemes have been advanced for two primary reasons These in themselves make it difficult for blacks to support or welcome them without reservation

In a system where "free enterprise" or "capitalism" is often seen, if mistakenly so, as inextricably interwoven with apartheid, it is hard to master support from blacks for any system or mechanism designed to sustain free enterprise

The same argument flows logically in the rejection of any collaboration easing international pressure against the South African establishment – be it political or economic

The above is not to imply that equity participation is totally undesirable In fact, quite the contrary For quite a while now, black economic spokespeople have been talking about the growth of black economic power and about blacks entering the mainstream of the economy

Equity participation is one of the most potent tributaries towards this economic mainstream

However, for equity participation to work effectively it has to satisfy certain criteria

First, and most importantly, equity participation must be one or more element in the total arsenal of effective participative management

If is not part of a genuine attempt to meaningfully engage employees in issues affecting them in the workplace, then equity participation will not achieve its full potential This means that those meant to be the beneficiaries of equity participation schemes, especially employees, must be consulted and their views taken seriously about the form, extent and mechanisms for such schemes

It should not be approached in a prescriptive and paternalistic manner

The second criterion, closely allied to the first, is that the offer of equity participation must be made for reasons seen to be acceptable by the employees

In this sense, management must realise it starts at a disadvantage The managements of most companies still need to establish good will and trust among their employees

If the reasons for introduction are acceptable, and the concept of the scheme is also acceptable, the third criterion is that such participation must be substantial and not merely token This observation is made in respect of both the relative share participation and the absolute amounts of money involved

In practical legal terms in South Africa, substantial share participation is that which exceeds 25 percent

Thus equity participation schemes which make it impossible for blacks to acquire at least 25 percent of the equity will be seen as an attempt to draw employees in without affording them an effective voice in the running of the corporation

It must also not be a token scheme in the sense that, having offered employees equity participation, management feels that it has done enough to involve employees in the workplace.

Equity participation alone will not induce the loyalty and pride in the workplace that is necessary to make it meaningful

If pride and loyalty to the company are missing, then equity participation becomes meangingful to the employees only in terms of monetary value Corporate South Africa by now appreciates that if this country is to develop and prosper, by the turn of the century, 60 percent of all executive and professional and 85 percent of all white-collar jobs will have to be filled by blacks

That up to 94 percent of South Africa's current management is drawn from the white sector of the population – a sector that constitutes less than 15 percent of the total population – is by now painful common knowledge

A situation so anomalous must, of necessity, have thrust a substantial proportion of these white managers to their present levels Preoccupation with the use of only whites as managers has gone beyond the point of diminishing returns

It is now imperative for corporate South Africa to tap and develop the virtually untapped management potential of people other than whites

This is one area where corporate business leadership can set a good example for the bigoted political leadership in restructuring South African society.

Leading businessman Reuel Khoza ... management for the future.

CIG-MGM restrictions on videos relaxed

(30) B/Day 30/11/87

Business Day Reporter

VIDEO dealers will, from tomorrow, be able to sell, trade, lease or auction off any CIG-MGM title without obtaining prior approval

CIG-MGM/UA have relaxed trading restrictions previously imposed on video dealers who may now trade freely with any CIG-MGM title. They can now expand by finding alternative markets — other video stores or the consumer.

Dealers are now in a position to offer their customers both a rental price and a first or second-hand retail price

"This concession is expected to dramatically improve liquidity in video stores and we believe that there could be an overall increase of up to 35%, R25m, at retail level by the end of next year," says CIG-MGM/UA MD John Smithers

"Despite competition, the current R80m retail video industry has improved during 1987 with trading patterns increasing by about 50% over the last six months

"By opening up the entire market, we are ensuring that dealers and consumers alike will benefit. We are sure that many other major video distributors will follow suit as SA has been lagging behind the rest of world in this respect"

He believes legislation and regulations have created stagnation at dealer level and that free market pressure must be allowed to dictate the direction, scope and size of the market.

COMMERCE

GENERAL

1987

DECEMBER

The welcome address will be given by Professor Mike Matsebula, professor of economics at the University of Swaziland. Another speaker will be Mr Maxwell Mayisela, a manager of an employee benefit consultancy.

Mr Khumalo said they were expecting more than 100 BC members from South Africa.

There would be at least 50 Swazi nationals at the launching as well as some Nigerians and Botswana and Lesotho nationals.

The Nigerians, he said, were interested in starting a similar organisation.

For those members who will be unable to attend the Swaziland launch, a report-back meeting will be held on December 20 at the Carlton Hotel (Cape Town Room) at 1pm.

For more details about Business Challenge, prospective members should telephone (011) 23-7620.

30 Sowetan 1/12/87

PE'S SPENDING SPREE GOES ON

30

By DEBBIE MARCH

29/12/87 EVE POST

STORES at the Greenacres shopping centre and elsewhere in Port Elizabeth are still full of shoppers engaged in what is believed to be the biggest post-Christmas spending spree the city has known.

As many as 92 000 people are still pouring into the Greenacres Centre daily, pushing numbers and sales up by an estimated 57% over last year, the centre's manager, Mr Roger Corlett, said today

"We have never known it this busy after Christmas The place is packed and the car park is still full every day," he said

The big post-Christmas spending spree has not been restricted to the seven-year-old shopping complex

Many shops in Main Street appeared busier than usual today and yesterday Pick 'n Pay Hypermarket at Hunters Retreat also reported a substantial increase in the number of post-Christmas shoppers

Exchange counters at stores throughout the city were also extremely busy with queues reported to be several metres long at some of them

Yesterday 92 000 people entered the Greenacres centre and between 80 000 and 90 000 were expected today, Mr Corlett said

This was only marginally less than the average daily Christmas figure of about 100 000 people, he said On one day before December 25, however, 160 000 shoppers entered the centre

Mr Corlett said many of the shoppers were exchanging unwanted Christmas purchases and stocking up for New Year

"From surveys we have conducted at the shops in the centre, and from our daily number count, we estimate that sales will be up by about 57% on last year."

The big supermarket chains all reported "very healthy" food and wine sales

"The shopping trend is different this week. Food, meat and wine are all selling very well," Mr Fred Pearl, manager of the Pick 'n Pay Hypermarket, said

A spokesman for OK Bazaars at Greenacres said post-Christmas shopping was definitely better than last year

"We're very happy with our sales, especially in foodstuffs"

At both Woolworth's branches, shopping was said to be "very brisk" in all departments and "definitely much better than last year"

Seminar to help jobless

THE Small Business Development Corporation Entrepreneur Training Centre is to run a two-day seminar aimed at helping unemployed people find jobs.

The seminar which will be held at the SBDC's Pennyville Industrial Park, starts tomorrow and will be conducted by Ms Peggy Reid-Daly

Ms Daly said the seminar will be beneficial to people who are out of work and want to find a way to earn income, as well as people who want to start a small business, but do not know how

Those interested should contact Ms Reid-Daly at (011) 648-8992

Sowetan 1/12/87

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FLEA MARKET MAY GO ON FOR LONGER

IF the flea-market on Port Elizabeth's Market-Square succeeds this summer, the PE Municipality is almost certain to allow it to continue after the holiday season.

This assurance was given yesterday by Mr Carl Fischer, PE's Director of Administration, after an entrepreneur planning to hire out trestle tables there said he was reluctant to invest unless he was sure he could continue after the holiday season.

By KIN BENTLEY

Last month, the council suspended its normal policy on the use of the square, allowing certain activities to take place there over the festive season

The first Fair on the Square of the season has been organised for this Saturday and will be opened by the Mayor, Mr Solly Rubin, at 9am

It features a number of events arranged by Mr Paul Seaman and Miss Diane Voysey and will coincide with the first day of the flea market

Mr Seaman and Miss Voysey will continue to provide entertainment on the square until Christmas at least.

The Grahamstown flea-marketeer, Mr John McGregor, said yesterday that following a report in the Evening Post last Thursday he had had a "tremendous response" from people wishing to set up stalls using his tables

He and the PE organisers of the fair had already secured about 100 stall-holders between them.

However, he said, he was wary of the fact that he might only be able to run the flea market for two months Although he had already ordered 300 tables, costing nearly R20 000, he might decide initially to take only half that number Umbrellas would also be very costly.

Mr Fischer yesterday gave the assurance that if Mr McGregor was successful over the season "then obviously we shall give him a commitment if he wants to go on from January"

He said, however, that he believed Mr McGregor should begin with just 100 tables to determine the demand, adding that storage space had been organised for 100 tables through Miss Voysey, with whom he hoped Mr McGregor was co-operating

Mr McGregor said he would be in PE today to finalise matters with Miss Voysey and Mr Fischer.

He would also discuss future fairs with Mr Harold Davidson, the director of the PE community Chest.

Long term

He said ideally he hoped to secure a contract to use the square from two to five years

● This Saturday's fair is one of several planned for the Market Square this month

Mr Davidson said yesterday that another Fair on the Square was being organised by the Community Chest for Saturday, December 12

Already, over 60 stall-holders had indicated they would participate — including those offering home crafts, foodstuffs and a few charities

The fair will start at 9am and continue well into the afternoon, with shops in Main Street also remaining open

Helping hand for business people

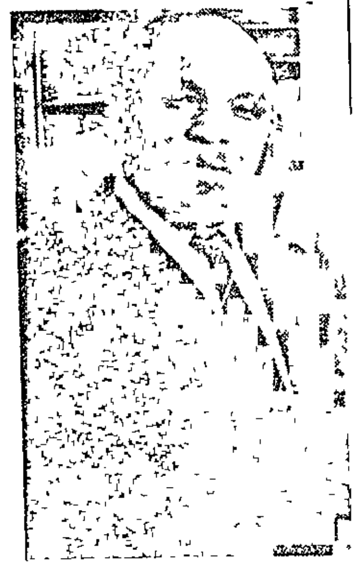
By NKOPANE MAKOBANE

MORE than 150 people from South Africa and other parts of Africa are expected to attend the launching of the Business Challenge trust fund in Swaziland from December 4 to 6.

Business Challenge is an organisation formed early this year to help businessmen to obtain loans from financial institutions

To become a member, one has to pay a joining fee of R60 and a subscription fee of R50 a month. The subscriptions are to be kept in a trust fund.

Mr Phil Khumalo, a founder-member and director of BC, will be the key speaker on Saturday He will explain BC's structure and how it will be run



MR PHIL KHUMALO

Nigerians

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(30) Sowetan 1/12/87

Messina trial

Sowetan

THE Messina landmine blast trial, in which two young men alleged to be African National Congress guerillas face 41 charges ranging from murder to treason, is to resume on January 20 next year.

Mr Mthethelelı Mncube (27) of Diepkloof, Soweto, and Mr Msondeleli Nondula (24) of Mdantsane, East London, are appearing in chains before Mr J P O de Villiers and two assessors.

They have pleaded not guilty to all the charges.

1/12/87

Hawkers ask private sector to push govt

S/Day 30

SOPHIE TEMA

THE African Council of Hawkers and Informal Business (Achib) has called on the private sector to pressurise government to scrap the Group Areas Act and open trading rights to all street vendors.

Achib also called on the Johannesburg City Council to remove all restrictions on hawkers, including the business control by-laws and the licensing ordinance of 1974.

At a meeting in the city yesterday, scores of hawkers called on the private sector to:

- ☐ Reduce the price of goods sold in bulk by 10%;
- ☐ Consult hawkers before any price increases are effected on goods;
- ☐ Take joint decisions with hawkers on relevant matters and pressurise government to scrap the Group Areas Act and the City by-laws Amendment Act.

Trading companies and business people were to have submitted a declaration of intent by yesterday, but Achib president Lawrence Mavundla announced that only one leading retail company had responded, asking for the deadline be extended to December 10.

Hawkers agreed to extend the deadline and appealed to local authorities to abolish restrictions which permit trade only 400m away from the premises of general dealers; restrict Saturday trade; and force them to remain in a single spot in particular parts of the CBDs.

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Escort agency bosses acquitted

Evening Post 4/12/87

JOHANNESBURG — It is business as usual at the Romance Escort Agency in Johannesburg today

The owner, Mr Andras Bako, and the manager, his son, Miklos, were acquitted yesterday in the Johannesburg Regional Court on charges of procuring

The Romance Escort Agency was believed to be the first Transvaal agency to have its management charged with procuring women to have sex with clients, alternatively, assisting to procure and attempting to procure

Despite the acquittal, Mr Andras Bako is willing to sell up.

"If someone makes me a very good offer for the agency, I'll consider it," a very relieved Mr Andras Bako said at the end of the 12-day trial.

He said the entire matter "had been very strenuous".

In delivering his judgment yesterday, the magistrate, Mr I J J Luther, noted that a number of clients testified that they took out escorts from the Romance Agency and had sex with them at other venues

The magistrate noted that the two accused had, on the evidence of these witnesses, taken no active steps to bring about intercourse between the clients and the escorts.

While the two might have suspected that the escorts were being taken out for sex, "acquiscence" could not be construed as an active step, as described in the Act.

Then there was the police action towards the end of January last year that culminated with the arrest of the two accused and the laying of charges against them, Mr Luther said.

However the court was not satisfied beyond reasonable doubt that the evidence regarding the police action could be relied on, the magistrate said.

The defence team earlier pointed out to the court that the transcripts of tape recordings allegedly made during the police action had not even been handed in to the court as evidence.

The magistrate noted that sexual intercourse was not an essential ingredient for a conviction on a charge of attempting to procure

However, the evidence regarding the police action, where the escorts undressed and were taken into custody before anything happened, was unsatisfactory, Mr Luther said — Sapa

WOOLTRU 30

Home-spun growth

Activities: *Diversified group primarily in retailing and wholesaling*
Control: *Biggest shareholder is Old Mutual with about 25%*
Chairman: *D R Susman, chief executive A G W Williamson*
Capital structure: *14,2 ords of 50c each, 20,1m class "A" ords of 50c each, 230 000 6% cum prefs of R2 each, 500 000 6,75% cum prefs of R2 each Market capitalisation R192m*
Share market: *Price 1 350c Yields 4,4% on dividend, 8,7% on earnings, PE ratio, 11,4, cover, 1,97 12-month high, 1 900c, low, 1 300c Trading volume last quarter, 925 000 shares*
Financial: *Year to June 30*

	'84	'85	'86	'87
Debt				
Short-term (Rm)	—	—	24,4	39,5
Long-term (Rm)	11 9	11 8	20 7	101 6
Debt equity ratio	0 14	0,11	0 31	0,54
Shareholders' interest	0,63	0,60	0,58	0,44
Int & leasing cover	4,72	3 66	2,77	2 75
Debt cover	4,91	4,21	0,97	0,44

Performance

	'84	'85	'86	'87
Return on cap (%)	29,5	22,5	17,6	15,9
Turnover (Rm)	638	700	744	1 103
Pre-int profit (Rm)	84,9	73,9	65,0	94,8
Pre-int margin (%)	13,3	10,4	8,6	8,4
Taxed profit (Rm)	49,1	37,2	31,7	42 2
Earnings (c)	126,0	102,2	86 1	117,9
Dividends (c)	52	52	52	60
Net worth (c)	1 330	1 436	1 506	1 832

Wooltru's Susman . . . Woolworths still the largest contributor

The addition of Makro's figures for six months has helped Wooltru's results, but the main reason for the strong earnings performance has been continued growth in Woolworths and substantial improvements in Truworths and Topics

The 37% EPS growth is welcome after a 16% drop in 1986, and the 15% dividend rise is the first since 1984 Dividend cover was raised from 1,7 to 2 times

Woolworths remains the largest contributor to group profits, with turnover 23% up at R666m, but the food section grew at a slower pace of 18% Makro's turnover for the full year was R464m According to CE Tony Williamson, without Makro's contribution, turnover increased 20%, indicating volume growth Corporate finance director Jon Lavies says all companies increased market share in the last six months

Lavies says both Truworths and Topics grew off a low base Profits and net margins improved, with sharp rises achieved in turnover per employee and per square metre

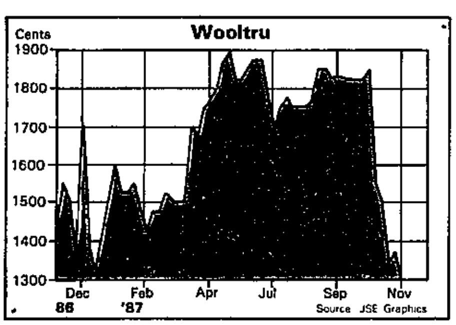
Makro's low margins pulled the entire group down "Pre-tax profit as a percentage of sales is 7,6%, but would have been 9,3% without Makro — up from 8,3% on a comparable basis for the previous year," says Williamson Rumours have it that Makro management is unhappy with Wooltru's controlling hand, but Williamson notes that profitability in Makro was disappointing

Makro affected Wooltru's results in other ways Debt shot up from R65m to R141m and the debt equity ratio leapt from 0,41 to 0,54 A disturbing feature is that debt cover (cash flow divided by interest-bearing debt) has fallen from 4,21 times in 1985 to 0,97 in 1986 and now to 0,44 in 1987

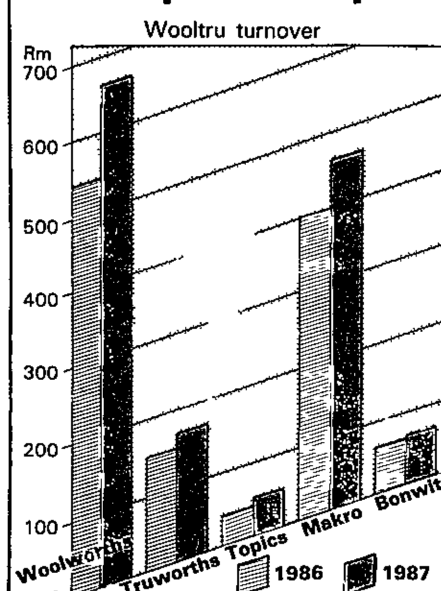
But Lavies points out that Woolworths has large properties, almost entirely unbonded and, with the buildings, are valued at R209m Williamson suggests that "these properties can be used in a number of ways as the group's financial springboard to achieve its growth objectives" In the past year, the Henshilwood site in Claremont was acquired, but Lavies says that the policy of owning the land on which the stores (especially Woolworths) are built, is due to be reconsidered

Whichever way the properties are used, cash flow will have to rise sharply to service additional borrowings Though Makro may improve in the long run, so far this year it is lagging its sales rose by only 4% against Topics' 16% and Truworths 17%, though the last two will have lower growth in the current year after their sharp climb last year Woolworths continues to do well Sales are up 26% and capital expenditure of R22m is planned

The group has taken a gamble by increasing stocks, which at year end were 60% higher than in 1986, excluding Makro Summer merchandise was bought earlier and



Shop round-up



Woolworths acquired fabric stocks to take advantage of special offers and keep prices down This may prove to be wise, but, if the timing or choice is wrong, could go against the company

With the price down from R19 to R13,50, the share offers a dividend yield of 4,4% Though this may be historically high for a share that traditionally stands on a low yield when compared with other companies, it seems the group still merits a fairly high rating

Pat Kenney

RAND MINES PROPS

Deep interest

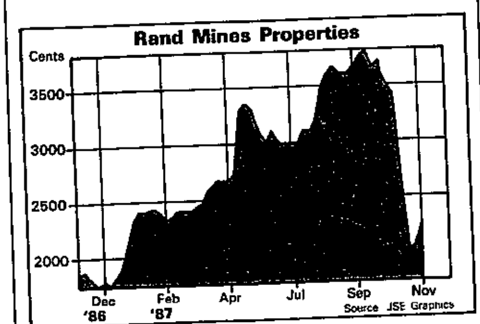
Activities: *Township developer and investment company Subsidiary recovers gold from mine dumps*
Control· *Rand Mines owns 76,1%*
Chairman: *D T Watt, joint managing directors J R Forbes and A B Hall*
Capital structure. *12,4m ords of R1 each Market capitalisation R322m*
Share market: *Price R26 Yields 3,1% on dividend, 6,0% on earnings, PE ratio, 16,8, cover, 1,9 12-month high, R38, low, R17,80 Trading volume last quarter, 49 000 shares*
Financial: *Year to September 30*

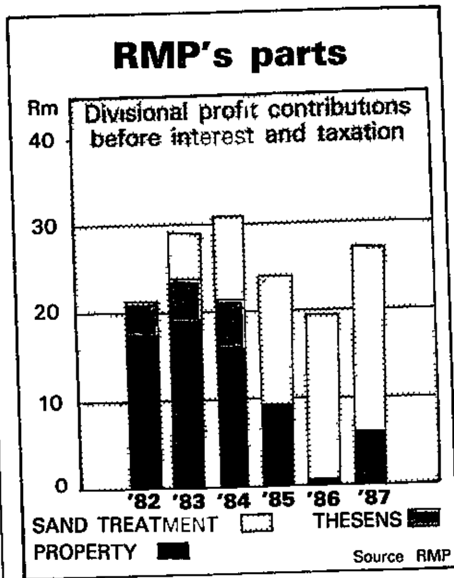
	'84	'85	'86	'87
Debt				
Short-term (Rm)	4,1	0,1	—	—
Long-term (Rm)	0,6	0,5	0,5	0,5
Debt equity ratio	0,05	0,01	—	—
Shareholders' interest	0,69	0,84	0,80	0,78
Int & leasing cover	24	92	219	—
Debt cover	4,9	44,3	46,6	—

Performance.

	'84	'85	'86	'87
Return on cap (%)	23,8	21,6	14,7	15,9
Turnover (Rm)	104	75	76	105
Pre-int profit (Rm)	32,0	29,5	22,6	27,2
Pre-int margin (%)	30,8	38,7	29,5	26,0
Taxed profit (Rm)	21 1	21 3	15,3	19,3
Earnings (c)	170	172	123	155
Dividends (c)	65	65	65	80
Net worth (c)	741	925	983	1 072

Investor interest in Rand Mines Properties (RMP) relates not just to its present involvement in gold extraction and property, but also to the potential of current mining exploration activities After Rand Mines' extensive seismic surveys over the unmined areas in the central Witwatersrand, there is proof of continuous reef well beyond the Central Rand mines Though deep, this could be one of SA's most extensive known gold reserves RMP, by virtue of its mineral and surface





rights, would be substantially involved But these reserves still have to be proved economically viable

The share's move to the JSE's mining holding sector partly reflects a rekindling of the group's investigations into both shallow and deep mining Though some shallow areas may prove economically exploitable (some ore remains within the mining titles of Crown Mines, City Deep and CRM properties), it is the mining potential of very deep ground — below 3 km — which excites the imagination

The group has accelerated its deep-level drilling programme to the south of these mining titles, using modified oil exploration technology after two earlier holes were abandoned when problems were struck below a depth of 4 km

Chairman Dammy Watt expects reef intersections to take place in the 1988 financial year Any exploitable mine is a long way off, and will require massive funding, so even if reasonable grades are found, RMP's share price should be more closely linked to its current earnings potential

Though a late increase in the rand gold price during the 1987 year helped, a marked rise off the low base set in 1986 by the property division was the main reason why earnings rose 26% Last year net profit on property sales increased to R5,9m (R0,9m) and contributed about 22% of earnings against 4% in 1986

Gold production rose 18% to 2 814 kg (2-390 kg), following the commissioning of the City Deep gold plant in February This boosted gold revenue 32% to R83,5m (R63,3m), but higher working costs, which rose 21% to R8,67 a/t (R7,14) a/t), pinned the improvement in working profit to 15% — R28,2m (R24,6m)

With the Crown Mines and City Deep plants operating at full capacity and treating 648 000 t/month of sand and slime, Watt expects a marginal improvement on the average head grade of the material treated A further, small increase in gold produced should come from the new Pilgrims Rest plant The group will get 42,5% of profits from this 50 50 joint venture with Barlows Mining Holdings and Estates The 20 000 t/month plant, costing R8,3m, is expected to be in full production by June 1988

There has been minimal demand for land zoned for industrial and office use, and township land sales were impaired by oversupply of existing accommodation

Watt says "Although there is evidence of a slight recovery in the property market, an upturn in the sale of land for non-residential purposes is expected to be retarded " About 28% of the group's 3 500 ha of undeveloped mining land has been reclassified as land available for property development. This, too, could have important medium-term implications

The share yields 3,1% on dividend, compared with the sector average of 3,5%

Dave Edwards

JUICY LUCY

Broader group

Activities: *Operates franchise businesses under the names of "Juicy Lucy' and "Milky Lane"*
Control· *Directors have majority control, but Avbak Food Holdings will get 60% control when the enlarged group transfers to the main board*
Chairman: *B N Aitken, managing director G I Topol*
Capital structure· *8,7m ords of 1c each Market capitalisation R12m*
Share market: *Price 140c Yields 1,8% on dividend, 4,3% on earnings, PE ratio, 23,0, cover, 2,4 12-month high, 270c, low, 80c Trading volume last quarter, 2,6m shares*
Financial: *Year to May 31*

	'86	'87
Debt		
Short-term (Rm)	—	0,4
Long-term (Rm)	0 2	0,6
Debt equity ratio	0,06	0,16
Shareholders interest	0 64	0,55
Int & leasing cover	1,2	2,7
Debt cover	2,0	0,7

Performance

	'86	'87
Return on cap (%)	20,2	18,4
Turnover (Rm)	5,5	9,2
Pre-int profit (Rm)	0,7	1,0
Pre-int margin (%)	11,9	11,4
Taxed profit (Rm)	0,3	0,5
Earnings (c)	4,7	6,1
Dividends (c)	1,6	2,5
Net worth (c)	28,2	35,3

For the second consecutive year, strong earnings growth was a dominant feature in Juicy Lucy's franchise business Taxed profit to end-May advanced 49% to R507 000 (R340 000) This was considerably better than the R400 000 the *FM* (November 21, 1986) suggested Juicy Lucy would make in its 1987 financial year MD Geoff Topol said then that after the first full year of contribution from Milky Lane (acquired the previous year), earnings would be not less than R120 000 and would contribute about 30% to group earnings

4/12/87

FM 30

BUSINESS CONFIDENCE

Reflecting the Crash

The good, the bad and the unknown saw Assocom's Business Confidence Index (BCI) fall to 97,1 in November from October's 100

Good news underpinning the index — which measures 13 indicators — was overshadowed by the plunge on the Johannesburg Stock Exchange

Among the good signs in November

☐ Individuals returned to the car market, fuelling a sharp rise in the number of new cars sold,

☐ For the third month in a row, real retail sales registered a year-on-year increase, seasonally adjusted sales rising an estimated 1,5% from November 1986,

☐ The number of new companies jumped — registrations in the third quarter of 1987 were 41% above last year,

☐ Immigrants exceeded emigrants for the first time this year, and

☐ The dollar price of gold and the rand-dollar exchange rate improved

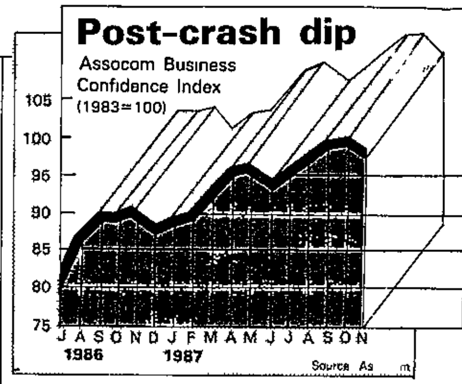
Among bad signs

☐ JSE prices continued to fall in November — by some 40% since Black Monday, and

☐ The volume of merchandise imports declined at current prices, the value of imports was 2,9% lower in November than in the same month last year

Says Assocom "The behaviour of the BCI in November is not so much a fall in business sentiment, but rather reflects a measure of uncertainty in the face of the setbacks on world stock markets and on the JSE A note of caution in the current business mood is understandable "

Assocom remains "cautiously optimistic" about economic growth It predicts a 2%-2,5% increase in GDP this year and as much as 3% in 1988 Among its predictions for next year



☐ Real consumer expenditure could grow at 2%-3%, though persistent price rises and higher income taxes from "fiscal drag" threaten growth,

☐ Fixed investment should increase by about 5%, much of that coming in the public sector,

☐ The volume of exports — threatened by sanctions and a possible slowdown in world trade — is likely to stay steady or decline by 1%,

☐ The volume of imports will rise about 7%-8%, because of the higher growth rate,

☐ The rate of increase in consumer prices is unlikely to be much lower, especially if administered prices continue to jump and the rand deteriorates, and

☐ The number of jobs could increase 1%-2%, not nearly enough to keep pace with the increase in jobseekers

Assocom will publish the next BCI figures at the end of January The index — base 1983=100 — averaged 79,1 in 1985 (its first year) and 84,3 in 1986 ■

Post Focus

This house in Ivy Street is one that is used as professional offices

The Port Elizabeth Women's Club might be rezoned for special purposes This could see it used as a house, offices or a restaurant

This house in Ivy Terrace is one that is used as professional offices

Central zoning shake-up

Historic homes already getting the nod for business usage

By DENISE BOUTALL

THE Port Elizabeth City Council is set to embrace a major policy change which could see many more historic houses in Central rezoned for business purposes

The new policy will be embodied in the Rink Street Master Plan which is expected to be considered by the council early in 1988

It is a major departure from the long defended view that the Central area should be retained as a residential area as far as possible.

If it accepts the proposals from its town planners, the council will take a more pragmatic view of mixed usage of buildings in the historic area

The effects of the proposed policy are already being felt.

Next week the council [illegible] of seven Central properties to business purposes and according to a report to the council's Land Usage Committee, the applications are being assessed in terms of the proposed new master plan

In an interview the council's executive town planner Mr John Mercer said the primary requirement was to retain the Hill as a conservation area

However we recognise that it is not always easy to conserve a building and retain its residential use Thus we accept that low key other uses can take place in certain areas.'

Mr Mercer said it was quite a radical change from the council's present policy but although the present policy might retain the [illegible] necessarily enhance that use, and there was a danger of the area degenerating

"Although it is a relaxation we're hoping to retain the residential element."

He stressed though, that if adopted the new policy would not lead to blanket rezonings of entire areas Each application would be assessed individually

In terms of the town planning scheme most properties in Central are zoned for general residential use

One area where the changes are most likely to occur — judging by some of the applications up for consideration on Tuesday — is Bird Street, where the Supreme Court is to be built.

Four of the applications to the council this month justified the change of usage on the basis of the decision to build the court on the corner of Bird Street and Belmont Terrace Construction is due to start next year and the building is due to be completed early in 1991

In an interview Mr Gavin McLachlan senior lecturer in architecture at the University of Port Elizabeth, who has done a lot of research on the buildings of Central said these applications showed how wrong it had been to locate the court in the area

He predicted that there would be immense pressure for these and similar rezonings

Port Elizabeth was unique in that it was the only major city in South Africa with an area containing a large number of 19th-century buildings

'It's the only place in the Port Elizabeth-Uitenhage area where it is possible to live a gracious urban lifestyle

The restoration of many of the houses over the last decade had helped to stem the flow of people from the city centre to the suburbs

Mr McLachlan said while it could be argued that few private individuals had the means to restore the old houses there was a danger that they could be very substantially altered to make them into offices

The buildings which are being considered for rezoning are the Port Elizabeth Women's Club in Bird Street, a private house at 33 Bird Street, Lester House (the old YWCA) in Castle Hill and a block of flats in the corner of Lawrence and Havelock Streets

The other rezonings are in Robson Street and on the corner of Robson and Rink streets and in Parliament Street.

New mark of value for two PE buildings

IN an effort to highlight the value of Port Elizabeth's historic buildings, special plaques will be attached to two buildings next year by the Simon van der Stel Foundation

The appearance of the foundation's circular plaques will, however, increase the number of types of plaques on the city's buildings to four

The others are the National Monuments Council's (NMC's) bronze badges and plaques, the Port Elizabeth Historical Society's ceramic plaques and the plaques of Historic Homes of South Africa

In addition, some property owners have put up plaques of their own design

The foundation is a national body dedicated to the conservation of the country's architectural heritage

In an interview this week Mr Tim Bodill the NMC's curator in Port Elizabeth said property owners were free to put up plaques as they saw fit

However, the NMC's plaques could only be put up at buildings which were proclaimed national monuments.

Buildings were proclaimed monuments only after application supported by a thorough motivation outlining the building's architectural and historical value, had been made to the NMC

National monument status was the highest recognition of the worth of a building, he said

Once a building had been proclaimed, the exterior, and sometimes the interior as well, could not be altered without the permission of the NMC.

There were however many buildings which were of historic or architectural value which were not proclaimed monuments for a number of reasons, either because no application had ever been lodged or because the owners had refused a proclamation or because the building had been substantially altered

It was in cases such as this that the Simon van der Stel Foundation planned to put up plaques

This was also the case with the plaques put up by the Port Elizabeth Historical Society

Asked whether there should not be a uniform plaque for all buildings of historic value but which did not warrant national monuments status, Mr Bodill said this would probably be difficult to achieve

He suggested that in specific areas such as the Upper Hill Street area property owners should get together and agree on a design for a plaque that could be attached to their homes

He pointed out that in terms of recent changes to the National Monuments Council Act it was possible to proclaim conservation areas which were geared to preserving an entire environment.

It was not clear yet what plaques were to be provided in such an area.

● People who live in Central and want to find out about the history of their homes should contact the South African Institute of Architects which together with the University of Port Elizabeth, has undertaken a detailed survey of all the buildings in the area.

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Central zoni

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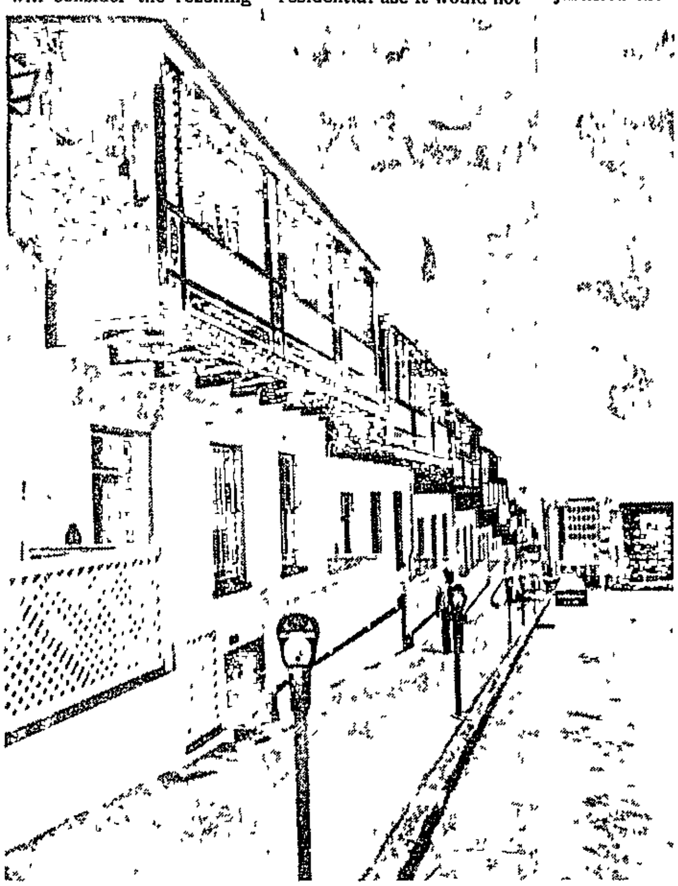
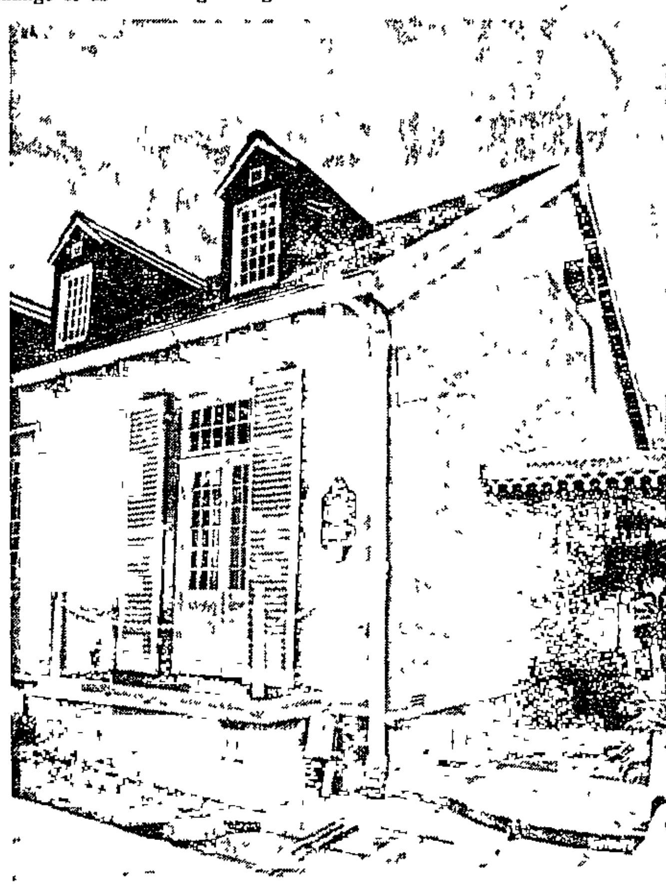


The Donkin Street houses are all national monuments and have been zoned to allow non residential use



This house in Havelock Street is one of a number in the Hill area that are used as professional offices

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Informal sector could be economic solution

DAILY one reads statements in the Press about the need to create jobs These statements come from businessmen, politicians, economists and political leaders

An article, in a financial daily newspaper of a year ago, said that 60 percent of the Soweto workforce was unemployed This problem obviously becomes more acute the further one moves from industrial areas.

We are delighted to report that we at Get Ahead concentrate on job creation Much of what we do is aimed at creating opportunities for people to earn money so that they can support their families

We are constantly on the lookout for opportunities to create jobs and tend to concentrate on efforts in developing the informal sector or "underground economy"

Virtually everything we do, is "illegal" although in our view not immoral We do not believe that it is immoral to help a vendor start business, only to find that that person may be trading illegally because of unduly harsh laws It will soon be two years from when the government passed its deregulatory Act in terms of which the State President could suspend any law or regulation which impededed economic growth or small business Nothing has happened yet We carry on undeterred

Reprinted from the Get Ahead Foundation Newsletter

It makes good economic sense to develop the informal sector If one looks carefully at the economies of Japan, Korea and Taiwan – which are soon to become the economic masters of the world – one finds that they are strong because they are export-driven, earning valuable foreign currency

More particularly, however, the economies of these countries are strong because the informal sector provides up to 80 percent of their gross domestic products

Thus one constantly hears about goods being assembled in backyards and informal businesses simply being allowed to start wherever they wish In South Africa the informal sector accounts for about five percent of our GDP

Our chairman Nthato Motlana stresses the need for people to become economically active He states that the flip-side to political power is economic power

He urges all our township people to become active in the economy and to start learning how to earn good money He stresses that in a post apartheid society, we must be creators of wealth and not beggars, draining the available resources and hampering development.

Responding to a reguest from the Acornhoek community for classrooms, we conducted an investigation and found that of the 27 000 children at school there, 14 000 did not have classrooms

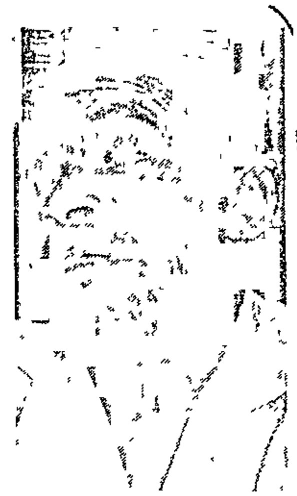
Thus 60 percent of the school population is being educated under trees, simple shanty structures, or simply in the open veld

Kris Kobach – a student from Harvard University – joined up with our Acornhoek co-ordinator, Thola Ngobeni They soon put together a committee representing the community

This committee and the community obligated themselves to collecting funds towards building new classrooms at one particular school (Funjiwa) The school previously had no classrooms whatsoever

Apart from the financial obligation, the community also undertook to seek out the unemployed who would assist with the project

Funds provided by sponsors helped Get Ahead provide the major portion of the funding



Nthato Motlana

Thus it became a partnership between Get Ahead, the community and the labour force

We moved in quickly and found a builder and more particularly, hired many unemployed people

These people helped dig foundations, others went in search of stones and sand – which were brought on site manually – and others fetched water in huge plastic bottles Even the children participated!

Very soon the classrooms were being built and will soon be completed

Not only did we create jobs, but we created a lasting structure of benefit to the community

6/12/87 Citizen

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Consumer spending surge sparks retail recovery

6/12/87

(30)

S/T TOP 100 COMPANIES SURVEY

By Udo Rypstra

AFTER three years of a continuing decrease in sales, the retail industry has made a remarkable recovery — one that could last well into the next year or two

A surge in black consumer spending as well as a slight improvement in the disposable income of whites are some of the catalysts that have set the industry on a positive course

As a result, major expansion plans have been announced by several big retail chains, which which will probably bring hundreds of new stores into operation in various parts of the country next year

The turnaround in trading conditions this year has taken many businessmen by surprise

Retail sales have been taking a nosedive since 1983 as a result of high interest rates, escalating food prices and a deterioration in disposable income for the man in the street

According to Central Statistics Services, although retail sales increased by 13% to R34,8-billion during 1986, sales declined in real terms by six percent compared to 1985 — after taking inflation into account

Stalled

Retailers ended 1986 with consumer spending stalled Christmas last year was a Black Christmas highlighted by a black consumer boycott and the start of the OK Bazaars strike — the worst in retail history

Overall, December sales did not reflect the crackerjack shopping binge that had been expected and there were few signs to indicate there would be any sort of stimulus to get the momentum going again early in 1987

But this year there has been a turn for the better and shareholders are smiling again

First indications came from retailers with a large black consumer base reporting 25% to 30% hikes in January sales Some stores reported they were 1000% up — but from a low base Score, Metro and Frasers also reported gains of 25% and more, which suggested a real surge in black spending power

Not only did this apply to basic foods, but durables as well

Soon after, retail clothing chains Edgars and associate Sales House claimed they had started a boom year as well

A study by stock brokers Max Pollock & Freemantle in February took the upsurge in black consumer spending and business confidence into account and forecast that the 35 listed retail and wholesale companies would lift aggregate earnings by 36% and dividends by 39% this year — also in a recovery from a low base

The market was still sceptical, but by April, when the Big Three — Tradegro (Checkers, Dions, Russells), Pick 'n Pay and OK Bazaars — had produced excellent year-end results and confirmed the upward trend, the turnaround of the retail industry was well-established

The Bureau of Economic Research (BER), having canvassed 456 retailers during September and October, has confirmed that demand for retail goods has been on the increase since early this year and is quickening in tempo

This included the market sector for durable and semi-durable goods Sales of non-durable goods were expected to become more vigorous towards the end of the year, but sales of durable goods were expected to slacken early next year

From the same report, it would appear that retailers have been stockpiling to some extent, having over-estimated the surge in demand for certain goods initially

The BER's overall impression from the retail sector "It appears as if business confidence is returning, which augurs well for livelier investment activity in the future"

Looking at consumer spending, the BER says this is expected to accellerate and that the continuous declines in real per capita personal income since 1980 now seem to have come to an end Working on an inflation rate of 14,2% for the first half of 1988, anticipated salary increases of 18,4% and various other factors, the BER expects real disposable income to increase by 3,7% in the first quarter and 4,2% in the second quarter of next year

Consumers, it says, will always attempt to maintain their living standard — and past consumption has determined that living standard Historical trends show that consumption expenditure reached a peak in durable goods in 1981, in semi-durable goods in 1983, in non-durable goods in 1984 and in services last year

The BER believes next year will be a good year for durables and semi durable goods

"We should also keep in mind that habit is a very strong determinant of spending on food A sharp improvement in income is unlikely to show up in a switch from cheap foodstuffs to more expensive types

The Association of Chambers of Commerce (Assocom) has forecast a record R8 700-million on Christmas shopping, assuming that, despite the JSE share crash, consumers will indulge in their usual spree at the end of the year

Support

Among the listings that took place this year, the 74-store Morkel Group and the Cape-based Bergers (dubbed the poor man's Woolworths) enjoyed considerable support While Stuttafords in Adderley Street, Cape Town, closed down, another upmarket group, John Orr, was taken over by a new South African business consortium and almost immediately improved trading figures

In spite of the stock exchange "crash", retailers remain bullish Checkers, Edgars and the Domestic Appliance Manufacturers Association say the "crash" has not affected the average man, but rather the affluent

Stockbrokers Mathison & Hollidge say that investor confidence internationally and in South Africa has been badly dented following the crash

Nevertheless, they give OK Bazaars a chance of earnings growth of 25% over the next two years due to improved consumer demand, coupled with a focus on improving asset management and operating efficiency But they believe that dividend growth will be somewhat slower, as management intends increasing cover in a 50% payout (currently 60%) over the next two years

"Given its anticipated performance, we believe OK to be undervalued."

We did not call for a boycott - UDF

THE United Democratic Front announced yesterday that it had not called for a consumer boycott or a stayaway during the term of its Christmas campaign from Thursday to Christmas day.

In a statement to Sapa, the UDF outlined plans for the period and appealed to people to conduct themselves with dignity during the campaign, to avoid "drunkenness in the streets" and to carry out the campaign "in a politically disciplined manner."

The plan outline calls for church, sports and cultural bodies participation, together with a period of silence for political prisoners

"The UDF has not called for a consumer boycott or a stayaway during this time All rumours to this effect are totally incorrect," the statement said — Sapa

Sowetan 9/12/83

30 B/day 9/12/87

Companies expect 20% sales growth

High hopes for bumper Christmas

KAY TURVEY

BUOYANT early December trading presages a bumper Christmas and many retailers expect to beat their forecasts.

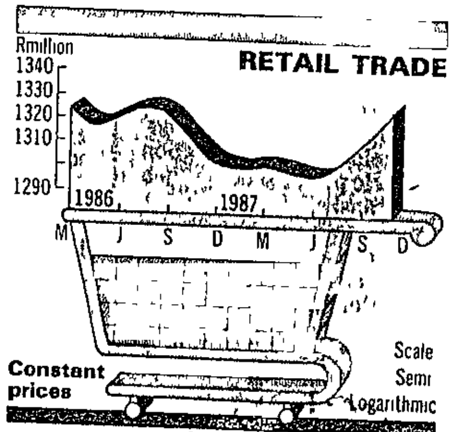
Most consumer-based companies are confident of achieving 20% sales growth, well ahead of inflation of about 16%, while retailers catering for black shoppers are looking at figures in excess of 30%.

Reserve Bank notes in circulation support this optimism. Notes in issue at the end of November are up 23% to R5,9bn on last year's figure and at present they are approaching R6,1bn.

Assocom estimates sales at shops will rocket beyond R8,7bn, 18% above the 1986 Christmas season's figure, with an increase in volume sales for the first time in years.

Assocom statistician Ed Verburg says although forecasts were made before October's stock market crash, Diagonal Street's plunge is not expected to dampen retail sales.

Between 40% and 50% of trade is ex-



Source CSS Graphic JOHN McCANN

pected from black consumers. In addition, confidence is stronger — with employment up, companies showing higher profits and larger salary increases expected in the New Year.

Stable and lower interest rates have restored consumers' willingness to enter

To Page 2

30

Bumper Christmas expected

From Page 1

into credit arrangements, says a Stannic spokesman. He notes Stannic instalment sales for the three months to November are 33% up on last year.

Westbank marketing GM Ronnie Watson describes November trading as "an all-time record", but says acute stock shortages in the motor trade could slow the upturn.

McCarthy Nissan MD Ray Nethercott says manufacturers were conservative and misread the market. Given the six-month lead time required by manufacturers, the benefit of improved conditions will not be reaped this year.

However, enormous pent-up demand in the predominantly hire-purchase furniture trade is expected to bring heavy spending in this sector's traditional peak period.

Rusfurn CE Geoff Austin says sales in all stores are up about 30% on the comparable months last year, portending a strong December when turnover usually doubles. Austin notes that not only are hire-purchase sales good, but cash sales at Dions strongly indicate people have more money to spend this year.

Pick 'n Pay CE Raymond Ackerman says hypermarket sales of appliances and big-ticket items have been excellent. Trading in all stores has been 20% up on last year since September and the expectation for December is an increase of 21%.

Less-intense unrest and curtailed boycotts are set to boost black spending this Christmas. The UDF said yesterday it had not called for a consumer boycott or a stayaway during its Christmas campaign against the state of emergency.

Assocom slams govt industry scheme

B/day 9/12/87

JENNY BOBERG

GOVERNMENT'S decentralisation programme, costing more than R800m a year, has produced a large number of industries which are not economically viable and which depend on subsidisation, Assocom says in its latest review.

The review questions whether the policy has been worth the cost.

"While the decentralisation programme has created many thousands of jobs, recent surveys have shown it has also produced a large number of industries which are not economically viable and which depend for their survival on subsidisation," the review says.

The cost of establishing these widely dispersed growth areas was not taken into account, nor were the logistics of providing power, water and transport facilities. None considered the strain on managerial resources by spreading them thinly over the country, away from their natural urban environments.

Reviewed

The industrial decentralisation policy must be reviewed and modified, but this did not mean regional development could be ignored.

SA needed a sound regional economic development policy. Activities associated with agriculture and service industries must be promoted to encourage the production potential of different areas.

"These will inevitably lead to the establishment of industrial enterprises which will grow 'naturally' and not depend on the hot-house environment induced by subsidies," the review says.

Demand for new cars soars

MICK COLLINS

A SURGE in demand for new motor vehicles has left major suppliers with critical stock shortages

McCarthy group joint MD Theo Swart said the only limiting factor against strong growth next year was shortage of stock

"We are already feeling the supply pinch in certain model lines and the position will be aggravated by the seasonal closure of the factories. I have no doubt that the first quarter of next year will see growing waiting lists"

National Association of Automobile Manufacturers of SA (Naamsa) director

30 B/day 9/12/87

● To Page 2

Demand for new cars causes stock shortages

the board — but particularly in the car and light commercial vehicle markets

"The only constraint at the moment is the manufacturer's ability to supply The stock position in the motor industry is on the low side — and the situation remains delicate because motor manufacturers are committed to long lead times in respect of imported components and are consequently less able to react rapidly to changes in the market place"

● From Page 1

He said he expected a moderately stimulatory budget in 1988 which should underpin demand in all sectors of the motor vehicle market

A big plus factor, he said, was the strong return of replacement demand — particularly from fleet owners — which augured well for 1988

MOTOR SALES ARE UP AGAIN

SOUTH AFRICA'S motor industry continued its winning way last month, with total sales showing a healthy 44,8% increase over November, 1986, when the industry was struggling.

By RALPH JARVIS, Motoring Editor

The November total sales also eclipsed, marginally by 0,73%, the good figures recorded in October, 1987.

Top spot for the most popular models went once again to Volkswagen's Golf/Jetta/Fox range, which sold 3 208 to the Corolla's 2 947 and Sentra/Langley's 1 753

Delta Motor Corporation recorded encouraging — and in some cases huge — increases over their equivalent 1986 figures

All categories showed increases except heavy commercial vehicles, which dropped by 16% over the October, 1987, figure

However, it was then that the effects of the strike at the Mercedes-Benz plant in East London were felt, with Mercedes-Benz, the heavy commercial vehicles leader for several years — and by a long way — found itself trailing behind both Toyota, in first place, and Nissan

But the Mercedes-Benz fightback started in earnest in November after the unrest at the plant, with passenger cars, which had dropped to 356 in September and 555 in October, pulling back to 1 506 in November

Top spot

The Toyota success gave the Prospecton plant top spot in all four categories in South Africa's motor industry

Toyota grabbed 24,3% of the passenger car market ahead of VW and Samcor, 38,7% of the light commercial vehicle market ahead of Samcor and Nissan, 35,2% of the medium commercial vehicle market and 28,1% of the heavies for the month.

In terms of passenger cars, Toyota's 4 521 vehicles sold was 948 ahead of VW and 956 ahead of Samcor

Though most of the manufacturers recorded slight drops in the car figures between October and November this year, all showed hefty increases in sales over the November, 1986, figures, with Nissan recording an excellent 165% increase and Delta an encouraging 58,8%

In the light commercial vehicle sector, Delta again showed up well with a 125% boost over the November, 1986, figure Nissan, too, again did well with an

● Turn to Page 3

Motor sales are up again

● From Page 1

increase of 63,9%

This sector showed an overall increases of 54,3% over November, 1986, and 20,7% over the January to November, 1986, figure

In the medium sector Delta recorded a huge 192% increase for November, taking the 41 sales in November, 1986, to 120 last month

Toyota recorded a boost of 68,7% in the same market, which saw an overall 50,3% swing upwards

Nissan performed excellently in the heavy sector, too, recording a 154,7% increase over the 1986 figure and 24,4% up on the October, 1986, total and 25,5% of the heavy market last month

So far this year the Eastern Cape has done well with VWSA holding 15,5% of the total market, Delta 10,1% and Mercedes-Benz 6,6% — and with the promise of better things to come

● See Page 12

Car sales (30) bounce back in lively style

SM 9/12/87

Motor vehicle sales in November maintained the bullish trend of recent months. Although the tally of 28 949 sales was only fractionally up on October, it was 44,8 percent higher than in November 1986.

Compared with November sales a year ago, passenger car sales of 18 620 were up 42 percent and light truck and bus sales of 9 216 represented a 54,3 percent improvement.

The year-to-date car sales total now stands at 184 857 — a 13,8 percent gain on the same period of 1986. The full year total now looks almost certain to top 200 000, compared with about 175 000 in the whole of 1986.

Although November's overall car market was up 0,7 percent on October, most makers actually sold fewer cars. The overall gain was mainly on the strength of Mercedes-Benz which, recovering from supply shortages caused by a recent nine-week strike, almost trebled its sales from October to November.

BMW was also a surprisingly strong performer, selling 35 percent more cars in November than the previous month.

Toyota remained at the head of the sales table on 4 521, with VW-Audi (3 573) and Samcor (3 565) virtually neck and neck in second place. Nissan maintained its much improved form of recent months to remain in fourth place with 2 426 sales.

Nissan's new Sentra and outgoing Langley small cars were together credited with 1 753 sales, enough to place them third in the models' top ten behind the VW Golf/Jetta (3 208) and Toyota Corolla (2 947).

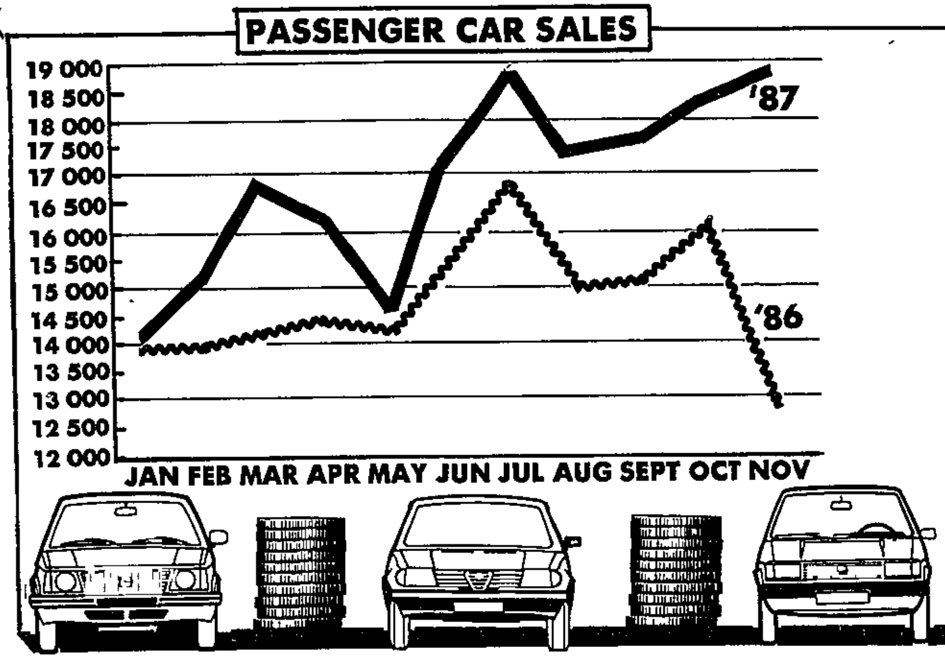
Delta was at the bottom of the makers' table with a disappointing 1 204 car sales, which a spokesman blamed on component shortages. He said that on the basis of wholesale deliveries to dealers in November, Delta (formerly GM South Africa) expected to sell 2 200 cars in December.

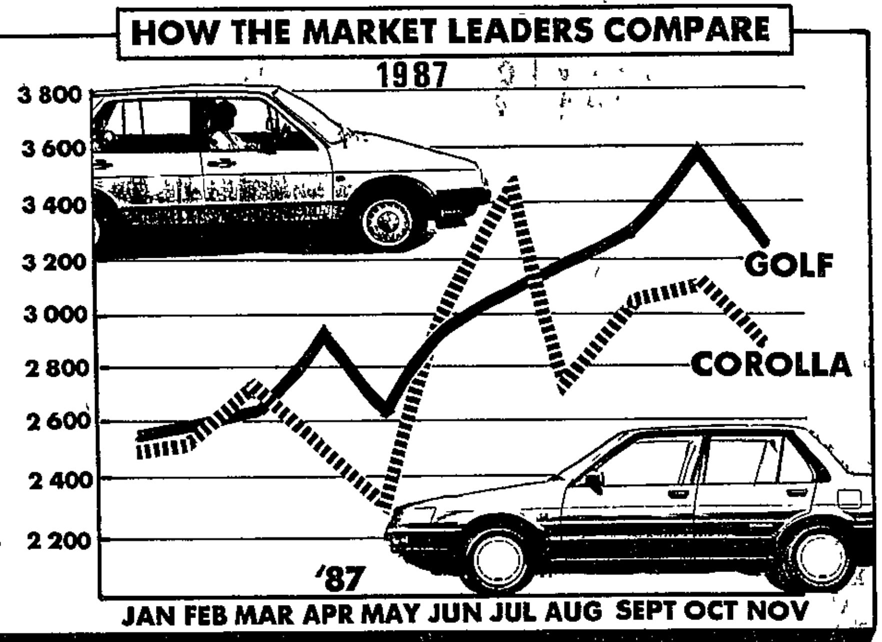
Mr Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), said the industry's stock position generally remained on the low side, with demand outstripping supply.

"The situation remained delicate," he said, "since motor manufacturers were committed to long lead times in respect of imported components and were consequently less able to react rapidly to changes in the market."

While expecting further medium-term gains in vehicle sales, he sounded a cautionary note over prices. He said a 6 percent depreciation of the rand against the German mark and Japanese yen in recent months would push up imported content costs.

Mercedes-Benz and BMW have raised prices in the past month, as have Toyota and Samcor on their larger passenger cars. Delta prices went up last week. Nissan is expected to follow suit soon, and VW on December 28.





Liquor sales head for record

Christmas spending expected to near R9-bn

30 sme 9/12/87

By Sally Sealey

Traders are expecting their merriest Christmas for years and the Association of Chambers of Commerce (Assocom) has forecast that retail sales will reach record levels this year.

The association predicts that shop sales will rocket above R8 700 million — an increase of R1,4 million over last year

But several large retail chains would not comment on the predictions

Mr Jeff Kahn, of Pick'n Pay, said "Sales are up to budget but we expect our Christmas rush to start much later in the month when companies start paying bonuses"

Shebeen sales top R1 billion

Mr Clive Weil, managing director of Checkers, said they were not dissatisfied with their sales so far but people were still keeping a tight rein on their money

Mr Allan Fabig, a director of O K Bazaars, said it was too early to predict Christmas sales

But liquor sales are up and it has been estimated by certain liquor suppliers that shebeen sales alone have reached R1 billion this year

A well known liquor outlet said it had ordered more stocks and that it was expecting an increase in sales in the upper-income bracket areas

A spokesman for South African Breweries said they were very happy with their sales and that there was a definite increase in sales over last year

Benny Goldberg director, Mr Tony Tosen, said "We have increased our sales in the past 10 days and we are expecting to have a very good season — much better than last year"

Mr Ed Verburg, a statistician and qualified economist at Assocom, said "We have heard good noises from all sides and predictions we made five or six weeks ago are still valid — perhaps more so"

Hi-fi equipment, video machines and M-net aerials are selling well

Mr Verburg said the reason for this was that last year and the year before the interest rate was really high Now it was down to 19 percent

Clarendon Gardens: its a yes says MP

(30) 10/12/87

by PAM AGNEW and SIMON LLOYD

EAST LONDON — Reports were rife here yesterday that the controversial Clarendon Gardens shopping complex had been approved, even though the administrator's final decision has not yet been released.

The MP for East London North, Mr Calle Badenhorst, said he had heard that, with certain provisions, the project had been given the official go-ahead

He said he had heard the news from the developers and had checked with an official in the Cape Provincial Administration offices in Cape Town

The public relations officer for local government, Mr D Smit, said although a decision had been taken, it was "impossible" to release the result However, he gave an assurance that the decision would be released this morning

The member of the executive committee for local government, Mr P J Schoeman, confirmed that a decision had been taken but said the committee had made a further resolution that no information would be released about it until today

In the absence of the town clerk here, the municipal administration manager, Miss A Cronin, said last night that by 4 30 pm yesterday the municipality had received no official notification of the decision

The Daily Dispatch offices were inundated with telephone calls yesterday inquiring about the outcome Many callers said they had heard the project had been approved and wanted to know if this was true

One of the directors of Elcorp, the company behind the development, Mr Chris Winterbach, said he had not been informed officially of the outcome He had only told people he "had heard rumours" that the project had been given the go-ahead

He would not disclose where he had got this information from

At 5 pm, Mr Winterbach and a number of other people were seen at Mr Dave Williams-Jones' business premises in St James Road at what appeared to be a celebratory meeting where black and orange stickers with "Yes Clarendon Gardens" were worn

Another party was held at Mr Winterbach's home in Vincent Gardens last night

Mr Winterbach said it was a private office party, but one of the guests there, Mr M Van der Bos, said that everyone present "had something to do directly or indirectly with Clarendon Gardens"

"The administrator has okayed Clarendon Gardens in principle, it just has to be printed," he said

The chairman of the Citywide Ratepayers' Association, Mrs Gwen Shaw, who has consistently opposed the project, said she had received a telephone call yesterday afternoon from an Afrikaans-speaking man who told her he was from the Oosterlig newspaper and wanted to know what she was going to do now that the project had been approved

When the Oosterlig was contacted later it denied having received any news of a decision on the proposed development

Mrs Shaw said later she knew who the bogus caller was

Other Clarendon Gardens opponents also reported having received telephone calls from people indicating they knew the project had been approved

November motor sales 1987's best

10/12/87 (30) 8/2009

MICK COLLINS

NOVEMBER vehicle sales gave the motor industry its best trading month of the year so far, a buoyant market bringing total sales within easy striking distance of a year-end high of 307 000 Car sales are confidently expected to top 200 000 by the end of 1987

Demand continued to outstrip supply in most vehicle categories, auguring well for further gains in new-car and truck sales

The medium- and light-commercial sectors recorded their best performance of the year, with only the heavy sector showing a drop. Sales of 28 949 passenger and commercial vehicles in November brought year-to-date sales to 284 107 — 15,5% up on this time last year

The November total market figure represented a dramatic 31% increase on the monthly average figure for 1986.

"It's the third month in a row in which sales figures have shown an increase. The trend is very consistent," said Toyota marketing director Brand Pretorius.

"That these good figures have also been achieved despite manufacturers' stock shortages is a very encouraging sign for the year ahead."

Toyota's sales of 8 430 vehicles were 29,1% of the total market. Samcor followed with 5 811 (20,1%), Ford contributing 3 466 (12%) and MMI 2 345 (8,1%). Volkswagen's sales of 4 220 won it fourth spot and 14,6% of a hotly competitive market.

A notable feature of car sales was a strong after-the-strike recovery by Mercedes Benz/Honda — a 5,1% increase in market share on October's figures.

Naamsa director Nico Vermeulen said although new car and commercial vehicle sales had recorded only marginal increases compared with the previous month's sales (October), they remained well ahead of sales achieved during the corresponding month of November 1986.

But the rand's depreciation against the Deutschemark and yen by about 6% over the past few months, had pushed up costs,

Nightmare for shopkeepers

(30)

Sowetan 10/6/12

By CHRIS GUTUZA

MITCHELLS Plain Town Centre, visited by up to 30 000 shoppers daily, has become a crime nightmare for many shopkeepers

Crime at the centre is soaring, with stabbings, muggings, robberies and shoplifting

At least one shopkeeper has armed herself.

Many shopkeepers and managers believe unemployment is the main cause of the alarming crime rate They also blame inadequate security.

The manageress of a shoe store refused to elaborate on an incident involving four men at the end of October

The incident had "shocked" her and her assistant But it had opened their eyes and now they kept "weapons" handy in case of similar incidents

"We can only trust in the Lord for our safekeeping Whenever men enter the shop we move closer to something which could be used for protection," she said

Gangsters

The manageress of a clothing shop, who would not give her name or have her picture taken, said "On two consecutive days recently, youths tried to steal items while no-one was looking I am sure these knee-high boys are part of a racket run by gangsters "

"The clothing shop next door has serious problems where youths seem to go on the rampage whenever they please Five little boys were chased from the shop after they had stolen clothes Three of them got away, but two were caught "

The manageress, a mother of two, said gangsters who frequented the centre intimidated her when she went home by bus at night

Protection

"I don't want to disguise myself with a blonde wig and sunglasses like when I worked in Claremont," she said

"A few years before we moved to the centre I helped stop four men from robbing our shop Some of them were arrested Their friends made my life hell I had to disguise myself to come to work.

A hawker named "Fatima" recalled how her landlord, the owner of a butchery, chased a man after he had stolen sausages The man was caught and made to scrub the floor to "earn" his sausage.

A former hawker, nick-named Tuttles, said he had "closed shop" after pirate operators had muscled in on his trade. He now delivered fruit and vegetables to hotels and restaurants

Mr Hennie Hendricks, manager of Lightbodys, said many shops were exposed to shoplifters and break-ins because not enough security guards were patrolling the centre

Shoplifting

He said "We also have losses here, but it's difficult to charge offenders because they are often young children and women who play on shopkeepers' sympathy when they are caught."

The centre's promotions manager, Mr Basil Beck, said he did not think crime at the centre was worse than in other areas in Mitchells Plain But crime was definitely increasing because of unemployment and the festive season

The 16 security guards protecting the centre's 220 businesses were insufficient But they did their best under the circumstances

Greater protection could be offered if the force could be doubled But the size of the security force depended on how many shopkeepers paid for the service Only about 100 contributed to the centre's Merchants' Association which paid the guards.

"There have been stabbings and assaults But these are rare and mostly occur at night near the discos and pubs," Beck said

Another problem was the increasing number of young children loitering in the centre

During final examinations Beck's office called many schools in the area and principals reported many absentees

Beck said "When we asked parents if they were aware of their children's absenteeism we found that most were unemployed or seeking work "

Child loiterers were being used by "unscrupulous businessmen"

The kids were used for shoplifting or as "satellites" for pirate hawkers who were creating problems for the centre and for legitimate hawkers

The Merchants' Association had approached the police and the T... Department "to take steps to eradicate the problem". The hawkers were warned that this would happen if the situation did not improve

Crime at the Town Centre had not increased significantly, according to a police liaison officer

He said there were no more shoplifting cases than usual for the time of year "Police patrol the area and do act against illegal hawkers," he said

The bustling Town Centre on a Saturday morning

A rise in inflation threatens

Traders are hit by stock shortages

30

B/day 11/12/87

KAY TURVEY and MICK COLLINS

CRITICAL stock shortages are threatening to fuel inflation, as buoyant Christmas spending has caught many retailers under-stocked.

Standard Bank economist Nico Czypionka says traders are paying the penalty for being too cautious and year-end sales will suffer, although sales in the first quarter of 1988 will benefit as a result

"In many cases a lost sale is never made up, but in the case of cars or TVs, for instance, sales orders will come through next year."

Czypionka says a further consequence of this underplanning is expected to result in growth of industrial production outpacing growth in consumer spending

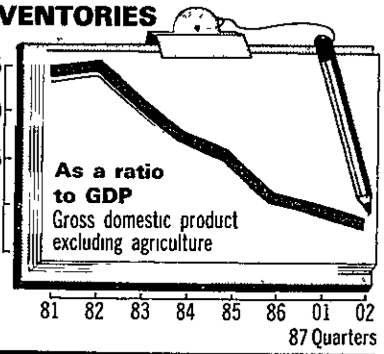
Commercial and industrial inventory levels at 19,5% of GDP are the lowest in the 1980s — and compare with 27,2% of GDP in 1981 — as retailers have increasingly run lower stock levels to reduce gearing, following the "just-in-time" approach.

Czypionka says shortages and the perception of a firmer market should lead to harder prices and a re-acceleration of inflation

Evidence of acute shortages can be seen in consumer prices moving up faster then production prices. Whereas the annual Producer Price Index is up 12,5%, the Consumer Price Index has advanced 15,5%.

Simpson McKie economist John Banos

REAL INDUSTRIAL AND COMMERCIAL INVENTORIES



Source SA RESERVE BANK Graphic JOHN McCANN

says the present widespread stock shortages are bound to drive up prices until supply is stepped up to meet a consistently larger demand.

Major motor retailers report critical stock shortages and consequent interruption of sales performance in November.

In the furniture sector, the buoyant demand for washing machines and tumble dryers has resulted in shortages. Insufficient stock levels of refrigerators and chest freezers could limit choice. Work stoppages in the furniture industry during the year, coupled with the resurgence in demand, have created a tight stock position in wooden and upholstered furniture.

OK marketing director, furniture ap-

● To Page 2

Traders caught off guard by stock shortages

30

● From Page 1

pliances, Arthur Solomon says sales of white goods have risen between 5% and 6% in real terms since last year. Exceptional demand for tumble dryers has resulted in shortages, he says.

Amrel furniture merchandiser Bob Hart says shortages of white goods are not across the board; certain sizes and models will not be available. However, Amrel intends to compensate customers who are compromised on choice

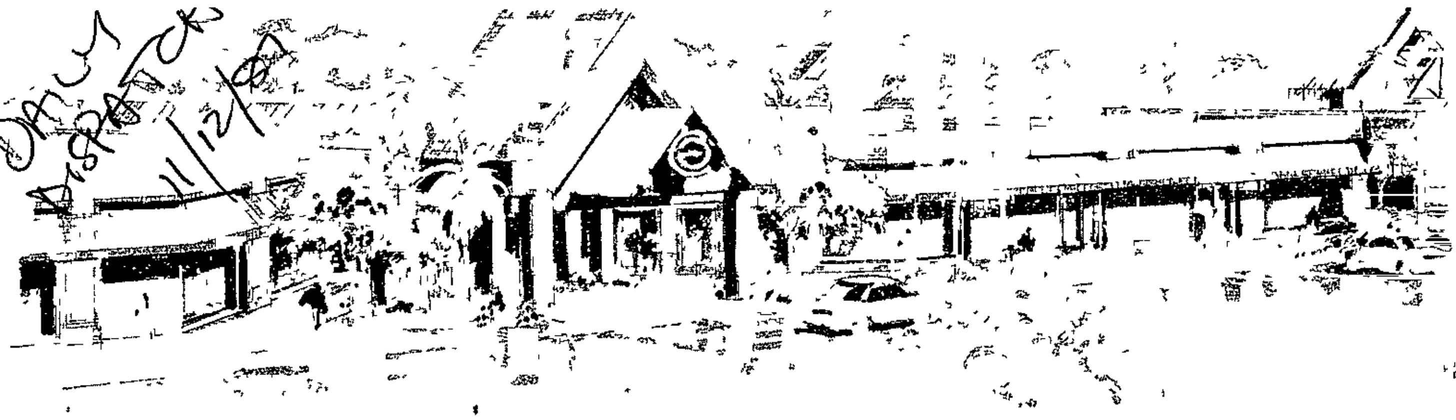
The most acute shortages are in television sets, where the abolition of the *ad valorem* import tax in May resulted in massive replacement buying. Given the six-month lead time required by manufacturers to meet this demand, many factories have cut Christmas holidays and expect to be running at full productive capacity until March next year.

Major clothing retailers expect a sell-out situation, despite significantly increased stock levels.

Manufacturers and distributors of building products are being urged to provide for an upswing in demand to reduce the possibility of price increases and costly delays in the completion of projects as a result of shortages in the supply of materials.

National Association of Home Builders (NAHB) executive director Johan Grotsius says: "The home building industry must do everything in its power to contain rising costs, to remain in a position to market an affordable product"

Daily Dispatch 11/12/87



It's in the best interests of EL — administrator

EAST LONDON — The R60 million controversial Clarendon Gardens shopping complex has been approved by the executive committee of the Cape Provincial Administration (CPA) as they believe it is in the best interests of the city

The CPA's public relations officer for local government, Mr D Smith, released the news late yesterday afternoon in a statement made by the chairman of the executive council responsible for local government, Mr P J Schoeman

The decision was taken "after wide-ranging and prolonged deliberations" at the executive council's last meeting of the year in Cape Town on Wednesday

Mr Schoeman said the decision had also followed an in-loco inspection

He said that in the process of investigating the matter a large number of individual and group objectors were heard with a view to accommodating the various objections as far as possible

"In the final instance, the most serious objection against the proposed shopping centre appeared to be the problem of gaining access to the Clarendon Preparatory School and the danger that the proposed development constituted for pupils brought to and fetched from school," Mr Schoeman said

"After intensive negotiations with the developers they agreed to provide at their own expense an off-site turning circle at the end of Cheltenham Road with access from it to the parking areawhich is to be used by parents

"A further road between this complex and Cheltenham Road so that this road would not be used by delivery vehicles and any enclosing walls and fences which might be necessary to serve as a screen between the proposed centre and the existing facilities," Mr Schoeman said

He said that the link between Cheltenham Road and Union Drive would be retained

Mr Schoeman said the availability of land for the further extension of both the Clarendon Primary and High Schools was also investigated as well as various ways of making land available such as the relocation of municipal services and the diversion of roads

"It is not possible at this stage to determine which will be the best solution, but the developers have also offered to pay a sum of money to the municipality which is to be kept in trust and utilised for the purpose of extending the school grounds," he said

In addition the developers will provide a piece of land, measuring 2,4 hectares adjacent to the existing school grounds for a sports field and the cost of levelling and grassing will be at their expense

The committee of inquiry which sat in the city last week to investiage "serious allegations" against the manner in which the council handled the Clarendon Gardens application, found that "no specific irregularities which might have influenced the municipality" could be proved

"Notwithstanding the wide field that the committee had to cover and the limited time available, it investigated the matter very thoroughly," Mr Schoeman said

"The committee is sat isfied that no specific irregularities which might have influence the municipality could be proved and in the circumstances, the request by the Citywide Ratepayers' Association and a certain Mrs R E M Venter that the administrator direct the mayor of East London to convene a public meeting to discuss the proposed development, was refused.

"The executive committee, having considered all the factors, is of the opinion that the proposed shopping centre will be in the interests of East London and its future development," he said

Elcorp: we'll be on site early in year

EAST LONDON — The decision on the Clarendon Gardens project was welcomed last night by the developers who reiterated that the complex would be up and trading by 1989

The managing director of RMS Syfrets which has been appointed project co-ordinators and co-leasing agents of the complex, Mr Pat Flanagan, said "We are very excited about the approval

"However, we are not able to make any definitive statement until the approval is formally conveyed to us

"Suffice to say, however, that if the approval is recieved from the Administrator via the local authority, it is the intention of Elcorp and ourselves to work co-operatively with the local authority and the community and to have the centre up and trading by April 1989 "

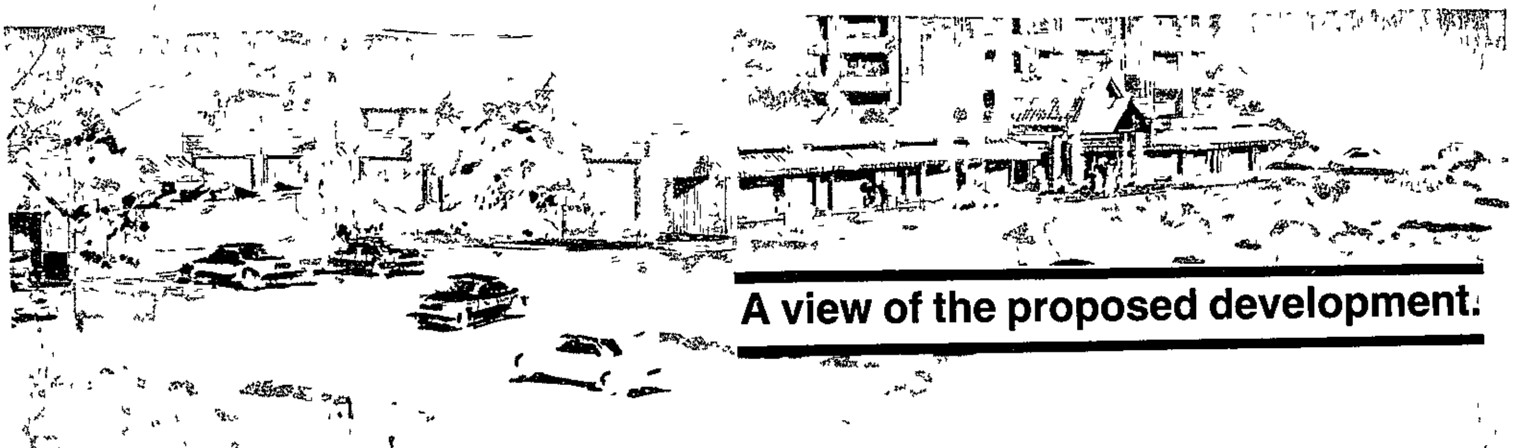
Mr Flanagan . trading by April, 1989

Mr Dave Williams-Jones, of Elcorp, reiterated the major companies which were backing the project and said this was proof of the viability and confidence level of the scheme

"We have the committed backing of major tenants OK Bazaars, Woolworths, Truworths, Edgars, Clicks and Ackermans," Mr Williams-Jones said

The development and estates director of OK Bazaars, Mr Mervyn Serebro, said "One of the most competent and experienced professional teams has been assembled for this project and we sincerely believed from the inception of the planning that justice would prevail in the end

"Assembling information in a professionl manner to the administrator, we believed, would result in a positive response When formal approval has been received, we look forward to s arting work on the site early next year "



A view of the proposed development.

Consortium: Sats project in balance

EAST LONDON — The announcement of the go-ahead for Clarendon Gardens has put another major multi-million rand project in the balance

The spokesman for the Central Business District Consortium, the group of professionals involved with the redevelopment of the CBD, Mr Chris Swales, said the decision would definitely be a blow to the downtown area

"We have consistently said that the Gardens project will be the death knell of the CBD and as an urban planner, I cannot see how this decision is in the best interests of the city "

Mr Swales was in Port Elizabeth yesterday with another member of consortium, Professor Danie Theron

"We just worked all night on the CBD project and the pedestrianisation we envisaged is well on its way We have been working closely on this with the municipality's city engineers' department

"The approval does put all the developments in the balance "

The CBD redevelopment has been planned in conjunction with the development on the more than 40 hectares of adjacent South African Transport Services land and last night a spokesman for the Station Centre Consortium, Mr Chris Driver, said yesterday's announcement would have a negative effect on their plans

"The development of the Sats land would definitely have to be on a smaller scale The population of the Greater East London area cannot support two multi-million rand projects "

This was supported by the developer-elect of the project on the Sats land, Murray and Roberts

The company's Cape managing director, Mr Charl Pienaar, said from Cape Town yesterday that research had shown that present-day East London could not support both projects

But Mr Pienaar said that was short-term thinking "and you cannot rule anything out completely"

He did not elaborate

Earlier this year, Mr Pienaar confirmed that the R55 million Murray and Roberts shopping complex adjacent to the Vincent Park Centre in Devereaux Avenue had been shelved after hanging in the balance for two years because of the Clarendon Gardens issue

He denied at the time that the shelving of the Vincent Park project had anything to do with his company being chosen as the developer-elect of the Sats land project

Mr Pienaar said the shelving arose entirely because of the city council's decision to give the go-ahead for the Clarendon Gardens project

Anger, happiness over decision

EAST LONDON — There was widespread condemnation as well as welcome acceptance last night of the approval for the Clarendon Gardens project

The chairman of city council's action committee, Mr Neville Randall, said he was glad about the decision and hoped that everyone would accept it

Mr Joe Yazbek said he was as pleased as he would be for any other development

"I only hope that there is no further animosity We must get on with the job and stop fighting," Mr Yazbek said

Mr Eric Whitaker said the decision "was absolutely shocking" and could not believe that the people of East London could be dictated to

"They talk about the devolution of power The people in East London deserve the National Party MPs they have got," Mr Whitaker said

"Citizens must make their voices heard," he said

Mr Whitaker also questioned how some people could have known about the decision before the whole of council had been informed

The chairman of the Clarendon/Selborne Joint Amenities Committee, Mr Brian Randall, said that he was not happy with the decision and that he felt it was not in the best interests of the schools

He said they were not against development in the city, but were concerned where such development could have detrimental effects on the expansion of schools and the safety of schoolchildren

Mr Randall said the 2,4 hectares of land that the developers had offered to give to the schools was inadequate

He said that in terms of the CPA's regulations, Clarendon Primary and High Schools qualified for 12,5 hectares of land and that the 2,4 hectares would not bring their existing 4,6 hectares up to the specified quota

Mrs Shaw

Mr De Lange

Mr Card

He said that he was waiting to see the full text of the executive committee's decision and would then decide what further action would be taken

Mr Brian Snell said he could not believe the outcome of the committee of inquiry

He would "go the the Supreme Court to have this decision overturned" and would support any ratepayers who wanted to take the matter further

"I am very upset about he whole decision," Mr Snell said

Mrs Elsabe Kemp said she was disappointed She was not against the project but its siting

A spokesman for the East London and Northern Suburbs Vigilant Group, Mr Ernie Masters, said that it had been "a political decision taken long before now"

"We have a certain Ward Four councillor to thank, whose presence at the final council vote on the matter could have avoided this outcome," he said

Mr Masters also said that the decision was a complete shock in terms of the 6 000 odd objections that had been forwarded to the administrator

"But, we will be back as always — this is only round one," he said

The chairman of the Selborne Residents' Association, Mr Chris Lloyd, said that it was "tragic that the devastating effect of five schools, a major hospital and surrounding residential area have been ignored despite the weight of objections and virtual unanimous professional opposition"

"It seems the profits of a few are to outweigh the good of the community Town planning in our city has become

(3)

Reports by Pam Agnew Matthew Moonieya, Simon Lloyd and Dave Marrs

11/12/87

investigate every possible means to fight the decision

A member of the CRA, Mr Neil Venter, said he was not going to give up the fight

Mr Venter said he was "disturbed" at the fact that the administrator only appointed the committee of inquiry after Mrs Shaw complained to the advocate general

"Why did the administrator not respond to the council's decision to investigate itself earlier this year?"

"Why did he (the administrator) have to wait for Mrs Shaw's affadavit before he could make up his mind about the investigation?" he said

The mayor of East London, Mr Robert de Lange, said he was "happy with the decision"

"I am pleased that the issue has been finalised at last," he said

Regarding the findings on the allegations of irregularities, he said he had never doubted that the council's handling of the issue had been above board

"A shopping centre is a necessity for East London and Clarendon Gardens is a good business site," he added

Mr Robbie de Lange said the decision was "the finest Christmas-box the people of East London could get

"This is the most fantastic news that I have had for many years, especially as it was done on merit and merit alone

as long as I have, you become rather cynical about these things

"Had this not become a political issue, the professional advice and technical opinion against the development would have been enough to prevent the project from going ahead," he said

Mr Spring was adamant that the decision would not represent the end of his campaign against the development

"They have underestimated the mood of the people of East London I am prepared to take this to the bitter end," he added

Mr Phillip Rohtbart said the decision was "a great shot in the arm for the city"

One of the most adamant critics of the project on the council, Mr Donald Card, said the decision had not surprised him as "the strangest things happen in the political field in South Africa"

He said he could not understand the committee's findings on allegations of irregularities as three councillors had given evidence about having been approached to support the project

"We will not sit back and allow this to happen The only course open to us now is legal action through an interdict against the decision," he said

The chairman of the Central Business District Association and councillor, Mr Gwyn Bassingthwaighte, together with four other

30

1/12/87
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farcical," Mr Lloyd said

The chairman of the Citywide Ratepayers Association (CRA), Mrs Gwen Shaw, said the administrator's decision to allow the project to proceed was "beyond comprehension"

Mrs Shaw said it casted doubts on the whole system of municipal administration

"How is it possible for justice to be done when there is an ordinance which does not permit it?"

"The CRA is totally dissatisfied with the decision and I told the commision of inquiry that if the project went through, it would not be the end of our efforts to stop it," Mrs Shaw said

She said they would

"I just hope and trust that people will accept the decision as final, in the interests of the city," he said

Mr De Lange said he would not bear any grudges, although statements had been made against those who were for the development that were based on personalities, and not on merit

"For the past 43 years that I have been on the council that land has been lying dormant and it is time that something constructive is done with it," he said

A former mayor, Mr Errol Spring, was not surprised at the decision

"When you have been in the political arena fighting the government

councillors, Mr Vossie Bezuidenthout, Mr Ivan Zulman, Mr Patrick Kay and Mr Willem Morris, could not be contacted.

An East London property consultant, Mr David Denison, who founded and initiated Elcorp's bid to establish a major shopping centre in East London, said last night "Though I am no longer associated with Elcorp in any way, I am thrilled my initial efforts have finally been vindicated by the administrator's decision to give the project the go-ahead

"I also have no doubt that once the centre is established it will be widely acclaimed and will prove to be a wonderful asset for East London."

Councillors to take action to stop Gardens?

11/12/87 (30)

EAST LONDON — The controversial R60-million Clarendon Gardens shopping complex project has been given the go-ahead by the Cape Provincial Administration.

The announcement yesterday set off protests and talk of legal action to halt construction of the complex

While some city councillors welcomed the decision, others said they might take legal action and Mrs Gwen Shaw of the Citywide Ratepayers' Association said every possible avenue would be explored to prevent the project going ahead

One councillor, Mr Brian Snell, said he could not believe the outcome of the committee of inquiry

He would "go the the Supreme Court to have this decision overturned" and would support any ratepayers who wanted to take the matter further

"I am very upset about the whole decision," he said.

A former mayor, Mr Errol Spring, was not surprised at the decision

"When you have been in the political arena fighting the government as long as I have, you become rather cynical about these things

"Had this not become a political issue, the professional advice and technical opinion against the development would have been enough to prevent the project from going ahead," he said

Mr Spring was adamant the decision would not represent the end of his campaign against the development

"They have underestimated the mood of the people of East London I am prepared to take this to the bitter end," he added

One of the most adamant critics of the project on the council, Mr Donald Card, said the decision had not surprised him as "the strangest things happen in the political field in South Africa"

He added "We will not sit back and allow this to happen The only course open to us now is legal action through an interdict against the decision"

The developers, Elcorp, welcomed the decision and said they would be on site early next year The complex should be ready for trading in 1989

A statement telexed to the Daily Dispatch offices late yesterday afternoon on behalf of the MEC for local government, Mr P Schoeman, said the decision to approve the project was taken in the best interests of East London after thorough investigation

The statement laid down provisos for implementing the project and rejected accusations of city council irregularities in dealing with it

"The committee is satisfied that no specific irregularities, which might have influenced the municipality, could be proved

"In the circumstances, the request by the Citywide Ratepayers' Association and a certain Mrs R Venter that the administrator direct the mayor of East London to convene a public meeting to discuss the proposed development is refused

"The executive committee, having considered all the factors, is of the opinion that the proposed shopping centre will be in the interests of East London and its future development"

Meanwhile, a statement from the developers of another multimillion project in the city said the decision had put their plans in the balance

A spokesman for the Central Business District Consortium, which is piloting the redevelopment of the downtown area in conjunction with a development on South African Transport Services land, Mr Chris Swales, said their plans were now in the balance

A spokesman for the Station Centre Consortium seeing to the Sats land development, Mr Chris Driver, said the project would be on a smaller scale as East London could not support two major complexes

**Administrator's statement; reaction; developers' plans, all on page 6.
Editorial opinion page 24.**

RETAIL SALES

(32)

Season of optimism

It's just two weeks till Christmas, but that ringing you hear isn't the sound of sleighbells. It's the sound of cash registers ringing up retail sales.

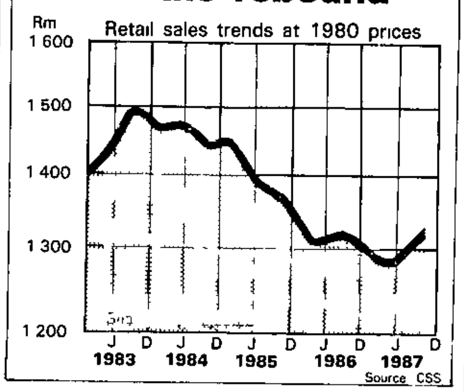
"This festive season is going to be a very good season for retailers," predicts economist Glenn Moore of Stellenbosch's Bureau for Economic Research (BER). "There's certainly going to be real growth in retail sales."

Among Moore's reasons for being optimistic:

- ☐ Personal consumption expenditure has been growing all year;
- ☐ Wages and salaries are increasing faster than inflation;
- ☐ There is a pent-up demand for durable goods — cars, appliances, furniture — because of low sales in 1985 and 1986; and
- ☐ Retailers, wholesalers and motor traders contacted last month said they were more confident than they were in the fourth quarter of last year.

Says Moore: "The stock market crash had no effect on their confidence whatsoever. That's contrary to what a lot of people are saying. The number of people involved in the stock market in this country is minimal compared to a lot of other countries."

On the rebound



Crash makes no difference

Assocom statistician Ed Verburg tells much the same story.

Just before the crash, Verburg canvassed 250 retailers and concluded that overall retail sales in November and December would rise by about 18% this year, a real rise of about 2% — compared to a real drop of 5% in Christmas 1986 from the year before. Despite the crash, he says, this year's figures are still on target.

"From my phoning in the past two weeks, I've found people are much more optimistic now than they were in October." Furniture and appliances are selling well, Verburg says, and dealers tell him that radios and televisions, which had got off to a slow start, were also starting to move well.

His explanation for the upswing in consumer spending: business profits are up so people figure they'll be getting larger pay increases, because consumers are more optimistic, they are buying more on credit, and the firmer gold price and better rains have boosted people's spirits — and some people's pocketbooks.

Analysts cite a host of other factors that are contributing to a turnaround in consumer spending, after more than three years of decline: improved annual bonuses, less unrest, and a growing informal sector that's putting unrecorded money in the hands of black consumers.

What does this all mean for the economy in 1988?

Nedbank economist Ted Osborne sees sales of durable goods rising 5% in real terms next year, and semi-durable goods about 2,5%-3%.

The BER projects that private consumption expenditure will rise 4,3% in 1988 — following a 3,8% rise this year — with durable goods increasing 9,5% in the first half of next year and 13,6% in the second half.

But many economists say there is a limit to how far consumers can take a recovery. At some point they won't have any more money to spend — they'll refuse to borrow more and their wage increases will be eaten by inflation and taxes.

To put more money in consumer pocketbooks, the economy simply must become more productive and the government less of a burden. The usual prescription applies: deregulate, stop debasing the rand, cut government spending and taxes. If Pretoria were to take the advice, we could look forward to much merrier Christmases in the years to come — rather than celebrating a welcome, but unspectacular, 2%-3% increase in retail sales. ■

FM 11/12/87

CITY/NATIONAL ARGUS 11/12/87 (30)

Retailers head for bumper Christmas

By MAGGIE ROWLEY
Financial Staff

CAPE TOWN'S retailers are heading for a record Christmas with many already reporting significant increases in sales over last year's festive season.

Clothing retailers have shown outstanding results for the first week of December and the momentum appears to be continuing into 1988, says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association.

Mr Hugh Mathew, managing director of Foschini, said his company was expecting record sales.

"In September we revised our projections for the current financial year when we realised we were going to do even better than expected," he said.

"We have already passed our revised projections and the busiest three weeks of the year's trading, especially in the coastal areas, is still ahead."

Mr Hugh Herman, managing director of Pick 'n Pay, estimated that Christmas sales were well ahead of a year ago and he was expecting group turnover to rise by more than 21 percent for the year.

Mr Trevor Honneysett, managing director of Clicks, said the company expected record Christmas sales.

"We are very, very pleased with Christmas trading and are expecting an increase of between 27 and 28 percent in turnover overall throughout the country this year," he said.

The regional general manager of Garlicks, Mr Michael Boyes, said that sales at all five stores in the company were well ahead of last year.

"We have seen a progressive increase over the past two months and if this trend continues, as it has done in previous years, we will have a very good season.

"Very rosy"

"Overall the situation is looking very rosy," he said.

Mr Alan Garlick, general manager of the Cavendish branch of Garlicks, said that sales were substantially up on last year.

The volume of shoppers at Cavendish Square, one of the city's busiest shopping centres, has risen dramatically in the past week and appears to be a great improvement on last year, according to Mr Harry Riddell, the centre's manager.

"It is still too soon to have an idea of exact sales volume, but all the shops in the centre have reported they are extremely pleased," he said.

Mr Ivan Hammerschlag, managing director of Furniture Fair, which caters for the middle to lower income groups, said that turnover in the past two months was more than 250 percent ahead of the same period last year.

Fire at hospital training centre

Staff Reporter

A FIRE has damaged the wood-and-iron Alta du Toit Training Centre for mentally handicapped children at Stikland Hospital near Bellville.

The Bellville fire brigade put out the fire at the building, which is also being used as a clubhouse by the Oom Vossie Voortrekker Commando.

About 75 percent of the building was damaged and equipment was destroyed.

VEHICLE SALES (30)

So near, and yet . . .

New car sales may yet creep over the 200 000 mark this year — but it's going to be a close-run thing

November sales of 18 620 have lifted the figure for the first 11 months of 1987 to 184 857 By the standard of recent months, the 15 000-odd sales required to lift the year-end total beyond the magic 200 000 mark should not be difficult

But with fewer selling days this month because of the Christmas holidays, and many potential buyers away from home and office, the target may yet prove an elusive one "So near, and yet so far," as one motor industry marketer commented

Whatever the eventual total for 1987, car sales this year are already way ahead of initial expectations From a total market of about 174 000 in 1986, forecasters at first predicted recovery to 180 000 this year A stronger-than-expected market convinced them to revise estimates first to 190 000, and then 200 000

November's figures, released this week by the National Association of Automobile Manufacturers (Naamsa), confirm this continued strength

Sales of new cars, at 18 620, were only fractionally up on October but nearly 40% more than November 1986 Light commercials (LCVs), at 9 216, were more than 50% up on the previous year. Medium commercial (MCVs) sales also improved, with only the heavies (HCVs) showing a fall

Car sales in the 11 months to November totalled 184 857, compared with 162 377 in the corresponding 1986 period. LCVs rose from 72 922 to 88 024, MCVs from 4 192 to 4 409, and HCVs from 6 424 to 6 817 Overall new vehicle sales have risen from 245 915 to 284 107

Profits up

The improved vehicle market has led every major manufacturer to report trading profits this year — albeit at levels well below what they say they need to make reasonable returns on their investment

It has also led to stock shortages, and manufacturers are still a long way from overcoming these Long lead times on imported components have prevented companies from reacting swiftly to a market whose short-term growth is beyond expectations

In releasing the November figures, Naamsa director Nico Vermeulen described industry vehicle stocks as "on the low side" and said the situation was "delicate." He added· "The inventory position will be aggravated by the impending seasonal closure of factories."

He also warned of added price increases next year because of a 6% fall in the value of the rand against the yen and D-Mark But he remains optimistic that despite the cost of imported components, manufacturers will keep vehicle price increases next year below the rate of inflation. ■

2

13/12/85

Merc, BMW help lift car sales

A RECOVERY in sales by Mercedes-Benz and an improved performance by BMW saved November car sales from dipping below the October figure.

Apart from these two, all manufacturers recorded lower sales, a shortage of stock being blamed for the decline

Most manufacturers were unable to provide a full range of models to dealers and the shortage is likely to worsen in the new year because car plants are shutting shop until January 11

However, November sales of cars, light and medium commercial vehicles were the highest of the year

A feature was Toyota's achievement in grabbing top selling spot in all four categories of the market — cars, light commercial, medium and heavy trucks. This is the first time one manufacturer has dominated the industry.

Car sales in November at 18 620 were marginally up on the 18 491 in October and took the figure for 11 months to 184 657, up 13,7% on the 162 377 in the previous year.

The November figures were bolstered by a sharp increase in sales by Mercedes-Benz which had suffered severely in the previous two months as a result of a 10-week strike. Sales rose to 1 506 from 555, Honda Ballade rising from 333 to 785

BMW was the best overall

By Don Robertson

performer in November, sales rising by 35% to 1 819 from 1 347 Sales of the 3 Series rose to 1 366 from 974 to give the marque its highest share of the market at 9,7%

Sales of Volkswagen's Golf-Jetta again beat Toyota's Corolla But Toyota's sales dropped only 2,7%, helped by an improvement in Cressida figures Volkswagen lost 13,7% Toyota remained the best seller.

Nissan, with its new Sentra, held fourth spot after the combined Samcor sales. The Sentra was the third-largest seller

Toyota dominated the light commercial market where total sales in November rose to 9 216 from 9 067 in October. Sales to date are 88 024 — 20,7% higher than the 72 922 in the same time last year. Second was Samcor and third Nissan.

In the medium and heavy categories Toyota led with sales of 167 and 179 respectively The heavy truck and bus sector has been dominated by Mercedes-Benz for the past few years

Medium sales in November were 13,1% up at 475 from 420 for a total of 4 409 for the 11 months against 4 192 Heavy truck sales were 638 in November down 15,9% on October's 759 Sales to date are 6 817 compared with 6 424 previously

Car sales are expected to reach 200 000 for the year Total vehicle sales are forecast at more than 300 000 Car sales are expected to rise to about 210 000 next year

ST (30)

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Metpol	N/A	—	N/A	—	28,5	+36	19	+27
Adonis	1,78	+64	1,67	+82	24,4	+62	12	+71
Arban	14,9	+17	2,4	+99	8,2	+61	—	—
Fugit	N/A	—	N/A	—	31,6	+20	26	+21
UME	5,7	+16	5,0	+16	18,7	+26	8	N/A
INTERIMS								
Filati	N/A	—	0,48	N/A	8	N/A	—	—
Columbia	N/A	—	8,4	+126	21,1	+115	—	—
Bernica	N/A	—	0 37	N/A	37,1	N/A	—	—
Tracio	N/A	+42	1,2	+162	3,1	N/A	—	—
Charter (£)	N/A	—	26 1	+45	17,2	+41	4,25	+6

N/A — not applicable

Pick 'n Pay bursting with growth plans

13/12/87

30

By David Carte

MARKET misgivings about Pick 'n Pay are unjustified, says the chairman and founder, Raymond Ackerman.

Some analysts worry that Pick 'n Pay is battling against revitalised competitors, that it has saturated white markets and is blocked out of black ones, not to mention foreign ones, such as Australia

There is concern that, Pick 'n Pay, like Wooltru, is going ex-growth and that it is becoming a bit long in the tooth

Unrealistic

Mr Ackerman says "It is unrealistic for anyone to expect us to increase earnings by 30% and 40% a year in a flat environment — we did it in the early days

"Having come from behind, today we are the biggest single retail chain in SA Big percentage increases are no longer so easy But that does not mean we are over the hill

"I would say we are in an adolescent growth phase Having increased earnings by 22% last year, we are confident of at least 20% this year and the foreseeable future"

Mr Ackerman thinks he is unfairly treated by a market that looks only at percentage increases

"In 1985, with the possible exception of Clicks, I think we were the only major retailer to increase earnings Some big store groups reported major profit reverses "We increased earnings by 6% I regarded that as our shining hour But the market marked our share price down from R50 to R35"

Raymond Ackerman ... adolescent growth phase

cash-and-carry wholesale arm, is to get a major shove with up to 20 stores opening in the next two years

Mr Ackerman says this type of store has assumed new importance in distribution and he is counting on it for high growth in spite of fierce competition from entrenched competitors, such as Metro Cash and Score-Trador.

The third Price Club opened recently Mr Ackerman reports that the chain is going well, although there were teething problems in the control of debtors.

Mr Ackerman acknowledges that Clive Weil is doing a good job and commends him for getting Checkers into

a train Our Pietersburg store does a large amount of black business Our second store in Maritzburg will do huge black and Asian trade

"Many established stores, notably those at Kempton Park and Ormonde, near Johannesburg, do a huge black trade Everyone thinks Jazz in the Tradegro group is doing so well in the black market, but our sales to blacks exceed those of Jazz by far

"Our new wholesaling arm, Price Club, is working successfully with black traders We are linking arms with them, helping them to run their stores efficiently One thing we are insisting on and that is that all our stores work on the same price structure"

Mr Ackerman believes Pick 'n Pay enjoys excellent race relations inside and outside It has been involved in community work, housing, education and bursaries for years

Shock

Mr Ackerman has been so proud of race relations inside Pick 'n Pay that last year's strike, which appears to have been at least partially politically motivated, was a shock

"But I think we emerged from the experience better people Our industrial relations have improved enormously We have done a lot of training among our managers They all handle skirmishes and problems better I think we have improved relations with the unions as well"

Mr Ackerman defines a good human relations manager as "a diplomat, not necessarily a super-liberal or a softie, rather a strong, sensitive man, one who will not push problems under the carpet, but who will tackle them fairly and consistently"

30 12/12/87

Share split

In the past year Pick 'n Pay lifted earnings by 22% in spite of its well-publicised strike and the share price momentarily touched R50 again before the stock market crash brought it down to R36 The share is now R7,50, equivalent to R30 before the recent four-for-one share split Before the crash the PE was 19. Now it is 12

Mr Ackerman sees several sources of growth in coming years, apart from an improving economy

The 13th hypermarket opens soon He believes Pick 'n Pay will have saturated this area in the next couple of years when it will have 15 hypers On the drawing boards are several superstores, which are halfway between the conventional supermarket and hypers

A new development is a chain of up-market Pantry Stores, which will challenge Woolworths for the gourmet's rands Provided the pilot store in Camps Bay is a success, there will be 12 to 15 of them in the next two years

Cash and carry

Pick 'n Pay will also develop 40 smallish supermarkets in country towns in the next two years

Finally, Price Club, the the black.

"They have made gains, but certainly not at our expense"

Properties

He believes it is all very well to applaud improvements in Checkers, but reminds one that to show a profit Checkers had to move its properties off the books

Pick 'n Pay did not have to make such a move and it is not only marginally profitable It made R43-million after tax last year and should crack R51-million in the current year

Unlike its rivals, Pick 'n Pay has had no debt for years It uses creditor finance to maintain large cash balances which earn interest and help it to price keenly.

Mr Ackerman does not accept that Pick 'n Pay will have any problem penetrating the black market, which everyone acknowledges is the one with the highest growth potential.

"Our store in Mitchells Plain, a 50% venture with the people living there, has been an outstanding success. Our store in Bisho has one of the highest turnovers of any retail outlet in the Eastern Cape.

"We have opened in Mabopane near Pretoria and our Mmabatho store is going like

Mr Ackerman cannot guarantee that there will not be industrial action in future, but he believes there is now less chance of small squabbles in a particular store growing into a nationwide strike

Independence

Pick 'n Pay involved staff in share ownership long before it became fashionable Already 2 800 staff members hold shares Soon 10 000, or nearly half the staff, will hold shares in the company

Mr Ackerman sees Pick 'n Pay's independence from the seven major financial groupings in SA as a strength more than a weakness, even though Sanlam has proved such a useful ally to Checkers

"I think our independence gives our people a sense of pride and motivation."

Mr Ackerman says that Pick 'n Pay has shown it is more than a one-man band since Hugh Herman became managing director two years ago

"He has done an excellent job and he is backed by a fantastic team of directors and general managers in a decentralised operation."

One thing that should bear out Mr Ackerman's optimism is a consumer economy that seems to be gaining momentum The way things are going 20% looks conservative

HIVE IDEAS GIVE JOBS TO MANY

30

14/12/87
Eve Post.

By KIN BENTLEY

NEARLY 20 000 job positions have been created in South Africa under the Small Business Development Corporation's successful hive of industries concept.

Calling 1988 "The Year of the Hive", Mr Arnold Meiring, manager of the Port Elizabeth Hive of Industries in Lindsay Road, said in Port Elizabeth alone 500 job opportunities were created by the hive concept this year

He said of this total, 100 were employed by 17 entrepreneurs who "graduated" from the hive this year, making space in the hive for new "infant businesses"

Nationally, he said, since the SBDC's inception in 1981, the following results had been achieved

- Affordable business space totalling 410 927 square metres and costing R124,3m, has been made available to close on 1 400 entrepreneurs employing nearly 18 800 people, mainly in the underdeveloped areas

Inquiries

"In addition, a further 55 433 square metres lettable space is currently being completed"

- Information and advice has been and still is being provided at a rate of an average of 1 000 inquiries per every working day
- Direct loans have been made to 13 470 entrepreneurs, totalling R347,4m
- Indirect loans to the value of R13m have been made to the SBDC's bank indemnity scheme

"Statistics show that by the end of this decade, each working day will see a total of 1 000 South Africans become new job seekers"

He said if South Africa was going to succeed in creating the necessary job opportunities, it had to achieve three things

- Maintain economic and political stability
- Improve productivity in order to compete in the international market
- Identify, train and assist potential entrepreneurs in order to mobilise small business

Compact disc sales take off

8/day 14/12/87

ROBIN TAYLOR (30)

COMPACT disc (CD) sales have increased 200% this year, and there is a trend towards buying CD players instead of conventional turntables, industry sources say.

Ed Kelly, in charge of production at recording company WEA, said there had been a 200% increase in CD sales since the beginning of the year, but could not provide exact volumes of sales.

He said record sales had not been affected People were seeing CDs as complementary rather than an alternative to records.

One of the reasons for the increase in CD sales, Kelly said, was that CDs were being released along with records and, therefore, were as readily available as records.

Telesound director Jeffrey Morris said people were tending to spend less on turntables, with the intention of getting more out of their CD players.

He said CD sales were "increasing all the time", and in the past 12 months sales in CD players had doubled.

Turntable sales had not dropped significantly, but it was expected that, as CD players became more popular, their prices would drop, resulting in a drop in turntable sales in the near future.

There had been a massive CD drive this year, culminating with Radio 5 declaring November "compact disc month".

Gerald Paul, manager of Stan's Germiston branch, foresaw 1988 as being the "year of the compact disc".

...ber of new

Businessmen 'fear Indian competition'

Bday 15/12/87 (30)

ELSABÉ WESSELS

THE proclamation at the weekend of the first Indian group area in the Free State, in the town of Harrismith, has split the white community

Harrismith businessmen yesterday expressed fear at the arrival of Indian rivals.

The Indian township proclamation is expected to feature prominently in next year's municipal elections, with the 7 000-strong white community deeply divided over the issue.

Chamber of Commerce chairman Dries van Niekerk ascribed the growing protest among whites to "political thinking" and "fear of opposition"

Indian businessmen are bound to cut prices, which could force established business to their knees, said Van Niekerk But he said many concerns were already in Indian hands through "proxy".

The proclamation came two years after President P W Botha announced the decision to lift the ban on Indians in the Free State

According to Harrismith town clerk Pieter du Plessis, the central business district will also be opened to all races soon The town is awaiting provincial approval on the matter

15/12/87 (30) B/day

Informal black economy 'not a myth'

KAY TURVEY

BOYCOTTS and strikes have promoted the establishment of informal distribution channels in the burgeoning black market

Companies encourage this, seeking out entrepreneurs to "run" products into the townships, Perry & Associates says in its recent "Early Warning" publication

The disparity between manufacturing's mild growth and declining retail sales must be attributed to some leakage in the distribution network, Menell Jack Hyman Rosenberg & Co says in its Quarterly Economic Outlook

This suggests the informal black economy is not a myth, it adds

"A portion of what is being produced is bypassing the formal retail sector and being distributed by wholesalers to the informal sector," the report says

This is evident in the wholesale trade sector outpacing the retail sector by posting a growth of between 3% and 4% on a scale commensurate with manufacturing

The abolition of influx control is likely to see retail sales continuing to underperform the growth in consumption as a whole

Indications of the rapid growth in the wholesale sector is seen in the estimated 40% growth of Trador this year, compared with a 15% average for major supermarkets Pick'n Pay, Checkers and OK.

The Menell Jack Hyman Rosenberg & Co report says a lowering of the interest burden on induviduals and companies has featured in the durable goods demand recovery

But it considers optimism about the buoyant trend in durable goods misplaced, estimating that by 1988 declining interest rates will have worked through the system

The fall in demand for non-essential, discretionary durable goods *vis a vis* non-durables is expected to continue, given the sluggish long-term pattern of economic growth

The ratio of non-durables to total consumption has risen from 44% in 1980 to 49% now, whereas the ratio for durable goods has fallen from 13% to 8% This pattern is likely to continue

30

THE ECONOMY

The biggest helping hand for the not-so-small entrepeneur

A Wits researcher's studies of small business development programmes argues that the schemes benefit the already-established more than the struggling. HILARY JOFFE reports

SMALL manufacturers have been allowed out of their backyards but the programmes designed to assist them tend to benefit those who are already fairly well established rather than the struggling entrepreneurs

And while the government has changed its attitude to black manufacturers — instead of banning them from operating in urban areas, it is now encouraging the informal sector — apartheid legislation continues to constrain them

These are some of the findings of Wits University geographer Maria da Silva, who was awarded her MA with distinction this week

Da Silva set out to look at the constraints facing small-scale industry in black South Africa, both historically and currently

She casts a critical eye on the activities of organisations which have been set up in the 1980s to encourage black entrepreneurship, chief of which is the Small Business Development Corporation, founded in 1981 under government sponsorship, now under private sector control

The instigator of the venture, Anton Rupert, hailed it at the start as "the beautiful face of capitalism" But the president of the National African Federation of Chambers of Commerce and Industry stressed that "the seeds of enterprise can only germinate in a climate of complete freedom"

Da Silva's assessment is that the SBDC has achieved much — but "it is geared more towards helping already established and prospering businesses which do possess the material base to develop their activites, than to promoting *new* enterprise development"

And she emphasises that government restrictions — particularly racial laws — continue to hamper black manufacturers

The Group Areas Act is one of the biggest constraints on black manufacturers, she concluded They can now operate legitimately as licensed enterprises and the SBDC, with the Urban Foundation, has provided industrial parks in 16 townships for small scale black businesses.

But these enterprises are confined to the townships, far from markets and infrastructure Black customers tend to patronise businesses near their workplaces; by the time they come home to the townships, the industrial parks are closed for the day

Da Silva's conclusion is that external factors are far more important in constraining the development of black industry than are internal factors such as lack of skills and education — though these do play a role But she says the fact that small scale township industry survived the era of government repression is evidence of its resilience

Government restrictions are the main external factors which continue to hamper the development of these small manufacturers. In addition to apartheid legislation, a host of other regulations act as constraints, Da Silva says.

These are particularly South African problems But there are other important "external" difficulties small businesses encounter which are similar to those in many other Third World countries — problems such as access to finance, markets and knowhow.

Black manufacturers have difficulty in getting finance, Da Silva says, especially if they are just starting out.

It's easier for those who already have proven track records In order to meet the SBDC's criteria, those applying for financing have to meet fairly stringent requirements: they have to have a viable business, to be able to show they will be able to pay back their loans and to have entrepreneurial skills "The SBDC is run as a business operation, not as a charity," Da Silva says, but points out only a minority of black entrepreneurs can meet the requirements. Interest rates are high and many people do not know much about SBDC activities.

As a result, most rely on their own savings, or loans from family or friends, to start up — just as they did prior to government initiatives to promote small business. Their growth prospects are limited A sample of tenants in an industrial park in Katlehong shows how these small factories are financed (see table) It demonstrates too that these informal sector manufacturers do not provide much employment, since most enterprises employ only one or two workers, often family members

The industrial parks tend to be of use more to those who have viable enterprises and can provide their own equipment and afford the rent

Running a licensed business involves keeping registers, financial statements and other skills which many entrepeneurs do not have.

The result is the backyard repair shop or "factory" continues to thrive in the townships Backyard entrepreneurs could be faced with legal action or confiscation of their products because they are not licensed And their facilities are inadequate But it has the advantage of low overheads and no need to go through the complicated process of acquiring and keeping a licence

Marketing is another problem, says Da Silva Many of those in the industrial parks are sub-contractors for white businesses. But this relationship can be one in which small business people are exploited, she says.

There are no easy solutions to the problems but Da Silva suggests that for the smallest and weakest black businesses to be assisted "we need an organisation which is not concerned with making a profit. which is not afraid to support black manufacturing at the risk of taking a loss".

She adds that "those who do operate informally do so because of need — it's a way of earning income. They are in dire need of employment and this needs to be recognised"

There's a tendency to view manufacturing in the townships as a recent phenomenon, she says, but this is inaccurate It was going on long before the government moved in the late 1970s to allow the informal sector a legitimate existence

A massive surge in SBDC loans

Weekly Mail Reporter

THE Small Business Development Corporation's Small Business Aid Fund last year approved 1 195 loans totalling R42,6-million compared with R1,8-million in 1985 according to its 1986 annual report.

The loans maintained 22 520 job opportunities at an average cost of R1 891 each.

The Start-Up Fund approved loans of R7,3-million, creating 1 266 job opportunities costing an average of R5 796 each and the Small Builders' Bridging Fund was responsible for creating 1 175 jobs.

The SBDC has as its aim "the development of entrepreneurship among all population groups in South Africa" and its activities include assistance to small businesses in four areas: financing, advisory services, provision of business premises and interest promotion, according the report.

No business is too small to be considered for help, says the report. but the SBDC usually requires that a business be independent, be unable to obtain finance on the open market, have total assets of not more than R1,5-million, be economically viable, be controlled by someone with relevant experience, knowledge, management ability and entrepreneurship, and be profit orientated.

The SBDC could let to small business entrepreneurs a total of 373 834 square metres, the report says.

It is a public company in which public and private sectors are equal shareholders but it now has permission to borrow money by issuing bonds.

P.T.O.

There were thriving small black industries in the early part of this century. As they became viable enough to threaten white manufacturers, the government clamped down on them, for example by granting them licences only to manufacture "native" commodities Repression of township entrepreneurs began in earnest under the Nationalist government in the Fifties.

Blacks who wanted to carry on businesses had to do so in the bantustans. Restrictions were later relaxed — but blacks could only trade in basic commodities in urban areas.

But legislation did not eradicate small scale manufacturers in the black townships. Da Silva describes how backyard industries such as brewing, furniture making and repair work thrived despite their illegality.

In the wake of Soweto 1976 big business and the government started to consider allowing black businesses to operate in urban areas. At the Carlton Conference in 1979, the government changed its approach, saying it would encourage the development of the informal sector.

The lifting of restrictions on black manufacturing is even more recent than of those on trading. As late as 1980 the government claimed there was no significant black industry in urban townships. But Nafcoc, the organisation which has lobbied most consistently on behalf of black business people, pointed to its Black Manufacturer's Conference in 1978 which drew 150 industrialists from throughout South Africa

Many of the constraints still affect them. The government's attitude has changed but not enough for the small enterprises, Da Silva concludes.

18/12/87 FM (30)

GARDENS GO-AHEAD

Cape Administrator Piet Schoeman has at last given formal approval for the R100m Clarendon Gardens shopping centre to be built in Selborne, East London.

This brings to an end months of wrangling between proponents of the centre and those who would rather have seen a major shopping development on a Sats site nearer the CBD (*Property*, October 2).

Schoeman says "In the process of investigating the matter, a large number of individual views and groups of views were heard with a view to accommodating the various objections as far as possible"

Work on the site will probably begin in early 1988, and developers Elcorp hope to have the centre completed for trading in April 1989

18/12/87 FM (30)

SUPERMARKETS

Cracking the ceiling

Doubts are mounting that retail food prices will be contained in 1988 The industry is reluctant to predict that the food index will fall from its present rate, at least 7% above the consumer price index

Grocery Manufacturers' Association CE Jeremy Hele says there are several factors which will keep prices up "Unions in the industry have warned that we should give 17% wage rises or budget for a strike Packaging prices are always uncertain and we are still at the mercy of Sats when it comes to transport"

These arguments don't convince Pick 'n Pay MD Raymond Ackerman, who believes there is room for improvement "The drought has broken and the rand/dollar exchange rate is working in our favour The fact is that margins are too high among the manufacturers Next year we'll fight them to the death"

But it will be no walkover Ackerman and Checkers MD Clive Weil both agree suppliers are becoming more powerful

Out of business

"Suppliers are starting to pull their weight," says Weil, "especially as there has been a high degree of concentration among some of them

From biscuits to margarine and from frozen vegetables to pet food, our tough attitude has driven weaker companies out of business

"In the long run, this means some suppliers now control 90% of the market and we can't bargain with them We can only postpone the evil day when price increases take places"

Neil Ross, of business consultants Perry & Associates, disagrees. "The top 5% of retail outlets still do 74% of the business Some industries may have only one or two major suppliers but they have smaller competitors yapping at their feet Unilever and Colgate Palmolive may be the Big Two in detergents, but if they got too greedy, other companies could jump in"

According to this view, there has been little shift in the retailer/supplier power structure ■

Bargain hunters attack sales assistants

(30)

19/12/87 DD

by GAYE TAYLOR

EAST LONDON — Staff at an Oxford Street store here are literally counting their scars after a chaotic sale that had them using fire extinguishers to cool down customers yesterday

The manager of the clothing store, Mr Len Vlok, said it had been bedlam from the minute the doors opened at 7 30 am

"When we brought merchandise out to replenish stocks our staff couldn't even get to the correct departments They were mobbed and we had to use fire extinguishers," Mr Vlok said

He said customers just grabbed wildly at items without knowing what they were Even winter stock that was brought out of the storerooms was snapped up within seconds

"They didn't even look at sizes Hysteria ruled," Mr Vlok said

Several 15 minute "specials" on specific items were held during the day "and people fought each other" Mr Vlok said the afternoon specials were nearly cancelled due to the morning's drama

"We asked them not to behave like animals but it didn't help "

At one point a staff member was heard to say worriedly "They're killing each other!"

Another was seen hitting out at customers in self defence as they descended on her

Mr Vlok said while no-one was hurt, several embattled staff members including casual student staff were sporting scratches and bite marks on their arms inflicted by the over enthusiastic bargain hunters

At a previous sale customers broke the entrance door to the shop and security dogs are now used as a deterrent

Yesterday before the doors opened queues stretched in both directions from Gladstone Street to Union Street but Mr Vlok said he could not even "estimate" how many people there had been

During a special on handbags in the morning the crowds surged forward trying to dislodge bags on the highest display hooks The skills displayed would have done any Springbok rugby lineout proud but there would definitely have been some send-offs for bad behaviour

Customers turned spectators milled around with mouths hanging open at the spectacle while others laughed at the antics of the unruly mob who gave a whole new meaning to Christmas rush

And then out came the fire extinguishers again

Asked when the next sale would be, a weary Mr Vlok said "Not for a long time we hope!"

Staff at an East London clothing store were ready for anything yesterday Here, the store's security manager, Mr André de Hoog, armed with a fire extinguisher, waits for the rush as price slashes are announced

Indians set to start boom in OFS

By GEORGE MAHABEER

INDIAN capital and skill are all set to turn the Free State's sleepy Harrismith into a boom town.

Only about a week after the first Indian group area was established in Harrismith — the Free State's first — Indian businessmen have promised to pump in millions of rands towards the town's industrial development

Ten groups of Indian industrialists have paid more than R100 000 for 20 000ha of industrial sites in the Hardustria township

And they have given Harrismith Town Council an undertaking to build factories costing more than R10-million

The businessmen plan to manufacture furniture, mattresses, bus and truck bodies, dairy produce, luggage and travel goods, heavy joinery, plastic products, textiles and biscuits.

Harrismith's mayor, Mr Andrew Siebrits, said this week that the town was "enthusiastically awaiting" the arrival of the first Indian industrialists in the new year

"It is the shot in the arm for which we have been waiting all these years.

Sales

"It's all happening in Harrismith only because the door has been opened to Indians for the first time in this province," Mr Siebrits said

"This is just the first batch of land sales which the council has concluded There are several others about to be sealed.

"The opening of these factories will create several job opportunities for local residents."

The council is selling industrial sites at 50c a sq m to those who plan to open manufacturing industries and at R4 a sq m to non-manufacturing concerns.

Mr Dries van Niekerk, vice-chairman of the Afrikaans Sakekamer, said his organisation's decision to "welcome" Indians to Harrismith was based on business and not politics

"Some people believe the gates have been opened to a mass influx of Indians to the town

"But Indians could already be owning businesses here, using white fronts

"People must also realise that most of Harrismith's money is being spent by its white residents at Indian shops in Standerton and Ladysmith

Supported

"We have fully supported the Government and the local council in their decision to let Indians live here because we believe it's for the good of the town and the country," Mr van Niekerk said

The council has also applied in terms of the Group Areas Act for the opening of its central business district to all races

Local people believe a few shopping centres have already been bought by Indians through white nominees

(30) . ST 20/12/87

take any other cat," said SPCA man-

after evidence of post-operative neglect.

'State efforts have ground to a halt'

Privatisation: business is naive

(30)

B/day 21/12/87

CAPE TOWN — Big business has been taken to task for being "incredibly simplistic and naive" in its attempts to persuade the State to embark on a major privatisation programme.

Its preachings have been described as glib and so superficial that they have undoubtedly contributed to the singular lack of any material progress being made in privatising public-sector involvement in the economy

This biting conclusion is made by Wolfgang Thomas, former professor of economics at the University of the Western Cape and now GM of the Small Business Development Corporation

He observes that all the outward signs indicate that State-initiated privatisation has come to a complete halt since the white paper on privatisation was published earlier this year

Thomas maintains this lack of momentum is in large part due to over-

CHRIS CAIRNCROSS

ambitiousness on the side of the private sector and some politicians As well as a general lack of detailed, grassroot-based preparation for the process, focusing on individual cases in all their complexity, and with sufficient attention to alternative ways of solving a multitude of transitional and often serious problems

Thomas spells out his views in a contributing chapter in Privatisation in SA, a new book compiled by Robin McGregor (author of Who Owns Who in SA) and recently published by Juta

Thomas questions whether the present relatively tense state of big business-government relations, the climate is still ripe for progress with serious debate about the scope of privatisation

Indeed, he detects in the white paper a definite toning down of the privatisation process, with the State now changing its goals and purpose

Cape Times 24/12/87 (30)

Christmas sales beat expectations

By DAVE PHILIP

BUSINESS is looking good this year, with Christmas sales beating expectations

This was evidenced by the teeming crowds in the city centre yesterday, as people flocked to shops for their last-minute purchases

With sales volumes increasing rapidly across the board, the trend this year seems to be towards furniture and household appliances

"We are looking forward to a good rest," said Victrix Furnishers' managing director, Mr Colin Abel, who has had "an extremely busy Christmas"

"While last year started with a mid-December rush, this year's Christmas sales started much earlier," he said

Commenting on shortages of beds and mattresses, he added "For some reason, the man-in-the-street is looking at comfort this year"

Other items in short supply are television sets, particularly smaller models

OK Bazaars' regional financial director, Mr Gerald Meintjes, said "All-round sales are very buoyant, particularly for furniture and household appliances

"Sales have definitely improved on last year, and are well over the 15% inflation rate

"We have ample stocks, except for the M-Net decoders, which seem to be in hot demand," he said

Sunday trading

"We are very fortunate," said Stuttafords' general manager, Mr Cees van Velzein, "in that we are having an exceptional Christmas, with sales well ahead of last year

"I won't give you the figures because you won't believe me," he added

Similar views come from Mr Vic Hall, branch manager of Checkers Blue Route, who is very pleased with sales

He said trading on Sundays had improved the spread of consumers' buying patterns

Our Johannesburg correspondent reports that retail sales for the festive season in that city are bearing up to optimistic projections

Most retailers are reporting big increases over past year and several are showing record sales figures

Most companies contacted yesterday reported increases in December sales well above the latest 15% inflation figure

The Association of Chambers of Commerce forecast in October that South Africans would spend a record R8,7 million on their Christmas shopping — around R1,4 million more than last Christmas

A chamber spokesman said those figures seemed to be bearing up, according to a rough survey of retailers

The highest growth rate recorded among retailers was that of Dions, which achieved a massive 44,9% increase in sales this year over last year

CT From page 1

RETAIL CENTRES

No stalling

Old markets never die, they just turn into shopping centres

Like the original Johannesburg produce market, and Durban's highly successful Workshop development, Bloemfontein's old city market has become a thriving retail complex, providing the first major outlet in the OFS for Indian traders

Under the prompting of the Small Business Development Corporation, the Bloemfontein City Council approved R2m to restore the Victorian structure

The complex now boasts 4 000 m² of lettable space, with 45 line shops, a restaurant, offices and an abundance of parking

The inside of the building is diamond shaped and divided into trading kiosks, with the restaurant and offices on a second level Larger shops have been built outside the original shell

The complex gives the small trader the opportunity to capitalise on increasing trade in the CBD In addition, many of the usual restrictions surrounding the establishment of businesses have been waived, which means lower start-up costs

Some 24 traders have already taken space in the complex, at an average rental of R18,50/m² gross ■

Bloemfontein . . . continuing the trend

25/12/87

PICK 'n IMPORT

30

Fears that the importation of computer equipment is likely to be affected by Board of Trade and Industry (BTI) attempts to plug loopholes used by Pick 'n Pay to bring cheap television sets into SA from the Far East appear to be groundless

This is according to Business Equipment Association president Maurice Reznik, although he adds that the situation will be monitored closely

Pick 'n Pay commercial director Alan Gardiner says the BTI has indicated that it is still investigating the circumstances that allowed the retail giant to evade the ban on bringing cut-price AIM screens and separate tuners into SA

Gardiner says that if customs is unable to crack down on the imports the BTI will definitely take steps to close the current loopholes and this could have an effect on other utility screens being imported.

However Reznik believes this is unlikely "I can understand the BTI's point of view, but I don't foresee any problems with computer terminals, VDUs, data display monitors and the like. The problem arises with screens which have the facility for being connected to tuners Nevertheless we will be keeping a close watch on the situation to ensure that it doesn't adversely impact on the computer and related industries."

Ruel Heyns, director of the BTI, tells the *FM* that there has been no crackdown ordered on the import of monitors· "Mr Gardiner did speak to one of our officials to find out whether or not he could import and was told that the board could not comment on the customs side and from the BTI's point of view it would only instigate an investigation if there were complaints about the flood of imported TVs.

"Although we have had some discussions with the TV manufacturers, that is as far as it has gone at this stage, so any talk of a crackdown is pure speculation."

Big splurge

City shops cashed in on Christmas spending boom

Staff Reporters

29/12/87

A FESTIVE spending spree in the Peninsula boosted sales by as much as 80 percent, according to city businessmen.

Retail traders and restaurateurs claim the bonanza exceeded all expectations.

Checkers had an excellent Christmas season, according to Western Cape marketing manager Mr Hennie van Rooyen.

He was waiting for figures from branches, but he estimated that profits had increased by 30 percent.

"We are happy with our trading. People bought toys, groceries and luxury items. At some stores profits were as high as 80 percent," he said.

French fragrances

The general manager of Garlicks, Mr Malcolm McKnight, said trading had increased by more than 20 percent.

"I can never say we're satisfied, but we're very happy," he said.

The store's two "leading lights" were cosmetics — French fragrances in particular — and men's wear, Mr McKnight said.

Pick'n Pay's acting-general manager for the Western Cape, Mr Ray Murray, said trading had been "outstanding".

"The weeks leading up to Christmas and Christmas week itself were very, very good," he said.

Do-it-yourself

Turnover and percentage increase figures were not yet available but sales of do-it-yourself and non-food items had been particularly brisk, Mr Murray added.

Mr Mogamat Allie Mallum, financial manager of Melotronics, said a huge demand for radios, television sets, M-Net decoders and other electrical appliances started early in December and continued unabated until Christmas.

"Our boom started on December 1 and our supply of M-Net decoders was soon exhausted. We did far better than we expected," he said.

He had bad news for people still in the market for M-Net decoders. They are unlikely to be in stock again until late January.

The Western Cape chairman of the Federated Hotel, Liquor and Catering Association of South Africa, Mr Brian Bowman, said it was "one of the best seasons we've ever had" and business was probably up by about 25 percent.

Mr Bowman said restaurants had kept prices below the inflation level and this had attracted "more and more clients".

Racial harmony had been evident, he added.

"I think all sections of the population realise they are really welcome in South African hotels and restaurants."

Cape Flats

Mr Cassiem Allie, Western Cape Traders' Association secretary, said "We have had a money-spinning time on the Cape Flats."

The Greenmarket Square flea market attracted big crowds and some traders were clearly happy with their sales.

"Wonderful" was the reaction of Bernita van Ryswyk, who sells chamois leather items.

Dave Alexander, whose stall offers jewellery and Indian clothes, agreed.

"Great .. excellent. I've done very well," he said.

Some of their colleagues believed competition was too fierce.

Jewellery salesman Barry Doo said the western side of the square was too crowded and that he had done "worse than last year".

"Those (traders) on the other side did better," he said.

"Too many"

A man selling leather belts — who gave his name only as Mike — agreed.

"There are far too many traders this year," he complained.

A spokesman for OK Bazaars said from Johannesburg that full results of trading would be available in the next few days but that managers of branches throughout the country were "very confident".

Food sales had been "exceptionally good" and some ranges of glassware, crockery and toys had been sold out.

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The colourful Cairo-style fruit market which dates back to 1896, is to be redeveloped and the Indian traders are expected to move out of their premises by January 10.

Market makes way for offices

By Pat Devereaux

Johannesburg's famous fruit market in a lane behind Diagonal Street will disappear on January 10 next year

The colourful Cairo-style fruit market, which dates back to 1896, is to be redeveloped by Johannesburg Consolidated Investments and the Indian traders are expected to move out by early next month

Within 15 months, the traders say, a R25 million office block and parking garage will be built on the site

But JCI had promised them that a similar market would be reconstructed and the new premises would be offered to them at reasonable rents, local tenants told The Star

'PREMISES WILL BE IMPROVED'

After a lengthy battle to prevent the building from being demolished, many of the fruit and vegetable market traders, some of whose families have run businesses there for more than 60 years, are resigned to setting up business in the new building

"The atmosphere of the sunny fruit market will be lost forever I've heard that we are going to be in an enclosed mall area instead," said Mr R Lala who has rented a shop in the market since 1949

Local barber, Mr M Suleman, whose family has rented premises on the block between President and Pritchard streets since 1941, said "There is no alternative We have to move out but we have been promised that we will get our shop back"

Asked how he felt about the closure of the Victorian market, Mr M Rama said "I feel lousy. I've been here for 35 years But the developers say our premises will be improved"

Most of the traders said they had been compensated for at least a year's loss of trade while the building was in progress

A sad Mr R L Keshav said he grew up in his shop "It has been in our family for two generations," he said

Another tenant, Mr M Dagee, said "It's all hanging on a thread We are not certain about getting other premises"

Liquor retailers under pressure

30

B/day
31/12/87

MICK COLLINS

A TIGHTENING of credit lines by SA's largest liquor supplier is likely to put hard-pressed retailers under more pressure, Fedhasa says.

The curtailment of credit terms by the Cape Wine & Spirit Institute (CWSI), due to come into effect on April 1, 1988, will see the introduction of a 30-day settling-up period, without any period of grace.

Fedhasa president Mike Kovensky said the move was likely to put retailers, who were starting to emerge from a traumatic period, under more pressure.

He said: "Our appeal, which was turned down, was that in what appears to be a slight economic upturn, the trade should be allowed to recover more fully from the recession."

He said despite the belief that liquor sales were buoyant, they had contracted during the past year.

"Honest traders realised smaller profit margins in a market where delinquent retailers and tax evaders competed on equal terms."

But CWSI director Rian Kruger said the change of credit terms would assist in achieving more stability in the retail trade.

Quoted in the Liquor Store Monthly magazine, Kruger said: "Where credit is granted, the terms of payment shall be a maximum period of 30 days from the date of statement, without a period of grace.

"Customers who are granted credit will have the option to either pay the full amount within 30 days, or pay within 15 days and receive an early settlement discount which will remain unchanged at 2%."

The magazine said the move, which was expected to strengthen the position of bona-fide retailers, was supported by numerous members of the trade.

It named CWSI members, who represent 96% of the liquor products sold in SA, as Douglas Green of Paarl, Gilbeys, Stellenbosch Farmers' Winery, the Oude Meester group, Union Wine, E W Sedgwick & Co, Central Wine & Spirits, Mooiuitsig Wynkelders, Jonkeer Boerewynmakery, J D Bosman & Co and Avrons.

The magazine quoted Gilbeys MD Peter Fleck as saying the new terms would make the institute's business more manageable.