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SEPT → DECEMBER

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Steaming ahead

1/9/8

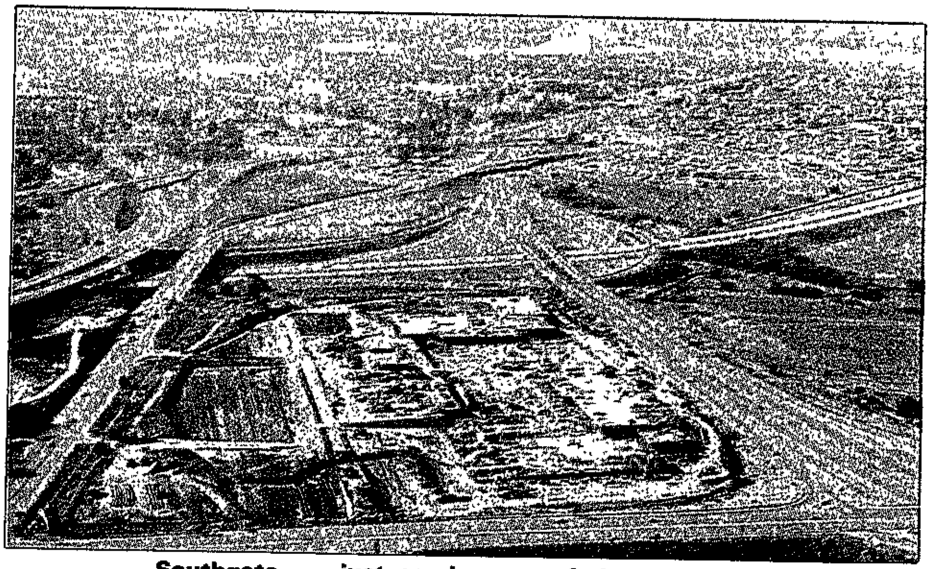
Though SA may well be over-shopped, retail development is far from dead.

This observation was made by Edgars group development manager Philip Chilton-Jones at the recent Sapoa congress. The statistics are on his side; in the last fortnight alone, development plans have been announced for something like R200m in new shopping centres.

Meanwhile, a letting drive has been launched on the controversial R175m Southgate regional shopping complex at Uncle Charlies in Johannesburg's southern suburbs by developers Southgate Holdings. Though the structure is barely out of the ground and 20 months away from opening, it is already reported to be about 70% let.

New shopping developments in the pipeline include: a R105m, mixed-use development by Capgro, adjacent to the N1 motorway between Peninsula and Bellville in Cape Town, known as N1 City and due for completion next year; and 31 000 m² of decentralised shop space being developed by Shelstaton, in Tzaneen, Pietersburg, Port Elizabeth and Kroonstad, at a cost of R94,5m.

The 42 000 m² N1 City, a joint-venture between Fintrust and RMS Syfrets, will find itself in a highly competitive market. Its competitors include Maynard Mall, Blue Route and Tyger Valley shopping centres. Other shopping developments planned for the region include Wooltru's and Pro Gro's combined 16 500 m² in Claremont, 34 000 m² in Phillipi, 17 000 m² on the border of Khayelitsha and a number of other neighbourhood centres aimed at the black, coloured and Indian markets.



Southgate ... just coming out of the ground

N1 City's first phase comprises 15 500 m², anchored by OK Hyperarama. The largest tenants in the 32 500 m² second phase will be Pick 'n Pay, Woolworths and Edgars.

Capgro MD Jacques Pauw says the proposals include a multi-purpose, 7 000 m² entertainment facility, provision for about 150 line shops, taxi ranks and parking for 2 200 cars.

The Shelstaton developments are expected to come on stream in October 1990. The biggest of the four, Tzaneen, is being financed by the Motor Industries Pension Fund, the Kroonstad centre will be sold on and the other two have unnamed financial backers.

However, there might not be a sustainable market behind some of the new centres. Chilton-Jones says the ability of some retailers to say no to certain developments which do not really suit their needs is circumscribed by the fear of losing market share. This acts as an artificial spur to further development.

He questions whether "our thinking hasn't become conditioned to the concept that, to be successful, a shopping facility must be a large, inverted centre" when perhaps it might be better to revert to the convenient, strip shopping of yesteryear to meet the needs of a clientele which cannot afford to and doesn't want to travel far.

"What is needed is for some entrepreneur to accurately assess the needs and to do something based on those needs, rather than acting on perceptions."

That does not mean that regional centres are dead. Chilton-Jones admits, for example, that the advantages of a centre like Southgate were immediately obvious and his own organisation has a considerable stake in the development.

Pat Flanagan, of RMS Syfrets, for the developers, says apart from site hoardings, the development has not been advertised. "Nevertheless, we must be getting an average of six calls a day and we have had more than 500 different applications for space. We are now looking at leasing the remaining 80 to 90 stores to speciality retailers."

He says he generally identifies with comments about over-development in the retail industry, but stresses there are markets within markets and micro markets within the macro markets. There is no question in his mind that there are still gaps to be filled. ■

WOOLTRU (30) Finance 1/9/89

Divisions meshing

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Though the sales increase at 26% is admirable, even more notable was the 47% increase in pre-tax income, due to improved margins. Colin Hall, previously deputy chairman and whose appointment as CE was announced with the results, is particularly pleased that the turnover rise was achieved on an increase in floor space of only 2%. He attributes the higher margins to a change in the product mix, "harder" buying and fewer markdowns.

"The improvement was not due to a change in our pricing policies" he says, "but rather because reduced prices were not necessary, indicating that we were correct in our fashion choices."

The product mix change was due to lower sales of thinner margin lines, such as wholesale food and increased sales of higher margin items.

It took some time for Makro, acquired in 1987, to mesh with Wooltru. Hall says the division performed "spectacularly" in the latest year. Chairman David Susman considers the company "strategically important to the group since it affords an opportunity for trading in the Third-World marketplace."

Wooltru now holds three — perhaps four — distinct divisions. Apart from Woolworths and Makro, there is the speciality retail group, comprising Truworths, Topics, Esprit and other speciality chains. Each focuses on a specific target market and with increasing success, according to Hall.

The fourth division comprises the unencumbered R280m property portfolio consisting of freehold land and buildings. These include Wooltru House which alone generates annual tax efficiencies of about R2m. In addition, there are the trading sites, most of which are well situated.

It has long been suggested that the property portfolio might be separated into a property trust after the fashion of Barprop. Hall says there is no point in doing this unless there is an investment for the funds raised, though the fact that the option exists, is comforting. The group's property expertise may be used, he suggests, in developing shopping centres and earning a developer's fee.

Certainly there is no need to raise funds to repay loans. Net borrowings fell from R69,6m to R33,6m, cutting gearing from 22,8% to 9,6%. Hall says the declining trend will continue, pointing to the strong cash flow and the policy to gear up for a specific purchase, like the head office, and then repay the debt over a period.

Perhaps one of the most important considerations for investors will be whether Hall's new position will mean a change in direction. Hall says not: "It makes *de jure* what has been *de facto* for some time," he says. He sees strong organic growth and no need to enter new markets, rather diversifying by introducing new lines into existing stores.

"We have seen no sign of a decline in demand," he says. He believes the Woolworths emphasis on quality will be even more important in a recession, and that buying down will benefit Makro.

Hall is confident that Wooltru will grow at a faster pace than the industry average, and it seems likely the share price will continue to trade at a premium. With the latest dividend bringing the total to 112c, the share is on a 3,7% yield and could adjust to bring the premium back to previous levels.

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Gerald Hirshon and Pat Kenney

FINANCIAL MAIL SEPTEMBER 1 1989

(30) Fmail 1/9/89

SHORT-TERM INSURANCE (30)

New standards

A Special Interest Group (SIG) of the SA Institute of Chartered Accountants has produced exposure draft ED76, containing a proposed guideline for short-term insurers. Intended to be read with the generally accepted accounting practices, ED76 was prepared in close collaboration with the short-term insurance industry and the Financial Institutions Office.

SA Eagle MD Peter Martin, a member of both SIG and the Insurance Act Committee of the SA Insurance Association (Saia), says most of ED76 is already being applied, except that certain transfers to secret reserves are still being made in terms of the concessions of the 4th Schedule of the Companies Act. He considers acceptance of ED76 will make little significant difference.

The influence of the AA Mutual collapse can be seen in some requirements for separate disclosure under ED76 — notably of amounts due both in foreign currency and in rands of all uncovered foreign exchange assets and liabilities.

Also relevant is the recent amendment to the Insurance Act, requiring insurers to place 2% of premium income to a "contingency reserve" for five successive years. ED76 does not address the accounting treatment of this reserve. Should it be regarded as an underwriting expense "above the line," or as an appropriation "below the line," in which event it would not be a provision in the accounting sense?

Martin says it might be argued that once the reserve has been built up, it will reduce the need for reinsurances. If an untoward event like a flood or earthquake occurs, it might be reasonable for an insurer instead to "go to the registrar" for permission to release funds from the reserve.

But this is a debating point, he concedes. SA Eagle will not reduce reinsurances despite the building up of the reserve.

Another unresolved issue is the circumstance in which the registrar (whose consent is required) will permit the release of funds from the contingency reserve.

Roger Schooling, GM finance at Commercial Union, chairman of the association's Insurance Act Committee and also a SIG member, draws attention to a one-day workshop to be held by the institute in conjunction with the registrar on November 8 to discuss ED76, which will then have had two months' exposure. Other important issues will also be discussed, including proposed new forms under the Act, which the registrar's office has been considering.

Lastly, if the amendment to the Insurance Act and ED76 are seen in the context of AA Mutual, a further point needs to be made. There can be no substitute for either adequate supervision by the registrar's office or proper care by an insurer's auditors.

SIG chairman Roy Tiffin, a partner in Deloitte, Haskins & Sells, notes that, since creation of SIG, co-operation between auditors of short-term insurers and the registrar's office has been greatly enhanced. ■

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The empire strikes back

Jan Burger, chairman of the Johannesburg Management Committee, takes exception to the *FM*'s cover story of August 4 — "To Laugh Or To Cry" — which criticised the management of the city.

The comment that Johannesburg's deficits are met from "savings built up over the years when there was no loss" is hopelessly misleading.

The council has, since time immemorial, followed a financial policy based on the bringing and carrying forward of surpluses (or deficits) from one financial year to the next. This is a *current* situation, which mainly affects only two or three immediately consecutive financial years.

What has happened is merely that some of the operating deficit relating to 1988/1989 has been financed from an income surplus generated in the previous financial year; and the same is expected to apply to the 1989/1990 financial year.

It is also incorrect to suggest that I have attempted to attribute the so-called harsh increases in the latest budget solely to "the general economic malaise." The Johannesburg City Council is not unique in experiencing problems of this nature: I stand by my statement that our budget for the present year is eminently sound.

The accusation that we do not budget properly or keep proper controls is absurd. The budgets are prepared by the various heads of departments, in consultation with review committees which are composed of the council's most senior officials, and the draft estimates are then presented to the Section 60 committees (Planning & Environment, Health and Housing, and so forth), on which councillors from all political parties serve, for consideration.

The estimates, in whatever revised form, are considered by the management committee, whereafter they must be approved by the full council.

As far as controls over expenditure are concerned, the review committees mentioned above, the management committee itself, and various officials, most pertinently the City Treasurer, all exercise continuous control over all the major income and expenditure facets of the budget.

The evident obsession of various persons with the council's budgets for civic entertainment and floral decorations is a little difficult to fathom.

These items represent an infinitesimal fraction of a percent of the operating budget, and, were they omitted entirely, would not have had a perceptible impact on any of the council's tariffs or rates.

The provision for the overseas guests programme is similarly not a major budget item, and, furthermore, has been debated at length in the council chamber and through the medium of the press. This programme has helped us to forge invaluable links with foreign mayors, councillors and leading figures in various professions, and has proved of considerable assistance in the council's overseas loans negotiations.

And briefly:

☐ The question of a municipal security department for Johannesburg has been debated at length, and this could be the embryo of the municipal police force, the need for which has been widely propagated;

☐ John Pearce is not a law unto himself, but is subject to exactly the same code of conduct as any other official or head of department;

☐ The management committee will do everything in its power to limit the financial burden which ratepayers will have to bear for the Civic Theatre;

☐ The management committee advisory committee is not a sinister "cabal" but is simply a corporate management team;

☐ Delegation of authority to officials is a normal process, and an inevitable part of the efficient administration of a city as large as Johannesburg.

It does not represent any devious attempt by officials to usurp the governing function of elected councillors;

☐ The average increase in the council's budget is not 20%, as stated by your reporter, but 17,8% for the operating budget. This compares very favourably with the projected inflation rate for the next 12-month period — conservatively estimated at 18%-19%;

☐ The deficit on the bus service is mentioned in your article as though it is a novel occurrence. Nevertheless, your reporter has failed to notice that the last time the Transport Department achieved a surplus was in 1944/1945.

Moreover, in 1977 the management committee pegged the deficit on this service at 40% of its annual operating budget (in line with the recommendations of the Driessen Report). This ratio has been maintained ever since that date;

☐ The special contributions to Jomed and the pension fund are an annual institution, and merely represent the council's share of the financial commitments of these bodies; and

☐ The Remuneration of Town Clerks Act is solely designed to control remuneration, and there is no proof that it has in any way hampered the privatisation process.

The quality of the city's financial administration is best indicated, I believe, by the evident confidence which the business community has in the prosperity of our city. No better proof of this confidence is needed than all the highly visible building activity taking place in the CBD.

The *FM* replies:

In preparing the article the *FM* was referred by all council officials to Pieter Mathee, the acting town clerk. Mathee confirmed its factual accuracy after requesting certain changes.

Nowhere in our article do we suggest or imply that Burger attributes the increases *solely* to the general economic malaise. However, this is virtually the only explanation he gives in his budget speech for the increases.

The article notes that the council has been accused, "particularly by the DP, of overspending, of failure to budget properly or to keep proper controls." Though Burger believes these accusations are "absurd," they have nevertheless been made repeatedly and particularly in relation to the renovations of the Civic Theatre.

The *FM* approached one of the largest construction firms on the Reef to analyse the costs involved in renovating the Civic — in 1986/1987 estimated at R27m and now believed to exceed R100m. Though this firm confirmed that surcharges on stage equipment are high, and do account for many cost rises, it believes it likely the original estimates were either "badly budgeted, unrealistic or poorly researched."

The attention given to the Civic Theatre was not excessive: the R37m allocated to its renovation this year alone represents 10% of the entire capital budget of R382m.

The *FM* said that the amounts for civic functions and entertainment and floral decorations seemed reasonable for a city like Johannesburg — but that comparisons with other big metropolitan cities are important to place them in perspective. While the R1m allocated for the overseas guest programme may well not be a major item, it is nevertheless a substantial amount spent on a project that should not form part of municipal endeavour.

The Security Department, over which there is total secrecy, consumes R25m of taxpayers' money without accountability.

A code of conduct which allows an official to undertake other employment while on leave is in need of reassessment.

Burger's argument that "the Transport Department last achieved a surplus in 1944/1945" in no way justifies the present expected deficit of R28m. If anything, it highlights the inadequacies of the service.

The 1989/1990 budget and Burger's budget speech give no indication of how the special contributions to Jomed and the pension fund improve the situation of lower-paid pensioners.

This amount (R30m) is merely reflected as an additional allocation to staff benefits which means that in total more than a third of the R1,4bn operating expenditure budget is set aside for salaries, allowances and staff perks.

A better gauge of the efficiency of the city's administration than the extent of present building activity is the faster pace at which the business districts of satellite towns have grown. ■

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Checkers is the Tradegro poser

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Star 1/9/89

Diagonal Street

ANN CROTTY

When Tradegro released its interim figures back in March, chief executive Donald Masson forecast earnings per share for the full year of 36c-40c — on a fully diluted basis.

At the half-way stage the group had put 20,05c under its belt.

With the full-year figures out from all of the group's listed subsidiaries, analysts' estimates for financial 1989 are roughly in line with Mr Masson's mid-year forecast, although the top end of the range (38-40c) is apparently the more popular.

The accuracy of Mr Masson's forecast does not mean that things have gone according to expecations, but rather that favourable variances to budget (at Rusfurn and Cashbuild) just about match unfavourable variances (at Checkers, Jazz and Coreprop).

The actual Tradegro results will be announced on Monday.

The pre-tax profit figures for Cashbuild, Metro, Jazz and Rusfurn are known.

The results for Coreprop, Smart Centre, Stuttafords/Greatermans and most important, Checkers, will not be known until Monday.

On the basis of assumptions being made for the unknowns, the full break-down at pre-tax profit level might look something like this:

CASHBUILD (76%)	R10,4 m
CHECKERS (100%)	R23,5 m
COREPROP (100%)	0
JAZZ (30,7%)	R5,8 m
METRO (48,9%)	R57,5 m
RUSFURN (69,6%)	R66,8 m
SMART (58,8%)	R11 m
STUTTAFORDS/GREATERMANS (100%)	R8 m

This adds up to a total pre-tax profit figure of R183 million.

To get to the bottom line, additional assumptions have to be made about head office expenses, the tax rate and outside shareholders' interests.

Assuming head office expenses of around R5 million, a tax rate of about 22 percent and outside shareholders' interests of approximately R65 million, Tradegro will show earnings of about R74 million — equivalent to 39c a share on a fully diluted basis.

At the half-way stage a dividend of 4c a share was paid.

Assuming no change in cover for the second half, this points to a final dividend of another 4c, making an 8c dividend for the full year — almost 5 times covered.

If management is feeling a bit bullish about prospects for its weaker performers — Coreprop, Checkers and Jazz — then it might be tempted to up the final dividend to 6c for a full-year payout of 10c — four times covered by earnings.

The assumption about a lack of contribution from Coreprop may be a bit contentious.

It apparently made a significant pre-tax profit, but this reflected the impact of the property company's recapitalisation with preference shares in financial 1988.

This profit was wiped out by the heavy preference dividends that had to be paid.

The disappointing performance by Coreprop indicates that management there has not made much progress in its property sales programme.

Funds from such sales could have been used to redeem the prefs.

Smart Centre's pre-tax profit estimate reflects a strong 59 percent advance on financial 1988.

It also reflects the highly seasonal nature of activity at Smart's — only R2,5 million is expected from the second half, compared with the R8,5 million reported in the first half.

No such assumptions are made about Stuttafords/Greatermans.

That division is expected to turn in a 28 percent advance on financial 1988, with the performance spread evenly over the year — R4 million in the first half and another R4 million in the second half.

The most important unknown is Checkers. The estimated R23,5 million will disappoint, although it is 68 percent ahead of the previous year's R14 million.

At the half way stage Mr Masson said that the full-year figure could be as high as R27 million.

In the first six months it earned R7 million, which was more than double the previous interim's R3 million.

To achieve the R27 million for the full year, Checkers' would have had to sustain this pace of improvement throughout the second half and lift pre-tax profit from R11 million in the final half of financial 1988 to R20 million in the second half of 1989.

A full year figure of R23,5 million assumes a second-half figure of R16,5 million, which is 50 percent up on the second half of financial 1988.

Enough to indicate that Checkers is moving in the right direction, but certainly not sufficient to make shareholders feel comfortable.

Industry sources say the shortfall is attributable to disappointing turnover figures and to continued major problems with shrinkage.

The latter undermines management's efforts to get margins up to acceptable levels.

So, there is much more room for improvement at Tradegro.

SBDC BIGGEST OWNER

THE Small Business Developement Corporation has become the largest developer of industrial property in black townships.

(30)

The SBDC was started eight years ago.

Sowetan 1/9/84

The corporation's loans totalling R587,7 million had put more than 22 000 people into business and created more than 200 000 jobs at an average cost of R3 000 a job.

Addresing a press conference in Johannesburg this week, SDBC managing director, Dr Ben Vosloo, said his corporation owned property worth R150 million, of which R50 million was in black areas.

In his chairman's address, Dr Anton Rupert said the greatest challange the SBDC was faced with in the next decade was to clear the road for enterprising people in all communities, thus enabling them to build a prosperous South Africa.

Small business vision

By Robyn Chalmers (30)

THE second small business week will run from October 2 to 8.

National small business week committee chairman Sonny Tarr says about 30 organisations including Standard Bank and the Get Ahead Foundation will be involved.

"The highlights will include seminars, business clinics, practical workshops and conferences, breakfasts, training courses, trade fairs, fleamarkets and exhibitions."

The theme of the week is "I have a vision. Small business week: Creating opportunities for you."

National Association of Women Business Owners (NAWBO) founder member Ronel Erwee says that in a society notoriously divided, the link between small business and the creation of wealth is one of the key areas around which consensus about the future can be reached.

Professor Erwee says the real potential of the movement can be realised through small business being accessible to all — from the most rudimentary form of commerce to the technologically sophisticated operation.

"But while small business is the ideal vehicle for translating the ideal opportunity into the reality of wealth creation, it is naive to ignore the fact that the source of human potential which drives the machines of small business is not always spontaneously realised because of obstacles." S Times 3/9/89

The obstacles are lack of access to capital, barriers to entry in markets dominated by vested interests, a lack of suitable business infrastructure, unnecessary regulations and a lack of skills.

She says a strategy must be undertaken that not only allows the market to operate, but provides people with basic resources to exploit opportunities.

2 SUNDAY TIMES, Business Times, September 3, 1989

Setback for Set for Life scheme

By Julie Walker

MILITANT insurance brokers and agents chased Set For Life out of Australia, so promoter John Drinkwater moved to South Africa with his controversial life-assurance co-operative selling scheme.

He obtained a master policy for group life cover from the Standard General Insurance Co of SA (Stangen), but it has also given notice of cancellation.

Stangen — largely Italian owned — says the notice of cancellation was given because of lack of agreement on Set For Life's marketing methods. But Mr Drinkwater claims Stangen's action is invalid.

He says that before issuing the policy, Stangen was aware of the marketing plan. He secured a 12-month guarantee from Stangen because he expected opposition from other life offices. He blames them for pressuring Stangen into this "illegal act, which effectively deprives 2 000 Set For Life members of their family protection".

Stangen chairman Robero Grandi says all bona fide claims will be honoured, and notice of cancellation has been given so that people know it will not last forever.

Scanty

"When Set For Life described its marketing schemes to Stangen, the information was at best scanty. Mr Drinkwater's remark that Stangen was aware of the marketing plan does not reflect the true position. We tried to iron out the differences with Set For Life without success."

Mr Drinkwater, an Australian married to a South African, counters: "It provides much-needed life cover and a monthly income at the same time."

Mr Drinkwater owns Set for Life, which holds master policy 1257 issued by Stangen.

Set For Life involves a pyramid of generations of people who buy life cover under the banner "people helping people".

Let's say I sell a policy to four friends. For R100 a month, they buy life cover of R100 000 if they are under 35; R65 000 if they are under 45; and R30 000 if they are between 45 and 60. There is a 50% benefit in the event of dread disease.

Everyone pays three months' premium upfront.

Mr Drinkwater says: "This is to give them some time to build up their own generations."

After the three months, commission income is said to be enough to cover a premium of R100 a month and the balance is paid in commission. Tax deducted is 25%.

Monthly commission is R10 from each member. I have to try to help those four — my first generation — to sell four policies each to others. The phrase is "help them gain protection". These people become my second generation.

I get R9 each of their monthly premiums and my first generation members get R10.

My second generation people then have to sell policies to four of their pals, who become my third generation and comprise 64 in number. I get R8 from each, my first generation receives R9 and my seconds R10.

So on, until the limit of six generations. But every member is the nucleus of his own six generations. If my sixth generation members are to achieve their own sixth generation there will be more people than there are in SA paying Set For Life.

If 2 000 people took out Set For Life policies, and each paid three months' premium up front, that means R600 000 has already been gathered by the promoter. They all had to buy a training manual at R15 as well for another R30 000.

The glossy prospectus shows how the maximum monthly commission is a cool R29 112.

Maximum

Of the premium income paid by my 4 096-strong sixth generation, 45% goes on commissions every month. That is my co-operative.

One independent broker says for group cover the maximum commission he takes under Life Offices Association rules is 7,5%. So 45% seems a lot. He says he could offer the same group-life cover at half the price or lower.

Mr Drinkwater says that out of every R100, Stan Gen gets about R30, and the balance goes in operating costs and Set For Life's profit.

Dr Grandi says Stangen is considering ways of assisting the 2 000 Set For Life members to obtain cover without their being left in the lurch.

Romens and Dior in rumpus over price

S/Times 3/9/89.

30

By Ian Smith

LISTED menswear retail chain Romens has clashed with one of the giants of the fashion world — Christian Dior.

Cape Town-based Romens has complained to the Competition Board that South African licensees of the French fashion house — manufacturing goods from umbrellas to men's suits and knitwear — are refusing to supply it with the designer range.

Competition Board chairman Pierre Brookes says: "We have asked Christian Dior licensees tò repond to the allegation before we decide if a full investigation is needed."

An attorney for Christian Dior says: "We are aware of the nature of the complaint and we believe it is unjustified. We are preparing a full response for the Competition Board."

Romens, which has 12 stores and franchised shops in the Cape, the Free State and Namibia, is SA's biggest retailer of Dior suits, shirts and knitwear, says chairman Danny Kahn.

Pride

"The dispute has its roots in a complaint that our Port Elizabeth franchise was selling Dior merchandise at 'substantially lower' mark-ups — in other words, at a discount," says Mr Kahn.

"We pride ourselves that, across the board, we sell at prices well below other menswear retailers — but we are not discounters.

"We have built up this business over 30 years on the basis of a fair price to customers and fair profits to Romens and our suppliers."

Mr Kahn says that no Dior licensee was prepared to show Romens the Dior 1990 winter range — "although I specifically asked them to do so before the end of July".

He says: "Dior officials in Paris have told us that the question of supply does not lie in their hands, it is up to local suppliers. But the licensees have told us they cannot supply us because of a directive from Paris ordering them not to do so."

A major licensee in SA is Mentone Clothing, which makes Christian Dior men's suits. Managing director Mike Siesel says: "We are preparing our reply to the Competition Board and it would not be right to comment at this stage."

The row could have repercussions for manufacturers of many other designer label clothes and accessories.

Mr Kahn says that imported linings and trim are widely used on designer lines, and the quality is monitored by the foreign principals.

by JULIE WALKER

Genbel skirts earnings issue

S/Times 3/9/89

GENBEL strengthened to R61 after announcing a R300-million rights offer.

The investment holding company whose interests are mainly in resource-based equities manages a portfolio worth R2,5-billion. It is to raise the cash so it can follow investment opportunities.

Some of this will include following rights offers made by companies in which Genbel has stakes. Genbel has a large holding in Randex — described as the prime exploration company in SA — which could also require cash should any of its mineral ventures warrant development.

The shares will be issued 15 for 100 at R53 — R8 cheaper than the ruling price and R17 below the net asset value of R70.

Genbel's earnings growth in the year to June was a trifling 3% in spite of a swing out of golds.

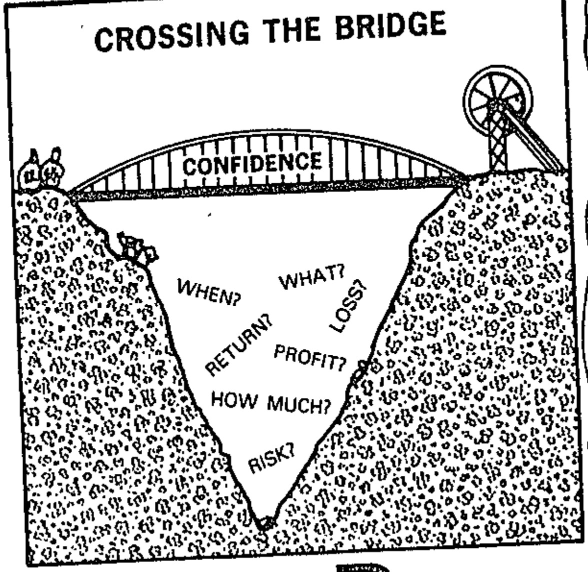
WEALTH

The directors refer to the "increase in wealth of shareholders of R21,60 a share (55%) arising out of an increase in the share price of R19 and a dividend of R2,60".

I call it the Galtieri syndrome — Argentina's in a mess so let's invade the Falklands.

Genbel's earnings growth was poor, so let's talk about the increase in shareholders' wealth.

So much for "active management".



Pop quality at Bergers

30

S/Times 3/9/87

BERGERS shares were in demand this week ahead of results, which underline the high quality of the group's earnings.

Listed in 1987 after R2,8-million was raised at 100c a share, Bergers commanded a high rating, topping 230c before the market collapse of October that year. The price is now 140c.

In the six months to June 1989 Bergers lifted turnover by 26% to R30,8-million, and earnings a share grew 51% to 7,4c. With sales loaded in the second half-year, they could reach 30c.

A twice-covered dividend of 15c puts the shares on a projected yield of 11,5% — not bad for the times.

SPREAD

Last year's 37% tax rate is not expected to rise much because many of the trading outlets are outside SA in places where the rate is lower than 50%.

At listing there were 142 stores in the family outfitting chain which is spread throughout the south-western Cape, homelands, platteland and neighbouring states.

Aimed at the lower B to C income groups, Bergers is a cash-only business. Chairman Howard Mauerberger says that with so many shops, any political activity or unrest which might affect some branches can be carried by the group.

There are virtually no borrowings, and the December yearend balance sheet is cash rich. Therefore, when interest rates are high, Bergers hardly suffers.

There are 187 stores now, and the target is 200 by the end of the year. Shops are being upgraded, and those in poor sites moved to better premises. Expansion is funded out of the group's resources.

EXPANSION

Mr Mauerberger says Bergers has been in business for 65 years, but only in the past decade has it undergone significant expansion. It now employs more than 1 000.

The products sold are sourced mainly from SA suppliers, and about 5% is imported from the East. Bergers often procures raw materials and uses cut-make-trim factories to produce clothing to its design.

In the last quarter, half of the stores will begin selling shoes.

"This is an exciting development which should ensure that the turnover growth remains strong," says Mr Mauerberger.

The average contribution to turnover from shoes in other total outfitters is about 20%, which augurs well for Bergers.

A tailor-made warehousing facility should be in use before the end of the year. Its leasing cost should be offset by more efficient product handling and faster distribution to shops.

COMPUTER

These advances will be managed by a new computer system also designed to control stock.

Management expects that the value-for-money goods offered by Bergers will help sales to grow well above the rate of inflation, barring unforeseen circumstances.

Mr Mauerberger is the major shareholder with a little more than 50% of the company. The other directors own 18%, institutions holding another 10%.

STEAM

With the JSE's blue-chip industrials running out of steam, investors should put Bergers high on their shopping lists among top-quality second-tier counters.

The retail sector's average price-earnings ratio is 8,7, so Bergers shares at 140c look cheap a little over four times prospective earnings in the light of sound prospects.

Wooltru sets sights higher

S/Times 3/9/89

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By Alan Duggan

BEING brave and being different — that is how Wooltru boosted net profit by a healthy 52% in the year to June 30, says the group's new chief executive, Colin Hall.

Reassured by sales of R2-billion (R1,6-billion last year) and taxed income of R93,4-million (R62,6m), Mr Hall is confident, saying: "I want Wooltru to be the best retail trading group in South Africa — and we can do it."

Interviewed after the results were announced this week, Mr Hall said three major factors were responsible for keeping Wooltru ahead of the pack — "We have better brands, we have huge cash flows and best of all, we have it all in one group. We also have a young management team, good trading sites and enough clout to get more."

Wooltru was looking at "sustainable growth". No diversification was envisaged.

The group had a positive cash characteristic of enormous proportions, said Mr Hall.

Property holdings were worth nearly R280-million and "we don't have to draw against them to keep going".

The group's sales growth of 26 % was not simply a reflection of the nationwide trend in the retail trade. "It means we have gained market share."

Commenting on the group's profit growth of 52%, Mr Hall said: "Nobody is in any doubt about the daringly different identity of each division in the group."

Tradegro's good results clouded by 3 subsidiaries

(30)

Star 4/9/89.

By Ann Crotty

There are three reasons why investors need not rush into Tradegro — Coreprop, Jazz and Checkers.

Results for the 12 months to June show a reasonably impressive 36,5 percent advance in Tradegro's pre-tax profits from R131 million to R179 million.

The improvement at the group's earnings-per-share level looked even stronger — a 37,5 percent increase to 39,2c (28,5c) on a fully diluted basis.

A final dividend of 6c has been declared, bringing the total payout to 10c a share.

The strong group result reflects sterling contributions from Rusfurn, Smart Centre and Cashbuild.

Results on these fronts countered the disappointing performances of Coreprop, Jazz and Checkers.

Investors can avoid these weak performers by giving the Tradegro share a miss and going directly for the other counters.

Smart Centre and Stuttaford/Greatermans are not listed, but at this stage it looks a bit expensive to buy Tradegro just to get exposure to them.

On a more positive note, there are signs of progress at Tradegro.

If investors believe that head office can sort out the problems at Jazz and Coreprop, move Checkers into a higher gear and still bat everything the economy and the Government can throw at it over the next few years, then Tradegro looks like a good long-term buy.

At its current price of 170c the share is on an historic P/E rating of 4,25 times and offers an historic dividend yield of 5,9 percent.

This looks cheap compared with the sector averages of 12,7 times and seven percent respectively.

Getting back to financial 1989's performance, group turnover was up 17,8 percent to R7,2 billion (R6,1 billion).

Operating profit before interest surged 48 percent to R245,8 million (R166,1 million), reflecting an improvement in margins from 2,7 percent to 3,4 percent.

Interest payments took a hefty R66,6 million — almost double the previous year's R35 million.

As the balance sheet shows gearing virtually unchanged at 36 percent, the hike in the interest bill is attributable to higher interest rates.

Pre-tax profits were up 36,5 percent to R179,1 million (R131,2 million) and attributable earnings were 37,4 percent ahead at R72,9 million (R53 million).

A divisional breakdown of the figures shows the importance of Checkers and Metro at the sales level and Rusfurn and Metro at the pre-tax profit level.

Turnover at Checkers was up 14,5 percent to R2,7 billion and its pre-tax profit surged 71 percent to R23,9 million.

The turnover figure may disappoint.

It shows that in the second half — when sales were R1,4 billlion — there was little advance on the weak trend evident in the first half when sales were R1,3 billion.

More important is the evident margin improvement.

Checkers' margin is up to 0,88 percent from 0,58 percent. (Margins in the second half, always helped by "confidentials", were 1,2 percent (0,84 percent in the first half).

But there is considerable room for improvement.

Checkers management has still not reached the one percent margin targeted for financial 1988.

Industry sources suggest the major problem is the high level of shrinkage.

This in part reflects the militant labour situation, but it also indicates a need for more efficient management control.

Metro accounts for 38,5 percent of sales and 31 percent of pre-tax profit.

Rusfurn accounts for only 11,6 percent of sales, but is the most important contributor at pre-tax profit level, chipping in with 36 percent of the group's total.

Rusfurn's importance is even greater at earnings level because it makes no allowance for tax payments. (No details are given of the negotiations between Rusfurn and Tradegro.

Coreprop's results will certainly disappoint.

Tradegro management is now concentrating on Coreprop's earnings performance and not its pre-tax profit figure — this is more appropriate given the company's recapitalisation, which resulted in debt being exchanged for preference shares.

The earnings figure shows pre-tax profit was reduced to an R8 million (R6,4 million) loss after paying dividends on the prefs.

Menswear retailer at war with Dior

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Star 4/9/89

By Tom Hood

CAPE TOWN — One of the biggest menswear retailers, the Cape Town-based Romens chain, is at war with French fashion house Christian Dior.

All Dior licensees in South Africa have been ordered from Paris to stop supplying Romens with merchandise because the latter refuses to charge Dior's prices.

Romens has countered by referring the dispute to the Competition Board in Pretoria.

Romens claims to be the biggest retailer of Dior suits, shirts and knitwear in South Africa.

Chairman Danny Kahn said at the weekend that no Dior licensee was prepared to show Romens its 1990 winter range.

"Although Dior in Paris have told us the question of supply is not in their hands, but up to their local licensees, these same licensees tell us they cannot supply because of a directive from Paris ordering them not to do so," said Mr Kahn.

The problem arose, he said, because of a complaint from Port Elizabeth that Romens' local franchisee was selling Dior merchandise at substantially lower mark ups — in other words, at a discount, said Mr Kahn.

He estimated that across the board, Romens' selling prices on all merchandise were at least a third less than those of any other menswear retailer.

"But we are not discounters. Over the past 30 years we have built up this business on the basis of fair prices to the consumer and fair profits for Romens and its suppliers.

"We don't need artificially rigged high prices to run a good business.

"As we see it, the real issue is Dior's decision not to supply Romens because of our lower markups. We are labelled discounters — something we deny totally.

"Marking our merchandise at lower prices to give consumers acceptable prices is not discounting.

"Our policy is to take lower profits — it always has been and always will be."

The Romens chain has 12 stores in the Cape, the Free State and Namibia and plans to open outlets soon in Johannesburg, Pretoria and Durban.

With a projected turnover of R25 million for the coming year, Romens claims to be SA's biggest retailer of men's suits, selling about 40 000 suits and 100 000 shirts in the past 12 months.

"We stock all the leading international and local brands and none of them, apart from Dior, has complained about our prices," said Mr Kahn."

The chain's core company, Romens Holdings, is listed on the Johannesburg Stock Exchange.

Turnover of the holding company, derived from servicing the chain, has more than doubled to R14 million in the year to June.

Bergers buttons up more good results

Star 4/9/89

30

Finance Staff

Bergers, whose subsidiaries retail clothing throughout Southern Africa, has followed its record 1988 performance with a 51 percent rise in attributable income to R1,5 million on the back of a 26 percent rise in turnover in the six months to June.

Turnover of R30,7 million (R24,3 million) produced operating income of R2,6 million (R1,7 million) before provision for tax and minority interests of R1,1 million (R795 000).

This improvement was achieved in a trading period of 26 weeks (27 weeks in 1989).

Earnings a share rose to 7,4c (4,9c).

Chairman Howard Mauerberger says the group should have more than 200 stores by the end of 1989.

"Our expansion programme is continuing apace, with at least 25 stores being opened this year.

"At the same time, existing stores are being revamped and relocated to better trading sites."

He says the group's cash flow remains strong and it is able to fund expansion out of its own resources.

"The impact of high interest rates is negligible as there is little or no debt."

Mr Mauerberger says turnover remains buoyant, despite the measures introduced to cool the economy.

He is confident that, barring unforeseen circumstances, the group will enjoy another successful year.

He says Bergers is breaking into a new area by introducing shoes to its range in 90 selected stores.

"This is an exciting development which should ensure that turnover growth remains strong."

UN panel looks at disinvestment in SA

Star 5/7/89

The Star's Foreign News Service

GENEVA — An 11-member panel of "eminent persons" convened by the United Nations met here yesterday to start a three-day examination of the state of disinvestment in South Africa, and the possibilities of change as a result of tomorrow's election.

The panel, the second of its kind to be convened by the UN Centre on Trans-National Corporations, will come up with a series of recommendations to the Secretary-General, Dr Javier Perez de Cuellar, at the end of the three days of public hearings. The first such meeting was held in 1985.

Representatives of the International Chamber of Commerce, various anti-apartheid organisations, non-governmental institutions and South African employer organisations are among those giving evidence. The South African representatives, who include the Chamber of Mines and the Black Taxi Association, are expected to testify today.

The first day's meeting heard a warning from Mr Joseph Garba of Nigeria, chairman of the UN Special Committee against Apartheid, that the Government of the Acting State President, Mr F W de Klerk, "is trying to break out of international isolation and reduce international pressure by making vague announcements aimed at creating an impression of a readiness to bring about gradual reforms in the system".

"Given the long history of oppression by his party, we don't think he (De Klerk) is bringing out anything new," he told a press conference later.

Councillor's status subject to review

Star 5/9/89

Municipal Reporter

The deputy chairman of the South-Western Management Committee, Mr Victor Thomas, was sentenced to 12 months' imprisonment or a R1 000 fine last week after he was convicted on two counts of corruption.

Johannesburg City Council housing director Mr F W Robins said he had asked for copies of the Protea Magistrate's Court records to be referred to the council's legal advisers for their opinion on Mr Thomas's status as a councillor.

Mr Dudley Arends, chairman of the United Civic Association, said the case followed the submission of certain documents by UCA to the MEC in charge of local government.

The documents referred to maladministration by the South-West Management Committee.

Businessmen slate Boksburg advert

(30)

Star 5/9/89 **By Helen Grange**

A recent Boksburg Town Council advertisement, showing statistics indicating positive economic growth in the town, has come under fire from Boksburg businessmen who say the figures are misleading.

The Boksburg Alliance, an organisation representing businessmen, has criticised the advert, which appeared in several national newspapers last week, as an "unjustifiable" election ploy by the Conservative Party.

The advertisement was issued by Boksburg town clerk Mr J J Coetzee, on instructions from Boksburg's CP-controlled management committee.

Mr Robert Gardiner of the Boksburg Alliance asked if the Conservative Party had the right to "issue selective details under the name of the town clerk to attain some sort of credibility".

The advert claimed that Boksburg's budget growth had been 16.13 percent, that income derived from rates levied on property had increased by 9,35 percent and that the total valuation of properties had grown by 9,77 percent.

● See Page 7.

Mambazo cancel two shows

Ladysmith Black Mambazo have canceiled tonight's and tomorrow night's performances at Pretoria's State Theatre "due to unforeseen circumstances".

Pact's publicity department was unable to comment further about the reasons for the cancellation.

The show now officially opens on Thursday night.

Ticket holders for tonight's charity performance should request refunds from their charity organisation.

Those with seats for tomorrow night can claim a refund from Computicket or may book again.

September 5 1989

Calls follow court ruling

Carletonville businessman threatened

(30)

Stw 5/9/89.

By Jovial Rantao

One of the applicants in the precedent-setting Pretoria Supreme Court case, in which a judge ruled that racial signs in the Carletonville parks must be removed, has received death threats and obscene telephone calls.

Mr Abdul Bhamjee, a local businessman, said yesterday he had received seven obscene telephone calls after a ruling last week by Transvaal Judge-President Mr Justice C F Eloff that a decision to close parks to black people was not in the interests of the town but in the political interests of the Conservative Party.

Bombs

Mr Bhamjee said he had reported the matter to the local police and had spoken to a Lieutenant Bartman.

"These are sheer intimidatory tactics, but I have reported the matter to the police because I'm taking these threats very seriously. The caller told me that we (businessmen) should expect bombs and they were going to burn our shops."

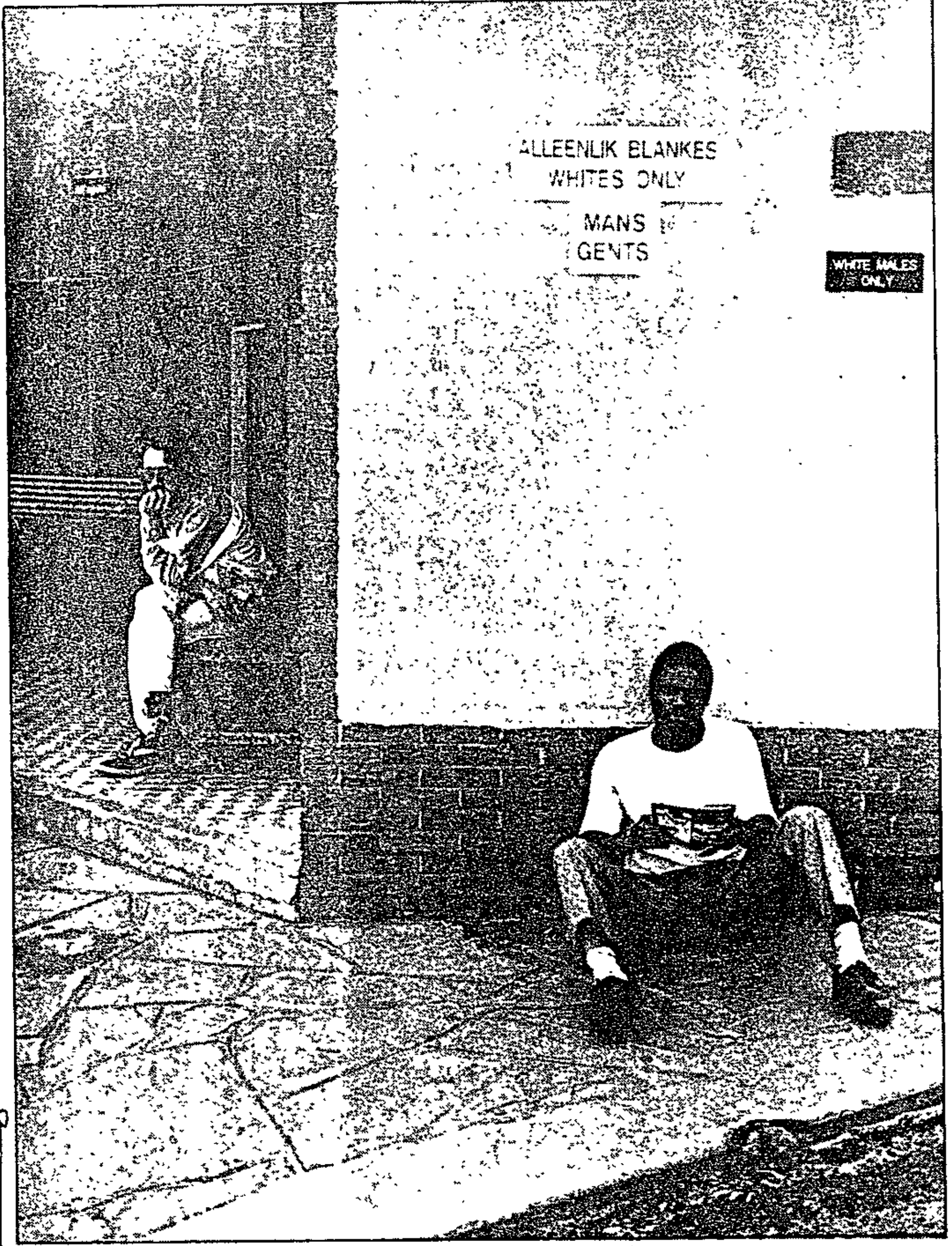
Other applicants in the case, Mr Sorrel Waks, Mr Billy Mojau and Ms Annentjie Classens, had not received similar threats, Mr Bhamjee added.

He said he believed the calls were made by CP supporters worried about the impact the outcome of the Pretoria case would have on their election campaign.

● Carletonville supermarkets visited by The Star yesterday reported a slight increase in turnover. A tour by The Star through the parks in the town revealed that not all "whites-only" signs had been removed.

Black people had not responded to the court ruling by returning to the parks. Pioneer Park, which used to bustle with blacks during lunchtime, was deserted yesterday.

● At an extraordinary meeting yesterday, the Carletonville Town Council decided to appeal against last Thursday's Supreme Court order requiring it to remove all "whites only" signs. — Sapa.



Sign of the times . . . these two men, who declined to be identified, relax at Pioneer Park in spite of the "whites only" sign on the wall. ● Picture by Herbert Mabuza.

Star 5/9/89 30

The Star
Finance

Checkers on the road to recovery — Weil

Finance Staff

Following on its 17,8 percent hike in pre-tax profit and 36,5 percent advance in turnover to R7,2 billion and R179 million respectively for financial 1989, Tradegro management is looking to turnover in excess of R8 billion for the current financial year.

And chief executive Donald Masson is targeting at least a 25 percent advance in pre-tax profit. This means pre-tax profits of over R200 million.

Mr Masson referred to the "unacceptable" level of shrinkage within the group — in 1989 this amounted to around R70 million. He believes that this can be reduced through the enforcement of disciplines and improved productivity.

Management at the Checkers division, which accounted for R2,7 billion of turnover and R24 million in 1989, has committed itself to a compounded annual growth in bottom line profits of 30 percent over the next three years. This is despite a possible resumption of tax payments in the '91-'92 tax year — Checkers currently has an assessed loss in excess of R100 million.

Checkers' MD Clive Weil pointed out that goals in terms of either pre-tax earnings or return on shareholders' funds have not yet been reached "but at 0,9 percent and 25 percent respectively Checkers is beginning to produce more satisfactory results."

"Training and development of all Checkers people at every level in the company is assuming great strategic importance. The board has authorised an investment of R3 million for this specific purpose during the current financial year. With a commitment to real increases in spending in this category into the future."

Large investments will also be made in upgrading and refurbishing facilities — in particular the computer systems.

In addition scanning is becoming a major priority at Checkers: "Offering exceptional benefits both in streamlining administration and shrinkage controls and sharpening marketing abilities."

● Picture by Sean Woods.

Boksburg boycott to be continued

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BOKSBURG — More than 1 500 people are standing by a consumer boycott of white shops in Boksburg, despite indications that the town council may be forced to pull down whites-only signs if court action is successful. The decision was taken this week at a meeting called by the Save Boksburg Committee (SBC). Star 6/9/89.

After hearing an address by Professor Jakes Gerwel of the University of the Western Cape, Mr Mohammed Navsa of the SBC asked the audience to stand if they supported the boycott action.

The entire audience stood up and pledged to continue the protest and shop in Benoni. — Sapa.


BMF president Mr Don Mkwanazi.


Director of African Studies Mr Eugene Nyathi.


Anglo American Corporation's industrial relations executive Mr Don Ncube.

Start small, think big and grow

Sowetan 7/9/89.

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The road to black economic empowerment

FOCUS

By JOSHUA RABOROKO

BLACKS are daily getting convinced that without economic power the prospects of achieving total liberation are nil.

Delegates to a recent seminar on black economic empowerment, organised by a firm of consultants, Malimela and Associates, in Sandton confirmed this

Consensus was that black economic power will have been achieved when black people own and control a substantial portion of the means of production in this country.

It was also agreed that it implies the ability of blacks to make decisions that will have a significant impact on the economy.

The president of the Black Management Forum, Mr Don Mkhwanazi, said: "Black economic empowerment means the acquisition of economic power by blacks. The acquisition of economic power by blacks will enable them to take greater control of their destiny and of their beloved country.

"We can no longer perpetuate our dependence on welfare programmes. Instead we must be seen as contributors in our economic life, not just as labourers, but as equal, if not major, partners in the creation and control of wealth in our country."

It was agreed blacks must enlarge the minute share - less than one percent - they now hold in the economy. They must get larger and commanding shares so that their money muscle could help cut the political shackles that keep them in bondage.

One of the lessons that emerged at the seminar was that black economic power could be achieved primarily through the efforts, hard work, and skills of blacks themselves and only secondarily through agencies that have set themselves up to help black business.

Another lesson was that blacks have the capacity to break the barriers and to win - despite all the obstacles which have to be overcome. The process may be slow and require all the patience that the people of Africa have acquired in abundance over the generations, but the end result was attainable.

It could be achieved firstly by blacks running their own businessess and institutions and secondly by getting more and more blacks to occupy positions in corporate and public structures where they are in charge of important resources.

"The idea is to start small, think big and grow," the executive director of Business Challenge, Mr Phil Khumalo, said.

Evils

He said black economic empowerment would not succeed without the involvement of the informal sector. He said black economic empowerment meant the eradication of South Africa's evils of poverty, unemployment, inequality. It meant political freedom; it was nation building.

The Anglo American Corporation's industrial relations consultant, Mr Don Ncube, said black business had to transcend the level of sole proprietorship that we have in the black townships - the barbershop, the fish and chips shop and others.

Blacks should not be kept on the periphery of the economy, but should be brought into the mainstream of the economy.

"I suggest that blacks should initiate the process of deconcentration and devolving economic power from the few to the many. The fundamental economic problem in our society is the gross disparity of wealth between blacks and whites.

Solution

"Too few own the wealth of the nation; too many own nothing," he said.

He said the solution would be "to create new property for the poor without taking old property from the rich."

The chairman of the Anglo American Corporation, Mr Gavin Relly, said big business and government had a role to play in black economic empowernment and in helping to redress the imbalances of the past.

They should rethink the foundations of their relationship with the emerging small business.

Dr Tjaart van der Walt, the chairman of Sanlam, said the responsibility of those interested in black economic empowerment was to ensure that the economic system was open to all, especially the poor, powerless, widows and orphans.

Docile

The director of the Centre for African Studies, Mr Eugene Nyathi, said so-called black economic empowerment programmes promoted by the Government and the private sector have amounted to nothing more than half-hearted attempts at "selective embourgeoisment" of some hand-picked blacks

"The idea has been to carefully choose a selection of docile and ineffectual blacks who are then given contrived impressive titles and kept there for public relations purposes. The sum total of the strategy is the creation of a black middle class which will be too small to threaten white control . . ." he said.

He said: "Black economic empowerment must be seen within the context of the continuing quest for political and economic justice in South Africa.

"The real economic empowerment of black people will take place only after the total demise of the *status quo*. Sanctions and disinvestment can only hasten this painful, but necessary process," he said.

Sowetan editor Mr Aggrey Klaaste said: "We see black economic empowerment hijacked by white capital. It is my belief that black organisations and those involved in the liberation struggle should get involved in business and keep the initiative in the hands of the oppressed or dispossessed."

The social duty of business is to create wealth for all in SA

B/Day 7/9/89.

30

In their joint submission to the UN seminar on Transnational Corporations in Geneva this week, leading South African business organisations outlined their view of the positive role business plays in the country. This is an extract.

BUSINESS exists to create wealth in the broadest sense and, in SA, this is the most socially responsible duty it can perform. In particular, by paying fair wages, employing workers on merit, running skills enrichment programmes and promoting black advancement, business can greatly enhance the process of economic empowerment.

Business provides the main environment in SA where blacks and whites meet on a daily basis. The future competitiveness and profitability of business in SA requires that it win the acceptance of the whole workforce of the need for a truly non-racial work environment. The challenge will only be met with careful, sustained interaction and leadership over a long time. Observers demanding quick results will only be rewarded with symbolic or self-indulgent public gestures which will seriously retard progress.

The business community has long expressed its unequivocal opposition to apartheid and, together with others, helped secure major reforms including the recognition of black trade unions and the abolition of influx control. More recently in talks with the labour federations over the Labour Relations Amendment Act, business has demonstrated that joint labour-business initiatives have a greater impact on government willingness to reform than direct labour action alone.

Social responsibility spending is another area in which business contributes to the process of change. An estimated R600m is donated each year to a wide range of projects and initiatives which address the housing, education, health, welfare and development needs of communities across the country.

Some of the more innovative projects which business has supported in recent years include the redevelopment of District Six and the non-racial Nest schools. By strategic spending of this kind, business plays a unique role in supporting initiatives which are helping transform SA society.

Business has also promoted more informed and meaningful political debate within the country, both through its own efforts (for example, the Assocom study of constitution modes for SA and the FCI Business Charter) and its extensive funding of conferences, research and academic study.

Business has also been the central source of funds for the great number of institutes and projects which promote dialogue and reconciliation between the races.

The contribution made by Transnational Corporations (TNCs) in particular is vital, as they constitute an important avenue for international influence. The presence of TNCs in SA allows other concerned agencies, including foreign governments and trade unions, to influence developments more directly. The various Codes of Conduct and the Steinkuhler principles are excellent examples of this.

In the search for instruments to promote economic growth — a challenge which unites the whole of the African continent — the presence of TNCs is increasingly being recognised as a force for economic development, political stability and good government. As the World Bank has demonstrated, the equity investment provided by foreign corporations is a far more effective form of foreign investment than institutional debt. Encouraged by the international community, countries across Africa are actively seeking investment by TNCs — what justice is there in denying the peole of SA the same?

If the international community wishes to facilitate the process of change and speed the emergence of a democratic, non-racial political order in SA, it is imperative that it reconsider the sanctions and disinvestment strategy. These punitive economic measures have failed to deliver any of the desired results because they are inappropriate instruments for securing change in the very fluid political circumstances of present-day SA.

Strategies for change which are driven by anger and impatience are fatally flawed, as the failure of efforts to make the black townships in SA ungovernable revealed so tragically during 1985 and 1986. Events in SA demonstrate that the country's problems are not amenable to instant, clinical resolution.

The opportunities do exist for the international community to exert positive influence for change, but this can only be achieved by appropriate forms of direct and on-going interaction with the chief actors, black and white.

The SA government is one such actor. By adopting a more measured approach, combining pressure and regard and setting goals which the authorities may realistically achieve, the international community can play its part in securing meaningful advance in the short term and real power-sharing in the longer term.

The international community must also help facilitate change through consistent, constructive interaction with key opinion formers in all sectors of the community. By lending moral and material support to the activities of the wide range of groups, and particularly the many different black groups, which are working to improve the political, economic, physical and social circumstances of the black South Africans, the international community can help to make blacks more effective agents for their own liberation.

Investment in the development of the country and its people will provide a further avenue for effective international action. SA will not achieve economic growth of the required levels without substantial foreign aid and investment.

In addition to the direct benefit foreign aid provides the relief of human suffering, it will also help address white fears of the consequences of change and greatly enhance the dynamic economic forces which are working to transform SA society.

Unless the economy can grow at a rate faster than the rate of population growth (presently 2,3% per annum) the country faces an increasingly impoverished future. There are already severe shortfalls in the provision of housing, education, health and welfare facilities for blacks. No government will ever be able to make up this backlog and provide for the needs of the growing population unless it can draw on the resources of an expanding economy. The scale of need is such that the savings in state spending following the abolition of apartheid will not be anywhere near sufficient to match demand as is sometimes naively suggested.

The economy must grow at a rate of least 5% per annum if it is to provide employment for the 350 000 work seekers who enter the job market each year.

Without economic growth, the racial gap in incomes will widen, and the black population will bear the brunt of increased unemployment and declining personal income. The effect on the informal sector will be devastating, as without increasing demand powered by an expanding wage bill of the formal sector, meaningful informal sector activity will be impossible.

In urging the international community to abandon sanctions, we are not asking that it also abandon or compromise its opposition to apartheid. What is proposed is a change of strategy not of principle — a change which represents the best and only hope the world has of helping secure a peaceful, prosperous and democratic future for all the people of southern Africa.

☐ **The submission was endorsed by the Afrikaanse Handelsinstituut, Assocom, Chamber of Mines, Federated Chamber of Industries, SA Black Taxi Association and the United Municipalities of SA.**

JOB-CREATION ㉚ Fmail

Counting the cost

The cost of creating a job depends on the definition of costs. This explains recent conflicting estimates by the Decentralisation Board, which puts the average cost at R18 000, and the Small Business Development Corp (SBDC), which says it is R3 000.

Board chairman Coen de Villiers explains his figure is the cost to the private sector and it includes land, factory and equipment. While R18 000 is the average for all industries, it differs from sector to sector and region to region.

SBDC GM Sonny Tarr points out the organisation operates in the small business sector where cost of job-creation is far lower than in the formal sector. Moreover, the estimates "relate number of jobs created on its programmes to cost of SBDC finance only", says Tarr. "This excludes owner's contribution which, in some programmes, is at least 10% of total finance costs.

"The R3 000 is the average for all programmes. The mini-loan programme has a cost of R1 629, the job-creation programme R2 225 and general finance R6 400." ■

8/9/89.

Star 9/9/89

Co-operative SABC

30

MALCOLM FOTHERGILL

A CHANGE of SABC policy with far-reaching implications for the advertising and retailing industries comes into effect on November 1.

What it amounts to is that all the SABC's regulations on retail co-operative advertising fall away.

'Outside' products

This means retailers will be allowed to advertise "outside" products on television, and not be restricted to advertising only house brands and/or exclusive lines.

In addition, manufacturers and distributors will be allowed to mention the names of retail outlets through which their products are distributed, regardless of whether or not those outlets have the sole franchise to distribute the products.

The effect will be that competing retailers could well wind up advertising the same products, while a manufacturer could well wind up giving a punt to competing retailers in the same ad.

A change to the rules governing retail advertising, which have been in force since 1977, has been on the cards since December 1986.

At that time the SABC said it had decided that, "in principle, the retail rule is inconsistent with the free market policy currently applying to the buying and selling of television advertising air time on SABC stations".

Representations

Since that statement, says Jack Hobbs, the SABC's general manager, advertising: "The Corporation has received many representations from interested parties urging us to either abolish or retain the rules currently governing retail co-operative advertising.

"We have listened with great interest and concern to all arguments put to us, and have now made a decision which will have a positive effect, not only on the business activities of the SABC, but also on the interests of our audiences and advertisers."

Battles that hungry Bellamy triggered

30

ADRIAN BELLAMY ... an appetite for takeovers

By David Carte

THE ambition of Adrian Bellamy, former managing director of Edgars Stores, was the catalyst that triggered the scrambles for Russells, Greatermans, Edgars and finally for Premier and SA Breweries.

In his fascinating corporate history, Larger than Life — Donald Gordon and the Liberty Life Story, Ken Romain quotes Sydney Press: "Following his appointment (in 1978), Bellamy soared like an eagle."

In 1981 Mr Press underwent serious open heart surgery.

"While I was recovering, Bellamy sought to acquire Russells ... which would have been a disaster. Fortunately, Natie Kirsh pipped him at the post."

GRIMACE

The author continues: "Press recovered but Bellamy's takeover appetite had been whetted and he now turned his attentions towards Greatermans."

According to Larger than Life, Mr Press recollects he was initially positive, but "I later turned firmly against it".

First, when asked whether the customary month would suffice to check on Greatermans, Natie Werksman, who had long served on its board, gave "an eloquent grimace".

Herb Seegal, former president of Macy's, also advised Mr Press against buying Greatermans.

Mr Gordon describes drinking wine under an Eastern Transvaal thorntree with stockbroker Max Borkhum, Mr Bellamy and Greatermans boss Isaac Kaye.

"Bellamy was getting more and more excited at the prospect of acquiring Greatermans ... My reservations, however, became more acute."

When Mr Press left for a second operation in the US in 1982, "he specifically conveyed to me that under no circumstances was I to be pushed by Bellamy into the Greatermans deal".

Shortly before Mr Press came under the surgeon's knife, Mr Bellamy phoned Mr Gordon.

The book goes on: "Could he come urgently to see Gordon — the Greatermans deal was on! Bellamy arrived together with Archie Aaron (a senior partner in Werksmans attorneys). They told Gordon that they were very close to a deal with Greatermans and were ... enthusiastic. Time was pressing however, as Edgars option expired on Monday February 1, and a potential rival, Natie Kirsh, had ... the second option. There was to be a meeting at Edgars that evening and Gordon was invited to it as an observer, representing Edcon."

DOUBTS

Mr Gordon relates: "We started at 5pm and Bellamy made a detailed presentation. I listened — the proposal was to reverse Edgars into Greatermans ... I ... had severe doubts about Greatermans and the idea of reversing Edgars, itself a first-class operation, into that controversial group disturbed me enormously. So I indicated that the deal could not be done without the approval of Press and the Edcon board."

The Edgars board approved the transaction. Only Bill Wilson opposed it. The same evening Mr Gordon called a meeting of the Edcon board, which decided it could not allow Edgars to go ahead, particularly in view of Mr Gordon's brief from the absent Mr Press.

Edgars was invited to do a presentation to Edcon the next day at Mr Gordon's house.

Says Mr . Gordon: "The more we went into it ... the more we questioned Bellamy and Aaron, the more unhappy and uncomfortable I became ... I knew I was absolutely correct ... the more we probed Bellamy, more and more skeletons came tumbling out of the cupboard and the worms came out of the woodwork."

The Edcon board was unanimously against the deal, short of a thorough investigation.

"That's impossible," Mr Bellamy screamed, "the option expires on Monday night at 6pm and the sort of investigation you're demanding will take months. And Natie Kirsh has got the second option — if we give up he's going to snap it up."

"Well, so be it," responded Mr Gordon. Archie Aron told Mr Gordon the entire Edgars management team could walk out on Monday.

On Sunday, Mr Gordon spent 90 minutes trying to dissuade Mr Kirsh from buying Greatermans. Later, Mr Kirsh said: "I just wish he had been that much more persuasive."

A piqued Mr Bellamy went to Dick Goss, then managing director of SA Breweries, which had long regarded Edgars as a desirable acquisition.

"Bellamy," the author quotes Mr Press as stating, "had no business talking to Breweries at all."

Mr Goss is quoted: "Well there were lots of rumours floating about ... but the one that ... had me bothered was the prospect of another bidder coming in for Edcon — a major Afrikaans house was rumoured to be interested.

Mr Goss told Mr Gordon he had heard that Edcon was about to buy Greatermans. Mr Gordon repeatedly assured him that was incorrect. Mr Goss warned that if it did, SAB would bid for Edcon.

DROVES

Mr Gordon continues: "Dick, I give you my solemn word of honour that we are not going to buy Greatermans and I want from you, as Sydney Press is going on to the operating table on Tuesday ... your promise that you will not make a bid for Edcon until he is back."

Mr Gordon undertook to inform Mr Goss in the unlikely event of a change of mind. They shook hands. Mr Goss denies he gave any undertaking. That Monday SAB started buying Edcon shares heavily at R12,50 apiece, a premium of 50% on the previous price of R8.

Institutions were accepting in droves. Liberty's investment division was keen to sell at an apparently generous price. Mr Gordon asked the fund managers to wait. He called an Edcon board meeting that night. The board believes there was not much it could do.

Mr Gordon: "I didn't like the situation one little bit and felt very uncomfortable — almost defiled. I thought I had to do something. I called our stockbroker Max Borkhum and a few senior colleagues to a meeting at my house.

"The Press family had about 28% and Liberty Life had some 10%. The Breweries institutional foray had probably carried them to nearly 50% already.

"So Edcon was in fact doomed. But then someone — it may have been Max — spotted what turned out to be the Breweries Achilles' heel, that undertaking to give the seller the retrospective benefit of any subsequent higher price. That meant we could go to those institutions with a higher offer and Breweries would be in a quandary at a pre-emptive strike delivered quickly and efficiently."

FINAL

Liberty gave Max Borkhum the brief to buy 2-million Edcon shares at R14. Enough institutions accepted to give Liberty and Mr Press 50% — assuming that the latter would take its side.

Mr Gordon recalls a phone call from Mr Goss: "He phoned at 4pm and said he had 38%. I said that's fine, because we have 51%. He expressed the hope that Breweries would get board representation and I retorted, 'No ways Dick. If you couldn't get in the front door, you're not going to come in by the back door.' "

Ten days later SA Breweries offered R15,38 a share and Liberty sold. The final price was 25% higher than the R12,50 originally offered. Mr Press lost control of Edgars, but received R54-million in compensation.

Liberty's intervention, I reported in the Rand Daily Mail at the time, cost R22,3-million extra, but of this Liberty's own profit was only R3-million.

The Edcon fight was only the first round between Mr Gordon and Mr Goss. After observing how close SAB was to Old Mutual, Mr Gordon took it upon himself to warn Gavin Relly of Anglo American that it could lose control of SAB.

Ignored by Anglo, he went to Old Mutual's Jan van der Horst and offered him Liberty's 8% of SAB for Old Mutual's stake in Standard Bank. Rejected by Mutual as well, he found more willing comrades in arms in Premier's Tony Bloom and JCI's Gordon Waddell.

Ding, dong, dell Sterns

By Ian Smith

THE last act of the Sterns retail jewellery chain saga has been played out in fitting style — in high drama.

The controversial group's fate was in the balance until sealed bids from competing buyers, highly visible American-Swiss, which is part of the Foschini group, and the low-profile privately held Goodgold-Tanur group were opened by attorneys.

The R12-million cash offered by the Goodgold-Tanur team, led by executive chairman Brian Gutkin, carried the day.

The acquisition of the retail division, which includes 76 Sterns and Andre stores, catapults Goodgold-Tanur into second place in SA's jewellery sector, estimated to be worth R1,5-billion a year.

The other interests of the listed Sterns group remain under the control of investor Maurice Jacquesson, who bought control in 1987. The listed company is bound by an agreement to change its name, and it looks set to become a cash shell.

TERMS

The Sterns story began with one shop opened in Johannesburg 102-years ago, but it became a household name when Syd Barnett began began selling jewellery on terms, backed by heavy advertising. At one stage Sterns was said to sell more diamond engagement rings than all other jewellers in SA. Listed in 1968, it proved to be an erratic performer and shareholder confidence slumped after a repudiated R3,8-million insurance claim arising from stock losses or theft.

The Jacquesson era was launched with considerable hype. A glossy brochure said: "The group is poised, like a giant cat, to leap into the Nineties." Pity it landed in the well.

The final act came with Trust Bank's move into all Sterns branches three weeks ago to secure its R6,2-million advances.

"That's when I decided to move," says Mr Gutkin. "I had tried to buy the group once before, but the bid failed."

Now Mr Gutkin is confident that chain's future is secure in the Goodgold-Tanur group.

A chartered accountant by profession, he went into the diamond business 12 years ago. He started Goodgold as a light-hearted venture with 80 salesmen selling jewellery door-to-door. But the venture was successful from day one.

Two years ago Goodgold bought an interest in the Tanur jewellery chain, but this proved difficult to expand.

Mr Gutkin says: "Jewellery is a personal business at the top end of the market. People spending that much money want to deal with the boss, and this doesn't fit with the chain concept."

Goodgold-Tanur acquired the Transvaal rights to the Galaxy franchise, and is committed to opening at least five more shops by the end of the year.

The Sterns acquisition results in an 85-store chain and there will be 90 outlets by the end of the year. There are also 80 direct salesmen.

A holding company is being formed to embrace all group operations. Mr Gutkin, Ronnie Tanur and minority shareholders will renounce their holdings in the subsidiaries for a stake in the holding company.

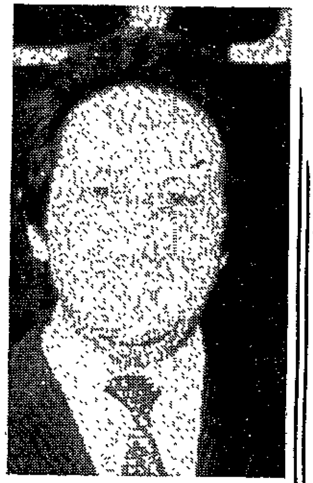
The group is unlikely to go for a listing, at least in the short term, but it could be an option for the future, says Mr Gutkin.

The Goodgold-Tanur team of Mr Gutkin, Mr Tanur and operations director Maurice Hartshorne has spent a week in the plush Stern Park headquarters in New Doornfontein assessing their acquisition.

CONTROLS

"We expected to find some worms in the woodwork, but we made allowance for that," says Mr Gutkin. "Now we are putting in our own financial and operational controls.

"We are confident we can restore Sterns to its place in the business."



BRIAN GUTKIN . . . buyers want to deal with the boss

He is confident that none of the Sterns outlets will close.

Steps are being taken to reassure staff.

Mr Hartshorne says: "We have many good people who know the business well. Morale has improved beyond all recognition."

WOMAN

Pam Mgulwa - knows its hard to be a woman.

Taking hurdles in their stride

Sowetan 11/9/89 (30)

WHEN PRAISE is sung for women achievers little is said of the hurdles they had to clear on their race to win.

Professionals and businesswomen are often portrayed as having powers that other women lack. But often all it takes for success is resilience and refusal to be put into categories.

These women all talk of the beating they had to take to get their jobs and then the exploitation by colleagues and people they deal with in business.

Mrs Mojanku Gumbi, attorney and project officer of the Black Lawyers Association, never dreamed of working in Johannesburg. Her heart was set on Pietersburg, where she had hoped to practice.

Loan

"I had already got offices when the bank told me that they could not give me an overdraft. They had given a male colleague a loan three months before I approached them. When I asked them about it they said they had since stopped giving overdrafts to people who were starting out and had no track record. But I knew that it had everything to do with me being a woman," she said.

It was not the first time that she had met with discrimination in her job. Gumbi was used to clients telling her they would prefer to be represented by one of her male colleagues.

By SIZAKELE KOOMA

"It happened so many times that I learnt not to take offence. I always respected their choice.

"Sexual discrimination is usually subtle. Women see it because they are sensitive to it. I know that some of my colleagues had an attitude but I always told myself that in court we all meet on an equal footing," Gumbi said.

Passport

BUSINESSWOMAN Pam Mgulwa knows all about discrimination in financial institutions. Before she went into hairdressing Mgulwa worked in a bank where her job was to service loans.

"Women not only have to be married, their marriage has to be in community of property. Marriage is the passport to acquiring a loan. A husband has to be at the forefront or you have to be exceptionally liquid," Mgulwa said.

"The odds are frightfully against women. They are looked upon as unbalanced and are said to be high risks. If they are married their husbands are legally liable should anything go wrong with their business. This is all because of a law that says women are inferior.

Determination

"No matter how much determination and ability a woman has they are never seen as possessing the toughness and capability that men have. You are never an individual. The shadow of your husband lurks in everything you do," she said.

Mgulwa said her business and the premises were registered in her husband's name. She does not let that affect her because she knows that her husband is only there to back her up and not to control her business.

Her success and staying power is owed to her "extremely forceful" nature, she said.

"When I talk you cannot afford to disregard me. This has earned me a lot of male enemies because I insist on being treated as their equal. It is time all women stopped being complacent and learnt to be assertive. They should not be dispondent if they fail "

DR PINKY MARTIN (not her real name) has been in private practice for four years. She did not have problems finding a place to work from but she was told her husband had to provide. surity for her loan.

"I thought that rather absurd. I had bought furniture and a car before and no one had asked me to get my husband's consent." Martin said.

The bank won and everything was done on their terms. But one mistake Martin vowed not to make was hire young staff Experience in the hospital had taught her that working with people in her age group causes a lot of conflict.

"Nurses my age used to find it very difficult to take instructions from me. There was always that subtle defiance I could easily handle that. But I do not want to be always calling assistants to order and explaining to them that we were working together for the good of the patient," she said.

Martin's clients are mostly people from the low-income group and migrant workers who are only interested in being well and are not worried about the gender sex of their doctor, she said.

Disputed

Mr Nass Meyer, Public Relations Officer of the SBDC, disputed the fact that there is discrimination on the base of sex when loans are being granted.

Meyer said that 25 percent of their clients were women. He said applicants were evaluated on the viability of their businesses, their entrepreneurial skills, relevant experience and their financial position. He said marital status was not a prerequisite for granting loans

30

On September 28 our business section, *Sowetan Business*, will be launched marking another milestone in the growth of the Sowetan. In this article, senior assistant editor, THAMI MAZWAI, who will edit the section, places the coming to be of *Sowetan Business* in context.

Putting *Sowetan Business* in context

SOWETAN Business comes at a crucial moment in the history of the country. We are conscious of the challenges it will face.

There is no doubt that when future generations write the history of this country, the *Sowetan* will be among those lauded for having placed black business on the map and ensuring that black entrepreneurs participate fully in the economy.

Sowetan Business is a supplement of news on developments in the black business sector. But there is more to it. It has been launched to power the marketing of black entrepreneurs and their wares.

It is based on an intimate knowledge of the aspirations and frustrations of our people, and in this case the business community.

The major priority is the creation of a market for the hundreds of black entrepreneurs who live in the shadow of the economy.

Services

These entrepreneurs, like their counterparts all over the world, render the essential function of providing goods and services.

More than than 1,2 million people, at least 95 percent of them black, read this newspaper on any one day.

On Mondays we sell more than 200 000 copies of the *Sowetan*. For the rest of the week the figure fluctuates, but is never less than 150 000.

It is our duty to inform these thousands of consumers, who travel to towns for most, if not all of their needs, that some of the goods and services they need are available in their neighbourhoods and they do not have to travel to town.

We are referring to the plumbers, carpenters, florists, printers, panelbeaters, laundrette owners, electricians, welders, glaziers and whatsnot in the townships who do not have enough clients, simply because their potential customers do not know where to find them.

Appeal

The *Sowetan* has appealed to big business for funds to enable us to give cheaper advertising to the small men.

It is due to some of these corporations that Black Business will carry whole pages of advertising at cheap rates for certain forms of business in the township.

You will now know where to get specific goods and services without getting into your car, taxi, bus or train.

In supporting the cobbler in the township, you will be improving life in our communities. This, among many other developments, is where the world's richer nations started.

Now for a more global interpretation vision.

Most countries in the developing world - Africa, most of Asia and Latin America - are the world's debtor nations.

They buy from the rest of the world, but sell very little.

They find it diffucult to sell because their manufacturing industries are not as developed as those in Japan, the USA, Britain or West Germany to name a few.

As a result these third world countries are always borrowing money for development with little hope of ever meeting their obligations.

For instance Africa now owes more than R500 billion.

Our communities are in a similar position

As we buy from the cities, the money we earn ends up in white areas to develop the Randburgs and Sandtons of this world.

Dingy

Very little of it comes to the Sowetos and KwaMashus.

As a result our areas have become dingy hovels while other localities bustle with life and facilities.

The scheme will divert part of this money back to the townships.

The advertisements on township business will create demand and orders will increase. Because of the increase in turnover, businesses grow and they will hire more people.

Our entrepreneurs, like other businessmen, will now be able to finance charity projects in their communities Many facilities will be improved.

The adverts will also attract buyers from the cities, with major companies tendering for services provided in the townships

For instance an embassy in Pretoria does its printing with a Mamelodi concern

More of this will happen because many big concerns, conscious of their responsbility in eradicating the ills that beset this country; have long wanted to give subcontracting jobs to our entrepreneurs, but could not because they did know where to go.

As our traders are not in the Yellow Pages directory, *Sowetan Business* will serve as one.

Thirdly, a campaign to force white concerns with operations in the townships to have at least 20 percent of the job done by black sub contractors will be launched.

Contracts worth millions of rands are given out to white companies, sometimes because there were no black companies with the capacity to handle the job, but often because of graft.

Not only will we fight for black companies to be given the first bite at the cherry, but we will also fight that when no black company has the capacity for the job or is unable to match the prices of rival white tenders, contracts will have to insist on a minimum percentage of township entrepreneurs to be used

Training

It is interesting that the Department of Education and Training is not generous in giving work to black contractors

As many of the technicians in our community were trained at schools controlled by DET, must we assume that it regards the training given by its institutions worthless?

If not why are most jobs in urban areas given to whites when the townships are full of graduates from DET training and technical schools?

Lastly, but definitely not leastly, we believe that the creation of a strong black business community is part of the struggle.

While many of our organisations are engaged in struggles within the community and on factory floors, let it be remembered that black business is also at the bottom of the scrapheap, and all because of apartheid.

A viable black business community must be created if all South Africans must participate as equals in the economy of our beloved country

And the participation of all South Africans in the economy is our only guarantee for a future peaceful peaceful and prosperous South Africa.

We want to be among those who created that South Africa. This is our mission, and why *Sowetan Business* was born

SAB is one of the major sponsors of *Sowetan Business*. Windsor Shuenyane of SAB and Thami Mazwai of the *Sowetan* enjoy a light moment.

Storeco has read the market right

Star 11/9/89

Bottom Line

30

MICHAEL MENOF

Five years ago, department stores were an important part of Storeco's business.

Today it no longer has an investment in department stores for the simple reason that globally, speciality stores have overtaken and outperformed other retail formats.

Legendary department stores — Saks, Macys, Marshall Fields and Harrods — are supported by the affluent.

However, Durban-based Storeco is cashing in on the structural shift of wealth in SA.

While small compared to Edgars, Storeco is growing thanks to smart management. It has read the future shrewdly and reorganisation by listing subsidiary Orrco Retail as Speciality Stores, leaving Storeco as the pyramid, has helped cash flow by raising R16 million.

Management has decided it is not in the real estate business and the sale of properties over the year generated another R8,8 million.

With its recent substantial profit growth, the capital surpluses) on the revaluation and disposal of properties and the disinvestment in department stores, net asset vaue per share has risen from 354c to 694c over the past two years.

The restructuring took place in June 1989 (after year-end) when subsidiaries Miladys, The Hub, Mr Price and Footgear became wholly owned by Speciality (formerly Orrco), which is 63 percent-owned by Storeco, leaving the public and staff with 37 percent.

Main reasons for the reorganisation were the expansion of Miladys and The Hub's need of additional working capital to fund the growth of debtors, redemption of pref shares, a broader shareholder base, funds to acquire compatible retail operations and, above all, an improved balance sheet.

All this was only possible through the excellent growth of Storeco and its impressive profitability ratios.

The return on gross capital employed rose to 30,2 percent (1988: 25,8 percent), as did the return on shareholders' funds at 19,5 percent (1988: 18,9 percent).

For the year to February 1989, the group achieved sales of R136,94 million (1988: continued operations R100,31 million; discontinued R17,48 million).

Margins improved as evidenced by higher operating income of R16,1 million (1989: R10,89 million). Interest expenses rose to R2,44 million (1988: R1,82 million).

After deducting tax and associated charges, net income before an extraordinary gain totalled R6,63 million (1988: R4,75 million) — a rise of 30 percent.

This gave earnings per share of 126,1c (1988; 90,2c), with dividends up to 48c (1988: 35c).

Below the line, the extraordinary gain was the R800 000 profit on sale of properties (1988: properties surplus R753 000 and profit on sale of department store investments R2,4 million).

The Miladys chain of 131 outlets lifted sales to R71,6 million (1988: R53,8 million). Its customers are middle-income women aged 25 to 45, half of them higher-income black.

It increased its contribution to group profits by 44 percent.

There is scope for improvement — 55 percent of sales are generated in Natal, which represents only 22 percent of women's apparel sales.

Miladys sales in the Transvaal are only 30 percent, although the Transvaal represents 60 percent of fashionwear sales. Ten new Miladys stores ae planned for 1990.

The Hub lifted sales to R57,8 million (1988: R41,8 million). Profit contribution rose by 48 percent and bad debts were the lowest achieved.

Both Natal and Transvaal are being eyed for expansion.

Mr Price and Footgear, the off-price speciality stores, achieved good results and will be used to develop cash retailing.

Over the next four years, 50 Mr Price stores will be opened. The growth strategies are three-pronged — increase the number of existing speciality units, develop new speciality formats internally and acquire successful and compatible speciality store.

The balance sheet is ready for this expansion. At end-February 1989, share capital and reserves totalled R37 million (1988: R32 million). Working capital improved to R29,3 million (1988: R17,8 million), with year-end stocks a reasonable R26,9 million (1988: R19,2 million).

Debt totalled R17,69 million (1988: R16,77 million).

Chairman Dr NA Labuschange and deputy chairman WJ McAdams expect a high rate of growth from Speciality — dividends of not less than 24c in 1990 and Storeco's not less than 48c.

Interest rate increases should not bother Speciality and Storeco whose customers are not in the higher-income category where the clients take one hundred and plenty days to pay.

I believe we are witnessing the emergence of a challenge to Edgars. When the Banana Boys move into the Transvaal, it could be a good battle.

30

Learn about business

Sowetan 11/9/87

SOWETAN recently announced the launching of the Sowetan Business Development Programmes, a series of courses on the essentials of Management, Marketing and Merchandising.

These courses are geared specially for the up-and-coming entrepreneur or aspirant manager who wishes to acquire the skills, motivation, knowledge and general preparedness required to manage every key element of business more effectively.

There are two introductory business programmes of four days each and seven two-day advanced programmes. The advanced programmes can only be done on completion of the introductory programmes.

The subjects covered by the programmes include:

Finance and Administration
Modern Retail Merchandising Techniques
Stock Management
Managing People to Perform their Best
Assertiveness in Business
Marketing and Business Communications.

The programmes have been developed and will be presented by the staff of the Workwise Business Development Group. They have been running similar courses for aspirant managers for some years.

The adoption by Sowetan of these programmes is another manifestation of the newspaper's commitment to the concept of Nation Building which aims to help rebuild the structures that have collapsed in our communities. The Editor, Mr Aggrey Klaaste, says that the Sowetan Business Development Programmes will make an important contribution to the development of black business people.

"Too often we just assume that business people have natural talents for running companies and playing a role in business. That's not always so. Like anyone else, business people need to taught the skills required for excellence. The Sowetan Business Devlopment programmes aim to do just that: teach people the basics of business so that they can go out into the business world with confidence - and in the process help to develop or communities."

The programmes are all run at the Park Lane Hotel in Hillbrow. A special price of R299 will be charged for the four-day introductory programmes that are run this year. Next year the price rises to R499. The programme for this year is

Finance/Merchandising
September 25, 26, 27, 28
October 16, 17, 18, 19
November 20, 21, 22, 23

Managing People/Marketing
October 2, 3, 4, 5
November 6, 7, 8, 9
December 11, 12, 13, 14

Details of these courses and the advanced courses to be run this year can be obtained from Lisa at Workwise Development Group or Anne on telephone (011) 888-1556. (Please do not phone the *Sowetan* number).

Sowetan believes that this initiative provides major South African corporations with another opportunity to play their part in Nation Building.

In the first place, companies can sponsor their own staff members on these courses. In the second place companies can provide sponsorships for independent entrepreneurs in the townships. Companies wishing to take advantage of this opportunity should telephone Mr Mel Stamelman on (011) 888-1556.

The launching of the Sowetan Business Devlopment Programmes coincides with the start of a new section in the newspaper, *Sowetan Business*, which will appear as a weekly section from September 28. These pages will be edited by Senior Assistant Editor, Thami Mazwai, who recently spent some time at Harvard Business School in the United States.

The pages of Sowetan Business will be sponsored by large corporations who have linked up with Sowetan to help market the wares and services of township entrepreneurs. All businesses in the townships are entitled to a 50 percent discount on advertising that they place in the new business section.

Industry-wide wage agreement for motor makers

B/Day 12/9/89 355

ALAN FINE

NUMSA and six of SA's motor manufacturers yesterday concluded their first industry-wide wage agreement after several weeks of talks which included the two-week stoppage last month at four plants.

Numsa official Les Kettledas said the "historic" negotiations had resulted in the elimination of differences in the benefit packages among the different manufacturers, and "laid the basis for greater uniformity of conditions of employment within the industry SA".

He said the agreement, which affects 30 000 employees, took the minimum hourly wage up by R1 to R5,50. Across-the-board increases of R1 to R1,60 were also agreed. At Samcor, Pretoria, an additional 50c an hour would be paid to all workers so as to create parity with the other companies, Kettledas said.

It was also agreed that hours of work at Toyota and Nissan, the two manufacturers at which a 45-hour week is worked, would bring their weekly hours into line with the 40 worked at other companies.

May 1, June 16 and March 21 are to be paid holidays, employees with long service will receive up to an additional six days annual leave, and from 1990 all workers will become entitled to a 13th cheque.

The agreement also provides for the creation of a joint union/management training board for the industry, designed to ensure equal and increased technical and vocational training for women and youth. All pension funds are to be transformed into provident funds.

Another joint committee is to be established to review the different grading systems used by the different manufacturers "with a view to recommending an alternative and uniform grading system".

All female employees are to become entitled to six months unpaid maternity leave. During the first three months, the employers would contribute to employees' pension and medical aid funds.

Finally, the agreement sets out formula's for severance and other payments in the event of retrenchments, temporary lay-offs and short-time work.

☐ Numsa and Goodyear are to continue talks today in attempt to resolve the 10-week-old strike involving 1 200 employees backing demands for compensation related to the disinvestment by the company's former parent.

Sales of new cars likely to decline 20 percent

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By Jabulani Sikhakhane

Sales of light and heavy commercial vehicles have remained buoyant this year compared with 1988, mainly due to the sound cash-flow position of the corporate sector and the strong fixed investment climate.

Passenger car sales, on the other hand, are still dropping steadily and according to motor industry sources are set to register a decline of about 20 percent if the sales pattern during the first eight months of this year is continued.

Figures released by the National Association of Automotive Manufacturers of South Africa (Naamsa) yesterday show that although sales figures for light commercial vehicles (LCVs) and heavy commercial vehicles (HCVs) marginally declined in August compared with July, the two sectors recorded an improvement in sales during the eight-month period to August compared with the same period in 1988.

Light commercial

LCV sales marginally declined by 2 percent to 10 596 units from 10 810 in July 1989. However the figure for the eight months to August shows an increase of 3 294 units or 14,4 percent from 74 633 to 77 927.

Heavy trucks and buses remained marginally higher during the January to August 1989 at 6 362 compared with 6 039 for the same period in 1988. August 1989 sales were 126 units higher at 910 from 784 units in July.

Industry sources expect the overall sales for heavy commercial vehicles to increase to 10 000 from the 1988 figure of 9 400, mainly because of ongoing investments in projects like Mossgas and the Lesotho Highlands Water Scheme.

Econometrix's industry analyst Tony Twine said the LCV market has performed strongly this year, mainly because of the sound cash flow position of the corporate sector, which is the main consumer of LCV.

Heavy commercial vehicle sales had done better this year becuase of the buoyancy of fixed investment, he said.

He said the HCV market could remain buoyant into the 1990's because the "fixed investment climate is still pretty strong as borne out by recent Reserve Bank figures".

Oversight

New car sales declined by 987 units or five percent to 18 860 from the 19 847 units sold in July and when compared with the corresponding month for 1988 a decline of 3 252 units or 14,4 percent was recorded.

Naamsa says, due to an oversight a member company did not report single unit sales (vehicles allocated to a manufacturer's company fleet, including lease vehicles) and government sales (sales to government and provincial departments as well as SA Transport Services) in respect of the months of March, April, May and June, 1989).

Unreported sales totalled 844 unit sales and when these were included in the figures for the eight-months to August total new car sales were some 1,2 percent below those a year ago at 152 434 (153 317).

Passenger vehicle sales continued to decline from 19 847 in July to 18 860 in August. For the eight months to August passenger car sales were 152 434 against 154 317 over the same period last year.

Mr Twine says Government's attempts to cool-off the economy had impacted negatively on passenger car sales. However, he says when compared with the rest of the durable goods, passenger car sales have remained relatively stronger.

The two main reasons for this were that consumers were expecting the price of new cars to escalate faster than other durable goods in the months ahead and the corporate sector still acounted for a very large share of the passenger car market.

Taken as a whole, the industry's January to August sales rose marginally by 0,35 percent to 239 620 compared to 1988's 238 764.

Modest downturn

Naamsa says the projected decline in new vehicle sales in the second half of 1989 was turning out to be more modest than originally predicted.

New car sales for August had been limited by the impact of industrial action experienced during the period under review in sectors of the component supplier industry and at various vehicle manufacturing plants.

The replacement demand by car rental industry and the corporate sector remained the dominant influence in the market, Naamsa said.

Star 13/9/89. (30)

Prince Renier ready for the crown

By Tom Hood

CAPE TOWN — The retail world is about to be shaken again by a Renier van Rooyen.

The new Renier (32) is the son of the famous Renier who started with £500, built the Pep Stores empire and retired a multimillionaire aged 50.

Like his father, he started modestly, spending his school holidays behind the counter in Pep shops and his vacations from Stellenbosch University learning to become a branch manager.

Today, Renier junior is chairman of Harties Stores, the low-price clothing chain he expanded from five to 180 stores in five years and has kept profitable.

Next year, he expects to apply for a JSE listing and raise funds to finance expansion to 300 shops countrywide and across the border.

Afte that expansion, he aims to grow even more, financing the expansion out of internal funds.

Renier, however, has some advantages over his father.

He graduated as a B Com from Stellenbosch and worked as a stockbroker in Cape Town, learning how to raise money and meet and deal with leading business people.

He also learned, he says, "how not to run a business" from his days in an internal audit section during his army service.

Harties Stores, by coincidence, found a niche when Pep Stores began to go up-market and left a gap at the lower end of the clothing business.

"The shops are basic in fittings and appearance, with gaudy decor, bright colours and simple furnishings.

"We go for the main areas where you find pedestrian traffic and access to all public transport.

"Less than one percent of our customers has cars."

Harties has already got 28 shops outside South Africa, including 15 in Namibia, four in Lesotho, five in Bophuthatswana, two in Transkei and Ciskei and two in Venda.

Renier sees Harties opening in Angola, Malawi and Zimbabwe.

"We were the first retail chain to open in Ruanda. We are right on the Angolan border and we are already doing business with the Angolan people," he says.

The Namibian stores are going very well.

Business better

There was a small decline when the South African troops left, but sales have picked up and business is already better than last year.

Eighty percent of sales, however, are inside South Africa.

The business started in 1982 when three of his relatives launched Harties and three years later expanded to 13 shops, with only one in the Western Cape.

Renier, working as a stockbroker, started giving fianancial advice and in 1985 joined the company full-time when it was decided to have a countrywide chain.

At that time the company had loans of R100 000 from the partners and Renier had invested R150 000

"We saw the need to capitalise the business and get capital from friends, staff, directors and associates," he says.

Shareholders' funds now total R10 million and there is no big group or institution involved.

"We had to get the money ourselves. We are looking at R3,6 million pre-tax profit this coming year. We employ about 950 people and there will be 1 050 by the end of the year."

Turnover in the past year was R48 million and R80 million is the target for the current year.

The average size of each shop is 230 sq m. Sales per shop last year of R272 000 are expected to rise to R342 000 this year and increase by at least 30 percent next year.

A R3,5 million head office and warehouse has been opened at Brackenfell by the chairman of Sanlam, Dr Tjaart van der Walt.

This investment will increase to R8,5 million when offices are enlarged to 4 000 sq m and the warehouse to 6 000 sq m.

"We move R6 million of stock a month and at any time R2 million of stock is on railway trucks being delivered to branches

"One of our strengths is that we don't carry massive stocks. Everything that goes into the warehouse must come out again in 10 days.

"We believe our market is growing faster than the rest of the retail industry.

"Our market is definitely growing and there is money available which people in the informal sector have to spend on clothes

"It is easy to buy food in Langa and you can find liquor. But for clothes you still have to go elsewhere."

Only 20 percent of the staff is white, with the other 80 percent black and coloured.

"We believe we can give value at very low prices and back our sales with money-back guarantee," he says.

Renier van Rooyen, junior . . . set to shake the retail industry

Iscor offers shares

Sowetan explains share ownership

AS part of its mission develop black business and educate readers on business matters, the *Sowetan* is running a series of articles on share ownership ahead of the listing of Iscor, the biggest single share offer in South African history.

For many people Iscor's flotation will be their first venture into share ownership.

These articles are designed to help the newcomer make an informed choice when the offer opens to the public on October 2.

Enter the *Sowetan* Share Ownership Crossword Competition and win 300 Iscor shares.

At the end of the series, there will be a lucky draw of all entries from Crosswords 1,2,3 4 and 5 and you could be the winner of 1 000 Iscor shares.

The answers to the crosswords are in italics in each article.

ARTICLE ONE

Understanding the Stock Exchange

If you plan to invest money in shares, you should not do so before gaining sufficient knowledge to achieve the best results.

An important part of this process is an understanding of the financial results of the companies listed on the Johannesburg Stock Exchange - an understanding which involves familiarity with the terms used by the financial media to describe share performance and the behaviour of the market in general.

But before taking the plunge you need to ask yourself some pertinent questions - and to answer them satisfactorily.

Thus,

* Do you have sufficient money, to comfortably cover your living costs?

* Do you have sufficient insurance to protect your family?

* Do you have enough ready cash to meet emergencies?

If you are able to answer these qustions affirmatively, then step one of your grand stock market strategy can be set in motion.

Although shares (part ownership in a company) may be bought other than through a stock market, it is almost invariably most beneficial to buy shares which are listed on the Johannesburg Stock Exchange (JSE), partly because the JSE has a comprehensive set of rules designed to protect the investor and partly because, by its very nature, it offers the facility whereby most of the shares it lists can be readily bought or sold.

Variety

Additionally, the JSE lists a wide variety of shares, hence giving each investor a wide range of choice as to type of industry and the level of risk and return.

This is an extremely important feature of the JSE, since financial objectives can vary widely from one investor to the next.

For example,

* You might require a relatively high level of security coupled with a steady long term growth, in which event you would opt for shares in large, well-established and solid companies - the so-called "blue chip" shares.

• You might seek rapid short term growth, in which event you would buy the JSE's more speculative shares, bearing in mind, though, that such shares contain an above-average risk element.

* You might wish for a high level of income, in which case you would buy shares that yield a high rate of return, but whose capital growth potential is more limited than most.

In deciding which type of share to buy, you should constantly bear in mind the twin (and related) concepts of risk and reward.

Generally speaking, the higher the risk the higher the reward and, conversely, the lower the risk, the lower the reward.

You need accordingly, to assess your own risk profile and to shape your investment strategy accordingly.

Remember, though, that investing in shares is a risky business relative to investing your money in the bank or building society and it is therefore usually prudent to err on the side of low risk.

The nature of stock exchange risk is fourfold:

* The commercial risk of the economy's business cycle and changes in interest rates.

* The political risk as it relates to levels of confidence in the economy.

* The market risk insofar as the JSE moves in cycles and you could well find yourself buying at the top of the cycle.

• The risk of the company in which you hold shares not performing up to expectations.

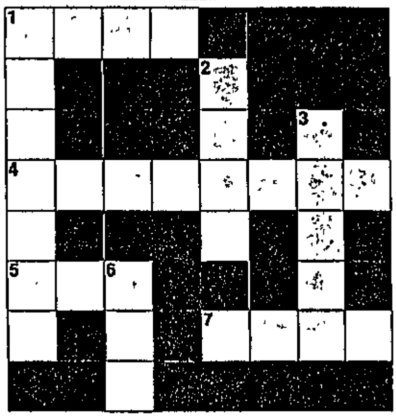
You should go a long way towards reducing the level of risk to which you expose yourself by observing the folloiwng guidelines.

* Don't act on an unsubstantiated or an unreliable tip. Before you buy, check the soundness of your information or your personal deduction with your stockbroker.

* Do not buy shares with borrowed money. Shares bought with your own money can be held for an indefinite period, helping you to stay with your shares during severe market downturns. You may not be able to do so if you have borrowed to buy shares.

* Don't buy when the stock market is overheated and don't be a panic seller when the stock market is unduly depressed.

Next week's article will focus on the factors to consider in arriving at a decision as to which shares are good buys for you.



CLUES

Across:

1. What do you need to meet an emergency? (4)
4. If you decide to go ahead this is what you will become (8).
5. Go ahead - get on the stage (3).
7. Anyone who does this will now be the owner (4).

Down:

1. You need this to start - try Pretoria (7).
2. Take the chance - you may get lot for a little (4).
3. You need this to buy the shares of your choice (5).
6. Should someone give you this, take a close look before you buy (3).

RULES

1. Cut out the completed crossword and paste on the back of a postcard clearly marking your name, address, phone number and the number of the crossword.
2. Staff members of the Argus Group, TWS Communications and their immediate families may not enter.
3. The winner will be notified by post and will receive his/her shares after Iscor has been listed on the Johannesburg Stock Exchange.
4. The competition closes on next Monday at 4 pm.
5. The solution to this crossword will be published next week and the winner's name will be published the following week. The winner of the 1000 Iscor shares will be announced in the week of October 24.
6. Send your entries to:

Shares Crossword
Sowetan Business
P O Box 6663
JOHANNESBURG
2000

'Nuisance' fan is charged

A MAN is to appear in

Transkei police public

fans attacked David Nu-

Consumer action delay

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Sowetan 12/9/87

By LEN MASEKO

CONSUMER action called by Nactu, Cosatu and independent unions - and which was to have taken place today, has been postponed to September 22 according to spokesmen of these organisations.

By postponing it to next week, the consumer action will coincide with the ban of overtime work by members of unions affiliated to the two federations.

Another shift from the resolutions taken at the second Workers' Summit held at Shareworld about three weeks ago will be on the length of the action.

Planning

It will only last for two weeks, between September 22 and October 6, not for a month as had been originally planned.

Cosatu's general secretary, Mr Jay Naidoo, said the decision to postpone the action was taken at a meeting between his federation and Nactu last Friday. The two federations had met to discuss further action against controversial amendments to the Labour Relations Act (LRA).

He said: "It was agreed (by Cosatu and Nactu) that we go ahead with the summit's recommendations for a withdrawal of purchasing power and an overtime ban.

"However, the date for the commencement of these actions was postponed from September 13 to 22 for two reasons:

(1) To give Saccola and other employers the opportunity to meet our

● To page 2

Action delay

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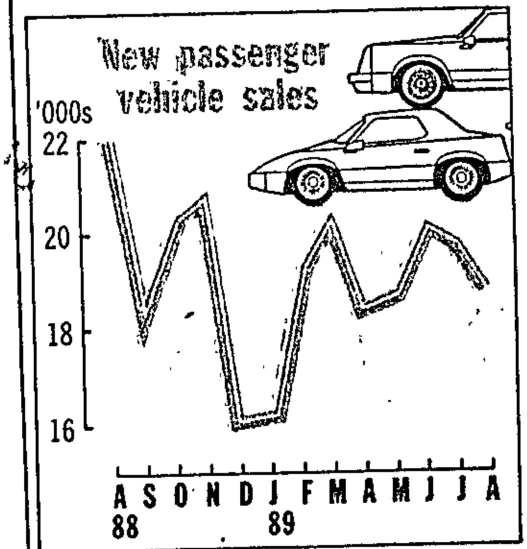
● From page 1

demands on the LRA. (2) To give our members adequate time to prepare and discuss guidelines for these actions," he added.

Nactu official Mr Cunningham Ngcukana said the overtime ban would end on the same day as the consumer action. The action would be reviewed "from time to time", he said.

Sowetan 12/9/87



Graphic: FIONA KRISCH Source: NAAMSA

Car sales down due to industrial action

B/Day 21/9/89

(30)

EDWARD WEST

NEW car sales showed a 14,7% decline in August when compared to last year, due mainly to the impact of industrial action during the month in sectors of the component supplier industry and at various manufacturing plants.

According to the National Association of Automobile manufacturers (Naamsa) new car sales declined by 14,7% when compared to August last year to 18 860 vehicles. This was a 5% decrease when compared to July's sales of 19 847 units.

Total car sales for the first eight months of 1989 were 1,2% below those of a year ago at 152 317 units. Projected decline in new vehicle sales in the second half was turning out to be less than originally predicted.

Sales for the eight months includes an additional 844 vehicles which were previously underreported, said Naamsa. The underreported vehicles arose because a Naamsa member company did not report single vehicle and government sales for the months of March, April May and June.

Light commercial vehicle sales were buoyant during August and dropped a mere 2% to 10 596 units when compared to 10 810 units sold during July. Light commercial vehicle sales 14,4% increased when compared to August last year.

Consumer institute active in protection on all levels

BDay 13/9/89

THEO RAWANA

THE Consumer Institute for Research and Promotion (CIRP) was born out of a need for a closer communication between black consumers and the corporate world, says CIRP special projects director Mongezi Goocin.

The Johannesburg-based institute, which was founded last year and started operating four months ago, seeks to expand the consumer movement and to work with corporate groups in furthering the interests of consumers at national level.

Says Goocin: "CIRP co-ordinates the skills and experiences of consumer groups nationally through information networks, national seminars, workshops and an annual national congress.

"It backs up young organisations and inintiates research, calling for concerted effort regarding consumer issues such as pharmaceuticals and baby foods. It facilitates the comparative testing of consumer goods and services and advocates the consumer case at national agencies."

Goocin says consumer awareness is not high enough amongst blacks, and people need to be told of their rights. "These go beyond the borders of this country because companies dump waste in Third World countries and it is the right and duty of consumers to challenge that."

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Experience

CIRC links the activities of large and small grassroots organisations, such as women's organisations, taxi associations, hawkers and spaza shops.

It has as executive director Eldridge Mathebula, who has been actively involved in consumerism in the past six years as executive director of the National Black Consumer Union. He has travelled extensively in the US, Europe and Israel ammassing experience in the consumer protection field.

DIRECT SELLING ON UPSWING

THEO RAWANA

THE sales jump by Golden Products from R28m in 1986 to R53m last year reflects the black entrepreneur's contribution to the direct selling market, says company president Brian Murray.

Murray says the direct sales company, with 45 000 registered distributors nationally, has a current target of R65m for this financial year.

(30)

He says about 95% of the company's distributors are part-timers, but there are 15 who earned more than R100 000 each last year.

"Nine of these distributors are black."

B|Day 13|9|89.

A fair number of the distributors are white families driven by a need to supplement their incomes with additional economic activities, Murray adds.

"With the maintenance of living standards a priority for whites and the exploitation of new economic opportunities a major theme for blacks, direct selling organisations are well-placed for the future.

"For the consumer, the specialised service of supplying the correct product for specific needs is an important factor," says Murray.

"To ensure that standards were met, Golden Products spent R1m on product research during 1988, and all of this went on the three broduct groups: nutritional, personal care and household cleansing products."

Star 13/9/89 ( ) ( ) (30)

Picapli fails the test of tough times with earnings halved

By Ann Crotty

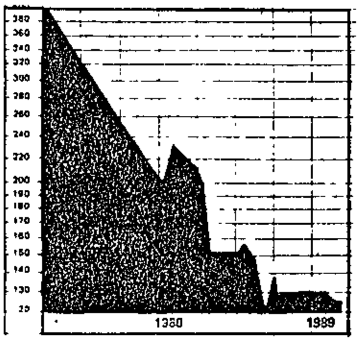
Tough trading conditions are the real test of management ability.

It is a test that Picapli appears to have failed in financial 1989 when earnings were more than halved — down from 51,2c a share to 22,3c. The dividend was cut in two — from 15c to 7,5c.

For years Picapli rode along on the back of strong consumer spending with the sales performance sufficient to outweigh the cost of the heavy borrowings that were needed to fund the massive levels of working capital.

When the tough times hit them in financial 1989, the enormous cost of chasing sales — including high stock levels, generous discounts and relatively easy payment terms — became apparent.

In the 12 months to end-June turnover was up by only 12 percent (for competitive reasons no figures are given), compared with the 69 percent surge in financial 1988.



Picapli price movement

During financial 1989 operating income was up by only 7,8 percent to R37,2 million (R34,5 million), indicating a sharp squeeze on margins.

But the major problem was the massive increase in interest payments. These more than doubled from R11,8 million to R26,5 million.

The hike in interest payments is only partly attributable to the higher level of interest rates. More significantly it reflects the surge in group borrowings from R128 million in June 1988 to R161 million in June 1989. This 26 percent increase in borrowings (compared with a 14 percent advance in sales) reflects the cost of chasing sales and indicates a lax approach to working capital management.

The tax charge was up from 41 percent to 45 percent. This left attributable earnings of R5,8 million — which is just 55 percent of the previous year's R13 million.

According to the directors: "A severe clampdown by the government on consumer spending in the form of a surcharge on imported products, restrictive measures on HP financing and significantly increased interest rates resulted in a sharp decline in the performance of the group over the past year."

In order to reduce stockholdings (in line with the fall off in demand) goods had to be sold off at lower margins — "This had a negative impact on profitability".

That's the bad news.

The good news is that there has been some management changes and the new management strategy (since February) involves paying much closer attention to working capital and expense controls. This strategy is well supported with management control systems.

The directors believe that the benefits of focusing on asset management will begin to show results during the current financial year and "will provide a solid foundation for improved perfomanee in the future."

Already there are signs of improvement on the borrowings front. The year end figure of R161 million is significantly down from the end-December level of R175 million.

For financial 1990, the directors are expecting no substantial increase in volume turnover but are looking to an earnings improvement of around 25 percent.

Further down the road, the benefits of the keener management strategy combined with the group's exposure to the strong white goods market, should enable it to produce more acceptable returns for shareholders.

Car parts prices down 70%

DELTA Motor Corporation's parts and accessory division has announced a downward parts price adjustment — mainly on engine components — of up to 70%.

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The announcement follows 18 months of intensive negotiations since establishment of the new company.

Parts and accessories manager Charlie van Niekerk commented: "When Delta was established, a number of new doors opened, one being that we could now source replacement parts more freely in SA and throughout the world without being bound by parent company rules.

B/Day 13/9/87.

"We took advantage of this and established new sources of supply, whose quality standards are high but which offer significant cost reduction benefits."

He added that following the Delta change, "we initiated as a priority a research and investigation programme with two main objectives. One was the reduction of replacement parts prices to the end user, and the other that quality standards must be maintained or bettered.

"We achieved both objectives, and the results of the work are now being passed on to the consumer."

He emphasised that the price reduction, "at present", was mainly engine component related.

"However, the corporation's programme to reduce parts prices is a continuing one," he said.

Star 14/9/89

(30)

Confusion over Cosatu boycott

A)

EAST LONDON — Consumers boycotted East London retail stores yesterday despite a decision by the head office of the Congress of South African Trade Unions (Cosatu) on Monday to postpone consumer action.

There were few black shoppers in most of the bigger retailers in the city.

Cosatu had planned the boycott would run from September 22 to October 6, not September 13 to October 13. — Sapa.

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Nafcoc shares offered

Dr Motsuenyane.

Sowetan 14/9/89

By JOSHUA RABOROKO

THE National African Federated Chamber of Commerce is selling 5000 shares at its shopping centre in Soshanguve in an attempt to create opportunities for meaningful black participation in the economy of South Africa.

In a national message Nafcoc's president Dr Sam Motsuenyane said the project was being handed over to the black community in the hope that it represented a significant milestone on the road towards the economic empowerment of blacks.

He said it had been decided to issue a total of 5000 shares through which Nafcoc members would have an opportunity to own a majority of the equity of this viable commercial venture.

"To buy a share, members will be asked to pay R200 a month over 24 months. Any member who wishes to take a larger shareholding may do so by paying R400 for two shares, R600 for three shares and so on to a maximum of 250 shares," he said.

The share participation will be administered by Chartered Accountants Coopers and Lybrand. The payment period started on September 1 and will end on August 31 1991.

Barriers

He said should a member buying shares fail to meet two consecutive monthly payments, all previous payments made up to that point would be declared a donation to Nafcoc.

Motsuenyane said for 20 years Nafcoc had striven to break down the barriers which impeded economic advancement and to create opportunities for meaningful black participation in the economy of South Africa.

"Our country would certainly have no future worthy of talking about if black businessmen are continually hindered from participating fully and freely in the country's economic mainstream.

Skills

"Nafcoc perceives itself as a facilitating instrument to ensure that blacks acquire both the skills and the capacity of creating vehicles by means of which they can develop and grow economically," he said.

He said the scheme offered every black an opportunity to own part of the magnificent Nafcoc shopping complex and thereby to derive benefits from its growth and development in the form of annual dividends.

The complex is situated 15 kilometres north of Pretoria and has been in business for just under a year.

Star 14/9/89.

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Shopping hours restrictions to be lifted

'Thousands will welcome lifting of trading curbs'

By Michael Chester

Red-tape control of weekday and Saturday shopping hours are to be scrapped, as will many trading licence restrictions.

Promises to cut through the tangle of bureaucratic controls on retail trade were made yesterday by Minister for Administration and Privatisation Dr Dawie de Villiers.

A proclamation suspending the last controls over the retail trade on business hours on all days except Sundays is to be printed in draft form in the Government Gazette tomorrow.

Cut delays

It will accelerate action on the Draft Businesses Bill published in April.

Dr de Villiers said the Bill, with certain adjustments, may be submitted to Parliament next year.

To cut delays, he intends to recommend to the State President that an interim proclamation be promulgated.

The draft Bill will stay on course, but the proclamation will appear in draft for general information and comment tomorrow.

Dr de Villiers said it was only the trade licence rules that were being dispensed with. Where legislation required another type of licence apart from a trading licence — such as a liquor store — the position remained unchanged.

On Saturday hours, Dr de Villiers said: "Although this will promote greater flexibility, it is not anticipated it will introduce excessive changes in practice.

"A drastic reduction of administrative work will be achieved, while costs and time will also be saved by both local authorities and businesses."

Enquiries can be directed to Dr P E J Brooks, chairman of the Competition Board, in Pretoria.

Mr Theo Rudman, executive director of the Self-Employment Institute, said the scrapping of trade licences would be welcomed by thousands of hawkers and street vendors.

"It should end years of harassment that has been at the root of friction between black street traders and the authorities," Mr Rudman said.

'Encouraging'

"Scrapping the licences will also allow the thousands of small businesses set up in the black townships to come in from the cold. It lifts a cloud that has hung over black enterprise and acted as a brake on progress.

"It's most encouraging that the Government is beginning to show real recognition of the powerful role the informal sector can play in black economic advancement and in quickening the pace of the whole economy."

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Furniture Fair's record backs results

From JOHN SPIRA

JOHANNESBURG. — Furniture Fair's recently published results underline the Cape-based furniture retailing chain's exceptional record.

An average annual compound growth rate in earnings of 130 percent in the past four years is not lightly overlooked.

The group came to the market three years ago, with two stores and a profit forecast of R420 000 for the year to June 1987. For the year to June 1989, attributable profits had soared to R13-milion on a turnover of R72-million generated by 24 stores.

July 1 1988 saw the first major acquisition when the seven-store Montana chain was bought in exchange for 10,8-million new Furnfair shares.

Six months earlier, the group's managing director, Mr Ivan Hammerschlag, and his brother, financial director Jeff, had acquired what was the former Montays chain through holding company Furngro.

Then under liquidation, the business was radically restructured and returned to profitability by the Hammerschlags before being sold on to Furnfair at a price that equated with the original acquisition and restructuring costs.

An additional store has since been opened, raising Montana's outlets to eight.

The group embarked on a further expansion phase earlier this year, when it bought the seven-store Harmony chain for R1-million cash.

Mr Ivan Hammerschlag is particularly enthusiastic about Harmony, which he saw as his last remaining competitor in the Peninsula.

"There's no doubt we acquired a fine business with exceptional management. What is more, Harmony's target is a slightly higher income bracket than our traditional one and as such opens up enormous expansion possibilities to Furnfair."

Overall, Mr Hammerschlag predicts continuing high growth for Furnfair, emphasising its market is far from saturated.

"Our trump card is our focus on the Western Cape, where we are now dominant. The disposable income of our traditional customer base is increasing by leaps and bounds, as is residential development in the region.

"With every house built representing a new sales opportunity, our potential is virtually limitless.

"We have a proven formula, a first-rate management team, a burgeoning market and a quality book. We produced the results of the past year in spite of government-imposed measures to reduce consumer spending.

"Once these measures are eased, we could well exceed our growth record of the past three years."

Significantly, the group is constantly alive to new marketing opportunities.

In June, the first TV Time outlet was opened as the front-runner of what was to become a chain of specialist stores, retailing TV sets and videos on easy terms.

Results are already exceeding expectations, says Mr Hammerschlag. TV Time will, he believes, make a meaningful contribution to profits in the current financial year.

Mr Hammerschlag predicts that Furnfair's turnover will hit R120-million this year. If he's right, attributable profits are likely to be around R20-million.

The results of the past year place the shares on an historic price-earnings multiple of 3,2. The dividend yield is 7,5 percent. The average P/E for the furniture sector is 4,4.

Thus, in spite of its record, Furnfair is underrated relative to its counterparts — perhaps because, in spite of the past year's 186-percent advance in attributable earnings, at the per share level the 39-percent gain looks insignificant.

Yet spare a thought for the fact that projected attributable earnings for 1989-1990 derive from internally generated results, suggesting that earnings a share could top 95c, in which event the prospective P/E pretty fair value in anybody's book.

R578,7m loaned by SBDC

Argus 14/9/87

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By TREVOR WALKER, Business Staff

The Small Business Development Corporation says in the nine years to March this year it has granted loans totalling R578,7-million to 22 408 entrepreneurs, creating 216 281 jobs at a cost of about R3 068 a job opportunity.

The SBDC says in its latest annual report that since taking over the assets of Fishcor in October 1986 it has substantially expanded financing in this sector and granted 424 loans worth R32,1-million.

The fisheries finance programme provides loans to bona fide commercial fishermen. The catching of fish must constitute an applicant's sole source of income.

The SBDC says small business flourishes in markets freed from unnecessary regulations.

It therefore promotes the interest of small business by providing practical proposals for deregulation.

In recognition of the importance of the informal sector, the SBDC submitted a comprehensive proposal to the authorities concerning the deregulation of laws and regulations governing street vendors.

One of its main activities is to provide reasonably priced and suitably located premises for small businesses.

The SBDC is today the largest developer of industrial and commercial premises in black and other underdeveloped areas which have suffered much past neglect.

Development priorities are determined in consultation with local communities.

The SBDC is a public company registered in terms of the Companies Act. The private and public sectors are equal shareholders.

The report is a hefty 56-page high quality document with which the corporation hopes to satisfy the private sector shareholders who are all listed about how much they have forked out.

Businesses welcome proposed trading licence deregulation

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CAPT 14/9/89

Own Correspondent

JOHANNESBURG. — Most businesses will no longer require trading licences and will be able to determine their own trading hours in terms of a draft proclamation which will appear in the Government Gazette tomorrow.

These measures are due to come into effect on January 1, next year and will become law a year later when the Draft Businesses Bill is enacted.

The proclamation, expected to benefit small businesses and street traders most, is being gazetted to speed up government's deregulation process.

The only exceptions to the move are those businesses involved in the preparation of food, which will still require trading licences.

In addition, restrictions on Sunday trading will remain in place.

Privatisation Minister Dawie de Villiers said in a statement yesterday that the Draft Businesses Bill, published in April, could "at the earliest" be put into operation only in 1991.

He was thus recommending to the State President that as an interim measure a proclamation based on it be promulgated in terms of the Temporary Removal of Restrictions on Economic Activities Act.

De Villiers said while the proposed proclamation suspended the requirement of a trading licence for most businesses, they would still have to comply with other applicable rules and licencing laws.

"Individuals will have to place less reliance on official control for their protection," he said.

Competition Board chairman Pierre Brooks said once comment on the draft proclamation had been received, the necessary adjustments would be made and it would be submitted to the State President for his signature.

Businesses big and small have welcomed the move.

Assocom economist Bill Lacey said small businesses would benefit the most from the implemention of the measures.

Nevertheless, Assocom welcomed the announcment as an important step in the deregulation process, although it still remained committed to the complete deregulation of shop hours.

Pick 'n Pay chairman Raymond Ackerman said he welcomed any freeing of licences, particularly for the small trader, who was a crucial part of SA's future and should be encouraged.

African Council of Hawkers and Informal Businesses president Lawrence Mavundla described the move as a step in the right direction.

Trading licences to go

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BDay 14/9/89.

SYLVIA DU PLESSIS

MOST businesses will no longer require trading licences and will be able to determine their own trading hours in terms of a draft proclamation which will appear in the Government Gazette tomorrow.

These measures will come into effect on January 1, due to a special interim measure, and will become law a year later when the Draft Businesses Bill is enacted.

The proclamation, expected to benefit small businesses and street traders most, is being gazetted to speed up government's deregulation process.

The only exceptions to the move are those businesses involved in the preparation of food, which will still require trading licences. In addition, restrictions on Sunday trading will remain in place.

Privatisation Minister Dawie de Villiers said in a statement yesterday that the Draft Businesses Bill, published in April, could "at the earliest" be put into operation only in 1991.

He was thus recommending to the President that as an interim measure a proclamation based on it be promulgated in terms of the Temporary Removal of Restrictions on Economic Activities Act.

De Villiers said that while the proposed proclamation suspended the requirement of a trading licence for most businesses, they would still have to comply with other applicable rules and licensing laws.

Looser controls on trading hours would promote greater flexibility, but he did not anticipate excessive changes in practice.

He said that while some protection afforded by controls would be forfeited, savings in time and costs justified this loss.

"Individuals will have to place less reliance on official control for their protection. A greater responsibility is, therefore, placed on all those involved to respect the interests of others," he said.

Competition Board chairman Pierre Brooks said that once comment on the draft proclamation had been received, the necessary adjustments would be made and it would be submitted to the President for his signature.

It would then be promulgated, and he

☐ To Page 2

Licences

BDay 14/9/89.

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☐ From Page 1

anticipated that the procedure would be finalised by the end of October. The measures would then come into effect on January 1 1990.

Brooks added that the draft proclamation was also intended as an indication to the licensing authorities to "get their house in order".

Businesses big and small have welcomed the move.

Assocom economist Bill Lacey said small businesses would benefit the most from the implemention of the measures. However, they still faced other requirements, and the measures were "only one peel from the onion skin".

Nevertheless, Assocom welcomed the announcment as an important step in the deregulation process, although it still remained committed to the complete deregulation of shop hours.

Pick'n Pay chairman Raymond Ackerman said he welcomed any freeing of licences, particularly for the small trader, who was a crucial part of SA's future and should be encouraged.

"But I would like to see legislation changed to cut the price of petrol and allow us to bake our own bread," he said.

African Council of Hawkers and Informal Businesses president Lawrence Mavundla described the move as a step in the right direction.

"However, the ball is now in the local authorities' court. The government is doing one thing, but the local authorities are doing another in continuing with their harassment of hawkers."

He added that the proclamation came at a time when more jobs were needed to fight unemployment.

USINESS DAY, Thursday, September 14 1989 3

Matchmaker Services is registered as a company

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THEO RAWANA

MATCHMAKER Services, set up by the American, Southern Transvaal and Witwatersrand Chambers of Commerce in 1986 to expose small business to big business, has been registered as a company.

The concept — an annual small business exhibition at which buyers from large corporations could view products and services — was hamstrung by the lack of contact between the two parties after the show periods.

Matchmaker Services executive director Zuko Tofile said: "There was a need for a year-round organisation to maintain the links formed during the exhibition. Both suppliers and the corporations needed to maintain the momentum built on the spirit of black-white, large-small co-operation and to initiate new events."

The organisation's daily affairs are run by a small, permanent secretariat, based in Johannesburg.

The running costs are covered by the interest from fixed investments purchased with R250 000 worth of debentures of R5 000 each, sold to corporate sponsors which already include IBM and First National Bank.

The Johannesburg events, held annually at Nasrec, have grown from the initial 54 stands to more than 115 and the shows are now entirely self-funded.

RETAIL (30) Fmail

Countdown begins

Tenders for the purchase of a 25 ha regional shopping centre site have been invited by the Westville Town Council.

Though it's still early days, the original R100m development tag attached to the proposed Westville regional shopping centre is likely to be substantially higher when the complex opens early in 1992.

With 45 000 m² of lettable space and the possibility of further expansion, the centre is bigger than both the 34 000 m² Sanlam Centre in Pinetown — completed 15 months ago at a cost of R65m — and The Wheel, the R90m, 30 000 m² shop and entertainment complex due to open in Durban's Point Road next month.

15/9/89. (30) Fmail

The proposed R160m Umhlanga Gateway regional shopping centre is comparable in size, but the overall development is more ambitious as it includes 10 000 m² of offices, a 110-bed hospital (eventually rising to 240 beds) and warehousing.

First mooted 10 years ago, the Westville centre has had a stop-start history. However, the council has persisted. It used professional teams to research the project and has drawn on studies of similar complexes both in SA and abroad.

The result is a comprehensive developer's brief presented as a guide to invited prospective purchasers of the 25 ha site adjacent to the N3 at the Westville glide-off. Closing date for offers is January 8.

The tender documents stipulate that offers for the land (18,6 ha for the shopping complex and parking area and an additional 6,4 ha which the developer can use to supplement or expand the scheme) will be kept in sealed envelopes until the council has considered the development proposals. They will be publically opened on March 5.

"Obviously, the price offered for the site is important, but council wants to ensure that proposals fit in with Westville's particular character. The highest price offered for the land will, therefore, not necessarily be the one finally accepted," says town planning manager Peter Brigg.

He points out the shopping centre's location is probably one of the most desirable in the region. It is situated at the centre of what planning and market surveys indicate is Greater Durban's major upper middle-income residential zone. It enjoys easy access from both Durban and Pinetown, is serviced by the nearby N3 Westville interchange (due to be upgraded to coincide with the opening of the centre) and is less than a minute's drive from "spaghetti junction", the four-tier interchange of the N2 and N3. Its freeway frontage should make the shopping centre a high-profile landmark.

What could present a challenge to developers, though, is the typically undulating coastal typography of the site.

Once work starts on the centre, the surrounding areas could benefit from the spinoff. The council has plans for the development of a large tract of land south and southwest of the proposed shopping centre. Usages include a residential township of some 900 units, an 18-hole golf course and country club. ■

Chains should pay more

B/Day 15/9/89

(30)

EDWARD WEST

NATIONAL retail chains should be paying more realstic shop rentals to ensure the continued development of shopping centres.

Anglo American Property Services (Ampros) says in its Retail Property Update that while retail development was currently strong, future projects could be jeopardised by the resistance of retail chains to pay market rates.

While some national chains thought themselves indispensable to the success of a centre, their presence was a marginal benefit compared with better returns offered by individual traders.

Ampros also warned that alternatives were emerging to many national chains, particularly in the fashion and footwear arena.

The risk of signing with an individual trader may be greater, but this was more than offset by the variety of merchandise and the higher rental paid by the individual trader, said Ampros.

Inevitably the small tenants were subsidising larger ones and their rentals had shown a sharp upward curve in the past two years.

For example, rates of more than R50/m^2 were being achieved on smaller stores in good, but not prime locations, and R65 to R75/m^2 in prime spots; yet the chains would not pay more than R20/m^2 in some cases, with unreasonably low turnover clauses.

Landlords accepted in the initial period during which the centre was establishing itself, the level of rental paid by anchor and chain tenants would be substantially lower than the balance of tenants.

This was accepted because as the centre grew, the turnover clause in the lease should ensure rental growth would keep pace with the rental growth of the centre.

However, statistics indicated this was not the case, which suggested that instead of diminishing or remaining static, as was the present trend, the percentage rent needed to increase — or base rentals should be much higher, said Ampros.

‘Restrictions on Sunday trading must go next’

B/Day 15/9/89.

30

SYLVIA DU PLESSIS

SA’S shopkeepers are adamant that restrictions on Sunday trading should be scrapped, and at least one retailer has threatened to defy the laws which enforce these curbs.

All welcome the suspension of trading licences and the flexibility to determine their weekly trading hours in terms of a draft proclamation gazetted today, but are disappointed that Sunday trading restrictions remain in place.

Dion MD Jannie Els said yesterday freer trading from Monday to Saturday would not affect his company much “at this point in time”.

He said many of the discount chain's outlets — particularly those in shopping centres — closed at 6pm during the week and at 8pm on Fridays.

However, he would like to see Sunday trading restrictions lifted totally, and his company had decided to open its stores on Sundays in December “regardless of the law”.

“Aside from the fact that everyone does it, we normally lose three important trading days in December, all of which fall on a Sunday,” he said.

Checkers MD Clive Weil said the effect of the new measures on the supermarket industry would be negligible since it already had permission to trade on an extended basis.

However, the chain’s customers had “voted with their feet” in favour of Sunday shopping.

● WEIL

“Public opinion is on the side of Sunday trading, and the restrictions on this should be lifted totally for everyone,” he said.

“More flexible trading would completely change shopping patterns outside of the supermarket industry.”

Edgars MD Vic Hammond said his group had been battling for two to three years to have Sunday trading curbs lifted, and had got nowhere.

“I’m very disappointed that the government hasn’t lifted these curbs in terms of the proclamation. It would have cleaned up the whole act, which is a farce now because authorities don’t take action against those who do trade.

“However, we welcome the other measures. The less red tape the better.”

Assocom remained committed to the view that there should be complete deregulation of Sunday trading, the association’s economist Bill Lacey said.

The main reasons for this were consumer convenience and the difficulty of enforcing the existing legislation.

Government decided in May to remove all references to Sunday trading from the Draft Businesses Bill after an outcry from church groups.

● COMMENT: Page 12

First brewery in dockland rolling out the barrels

Cpt Trib
16/9/89

30

By GERTRUDE COOPER

BARRELS are being rolled out for the first operation to go on stream in the Victoria and Alfred Waterfront Development in Cape Town's old dockland.

The venture, Mitchell's Waterfront Brewery with neighbouring Ferryman's Tavern, was launched by visiting "royalty", "Queen Victoria" and her son "Prince Edward", before an audience of invited guests this week. It opens to the public next week.

The twin turn-of-the-century bluestone buildings erected shortly after the breakwater and used as stores, have been carefully restored and, while retaining original walls and old timber, converted into a mini brewery, capable of producing 24 000 litres of beer in a four-week period, and an English-style tavern.

Licence

Situated in the heart of dockland within minutes of the historic breakwater and the old harbour basin which once sheltered sailing ships, the spruced up properties will be fronted by a garden.

Mitchell's will brew under licence and to quality standards the traditional beers that have popularized Lex Mitchell's Knysna Brewery.

Initially Bosuns Bitter and Forester's Draught are being brewed and 18 000 litres are ready for Capetonians. At a later stage Ravens Stout and other speciality brews will be added. Daily tours will demonstrate the art of brewing and visitors will be able to buy beer-related souvenirs.

Partners in the venture are Don Ball, ex-brand development manager for Gilbeys, Ian McClenaghan, the previous owner of the Bungalow Hotel in Butterworth, Transkei, Michael Williams, professional consulting brewery engineer, consulting engineer Athol Mitchell, and Eric Elley, Oudtshoorn farmer and race horse breeder.

In a R40 000 restoration and refurbishing programme the Ferryman's Tavern combines old and new in a pleasant pub atmosphere. Woodwork incorporates sleepers from the railway line which once passed its front door. Photographs of old Cape Town were tracked down to decorate the stone walls.

Specialist wines

In contrast is a highly efficient kitchen equipped with the most modern cooking and cooling facilities.

Food will be traditional and, because of its situation, fish will feature prominently. While neighbour Mitchell's brews will be available, together with other beers, the tavern management are also making it a source of unusual and specialist wines.

Major partners in the venture are Allan Bell, retired chairman of Gilbeys, Ian McClenaghan and Mike Scholtz, previous owner ofCaponero's in Rondebosch.

Plans for a 15-minute shuttle bus service from the City to the docks' site are under discussion.

'Cash kings' form pressure group

w/E ARGU

30

16/9/89

By TOM HOOD
Business Editor

INFORMAL traders known as the cash kings of Khayalitsha achieved a major breakthrough this week by forming a business association to act as a pressure group.

Although Khayalitsha is only five years old, there are an estimated 2 000 traders in the area, including hawkers.

Ninety traders have already joined the the Khayalitsha Business Association (KHABA), which is recruiting 10 new members every day in a membership drive.

More than 50 traders attended the inaugural meeting this week.

The main aims of the association are:

- ● To provide business training for members.
- ● To act as an organised voice for business in negotiations with the local authority, Lingelethu West Town Committee.
- ● To negotiate with suppliers for better prices and better credit terms.

The association is also providing a buying card which will help members to get special deals or credit from wholesalers.

Black traders are at a disadvantage and find it hard to get credit so that their cash flow gets tied up in buying stock.

But the association has already negotiated with a leading wholesaler to give members two weeks' credit.

A committee of seven members was elected — and made a rule that anyone late for a meeting would be fined R1 a minute.

It was also decided to stick to the well-established name of Khayalitsha instead of the official title of Lingelethu West.

The seven are: chairman, Victor Mbauli; vice-chairman, Micheal Jwambi; secretary, Beaulah Dladla; treasurer, Mahlangeni Fusa; and Frank Bosbie, Victor Ndiki and Aaron Mngquwa.

"It is difficult for these traders to get credit or borrow money from the banks," said Mr Theo Rudman, executive director of the Self-Employment Institute, an organisation formed to encourage the unrecorded informal sector of the economy.

"The aim is not merely to fight for deregulation and a better deal for small businesses.

"There is a de facto system of no trading licences. That is how wealth is created."

Most of the committee have attended training courses and one of the points stressed was that business meant keeping agreements, said Mr Rudman.

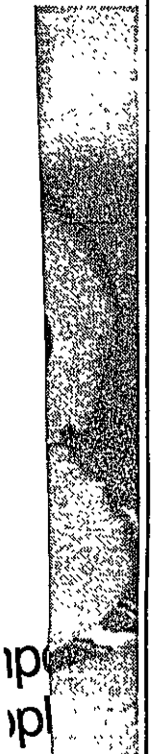
Follow rules

These traders were often casual about keeping appointments and had their own "township time" but they had to learn running a business meant following rules just as much as soccer needed to be played by rules, said Mr Rudman.

"I was most impressed that they are taking this seriously.

"It is important for the white business community to know that these chaps are trying hard.

"Here we have a business organisation trying to discipline undisciplined business people," he said.



Atkins

Tycoon faces race row charges

S|Times 17/9/89.

30

UITENHAGE'S richest man is caught up in an amazing race row which threatens to cripple his R50-million business empire and leave hundreds unemployed.

By BILL KRIGE

Millionaire Adam Mussa Jeeva, 43, is in the middle of a mind-boggling muddle thanks to the Conservative Party, which won the Uitenhage constituency in last week's election.

Mr Jeeva, who was born in Bombay, India, of Syrian parents, was originally labelled Asian. Twenty years ago he applied to be re-classified Cape Malay but was told he was Syrian — and since there was no Group Area category for Syrians, he was officially considered white.

Now, at the instigation of the CP, he has been charged with 42 counts of fraud for claiming to be white when registering property bought in white areas of Uitenhage.

He faces a further 42 counts in his capacity as director of Walad Properties (Pty) Ltd — easily the largest property owner in the region — while two nephews each face 42 fraud charges.

The complaints were laid by Mr S "Spanner" Fourie, an unsuccessful CP candidate in last year's municipal election, apparently acting for former National Party MP Mr Jannie Swiegers, now a member of the CP.

Mr Fourie could not be reached for comment and Mr Swiegers said yesterday he "had no knowledge" of the matter.

Problems

Details of Mr Jeeva's latest race battle were revealed when his son-in-law, Mr Hanif Moosa, applied to the Port Elizabeth Supreme Court to cancel a subpoena requiring him to give evidence against his uncle.

Mr Jeeva's problems started in 1968 when he and his brother appealed to the Race Classification Board to change from Indian to Cape Malay on the grounds that they had been assimilated into that community.

The bid failed and they took the ruling on appeal to the Eastern Cape Supreme Court. The judges upheld the board's ruling that he was not Cape Malay — but also upheld Mr Jeeva's point that he was not Indian.

Mr Jeeva then approached the Department of Community Development. He was told he would have to leave the coloured area where he lived and had bought property.

ADAM MUSSA JEEVA
Jobs on the line

Because he was not Indian he could not shift to that Group Area, either. Two senior officials then ruled that, as a Syrian, Mr Jeeva had the same rights as whites.

Largest

His "European rights" were confirmed in writing in 1983 by a commissioner of the Department of Co-operation and Development, Mr S A Westraad, whom Mr Jeeva approached before buying a house.

Mr Jeeva's company is known to own prime multistorey buildings in Port Elizabeth and Uitenhage in a portfolio of about 100 properties including sites as far afield as George.

Mr Jeeva also controls several large industrial enterprises and is Uitenhage's largest employer outside the motor industry, providing work for 800 people.

No date has yet been set for his criminal trial.

LL YOU
TO KNOW
ISCOR'S
OFFER

Autoquip doubles operating income

30

Finance Staff

Autoquip Group Limited has posted exceptional results in the year to end June 1989 boosting operating income by 101 percent to R5,2 illion on a turnover increase of 60 percent to R35,5 illion.

Earnings per share increased from 10,5 cents to 15,7 cents and the group has declared a total dividend of 6,5 cents covered 2,4 times.

The substantial growth, which has been achieved entirely organically, is largely attributable to increased market share in all divisions.

Comments Chief Executive Bruce Coquelle: "It is pleasing to note that the results are ahead of fairly optimistic forecasts. Over this period the considerable emphasis placed on the sourcing of products together with rigorous financial controls has resulted in an overall increase in margins. Star 18/9/89

The Group's foreign operation, started in April 1988, has also begun to make a contribution to profits with full account already taken of start up costs.

Manserv subsidiaries reversed into Cashworths

Cape Times
18/9/89

30 [redacted]

By **AUDREY D'ANGELO**
Financial Editor

CASHWORTHS FASHION HOLDINGS will become a cash shell into which the operating subsidiaries of Management Services Corporation (Manserv) will be reversed, it was announced yesterday.

It will become a financial and management services and banking group and will be renamed Colfin Holdings.

The controlling shareholders of Manserv are the MAP consortium, represented by Yakoob Paruk, H S Spain, J M Wiggill, P A Tunstall and A S Klitofsky, who acquired Cashworths — a long-established Cape Town clothing retail and manufacturing firm — when it was in difficulties at the beginning of this year and have since sold off all its business operations and properties.

Activity

They say they expect an increase in corporate activity flowing from the present economic and investment climate which will create significant opportunities for the new Colfin Holdings including its newly-formed banking division.

The Manserv operating companies — Colfin, Punch Line Columbia Training, ACCSYS (Pty), Impact Training (Pty), Academy of Learning (Pty), Don Gray Systems (Pty) and Punch Line Education (Pty) — will be sold to Cashworths for R12,2m in cash.

The MAP Consortium will retain effective control of both Cashworths and Manserv. The sale of its operating subsidiaries will turn Manserv into a cash shell, but the MAP Consortium say they will look for new acquisitions to reverse into it.

Renamed

Meanwhile, it will be renamed MAP Holdings.

Yesterday it was announced that Cashworths had sold its last remaining major asset, Starter Manufacturing Co, to Sechic (Pty) for R1,1m in cash.

The announcement was made with the release of audited results for the year to April 30, which show Cashworths made an operating loss of 7,5c a share compared with a profit of 11,1c the previous year.

Turnover was higher at R21m compared with R19,9m in the previous financial year. But the directors report a net loss before tax of R1,1m compared with a profit of R1,6m. An extraordinary profit of R1,9m comes from the sale of businesses and properties.

Attributable income is R780 000 compared with R1,1m. The interest bill rose to R680 000 (R520 000) and the tax bill fell to R25 000 (R235 000).

The balance sheet on April 30 showed that long-term liabilities had been reduced to R735 000 (R1,1m). Net current assets had risen to R7,1m (R4,6m).

Losses

The directors say the results were "disappointing and are attributable to losses incurred in the manufacturing division".

They say the recently introduced management team has reduced these losses through "the disposal of all major business operations and properties. Cash proceeds have been placed in interest bearing investments from the date of receipt."

The directors say the realised value of the assets in cash "will not be less than 60c a share".

Cashworths was listed in the development capital market (DCM) sector of the JSE in 1987 after a private placing to raise R4,5m at R1 a share.

It achieved after-tax profits of R1,6m — 127% above the previous year and comfortably ahead of the forecast R1,2m — in the year to April 1988.

Norman Schutz, who was then chairman and whose parents founded the firm, said that the retailing arm had performed extremely well.

New plant

The group was hoping for increased profits as a result of gaining full control of R Sassoon & Co and buying new plant for the Botticelli and Knit One factories.

During the year it had expanded out of the Cape, opening a pilot women's fashion store as a springboard to the Transvaal market.

But last January the company reported a R445 000 trading loss in addition to a R500 000 loss on the disposal of R Sassoon.

Control of the company was sold to the MAP Consortium. It is believed that the highest price paid was 35c a share.

In March the retail businesses were sold as a going concern to to the Focus Holdings group in a R4m deal.

'Chains must pay more rent'

(30)

Star 19/9/87

National retail chains should be paying more realistic shop rents to ensure the continued development of shopping centres.

This is the view of Anglo American Property Services (Ampros) which says in its latest Retail Property Update: "While retail development is currently strong, future projects could be jeopardised by the resistance of the chains to paying market rates.

"And while some national groups think they are indispensable to the success of a centre, their presence is a marginal benefit compared with better returns offered by individual traders."

Ampros also suggests that "alternatives are emerging to many national chains", particularly in the fashion and footwear arena.

The risk of signing with an individual trader may be greater but this is more than offset by the variety of merchandise and the higher rental paid, says Ampros.

"Inevitably, the small tenants are subsidising the larger ones and their rentals have been on a sharp upward curve for the past two years.

"For example, rates of R50 a sq m are being paid on smaller stores in good but not prime locations and R65 to R75 plus in prime spots.

"Yet the chains won't pay more than R20 a sq m in some cases, with unreasonably low turnover clauses."

The Star
Finance

Rental favoured by latest property trend

30

Property & Construction

FRANK JEANS

As building costs continue to rise, the trend for the rental market remains upward, so much so that where appropriate, existing buildings which can be adapted to tenant needs, will prove to be more cost effective.

In its latest issue of Property Perspectives, the JH Isaacs group, says: "Rents for all categories of accommodation increased again during the early part of this year and, for the second year running, reflected annualised growth of between 30 and 40 percent.

"In offices and shops, escalations moved off the previous 10 percent base and in some cases, have reached 15 percent, while rises in the industrial market varied between 10 and 12 percent."

Although interest rates have moved up sharply, yields on property have changed modestly.

JHI believes that the reverse cash flow implications of financing property with an adverse yield gap, could result in renting being a less hazardous method of securing occupation for most businesses, other than those that are cash flush or those which have very high operating margins.

Commenting on the "increasing sophistication of fixed property investment" JHI sees a significant level of R2 billion being reached in the property trust sector of the stock exchange.

"In addition to the 14 property unit trusts and the nine VLS companies, the property sector on the stock exchange comprises 22 property companies."

The strong letting market of 1988-89 should benefit 1989 earnings on property portfolios as rent rises will be translated into dividend growth.

"Besides the portfolio composition, an investor considering real estate or property trusts must recognise the importance of timing," says PP.

"Between October 1987 and November 1988, the decline in prices of the nine property unit trusts composing the sector's index ranged between 22 and 39,8 percent."

Small business comes under the spotlight

Star 20/9/88

30

By Esmaré van der Merwe, Political Reporter

A Small Business Week (SBW) aimed at promoting the interests of the small business sector would be held from October 2 to 8, the Urban Foundation and the Small Business Development Corporation (SBCD) announced yesterday.

More than 30 organisations would be involved in organising more than 100 events to highlight the importance of small business.

Mr Sonny Tarr, general manager of development services at the SBDC and national chairman of the SBW, said at the launch of the SBW in the Johannesburg region: "We have got to show the potential of small businesses in our country."

The SBW will be targeted at existing and potential entrepreneurs, central Government and local authorities, the informal sector and youth.

Among the participating organisations are the SBDC, Urban Foundation, the National Association of Women Business Owners, the African Council for Hawkers and Informal Businesses, Get Ahead, various financial institutions and the Wits Centre for Developing Business.

Activities in the Johannesburg region include:

- An Indaba at the Wits Business School on October 2 where small business people will have the opportunity to discuss solutions to job creation.
- Workshops on the taxation of small business enterprises, privatisation and record keeping.
- A "How to be a Millionaire" seminar on October 3 at the Inanda Club, hosted by the National Association of Women Business Owners and the Women's Bureau of South Africa.
- A "Getting the Best from your Banker" discussion on October 3 at the Wits Graduate School for Business Administration in Parktown.
- Tours of the SBDC's Pennyville Hive of Industry in Pennyville and small businesses in Soweto.

Traders could sue town councillors

HAROLD FRIDJHON

TOWN councillors in Carletonville and Boksburg face the possibilty of being sued, perhaps for millions of rand, in their individual capacities for losses incurred by traders as a result of boycotts triggered by the reappearance in the towns of the CP's apartheid boards. B/Day 20/9/89

That is the opinion of a senior counsel after studying the judgment of Deputy Judge President Mr Justice Eloff in the action Carletonville traders brought against the town council. ([redacted])(30)

Mr Justice Eloff found that the council's decision to reserve the town's parks for the use of whites only was grossly unreasonable. He concluded that the council "had not acted in a bona fide manner or had not given due attention to the matter".

Evidence "incontrovertibly indicated" that businesses in the town had suffered "and would suffer" severe financial losses from the boycotts, which were foreseeable consequences of the town council's actions.

Civil action to sue the councillors, individually and collectively, would be based on the judge's finding that the council had not acted in good faith, which destroys the indemnity against individual liability Transvaal town councillors enjoy.

The council itself, a senior lawyer argues, cannot be held responsible for the mala fide acts of the individual councillors in pursuing a political philosophy.

The Carletonville Town Council has applied for leave to appeal against the Eloff judgment. Such an appeal is unlikely to be heard before March 1991 and civil actions cannot be heard until judgment is given.

Formal sector must heed people's needs

(30)

B Day 20/9/89

EDYTH BULBRING

THE formal business sector would lose the buying power of the lower income communities unless it started catering to their needs, Dave Gillam, MD of industrial relations consultancy Gillam Bruniquel and Associates said in an interview yesterday.

Gillam said lower income earners, of which the majority were seven million economically active black consumers, were still neglected and underestimated by the established formal sector.

This custom was increasingly being lost to "alternative business forms", which more adequately met the needs of these consumers, he said.

Gillam mentioned the example of minibus taxis, which had undermined Putco buses by catering to consumer needs by running a more accommodating and frequent service.

The alternative business sector was taking business away from the formal sector as it was rooted in the communities and sensitive to the needs and issues affecting the communities.

There was a shortsightedness and a nonrecognition by the formal sector of the changes that would occur in a post-apartheid SA, Gillam said.

By ensuring short-term profitability, the formal sector was sacrificing long-term survival by being insensitive.

In a post-apartheid SA, established business would be judged by the communities and if they were found wanting, support would go to the alternative business sector, he said.

If established business was to flourish in an environment in which the Third World element was flexing its muscles, there had to be a greater reliance on upgrading and training of local workers.

The more responsibility and incentive workers were given, the more likely they were to support businesses similar to those in which they were directly involved, he said.

Unless companies took up the challenge to bridge the gap betwen the two cultures, they would find it difficult to survive, let alone prosper, Gillam said.

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'South Africans creating their own advertising culture'

STAR. 21/9/89

(30)

By Paula Fray

South Africans were creating their own advertising culture, right for the South African market, Mr Roger Sinclair, author, consultant and part-time university lecturer said this week.

The second edition of Mr Sinclair's advertising textbook, "Make the Other Half Work Too" (Southern Books, R54,99) which was updated by Mr Mark Barenblatt, was published recently.

Mr Barenblatt, formerly the course director of the Boston House College schools of advertising in Cape Town, is an advertising consultant.

Mr Sinclair said: "When I first came to Johannesburg 18 years ago, South African advertising was dominated by overseas experts and the agencies were very much in the British and American mould.

"The agencies were all imports and advertising concentrated on the white market. Today, the (local) agencies are homegrown."

While South Africa might win fewer overseas awards, Mr Sinclair said, he believed the advertisements were working in this market.

Despite critisms of advertising being "all powerful", Mr Sinclair said it had limited power.


Mr Roger Sinclair . . . textbook published.

In South Africa, its main functions were raising public awareness of a product or company; modifying the attitudes of people about various products; reinforcing and confirming decisions people made; initiating trial and educating people.

Mr Sinclair said some institutions had taken a social responsibility position by trying to set new goals.

Their advertisements included settings of totally multiracial groups although this was often not the position in reality.

"Generally speaking though, advertisers are not in the business of social engineering," Mr Sinclair said.

The book promoted a concept of "marketing bands" whereby consumer groups were identified not by race but as target groups and, as such, as groups "who are identically motivated . . . it has nothing to do with colour".

Mr Sinclair said he did not believe advertising created unrealistically high expectations among consumers.

"We are by definininition a materialistic society. Advertising gives people a choice."

The consumer, Mr Sinclair added, was protected to a large extent by wide-ranging controls over advertisements — starting with the Advertising Standards Authority.

30 Fmail 22/9/89

SHOPPING HOURS

Blame it on business

In a burst of deregulation, government last week scuttled most limits on shopping hours and eliminated the need for most trading licences.

But don't expect a mad rush by stores to expand trading hours. While local authorities will have less of a hold over businesses, because of government's decision to allow 24-hour shopping, six days a week, nationwide, retailers have the ultimate say on when they are open.

"I don't anticipate a change in the status quo," says Pierre Brooks, chairman of the Competition Board.

For some time retailers in many parts of the country have had the freedom to stay open later but remained reluctant to do so. Instead they have come up with a litany of silly excuses and unfounded reasons for shutting early (see **table**). A favourite rationale is that no one is around after hours — but it's one that tends to overlook the fact that shoppers generally avoid dark shops with locked doors.

TOP 10 EXCUSES

Why shops won't extend hours

1. It's inflationary.
2. Men prefer "to booze" on Friday nights.
3. Blacks won't stop on the commute home and weekends are important leisure time for blacks.
4. Jewish customers won't shop on Friday nights; Muslims won't shop on Saturdays; Christians won't shop on Sundays.
5. Shoppers will only spread out their shopping and not spend more money.
6. Workers' family and social lives will be hurt.
7. It might be an expensive novelty that wears off.
8. Towns die at sunset; there are no customers.
9. Staff is already overworked; it's hard to find new workers.
10. Hiring more workers or paying overtime, and keeping the lights on, will drive up costs.

Source: Times Media library.

Would-be consumers are still unceremoniously ushered out of shops in crowded malls at midday on Saturdays. Downtown shops are often empty during the day but shut their doors just as office workers stream into the streets.

While declaring how much they would love to stay open longer, some retailers enjoyed the protection of trading laws. They didn't have to worry about the competition luring away customers with extended hours.

"There's a tendency to hide behind the law," says Louise Tager, executive officer of the Law Review Project.

"It's a handy excuse," Brooks adds. "A lot of legislation on the statute books was not necessarily introduced by government."

The public, too, has taken advantage of excessive government intervention by demanding limits on consumerism. "They come to government and say, 'You tell these people to close at six o'clock', " says Brooks.

Four years ago government began ploughing through each province's labyrinth of regulations, standards and licensing laws to eliminate constraints "that may hamper the economy in general and the small business sector in particular." The result is the Draft Businesses Act. It suspends the requirement for trading licences — except for people dealing with food preparation and processing. And it takes away the power of provinces and towns to set shop hours. Special licences, such as those for liquor dealers, remain in effect.

"The trading licences were a barrier to entry," Brooks says. "Just to know where to go and get one took lots of energy and a tremendous amount of time. I can't think of a deregulation measure that has that much impact on small businesses."

That's not to say that small businesses, especially hawkers, will be able to trade without constraint. Local regulations that limit where and how long a hawker may trade will still be enforceable, though the threat of a suspended licence will disappear.

Deregulation will, it is hoped, push shopkeepers forward. Retailers are already discovering that women are now full-scale members of the work force and must be catered to with late-night and weekend shopping hours. The sexist idea that women are home during the day with nothing better to do than shop, is finally eroding. Major shopping centres are gradually moving toward opening late at least one night a week.

Sunday shopping, however, remains the toughest nut to crack. Early on it looked as though the new legislation would finally rid SA of this Victorian remnant of anti-consumerism. But when the Act was released for public comment in April, there was a furore.

"Sunday shopping is a thorn in the side of the administration," says Assocom economist Bill Lacey. "The religious people exerted pressure."

Assocom studied the issue and found that "while most people want Sunday trading, they do not get as agitated as the minority who are forcefully opposed to Sunday trading." The research showed that "some three-quarters of the population claim to be Christians (1980 Census) but this does not imply that they are strict Sabbatarians and the evidence shows that they are not averse to Sunday shopping."

P.T.O.

(30) Fmail 22/9/89.

Every Sunday, Checkers breaks the law by allowing customers to buy tubes of lipstick, teapots and socks along with the legal bread and margarine in areas of the country where strict trading laws are still in effect. In Natal, anything went, but elsewhere stores took their chances.

"We do it with the knowledge of local authorities," says Checkers MD Clive Weil, who admits Sunday trading is a vexatious issue. "And sometimes we have their unofficial encouragement."

But that's not to say harassment doesn't take place. Weil's trading licences have been threatened by zealous law enforcement officials who spot a pair of socks going out with the milk.

"In certain instances we break the laws," Weil admits, "but we're bowing to public demand."

As that public demand grows Sunday trading — including open cinemas — is inevitable.

In future it will be up to religious groups to lobby businesses that they believe inhibit their services, instead of demanding that the government step in.

"There should be less regulation and more of what the public needs," Tager says. "This shouldn't be decided by regulation. It should be a decision by the people." ■

BLACK BUSINESS (30) Fmail

Aiming higher

22/9/89.

The black business movement moved into a new phase this month with the launch of the New Economy Trust. Its aim: to develop small- and medium-sized formal companies.

Anglo American chairman Gavin Relly and Anglo director Clem Sunter stress the urgency of developing the trust — a step up from basic informal-sector activities — saying the survival of SA business depends on its success.

The trust will be run by Joe Louw, a lawyer and a trustee of *Black Enterprise* magazine, and Mashudu Ramano, an associate editor of the magazine and the executive director of the Association of Black Accountants. First National Bank is supporting the effort through its trust development arm, First Persam.

First Persam investment accounts manager John Bennett says the idea is to provide an opportunity for people looking to invest what is known as conscience money — money that assists black development.

"These include disinvestors, former disinvestors and sanctioneers who, nonetheless, want to promote black empowerment through the development of a strong free-market system," Bennett says.

"The trust will offer venture capital to aspirant black entrepreneurs in return for an up-to-50% share in the operation," he says. "Being a shareholder, the trust has a direct interest in ensuring a return and will offer whatever services it deems necessary to see that the company gets off the ground in the medium to long term. Dividends will be ploughed back into the trust."

The trust was conceived by black businesses associated with two-year-old *Black*

(30)

Enterprise magazine. Trustees say it has drawn local entrepreneurs and financiers and investors from Canada and Britain. ■

Sowetan 22/9/88

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Protest begins today

THE withdrawal of buying power from businesses starts today, with the length of the protest now extended from two to three weeks.

The withdrawal will start simultaneously with a work overtime ban which, according to the organisers, will continue indefinitely.

The campaign is part of the "sustained action" decided upon by Cosatu, Nactu and unaffiliated unions at a recent Workers' Summit in protest against controversial amendments enacted in the Labour Relations Act (LRA).

Employers have condemned the protest, saying such actions would not increase employers' willingness to participate in the negotiations - in which they are already taking part anyway - to resolve the LRA dispute.

The unions said employers - in response to the overtime ban - were using such "aggressive tactics" as threats of dismissals and court actions.

There's no business like home business

All those down-trodden homes on busy streets in prime residential areas are slowly but surely being transformed into a range of lucrative businesses. More and more people are converting their homes into office premises where productivity is increased in a relaxed, green atmosphere.

When is a house not a home? When it's an office. Derelict homes in prime residential areas are becoming trend-setting cosy cafes and businesses.

Tucked away in Johanesburg's surburbs, business premises are now disguised as freshly painted houses dressed in rustic wooden frames with sprawling gardens and pools.

A Johannesburg architect, Dr Barry Senior, says renovations of old homes into businesses is gaining momentum among small business owners, who want to retain their identity and maintain a personal relationship with their clientele.

"These businesses have a garden or swimming pool and a homely interior moving away from the corporate image," he says.

However, this trend could cause controversy between businessmen and residents as rules regarding home-cum-businesses on busy streets are bent.

"The problem which emerges is the invasion of businesses in residential areas," says Dr Senior.

To curb this encroachment, various conditions have been set by town planners to ensure a healthy relationship between entrepreneurs and homeowners.

"There are different rules for different areas. In most cases while the structure of the house should not be changed, a restriction is placed on storeys built. Parking space and the number of staff are other factors.

"In addition, there are certain areas demarcated for home business operations, possibly along main roads or next to other shops," he says.

Mr D Diack, Senior Deputy Director of Planning, says inflation and commonsense budgeting are crucial factors motivating young businessmen to convert homes into business premises.

"People are trying to cut costs. Office rentals are usually high and this is one way to save money," says Mr Diack.

"The number of homes converted into restaurants indicates an increase in the numbers of people looking for entertainment with a difference.

"People seem to prefer eating out in more intimate environments rather than huge dining rooms," he says.

But every silver lining has a cloud and, in this case, it's the question of legal operation.

"Businessmen are required to get town planning consent if they intend operating from a home," says Mr Diack.

"Anybody can run a business from home but once they employ staff, it becomes illegal if consent has not been granted," he says.

Two followers of this trend, Ms Pamela Seager and her partner who calls himself "Mano — the man with no surname", started a home-away-from-home restaurant in a formerly derelict house in Parktown North.

Marketing consultant Mr Peter Cheales enjoys a dip in the pool between meetings with clients at his converted home in Rosebank.

"I prefer a home environment to work from and so do my clients. Business is always better in a relaxed atmosphere."

"Parking hassles are eliminated; my creativity is increased and there are less distractions, which means I can concentrate in a more constructive way," he says.

SHENAAZ BULBULIA

Peter Cheales happily follows a trend of transforming houses into businesses in prime residential areas.

In a R30m deal . . .

Finansbank gets control of Furngro

Cape Times 22/9/89

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By **BRUCE WILLAN**

FOLLOWING rumours in the marketplace yesterday, Ivan Hammerschlag, CE of the rapidly expanding Furniture Fair Group (Furngro) yesterday confirmed that control of the group has been sold to Finansbank for R30m.

The deal which was only concluded late yesterday afternoon could amount to R50m, should minorities of Furngro and its operating subsidiary Furniture Fair (Furnfair) accept the standby offer of 180c a share made by Finansbank.

Some 17m shares changed hands at 180c between the two parties in a deal which Hammerschlag described as a surprise move.

He added that the deal was accepted on sound financial decisions and had nothing to do with rumours of the family emigrating.

"It was a strategic decision taken for the sake of our families and one which gives us an opportunity to diversify our risks," he said.

However, Finansbank has requested both Ivan Hammerschlag and his brother Jeff to remain in their respective positions of CE and financial director till the end of the year.

Ivan Hammerschlag said that both he and his brother would then make a decision about their future.

The deal became apparent on the Johannesburg Stock Exchange during afternoon trade yesterday when a special bargain was struck at 180c in Furngro.

Prior to this, Furngro shares traded at 205c with minimal volume on September 15. They closed at 180c (sellers) yesterday.

The operating subsidiary, Furnfair's share price closed at 190c (sellers) with the last trade at 200c.

In the five years since the Hammerschlags started the burgeoning furniture retail business, the Furngro empire has grown from the one store in Woodstock opened in April 1984, to 24 stores at present.

The group acquired, in a series of deals, both Harmony and Montana Furnishers and then proceeded to open its own specialist store, TV Time.

The group has recorded phenomenal growth over the past few years and with the use of assessed tax losses and a growing debtors book has never had to pay tax or found it neccessary to make provision for deferred taxation.

Experts believe that the group would have to continue to grow at a substantial rate to keep the profits up as well as meaningful returns to shareholders.

However, it is also believed that in the future the debtors book might not be able to keep up the necessary growth due to the slowdown in the economy and the group would become liable for tax.

This could in due course negatively affect earnings attributable to shareholders.

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Border's empty shops herald nation-wide consumer action

While the consumer boycott, launched in protest against the amended Labour Relations Act, has already started to affect towns in the Border area, shoppers throughout the country are gearing up to join the campaign.

By THUMIDA MAISTRY, VUSI GUNENE and GAYE DAVIS

BLACK consumers deserted shops and commercial centres in East London and other towns in the Border region on Thursday as the nation-wide boycott called by the Congress of South African Trade Unions and the Mass Democratic Movement got off to an early start in the area.

Shops in Queenstown, Stutterheim and King William's Town were virtually deserted for the whole day and major chain stores in East London, including Ackermans, PEP, Checkers, OK Bazaars and Jet were empty of black shoppers.

The boycott has been called in particular to protest against the Labour Relations Amendment (LRA) Act,' and Cosatu and MDM officials said yesterday they expected black consumers throughout the country to follow the example of shoppers in the Border area.

The boycott, part of the MDM's broader defiance campaign, is due to run from Friday September 22 until Friday October 6, except in the Western Cape, where the protest will run from October 7 to October 20 Organisers in the various regions will also discuss extending their boycotts at the end of the two-week period

In the Border region store managers said they had begun laying off casual staff in response to the drop in customers and some stores had told full-time workers to take their annual leave now.

The region's boycott co-ordinating committee has also told black hawkers to pull out of white commercial areas to avoid the possibility of white-owned stores recruiting blacks to sell goods on the streets.

The boycott in the Border region started earlier than in the rest of the country after the region's co-ordinating committee failed to receive a message from Cosatu headquarters saying the protest had been postponed to give organisers more time.

A Cosatu spokesman said the early start had not caused any problems, and the success of the boycott there would serve as an inspiration for activists in other parts of the country.

By Thursday there were no visible signs that consumers in the Pretoria-Witwatersrand-Vaal area would heed the boycott call, but Cosatu officials were confident the campaign would be a success.

On Thursday Cosatu and its fellow trade union organisation Nactu issued a statement saying the National African Chambers of Commerce and Industry (Nafcoc) and the SA Black Taxi Association (Sabta) had pledged their full support for the boycott.

"We are calling on our local and regional structures to meet with shopowners and taxi associations to work out further details of implementation of the boycott," the statement said.

Cosatu officials said the organisation and its affiliated Consumer Boycott Committee had also "consulted with the masses" to ensure that consumers understood the aims of the campaign.

Pamphlets distributed in the townships by the committee called for the total boycott of all white-owned businesses and township-based businesses owned by "collaborators".

The commitee called for restraint in organising support for the boycott, which "should be implemented in the current spirit of discipline and peaceful protest".

In guidelines aimed at organisers, the committee urged them not to coerce consumers to take part in the boycott, as this would "only benefit the system and the criminal element".

"It is the responsibility of activists to stop such elements," the pamphlet said.

Similar concerns about the effects of coercion led to organisers of the Western Cape boycott deciding to only start their campaign on October 7.

During the total consumer boycott called in 1985 widespread intimidation and assaults on shoppers led to a right-wing backlash in the form of vigilante squads.

The "total" nature of the boycott also meant that consumers found they had virtually nowhere to shop, and support dwindled.

This time, specific companies have been targeted and their names will go on to a list being drawn up at present and which will be widely distributed ahead of October 7.

Listed companies will include those who have used the LRA against their workers, who have acted against staff taking part in the September 5 and 6 stayaway or who are deemed guilty of "union bashing"

A spokesman for the MDM in the Cape said companies could get their names off the list by publicly agreeing to a range of demands and demonstrating their good faith "by actually doing something".

The demands, formulated during lengthy discussions between Cosatu and MDM affiliates call on managements to:

- Recognise trade unions;
- Unconditionally reinstate workers dismissed after the September 5 and 6 stayaway or for protest action against the LRA;
- Commit themselves not to use the LRA and publicly call for objectionable clauses in the legislation to be scrapped,
- Meet worker's demands for a living wage and back their call for a freeze on the price of basic foods and transport fares,
- Apply pressure on the government to release all detainees, lift the State of Emergency and stop all hangings.
- Call for an independent commission of inquiry into alleged police brutality;
- Put pressure both on the Cape Town City Council and central government to build more houses and halt evictions, forced removals and the suspension of electricity and water supplies to rent defaulters;
- Back workers' demands for rent arrears to be scrapped and a freeze on rents and rates.

"We see the consumer boycott as much more than merely a symbolic action," the MDM representative said.

"We have made many gains in recent weeks and mobilised thousands of people. Now we need to consolidate. The work done for the consumer boycott will lay the basis for this."

Tombstone vandalism sparks 'buy local' campaign

By GAYE DAVIS
Cape Town

APARTHEID in the southern Cape town of Oudtshoorn extends beyond life itself. Whites get buried in one section of the local cemetery, blacks and "coloured" people in another.

In the black section of the cemetery, three tombstones were recently unveiled, marking the final resting places of three youths killed by police gunfire during 1985.

During the week of the tri-cameral elections, all three headstones were vandalised beyond repair, while other graves around them remained untouched.

It is to register protest against this outrage in particular that residents of Oudtshoorn's black and "coloured" townships of Bongolethu and Bridgeton intend marching on Friday.

And as preparations for the march got under way this week, white-owned businesses in the conservative town began feeling the effects of a "Buy Local" (that is, in the townships) campaign launched last weekend.

"People are very angry about the tombstones being destroyed," one of the march's organisers told the *Weekly Mail*. "It took five years for the money to be collected to pay for them."

He said between 10 000 and 20 000 people — not only from Oudtshoorn but also from other southern Cape towns such as George, Knysna and Mossel Bay — were expected to take part in the march, which would be preceded by a service in Brodgeton's Catholic Church.

Several hundred teachers — all members of the Cape Teachers Professional Association — had pledged their support and Dr Allan Boesak, University of the Western Cape rector Jakes Gerwel; Peninsula Technikon rector Franklin Sonn and Call of Islam co-ordinator Moulana Farid Esack would be travelling from Cape Town to take part, the organiser said.

An application to Oudtshoorn's chief magistrate asking permission for the march to be allowed to go ahead was made this week and a copy sent to the head of the local security police, he said.

Led by clergymen, the marchers would proceed to Oudtshoorn's municipal offices "about five kilometres away" and deliver a list of demands before moving on to nearby police headquarters and doing the same.

"The cemetery is administered by the municipality and we want to get an assurance from them that such a thing won't happen again," he said.

Other demands would also be presented: that the State of Emergency be lifted, organisations unbanned, that a moratorium be imposed on hangings and that restrictions on former detainees be lifted.

Three Bongolethu residents, sentenced to death for the 1985 mob killing of a community councillor, are among those currently on death row, while three former detainees, Reggie Oliphant, Derek Jackson and Mbulelo Grootboom — all connected with the community newspaper, *Saamstaan* — are presently defying their restriction orders.

Matters of Fact

IT was incorrectly reported last week that the editor of Sapa, EH Linington, had appeared in court on charges under the Criminal Procedure Act.

Linington was ordered to appear before a magistrate as a potential witness to offences allegedly committed by Cosatu. He appeared before the magistrate in a private office and the matter was postponed to October 3.

- In a report on Natal peace talks last week, it was said that King Goodwill Zwelithini was the uncle of KwaZulu Chief Minister Mangosuthu Buthelezi. In fact, Buthelezi is the king's uncle.
- A story in the WM Film Festival supplement stated that the film *The Great Pretender* was inspired by events in the life of artist Helen Sebidi. Sebidi says she merely acted in the film.

P'n P turnover passes R2bn

Cape Times 23/9/89

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By **AUDREY D'ANGELO**
Financial Editor

PICK'N PAY Stores achieved a turnover of more than R2bn (R1,8bn) in the six months to August 30 and lifted earnings by 15,6% to 36,3c (31,4c) a share. The dividend is 16,6% higher at 10,5c (9c) a share.

Trading income rose to R51,7m (R44,8m) and pre-tax income to R54,3m (R47,2m).

The stores and hypermarkets in the Western Cape, alone, accounted for about 30% of profits.

At first sight a 13% growth in turnover and a rise in earnings less than one percentage point above the official inflation rate seem less impressive than one expects from this group.

But chairman Raymond Ackerman pointed out yesterday that it was well above the official inflation rate for food prices, which was 10,2% for the year to August.

In fact, based on the full range it sells, the group has worked out that food prices are rising at the rate of about 12% a year. "Our growth exceeds this in real terms," Ackerman said.

"And when you reach figures like R4 bn a year it is much harder to produce large growth figures in percentage terms than if you are a small chain starting out, when opening one store can mean increasing turnover by 50%."

He and MD Hugh Herman said that the past six months' growth had been achieved from an exceptionally high base. Last year Pick'n Pay celebrated its 21st "birthday" with special offers and promotions which gave an exceptional boost to sales in the first half.

"I thought we would be hard put to it to match these figures this year," Ackerman confessed,"and to exceed them is really excellent."

The second half, which includes the Christmas trading period, is normally the best and Ackerman forecasts a 17% growth in profits for the current year as a whole.

"We expect to do this in spite of the slowing down of the economy because, although the first six months of the last financial year were spectacular, the last half was ordinary", said Herman.

"So although we shall be growing from a high base the comparison we have to beat for the year as a whole will not be quite so tough."

Herman said that rising bond rates had undoubtedly affected purchasing power. "People are having to pay R200 or R300 more a month on their bond and that is coming straight off the grocery bill."

Pick'n Pay's wage bill had also risen. The minimum wage was now R750 a month — 150% higher than three years ago.

But efficiency and productivity had risen to counteract this, and "shrinkage" had fallen.

He and Ackerman both believed that the economy was unlikely to worsen significantly in the second half, and expected a "reasonable" Christmas. They said there was a new feeling of optimism and confidence in the country.

Ackerman said the five stores opened during the first half, including the new superstore in Table View, were all doing well. "We are delighted with the Table View store. We feel there is a lot of growth there."

He said Pick'n Pay considered the protection of the environment an issue of major importance.

The Table View store had "ozone-friendly" refrigeration and air conditioning.

● Pick'n Pay Holdings (Pikwik) lifted earnings for the six months to August to R4,2m (R3,6m) which at share level is 5,19c (4,40c). The interim dividend is 5,19c (4,41c) a share.

Focus further in fashion

FOCUS Holdings has extended its move into fashion retailing with the R3,36-million acquisition of Smiley Blue and Goophees from Amrel. S/Times 24/9/89

The two comprise 22 stores aiming at the middle- to upper-income shopper. The move comes several months after the profitable retail side of Cashworths was bought. Until then, Focus's specialist retailing had two arms — men's clothing and mattresses.

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Focus's group profile includes 37 Mattress World of which 24 are franchised, 18 menswear stores such as Bachelors, Grant McKenzie and Aca Joe, 53 Cashworths, 19 Smiley Blue and three Goophees for a total of 110.

All the shops operate for cash or credit up to six months.

The latest acquisitions were sold by Amrel because of their small size. Focus chairman Irwin Sachs says they are right for his company.

Focus has strengthened its middle and top management with high-profile appointments in each of the three divisions.

Mr Sachs says steps are being taken to pyramid control of Focus to allow more flexibility when acquisition opportunities arise. The group's market capitalisation is only R11,6-million at 57c a share, but will rise because 5-million shares will be issued at 55c for the latest purchase.

The shares will be placed with financial institutions, the balance to be paid in cash.

S/Times 24/9/89.

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Spareco runs

By Don Robertson

SPARES dealer Spareco plans to increase turnover to about R200-million in the year to next June through acquisitions and expansion.

Chairman Chris Sladden says between eight and 10 Fleishmans stores will be opened this year and the company is looking at two or three fairly large acquisition opportunities.

About R50-million of turnover will come from Fleishmans, another R50-million being generated by improved efficiencies at Spareco outlets.

In the 16 months to June this year, turnover was R92,5-million, earnings were 98,2c a share and the dividend was 40c.

Mr Sladden is confident that earnings will increase in spite of an additional 2,6-million shares which will rank for dividends this time. They were issued for the purchase of Goldco and interests in the Eastern Transvaal and did not rank for dividends in the past year.

Tax is expected to remain about 30% by using depreciation allowances.

Mr Sladden is enthusiastic about Spareco Europe, which recently won a R1,5-million export order. The intention is to increase exports to between R5-million and R10-million in the next few years.

There is, however, some concern about the rising costs of spare parts and Mr Sladden believes there could be an adverse effect on sales in the short term.

Since the break-up of the marketing agreement with Midas, Spareco has entered wholesaling and is using its warehouse in Wadeville to supply its stores. Considerable benefits are expected to come from it.

The rand's world value

	R1 equals		One foreign unit equals (R)	
	22/9 /89	22/9 /88	22/9 /89	22/9 /88
US $	0,3580	0,4040	2,7930	2,2,4752
UK £	0,2264	0,2409	4,4176	4,1504
Deutschemark	0,6946	0,7572	1,4397	1,3206
Japanese yen	54,93	51,21	0,0192	0,0184
Swiss franc	0,6021	0,6393	1,6608	1,5642
French franc	2,3487	2,5726	0,4258	0,3889
Canadian $	0,4233	0,4921	2,3624	2,0321
Italian lira	500,52	563,62	0,0020	0,0017
Zimbabwean $	0,7967	0,7825	1,2552	1,3114
Australian $	0,4566	0,5181	2,1901	1,9301

Trade weighted value of rand, % change against 1974 base 37/87

Domestic interest rates

MONEY MARKET

	Friday 22/9 /89 %	Friday 15/9 /89 %	Friday 8 /9 /89 %
SARB accommodation: rediscount rate TBs	17,00	17,00	17,00
Treasury bill tender rate	17,11	17,14	17,12
Basic call of discount houses	17,00	17,00	17,00
Three-month banker acceptances	17,35	17,35	17,40
Three-month NCDs	18,25	18,25	18,35
Three-year RSA stock	15,65	15,73	15,94
Prime overdraft rate	20,00	20,00	20,00
All-in yield of finest acceptance credits	18,34	18,34	18,40

CAPITAL MARKET

SECONDARY MARKET	RATES ON MOST TRADED STOCKS Average Previous Month	As on Friday
Long-term RSA stocks	17,17	16,88
Long-term Escom stocks	17,08	16,67

Best sections this week

	Av % Mv	Av D/Y	Av E/Y
OFS	5,9+	6,1	0,0
West Wits	4,6+	4,2	0,0
Klerksdorp	4,6+	8,7	0,0
Rand and Others	3,8+	2,6	0,0
Other	3,1+	4,4	15,6

Overall market this week

(Ordinary Shares Only)

	Mining	Non-Min	Total
Volume	10 394 530	38 773 767	49 168 297
Value traded	R171 300 463	R150 331 714	R321 632 177
Up	81	142	223
Down	30	150	180
Unchanged	38	296	334
Number traded	133	488	621
New highs	11	34	45
New lows	1	24	25

London gold fixings

	am	pm
Monday	$360,10	$359,75
Tuesday	$360,65	$360,65
Wednesday	$360,75	$362,75
Thursday	$362,95	$362,80
Friday	$364,10	$364,90

JSE Actuaries Index

	THIS WEEK	LAST WEEK	WKS% MOVE
OVERALL	2778	2731	1,7
MINING PROD	2821	2732	3,3
COAL	2408	2301	4,7
DIAMONDS	10777	10704	0,7
ALL GOLD	1644	1559	5,5
RAND&OTHERS	501	491	2,0
EVANDER	1438	1425	0,9
KLERKSDORP	5227	5016	4,2
O F.S.	801	768	4,3
WEST WITS	2406	2228	8,0
METALS&MIN	2052	2028	1,2
COPPER	692	690	0,3
MANGANESE	3164	3234	2,2−
PLATINUM	4566	4469	2,2
TIN	139	142	2,1−
OTHER METALS	199	189	5,3
MINING FIN	3910	3786	3,3

	THIS WEEK	LAST WEEK	WKS% MOVE
FINANCIAL	1613	1629	1,0−
BANKS&OTHER	1401	1385	1,2
INSURANCE	1164	1191	2,3−
INV TRUSTS	1764	1827	3,4−
PROPERTY	366	378	3,2−
PROP TRUST	160	161	0,6−
INDUSTRIAL	2735	2735	0,0
IND HOLDING	2827	2837	0,4−
BEV,HOTL,LES	4755	4772	0,4−
BUILD&CONSTR	1898	1917	1,0−
CHEM & OILS	871	867	0,5
CLTH,FOOT,TX	934	939	0,5−
ELECTRON,ETC	1034	1066	3,0−
ENGINEERING	897	901	0,4−
FISHING	1337	1337	0,0
FOOD	3053	3148	3,0−
FURN&HSEHOLD	293	299	2,0−
MOTOR	2227	2182	2,1
PAPER&PACK	4745	4698	1,0
PHARM&MEDICL	677	648	4,5
PRINT&PUBLSH	2602	2600	0,1
STEEL&ALLIED	1354	1385	2,2−
RETAIL&WHOLE	2010	1972	1,9

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SUNDAY TIMES, Business Times, September 24, 1989

Advertising shifting its focus to blacks and pros

By Robyn Chalmers

GREATER emphasis on the black segment of the population and more deregulation in professional services will be seen in advertising, says Roger Sinclair.

He has launched an updated version of Make the Other Half Work Too, the accepted textbook on advertising in SA. Mr Sinclair wrote the first version in 1985. It has been updated by Mark Barenblatt.

Background

Mr Sinclair has had 25 years' experience in advertising. Mr Barenblatt helped to set up the Boston House College School of Advertising.

The book, which has been prescribed at several universities and technikons, gives a background of advertising in SA, traces its history, sets out developments in the industry, provides practical details of it and the people who serve it.

Mr Sinclair says advertising has changed enormously in the past 10 years. Professional services are battling against diminishing public esteem and increased competition. As a result, they have had to consider marketing their services.

Power

The trend whereby architects and quantity surveyors deregulated will continue, he says, to include attorneys, engineers and other professions. He predicts that if chartered accountants do not go the same route, by 1990 it will be the only profession in the English-speaking Western world which has not done so.

In a similar vein, Mr Sinclair says there will be a big change in the target audience of advertisers in the short-term future.

"If you trace the way SA advertising has gone over the past 20 years, it can be seen that the target audience has been almost exclusively white. This is because 3,5-million whites in SA had 75% of the spending power.

"This meant that SA had an incredibly sophisticated advertising industry, which could compete on equal terms with any other industry in the Western World."

He believes in this sense, sanctions have been good for SA because they have forced advertising agencies to look at the domestic market. As a result, they are producing advertising for a non-racial SA and have developed home-grown talent.

Another major development identified in the book is the accelerating process of technological innovation.

The whole nature of communications is changing and newspapers are having to reconsider their positions and recognise the dangers and opportunities that electronic information poses to their future.

The book was updated by Mr Barenblatt because of the changing nature of advertising.

Mr Sinclair wries: "Within four years since I wrote the book, we had the advent of the account planner, big advances in research mechanisms such as AMPS meters and developments in agency remuneration."

He plans to have the book revised every four or five years.

eptember 25 1989

'Carletonville shoppers back in town'

Court ruling ends consumer boycott

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Star 25/9/89.

By Kaizer Nyatsumba

The Carletonville consumer boycott triggered by the Conservative Party-controlled town council's re-introduction of petty apartheid early this year is now over, according to Carletonville Chamber of Commerce president Mrs Annetjie Claasen.

Mrs Claasen said the Pretoria Supreme Court's overrulling of the town council's policies about a month ago made black people return to the town in droves to shop there again.

"The people are back in town. They feel that we succeeded in showing that the council's insulting policies were the cause of the boycott," she said.

She said although the boycott was not formally called off by its organisers in the labour movement, blacks returned to the town when the "whites only" signs were pulled down by court order.

"There was a big change in town after those offensive signs were removed. Businessmen have gladly welcomed their customers back and some of them have even taken back the staff they laid off during the boycott," she said.

Mrs Claasen conceded that some people's buying habits had changed and some of them might never do their shopping in the town again.

Returned to town

A spokesman for the organisers confirmed that the boycott was never formally called off. A number of people had returned to town, the spokesman said.

The spokesman said it was felt the situation would be reviewed during the present two-week period of national consumer boycott, which started on Friday and will go on until October 6, in protest against the Labour Relations Act.

The Carletonville boycott organisers, the spokesman said, did not view as a victory the Pretoria Supreme Court's ruling, but considered it "a step forward".

OK deserves a better rating

Star 25/9/89

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Bottom Line

MICHAEL MENOF

From modest beginnings in a 1100 sq m rented shop in 1927 to annual sales approaching R4 billion and a staff of more than 25 000, OK Bazaars can be proud of its fine reputation and remarkable achievements.

Contrary to suppliers providing the bulk of working capital, OK shows the reverse, with more than R100 million of positive working capital.

Despite being owned 70 percent by SA Breweries and having a net worth of R29,57 per share at end-March 1989, the current JSE price is only around R14,50.

I find this rather strange as the trend for sales, total assets, earnings and dividends in the past five years has increased superbly.

The profitability, solvency and liquiidty ratios are also impressive. Also, in 1984, 25 100 people produced sales of R1,92 billion, while in 1989 25 033 employees produced R3,73 billion in sales so that productivity is improving. Or is it price increases?

I agree with chairman Meyer Kahn's summing up of "a highly commendable performance by management and staff in 1989".

Currently, OK operates through 193 department discount stores, supermarkets, frestanding furniture stores and 19 Hyperama, House & Home and service station outlets.

MD Gordon Hood's prime concern is to keep prices, particularly food prices, as low as possible, while remaining competitive.

Stock turn at cost improved to 6,03 times (1988: 5,42 times), with year-end stocks at end-March 1989 reflecting only a 6,8 percent increase to R563 million (1988: R527 million).

The introduction of a centralised warehousing grocery distribution system in 50 percent of the stores materially assisted stock turn and stock control.

A computerised space allocation system will shortly be installed to further reduce branch stock holdings.

The only blemish in a near-perfect annual report was the sharply higher interest expense, despite a reduction in year-end debt.

Sales increased to R3,73 billion (1988: R3,12 billion), with operating income R67,12 million (1988: R53,58 million). Net interest paid spiralled to R23,92 million (1988: R14,89 million).

The effective tax rate declined to 45,3 percent (1988: 48,3 percent), giving tax of R19,33 million (1988: R18,7 million).

After dividend income, pref dividends and outside shareholders' profits, attributable earnings were R23,92 million (1988: R19,87 million) — less than one percent of sales.

However, it is worth noting that OK provides one percent of total sales for the maintenance and renewal of fixtures and fittings (1989: R33,94 million, 1988: R28,41 million) to ensure that its stores are maintained in a modern and competitive condition.

Earnings per share were 195c (1988: 162c), with the annual dividend upped to 103c (1988: 89c).

Understandably, chairman Meyer Kahn is unhappy with SA's tax system. The March Budget contained little good news for the consumer, who is destined to become worse off through fiscal drag and the GST increases.

The delay in implementing VAT is preventing effective forwad planning, while the regional services levies have hurt retailers who operate on low margins.

Margins improved slightly, with the "value added" as a percentage of sales increasing to 11,89 percent (1988; 11,47 percent).

Overthe last three years, sales participation has shifted away from food. In 1989 food ws 5,8 percent, with non-food items 40,2 percent.

The food participation, while reducing, still continues to have a detrimental effect on gross margins, says Mr Hood.

A notable statistic was the sharp drop in number of ordinary shareholders to only 1 299 (1988: 1 874, 1984: 2 133).

The balance sheet is impressive. Shareholders' funds were R375,65 million (1988: R363,82 million) at end-March 1989, with debt declining to R177,66 million (1988: R191,07 million).

Working capital grew to R103,69 million (1988: R87,25 million) and includes healthy cash resources of R25,94 million (1988: R12,07 million).

The trading performance will continue to improve, says Mr Kahn, but at a slower rate.

The past five years have seen OK improve consistently after 1985's profit slump to only R12,7 million (184: R21,4 million).

Somehow investors are not impressed. I fail to understand why, specially when the latest figures should give them more than a healthy appetite.

A key to black business world

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Sowetan 25/9/89

ON Thursday you will be holding *Sowetan Business* in your hands, another achievement in our Building the Nation campaign.

Inside it you will find news about the black business sector, a case study looking at problems experienced by traders, a business feature, a column on controversial issues affecting the black business sector and, most importantly, scores of adverts from black entrepreneurs telling you of their products.

Charge

Black entrepreneurs are not into advertising because of the rates we charge, some did not understand the concept and, many others were just happy with the trickle into their tills and hoping for a better turnover the next day. Well, that has now changed.

Our business community has realised the competition it faces from the sophisticated white business is for real, that is why many township businesses have collapsed.

Black businessmen are now determined to meet fire with fire, they will fight their white competitors to the bitter end. Advertising is one of the weapons they will use. Just as white-owned businesses use the *Sowetan* to get black custom, black businessmen are going to use the same medium to get their people buy from them. Said one Mamelodi trader: "The gloves are now off and we will utilise the same weapons they use against us. WE cannot use stones to fight people with machine guns. The methods we use are stones and advertising is a machine gun. We are now also going to use machine guns.

"I have taken out four adverts which will appear in the following four weeks. One costs R115.26 and I paid R461.04 for the four. The size is good as it gives the all details required by the consumer."

Powerful

By advertising in the *Sowetan* black entrepreneurs are now using the most powerful medium in the country when one wants business from the black community. This newspaper is read by over 1,2 million people every day, more than 90 percent of them from the townships. When black traders advertise in the *Sowetan* they are reaching their own people, the people to support their businesses.

But the cherry on top is that township traders only pay 50 percent of the cost to advertise in the *Sowetan*. No other newspaper does this. This discount has been made possible by big corporations committed to get township entrepreneurs off the ground.

General Mining, one of the bigger mining houses in the country, has agreed to sponsor four pages in the October 5 edition of *Sowetan Business*.

Ensure that you are among enterprising businessmen and inform the thousands of consumers by advertising in the Sowetan, and at 50 percent of the price.

Phone our advertising representative Mr Paul Tshabalala at 474-0128 or our advertising department.

Carletonville shop boycott 'has ended'

Sowetan 25/9/89

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THE Carletonville consumer boycott triggered by the Conservative Party-controlled town council's re-introduction of petty apartheid early this year is now over, according to Carletonville Chamber of Commerce president Mrs Annetjie Claasen.

Claasen said the Pretoria Supreme Court's overruling of the town council's policies about a month ago made black people return to the town in droves to shop there again.

"The people are back in town. They feel that we succeeded in showing that the council's insulting policies were the cause of the boycott," Claasen said.

She said although the boycott was not formally called off by its organisers in the labour movement in the area, blacks returned to the town en masse when the "whites only" signs were pulled down by court order.

"There was a big change in town after those offensive signs were removed. Businessmen have gladly welcomed their customers back and some of them have even taken back the staff they laid off during the boycott," she said.

Claasen conceded that some people's buying habits had changed and some of them might never do their shopping in the town again.

A spokesman for the organisers confirmed that the boycott was never formally called off. A number of people had returned to town, the spokesman said, "but not to the same extent as before."

The spokesman said it was felt that the situation would be reviewed during the present two-week period of national consumer boycott, which started on September 22 and will go on until October 6, in protest against the Labour Relations Act.

The Carletonville boycott organisers, the spokesman said, did not view as a victory the Pretoria Supreme Court's ruling, but considered it "a step forward."

Pick 'n Pay has boosted operating income 15%

BDay 25/9/87

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LESLEY LAMBERT

CAPE TOWN — Pick 'n Pay has reported 13% growth in interim turnover to more than R2bn from last year's high base and boosted operating income by 15% to R51,7m, providing further proof of efficient management.

● ACKERMAN

Taxed income grew 15% to R28,6m on turnover of R2,05bn. After payment of the outside shareholders' interest, this translated into earnings a share of 36,3c, which was up 15,6% for the six months to August.

An interim dividend, which normally accounts for about 25% of the annual payout, was lifted by 16,6% to 10,5c.

Chairman Raymond Ackerman and MD Hugh Herman are more than happy with the sales growth. They argued at a Press conference in Cape Town on Friday that while turnover appeared merely to have kept pace with inflation, it was well above the official inflation rate of food prices, which was 10,2% for the year to August.

And, while the group could not have hoped to achieve last year's growth, when 21st anniversary special offers and promotions boosted interim sales by 29,4% and operating income by 34,8%, its profit performance was in line with the compound growth rate of 15% achieved over the past five years.

Trading margins remained constant at 2,6%, reflecting the benefits of a shift in emphasis in the sales mix towards the higher margin non-perishable items, like clothing and microwave ovens.

Stocks, down slightly on the same period last year at R333,2m (R338,3m), still reflected the strong purchases of non-perishable goods ahead of import duty increases and the imposition of surcharges last year. Lower cash resources of R18m (R26,6m) also reflected the purchases.

Nevertheless, Herman said the group's efficiency could be seen in its ability to offset rising wages by the containment of other costs. The minimum wage was now R750 a month — 150% higher than it was three years ago.

Ackerman said in his chairman's statement that new developments in the first half included the opening of supermarkets in Mossel Bay, Uitenhage and Bloemfontein, the opening of a new superstore in Table View on the last day of the half year and the expansion of an existing supermarket in Nelspruit into a superstore.

He said the second half would see the opening of new pantry stores in Durban and downtown Johannesburg, another of the successful Price Club, Cash & Carry Wholesale store in Pietersburg and the completion of a hypermarket at Steeledale and supermarket expansions in Blackheath.

The Boardman's chain of home-style stores reported an excellent increase in the interim profits, Ackerman said.

He forecast profit growth of up to 17% for the year in spite of the effect of higher interest rates on consumer spending. This was based on expectations of a good Christmas season, the unlikelihood of a significant decline in the economy during the second half and a new feeling of optimism and confidence since the election.

Sowetan 25/9/89

(30)

Blacks urged to get economic freedom

By JOSHUA RABOROKO

BLACKS needed to empower themselves economically to prepare for the post-apartheid era, the chief executive of Business Challenge Mr Phil Khumalo said at the weekend.

Speaking at the opening of the East Rand Expo '89 in Kwa Thema near Springs, he said both political and economic freedom were inseparable if blacks were to escape the evils of South Africa such as unemployment, malnutrition, starvation and poverty.

He said: "It is pathetic to call ourselves a liberated nation when in reality we are fully relying on others for handouts for survival. I want to believe that a man who feeds you tells you what to do -

eptember 25 1989

'Carletonville shoppers back in town'

Court ruling ends consumer boycott

Star 25/9/89.

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By Kaizer Nyatsumba

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Black income tips economic balance

B/Day
25/9/89

GERALD REILLY (30)

PRETORIA — The rising income of blacks is reshaping the economic balance in SA in their favour and steadily increasing their economic empowerment, says Economic Advisory Council member Hohale Mahanyele.

Speaking at a Pretoria University Graduate School of Business function last week, he also warned that SA was heading for a management crisis if the country persisted in recruiting managers mainly from the white population.

Currently whites constituted 90% of the managerial corps.

On earnings, Mahanyele said black incomes had grown faster than white incomes since 1973.

Between 1986 and 2000 earnings growth was projected to average 50% for blacks, against only 10% for whites.

Disposable incomes showed an even faster increasing trend.

Other projections were that blacks would constitute 84,1% of the economically active population by the end of the century.

It was accepted that growth of 3% a year was the absolute minimum if SA was to stave off massive unemployment which could result in serious socio-political upheavals.

Managerial pool

On the looming managerial crisis, Mahanyele said in excess of 210 000 additional managers would be needed by the year 2000, according to authoritative estimates, with whites only able to contribute a maximum of 40 000.

Everything pointed to the need for blacks to be drawn into the managerial pool, especially as the black population would total over 80% by 2020.

The ratio of workers to managers was 50 to 1 in SA, compared with 12 to 1 in Japan, 14 to 1 in Australia and 16 to 1 in the US.

Some estimates claimed the SA ratio would deteriorate to 76 to 1 by the turn of the century.

Some companies tended to rationalise away the need to appoint black managers because of their educational and experience background, said Mahanyele.

Others advanced blacks into management because they saw a new political and economic order with a different distribution of power.

Most blacks occupying or aspiring to managerial jobs cited racial discrimination as the main cause of their inferior status in the organisation.

Existing black company employees rarely got promoted to managerial level.

It was obvious that although advancement of blacks to managerial jobs had become an economic necessity, companies still held back, he said.

B/Day 25/9/89. ㉚

Call to help black business take its place

TANIA LEVY

UNLESS black business is assisted in taking its rightful place in the economy there will be demands by a future black-dominated government for enforced redistribution of wealth, says black taxi development company Project Spear.

In a study entitled Creating the Economy: SA Business in the 1990s, it says a large and prosperous black business movement will assist and accelerate political change, a process known as black economic empowerment.

Action must begin now and show significant results by the end of 1990. Business must be restructured to form smaller versions of today's English and Afrikaans giants among black businesses.

The study says by 1994 black business must include a smaller version of Anglo and Sanlam conglomerates.

The three will together form the "new economy", an essential counterpart to the new constitutional dispensation to be devised by politicians.

The restructuring of SA business must take place at the same time as political and economic changes.

Whereas the 1980s have been the decade of grants, the 1990s' need is for investment, it says.

Time and effort

Investment will take two forms: large-scale financial investment, possibly from sources outside SA and development investment by established business and other agencies which wish to see black business develop.

They must invest not only money — though this is essential — but time and effort to ensure black business develops rapidly from the informal to formal sector.

There must be partnership at all levels between black entrepreneurs and white established business.

In the new economy the momentum must come from a combination of black entrepreneurs working with white entrepreneurs able to can offer the necessary business skills.

Two developments which show the way to the new economy are mentioned in the study.

First is Black Enterprise magazine's recently created New Economy Trust, an agency applying funding from local and overseas sources to the financial needs of black entrepreneurs.

Secondly, the paper says the SA Black Taxi Association has set up a joint venture with a white-owned company with specialist skills in business, training and transport.

The aim is to provide education and training for the taxi industry and new business opportunities

Representing R3bn in capital investment, the black taxi industry could become the leader of the new black formal business movement more quickly than any other group in the informal sector, the paper says.

Buoyant business reported

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[redacted]

B/Day 26/9/89.

SYLVIA DU PLESSIS

MANUFACTURERS are still experiencing buoyant business conditions and business confidence prevails, but the industry is sliding into a period of slow growth.

This is the finding of the Stellenbosch University-based Bureau for Economic Research (BER) in its latest quarterly survey of the industry, involving 922 manufacturers nationally and representing 21 subsectors.

According to the BER, 59% of the manufacturers polled expressed satisfaction with their present business conditions.

Respondents said they were still experiencing "substantial" volumes of sales in the third quarter, with levels higher than in the same period a year ago, despite the demand restrictions of May 5.

This trend was expected to continue for the remainder of the year, albeit at lower growth rates.

Pressure

BER researcher Murray Pellissier said in a statement he expected the rate of increase in new orders placed for the rest of the year to "taper off" as the economy moved into the early stages of the cyclical downturn.

According to the BER, while there are signs of an easing of the pressure on production activity, more manufacturers experienced higher levels of production than anticipated during the previous survey.

Expectations are that the rate of increase in the volume of production will remain the same during the fourth quarter.

Manufacturers appeared to have already discounted the expected decline in demand by timely production planning and scheduling, with respondents expecting to lower production by laying off factory workers and reducing employment levels.

The survey — conducted prior to the September 6 election — also found that manufacturers' perceptions on issues such as sanctions and political policies causing business constraints had not changed dramatically since the previous survey, despite the "tension-filled" pre-election period.

The BER said the longer term influence of sanctions was reflected in manufacturers' expectations of increasing both their exports and imports over the next year, although at a somewhat slower rate.

Annual report ends years of Safren company silence

B/Day 26/9/89.

LESLEY LAMBERT

CAPE TOWN — Safren has broken with tradition in its newly released annual report, to provide a five-year breakdown of its diverse operating company's individual contributions to bottom-line profits.

The disclosure suggests a change in attitude from past years when the giant parent of Safmarine, Rennies (75%) and Kersaf (76%) disclosed as little information as possible about its separtate companies, largely because of the sensitivity of its international shipping operations.

The break-down shows that wholly-owned shipping company Safmarine contributed R1 568,5m, or 41,2%, to turnover for the year to June 1989, leisure group Kersaf R1 309,1m (34,5%) and freight and transport company Rennies R855,8m (22,5%).

But, while Kersaf achieved more operating profit from its turnover, contributing 51,2% to an operating profit of R779,4m, Safmarine moved ahead of it at the bottom-line, contributing 43,8% to taxed earnings of R213,1m against Kersaf's marginally improved 41,1% contribution.

Safren chairman and CE, George Alastair Macmillan, confirmed in his statement that Safmarine had had an excellent year with the development of trading opportunities outside the core SA operations contributing substantially to the improvement.

He said plans to establish an operating base in Switzerland had been completed and that the company continued to expand its activities in the international shipping field.

With the planned unification of the European Community coming up in 1992, Macmillan said management was concentrating its efforts on ensuring that Safren remained at the forefront in the transport of cargo to and from Europe.

Dampening

Internationally, he said all trade routes were experiencing strong competition. But, the charter market had managed to hold its ground with the result that freight rates had increased and were expected to maintain higher levels in the year ahead.

A strong performance by Rennies had been offset by a higher tax rate which had reduced growth in attributable earnings.

While both companies benefitted from an increase in imports during most of the period under review, higher duties and surcharges began dampening demand and reducing volumes during the final quarter. Macmillan warned that this trend was expected to continue, slowing Safren's growth during the current year.

Safren is import sensitive. The imported goods it ships tend to be of a higher value-added secondary and tertiary nature than the lower value primary products it exports.

This means it thrives in economic upswings when imports are stronger and will rely on its international bases to assist in ironing out problems related to the cyclicality of the domestic economy.

● MACMILLAN

Macmillan said the group's investment in the leisure sector through Kersaf had achieved another set of record results. However, while the rapid expansion of the past few years was expected to continue, Kersaf's earnings growth was expected to slow down if trading conditions were affected by restrictive monetary and fiscal measures already introduced.

"The next 12 months are not going to be easy for the SA economy," Macmillan said in his statement.

Fire-damaged Matus & Co moves in with Tarry

TERRY WILKINS

THE directors of tool whosesaler Matus & Company have assured the market of continued supplies and "minimum delay in deliveries" following the fire which destroyed the company's premises in Hardy Street, Johannesburg, on Saturday, together with stock amounting to R5m.

Local suppliers have rallied round and the company is importing large consignments by air. B/Day 26/9/89

Matus is in the process of being acquired by major tool wholesaler the Tarry group, which is part of the FSI group, subject to certain conditions being fulfilled.

(30).

The directors have decided to merge the two operations in Johannesburg and will immediately trade as Matus out of the Tarry complex in Eloff Street Extension. Tarry MD Lindsay Ralphs was optimistic that a much larger Matus would be effectively operating soon.

Boycott begins to bite in retail sector

B/Day
26/9/89

SIPHO NGCOBO and ALAN FINE

(30)

THE trade-union backed consumer boycott of white-owned businesses, designed as a protest against the Labour Relations Act, was beginning to affect major retail stores, leading retailers said yesterday.

Stores that confirmed they were beginning to feel the effects of the boycott included Pick 'n Pay, Checkers, Dion and the Edgars Group.

Employer organisations and Cosatu and Nactu said the impact of the simultaneous call for an indefinite, national overtime ban was still being assessed.

At least one company has won an Industrial Court interdict against the ban, while other applications may be in the pipeline.

Cosatu Witwatersrand regional secretary Ariel Mabalane said it had been decided the boycott on the Reef would continue for an extra seven days beyond the scheduled two weeks. He added it had been decided to defy interdicts granted against the overtime ban.

Pick 'n Pay chairman Raymond Ackerman said the effect of the consumer boycott varied from slight to medium. Staff purchasing had dropped in a lot of areas and customer purchasing in some. He was unable to give figures of turnover losses.

Checkers MD Clive Weil said the effects of the boycott were noticeable only in East London and other eastern Cape areas. He said it was contrary to Checkers policy to divulge statistics.

Dion MD Jannie Els said his company's stores suffered an overall 10% loss in turnover on Friday and Saturday when the boycott began. He said he would be in a position to give yesterday's figures today.

Edgars Group MD Vic Hammond, whose group of stores includes Sales House and Jet, said the consumer boycott was noticeable in the Johannesburg CBD. "I do not have figures yet but from the look of things some people are adhering to the boycott. I was in the Johannesburg CBD on Saturday

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Boycott

(30)

B/Day
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and noticed that it was empty."

Meanwhile, East London's CBD Association chairman Frank Bishop said his organisation was still prepared to negotiate with the boycott planners but said the task was almost impossible since the planners were faceless.

"Wanting a meeting with these guys is like wanting a meeting with God. Just like God, they do not have telephone numbers nor offices where they could be contacted," said Bishop.

Spokesmen for the FCI and Seifsa said they were still awaiting reports from members on the extent of the overtime ban. And Cosatu and Nactu officials said they were awaiting feedback from their regions and affiliates.

Transvaal Mattress was granted an interdict last week against the Paper, Printing Wood and Allied Workers' Union.

Industrial Court spokesmen said another four notices had been received in respect of urgent applications against overtime bans. However, these had not been carried through and it was possible the matters had been settled out of court.

Specialty Stores set for consistent growth

30

B/Day 27/9/89.

SYLVIA DU PLESSIS

RETAIL group Specialty Stores looks set to maintain its four-year record of posting consistently improved earnings after achieving a 58% increase in attributable profit in the six months to August.

Healthy trading from the major chains in the group — restructured earlier this year when it acquired all the assets of its holding company Storeco and became the operating arm of the group — saw turnover climb 28% to R76,3m.

Even more impressive is the increase in operating income before interest, which surged 49% to R8,1m.

Gearing low

This compares with the pro forma R5,5m recorded in the same period last year.

Following the R17m raised earlier in the year by way of a rights issue, gearing is low at 15% and the interest bill has risen a marginal 12% to R1,1m.

After taxation and associated charges of R3,5m (R2,2m), attributable income amounted to R3,5m (R2,2m), and earnings a share are 25% up at 26,6c from 21,3c on an increase in the number of shares in issue.

The group, which forecast total dividends of not less than 24c for the year, has declared an interim dividend of 8,5c a share.

Specialty joint MDs Stewart Cohen and Laurie Chiappini

Joint MD Stewart Cohen said both major operations in the group, Milady's and The Hub, traded well with good turnover and profit growth.

He said Milady's had acquired the Millews operation in Pretoria, and this, coupled with the five new stores opened in the current year and another five planned, would lift the number of outlets in the chain to 141 by year end.

Expansion was also in the pipeline for The Hub and Mr Price — one of Specialty's two cash concept operations.

Earnings

Both Cohen and joint MD Laurie Chiappini predict more dificult trading conditions in the second half of the year but are confident that Specialty is well-positioned to maintain its record of profitable growth.

Holding company Storeco, which has a 63,2% interest in Specialty, has posted earnings of 42,4c a share in its first reporting period since it became the pyramid holding company of Specialty.

An interim dividend of 17c a share has been declared — the same as last year in spite of the dilution of Storeco's investment in Specialty.

CALL-TIMES 27/9/89 (30)

Specialty profits up

SPECIALTY Stores, which owns the Milady's fashionwear chain and The Hub, achieved a 58% increase in attributable profit for the six months to August 31, 1989.

Specialty's turnover climbed 28% to R76,3m but the major achievement was the 49% improvement in operating income before interest.

This amounted to R8,182m (R5,478m) and with the group having had the foresight earlier this year to restructure, raising R17m by way of a rights issue, the group's gearing is low at only 15% and interest paid rose a mere 12% to R1,146m.

After taxation and associated charges, attributable income was 58% higher at R3,51m (R2,219m).

Because of the rights offer the number of shares in issue has increased which has the effect of reducing the rate of increase in earnings to 25%.

Earnings per share at 26,6c, however, compare well with last year's 21,3c on the smaller share capital.

Specialty has declared an interim dividend of 8,5c a share, putting the group well on its way to achieving the dividend of not less than 24c a share for the year forecast in the 1989 annual report.

With effect from March 1, Specialty acquired all the assets of its holding company Storeco, and has now become the operating arm of the group.

Govt scraps trade mark bill

THE Government has dropped a highly controversial bill which would have allowed SA companies to continue using the trade mark and other immaterial property rights of parent companies which had disinvested or severed ties with the Republic.

A Spokesman for the Department of Trade and Industry confirmed yesterday that the Protection of Business Amendment Bill had been scrapped.

E Cape boycott affecting many white stores

By Jacqueline Myburgh

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Retailers in parts of the Eastern Cape are beginning to feel the effects of the consumer action promoted by Cosatu and the Mass Democratic Movement.

The action, which began last Thursday, was called in protest at the Labour Relations Act and is due to run until October 6, except in the Western Cape where the protest will run from October 7 to 20.

It seems the "nationwide" action is chiefly affecting the Eastern Cape and Border area.

Major chain stores in Queenstown, King William's Town and East London reported that black customers were shopping in Bisho in the Ciskei or buying groceries from traders in the townships.

~~[illegible]~~A

Star 27/9/89

LAY—BY SYSTEM

Blacks still came into some shops, such as Ackermans in King William's Town, but the manager said none bought any goods because they were afraid. Mrs Genny Birkholtz said some black customers had bought articles on a lay-by system and would collect them once the action was over.

Some blacks did shop at Clicks in Queenstown, the manager said, but they all removed the price and other identifying tickets before they left the store.

No intimidation of shoppers has been reported in the towns, but in Stutterheim one trader said children were checking people's parcels before they entered the townships.

He said white and black traders outside the town were being supported.

Black traders are having to cope with more customers than usual. One such trader complained of increased theft in his store because of the large number of people shopping there.

Boycott

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THE Pretoria Standing for the Truth campaign committee has endorsed the call by Workers' Summit for a consumer boycott.

Sowetan 27/9/89.

The Cosatu-organised boycott, which started on September 22, will continue until October 6.

The Pretoria Standing for the Truth campaign said in a statement: "We see this as the only peaceful means available for the majority of South Africans to register their lack of voice."

It's my business

By THAMI MAZWAI

30

Entrepreneurs need more than crumbs

Sowetan 28/9/89

IN line with his promise of a fair dispensation, which among other things means economic fairness, President FW de Klerk should give the drive for black economic empowerment a massive boost by giving sizeable Government contracts to black entrepreneurs.

Several years ago a delegation from Nafcoc petitioned the Government to set aside a percentage of contracts for black contractors.

They cited the case of the Unites States' affirmative action programme for disadvantaged communities.

Nafcoc was told this was being considered very positively.

Now, more than five years later, a school is being built in Kwa Thema right behind the industrial park. Hardly a cent of business has been given to the entrepreneurs in the park.

When this practice is questioned we are always told that contracts are allocated on a non-racial basis. The best tender gets the job.

This is baloney. Take Giant Blackpool and pit them against the England side Liverpool - you will see the worst massacre in soccer. Likewise when black entrepreneurs tender for contracts they do not have a ghost of a chance against white industrialists.

Black traders have always had their hands tied behind their backs. The Government has passed vicious laws that barred them from the manufacturing sector, from forming partnerships and companies in the urban areas. This left them underdeveloped.

White business, instead of coming to the defence of its black counterpart, took advantage and black business was virtually paralysed.

That is why the opening of white central business districts to black entrepreneurs has not meant anything.

Many of the black businesses that moved into the CBDs were not fully developed and at a disadvantage against white businesses with greater resources and experience. Consumers continue to buy from white shops. What has then been achieved?

For the black entrepreneur to regain lost ground he needs plenty of jobs, not crumbs from the master's table.

Researchers say blacks spend more than 60 percent of their income in white areas. The remaining 40 percent includes rent, electricity, water and transport. The township entrepreneur gets a teenie-weenie two to 10 percent at most.

Government purchases are the injection needed to vitalise black business. In any case government spending, as John Maynard Keynes has stated, is one of the weapons used to regulate the economy.

If at least 20 percent of Government contracts went to blacks or a condition of all Government contracts was that 20 percent of the subcontracting went to blacks or companies wholly controlled by them, black business would be revitalised and it would begin to grow.

One of the reasons for the rise of Afrikaner business houses, today major institutions in the economy, was that the Government showered them with lucrative contracts - at times even when there were cheaper tenders from English competition.

Why can't De Klerk do the same for black business?

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Clothing giant expands

(30)

Sowetan 28/9/89

SOWETO businessman Reggie Hlongwane has linked up with Pep Stores, one of the country's giants in the retail clothing industry, for control of the black market.

Their new company, Pep Reef, now has outlets in Vosloorus, Tembisa, KwaThema and Katlehong. The fifth is being opened in Khayalitsha, Cape Town, today. Within the next year three more will be opened in Daveyton, Protea North and Sebokeng.

"Once negotiations have been completed with the various authorities, it will be all systems go," Hlongwane said this week.

The future looks promising for Pep Reef According to an unaudited income statement for the first five months ended on July 28 1989, profit before interest was R81 824. Net profit was R56 541 compared with a budgeted profit of R86487 (after interest and before tax) for the 1989/90 financial year.

Healthy turnover

Hlongwane started the firs Pep store in Vosloorus when he went into partnership with Pep Stores, whose holding company, Pepkor, is among the country's Top 100 companies according to this year's analysis by the *Financial Mail*.

After a healthy turnover and profits Pep and Hlongwane decided it was time to take over the market completely. Other outlets in Tembisa and Katlehong followed, and the fourth opened last month in Atteridgeville.

When they decided to expand their relationship was altered and Hlongwane looked around for black investors to ensure that the majority of shares remained in black hands. Pep Reef as an associate company of Pep Store, was launched in November 1987. Pep has a 49 percent stake and blacks will hold the 51 percent majority.

Reggie Hlongwane

Management

Among those involved in Pep Reef are Ben Motloung and Solly Sebotsa, two prominent East Rand businessmen.

Pep also has a management contract which will expire in five years time. It was signed six weeks ago and the fee is six percent of turnover if there is a profit.

According to the contract, Pep is responsible for purchasing, national advertising, accounting, personnel and administration. All existing outlets are managed by blacks.

The new company is registered and registration of the prospectus should be finalised this week or early next week. The black community will then be invited to take up the remaining 337000 shares on offer.

One million shares priced at R1 have been declared, of which Pep holds 490000. The black consortium holds 173000.

Star 28/9/89.

30

Cafe owners worry about their safety

By Jacqueline Myburgh

Johannesburg cafe owners are becoming increasingly anxious about their safety, following the most recent attack when the owner of a Jeppe Street cafe was shot on Friday morning.

Mr Frank Swarbreck, executive director of the Catering, Restaurant and Tearoom Association, said the unusual hours of work which cafe owners kept, and because most of their sales were cash, made them prime targets for hold-ups.

But Friday's 3 am shooting at the Bonanza food shop remains a mystery as police investigate why owner Mr Basil Christodoulou was shot in the chest.

Business premises

This month, a Westdene cafe owner was shot and killed at his business premises before thieves escaped with only R50.

Mr Swarbreck said there was considerable concern among cafe owners about their safety, and hold-ups were not the only danger as a Pretoria cafe owner discovered last year when a limpet mine exploded in his stand of potato crisps.

"It takes a long time to recover after such an attack and for a while some victims sell their businesses, but they come back because they have to live," he said.

Mr Swarbreck said the best method of securing owners' safety was the police Business Watch system. But currently uniformed policemen patrol an area in the Johannesburg CBD during normal business hours only, which meant cafe owners were not protected late at night.

Major S C de Wet of the SAP said although the safety of cafe owners was of concern, the police lacked the manpower to extend the hours of Business Watch.

Assocom's security committee also felt the security in cafes warranted attention and the vice-chairman, Mr Gerald Heine, said the matter would be on the agenda at the next committee meeting.

Although most cafe owners had hand guns on the property, these weapons were rarely at hand when a hold-up occurred, Mr Swarbreck said. It was essential that they took additional steps to defend and protect themselves and their property.

Devices such as the Stun Gun and Stun Suitcase, for example, caused a stunning shock if activated, and an infra-red button worn around the neck set off sirens in the cafe when someone came too close to the wearer.

Boycotters 'being cheated' (30)

B/Day 28/9/89

SIPHO NGCOBO

BLACK consumers yesterday claimed they were being ripped off by Soweto shop and supermarket owners since the start of the trade union-backed consumer boycott of white-owned businesses last Friday.

Consumers say the rip-offs have taken the form of price increases of up to 33% per commodity in less than a week of the boycott.

At one of the main supermarkets in the township, a war of words allegedly erupted between an official of the Media Workers Association of South Africa (Mwasa) and the store's floor manager last Saturday over price hikes.

The Mwasa official told Business Day he went to buy groceries at the store last Saturday, a day after the start of the boycott, and found prices had rocketed.

He said meat (beef) had gone up from R7,49 per kilogram to R9,99 while mutton had been upped from R10,50 to R13,50 — increases of 33% and 28,6% respectively.

He said two litres of fresh milk had increased from R2,79 to R3,07 — an increase of about 10%.

He said 2kg of powdered soap that was R6,89 had increased to R7,19 — an increase of about 4%.

"I was forced to give up buying other items as I could not afford them," he said.

The supermarket owner denied he was exploiting the boycott situation and said he had never looked at the boycott as a

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Boycott

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(30)

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chance to amass profits.

"I am a black man and a man of the people and I know the suffering of a black man. For those reasons I can never do a thing like that. If there have been any price increases, they have probably been based on prices of suppliers," said the businessman.

A prominent Soweto businessman, Truman Mnguni, said it had become the usual practice of Soweto businessmen to increase their prices whenever there was a consumer boycott.

He said: "It is wrong of these people to exploit the consumer boycott situation. These are the types of people who look at short-term business gains rather than long-term ones."

He said the upping of prices only helped to leave a bad impression on one's business.

● See Page 3

Gold steady in dollar watching

B/Day 28/9/89

LONDON — Gold ended steady in London at $368,00/50 after another day "dollar watching" as central banks throughout the world intervened for the third successive day to stem any rise in the US currency.

At one stage the metal touched an eight week high of $370,25 compared with Tuesday's $367,75 close.

On the JSE the strong gold price and weaker dollar gave impetus to gold shares, reports Charlotte Mathews.

Overseas interest in SA gold shares was evident, dealers said, and added there were more buyers than sellers in the market. The all gold index reached a new 12-month high of 1 710, 11 points above the peak of 1 699 recorded at the beginning of August.

On the currency market the rand closed firmer ending at R2,7138 to the dollar versus Tuesday's R2,7523 close, but except for a recovery against the weaker pound from Tuesday's lows, made little or no headway against other leading currencies despite some Reserve Bank support.

The financial rand held steady at R4,00/04 to the dollar.

Other closing rates were: £4,3840 from Tuesday's £4,4192; DM0,6908 from DM0,6938.

In London persistent central bank intervention for a third consecutive day subdued the dollar, while sterling fell more than two pfennigs in spite of repeated Bank of England efforts to hold it up.

The dollar closed at 1.8810/20 marks, down from an opening 1.8825/35 and Tuesday's closing 1.8880/90.

The dollar fell more than 1-1/2 yen, closing at 140.40/50 yen against 141.20/30 at today's opening and 141.95/142.05 at Tuesday's finish. — Reuter.

● See Page 7

Graphic: FIONA KRISCH Source: REUTERS

(30)

28 SEPT - 4 OCT 89.

Consumer boycott: Call for discipline

By CHIARA CARTER

THE Mass Democratic Movement (MDM) in the Western Cape has appealed for "absolute discipline" in the consumer boycott due to begin in the region on October 7.

The call is part of an attempt by the MDM to avoid problems which occurred with previous consumer boycotts.

These included gangsters using boycotts as an excuse to rob and attack people, conflict between youth and elders resulting in the emergence of vigilante groups and boycotts floundering because people had nowhere to shop.

A pamphlet issued by the MDM said the boycott should be explained to people and that no force should be used to enforce the protest.

The pamphlet also appealed to people not to attack trucks. It said that the use of violence would merely give "the criminal element an opportunity to take over".

The MDM has established committees in different parts of the region to ensure that no intimidation takes place.

Meanwhile, community organisations have been meeting with local shopowners who have been asked not to push up their prices.

Unlike the rest of the country, the Western Cape boycott is not aimed at all white shops but is targetted against specific companies which have used the Labour Relations Amendment to lock out or dismiss workers, companies which have victimised workers for staying away on September 5-6 and those regarded as "union bashers", an MDM spokesperson said.

The spokesperson said the boycott was scheduled to last until October 20 when it would be "reassessed".

The starting date for the boycott is later than other areas of the country where the boycott began last Friday.

Postpone

The only area in the Western Cape where the boycott has already begun is Paarl.

An MDM spokesperson said organisations in the region decided to postpone the starting date to enable them to mobilise effectively.

He said the boycott was intended to take the defiance campaign to "another level" and to help build organisation in the region.

The MDM has said that if companies do not wish to be targeted they should publicly give a written undertaking that they would not apply the LRA against workers, ask the government to scrap it, recognise democratic unions, pay workers a living wage, stop rises in the price of basic foodstuffs and withdraw disciplinary proceedings against workers who stayed away on September 5-6.

The MDM is also demanding that companies support the call for an independent commission of inquiry into the conduct of the police in Cape Town on September 6 and that they put pressure on the government to free all political prisoners, lift the state of emergency and abolish the death penalty.

The MDM also wants employers to place pressure on the Cape Town City Council and the government to provide people with housing, drop rent arrears and stop cutting electricity and water.

CAPE TIMES 28/9/89 30

White consumers losing confidence

By AUDREY D'ANGELO
Financial Editor

WHITE consumers are steadily losing confidence in the outlook for the economy in the short term. But black consumers are becoming more confident.

These are the findings of the latest report from the Stellenbosch Bureau for Economic Research (BER).

However, BER director Ockie Stuart said he thought black perceptions were based on the fact that most of those taking part in the survey were "employed in the manufacturing industries, which were buoyant at that time."

The report says wholesalers experienced keen demand in the third quarter but expect it to drop off now.

Retailers expect prices to rise more rapidly in the fourth quarter, and say business conditions have deteriorated and will worsen.

Motor dealers expect demand for new vehicles to slacken, but sales of spare parts to rise.

An apparent contradiction in the report is that white consumers expect to be better off in the coming year, in spite of the worsening of the economy.

But, pointing out that the report also shows that these people consider this a bad time to buy high-priced goods, the BER says:"It appears as if the expected improvement in consumer finances could be a function of cutbacks on spending rather than an expectation of higher incomes."

The consumer survey was carried out for BER by Market Research Africa, and is based on home visits to people in different income groups during July and August.

Wholesalers reported that the volume of sales in the third quarter exceeded those a year ago.

But "these buoyant conditions — which are expected to continue throughout the fourth quarter — are mainly due to a keen demand for non-consumer goods. In particular, the demand for raw materials, machinery and equipment was keen in the agricultural sector.

"The demand for building materials and hardware was actually weaker than a year ago."

Sales of certain consumer goods, particularly in the non-durable sector, were also good.

"As a result of the keen demand, the net majority of the respondents placed more orders than a year ago — but they expect to place fewer orders during the fourth quarter. The implication is that demand will, in their view, slacken towards year-end."

And some wholesalers found their stock level already too high in relation to anticipated demand. "This was particularly noticeable in the building and hardware sector — underscoring once more that conditions in the building sector are sluggish."

The report continues:"The furniture and electrical appliances sectors were particularly unhappy regarding business conditions. As far as the future is concerned, our respondents said that business conditions would deteriorate over a wide front during the fourth quarter."

Union action off to slow start

By CASSANDRA MOODLEY

THE nationwide consumer boycott and overtime ban launched by unions last weekend made a slow start in most parts of the country this week, except in the Eastern Cape where there was a reported 90 percent drop in sales figures.

The launch of the boycott and an overtime ban followed a resolution passed at the workers' summit last month to protest against the Labour Relations Act.

The campaign appeared to get off to a patchy start this week but was given a boost when the appellate division of the supreme court in Bloemfontein ruled that the overtime ban was a legitimate form of industrial action. The decision was the outcome of a lengthy legal dispute between the Food and Allied Workers' Union (Fawu) and SA Breweries.

Most unions were still assessing the success of the overtime ban and the consumer boycott. However, the Chemical Workers Industrial Union reported successful implementation of overtime bans in the Eastern Cape, Transvaal and the Western Cape.

In the paper industry, the Paper, Printing Wood and Allied Workers' Union (Ppwawu) said the overtime ban was strongest on the Witwatersrand and in the Eastern Cape.

On the Highveld the National Union of Metal Workers of South Africa has successfully implemented bans at all organised plants except for Highveld Steel and Ferrometals, where workers have to work continuous three- cycle shifts.

A Nactu representative said employers in Potchefstroom and Klerksdorp visited union offices on Tuesday to establish why workers were not doing their overtime shifts.

Nactu affiliates in the metal, chemical, construction and food industries have been threatened with interdicts against the holding of overtime bans.

The Federated Chamber of Industries (FCI) said that according to reports from eight regional chambers and 50 companies, employers had little difficulty getting employees to work overtime. The overtime bans were partly effective only where there was a strong union presence.

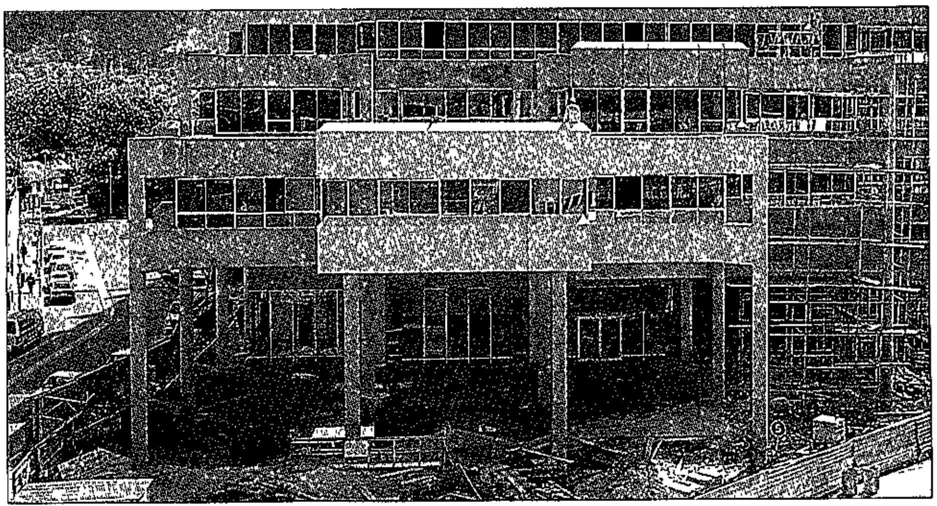
The Associated Chamber of Commerce (Assocom) reiterated that the consumer boycott had made no drastic effect on retail sales — but said it had not yet received a full report from all regions.

Assocom's Bill Lacey said that last Saturday a 30 percent drop in sales was recorded in Pretoria.

"This could have been related to the planned marches and the fact that streets were closed to the public," he added.

(30) Wmail 29/9 – 5/10/89.

(30) Fmail 29/9/89.



Sanlam's Sanclare project ... nearing completion

CLAREMONT (30) Fmail 29/9/8

Suburban success

Claremont's meteoric rise as Cape Town's major centre of suburban development continues. The CBD now boasts 400 000 m² of commercial floor area — nearly 80% of the total allowed in terms of the zoning scheme and double the 1983 figure.

Two main factors have contributed to this: Claremont's outstanding location in the heart of the affluent southern suburbs and work done by the council to attract development.

Its buoyancy is emphasised by two large developments now nearing completion and the announcement of two others to follow.

The largest is the R70m Atrium development on the underdeveloped east side of Main Road. The 6 500 m² site, bounded by Stegmann, Main and Roscommon roads and the railway line, is being developed by Proclare, a partnership between Syfrets and Pro-Gro. It will comprise 67 shops covering 12 000 m², restaurants and cinemas and 8 500 m² of A-grade offices in an adjoining five-storey tower which is scheduled for hand-over in November 1990.

The project is considered a breakthrough because parking and access problems ensured that most of Claremont's development took place on the other side of Main Road. These problems have now largely been solved. The Atrium offers 800 on-site parking bays and agreement has finally been reached to build an access road on the railway side of Main Road. The road is so fundamental to the scheme that developers have taken the unusual step of giving the council a sum towards funding it so work can proceed without waiting for provincial approval.

Pro-Gro's Ron Finger claims it will be comparable with Sandton's Hyde Park shopping centre but better finished. It is "aspirational" and aimed at "niche-shoppers" — not just another centre with all the majors.

Norwich Life has announced plans to proceed with the second phase of its head office on the other side of Main Road,

The R13m development, due to start in a few months and for completion by the end of next year, will include three floors of parking and six floors of offices. Altogether, 115 parking bays and 4 800 m² of offices will be provided, some of which Norwich will occupy.

Two developments nearing completion are the R44m Sanclare (Sanlam) project and R17,5m Woolworths flagship store. Sanclare, due for completion on November 1, includes 18 800 m² of offices and 850 m² of retail space. The building is 50% let with Sanlam, Trust Bank, Nissan and Lintas as the main tenants. Sanlam's Anton Mans says rentals are R25/m² and upwards with escalations starting at 12%.

Just how lucrative Claremont is as a retail centre is demonstrated by the Woolworths development. Its new store will be 5 300 m² — an increase of nearly 50% on its existing one. This makes it the second largest Woolworths in the country after Eastgate in Bedfordview.

In all these projects a key role has been played by the council's inter-departmental development co-ordination team. The incentives offered to developers should ensure private sector profits — with some benefits to the public sector. The latter will be through the provision of significantly more public parking, aesthetically pleasing developments and an enhanced rates base.

The perception of being a developer-friendly municipality is also invaluable to the city. If Ron Finger's comment: "Cape Town municipality is unbelievable to work with" is anything to go by, more development should follow. ■

Adspend by top 48 nears half-billion

(30) Star 30/9/89

CHRIS MOERDYK

LAST year South Africa's top 48 advertisers spent almost half a billion rand promoting their products.

They also produced a total of 204 new television commercials at a cost of R47 million or R230 000 each.

In a study of advertising expenditure trends by the country's top advertisers, local research company Markinor found that only 40 percent had spent less than R150 000 on their last TV commercial. It is believed that some of the commercials produced last year cost in excess of R2 million.

Said a spokesman for Markinor: "When this total amount spent on TV production, based just on the top advertisers, is compared with the total expenditure on television advertising — R400 million in 1988 — the production cost of telelvision commercials probably represents about 25 percent of the television advertising expenditure."

The total annual above-the-line advertising expenditure of the companies included in this research was R443 million in 1988, and their spend represents 34 percent of the total above-the-line expenditure as recorded by Adindex.

Markinor added: "The number and cost of new commercials is very different between retailers and other advertisers. Among the retailers we interviewed, the average number of new commercials made in the past year was 50 at an average cost of R18 000 per commercial.

"Forty-two percent of these television advertisers had not done research on these new commercials. The main reasons cited by those who had not tested these commercials were that the new commercial used a concept that had been used before, that it was an adaptation of a previous campaign, or that the previous campaign had been researched. About a quarter of those who had not tested the campaign felt that research was not helpful or that they could trust their own judgment.

"Given the high cost of production and airtime, these people may not be getting the best value from this investment."

Belly blow by Woolworths

S/Times 1/10/89. ㉚

By Ian Smith

Goodies in store ... Syd Muller and product demonstrator Linda Dinkelman

THE up-market Woolworths chain is attacking Big Three supermarkets Checkers, OK Bazaars and Pick 'n Pay right where margins are tightest — food lines.

After a year in which Woolworths turnover topped R1-billion for the first time, the group is opening a chain of stand-alone food markets.

The first opened this week in Pretoria. The second opens at Johannesburg's Bruma Lake before Christmas, two more are scheduled for the Johannesburg area in the first quarter of next year and another is due in Rivonia late next year.

Managing director Syd Muller says: "We are still in the market for sites."

It is a significant break for Woolworths which has traditionally had relatively small food departments carrying mainly premium house brands in its general shops.

Food and household lines have provided about 30% of turnover. Mr Muller does not believe the bigger exposure to tough competition in food will affect the group after the benefits of higher turnover.

The Pretoria launch, which gives the group 76 shops, came after two years of research and planning.

"We have invested heavily in infrastructure, particularly the sophisticated cold chain and transit system needed for this type of food retailing.

"We have honed our systems, allowing us to give good value for money."

The group's agreements with smaller suppliers have led to a much wider range of lines

"We have set the standard for top-quality convenience foods and we will continue to lead the market."

Mr Muller says the intention is to enable customers to do almost all their household shopping in the group.

"Cut t

Small Business Week
A Business Times Survey October 1, 1989

S/Times 1/10/89

Red tape still bars the way to free enterprise

30


IAN HETHERINGTON ... even legal is illegal

By Robyn Chalmers

THE commitment of the authorities to deregulation has been well publicised, but huge barriers still stand in the way of would-be entrepreneurs.

Many small businesses are thwarted by red tape. One of those pushing for speedier deregulation is Sunnyside Group, a lobby of 40 agencies promoting small enterprise.

Gwynne Main, spokesman for the group, believes SA has yet to realise the dynamic potential and job-creating ability of its small business sector.

She says the reason is simple — small business is so regulated that it is stifled before it even starts. When it does get going, it is squashed, stamped on, fined and sometimes forced out of existance.

Engine

Although she welcomes the recent proclamation on licensing laws whereby only food will require a licence, she says many regulations still need to be overhauled.

"The informal sector has been subjected to a host of constraints — more so than normal business. Yet small business is the engine of job creation.

"In Britian between 1979 and 1987 the number of self-employed people rose from 1,9-million to 2,9-million."

Resilience

Small Business Week aims to get SA talking, learning and moving to acknowledgement of the importance of small business and opening opportunities for entrepreneurs.

In addition, it will link big business with small, change attitudes to small business and generate interest, excitement and opportunities for potential and existing entrepreneurs.

Miss Main says testimony to the resilience, determination and sheer survival instincts of small business is the fact that across the board the operators are quietly working away and creating jobs.

"These imaginative entrepreneurs exist in one of the most over-regulated societies on earth. An economic professor once said that SA has more laws than Russia

"Many of these businesses operated illegally. Anglo American in all likehood is illegal because it does not know all the laws it should comply with.

"The renaissance of small business is only possible in a free, just and peaceful society."

Leon Louw of the Free Market Foundation has repeatedly criticised the authorities for the fact that SA has the most over-regulated retail and commerical sectors outside the communist bloc.

His reasoning is that a deregulated economy is more likely to promote a more rapidly expanding economy. Taiwan has a completely deregulated economy and its size doubled in seven years.

He pinpoints three areas in urgent need of deregulation — licensing, health and building codes. In addition, he believes the apartheid laws need special attention.

Job Creation SA managing director Ian Hetherington says there are so many laws and regulations that free enterprise has become illegal. He says it is impossible for anyone to comply with all the regulations because nobody could know them all.

The result is that people are forced into the informal sector to survive, and must do so illegally. Not only this, but they are denied cash, suitable premises and numerous other things that are the privilege of so-called legal organisations.

Initiative

Consultant Taka Mashako says the free-market system entitles an individual to open any business of his choice and to compete in the market with little or no interference from the authorities.

Limitations and control of business activity inhibit competition and are inconsistent with the free market.

"It is worth noting that the initiative taken by the Lebowa Government in building market stalls throughout the country at strategic corners has created jobs for hundreds.

"Unemployment is at a crisis level. This is both a cause and a consequence of low economic growth. Deregulation should thus be seen as an answer to this problem."

A shove over the hurdles

THAT there has been a resurgence in the spirit of entrepreneurship in South Africa is beyond doubt.

Not that it is a sudden happening — it is more a process fuelled by inflation and a general desire to maintain an acceptable standard of living.

There are many reasons why individuals start a business. Some find it a last avenue for survival; others, almost disregarding the financial potential, discover fulfilment in personal achievement.

There was a time when the entrepreneur was considered something of a rarity. 30

Products

S/Times 1/10/89

Perhaps strict definitions may divide entrepreneur from small businessman, but in SA it has become customary to use the terms as meaning the same thing.

The truth is that one need not be endowed with all the listed characteristics of entrepreneurship tb be granted membership to the club, but it helps if innovation, enthusiasm, drive and determination, perserverance and commitment to enterprise, among others, are present.

In the past eight years, the Standard Bank's Small Business Development and Advisory Department (SBDAD) has accumulated a great deal of information about the challenges facing entrepreneurs.

Although its managers deal face-to-face with clients, the department has also concentrated on developing a variety of products to meet their needs.

SBDAD product development manager Malcolm Meintjes says the department has launched a video-booklet package.

The package isolates some of the more common pitfalls encountered in starting a business, even from home, and makes suggestions on how to minimise the risk elements.

"The video runs for 90 minutes, and is presented in an entertaining style. The accompanying booklet deals in more detail with matters such as start-up options, planning, marketing, legal business entities, sources of finance and control."

On the more formal side of business, the bank offers Business Problem Solvers — 10 booklets on important topics, such as working capital management, costing and pricing and the cycles of one's business.

Mr Meintjes says the information complements the video package, although it is more in depth.

For the smaller business, a simplified computer cash-flow model designed for use on Lotus 1-2-3 is available for those who find the engineering of planning a bind.

The seeds of success

S/Times 1/10/89

THE Small Business Development Corporation stresses that it is not the sole organiser of Small Business Week, but it is a primary one.

The week was conceived at SBDC head office as a result of the success of a similar venture in Canada.

The SBDC was launched in 1981 with a cap[illegible]f less than the cost of one Boeing 747 — R172-million.

It has since become the largest property developer in black townships and other destitute areas, created more than 200 000 jobs and put about 22 000 people in business. 30

Hardware wholesaler hit by hard times

(30)

BRENT MELVILLE

INDUSTRIAL hardware wholesaler and distributor Spectrum had heart-wrenching results for the half-year to end-June.

With disappointing performances by recent acquisitions operating profits dropped 25,8% to R805 000 (R1,1m) on a turnover rise of 34% — reflecting operating margins of 7% (12,7%).

The interest charge leapt by R761 000 (R242 000). Directors hope to reduce borrowings, though this is not likely during the current financial year.

Earnings dwindled to 0,4c (4,6c) a share while net tangible asset value increased to 35,4c (29,7c) due to the R172 801 cash purchase of Titan Tool & Hardware — not reflected in the books.

In an attempt to turn the group around, directors have sold generator division SA Industrial for R800 000 cash. The sale of its Boksburg premises is under consideration.

Directors expect improvement by concentrating on core business.

B/Day 2/10/89

onday October 2, 1989

Turfloop meals firm quits

Sowetan 2/10/89

By MATHATHA TSEDU

STUDENTS at the University of the North scored another major victory with the announcement that Fedics Catering would leave campus this weekend.

A univeristy spokesman said the Fedics contract would be terminated from the end of September by mutual agreement of both parties.

It is not yet clear when a new catering company will come in. Meanwhile students are preparing their own food in the rooms filling hostel corridors with a variety of aromas.

The university statement said management and the student representative council were "urgently seeking for ways to provide catering for the rest of the year. Documentation for a new catering service for 1990 is presently being drawn up," the statement said.

Fedics, which has provided catering for a number of years, became the centre of controversy after the introduction of the coupon system in 1986 by which students only paid for meals booked for and taken.

Students said the company was providing second rate food at exorbitant prices and in July this year launched a total boycott of dining halls. The boycott is still on and last week, all Fedics workers at the university were dismissed.

Students had called for the appointment of Ajanta catering which is based in Natal and presently serves students at the University of Zululand, University of QwaQwa and other black institution.

SRC president Mr Ernest Khoza yesterday welcomed the departure of Fedics.

B/Day 2/10/89

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Week of events hosted in bid to hone entrepreneurs' skills

THEO RAWANA

SMALL Business Week — a national event arranged by a number of organisations interested in promoting small business — starts today and offers opportunities for individuals and organisations alike.

The objectives of the week, which ends on October 8, seek to improve skills among entrepreneurs and promote the sector's vision and vigour as well as success strategies for small businesses, future investment, opportunities through change, and new ways of thinking.

Activities during the week will include trade fairs and exhibitions; conferences, seminars and workshops; flea markets, competitions; fashion shows; training events; business breakfasts and luncheons; gala dinners; television and radio discussions and many other events.

Today's highlight — organised by the SBDC and Unisa — is a morning seminar at Unisa in Pretoria entitled From Homepower to Profit Power.

Tomorrow the Pretoria Afrikaanse Sakekamer hosts a small business breakfast seminar at the Protea Hof Hotel in Pretoria. At Ellisras there will be an afternoon work session on labour relations, estate planning, RSCs and taxation.

The national committee boasts resentatives from the SBDC, the National Association of Women Business Owners (Nawbo), The African Council for Hawkers And Informal Businesses (Achib), Get Ahead, Standard Bank and the Wits Centre for Developing Business.

With the theme "I Have A Vision — Small Business Week Creating Opportunities for You", the week is directed at existing entrepreneurs, potential entrepreneurs, big business, national and local authorities, youth and the informal sector.

Big plans for small business spelt out

B/Day 2/10/89

RIAAN SMIT

SMALL Business Development Corporation (SBDC) MD Dr Willem Vosloo spelt out on Friday a strategy and action plan to develop more entrepreneurs in SA.

Vosloo told a Federation of Rapportryerskorpse meeting in Braamfontein that one of the most noticeable shortcomings in the SA economy was the limited number of successful new entrepreneurs entering markets.

He said a strategy for small business development should include making available suitable financial assistance to new and established small businesses which were not catered for by existing commercial channels.

"Affordable business buildings such as shopping centres, workshops, factories and offices in areas where commercial developers are not prepared to build, should be created.

"Necessary support services to develop practical business and managerial skills — advice, information, and marketing services, and applicable transfer of technology on a decentralised basis should be made available."

Youth (30)

He said the overall strategy should also include:

☐ A conducive climate for the development of entrepreneurs by scrapping unnecessary regulations and red tape; and

☐ An entrepreneurial culture through applicable educational programmes with a high degree of youth participation.

Practical steps which could be taken to give effect to the strategy include:

☐ Scrapping of regulations such as unnecessary strict zoning controls, safety and building standards, conditions of employment, and licensing requirements;

☐ Help to operators in the informal sector in the form of low-cost shelters for street hawkers, "bazaars" and fleamarket facilities, micro financing schemes, simple and practical training programmes;

☐ Increased support from the private and public sectors by sub-contracting services such as cleaning, gardening, vehicle repair and maintenance;

☐ Increased support to centralised development actions by community leaders such as the Local Enterprise Taskgroup Scheme of the SBDC;

☐ Mobilising and channeling capital resources, which are placed in the hands of institutional investors because of contractual savings, in the direction of real work-and-wealth creation activities of entrepreneurs.

Small Business Week begins

3/10/89 ㉚ STAR

This year's national Small Business Week started yesterday and ends on Sunday.

Organised by a number of organisations with an interest in the promotion of small business, the week aims at encouraging the development of vision in the small business sector, the improvement of skills among entrepreneurs, the adoption of success strategies for small businesses, and investment in the future.

Events planned for the week are aimed at entrepreneurs, big businesses, national and local authorities, the informal sector and youth.

The Small Business Week national committee includes representatives from the Small Business Development Corporation, the National Association of Women Business Owners, the African Council for Hawkers and Informal Businesses, Get Ahead, Standard Bank and the Wits Centre for Developing Business.

No end in sight as the boycott starts to bite

STAR 3/11/89

30

By Karen Stander

Businesses are feeling the bite of a national consumer boycott called by trade unions and the Mass Democratic Movement.

The boycott, originally scheduled to end on Friday, is continuing.

The manager of a chain store in central Johannesburg said sales had dropped significantly. "We have been hard hit. It has eased slightly, but that is presumably due to the month-end. Overall I would say the effect is becoming more severe," he said.

Various shop managers gave widely varying estimates of the drop in sales. Businesses most severely affected appeared to be those in central business districts, said Mr Piroshaw Camay, general secretary of the National Council of Trade Unions.

Dr Leon Coetzee, group public affairs manager for the Edgars group, which includes Jet Stores, said the boycott had a slight effect.

"But sales and profits are still up and we do not expect the boycott to last long," he said.

A spokesman for Checkers said the impact in the eastern and western Cape had been greater than on the Witwatersrand.

Mr Mike van der Merwe, Pick 'n Pay's general manager for the southern Transvaal, said the effect was patchy.

"Of course there is an effect. But by and large we do not normally do a tremendous trade with the black population."

Business 'has role to play'

24/10/89

STAR

By Michael Chester

The business sector was told yesterday that it had a key role to play in setting up a new agenda for white-black dialogue over a new constitution in the South African reform process.

The Association of Chambers of Commerce and Industry sent out the message to more than 20 000 companies that their contribution towards the goal of racial reconciliation and negotiation was "indispensable".

Assocom chief executive Mr Raymond Parsons underlined the crucial role of business as "an important agent of change" when he addressed a luncheon meeting of the Free State chamber in Bloemfontein.

"Employers, through their network of contacts at all levels of black society — including the trade unions — are a positive force in building new bridges between the races," he said.

"The experience by employers over several years in the hard school of industrial relations can make a valuable contribution to conflict management at the political level.

"This will be needed if we are to reduce the inevitable hurdles which are likely in the path of the political transformation of South Africa over the next few years."

The challenge was to create a broad political democracy with sound economic management as a platform for business confidence, he said.

There was now general agreement, he said, that economic performance was imperative to a stable democratic future that promised to meet the legitimate aspirations of the population.

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Rusfurn management team buys control from Tradegro

4/10/89 STAR

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By Ann Crotty

In a move that seems set to have major ramifications for the investment community, a consortium led by Rusfurn management has bought control of Rusfurn from Tradegro for R232 million — equivalent to 140c a share.

The 140c a share represents a prospective P/E rating of 2,5 times on the 55c-a-share earnings forecast for the 12 months to June 1990. A dividend of 16c is also forecast.

The senior management team, lead by chief executive Geoff Austin, is putting in R23 million to acquire 10 percent of Rusfurn, which controls Arrow, Dion, Giddy's, Rudicks, Russells and, Wanda-Frasers.

The balance of the R232 million will be put in by various institutions, pension funds and minorities.

Initially, no single shareholder will have more than a 10-12 percent interest, meaning control will not rest in the hands of any one party.

This represents a signficant change from the previous control situation where Tradegro had 60 percent and Tradegro subsidiary, Frasers, held 20 percent.

A split from its parent had been on the cards for some time. It reflects the conflict between Rusfurn's growth ambitions and Tradegro's reluctance to see its exposure to household durables increase any further — particularly in view of the attendant pressure it puts on Tradegro's balance sheet.

The deal will change the earnings profile of Tradegro. In financial 1989, Rusfurn contributed 36 percent of pre-tax profit — this percentage contribution is much higher at earnings level because Rusfurn currently pays no tax. It expects to enjoy a complete tax holiday for another four years.

In the 1989 year Rusfurn earned 36,3c a share. It is difficult to see how Tradegro will earn much more than 20c on the 140c a share it will receive from the sale of Rusfurn.

The opportunity lost by not participating in the forecast 55c a share earnings in financial 1990 will be even harder for Tradegro shareholders to bear.

The significance of the deal is not only its size, but the fact that it has resulted in a breakaway from a major retail conglomerate — Tradegro — which in turn is part of the Sanlam group.

Rusfurn is a major player in furniture and household durables — a sector that is is currently far from being a firm favourite with institutional investors. The large debtors' book — well over R500 million — must also have been of some concern to the investment community.

That the management buyout (MBO) succeeded in the face of these potential hurdles (including fairly tight time constraints) suggests that Rusfurn was able to present an attractive investment package to potential institutional investors.

It also highlights the quality of the professional advice management received from brokers Frankel Kruger Vinderine and merchant bankers Finansbank.

Mr Austin says: "We found Finansbank to be immensely resourceful and imaginative in its support, while Sidney Frankel was of invaluable help in putting the deal together."

Towards the end, TrustBank came in with bridging finance, enabling the management team to offer Tradegro an unconditional and guaranteed deal.

The deal includes the acquisition of Furngro from Finansbank (which acquired it just ten days ago) for R40 million. Furngro is expected to contribute 5c to the 55c earnings forecast for financial 1990.

Furngro will be paid for by the issue of preference shares in a Rusfurn subsidiary, thereby maximising the tax efficiency of the payment.

Three major selling points for the management team were that Rusfurn's interests are widely spread in terms of market segment and geographic location; some 40 percent of sales are cash; and management is putting in R23 million.

This last point should certainly focus the minds of the executive team and lead to tighter management of assets.

To the extent that it does, the MBO will have succeeded in unlocking good earnings growth from a changed ownership profile and will set others a fine example.

Margins must go up, says Clive Weil

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SYLVIA DU PLESSIS

RETAILERS will have to lift margins in the next decade because it will become increasingly difficult for businesses in the industry to grow in real terms, Checkers MD Clive Weil said in Johannesburg yesterday.

Addressing a conference on retailing realities of the nineties, Weil said that prices would become far less significant in the future, but competition within the industry would remain strong.

"The focus will be on the shopping experience, and the thousands of details making up the quality of this will assume greater importance.

Weil said Checkers planned to feature departments previously "unheard of" five to six years ago, but the greatest trend in the industry would be a move closer to the customer and a shift into micromarketing.

B/Day 5/10/89

Urbanisation

In addition, both Checkers and the industry generally would be moving "deeper and deeper" into centralised distribution to avoid wastage.

Pick 'n Pay MD Hugh Herman said the basic elements of good retailing would remain applicable, while mass urbanisation would see retailers' markets grow.

He added that what was needed in the nineties was "a closer synergy" between retailers and suppliers to ultimately benefit the customer.

Grand Supermarkets MD Chris Burgess told delegates retailers would have to provide new services such as videos and post office and dry-cleaning services.

However, the political climate, the economy, productivity, shop-lifting, bombs and robberies would still be concerns facing the industry.

Spar MD Robin Burnill said his chain — which currently held 11% of the total market — was "totally committed" to making the independent retailer a success in SA.

Two possible scenarios for the future which would affect every facet of retailing were the freedom to live where one wanted and, in particular, the freedom to trade.

Consumer action: Chain stores targeted

(30) - South - 5/10 - 11/10/89

By CHIARA CARTER

MOST major retail chains are included on a list of companies to be targeted for the consumer boycott due to begin in the Western Cape this Friday.

The list was drawn up by the Mass Democratic Movement in the region and includes companies which the MDM says have a history of "union bashing" and companies which have used the Labour Relations Act (LRA) to dismiss and victimise workers.

An MDM spokesperson said the boycott would also be aimed at "collaborators".

He said community organisations would decide which shops would be boycotted in their area.

The MDM has appealed for no intimidation to be used and intends monitoring local traders to ensure that they do not put up prices.

Gaining momentum

According to reports the boycott, which began earlier in other parts of the country, has so far had varying degrees of success.

The Border region of the Congress of South African Trade Unions has decided to continue the boycott until later this month. The Witwatersrand region of Cosatu has decided to extend the boycott for a week.

A Cosatu spokesperson said both the overtime ban and the consumer boycott were "gaining momentum" in the Witwtersrand.

The Western Cape boycott is due to last two weeks after which it will be reassesssed.

An MDM spokesperson said that if it was decided to continue the boycott, listed companies could have their names removed by meeting certain demands.

These include signing a legal agreement not to use the LRA, calling on the state to scrap the LRA, meeting living wage demands, reinstatement of all workers dismissed during last month's stayaway and the withdrawal of disciplinary notices against workers who stayed away.

The MDM also wants companies to place pressure on the government to release detainees, end the state of emergency and stop all hangings; to call for an independent commisssion of enquiry into police conduct on election day and to put pressure on local authorities and the state to meet housing demands.

Exciting year for Furnfair

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CHARLOTTE MATHEWS

THE year to June was the most momentous in the history of Furniture Fair (Furnfair), chairman Ronnie Stein said in the group's annual report released yesterday.

This year could be even more momentous as a result of yesterday's announcement that Rusfurn had bought the controlling interest in the company.

This said that the acquisition was part of Rusfurn's "objective of the acquisition of companies with a strong market share in clearly defined market niches".

BDay 5/10/89

Conversion

Rusfurn financial director Mervyn Gerszt said in an interview yesterday the future of Furnfair was "exciting" and some reorganisation was planned.

"In the western Cape we now own Arrow, Furniture Fair, Harmony, Montays, Giddys, Russells and Dion. There are significant synergistic benefits between the companies and we plan to more than double the size of the Furniture Fair chain."

He said the reorganisation could include the conversion of the metropolitan area Arrow stores into the Furniture Fair group because the directors felt Arrow was better placed as a rural chain.

In the Furnfair/Furngro annual report, Stein pointed out that in the course of a year the company had grown from a small retail chain to one of the country's largest independent retailers of furniture and household appliances.

"At the end of the financial year to June 1988, the group had a total of five stores under its control. Twelve months later, this figure had risen nearly fivefold to a total of 24," Stein said.

In the course of the past year the group acquired the seven stores in the Montana chain and the seven Harmony stores.

He said four new stores opened under the Furniture Fair and Montana banners and the first outlet in a chain of specialist video and television shops was opened.

Stein pointed out that turnover rose by 174% to R72m (R26,2m) and attributable profits by 186% to R13m (R4,5m).

He said the bottom line performance was remarkable, especially in view of the year's adverse trading conditions.

MDM targets 'collaborators'

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WMail

By GAYE DAVIS, Cape Town

MOST major chain stores have been targeted for the consumer boycott to be launched in the Western Cape tomorrow.

The selective campaign is aimed at putting pressure on specific companies deemed guilty of union-bashing, or using the Labour Relations Amendment Act against workers.

Shops belonging to "collaborators" — councillors and tricameral parliament representatives — are included in the boycott action, and a call has gone out for people to withdraw accounts from the sponsors of the rebel rugby tour. 6-12/10/89.

A feature of the pamphlets is a list of guidelines, which urge that no violence be used to force people to observe the boycott.

By agreeing to a range of demands, and making a public statement illustrating what they have done to demonstrate good faith, companies can get their names of the list.

The demands include agreeing not to use the LRA against employees; recognising unions; paying a living wage; freezing the cost of basic foods and transport; and the unconditional reinstatement of workers dismissed or warned after observing the September 5 and 6 stayaway.

B/Day 6/10/89 (30)

Tafelberg holds dividend firm despite earnings drop

SYLVIA DU PLESSIS

A HIGHER effective tax rate of 50% has taken a R15 000 bite out of Tafelberg Furniture Store's attributable profits for the six months to August.

In addition, price hikes flowing from additional duties on imports taking effect and impacting on consumer spending have seen turnover rise only a marginal 6,3%.

But in spite of this, the listed furniture retail chain, operating from stores in Cape Town, Bellville and Paarl, has managed to maintain its interim dividend at 1,5c a share.

While sales of R14,4m were only slightly up from the R13,6m recorded in the same period last year, operating profit improved by 21,5% to R938 000 (R772 000).

However, a heftier interest bill of R127 000 (R21 000) has left pre-tax profits 8% up at R811 000 (R751 000).

After taxation of R405 000 (R330 000), attributable profit reflected a 3,6% decline to R406 000, and earnings have been trimmed to 3,28c a share from 3,39c.

Bonds on a R1,5m warehouse adjacent to the group's Bellville store have boosted long-term loans to R968 000 (R79 000).

But fixed assets have climbed to R2,6m at August 31.The complex is due for completion at the end of this month and is expected to contribute to higher earnings.

Chairman Eugene Theron said turnover in the second half was traditionally higher and results for the full year promised to at least match those of the previous financial year, when attributable earnings of R919 000 were posted.

He said the warehouse currently under construction would create 40% more sales area in the Bellville outlet and the additional profits expected to flow from this increased sales area should cover the high interest bill.

Boycott off — Cosatu

THE national consumer boycott, which began on October 6 in protest against the Labour Relations Amendment Act, ends today, the Congress of South African Trade Unions said yesterday.

However, a spokesman said it was up to Cosatu's regional structures to decide whether the action should continue until October 13 as its Witwatersrand region had said earlier.

The boycott was called by Cosatu, the National Council of Trade Unions and independent unions as a protest against the controversial law.

Sowetan 9/10/89

Taxi talk

㉚ FMail 6/10/89

Because of concern at the number of accidents involving black taxis, the SA Black Taxi Association, Sabta, has decided to launch a national road safety advertising campaign.

The R220 000 campaign, sponsored by the Anglo American and De Beers Chairman's Fund, will be handled by Cape Town agency Concept Marketing. Chairman Martin Feinstein says Sabta has decided to do something constructive about the issue of safety. "Research shows that overloading is one of the main factors causing accidents. The campaign — based on high frequency radio commercials — will focus on this issue." More than 400 commercials are being aired between September and November.

He explains the messages will have a threefold aim: "Taxi drivers need to know that it is illegal and dangerous to overload; passengers need to know they take a risk getting into an overloaded taxi; and motorists need to know something is being done about educating people on taxi safety."

FINANCIAL MAIL OCTOBER 6 1989

Shoprite ups earnings in spite of inflation

B/Day 6/10/89

SYLVIA DU PLESSIS

PEPKOR-controlled supermarket chain Shoprite Holdings has upped earnings by 35% to 12,5c (9,3c) a share in the six months to August against the backdrop of climbing inflation and higher interest rates.

Turnover for the retail and wholesale-listed group, which markets food and non-food products to the broad lower to middle income group, increased 32% to R209m (R158m).

This was in line with the increase in operating profit, which rose to R5,8m from the R4,4m recorded in the same period last year.

Following a marginal drop in interest paid to R47 000, pre-tax profit was 33% up at R5,8m (R4,3m). After tax of R2,1m, this translated into a 35% rise in taxed profit to R3,7m (R2,7m).

Dividends of 4,5c (3,75c) a share, covered 2,8 (2,5) times, have been declared.

A strong balance sheet reflects a hike in total group assets to R100m — far off 1988's R77,5m.

MD Wellwood Basson described the results as satisfactory and was confident of maintaining healthy growth.

He added that the group continued to increase market share, while maintaining profitability, in spite of highly competitive trading.

Four new branches were opened in the half-year and all had performed above expectations, while two additional branches would be opened soon.

(30)

Shoprite lifts earnings 35%

Cpt Times 6/10/89

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THE Shoprite supermarket chain increased its turnover by 32% to R209m in the six months to August 31, at the same time lifting its operating profit to R5,8m.

In the same period earnings increased by 35%, to R3,7m (R2,7m).

Shoprite's MD Wellwood Bason described the results as "very satisfactory" particulary when viewed against the background of high inflation and interest rates.

"Most of our business has traditionally been conducted in the Western Cape which is probably the most overtraded region in SA.

"It is therefore pleasing to be able te report that our expansion into the lucrative Transvaal and Free State markets have been very successful.

"In the period under review, we established four new branches and they are all trading well above expectations," Basson said. — Sapa

Rusfurn 'on way to super profits'

B/Day 6/10/89

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MERVYN HARRIS

AT A time when the furniture industry is shrouded in doom and gloom, with most companies expected to report mediocre results, Rusfurn CE and new owner Geoff Austin is confident the group will buck the trend and produce "super" profits.

A consortium led by Rusfurn management, with Austin at the helm, this week concluded a deal to buy control of the R1bn-a-year group from Tradegro for R232m.

Dividends

Various institutions will end up with up to 10% of the shares, while nine senior directors of Rusfurn have put in R23m of their own money, everything they own, to acquire their 10% stake.

A further incentive to produce the forecast of a 50% growth in earnings and dividends for the year to June 1990 is that, by producing such "super" profits, management will be eligible for additional new shares which will enlarge its stake to 21% at the end of three years.

This was one of the innovative schemes resulting from the deal which was concluded after 54 days of negotiations. That was the deadline given by Tradegro to Austin to put in an offer for control of the group.

The R232m he had to raise in such a short time was a lot of money for a sector that is currently unfashionable. But for a man who sees himself as a strategist, it is not surprising that the deal was clinched.

When Austin took charge of Rusfurn in February 1986, the group was running at a R26m loss for the year to June 1986. It was listed on the JSE in June 1987.

In the past financial year to June 1989, the group reported net earnings of R60m, a turnaround of R82m in three years.

The spark which triggered the management buy-out was the conflict between Rusfurn's growth ambitions and Tradegro's reluctance to increase its exposure to consumer durables. The conflict came to a head in June when Rusfurn agreed to buy Furngro, but Tradegro did not want to approve the deal. On August 7, Tradegro gave Austin the opportunity to come up with an offer by September 30.

Austin, 44, immediately called in Sidney Frankel of stockbrokers Frankel, Kruger, Vindrine, Hennie van der Merwe of merchant bankers Finansbank, and TrustBank.

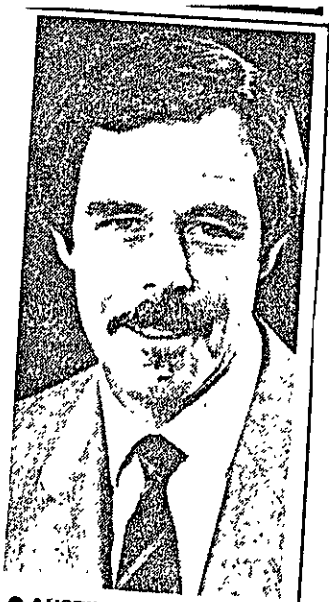
Over the next few weeks, Austin gave at least 30 detailed presentations to various institutions on Rusfurn's plans and prospects.

From an initial attitude of scepticism — "Oh no, not furniture!" — virtually every institution expressed interest in coming in on the deal at the end of each presentation. As a result, Rusfurn shares were placed at 140c each, higher than they have ever been.

Impending

However, Austin first had to surmount a Catch 22 situation, for a key element in the 50% profit projection for the current financial year was the Furngro acquisition.

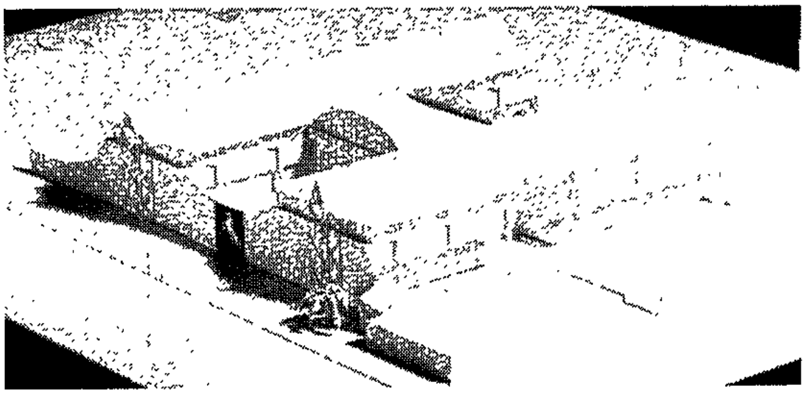
But until an agreement was signed with Furngro, nothing of the impending deal could be mentioned. This was because Furngro itself has many institutional shareholders and did not want them to know of the discussions in case the deal did not come off.


● AUSTIN . . . at the helm

This hurdle was overcome when Finansbank stepped in and offered to buy Furngro with no guarantee that Rusfurn would take Furngro off its hands if the deal with management failed to materialise.

It was a courageous decision by Finansbank which enabled Austin to inform potential investors about the proposed Furngro deal. This fact tipped the scale for many institutions to come in on the deal.

With only 10 days remaining before the deadline, TrustBank then stepped forward to underwrite the entire offer so that Austin could go to Tradegro with an unconditional offer for Rusfurn.



An architect's model of the Toyota Manufacturing engineering centre to be built in Prospecton. Designed by Stauch Vorster Architects, it includes features designed to create a congenial office environment, says architect Jonathan Hjorth. The 2 500m² office block is being built over two levels in an "H" design which will both minimise circulation within the building and allow for the creation of enclosed landscaped courtyards.

㉚ B.Day

8/11/89

Shop rental growth rises as retail sales gap narrows

TERRY MEYER

THE growth in shop rentals reflected from 1988 has continued to rise strongly and the gap with retail sales has narrowed substantially.

Graphs depicted in today's Ampros property exchange reflect rental growth in the retail sector and the relationship between retail sales, shop rentals and inflation.

During the 1976 to 1982 period retail sales and shop rentals grew at the same rate. From 1982 to 1985 rentals continued to grow, but at a substantially lower rate than retail sales.

During 1985 shop rentals showed a downward trend until 1987, when they levelled off while the Retail Sales Index continued its upward trend.

The total real retail trade sales for the first nine months of 1989 showed an increase of 3,2 compared with the first nine months of 1988. A slowdown in retail sales is expected in 1990 as a result of government's tightening up on consumer credit.

After the drop in 1987, shop rentals have tended to grow in line with the inflation rate, which in September had fallen to 14,9% from 15,5% in July and August.

Inflation is expected to peak at levels below those previously predicted, and an average of 15% for the year is forecast for 1989.

(30)

CNA Gallo plays some sweet music

STAR ( ) 9/10/89

Bottom Line

MICHAEL MENOF

Record sales, increased earnings and low debt featured in CNA-Gallo's 1989 annual report and should be music to shareholders' ears.

CNA-Gallo says it is committed to being "first with the goodies".

With 300 retail stores throughout Southern Africa, it can justifiably claim to be the leading supplier of books, magazines, stationery, music, videos, photographic supplies, toys and greeting cards.

The merger with Gallo in the mid-80s might have had its teething problems, but what a marriage it has turned out to be.

Sales in 1989 exceeded the half-billion-rand mark and in five years earnings per share have increased more than 400 percent.

Debt is negligible and neutralised by increasing cash balances. CNA enjoyed favourable liquidity levels in 1989 and, with rising interest rates, produced an interest gain of R2 million.

Merger architect Tony Bloom has relinquished his chairmanship and moved to the UK, but has left behind an excellent management team headed by Hal Miller.

Controlled jointly by both Premier and Argus, group earnings command the respect of both in any consolidation.

New business development and acquisitions continued, including the purchase of the 50 percent outside interest in Video Cassette Reproductions, a 50 percent stake in Pilgrims Bookshop and Young Reading, a further 13,9 percent in Video lab, a further 30 percent in Swaziland News Agency and 100 percent in a Transkei company called Intech.

A 4,3 percent interest was acquired in Walhold — 1,46 million shares at a cost of R7,7 million and 166 000 in Waltons Stationery, costing R872 000.

CNA now holds 31,7 percent in listed Mast Holdings, which is engaged in training and education.

New projects included Centaur Publication (scholastic publications), Umkhonto Records and Video Warehouse.

Sales were R549,8 million (1988: R429,85 million), yielding a trading profit of R52,82 million (1988: R36,94 million).

Dividend income was virtually unchanged at R2,18 million (1988: R2,33 million), while interest income was sharply higher at R2,04 million (1988: interest expenses R181 000).

The tax rate declined to 43 percent (1988: 47 percent) — tax was R24,4 million (1988: R18,48 million) — leaving taxed profits of R32,63 million (1988: R20,62 million).

After outside shareholders' portion of profits, pref dividends and the equity of associates, earnings attributable to ordinary shareholders was up 50 percent at R35,95 million (1988: R23,33 million).

Shrinkage control played an important role in increasing profits. Below-the-line extraordinary gains totalled R534 000 (1988: R5,79 million).

Earnings per share were 112,9c (1988: 73,6c), with dividends upped to 45c (1988: 29c).

The sales and profits attributable to the divisional activities showed that retail sales accounted for 73 percent, with pretax profits at R28,75 million (1988: R19,76 million).

As a percentage of sales, pretax profits rose to 7,13 percent (1988: 6,1 percent). Mickey Mouse's 60th Birthday, the Christmas Bentley Bear campaign and January's "Back to School" first-term stationery promotion all helped.

The entertainment division's sales produced healthier margins and increased profit contribution to R17,98 million (1988: R11 million) which, as a percentage of sales, was 13 percent (1988: 11,5 percent).

Gallo has played a leading role in the renaissance of the music industry.

Video Lab's sales were stagnant, its profit contribution barely increasing to R3,69 million (1988: R3,49 million). Apart from the group's 50 percent stake in Struick Holdings, which again had a difficult year, all other support subsidiaries and associates had a buoyant year.

The balance sheet shows the growth. Ordinary shareholders' funds totalled R122,57 million (1988: R100,39 million) at end-March.

Working capital remained virtually constant at R35,68 million (1988: R37,87 million), but fixed assets increased R10 million). Cash and bank balance doubled to R12,8 million (1988: R6,23 million).

Despite a troubled economy, the outstanding trends of the past three years are set to continue, says Mr Miller. The group is budgeting for further real growth.

Despite problems, CNA-Gallo has kept SA's books and entertainment industry alive. As Mr Miller says, CNA-Gallo runs a very tight ship and is well trimmed for whatever challeges lie ahead.

stimulate the blood lust of fighting dogs.

A Mafia-style organisation — with members who have a secret code of conduct and who bet

we will leave no stone unturned".

Anybody with information is asked to Captain Tiny Nortje at (011) 834-4005 or

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10/12/87

STAR

(30)

Indaba to launch black Who's Who

Political Reporter

The kwaZulu/Natal Indaba is soon to launch a comprehensive Who's Who of black achievers in the area, to be followed by similar publications for the eight other economic regions of South Africa.

Sponsored by donations from the private sector and advertisements in the book, it will feature between 2 000 and 3 000 names of people living in or originating from the area.

Fields to be covered include commerce and industry, health and social work, labour, education, medicine, the media, sport, music and entertainment, religion and conservation.

Inclusion in the black Who's Who will be decided by an independent editorial board drawn from all shades of political, academic, educational and professional opinion.

The purpose of the publication is to raise the profiles of key players in the black community and to make them more accessible to both the wider South African and international communities.

The kwaZulu/Natal Indaba said it would not seek to control the contents of the book. Support for the Indaba was not a prerequisite for inclusion.

It motivated its decision to focus on blacks only by saying white, Indian and coloured achievers were generally well-known.

"If negotiation is to stand a chance, relevant individuals must be drawn to the conference table. This requires their identification and adequate background detail," the Indaba said.

BDay 11/10/89

(30)

Extended share base pushes Mast share earnings up 43%

KAY TURVEY

MANAGEMENT training company Mast Holdings earnings a share rose 43% to 3c on a much-extended share base for the six months to end-August.

ON a 71% rise in taxed profits to R611 000, earnings a share growth was inhibited by the three-million additional ordinary shares issued for the acquisition of education and training division Gallo Vision from CNA Gallo and Peter Gallo in April.

Prospects for the annual dividend exceeding the 3c paid on 6,4c earnings were excellent, given that the trading pattern of Time Systems was heavilly weighted towards the second half of the year, said executive chairman Stephen Dallamore.

He said the strategic link with CNA Gallo formed through the Gallo Vision deal, which gave CNA a 31% stake in Mast, was resulting in significant business for the group.

All six divisions contributed to the 78% hike in turnover to R7m, yet a narrowing of operating margins from 18% to 16% curtailed the rise in operating profit to 59%, or R1,1m.

Lower trademark write-offs contributed to a 71% rise in pre-tax income to R1m.

Dallamore said the results were due to all six divisions having shown strong growth and operating profitably.

The Financial and Computer Training division (Fact), acquired from Deloitte Haskin & Sells, had seen a dramatic turnaround, achieving its annual budget in the first six months.

The group, which had been shifting emphasis from selling time to selling products, now had a good balance between revenues from the two, Dallamore said.

The three divisions marketing high-tech education products are Gallo Vision, Time Systems and Business Learning Systems. Time charging for educational and training services come from Mast SA and Fact and for recruitment from Paul Tingley.

Mast, listed shortly after the October 1987 crash at 50c a share, is now trading at 65c.

Warning of imminent economic slowdown

B/Day 11/10/89

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STEPHEN RICHTER

WOOLTRU chairman David Sussman warns shareholders in the latest annual report that while the inevitable slowdown in the economy has taken longer than expected, all indications are that it is close at hand.

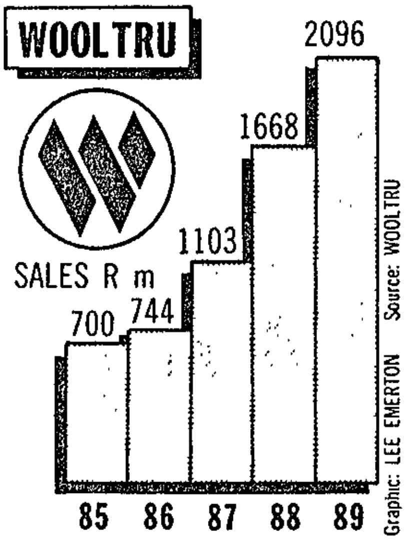
In spite of the negative implications for Wooltru over the next few years because of this factor, Sussman feels that the group's mixture of cash trading in everyday goods and credit trading in fashion provides adequate resilience to the expected economic downturn.

Wooltru produced very impressive figures for the year ended June 1989. Sales increased by 26% to R2,09bn (R1,6bn), while pre-tax income advanced by 47% to R179m (R122m) during the same period. Earnings a share rose by 50% to 269c (179c), while dividends were 40% higher at 112c (80c). Dividend cover was up marginally to 2,4 (2,2).

Sussman indicates that the group is headed for another successful year, as sales, through early September, were 24% ahead of last year. Budgets for the current financial year, show a real increase in both sales and profits.

Wooltru is the owner of Woolworths, Truworths, Topics and Makro SA. Sussman says each operating company improved its profits substantially and management believes each is fundamentally healthier and more responsive to change than ever.

Woolworths has a unique relationship with international retailing giant Marks & Spencer, which assures Woolworths' management of a significant advantage in the SA market-place. Woolworths intends making increasing use of this international dimension to stay at the forefront of retail developments.



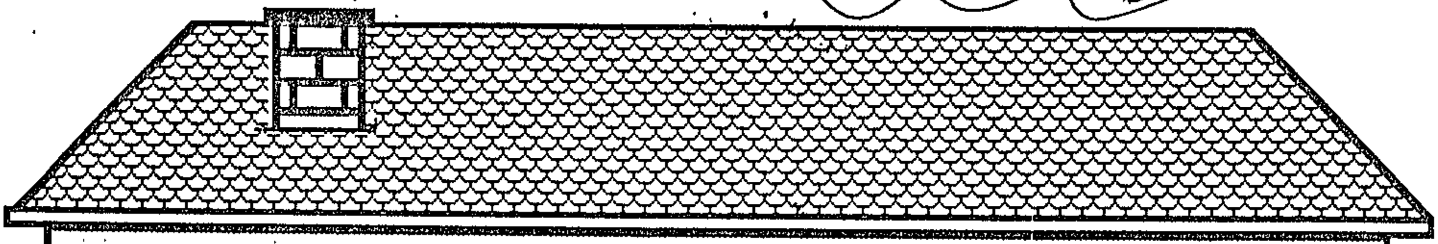
Graphic: LEE EMERTON Source: WOOLTRU

Truworths has positioned itself as the leading domestic ladies speciality fashion chain, and recorded another record year of sales and profits. Topics, which targets the middle-income ladies and childrens clothing market, recorded a 51% profit increase for the latest financial year. Return on total assets was 28%, which is very satisfactory based on SA retailing standards.

Makro is a broad-range, self-service, non-credit mass wholesaler. Wooltru took total control of this company during the past year, and a R40m capital expenditure programme for Makro has begun, while a sixth store was opened at Ottery in the Cape. Sales during financial 1989 grew by 27% resulting in a moderate market share increase, while profits more than doubled.

Group borrowings at year-end were R9m lower than the previous year, while borrowings to shareholders' interest declined to 21% from 27%. The returns on both ordinary shareholders' interest and capital employed were 27% and 48%, respectively, which are now at their highest levels for at least the past seven years.

STAR 12/10/89 (30



BOND	12,5%	16%	19%	20%	21%
R50 000	R568	R695	R811	R848	R889
R75 000	R844	R1 043	R1 216	R1 274	R1 334
R100 000	R1140	R1 391	R1 621	R1 697	R1 778
R125 000	R1401	R1 737	R2 027	R2 121	R2 223

Going up ... home bond rates are going up to 21 percent as a result of an increase in the Bank Rate. The graph shows how monthly repayments have risen with increases in interest rates over the past two years. The repayments are calculated for a 20-year bond.

Auctioneers expect good times as rates rise

By Sue Olswang

An official confirmation of an increase in finance charges has not been announced, but it is likely to follow the recently increased Bank Rate, and while consumers brace themselves against a possible increase, auctioneers expect an increase in business.

"An increase in interest rates will certainly have an effect on our business because we will see more repossessed vehicles on the market," said a spokesman for a large auctioneering group which specialises in the sale of motor vehicles.

OVERALL PERFORMANCE

"Auctioneering is a strange business," he said. "We do best when everyone else is struggling."

However, the National Association of Automobile Manufacturers of SA (Naamsa) does not paint a gloomy picture for automobile manufacturers if there is an increase in finance charges.

"The demand for and sales of new motor vehicles are functions of the overall performance of the South African economy," said Naamsa spokesman Mr Nico Vermeulen.

"There is no doubt that higher interest rates are intended by the Government to reduce the aggregate level of domestic expenditure and obviously it must have some dampening consequences for new vehicle sales in time to come," Mr Vermeulen said.

"There is substantial pent-up replacement demand by the corporate and fleet-car rental sectors, underpinned by the strong earning potential of many companies, and this should cushion the effect of the increase."

Hire purchase sales and the entire domestic appliance industry will be affected by an increase in finance charges, according to OK Bazaars.

Mr Arthur Solomon, OK director of furniture and household, said the actual increase will not have a major impact on repayments but "psychologically it won't be a good thing".

Mrs Carolyn Tonkin, a Johannesburg public relations officer who is "fed up with inflation", is calling for support from other consumers who feel the same way.

Mrs Tonkin, who said she can no longer afford to pay for her house, eat or smoke cigarettes, has started a petition to protest against the high rate of inflation, the eroding of the rand, high bond and interest rates, and "the general lethargy of the Government".

"Please support us by starting a similar petition if you are also sick to death of ridiculous bond rates and soaring inflation," Mrs Tonkin said.

Petitions should be sent to PO Box 10181, Vorna Valley 1686.

●See Page 17.

Timeshare Dynamics under final liquidation

By Cathy Stagg

Timeshare Dynamics was placed under final liquidation in the Rand Supreme Court yesterday.

Leisurelife managing director Ms Sandra Ann Quinn said in papers that when Timeshare could not pay Lesisurelife for promotional and marketing services, a new agreement was made, resulting in the formation of a new company, Leisure Industry PR Association (Pty) (Lipra).

Star 12/10/89

Timeshare was not able to pay agreed amounts. Leisurelife was owed R166 939 for promotional services from June to August this year and also has a prospective claim of R3,4 million. Timeshare's debts were estimated to amount to R4,5 million and its investments in various timesharing properties could total R2 million.

Mr Justice E Stafford granted the final winding-up order.

● An urgent application by Standard Bank for the winding-up of World of Leisure Holdings Ltd was postponed until October 24. One of World of Leisure's subsidiary companies was Timeshare Dynamics Ltd.

Seven miners die in Bop

A runaway ore carrier killed seven platinum mine workers in Bophuthatswana on Monday. They were killed by a load haul dump unit travelling down an incline at Eastern Platinum Mine near Brit

Focus on small business legislation

CNL Tim 12/10/88

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Own Correspondent

JOHANNESBURG. — Manpower Minister Eli Louw announced yesterday he had requested the National Manpower Commission (NMC) to investigate SA's labour legislation as it pertains to small business.

The proposed investigation appears to represent a major leg of government's deregulation drive, and could lead to legislative amendments, which would wholly or partially relieve small businesses of various legislative obligations they face.

The official NMC brief is to examine the influence of legislation on the establishment and functioning of small business; the costs incurred by small businesses as a result of dispute settlement and litigation in terms of the LRA; whether the same principles should apply to them as to large businesses; and the possibility of specific legislative amendments.

A statement from the Manpower Department stressed that "fundamental rights of employees and employers will still have to be protected, and the complete abolition of protective measures cannot be considered."

NMC chairman Frans Barker said yesterday he did not envisage the commission recomending, for example, removing from employees of small businesses their rights to unemployment insurance and workmen's compensation.

However, it may be that a way could be found to relieve the administrative burden the relevant Acts impose on small employers.

The Labour Relations Act and the Basic Conditions of Employment Act would also be under the spotlight.

But Barker could not say at this stage whether the NMC would examine only the effect of minimum conditions of employment laid down by the BCEA and wage instruments regulated by the LRA, or whether collective bargaining provisions would also be examined.

"It depends on the evidence we receive," he said.

The NMC has called for evidence on this matter to reach it by January 10 next year.

The Manpower Department also said the NMC was calling for evidence by the same date on its previously announced investigation into the consolidation of the LRA.

Entire consumer market will feel a ripple effect

(30)

STAR 12/10/89 **By Michael Chester**

The ripple impact of the increase in Bank Rate on home bonds and hire purchase deals was sending shock waves through the entire consumer market, a major credit-rating network warned last night.

The bills piling up at the average household were likely to increase by at least R120 to R150 a month.

Mr Paul Edwards, chairman of the Information Trust Corporation, said many consumers faced the stark risk of bankruptcy as they were overwhelmed by the debt loads they were carrying.

"Many consumers are already in a precarious financial position," he said. "A new round of interest rate increases, which could see mortgage bond rates rising to 21 percent, will push many hard-pressed consumers into bankruptcy.

"The weak position of the consumer is highlighted by the rising number of sequestrations, the increased value of debt judgments and by the number of homes threatened by sales in execution."

He said the value of judgments handed down by the courts ordering debt repayments had already risen by almost 80 percent compared with a year ago.

Mr Edwards said he appreciated the need to dampen demand for imported goods in order to protect the balance of payments situation. But signals from the consumer sector indicated that consumer spending was already slowing down.

"The consumer has had faith that the Government's new approach to monetary and fiscal management would lead to interest rate stability, albeit at higher levels," he added.

Consumer spending had struck a psychological barrier with interest rates at 20 percent or higher and the repercussions could depress the economy for the next year or perhaps two years.

He believed the housing market would be hit at the lower end, with defaulters running into difficulties in selling their homes in a declining market. Black families might be even less inclined to become involved in home ownership.

● See Pages 2, 17 and 18.

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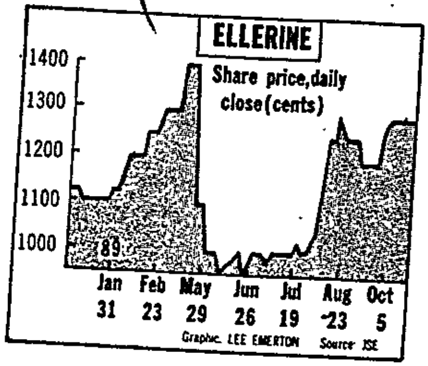
COMPANIES



Graphic: LEE EMERTON Source: JSE

Under-rated Ellerine glitters after clean-up

CHARLOTTE MATHEWS

HIGHER productivity, tighter control over working capital and an improved debtors book boosted furniture retailer Ellerine's operating margins for the year to August to 15,6% from 10,8%.

Although the 15,7% increase in sales to R389,5m (R336,7m) just kept pace with inflation, operating profit jumped 66% to R60,7m against R36,5m in the previous year. Earnings showed an even better gain of 79,8% to 512,9c (285,3c) a share and a dividend of 166c (89c) a share was declared.

Ellerines is 60,2% held by Malbak.

Nevertheless the share plummeted from R14 in March to R11 in April when interim results to February showed a fall in earnings to 174c from 203c a share.

In the last six months the group has concentrated on improving the quality of its debtors book. This has stimulated cash flow and reduced debt liabilities.

One of the most remarkable features of Ellerine's income statement is the fall in financing costs to R540 000 from R2,3m last year when other businesses have shown the effects of higher interest rates.

This gives the group an interest cover of 112 times against 15,7 times for the 1988 financial year. No gearing figure was available. On the balance sheet current liabilities have dropped to R76,6m (R92,7m).

According to the directors, "cash collections, following the difficulties experienced by the group during the 1987 and 1988 fiscal periods, were excellent and resulted in a recovery of the increased level of provisions emanating from the weaker debtors book during those periods".

In September a cautionary notice was released by Ellerines and Barnetts together warning that negotiations were taking place between the two companies but these were terminated a few days later.

Director Eric Ellerine has admitted the group is very interested in making an acquisition in the retailing sector although not necessarily in furniture.

"The group is in a healthy state at the moment. We have done a complete clean up in the company," he said.

At yesterday's price of R13 the share is very undervalued in relation to its net asset value of R23,02 on the latest balance sheet. At R13 it has a historical dividend yield of 7,1% and a p:e of 4 compared to the furniture sector averages of 6,8% and 3,4 times respectively. On the latest dividend the share has a dividend yield of 12,8% and an earnings yield of 39,5%.

Car sales fell by 7,9% during September

Bl Day 13/10/89

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193

EDWARD WEST

SUPPLY shortages arising from industrial action at various vehicle and motor component plants during August and September forced a drop in new and light commercial vehicle sales during September.

The National Association of Automobile Manufacturers of SA (Naamsa) said yesterday new cars sales for September had declined sharply by 7,9%, or 1 488 units, to 17 372 units compared with the 18 860 units sold during August.

When compared with September last year, new car sales for September 1989 declined 6,9%, or 1 297 units.

Sales of new light commercial vehicles (lcv) declined by 6,3% to 9 924 units when compared with 10 596 units sold in August.

When lcv sales were compared on a year-on-year basis, new lcv sales had held up well, Naamsa said.

Sales of heavy trucks had shown a modest increase of 3,3% to 940 units when compared with 910 units sold during August.

Naamsa said corporate demand for new vehicles remained strong, though there were signs of a softer trend in manufacturers' new order intake.

The latest increase in interest rates and past measures to curb domestic spending would slow the economy still further.

The industry anticipated a modest levelling off in passenger car sales during the months ahead. Outstanding orders by the car rental industry and the corporate sector would, however, cushion the economic slowdown.

Commercial vehicle sales responded to different dynamics to car sales. Industrial activity levels and investment spending — which invariably continued at a high level after the consumption spending cycle — had peaked, Naamsa said.

The market for industrial and new vehicle sales were thus expected to remain reasonably buoyant in the short to medium term, Naamsa said.

No rain

□ September tractor sales had dropped drastically by 21,2% from 580 units sold in August to 457 units sold in September, the SA Agricultural Machinery Association (Saama) said yesterday.

This was mainly due to little activity because of virtually no rain in summer grain producing areas.

Rain was needed in the wheat producing areas of the OFS and in the eastern Transvaal, where maize must be planted this month.

Year-to-date tractor sales stand at 4 218 units, marginally up from the 4 155 units sold in the same period last year, Saama said.

Concorde poised to hit R100m turnover

B/Day 13/10/89

Own Correspondent

DURBAN — Concorde Travel Holdings (Contrav), freed of its links with Columbia and getting ready to forge links with the Miller Weedon travel companies in the Transvaal, is set to emerge with turnover of about R100m a year and 11 branches round the country. (30)

Recently appointed chairman Alec Rogoff said that the Beare Holdings company Summit Travel had been absorbed into Contrav in return for a 30% holding in the group to be held by Aaron Beare, Jonathan Beare and himself. ([illegible])

The management of Contrav had executed a management buyout (MBO) from Columbia and would hold about 30%. It was planned that once the option to buy control of Miller Weedon was exercised (from R3,2m) Jack Walsh would hold about 18% of the equity.

A 20% share in Pride was bought by Contrav from April 1988, but it has been decided to sell this and concentrate on the travel interests.

Minority shareholders are being offered 50c a share for their holdings — the same price for the MBO and the purchase of Summit Travel.

Rogoff said the tourist industry was promising, not only in terms of foreign visitors but for the increasing numbers of people in SA.

While Contrav had been focused on corporate and overseas travel he saw great scope for exapansion in other areas.

The absorption of Summit and the likelihood of taking up the Miller Weedon option would lead to some rationalisation in the administration of the companies.

Rogoff retired as chairman of the Durban-based Beare Group late last year.

(30) (Fmail 13/10/89.

TRADEGRO

Moving furniture out

Though Tradegro has sold its major bottom-line income contributor in Rusfurn it apparently does not regret doing so. Some analysts have welcomed the move.

The sale of Tradegro's 60% and Frasers' 20% of Rusfurn for R139m and R46m respectively followed protracted negotiations in which differences between Tradegro CE Donald Masson and Rusfurn CE Geoff Austin sharpened. Austin wanted to make acquisitions and grow rapidly, increasing Rusfurn's (and Tradegro's) gearing and debtors book (*Fox* October 6). Masson wanted less credit, more cash. He was prepared to live uneasily with a limited rate of acquisitions.

Masson succeeded Mervyn King last year with a brief to fine-tune Tradegro's tentative recovery. He has said Tradegro's growth should now come from within and is on record as saying, "I'm not a takeover man — I haven't bought a single company in my business life."

Rusfurn's conditional acquisition of control of Furngro in June brought matters to a head. Masson says that after soul-searching, Tradegro decided it wanted to "keep its head down" and not extend its exposure to furniture. One option was to sell Rusfurn at a "fair price."

The price set by Tradegro was Rusfurn's net worth and Austin was given an option for six weeks. Says Masson: "They managed to get the figure and we wish them well." Tradegro may have believed Austin would not get the money and been outmanoeuvred when he did. Masson confirms that if Austin had not got the money he would probably have had to go. But in this case the sobriquet "Masson the Assassin" did not apply.

Masson says Tradegro is happy with the cash and should decide within two months how it will be used. He says the sale does not signal that Tradegro is becoming less of a conglomerate, concentrating on food — it is still broadly targeted at the mass consumer market.

Initially, the cash will be used to pay off substantial amounts of overdraft — R70m in Tradegro alone. If Tradegro had had cash rather than Rusfurn in the year to June 1989, its EPS would have been 22% lower, at 30,7c; the EPS decline in Frasers and Frascon, which holds 50% of Frasers, would have been 38%.

Masson says the cash will also be used to clean up Tradegro's complicated pref and convertible debenture structure and "rationalise" Frasers and Frascon. He says he is "completely open-minded" on how this will be achieved. The sale of properties in Coreprop will contribute more cash.

Three analysts welcomed the sale by Tradegro. They say it will strengthen its balance sheet and though EPS will decline immediately, the quality of income will improve and Tradegro will be more profitable long term.

They believe Tradegro will now move to buy the 49% and 46% it does not hold in Frasers and Frascon. Unlisted clothing retailer Smart Centre, 51%-held by Frasers, has shown particular growth. On the potential offers there could be value in Frasers and Frascon.

But for EPS growth longer term Tradegro will have to stop servicing the 100,5m 13% debentures, whose conversion is triggered once EPS reach 46,5c. With Rusfurn, EPS would have reached that this financial year; without Rusfurn, that may be some way off. Syd Vianello, of broker Ed Hern, Rudolph, says non-conversion will jeopardise Tradegro's full recovery. The conversion rate is set at 1:1 but he believes Tradegro will offer earlier conversion at an enhanced rate. He thus recommends purchase of the convertible debentures.

If Austin's forecast of 34% growth in Rusfurn's EPS this year, to 55c, proves correct, the 140c price will turn out cheap — a forward p:e of 2,5. But Vianello questions the total non-provision for future tax by Rusfurn. He believes the p:e would have been higher with a tax provision, and that Rusfurn, which is currently untaxed, should come into full rate in 1992.

He also questions Austin's confidence in further fast growth in the face of declining consumer spending. About half of consumer durable sales occur around Christmas — a period difficult to forecast. Margins on cash business, particularly Dion's, are low. Austin has said 42% of Rusfurn's turnover is cash, inordinately high for the furniture sector.

Overall, the analysts believes it is too early for a recovery in the furniture sector and minorities should accept Rusfurn's 140c offer. This is good advice, especially as Rusfurn rose strongly ahead of the sale deal.

But Austin has surprised investors with the strength of his earnings increases, and particularly of his balance sheet. If he continues this way, Rusfurn must eventually be rated well ahead of the furniture sector generally. And though Tradegro's business and balance sheet will be streamlined, investors are unlikely to show confidence until its new plans are known, and unless there is some entrepreneurial spark in them,

Teigue Payne

Tradegro's Masson ... happy with the cash

Despite expected downturn . . .

CAM- Tran 15
13/10/89

Wooltru sees steady growth

30

By BRUCE WILLAN

WOOLTRU group chairman David Susman yesterday said turnover for the first half of the current financial year is up 25% on the previous year, but expressed concern that the latest interest rate hike will affect consumer spending.

In the financial year ended June 30, 1989, the group recorded a 26% increase in turnover to R2 095,7m with income before tax up 47% at R178,5m.

Speaking at the general meeting, Susman said Wooltru has been expecting a downturn in the economy but this has taken longer than expected.

"While the inevitable slowdown in the economy has taken longer than expected, all indications are that it is close at hand," he said.

In spite of the increase in interest rates Susman is confident that the group will enjoy a good Christmas.

But, he stressed "the unnatural buoyancy of the past three years does not reduce the the urgency to face the real issues in SA".

Susman is of the opinion that the slowdown in the economy will not be a sharp decline but rather a gradual slowdown over a year.

Lending support to Susman's statements in the group's annual report, deputy chairman and CE Colin Hall said in an interview later that the group is not pessimistic about the future.

"The government is determined to fight inflation and we must accept that the economy needs trimming and it will affect everyone," said Hall.

On the future prospects of the group, Hall said the expectations that the economy was going to slowdown have been taken into consideration.

"It will make things a little tougher out there but we will have to work a little harder.

"The expected high rate of inflation will make real growth very difficult to achieve. What is not predictable is the performance of the sectors in which we trade, nor the impact of two major economic phenomena — rapid urbanisation and the growth of informal trading ... our challenge is to increase productivity and make market share gains," said Hall.

While the group enjoys a very broad mix of both cash and credit customers, it has a very conservative policy and borrowings are kept to an absolute minimum.

Finance required for projects are generated within the group.

"I believe that the character of the group, with its mix of cash trading in everyday goods and credit trading in fashions, provides more resilience than most in a slower growth economy," said Susman.

Concorde poised to hit R100m turnover

B/Day 13/10/89

Own Correspondent

DURBAN — Concorde Travel Holdings (Contrav), freed of its links with Columbia and getting ready to forge links with the Miller Weedon travel companies in the Transvaal, is set to emerge with turnover of about R100m a year and 11 branches round the country.

(30)

Recently appointed chairman Alec Rogoff said that the Beare Holdings company Summit Travel had been absorbed into Contrav in return for a 30% holding in the group to be held by Aaron Beare, Jonathan Beare and himself.

The management of Contrav had executed a management buyout (MBO) from Columbia and would hold about 30%. It was planned that once the option to buy control of Miller Weedon was exercised (from R3,2m) Jack Walsh would hold about 18% of the equity.

A 20% share in Pride was bought by Contrav from April 1988, but it has been decided to sell this and concentrate on the travel interests.

Minority shareholders are being offered 50c a share for their holdings — the same price for the MBO and the purchase of Summit Travel.

Rogoff said the tourist industry was promising, not only in terms of foreign visitors but for the increasing numbers of people in SA.

While Contrav had been focused on corporate and overseas travel he saw great scope for exapansion in other areas.

The absorption of Summit and the likelihood of taking up the Miller Weedon option would lead to some rationalisation in the administration of the companies.

Rogoff retired as chairman of the Durban-based Beare Group late last year.

Boycotts 'here to stay'

(30) Star 14/10/89

'A fact of life while blacks are underpaid'

CHRIS MOERDYK

AS long as people are oppressed and the black consumer is underpaid, there will always be boycotts, says supermarket boss Justice Radebe.

He was speaking at a recent Young & Rubicam Executive Insights luncheon on the black consumer boycotts and what effect they could have on the economy.

Mr Radebe argued that commerce and industry, in his view two major contributors to the wealth of a nation, should be allowed a free hand to expand, grow and develop. However, all who assisted and participated in this growth should be duly rewarded.

Awakening

"South Africa is faced with an awakening of powers — black consumers are beginning to realise the strength of their consumer power and even more so, the strength of withdrawing this consumer support if and when necessary."

He concluded that no one was immune to this consumer support withdrawal. Moreover, it tended to have a profound ripple effect on the whole economy.

WELCOME SIGNS: According to black businessmen, it's going to take more than an "All races welcome" sign to beat black consumer boycotts. See story on left.

Black mag shows its enterprise

ONE of South Africa's most successful magazines for the black entrepreneur, *Black Enterprise*, has scored another first — three magazines in a single month.

According to publisher Ted Sceales "considerable credit is due to entrepreneur Perfect Malimela who had the courage, virtually single-handedly, to set up Southern Africa's first Black Economic Empowerment Conference".

One of the three magazines in the package published this month records this event which, according to Mr Sceales, was not only historic but a "great success."

Commenting on another of the magazines in the package, he said: "First National Bank not only had the courage to create Africa's biggest soccer stadium but they also worked tirelessly with our editorial and advertising teams to produce a superlative commemorative special edition."

An interesting article in this month's issue of *Black Enterprise* shows that the New Economy Movement continues to gain momentum.

Rent boycott unresolved

19/10/89

30

City Press

By DAN DHLAMINI

A MASS meeting to resolve the five-year rent boycott in the Free State township of Tumahole near Parys ended in stalemate this week.

More than 15 000 residents who crammed the local stadium amid a heavy police presence left without reaching an agreement with the council.

Tumahole residents had earlier taken the council to the Supreme Court over the R38 rent increase. The court ruled in favour of the residents, who had been paying R18,50 a month before the rent boycott in 1984.

An appeal lodged by the Free State Provincial Administration on behalf of the council has yet to be finalised.

This week residents gave the council two options: either nobody pays rent until judgement is passed, or residents pay R18,50 site rent while council waives arrears and withdraws the appeal.

Tumahole Civic Association members said residents were prepared to lift the boycott if they were assured that they would pay R18,50 and start on a clean slate as from November 1.

Tumahole mayor Andrew Pule, who told residents that they should pay whatever amount they could afford while waiting for the outcome of the court case, was booed and told to set clear conditions concerning the payment of the rent.

Pule said he would talk to the authorities so that the case could be withdrawn, although he did not have the power to withdraw the case himself.

After the meeting he could not be reached for comment on allegations that his council threatened residents with eviction and arrest for failing to pay rent.

Civic Association members later told *City Press* that they had reservations concerning talks with the council, as they did not recognise it as an elected body.

A thin Xmas 1989 looms

S/Times 15/10/89

30

By Charmain Naidoo

THANKS to savage interest rate increases, retailers expect a thin Christmas this year.

But most had already planned for a less buoyant festive season than in 1988, so they will not have to cut back on orders already placed.

They report that consumers, will have less disposable income after increased HP, overdraft and bond rates.

Paul Edwards, chairman of credit information organisation, Information Trust Corporation, says the financial future of many South Africans is bleak.

He says: "A one percentage point rise in the bond rate will cost another R83 in interest payments on a bond of R100 000. And higher repayments on hire purchase will mean the average household will need to find at least another R120/ R150 a month."

"Unlike big companies, individuals often pay 3%-5% more than prime rate. I'm concerned that a psychological barrier exists at the 20 % mark and that consumers will reduce their credit commitments, hitting the retail sector hard.

Depress

"This psychology could prevail for the next year or two and depress the economy."

Richard Ferrer, chairman of the Domestic Appliance Manufacturers of South Africa says prior to this week's increase, his members had already seen a drop in major appliance sales of 9%-11 %.

Sales figures of white goods could be expected to drop further with the increases Mr Ferrer says.

This week, the Furniture Traders Association (FTA) issued an urgent appeal to government to relax the credit restriction on higher purchase sales — particularly in view of the increase in rates.

Frans Jordaan, executive director of the FTA says: "In August, sales of appliances' showed a year-on-year decline of 5% — TV sales fell 22,7 % and audio equipment 12,1% all at current prices. Add on 16% of inflation and you can see how serious the position is.

"What we are asking for is immediate relief for the furniture retail trade in the form of relaxed deposit and repayment periods," Mr Jordaan says.

Checkers managing director, Clive Weil says he did his Christmas planning some months ago and "did not plan for a buoyant Christmas".

"I believed then that we would see minimum real growth, and my view now is that it will be only slightly down on earlier predictions."

Mr Geoff Austin, chief executive of Rusfurn Group, says his company budgeted carefully for a "slower" Christmas this year.

30

Pioneering!

S/Times 15/10/89

PIONEERING doesn't come cheaply, but wholesale and distribution giant Metro Group is budgeting for a positive return in year one on its first direct foray into black Africa.

The region's endemic problems of foreign currency shortages, bureaucratic tangles and mass inefficiency do not daunt managing director Tony McDiarmid as he completes plans for two major retail distribution centres in Zaire's copper capital of Kinshasa and Mozambique's awakening Maputo

By Ian Smith

We are extremely excited by the new ventures," he tells Business Times. "We have been welcomed, as South Africans, with open arms."

The two stores are due to open early next year, and the group has already been invited to examine new ventures in both countries.

Philanthropy plays no part in Metro's new strategy. "In South Africa our distribution is so comprehensive that it is becoming increasingly difficult for us to penetrate new markets," says Mr McDiarmid.

In five years the group's turnover from its far-flung and diversified operations has jumped from just over R1-billion to R3,1-billion. Operating income has climbed from R8,9-million to R34,6-million.

Much lip-service has been paid to the need for SA to trade with sub-Saharan Africa. But most of the deals not involving strategic and essential supplies and services have fallen on the hurdle of critical foreign currency shortages.

Metro's decision to go into Zaire and Mozambique was made after in-depth studies conducted with Safto and other official bodies and visits to many countries.

Formula

Mr McDiarmid says Metro has established a winning formula in southern Africa and he believes it applies equally to countries in the rest of sub-Saharan Africa.

"There are three things that we know extremely well. the African market, cash-and-carry and third world environments," he says.

Metro established a number of criteria before venturing into the rest of Africa. "It is important that any country we operate in should have well-established transport routes and should be prepared to do business with us as South Africans.

"We will continue with our policy of operating with local partners wherever we run stores, and we intend to trade in the local merchandise available in that country and with South African imports."

There is a warning for SA manufacturers. "We will only import from the rest of the world where the SA industry is outpriced and inefficient — such as the dairy industry," says Mr McDiarmid. A typical breakdown of stock will be 50% South Africa, 30%-35% local produce of the country in which the store trades and the balance from overseas.

The group will also provide representation for SA manufacturers of a wide range of products throughout the new areas.

He says the expansion will have a "small, but positive" impact on the group's bottom line in the current year to next June. But the potential is enormous, and Metro has already identified four more promising African countries.

Mr McDiarmid says he is confident about access to foreign currency to pay for imports.

Zaire has US dollars and the Metro operation will have access to the thriving "formalised informal" dollar market. In Mozambique the authorities have guaranteed regular allocations of foreign currency for essential imports.

Barter deals could boost the supply of goods to other African states and Metro is setting up an import/export barter operation in this country to exploit opportuinities.

Partners

Neither government has asked for a stake in the operating companies but local partners will participate. The foreign operations will be controlled by a Swiss-based company, but the SA connection is open.

In Zaire, the company is investing $4-million in new premises, but the Mozambique Government will lease premises in Maputo.

The Metro-type operation could have wide application in many African countries where too much local money chases scarce consumer goods through tortuous distribution lines, adding mega-inflation along the way.

Mr McDiarmid says the Metro stores will only sell to licensed traders. "We would in inundated if we opened the doors too wide."

He says he is "extremely excited" about the new venture. "We feel it demonstrates the flair and entrpreneurial spirit which has always given the group a leading edge.

"We have done our homework thoroughly. We have cut our teeth before biting too deeply into the mealie."


TONY McDIARMID
... new ventures

Motor sales slide

30

S/Times 15/10/89

By Don Robertson

THE EFFECT of strikes at motor manufacturers and component suppliers in August was felt in the market in September.

Total vehicle sales fell by 4,7% to 28 672 in September compared with 30 112 in August, and indications are clear that sales for the year will, at least be marginally below 1988.

Car sales dipped by 7,9% in September to 17 372 against 18 669 in August, leaving the total for the year at 169 806 compared with 172 986.

The reason for the decline, according to the National Association of Automobile Manufacturers of SA (Naamsa) was the strike action during August. It is expected that sales for the rest of the year will level off at about current levels.

This suggests that new car sales could be as low as 220 500 compared with 230 500 in 1988, representing a decline of 4,5%.

However, underpinning the market is a strong demand from the corporate and car rental sectors. The higher interest rates have not yet had an effect.

Light commercial vehicles held up well at 9 924 compared with 9 956. The total for the year is 87 851 against 84 589.

Medium commercials were 436 in September compared with 545 in August, while heavy trucks and buses were 940 against 942.

Do not overrate small business role — Wits pair

(30)

THEO RAWANA

SMALL business should not be overrated as a solution to unemployment, a creator of a politically conservative middle class or a vehicle to black economic empowerment, say two Wits Business School researchers.

In a research paper, Gillian Godsell, of the Centre for Policy Studies, and Centre for Developing Business's Ian Clark advise that expectations should be tempered now or smaller benefits will be lost in the general disappointment with larger goals not achieved.

Small undertakings undoubtedly improve the lot of individuals. "Whether they are adequate vehicles for larger social goals remains debatable," they say.

B1029 16/10/89

The researchers say that groups of angry unemployed youths, with a high level of expectation, provide a ready source of anti-government demonstrators and of social unrest. But it should be possible to look at this group as a resource as well as a problem.

"Young people have the energy and drive to start businesses for themselves and others, and unemployment may provide the spark to set them going.

"If small business is perceived by them as a way of buying them off ... the results will be counter-productive, and the status of small business will have been further lowered."

On small business being hoisted as a creater of a politically conservative middle-class and a vehicle to black economic empowerment, Godsell and Clark say only progress by a whole group of people in the desired direction will be regarded as a sign of success.

"If small businesses are perceived as state allies ... individual businessmen are put at considerable personal risk."

Regarding small business primarily as the route to black economic empowerment/political emancipation places black small business in opposition to white business, to big business and perhaps to real business. "This isolation is likely to impede rather than assist growth.

Bidcorp had its sights on Drop-Inn Holdings

B/Day 16/10/89

SYLVIA DU PLESSIS

30

BIDCORP chairman Brian Joffe was one of the bidders for retail and wholesale-listed liquor distributor Drop-Inn Group Holdings.

Drop-Inn, which is rumoured to be looking for a buyer, issued a notice recently advising shareholders to exercise caution in dealing with the group's shares.

Joffe told Business Day on Friday that he had expressed an interest in the group and negotiations had been in progress for "a couple of weeks" before being called off.

He declined to elaborate.

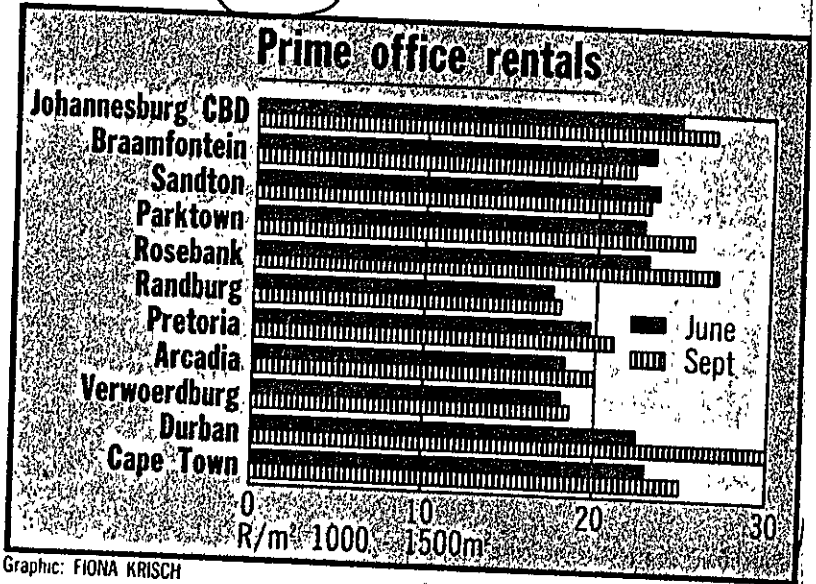
Drop-Inn chairman Sam Berk and MD Jacques Kempen were visiting one of their Johannesburg branches at the weekend and could not be reached for comment.

The group, which is also an exclusive agent for various brands of Scotch whisky and imported wines and spirits, lifted sales by 27% to R109m in the year to end-February, while taxed profits were 54% up at R4m (R2,6m).

● BRIAN JOFFE

Business Day SURVEY

While industry observers acknowledge that demand for office and industrial space has reached a plateau, the much talked of downturn has not materialised. In fact, interest from institutional investors is creating a surge in prices. Against this background, ***VAL PIENAAR*** *examines the latest developments.*



Graphic: FIONA KRISCH

Retail development revolution

URBANISATION and the removal of apartheid legislation will revolutionise retail development in SA over the next few decades, says George Skinner, MD of Coreprop and chairman of Sapoa's urbanisation committee.

Existing centres will be upgraded and with increasing urbanisation there will be scope to infill, with centres serving a geographically smaller customer base. Urbanisation in the US and Europe increased steadily from 55% to 85% over a period of 125 years ending with the Second World War.

"SA is currently about 55% urbanised, and it is expected to reach 85% by 2010. The effect of this on retail trends alone is mind boggling," says Loubser.

"The property industry, especially in the retail sector, will in the next 10 years experience its greatest growth phase yet," he says.

Because of this, Skinner says past attempts by "certain retail chains" to stifle development will be overwhelmed.

"Some retailers prefer to limit the number of their outlets to maximise and localise their profits, and they have attempted to squash development to preserve their profit bases.

"The next decade will see the pressure of demand reach such a level that no-one can stop it," he says.

Skinner's view is not shared by Hyprop MD Peter Berman, who says SA's white areas are "adequately shopped but not overshopped".

And, he says, developers interested in putting together a shopping centre in today's climate would be wise to opt for a larger, rather than a smaller, development.

"Large centres can offer the full range that shoppers want. The success of centres like Hyde Park is unusual and is based on their appeal to a specialised, high-income niche market."

Balance

The aim is to achieve a balance between the purchasing power of an area and its shopping facilities.

Skinner believes the potential to develop shopping centres in less affluent black areas is limited.

"There will be some development, but it will be a slow process over the next 10 years or so while the emotional climate between the races improves. Developers can go into a community only when the community wants them.

"Such development as there is will take place in the more mature, affluent areas — for instance, Coreprop's 10ha land holding in Jabulani, Soweto.

"In other areas, the resistance to development is exacerbated by the lack of transport facilities. Suburban shopping centres are designed for people with their own transport," he says.

He foresees increasing retail development at major transport nodes such as railway stations and bus and taxi ranks.

"This is a strong trend in the US, where there is a swing away from taking shops into the suburbs. The tendency now is to put shopping centres in CBDs.

"Johannesburg's Plein Street and Smal Street malls show the beginning of this trend, and they will cater for those customers — predominantly black — who leave home too early and return too late to shop during the week."

In the longer term, Skinner believes the eventual scrapping of the Group Areas Act will result in an influx of people into established white suburbs.

The resultant higher population densities will create new opportunities for shopping centre development, filling in the gaps between geographically smaller trading areas.

Clicks set to beat record forecast

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16|10|89 **SYLVIA DU PLESSIS** 30

TOILETRY, cosmetic and gift retailer Clicks looks set to exceed management's forecast of a record R400m in turnover for the full year after hitting the R187m mark in what is traditionally a quiet first half.

The Cape-based group, control of which passed to food giant Score last year, has lifted earnings by 31% to 28,33c a share in the six months to August against a backdrop of difficult trading conditions and stronger competition.

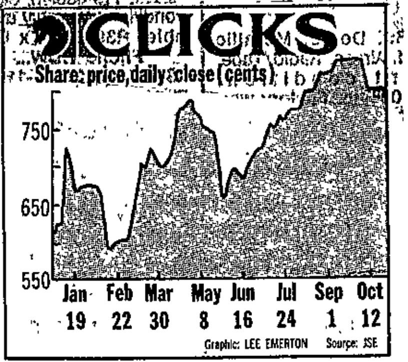
This compares with the 21,61c reported in same period last year — a pro forma figure since Clicks altered its year-end to February from July to coincide with that of its new parent company.

Operating profit was 30% up at R11,3m (R8,7m), translating into a 31% improvement in attributable profit of R5,7m (R4,3m) after a tax bill marginally higher at R5,7m.

An interim dividend of 12c a share has been declared.

MD Trevor Honneysett said sales had grown by 31,4% from R142,5m in adverse trading conditions and both December trading and the impact of 29 new stores planned for this year promised to ensure a continuation of this trend.

All these new stores — 14 Clicks and 15 Diskom — would be on stream by Christmas, and he expected the group to "reap the full impact" of the three peak trading months to end-December.



Graphic: LEE EMERTON Source: JSE

"We are expecting both chains — 100 Clicks and 34 Diskom — to experience their biggest growth thrust ever during this three-month period," he said.

"The group is definitely on the track in meeting the commitment, made at the beginning of the year, to produce a turnover well in excess of R400m by the end of the second half."

That a lot of energy had gone into existing stores to increase market share was another reason why he was confident about future prospects.

Merchandise was constantly being re-evaluated and a number of innovative and successful new product lines had been introduced.

In addition, there had been a strong emphasis on media exposure and promotional activity in the current year — the group's 21st — with television advertising in particular drawing a "dramatic" response.

Honneysett said Diskom stores were performing well and showing growth.

The chain was establishing itself nationally with new stores being opened in Louis Trichardt, Pretoria, Springs, Lenasia and Maritzburg before Christmas.

Mass demand has boosted Mas's turnover by 59%

B/Day 16/10/89

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SYLVIA DU PLESSIS

STRONG consumer demand has boosted undisclosed turnover for listed mail order and direct sales group Mas Holdings by 59% in the six months to August and earnings have soared to 17,5c from 13,4c.

However, management has considered it prudent to maintain the interim dividend at 6c with the increased profitability being reflected in the final dividend.

MD Marco van Embden said in a statement he ascribed the healthy results to the expanding mail order industry.

"We are experiencing an excellent demand for our products. Our existing customers are buying more and our customer base is constantly increasing," he said.

"Our customers are virtually unaffected by increasing interest rates and other tougher economic measures designed to cool consumer spending. Instead, in the wake of growth in the informal sector, their disposable income is growing."

Van Embden said the nature of the group's business allowed it to operate throughout SA and across the country's borders "with ease".

"Wherever there is a post office we have an outlet, so one can say we have 2 500 branches throughout SA," he said.

Mashold posted a 44% rise in pre-tax profit to R4,4m (R3m) in the period under review, and after taxation of R962 999 (R500 000), taxed profits were up at R3,5m (R2,6m).

This translated into attributable profits of R3,4m — a climb of 33% from the previous period's R2,6m and not far off the R4,7m recorded in the full 1988 year.

Van Embden said that during the first half the group had launched its latest mail order division — Sonny Boys — after buying it out of liquidation last year.

This division had already started to contribute to profits, and directors were expecting "even greater things" from it in the second half. Mashold was also in the process of expanding its COD direct selling operation, Family Selections.

He added that the group was trading ahead of budgets and given stable trading conditions, directors expected to achieve real growth in earnings and dividends a share for the full year to February.

Low govt rentals drive away Pretoria's CBD developers

B/Day 16/10/87

GOVERNMENT is forcing down rentals in Pretoria CBD office properties and driving away potential developers in the process, say industry observers.

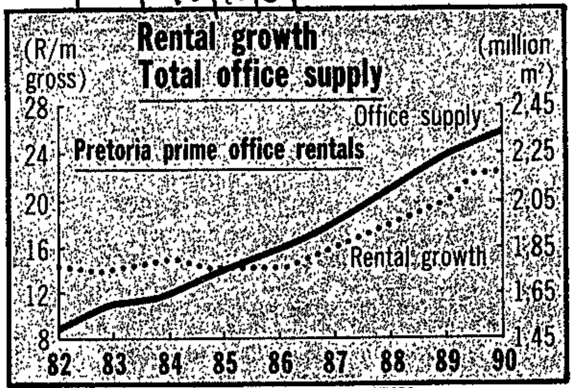
As a result, there is a shortage of prime office space and businesses are leaving the CBD to stagnate as they relocate in southern and eastern suburbs.

"Government departments are becoming more sophisticated in terms of their needs and are having to move to newer buildings that can accommodate high-tech office operations.

Play-off

"But government is loath to pay market rentals and is a large enough tenant to play off developers against each other," says BSA Eiendomme managing executive Gerrie Minnaar.

Official policy is for the Public Works Department to find and negotiate for space on behalf of government departments, but this is an unwieldy system and is falling away as individual departments undertake their own negotiations.



Graphic. FIONA KRISCH Source THE BOARD OF EXECUTORS

As this trend increases, Minnaar believes building owners will begin to insist on realistic rentals for their properties — but the damage to the CBD could be severe and lasting.

"Developers can't just write Pretoria off — but any development in the city centre is put together with the knowledge that it might be taken up by government at a low rental.

"As a result, they are careful to keep costs down, and A-grade space in Pretoria CBD is often equivalent to B-grade, as Sapoa defines it, in terms of quality and price.

Responsible

"The private sector is partly responsible for this. With government settting the standards, private companies have become accustomed to depressed rentals and are unwilling to pay more unless they move to the suburbs," Minnaar says.

The situation is exacerbated by Pretoria's traffic congestion, combined with a shortage of parking space. On average the ratio of bays to office space is only 2:100m^2, compared with 4:100m^2 in the decentralised areas.

"The city council is planning new parking space in Verwoerd Square, but this one development is unlikely to have much effect on the CBD," says Minnaar.

In addition, access is poor, although schemes to widen the roads within the city are under consideration.

The result is that Pretoria CBD has become a dead area, and the impetus to decentralise has taken hold. According to City Property Administration MD Alec Wapnick, while demand for space in the CBD was fair for the past few years it is currently very low.

"But this position could change in the short term. At each end of any cycle during which there is little activity, demand builds up and manifests itself in a sudden burst," Wapnick says.

Shortage

Minnaar says the shortage of supply exists only regarding prime space. There is an oversupply of B and C grade accommodation.

"The CBD has very little A-grade accommodation — only about 243 000m^2 — and no new building is planned there.

"There are some developments coming on stream now, and these will take up the slack, but nothing more is planned," he says

Only Die Meent (13 000m^2) and Shoreberg (14 000m^2) are actually bringing new A-grade space to the market.

Pep Stores manages to up dividend

(30)

SYLVIA DU PLESSIS

LATEST interim results from Pep Stores — on an expansion trail —, reflect a mammoth 189,1% leap in interest paid, but the group has, nevertheless, managed to reward shareholders with an 18,2% increase in dividends.

The no-frills retailer, backbone of holding company Pepkor and incorporating the Pep and Ackermans chains, has declared dividends of 26c (22c) a share for the six months to August, with cover unchanged at 2,8 times.

This was realised on a 28,2% rise in sales to R449,2m (R350,4m) and a 21% increase to R45m (R37m) in operating profit, which reduced operating margins to 10% from the comparable period's 10,6%.

B/Day 18/10/87

Equipment

MD Basil Weyers said in a statement yesterday that operating income growth was at a lower rate as a result of a number of non-recurring factors, including the splitting of Pep Stores and Ackermans into two separate divisions.

After an interest bill of R1,2m (R431 000), reflecting a R7m long-term loan — entered into last year — to finance equipment in the group's new high-rise warehouse in the Cape, pre-tax profit of R43,7m was still 19% higher.

Taxation of R11m (R9m) — at an effective tax rate of 25% expected to be higher at year-end — and attributable profit after tax of R782 000 (R579 000) from associated companies came down to a net profit of R33,4m.

Healthy

This figure, from which earnings of 73,2c (61c) a share have been declared, represents a 20,1% improvement over the R27,8m recorded in the corresponding financial period last year.

Weyers, describing the results as healthy, said the group had maintained its high rate of expansion.

About 60 new Pep Stores and Ackermans outlets were opened during the period under review, lifting the total number of stores in the group network to 801.

Weyers said a "satisfactory" earnings growth rate would be sustained in the second half of the year in view of the fact that Pep Stores supplied no-frills goods to a mass lower-income group market and was therefore largely cushioned against economic downturns.

Weyers said Pep Stores, which includes a manufacturing division, planned to continue its network expansion and a substantial number of additional outlets would again be opened in the latter half of the year.

Pep Stores's shares rose from a year's low of R12 in July to peak at R16 at the end of September.

Cash box jingles at Pep Stores

(20)

Star

Finance Staff

18/10/89

Pep Stores has reported a 28 percent hike in turnover to R449,2 million (R350,4 million) and a 20 percent increase in earnings to R33,4 million for the six months to August.

The dividend payout has been lifted 18,2 percent to 26c (22c) a share.

The group maintained its high rate of expansion, opening 60 new Pep Stores and Ackermans outlets in the six months for a total store network of 801.

The slower rate of increase in operating income — from R37,2 million to R44,9 million — is attributed to a number of non-recurring factors such as the splitting of Pep Stores and Ackermans.

Tax rose 23,4 percent and interest charges were higher, but a 35 percent increase in the contribution from associated companies helped achieve attributable earnings of R33,4 million — up 20,1 percent on the comparable half-year in 1988.

Managing director Basil Weyers says a satisfactory earnings growth rate should be sustained in the second half.

Pep Stores supplies no-frills goods to a lower-income mass market and is therefore largely cushioned from turndowns.

Mr Weyers says Pep Stores plans to continue its network expansion and that a substantial number of additional outlets will be opened over the rest of the year.

Time has proved advisors can help

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BDay 18/10/87

A NEW breed of businessmen burst onto the SA scene in the '60s, says Roger Keyte, chairman of the management advisory services interest group of the SA Institute of Chartered Accountants.

"This new breed was the answer to business woes. They called themselves management consultants."

A quarter of a century later, "they've grown up, and a new professionalism and effectiveness has convinced businessmen that consultants can help."

Keyte believes a major factor in the coming of age of the management consultancy profession has been the involvement of the major accounting firms.

Two elements contributed to the involvement of accounting firms, he says.

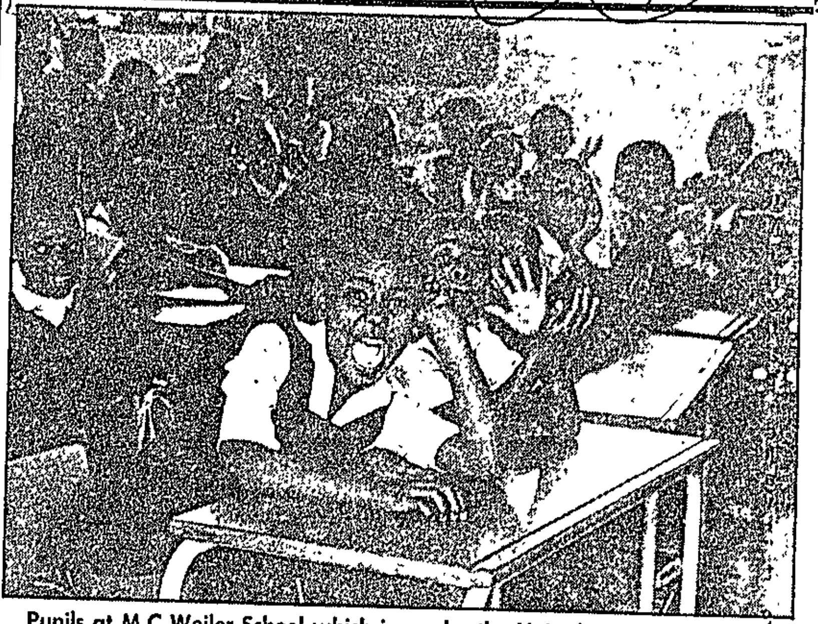
The first was an increasing need for management assistance by audit clients.

The second was the use of improved statistical techniques, audit approaches and computers, resulting in the improved efficiency of audit services and giving firms space to grow.

Keyte says the relationship between auditor and client is often closer than that between business and banker, and with a high degree of trust.

Where the consultants of the '60s tended to impose solutions, the modern consultant aims to combine his experience and qualifications with his client's knowledge of his own business.

Star 11/12/89.



Pupils at M C Weiler School which is run by the United Sisterhood, whose activities are threatened following disinvestment of its main sponsor.
● Picture by John Hogg

Education drive in trouble after losing sponsor

By Winnie Graham

The United Sisterhood, whose African projects are in jeopardy as a result of the disinvestment of its main sponsor, is to ask its sister organisation in the United States for financial help.

Mrs Henna du Plessis, the chairman of the United Sisterhood, said the national president, Mrs Shirley Robinson of Cape Town, was flying to the world conference of the Temple Sisterhoods this week to look for the R750 000 needed to keep the projects going. Most are education-related.

"This is what sanctions have done. It is not the whites who suffer. Without the help of the American Sisterhood there is a real danger we will not be able to continue our work for African communities."

A portfolio of pictures taken by The Star photographer, John Hogg, will be exhibited at the World Conference of Sisterhoods showing aspects of the women's work.

The sisterhood is heavily involved in the running of the M C Weiler School in Alexandra. Named after the rabbi who started the reformed movement in South Africa, the school was taken over by the Bantu Education Board in 1955 (now the Department of Education and Training). The sisterhood, however, continued "mothering" the school.

Today there are 940 pupils at the M C Weiler School, which has moved into a dilapidated old building which was once a convent. The women have provided a library, heaters for the classroom, classes for the upgrading of teaching skills, various teaching aids and meals for destitute children.

"The daily meal gives them 70 percent of the body's nutrition and costs 50c a child a day. In most cases, it is the only one they get each day. We would like to expand the feeding scheme to provide about 200 children with another meal but we haven't the money."

A promise of a new school building has never materialised and the sisterhood has now embarked on a major programme of refurbishing the 22 classrooms, adding electricity to each room.

Mrs du Plessis said the 23 teachers at the school had all written, or were about to write, matric. Within three years all hoped to have teachers' diplomas.

Without help

"A four-year course at Vista University not only upgrades teacher skills, but puts them in a higher salary bracket. However, fees alone cost R600 a year and few could afford to continue without help."

The women's organisation also provides bursaries for 22 black students now at universities and colleges in South Africa.

The sisterhood has also "adopted" 550 patients at a black tuberculosis hospital who are visited monthly and provided with basic necessities, newspapers and magazines.

Mrs du Plessis said the Sisterhood of the Temple David had embarked on a project to help black matriculants pass their examinations. The young people were brought to the Mitzvah School where they received extra coaching.

The Jewish women also organise numerous white projects which are heavily funded by the local Reformed Jewish community comprising about 2 000 families.

Star 20/9/89

Businessmen to sue council

By Kaizer Nyatsumba

(30)

Carletonville businessmen are to sue 10 local town councillors in their individual capacities for losses suffered by their businesses during the duration of the consumer boycott.

At a meeting of the Carletonville Chamber of Commerce attended by about 30 people last night, the Chamber voted to sue the individual councillors for the harm suffered by businessmen as a result of the Conservative Party-controlled town council's re-introduction earlier this year of petty apartheid.

The council's decision triggered an intensive consumer boycott that seriously affected the town's businessmen, some of whom reported turnover losses of up to 80 percent and higher.

Claims against the councillors are expected to run into millions of rands. "Carletonville Chamber of Commerce president Mrs Annetjie Claasen said the town's estimated loss during the boycott had been R30 million.

(30)

Repossessions of cars increase

BDay 20/10/89

EDWARD WEST

VEHICLE repossessions have escalated compared with last year due to the combined affect of increased vehicle prices and government's efforts to curb domestic spending.

Bank spokesmen were yesterday reluctant to disclose actual repossession figures due to the competitive nature of the vehicle financing market.

However, Wesbank MD Peter Thomson said vehicle repossessions had increased 50% to 60% for the quarter June to September when compared with the quarter September to December 1988.

But the situation had not yet reached disconcerting levels and the high increase was because of a low level of repossessions during 1988, he said.

Another reason for the high increase put forward by economists was the combined influence of increased vehicle prices and bond rates and decreased levels of disposable income, said Thomson.

Santambank Assistant GM Francois du Pisani estimated that group vehicle repossession escalations had only increased 10% compared with last year.

He said 25% of the repossessed vehicles were given back to the client due to a settlement being reached.

Dump reclamation

B/Day 20/10/89

Varsity subsidies go down, fees go up

GERALD REILLY

PRETORIA — Government will continue to place stringent curbs on university subsidies next year and most universities have already decided on big hikes in tuition and other fees.

The chairman of the Committee of University Principals, Natal University's Peter Booysen, said higher fees were unavoidable because of cuts in subsidies.

This had gone on for the past six years and had compelled universities to work on austerity budgets. Chronic inflation had aggravated the problem.

More stringent admission requirement had had to be imposed at Natal University because of the huge volume of applications.

The University of Pretoria yesterday announced an 18% increase in tuition fees from January and some subject fees will be raised by more than 18%.

In conformity with the current subsidy formula, the state should have contributed about 80% to total funding.

The expected cut of about 25% in the subsidy for 1990 would decrease the state contribution to about 68%.

Hostel fees are also to rise at Pretoria University — women's by 9,3% to R3 160 and men's by 10,3% to R3 870.

A Unisa spokesman said its fees would be raised by about 17,2%.

Fees at the University of the Witwatersrand will rise by about 17,5% and at Cape Town University by between 15% and 20%, spokesmen said.

Sow 20/10/89

Predator threat seen by Nafcoc

THEO RAWANA

NAFCOC yesterday called for legislation to prevent black business falling into the hands of white "predators" drawn by the profitability of black consumer business.

Nafcoc public affairs manager Gabo Mokgoko said whites had already taken over in some areas.

He said legislation was necessary because of the abuse of 49/51% shareholding by government and other businesses in towns, and black nominees acting as fronts to buy business sites in black areas.

"We would interpret this (call) as a form of affirmative action whose aim is to allow black business to grow to comparable heights" and redress economic and political inequalities.

He said the retention of trading laws in one place and the abolition of the same laws in another also contributed to unbalanced development, frustration and hostility.

(30)

While SA took bold steps to scrap some of these laws, many "national states" kept them, therefore scrapping restrictive laws should be within the perspective of a unitary state.

"If this were attended to, black people would move faster forward across all sectors of the economy without any veiled stipulation as to which business should be for blacks and which for whites," Mokgoko added.

LOUIS KRIEL (30) FMail 20/10/89

Beating boycotts

SA's polecat image makes life very difficult for exporters. So the successive years of growth achieved by Unifruco, the deciduous fruit industry's international marketing agency, is in fact a triumph over adversity.

The man who can take a lot of the credit is CE Louis Kriel.

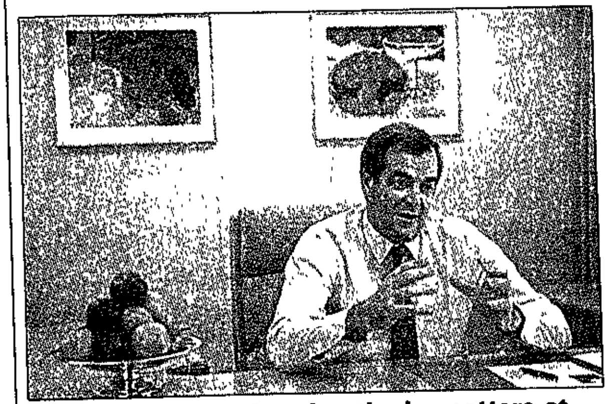
He presides over an industry whose export earnings in the 1988-1989 season were R924m, up 20% on the previous year. Internationally, "Cape" is now a premier fruit marketing brand — this despite efforts of anti-apartheid activists who have targeted supermarkets stocking SA fruit. However, in recent years the industry has lost 17% of its export volume through sanctions.

Kriel (49) has not always been in the fruit industry nor even marketing. Born in Johannesburg, he was educated at Linden Hoërskool before going on to Pretoria University where he obtained a BSc in maths and mathematical statistics. He lectured in maths at Pretoria Technical College for a year before joining the Rembrandt group.

For his first year he was assigned as a salesman in the northern Transvaal. The work wasn't glamorous but it taught Kriel the value of talking to customers — something he often considers of more value than sitting in meetings. During that time the seeds of an admiration for Anton Rupert, which continues to this day, were sown.

In 1962, Kriel was transferred to Stellenbosch, where, apart from a five-year stint in Europe, he has lived. Within the Rembrandt Group Kriel held various posts in marketing, first with Rembrandt SA, followed by posts with Rupert International, Rothmans International (overseas from 1972-1976) and with the Oude Meester group.

At about this time he decided to take on the challenge of marketing SA fruit products. His current job takes him overseas about four months a year. A recent overseas trip saw Kriel as a member of a small group that held talks with the ANC in England. He regrets the publicity the meeting attracted but is unrepentant about his participation — and it wasn't his first time.



Louis Kriel . . . keeping the boycotters at bay

"It is not true that the group of South Africans, which happened to be mainly Afrikaans speaking, had any official assignment from anybody. We were there as individuals. I accepted the invitation because I felt, in the same way that we lobby governments who institute sanctions against us and those churches that encourage boycotts, it would be beneficial for our industry to convey to the ANC the story of our industry and the long-term effects that comprehensive sanctions would have."

The past decade of his stewardship at Unifruco has seen achievements on both the quantity and quality fronts.

The establishment of a growth philosophy, after years of pessimism about the industry's future, has seen fruit-growers become among the most successful farmers in the country. Kriel's approach in this respect was cultivated at Rembrandt and is premised on the view that a growing industry is much less vulnerable to attack than a stagnating one. The aim was thus to grow export volumes to the point where the industry became indispensable.

Quality has also increased. Closer attention to consumer preferences has, for example, led to a major change in approach to the maturity of fruits.

Whereas fruit used to be picked earlier, to offer a longer shelf life, it is now picked when it's riper, which shortens its shelf life but improves the taste.

Exacting quality demands by British retail chains in particular leave no room for compromise.

Kriel enjoys his job — dealing with products that symbolise good health. Challenges are there in abundance — co-ordinating the marketing of perishable commodities supplied by 1 200 producers and sold in competitive markets in an unfriendly world. His own good health can no doubt be ascribed to lots of fruit and the sterling habit of getting up at 6.15 every morning to walk in the Stellenbosch mountains.

Time spent overseas has encouraged an interest in international affairs. He reads current affairs, business journals and biographies. William Manchester's tome on Churchill is now the object of his attention.

Kriel is married with four children, three of them now studying at Stellenbosch University. His oldest son is president of the National Student Federation. ■

BUSINESS/PROPERTY

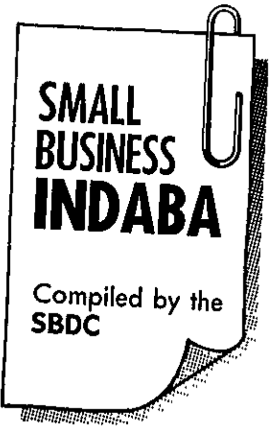
Small business spotlight

C/t ARGUS 21/10/89 Business Staff 30

THE government's commitment to deregulation signals that it is finally acknowledging the existence and importance to the South African economy of what is euphamistically described as the "informal sector".

The most common definition of this sector is that it constitutes a very substantial part of the country's economic activity that is not recorded in the national accounts and that could be regarded as technically illegal because of non-compliance with one or more statutory requirements.

Most informal businesses are small, one-man operations and include subsistence farmers, hawkers, street vendors, home-businesses, backyard mechanics, taxi owners, craft and curio makers, moonlighters and even black marketeers.



If the formal small business sector is added to this diversity, it is estimated that more than 90 percent of South African business falls into the "small" category.

Small in this context can be defined as businesses with assets of less than R1,5 million; annual turnover of less than R5 million; and less than 100 employees.

It is also estimated that about 40 percent of all economic activity can be accredited to small scale enterprises in the formal and informal sectors.

The number of small businesses now exceeds 800 000, generating 75 percent of new employment opportunities within the country.

It is notable that about 35 percent of all formal sector employment is directly attributed to the small business sector and that about 75 percent of the country's labour force is involved in some form of small business or informal sector activity.

Considering the immense challenges facing South Africa in tackling the twin-problems of unemployment and population growth, evidence suggests that small business can and does play a vital role in contributing towards finding solutions. We suggest that:

- Small business is by far the most cost effective and efficient job creator in a free enterprise economy.
- In a developing economy there is strong demand for basic consumer goods, and the small industrial sector is a proven natural supplier of such goods.
- Small business is an important source of competition and challenge to larger companies, dispersing economic activity and countering the evils of concentration.
- Small businesses are a crucial factor in maintaining a vibrant free market economy, promoting self-sufficiency and human dignity.
- Small business often represents valuable sources of innovation and creativity.
- Small business is regarded as an effective means by which one can integrate the informal or semi-formal sectors into the more formal or modern sector. It is the logical starting point for the Black entrepreneur who has been denied free and equal access to participation in the South African economy.

There are at least four key policies that need to be addressed in order to ensure the stimulation of the small business sector:

- The free market is the best environment in which to provide the incentives with which to nurture small business, and this calls for a dramatic reduction in socio-political constraints and the removal of legal and administrative barriers.
- Entrepreneurial talent and the philosophy of free enterprise needs to be more vigorously promoted among all South Africans.
- Development programmes, focussed on small enterprises, need to be more actively developed, with support from organisations like the SBDC.
- Far greater resources and expertise, including access to finance, premises, management, advisory services, training, legal counselling and marketing services are needed to reinforce the efforts being made by development organisations.

In the interest of promoting enterprising and vigorous entrepreneurial talent among all South Africans, future columns will offer practical advice on some of the following: steps to establishing your own business; check list for starting and maintaining a small business; where to locate your shop or retail outlet; understanding simple bookkeeping; costing; drawing up a business plan; stock control; keeping proper records; import replacement for small business; elements of exporting; small claims court.

For further details telephone the SBDC at (021) 461 8450.

prove it or not, the violent tac-

quarters of the UK's fur shops

years, according to the Department of Trade and Industry.

Buyers say no to factory farming

30 21/10/89

Star

TONY CARRITT

BRUSSELS — Consumers are rebelling against factory farming methods, pressuring Europe's producers and law-makers to give the millions of animals slaughtered each day a better life and a more humane death.

Increasing numbers of consumers in northern Europe are willing to pay more for eggs and meat from animals that are fed a healthy diet, do not spend their lives cramped in cages or boxes, and suffer minimal stress at the abattoir.

"Consumers are tending in some countries to ask for meat from animals which have been raised in acceptable conditions of comfort," says an official at COPA, the European Community (EC) farm lobby group.

Meat consumption

COPA maintains per-capita meat consumption is rising by a half to one percent a year in the 12-nation group. But some producers worry that people are cutting their meat consumption or giving it up altogether — a symptom of wider concerns about the environment and the quality of food, air and water.

"There are more people who think about these things who have decided not to eat meat," says Mr Tony Venables, head of the European Bureau of Consumers' Unions (BEUC). " 'Welfare meat' is the industry's response to growing vegetarianism," he said, referring to meat produced with regard to the welfare of animals.

Some meat and egg producers in northern Europe are moving away from intensive, factory-style systems of cattle and poultry raising introduced after World War 2.

Public opinion is forcing legislators to implement tighter rules to protect farm animals in line with a convention agreed by the 23-nation Council of Europe in 1976 after an earlier wave of disquiet at factory farming.

Switzerland and Sweden are phasing out battery cages for hens. Denmark has given its battery hens at least 600 sq cm of living space each. That is slightly less than a sheet of standard business stationery but more than the 450 sq cm minimum set by the EC.

From January, Britain is banning veal crates, the narrow individual boxes in which factory farm calves spend their lives. — Reuter.

SUNDAY TIMES, Business Times, October 22, 1989

Carlos tots up the score and finds Score's okay

(30)

CARLOS DOS SANTOS . . . errors corrected Picture: TOM EDLEY

S/Times 22/10/89

By David Carte

THE graph tells the story of the stock market's disillusionment with Carlos dos Santos's Score Food Holdings.

Before the great crash of October 1987, Mr Dos Santos was one of the darlings of the JSE. Since then the share has been marked down from R22 to 450c.

It seems to have been forgotten that Score has acquired Grand Bazaars and Clicks and that only 10 years after kick-off, holding company Score-Clicks aims at turnover of R1,5-billion and a taxed profit of about R14-million.

Mr Dos Santos is confident about the immediate future and he takes no umbrage at the fallen rating — "Perhaps we were overrated before the crash."

The first let-down from Score came at roughly this time last year when Score announced taxed profit down from R7,4-million to R6-million. Problems emerged in new acquisition Grand Bazaars. These have only now been solved. Earlier this year things came apart in Trador, the cash-and-carry arm.

This week Score-Clicks Holdings announced taxed profit up by only 4% to R5,7-million in the 26 weeks to August 26. Score's earnings fell 16% and those of Clicks rose by 30%.

Score, the retail and wholesale arm, comprises Grand Supermarkets, Trador (cash-and-carry wholesale) and Score (limited assortment retail stores).

[redacted]

Mr Dos Santos says: "In Grand, we bought something that was not as good as we hoped. We also erred in not taking control quickly enough. There were problems in non-food stocks.

"We put the wrong guy in charge of Grand, a good professional manager but not a hungry gutter trader like the rest of us. We needed an 18-hour-a-day, six-days-a-week Metro Old Boy and now have it in Chris Burgess. He has been with me since day one and made a great success of Trador before moving to Grand. I believe Grand is sorted out."

Grand's strategy will be to have stores where the shoppers are — in country districts and suburban shopping centres.

Mr Dos Santos thinks Grand, together with Score and Trador, can compete, in buying, with all retailers. Together they have more than a billion rands of buying power. Grand's major disadvantage is that Pick 'n Pay and other large rivals can keep it out of new super-shopping centres.

But Mr Dos Santos believes there is a good living to be made filling the gaps between the others. He says hypermarkets, always dependent on shoppers with cars, have peaked. Proximity to customers will be critical in future.

Score has not hicupped in its role as a successful limited assortment store.

"The other mistake we made was in leaving a vacuum at the top of Trador when Chris moved out. Now Albert Koopmans has moved in. We are old friends. He is certainly one of us.

"I employed Albert to run Cashbuild when I was still at Metro. He became famous there and will do as well at Trador."

Mr Dos Santos says large economies are possible in placing the wholesaling and retailing chains side by side in Score Food Holdings. The retail chains will have separate identities, but will share buying and top management.

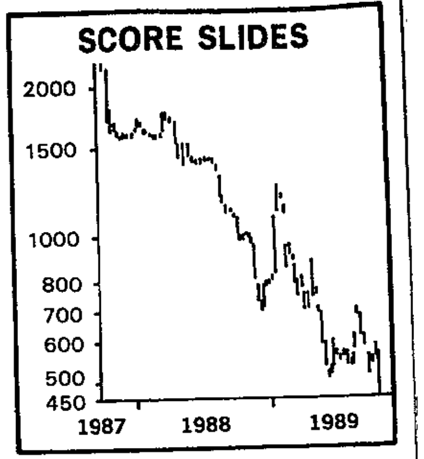
Trevor Honeysett will be left to run Clicks separately.

"The worst thing I could ever do would be to move Clicks' head office from the Cape to Jo'burg. It would destroy the culture — but you can expect Clicks to expand more aggressively in the Transvaal. Its growth potential is huge."

[redacted]

Mr Dos Santos says the top lines of all operations are in good shape. Sales in Score were up by 18% to R620-million, while those of Clicks rose by more than 30%. The challenge is to widen pre-interest margins from 1,7% in Score. The group is expanding aggressively, with plans to open 10 outlets in the second half.

Clicks and Grand were acquired largely with paper, so gearing in Score-Clicks is negligible. Clicks also has little debt. Score Food Holdings has debt of about R25-million against shareholders' funds of about R50-million. Interest cover at the interim was roughly five, so Score is vulnerable to continuing high rates.



Mr Dos Santos would like to degear by means of a rights issue, but this is unlikely to happen with the share price in the doldrums. Strategy will be to degear through better asset management and profit retention.

Score seeks 25% earnings growth for the year, suggesting 100c a share for the year. The share price is thus 4,5 times forward earnings. If Score achieves 25% earnings growth, Score-Clicks should be good for 30%, suggesting 27,4c a share for the year. At 200c the PE is 7,3. Clicks earned an annualised 73,7c last time it reported. If it can beat that by 30%, it is looking at 96c.

At 800c, the share is slightly more than eight times earnings. So Score itself has the greatest recovery potential.

30

THE OFFICE

There's no business like home business

All those down-trodden homes on busy streets in prime residential areas are slowly but surely being transformed into a range of lucrative businesses. More and more people are converting their homes into office premises where productivity is increased in a relaxed, green atmosphere.

When is a house not a home? When it's an office. Derelict homes in prime residential areas are becoming trend-setting cosy cafes and businesses.

Tucked away in Johanesburg's surburbs, business premises are now disguised as freshly painted houses dressed in rustic wooden frames with sprawling gardens and pools.

A Johannesburg architect, Dr Barry Senior, says renovations of old homes into businesses is gaining momentum among small business owners, who want to retain their identity and maintain a personal relationship with their clientele.

"These businesses have a garden or swimming pool and a homely interior moving away from the corporate image," he says.

However, this trend could cause controversy between businessmen and residents as rules regarding home-cum-businesses on busy streets are bent.

"The problem which emerges is the invasion of businesses in residential areas," says Dr Senior.

To curb this encroachment, various conditions have been set by town planners to ensure a healthy relationship between entrepreneurs and homeowners.

"There are different rules for different areas. In most cases while the structure of the house should not be changed, a restriction is placed on storeys built. Parking space and the number of staff are other factors.

"In addition, there are certain areas demarcated for home business operations, possibly along main roads or next to other shops," he says.

Mr D Diack, Senior Deputy Director of Planning, says inflation and commonsense budgeting are crucial factors motivating young businessmen to convert homes into business premises.

"People are trying to cut costs. Office rentals are usually high and this is one way to save money," says Mr Diack.

"The number of homes converted into restaurants indicates an increase in the numbers of people looking for entertainment with a difference.

"People seem to prefer eating out in more intimate environments rather than huge dining rooms," he says.

But every silver lining has a cloud and, in this case, it's the question of legal operation.

"Businessmen are required to get town planning consent if they intend operating from a home," says Mr Diack.

"Anybody can run a business from home but once they employ staff, it becomes illegal if consent has not been granted," he says.

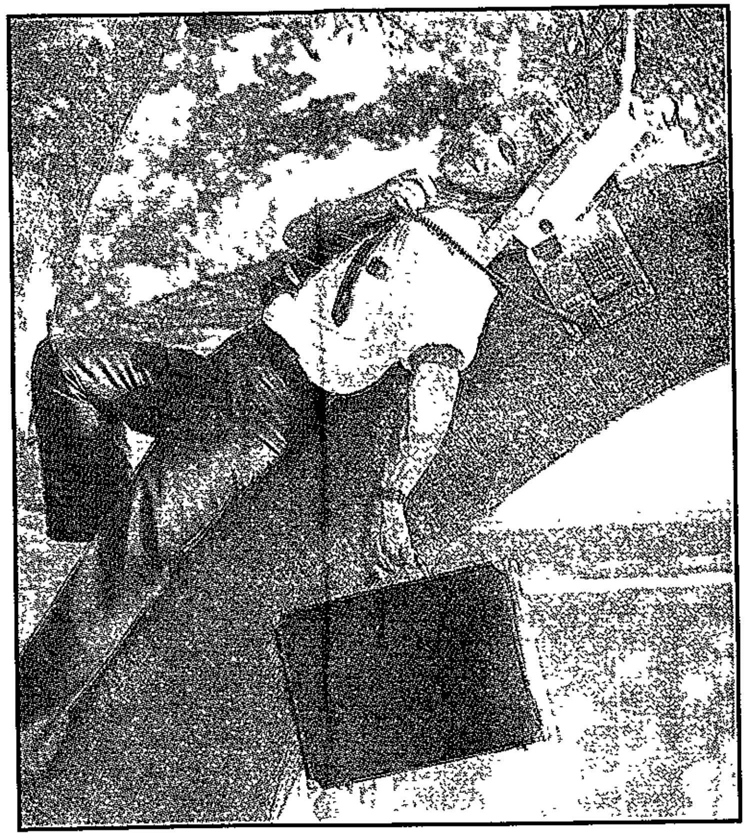
Two followers of this trend, Ms Pamela Seager and her partner who calls himself "Mano — the man with no surname", started a home-away-from-home restaurant in a formerly derelict house in Parktown North.

Marketing consultant Mr Peter Cheales enjoys a dip in the pool between meetings with clients at his converted home in Rosebank.

"I prefer a home environment to work from and so do my clients. Business is always better in a relaxed atmosphere."

"Parking hassles are eliminated; my creativity is increased and there are less distractions, which means I can concentrate in a more constructive way," he says.

SHENAAZ BULBULIA



Peter Cheales happily follows a trend of transforming houses into businesses in prime residential areas.

[redacted]

Star 22/9/89

30

Union overtime ban, consumer boycott start

By Drew Forrest

A nationwide trade union overtime ban and consumer boycott in protest against the Labour Relations Act (LRA) has been called for today.

The action, the latest phase in a campaign decided at last month's "worker summit", coincides with talks between the unions and the employer body Saccola aimed at producing joint proposals to the Government on restructuring the LRA.

Cosatu's Mr Neil Coleman said seven out of nine Cosatu regional secretaries had been detained or sought by police since the summit. Mr Swayi Mokoena, western Transvaal secretary of Transport and General Workers' Union, was detained this week and seven officials of the National Union of Mineworkers were also being held.

Cosatu and Nactu, the union bodies spearheading the action, stated that the overtime ban was indefinite but subject to monthly review. The consumer boycott, directed primarily at white businesses, would end on October 6 but could be extended.

EMPLOYERS REACT

Early indications are that the overtime ban could spark a flood of employer interdicts.

Yesterday, Cosatu said a Nampak company, Printpak Gravure, and an Afcol subsidiary, Transvaal Mattress, had used the courts to stop worker action.

About 300 workers at Northern Transvaal Sawmills were fired for refusing to do overtime, Cosatu said. Company confirmation could not be obtained.

● NUM press officer Mr Jerry Majatladi, detained under the emergency at the weekend, has been released, said Mr Coleman.

● See Page 12.

S/Times 22/10/89

(30)

TONY MANNING .. business should care.

Customer a product

By Charmain Naidoo

SERVICE in South Africa is generally shocking and needs to be re-evaluated if this country is to make it to world class.

So says Tony Manning, author of World Class! Strategies for Winning with your Customer. His book provides clues for businessmen on how to weave customer service into business strategy.

Mr Manning believes customers are a product.

"They are created when you do the right things in the right way — when you make the most effective possible use of your resources."

Mr Manning says: "Most people have grown up experiencing nothing but lousy service, so they model their behaviour on the worst possible examples.

"Also, the management style in most companies works against great customer service. Another important fact is that people in the front line are not hired carefully enough."

Customer service begins with good human relations inside the organisation.

"Companies would do a lot better if managers remembered that people won't show they care until they know YOU care."

It's going to be a really fun Furniture Month!

S Times Supplement 22/10/89

30

There's R80 000 worth of prizes to be won

THERE'S never been a better time to buy furniture, appliances, TV and sound equipment than right now.

It's Furniture Month '89 — from October 16 to November 18 — and more than 1 800 furniture retailers around the country are working hard to make it a bumper event for consumers.

Furniture Month is an annual event organised by the Furniture Traders' Association in co-operation with the Federation of Furniture Manufacturers, the Domestic Appliance Manufacturers' Association of South Africa and the Radio and TV Manufacturers' Association.

It is a month during which they want to tell consumers about the long-term benefits of investing in the wonderful variety of household goods available.

Right now, the stores are full of exciting products — comparable to the best in the world — and there are some wonderful pre-Christmas bargains to be had.

This year, the annual Jackpot Competition will be bigger and better.

More than R80 000 worth of prizes are being offered.

The first prize is R20 000 worth of furniture, appliances, sound and TV equipment of the winner's choice.

But there's also a serious side to Furniture Month.

One of the main aims of the event is to make South Africans more aware of furniture, appliances, TV and sound equipment and how to buy intelligently to suit their needs.

There are products right across the price range — each serving a different purpose.

Options

The FTA is disseminating a wealth of information about what each offers.

Another aim of Furniture Month is to help consumers buy the goods they want.

During the past year, certain credit restrictions have been imposed, making some kinds of buying — for example, hire purchase in respect of certain commodities — more difficult.

During Furniture Month, the payment options are explained to consumers so they can choose the one that suits their budgets.

Advantages

Furniture Month is also to let consumers know about the advantages of buying from an FTA member store.

Over the years, the furniture retailing industry has worked hard to build up a reputation for fair trading and sound business practices.

FTA stores adhere strictly to a Code of Conduct, which affords a great deal of protection to consumers.

During the past 12 months, hundreds of furniture sales-people have undergone an intensive product training course aimed at giving the customer better and more informed service.

Dozens more will complete the course by the end of the year.

Exciting

So, visit your favourite furniture store to see what's on offer.

It's good to keep in touch with what's new and exciting — and don't forget to fill in a jackpot competition form while you're there — you could be one of the winners!

Dave Rees, FTA chairman, and executive director Frans Jordaan look forward to a bumper Furniture Month

Pick 'n Pay cheapest

PRICES are lower at Pick 'n Pay than at other shops, says a survey commissioned by the Consumer Council. On average, the price of general goods in September rose by 1,45% from August at Checkers and by 1,2% at OK. Pick 'n Pay prices dropped by 0,7%. S/Times 22/10/89 (30

S/Times 22/10/87

Suppl.

Code of Conduct makes sure that all deals are fair

THE Furniture Traders' Association has done a great deal to upgrade furniture retailing over the years.

These days, more than 90 percent of all furniture retailers are members of the association.

All of them subscribe to a Code of Conduct, which keeps the industry "squeaky clean".

The FTA is justifiably proud that its members subscribe to a Code of Conduct that states that:

- ● Advertising should not be misleading;
- ● Once an order has been accepted the price of the article should not be increased except in the case of increases in GST or import surcharges over which the dealer has no control;
- ● Delivery charges be cost related;
- ● A "cooling-off" period of 72 hours be applied, except in exceptional circumstances;
- ● Credit be granted with discretion to avoid over-commitment on the part of the consumers;
- ● Disciplinary steps be taken against members and staff who contravene the code.

Hopefully, this gives an answer to the often asked question: "Does the FTA have 'teeth' when it comes to mediating in the case of a genuine complaint lodged by a consumer?"

Pressure

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The fact that the SA Co-ordinating Consumer Council, newspaper consumer columns and the Legal Advice Bureau refer most of their complaints to the FTA for investigation supports the claim that it is able to bring pressure to bear on its members should the need arise.

The FTA has seldom, if ever, had to resort to such action because its members are for fair and honest trading.

Invariably, unresolved complaints arise from staff members who fail to meet their commitments but, almost without exception, those people have not been acting in accordance with their company's policy.

There is also the "impossible" consumer, who cannot or will not be satisfied.

Fortunately, there are not many of them around.

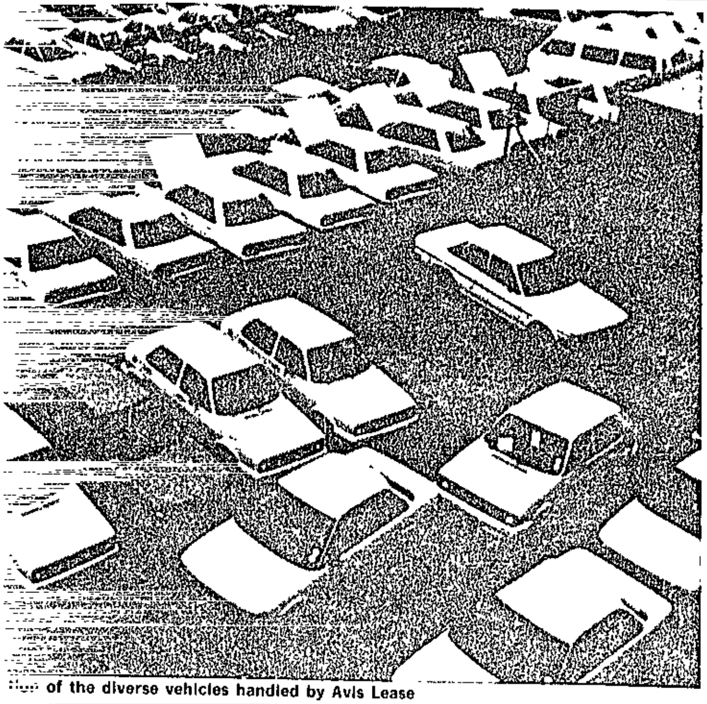
A Code of Conduct is simply affirmation of ethical trading.

Any trader who chooses to ignore this important philosophy more often than not closes down.

Furniture retailers, like most other retailers, place a very high premium on "repeat" business, and this is only possible with statisfied customers.

There are instances where members of families three and four generations down the line still do their shopping at the same store.

When you consider buying furniture, appliances, TV or sound equipment, make sure that you deal with an FTA member, because credibility is the key to that member's success and your peace of mind.



of the diverse vehicles handled by Avis Lease

Pressure on fleet owners in . . .

30

Used-car decline

THE market for second-hand cars has taken a tumble and fleet owners are having great difficulty in getting rid of their used vehicles at acceptable prices.

Used car prices began to decline from the beginning of May and since then, resale values have fallen by between 10% and 15%, with the 2*l* and 3*l* cars experiencing the largest falls

Even prices of 1,3*l* and 1,6*l* cars have fallen

The reason for the softening in prices is the introduction of stricter credit controls and the fact that almost every used car is sold to an individual, whose disposable income has not kept pace with the rise in new car prices and consequently the upward pressure on used cars.

This means that the private buyer has been unable to enter even the used car market, especially in view of the prices fleet owners expect to get for their used vehicles, based on a planned residual price

Although there is still a market for used cars, prices before the May tumble rose to extremely high levels.

Difficulty

This was caused largely by fleet owners, who take up about 77% of new vehicle sales, having favourable financing mechanisms and who, in any event, must have vehicles to conduct their business.

It has long been the contention that if new vehicle prices continue to rise, used vehicle prices will rise in tandem.

This, however, is now not the case

In contrast, the private buyer does not have access to similar funding methods and must use his disposable income to match a car purchase.

The result of these factors is that fleet owners are now having great difficulty in disposing of used vehicles at expected prices.

Problems

To counter these problems, Avis Lease has suggested the use of full maintenance leasing (FML).

In terms of FML, there is no risk for the user of the car, as Avis Lease is responsible for the eventual disposal of the vehicle at no risk to the user.

"Although trading under these conditions is extremely difficult, we at Avis Lease are not concerned that it is happening as it will, hopefully, bring a bit of sanity to the market," says managing director Grenville Wilson.

MARKETING MAN ... John Whitehead, national sales and marketing manager at Avis Lease

"This should put pressure on some of the less professional players who seem to believe that there is no end to the heights that residual prices will go.

"As pioneers of FML in SA, Avis Lease has experienced a number of downturns in the used car market and is fully aware of how to handle the situation

"We are geared up to meet this situation having experienced it before and we are able to handle it to the best advantage of our customers," he says.

"In the past couple of years, prospective clients have resisted coming to FML because they feel they will always be able to get good prices for their second-hand vehicles and it will not cost them anything.

"But not with the used car market where it is at present. The corporate and other fleet owner will be finding it difficult to move their vehicles and might even be taking a loss on them.

Benefit

"This is an opportunity for us to emphasise this benefit of no risk," says Mr Wilson.

The FML, in effect, offers a residual value guarantee or a residual value insurance, which alleviates any risk clients might experience

Avis Lease has been doing this since it introduced FML and has all the experience to make it work.

Toyota set to lay out R1-bn for expansion

(30)

Star 23/10/89

By Jabulani Sikhakhane

Two major car manufacturers are planning investments totalling R1,3 billion over the next five years to meet requirements of the local content programme.

Toyota has revealed plans to invest R1 billion in capital projects, while Volkswagen is spending R340 million in a major expansion programme.

An industry analyst warns, however, that the SA market might not be large enough to meet the additional capacity resulting from the large-scale investments.

In terms of the value-based local content programme, introduced by the Board of Trade and Industries (BTI) in March, manufacturers will have to lift the local content of their vehicles from current levels of about 55 percent to 75 percent by the end of 1997.

Analysts say that every one percent rise in local content costs each manufacturer about R30 billion.

This means that over the next seven years, therefore, SA's six producers will have to spend about R6 billion on the programme at current prices.

Reliable estimates are difficult to make at this stage, but the capital investments will inevitably lead to considerable cost escalations.

Tony Twine, motor analyst at Econometrix, says: "The success of the investment expenditures depend very much on whether the local market can absorb the additional supply and initial price increases resulting from the programme.

"This is doubtful and many manufacturers could experience losses if they cannot find alternative markets."

He suggests that local manufacturers examine export markets more seriously, especially Europe in 1992.

He argues that as a result of a drop in local demand, spare capacity is available, which could be used to produce cars for export.

At an economic forum last week, Nissan chairman Peter Whitfield said:

"The inclusion of exports in the programme means that we can now become part of the world vehicle market, concentrating on the production of a limited range of components."

He estimated that the value-based programme would relieve pressure on foreign exchange reserves, with the annual net forex usage on vehicles and replacement components declining from about R7 billion to R4 billion at current prices and volumes.

Since the introduction of the programme by the BTI, its implementation has been rather chaotic.

Nevertheless, many manufacturers have already announced extensive investments to meet its requirements.

Toyota will kick off its R1 billion expansion programme with a R55 million expenditure next year on an engine plant at its Prospecton factory.

Expenditure on the factory will grow to about R300 million over the next five years and will put the company in a position to meet its own needs for engines and offer them to other manufacturers.

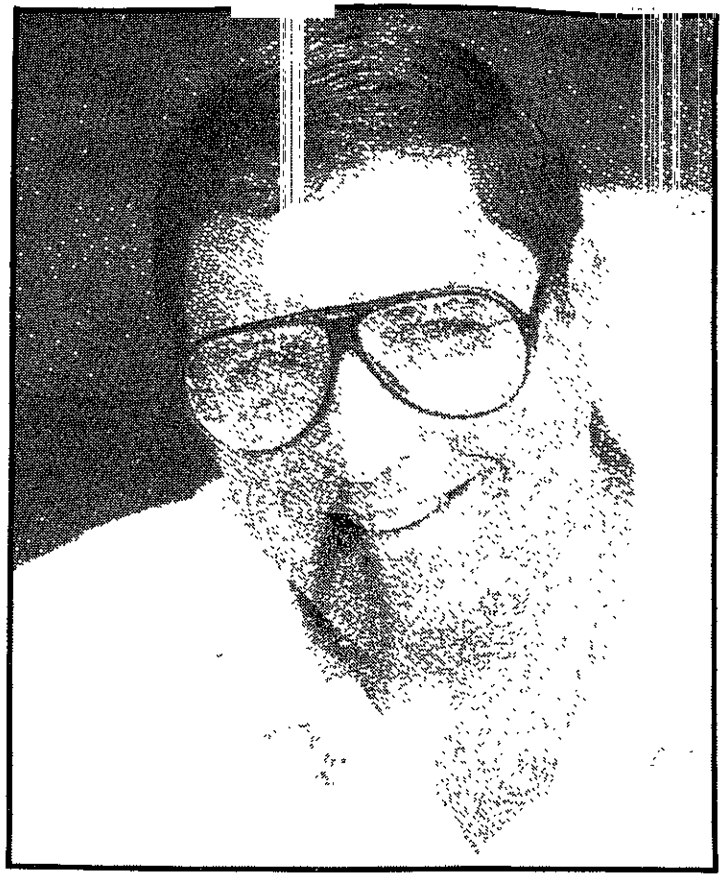
Announcing the project over the weekend, Toyota's chief executive Bert Wessels said the first phase would lead to initial foreign exchange savings of about R60 million.

The programme will involve the localisation of the versatile Toyota Y-series range of four-cylinder engines and create jobs for 40 skilled workers and many others for semi-skilled and unskilled workers at a later stage.

Other items of major expenditure include more than R200 million for new model tooling, R190 million for tooling required to increase the value of the local content of existing models under the local content programme and R60 million for presses, tool and die manufacture.

"A further R230 million will be required for other facilities to retain the company's position as industry leader," Mr Wessels said.

Volkswagen's R340 million programme is also designed to make substantial foreign exchange savings, with a tool-manufacturing facility at the top of the list of planned investments.



HOT SEAT: Being MD of Checkers has not been an easy ride for Clive Weil but his "plan has come together" and the nationwide shopping chain is back in favour with the housewife.

Clive Weil, a man you learn to trust

Star 23/9/89

STAN KENNEDY (30)

MISSION statements are all about the importance of people as a human resource and a company that faithfully adheres to its promises is Checkers.

Managing director Clive Weil (call me Clive) moved into the hot seat in April 1985 when the company was only a hair's breadth away from insolvency. He could not have succeeded in pulling the company through its difficult days without the support and trust of his staff.

In the year ended June 1986, it lost R44 million and market research showed that its customers had little faith in the company. Another research commissioned to investigate staff attitudes pointed to a "tremendous amount of confusion, lack of motivation and no belief in its future success".

Today, it is generating cash and is profitable, making R6,6 million in 1987, R14 million in 1988 and R24 million in 1989. Net asset value has jumped from minus R16,5 million in 1986 to plus R98,5 million and shareholders are currently receiving a 15 percent return on their investments.

What happened at Checkers to bring it back to health? It employs 16 500 people, operates out of 173 supermarkets, each of which lists up to 22 000 items, and the chain itself deals with more than two million customers. Altogether a very complex business to set right.

"Retail is detail," says Clive. "It is a business in which you have to grab the detail. Changing its performance is based entirely on changing people's attitudes.

Fifth MD

"When I got here, I was the fifth MD in eight years, while Sanlam was the fourth controlling shareholder in the same period.

"I was not a retailer. I was a manager and my primary focus was on the staff and customers.

"It is a business where success or failure lies in the performance of your people and their understanding that it is the customer who puts the bread into all our mouths.

"You have to dedicate yourself to your customers. You don't go out to make a profit. Profit is the reward for serving your customers well — and better than your competitors."

Clive (43) is what would call a "decent guy". But he is more than that. He is gracious and compassionate, easy to get along with and — this could be the major stimulus which helped him turn a moribund organisation into one with more camaraderie than a football supporters' club — he never lost the common touch.

His first job after gaining an economics degree was with the Department of Training. In 1969, he joined Tiger Oats' export department but for some unaccountable reason he was relegated to the position of audit clerk in the sales division.

It was a harrowing time for him, doing a job that was well below his paper qualification as an economist.

"But it was interesting," he recalls. "Being at the bottom of a large organisation I was exposed to all the bizarre styles of management, poor communications and uncivil behaviour that workers in the lower echelons had to put up with on occasions.

"It made me decide that if I ever became someone in authority, I would eschew all the bad points in others."

His humanitarian approach towards his staff and his avoidance of any tendency to be arbitrary and dictatorial has rubbed off on his people and Checkers has become a vibrant organisation, with everybody pulling together.

Simplicity

The aura within the head office is one of simplicity and quietude. Clive does not wear a tie or jacket and his door is genuinely open to all who have problems. Everyone is on first name terms with him but this doesn't imply any loss of respect from his staff. Everyone is equal.

He puts everything into trying to remove the stuffy atmosphere which previously existed and to create a more friendly, informal working environment, believing that people feel restricted and fettered by a show of the accoutrements of power.

A culture is evolving, he says, by which people are encouraged to speak up without fear of the boss.

And while he has a well-relaxed attitude, there are times when the pressures build up and his good humour tends to dissolve. But never with his staff. It is usually when he has to deal with aggressive and abusive customers. It is at these times he feels cornered because the company has a strict policy of the customer always being right.

Every day he finds a new challenge. "Being a business of action and reaction, you don't get a lot of time for forward planning. You have to face today's problems today. You live by today's cash flow and are judged by the public on yesterday's price of baked beans."

What Clive has achieved has come through the efforts of the same management team that was in place four years ago.

"It now has a better understanding of what it has to do and I would like to think I have helped turn a losing team into one that now tastes the flavour of success."

Govt curbs hit Tedelex profits

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STAR 6/10/89

Finance Staff

No retailing group seems to be more affected by the government's credit spending curbs than Tedelex.

After disappointing interim results the group today reported a rise in turnover of only three percent to R405,7 million and unchanged earnings per share of 50c for the year to end-August. However, the final dividend was raised by 70 percent to 17c a share (10c).

Commenting on the results the directors state that sales were depressed as a result of the strict hire-purchase and curbs and surcharges imposed last year.

"However, stringent cost controls and a significant improvement in sales of professional and business products enabled the group to raise margins from 10,1 to 10,4 percent and reduce gearing from 43 to 32 percent."

The directors forecast a slight improvement in profits in the current financial year, although an improvement in consumer durable expenditure is only expected when hire-purchase restrictions are lifted and there is a positive change in the overall economic climate.

COMPANIES

ARGUS 23/10/89 39

Pepkor turnover up to R674,4-m

By DICK USHER, Business Staff

PEPKOR lifted its turnover for the half year to August to R674,4 million, a 28 percent increase on the corresponding half year in 1988.

Operating profit rose 18 percent to R47,8 million, while net profit, before extraordinary items of R3,6 million, rose 22 percent to R24,5 million.

Commenting on the results, chairman Christo Wiese said the half-year had been characterised by a further sharpening of Pepkor's focus and by the continued rapid expansion of Pep Stores.

"We sold Hyperette because as a convenience-store chain it did not really fit into our niche, which is mass-market retailing to the lower-income group. We also disposed of some properties that were not directly related to our business, and we sold our export operation to Pep Stores, where it should be of great strategic value," said Mr Wiese.

He said the lower increase in operating profit was mainly attributable to the operating margins of Pep Stores being adversely affected largely by non-recurring expenses associated with the separation of the retail division into two businesses, Pep Stores and Ackermans.

"Profit before extraordinary items increased by a satisfactory 22 percent over the same period last year and reflects the improved results of the group's two listed subsidiaries, Pep Stores and Shoprite Holdings, which reported increased earnings of 20 percent and 35 percent respectively," said Mr Wiese.

The extraordinary items consisted of the surplus on disposal of certain investments, including the sale of the group's interest in Hyperette.

The dividend of 54c a share was 20 percent up.

PRESTO TRANSPORT

● **Presto Transport Holdings** showed a 37 percent increase in turnover to R51 million for the year to July 31.

Profits before interest and tax grew 58 percent to more than R5 million.

The dividend for the year more than doubled to 10,9c a share.

CEMAG HOLDINGS

● **Cenmag Holdings** operating profit grew 30 percent to R1,8 million on a turnover increase of 26 percent to R25,5 million for the six months to August 31.

The interim dividend of 1,8c a share was 20 percent up.

Management said growth had been achieved entirely organically and was primarily attributable to an increase in the customer base and a sustained emphasis on rigorous financial and operating controls.

Financial director Victor Farkas said: "The group has benefitted from ongoing involvement in the Lesotho Highlands water project. As a long term project these benefits are likely to be sustained in the coming period."

Cenmag operates as a supplier of electrical and related equipment to mining houses, petro-chemical and steel industries and is also extensively engaged in the manufacture and rewinding of the electro-magnetic and electric motor requirements of heavy industry.

Clients include semi-government organisations like Eskom and Sasol.

SOWETAN Thursday October 26 1989

CP raps De Klerk

Sowetan 26/10/89

Boycott call under attack

30

THE Duduza Residents Committee has condemned as divisive pamphlets which were distributed in the township this week calling for a boycott of shops belonging to councillors.

A spokesman for the committee, Mr Mthetheleni Mini, said the pamphlets, whose authors are anonymous, called upon residents to boycott three shops in the township - two of which belong to the mayor, Mr Kebane Moloi, and a councillor, Mr Johnny Mkoto.

"We think the author is somebody within our ranks who is trying to feather his nest at the expense of our people. The boycott of councillors' shops was made in conjunction with the national consumer boycott which began on October 6 - 13.

"And now that that boycott is over, there is no mandate from anybody to continue it," said Mini.

He urged the author to show his face and stop operating as a faceless coward.

"The people should be wary of such pamphlets and dismiss them with the contempt they deserve. We condemn whoever is behind the distribution of these pamphlets as they will only serve to further divide the masses in our township," he said.

Sowetan 26/10/89

Sher visit

THE South African Institute for Medical Research has announced that Aids expert Professor Ruben Sher will visit the Vatican City next month as a guest of Pope John Paul II.

Conservative Party leader Dr Andries Treurnicht

'Lawlessness is let loose'

The Conservative Party's Transvaal congress yesterday unanimously accepted a motion condemning the Government for fanning an atmosphere of lawlessness in South Africa.

Proposed by Mr Fanie Jacobs, MP for Losberg, it said the CP condemned the Government and President F W de Klerk for letting loose "revolutionary forces" in South Africa by:

*Freeing the ANC prisoners recently without them having forsworn violence or a commitment to the Communist Party.,

*Allowing street marches which were allowing revolutionary fervour to reach "breaking point."

*Allowing ANC and Communist Party banners to be displayed while this was illegal.,

*Adding to lawlessness by its non-action on these matters., and

*Making the task of the police force impossible.

In another motion adopted unanimously yesterday, the CP's Transvaal congress resolved that a committee of experts in the party should evaluate the congress discussion on nation and human rights and make further recommendations.

Superloo

LONDON. - Having a medical check-up will soon be a simple matter

urray in the dramatic 'life and death' scene in Ninette de Valoi's *The Rake's*
at the Nico Malan Opera House from October 27 to November 4.

'No role for big builders in housing'

Argus 26/10/89

~~82~~ 30

By ANDREA WEISS, Staff Reporter

SOUTH Africa's housing shortfall of more than two million units should be met by owner/builders rather than large developers, according to Mr Wolfgang Thomas, head of the Small Business Development Corporation

In the latest Rode's Report, a research-based quarterly journal on the property market, Mr Thomas justifies a swing to owner development by pointing to the difficulties experienced with the 40 000-unit Blue Downs project in the Western Cape.

Flexibility

Seven large developers were employed there: one went bankrupt, another performed extremely badly, costs escalated, dissatisfaction was expressed over the standard of workmanship and developer/subcontractor relationships deteriorated, according to Mr Thomas.

While acknowledging that owner/builders cannot meet all housing needs, the owner/builder's input combined with greater flexibility would keep costs close to available funds, he says.

He suggests:

- Large developers should develop only serviced sites which would allow them a reasonable return on their projects but prevent them from hoarding or speculating on land. At present, artifical shortages are making prices skyrocket.
- Serviced sites should be auctioned to private individuals with only limited restrictions on their purchase, for instance a two to three-year building obligation and one plot per person.
- The resale of plots should be allowed possibly only subject to an initial six-month resale embargo.
- Suburban external services should be available and of a standard related to the desired residential standards. Also there should be minimal restrictions on building plans, materials used and phasing of construction.
- Information about plans, architects, builders and low-cost supplies should be disseminated.
- Basic facilities should be available on time.

The outcome of this approach may look chaotic at times but in the long-term would be more cost-efficient and self-satisfying to local communities. In addition, it would boost local entreperneurship, Mr Thomas said.

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Star 26/10/89

Consumer boycott hit hard in Carletonville

By Kaizer Nyatsumba

Early this year the CP-controlled Carletonville town council followed Boksburg's lead and reintroduced petty apartheid.

The resulting black consumer boycott was much more intense than in Boksburg; more businessmen were put out of business and a number of people lost their jobs.

The town council refused to rescind its policies, arguing it was merely enforcing the NP's law.

The Carletonville Chamber of Commerce took the town council to court, asking that its decision be nullified.

In what was widely regarded as a watershed judgment, the Pretoria Supreme Court ruled in favour of the Chamber and ordered that the "whites only" signs be pulled down.

The town council's decision, the judge said, was harmful to the town.

The CP, however, immediately let it be known it would appeal.

Hairdressing – a survival tactic that's set to flop

(30) W. Mail 27/10 - 2/11/89

Perms are in ... but only a minority of black hairdressers succeed in this competitive market

By PHILIPPA GARSON

BLACK hair care is a growing new small business and hairdressers and manufacturers of hair products seem set for yuppiedom.

The 3 000 black professional salon owners in the country rake in a total of R6-million in salaries each month, says Xolani Qubeka, chairman of the Black Hairdressers Association.

But the success stories are the exception rather than the rule, say a group of Wits University students who recently surveyed 32 black hairdressers in the Johannesburg central business district.

Most informal sector hairdressers are struggling to make ends meet, say sociology students Zuraida Dada, Somayya Ismail and Anusha Pillay.

They identified three groups among the hairdressers:

- One third, whom the students termed the upper stratum, lived comfortably from the proceeds and had entered hairdressing as a career.
- The middle stratum just managed to survive on their CBD business.
- The lower stratum was made up mainly of domestic workers who worked as hairdressers over weekends to supplement their income.

The researchers found a direct correlation between education levels and the various strata to which the hairdressers belonged. For example, the upper stratum members had studied beyond Std Eight whereas only 10 percent of the middle stratum had progressed beyond this point.

Most said they had left school prematurely because schools were faraway, they were short of money and they needed to support families.

Only the upper stratum saw their education as benefitting their current jobs. Most interviewees had completed hairdressing courses at training centres and had "paid anything from R200 to R600 for two to six months' training". While many of the upper stratum had trained in the elite Sandton area, most middle stratum hairdressers completed courses in central Johannesburg.

The lower stratum, made up of thousands of people operating in townships from home — or if domestic workers, on the pavements outside their employers' homes — had not undergone formal training.

Most of the hairdressers put themselves through training school.

All middle stratum hairdressers operated from offices in old buildings in town hidden from view, to which the women who sit on street corners with cardboard placards advertising perms direct customers. Many of these women are members of the hairdressers' family who do not get paid but have a share in the business.

The upper stratum hairdressers had salons but "lacked the sophisticated decor and equipment of their white counterparts".

'For the vast majority the informal sector is not an escape avenue from poverty but a survival strategy in the face of large-scale unemployment'

Interviewees were reluctant to divulge wages paid to assistants. But the women advertising hairdressing services on Johannesburg street corners said they were paid R60 a week.

Lower stratum hairdressers felt domestic work was the only means of subsistence to which they had access.

While middle stratum hairdressers worked on weekends to supplement their income, the wealthier group did not.

The researchers found that monthly turnovers were not much higher than rentals. The average monthly income for the upper stratum ranged from R1 000 to R1 500, while rents were between R700 to R900 a month. Yet the researchers describe these salons as "small rooms concentrated in dilapidated buildings in advanced stages of disrepair ..."

Furthermore hairdressers had to spend between R200 and R300 a month on hair care products.

Most of those interviewed had been in the "trade" for not more than 18 months — indicating the rapid growth of this small business.

All hairdressers working in the CBD had trading licences, yet all showed ignorance about legislation restricting business activity. The researchers said licences had been issued "tactlessly", with up to 10 hairdressers on one floor.

The hairdressers complained of competition and poor business — despite offering their services at low profit margins.

The students concluded that despite the deregulation of black business, apartheid society and the continued existance of discriminatory legislation effectively disadvantages blacks trying to eke out a living on their own.

Their small-scale project reflects general trends in the informal sector pinpointed by researchers from the Human Sciences Research Council, who say: "For the vast majority the informal sector is not an escape avenue from poverty but a survival strategy in the face of large-scale unemployment".

HSRC researchers Eddie Barendse and G Huggins say that because unemployment is so high an enormous number of people are attempting to exploit the informal sector. This leads to stiff competition and low profit margins. Those who "make it" have access to the necessary financial and social resources and often get rich at the expense of the less successful.

Limited profits in hair trade

and editor of *Hair Vision*, Xolani Qubeka, found in recent research on this sector.

Qubeka's findings, published in *Black Enterprise* magazine, show from 1985 to 1988, more than 13 000 people passed through training academies, which grew in number from 12 to 40 in the space of a year.

But nearly half of these academies have now closed down, and Qubeka now others are less eager to enter the business.

He thinks better training would revamp the hairdressing industry and lead to a professionalism he sees as lacking in many black hairdressers.

He estimates that over 60 percent of these people are underqualified and this leads to accidents and casualties which give the business a bad name.

‘Extend credit on cars’

WESBANK managing director Mr Peter Thompson has appealed to the authorities to increase the existing maximum credit period for motor vehicles from 42 months to 60.

According to South African legislation, hire purchase contracts for passenger vehicles are restricted to 42 months. The bank strongly believes that the authorities need to take a fresh look at this.

Research conducted by Wesbank shows that the average vehicle loan agreement in the United States runs for 56 months.

“New car purchases for the man-in-the-street have become a dream. In 1983 the repayment for an average compact car was R310 per month. Today, these payments are over R900.

“A longer contract period will provide the motorist with the means for affording a new car again,” he claims.

(30) Sow 29/10/89

eclipsed by fine results from other banking groups. Allied eased 2c from the previous

whereas 100 Graphitecs at the bid price of R16 are worth R1 600.

Small firms get orders

S/Times 29/10/80

THE Small Business Development Corporation has set up a unit to promote closer links between between big business and small entrepreneurs. (30)

The SBDC unit, funded by R250 000 in bridging finance from Anglo American's new small business unit, has helped to arrange contracts worth R1,4-million. Contracts worth R2-million are being adjudicated.

Assocom, FCI set to wed

(30)

S\Times

29\10\89

By Don Robertson

THE long-awaited marriage of the Association of Chambers of Commerce and the Federated Chamber of Industries could take place on Wednesday.

Assocom approved the merger in principle at its congress in Port Elizabeth on October 17 and the FCI is expected to announce acceptance at its Exco '89 conference in Johannesburg on Wednesday.

There will be economies in joint chambers of commerce and industry — but to get to the altar, some large differences have had to be overcome.

Pecking

Often the interests of commerce and industry clash. In addition, there are strong personalities on the executives of both organisations. Arranging a pecking order will be no picnic.

Ron Haywood is executive director and chief representative of the FCI, and Raymond Parsons holds a similar position at Assocom.

Mr Haywood, however, is confident that any areas of dispute can be resolved at committee level and a unified voice presented.

The two agree broadly on socio-political matters — so much so that they were removed from President PW Botha's Economic Advisory Council. But they have disagreed on several issues in the past and there could be problems in presenting a single voice on some subjects.

The new organisation — SA Chamber of Business — will be established early next year. It will represent about half of SA's manufacturers and businesses.

30

We aim to keep you moving

By Don Robertson

5/Times 29/10/89

EVERYBODY In the motor business wants to help ordinary citizens to buy new cars.

They hope to do so by influencing the Government to lengthen the hire-purchase payback time to five years.

The National Automobile Dealers Association (Nada) and the National Association of Automobile Manufacturers of SA (Naamsa) not only support the proposal by HP house Wesbank, but claim it is necessary to avoid an industrial calamity.

Nada chairman Errol Richardson says that unless dealers increase sales, "we will have a disaster".

Naamsa executive director Nico Vermuelen warns that sales are declining.

Government regulations lay down that HP debts must be repaid in 42 months.

Restrictive

Wesbank has written to the Registrar of Financial Institutions and the Department of Trade and Industry asking for 60-month contracts.

No comment could be elicited from the Government this week, but economists say any relaxation of credit restrictions would fly in the face of restrictive monetary and fiscal policies.

The counter-argument is that particular industries should not be singled out and that interest rates should be used to control spending.

Santambank has joined the clamour for easier finance and has called for more affordable car repayment schemes.

Inflation

Managing director Roland Perold told the Handelsinstituut's motor congress this week that new methods of vehicle finance were necessary to help first-time buyers.

He said finance houses should restructure financial packages to include inflation. Monthly instalments could be increased by about 15% a year. Payments in the first year would be low, but would grow with annual salary increases. This would reduce the initial burden on the first-time buyer.

He advocated monthly savings pools among groups of car-buyers along "stokvel" lines.

A stokvel is a form of co-operative saving. Individuals contribute to a pool, and by rotation are allowed to draw

● To Page 2

P.T.O

management and leveraged buy-out opportunities.

Corvest will initially have R30-million to help finance buy-outs. It will be prepared to invest in buy-out companies, says Corbank chief executive Laurie Korsten.

The new company already has three or four proposals.

"We believe that disinvestment and corporate restructuring activity will not decline," says Mr Korsten.

"Managements are showing an increasing willingness to take equity risk in order to share more directly in the wealth they are creating."

He says managers can normally fund only a small part of the purchase themselves, and commercial bank loans may not be available or entail too high a level of gearing.

"This is where our money can help."

Critical

Corvest will be headed by three executives from First National Merchant Bank — Neil Page, Dick Merks and David Rissik — who have had wide experience in MBOs and development capital projects. They will have a minority interest in Corvest.

"We have worked together for four or five years and our combined experience gives us skills in three critical areas — finance, marketing and technical," says Mr Page.

The formation of the company is a logical move for Corbank. Mr Korsten became an MBO pioneer at Volkskas when he played an important

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US companies, particularly, find the new tax burden on their South African subsidiaries onerous."

SA groups are also watch-

"High interest rates can mean that prices become more realistic. It becomes more of a buyers' market."

● From Page 1

30

Car hopes

on the capital built up.

Wesbank managing director Peter Thompson says: "New-car purchases for the ordinary man have become a dream. In 1983, the repayment for an average compact car was R310 a month. Today, it is more than R900. A longer contract would put cars within reach of motorists again.

Mr Thompson says the monthly repayment of a car worth R28 000, after a 15% deposit and GST, is R953 over 42 months. If the contract were extended to 60 months, the repayment would fall to R773 a month.

A car worth R48 000 would require R1 683 a month under the present rules and R1 380 a month over 60 months.

"The quality of vehicles is superb these days and the average life of a car has increased dramatically since 1983. It makes sense to extend repayment to 60 months."

(266)

Nada's Mr Richardson says 301 000 new cars were sold in 1981. The forecast for this year is 220 000. The industry would be in trouble if sales fell below 210 000.

Total vehicle sales, including light, medium and heavy trucks, are forecast at 350 000 or 380 000 annually for the next five years.

The present squeeze coincides with plans by the industry to spend R550-million a year between 1990 and 1997 to meet Phase VI of the local content programme.

Mr Richardson says that in 1980 there were 3,3-million vehicles in SA, of which a million (29%) were older than 10 years.

The stock of cars increased to 4,1-million in 1985 and 1,3-million (31%) were more than 10 years old.

In 1989, the car stock was 4,7-million and 1,7-million (36%) were older than 10 years. At current levels, it will take about 12 years to replace the car stock.

Mr Vermuelen says that in the last six months of 1988, new-car sales amounted to 19 720 a month. In the first nine months of this year, average monthly sales fell to 18 867.

Used-car sales have also fallen. In 1988, used-car sales averaged 39 820 a month, but fell to 37 800 a month in the first half of this year. June sales were 37 100.

Corporate and fleet purchases made up about 50% of new-car sales only a few years ago, but today they represent 70%. Small cars made up about 50% of the market in 1980, but now represent 68%. Their share is forecast to rise to 70% next year. Some fleet owners now buy second-hand cars.

S Times 21-10-89

Little Christmas cheer in store for consumers

By ANDREW GILLINGHAM

30

SOUTH AFRICANS are set for one of the worst Christmases in living memory.

The South African consumer has never had it so bad, with interest rates and prices sky-rocketing and no relief in sight.

The 10c rise in the cost of bread this week will push up many household budgets by as much as R3 a month.

And that's on top of last month's price increases — 3,4 percent on vegetables; 1,1 percent on meat; 2,2 percent on staples like cheese, eggs and milk; 2,2 percent on furniture and 2,9 percent on entertainment. As well as a bond rate increase of 1 percent and hikes in hire purchase payments.

Now experts are predicting further crippling rises — another. 1 percent on bond rates, up to 30 percent on medical aid contributions and a possible petrol price hike early next year.

And workers shouldn't be looking at pay rises or a drop in income tax as an answer to their prayers.

Trust Bank economist Mr Nick Barnardt says: "Salaries are likely to rise at below the rate of inflation. And, despite election promises, the Government is unlikely to decrease tax for another two years because of the country's economic circumstances."

National president of the Housewives League Mrs Lyn Morris said: "Everyone is struggling. They are worrying about budgets and prices — they have to.

S/Times 29/10/89

Reeling

"And they are thinking about the advertising hype associated with a particular product and deciding whether it's worth the price. Often they will buy the cheapest brand and see whether it does the job."

Supermarket chains are offering temporary relief on bread costs. Checkers announced an increase in its bread price subsidy for the year to R700 000 yesterday.

And Pick 'n Pay managing director Mr Hugh Herman said the company will also freeze its bread price for as long as possible.

Homeowners are still reeling from the mortgage rate rise to between 20,75 and 21 percent. And they could reel even further!

Mr Barnardt yesterday warned of a possible further rise to 22 percent.

"Budget for high interest rates until the second half of 1990 and, even then, don't expect them to fall sharply," he advised.

The Representative Association of Medical Schemes executive director Mr Rob Speedie said medical aid contributions could rise by as much as 30 percent next year.

And another increase in the petrol price is on the cards.

The National Energy Council says South African motorists are underpaying for petrol and that a price rise has been predicted for some time.

(30) Sowetan

Shoppers like these can flock into your shop if your business is well advertised.

Winners of Iscor shares contest

SIX lucky *Sowetan Business* readers have won the Iscor Shares Crossword competition run in the paper from September to mid-October.

The first three were named and we now announce all six, including the first three. All will soon be getting packages in the mail containing their share certificates.

They are:

1. Thabang Khoele, 223 Klipspruit, P O Pimville, 1808
2. T J Nqunde, Private Bag X 5023 Kimberly, 8300
3. Wilhemina J Malepe, 1467 Monnakhotla Street, Dube Village, 1852
4. Kabelo P Mogase, 4981 Section P, Mamelodi, 0122
5. Alpheus Mahapa, P O Box 220, Bleskop, 0292

The above five win 300 shares each. The winner of 1 000 bonus shares is Mr Mmatli Motsoeneng, 1391-2 Zone 10, Sebokeng, 1982

Bring in the customers

THE Christmas rush has started and consumers will be spending millions in the shops. Most shops and producers make the bulk of their sales during this period.

Newspapers will be carrying hundreds of advertisements placed by sellers to entice shoppers to buy their wares. Will black [illegible]

Some of the companies that have consented include South African Breweries, our major sponsor, Anglo American, Genmin, Sasol, Shell, AECI, Hoechst, Barlow Rand, Anglovaal, the Canadian Embassy, Nissan, Escom and Caltex.

We have approached others and the queue of major companies that are prepared to help the town- [illegible] are in black business, but also by black corporate executives who, for the first time, have a pulication that relflects developments in the business community they would like to see grow.

Black entrepreneurs who qualify for our sponsored advertising are those who operate from the townships. They include welders, carpenters.

The more popular size is the 5X2 or 10 column centimetres which costs R96,10 instead of R192.20. You can even take out an advert as small as 4 collumn centimetres and only pay R38!

SAB and Escom have sponsored this week's pages. Although the deadline was Friday afternoon we will still accept adverts until 12 noon today.

among these sellers.

If previous years are any kind of yardstick, very few of our entrepreneurs will be placing adverts.

They will once more depend on luck and chance or the hope that some people will buy from them.

In other words, they will be dependent on crumbs falling their way. Many are content with half a loaf when the whole loaf could be theirs. Well, this is unacceptable.

Sowetan has approached big business to help township entrepreneurs advertise their outlets. The township entrepreneur will pay only 50 percent of the cost of an advert in *Sowetan*.

The other 50 percent will be paid by these companies.

fair share of the millions spent in the country is endless.

In fact many of these companies have told us to contact them should we run short of sponsorship in the period towards Christmas. In other words, if there is a deluge of township entrepreneurs wanting to use this sponsorship, we will be able to cope.

Your advert will appear in *Sowetan Business*, our business section which appears every Thursday. This section is not only read by our 1.2 million daily readers, but by everybody who is interested in this community, for our business secion reflects news about the black business community.

Initial snap surveys indicate that we are not only read by those who

tent - hire, car hire, hardware shops, tailors, florists and the many other concerns in the townships.

If you are in an industrial park, operate from home, are a so-called backyard mechanic, a church group or operate from the many shops and outlets in the townships, chances are that you qualify.

This is your chance to make it to the top. Your chance to smile all the way to the bank after Christmas.

Just make it a point to call Paul Tshabalala at 474-0128. He is your passport to massive sales this Christmas. To ensure that we accommodate as many people as possible, you will be able to take an advert of up to 22 column centimetres, which is quite big and costs R192,20 instead of R384,40.

come to our offices where Paul is waiting for you.

If you prefer to call at our office, the directions are in the other story on this page. Remember - if you do not make use of this offer it will not be repeated.

For us to go to big business and ask them to continue this sponsorship depends on your response.

Send in your announcement

YOUR announcements for our Business Diary must be in by tomorrow for publication on Thursday in our *Sowetan Business*.

If your business organisation has a meeting, the best way to let your members know is by informing them through Business Diary. This service is free and all you pay for is the telephone call you make.

In addition please inform us of major events. This does not only apply to chambers of commerce for black businessmen, but all business organisations that operate in the townships.

Announcements of a profit-making nature, for instance, a wholesaler inviting hawkers to sell his wares, cannot of course be accommodated in the diary but will be accepted as a regular advert.

Lastly, *Sowetan Business* is your section on business news. We have now had five issues. If there is something you do not like or something that you want us to do, why not write to the editor of *Sowetan Business*, Thami Mazwai

nd belonged to the
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cognize any *ummah*
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of biological descendance and race can, and
do, help support the religious unity. "The
elations are more entitled to man's good
s a principle of Islāmic law.[28] What Islām
g here is that no kind of physical nearness
r be allowed to determine the conduct of
he Muslim individual or the Muslim group, over and above the religious and moral factor. "We have created you all of one male and female," God said; " and made you tribes and nations that you may fraternize with one another. Noblest among you shall be the most virtuous" (Holy Qur'ān 40:13). Evidently, physical nearness is subservient to virtue and piety; it is secondary to ethical worth and personal merit, not the reverse.

The *ummah* therefore is not a matter of birth and geography and language. These independent of one's will and hence necessary. The *ummah*, as a religious and moral brotherhood, is a free association of individuals to the end of actualizing in and for themselves and humanity the whole realm of values; in traditional Islâmic terms, "happiness in the two abodes, this life and the hereafter." One is not born into it by blind chance, but elects and decides to join it as a rational being. The *ummah* is not a *Gemeinschaft*, but a *Gesellshaft*, not a community-by-nature, but a community-by-decision, a "society."

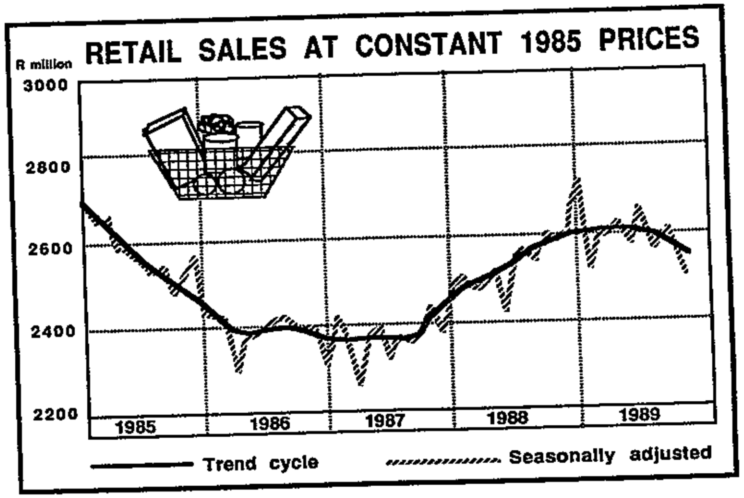
At the launching of the Islāmic movement right after the Hijrah in 1. A.H., the tribe the simple form of *Gemeinschaft*, and the empire a political *Gesellshaft* founded upon a *Gemeinschaft* of race, language, culture, and history, were known; and they were prospering. Islām knocked both about. It established a pure *Gesellschaft*, a universal brother-

Christmas spending blow for retailers

35

Star 1/11/89

By Sven Lünsche


RETAIL SALES AT CONSTANT 1985 PRICES

Retailers are facing a bleaker Christmas than the one they enjoyed last year.

Latest statistics from the industry and pessimistic profit projections by major retailers confirm that the Government's austerity measures to curb consumer spending have hit home.

In its annual forecast on Christmas sales, the Association of Chambers of Commerce and Industry (Assocom) projects that sales will show a decline in real terms.

Retail sales peaked in June after a strong upsurge, which lasted over two years.

Since then, however, a combination of higher interest rates, hire-purchase restrictions and rising import surcharges have hit the consumer's pocket.

In a speech last week, Reserve Bank Governor Dr Chris Stals said gross domestic expenditure had declined by about two percent in the second quarter.

This has hit retail sales, in particular, according to latest figures from Central Statistical Services.

Expected real retail trade sales for October show a decrease of 2,8 percent, compared with September, while sales for the three months to October are down by 1,6 percent, compared with the previous three months. (see graph).

The trend is expected to continue. Total Christmas sales for November and December this year are expected to reach R12,5 billion in nominal terms, says Assoscom in a survey of 200 large and small retailers.

However, if a conservative estimate of the inflation rate at 14 percent for the year is assumed, in real terms sales will be one percent below last year's figures.

In 1988, Christmas sales were up 9,6 percent in real terms on the 1987 figure.

In a sectoral breakdown of its survey, Assocom says the food sector expects an increase at current prices of about 12 percent.

Clothing sector sales are likely to be around 15 to 20 percent higher than last year's sales, al though it should be noted that clothing prices have risen faster than food prices in the past year, Assocom says.

"Traders in furniture and household appliances expect, on average, increases in sales of around 10 percent, considerably below this year's rise in prices of furniture and appliances, which were adversely affected by the import surcharges."

About 50 percent of the respondents were prepared to give cash discounts, while 70 percent were prepared to lay on special promotions for the period.

Industry sources confirm the bleak outlook.

Presenting clothing retailer Edgars results yesterday, managing director Vic Hammond said spending on clothing, footwear and textile goods would only rise by an annual two percent in the fourth quarter, after showing a similar rise in the third quarter.

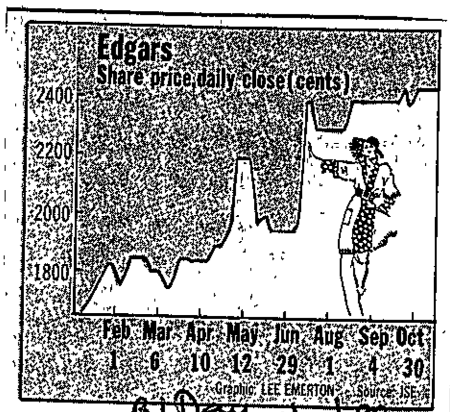
Mr Hammond expected a further slowdown early next year, and forecast a significant improvement only by 1991.

Despite the expected slowdown, retailers are still sitting on the comfortable cushion of a net average 50 percent rise in profits in 1988, Assocom says.

It adds that 1989 should see a further rise in profits, albeit a considerably smaller one than previously.

Giving a regional breakdown of its survey Assocom reports that coastal areas such as Durban and Cape Town are anticipated to do better than the national average.

A high proportion of sales are expected to be on a cash basis in both cities.



Graphic: LEE EMERTON Source: JSE

B/Day 1/11/89

Edgars looks smart despite the odds

30

SYLVIA DU PLESSIS

BLUE chip retail group Edgars has defied difficult economic conditions to show real growth across-the-board in the six months to September.

While tightened consumer spending has limited growth, earnings a share after the conversion of debentures were a nominal 29% up at 113,2c (87,9c), from which dividends of 27c (22c) have been declared.

Turnover climbed 27% to R897,2m (R704,9m) — a creditable 6% ahead of the clothing, footwear, textiles and accessories (CFTA) market. A hefty 40% rise in operating profit to R130,2m improved margins to 14,5% from 13,2%.

But attributable profit of R57,5m, 32% up from R43,4m, would have been higher had it not been for a 95% hike in interest to R17m (R8,7m).

Group CE and MD Vic Hammond and financial director Kevin Brewer said in an interview yesterday the group's level of interest-free liabilties was "unduly high" last year, and gearing at 0,47 (0,28) was still satisfactory.

Hammond said he was very happy with the figures for all chains — Edgars, Sales House, Express Stores and Jet.

Sales House subsidiary Express, still in the experimental stage, had been repositioned and "everything was in place".

Turning to prospects, he said real spending on CFTA had contracted, and this downward trend would continue to gain momentum. While Edgars was not going to maintain its current sales growth, the group was budgetting for real sales growth of 6% for the full-year.

He said stock for the festive season was up 35%.

Unlike most other blue chips, Edgars shares firmed earlier this week to a fresh peak of R24,50 — more than 50% up on their yearly low in December of R16.

Tokyo motor show's star

90 Star 2/11/89

A spectacular new Pininfarina Mythos dream car based on Ferrari's Testarossa and fitted with Pirelli's P Zero tyres, the world's first road-going Formula One radials, was given its world premier at the Tokyo Motor Show on October 27.

This sleek, open two-seater has been developed by Pininfarina to demonstrate the sophisticated Italian stylist's provocative — and, in some ways, extreme — view of the kind of technology that could be adopted by future car generations.

The Pirelli P Zero is suitable for cars capable of up to 340 km/h and are 245/40 ZR 17 front and 335/35 ZR 17 rear, as fitted as original equipment to the Ferrari F 40.

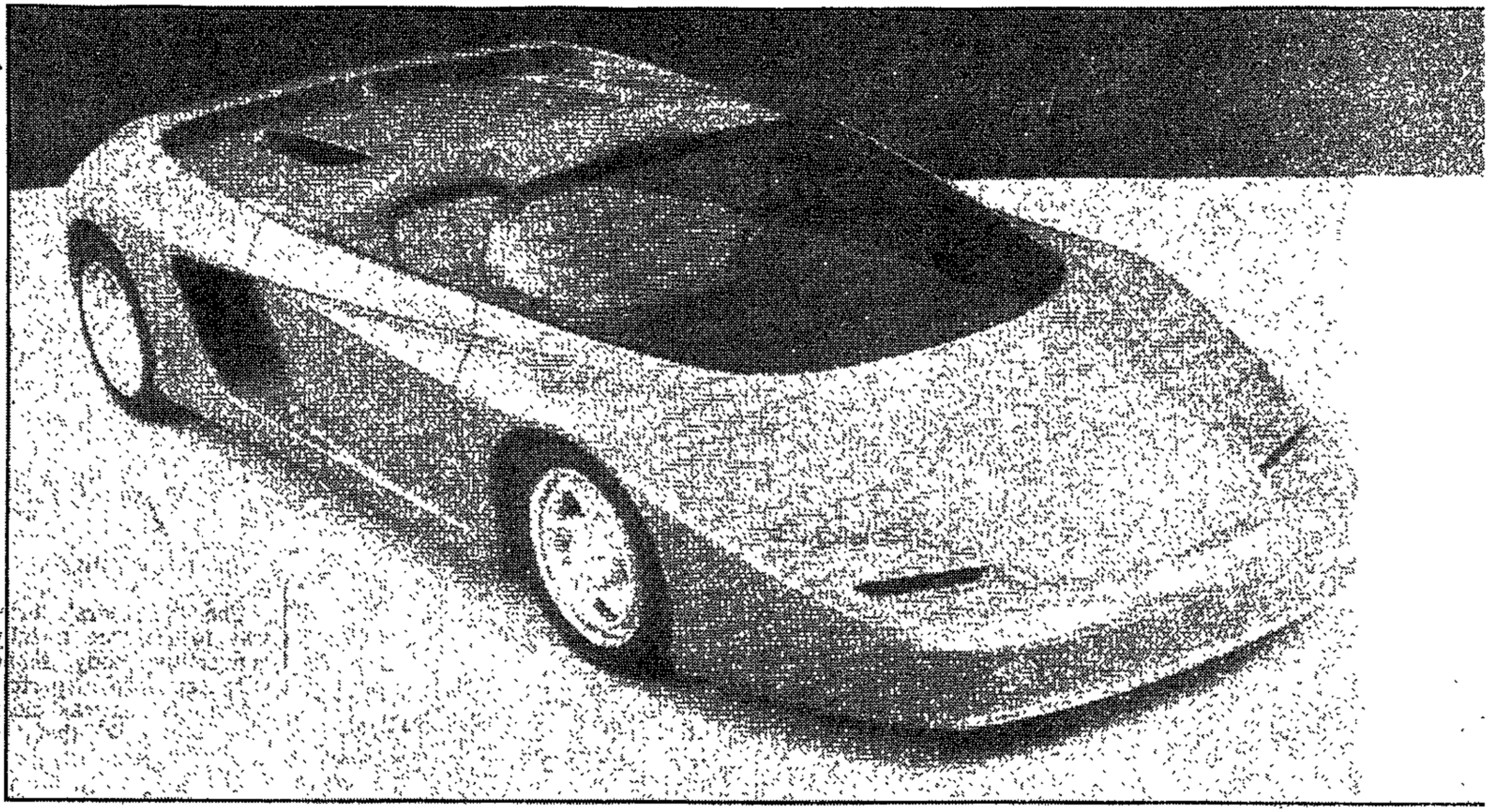
Originally the Pininfarina Mythos was developed in three different versions — coupe, targa and speedster. Pininfarina decided to take the speedster version to prototype development, mainly because of that configuration's link with racing cars.

Integrated

Said a Pininfarina spokesman; "One only has to imagine the Mythos with its front wheels visible, to see this car as a two-seater extension of a formula one car".

Two integrated aerodynamic devices, whose combined effect increases the car's stability at high speeds help single out the Pininfarina Mythos as provocative. beneath the front bumper, a retractable lip protrudes 30 mm to increase the dam's downforce. The car's rear wing can be raised 300 mm and turned 12 degrees into its operational position, to produce a load of 150 kg at 250 km/h. Both devices come into operation when the car exceeds 100 km/h and retract at 70 km/h.

The Mythos engine is that of the standard production Ferrari Testarossa — 12 cylinders, 4 942 cc with four valves per cylinder and double overhead camshafts.



The Mythos is based on Ferrari's Testarossa and was given its world premier at the Tokyo Motor Show on October 27.

Over 72 000 cars worth R200-m stolen last year

20

Star 24/11/89

More than 72 000 cars worth R200-million were stolen last year — and this figure is likely to rise. This is equivalent to a whole year's output from one of the leading car manufacturers in this country. And it is believed that nearly half the cars stolen here are destined for foreign countries.

Car alarms and immobilisers are still the car-owner's best single line of defence against this onsluaght and a new system has been developed by Conlog, who introduced the ingenious speedo-cruise to the local motor market some years ago.

They also supply security systems as original equipment to Volkswagen and Toyota. The new product developed for the aftermarket has, say the manufacturers, such a wide range of electronic features that it will fool even the most clued-up car thief.

The new RXi has been developed as an extension to the Scimitar range and has been designed to balance security and convenient operation.

A crystal controlled ultra-sonic sensor detects movement in the car and a tell-tale signal informs the car-owner if an attempt has been made to tamper with the car, while the RXi also has a panic button feature.

This could be a lifesaver if you are threatened in the vicinity of your car. If you are outside the car, pressing the button will set off the alarm and hazard lights for 60 seconds, as well as unlocking the doors if the car has central locking. A separate button can be fitted inside the car which, when pushed, will activate the alarm and hazard lights for 60 seconds, also locking the doors if the car is fitted with central locking.

Other features include:

- ● Perimeter protection for the doors, boot and bonnet;
- ● Three circuit auto-arming immobiliser;
- ● Anti-tamper system override for vehicle servicing;
- ● Faulty input indication warns of a fault or an unclosed door;
- ● Power-down protection built in battery charger and battery back-up circuit.

30

Cover for informal business

Sowetan 2/11/89

THE African Council of Hawkers and Informal Business has signed an agreement with Metropolitan Life for funeral cover for its members.

Achib president Mr Lawrence Mavundla said in a statement in Johannesburg yesterday that this was the first time insurance had been made readily available to the informal sector.


Mr Lawrence Mavundla

"Informal businesses are regarded as high risk so it has been impossible for them to get cover," Mavundla said.

The insurance cover which will begin in December will not cost members anything as Achib has agreed to deduct it from subscription fees of R10 a month, Mavundla said.

"Funeral cover is just a start. Obviously we must now educate Achib members of the need for other insurance cover," said Mr Chris Myburgh, national sales manager of Metropolitan LIfe.

Mavundla said: "Achib has now succeeded in getting wholesalers, manufacturers, suppliers and an insurance company to do business with the informal sector. Banks are next." - Sapa.

Business Report

Growing wealth in black townships

Cape Times 2/11/89

30

Financial Editor

ABOUT 3 000 more people are coming to live in Khayelitsha and Crossroads every month, and wealth is being created in the squatter townships, Theo Rudman, director of the Self Employment Institute, told the National Wholesale Drug Association conference in Somerset West.

"The size and importance of this wealth is demonstrated by the R20 214 389 worth of bids received from local businessmen for 11 business and industrial sites put out to tender by the Lingelethu West Town committee which controls Khayelitsha."

Rudman said the rapid rate of urbanisation presented "marketers of all products with increased opportunities."

It made it easier to reach millions of potential customers than when they were scattered throughout the rural areas.

Advising delegates to the conference to develop this market, Rudman said: "In just five years Khayelitsha alone has reached an estimated population of around 600 000 people.

"Yet there is not one formal pharmacy in the township. There are two doctors that I know of in private practice — probably dispensing practitioners.

"There are a few 'chemists' selling over the counter patent and traditional medicines. Dozens of sphaza or house shops stock patent medicines, as is done by many supermarkets throughout the country.

"Few wholesalers or manufacturers are doing anything about developing this market."

Rudman said Durban held just as much opportunity. "Kwa Macha alone, just one of the black townships there, is almost the same size as Soweto.

"Because this growth has happened quickly, in the last five years or so, it has been overlooked by many marketers who still believe that Soweto is the centre and in some cases the only viable way of reaching the black consumer."

Pointing out that: "SA is a black country, much more African than European in tradition and standards," Rudman continued: "Learn to work with this market and that is where you will find your greatest prosperity yet."

30 Fmail 3/11/89

WOOLTRU

Pillars of productivity

Activities: *Retailers of clothing, food and fashion goods. Owns 100% of Makro Wholesalers.*
Control: *Largest shareholders: SA Mutual 3,9m; Southern Life 3,5m; Liberty Life 2,4m.*
Chairman: *D Susman; chief executive officer: Colin Hall.*
Capital structure: *14,7m ords of 50c each; 20,1m "A" ords of 50c each. Market capitalisation: R1,13bn.*
Share market: *Price: 3 250c. Yields: 3,4% on dividend; 8,3% on earnings; PE ratio, 12; cover, 2,4. 12-month high, 3 350c; low, 1 550c. Trading volume last quarter, 2,83m shares.*
Financial: *Year to June 30.*

	'86	'87	'88	'89
Debt:				
Short-term (Rm) ..	23,8	39,5	11,8	4,5
Long-term (Rm) ...	20,7	101,5	79,6	68,1
Debt:equity ratio	0,30	0,54	0,30	0,1
Shareholders' interest	0,58	0,44	0,48	0,43
Int & leasing cover .	19	8,3	6,9	7,9
Debt cover	1,1	0,44	1,0	1,7

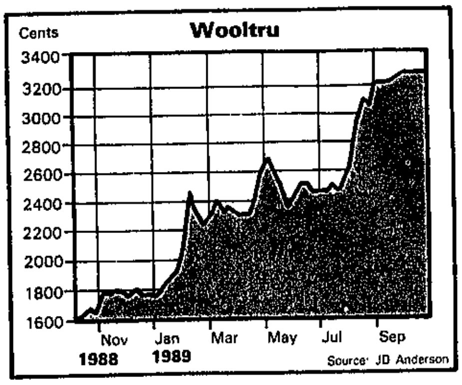
Performance:

	'86	'87	'88	'89
Return on cap (%) ..	17,6	15,0	22,1	24,9
Turnover (Rm)	744	1 103	1 668	2 096
Pre-int profit (Rm) ...	65,0	94,9	140,9	203,1
Pre-int margin (%) ..	8,7	8,6	8,4	9,7
Taxed profit (Rm)	29,2	40,3	61,3	93,3
Earnings (c)	86	118	179	269
Dividends (c)	52	60	80	112
Net worth (c)	620	758	879	999

There is little room for doubt that the group has finally re-emerged from a mid-Eighties gestation period leaner, more aggressive, better focused and altogether more dynamic. The 1989 annual report tables excellent all-round results.

For a 52-week year sales exceeded R2bn for the first time — a 25,7% increase. For the five years 1984-1989 sales have risen at an annual compound 26,9% though the bottom line (EPS) managed only a 16,6% rate, because of falls in income in 1984 and 1985.

This year, however, against the expectations of most analysts, EPS growth again exceeded 50%, at 50,3%, compared with 1988's 51,7%. The dividend was raised 40% in spite of an increase in cover from 2,2 to 2,4.



Source: JD Anderson

Collin Hall . . . reaching deeper into the population

Each of the three operational pillars — Woolworths, Speciality Retail Group (SRG) and Makro, the mass wholesaling chain — substantially improved its profits though individual figures are not disclosed.

With 76 stores and five franchised outlets, Woolworths' aggregate sales increased by 24% and topped R1bn for the first time. Clothing and general merchandise sales were up by 23% and food by 28%.

Tight cost and stock controls improved stock turn and reduced markdowns, with the result that pre-interest margins improved by 15,5%. Information technology contributed to pre-tax profits which increased by more than 45%.

Total floor space increased by only 2% but all space was made to work much harder.

SRG sales grew 30%, to R359m (17,1% of group sales), and profits by 60%. The main contributor was Truworths where sales grew by 33% and profits by 62%.

Makro's six stores grew sales by 27% to R711m, 34% of group sales. Profits more than doubled. Here, too, management evidently increased productivity substantially.

The financial structure is sounder than for some time. Interest-bearing debt is down to the extent that cash on hand at balance-sheet date covers more than half of it. Debt:equity ratio has diminished to the point where the group is almost ungeared. Net working capital as a percentage of sales continued to fall.

At the annual meeting, two days after the hike in Bank rate, chairman David Susman disclosed sales were running about 25% above last year's. He said the expected downturn in the economy had not yet been felt but was close. In spite of this he was confident the group would have a satisfactory Christmas.

Deputy chairman and CE Colin Hall says: "The three trading formulas have been much more closely focused. Woolworths, by expanding ranges and reaching deeper into the population, is demonstrating it has enormous steam in it. We expect substantial organic growth and aim to demonstrate we are going to be a big player in the food game.

"SRG has masses of growth, as it continues to focus on niche markets, and the restructured Makro is poised for new growth. In addition, we expect benefits from our new approach to property development."

Hall does not know when the downturn will bite but believes the group will outperform the sector. If sales growth stays at 25% for the rest of the financial year he is confident EPS will grow by more than that.

Last October the share price was R16. It is now around R32,50. Clearly, the market has significantly rerated Wooltru. Even in the face of last week's volatility the share remained relatively constant, an indication that it is firmly held. Though it can be argued that it is fully priced at the moment, there still seems every reason for the long-term investor to accumulate the share.

Gerald Hirshon

FINANCIAL MAIL NOVEMBER 3 1989

(30) Fmail 3/11/89

EDGARS

Better than expected

Edgars' results for the 26 weeks to September 30 seem very much better than one might have expected from the forecast in the annual report. Chairman Meyer Kahn said that the rate of real growth this year was expected to be well down on the previous year's exceptional performance, when EPS climbed 59%.

He proved to be correct at the EPS level, where the increase was 12%, but this does not take into account the fact that 7,7m debentures were converted and increased cover in the past allowed for dividends to rise by 23%.

The surprise comes at the operating level. The group succeeded in increasing sales by 27% (34% last year), which was 6% ahead of the clothing, footwear, textiles and accessories market as a whole. Mainly as a result of the benefits of the climb in turnover, margins improved sharply from 13,2% to 14,5%, helped by tight asset management and some improvement in staff productivity.

There has been no easing in capital expenditure, though the extension to Edgardale and the computer hardware outlay is complete. The budget provides for total capex of R84m this year, a large part of which has been spent on refurbishing and better utilisation of space in existing stores, especially those of Sales House. MD Vic Hammond has reason to be pleased with the resultant increase in sales/m² of 43%.

A number of new Express Stores were opened, as well as the Pretoria Edgars Store, which Hammond says is the best of its kind in the world. A new Jet store was also completed at Westgate.

EDGARS EXCITES

26 weeks to	Sep 24 '88	Apr 1 '89	Sep 30 '89
Turnover (Rm)	704	875	897
Pre-tax profit (Rm)	84,2	101	113,2
Attributable (Rm) ..	43,4	61,8	67,5
Earnings (c)	100,8	120,2	113,2
Dividends (c)	22	53	27

Jet has long been a problem area, but Hammond says that the chain is showing a profit this year and that its return on assets has climbed from 10% two years ago to 32%. Sales/m² have also risen, in this case by 22%. "The new management team has settled in and we would be very confident if it were not for the economic downturn," he comments.

Financial director Kevin Brewer suggests that the market will continue to be relatively strong until after Christmas, though the white market has softened considerably. The group had the added problem of a boycott in September, which Hammond estimates cost R2,8m in sales and he says that "we are spending more to get the customers now."

Edgars' Hammond ... slower second half

In anticipation of this, Edgars has stocked up, though stock turn, at 3,7, is much the same as last year. To finance the increased stock and higher working capital requirements, borrowings rose 44% from R375,5m to R539,9m, pushing gearing up from 28% a year ago (which Hammond says was abnormally low) and 44% at year-end to the present 47%. Interest payments consequently climbed 95% to R17m.

Brewer says that borrowings will rise further and suggests that margins are at about their peak. "There must be a squeeze on margins if we aggressively chase sales," says director Fred Haupt. Again, the predictions for the second half are for a lower rate of growth, especially as the way of accounting will mean that the comparison will be 26 weeks in the current year with 27 weeks last year.

This suggests that the dividend might be around 90c for the year as a whole, putting the share on a dividend yield of about 3,7%. The price has leapt from R16 at the end of last year to a new high of R24,50 on Tuesday. With the consumer demand downturn starting to accelerate, the share seems fully priced at present.

Pat Kenney

GOLD

Friendly trend

After all the publicity about gold breaking through a major resistance level at $370, it was hard to find a pessimist about the metal in a straw poll of chartists, but there are several suggestions it might react downward short term, with the shares in its wake. The general view is that the metal had broken out of the downward channel it has etched since December 1987 (see *Markets*).

The most negative view, from a leading broker's chartist, is that the upturn in the gold price from about $366 to $377, between October 23 and 30, is not enough. He adds the chart may be in a "base area" but there is not yet enough evidence for a breakout.

The analyst says gold has fallen against the D-mark and he cannot find fundamental reasons why it should rise. He agrees, however, charts for gold in dollars are turning positive. The decreasing magnitude of the metal's fluctuations in the down channel also indicates the bear trend is running out of steam. He says gold shares cannot be bought for their yields and their record of volatility this year makes a speculative venture into them spooky.

Three other chartists are unanimous the breakout is confirmed. Technicals consultant Tony Henfrey has been predicting a gold upturn since May. He says the breakout constitutes a breach of the eight-month moving average and indicator configurations similar to those in 1976, 1982 and 1985, when there were strong rises in the metal's price, are now reappearing. This means gold has the potential to rise to $460-$500, he says.

The only uncharacteristic, uncomfortable feature is that previously gold turned when investors were apathetic about it; this time, interest is high. Though gold generally rises on inflation, Henfrey says its nature is changing; it is now rising on "tremendous financial worries."

Chartist Bill Barclay says the bull trend for gold began when it lifted from its nadir of $455 on September 15. He says Monday's $377 appears to be the top of the developing upward channel and now expects a reaction to around $373, testing the previous resistance level. Consolidation of the metal price and shares will be followed by resumption of the upward trend.

Dee Ashton of Mathison & Hollidge says there is a definite change in market sentiment about gold but the recent rise in the metal and shares appears to be too far, too fast. She expects the metal to react to around $373 but it will still be in the bull trend if it holds anywhere above $368. Based on current buying pressure, she believes it will rise to the $392-$397 range within two months.

The All Gold index rose 26% from its low-point of 1 399 on October 16 to 1 766 on October 31. Ashton says the volatility of gold shares means they may now whipsaw downwards, especially as there is still plenty of nagging doubt about the metal's prospects. For ~~long-term investors,~~ she describes the present as a buying opportunity second to none.

Teigue Payne

Van Zyl's threat to council a recipe for disaster - Ramaphosa

Sowetan 3/11/89

THE threat issued by Mr Olaus van Zyl, Transvaal MEC in charge of local government, to the Soweto Council at a meeting this week was a recipe for disaster, the Soweto Peoples' Delegation spokesman Mr Cyril Ramaphosa said yesterday.

In a statement Ramaphosa said the rent crisis was not wholly the result of the council's negligence and ineffeciency but was rooted in the system that created economically unviable townships.

Van Zyl earlier gave notice to the Soweto council to get its house in order saying, among other complaints, that outstanding rents had not been collected.

Boycott

"Inadequate housing for black people, which gave rise to squatting and the concommitant problems such as lack of sanitary facilities, poor services and poor living conditions - that contribute to disease - have been with us since the early days of Johannesburg," Ramaphosa said yesterday.

"The rent boycott as a form of protest against the terrible state of affairs should be resolved along the lines proposed by the SPD in their meeting with the TPA on October 1989," he said. - Sapa.

Black business sector has vital role to play in economic reform plans

30

Star 3/11/89

Dr Piet Welgemoed

By Roy Cokayne

It is imperative that a large black business sector be created and put on a sound footing to assist the Government in its economic reform efforts, says Deputy Minister of Mineral and Energy Affairs, Piet Welgemoed.

"I believe this could be achieved by ensuring that opportunities are afforded to the black sector," he said in an opening address a National African Federated Chamber of Commerce (Nafcoc) privatisation conference in Pretoria yesterday.

Mr Welgemoed said all stakeholders, be they in the First or Third World sectors, regardless of race or colour, should be made aware of the objectives of the privatisation policy, either by a vigorous information effort or by some other stimulation, but preferably by a concerted co-operative effort by all levels of ultimate shareholders in the private sector.

"In the past, the consultative processes in the privatisation field were not as adequate as desired, especially as regards the potential black entrepreneur.

"However, I am happy to say that representation has been effected through the inclusion of the executive director of Nafcoc on the privatisation forum for commerce and industry under the auspices of the privatisation unit.

"In this manner, an excellent platform is being created for the black businessman to voice his views on privatisation initiatives.

"Hopefully this may lead the way to further consultation processes to enable the black business sector to be better informed and to be put in a postion to compete in the privatisation actions on an equal basis," he said.

Mr Welgemoed said if South Africa was to survive economically, the regulatory system had to be kept uncomplicated and adaptable.

He said the deregulation policy was aimed at removing barriers to entry into business. Major changes were occurring with substantial and consistent growth in the number of black-owned or black-managed businesses.

(30) Finweek 3/11/89

POINTERS

~~**Hallmark has** set its sights on meeting the needs of the informal sector with the acquisition for R3,5m of a block of industrial land from Rand Mines.~~

~~The intention is to develop a mini factory complex with an ultimate sales value of R20m. Known as the Crown Industrial Park the project will be implemented in several phases.~~

~~Hallmark says this is the first of several such developments planned for greater Johannesburg.~~

PRETORIA (30)

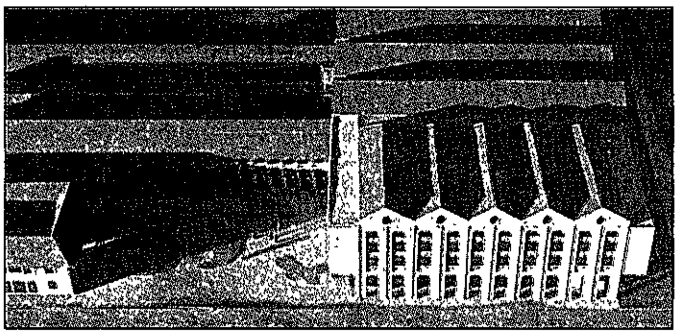
Tramways change

The refurbishment and adaptation of obsolete utility buildings — railway stations and old markets are good examples — for use as trendy shopping and entertainment centres is very much in vogue. Latest city to jump on the bandwagon is Pretoria with its centrally located, old tram sheds.

Work begins in the new year on transforming the structures — at the corner of Van der Walt and Schoeman streets — into a R40m speciality centre along the lines of Durban's Workshop. As part of the agreement with the City Council, the electricity department, which uses the sheds as a depot, will be relocated to a site provided by the developer, E G Chapman.

Chapman's Greg Swemmer says the building will provide 12 000 m² of retail space. It will also be linked to the neighbouring Federated Forum and Momentum Volkskas retail malls — creating a combined 24 000 m² of shopping space when it opens in mid-1991.

According to Swemmer, two companies have expressed interest in becoming anchor tenants and Chapman is talking to several other national retailers. There will be speciality shops and homecraft stores and negotiations are in progress for a cinema.



Tram sheds being spruced up for shops

The centre's theme will be transport 1910 to 1920. The developer has bought an old tram which will be restored and installed as a stationary feature in the complex — perhaps it will be used as a coffee shop.

Swemmer says other features include a square — which could host a flea market — and a 390-bay garage.

Rentals are being pitched just below prime Pretoria CBD retail rentals — R55/m² to R65/m² for small shops — and agreements will include turnover clauses.

☐ Architects are Peter Hattingh Ball De Klerk and Meiring Van der Lecq & Ronga. ■

(30) Fmail 3/11/89.

SUPERMARKETS (30)

Weil checks out

The supermarket sector loses a bit of showbiz colour with the resignation this week of Clive Weil as group MD of Checkers.

Weil indicated he had been unhappy at Checkers for some time and was uncomfortable with his boss, Tradegro MD Donald Masson, who had a much more hands-on style than his predecessor, Mervyn King.

Weil won't be leaving the limelight. His new post is executive director at the Johannesburg end of the Durban-based Prefcor group, a diversified retail and manufacturing group that includes Beares and Game. Weil says he won't necessarily work on the retail side. "I consider myself to be a manager rather than a retailer. Out of the 20 years of my working life I have spent only four years in retail, 14 in manufacturing and two in wholesale."

Prefcor chairman Terry Rosenberg says: "Clive is just up Prefcor's street. He will have a staff position for at least the first couple of months and will help me plan Prefcor's strategy. We have a number of new ventures, including a plan to turn our fleet of 1 400 vehicles into a profit centre, and a move into golf club manufacture."

Weil is the fourth MD in the Tradegro group to resign this year. Just a few weeks ago former Dion MD Hymie Sibul was made executive chairman of Prefcor's furniture division. The other departures were Cecil Smith of Metro and Clive Sacher of Jazz Stores.

Weil leaves Checkers in good shape. He turned a R43,3m loss the year he arrived into a R23,9m profit in the year ending June 30.

Soon after assuming the MD's post four years ago, Weil starred in the Checkers TV commercials and acquired the nickname Chubby Checkers.

He created a huge controversy in retail circles last year when he spoke out against confidential rebates, a practice by which retailers get discounts in return for volume growth in certain brands. He described this as "commercial terrorism" and debated the practice on TV with Pick n' Pay chairman Raymond Ackerman.

Ackerman says he bears no grudge. "Weil did a very good job bringing Checkers out of the mire and was the best boss the chain had since I left in 1966."

Weil's number two, Sergio Martinengo, will take over but might not become permanent MD. Both Weil and his predecessor, Gordon Utian, came from Tiger Oats and the next MD could also be poached from the ranks of Checkers' suppliers. ■

SANDTON (30) Fmail

Square dance

3/11/89.

Troubles surrounding the R200m Sandton Square project have been given a new twist. A town council management committee has decided to cancel an agreement relating to a R5m office development contract awarded to Nexus Properties a year ago.

Controversy has plagued the ambitious multifaceted scheme since the first tenders were awarded in October 1988. The project involves 65 000 m² of office space, 20 000 m² of retail space, a 545 m² pedestrian mall, 6 600 m² of parking, a 34 000 m² civic site and 9 517 m² of public open space on a 9 ha site between Fifth and West streets.

Other problems include alleged tendering irregularities related to one of the proposed development sites and objections to aspects of the retail development. These are now in the process of being ironed out.

Management committee members were unable to confirm officially the latest decision over Nexus; the matter was discussed in committee and they are bound to secrecy. However, it is understood that the action could be seen as a rap over the knuckles for Nexus for allegedly delaying work on two key sites next to Fifth Street, which divides Sandton City and Sandton Square.

It also opens the way for further action which could, in extreme circumstances, lead to a cancellation of the overall agreement between Nexus and the council.

Nexus MD Frank Peter says no notice has yet been received from the council and he will reserve any comment on the issue until after he has received formal notification.

Under the orginal agreement, once Nexus furnished the guarantees for its tender the developer was obliged to start work on-site within a year. However, because of the consolidation of Nexus's two sites into one, under a new title, a new agreement was negotiated. The essence of this was that Nexus had to pay interest on outstanding amounts owed to the council.

(30) Fmail 3/11/89.

Furthermore, it had to provide guarantees for the interest owed — and Nexus has apparently failed to comply.

So the council has cancelled the second contract and the first comes into force. This means Nexus has little leeway in terms of starting work if it is to comply with the original terms.

The council does not believe it has in any way been responsible for delaying the Nexus.

However, Peter says the delays are as a result of changes in design by the council which have meant that the developer does not even know where the entrance to the development will be. Peter says his organisation has urged the council to firm up the designs so that it can proceed with the work.

The council's argument is that, although there have been rezoning problems, other organisations, such as Abcon, which is under similar constraints to Nexus, is already on site and construction work is under way. ■

Retail group has lost its biggest asset

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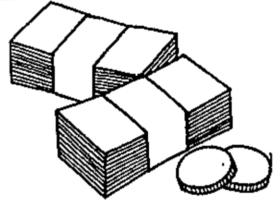

■ MONEY TALK

By Jacob Mokana

WHEN 43-year-old Clive "Trolley-for-Trolley" Weil, chief executive of Checkers, announced his resignation this week, people all over the country regretted his decision.

The reason: since taking over the hot seat at the country's biggest grocery chain in 1985, Weil has built a reputation as someone who cares for the housewife and other customers.

In the financial year to June 1986, Checkers showed a loss of R44-million and could have faced the liquidation court.

Strenuous efforts by Weil and his team, plus the financial muscle of the Sanlam insurance group, gradually turned the giant chain store group around.

Profit in 1987 was almost R7-million, growing to R24-million in the year to June 1989.

Profit of R24-million sounds impressive, but when compared to turnover of R2,7-billion, one realises how slim the profit margins of these superstores really are.

The public benefits from intense competition between mass retailers.

Supermarkets make a tiny profit on each item, while a high turnover ensures a reasonable overall profit.

For example, if a trader sells two pairs of shoes per month and each pair gives him a profit of R20, his total profit is R40. But if he sells 10 pairs and the profit on each is only R5, his total profit is R50!

The trader benefits because total profit is bigger and customers win because of the lower price.

However, a business with low profit margins and high turnover requires expert management, because profit can be wiped out by small mistakes.

This was realised by Kenneth Kaunda of Zambia not long after he nationalised OK Bazaars branches in his country. Inexperienced management caused massive losses within months.

Checkers was fortunate to have had the expertise of Weil to turn the company around after it landed in a mess.

. Why has Weil left?

Press reports say "strong personal reasons" are behind his decision.

Because of massive television advertising which projected Weil as the friendly grocer who was available to anyone with a problem, he and his family lost their privacy. The phone rang day and night.

His public profile was simply too high.

One hopes Checkers will get another top-flight retailer as its new chief executive.

An efficiently managed Checkers will ensure competition keeps prices down.

C.Press 5/11/89

The costs of the rationalisation have also been

ings per share improved from 7c to 11,6c.

Shoprite lifts profits

Stev 6/10/89 ~~80~~ 30

CAPE TOWN — Shoprite increased turnover by 32 percent to R209 million in the six months to August and lifted operating profit to R5,8 million. Earnings increased 35 percent to R3,7 million (R2,7 million)

Shoprite managing director Wellwood Basson describes the results as satisfactory, particulary when viewed against the background of high inflation.

"Most of our business has traditionally been conducted in the Western Cape, which is probably the most overtraded region in South Africa.

"It is therefore pleasing to be able te report that our expansion into the lucrative Transvaal and Free State markets has been successful." — Sapa

The Star
Finance

Good news for entrepreneurs

Star 6/10/89 (30)

By Jabulani Sikhakhane

Small business received a major boost yesterday when the Minister of Trade, Industry and Tourism, Mr Kent Durr, committed himself to the growth and promotion of entrepreneurship.

Mr Durr announced an open-door policy, inviting entrepreneurs to contact his department for discussions.

He told entrepreneurs at the Pennyville Hive of Industry that South Africa faced constitutional and economic challenges.

"If we are to win economically, small business will be essential to any growth strategy."

The Government would follow three strategies to boost small business.

One was continued support for the Small Business Development Corporation (SBDC).

The second was deregulation and the third the implementation of the "policy of the rising tide".

Mr Durr said some people had called for a a minister of small business.

"I say you have one. I commit myself again to the interests of small business."

The Minister said he had started as a backyard entrepreneur with no capital, only a telephone and an answering machine. "I built a business which has grown very big today," he said.

"South Africa is now celebrating its second national Small Business Week.

"The theme of Small Business Week is 'I have a vision.' I share that vision, Small business must become and remain a large concern on the road ahead, if we are to grow as we should," he said.

He said conservative estimates were that 60 percent of all business undertakings in SA could be classified as small. About 70 percent of the labour force was employed by the small busines sector. About 75 percent of all new jobs were created by the sector.

Its contribution to gross national product (GNP) was estimated to be 15 to 20 percent.

"The importance of small business development is therefore very clear.

"We need to develop small business in a big way if we are to place South Africa on a new growth path. If South Africa is to grow, small business must grow.

"The Government is attempting to promote small business development as far as possible by way, for example, of cluster industries such as this one in Pennyville," he said.

㉚ BDay 6/11/89

Consumer spending is likely to fall next year

EDWARD WEST

CONSUMER spending was expected to slide in 1990 due to price increases, declining income, high interest rates, taxes and stringent hire purchase conditions, a Bureau of Economic Research (BER) report said today.

Total per capita consumer spending was expected to slow from a 1,9% increase in 1989 to 0,5% in 1990, while real disposable income was expected to slip from a annual 1% increase in 1989 to a 1,2% decrease in 1990.

Political

Yet, in spite of declining real per capita disposable income, total private consumption expenditure was increasing in real terms.

To the BER, it appeared as if many consumers were using a great deal of credit to maintain living standards, while another consumer group were anticipating higher disposable income levels and raising living standards because of the political reform process.

The net results of these trends was a lowering in average per capita living standards, an increasing burden of debt and low saving ratios, the BER said in the report, complied by economists.

Spending on durable goods were expected to drop from an annual percentage decrease of 0,8% in 1989 to a decrease of 11,8% in 1990.

Slow growth in the durable sector would lead to a smaller market share, and if this was used as a yardstick for standard of living, the implication was that the latter would deteriorate.

High interest rates, price rises of imported durable goods, stringent hire purchase conditions, a building activity slide and tighter consumer finances would negatively impact on the sale of durable goods with household appliances and motor vehicles likely to be affected most, the BER report said.

Spending on semi-durable goods would slip from a 1989 increase of 3,6% to a decrease of 1,6% in 1990. This sector had cyclical tendencies and hard times were anticipated for this sector in 1990.

Spending on non-durable goods would decrease marginally from a 2,1% increase in 1989 to a 2% increase in 1990. Spending on services were expected to rise from 1,7% in 1989 to a 3,2% increase in 1990. Growth in non-durable and the services sectors was expected to remain relatively stable in 1990 because these sectors offered many goods and services which consumers could not go without.

Employee remunerations increased rapidly during 1989 and less slowly during the latter half of 1989, but the BER expected a considerable decline in growth during 1990.

Income tax

Direct personal taxes were expected to affect consumer income adversely during the second half of 1989 due to bracket creep. In spite of an anticipated provision for bracket creep in next year's budget, real disposable income could decline in 1990.

The Finance Minister was on record as saying he would like to see a lower rate for private individuals' income tax. Given the demands made to comply with the needs for political and social reform, this would be difficult if not impossible to achieve, the BER said. The best that could be hoped for in 1990 was an adjustment in bracket creep. Inflation was expected to remain high.

(30) Star 7/11/89

Business remains optimistic as zero growth rate is forecast

SOMERSET WEST — South Africa was entering the 1990's with a fairly positive attitude amongst business people, Dr Ockie Stuart, Director of the Bureau for Economic Research at Stellenbosch University, said on Monday.

Delivering a paper at a national conference on "The South African Economy in Years to Come" here, he said, however, the South African economy was not in good shape — quite apart from the fact that the country was entering a cyclical contraction which could result in zero growth during 1990.

The structural changes that had taken place during the past decade or two had not been conducive to sound economic growth, "especially not the shift away from the private sector to the government sector," Dr Stuart said.

South Africa had become a country of consumers, rather than one of producers, and this needed to be corrected.

"We have to recall our weaknesses and our strengths. We must develop new export markets and we must reduce imports," Dr Stuart said.

"We must stimulate labour intensive industries at the cost of capital intensive industries and above all, we must bring about the political reforms which are so necessary to give all of South Africa's people a place in the sun."

The country was entering a period of adaptation and "we may often become discouraged during the next few years," he said.

"Lets build further on the positive note which is prevalent in our country and lets bring about the structural changes which are so necessary," Dr Stuart added.

To avoid the imposition of further sanctions, South Africa would also have to reform at a faster pace on the political front, he said.

He said the government had not made a name for itself as a speedy reformer and had to take into account the vast numbers of white voters who were basically anti-reform in their political outlook.

Since the power base of the government is to be found amongst white voters, "it stands to reason that reform will be slow, rather than quick.

"It also stands to reason that some of the whites, all of the blacks and all the foreign countries will demonstrate dissatisfaction with such a slow process," Dr Stuart said.

He said he was sure the government would bring about reforms, but they will do so "as slowly as is practically possible."

This was bound to cause dissatisfaction and during the coming years the country was likely to experience continued tension and uncertainty. — Sapa

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EAC economist attacks 'differential taxes'

SOMERSET WEST — The drive to get the Government out of the economy has taken a new turn with the Economic Advisory Council calling for the abolition or relaxation of taxation rates, price and interest-rate measures which distort market prices.

This would lead to a more efficient allocation of labour and capital, the chief economist of the Central Economic Advisory Council, Dr Estian Calitz, said yesterday.

Speaking on "The Government's Long-term Economic Strategy" he said the Economic Advisory Council's call was directed at differential tax rates, hidden interest rate subsidies and the working of the labour market.

"An appropriate fiscal policy is regarded as the cornerstone of the government's financial policy," Dr Calitz said at the national conference on "The South African Economy in Years to Come" in Somerset West in the Western Cape.

"The aim is to diminish the share of government in the economy and to steer government spending in the right direction with the emphasis on expenditure on socio-economic services."

As far as monetary policy was concerned, the strategy added little to the major policy adjustments following the work of the De Kock Commission.

Regarding exchange rates, the maintenance of the dual exchange-rate system for the foreseeable future was explicitly stated.

"Official exchange-rate policy must be aimed at giving priority to a more stable domestic growth rate rather than to exchange-rate stability."

Dr Calitz said the whole issue of domestic savings, including the "alarmingly low rate of personal savings," was at present receiving the attention of the policy-making authorities. — Sapa.

Help at hand for businessmen

ARE the pieces in your business not falling into place despite your best efforts? Are you experiencing some problems in running your business?

If this is the case do not despair for help is freely available. Our column What Went Wrong in *Sowetan Business* is for this purpose. You just write in detailing your problem.

The Centre for Developing Business at the Wits Business School will give you guidance. So why not send the details of your problem to them right now?

Their answer will be published in our What Went Wrong column but your name or company name will not be published as your consultations with the school are confidential. The details of your case and suggested solutions are published to help other entrepreneurs with similar problems.

Write to: Centre for Developing Business, Wits Business School, PO Box 98, Wits 2050.

Also we have opened a debate on whether white businesses should be allowed into the townships or not. Write to The Editor, *Sowetan Business*, PO Box 6663, Johannesburg 2000, giving your views.

Some entreprĕneurs believe that black townships should be opened to white entrepreneurs but these companies must set aside a percentage of their shares to blacks. In other words if OK gets into the township, it must first get into a 49-51 percentage deal with blacks for the township operation. In addition it must set aside 20 percent of OK shares in the holding company or its major operations for blacks. This means black shareholders must also benefit in profits made in white areas by OK.

The other view is that whites must stay out and instead the Government must pass legislation protecting black entrepreneurs from white competition. This could be done by specifying that whites not operate within a specific radius of black businesses. What do you think? Just write to us in about 100-150 words, giving us your arguments.

Writers of the five best letters will get R20 each.

Sowetan 7/11/89

(20) B Day 9/11/89

October's new car sales take a dive from last year

EDWARD WEST

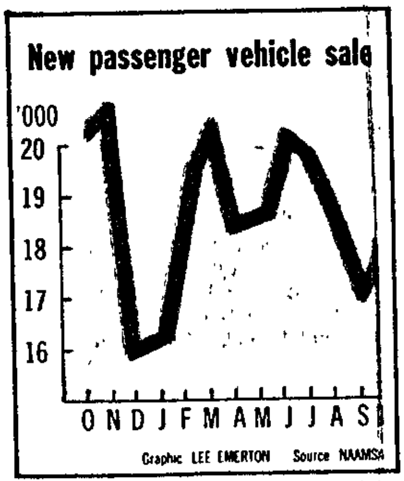
AFTER three months of steady decline, new car sales for October 1989 increased 4,3% compared to September 1989 due to increased supply, but showed a sharp decline of 11,3% when compared to October 1988.

New car sales in October increased by 750 units to 18 122 units compared to 17 372 units sold during September. However, October 1989 sales decreased by 2 300 units when compared to sales in October 1989.

A National Association of Automobile Manufacturers of SA (Naamsa) spokesman said the increase in sales from September to October was due to increased vehicle supplies following production disruptions late in August because of industrial action.

However, of note was that the negative trend in vehicle sales was gaining in momentum, as evidenced by the year-on-year 11,3% decrease for October, he said.

For the past five months the monthly year-on-year comparisons had shown negative sales percentages, but the large decrease in October showed that the negative trend had gathered momentum, he said.



Graphic LEE EMERTON Source NAAMSA

Naamsa said yesterday new car sales were showing signs of weakness and various vehicle manufacturers reported a sharp drop in orders.

Consequently, a further levelling off of passenger car sales was expected in the months ahead, Naamsa said.

New light commercial and minibus sales during October increased by 6,6% or 663 units to 10 579 units compared to September. Compared to October 1988, new light commercial vehicle sales increased 4,9%.

The continued sales performance of light commercial vehicles was because of better demand for utility and light commercial vehicles from deregulation in the small business sector, the corporate sector and the black taxi industry.

October sales of medium and heavy trucks compared to October 1988 fell by 17,8% and 4,6% respectively.

For the remainder of 1989 and the first half of 1990, Naamsa expected slower growth in the economy, declining levels of aggregate domestic spending, higher inflation and lower levels of real disposable income.

As a result, Naamsa forecast new vehicle sales would weaken and unit sales comparisons would probably be negative for most of next year.

9/11/89

Sowetan

30

Spaza is the new buzzword

according to thami mazwai

THE latest word to be liberally dropped around in the business community these days, particularly in corporate boardrooms, is "spaza shops".

The excitement with which white company directors have talked about these shops the past 18 months has at times made me wonder if they were referring to the same institutions I patronised in the fifties. To my surprise they were, I even recognised the peeling paint on some of the doors. The only difference today is that the magic wand has been waved and they are now seen as a natural expression of the entrepreneurial spirit in man. How things change, in the fifties the entrepreneurship was how to hound them out of existence. White South Africa was specific - no "native" businesses.

Spaza shops, shebeens, coffee carts and hawkers, to name a few, constituted the informal sector in those years. Coffee carts were snuffed out in the early fifties when the then liberal Johannesburg City Council decreed they were a health hazard.

Shebeen

They have reappeared. Most are owned by whites but operated by blacks, and now ostensibly no longer a health hazard! The spaza shops, hawkers and shebeens continued to exist regardless of the harassment. Out of sheer defeat the Government legalised shebeens.

Likewise spaza shops are now virtually legalised. But why is big business so excited about them? I always get suspicious when THEY get excited about black ventures. It means there is something for them, and probably little for the spaza shops. And this seems to be the case.

Since the "discovery" of these spaza shops white suppliers flooded them with their wares. In other words for many of the captains of industry, and definitely not all, spaza shops were merely an outlet for their wares which would lead to their companies getting a bigger share of the market with increased revenues and profits at the end of the financial year. There is nothing wrong with this for spaza shops do need supplies. But one has to be honest about their true intentions.

Most major suppliers are now offering spaza shops unbelievable credit terms. Some of these suppliers have taken advantage of the fact that spaza shop owners do not have licences and are only too eager to get goods to sell. The prices they get these goods at are outrageous and allow them just that fraction of profit.

All in all scores of spaza shops are being born and the suppliers are happily stocking them up and encouraging more to come in.

This is worrisome for the existence of these spaza shops is now being threatened.

Market

For how long will most of them survive? The size of the market is still what it was and is instead decreasing. Profit margins are getting narrower and the regular trader barely survives.

Predictions by the Bureau of Economic Research are that consumer spending is set to decline next year because of price increases, declining income, taxes, high interest rates and stringent HP conditions. Although total private consumption was increasing in real terms, this was due to the fact that consumers were relying on a lot of credit to maintain declining standards of living.

With another increase in the bank rate anticipated by economists, the situation can only get worse.

Taxi

The spaza bubble may be about to burst.

Looking at the rivalry in the taxi industry there is no doubt that the spaza industry in headed in this direction. It was all glory glory to the highest when taxi licences were issued right, left and centre. It was not explained that the more operators there are, the smaller the cake. Now, there are too many taxis, and "die poppe dans". About time our spaza shops took note of this, and learnt the ways of the world. Time to strategise for that eventuality.

The Star Thursday November 9 1989 21

New car sales make slight improvement

Star 9/11/89

(20)

October car sales improved by 750, or 4,3 percent, to 18 122 units from the 17 372 units sold in September.

However, compared with the corresponding month of October 1988, there was a drop of 2 300 units, or 11,3 percent.

The National Association of Automobile Manufacturers (Naamsa) said yesterday the sales figure for January to October was 2,8 percent down from last year at 187 927 (193 408). Total new vehicle sales were down 0,8 percent at 298 241 (300 758).

However, Naamsa said sales had been in line with general industry expectations.

Sales of light commercial vehicles and minibuses rose by 663 units, or 6,6 percent, to 10 587 from 9 924 in September.

Compared with October last year, light commercial vehicle sales improved by 4,9 percent.

Sales of medium and heavy trucks fell by 17,8 percent last month, or by 4,6 percent against October last year.

Naamsa said the new-car market was beginning to show signs of weakness and that various vehicle manufacturers had reported a fairly sharp drop in orders.

A further levelling off in passenger car sales in the months ahead could therefore be expected, it said.

The continuing strong sales performance of light commercial vehicles and minibuses could be attributed to the strong demand from the small business and corporate sectors and from the black taxi sector.

For the rest of 1989 and the first half of 1990, Naamsa expected slower growth in the economy, a decline in the level of aggregate domestic spending, higher inflation and lower levels of real disposable income.

As a result, new vehicle sales could be expected to weaken modestly and sales comparisons would probably be negative for most of next year, it said.

The organisation expected new car sales to fall to 221 000 in 1989, against 230 500 last year, light goods vehicles sales to move up to 116 000 and sales of medium and heavy commercial vehicles to fall. — Sapa.

Star 9/11/90

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SA Druggists in drive to increase market share

Finance Staff

In a concerted drive to gain market share South African Druggists has announced plans to build a R45 million manufacturing plant in Port Elisabeth.

News of the plant coincided with the release of SA Druggists interim results for the six months to end-September, which showed earnings up a mere 17 percent to R20,2 million (17,3 million).

The plant which will specialise in the manufacture of injectables and intravenous solutions, is expected to come on stream in 1992 and benefit the group's earnings per share from 1993 onwards.

Managing director Tony Karis said that expansion would yield infrastructural advantages and allow the group to increase its stake in the local market.

Over the interim period SA Druggists turnover rose 25,5 percent to R452 million, which realised earnings a share of 14,31c, up 17 percent on the previous 12,23c.

An interim dividend of 4,75c (4c) was declared.

The results are considered by the board as satisfactory in a competitive trading environment, which was made more difficult through certain problems.

According to Mr Karis the pharmaceutical and wholesale divisions performed well, but the LPA distribution business was adversely affect by mechanical problems at its new warehouse.

Mr Karis said that several issues and capital outlays that affected the first half of the year would not impact on the second half.

㉚ Fmail 10/11/89.

OFFICE VACANCIES

Ticking along nicely

Johannesburg CBD seems to be shrugging off the vacancy blues. Though there is a growing supply of prime office space — and predictions of an economic downturn — prime space vacancies have risen only slightly since the second quarter.

It is also interesting to see that the prime space vacancy percentage in other parts of the country has also dropped.

This emerges from Sapoa's November office vacancy survey to be released soon.

The survey shows that of Johannesburg CBD's 1,24m m² available A- and B-grade office space, a total of 100 400 m² remains unlet (also taking into account the 5 500 m² available for sub-letting), giving a vacancy level of 8,7%. This is a slight rise from 7,39% in August (*Property* August 11).

The vacancy level is also still lower than the 8,9% turned in for the first quarter.

The survey is compiled by a committee of leading property brokers from Johannesburg and various regional centres.

Of other areas, only 2,5% of Braamfontein's 352 000 m² of A- and B-grade office space remains vacant; 1,9% of Rosebank's 169 400 m²; 8,2% in Parktown, which has a pool of 207 000 m²; of Sandton's 414 200 m² of prime space 9,8% (40 800 m²) remains vacant, making it, in percentage terms, only one of two areas in the country with a higher proportion of its offices unlet than Johannesburg CBD.

Space remains tight in Cape Town with only 1,9% of prime space available for leasing; the Durban CBD vacancy level dropped from 3,2% in the second quarter to 2,3% of the city's 538 200 m² available A- and B-grade space.

The Pretoria CBD has the country's highest percentage vacancy in the A- and B-grade category, with 14% of 480 000 m² unlet (though it should be remembered that the Pretoria office market is dominated by lower-grade space which is predominantly leased to the public sector).

By contrast, on its outskirts, only 3,5% of Arcadia's 111 100 m² available A- and B-grade space remains unlet and 4% in Hatfield, which has a total supply of 52 900 m² of prime space.

Peter King, of Baker Street Associates, one of the brokerages represented on the Sapoa committee, says in spite of the slight increase in vacancy levels in Johannesburg CBD, it is performing "superbly" in the current economic climate. Equally, vacancy factors in Braamfontein are generally low.

The surprise of the survey, according to King, was the relatively high vacancy level in Parktown compared with Rosebank. "The main cause of this was the move by Castrol into its own purpose-built headquarters in Junction Road from the Albert Wessels building. In general terms, Parktown letting has been fairly good with Sats playing a major part by taking the Park Victoria complex developed by Commercial Union (16 400 m² in two buildings). However, the smaller end of the market has been slightly sluggish."

King says Sandton has also exceeded expectations. "Vacancy levels are high but I now have a great deal of confidence in the town.

At the beginning of the year I thought it would be in dire straits because of the daunting amount of space from several major developments coming onstream — projects such as the Southern Life Building and Norwich Park. Surprisingly, these have been well let."

King adds there is still a considerable amount of speculative office development activity in Sandton, most of which is proving sticky to let. Nevertheless, he believes tenants will be found before they are completed. ■

30 Fmail 10/11/89.

WINE

Fixing the ailing price system

Wine producers, disturbed by stagnating sales, are pressing for major changes in the way wine prices are set. Changes under discussion by growers and wholesalers could mean lower prices for consumers in the long run.

KWV, the co-operative that represents producers, may announce a new price system as early as next month, with changes taking effect within a year. KWV is not considering anything as radical as abolishing the price system, and letting the market decide prices and production, but for the notoriously conservative KWV even to consider reforming its 70-year-old method underlines the problems.

The debate is largely two-sided. On one side are those who want KWV to scrap the setting of a minimum price for each grade of wine and, instead, set one minimum price. The other side wants to reduce the three grades to two.

KWV's pricing system was designed to guarantee "a consistently stable income to the wine farmer," according to the KWV compendium. But the system is failing. Some producers are surreptitiously undercutting minimum prices and, in the end, producers who abide by the rules are seeing profits drain away.

Stellenbosch Farmers' Winery (SFW), which is the industry's largest wholesaler and holds 40% of the country's market for wine for consumption, acknowledges that it's been hurt (*Business* September 15).

Small wholesalers and co-ops that market directly to retailers are "in some cases even undercutting the minimum producer price for good wine that exists for their own protection," said SFW executive chairman Dave Marlow at the winery's recent annual meeting. Undercutting is, however, very difficult to prove.

Marlow also pointed to the "ongoing pressure by primary producers to acquire more wholesale liquor licences." He warned that "this would enable them to compete even more strongly on an unfair basis with companies such as SFW that are restricted by minimum producer prices, grape quotas and other regulatory measures."

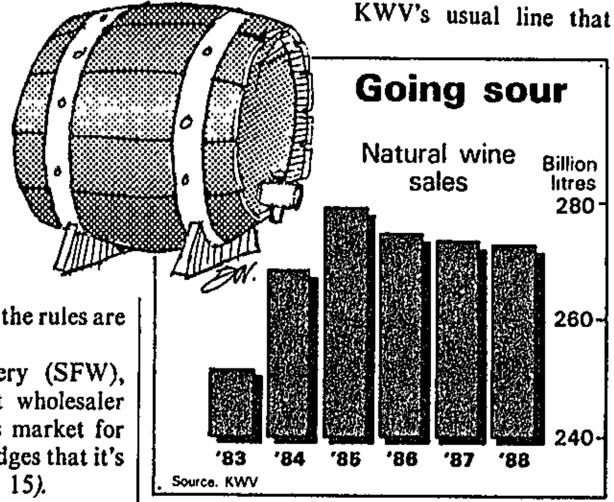
KWV acknowledges the dissatisfaction with its pricing system. CE Ritzema de la Bat notes in his current newsletter to producers that "ever more voices are being heard from producers that the (middle-price grade) should be scrapped."

KWV sets prices and, in one case, a floor price for three broad grades of wine. This year the price of good wine was set at R76,94/h*l*, the price of standard wine was set at R59,58/h*l*, and a floor price for distilling wine was set at R27,89/h*l*. This makes the price of good wine 175% greater than that of distilling wine. In 1980 it was 91% greater.

De la Bat notes: "In the proportion that the distilling wine price moves away from the good wine price, so the temptation for the producer to undermine the minimum good wine price becomes increasingly strong and the maintenance of a minimum price for good wine becomes more complicated."

He cautions, however, that a single floor price for all wine *could* cause overproduction, losses and other destabilising effects if it is not accompanied by a system that ensures adequate prices for top quality wines.

This is a retreat from the KWV's usual line that any price system reform *would* be destabilising.



Source. KWV

Both Marlow and De la Bat acknowledge that urgent discussions on the price system are under way between KWV and the major wholesalers. But reform is not a simple matter because it will have a different impact on the various growing areas.

Different regions, different impact

Yields in the Stellenbosch area are around 10-15 t/ha while, in areas such as Worcester, they can be as high as 30 t, and even higher in the Olifants River area. Low-yield areas, which usually produce higher quality wine, would probably fare worse under a single-price system because they would be unlikely to achieve premiums sufficient to compensate for their lower volume.

Pressure to reform the price system would not have emerged if the wine market were healthy. The market's high end is showing 9% annual growth but the segment accounts for only about 30m *l* of a total market of 260m/year. The medium- and standard-price wine market is not growing.

Industry re-examination

Putting wine sales back on the growth track is the industry's major challenge. One effort in this direction is the Wine Foundation's campaign to promote wine generically. There is a lack, however, of clarity about why people do not buy more wine. Is it because it's too expensive or because it has the wrong image?

SFW thinks it's a question of image. Marlow notes: "If we can give a good quality product, if we can give it image, people will want it. It is not a commodity business, it is about building brands."

Marlow believes inferior products at the lower end of the market are debasing wine's image. This, of course, is a good argument for the quality-wine producers to make because addressing this problem would require restraining the producers of cheap wine. They forget that if it were not for this cheap wine overall sales would be even lower. ■

CHANGE (30)

Shedding the past

Beyond the centre stage of political talks-about-talks, society is undergoing change so profound that the future will be multiracial whichever government comes to power. Indeed, preparing for "the new SA" seemed to be the central message at the annual convention of the Institute of Personnel Management, attended by more than 1 000 delegates at Sun City.

The clearest illustration of this silent revolution, being forged on the ground by millions of ordinary people, was set out by John Kane-Berman, director of the SA Institute of Race Relations.

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Firstly, urbanisation. SA is reaching the stage where the urban population is overtaking the rural population in size for the first time, he said. Durban, for example, was now one of the fastest growing cities in the world, increasing by about 8% a year (see "City of the future"). At this rate, by the year 2000, the city will have as many people as London has today. While the current ratio of urban blacks to whites is roughly balanced; by 2000 blacks will outnumber whites in cities by three to one.

Secondly, a silent revolution is taking place in education. "Between 1955 and the year 2000 the increase in the number of Africans taking matric will have been, on present trends, no less than 40 000%." Blacks currently account for about half the number of matric candidates; within a decade, 70% will be black.

This is changing the racial composition in higher education, Kane-Berman adds. In 1966, 11% of university students were black; in 1986 the figure was 40%. This is already having important consequences for the country's manpower profile. Middle-level manpower, for instance, was 20% black in 1965; in 1985 it was 40% black.

Kane-Berman

Following from this, "the changing composition of our intellectual capital is the third component of the silent revolution."

The fourth is the change in patterns of consumer spending. For example, blacks are responsible for 80% of all liquor consumption. In downtown Johannesburg, R7 out of every R10 is today spent by blacks (compared to R5 in 1979). In 1974, whites accounted for 75% of all vehicle registrations; by 1994 that proportion will have dropped to about half. The car hire company Avis recently opened its 101st depot in SA and its first in a black area, Soweto.

Related to consumer spending is the pattern of income distribution — Kane-Berman's fifth component of the silent revolution. In 1960, whites accounted for 63% of all disposable income but by the year 2000 the white share will be down to 43%. Blacks' 32% share of disposable income in 1970 is expected to rise to 57% at the turn of the century.

Housing is the sixth component. In 1982, 13% of building plans passed by local authorities were for black housing; last year the figure was 57%. One building society recently said that a quarter of all its home lending was now to blacks, Kane-Berman notes. Growth of the building industry now depends largely on home building for blacks.

Then there are the black taxis. Kane-Berman quotes Clem Sunter's calculation that the investment in this sector is equivalent to that of two major gold mines — and employment generated by minibus taxis is as much as is provided by 10 gold mines. It is

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also said that their daily petrol consumption is second only to that of government vehicles.

An aspect of the power of black taxis, says Kane-Berman, is the "grocery circuits" — they can influence which shopping centres are patronised. Most interestingly, this is also seen in areas like Pietersburg. The town council there recently refused to establish a taxi rank in the town. However, three major supermarkets are now competing to provide ranks next to their stores, because they want the business taxis will bring from black townships in Lebowa.

"The supermarkets know something that the town council does not know, which is that their future depends on attracting black custom."

Among the characteristics of this process, says Kane-Berman, is that changes taking place are, as with the rise of the black trade union movement, profound and not cosmetic.

Secondly, most of the changes have been accompanied by the steady erosion of apartheid — for example, in educational institutions. He thinks it reasonable to predict that in the next few years white teacher-training colleges will be allowed more leeway in admitting people of other races, as technikons were at the beginning of this year. Universities and private schools already determine their own admissions policy.

The Group Areas Act (GAA) is another illustration of eroding apartheid. Estimates of the number of black people unlawfully resident in white areas vary between 100 000 and 250 000.

According to Kane-Berman, an important feature of the silent revolution is that "it is not something brought about by political elites" but by ordinary men and women. The best example is the way people simply and powerfully rendered the pass laws (repealed in 1986) unworkable by voting with their feet and forcing government to change the law to cater for the new reality. In the same way government has been forced to consider amending the GAA to cater for certain areas which have, in fact, already become mixed. ■

Cape Times 10/11/89

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Achib to open branch in W Cape

JOHANNESBURG. — The African Council of Hawkers and Informal Businesses (Achib) is to open a branch in the Western Cape.

The organisation, which looks after the interests of hawkers, Spaza shop owners and other informal businesses, already has 20 000 members represented by branches in the Transvaal, Orange Free State, parts of Natal and the Eastern Cape.

Achib was asked by the Black Sash and Masifunde to move to the Western Cape in order to help hawkers and informal business. — Sapa

㉚ S-Times 18/11/89

Shield ditches Success to get back on track

By Ian Smith

WHOLESALE and retail franchiser Shield Trading has shaken off the hangover left from its unhappy venture into direct trading through the unfortunately named Success chain.

The wisdom of sticking to its knitting is shown in strong interim figures to August 31.

At the yearend last February taxed profit fell by 28% to R1,8-million after a 25% increase in turnover to R425,2-million.

Christmas

With all the Success outlets hived off, the core business is now back on track. Turnover in the six months was 23% up at R248,6-million and taxed income jumped a remarkable 43,8% to R1,6-million.

Earnings a share jumped from 3,4c to 4,9c — not far short of the 5,5c for all of last year.

The second half is traditionally the better trading period when the group benefits from Christmas spending boosted by annual bonuses and the increased buying power that comes from yearend pay rises.

Chairman Theo Muller is confident that Shield will meet his prediction of R500-million turnover for the year and a return to the historic 40% annual earnings growth.

He says: "We are back to the business we know best. Our quick recovery is due to a number of factors. Financial management was particularly quick to pick up the disturbing signals from the Success venture and we were able to take drastic action to extricate ourselves quickly from a difficult position."

Mr Muller says the increased turnover in the past six months was particularly pleasing because the comparable previous half-year included the business of 10 Success stores, since been sold or franchised.

If allowance is made for this the core business increased its sales by 41,4% in the same time.

Strong

Group operating income increased by 33,5% from R1,7-million to nearly R2,3-million and pre-tax income moved from R1,8-million to R2,8-million.

Mr Muller can foresee no pitfalls. The group's cash position is strong, with interest earned in the latest six months up to R473 000 compared with R106 000 in the same time last year and R168 000 for the year.

"The fact that we can pay quickly does enable us to negotiate favourable terms with manufacturers."

The sector is also reasonably recession-proof, given its product mix and its exposure to the growing black market.

Talks with major groups about a partnership with Shield have been shelved for the time being at least.

"We were looking for diversification opportunities, but we were talking on the basis of our historic results. We know, however, where we will be next February and we were not prepared to lower our price.

"In any event, we will not part with control."

R2,25m buys a peer's upper-crust mansion

By Charmain Naidoo

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WHAT kind of home does R2,25-million buy today? A mansion set on an acre of ground, says up-market estate agent Carmella Seeff.

Ukuthulu is the Upper Constantia home of Lord Elborough-Cook and his wife.

The couple, who bought Ukuthulu a year ago, now wish to live by the sea and are looking for a house in Clifton or Bantry Bay.

As far as Mrs Seeff knows, R2,4-million is the highest price ever asked in Upper Constantia. She believes that if the asking price is realised, other Cape Town houses could be put on the market for a similar sum.

"Business in the top end of the market (R350 000 and more) is brisk. Prices are set to rise.

"Development possibilities in good areas in Cape Town are limited. House-buyers are caught between the mountain and the sea."

The three-year-old Fabian and Berman house, described as a modern Bauhaus home, comes complete with acres of lawn, floodlit tennis court, underfloor heating, a high-tech security system and a heated swimming pool.

There is a magnificent view of the mountain from every window. In the garden is a gazebo and indoors a bar and gymnasium.

Ukuthulu has two sitting rooms, a formal dining room, four bedrooms each with its own bathroom and a guest flatlet.

Mrs Seeff says: "According to the Rode Report, house prices have risen by 25% since 1988 in the upper bracket. It is feasible that prices will rise even further in 1990."

12/11/89

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S/Times

City Lodge goes to Town

By Ian Smith

HOTEL entrepreneur Hans Enderle hit a milestone earlier this year when he completed the development of a 1 000-room hotel chain from scratch in only four years.

But there's no time to relax. He is launching a chain of "selected service" Town Lodge hotels which will complement the thriving City Lodge group.

The cost on current budgets will be about R140-million.

Franchise

City Lodge's seven hotels in main centres, including the four opened this year, are running at an average occupancy of more than 80% compared with an industry average of 57%.

At least 10 Town Lodges — they will trade a little below the City Lodges — will be built in the next five years, says Mr Enderle. The finance is in place.

They will fill some of the gap left by the closure of many one- and two-star hotels.

"The first Town Lodges will be built and operated by our group to prove the concept. But later there will be opportunities to franchise the concept."

The new chain and five more City Lodges planned for Cape Town, Durban, Pretoria and Johannesburg will add another 1 500 rooms to the group.

"Town Lodges will be small hotels in which personal service will make guests feel at home," says Mr Enderle. "They will meet the needs of business travellers, tourists and families in small towns, growth centres and country areas."

The group has bought a Town Lodge site at Nelspruit and is negotiating for land at Pietersburg and Bellville. Other areas which have been earmarked are Kimberley, Newcastle, Welkom and George and the greenbelt areas of Cape Town, Durban and Johannesburg.

Showers

Town Lodges will have between 50 and 100 rooms and the tariff will be 25% to 50% lower than comparable full-service hotels.

Low tariffs will be made possible by careful design which will take up 30% less land than a City Lodge and the use of standard design.

Rooms will will have showers instead of baths. City Lodge market research showed that two-thirds of guests preferred showers.

Mr Enderle says: "We can build Town Lodge rooms for less than R60 000 compared with R80 000 for a City Lodge and R250 000 for a five-star hotel room."

Mr Transport sets up shop

59

MEET Mr Black Transport – that's Douglas Mlambo from Dube, Soweto.

Mlambo's business is a travel agency and his aim is to promote train tours among blacks. To achieve this he has set up his own offices at the Johannesburg station where he has started a company, and works in conjunction with SA Transport Services.

In this business, he hopes to encourage blacks to get back to the trains and stay off roads during holiday journeys and Sats are right behind his idea.

This week the Director of Sats Passengers Services, Dr Charles Wright, handed over the keys to Mlambo's plush offices at a glittering occasion in Johannesburg.

Mlambo will offer several tours for people of all racial groups and will also cater for student groups and educational tours. His services will also be available to all communities and any organisations needing his assistance and facilities for the planning of excursions to meet their needs.

His objectives, he says, are many and varied.

"I want to identify opportunities in the transport market country-wide and aid the development of travel packages for blacks.

The first tour from Johannesburg to Durban is planned for December 22 and 26 this year and he says tours to other parts of the country will be developed as the market grows.

18/11/88

[illegible]

Mr Black Transport, Douglas Mlambo.

B/Day 15/11/89 ( )

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COMPANIES

Focus Holdings boasts 132% turnover rise

SYLVIA DU PLESSIS

MANAGEMENT of listed speciality retailer Focus Holdings is forecasting positive growth for the full year after the company posted a 132% improvement in turnover and a 23% rise in earnings a share in the six months to August.

Chairman Irwin Sacks, commenting on the results, said yesterday a large portion of the increase in sales, up at R21m from R9m, was attributable to the acquisition of the Cashworths ladies clothing stores in March from Amrel.

Also contributing to this growth were the establishment of the Aca Joe stores and new store openings.

"As budgeted, the Cashworths stores, which are predominantly Cape-based, earn a substantially greater portion of their profits in the second half of the financial year than the remainder of the group," he said.

This, together with the new stores contributing for the full period, would result in higher margins for the group in the full-year.

Sacks added that operating margins of the bedding and men's clothing divisions were in line with those of the corresponding period.

The 108-store group lifted earnings to 3,2c a share from the corresponding 2,6c following a 78% hike in trading profit to R1,3m (R731 000) and a 35% increase in attributable earnings to R664 000 (R492 000).

Sacks said the Smiley Blue chain had been identified as a future growth opportunity for the group, particularly in view of the operating efficiencies which would be achieved by integrating these stores with those of Cashworths.

This rationalisation programme — aready begun — had resulted in a reduction in operating expenditure and the repositioning of Smiley Blue in the marketplace.

He added that directors expectedmore difficult trading during the remainder of the year.

Small increase in retail sales

B Day 15/11/89.

EXPECTED real retail trade sales for November — at constant prices and seasonally-adjusted — show an increase of 1% compared with November last year and are 1,8% higher than in October this year, according to the Central Statistical Service (CSS). Retail trade sales at current prices are expected to total R5,5bn this month — a 17,5% increase over November 1988.

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Star 15/11/89

Rise in interest rates is expected

Don't blow that 13th cheque public warned

By Jacqueline Myburgh

Consumer bodies have warned South Africans to cut down on unnecessary luxuries this Christmas, in anticipation of a further interest rate increase in the near future.

Reports that the country's major banks are calling on Reserve Bank governor Dr Chris Stals to raise the interest rate have led to speculation that it may go up by a full percentage point.

The chairman of the Consumer Council, Professor Leon Weyers, said in the short term such an increase would not only affect borrowers, but would also have an indirect influence on the price of commodities.

"In the longer term, we might bless the Minister for putting up the interest rate and thereby lowering inflation," he said.

"Consumer bodies are in a dilemma. We are always calling for inflation to be brought down, but when we take castor oil to bring it down, we criticise the castor oil."

Professor Weyers thought an increase over the festive season would be inopportune.

However, he suggested consumers should not overspend this Christmas in anticipation of the expected increase.

Mrs Lyn Morris, president of the Housewives League, said it was up to members of the public to make provision for such an eventuality and not to "blow" their 13th cheque on unnecessary luxuries.

"It's all very well saying 'help, help' when the interest rate is increased, but what have you done yourself to try to avoid financial problems?" she said.

She added that the last interest rate rise caught everyone by surprise, but we have had ample warning of the next one.

Mr George Fulton, of the Consumer Union, said a rate increase would obviously have negative effects on the consumer, but it was a medicine we should have taken before and not have had to take now.

B|Day 16/11/8

Competition in SA 'unfair'

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THEO RAWANA

SUN CITY — Competition was healthy for an economy, but the problem in SA was that competition was not fair, Law Review Project director Prof Louise Tager said yesterday.

Addressing the Sabta AGM at Sun City, Tager said concern that in a free economy there would be over-trading stemmed from a misunderstanding of the nature of an economy.

"Without competition, business cannot grow; it becomes complacent; services suffer; prices remain high; and businesses just deteriorate. Without competition everyone is affected. Consumers are prejudiced and the economy is frozen — it never grows because there is no incentive to grow. Competition benefits everyone."

Tager said the economy was not a "fixed size" cake that had to be shared by more and more people.

"The economy is market related; it is capable of continuing growth and the more it is stimulated the more it grows. That is why we do not have to speak of the distribution of wealth. In fact, the distribution of wealth will not solve our problems.

"Wealth has to be created, and it will be created if we free the economy of the controls and permit it to grow and prosper," Tager said.

"But competition has to be fair and this is the main problem in SA. How do we ensure that there will be fair competition when the odds are at present so unevenly balanced, because whites have all the privileges.

"The playing fields have to be levelled before there can be free and fair competition in this country."

Tager had high praise for the black taxi industry under Sabta.

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No high hopes for spending this year

CHARLOTTE MATHEWS

FURNITURE retailers are predicting a "reasonable" Christmas sales season on the whole in spite of high interest rates, tightened credit terms and rising prices.

Several retailers mentioned the possibility that government would relax deposit and repayment period terms on certain items before Christmas, which, according to one retailer, "would give us a hell of a boost".

"It is impossible to say at this point if the present regulations will be relaxed," FTA executive director Frans Jordaan said.

Ellerines chairman Eric Ellerine thought Christmas turnover would be "a mixed bag"

BDay 16/11/89

Sales

"On the audio and TV side things are still very depressed but case goods are going reasonably well. It is not as bad as it could have been given the prevailing economic conditions."

JD Group chairman David Sussman also forecast sales as "reasonable".

"Appliances are not too bad but hi-fi, TV and video are very depressed," he said.

Pricefurn joint MD Sid Trickett was fairly optimistic.

"I think we are going to see a strong swing towards furniture as opposed to appliances," he said.

He believed there had also been greater demand for credit but it was being more discriminatingly used.

Risen

"We have noticed that from the first trading day after Christmas to about January 10 we are doing 75% of our January turnover."

In the past two years the percentage of January sales had risen.

Trickett added this Christmas was likely to be better than last year's because it compared with a low base. Last Christmas, sales tailed off after an early buying season from August to October.

A spokesman from Morkels said bluntly: "It is going to be tough.

"Normally at this time of year the demand is for both furniture and appliances but buying appliances as Christmas gifts is over because appliances are now a major purchase."

SOWETAN BUSIN
Building the Nation

The law still impedes small business

30

Sowetan
16/11/89

By JOSHUA RABOROKO

WHILE all racially discriminatory legislation towards black business, apart from the Group Areas Act, has been abolished, legislation which impedes small - and especially black businesses remains.

In its *Quarterly Update* the South African Institute of Race Relations says income tax collections over the past year are a clear indication of the extent to which recorded wealth generation in the black community remains limited.

The *Update*, compiled by researcher Elaine Cosser, says although total African income is rising faster than whites, income per white person is rising at a faster rate than individual African incomes. This is because collective African income is spread over more people when population figures are taken into account.

It says some commentators insist, however, that the figures are not an accurate guide to income distribution. They argue that a large portion of African income is not recorded by the tax authorities.

However, if estimates of the minibus taxi income - which are not currently taxed - are accurate, the black share of total income might not increase dramatically even if all black businesses were fully taxed. If fully taxing minibus taxis added R500 million to black taxable income, the black share would rise by only one percentage point - from 8 to 9 percent.

Potential

The *Update* says potential for the development of formal black business may lie in the privatisation of assets such as the sorghum beer industry. However, delays in carrying out the Government's stated aim of furthering black business by this means are "indicative problems".

Managers

The limited management capabilities of black business people, given past and current disadvantages, may ensure that they are not given the major stake in business. It seems likely that these interests will stay under the Industrial Development Corporation's control until suitable black managers are trained specifically for the job.

Moves made towards deregulation in the sugar industry and in licencing through the Business Bill suggest that positive developments are possible in the near future, but the impact on wealth creation for the black population is uncertain.

As long as the black community continues to be disadvantaged through lack of access to skills and capital the positive impact of such legislation is limited. Moreover, its implementation may be a long way off.

According to the *Update* the Central Statistical Services' informal sector survey suggests that current estimates of black informal sector activity are overstated, a view endorsed by several researchers currently investigating this sector.

Interest

The informal sector continues to attract interest in the formal sector and there is growing evidence that it is not being seen as a threat but more as an opportunity to gain access to the black market.

ESS

Sowetan 16/11/89

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Appointments

By JOSHUA RABOROKO

Mr Dikgang Moseneke

ADVOCATE Dikgang Moseneke has been appointed to the board of the African Bank.

He is a member of the Society of Advocates, the Black Lawyers Association and its Legal Education Centre, the study group on Law and Poverty of the Carnegie Enquiry into Poverty in South Africa and the Project Literacy organisation.

Mr Sipho Nkonyeni

Mr Sipho Nkonyeni has been appointed vice-chairman of the African Bank Limited. He holds a Bachelor of Commerce degree, is a fellow of the Institute of Directors and an associate of the Institute of Credit Management and of the Institute of Marketing Management.

Fort Hare

Prof Wiseman Nkhulu

Professor Wiseman Lumkile Nkuhlu has been appointed to the board of the African Bank Limited. He has been vice-principal of the University of Transkei since 1981, was a junior lecturer at Fort Hare University after completing his Bachelor of Commerce degree in 1971. He then commenced articles of clerkship and, having completed the Certificate in Theory of Accounting in 1976, he returned to Fort Hare.

(30) Fmail 17/11/89.

TEJ (30) ~~(88)~~ Fmail

Surprise warranted?

The general tone of the annual report suggests a sense of surprise that TEJ has landed itself in dire straits. But if the surprise is genuine, it reflects more on management than on the reasons for, or predictability of, the circumstances which have led to the present predicament.

It has been evident for years that the group was over-extended and under-profitable. The final crunch in 1989 came with a halving of operating margins and a doubling of interest charges, thereby contributing to a loss of almost R1m before taking into account a small tax credit.

Activities: *Manufactures knitwear and other outerwear.*
Control: *Directors own 31,2% of the equity.*
Chairman: *R M Jacobs; managing director: I C Anderson.*
Capital structure: *2,8m ords. Market capitalisation: R1,9m.*
Share market: *Price: 70c. 12-month high, 125c; low, 50c. Trading volume last quarter, 37 000 shares.*
Financial: *Year to June 30.*

	'86	'87	'88	'89
Debt:				
Short-term (Rm) ..	2,6	2,6	4,7	8,4
Long-term (Rm) ...	0,7	1,5	2,4	3,1
Debt:equity ratio	1,47	0,65	1,20	1,97
Shareholders' interest	0,28	0,44	0,34	0,23
Int & leasing cover .	1,61	3,01	1,45	0,54
Debt cover	0,14	0,21	0,06	nil

Performance:

	'86	'87	'88	'89
Return on cap (%) ..	19,3	14,3	7,4	3,8
Turnover (Rm)	15,5	17,6	23,0	32,3
Pre-int profit (Rm) ...	1,5	2,0	1,4	1,0
Pre-int margin (%) ..	9,9	11,3	6,2	3,0
Taxed profit (Rm)	0,6	1,4	0,3	(0,8)
Earnings (c)	24,7	57,1	11,6	(29,0)
Dividends (c)	—	5	—	—
Net worth (c)	90	240	240	212

At the same time, the precarious nature of TEJ's financial structure is reflected in the fact that only once in the past four years has the debt:equity ratio been under 1:0 — and the only reason for this exception was a revaluation of assets which added R2m to equity funds in 1987.

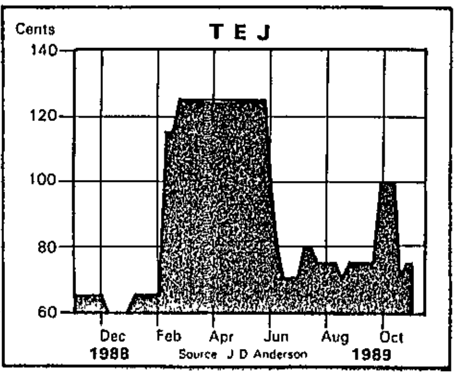
A review of the past four years reveals:

☐ Turnover growth has been satisfactory at a compound annual rate of 24%;

☐ But the 108% increase in sales since 1986 has necessitated a 201% increase in total assets, before taking into account the asset revaluation. Asset-turn, still excluding the revaluation, has thus fallen from two in 1986 to 1,4 times, which must have seriously affected the ability to recover overheads;

☐ Contributing to disproportionate growth in assets has been a deterioration in working capital control. Net working capital has risen from 27% of sales (itself probably too high for comfort) to 32%, which means that nearly one-third of sales revenue is now required simply to keep the ball rolling; and

☐ With the collapse of operating margins from almost 10% in 1986 to 3% last year (which itself succinctly defines the inability to recover rising costs) the corresponding collapse of cash flow (negative last year) has exacerbated the build-up of debt, from R3,3m to R11,6m in three years. At current interest rates debt costs close to R2,5m a year, about R1m more than combined pre-interest profit since 1986.



Source J D Anderson

It is not surprising that management consultants called in to sort out the problems have recommended a recapitalisation in a number of steps to improve profitability. However, there was some dissension at the AGM on November 3 as to whether the proposals, which include raising R1,9m new capital through a variable rate convertible pref issue, will prove adequate.

The answer, ultimately, will depend on the degree to which productivity ratios can be improved. For example, taking 1986 as a benchmark, the present asset base should support sales in excess of R45m, 40% more than actual 1989 sales. At a 10% margin, such sales would yield a pre-interest profit of R4,5m, while interest charges on the debt total reduced by the rights issue would fall to around R2m. On paper, therefore, and assuming remedial action to be effective for a full year, a pre-tax profit target of R2,5m would seem reasonable. This compares with aggregate pre-tax profits of R48 000 during the period 1982-1989.

Potentially disturbing is that management apparently has visions of resuming dividend payments at the end of this year. Unless a turn-around is far more dramatic than now seems likely, improving the financial structure should remain the priority. Dividends, however modest, should wait until this has been accomplished. Having received only one dividend so far this decade, another year will surely make little difference to shareholders.

Brian Thompson

PICK 'n PAY ③⓪ Fmail 17/11/89.

New venture

Retail chain Pick 'n Pay is aiming to establish itself as a significant player in the information technology market. The company is setting up office automation divisions in each of its 13 Hypermarkets throughout the country.

Pick 'n Pay director Aubrey Zelinsky tells the *FM* the new office automation divisions will be running by the end of the month. The divisions will market products such as fax machines, typewriters and telephone answering machines as well as PCs. Zelinsky says the company will market two brands of microcomputer. One of these, the Pacific range sourced from M&PD subsidiary James Ralph, is imported from Hong Kong. The second supplier has yet to be appointed. "We are not importing at this stage, we are supporting the local market," he says.

③⓪ Fmail 17/11/89.

The products will be targeted at home users and small businesses. Zelinsky says Pick 'n Pay has studied the potential market and experimented with retailing PCs at a Hypermarket in Cape Town and typewriters in Durban and Johannesburg. The range of products offered by the office automation divisions will probably be broadened early in the new year. ■

30 17|11|89.

VEHICLE SALES 30 Fmail

Coming into focus

Maybe motor industry planners do know more about the state of their business than economists. But not much.

The two groups had different ideas early this year on the outlook for new car sales in 1989. Industry analysts took the view that sales would fall short of last year's 230 500. Most predicted a dip of just under 10% to around 210 000. The most pessimistic suggested 205 000.

Economists, such as First National Bank's Cees Bruggemans, considered the industry unduly pessimistic and predicted sales might even rise. Peet Strydom, head of research planning at Sanlam's industrial investment arm, suggested the figure could go as high as 240 000.

With less than two months of the year to go, it looks like the total will fall between the predictions of the two groups — but slightly closer to the industry side. At the end of October, new car sales had reached 187 927.

The National Association of Automobile Manufacturers of SA, which compiles the figures, predicts this year's total will reach 221 000 — maybe. That was last week's estimate. Its quarterly business review, compiled a few days earlier but released this week, put the likely figure at 222 500.

The association was among those at the start of the year predicting a figure of around 210 000, only to reassess the situation when the market held up better than expected. In fact, it's only in the past two or three months that the market began displaying the decline predicted far earlier. The latest pair of conflicting figures demonstrates the uncertainty that's hung over the market for most of 1989. The association, meanwhile, expects sales to dip to 211 700 in 1990.

A major reason for sales holding up for so long in 1989 has been the extended order backlog faced by manufacturers. Many companies haven't caught up after being taken unawares by strong demand last year.

It was this factor that caused Volkswagen MD Peter Searle to read the 1989 market better than most at the start of the year. He agreed with some others in the industry that demand would fall by about 10% but disagreed on what constituted that demand.

Pointing to long waiting lists for new cars, he said: "Sales didn't reflect demand, which was probably closer to 250 000." So he deducted his 10% from that figure and predicted a market of 225 000 for 1989. ■

SATURDAY NOVEMBER 18 1989

W/C ARGUS 18/11/89

P 'n P sets sig

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By TOM HOOD
Business Editor

A CHAIN of Pick 'n Pay clothing shops could be Raymond Ackerman's latest venture — a development that would shake the country's retail clothing trade.

Market talk of Pick and Pay expanding into clothing was confirmed today by managing director Mr Hugh Herman, who said the company was investigating the possibility of opening specialist clothing stores.

"We will probably open one and see how it goes," he said. "If it is successful, we will probably open more.

"We are making a feasibility study, but it is premature to say we will open a chain of clothing stores."

The retail clothing market is largely in the hands of powerful chains sure to resist such a big incomer. But, given the famous Ackerman marketing and pricing touch, Pick 'n Pay and its highly professional management would present a serious challenge.

Mr Ackerman, currently overseas, hinted at the venture in September when he reported group turnover of R2 billion for six months.

He said the company planned to branch out into a new retailing field, but would not be taking anybody over.

"We are planning to go into another niche next year. We are very excited about it," he said.

Other retailers believe clothing would be a logical field of expansion. The group's hypermarkets already handle a variety of clothing and footwear.

The higher margins obtainable could offset the fierce competition in foods, the group's main business, where consumer resistance to price inflation is bringing margins under increasing pressure and leading to lower volumes in some shops.

Pick 'n Pay's track record of new ventures is one of the best, with sizeable profits now coming from its new Pantry Stores and Price Club cash-and-carry wholesalers, all of which are opening new stores this year.

The timing — in a downturn — could also suit the Ackerman team, which normally goes for prices in its marketing.

Pick 'n Pay is keeping mum for the moment about the sector of the market it will seek. But analysts speculate that the "Third World" market, involving large production volumes and lower costs, seemed the most obvious.

Mr Simon Jocum, chairman

(See Page 7)

Pick 'n Pay sets sights on clothing

W/C ARGUS 18/11/89 30

(From Page 1)

of the Cape Clothing Manufacturers' Association said there was without doubt a Third World market looking for cheaper goods.

"Obviously if there is a demand there is a need to meet it."

However, if price was the sole criteria, garments would probably come from the Ciskei and other countries where the cost of materials and labour was far below the Cape's.

This market could also stimulate a cottage industry if the clothing industry was deregulated and employers of only five or 10 people were deregulated.

In urban areas there was great concern about rising costs of materials and labour leading to higher prices.

Manufacturers were forced to sell more "distressed merchandise" through factory shops. These were goods returned by retailers as "late deliveries", usually because of textile mills delivering fabric to the clothing factories late.

Earlier this week Mr Jocum told manufacturers and suppliers they should cut prices in an effort to maintain sales in a market that was expected to plunge next year.

"There are opportunities on the horizon from the rapid urbanisation of the Third World and their thirst for fashionable, quality clothing at affordable prices," said Mr Simon Jocum at the annual meeting of the Cape Clothing Manufacturers' Association.

"If all the parties in the textile pipeline from fibres to spinners to weavers to dyers to clothing manufacturers trimmed their prices, I believe the growth would be there, but all parties must get together and make a commitment to go for volumes at reduced prices."

Mr Jocum also said he wanted the government to remove the import surcharge on textiles and capital equipment as quickly as possible — "they are simply adding to costs and destroying jobs."

"South African clothing is now becoming the most expensive in the world. Raw material inputs are bought at First World prices in an attempt to sell to a Third World market with limited disposable incomes."

Top marketing man tells how

30

Star 18/11/89

A NEW book, "The Marketing Principle" by Robin Morris, was recently launched to the trade in Durban. Published by Butterworth Publishers and distributed nationally the book is aimed specifically at the Fast Moving Consumer Goods industry but does cater for all sectors of the market.

It is comprehensive and based on practical ideas and approaches rather than the theoretical and rhetorical.

Chapters cover the complete marketing mix — Advertising, Packaging, Promotions, Price, Distribution, etc. There are also individual chapters covering Trade Marketing, Retailing/wholesaling, The Black Market, Selling, Merchandising, and Management Styles.

Layman's language

Robin Morris has used everyday layman's language. The book flows from chapter to chapter in easy narrative style.

Says Morris: "The material for the book was based on actual campaigns that have worked successfully in the trade" Robin has spent the past 17 years in a sales/marketing/advertising capacity with companies like Nestle, Robertsons Spices, Coca-Cola and The BBDO Ad Agency. He now runs his own promotional and advertising agency based in Durban.

"The Marketing Principle" is Morris's fifth book. His two fictional novels are currently on sale in the USA, France and South Africa.

In a four-page interview with the Afrikaans weekly

● TO PAGE 2.

Boksburg boycott called off

RESIDENTS of Reiger Park formally ended the year-long boycott of white businesses in Boksburg city last night.

(30) Sow 18/11/89

The chairman of the Save Boksburg Committee, Mr Mohammed Navsa, said about 700 residents of Reiger Park had unanimously agreed to end the protest against petty-apartheid policies of the CP-controlled town council.

This dramatic move follows the announcement by State President Mr F W de Klerk that the Separate Amenities Act would be removed from the statute books.

Mr Navsa said residents would travel by bus and other means into the heart of Boksburg city today "to take the message to white Boksburg". He called on local businessmen "not to sit back and relax".

"It is expected of them to identify with our struggle for a nonracial, democratic South Africa," he said.

While residents called off the boycott, he said, they would continue "agitating for equal citizenship".

The drive into Boksburg city today will "symbolise and show the positive side of our buying power", Mr Navsa said. — Sapa.

S Times 19/11/89

(30)

New plea for easier terms

By Charmain Naidoo

GIVE us a happy Christmas and a prosperous new year by easing HP restrictions, a delegation of retailers asked Deputy Finance Minister Org Marais this week.

Jack Cohen, chairman of the Radio and TV Manufacturers Association, says the meeting was the result of last week's Finance Department bungle in which easier HP terms were announced and then withdrawn.

Mr Cohen says: "Constructive talks were held with Dr Marais. His department is referring the matter to a financial co-ordinating committee which will meet on Tuesday."

Before the meeting, angry retailers claimed they lost hundreds of thousands of rands because Government Gazette notices announcing easier HP terms were scrapped.

Hoping that the softened terms would mean a free-spending Christmas, they spent the weekend after Friday's announcement changing their TV and radio advertising. They also sent new pamphlets and catalogues to customers with the changed rates.

Jeff Austin, chairman of Rusfurn Group, is sceptical that the Gazette notices were a mistake.

"It's obvious that the Reserve Bank was not consulted by Finance before the notices were published. The Department of Finance had to back down."

Reserve Bank Governor Chris Stals rejects the allegation, saying the setting of HP terms is not his responsibility.

Dr Stals says: "It's a Department of Finance affair. I was surprised when I heard the HP terms had been relaxed. I made inquiries and was told to ignore the notices because they were a result of an internal error — they

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S Times

HP plea

19/11/89

(30)

● From Page 1

were only proposals made at a lower level and had not been passed."

OK Bazaars furniture and appliances marketing director Arthur Solomon says: "As soon as the notices were gazetted, we got hold of our PR companies and advertising agencies and instructed them to change newspaper, TV and radio advertisements, catalogues, pamphlets and leaflets.

"The first I heard of the retraction was on Tuesday morning.

"One weekend of work cost us hundreds of thousands of rands in labour, overtime, production, reprinting and material. We changed all advertising and promotional material to comply with the new legislation."

Mr Austin confirms Rusfurn spent "hundreds of thousands" on changing promotional and advertising material.

"We can move quickly. Now we're looking stupid because our catalogues have already been delivered. It hurts our credibility."

The deputation to Dr Marais included Furniture Traders Association president David Reece and executive director Frans Jordaan; Domestic Appliance Manufacturers of SA chairman Richard Ferrer and Mr Cohen.

Celebration was prompted by President FW de Klerk's announcement that the Separate Amenities Act would be scrapped soon. Residents of Reiger Park – and manager of Melody's furniture in Boksburg, Norman Gerber (right) – pop open the bubbly to mark the end of a year-long consumer boycott that has crippled the E Rand town. ● Pic: TLADI KHUELE

Inside:

Friday is Menzi's lucky day PAGE 3

ANC inspired

Boksburg rejoices as the boycott eases

BY SANDILE MEMELA

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BOKSBURG rejoiced yesterday when the Save Boksburg Committee lifted the year-old consumer boycott of white-owned businesses.

The boycott, a protest against the re-imposition of petty apartheid by the CP-ruled town council last year, saw many shopowners battling for survival.

At a mass meeting after President FW de Klerk's statement this week that the government intended scrapping the Separate Amenities Act, residents decided to ease the boycott.

Yesterday Boksburg's streets swarmed with coloured and black shoppers from Reiger Park and Vosloorus. Several shops had put up "Welcome back Reiger Park" signs, and traders and shoppers celebrated with champagne.

Hundreds of people marched through the streets, chanting slogans and singing freedom songs. Buses and taxis – which provided free transport – hooted.

"This marks a victory for black people who have persistently called for the scrapping of separate amenities. The community has resolved to come in thousands to celebrate their victory against the CP-ruled town," said committee publicity secretary Henry Jeffreys.

Jeffreys said the easing of the boycott did not end the fight against apartheid. He told *City Press* the next phase of protest would be aimed at forcing the opening of swimming pools to all.

Town boycott 'example to the country'

The year-long boycott of white shops in Boksburg was a contributory factor to the Government's decision to scrap the Separate Amenities Act, say boycott organisers.

Thousands of black shoppers returned to Boksburg's central business district on Saturday to buy from the mostly white-owned shops; this was the end of the protest against the CP's reintroduction of petty apartheid on December 1 last year.

Reiger Park management committee chairman Mr Boet Jantjes believed the Boksburg boycott had been an example to the whole country.

"We had negotiations with Mr Chris Heunis, then Minister of Constitutional Development and Planning, in February this year and he took the boycott of the town very seriously.

"He said he would not like to see the rest of the country go the same way," Mr Jantjes said.

The boycott had influenced the Government to announce the scrapping of the Separate Amenities Act, Mr Jantjes said.

"Now we'll force the municipality to rescind its decision to introduce petty apartheid in Boksburg." — Staff Reporter

Star 20/11/89

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(30) BDay 23/11/89

Retail sales likely to decline — ITC

GERALD REILLY

PRETORIA — Retailers' hopes of another bumper Christmas period may have been dashed by the recent hike in the prime lending rates to 21%, Information Trust Corporation's (ITC) chairman Paul Edwards said yesterday.

Since mid-year, consumer spending had been slowing and was likely to slow further in the months ahead, Edwards said in a statement.

He warned that the level of debt default usually rose in the post-Christmas period — January and February.

"There is evidence of heavy borrowing to finance other debt commitments — a sort of rob-Peter-to-pay-Paul situation — and white consumers are unlikely to go out on a wild spending spree this Christmas.

Central Statistical Service figures confirm the worsening plight of consumers. Although the number of civil judgments for debt increased by only 956 to 116 569 in the three months to end-August, the debt involved soared by R142m to R380m.

Edwards stressed disposable incomes were under heavy pressure and an important reason was the dramatic rise in home morgage interest payment and continued high inflation.

There was likely to be slight Christmas growth over last year in food, but a decrease in real terms of between 2% and 5% in furniture and appliances could occur.

The clothing industry would benefit from consumers "trading down" from the more costly luxury gifts to more functional goods and growth could be around 3%.

Edwards said retailers were looking increasingly at black consumers to boost turnovers. Their salary increases had exceeded that of whites in recent years.

About the year ahead, Edwards said retailers already committed to high levels of stock would resort to heavy discounting, which could mean bargains to consumers.

Bargain car let down

(50) Sowetan 24/11/89

By SY MAKARINGE

WHEN a prospective Alexandra township car buyer responded to a newspaper advertisement for a "nice runner" worth only R1 100, he thought it was the bargain of a lifetime.

But after paying R800 deposit for the 1976 Audi 100LS, he could not move the car out of the yard because it did not even have a starter and was in a very "bad shape".

Now Mr Linda Khuzwayo wants his money back, but the controversial owner of New Triangle Motors, Mr Franz Esser, has threatened to issue a summons through his lawyers demanding immediate payment of the balance.

Khuzwayo told *Consumer Corner* that after seeing the advertisement in a Johannesburg afternoon newspaper, he phoned a salesman at New Triangle Motors in Newlands and inquired about the condition of the car.

"He assured me that the car, as the advert suggested, was in an excellent running condition. I immediately sent a driver to go and pay the deposit. I raised the balance and went to collect the car the following day, but was shocked to find that it was in a bad shape. I could not even move it out of the yard", he said.

He said he demanded a refund and even offered to sacrifice between three and 15 percent of the money he had paid, but the salesman flatly refused. Instead, he was told to choose another car.

Esser, a German-born millionaire who has been running the second hand car business since his arrival in the country more than 10 years ago, said there was no way he was going to refund Khuzwayo as he bought the car *voetstoets*.

"A car worth that much cannot be in a good condition. You can't even buy a good bicycle for R900. But there is nothing wrong with the car. It is complete. If he does not come and collect it, I'll sue him for the balance," Esser said.

He said he would block Khuzwayo's attempt to take the matter to the Small Claims Court by issuing a summons against him.

Esser, who still has a number of fraud cases pending against him, was chairman of the National Party for Johannesburg North a few years ago and once boasted of having friends in "high places".

Tit for tat in

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Sowetan 24/11/89

New informal sector group

By JOSHUA RABOROKO

A GROUP of small entrepreneurs who broke away from the African Council of Hawkers and Informal Businesses (Achib) have formed a new organisation aimed at educating and training the emerging informal sector.

The interim president of the Foundation for the African Informal Business Sector, Mr Ibrahim Phaladi Matthews, said the aim was to promote *spaza* shop owners, street vendors, shoe repairers, panel beaters, dressmakers and other informal businesses in South Africa.

Willing

Matthews, who together with several other workers left Achib early in the year, said they were prepared to co-operate with other organisations that aimed at helping the informal sector to grow and contribute to the country's mainstream economy.

Denied

He said they left Achib because of certain misunderstandings. The formation of the new body did not mean that they were enemies he said, adding, "we needed to form our own organisation to avoid conflict".

However, Achib's president Lawrence Mavundla has denied that there was conflict in his organisation.

Matthews said he was aware of the criticism levelled against blacks for forming new organisations from time to time, but said they found it necessary to form their own after reconciliatory talks failed.

Efficient

"Several accusations, including being called 'position mongers', were levelled at us after we left Achib. We have not been deterred by such talks because we are committed to economic empowerment. We do not want to stop this process," he said.

He said that they wanted to assist in developing and stimulating a sound, efficient and balanced small business sector with the aim of maintaining it as one cornerstone of a free market economy and to assist in its growth.

He said the organisation would help hawkers create jobs, obtain finance and fight for their rights.

It would be launched next year, he said.

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Sowetan 24/11/89

Patron claims faulty loss of R1800

New building society row

THE SA Perm is engaged in another row following claims by an East Rand man that a sum of R1 800 was fraudulently withdrawn from an autoteller machine in Pietersburg about two weeks ago.

Mr Joseph Machaka of Benoni said the money was withdrawn in six instalments after his autoteller card was allegedly retained by a cash dispensing machine at the Maree Street, Pietersburg, branch of SA Perm on November 11.

Machaka said he had just withdrawn R120 in two transactions when the card was allegedly "swallowed" by the machine. He said he could not report the loss of the card at the time as the building society had closed for the day.

"I reported the loss of the card the following Monday. The tellers were adamant that my card was not swallowed by the machine. They gave me a statement which showed that R1 200 was withdrawn in three transactions of R400 the same day the card was swallowed.

Record

"There were two further withdrawals of R400 and R200 on the day I reported the missing card. I'm baffled because at no stage did I give the card to anyone," Machaka said.

A spokesperson for the building society in Johannesburg said there was no record that Machaka's card was retained by the autoteller machine.

She said according to the audit roll, the first withdrawal of R400 was made four minutes after Machaka's last transaction. Machaka was probably still there when this transaction was made.

Robbed

She said it was highly probable that a conman swiftly switched cards with Machaka after noticing his personal identification number (PIN).

The SA Perm's spokesperson said there had been several incidents in which clients were robbed by conmen. She said the robberies were done so swiftly that they were difficult to notice.

She warned clients to guard themselves against these conmen.

Consumer Corner appears every Friday

30

W mail 24-30/11/89

Kagiso residents meet to plan stronger boycott

By VUSI GUNENE

RESIDENTS of Kagiso township on the East Rand are following the Mass Democratic Movement's call for the "rebuilding of people's structures" and rejecting their town council.

The Kagiso Interim Co-ordinating Committee (KICC) has called on residents to attend a meeting this weekend to discuss strategies of intensifying the rent boycott — now in its second month.

Residents have planned a march to the council offices on December 2 to deliver a memorandum demanding the suspension of the rent increases and the resignation of the town council.

For the past two months residents have been holding block, street and area committee meetings to discuss the proposed rent increases, which range from 50 to 150 percent.

According to a KICC representative, some of the residents have already received eviction notices from the council because of their refusal to pay rent.

"Our attempts to seek reasons for the increases have been met with inadequate answers and the community has engaged lawyers in a bid to resolve the matter," the representative said.

Residents argue that they have been paying for electricity bills since 1979, but have not as yet had any electricity installed in their homes.

"Since 1979 we have been paying R2.61 (per month) for electricty which to date has not been installed in our houses," said one resident, Annah Kgofela. "Instead, we are receiving letters from the council which says we must first pay R2 100 for electricity installation. We feel the we have already paid for the installation and in fact the council owes us," she said.

The mass meeting will be held at the Methodist Church in Kagiso on Sunday at 2.30pm.

Approached for comment, the town clerk's office said it was not aware of the rent boycott and declined to comment about the rent increase and the electricity levy.

BOKSBURG [redacted] [redacted]

Boycott victory

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To shouts of "Viva Reiger Park!" members of the Save Boksburg Committee lifted glasses of champagne and revelled in the warm welcome at The Liquor Warehouse. "It's about time. I think it's great that they're back," says manageress Maria Caldeira.

Rightful place

With just five weekends before Christmas most Boksburg shopkeepers are relieved coloureds have called off a year-long consumer boycott after President F W de Klerk gave notice last week to abolish the Separate Amenities Act.

24/11/89. [redacted] Fmail

"We're reclaiming our rightful place in Boksburg," says Mohamed Navsa, boycott committee chairman. "Reiger Park did its share. They rightfully, feel proud of being part of the mechanism that's bringing an end to separate amenities."

Property developer Joe Bentel plans to go ahead with the stagnated East Rand Mall project that seemed dead just a few days ago. The stigma of doing business in Boksburg is evaporating for multinationals, such as Colgate Palmolive, which is still trying to get rezoned into an adjoining town.

There is, however, some way to go. "Not for a minute should we assume it's over in Boksburg," says Philip Frankel, a Wits lecturer in political studies, who co-ordinated a survey of 300 residents and 50 shopkeepers in August for the American Chamber of Commerce.

"The majority of whites in Boksburg want separate facilities," he adds. "There's no way the CP is going to desegregate that pool. You can't force it. It's a question of sharing power at a local level. The CP won't sit back and let it happen."

Last November the newly elected CP majority on the town council voted to keep the lake area, town hall and other facilities for whites only. Reiger Park responded with a disciplined consumer boycott. Navsa estimates that 95% of the 55 000-strong community heeded the boycott in the early days and between 80% and 85% were still shopping in Benoni and Germiston this month.

Rightwing Boksburg councillors are defiant. "Yes, the boycott hurt," admits CP mayor Beyers de Klerk, but it didn't change his mind on the issue of desegregation. "We will fight every centimetre of the way in every legal way we can," he adds. "We will fight every millimetre of the way legally. We have to survive. It's a fight to the death. We are prepared to die."

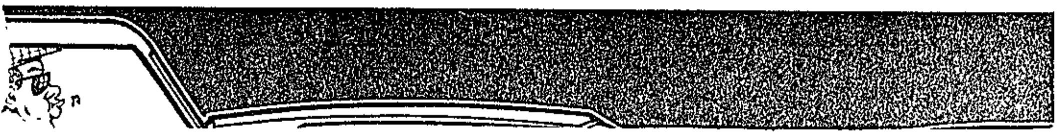
Karl Hechter-Schultz, who has lived in the town for 75 years, says the rightwingers are obstinate. "They will try to dig their heels in." He brought a court case that succeeded in getting the lake road re-opened to all.

Mayor De Klerk says the Nationalists have sold him out along with every other white who believes race groups are best kept separate.

As long as the NP continues to waffle on how serious it is about abolishing separate amenities, the CP will substitute a myriad of municipal regulations, including admission fees.

Both sides are regrouping. Frankel believes whites in Boksburg have shifted "imperceptibly to the left," perhaps making it harder for the CP to move backwards. The business community has discovered the buying power of its coloured customers.

Another legacy of the boycott may be the spillover of militancy from the once staid, politically uninvolved Reiger Park to other coloured townships on the East Rand. ■



Government steps up deregulatory efforts

Cape Times 24/11/89

30

Own Correspondent

JOHANNESBURG. — Government yesterday stepped up its deregulatory efforts when Administration and Privatisation Minister Wim de Villiers recommended the introduction of a proclamation which largely removes the need to apply for trading licenses.

The proclamation will also do away with all restrictions on business hours during the week and on Saturdays.

De Villiers recommended to President F W de Klerk that changes contained in the draft Businesses Bill published earlier this year be brought into effect by proclamation.

Although the final decision on issuing a proclamation rests with De Klerk, this should be a mere formality.

De Villiers said that in terms of his recommendation to De Klerk it would no longer be necessary for most businesses in the Transvaal, OFS and Cape to renew trading licences for next year.

The only businesses unaffected by the new rules would be those like escort agencies and night clubs that were subjected to licensing on the grounds of public morals.

Because there was no provision for regional services council levies in Natal, currently valid licences in the province would still have to be renewed.

De Villiers said that all licences would, as in the past, be subject to review and suspension, but on more limited grounds than previously.

Applications for new licences during 1990 would also be subject to more limited grounds of refusal and review.

In Natal grounds for cancellation and refusal of licences would also be more limited.

De Villiers said he had taken note of objections to extending business hours by certain trade unions.

He invited those concerned with the protection of worker's rights to inform him of their experience with the new regime.

"I trust that this proclamation will not be to the detriment of workers since the protection of worker's rights is primarily a matter for our labour legislation. Should there be a further need I will also consult with my colleague the Minister of Manpower and with the National Manpower Commission," he said.

The proclamation will apply until the Businesses Bill has been approved by Parliament and comes into effect at the beginning of 1991.

De Klerk is expected to issue the proclamation within the next few weeks.

Assocom legal manager Ken Warren last night welcomed the recommendations as a significant step in the deregulation process and recognition of changing shopping patterns among SA consumers.

However, he said Assocom felt the sensitive issue of Sunday trading should be addressed as a matter of urgency to take into account shopping needs of all in SA, particularly blacks who spend hours travelling to and from their place of work.

Trading hours should be relaxed further to accomodate them, Warren said.

He said he hoped the procalamation would be issued without delay as most businesses had already received license renewal notices. The proclamation would remove uncertainty whether they were liable to pay these or not. Large chain stores, in particular, had expressed dismay at the delay, he said.

BDay 24/11/89 30

Accountants vote today on whether or not to advertise

BARRY SERGEANT

TODAY thousands of chartered accountants (CAs) will be given the opportunity to decide on whether or not to advertise. The answer will be known after a vote at special meetings to be held at 11am.

The Council of the SA Institute of Chartered Accountants (Saica) has already come out strongly in favour of changing appropriate by-laws. But the decision has to be ratified by individual members voting in their respective provinces.

Saica president Paul Dreyer said last night: "We need a 75% majority in the Cape and two-thirds majority in the other provinces to vote in favour of this issue, either in person or by proxy."

After years of controversy regarding the advertising issue among CAs, today's meetings have been convened by the Societies of Chartered Accountants in the four provinces. The profession has come under pressure to make a decision from both commercial and governmental quarters.

Auditing — the mainstay of the accountant's income — has progressively produced less proportionate income as accountants have expanded into other areas, particularly tax advice and management consultancy. These areas of endeavour have non-accountant competitors who have long been free to advertise.

Governmental pressure follows in the wake of the policy decision to deregulate the economy. The professions are under pressure because of their "closed shops" — barriers to entry, fixed fees and exclusive rights to do certain kinds of work.

Leaders among CAs perceive that unless the profession takes steps to liberalise advertising rules, government may step in unilaterally and unban advertising. This would mean that the decision would come from outside the profession, and that the profession would then lack power over the nature of the advertising.

The international consensus among CAs is that advertising should be in "good taste". When accountancy advertising was allowed in Australia an advertisement using Tarzan caused consternation. Roger Sinclair, of Wits' Department of Business Economics, says that advertising could dramatically change the profile of CAs.

"If CAs are to spend money on advertising," said Sinclair, "it is important to understand the limits of the medium."

Said Dreyer: "We are concerned that many of our members will not bother to attend today's special meetings since they believe the decision in favour of advertising is a foregone conclusion.

"We want every one of our members to vote so that we can ascertain the true view of our membership as a whole."

14 BUSINESS DAY, Friday, November 24 1989

30

MARKETING

Battle lines drawn for (convenience) food store war

CATHY VAN ZYL

THE chains have taken up their battle positions for next year's retailing war, and it appears most of the fighting will take place in smaller, more specialised stores.

Two major opponents are Pick 'n Pay, which is intent on increasing the number of its Pantries, and Woolworths, which is building a chain of foods-only stores.

Despite choosing the same destination (food-only stores), the two groups appear to have selected different approach routes.

The major difference between Pick 'n Pay's newest Pantry and Woolworths' latest foods-only store is location. Pick 'n Pay's strategy is to establish niche-type stores catering for people in a working environment, such as its West Street, Durban, and Johannesburg stores, as well as the suburban market like the store in Camps Bay. The store in the Village Square, Sandton, will cater for office workers, commuters and shoppers.

Woolworths' Bruma store, on the other hand, brings its products closer to the suburban home.

Pick 'n Pay first hinted at its strategy when it launched Pantry stores in Camps Bay 18 months ago. Others have been opened in Durban and across the street from the JSE earlier this month.

According to chain managing director Hugh Herman, the Pantries are a prime example of niche marketing. He says the strategy is to make the shopping experience as convenient as possible, and place the stores in high traffic areas.

The range of products is limited and biased towards food and fresh fruit, which customers would purchase on their way home.

Herman believes convenience is the route to grow, and that there is a potential within the Pick 'n Pay group for at least 20 more Pantries.

Woolworth's new foods-only store at Bruma Lake follows shortly after the group's first food store in Brooklyn Pretoria. As the anchor tenant for Fisherman's Village, the store is expected to attract many shoppers to the wharf as well as draw from general visitors.

Managing director Syd Muller says research highlighted that customers wanted to shop where they live. Also it showed customers were increasingly accepting the Woolworths food concept, so the group felt confident in putting foods-only stores in areas closer to shoppers' homes.

Muller says the foods-only store concept was primarily prompted by a need for convenience.

"Initially, the Bruma Lake store will bring the full range of Woolworths' foods closer to the home. In time it will cater for many people in the office complex on the other side of the lake.

The store will be open seven days a week and offer late-night shopping.

Boksburg's CBD is opened to all races

B|Day 24/11/89 30

GERALD REILLY

PRETORIA — Boksburg's CBD was thrown open to all races after an announcement here yesterday by Planning and Provincial Affairs Minister Hernus Kriel.

He said a proclamation had been signed by President F W de Klerk declaring the CBD, other areas in the municipality and parts of Reiger Park as free trading areas.

Kriel said government hoped Boksburg's negative image locally and abroad was now something of the past.

Businessmen and the community had paid a high price for the image.

Government, he added, was confident investment confidence in Boksburg would now flourish and that a prosperous future awaited the town.

Kriel said the issue had been under consideration since 1986. But the necessary investigations and consultations had been completed recently.

Inputs had come from the previous and present town council, organised commerce and industry, individual businessmen, local MPs and other interest groups. It was against this background the decision to declare almost all the advertised areas as free trading areas was taken.

EDYTH BULBRING reports that Boksburg NP MP Sakkie Blanche said yesterday he was pleased and excited by the announcement.

He was grateful government had recognised that Boksburg residents had given government a mandate for reform.

Blanche said he hoped De Klerk would make the announcement declaring Windmilll Park a free settlement area soon.

He believed the decision had already been made, but that De Klerk would include other areas when making the announcement.

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Deregulation of shopping hours hailed

By PETER DENNEHY

SHOP managers and businessmen yesterday welcomed the impending January 1 deregulation of shop hours as a major step in a process that could revolutionise South African shopping patterns.

Few shops had yet made definite plans to extend their trading hours, although the new proclamation will give shops almost unlimited discretion on how long to remain open on weekdays and Saturdays.

Mr Serge Martinengo, acting managing director of Checkers, said yesterday that 67% of his stores were already trading in extended hours — some in the evenings, some on Saturday afternoons and some on Sundays.

"I'm not sure whether the partitions we have to put up in our stores on Sundays to exclude certain goods from trade will also disappear from January 1," he said.

Mr Eddie Parfett, managing director of Truworths, said his group already had a dispensation allowing longer trading hours from mid-December to Christmas.

"We will be taking advantage of this where there is demand, in the evenings, on Saturday afternoons and on the two Sundays prior to Christmas," he said.

Shopping patterns might change, he said, and his group would "be sensitive to the changes".

Mr Johan Naudé of the Small Business Development Corporation said the expected proclamation "gives legal effect to the current situation, where the enforcement of shop hours regulations has basically ceased to exist".

Mr Leon Grobler, personnel director of Edgars, said some of his stores countrywide would be trading late in the run-up to Christmas, as had happened for some years now.

"I don't believe that we are transgressing the law, we have an understanding that this is the custom," he said.

He had heard that some establishments were even considering trading on the December 16 public holiday, which falls on a Saturday this year, but Edgars would not, as it was a "sensitive issue".

Mr Henry Shields, a director of the Greenmarket Square fleamarkets, said shops were being granted the same freedom of opening hours that flemarketeers already enjoyed.

"It is the consumer who benefits," he said.

Call for small-business tax concessions

B/Day 28/11/95

THEO RAWANA

GOVERNMENT had to consider introducing tax concessions for small business based on levels of inventories and debtors, said Len Walker of accounting firm Price Waterson at the weekend.

It should also look at the feasibility of tiered tax rebates on profits.

Walker was responding to last week's announcement by Deputy Finance Minister Org Marais that company tax was to be reviewed, but he stressed that the small business dilemma needed to be urgently addressed.

If a company's turnover increased from 100 to 200 and debtors increased from 50 to 100, a tax allowance should be given on the outstanding debtors' position, Walker said.

"A lot of small businesses only see paper profits and invariably have no money in the bank. Their lack of liquidity makes them sitting ducks for takeovers by bigger companies that have better cash flows."

(30)

In a developing country like SA, small business had to be stimulated through all possible means, including tax concessions, reduced red tape and other incentives, he said.

"It is also critical that small business proprietors regard bankers, lawyers and accountants as members of an advisory team to be used on a regular basis. All too frequently these specialists are only approached when the business is in dire straits."

Walker, whose Johannesburg-based company has had years of experience advising small business with cash flow problems, said small businesses needed tax concessions to improve their cash flows and enable them to make a greater contribution to the SA economy.

"The taxman has to find a way to ease the burden on small companies that are finding it extremely difficult to finance expansion with their after-tax income.

"Too many entrepreneurial enterprises, already battling with high interest rates, are building up loan accounts and struggling to pay the tax bills," he said.

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BDay 28/11/89

Onus for change rests with business

FIONA FOURIE

THE onus was on the SA businessman to take the initiative to implement change instead of waiting for political approval, a paper presented by Markinor MD Nick Green at the Winning Way conference in Johannesburg yesterday concluded.

The great acceleration of change over the past three years indicated the rate of reform in the next decade, he said.

Green maintained the initiative for this change should come from businessmen because SA was shaped by social and economic factors and not by politics.

"The businessman cannot wait for F W de Klerk to show the flag," he said.

A recent Markinor survey showed blacks wanted to see the initiative for political change coming from whites, but he acknowledged businessmen pressing for reform would not have an easy task.

Pick 'n Pay chairman Raymond Ackerman told the conference technology would be the key to successful leadership.

He attributed the success of his own company to a process of learning and keeping abreast of consumer habits and retailing trends.

McNally yesterday and had spent most of the night studying it.

Restrictions

The Star is being produced under the severe restrictions of the emergency regulations.

impact by lifting not only the media regulations but part of the security regulations that are the core of the state of emergency.

This might explain why there has been a delay in announcing the expected relaxation of the media

In a blow to the securocrats of Mr P W Botha's administration, he announced the scrapping of the National Management System (NMS) and the downgrading of the State Security Council (SSC).

He announced the far-reaching

Mr de Klerk said one of the aims of the changes was to "confirm the Cabinet as the highest policy-making and co-ordinating power".

● See Pages 3 and 35.

Dud cheque spree costing shops R20-m a week

Star 29/11/89

By Michael Chester

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The volume of dud bank cheques as the Christmas shopping spree moves towards its peak has reached an unprecedented R20 million a week, according to surveys into spending patterns.

A special "hot list" of culprits with a repeated record of scams, already bulging with more than 50 000 swindle suspects, is growing by 3 000 names a month.

The catalogue also follows culprits if they try to dodge creditors by switching banks to use new cheque book identities.

Mr David Rosin, managing director of a company which monitors the track record of individual cheque books and has compiled the "hot list" of persistent offenders, lists the Transvaal as the main culprit.

Natal comes next, with the Cape and Free State showing much cleaner records.

Johannesburg was hit hardest among individual towns and cities. But on a per capita basis it was Pretoria that emerged with the worst record of all.

Mr Rosin believes that a proportion of the scams are settled once the offenders have been traced.

But he fears many escape settlement because victims of cheque scams often find that high legal costs make it pointless to start litigation to recover their losses.

Among private consumers, most of the "rubber" cheques involved amounts between R100 and R300.

The highest casualty rates were found among supermarkets, clothing retailers and liquor stores.

"Certain retailers are encountering as much as R5 000-worth of dishonoured cheques a month and may be lucky if 60 percent of them are ultimately settled," said Mr Rosin.

"There are numerous reasons for the tremendous increase in dishonoured cheques, not least the cash squeeze that goes with the economic slowdown and high inflation.

"Also, many South Africans simply refuse to curb their spending.

"Sometimes, blame rests on the granting of cheque book facilities to bank customers who may not be able to discipline themselves about current account limits.

"But perhaps the worst concern is the steady erosion of standards of morality in society as a whole.

"Not so many years ago, a dishonoured cheque was regarded as an awful disgrace. Nowadays, offenders see it as no real stigma at all, even a bit of a lark.

"It seems odd that a person can be sent to jail for stealing a loaf of bread, yet a person who carts off a whole trolley load of bread on a dud cheque can waltz away scot-free.

"Often, dud cheques cause more losses than shoplifting."

Maternity leave almost stops the music

Consumer

By MZIKAYISE EDOM

Corner

A DISPUTE has erupted between a Soweto woman and a Johannesburg furniture shop over the payment of goods she bought from it.

Miss Alinah Lebona of Molapo bought a hi-fi stereo from the Bree street branch of Score Furnitures for R1 500 in August last year.

She paid a deposit of R195 and her monthly instalment is R84. She still owes R240.

Lebona told *Consumer Corner* that her problems started in June when she went on maternity leave and could no longer afford to pay her instalments because she was not receiving any pay from her employers.

She went back to work at the beginning of this month.

"When I went on maternity leave I informed the shop that I would only pay them at the end of this month because I had no money. They agreed with this and I was puzzled when one of their debt collectors came to my home on Monday this week, informing me that if I did not pay my arrears by today, they would repossess the goods," said Lebona.

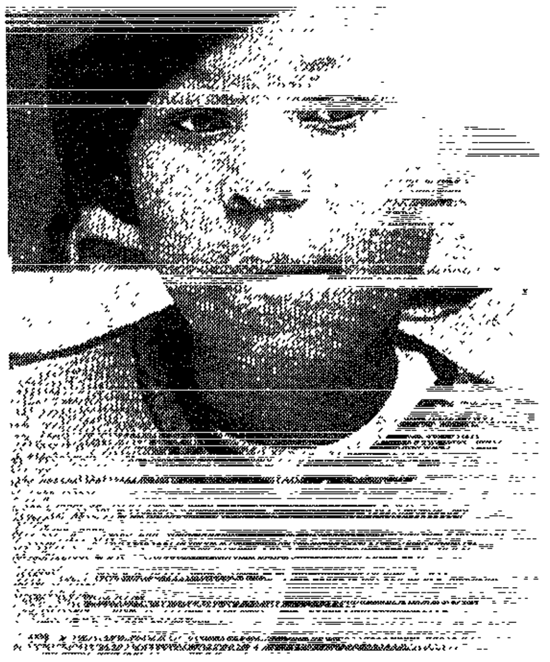
Warned

The shop is demanding R300 from her.

A spokesman for Score Furnitures has confirmed that Lebona was in arrears with her payments and that she had been warned that if she did not pay the money, the radio would be repossessed.

"She failed to pay us betwen June and last month and, according to our records, she made no arrangements that she would resume with her instalments at the end of this month as she claims," he said.

The spokesman said that if Lebona had problems with her payments, she should come to the shop and explain her problems and make new arrangements on how she would pay.



A depressed Miss Alinah Lebona.

Bogus estate agent chased by clients

By SY MAKARINGE

MR Robert Mkhwanazi, an alleged bogus estate agent who is being sought by police in connection with allegations of fraud involving several thousands of rands, has left behind him a trail of broken-hearted home-seekers who are desperately trying to get their deposits back.

Mkhwanazi (30), managing director of Proper Homes, which sometimes traded as Amandla Properties, was arrested by police earlier this year. He made a few appearances in the Johannesburg Magistrate's Court, but the case was provisionally withdrawn pending further police investigations.

Mkhwanazi, who lived at Mofolo North, was forced to flee his home a few months ago when a group of people, some of whom are believed to be his victims, attacked the house and ripped window and door frames.

Police and scores of disgruntled clients are still trying to trace his whereabouts.

Deposit

This week a broken-hearted Mohlakeng divorcee, Mrs Poppy Mathakang, described how she lost a deposit of R7 000 to Proper Homes after Mkhwanazi promised to sell her an existing house for R42 000 in Kagiso on the West Rand about two years ago.

"There were three of us who were interested in buying the house. Mkhwanazi told us he would sell the house to the highest bidder, so I paid him an amount of R7 000 as a deposit. Suddenly he told me the owner of the house was no longer selling. He, however, promised to get me another house," Mathakang said.

She said she paid him a number of visits at his offices in Johannesburg, but each time she was given "unsatisfactory" explanations why her deal could not go through.

"I finally demanded a refund. He did not hesitate to write out a cheque for R7 000. I deposited the cheque at a branch of the SA Perm, which cleared it after 10 days. But the building society later discovered that it was a dud cheque. They then debited the money from my account," she said.

Company

Mathakang said she later met Mkhwanazi when his case was provisionally withdrawn at the Johannesburg Magistrate's Court. She said he told her a company called J W Finances was handling all his finances and would refund her the deposit.

She said she contacted J W Finance in Boksburg, but nothing came of it.

A spokesman for the company this week confirmed that Mkhwanazi had appointed them to distribute money to all his creditors.

"But he never paid us any money. We decided to cut ties with him because it was clear that [illegible] wanted to use our name [illegible] order to get his [illegible] off his back. We don[illegible] even know where he is the moment. What we [illegible] know is that the police [illegible] looking for him," [illegible] spokesman said.

Mrs Poppy Mathakang...lost R7 000.

Brighter year seen for clothing industry

(30)

Star. 30/11/89

By Tom Hood

CAPE TOWN — This year will be a better-than-expected one for clothing manufacturers, says Mr Hennie van Zyl, executive director of the National Clothing Federation.

Continuing high levels of spending and increased incomes will give the clothing industry sales of about R3,2 billion — up 20 percent in money terms and 4,5 percent in volume on 1988, he says in his review for the year to end-September.

Employment in the industry peaked in mid-1982. Employment this year was only 88 percent of that peak, based on the three main areas of Western Cape, Durban and Transvaal.

In addition, the expected 1989 turnover in real terms will represent 80 percent of its 1981 peak. Production volume will also be only 80 percent of that peak, he estimates.

"But most disturbing is that real clothing sales per worker employed has declined to 85 percent of its 1981 peak."

Heavy government spending and increased taxation has not fully accounted for the decline since 1981. For example, personal disposable income per head was 95 percent of the 1981 level.

Another reason for the decline was the rise in imports — in 1981 imports were 5,4 percent of manufacturers' sales, rising to 8,4 percent in 1988 and 11,3 percent for the first quarter of 1989.

An analysis of retail clothing sales compared with income showed an unexpected trend — after recording a 1985 low, clothing sales as a percentage of remuneration and of current income started to rise from 1986 onwards.

These trends indicate that the future for clothing manufacturers is closely linked to disposable income and that factors such as interest rates play a minimal part.

Over the short to medium term, clothing manufacturers could face wide fluctuations in demand that would, at times, appear to bear little relationship to the general economy.

Looking at exports, Mr van Zyl claims new export incentives could make large clothing manufacturers bigger and drive small firms out of business, as only about 70,5 percent of the country's 1 300 garment manufacturers are reported to be in the export business.

"The government has made its views on the exporting of clothing clear — it is prepared to put exporters at an advantageous position over those who do not export."

This has been done by allowing those who export more than 2,5 percent of their production to import duty free fabric and clothing to 70 percent of their exports (provided local fabric was used in the exported garments or imported fabric on which full duty has been paid).

Star 30/11/89

Car rentals still bouyant

Finance Staff

The slowdown in the economy has not yet applied the brakes to the car rental industry, which continued to grow in real terms in the six months to end-September.

According to a survey by Pretoria University's Bureau for Financial Analysts, the number of rentals grew by 11,5 percent to 371 726 over this period while rentals days increased by 10,9 per cent to 1,7 million. The rental companies' combined fleet total grew by a similar margin to 13 284.

Mr Tony Langley, chairman of the South African Vehicle Rental and Leasing Association (SAVRALA), noted that while the industry had continued to show positive growth, there were signs of a shift in rental patterns caused by the economimc downturn.

"The BFI figures indicate that airport rentals grew by 12,5 percent which, given the total growth figure of 11,5 percent, means that downtown rentals increased at a lower rate.

Airport rentals are largely related to business travel, while downtown rentals mainly represent the leisure and black markets. There has therefore been a relative decline in non-corporate rentals," Mr Langley said.

The fact that rental days grew by a marginally smaller rate than the number of rentals, indicated a slight shortening in rental durations, he asdded.

Average daily time and kilometre revenue increased by 31,2 percent to R64,93. Over the same period, however, the car rental companies' fleet holding costs — depreciation plus interest — escalated by 40 percent as a result of continuing steep rises in interest rates and the prices of new cars.

SOWETAN BUSINESS
Building the Nation

(30)
Soweto
30/11/89

Fall of the township bottlestore

When township bottlestores were still owned by Wrab profits ran into millions. After the 1976 unrest they were privatised and are now owned by blacks. But profits are dwindling. JABULANI SIKHAKHANE, in a two-part series, reports on the fall of the township bottlestore.

The emergence of the licensed shebeener has changed the face of liquor retailing in black areas.

Township bottle stores, which raked in millions during the '60s and '70s, are fighting desperately to retain their diminishing share of the market.

The pressures on these bottlestores have come from the shebeen and its unlimited trading hours, the township *gweva*, the city bottle store, the cash and carry's and lack of capital.

According to Mr Zanusi Kunene, vice-president of Ukhamba Liquor Association, shebeeens (licenced and unlicenced) account for 90 percent of liquor sales in the townships. Bottle stores fight for the remaining 10 percent.

Rush to buy

After the 1976 unrest and the subsequent privatisation of Administration Board bottle stores, black entrepreneurs rushed to buy these outlets. They forgot that when the bottle stores were owned by the boards it was illegal for city merchants and *gwevas* to trade in the townships and the then liquor squad randomly searched vehicles coming into the township.

Truckloads of liquor were impounded. When blacks started owning bottle stores, merchant dealers and *gwevas* were no longer barred from the townships and this robbed the new dealers of the competitive edge their predecessors enjoyed.

Also, the licensing of shebeens enabled them to buy directly from the same suppliers as the bottle stores. While the shebeener was a bottle store client in the '60s and early '70s, he was a competitor in the '80s.

The bottle store had limited trading hours while those of the shebeen were unlimited. As they sold more they ordered more from the supplier and qualified for a better discount.

The township bottle store is also unable to compete with the one in town as tipplers buy their cans and nips when they knock off from work. On getting into the township they make a beeline for their shebeens.

The illegal runner or *gweva* makes the picture more gloomy. He buys his stock from the white-owned bottle stores and supplies a huge section of the still-existing "illegal" shebeeners. Estimates are that Soweto has some 4 000 shebeens, less than 10 percent of which are licensed.

Because of "kick backs" of up to 7 percent white stores get from liquor producers for moving large volumes of stock, they offer very favourable prices and even give credit to the *gweva*, which the township bottle store cannot afford to do.

Bootleggers

It was reported recently that bottle store owners were at loggerheads with unlicensed shebeeners and bootleggers in Atteridgeville, Mamelodi and Soshanguve.

Bottle store owners said they were charging R17.50 for a case of beer quarts against bootleggers' retail price of R13,80, a difference of R3,70.

A formal liquor retailer bought his liquor from the SAB at R15.44 a case and bootleggers who crossed to Bophuthatswana paid less than R14.

The intervention of cash and carry's in the liquor trade has made the situation much worse. Bottle store owners complain that wholesalers such as Metro and Makro are now encroaching on what is traditionally their territory. Unlicenced shebeeners are buying from the wholesalers using cards which are not theirs.

Marketing consultant Eric Mafuna notes that in the liquor trade there is more money after working hours and bottle store owners cannot afford to open late because of the chances of being robbed and the legal limitations on their trading hours.

Mafuna, who monitors liquor sales in Natal and the Pretoria-Witwatersrand-Vereeniging (PWV) areas on a monthly basis, notes that most liquor outlets in black areas are facing serious cash flow problems.

"Shelves are empty and the stores now offer a very limited range of liquor products. Also the profile of the customer has changed. The bulk-buying shebeener either has a licence and buys directly from the liquor suppliers or he gets his supplies from the *gwevas*.

The runner is a stepchild of the 1976 school riots. The gutting of liquor outlets, then owned by the West Rand Administration Board (WRAB) created an opening for the runner. Between then and 1984 when the Government decided to privatise the liquor outlets, his position strengthened.

Mafuna says the township retailer cannot afford to give credit to the runner. He can't afford to give discounts and offer low prices because beer accounts for over 90 percent of his turnover. The fact that beer is a high volume and low margins product further complicates the picture.

Estimates from the South African Breweries are that beer sales through outlets in the informal sector account for no less than R1 billion, between 25 and 30 percent of the total retail beer turnover. (It is estimated that South Africa's liquor outlets turn over R5 billion a year).

Gross profit margins on beer have declined dramatically, from as much as 40 percent to around 6/7 percent gross profit.

Better margins

On a case of beer, for instance, one can make a profit ranging from 50 cents down to 26 cents, depending on the area in which you are trading.

In Soweto, Kunene says, a 10 cents profit on a case of beer is not unusual.

But for the white-owned liquor store, beer is one of the many liquor products on the shelves. Their turnover is well spread among other liquor products like spirits, where margins are better. Wines also sell well, but in black areas only natural wines do any better.

Kunene cites the example of one white-owned liquor store in Durban, Liquor Town, where beer sales account for only 13 percent of turnover.

To Page 29

P.T.O.

Liquor

From Page 28

Capitalisation is another problem facing the township liquor store owner.

White liquor store owners, mainly Portuguese, who are reputed to control a huge share of the Johannesburg liquor trade, are forming syndicates with huge buying power. Until recently the brewers and distillers were integrated into the retail industry, and they had a keener edge in pricing.

Chris Kuun, marketing director of the Ohio Point of Sales computer company says liquor stores which can move large volumes of liquor get discounts. For instance, for every 10 cases, the supplier will grant one case free, which usually works out to a 7,7 percent discount on the price.

Township bottle stores are solo operators save for one or two companies controlling at most four bottle stores. They are unable to match the buying power of the chain stores. Like the supermarket they depend on crumbs coming their way.

Furnishers expect tight Christmas

(30)

B/Day 1/12/89

SYLVIA DU PLESSIS

FURNITURE retailers, particularly those dependent on sales of appliances, audio equipment and TVs, are unlikely to to have the free-spending Christmas they were hoping for.

While furniture sales were expected to show real growth of 2-3%, appliance, audio and TV sales would probably show negative real growth of about 20% this festive season, Furniture Traders' Association executive director Frans Jordaan said yesterday.

He was responding to Finance Minister Barend du Plessis' assurance on Wednesday that import surcharges would be phased out and adjustments considered under the Credit Agreements (HP) Act when economic circumstances permitted.

Jordaan, who with other retailers in the troubled sector had hoped for a relaxation of the stringent measures before Christmas, said he was "certainly disappointed" by the delay.

"We just have to accept that we've tried everything possible to convince the authorities that our members have a problem. . . . We've exhausted all avenues at our disposal, and we've been received sympathetically, but I don't think anything will happen until Budget time," he said.

Jordaan said retailers would be approaching the authorities with latest sales figures in hand to again state their case early in March.

September's figures showed that year-on-year growth at current prices for appliances was minus 14,1% and for TVs minus 11,5%. Audio equipment grew a nominal 7,3% — still negative growth when adjusted for inflation — after reflecting minus 12,1% growth in August.

30 Fmail

) Fmail 1/12/89.

HARMFUL BUSINESS PRACTICE

Stopped for life

30

An insurance marketing scheme, which offered participants the opportunity to earn more than R29 000 a month, with no capital investment needed, has been declared a harmful business practice.

Findings of the Business Practices Committee, chaired by Louise Tager, were published in a recent *Government Gazette*, after an investigation into a close corporation (CC), Set for Life Insurance & Marketing, and its MD John Francis Drinkwater.

Drinkwater, the only member of the CC, was marketing a monthly, renewable, group insurance scheme through an "ever-growing network" of policyholders. Each, having paid an initial premium of R300 and fee of R15 for an agent's manual, was allowed to market the same product. Policies were sold to groups of four — described by Drinkwater as "co-operatives." Six "generations" of groups were needed to accumulate enough commision to provide an agent with the target R29 000 a month.

The committee concluded that statements in a Set for Life pamphlet, read with references in the manual to monthly earnings of R29 000, led potential participants to "confidently expect" earnings of this order.

It examined the validity of the claim by calculating the premium income needed for only one of the existing 1 972 policyholders to earn more than R29 000 a month, as well as the income required if all were to earn this sum.

With R25 of every R100 in monthly premium income going to underwriter Standard General and R30 to Set for Life, R45 was available for commissions. On this basis, the committee concluded:

☐ For only one agent to earn more than R29 000 a month, premium income of R546 000 a month would be needed. Of this, the underwriter would receive R136 500, while commissions would amount to R245 700 — including the amount of R29 000 for one person — and R163 800 would go to Set for Life. It would take 5 460 transactions to generate this income. To enable only one of these new policyholders to achieve earnings of R29 000, a further 29,8m sales would have to be made; and

☐ For existing 1 972 policyholders to earn R29 000 a month, a further 10,8m policies would have to be sold, to produce total monthly premium income of R4,1bn. For all the new policyholders to earn R29 000, a further 58,8bn policies would have to be sold.

In a submission to the committee, Drinkwater argued:

☐ Participants do not risk loss, because they are paying for insurance cover "while at the same time (they) have the opportunity to earn an income";

☐ Saturation is theoretical — no business has ever saturated a market;

☐ The scheme is nothing more than a method of marketing life assurance; and

☐ No promises are made regarding commissions — the participant is merely made aware of the maximum he can earn.

However, the committee found Set for Life's promotional literature "deceives or is likely to deceive consumers" and that, "while participants in the initial stages of the scheme may indeed reap magnificent rewards, there is no prospect of this being sustainable in the long run."

It decided that, because "potential earning of income is directly and mathematically linked to the number of additional participants," the scheme is equivalent to a lottery. It found that the scheme "constitutes a harmful business practice" and recommended the minister (of Trade & Industry) declare it unlawful. It also recommended that Set for Life and Drinkwater should be prevented from at any time deriving income from a similar business.

Standard General MD Roberto Grandi says: "In August, even before Set for Life was investigated by the committee, we withdrew by cancelling the underlying policy. It was not in line with our philosophy." ■

1/12/89

(30) [illegible] 1/12/89

RETAIL SALES

Predicting Christmas

All the forecasts are for a decline in Christmas sales in real terms. But, surprisingly, many retailers expect to do better. The new year, however, may be a different story.

The Assocom forecast, compiled in October, predicted a 13% growth in retail sales over last Christmas, which would mean a decline in real terms of more than 1%.

But, in the furniture and appliance trade, Assocom predicted even lower growth — only 10%. And that's better than the industry's current performance. Figures from the Retail Liaison Committee, which represents the major furniture retailers, show only 6%-8% growth in the second half of the year — 7%-9% down in real terms, observes Morkels' strategic planning director Derek Russell.

Morkels' sales are in line with those figures, he says. The severe hire-purchase restrictions on appliances have hit the chain hard and a high proportion of its customers are mortgage-bond holders, a group that's buying less as interest rates soar.

Chains serving the black market are more optimistic because blacks are less likely to be weighted down with bond payments. Ellerines MD Eric Ellerine expects that business will be static or enjoy marginal growth.

Prefcor furniture division chairman Hymie Sibul says furniture wasn't affected by the hire-purchase restrictions that were imposed on major appliances. He still expects to see some growth because the black market is predominantly a furniture market.

The most optimistic in the furniture sector is Rusfurn MD Geoff Austin, who is expecting 19% growth on last year. "The upmarket cash businesses, such as Dion, are still doing well, as is the black market where we're represented by Wanda-Frasers. The middle-income credit market is the most badly hit, though our Russells chain is beating the market here."

In contrast to the furniture sector, clothing retailers are looking forward to growth of 15%-20%. According to Edgars group MD Vic Hammond: "There has been an erosion of sales profit in the group over the last eight weeks. But we're hoping for 2%-3% real growth in the overall clothing sector and we're hoping our growth will be 3-4 percentage points above that."

Stores with lower-priced merchandise will benefit from the same "buying down" that is helping clothing stores.

Clicks MD Trevor Honneysett says the chain's mix of toiletries and lower-priced appliances usually performs well in tight times. "We aren't in the credit business so we aren't so affected by high interest rates."

If some retailers expect a good Christmas, few expect a good 1990. Checkers acting MD Sergio Martinengo says there should be a fractional volume growth this Christmas but a much tougher 1990. And Edgars' Hammond says he doesn't expect any real growth for at least the first half of the year. ■

B/Day 1/12/89 (30)

Challenges posed by small business

THEO RAWANA

PEOPLE who tried to ensure SA's economy remained the preserve of large corporations without small-scale urban enterprises were living in a fool's paradise, said Small Business Development Corporation (SBDC) MD Ben Vosloo.

Speaking at the launch of the publication, Informal Ways: A window of Informal Business in SA, Vosloo said the informal sector was now established in the cities and townships, in many forms of enterprise.

The great challenge this posed was how established firms and the legal norms that had come to govern business would adapt to the unstoppable impact of the informal sector in SA's economic life, Vosloo said.

The publication Informal Ways, written by Wits University's Prof Keith Beavon, gives an account of the informal sector and its significance in the SA economy. It is jointly sponsored by the SBDC and Avis Lease.

B/Day 1/12/89 30

43 jobless created 500 jobs

THEO RAWANA

A GROUP of 43 entrepreneurs who were either unemployed or retrenched at one time, are this month celebrating their feat in creating 500 jobs under the Job Creation SA scheme started three years ago.

The objectives of Job Creation, established in 1986, was to find people with entrepreneurial ability and help them succeed.

The target was to create 500 permanent jobs through assisting in the establishment of small businesses.

Job Creation, the first organisation to make use of the Temporary Removal of Economic Restrictions Act through Enterprise Centre in Kew, is at the forefront of the small business deregulation lobby.

The entrepreneurs, whose businesses range from security services to interior decoration, have been assisted in planning, market research, costing, marketing, finding suitable premises and in several other related and non-related fields.

Failed

Job Creation MD Ian Hetherington said this week that only two of the 87 entrepreneurs involved in the project had failed.

"The first 43 achieved the target number of jobs. Once the others have been operating for two years, we expect more than 700 jobs to have been created.

"By finding gaps in the market, the entrepreneurs — many from disdvantaged backgrounds and 90% of whom started without outside finance — have shown what imagination and hard work can do."

Former security guard Tsombana Ngoyakhe, 57, who was retrenched three years ago, now runs his own security service — July Guards — which employs 108 people and operates in seven townships.

"My 'starting capital' was just the idea I had," said Ngoyakhe.

"But if you believe in your idea and have professional guidance, you will succeed."

Margins expected to be cut ...

Menswear industry 'over-traded'

CAPE TIMES 2/12/89

30

By AUDREY D'ANGELO
Financial Editor

NEXT year will be one of the toughest ever faced by men's clothing retailers, and a number of smaller businesses will fold, predicts Danny Kahn, CE of the Cape Town-based Romen's chain.

But the chairman of the Menswear Group of SA, Stephen Parsonage, points out that the number of small menswear shops was drastically reduced in previous downturns. He believes that the survivors are professional enough to adapt to changing circumstances and stay in business.

Kahn, whose 13-store chain is believed to be the largest retailer of suits and shirts in SA, says the shake-out will benefit the man in the street who will find prices falling.

He says some retail mark-ups are as much as 120% or even 140% over the ex-factory price. He expects margins to drop to "a more realistic 60% to 70%".

Warning that the industry is over-traded and will face a shake-out early in the new year, Kahn says: "A combination of higher interest rates and higher exit prices from the factories will force a number of the smaller and less efficient groups to close down. This is not necessarily a bad thing, because menswear retailing is over-traded and has been for a long time.

"The public is paying for this over-trading and inefficiency with inflated retail prices. Instead of there being greater competition, the smaller operators, particularly, are simply raising their prices in a desperate bid to keep their heads above water."

The growing Romen's chain relies on high sales volumes with lower mark-ups for its profits. Kahn says the group's margins are often as low as 25% and it will be cutting prices in an aggressive drive to increase market share.

"Ours is a volume business and as usual we have bought forward enormous amounts of stock. With intensified marketing and promotions we expect to sell at least 60 000 suits next year, and 120 000 shirts.

"While other retailers will be pulling in their horns we shall be looking at continued expansion with stores in Cape Town, Durban, Pretoria and Johannesburg and a turnover of R20m by the end of the current financial year."

Parsonage says that ex-factory prices will, unavoidably, be higher in the coming year because of the rising cost of raw materials and labour.

"But everyone in the industry, from textile and yarn manufacturers through to, the retailer, must be aware of consumer needs and do their best to contain margins."

BUSINESS PERSONALITY OF THE WEEK

Building a thriving business from scratch

W/E-ARGUS
2/12/89

30

By TOM HOOD
Business Editor

RETRENCHED from his job as a building labourer, Victor Mbauli decided he would not dip into his last pay packet and spend money on train and bus fares to try and find another job.

Instead, he ploughed his last few rands into buying stock for the tiny shop his wife ran in Khayelitsha's sprawling Site C.

Now, after four years of seven-day weeks — usually 15-hour days — the business has grown into the well-stocked Abesuthu supermarket with proper tills, record books, fridges powered by his own generator, and nine employees.

Grown so well, moreover, that 34-year-old Mr Mbauli is moving into a new R79 000 house and thinking about buying a R130 000 business site in Khayelitsha.

That 649 m² business site, incidentally would cost him R200/m² — more than treble land prices in the more classy neighbourhood of Tokai (R62) and double those of good parts of Grassy park (R82).

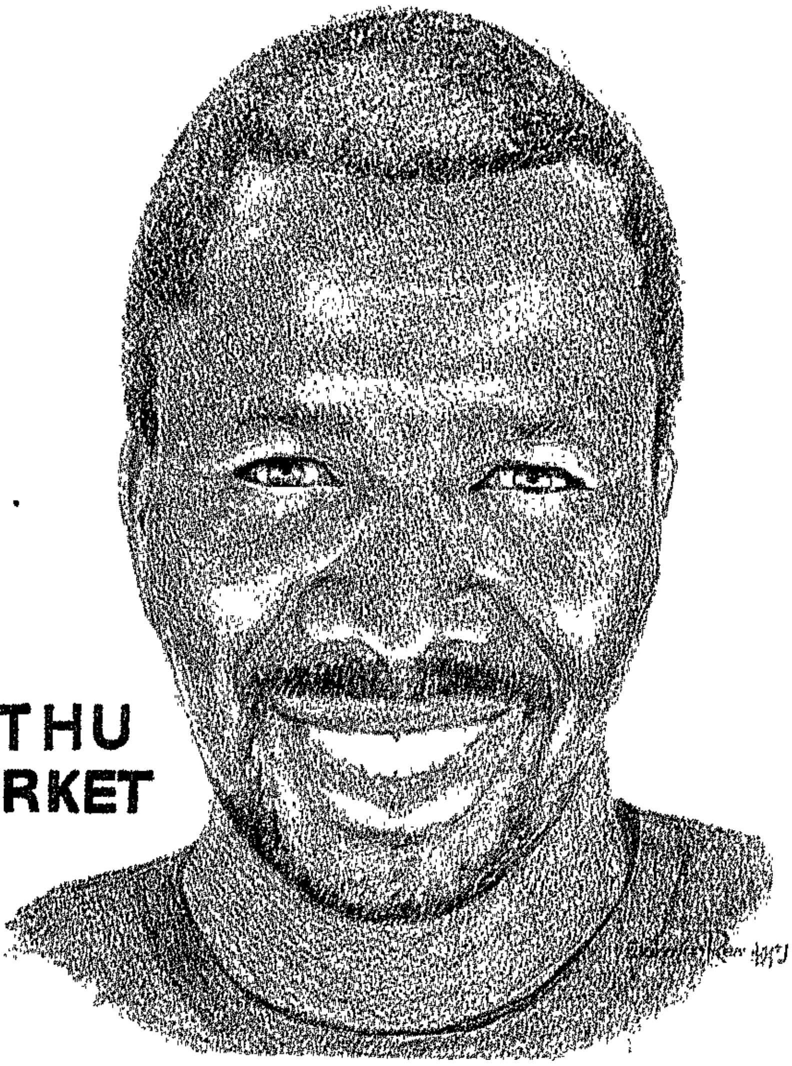
His housing site of about 150 m² costs R9 000 — at R60/m² slightly cheaper than Tokai.

He came to Cape Town from the Ciskei 16 years ago and worked with one building company most of the time.

Business began with R200 of stock — and his wife Nozuko ran it from their shack. They have been in Khayelitsha right from the beginning in 1985.

"I earned R56 a week and it was a big job to get the R200 together."

ABESUTHU SUPERMARKET



Victor Mbauli . . from labourer to profitable trader.

(See page 3)

Building a business from scratch

(From page 1)

The shack and shop expanded into a mini-supermarket and they and their three children now live above the shop.

A year ago he got a franchise to sell Coke, a product with high demand but "not much profit," he says.

Fellow traders suspect his profit could be better if he did not have to compete against the company's own trucks selling cold drinks directly to his customers.

However, Mr Mbauli manages to sell 10 000 cases a month. His record was 8 000 cases in one week last December.

Empty bottles and containers are stored in his "warehouse" — the street, with little security. A theft means he must sell 17 cases to recover the cost of one case.

For all his efforts, Mr Mbauli finds time to help local soccer and fellow traders — but to an outsider, this looks like a kind of self-protection. He financed Site C United FC — buying jerseys, shorts and boots — after being "leaned on" by town councillors.

He was also a founder of KHABA, the Khayelitsha Business Association, in September — again with the aim of negotiating better conditions for local businesses with the town council and getting better deals from suppliers as competition from white and Indian capital began to be felt.

Uplifting the standard of local business people through business skills training is a most important aim of KHABA, as a result a close relationship has developed between Theo Rudman whose self-employment institute undertakes basic practical business skills training in the townships.

Fifty-five traders went to the initial first meeting and 54 joined. The association has grown to 250 trader-members in a few weeks and Mr Mbauli hopes it will reach a powerful group of 1 000 within six months. With Khayelitsha's population estimated at 600 000, he sees this as a good possibility.

MR Victor Mbauli outside his supermarket in Site C Khayelitsha.

KHABA has a passport-type membership card containing each member's photograph for identification. Members decided on a logo of a baby crawling — "that is what we are in business, we are learning to grow. Not many business people are willing to admit they can learn."

KHABA has also taken on a social responsibility to raise the whole standard of the community. Even people outside Site C are calling and asking members to provide work.

"We need more business sites for stalls in locations that can provide business so that people can work for themselves. We are trying to work with the councillors about this."

Mr Mbauli received only a standard seven education in the Transkei and built his business without assistance or capital. He is self-taught and is attending business skills courses.

Biggest gripe of KHABA members is lack of freedom to create a business and growing competition from outsiders, be it from Guguletu or Cape Town.

They believe trading rights in Khayelitsha should be reserved for the local people, a policy apparently shared by the local council.

"When Khayelitsha was created, we thought these small businesses would grow and some would become big businesses like Pick 'n Pay," said Mr Mbauli.

A colleague said: "We have never been exploited so much as now. White business people have discovered how many thousands live here and see it as a new market to exploit to make up for falling sales in the white areas. They want to come in and clean up."

Outsiders, they claim, are going in and using blacks as "fronts".

"We are not sure how much is genuine partnership and how much is fronting. They are not coming to help us. They are coming to oppress us. We cannot compete with people with money who can put up better buildings."

KHABA members feel so strongly that they plan to seek a meeting with the appropriate authority and put their case, said Mr Mbauli.

While voices elsewhere are calling for the ending of the Group Areas, KHABA supports the opening of white areas but not the opening of black business areas — "the outsiders would be too strong for us to compete," says Mr Mbauli.

Retailers see a soft landing

Star 31/12/89

(30)

By Charmain Naidoo

RETAILERS predict a subdued start to the new decade after a bumper "way-beyond-expectations" Christmas.

There is, however, no pessimism in the forecast for all of 1990.

Most retailers expect sales and profit growth to outstrip inflation. They believe there will be a soft landing, as promised by the Government.

Inflation

Festive season spending, store owners say, was strong when it got off the ground in the week before December 25. Many food, furniture and clothing outlets romped home way ahead of budget.

Standard Bank's credit card division reports that it is fractionally below budget.

Card division assistant general manager Alastair Graham says there are indications — the final count has not been made — that retail sales were up by about 15%.

"Comparing purchases by card holders this Christmas with last, we found that the increase in sales was consistent with inflation."

New Checkers managing director Sergio Martinengo says year-on-year growth was "more than we expected".

"We were up about 20% on last year. Even non-foods did well over Christmas. But the next quarter will see a dramatic tightening in business. I expect growth in the first quarter to be less than 18%. For the same time last year we experienced about 16% growth."

Confidence

Pick 'n Pay managing director Hugh Herman believes that the mood in SA has improved and there is greater confidence than before.

"But interest rates are still high and are likely to remain that way for a while. Taking all this into account, I'm not unhappy about the prospects for the first few months of 1990.

"It will be slower, but we will certainly not see a downturn in the economy."

OK Bazaars merchandise controller Norman Leibov says: "Everyone will be broke early next year and I expect no excitement for the first quarter."

Although OK's figures for the holiday season are up on last year's, Mr Leibov predicts a slow start for the new decade.

"Things could improve later in the year — if interest rates come down and if there's an upturn in the gold price," he says.

Staggering

Edgars managing director George Beeton says his chain expects modest growth in the new year.

"We had an outstanding Christmas, way ahead of expectations. We will continue to go for increased market share next year."

Rusfurn chief executive Geoff Austin also expects next year to be quiet.

"But we will see positive growth. Figures late this year were staggering — year on year more than 30%.

"Although we have no final figures for December, I'm sure we will be 20% up on last year. I don't see the downswing that people talk about."

Mr Austin believes there will be a cooling off in early 1990.

"If interest rates fall in the second half of next year, sales will take off, especially durables."

Sales

January is traditionally a month for cut-price sales.

Mr Austin says times have changed and sales today are generally not held to clear stock, but to generate business.

"In times of high inflation, a large stock count is not necessarily a bad thing. It's difficult to mark down high-tech items which will cost more in three months' time. It's better to hold them than to reduce the price."

Mr Austin says that January is "a quiet month for business".

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Advertising and marketing by Veronica Potter

Clusters show the way

30

Star 31/12/84.

MEDIA advertising rates are likely to rise by between 14% and 18% in the next few weeks, says ad agency FCB Response.

Anguish might be the emotional reaction, but the only rational course for marketers is to increase their media efficiency, says FCB chairman Brian Hopkins.

NEWSPRINT

"It's no use sniping at the media owners, especially on the print side. Newsprint costs go up by more than 1% every month. Salaries are up and petrol prices have rocketed. Some costs have to be passed on.

"However, it's unlikely that major advertisers will automatically increase their spend in line with inflation. Clients will look for smart buying and smart strategic planning."

Mr Hopkins believes that the answer on the media side is efficiency combined with strategic plans to exploit lifestyle characteristics in specific niche markets.

"In this scenario there is a ready-made targeting tool in the Delphi Lifestyle Segmentation Study. Delphi data can make marketers aware of areas of waste and windows of opportunity. It will provide a lifeline for marketers in the months ahead."

CLUSTERS

The Delphi study was carried out by the Durban-based Response Group. Nearly 70 000 families co-operated in the study, which uses lifestyle factors to split South Africa into 18 broadly similar residential "clusters".

Lifestyle models for 5 800 suburbs were developed and assembled into the designated clusters, each with several sub-categories. It becomes evident that a marketing approach which succeeds in, for example, Young Suburbia, might need amending for Greenbelt Affluence, but would need revamping entirely for, say, Afrikaans Heartland. The payoff is greater impact and response.

BRIAN HOPKINS ... find the opportunities

In other words, Delphi enables marketers to direct an exactly tailored message in the most appropriate media to the lifestyle segments which have the most relevance for product positioning.

FCB Response's work, says Mr Hopkins, puts increasing emphasis on image and positioning — with the credibility of proven results as an added value.

Efficiency is one of his pet themes. He believes marketers can do far better by using sharper tools.

Mr Hopkins sketches a response scenario to prove his point: "Currently a 2% response is regarded as good. Let's assume the mailing, without Delphi's lifestyle targeting, is 25 000. That translates into 500 sales or positive leads.

"With the aid of Delphi, you could perhaps focus the message to an accurately targeted 12 000 and realistically expect an improved response rate. Even allowing for a conservative response of 6%, this still delivers 720 sales. So you contain costs AND increase your return.

"You save time too — a precious commodity."

A subsidiary benefit on the direct mail side is that the old hassles of negotiating for lists become a thing of the past. The lifestyle associations for suburbs around the country have been established.

PRESSURE

Media use is also improved. Another aspect of the study — Retail Vision — gives an accurate breakdown of the catchment areas feeding shopping centres nationwide. This means retailers have the opportunity to become highly efficient with their media selection.

Mr Hopkins says: "The lifestyle approach is both accurate and appropriate in a wide range of planning scenarios. An efficiency increase like this is obviously attractive in today's inflationary environment.

"Putting presure on media owners to keep rates down is reasonable. But it's also reasonable for our clients to expect greater efficiency on our part, especially when tools like Delphi are available to us. We have to look sharp — and use them."

Milly's loses more than its turnover

30

S/Times 3/12/89

By Julie Walker

MILLY'S lost more than it turned over in the 13 months to July 1989.

The first results to be published in more than a year show that four Milly's shops and a bakery incurred trading losses of R6,3-million. Another R1,2-million was reported as an extraordinary loss, bringing the total to R7,5-million. Turnover was only R7,2-million — less than in the previous 12 months.

Management at Milly's has changed several times since it was listed in September 1987. Original owners the Bruckhausen family were curious bookkeepers, reporting income of R151 000 in the year to June 1987 when a loss of R1,2-million was incurred.

The accumulated loss by June 1988 was R5,5-million, and by July 1989, R14,2-million.

Helm

Yet no action was taken against the Bruckhausens by shareholder Unidev. Unidev installed — indeed proudly, if its comments at the annual meeting are any indication — Mark Abromowitz and Dennis Marock as joint managing directors in January 1989.

But by August they too were gone. So has last year's chairman Raymond Mallach and Unidev-apppointed AJ Scott-Wilson. Now Hein Ehlers is at the helm after Milly's bought control of his Hyperette chain in a deal designed to make him the major shareholder.

On November 23 this year Milly's issued two announcements which contradict each other.

One, headed Statement of Facts, claims that before any acquisitions were announced, Unidev was the largest single shareholder in Milly's, owning 60,36% of the ordinary and 67,29% of the preference share capital.

The other announced the results of the standby offer to shareholders in October: "Acceptance of ordinary shares — 53,4% or 3,7-million shares; acceptance of 11% preference shares — 5,83% or 109 900 shares."

Audited

This implies that the most Unidev could have owned in Milly's was 46,6% of the ordinary share capital. Yet the Statement of Facts says 60,36%.

The results to July carry two consolidated balance sheets, an audited version on July 31, and an unaudited pro forma one at August 1, 1989. The August figures assumed that the proposed acquisitions would be approved at a general meeting.

July's figures do not depict Milly's as a going concern, with a deficit of R14,1-million and net current liabilities of nearly R11-million.

The August version gives shareholders' funds at R16,3-million compared with R4,4-million. Fixed assets jump from a few hundred thousand rands to R16,9-million.

Net current liabilities decline to R1,6-million. But the August balance sheet introduces a new item — preference shares in subsidiaries of R11-million.

Mr Ehlers says most of the three-year prefs are at variable rates of interest. They were issued to institutions by Milly's subsidiaries and he does not know who took them up, but it is definitely not Unidev.

Closure

It appears that Unidev converted its loans to Milly's into preference shares. But if Unidev does not hold the prefs, this cannot be the explanation.

Mr Ehlers blames the poor trading results on previous management, and says the extraordinary loss of R1,2-million to July 1989 relates to the closure of the bakery division.

The R1,2-million premium paid on the Freshbake acquisition was written off in the 1988 accounts together with Milly's loans to Freshbake of R1,3-million.

Mr Ehlers says today's Milly's is nothing like the group of four shops and a bakery which on average lost R1,5-million each. It now has 22 Hyperette stores and three Bread Baskets. One former Milly's is being turned into a Bread Basket, one has been sold and the other two original stores are managed by Hyperette.

Milly's does not owe the bank a cent and its only debt is the preference shares. Forecast earnings are 1,2c a share on 128-million shares.

Property takes a pause

Lower end of market hit by bond hike

By Charmain Naidoo

THIS year was both good and bad for the property business. It saw a number of new trends — from changes in home-owners' preferred property choices to the growth of the mini-factory.

With the three point interest rate hike to 21%, the number of foreclosures on homes rose from 120 a week in 1988 to nearly 400 homes being repossessed weekly this year.

Worst affected, lending institutions say, is the lower end of the market (under R100 000), where there are 100% bonds on property.

The latest information shows that thousands of home owners are in arrears.

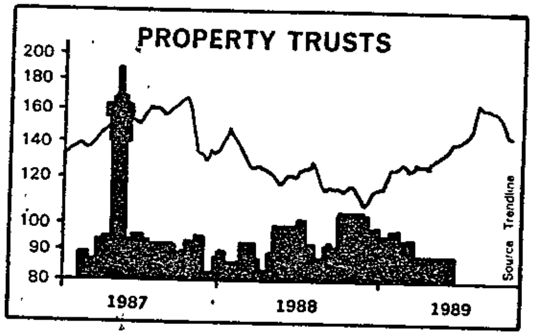
White market

Property economist Neville Berkowitz believes that this year's repossession rate is the aftermath of last year's increases when rates rose from 13% to 19%.

"It takes at least a year for increases to have a real effect on the market," he says.

At the top end of the market (homes costing R300 000 and up) things "have never been so good". There has been a dramatic increase in the price of top-end properties, and homes worth R500 000 or more are being snapped up by those who believe that the rand has a reducing value.

People who can afford to are investing in property, which they see as a financial haven for their eroding rands.


PROPERTY TRUSTS

Source Trendline

Again, Mr Berkowitz predicts that, with the downswing in the economy, this market will soften and slow down in the coming year.

There has been an interesting trend in the white property market — mainly in the 45 years and upwards age category — where there has been a move away from free-standing homes to cluster villages.

The increased crime rate and subsequent concerns for security are some of the reasons given by experts for this scaled-down luxury trend.

Because of the greater demand for townhouses, retirement villages, luxury high rise accommodation and cluster homes, prices for such units have risen steeply.

Black market

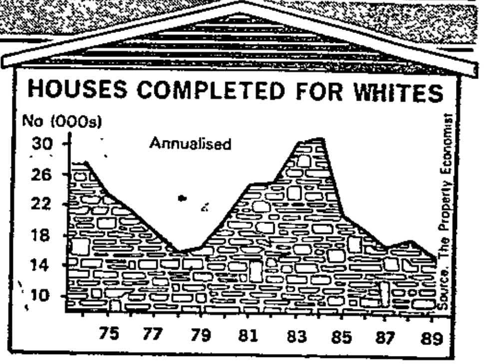
In the black housing market, the upper end of the market (R75 000 and up), until early this year a buoyant one, has seen a slowing down.

The shift has been to the lower end of the market, where homeowners have downgraded to affordable levels.

Urbanisation is perhaps the strongest influencing factor today and has had a very definite effect on the property market.

The most exciting announcement made this year was the Urban Foundation's R3-billion housing scheme, which is expected to provide 40 000 new homes a year for about 250 000 people in lower income brackets, both black and white.

In a city like Durban — the second fastest growing city in the world, with a population of four-million — the need for housing and an infrastructure providing basic services is enormous.


HOUSES COMPLETED FOR WHITES

Source. The Property Economist

The white housing market has been on a long-term declining trend since the early 70s. Figures provided by the Property Economist show that, in 1974, 27 750 houses were built for white owners.

This year, only 16 100 houses are likely to be built (this excludes multi-unit dwellings like flats, sectional title, clusters, etc)

Says Mr Berkowitz: "For this reason, existing home prices are rising. The cost of a new home is around 35% more than than of an existing one. These factors impact on rising prices," he says.

● This year the Government changed the law forbidding foreigners to acquire residential property using financial rands.

Office markets have been fairly strong throughout 1989. Since August/September, there has been a slowing down in demand for space. The downswing in the economy has encouraged caution, with businessmen adopting a "sit tight" approach.

But in Johannesburg's Braamfontein, Parktown and Rosebank there is limited A-grade space available for immediate occupation. However, in all three there are planned supplies which should come on stream in two to three years "in time for the next upswing," Mr Berkowitz predicts.

In the Pretoria, Durban and Cape Town CBDs, there is a shortage of A-grade space.

But in all three cities, again space will be available within two to three years.

The Durban CBD has been hard hit, and some rentals have hit the R30/m² mark.

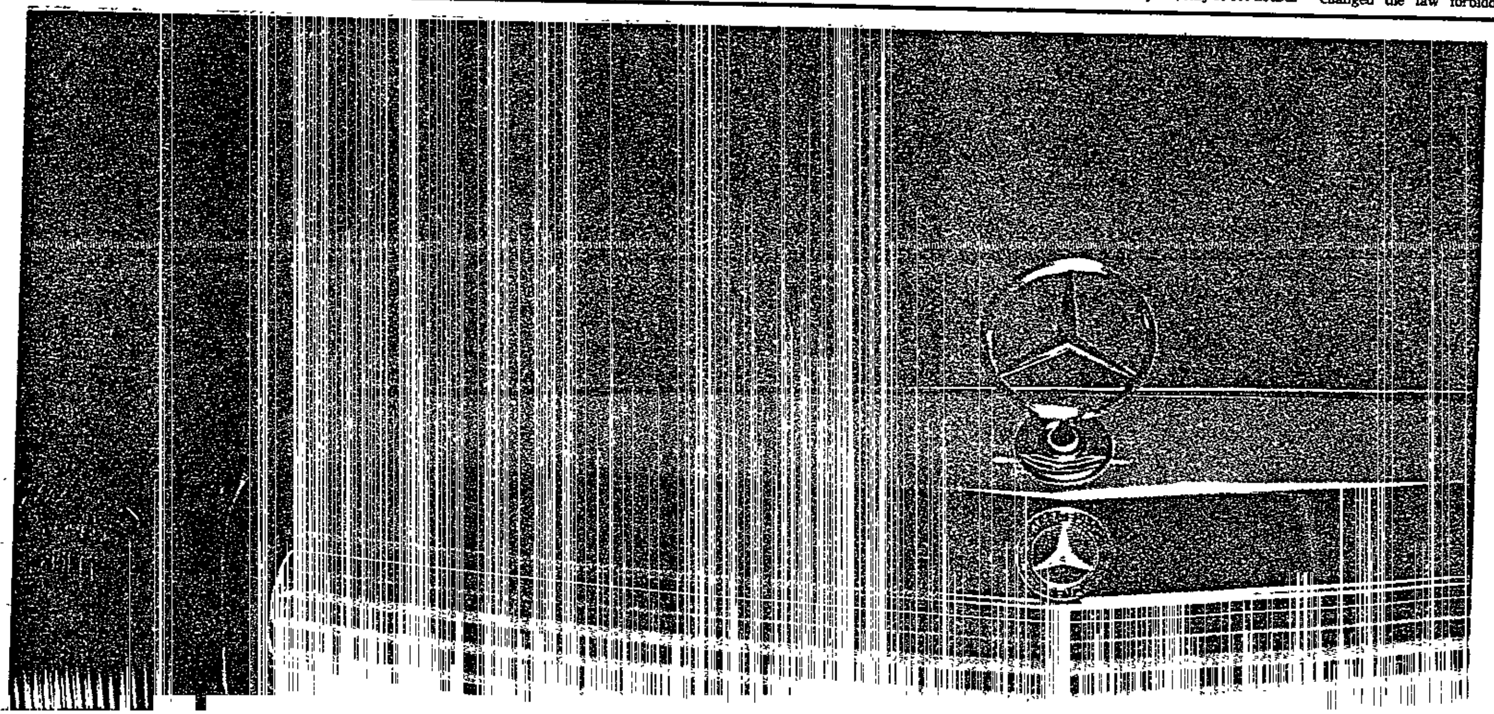
In both Johannesburg and Sandton, there is no shortage of space in the CBDs.

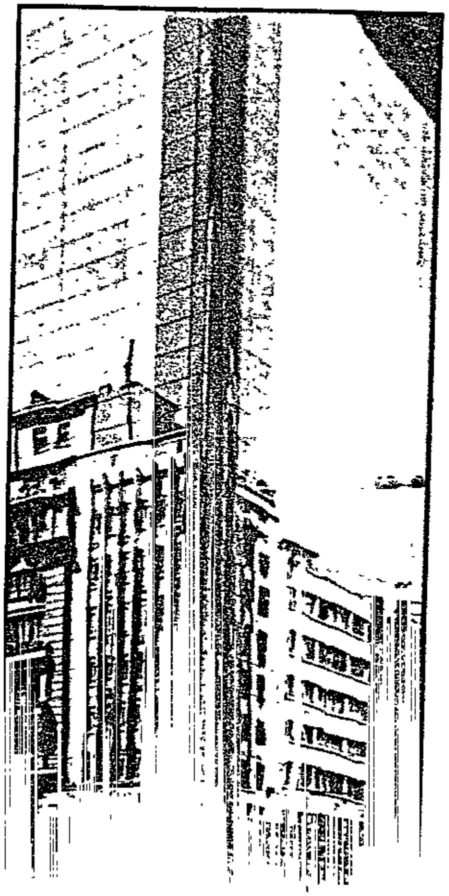
Work in progress includes First National Bank's Bank City and Old Mutual's 1066 and 1069 projects, and the city council has also called for tenders for the development of portions of Newtown.

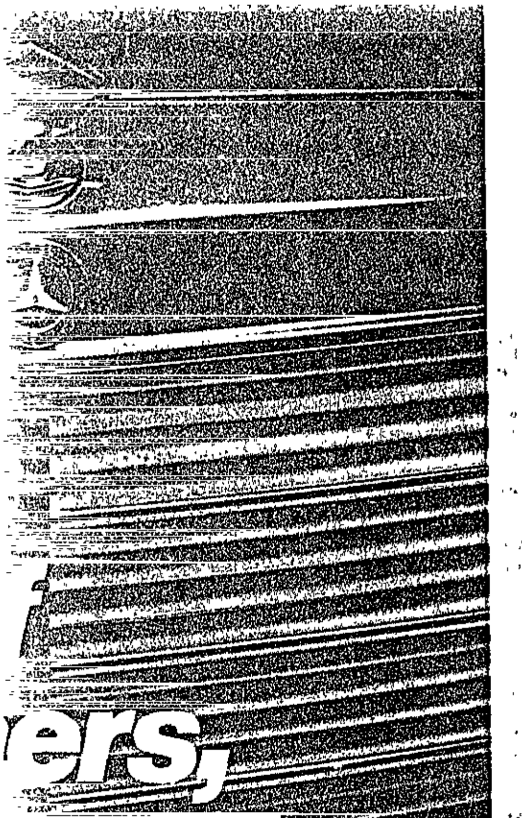
But is Johannesburg moving fast enough? Anglo American Properties managing director Gerald Leissner says Johannesburg needs more action, particularly from the city council, if it is to keep pace with the dramatic growth of the PWV, of which the Golden City is the hub.

Retail

"While we recognise there have been important developments in recent months, Johannesburg needs to move much more quickly towards its goal of renewal [illegible]







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Retail

"While we recognise there have been important developments in recent months, Johannesburg needs to move much more quickly towards its goal of renewal, expansion and revitalisation," he says.

The decentralisation trend continues as mainly white, white-collar workers move out of the CBD. Those companies who employ mainly black staff are still forced to stay within the city limits because of the extensive infrastructure network — transport, easy shopping.

In the retail sector, urbanisation has led to changes. Figures show that 34% of retail spending is on food.

Spaza shops, with a turnover of more than R7-billion a year, and hawkers have flourished to meet the needs of the masses.

Growth opportunity in the retail property market is in the CBDs, where there is increased black spending.

White consumers are moving out to the suburbs to shop at one-stop shopping centres and another large development to match Eastgate and Westgate has been planned for Johannesburg's southern suburbs called Southgate.

Industrial

The Government Physical Planning Act restricts the development of factories in urban areas and offers incentives for manufacturing companies to decentralise.

The latest figures show that two out of ever three factories planned are in decentralised areas.

Wayne Wright, director of the industrial leasing division of J H Isaacs Group (Transvaal) believes there is no shortage of companies looking for good, well-located industrial premises.

He says several "big players" have entered the arena for space ranging from 5000m² to 20 000m².

The mini-factory trend continued throughout this year. Small factories around 250m² are springing up around the country.

Mr Berkowitz says: "That is where the real growth lies, and this could be an important factor in the '90s — a scaling down in operations in keeping with the economy."

About R2 000-million a year from insurance companies and pension funds is being poured into offices, industrial premises and retail.

Most institutions, Mr Berkowitz believes, see that the office part of their existing portfolios has performed best over the years.

"Most institutions don't have the management manpower to control retail centres and perceive that retailers have been overdeveloped in most areas."

This has been a good year for property unit trusts, with the index starting 1989 at 116, with a yield of 10,6%, and now standing at 149, with the yield at 9,5%.

Says John Rayner, property analyst at Max Pollak & Freemantle: "The index is, however, still way off its pre-crash high of 171.

"The recent strength of the sector reflects the reclassification of property trusts as fixed property, as opposed to its previous classification as equity for purposes of prudential investment guidelines regarding the new prescribed asset requirements." Life assurance companies and pension funds may now invest a maximum of 30% of total assets in property and 65% in equities, but combined may not exceed 85%.

"Essentially, financial institutions have increased their property exposure, leaving more investment funds for direct equities."

Mr Rayner predicts that both property trusts and loan stock companies' distribution growth for "at least the next two years" will reflect growth in excess of normal escalation

Frankel Kruger and Vinderine property analyst Niki Vontas, director of the Board of Executors' properties, points out that analysts and property professionals simplistically report a modest capital performance of the property trust sector and other property related equities over the last five years.

"In doing so, they have omitted a major factor from their analyses — the long-term aspect of property investments and the importance of timing

"When assessing property investment performance and equities, the commencement and the end of the period of comparison is very important."

Mr Vontas's research shows that the fixed property market peaked in June 1983 with prime office rentals in excess of R15,50/m² in the Johannesburg CBD, R16,25/m² in Parktown, R16,50/m² in Rosebank and R14,90/m² in Sandton.

Remarkable

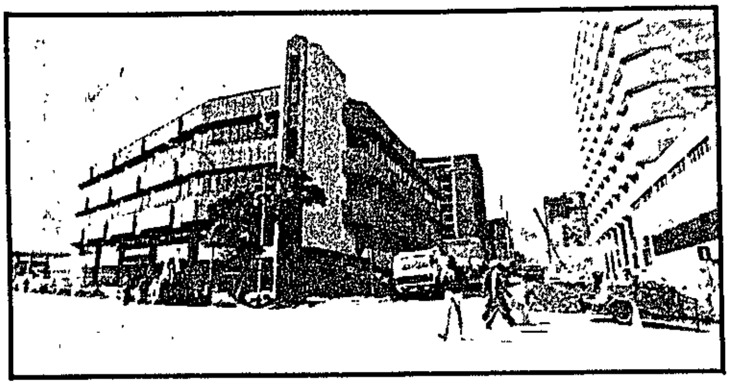
Prime office rentals, he says, were generally escalating at 9%per annum compound.

The above assumptions were applied on a five-year lease signed during the second half of 1983, and it was found that the escalated rate per square metre at the end of the lease in 1988 was R23,85

"However, in 1988 the prevailing prime office rentals averaged R20,30/m² gross, 15% lower than the escalated terminal value of the 1983 lease.

"On the other hand, during the same period, there has been remarkable investment activity led mainly by long-term insurers, pension funds and promoters of listed property portfolios or property syndications," says Mr Vontas


REFLECTIONS: In-vogue glass is giving downtown Johannesburg a new look


DOWNTOWN REDEVELOPMENT: The Johannesburg Stock Exchange annex

S/Times 3/12/89 (30)

Retail rescue

By Don Robertson

WHOLESALER Trador has launched a campaign to save the small grocery store.

Managing director Albert Koopman has asked grocery suppliers to restore the price differential traditionally extended to wholesalers and so finance a programme of training and establishing schemes for pensions, medical aid and insurance as well as setting up warehouses.

These are the major problems facing small grocery stores, particularly in black townships.

Because of market domination by retail chains, the price differential has disappeared. The big concerns continually demand lower prices from suppliers.

Mr Koopman says the retail chains have built shops close to townships, jeopardising the profitability of small traders.

The proliferation of taxis has made it easier for consumers to shop outside the townships, putting greater pressure on the small retailer.

"Add this to the fact that the small trader buys his stock at virtually the same price as the chain stores, that he has to bear the cost of transporting products to his shop, and that he does not have a large product mix, the skills or the muscle to cut prices, and you see why so many of them are going to the wall."

Mr Koopman wants grocery suppliers to restore the wholesale price differential, but instead of passing it to the retailer, the money should be used to help the small trader become more competent and competitive.

30

Caution may put a damper on sales

Star 4/12/89

By Michael Chester

Retailers are holding thumbs that black consumer buying power may be the key to reaching the R12,5 billion forecast made by big business for total shop sales in the Christmas spending spree.

The prediction of a R12,5 billion sales total over November and December, regarded as the Santa Claus season by the retail trade, was made by the Association of Chambers of Commerce and Industry in nationwide surveys ahead of the shopping stampede.

Assocom suggested overall spending would prove 13 percent higher than 1988 in cash terms, but down about 1 percent in volume when inflation was taken into account.

Midway in the two-month spending crescendo, the Information Trust Corporation, which concentrates on credit patterns, forecasts that the increase in Christmas spending will fall short of setting new records in real terms because of consumer caution about new sky-high interest rates on credit deals, often running close to 30 percent a year.

ITC chairman Mr Paul Edwards believes white consumers, already over-burdened by debt, will be more concerned about reducing their existing debt commitments than repeating the wild buying spree of 1988.

Retailers, he believes, are looking to the black consumer to boost sales turnover.

"Black salary increases have exceeded those of the white sector in recent years," he says. "They have over-borrowed relatively less than their white counterparts and have definite aspirations about improving the quality of their lifestyles.

Momentum

"There is no doubt that black spending power will provide a far more important role in generating consumer spending."

All in all, with sales counted by volume rather than rands shrunk by inflation, he foresees a slight increase in food sales, but decreases of between 2 percent and 5 percent in furniture and appliances sales.

Clothing stores, he believes, are likely to reap a 3 percent increase in overall sales from trends showing that consumers may steer away from more expensive luxury gifts and aim at more functional items.

Mr Edwards also alerts shoppers to expect special bargains to go on offer as many retailers lay out the temptation of big discounts to cut down on high levels of stocks.

But he sounds a warning to borrowers to be cautious about sliding into still heavier debt by relying on more credit and urges credit sources to ensure they exercise responsibility in vetting new credit applications.

"There's no need to put a total damper on the Christmas spirit, but shoppers need to exercise simple commonsense about their budgets if they want to avoid bad hangovers in the New Year."

New direction at Wooltru

30

While the inevitable slowdown in the economy has taken longer than expected, all indications are that it is close at hand, says chairman David Susman in Wooltru's 1989 annual report.

Bottom Line

MICHAEL MENOF

It had to happen with such high inflation and interest rates, the government's costly tricameral parliament bureaucracy. The hurtful apartheid props — the Group Areas and Separate Amenities Acts — and poor black education, all adversely affecting the SA economy, laments Mr Susman.

Post-apartheid SA is going to face more than enough challenges including the rebuilding of an economy broken by intensified isolation and deprivation.

Wooltru is consolidating and reinforcing the superb gains made during the last three years where sales and earnings have more than doubled. The group's character is interesting — a mix in cash trading from Woolworths and Makro and credit trading in fashion at Truworths and Topics allowing the group to withstand any slowdown.

The trend is also to foods considering that fashion represents less than 20 prcent of sales. Some significant events took place during the past year. Mr Colin Hall was appointed CE replacing Mr Tony Williamson who was spending too much time overseas; Makro became a wholly-owned subsidiary and three new managing directors were appointed for Woolworths, Makro and the newly formed Speciality Retail Group (Truworths and Topics).

A leaner group structure has emerged allowing each business division improved decision making. An appropriate capital structure for each business has been agreed and the sustainable growth rates within these structures assessed, says Mr Hall. Cash flow characteristics have been analysed. Despite capex being high, borrowings for the third year running declined significantly.

Stw 4/12/89

The market rates Wooltru highly considering that its net asset value at end June 1989 was 999c a share compared with the current JSE price of R36.

Unfortunately the annual report gives no profit contribution from the three divisions — only sales are disclosed. Last year Mr Williamson was unhappy when I highlighted the massive R42,5 million goodwill paid for Makro. During the past year the balance of Makro was acquired, making goodwill a total of R59 million for the investment.

By not disclosing Makro's bottom line, it is difficult to comment on the R59 million goodwill payment. Management has decided to write off that sum against non distributable reserves arising from the revaluation of land and buildings.

It should have been written off as an extraordinary item in the income statement thereby reducing distributable reserves but this would have hurt the income statement numbers.

Sales rose to R2,1 billion (1988: R1,67 billion) with net income before tax R178,5 million (1988: R121,7 million). Interest expense increased to R24,6 million (1988: R192 million). Just who the R5,5 million (1988 R5,3 million) technical and advisory fees were paid to was not disclosed.

After tax, pref dividend and insignificant extraordinary items, earnings were R94,1 million (1988: R68 million). Earnings per share were R2,69 (1988: R1,79) with the dividend upped to R1,12 (1988: 80 cents).

Woolworths' 76 stores and five franchise outlets produced sales of R1,03 billion (1988: R827 million). Pretax profits increased more than 45 percent despite margins being kept low.

The Speciality Retail group of Truworths and Topics opened a number of new speciality concepts within Truworths. Sales were R359 million (1988: R277 million) with profits up 60 percent. Topics alone had a 51 percent profit growth. Makro has its 14th consecutive year of profitable trading with record sales of R711 million (1989: R559 million). A sixth store was opened at Ottery in the Cape.

A R40 million capex programme was stated. The property division is significant, comprising 48 trading sites with a book value of R207 million, and its operating profits increased by nine percent. The profitability and gearing ratios all improved, especially the return of capital employed 48 percent (1988: 36 percent).

Total shareholders' interest grew to R349,9 million (1988: R302,8 million) at end June 1989. Debt is down to R72,6 million (1988: R81,9 million). Working capital has declined to R35,2 million (1988: R58,5 million) but includes R35 million cash resources.

Strategic planning and strategic management has improved and the loopholes of investing cash resources in pref shares whereby the dividend was tax free had to be stopped at end-March 1989 when amending legislation forced repayment.

I agree with Mr Hall when he says Wooltru is a fine group and by giving him a free rein shareholders will not be disappointed — he has a superb base and management team to help him grow.

B/Day 5/12/89

(30)

Link chain vies for photo market

CATHY VAN ZYL

JUST as sunny skies and Christmas braais are stalwarts of SA's traditional festive season, so is photography.

Each year, retailers selling photographic equipment and accessories gear up for December buying and the January/February developing spree. Close on half of the industry's R200m a year turnover is done during these three months.

While specialist photographic stores have tended to concentrate on moving premium-priced equipment, chains like Clicks, CNA and OK Bazaars have stepped aggressively into the photo-finishing (developing and printing) field, at times offering free film or frames to consumers who choose to have them handle their films.

A quick telephone poll illustrated that, for the 1989 season, it will cost around R20, excluding GST, to process and print a 24-exposure colour film. Most stores canvassed said they did it within 24 hours.

Clicks in Alberton claims its price for developing and printing 24 shots amounts to R15,85, which includes a 30% discount, while CNA in Balfour Park shopping centre is asking R18,17. Both charge only for the prints the consumer elects to accept.

OK Bazaars in Cresta shopping centre says a 24-exposure spool costs about R20 (the factory calculates the actual cost) and supplies the consumer with a free spool when he or she collects the prints.

Despite offering no incentive other than quick service, a one-hour lab in Randburg charges R19,19 per 24-exposure film.

SA Druggists' Link chain of pharmacies is determined to recapture the share of business SA's pharmacies have lost during the past few years. This year it aims to improve its R10m (or 5%) share of the R200m retail photographic market to 10%-15% — or R30m — by taking photography back to the pharmacy "where it belongs".

The strategy to accomplish this was conceived by SA Druggists' wholesale photographic division GM Oscar Abramovitz and marketing manager Tim Sanders about 18 months ago, and the franchise within a franchise, Foto Link, was launched in June 1988.

There are now 400 Foto Link franchises.

According to Abramovitz, there was a time when anybody wanting to buy a film or have a spool developed routinely popped into a local pharmacy.

But some pharmacists "burnt their fingers" by trying to move into high-tech equipment, while others just let the retail chains move into the gap left by the neglect of their photographic departments.

"However, SA Druggists realised camera, film and processing sales offered the pharmacist an excellent return on investment. It also knew that, if pharmacies returned to photography, they would tap into a market that was crying out for a non-technical approach to photography."

Foto Link franchisees avoid the high-tech end of the market and cater mainly for people who need simple cameras to capture family activities and outings. The product range includes Impact cameras and film, Impact binoculars and a range of branded cameras as well as frames and albums. The most expensive camera sells at around R160 while the range starts at about R50.

Answer

Special offers punted by the chains are designed to take business away from the one-hour labs which, although they cannot compete on a price basis, can satisfy the consumers' desire to see his shots as soon as possible.

Foto Link's answer to this was to sell the maxi print — which is 30% larger than standard prints and which often cannot be handled by one-hour labs — more cheaply than standard prints.

However, Abramovitz lets franchisees select their own pricing levels as long as the price they set is always lower than the price of the standard prints offered by the competition.

He has also set up an exchange programme which takes the problem of having faulty equipment out of the pharmacists' hands. Handling returns and repairs was a major drawback for pharmacists. Now the pharmacist is authorised to exchange any Impact equipment which is under guarantee from his own stock and claim an immediate new replacement from his wholesaler.

Boost

For Foto Link to achieve its 15% target of the total market, SA Druggists has calculated that each of the 570 Link pharmacies must increase its photographic takings from the average of R59 a working day to R177. This means increasing developing and printing volumes from two to four a day, selling six instead of three films, and increasing camera sales and reprints and enlargements from R10 to R49 a day.

To boost pharmacies' efforts, SA Druggists has initiated motivation and housekeeping programmes, including visits to participating pharmacies by an anonymous consumer to upgrade the standards set.

producers. B|Day 5/12/89

Interest payments comprise a

pressing farmers on marginal land to switch to pastures.

In the two years the target of 25 000

average

between

least thr

Cape textile strike still on

B|Day 5|12|89

LESLEY LAMBERT

CAPE TOWN — About 3 500 textile workers from six western Cape manufacturers were still on strike yesterday after the intermittent strike action, which followed a dispute over the industry's medical aid fund, was resumed last Friday.

A separate dispute over annual wage increases in the textile industry is expected to go into mediation today, while a third dispute called by the SA Clothing and Textile Workers' Union (Sactwu), has been relegated to the back-burner.

The prolonged dispute between Sactwu and the employers' representative, the Cape Province Textile Manufacturer's Association (CPTMA), began when the two parties failed to agree on proposed changes to the cotton and textile industry's medical aid fund.

The dispute took a new turn recently when the CPTMA cancelled an industrial council agreement with Sactwu which, it claimed, the union had breached by prejudicing one employer more than another in an overtime ban it had called.

In effect, the cancellation of the agreement nullified the industrial council. This meant that, in future, CPTMA members would have to conduct separate wage negotiations.

Sactwu rejected the cancellation, claiming that it constituted an unfair labour practice.

The CPTMA subsequently made itself available for further discussions on the future of the medical aid fund and the industrial council.

Agreement

A further complication in the medical aid dispute is that a number of companies which were CPTMA members when the industrial council agreement was signed have subsequently resigned.

Sactwu still regards them as being bound by the agreement.

A spokesman for the CPTMA said the industry's labour affairs were in a state of upheaval but said he expected more clarity and direction early in the new year.

New body for quality controllers

THEO RAWANA

THE 10 000 black quality controllers employed by commerce and industry are to fall under the protective wing of a new organisation, the Institute of Black Quality Management. B\Day 5\12\89

Institute director Henry Sambane says members of this "useful sector" of SA's labour force are often denied the opportunity to advance in their careers, and for this reason the Consumer Institute for Research and Promotion (CIRP) felt the need to establish this wing.

Sambane says research conducted by the institute shows that despite the fact that 60% of these potential quality engineers have more than 10 years' experience, they are denied the opportunity to expand in their chosen career. (30)

The CIRP will, among other things:

☐ Train and prepare future quality engineers;

☐ Organise courses for members and maintain a central library of books, documents and papers;

☐ Hold conferences and meetings for dissemination of information; and

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Light vehicle sales set to dip next year

B|Day 5|12|89

30

CHARLOTTE MATHEWS

A MODEST decline is projected for new car and light commercial vehicle sales during 1990 compared with expected 1989 sales, National Association of Automobile Manufactureres of SA (Naamsa) president Spencer Sterling has said.

In Naamsa's annual report released yesterday he said: "During the course of the third quarter of 1989 signs appeared of a softer trend in manufacturers' new order intake.

"Nevertheless, current business conditions in the industry continue to be characterised by a relatively high level of outstanding orders and continuing strong demand by the corporate and car rental sectors.

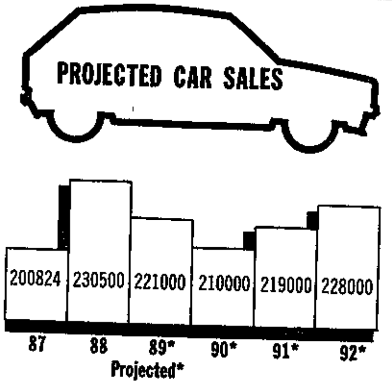
"This should serve to underpin demand for new motor vehicles in the short term."

Positive factors for the motor industry he identified included the high dependence on motor cars and commercial vehicles in SA and prospects of a dramatic rise in black ownership of motor vehicles.

Replacement demand pressure was mounting as the average age of the SA car population rose.

Manufacturers had a high level of orders on hand with waiting lists stretching from six weeks to over a year for some models and there was enhanced demand for utility and commercial vehicles as a result of the deregulation of economic activities.

He also expected that Phase VI of the local content programme would lead to increased emphasis on exports of vehicle products and lead to economies of scale in production. The negative side of the programme was the uncertainty and forward planning complications it had created.



Graphic: LEE EMERTON Source: NAAMSA

Negative factors facing the industry in the coming year were government's efforts to reduce the aggregate level of domestic expenditure.

Recent industrial action had also affected the industry, and, Sterling said, "the consequent stock shortages aggravated an already low industry built-up inventory position."

Accelerating domestic cost pressures experienced by vehicle manufacturers was well in excess of the average rate of inflation. Assembly operations had become more expensive as a result of the dramatic depreciation in the value of the rand.

"The prevailing high level of new vehicle prices represents the single greatest obstacle to the new vehicle market returning to the sales levels experienced during the early 1980's," Sterling said.

Since the end of 1988 a sharp decline in used car sales, generally accepted as a measure of individual as opposed to corporate purchases, had been identified.

Sharp increases in the cost of fuel in 1988 and 1989 would also have a depressing effect on sales.

Little growth seen in new car sales

Star 5/12/89

30

By Sven Lünsche

The National Association of Automobile Manufacturers (Naamsa) predicts only minimal growth in new car sales over the next three years.

In its 1989 annual report it says the slower economic growth expected over the next few months will, in due course, have a negative impact on motor vehicle sales.

But apart from the macro-economic factors, specific factors relating to the motor industry are also exerting pressures on manufacturers' sales forecasts, it says.

These include the adverse impact on vehicle production as a result of industrial action, which has aggravated an already low built-up inventory position, and domestic cost increases well in excess of inflation.

Naamsa says that since the end of 1988 there has been a sharp decline in used-car sales, indicating that individual, as opposed to corporate purchases, are on the decline.

However, the report says the declines in sales will be limited and eventually reversed towards 1992 as a result of three major factors:

- The high level of orders on hand, with waiting lists stretching from six weeks to over a year in the case of certain models.
- Strong replacement demand by the car rental industry and the corporate sector, underpinned by above-average earnings.
- Prospects of a dramatic rise in black ownership of vehicles against the background of sharp projected increases in their personal disposable incomes.

Weighing up these factors, Naamsa forecasts new car sales of 221 000 in 1989, followed over the three successive years by sales of 210 000, 219 000 and 228 000 respectively.

Total vehicle sales figures for the years 1989 to 1992 are predicted at 350 000, 335 000, 346 000 and 358 000 respectively.

Cash offer for a Picbel subsidiary

CAPE TIMES 7/12/87 30

By **AUDREY D'ANGELO**
Financial Editor

THE Picbel group has received a cash offer to buy out one of its companies, chairman Jan Pickard disclosed at the general meeting of Picardi Holdings (Pichold) yesterday.

He would give no other details. After the meeting he said that, in spite of rumours in the marketplace, there were no plans to dispose of Union Wine which is currently without an MD following the recent death of Rauch van Reenen.

All but two of the hotels in the company — those at De Aar and Jeffreys Bay — have been sold. Pickard said the remaining two hotels would also be sold, but the 53 bottle stores would be retained.

Four former executives of the Drop Inn liquor group, headed by MD Jacques Kempen, who resigned in October following a failed management buy-out, have now joined Picardi Hotels to run the bottle store chain.

Pickard said the four had an option to buy shares, but not to take over the company or the bottle stores. "Union Wine needs the bottle stores."

At the general meeting of Pichold, the chairman of the Shareholders Association of SA, Issy Goldberg, urged the directors to sell Union Wine in order to reduce the group's high level of debt.

Told by GM Jan Pickard junior that Union Wine had debts of R40m and a net asset value of R50m, Goldberg pointed out that such a sale could reduce the group's debt by R90m.

Goldberg and shareholder Max Florence praised the group's main operating company, Picapli, and its products but expressed concern at its high level of debt.

Goldberg said it was "common cause that interest rates are not going to drop dramatically in the coming year". The interest on the group's debt of more than R200m would be high and ways and means would have to be found to reduce the level of borrowing.

Jan Pickard junior said borrowings were locked into differing rates of interest which worked out at an average of 19%.

Chairman Jan Pickard said the group had been looking at ways to reduce borrowings for the past six months, and surplus stock holdings were being reduced.

Total debt would decrease but the interest bill would decline only in the second half of the year.

Pickard said the group's difficulties were due to SA's stop-start economy. Picapli had been "doing so well" until the government had suddenly clamped down on consumer spending.

He said the white goods factory was working to full capacity, with demand exceeding supply, and sales were profitable. The surplus stocks were of imported air conditioning and audio equipment.

The air conditioning equipment would sell quickly if there were a hot summer. Last year had been a poor one in the Transvaal, with little demand for air conditioning.

In answer to recommendations from Goldberg and Max Florence to sell a subsidiary company, Pickard said there were "problems with staff and people when you sell a company".

Jan Pickard junior said a company could live with a high level of debt if it were profitable. He said that Pichold and Picardi Beleggings (Picbel) had both had a high level of debt four years ago, of which they were now free.

● At the general meeting of Picardi Beleggings (Picbel), in which the Pickard family holds a 49,6% stake, Jan Pickard senior said shareholders included Sanlam, Momentum Life and Santam.

Questioned by Goldberg about the founding of the Cape Investment Bank 18 months ago, and the investment of further funds in it since then, Pickard junior said it had been decided to diversify into a financial services company which would be independent of economic cycles.

It had been a wise decision, and the launch had been highly successful.

8/12/89. (30)

RETAIL (30) Fmail

A slice of the action

A special deal is being considered to allow 66 businessmen, who were forced out of District Six 10 years ago, to buy a prime property from the State at well below market value.

The businessmen, all classified as Indian, were moved to the Oriental Plaza, built for them in nearby Woodstock, at a cost of about R1,2m. From a business point of view this was disastrous. The warehouse-like complex is a white elephant and attracts few shoppers despite being on the CBD fringe. The political stigma also deters customers.

Though rentals are heavily subsidised, they average only about 80c/m² (monthly rent income from the 7 000 m² property, with 3 180 m² lettable space, is a mere R2 600), business is so bad that some shop units are empty and others open only occasionally.

There was a row at the time of construction because only Indian traders were accommodated though whites and coloureds were also dispossessed from District Six.

The property, now administered by the House of Delegates, was recently advertised for sale by tender. The highest offer was R2,2m from an investor who, it is thought, wants to redevelop the site.

The traders offered to buy the plaza in 1985 when it was rumoured to be for sale. This was denied by the State but the traders were assured that, if it did go on the market, they would be given first option. Merchants' association spokesman Coomarasa Nair says the first they knew of the sale was when invitations to tender were published in local newspapers in October. He says they had no time to organise a syndicate to put in their own offer before tenders closed less than a month later.

After objecting to the way in which the sale is being handled, the association has been assured by House of Delegates Ministers' Council chairman J N Reddy that any offer they make will be considered sympathetically against the historical and political background of their move to the complex.

Investment needed

Nair says a syndicate of traders is likely to offer no more than the R1,2m cost, even though it is well below market value. He says substantial investment will be needed to bring the complex up to the standards expected in modern shopping malls. Several traders have put their own money into upgrading shops. Nair has spent R150 000 on infrastructure in his restaurant — the first in Cape Town to go nonracial.

"When I moved in there were only two power points in the whole place. I had to put in nearly 20 more and install three-phase electrical points for the kitchen. The ceiling was so high it was like a barn. I had to lower it. There was no direct access from the street so, when the complex was locked in the evening, patrons had no way of getting in or out. I had to put in a door."

He says traders were happy in District Six and moved under protest. They feel the least the State can do is try to right past wrongs by giving them a reasonable crack at making their businesses work under acceptable conditions. Letting them buy the plaza at a knockdown price would be a start.

Nair believes opening District Six to all races, and the ability to let or sell shops regardless of race, will help revitalise the area. The plaza will benefit if a pleasant shopping environment is created. ■

Setting up business at home

W/C ARGUS 9/12/89 30

THERE are many successful businesses operating today whose seeds were germinated and took root in the founder's homes: it is a good place to start after-all. It enables you to get established on a relatively small capital outlay, keep costs down and to work within specific domestic time constraints.

But, if you are genuinely considering setting up a home business, believe that it will not be easy: it will require more tenacity, perseverance and understanding than most.

We have listed below a general checklist of issues that mostly have to be addressed in getting up and running:

● **Set your personal priorities**: These will have to be identified and addressed as you will be sharing your home environment with your business. At times there may be conflict between the two.

● **Negotiate with your family**: Share business ideas and challenges with your family constantly, if your home base is supportive, their positive attitude will help you overcome the tough times that will inevitably crop up from time to time.

● **Set aside a special work area**: Experience has proved that this is a must. It is essential to have a work area where you are able to leave paperwork or production undisturbed overnight. If you are in the service business where your clients call on you, then a separate entrance to your office is important.

● **Analyse your skills and talents**: Take a good hard look at your personal assets and skills, and what business skills you may have acquired during your career. Write them all down — and write down also those dreams of the things you have always wanted to try. Match them with a product or service you may be able to sell; and look for a competitive advantage your product/service could have.

● **Cost your product/service**: A major error committed by many home business entrepreneurs lies in not costing their product or service correctly. Because they are based at home, you can fall into that common trap of not taking into account your rent contribution, electricity, telephone and time.

Cost in such overheads as the area used for an office or workshop, and pay that percentage in relation to your home rental or mortgage. Cost in, too, a percentage of your electricity, telephone, transport and other relevant expenses.

Particularly, cost out your personal time — which establishes inevitably what your business must remunerate you in the form of salary. And, don't under-price yourself.

THE Small Business Indaba is a bi-monthly column, a joint co-operation between the Small Business Development Corporation (SBDC) and The Argus designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems or requiring further information. For further details telephone (021)461 8450.

SMALL BUSINESS INDABA

Compiled by the SBDC

One day you may move into formal business premises and if you have not previously made due and realistic allowance for rent and other costs, you could find yourself with a financial dilemma.

At the same time do not try to attempt to over-price your service/product. Bear the market value in mind — if you want to remain in business.

Name your business: this will enable you to separate your personal identity, and give your business a profile that can gain recognition.

● **Prepare a business plan**: Planning is an essential element for any venture to really hope to succeed. Any business plan generally covers the following issues: analysis of yourself; type of business you are in; product/service you are selling and the cost; potential customer profile; projected cash flow; potential challenges/forecasts; financial needs analysis.

If you have difficulty in putting your business plan together, advice can be obtained from the SBDC, or any of the numerous organisations that have been established to assist small business.

● **Raising Capital**: A business plan is a prerequisite to determining what level of capital you are going to require to get your business started and running. These are some of the avenues you could consider in obtaining that necessary finance:

● Raise capital by offering shares in your business to family.

● See your bank manager and put your case to him. To do that you will need to show him your business plan.

● The Small Business Units of local commercial banks have numerous funding avenues. But they, too, will want to see your business plan.

● The SBDC has numerous financial aid programmes, but will also need to see your business plan.

All financial institutions from whom you borrow money will need to know when and how you intend to repay the "loan". Bear in mind when making an application for a loan that the institutions concerned are in the business of selling you a commodity called money; it can be an expensive commodity and should be bought with care.

Do not borrow from housekeeping to establish and run your business.

Finally, keep good records of all financial transactions. It will enable you to keep tabs on your profits, income and expenditure and give you early warning of any troubled waters.

● **Local authority approval**: A number of local authorities in the Western Cape allow businesses to operate from home under certain conditions.

In the Cape Town municipal area businesses such as dressmaking, home baking, hairdressing, signwriting, leatherwork and silkscreening are for instance allowed. If the business you propose to start does not fall within the categories allowed in terms of the Town Planning Scheme, you may apply for a special consent from the Council. Normally such a consent would be granted if the activity is not considered detrimental to the residential environment or a source of nuisance.

Following the upsurge of small "house shops" operating from residential premises, legislation applicable in black communities has been amended to also allow retailing from home. It is expected that other local authorities will also adapt their policies in this regard.

Use your negotiating skills when dealing with municipalities; they always go by the book and it is necessary to always keep your own interests in mind. It seldom helps to rock the boat. It may be useful not to accept no for an answer readily, but persevere until the necessary approval is granted.

Tycoon: I've no fear of ANC

By JEREMY BROOKS: London

SOWETO tycoon Richard Maponya told British TV viewers this week of his climb to success, telling millions how he challenged and beat the apartheid system.

And the 56-year-old retail magnate said he sees no threat in a "socialist ANC government" of the future.

"I do not believe they would nationalise. It has not worked in our neighbouring states, and it will not work here," said the businessman, a close friend of both Nelson Mandela and Oliver Tambo.

South Africa: Under the Skin was broadcast by the BBC on Tuesday night. It centred on Mr Maponya's Dallas-style life, with several homes, luxury cars, over 60 racehorses and a vast property and retail empire.

Viewers saw precious racehorse emblems on the bonnets of his cars. They are made by Aspreys, the gold and silver London jewellers used by the Queen.

Mr Maponya described how, when he bought his first store, Mr Mandela and Mr Tambo acted as his lawyers. He and his wife Marina said a recent meeting with Mr Mandela — "our national leader" — was the highpoint in their lives.


SITTING PRETTY ... Richard Maponya and his wife Marina in their luxury home

"I am not ashamed to say I was a member of the ANC. The organisation articulates the aspiration of my people. That is why we say unless the ANC is unbanned, unless it plays a part in the political set-up of this country, there can never be a solution."

S/Times

Defiant

10/12/89

Despite his fortune, Mr Maponya said he was still forced to live as a "squatter" inside his mansion in a white Johannesburg suburb.

He had a comfortable home in Soweto, but he bought the house to "test the water".

"Let them dare try to throw me out of here. All hell will break loose.

"Everybody knows that I live here. They haven't as yet interfered with us. As a South African I should be able to live wherever I like."

Mr Maponya said he was lured into business when, as a young teacher, he realised there was more money to be made.

His first job — looking after the stock of a major department store — was done so well that his white boss was promoted to managing director. But because of his colour, Mr Maponya did not climb the ladder with him.

"It was the most humiliating thing a man could encounter. Even if I was more able, more educated than a white man, they would still not let me oversee a white man."

(30)

Fortune

Critics in the programme accused him of using apartheid to create his fortune.

Mr Maponya replied: "I have not benefited from the apartheid system. I have got where I am today through hardship and hard work. It wasn't achieved because I was favoured — I tackled the bull by its horns.

"I said: 'This is the goal I want to reach. And I challenged whatever stood in my way.'"

He said it had taken him five years before he was eventually granted a licence to enter racing. Today he owned over 60 racehorses.

Referring to his jockeys' colours — green, black and gold — Mr Maponya said with a grin: "The ANC says they are their colours. Buthelezi says they are Inkatha's colours. I say they are my colours."

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Pictures of missing girls to appear on milk cartons

S/Times 10/12/89.

By MEGAN POWER

THE faces of six missing girls — five from Johannesburg, one from Durban — will soon appear on milk cartons in a new attempt to trace them.

The new concept, a joint project by Pick 'n Pay, the South African Police, and NCD — the National Co-operative Dairies will feature the faces of the missing children on milk cartons in the Transvaal and Natal.

"We are acting as a conduit between the police and the dairies. They give us all the details and we pass them on to NCD.

"We expect the first batch of faces to appear in the last week of this month and the first week of January," said Pick 'n Pay marketing director Martin Rosen.

The identikits would appear on all 500ml and 1 litre cartons of milk supplied by NCD but that other dairies were welcome to participate.

"Milk is a basic domestic requirement — everybody buys it.This is a very meaningful way of reaching the community.

"It's a big decision to introduce totally new packaging but NCD fully supports the idea," Mr Rosen said.

He said the same idea could be used on many other types of cartons.

"So far we have had no information on missing black children, but we've asked the police to let us have details," Mr Rosen said.

Nobody at Pick 'n Pay was claiming to have thought up the idea: "That's not the point here. The important thing is the benefits to the missing children," he said.

Conprop the refurbisher

S Times 10/12/89

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CONSOLIDATED Property & Finance (Conprop) will be listed in the property sector of the JSE four days before Christmas.

The business, established in 1978, has three divisions — property development, property investment and construction.

FAMILY

Conprop has been involved in the completion of factories, offices and holiday flats, as well as revamping buildings.

After a private placing of 3-million shares at 150c, which chief executive Frank Tarry says has been completed, there will be 18-million in issue. The Tarry family controls the other 15-million shares.

Conprop is thus capitalised at R27-million — a premium to asset value of R25-million.

The funds raised will be used to repay debts and listing expenses totalling R4,8-million, leaving the company ungeared.

Mr Tarry says timeshare and the leisure industry in general are in disrepute, and Conprop's listing is intended to restore credibility.

Management forecasts earnings of 34,9c a share for the year to February 1990, placing the company on 4,3 times forward earnings. It will declare a 10c dividend for the period to February 1990.

Mr Tarry thinks the shares are undervalued at 150c, but believes initial investors in Conprop deserve a bonus. He thinks they will hang on to the shares if the price is at a premium to that paid.

S/Times 10/12/89.

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Delistings and listing as Tradegro tidies up

By Julie Walker

FRASERS, Frascon and Interhold will be delisted and Smart Centre is to be quoted on the JSE in a tidying up of the capital and corporate structure of the Tradegro group.

The move follows the sale by Tradegro and Frasers of their stakes in Rusfurn, netting R194-million including dividends. Tradegro repaid its borrowings from the proceeds, and took the opportunity to reorganise.

Tradegro chief executive Donald Masson hopes that Tradegro and its companies will be afforded better market ratings after the simplification and streamlining of the complex group structure.

Kitty

He would like to have converted all the instruments into ordinary shares, but this would have taken all the cash raised from the sale of Rusfurn, leaving nothing in the kitty.

Mr Masson says his group would lose credibility if it had to ask shareholders for more money all because it repaid debts not yet due. He prefers to keep the money accessible. In only 15 months after the restructure becomes effective, the outstanding capital instruments will be converted.

The restructure holds no surprises, with few opportunities to make a fast buck by buying underpriced instruments. Most share-price changes have already taken place in anticipation of the changes. The procedure is obvious, but the terminology cumbersome. .

Frasers will be placed into voluntary liquidation and will distribute free to its members 84 Metro shares, eight Cashbuilds and 200 Smart Centres for every 100 Frasers.

Balance

Frasers shares are offered at R11, and the sum of its components — taking an estimate of Smart's value — is below R9. Frascon is probably worth R4,50, trading at 405c. It was bid higher on Friday.

The balance of about R2 will be paid in two roughly equal dividends, one from capital liquidation and the other out of retained earnings.

Similarly, Frascon members will get 41 Metro shares, three Cashbuilds and 98 Smarts for every 100 held, as well as two dividends of about 49c each out of capital and retained earnings.

Before voluntary liquidation, Frasers will redeem at par its 1,39-million 13,7% unsecured, convertible, irredeemable, subordinated debentures — which last traded at 75% of par — and 4,5-million 11,1% unsecured debentures, which last traded at 73%.

Frasers and Frascon will repay creditors of R2-million, and Smart Centre will be recapitalised by R13,5-million.

DONALD MASSON . . .looking for a better rating

Tradegro will redeem 7-million cumulative non-convertible participating prefs at 100c with the pref dividend calculated to the date of redemption. They are trading at 100c.

Schemes

Tradegro's 11,38-million variable rate compulsorily convertible cumulative prefs will be converted one for one on April 30. They are trading at 185c and the ords are 175c.

Barring unforeseen circumstances the 67-million convertible debentures, 49-million optionally convertible debentures and 132 810 7% A part prefs should be converted into ordinary shares by July 1991.

After the conversion of all these instruments there will be 185-million ordinary Tradegro shares in issue.

Top holding company Kimet will redeem its 56 380 7% part prefs at 150c — they last traded at 75c.

Intermediate company Interhold will redeem its 6 394 7% part prefs at 750c — they last traded at 550c.

Schemes of arrangement will be proposed by Kimet between Interhold and the holders of its ordinary shares and the 13% UCCSD of 660c other than Kimet in terms of which holders may receive a similar instrument in Kimet. They will be offered 644 new Kimet instruments for every 100 Interhold.

Interhold will become a wholly owned subsidiary of Kimet and its listing will be terminated.

Exchange

Kimet will buy 16,6-million CD's, 6,7-million OCD's and 105 000 7% A prefs in Tradegro currently held by Sankorp in exchange for convertible debentures in Kimet. It will also change its name to Tradegro Investments.

Kimet will thus have two listed instruments and Tradegro three until the convertible instruments become ordinaries in July 1991.

Frasers and Frascon have declared dividends of 90c and 44c respectively, payable to members registered on 5 January. These payments form part of the cash to be repaid out of retained earnings by the companies.

Boksburg's ugly face

(30)

Star 13/12/89

WITH the lifting of the black consumer boycott in the wake of President de Klerk's moves on open amenities, Boksburg looked set to revert to its old, low-profile self. Instead, it shows signs of developing into a running sore which will keep it well and truly in an unwelcome spotlight.

Recent clashes between right-wingers and coloured residents at Boksburg Lake were made even uglier by the presence of civic "leaders", including the baton-wielding mayor and the management committee chairman.

Far-rightists proclaim that desegregation will inevitably lead to racial strife. In Boksburg, they seem bent on ensuring that their prediction is fulfilled. Fortunately, a threatened confrontation on Saturday has been averted by the Save Boksburg Committee's decision not to hold another protest meeting at the lake.

While the anger, frustration and impatience of the Reiger Park people is understandable, their most sensible course might be to back off until Mr de Klerk fulfils his promise to scrap the Separate Amenities Act, thus removing the bigots' slender legal excuse to misbehave and laying them open to prosecution.

Island blues

ISLAND life is less idyllic than it sounds: British scientists have found that the limited space causes large mammals to shrink in size. On islands such as Malta, quarter-size elephants and 1 m hippos evolved about 100 000 years ago. The theory doesn't seem to apply to humans, nor to the Comoros: there, a mercenary adventurer named Bob Denard has inflated his stature way beyond anything it deserves.

Boycott over 'no' to march in Brits

30

By ALINAH DUBE

RESIDENTS of Oukasie and the black residential areas surrounding Brits are boycotting white-owned businesses in protest against the town's refusal to allow them to stage a peaceful demonstration.

A spokesman for the Brits Working Committee said residents decided last week to go on an indefinite consumer boycott after an application for a peaceful march in Brits was turned down for the second time.

The spokesman said the community's action was a means of showing that they rejected the Conservative Party-controlled administration in the area.

Residents wanted to march through the town before presenting a memorandum detailing their grievances to a Member of Parliament living in Brits.

He said it was also resolved at a meeting with Indian business people that prices be monitored to protect consumers from possible exploitation during the boycott.

The monitoring group comprises members of the Working Committee, Brits Council of Churches, Cosatu and community-based structures.

Railway bombed

AN explosion occurred on the railway line between Bishop Lavis and Bonteheuwel Cape Province early yesterday morning.

Sowetan 13/12/89

There's hope yet for the consumer

Sowetan 15/12/89

30

Consumer Corner

By MZIKAYISE EDOM

GOOD news for consumers who have been taken advantage of is that there is someone out there who will investigate all consumer complaints free of charge and prosecute offenders.

A little publicised department in the Department of Trade and Industry, known as the Inspection Services of the Directorate of Internal Trade and Consumer Affairs, operates in most major centres in the country.

It investigates all complaints relating to the contravention of the Price Control Act and Credit Control Agreement Act are investigated.

For example, the department will ensure that prices of goods in shops, cafes and supermarkets are clearly visible and consistant with those advertised.

In instances where goods are purchased on credit, a copy of the agreement reached has to be made available to the consumer.

Consumers can also insist on a statement with cash goods.

With lay-bye agreements, there are several rules that parties have to adhere to. The arrangement can last only months. All particulars of the buyer and the price of the item must be recorded and the agreement must be signed by both parties.

No interest can be charged and the consumer can break the contract during the six months and be refunded 90 percent of what has already been paid.

PWV and Free State consumers can contact the regional office in Vereeniging at (016) 223521 and those in the northern Transvaal-Pretoria areas can telephone (012) 3109791.

There are also offices in Cape Town, Port Elizabeth and Durban.

Watch out for Consumer Corner in the *Sowetan* each Friday

A dead man can't pay ... can he?

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Sowetan 15/12/89

A JOHANNESBURG furniture shop has agreed to cancel a balance of R1 256 owed by a man who passed away two months ago.

Initially, the Bree street branch of Price and Pride had threatened to repossess a bedroom suite bought from them for R2 233.

A Soweto pensioner, Mrs Elizabeth Dlamini, told *Consumer Corner* that her problems started after her son's death. She said a representative of the shop came to her home last week and threatened to repossess the goods if she did not pay the money.

Dlamini said: "Fearing that they would repossess the goods, I paid them R100 but they were not satisfied. They demanded the whole balance.

"I cannot understand why the shop is demanding the money from me because my son had taken an insurance policy in case he became disabled or died before paying the debt. Perhaps the shop is taking advantage of me because I am a pensioner."

A spokesman for the shop said there was a misunderstanding between the two parties. He said they had investigated Dlamini's case and decided to cancel the outstanding amount.

"The insurance company has agreed to pay the outstanding amount. We apologise for the inconvenience caused," he said.

The shop has also promised to repay the R100 paid by Dlamini.

VEHICLE SALES (30) Fmail

15/12/89.

Heading south

Looks can be deceptive. Sales of new vehicles are expected to generate R12,9bn in revenues for the SA motor industry this year — an impressive 28% improvement on last year. This suggests a strong market.

Looked at more closely, that increase is despite a 4% fall in unit sales. Sales of cars and commercial vehicles this year are expected to total 344 100, compared with 357 893 last year.

Calculations by the National Association of Automobile Manufacturers of SA and Econometrix show that sales revenues have grown by 163% since 1986 — while sales themselves have risen only 30%.

Over that period, assemblers' average revenue from each new car produced in SA has risen from R17 582 to R34 091. In the last year alone the figure has risen 33% from R25 679. The trend — largely the result of domestic inflation and the declining value of the rand — is likely to continue next year.

And the new Phase Six vehicle local content programme, while expected to have a negligible impact on prices in its first years, could contribute to price increases later, according to industry officials.

It's no wonder the association notes in its annual report: "The prevailing high level of new vehicle prices represents the single greatest obstacle to the new vehicle market returning to the sales levels experienced during the early Eighties."

November's sales figures (**see table**), offer little hope of early recovery. Though car sales were up on October's 18 122, they fell 6,5% from November 1988. For January-November 1989, the year-on-year decline was a gentler 3,2%, but indications are that 1990 will see a further decline in unit sales.

Revenue increases in other sectors of the motor trade — though by no means modest — reflect nowhere near the growth displayed by assemblers over the last three years. Used vehicles are expected to generate R6,2bn this year, a 104% improvement on 1986. Auto workshop revenues will have risen 69% to R2,8bn and spares and accessories 79% to R5,3bn.

With the number of vehicles on SA's roads continuing to grow by leaps and bounds, none of the three sectors are likely to experience a fall-off in income any time soon. The association estimates that SA now has nearly 5,2m vehicles, an increase of more than 30% since the beginning of the decade.

Much of that growth has been the result of blacks entering the market in increasing numbers. Assemblers still dream of the day when they will become major buyers of new vehicles. So far, they have been active chiefly in the used-vehicle market, but the ownership rate among blacks remains low.

Though SA whites continue to boast one of the highest per capita car ownership figures in the world, the latest figure for all races — an average 11,4 people per car — places SA very much among the minor players.

Still, compared to China's average of 1 093 per car, SA still has a way to go before joining the motoring deadbeats. ■

(30)

WMail 15-20/12/89

Black buyers move into the driving seat

The black consumer is well on the way to winning the fight for buying power.

BRUCE ALLEN reports

BLACK consumers are emerging as the future driving force of the South African economy.

Witness advertising campaigns aimed at the black market and it's clear that businessmen are becoming aware of where the future profits lie. A skills shortage combined with successful trade union wage bargaining has increased black spending power. Political changes, like the repeal of influx control, has promoted urbanisation and led to massive demand for housing and other consumer goods.

On the wage side, black skilled or semi-skilled workers could expect to earn little more than half the wage of their white counterparts in 1981. By 1988 that figure had climbed to 70 percent.

In the gold mining industry, skilled miners now receive 4,9 times the earnings of their predominantly black semi-skilled and unskilled colleagues compared with 21,2 times in 1971.

On average, black per capita real personal disposable income (PDI) grew by 42 percent from 1970 to 1985. Over the same period the equivalent figure for whites was 6,5 percent.

Growth has subsequently slowed but the differential remains. Significantly, the large proportion of blacks in the total population implies that, since their total PDI was lower than that for whites last year, the income differential between the groups remains high.

The Bureau for Market Research at the Unisa estimates that the average personal income in 1985 was R11 598 for whites while average black income was R2 414 — 20 percent of white income.

But the gap is closing. According to the Central Statistical Service wages for white workers decreased by 1,5 percent between June 1988 and June 1989. Over the same period, black workers benefited from an average 6,4 percent hike in wages.

As the table shows, the Bureau for Market Research reveals some interesting statistics for the years ahead. Assuming a low GDP growth of two percent a year, black disposable income by the year 2000 will reach R53,6-billion. Whites will have R44,2-billion to spend.

Looking ahead, black consumers are also generally more positive in terms of economic outlook than whites. A survey conducted by Stellenbosch University's Bureau for Economic Research shows that while whites remain pessimistic, black consumers "anticipate a considerable improvement in the economy during the next 12 months".

New-car sales tapering off

S Times 17/12/89

30

SALES of new cars rose by 7,8% in November to 19 541 from 18 122 in October.

However, compared with the same month last year, sales were down by 6,5%, or 1 355 units.

Although sales in the second six months have held up better than expected, it is forecast that volumes will decline modestly in the first half of next year because of a slowing in the economy and a fall in consumer spending. Orders for new vehicles are declining.

Sales for the first 11 months were 207 468 against 214 304, suggesting that volumes for the year will top 220 000.

Strong demand from small businesses and the black taxi sector kept sales of light commercials at near October's levels.

Sales were 10 478 in November compared with 10 587 in October. Sales for the year to date are 108 917 compared with 104 545 at this stage last year.

Medium commercial sales were 423 in November compared with 435 in the previous month, taking the total for the year to 4 191 against 5 324.

Heavy commercial and bus sales were up 13,1% to 912 in November from 806 in October. In the first 11 months, sales were 9 018 against 8 799.

Go-go Greenfield in a new JSE venture

S/Tms 17/12/89 (30)

ASHLEY ENSLIN with a Garfield phone ... Picture by PIERRE OOSTHUYSEN

By Ian Smith

GO-AHEAD Greenfield Property Holdings plans to list a variable loan-stock (VLS) company on the JSE next year.

Greenfield, which has surprised investors with a string of large developments, was listed in July last year through a reverse takover of Frencorp. The shares, which came on the market at 162c, are tightly held, but have advanced steadily to 410c.

Portfolio

Details of the new listing, which will have an initial portfolio worth R170-million, are eagerly awaited — given the first company's strong performance.

The announcement is expected in March, coinciding with interim results from Greenfield Property Holdings.

Greenfield joint managing director Jeff Myerson says the development follows the steady build-up of property assets in the past four years.

"We realised we could not continue development and bringing in new partners. We could have ended up with minority holdings in some properties and a daunting number of partners.

"Now we have a sizeable enough investment vehicle to stand on its own feet."

Mr Myerson says one of the attractions of the VLS company is that the portfolio will be confined to property, mainly shopping centres and office blocks which the group has built and managed itself.

"We will not be involved in unknown projects."

The first two buildings in the R600-million Woodlands office park project in Sandton will be included in the portfolio.

Greenfield will retain a large holding in the VLS company, probably between 20% and 30%, says Mr Myerson.

Roots

The group has its roots in a small family-owned saddlery and harness business in downtown Johannesburg in the late 1920s. Ironically, the original shop stood on a site where the group has completed its R54-million Newgate shop, office and parkade development near the JSE.

The company prospered when it it went into tent manufacturing, but founder Morris Liebowitz always had a sharp eye for property.

Thirty years ago he said the family should buy land "between Johannesburg and Pretoria".

Residential property development began in Morehill, Benoni, and Dalecross and Paulshof, Sandton.

The company was building houses on land acquired in 1967 when it was proclaimed the site for the Sandton City shopping centre. Planning, development and promotion of Sandton City were undertaken by Greenfield in partnership with another company, but it later sold its interests.

Strategic

Today Greenfield in heavily involved in development, management and long-term property investment. Residential development is still an important part of the operation.

A strategic 30% stake in Schneid Israelite & Associates gives Greenfield a presence in the important project management field.

In its maiden year to June Greenfield posted an 89% improvement in taxed earnings at R5,2-million. Earnings a share were 57,4c, and a dividend of 28c was paid.

Mr Myerson says there has been some surprise at Greenfield's achievements, coming from a comparatively small financial base.

Elastic bridge

FOR the first time in SA, Murray & Roberts Civils will employ a European bridge construction method using "elastic" shafts.

The bridge will be built at the Rickivy slip on Town Hill outside Maritzburg.

The R16,3-million contract was awarded by the National Transport Commission. It is scheduled for completion in January 1991 and involves the widening of both carriageways of the N3 to accommodate four-lane traffic.

More and more for the men with the mostest

By Charmain Naidoo

IT'S the silly season. Groaning executives are clearing out their "for the man who has every-

gling for trout in New Zealand or salmon in Alaska."

for Christmas.

"If people want to give me something, I'd rather they gave the money to a charity. It's the time of the year when

ory capacity, storing about 62 000 characters — or enough space for 3 000 phone numbers. It has a six-line, 32-column screen and a 32KB

Stores expect rise in Christmas sales

Star 14/12/89

By Kaizer Nyatsumba

30

With only a week to go before Christmas, major stores yesterday said they believed sales would be marginally better than last year, and felt their earlier optimism about a good Christmas was not unfounded.

Managers of supermarket chains contacted by The Star yesterday said that although Christmas shopping had started slowly, they believed the next few days would see thousands of people throughout the country rushing to the shops to do their last-minute shopping. This, they said, meant there was a good chance of this year's Christmas sales being much better than last year's.

WORRYING FACTOR

The managers said by yesterday sales were already better than last year's sales around the same time, and they saw no reason why the present trend might change in the last few days.

However, the financial director of Dion Stores, Mr Mannie Chaimowitz, said the worrying factor was that people did not buy expensive items such as television sets and videos as expected, but purchased lower-priced items.

Mr Aubrey Zelinsky, merchandise director of Pick 'n Pay, said their stores were "exceptionally busier" and their sales were 15 percent higher than last year's by the same time. He said for them Christmas shopping began in earnest last Friday, and many people rushed to their stores last Saturday.

"Although this year Christmas shopping started later, I think it's going to be a good Christmas," he said.

Nafcoc undergoes restructuring

30

19/12/89

By Jabulani Sikhakhane

The National African Federated Chambers of Commerce and Industry (Nafcoc) will gradually phase out its present structure of regional chambers affiliated to the federation in favour of specialist national business organisations categorised according to different economic market segments.

Nafcoc's restructuring follows a major study, sponsored by the US Agency for International Development (USAID), aimed at achieving a greater measure of organisational effectiveness, financial independence, efficiency in administration and increased representativeness of the black business community.

Among recommendations were the restructuring of Nafcoc to enable the organisation to affiliate and give representation to other specialist business organisations; adoption of sound financial and management systems to strengthen administrative capacity and a major fund-raising drive to ensure the financial independence of Nafcoc.

The first step towards a new-look Nafcoc, was taken last week when nine independent taxi associations, including the Southern Africa Long Distance Taxi Association (Saldta) and the Busato (Black Union of Sa Taxi Operators), formed a new national transport body affiliated to Nafcoc.

Others were Nataco, Matlosana Taxi Operators, Majelathoko of Parys, Federated International Transport Organisation (FITO), the Vaal Taxi Owners Federation, Majakathata Taxi Association and the Alexandra, Midrand and Sandton Taxi Association (Amsta).

The Nafcoc transport wing should have close to 40 000 members, with Saldta, Busato and Fito accounting for a very large share.

With an increasing number of associations splitting from affiliates of the Southern Africa Black and Taxi Association (Sabta), Nafcoc is expected to consolidate them into what might potentially be another massive black transport association in South Africa.

Finer details of its workings have not been worked out, but it is understood the new Nafcoc transport wing will concentrate on lobbying the authorities, negotiating discounts and generally acting on matters of national interest. Affiliates will continue with their day to day affairs.

The president of Nafcoc, Dr Samuel Motsuenyane said the unity of the nine transport bodies was a significant event in the history of black business. "This must be seen as an imaginativeand innovative development of black people for their benefit under black leadership."

B/Day 20/12/89

Grocery sector shows R17,8bn in turnover

30

ACHMED KARIEM

GROCERY retail and wholesale sectors had a total turnover of. R17,8bn this year, Grocery Manufacturers' Association (GMA) executive director Jeremy Hele said.

Retail and wholesale groceries had remained buoyant during 1989, reflecting a 20% growth in value terms.

Hele said it was difficult to predict what next year's sales would be.

If one looked at the figures for 1988 when total turnover was R10bn and compared it to the R17,8bn for 1989 this would indicate a growth of around 20% again dependent on inflation.

A recent business information services census survey on behalf of GMA had shown the major increases in business were in the bottom end of the market.

"The three big chains are experiencing assaults on their market share, both by each other and, most, evidently, by voluntary groups in the regional chains," Hele said.

Only 18% of manufactured grocery products were scanned at the till despite all goods being source-coded.

GMA membership had grown satisfactorily by 8% to 91 operating companies, of which 53 were subsidiaries of nine holding groups.

"As the membership grows to encompass more of the industry, we may expect the rate of recruitment to slow down somewhat."

Hele welcomed the improved consultative mechanism established with the Health department and anticipated that the resultant legislation should "provide fewer headaches" for consumers, manufacturers and government.

As the GMA's representative on the Food Legislative Advisory Group, he had been requested to convene specialist working groups to consolidate submissions on the new labelling legislation, and also on proposed simplified regulations on emulsifiers, stabilisers, and thickeners.

"With the changing face of South Africa, with our own perestroika, will come economic freedom for more people, and the ensuing opportunties which this will offer," Hele said.

New car sales may drop

B/Day 20/12/87

30

SYLVIA DU PLESSIS

INDICATIONS were that new vehicle sales for 1989 would be in the region of 224 000 units compared to the 230 500 units for 1988, says Nissan SA Marketing MD Stephanus Loubser.

If this proved to be the case it would be a "very good showing indeed" in the context of a declining economy, he said in a statement yesterday.

"Taking a slightly longer view we expect that a number of fleet owners have crossed the threshold of the economic life of a portion of their fleets and this will support some demand in the market, particularly in the commercial vehicle markets."

The heavy commercial sector was very strong, he said.

On the light commercial side there had be an "interesting" growth trend in specific areas, probably because of more confidence in the agricultural sector.

"Generally, the motor industry expects a lean period for the first six months of the year, after which the indications are that interest rates could ease, which will stimulate sales."

Trend seen towards buying on credit

B/Day 21/12/89

FIONA FOURIE

CONSUMERS had less money to spend this festive season than last, but continued to buy furniture and white goods on credit, retailers said yesterday.

(30)

OK Bazaars Furniture and Appliances MD Arthur Solomon said sales had dropped substantially during November and December but this was in line with expectations.

The higher deposits and shorter repayment periods, in effect since August, were responsible for the slump.

"The consumer has become more choosy, particularly with regard to white goods, and is struggling to find deposits," Solomon said.

OK sales had shown a "Christmas-on-Christmas growth of about 10% in rand terms".

The consumer was not getting into the same credit difficulties as last year, he added.

A spokesman for Affiliated Furniture Companies Ltd (Afcol) said expensive furniture was not selling as well as it had last year but Christmas trends were difficult for manufacturers' to gauge because orders were placed by retailers in September.

Tony Factor, owner and MD of Tony Factor's, reported a "phenomenol growth" in furniture sales of 55% which he attributed to the increasing number of fairly prosperous young people looking for competitively priced furniture.

White goods were up by only 5% in money terms but had shrunk slightly in real terms.

Factor said: "People are shopping on credit, and wisely so because the increase in prices will outstrip finance charges in the next two years.

"We expect a 50% increase in furniture prices during the coming two years."

Amrel MD, Stan Berger said the whole furniture trade was doing well.

The trade had reached its low point last year and was now on an upward trend.

"Money is short at the moment but the consumer believes inflation makes it cheaper to buy now than to save his money," Berger said.

A Beares spokesman said people were buying on HP rather than paying cash.

He said the higher mortgage rates was responsible for this trend.

Consumers cut back on the luxury shopping lists

(30) ([redacted]) B/Day 21/12/89

SYLVIA DU PLESSIS

LUXURY items, hard hit by import surcharges and more stringent HP requirements, are not on most consumers' shopping lists this Christmas, retailers said yesterday.

OK marketing director (furniture and appliances) Arthur Solomon said these goods had taken a knock over the two-month festive season.

Sales of hifi's, TVs and microwaves purchased during this period had been only fair compared to 1988, growing 10% in rand terms, he said.

Prices

This represents a slump of about 5% in real terms.

"VCR sales are down 10% in units, or 20% down in rand terms, because consumers need a 30% deposit and have only 12 months to pay. Also, prices have escalated because of the weak rand and the import surcharge," he said.

"This is unfortunate, but consumers are hard-pushed to find the unrealistic deposits they have to fork out."

Solomon said it had been a late Christmas generally because consumers were now more dependent on their bonuses.

"But we're hoping for a last minute rush, and expect that Saturday will be our biggest trading day of the year."

He said that small appliances and music software — CD-related in particular — had taken off substantially.

"We did not anticipate a boom Christmas, so our stock levels in the new year will be reasonable, with no major excesses."

Milstan sales director Andre du Toit said VCR turnover had remained steady but TV sales were down over last year due to market saturation.

"There are some 6-million TVs in SA homes already. But what is gratifying is that sales of video cameras — far from saturation — have been extremely buoyant, so I'm not really disappointed," he said.

He said that he, too, was expecting a last minute rush on all goods and did not anticipate excess levels of these stock in the new year.

Pick 'n Pay merchandise director Aubrey Zelinsky said that while computer games aimed at children had done exceptionally well, sales of big ticket items were slightly down in real terms over those of last year.

Oversupply

"Higher interest rates have taken effect at the top end of the market. Also, sales of TVs and microwaves in particular have been quite high over the past eighteen months and there is a slight oversupply in the market.

"But I'm very happy with sales of these items under the circumstances."

The annual Christmas spending spree had started later than usual because schools in the Transvaal had closed a week later this year, he said.

Franchising could help bridge the gap

CHARLOTTE MATHEWS

FRANCHISING could and should play a major role in bridging the gap between big business and the informal sector, Kessel Feinstein (KF) partner Graeme Victor said in the latest issue of The Bottom Line. BDay 21/12/89

Franchising, which used to be described as a licensing arrangement, combined the infrastructure, skills, training resources and business methods of big business with the flair of small business.

"Most successful franchises are businesses where a high degree of personal servce to the customer is important, for instance, retailing, fast food or quick printing, and they require the personal presence and commitment of the franchisee at the point of sale," Victor said.

For big business the system offered the advantage that a large injection of capital was not needed to achieve rapid growth as each outlet used the financial resources of the individual franchisee.

Franchisees would be more movivated and eager to minimise costs while maximising sales than a manager.

The parent company did not hold the responsibility for the assets of the trading outlet, which were owned by the franchisee. (30) ([redacted])

But among the disadvantages Victor identified were that the franchisee could become too independent, or that some franchisees were not alive to the opportunities of the business.

There could also be problems in enforcing standards consistent with the parent company's image, or poor communication between the two parties.

Victor said the overall aim of franchising business should be to simplify control and not to rescue an ailing business.

"Another objective must be to provide franchisees with a back-up service and information which no single trader in a business with highly aggressive, low margin competitors could ever hope or expect to match."

Business Day

DAY, DECEMBER 22 1989

(71c + 9c tax)

A TIMES MEDIA PUBLICATION

B/Day 22/12/89

Consumers can shop around the clock tonight

30

ADELE BALETA

CONSUMERS will be able to shop around the clock with effect from today following a government's decision to allow 24 hour shopping from Mondays to Saturdays.

A special edition of the Government Gazette published this morning removes restrictions on shopping hours.

This would only apply from Mondays to Saturdays — Sunday trading would remain restricted, Administration and Privatisation Ministry spokesman Frikkie Odendaal said in Cape Town yesterday.

Although it was against the law to trade on Sundays, stores which had been given permission from the provincial administrations to open their doors to customers on Sundays could continue to do so.

He said the gazette would also contain details of the easing of licensing systems. Odendaal did not elaborate, but it was expected licensing provisions would be in line with recommendations made by Administration and Privatisation Minister Wim De Villiers to President F W De Klerk on November 23 that the need to apply for trading licenses be removed.

De Villiers had said it would no longer be necessary for most businesses in the Transvaal, Cape and Free State to renew trading licences for next year.

Because there was no provision for RSC levies in Natal, currently valid licences in the province would still have to be renewed. New applications would be "subject to more limited grounds of refusal and review", he said.

The proclamation would not apply to liquor outlets, which would continue to be governed by the Liquor Act. Escort agencies and night clubs would still be controlled by laws relating to public morals.

De Villiers gave the assurance that workers' rights would be watched carefully when the new system was implemented.

He said he had noted certain trade union objections to extended shopping hours and said if necessary he would discuss the issue of protection of workers' rights with Manpower Minister Eli Louw and the National Manpower Commission.

Sapa reports the private sector welcomed the move, expected to have been implemented only on January 1, as a significant part of the deregulation process. Assocom's legal manager Ken Warren said the issue of Sunday trading should be addressed as a matter of urgency.

● Comment: Page 4

B/Day

Govt drops shop hour curbs

Cape Times 22/12/89

30

By ANTHONY JOHNSON

SOUTH AFRICANS will be allowed to shop around the clock from today.

The move towards 24-hour shopping, which should boost last-minute Christmas sales, has been approved by a proclamation appearing in a special edition of the Government Gazette today.

The latest government effort to speed up its deregulation programme lifts trading-hour restrictions from Monday to Saturday on all business except liquor outlets, escort agencies and nightclubs.

However, existing Sunday trading hours and restrictions will remain in force.

The latest step, which was originally slated for implementation only next year, also removes the need for most traders to renew their trading licences from 1990, Administration and Privatisation Ministry spokesman Mr Frikkie Odendaal said last night.

The proclamation has the effect of immediately implementing most of the provisions of the draft Business Bill published for comment in April.

The proclamation has two major objectives: Curbing government control of and interference in business and simplifying the large variety of regulations applying to traders.

When the changes were mooted earlier this year they were generally welcomed by the private sector as a significant part of the deregulation process.

However Assocom's legal manager, Mr Ken Warren, said the sensitive issue of Sunday trading should be addressed as a matter of urgency to take into account the shopping needs of all in South Africa, particularly black people who spent many hours commuting to and from their places of work.

Managing money profitably

W/E ARGUS 23/12/89

30

SMALL BUSINESS INDABA

Compiled by the **SBDC**

THE Small Business Indaba is a bi-monthly column, a joint co-operation between the Small Business Development Corporation (SBDC) and The Argus designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems or requiring further information. For further details telephone (021) 461 8450.

WORKING capital is the source of funds available for the everyday running of your business. Without it any business will undoubtedly fail within a short time. This column explains how to manage your working capital in a manner which can help ensure the survival and possible expansion of your business.

Components. Working capital is made up of current assets: cash on hand, cash in the bank, debtors and stock.

From this is subtracted all current liabilities, which include: a bank overdraft, trade creditors and other short term liabilities such as taxation and lease or hire purchase instalments.

Cash management. Cash flow can be controlled by giving attention to the following elements:

- Ensuring debtors comply with payment terms.
- Tightening debtors terms of payment.
- Taking full advantage of credit terms made available by suppliers and negotiating more favourable terms with them.
- Keeping stock levels as low as practically possible.
- Monitoring capital expenditure.
- Having additional short-term finance available for crisis.
- Not distributing after tax profits in the form of dividends or drawings unless the working capital needs of the business can bear the outflow of funds.
- Investing excess short-term funds in more profitable short-term investments.
- Insist on prompt payment by indicating on invoices that you are a small business and your survival depends on it.
- Preparing short and long-term cash flow forecasts and monitoring these against actual performance.
- Banking receipts promptly.

Credit control. This means controlling debtors by:

- Insisting on trade references for new customers and doing credit checks.
- Allocating credit limits to your debtors.
- Invoicing promptly and specifiying the terms of payment, such as 30 days from invoice.
- Having documented proof of delivery on hand.
- Re-evaluating credit terms once a debtor starts paying late.
- Sending out statements as soon as possible after month end.
- Making sure invoices and statements are accurate and easy to understand. Errors and confusion regarding these give the customers excuses to delay payment.
- Giving discounts for prompt payment.
- Ensuring debtors promptly comply with payment terms.
- Charging interest on overdue accounts — do not become a cheap source of finance.

Taking stock. Stock control is complex. This is merely a simple guide that is applicable to most business. The subject will be dealt with more fully in a subsequent column:

- Keep stock holdings down to a practical minimum level. Excessive stock levels tie up much needed cash in non-interest earning investments. In addition stocks cost money to hold in the form of warehousing insurance and costs of obsolescence.
- Forecast sales.
- Determine lead and delivery times from suppliers.
- Establish what risks may arise from stock shortages.
- Determine possible seasonal fluctuations in demand or supply.
- Attempt to identify changing sales patterns.

All stock movements and their cost prices should be controlled and accurately recorded to ensure that:

- Records properly reflect stock on hand and its movement to enable management to set appropriate re-order levels and selling prices
- All movements of stock are invoiced at the correct prices.
- Obsolete and redundant sales are identified.
- You know which items move fast and which move slowly.

Creditors. Use your own creditors to aid the cash position of your business by:

- Establishing favourable terms of payment with them. This includes obtaining the best discounts for early payment.
- Paying strictly in accordance with those terms and claiming maximum discounts.

Taxation. Use professional help to ensure that your business:

- Claims all expenses and maximum allowances to reduce that tax liability as much as is legally possible.
- Pays the lowest amount of provision tax legally possible.
- Claims the outstanding debtors allowance in its monthly/annual GST returns.
- Is the right type of legal entity for your circumstances — company, close corporation or partnership.

Checklist. Finally, here is a checklist of the sort of basic requirements needed for proper working capital control:

- Keep up to date and accurate books of accounts.
- Have a competent bookkeeper prepare the following on a monthly basis — cash flow forecast for three months, income statement, balance sheet, debtors age analysis.
- Keep on good terms with your bank, suppliers and customers — if you anticipate delays in payment to your customers, inform them in advance; don't issue bad cheques. If you anticipate problems in collecting cash, inform your bank manager in advance. Keep a close eye on possible bad debts and do not overtrade.

SALE ENDS SAT 30th DECEMBER | New train service to Bulawayo | 4 stranded | Only 2 800

December 28 1989

STAR ( ) 23/12/89. (30) [redacted]

Optimism for closer links with Government

Business cheered by FW talks

Staff Reporter

President de Klerk's recent meetings with organised business have raised hope for a closer relationship with the Government, says the Witwatersrand Chamber of Commerce and Industry's latest bulletin.

Meetings with the President and Cabinet Ministers demonstrated clearly "a fresh attitude of co-operation with the private sector and a sensitivity towards the views and needs of business", the bulletin said.

It added that Mr de Klerk agreed with the view of the Association of Chambers of Commerce and Industry (Assocom) for that the need for evolutionary constitutional reform linked to a sound economy, and acknowledged that South Africa's economic problems were partly because of political problems.

On the issue of the State President's Economic Advisory Council, Mr de Klerk said he was sympathetic to arguments for the inclusion of business representatives.

Privatisation, productivity, and "the inordinate size of the civil service" were the basis of talks with the business delegates and Minister for Administration and Privatisation Dr Wim de Villiers.

Dr de Villiers outlined his plans to revise the public sector's financial management system and introduce more cost-effective principles in the running of the service.

Inflation was the country's biggest problem, he said. Concerted efforts to combat inflation by both the public and private sectors would result in greater productivity.

Discussing current economic conditions and the impact of the import surcharge, Minister of Trade and Industry Mr Kent Durr said he intended co-operating as closely as possible with the private sector.

Delegates conveyed the business sector's view that the next Budget should provide for the upgrading of the police force.

Arguments for the implementation of a Bill of Rights were discussed with Dr Gerrit Viljoen, the Minister of Constitutional Development, and Minister of Justice Mr Kobie Coetsee.

Pressing needs to reduce the high rates of personal and corporate income tax, scrap the double taxation of dividends, and address the problem of the impact of "fiscal drag" on the tax burden carried for those with moderate incomes, were also discussed.

Delegates stressed that real tax reform depended on effective cuts in Government expenditure, and welcomed indications that the issue "was now being addressed".

Other matters discussed included surviving instances of retroactive tax legislation; delays experienced with appeals to the Income Tax Special Court.

Passports for 6 freed ANC men

New Game for Weil

30

DES PARKER

CLIVE Weil will not be pushing trolleys around in TV advertisements for Game Discount World when he returns from leave to take up the top job with the Durban-based store group.

Mr Weil (44), who yesterday was appointed executive chairman of both Game and of Prefcor's import-export arm, Prefport, will not be making his home in Durban.

"We see a lot of growth potential for Game in the Transvaal and it will be important to have Clive in Johannesburg," said Terry Rosenberg, chairman of Prefcor, the retail chain's holding company.

Mr Weil joined Prefcor at the begining of last month after his surprise resignation as MD of Checkers, where he had gained instant recognition for his starring role in the "trolley for trolley" TV advertisements.

When he left Checkers Mr Weil cited deeply personal reasons for doing so.

Prefcor executives said Mr Weil would not be getting the same type of exposure in his new role at Game.

Mr Rosenberg said although the Game job had not been in mind for Mr Weil when he joined Prefcor, "the idea came up through the strong meeting of minds that has taken place between us since Clive joined".

Clive Weil

The men behind Sun City, Sol Kerzner and Lucas Mangope.

Glitter palace survives despite boycotts

Sowetan

30

27/12/89

By Andrew Steele of Reuter

SOUTH Africa's capital of flesh, flash and razzmatazz continues to hit the jackpot despite a decade of anti-apartheid pressure, an impossible location and disapproval from the country's puritans.

Sun City, also known as Sin City, Apartheid's Playground or Las Vegas-on-the-Veld, celebrates its 10th birthday this month with ambitious expansion plans to keep its place as one of the principal leisure resorts in the southern hemisphere.

Situated in a quasi-independent tribal homeland two hours' drive along bad roads from Johannesburg and Pretoria, Sun City provides a glittering escape for its almost exclusively white clientele.

Poverty

The brash neon-lit complex, set incongruously amid the grinding poverty of Bophuthatswana tribal lands, offers many dubious delights, such as gambling and soft porn films, which are forbidden in South Africa proper.

Gambling is provided in one of the largest casinos outside the United States, its dim and dingy interior in stark contrast to the African sun outside.

Revue bars, cinemas and theatres cater for the soft porn market of films, topless cabaret and male strippers.

The homeland's censorship laws, although restrictive by the norms of many countries, allow such spectacles which in South Africa would incur the wrath of the censorship board, steeped in the country's Calvinistic traditions.

Amid the glitz, there are oases of sophistication in the grounds and lobby of a five-star hotel, in breathtaking gardens and aviaries containing exotic birds.

Jewel in the Sun City crown is the golf course and country club, venue of the world's richest golf tournament where baboons and poisonous snakes sometimes constitute as much of a problem as the tormenting bunkers and water hazards.

The whole resort nestles in spectacular bush scenery, beside an artificial lake for water sports. An adjoining game park, set in the crater of an extinct volcano, reinforces the image of the ultimate get-away-from-it-all playground.

"We have to try that little bit harder, go just that little bit over the top," said Ian Heron, who has recently stepped down as chief executive of Sun International, the leisure group which operates Sun City.

"That means we have to push all the time for new ideas, new concepts, new crowd-pullers. But we manage, and that is why we are the top resort in Africa," he said.

Shakeup

Heron resigned just days after being interviewed in the middle of a major boardroom shakeup at Sun International.

But the new management is unlikely to want to alter the Sun City recipe for success.

Heron said plans were afoot to double the size of Sun City, making it a world leader in the leisure industry. His resignation is unlikely to change these plans.

The 24-hour glitter palace survives despite all that the anti-apartheid lobby, backed by a 1980 UN resolution urging a cultural and sports boycott of South Africa, can throw at it.

After attracting top world acts such as Frank Sinatra, Liza Minnelli and Cliff Richard, overseas talent dried up as the UN resolution began to take effect.

"The cultural boycott certainly hurt us so we had to go out and find something else to fill the venues," Heron said.

The masses have been lured with top local stars, offbeat entertainment spectaculars and topless high-kicking dancing girls decked in feather boas and strategically placed sequins.

Occasionally a major foreign act still ignores the message of the smash hit *I Ain't Gonna Play Sun City* cut in 1985 by Artists United Against Apartheid, a group of stars which included Bruce Springsteen, Bob Dylan and Pat Benatar.

Queen

These sanctions-busters, including British rock band Queen and American singers Laura Branigan and Irene Cara, are always given huge billings and are an automatic success with a South African public starved of overseas talent.

The sports boycott means that the cream of the world's golfing talent think twice about accepting an invitation to play for the million-dollar first prize in the Sun City Million Dollar Challenge.

This year, Scotland's Sandy Lyle was the only household name in the Million Dollar field. Other superstars, including Greg Norman, Severiano Ballesteros and Bernhard Langer stayed away.

Romens tops in sales of menswear

CAP TIMES 28/12/89

(30)

Financial Editor

CAPE Town-based Romens sells more menswear than any other chain — but makes a profit of only 6,5c in every R1 of turnover, chairman Danny Kahn said at the AGM yesterday.

In answer to questions by the Chairman of the Shareholders Association of SA, Issie Goldberg, Kahn said the chain sold R50 000 worth of menswear a day, or R1,5m worth a month.

Confirming that it kept margins low, relying on volume of sales for its profits, Kahn said he thought 11% or 12% "a fair margin to operate on."

In answer to further questions, he said some rival chains operated on margins of 100% or more.

But, he emphasized:"We are not discounters. We just don't have as high a mark-up as some others."

Goldberg advised the company to make sure staff understood how tight the margins were and therefore how important it was to achieve high productivity.

He congratulated the directors on ploughing back profits into expansion, for the long-term good of the company, rather than paying dividends and increasing their borrowings at a high rate of interest.

But he suggested that stock holdings were too high and should be reduced.

GM Sid Hurwitz explained that the company had to have high levels of stock because it had to be available on call to the franchise operations, which paid within 30 days.

Kahn forecast a turnover of R20m in the current year, compared with R13,4m in the year to June, 1989, in which earnings were 6,56c a share.

He said that as the economy grew tougher, people became more selective in their buying.

"More people come into our shops, after looking around, and very few walk out without buying. I am very optimistic."

8 billion However, if the 20 percent five- He had been greatly surprised erally.

Industrial rentals 'too low'

Star 28/11/87

By Tom Hood

30

Manufacturing production volumes slowed slightly this year but are still at levels last seen in the 1981 gold boom, says Mr Derek Stuart-Findlay, property services manager at Old Mutual.

The use of production capacity is running at well above 84 percent, which is close to theoretical full capacity, after reaching a low point of 77 percent in mid-1986 and 83 percent last year, he says in a review of industrial rentals.

Overtime hours worked are still at their highest levels since 1982, although the trend is slightly lower than it was at the end of last year.

These factors, coupled with no upturn in the building of factories, has boosted rentals this year — up 20 percent in Cape Town and Pretoria, between 20 and 40 percent in Johannesburg and between 40 and 50 percent in Durban.

However, in some cases industrial rentals only recently moved to higher levels than they were in 1983. Rentals actually dropped between 1982 and 1987.

Old Mutual, one of the country's largest owners of industrial property with about one million sq m of rentable area, has a vacancy factor of ~~only~~ two percent compared with 21 percent two years ago.

"By any standards, this is an incredible turnaround and this performance has been repeated all over the country by other property owners," says Mr Stuart-Findlay.

"Although we are delighted to be in this position, in some ways it is an embarrassment. In the property market a three percent vacancy factor is considered to indicate a fully let position. Here we are sitting on less than that and this indicates only one thing — industrial rentals are still too low."

Rentals of at least R8 sq m were needed to produce a realistic return on current building costs but only in selected areas was R8 being paid — generally for small areas below 1 500 sq m.

Mr Findlay said he believed industrial companies could afford to pay higher rentals even though the economy was expected to slow down.

Since 1986 earnings of industrial companies quoted on the JSE have almost trebled while rents have lagged far behind. In addition company margins improved.

"Perhaps a reason for this lag in rentals was the lingering memory of those enormous 500 000 to 600 000 sq m of vacant space only a few years ago in the Transvaal. There were few people around in those days who would have dared to forecast the extent of the turnaround in the industrial property market.

Cashworths: JSE in historic intervention

Cpt Times 28/12/89

Minority shareholders hold the key

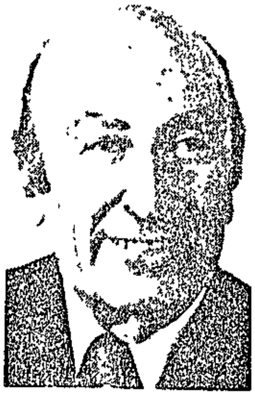
30

By AUDREY D'ANGELO
Financial Editor

ONE of the most dramatic and significant company meetings in 1990 will be on Friday, January 12, when shareholders in Cashworths Fashion Holdings will vote on whether to buy 13 subsidiaries of Management Services Corporation (Manserv) for R12,2m in cash.

For the first time, the Johannesburg Stock Exchange (JSE) has intervened by applying "moral suasion" to the controlling shareholders, who have agreed to vote only half their shares.

This means that if all, or nearly all, the minority shareholders vote together they can throw the proposal out if they wish. The controlling shareholders have 8,5m shares and minority shareholders 6,5m.


Issie Goldberg

Stressing that the JSE had no legal right to intervene, Richard Connellan, deputy GM (listing and meetings) said that it had, however, decided to use moral suasion.

"We were concerned about a situation in which a consortium controlled two companies — one a cash shell with solid cash assets and the other where the assets were intangible — and proposed to reverse the company with the intangible assets into the cash shell.

"We were not happy about this. We convinced the controlling shareholders, just through moral suasion, to reduce the number of shares they will vote at the meeting.

"They agreed to do so to the extent that if all the minorities vote against buying intangible assets with their good solid cash the proposal will be defeated."

Connellan said that, hopefully, this would set a precedent against controlling shareholders doing what they liked regardless of the wishes of the minorities. "Although all shareholders, have, of course, the legal right to vote in any way they like."

Cashworths is an old established Cape Town company which was listed in the Development Capital Market sector of the JSE in 1987, after a private placing to raise R4,5m at R1 a share.

Control was bought by the MAP consortium of businessmen early this year, for an estimated 35c a share, when the fashion retail and manufacturing group was in serious difficulties.

The consortium sold all Cashworths' assets, leaving it with profits of R10,2m after all its debts had been paid.

The meeting on January 12 will be in Johannesburg. The chairman of the Shareholders Association of SA, Issie Goldberg, will be there and has urged shareholders who cannot attend it to appoint him their proxy

Discussing the merits of the proposal, Goldberg described it yesterday as "unique in the annals of the JSE," and said it had "aroused tremendous indignation in many of Cashworths shareholders.

"In essence," he said, "the deal comprises the purchase by Cashworths of 13 subsidiaries of Manserv — of which six are dormant companies — for a cash payment of R12,2m. This payment will effectively denude Cashworths of its total cash holdings of R10,2m and involve Cashworths in raising an interest bearing loan of a further R2m to consummate the transaction."

Goldberg said there were many features which made the proposition interesting.

"There is close contiguity between the members controlling each of the companies, and the only major amount of cash in either company belongs to Cashworths."

He pointed out that the consortium had, in effect, rescued Cashworths when it bought control. "It is to the credit of the new controllers that they skilfully turned the nett assets to account by selling them off for cash."

After payment of debts, each Cashworth's share had a nett asset value of 65c.

Goldberg said that virtually the same consortium had recently acquired control of Manserv, with some subsidiaries which had "a poor history of profits."

This ingestion into Cashworth's would "reduce the nett asset value of Cashworth's shares considerably."

Goldberg said the Shareholders Association had asked the JSE to "use whatever influence they could to create a voting situation" that would give minorities in Cashworths an opportunity to decide what would happen.

Without "the splendid intervention of the JSE" and the co-operation of the Cashworths board, the meeting would have been a mere formality.

Goldberg said that minority shareholders adamantly opposed to the deal should fill in their proxies "against". Others should give him a blank proxy vote to enable him to "possibly negotiate a better deal for shareholders."

He will be available on weekdays between 11am and 12.30 pm at 45 1240.

Star 28/12/89 (30).

Festive season spending was down

By Helen Grange

Major stores countrywide did a roaring Christmas trade last week, but sales over the whole festive season were not exceptional.

In some cases, stores just passed break-even point, profiting by only a few percent, managers said yesterday.

Mild returns — in most cases expected — have been put down to soaring inflation and interest rates over the last year. Shoppers have reacted to smaller budgets by purchasing lower-priced items than in the past.

Said Mr Jannie Els, chief executive of Dion Stores: "Our sales were slightly below what we expected, but it was a satisfactory Christmas considering the high interest rates. Last Christmas we had a real growth of eight or nine percent. This year we just broke even, perhaps profiting by one or two percent.

"If it wasn't for the surge of shoppers in the last week before Christmas, it might have been disastrous."

Sales at Hypermarket Pick 'n Pay were "satisfactory" but not as successful as last Christmas, according to managing director Mr Hugh Herman.

"We had a bumper Christmas last year, but pockets have shrunk since. When times are bad, people leave Christmas shopping to the last minute — so the last week has been very busy indeed.

"Sales over the past few weeks have been higher in percentage terms than overall sales for the year," said Mr Herman.

"We had a good Christmas, although not as good as last year," said Mr Fred Haupt, managing director of Edgars stores.

"The fact that school holidays were slightly late this year also affected early purchasing," he said.

Checkers supermarket stores did slightly better than expected, according to managing director Mr Sergio Martinengo. "It may be a little early to celebrate successes though. We still have a week to go and I suspect sales will slow down over the New Year period."

B|Day 29/12/89. (30)

Retailers agree: It was a very happy Christmas

TANIA LEVY

EXTENDED shopping hours boosted this year's Christmas sales way past most retailers' expectations.

Eastgate shopping centre manager Dave Kavanagh said late-night and Sunday shopping had been largely responsible for stores in the centre experiencing a 20% to 35% increase in sales compared with last year's Christmas period.

He said more than 250 000 shoppers flocked to Eastgate on Friday, Saturday and Sunday of the Christmas weekend.

The number of people who visited Eastgate in the pre-Christmas period this year rose by 30%, with about two-million shoppers visiting the centre in December alone.

Dions CE Jannie Els said the late closure of schools had reduced the Christmas sales period to a week.

He said sales — particularly of large ticket items — had only kicked off last Monday. Until then TV sales, for example, were predicted to drop 25%, but eventually matched last year's figures.

Drop Inn Discount Liquors GM Sam Berk said the chain, which includes Benny Goldberg's, expected to beat budgets after being taken by surprise by the volume of sales over Christmas.

Sales in the week before Christmas increased 30% in real terms compared with the year before. December's figures were expected to be up 20%.

Although Benny Goldberg's in Johannesburg experienced brisk business, the most impressive swell in trade was experienced at the 17 Drop Inn stores in the Cape. Sales were still soaring this week, Berk said.

Checkers MD Sergio Martinengo said Christmas sales had surpassed expectations.

Sales soar

More than R100m was spent at Checkers stores in the week before Christmas, an 8% increase in real terms over the previous year, he said. Sales growth for December as a whole was expected to be about 14%.

Westgate centre manager Dave Treleven said sales in the centre over the Christmas period were up 23% on December 1988. Real growth was about 7%.

Treleven said about 1,5-million people were expected visit Westgate in December. He agreed longer shopping hours had a positive impact.

Pick'n Pay GM Hugh Herman said shopping patterns showed the definite appeal of later hours and weekend shopping.

Trade in the week before Christmas had been very strong and overall sales better than the previous Christmas.

He could not give exact figures but said the percentage growth in sales over Christmas this year was higher than the average percentage growth over the year as a whole.

Woolworths operations director Simon Susman said the store experienced a satisfactory Christmas with all departments trading well. He declined to give further details.

Varsity Sports manager Issy Naransky said sales at all branches had been good.

He said shoppers had been more discerning than in previous years.

No comment was available from CNA, Morkels, OK and Joshua Doore.

Retailers got a full stocking

Cape Times 30/12/89

30

Shopowners claim that although Christmas trade has generally been the best ever, the prevailing economic situation has altered traditional Christmas shopping trends with many people opting for useful quality products rather than expensive luxury goods. MARIUS BOSCH reports on sales and trends.

EARLY indications from most Cape Town retailers reflect an increase estimated in the region of 20% on 1988 Christmas season sales. This is again ascribed to the influx of up-country visitors to the Mother City.

Assocom has put sales over the festive season at R12,5 billion which is a 13% rise on last year's sales.

Brackenfell Hypermarket manager Steve Macdonald said one of the strongest trends he had noticed during this year's trading was an increasing swing to clothing being given as gifts.

However, Pick 'n Pay general manager Raymond Murray said there had been "a definite decline in the sale of luxury food articles".

"In many cases the increase in interest rates had tightened the belt of the consumer," Murray said.

Macdonald explained: "Clothing has become an essential item, and unlike previous seasons people selected useful items. In the past clothing was seldom bought as gifts except for the odd hanky or tie." He added that toys, as is traditionally the case, also constituted a big part of his sales.

Macdonald pointed out that the Christmas rush started much later this year, due to the late arrival of up-country visitors to Cape Town. This was caused by the shortened Transvaal school vacations.

Another trend was that people "were swinging to do-it-yourself and fixing their homes themselves", said Gardens hardware store manager Martin van der Riet.

He added that his store's sales shot up by 30-35% compared to sales in the same period last year.

Pick 'n Pay's Murray says the recently announced extended trading hours had "without doubt" caused the South African consumers to become much like their European and American counterparts in that the company had seen an increase in weekend shopping.

The demand for compact disc players in the R1 000 and above price range constituted about 90% of his trade, said Peter Callow, manager of a specialist hi-fi shop.

In the week before Christmas he had sold 25 CD players, but sales of other sound equipment were no better than last December, Callow said.

Macdonald noticed the same trend: "This year we did not have the expected boom in hi-fi equipment. At best sales were on a par with last year."

Many retailers said credit cards sales were flourishing. First National Bank general manager Jimmy McKenzie confirmed this.

Pick 'n Pay general manager, foods, Alan Baxter, told Top of the Times that preliminary figures showed a 22% increase in the giant retailer's sales compared to last year.

Expectations

The company saw a general increase in sales since September, Baxter said, adding that consumers seemed "to have a little more confidence in the economy".

Garlicks general manager Graham Jones said Christmas sales in some of his departments had exceeded the company's expectations.

"We are happy with our trading, at this stage it appears as if we are double figures up on trading last year."

Gardens jewellery shop owner Lynn Lichtenstein tells a different story. She is convinced that the current economic situation had affected her business. Sales did not show the expected surge and were roughly on par with last year's results.

Unlike the majority of shopowners she believes that her disappointing results could be due to a decline in the number of up-country visitors in the Cape this year.

She points out that last year's floods in Natal had caused thousands of holidaymakers to cancel their traditional South Coast holidays and to head for the Cape instead.

Business Report

Blacks to hold '80% of income' in SA

Cape Times 20/12/89 30

From FIONA FOURIE

JOHANNESBURG. — Blacks will hold 80% of the disposable income in SA by the turn of the century, according to the latest edition of Black Enterprise.

It says according to estimates based on a Central Statistical Services (CSS) report 84,1% of the economically active population would be black by that time.

Co-ordinating this potential economic power is the recently-formed Foundation for African Business and Consumer Services (Fabcos) which seeks to pool black manpower and resources.

It has a total membership of approximately 1,2 million people.

The South African Black Taxi Association (Sabta) is one of the principal members of this organisation which also consists of hawkers, taverners, traders and professionals.

This is the factor which lifts Fabcos from the ranks of other black business associations with the same pupose, according to the magazine.

The report says Fabcos was created from the belief that political power is meaningless without economic power to back it up.

Fabcos is seeking to unite "disparate groups" among black businessmen against the obstacles of "historical corporate interests of neo-colonial wealth and self-interest" the article said.

The informal sector accounts for 30% of the GNP and the great majority of Fabcos membership.

Between 3,5 and 4 million jobs were presently provided by the informal sector, according to recent estimates by the Small Business Development Corporation.

Harnessing this power could pave the way for "a wave of black economic empowerment", the article said.

The concept of the Black Rand was "crucial to Fabcos' success".

This refers to the policy of encouraging blacks to buy from blacks, instead of continuing their reliance on white banks, retailers and professionals.

This concept could be extended to "the principle that the rand must be made to go further".

For instance Sabta members owned shares in their own service stations and taverners in their own liquor depots.

A survey by the Bureau for Economic Research at Stellenbosch University indicates blacks have sensed an imminent change in their economic fortunes and are considerably more optimistic than whites that the SA economy will improve next year.

Whites anticpate a no-change situation in the economy, or even a deterioration, according to the survey carried in full in Black Enterprise.

The income of blacks grew by 20% between 1973 and 1985 while white income grew by only 15%, the CSS report showed.

Projections of this figure indicated a 50% earnings growth for blacks between 1986 and 2000 against 10% for whites.

Black Enterprise says political trends such as the repeal of influx control are "also playing a part" in bringing blacks into the mainstream of the economy.

Star 31/12/89 30

FML heads for R300m in 1990

By Robyn Chalmers

FULL maintenance leasing sales could exceed R300-million in 1990, says Fleetlease Contracts managing director David Owens.

Mr Owens says there has been a rapid growth in the FML market.

"At the beginning of this decade FML was a terminology which occasionally drifted across from abroad.

Iceberg

"In the mid-1980s FML emerged in SA. The market grew quickly and sales this year came close to the total for the preceding nine years."

He believes that growth so far has been only the tip of the iceberg which will become increasingly visible in the Nineties. By the middle of the decade, annual FML business could exceed R1,2-billion.

However, Mr Owens warns fleet owners against a trend developing in FML. He says many owners are considering the leasing of a used vehicle or a secondary lease of a fleet car.

The problems associated with this trend include two- or three-year-old vehicles being offered at higher prices than new ones, higher maintenance costs and demotivation of staff.

"Rising vehicle costs and, at times, poor availability are factors promoting this trend. Any agreement which allows the depreciation curve to level off more slowly should have financial merit.

"This is particularly so if the vehicle life can be extended to facilitate its sale in the wider but lower-priced five-to-seven-year-old market."

Protected

Mr Owens warns that the used-vehicle option poses potential problems which have not been considered by some parties offering such a service.

For example, some advertisements offer two-to-three-year-old vehicles for a further lease at higher prices than reputable suppliers can provide a new vehicle.

"The customer must also ensure that he is adequately protected from higher costs of mainenance and the less tangible but vital cost of vehicle downtime because of more frequent repairs."

Mr Owens says companies considering the savings to be had in leasing a used vehicle should obtain comparative prices from a reputable supplier of new cars or trucks.

Busaf on the move

BUSAF Letaba, the largest manufacturing facility in Gazankulu, has opened a production line to build cabs for Komatsu heavy earthmoving machinery.

The line will produce cabs and sheet-metal components mainly for wheel loaders, graders, excavators, dump trucks and bulldozers. It will help Komatsu to increase its local content.

Busaf Letaba was the first factory to move to the Nkowakowa industrial township about 14km from Tzaneen. Since it was opened in 1972, it has supplied more than 4 900 buses to customers from northern Namibia to Zululand and from the Zimbabwean border to Cape Town.

Star 31/12/89

The factory is to deliver its 5 000th bus to Gazankulu Transport in February.

30

Shake-out ahead

Business Times Reporter

THE long-awaited shake-out in the men's clothing retailers field is on the way.

That is the belief of Danny Kahn, chief executive of the JSE-listed Romens clothing chain.

The sector has attracted warnings of severe overtrading for some years and profit margins are traditionally high.

But a combination of higher interest rates and increased prices from manufacturers will force some small and less-efficient operations to close.

"This will not necessarily be a bad thing for the ordinary man," says Mr Kahn. "It could bring down the inflated margins in an inefficient and overtraded industry.

"Instead of greater competition bringing down prices, many smaller operators have been forced to lift their prices in a desperate effort to keep afloat."

Mr Kahn says it is common for many retailers to add between 120% and 140% to ex-factory prices.

"The survivors will be the more efficient and competitive operators and I see margins falling to a more realistic 60% to 70%."

He backs a call by the chairman of the Cape Clothing Manufacturers Association, Simon Jocum, for manufacturers and retailers to reduce prices next year.

The 13-store Romens chain claims to be SA's biggest retailer of suits and shirts.

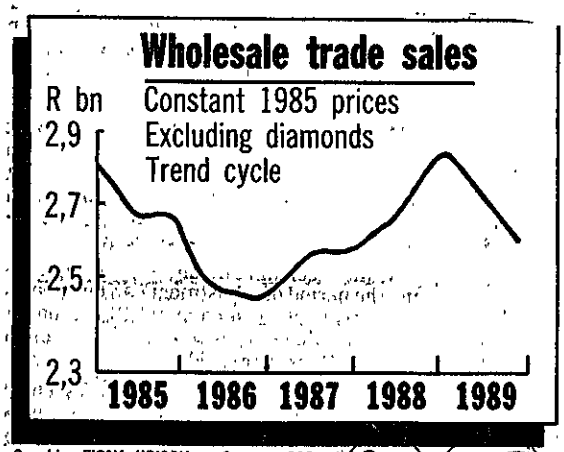
High turnover and low prices are a key part of the group's drive to expand its market, which last year took 40 000 suits and 80 000 shirts from Romens.

"Ours is a volume business. With intensified marketing and promotion we expect to sell at least 60 000 suits and 120 000 shirts next year."

COMMERCE — GENERAL

1990

JANUARY — MARCH



Graphic: FIONA KRISCH Source: CSS (30)

Wholesale trade sales, expected to reach R9,2bn in November, will show a 6,9% fall in real terms on last November in the face of economic slowdown and inventory depletion. B/Day 3/1/90.

According to the Central Statistical Service, wholesalers expect trade sales, at current prices and with diamonds excluded, to be R8,1bn, up 9,6% on last November's R8bn.

Seasonally adjusted November sales, excluding diamonds, show no growth in real terms on October, but are 0,8% higher at current prices. Statistics show that real sales for the three months to October fell 1,7% from the previous three months.

Investor confidence maintains Clicks' JSE momentum

ANALYSIS: STEPHEN RICHTER

CLICKS Stores recorded a new 1989 high on the JSE recently which indicated that investors expected the retail chain to produce satisfactory figures for the year to end-February.

Clicks share price continues to gain momentum and is significantly above the February low of 580c.

The recent price action of the share suggested investors were confident Clicks experienced a reasonable holiday trading period.

Management indicated that although activity for most of December was below expectation, a sudden thrust towards the end of the month helped boost turnover figures.

Consequently, Clicks has achieved sales growth of 29% for the first 10 months of the current financial year.

MD Trevor Honneysett said trading activity during the holiday period in Natal and Transvaal was satisfactory.

(30)

B/Day 3/11/90

Good position

However, it was disappointing in the Western Cape.

The December holiday period is the major unknown factor that retailers traditionally have to contend with. With high interest rates and the accompanying economic slowdown, retailers had to adopt a cautious attitude in determining stock levels for the holidays.

But Clicks is in an enviable position as the group has traditionally stocked a wide variety of basic items which can be classified as necessities rather than luxuries.

It stocks no items which require refrigeration and sells strictly on a cash basis.

With this philosophy translating into lower prices at the tills, Clicks is gaining wider acceptance in the marketplace.

The group has aggressively expanded the number of outlets during the past year and there are currently 100 Clicks and 33 Diskom branches in operation.

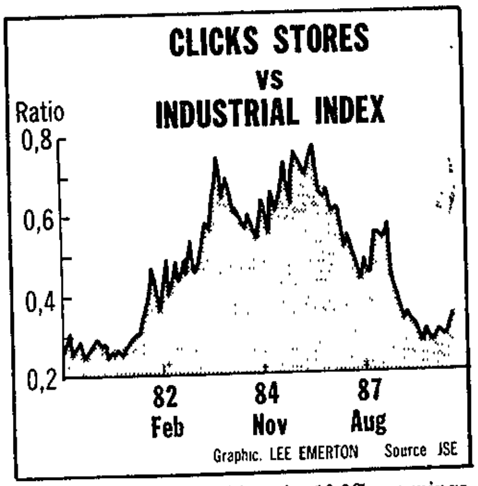
This represents an increase of 25% or 27 stores from the number of outlets in operation at end February, 1989.

By comparison, the group has opened an average of only 10 stores a year during the past four years.

This bodes well for the future as Clicks enters new markets and gains increasing exposure within the marketplace. Many retailers are hesitant to open new outlets because of the high start-up costs and financing charges. It is possible that Clicks could wrestle market share away from the other retailers.

It appears that turnover could reach R420m for the current financial year, accompanied by EPS of 85c. Assuming dividend cover of 2,35 times earnings, that translates into a forward earnings and dividend yield of 9,7% and 4,1% respectively based on a price of 875c.

At first glance, Clicks appears fairly valued compared with the average industrial share which trades on an historic 10,6% earnings yield and dividend yield of 3,5%. But Clicks would appear to offer superior growth potential compared with most industrial counters.


CLICKS STORES VS INDUSTRIAL INDEX

Graphic. LEE EMERTON Source JSE

To further support the view that the share could out-perform the average industrial counter during the next few years, one must look at the accompanying relative strength chart of Clicks compared with the JSE industrial index.

Although the relative strength ratio remains bearish, this indicator has now fallen to levels which existed at the beginning of the decade. If this ratio can hold current levels and reverse direction, then it is possible that Clicks could out-perform the average industrial share through 1994.

More retailers prepare to move in on financial services sector

CHARLOTTE MATHEWS

THE international retail trade is wooing a more sophisticated market by offering a varied range of services including financial services, according to an article in the latest issue of the Nixdorf magazine Dialog. (30)

The dividing line between trade and financial sectors has become less distinct as both sectors attempt to expand their customer base, attracted by unused cash in the savings accounts of the average citizen.

The article quotes the example of Sears Roebuck & Co, one of the leading department stores in America. The store offers loans, insurance policies and even bonds, and derives half of its turnover from these services.

The article quotes management consultant Volker Dolle who identifies three phases in the service development of a trading company.

The first phase is to identify target markets for self-service goods and offer mail order facilities in a store.

The second phase is to develop a satellite market system, the division of self-service department stores into merchandise category modules and collation of information at the central shop. BDay 4/11/90

The third phase is to offer information to customers showing the location of departments and articles to prevent customers from wasting time searching rather than buying.

The next step, according to Dolle, is electronic shopping.

A system introduced by West German retailer Massa allows the customer to select and compare items and services at a customer service centre (CSC) at the push of a button and by entering their address they can items delivered to their homes.

Consumers will dictate hours

30

SYLVIA DU PLESSIS and CHARLOTTE MATHEWS

RETAILERS considering an extension of their trading hours would allow themselves to be persuaded by consumer demand, spokesmen from some of the larger chains said yesterday.

While many took advantage in December of government's decision to allow extended trading hours during the week and on Saturdays, those contacted said they had no immediate plans to maintain those hours.

Checkers MD Sergio Martinengo said: "Our trading hours are already pretty long, but if we find the need to extend them in certain areas, such as Hillbrow, we'll certainly do it. It depends on what consumers want," he said.

"Extended hours would entail a big increase in overheads, including overtime pay and slightly higher shrinkage due to less control."

Pick 'n Pay food merchandise director Sean Summers said the group had no fixed policy regarding shopping hours. It varied from region to region.

Clicks operations director Ben le Roux said 85% of stores had extended trading hours on Saturdays and Sundays. Some stores had rejected the idea.

Le Roux said stores were manned during extra hours by casual staff with a minimum of supervision from permanent management.

Dial-a-Movie chairman Brian Cunningham said the change in regulation was not likely to have any affect on video outlets, most of which had rental rights for Sundays and traded late seven days a week.

B/Day 4/1/90

However, the group's Top Tec electronics chain had a "superb" December, showing a 47% increase in sales, half of which could probably be attributed to later trading hours, he said.

‘Double’ Christmas great, but now caution prevails

㉚ B/Day 5/1/90

SYLVIA DU PLESSIS

SA WHOLESALERS celebrated a "double" Christmas after better-than-expected retail trade sales, but some of the major players in the industry — hit hard by tighter economic conditions — were treading cautiously into the new year.

Metro marketing director Andrew Reitzer said yesterday the wholesale giant usually experienced Christmas fever in October and November, when retailers filled their trollies for the festive season shopping spree.

“Sales during this period were good, but December — usually a fill-in month for retailers — was outstanding and definitely above expectations due to their restocking,” he said. He would not disclose figures.

“However, 1989 generally was not a brilliant year. Sales were hard to come by, and we had to fight hard to maintain market share in the face of the economic slowdown.

“Our attitude is one of caution. We’re not going into a recession, but more of a slowdown. So while we’re not going overboard, we are also not expecting the bottom to drop out of the market.”

Shield trade marketing director Bill Snyders said December sales were well ahead on the corresponding period in 1988 — in some instances by as much as 45% — after October and November sales which improved between 40% and 45%.

“December sales were generally better than expected, particularly on basic food items. However, an inability to deliver goods during this period affected sales in certain areas. This was mainly due to the Sats strike and major manufacturers being out of stock.”

According to Snyders, the “double” Christmas could be attributed to small retailers having to restock because of increased consumer demand.

“Our wholesaler outlets also offered highly competitive prices across-the-board, thus encouraging retailers to buy in additional stock.”

Snyders did not believe sales in the industry had peaked because of deregulation or because more informal traders were entering the market.

“The first quarter of 1989 was extremely tough, but during the latter half of the year sales were generally very good. We are entering 1990 with confidence and are optimistic that our business will grow despite the expected slowdown in the economy.

“But the general mood in the industry remains one of caution, due mainly to high interest rates and labour unrest, which we believe will impact more and more on the bottom line.”

No comment was available from Makro or Trador Cash and Carry.

yond 1990

MIDAS FM 5/1/90 (30)

After Von Loeper

The little-publicised resignation of Georg von Loeper as CEO of automotive parts distributor Midas has deepened the slump in the share. FM 5/1/90 (30)

In early October, Midas reported only 5,3% EPS growth in its half-year to end-August after 27% higher operating profit was decimated by a 469% increase in interest charges. This compared with EPS increases of 94% and 76% in the previous two full years. Within a week, the share dropped from 1 400c, on a yield of 2,5%, to 1 200c. By the time Von Loeper's resignation was announced on December 7, it had declined to 825c; it now trades at 630c, yielding 5,6%.

The results apparently did not contribute to Von Loeper's decision, which he says was motivated by a desire to adopt a less pressured lifestyle and spend more time with his family. He has bought a wine farm in the Cape but will continue living in Johannesburg. He says he plans to build up a Midas franchise he owns in Blackheath and acquire a few more Midas franchises. He does not envisage building a large business but says time may change his mind.

Von Loeper, 47, says he had worked for Midas for 20 "happy, powerful" years, seven of them as CEO, in which a strong team had been built, "but sometime there has to be an end."

Midas's Von Loeper . . . changing direction

He says there was no division with his superiors. He gave short notice to allow Sarel de Vos, his deputy for the past five years, to take over as acting CEO without delay. Midas financial director Graham Walker affirms that Von Loeper's resignation was for personal reasons only and asserts that the team he left behind will produce a strong follow-up.

Walker believes the share has declined primarily because the replacement parts industry was becalmed last year. He says in late-1988 forex rationing was expected and retailers raised stocks considerably. Higher interest rates in early 1989 prompted them to destock, resulting in lower demand for Midas.

Worsening the situation, sales of parts have been quiet, though it was expected they

FM 5/1/90 (30)

would rise as high interest rates curbed new car purchases and the age of the national fleet rose. Walker believes white car-owners have been squeezed to the limit by mortgage increases, and are delaying inessential car repairs. This may continue well into 1990, beyond Midas's February year-end.

Midas, and Von Loeper, were darlings of institutional investors. Large volumes traded in late 1989 suggest they have been selling Midas, though there are no overt indications of disintegration of its management and its industry appears essentially sound.

At half-year, Midas forecast that its EPS would grow this year. If that forecast is fulfilled, the increase will again be undramatic. Though the share has dropped to an attractive yield, investors are likely to wait for full-year results. *Teigue Payne*

B/Day 5/1/90 ③⓪ ~~188~~

Cecil Nurse leaves Furntech's stable for Central Office Furnishers

CHARLOTTE MATHEWS

CECIL NURSE, an office furniture retailer until recently in the Furntech stable, has been bought by independent furniture retailer Central Office Furnishers for an unspecified amount, with effect from January 1.

Central Office Furnishers' financial director Alan Golombick said yesterday the purchase price had not been finalised because it was based on the net asset value of the company.

Cecil Nurse was a subsidiary of Western Transvaal Industries (WTI), which was the 100%-owned operating subsidiary of JSE-listed Furntech.

In November Furntech announced the sale of WTI to Macsteel, which resulted in Furntech becoming a cash shell.

The Furntech directors commented in the interim results released at the same time as the announcement that the profitability of the office furniture retail division — Cecil Nurse, Krost Office Furniture, Furnsteel, Huski and Kof Desking Systems — had been adversely affected by more difficult than anticipated market conditions.

The purchase price for WTI depended on the audited NAV of the company at December 31 and the purchase price for Cecil Nurse would therefore be established at the same time.

Golombick emphasised that Central Office Furnishers' purchase of Cecil Nurse depended on the ratification of the deal between Furntech and Macsteel, which required the approval of the JSE and Furntech shareholders.

Golombick said no changes in Cecil Nurse were envisaged at this stage and the two companies would continue to operate as competitors in the office furniture retailing field.

"There are some synergies, but we are still assessing them," he said.

Consumer spending heads for 'soft landing'

Star 6/1/90

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OUTLOOK 90

MARTINE HICKMAN
Industrial analyst,
Max Pollak & Freemantle

EXPECTATIONS for retailing at the beginning of 1989 were bleak. Spiralling interest and inflation rates threatened to depress discretionary income and forecasts for the rise in private consumption expenditure averaged between nil and one percent.

Despite the increase in bond rates during the year and real interest rates rising from 4,7 percent to an estimated 6,5 percent by the end of the year, retail sales at the end of November had risen by 3,2 percent in constant terms over the comparable 11 months of the previous year.

Private consumption expenditure declined from a growth rate of 4,9 percent for 1988 to an average of 3,6 percent for the first three quarters of 1989. This was well ahead of expectations.

Although Christmas sales figures have still to be issued, the general impression appears to be that sales rose on average between 16 and 20 percent compared with Christmas 1988.

It was noted that consumers tended to buy goods which offered value, with more expensive items moving more slowly than in previous years.

The strongest growth area was in semi-durables, expecially in clothing, footwear and textiles. (Statistics are available only for the first nine months to September).

In real terms, footwear sales rose by a staggering 10 percent, with women's and babies' clothing and textiles showing similar increases.

Private consumption expenditure on non-durables is relatively non-cyclical.

Food sales, the largest component, rose by three percent for the nine months to end-September.

With the higher HP rates and the spiralling of prices as a result of the introduction of import surcharges in August 1988, sales of durables were vulnerable in 1989. Hardest hit were sales of appliances and audio equipment, showing a decline in real terms.

In the latter half of the Eighties, retailing became highly specialised. Those stores which became more focused in their approach benefited.

A few years ago price ranked as the main criterion when considering where to shop. With more women working (more than 40 percent in PWV area), time has become more of a constraint.

In addition, factors such as convenience, extended shopping hours, service, variety, health and environment have increased in importance for people choosing where to shop.

Chain stores are changing their image, concentrating on a "shop-within-a shop" format, whereby shopping becomes an "outing" or an "experience."

To help retailers maintain a highly specialised approach, good systems have become essential. In the Eighties more and more retailers invested money in this area.

Retail technology is not as widely implemented in South Africa as in the United States, but local retailers have the advantage of using systems which have been tried and tested in stores overseas.

Among the many systems now being implemented by retailers are scanning, the computerisation of in-store functions, such as receiving, ordering and labour scheduling, and the emergence of integrated systems for merchandising and re-ordering.

Looking to the 1990s, we believe South Africa will have real interest rates for some time and that until there is a decline the nominal rate of inflation will remain above 20 percent.

This is likely to dampen growth in spending. Our view is that private consumption expenditure is headed for a "soft landing" as opposed to a recession in 1990.

This is supported by three factors.

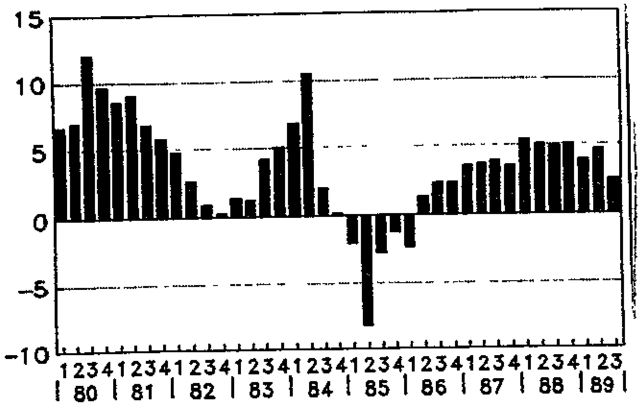
Firstly, levels of consumer confidence are now higher than they were before the recession of 1984-85. This is to some extent a result of the reformists nature of the De Klerk government, which could lead to a softening of approach towards South Africa by the international community.

Secondly, the economic clout of the informal sector continues to grow. Although estimates of its size vary, latest studies suggest it contributes as much as 30 percent towards GNP.

Lastly, unionisation appears to be still gaining momentum, with the rise in wages in the past year averaging 17,4 percent.

Earnings a worker have been increasing in real terms since the fourth quarter of 1987 and are expected to continue to improve.

Based on these factors, we forecast real growth of 2,5 percent in private consumption expenditure for 1989, dropping to 0,3 percent in 1990.



SPENDING: Private comsumption spending (annual percentage change).

Everyone's Guide to CCs

S/Times ㉚ 7/1/90

Business Times Reporter

THE introduction of close corporations — a South African concept — has revolutionised emergent business.

Until 1985 the options for entrepreneurs who planned to go into business were simple: they either traded on their own account — as a sole trader or in partnership — or through a private company.

Then came the close corporation (CC) which sits as a type of halfway house between the trader on his own account and a private company. Thousands have been registered since the legislation was introduced on January 2, 1985.

Business Times, in association with auditing firm Deloitte Haskins & Sells, has published Everyone's Guide to Close Corporations in an attempt to meet demand for information about CCs.

The CC was designed to make it easier for individuals to go into business. There is almost no formality and basically the individual is the business.

With a company there is a total division between the business, which is owned by the company, and the company itself, which is owned by the shareholders.

The legal rights of a company and its shareholders are complex, and the Companies Act is a massive tome.

The CC has a separate legal existence, like a company, but the formalities have been reduced considerably. There are other important differences.

A company may not, for instance, lend money to a shareholder to buy his shares in the company. But a CC may lend money to a member for the purchase of his interest in the CC. However, if a member repays the loan by working for the CC the capital receipt becomes a revenue receipt subject to full income tax.

These and other considerations in the formation of a CC are covered fully in Everyone's Guide to Close Corproations.

The 134-page book costs R15, including postage and GST.

Orders, with payment made out to Everyone's Guide to Close Corporations, should be sent to Private Bag X3, Benmore 2010.

residents toyi-toyi in the streets after police teargassed a meeting held in solidarity with Death Row prisoners.

did not commit, he spent 18 months on Death Row before being released after the urt upheld his appeal against the convic-

han 100 years ago our ancestors moved to from Stutterheim.

the Ciskei became independent, we were llage to say no to Ciskei incorporation. asked us to vote for him, we refused and ople who wanted to co-operate with the the village."

Mambukwe explained the community also refused to have the headman system introduced.

"The residents were scared they would have additional taxes and we wanted democratic structures, so we formed a residents' association instead," he said.

When a nationwide consumer boycott was launched to protest against the Labour Relations Amendment Act in September last year, Kubusie and other villages and townships around Stutterheim followed the call.

Residents formed the Stutterheim Co-ordinating Committee.

SCC executive member Fezile Siziba said a group of community leaders met Stutterheim business owners and the municipality, and handed them a list of national and local demands.

"Included in the local demands were an end to the harassment of residents, the scrapping of the system whereby we have to pay for the use of grazing land, the upgrading of the communities, the re-instatement of workers retrenched during the stay-away over the elections, an improvement in health services and the scrapping of rent increases."

Stutterheim Co-ordinating Committee executive member Fezile Siziba. ■ Pics: PETER AUF DER HEYDE

Residents in the village and Mlungisi township held meetings to discuss the problems in November after local demands were not met.

"We decided to start another consumer boycott until the municipality met our demands, which are very reasonable," said SCC executive member Yongana Gxowa.

The Stutterheim community started a consumer boycott of white businesses on November 15.

According to Gxowa, the boycott was nearly 100 percent successful from the start as all the residents supported it.

"The conditions in which all the residents are living are appalling, therefore it affects everybody."

Residents claim the success of the boycott has led to an increase in police harassment.

"A meeting held in Kubusie on Christmas Day in solidarity with Death Row prisoners was broken up by police firing teargas," one resident said.

Police also took Mambukwe away for questioning, but released him shortly afterwards.

"Some of the youth congress members have been arrested on a charge of murder and are sitting in jail. We believe their being sentenced for a murder they did not commit is another form of intimidation," one resident said.

Residents said they decided to defend themselves against police action.

Trenches have been dug and throughout the village burnt tyres and barricades showed how residents tried to keep police out of the area.

The white community has been thrown into disarray over the boycott. Some are frightened, others angry, while others blame the municipality.

Some businessmen have had to close shop after a drastic drop in turnover.

The manager of Pep Stores said her turnover had only been one quarter of the normal Christmas season, but she had not yet been forced to retrench staff.

The manager of a furniture shop, who asked not to named, said it was "high time the problems are sorted out".

"I am not badly affected. The wages here are so low few blacks can afford to buy new furniture. But if I was black, I would also boycott," he said.

He added that many of his fellow whites in Stutterheim are "still living in the old days".

"They think they can still tell the black man what they want to. This should no longer be the case, but it is happening here in Stutterheim.

"As far as I am concerned, the municipality has caused this problem and they need to solve it. When I was approached by the municipality for a donation for shops threatened with closure, I refused because they are to blame."

The assistant manageress at the clothing store said her shop had also been badly affected.

"We have not yet retrenched workers, but they have had a drastic cut in working hours. Something needs to be done."

She started crying as she said there seems to be no way white people in Stutterheim can "get through to township residents".

Some whites in the town are blaming the church for the boycott and say the Anglican bishop of Grahamstown, Bishop David Russell, is the instigator.

The chancellor of the Grahamstown Cathedral dismissed the allegations and said Russell's involvement was in line with the church's concern for those suffering.

Rumours have also started that houses are to be burnt, after a house in the town burnt down.

Police have not yet established if arson was the cause.

Town clerk Jimmy Joubert said he had not been present at any of the meetings between the community and the municipality and the only person able to speak on the matter, the mayor, was on holiday.

The acting police liaison officer for the Border Region, Lt Dot van Der Wyfer, confirmed Mabukwe had been held for questioning and teargas had been fired at different times in Kubusie.

At the moment there seems to be no solution to the problems facing white business people and the black community.

COUNTRY TOWN MAY DROP RACE BAR

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By MEGAN POWER

RUSTIC Dundee may soon become the first northern Natal town to open its central business district to all races and establish a free settlement area.

Acting town clerk Mr Arnold Van Wyk confirmed that a request from the Northern Natal Chamber of Commerce and Industry to open the CBD and look into the establishment of an open residential area had been placed on the council's agenda and would be discussed at the end of the month.

"I don't foresee any problems," he said.

At the end of last year the chamber canvassed businessmen operating in the town's main streets, most of whom are Indian or white, on the proposals.

S/Times 7/1/90

Suitable

Said the president of the chamber, Mr Dave Durham: "We surveyed just under 150 people. Over 90 percent supported an open CBD and 88 percent supported an open residential area."

"The council has been involved in setting up a complete town plan. They've asked their planners to look for an area for free settlement but they haven't decided on it yet.

"We recommended that the area between Glencoe and Dundee was suitable for an open area. For some time now these two municipalities have been discussing ways of amalgamating," he said.

"There are some people who have expressed some very conservative views. Those who objected did so on the grounds of cultural differences," Mr Durham said.

A sting in apartheid's tail for black traders

(30) S/Times 7/11/90

by Kerry Swift

who has been a consultant to a major wholesale group for the past 10 years

THERE may be a few nasty and unexpected shocks in store for South Africans when the last pillars of apartheid finally crumble, and not all of them are going to be on the white side of the fence either.

Potentially one of the biggest shocks — measuring high on the Reform Scale — is the profound effect the removal of the Group Areas Act threatens to have on small black traders.

In a nutshell, the day the State President puts his pen to the piece of paper removing group areas from our lives he could also be signing away the independent black retailers of South Africa and wiping out at a stroke a large proportion of the much-vaunted black middle class.

Exaggerated? Perhaps. But consider the evidence.

There are about 75 000 independent retailers scattered in towns, townships and trading stores from Francistown to Fish Hoek of whom almost 70 percent are black — and exceedingly comfortable, thank you very much. Between them they spend an estimated R12-billion on goods each year. Working on a conservative profit margin of 33 percent, that accounts for R16-billion in turnover a year and a tidy R4-billion in pre-tax income.

But these are only the retailers we know of. There are also an estimated 980 000 hawkers and informal, or spaza, traders who together account for a further R4-billion to R8-billion in turnover a year, depending on which source you base your statistics. The vast majority of these traders are black.

Irony

More than R24-billion flows through the hands of independent and informal traders each year. Roughly half that amount is generated by black shopkeepers and R12-billion a year is not small potatoes in anyone's book, particularly as the Receiver is unlikely to get his full share of the loot.

There is no doubt that a thriving black middle class of merchants is emerging in South Africa from beneath the apartheid blanket, but as the last vestiges of apartheid are threatened, so is the black middle class, the majority of which are retailers who have never experienced the cut and thrust of real competition.

The irony is that they have been protected from competition by legislation such as the Group Areas Act. In short, the capital-intensive, highly skilled and aggressive white-owned retail chains which dominate the rest of the retail sector have been kept out of black areas. In this sense apartheid has created a shield around black retailers which has kept the real competition at bay.

For their part, the big chain stores are eagerly awaiting the golden moment when the Group Areas Act is consigned to the scrapheap. The white retail market is over-traded and expansion into South Africa's neighbouring states is blunted by ideological barriers and logistical constraints. The black domestic market is thus the natural target of the retail giants and given the opportunity the "Big Four" — Checkers, OK Bazaars, Pick 'n Pay and Spar — will be in like the proverbial Flynn.

When you talk frankly to independent black retailers about their prospects in the coming decade, liberal preoccupations with the abolition of group areas receive less than enthusiastic support. They're all for the abolition of apartheid of course, but life without the Group Areas Act promises to be nasty, brutish and short, to paraphrase Edmund Burke. The prospect of real competition from the retail giants at source is not a subject the small guys in the townships like to talk about openly.

Behind the scenes, however, it is the topic of fierce debate and considerable concern.

They argue that for years black traders were denied access to capital and high-density shopping areas in the cities. They were restricted to the economic wilderness of the townships without even electricity to run their tills. They became small corner grocers not through choice, but because they had no other option.

Most remained small, unsophisticated and unprofessional because they had no option, because they were victims of apartheid. And all the while, they say, the fat cats got fatter and more powerful until they dominated the retail market, making it impossible for black entrepreneurs to compete on equal terms.

It would be a great sadness if independent black retailers were to fall victim to the Group Areas Act for a second time.

Opportunities

There may indeed be a case for protection once the legislation goes, but it is unlikely to find support from a white government committed to deregulation and free enterprise after 40 odd years of regulation and ethnic socialism.

And while it is undoubtedly true that black retailers have been victims of apartheid and that some were disadvantaged by the Group Areas Act, it is also true that they have had ample time and opportunity to get their act together. At least one major wholesaler offers comprehensive in-store training for independents and voluntary membership of retail franchises which give the small guys all the benefits of bulk buying, advertising and promotions, but to date a paltry 1 000 stores have taken that route.

The reason is simple The vast majority of black retailers cannot meet the minimum criteria laid down for membership of these franchise chains: their operating standards are simply too low to qualify. In many cases it is not apartheid that has held them back, it is apartheid that has allowed them to survive. In the face of competition they would not have lasted a week.

Negotiate

It would seem that a large number of these retailers — starved of any serious competition — have simply hidden behind group areas, growing fat and lazy as they wallowed in their captive markets, and are now running scared and crying for protection — the refuge of all mediocrity.

Perhaps it is time for these traders to take a long, hard look at themselves and then get together, probably through a body like Nafcoc, and sit down with representatives of the retail chains and even Government to work out some kind of a deal that will be in everybody's best interest.

Because in all of this the primary focus of the retail industry — which surely must be to serve the consumer — appears to have been entirely forgotten and the message to retailers in the '90s is quite clear: Lose sight of the consumer at your own peril for the decade of consumerism has dawned

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to such adverts is a waste of money; a misuse of precious time with the end result often being a frustrating and maddening rebuff. — MPHO ALLEN MOKGOLO, Orlando.

A year out

Bergers retail group is very much underrated

BDay 8/1/90 (30)

ANALYSIS: STEPHEN RICHTER

THE retailers and wholesalers sector has been particularily strong recently, which has resulted in certain blue chip counters establishing new yearly highs. But investors continue to ignore other promising retailing companies which have strong growth potential and Bergers is a case in point.

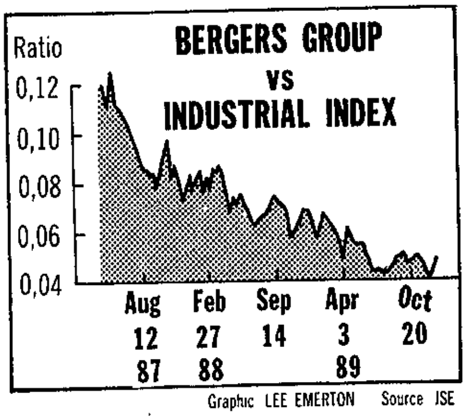
Bergers was established in 1924 and concentrates on satisfying the needs of the middle income consumer through an established chain of stores located in rural areas throughout the country. The group also operates in Namibia, Ciskei, Transkei, Venda, Bophuthatswana, Swaziland, Lesotho and Botswana.

The group sells its merchandise on an exclusively cash basis, and since Bergers operates outside the urban areas, it has no direct major competitor.

To compete against stores offering credit, Bergers is required to offer similar merchanside at lower prices. In addition, the group has developed an impressive infrastructure for lay-bye sales.

This strategy has paid off handsomely for the group as December sales advanced by an impressive 43% over the previous year. Consequently, this performance virtually guarantees that turnover growth for the year ended December 1989 will at least match the 26% increase recorded at the interim stage.

A major reason for Bergers fine performance has been the expansion programme which increased the number of stores in operation to 201 on December 31 1989, compared with 179 outlets at the end of the previous year. According to chairman and MD Howard Mauerberger, the group expects to have roughly 225 stores in operation by the end of 1990.



Graphic LEE EMERTON Source JSE

In addition to the extra trading space, Bergers introduced shoes to its merchandise range in October 1989. Mauerberger says that this new product range has experienced impressive sales growth and he expects shoes to account for up to 25% of group turnover in the near future.

Bergers is currently showing sales growth of more then both the official inflation rate and the CSS clothing index.

It appears that management has firmly established the group within its chosen market niche. Bergers has no plans to expand its business into the upper income groups.

Earnings for the six months ended June 1989 increased to 7,4c from 4,9c during the corresponding period of the previous year. Consequently, taking into account the successful December trading period, Bergers can earn at least 28c for financial 1989, accompanied by a dividend of 13c.

This places the share on a forward earnings and dividend yield of 22,4% and 10,4% respectively, based on its recent price of 125c. Given Bergers fine track record and growth potential, the share appears extremely undervalued at current levels.

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8 000 bad debts added each month

Star 9/1/90

Summer spending binge has hangover

By Michael Chester

South African consumers may face the biggest New Year avalanche of debt problems on record in the wake of the R12,5 billion buying spree at Christmas time.

One of the largest debt collection networks revealed yesterday that it was sending out debt summonses at a rate of almost 1 000 a week in the aftermath of the shopping binge.

Executive director Mrs Ruth Eliasob of the Advanced Credit Bureau said the total was treble the level touched a year ago.

"The number of legal actions taken so far may be only the tip of the iceberg," she said. "And the threat of court action comes only as a last resort."

Despaired of response

"Debt collection companies are called in to try to recover bad debts only when the victims, counting the cost of dud cheques bounced back at them by the banks, have despaired of responses to telephone calls and letters to offenders.

"Legal action comes only when our own efforts to recover bad debts by reminders and offers to negotiate a settlement plan have failed."

The number of dud cheques that had bounced on retailers in the Christmas rush — from supermarket stores to restaurants and high fashion boutiques — had already touched more than 4 000 and looked likely to double when a final count was taken.

One supermarket alone had so far sent in R93 000 worth of dud cheques — "and there may be worse to come".

Mrs Eliasob said the average value of dud cheques written out at supermarket stores was between R200 and R300. But the whole range of rubber cheques varied between R25 and R25 000.

Most offenders were bread-winners who had been retrenched by their employers in the economic slowdown, and left in dire financial straits, and children in affluent families who found it easier and easier to find access to credit.

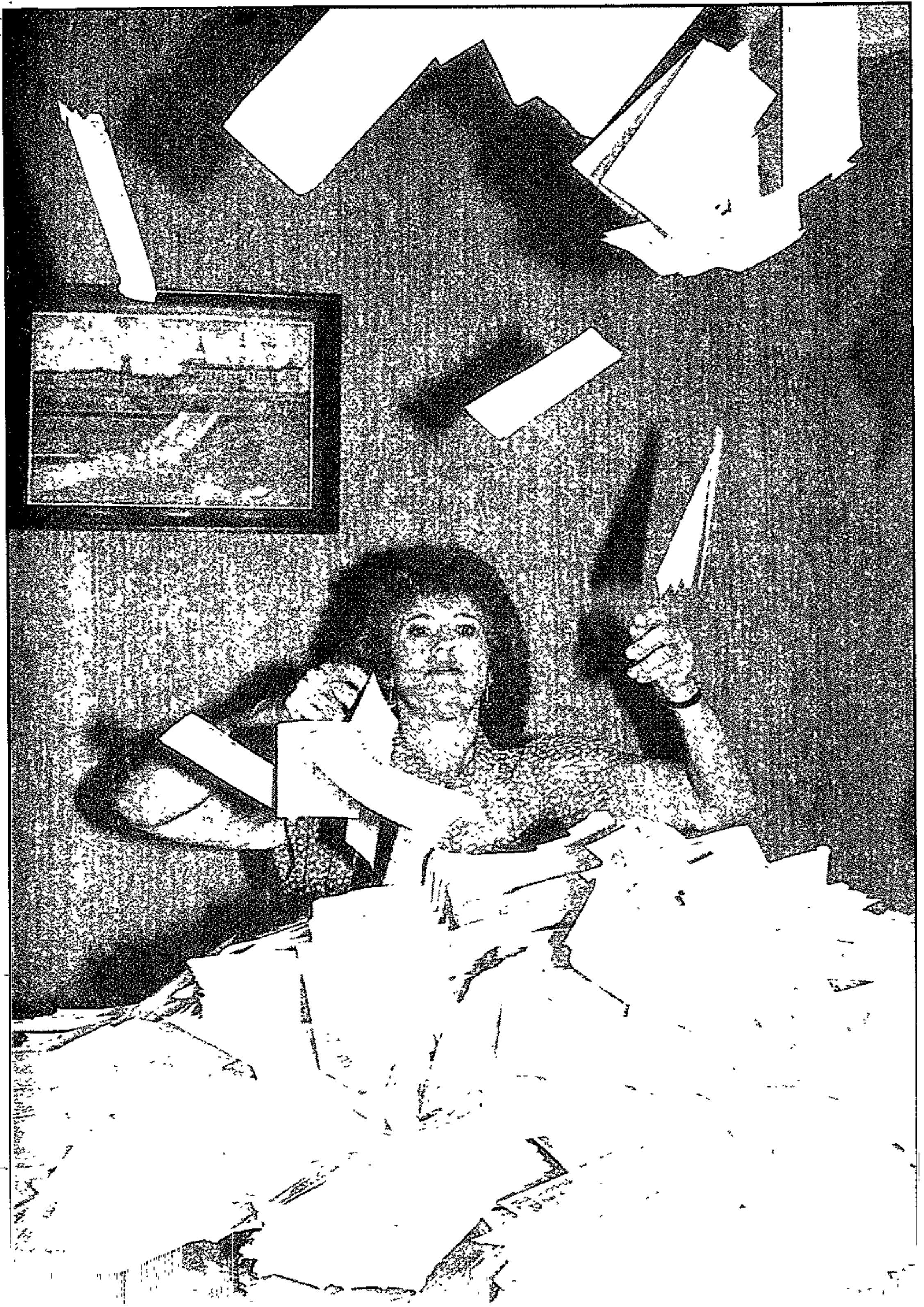
"We really try our best to negotiate a reasonable settlement plan with families that have been spending on credit in desparation to fill their basic food baskets," said Mrs Eliasob.

"But there are new and very worrying trends emerging, not least the number of youngsters who seem to find no trouble in stealing a blank cheque from a parent's cheque-book, forging a signature — and going out on a spending spree.

"Tragically, we sometimes find that spending on drugs is a root cause. There is also a big increase in disasters when teen-agers are actively encouraged by many stores to open credit accounts — ignoring any legal requirements that insist on guarantees signed by the parents if they are under-age.

"The basic thread that runs through most cases, however, is a growing disregard of any disgrace about landing in problems with bad debts."

Mrs Eliasob estimated that the overall total of consumers listed with black marks against their credit ratings — by dud cheques or bad records with settlement of accounts — was growing by no less than 8 000 names a month.



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Announcement on Springtex expected

SYLVIA DU PLESSIS

DIRECT mail order group Mas Holdings (Mashold) is expected to announce details of negotiations with troubled non-store retailer Springtex within days.

Mashold MD Marco van Embden, who yesterday confirmed his group was negotiating with another company, declined to disclose details, but said he hoped to make an announcement soon.

This follows Mashold's announcement to shareholders on December 11 to exercise caution when dealing with the group's shares.

Van Embden said negotiations with the unnamed company had been hampered by the festive season breaks.

He also said he was unable to confirm market speculation that his retail and wholesale-listed group was planning to buy into Springtex and take over its assessed losses in the process.

"It would be premature to make any statements at this stage," he said.

Rumours to this effect were fuelled by Springtex's cautionary announcement, issued on November 10 and followed on December 11 by a notice of suspension of trading in the group.

Springtex MD David Bruce could not be reached for comment last night.

However, one analyst said: "If the deal materialises it could keep Springtex's interest costs and debt levels in check.

"Mashold, on the other hand, would be able to keep its tax rate down. A deal with Springtex would also give it a larger share of the market, cut down on competition and possibly improve its earnings performance."

Springtex, whose subsidiaries include kitchenware direct marketer Tablekraft, turned in a R3,1m loss after taxation in the six months to June and earnings plunged 17,7c into the red. No dividend was declared.

Bruce attributed an operating loss of R965 000 to "difficulties" in the household textiles division and a new direct-selling venture, and said the group would record a loss for the full financial year.

In contrast, strong consumer demand boosted undisclosed turnover for Mashold by 59% in the six months to August, while earnings soared by 31% to 17,5c from the corresponding 13,4c.

Its shares, which rose to a peak of 250c at the end of December and have not been traded since, were yesterday quoted at a sellers price of 250c and a bid price of 220c.

Food prices shoot up by 12 percent at chain stores

Sowetan 12/1/90

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THE SA Housewives' League says food prices increased by an average of 12,1 percent in a 12-month period from December 1988.

The league said they discovered this in a survey conducted at three giant supermarkets in Roodepoort to compare prices between last year's festive season and December 1988.

Survey

The survey was conducted at Pick 'n Pay, OK and Checkers supermarkets.

The total cost of 107 items from the list of branded goods and 28 items from the shopping basket (including eggs, cheese, milk and bread) together with the price a kilogram of seven cuts of beef and two of pork, tottalled:

* Pick 'n Pay - R596,04 in December 1989 compared with R522,42 in December 1988. This was a price increase of of 14,1 percent.

* OK - R598,57 in 1989 compared to R536,89 in 1988. This was a price increase of 11,5 percent.

* Checkers - R593,59 in 1989 compared to R537,10 in 1988, an increase of 10,5 percent.

The league discovered that, of the goods surveyed, Pick 'n Pay was the most expensive supermarket while Checkers was the cheapest.

"The price taken was for the cheapest brand available when the survey was conducted. The list of branded goods was very comprehensive and included frozen vegetables, tinned foods, baby products, cleaning items and personal care goods, such as toothpaste and shampoo.

Difficult

"Regrettably the league did not survey fruit and vegetables as we found that a true comparison was difficult due to availability, grades, quality and sizes."

The league said the meat prices used, were the price a kilogram of cuts found in the stores from fillet steak to brisket as well as chops and legs of lamb and pork.

ROMENS F|M 12/1/90

Cutting its cloth

Most of the disappointments of 1988, when annualised earnings and dividends fell 10% short of prospectus forecasts, and turnover 13% short, were overcome in a year of considerable growth: but the cost was strained finances, which decided the directors to pass the dividend and retain funds to contain current borrowings (there are no long-term borrowings) and strengthen the capital base.

Romens also did not make the hoped-for early 1989 promotion from DCM to main board. Executive director Sid Hurwitz says such a move would be premature, given the company's stage of development and tight financial ratios.

Several new stores were opened. Chairman Danny Kahn's annual statement says the total has reached 13, including the first three outside the Cape, in Vereeniging, Bloemfontein and Windhoek. The aim for the end of this year is 20 stores with turnover of R20m. Longer-term, the group wants to become the largest national retail men's wear chain. Hurwitz claims it is already the biggest for up-market suits and shirts.

Considering that annualised turnover rose 79%, a 50% rise in year-end stocks is evidence of considerable financial discipline.

F|M 12|1|90 · (20)

Activities: *Operates a (mainly franchised) retail men's clothing chain.*

Control: *The directors hold 73,2%, including 52,3% non-beneficially through Maracay Investments.*

Chairman: *D M Kahn; managing director: D J Marks.*

Capital structure: *13,375m ords of NPV. Market capitalisation: R5,1m.*

Share market: *Price: 38c. Yield: 17,3% on earnings; PE ratio, 5,8. 12-month high, 40c; low, 30c. Trading volume last quarter, 113 000 shares.*

Financial: *Year to June 30.*

	'86	'87	*'88	'89
Debt:				
Short-term (R000)	—	518	1 070	2 917
Debt:equity ratio	nil	1,01	0,52	1,09
Shareholders' interest	0,04	0,14	0,24	0,23
Int & leasing cover	n/a	26,2	29,8	4,8
Debt cover	n/a	n/a	0,60	0,33
Performance:				
	'86	'87	*'88	'89
Return on cap (%) ..	18,3	19,4	12,8	12,7
Turnover (Rm)	4,7	5,9	7,5	13,4
Pre-int profit (Rm) ...	n/a	n/a	1,0	1,5
Pre-int margin (%) ..	n/a	n/a	13,5	11,1
Taxed profit (Rm)	0,2	0,3	0,61	0,88
Earnings (c)	3,5	3,2	4,5	6,6
Dividends (c)	nil	nil	2,25	nil
Net worth (c)	1	4	14	20

* 16 months annualised.

Debtors and creditors were also kept under control. However, net borowings in the past two financial periods have risen by R5,4m, justifying the dividend policy. Kahn says in future "all dividends will be viewed in the same way . . . Never will short-term gains be made at the expense of long-term growth."

Neither Kahn nor MD David Marks make specific forecasts for the current year. The economy will be difficult but they both seem broadly optimistic. At the AGM it was said that December 1989 turnover was almost 50% up on 1988, which suggests that the target for the year is within reach.

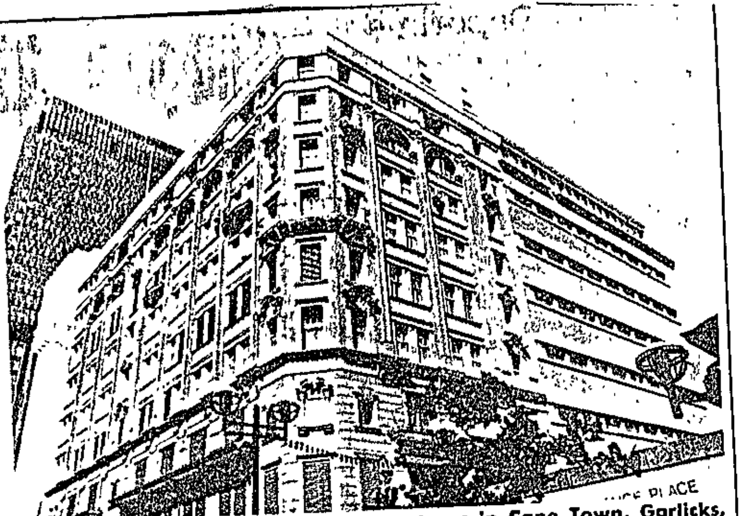
The share has not seen the 1987 prelisting issue price of 40c for two years. It has traded within a narrow range, of which it is now near the top — and almost double net worth. However prudent the decision not to pay a dividend may be it is unlikely to do anything for the rating but, if the group can handle the strains of the present phase of rapid expansion, this could change.

Michael Coulson

Garlicks stores sold

30

W/G News
13/1/90



That grand old lady of department stores in Cape Town, Garlicks, built in 1903, has had an expensive renovation, bringing its facilities into line with any of those to be found in the modern glass and plastic emporia of today.

By TREVOR WALKER
Business Staff

GARLICKS Stores has begun to redeploy property assets and has sold its Port Elizabeth and East London stores for an undisclosed amount, and will be closing down these outlets, chairman Mr Jack Garlick said.

He said: "We are retailers and are not in the property business. Nevertherless we will retain ownership of the Cape Town and Durban properties stores."

Asked whether the company might consider a lease-back scheme in order to free the money it had invested in property, he said: "We have no need to do this at the moment, but while we are slightly overgeared as a result of the refurbishing programme in Cape Town and Johannesburg, we nevertheless have a substantial investment in property."

Bought out

Garlick, which was owned by Garcon, was bought by a a consortium, Jano Retail Holdings.

As a result of the deal, which was sanctioned by the Supreme Court, all shareholders were bought out and the listing of Garlick was terminated on the Johannesburg Stock Exchange.

Garcon was subsequently sold off and renamed by the new owners.

GArlick Stores is now owned by two family trusts and the major players are Mr Jack Garlick, Mr Noel Boyce and Graham Beck.

Mr Garlick said the Cape Town store had been completely refurbished and as the stores in East London and Port Elizabeth were very badly positioned for an up-market operation such as Garlicks it was decided to close them down.

"In fact we should have closed the Port Elizabeth store years ago."

He said there was definitely a place for a Garlick type store in this country and Press comment on the closure of famous departmental stores in New York such as Bloomingdale's did not mean that the days of the these stores were over.

More opened

More departmetal stores were opened every year in the US than those closed, but it was only the high profile closures that made the news.

He said store location was the key to success and in cities where retail demand moved out of the Central Business Districts (CBD) into the suburbs then the retail stores had to follow this trend.

Cape Town and Durban still experienced strong CBD retail demand and Garlicks would continue to cater for this.

Garlicks will open a store in the new Menlyn Park shopping complex in Pretoria in May this year and is a clear insight into the new competitive strategy that has been adopted by the company.

All in the family ... Jack Garlick (left) and Noel Boyce Picture: Cosmopolitan

Revamped Garlicks sheds 'old maid' tag

30

By Robyn Chalmers

GARLICKS, SA's oldest family-owned retail group, is slimming down and shedding its "old maid" image.

Joint managing directors Jack Garlick and Noel Boyce this week squashed talk of trouble in the organisation after the group closed two stores and announced it would shut two more.

Garlicks closed shops in Port Elizabeth and Paarl, selling the land in Paarl. Another Port Elizabeth store will be shut along with one in East London. The sites of both have been sold.

S/Times
14/11/90

Takeover

Mr Garlick says it is part of a strategy set out by the company after Jano Retail Holdings prevailed in a contested bid for the company and took over in a R41-million deal at the end of 1988.

"A survey we did shortly before Jano acquired the organisation showed that customers regarded Garlicks as a second-choice shop.

"We realised we would have to restructure and change our image. Part of our strategy was to re-deploy underperforming assets. That's why we closed the PE, East London and Paarl shops."

A further move to rationalise administration is almost complete, with the exception of the accounting section. The goal is to consolidate the accounting branches in a single Cape Town office. The programme should be complete by April 1990.

Garlicks has underperformed other retailers on the JSE for a long time. Mr Garlick says research showed that a major reason was that it was "a jack of all trades and a master of none".

"We decided to re-focus the business and move away from its 'old maid' image. We did this primarily in merchandise and decor.

"We have largely completed rationalising our product lines and have moved out of supermarketing and children's clothing where we could not compete.

"The Cape Town store has been refurbished, the ground floor of the Carlton Centre branch has been renovated and we will finish the upgrading of the Rosebank (Johannesburg) lower level this year."

Mr Garlick says buying has been centralised to facilitate assortment planning and fashion and quality consistency throughout the group.

This year will be marked by consolidation for Garlicks and rebuilding of staff, supplier and customer confidence.

Mr Garlick admits that the closing of stores — last done in the 1950s — and the rationalisation of administration have been worrisome for staff members.

"The staff have become concerned that the new organisation is not working. If we had closed the stores at the time of the takeover it might have been different. Doing it 12 months down the track has given rise to concern.

"We will concentrate on building morale this year and putting a dampener on uncertainty."

The rationalisation process been costly for the company. But Mr Garlick says management now has a clear view of where it is going.

Price hikes will eat up wage rises

GERALD REILLY

PRETORIA — Wage rises will be neutralised by escalating living costs, with Pick 'n Pay expecting costs to increase by at least 15%.

B/Day 15/1/90

Pick 'n Pay's Peter Dodson said: "We'll be fortunate if the price hikes are kept as low as 15%, taking into account the big increases in related costs."

The Stellenbosch Bureau of Economic Research expects pay rises inside and outside the public service — with the possible exception of teachers, police and nurses — to sag below the inflation rate.

Dodson said there were about 400 companies producing food in SA and all had to contend with rising costs.

Price negotiations with suppliers started towards the end of last year.

"In the negotiations we fight tooth and nail to keep suppliers prices as low as possible.

"The coming increases would apply to virtually all supermarket goods, including toiletries," Dobson said.

(30)

Checkers MD Segio Martinengo said he did not expect price hikes, to be introduced early in February, to rise above 12%.

Grocery Manufacturers Association of SA CE Jeremy Hele said manufacturers, like all other enterprises, had to contend with a barrage of cost rises.

These had to be recovered in the prices negotiated with the big retailers.

☐ According to sources, further bread price increases are virtually certain from April. The 1989-90 R115m bread subsidy would run out at the close of the financial year and even if government decided not to phase out the subsidy, inflation would necessitate another price adjustment.

30

Help the small man – call

By JOSHUA RABOROKO

Sowetan 15/11/90

AFRICAN Bank chairman Dr Sam Motsuenyane has appealed to the private sector to become more involved in helping to develop small businesses, particularly in providing capital, contractual opportunities and business education.

In his annual report, Motsuenyane says lack of capital and management skills are two factors which contribute to the failure of a large number of small businesses.

The difficult business climate during the year, particularly because of high interest rates, placed extreme demands on small business ventures.

He says the bank has improved its performance considerably following problems created by the reduction of staff at a senior level.

Motsuenyane said that besides specific provisions to cover known losses, the bank maintains a general provision for doubtful debts to cover unidentified losses inherent in the advances portfolio, particularly in the retail division.

Capital

Referring to the bank's capital requirements, he says the current capital structure of the bank, particularly the 750 000 16 percent and 3 750 000 8 percent cummulative redeemable shares, compels the bank to pay out a large proportion of its taxed profits to the holders of these shares.

This works heavily against ordinary shareholders.

The bank's profits are still not enough to enable it to fund growth internally and therefore it must attract outside capital.

Motsuenyane was pleased that during the past year the bank increased its ordinary share capital, although moderately.

WCCI rejects idea of single municipality

EDYTH BULBRING 30

ORGANISED commerce and industry has come out against the concept of creating a single municipality for Soweto and Johannesburg.

The concept, seen by DP leader Ian Davidson as one of the priorities for the 1990s, is being backed by the Soweto People's Delegation.

Witwatersrand Chamber of Commerce and Industry president Aubrey Pitt says a single municipality will make little business sense.

BDay 15/11/90

The Development Bank estimates the amount of money disposed of by Sowetans in Johannesburg is between R750m and R1,4bn, while it is estimated 70% of all turnover in the CBD is derived from black customers.

"Soweto has a totally insufficient tax base and that which is there cannot be collected. Johannesburg has the tax base which Sowetans are heavily subsidising," Davidson says.

But Pitt believes a single municipality would be a burden on Johannesburg.

A remedy would be financial assistance to Soweto by Johannesburg and the encouragement of business in Soweto to create a more adequate rate base.

Central government should also step in with financial assistance, Pitt says.

He says the Central Witwatersrand RSC went a long way to redress the financial problems by channelling money made in the CBD back to Soweto.

The WCCI's objection to uniting the municipalities is an economic one and is not based on political considerations, Pitt says.

Davidson says there needs to be a recognition that Soweto and Johannesburg are a single integrated urban economy.

Soweto does not have an economic base, its infrastructure has broken down and the Soweto City council owes R800m and is bankrupt, he says.

A short-term solution is the creation of a single tax base, Davidson says.

However, he recognises the uniting of both municipalities would be disastrous for Johannesburg unless central government gives financial assistance.

The rechannelling of money to Soweto from business through the RSC is a small portion comapared with Soweto's contribution to the city, he says.

Sow 15/1/90 (30)

Brits boycott a failure, say white traders

By Stan Hlophe

The consumer boycott called by the Brits Working Committee was a failure, say local businessmen who claim that white traders recorded good turnovers last month.

The boycott, called by the committee, was intended as a way to obtain permission for a peaceful protest march in the northern Transvaal town.

The committee is waiting for the outcome of a third application for permission to stage a peaceful protest march.

The action, which began on December 7 after a second application for a march in Brits was refused, was originally meant to end on January 7.

Residents wanted freedom to march through the town to present to the authorities a list of demands including the opening of buses to all races.

BADLY ORGANISED

A Brits meat-market spokesman said: "The consumer boycott was not effective at all. As far as we are concerned, it was business as usual and in December our sales were a record high."

A take-away food outlet owner, who refused to be named, felt the call was not heeded because it was not well organised.

"We are happy with the sales and never noticed any boycott action. There was a rumour that there was going to be one, but as you can see, people are coming and going as usual."

A spares-shop assistant said business had been good and there was no sign it would deteriorate.

Another businessman said black customers could not afford to boycott Brits because that would mean they would have to travel about 40 km to shop elsewhere.

A chicken outlet manager said business was satisfactory.

Carmakers cash in on rocketing prices

Stw 17/1/90

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By Sven Lünsche

Rampant car price increases helped South Africa's seven motor manufacturers boost turnover by almost 25 percent last year.

With the release of 1989 vehicle sales figures by the National Association of Automobile Manufacturers (Naamsa) yesterday, analysts estimate industry's turnover jumped from R10,6 billion in 1988 to R13,2 billion last year.

The major contribution to the improvement was the steep rise in car prices although total unit sales over the year declined by 4 268 units to 353 620.

Econometrix analyst Tony Twine estimates that the Consumer Price Index for the motor sector rose 26 percent last year, while the price of an average car surged from about R29 500 to over R34 000.

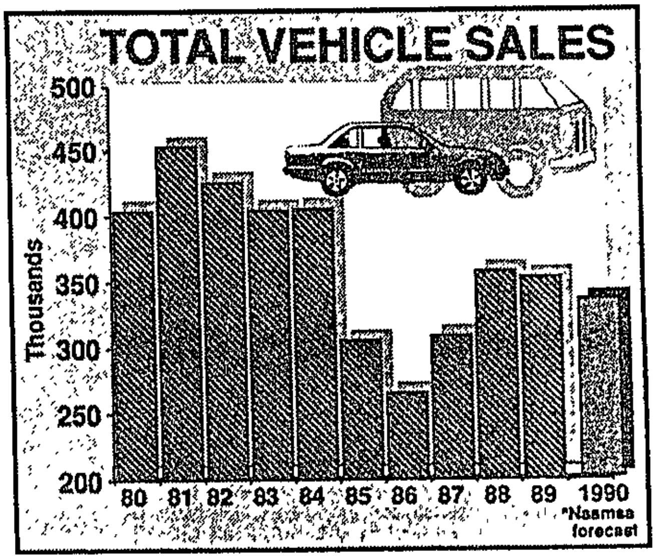
Manufacturers' profits thus rose significantly.

While most manufacturers do not provide details of financial performance, analysts, using an average profit margin of about 5,5 percent of turnover, estimate that makers netted R600 million in 1989 — as much as 20 percent more than the previous year.

However, the picture looks less optimistic this year.

For one, unit sales are expected to show a more significant decline than in 1989.

Fourth-quarter new car sales in 1989 were down 8,6 percent from fourth-quarter sales in 1988, while the annual fall in 1989 sales, compared with 1988, was only 3,5 percent.



Naamsa estimates that total vehicle sales could decline by over 5 percent to about 335 000 units, while new car sales could fall from last year's 222 351 to 210 000 units this year.

"Prevailing high financing costs, the economic slowdown and a fall in domestic spending are all expected to impact adversely on the industry's short-to-medium-term prospects," it says.

The view is supported by recent Bureau of Economic Research (BER) figures, which show that spending on motor vehicles is likely to drop by 11 percent this year.

Continued strong demand by the corporate sector could help limit the decline to reasonable levels, but most dealers are already carrying adequate stock in contrast to last year's backlog of orders.

Cost pressures on the manufacturers are also likely to surge.

"The overhead contribution per unit rises alarmingly when the market is in a downturn, impacting directly on profit margins," says Mr Twine, who adds that labour costs in particular could once again exceed inflation.

Imported cost pressures are likely to be more moderate, particularly for Japanese parts, but could increase in terms of the Deutschemark and sterling.

The industry is once again expected to make up for this shortfall by raising prices, but the scope of the increases is limited.

Mr Twine estimates that prices could rise by up to 18 percent this year, while Naamsa forecasts increases of 12 to 14 percent, if the rand remains stable.

Naamsa's figures show that new car sales for the whole of 1989 amounted to 222 351 units, a drop of 3,5 percent compared to sales in 1988.

This figure exceeded earlier expectations and forecasts, largely because of buoyant corporate demand.

However, an indication of the downward trend was provided by monthly new car sales in December, which at 14 884 units hit their lowest level in two and a half years.

While car sales are traditionally lower in December, the figure was 8,1 percent down on December 1988 and a massive 24 percent down on November sales.

The new light commercial vehicle and minibus sector remained relatively strong last year, with sales rising on an annual basis by 4,4 percent to 117 135 units.

Sales of heavy trucks and buses rose one percent to 9 665, while medium commercial vehicle sales slumped by about 20 percent to 4 469.

Drop in car sales to a 31-month low

B/Day 17/1/90

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EDWARD WEST

NEW car sales during December 1989 dropped to the lowest monthly level in two-and-a-half years.

December sales fell 8,1% compared with December 1988 and 23,8% compared with November 1989, the National Association of Automobile Manufactures of SA (Naamsa) said yesterday.

Sales during the month dropped to 14 884 units from 19 540 units in November, the lowest sales since May 1987 when 14 812 units were sold. Compared with December 1988, sales declined by 1 312 units.

A Naamsa spokesman said while vehicle sales were traditionally lower in December due to fewer trading days and corporations closing over the holiday period, the large percentage drop was indicative of a downward trend in sales.

However, new car sales for 1989 exceeded earlier forecasts with annual car sales totalling 222 351 units, a decline of 3,5% when compared with sales during 1988.

The new light commercial (LCV) and minibus vehicle sector — still bouyed by the black taxi market — remained strong during 1989 with sales rising by 4,4% to 117 135 units when compared with 1988.

During December 1989, sales of new LCV's and minibusses dropped by 21,6% to 8 217 units from 10 479 units recorded in November. However, when compared with December 1988, LCV sales improved 7,4%.

New medium and heavy truck and bus sales during 1989 were as expected with overall heavy trucks sales rising a modest

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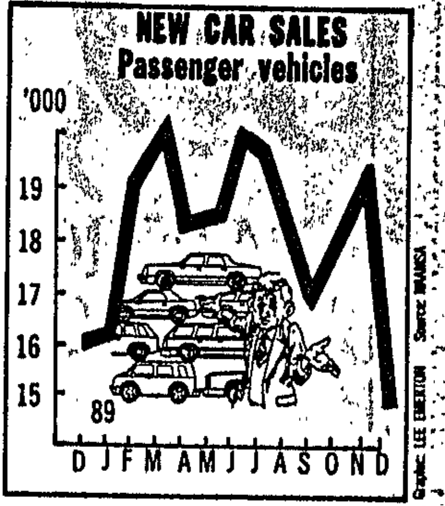

Graphic: LEE EDMISTON Source: NAAMSA

Car sales

B/Day 17/1/90

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☐ From Page 1

1% when compared with 1988.

Medium commercial vehicle sales remained weak and fell by 20,4% during 1989 compared with 1988. Medium and heavy truck sales declined sharply by 34,3% and 29% respectively during December when compared with November, Naamsa said.

Naamsa said the annual sales figure tended to camouflage recent weaknesses in the new car and heavy commercial vehicle market.

By way of example, 1989 fourth quarter sales fell 8,6% compared with the fourth quarter of 1988, while annualised sales in 1989 only fell 3,5%, said Naamsa.

A similar negative trend was evident in the heavy commercial sales market.

Aside from LCV's and minibusses, the overall sales trend was negative. Prevailing high financing costs, the slow downturn of the economy and a fall in aggregate domestic spending were expected to impact adversely.

Given a degree of exchange rate stability, average vehicle price rises of between 12% and 14% were projected for 1990.

BUSINESS

Small business is losing out

Sowetan 18/1/90

30

BLACK entrepreneurs manufacturing school uniforms from industrial parks or in the backyards of their homes in the townships are on the brink of collapse because of competition from white and Indian manufacturers.

According to several black uniform manufacturers white and Indian operators have entered into agreements with black schools, sometimes with the tacit approval of officials. They supply uniforms to these schools and the school officials get donations for their schools or personal presents.

The Department of Education and Training said it did not have any policy on the purchasing of school uniforms by pupils. Mr Richard Chernis, public relations officer, said:"this is entirely a matter for individual schools."

He said if proof could be produced that any official accepted bribes the matter should be reported to the police. Departmental action would be taken once the courts had found the culprits guilty.

The plight of backyard manufacturers has been worsened by the fact that major fabric wholesalers seem to be in league with the major operators for these backyard factories are being denied good quality material which parents insist on.

Mrs Ester Mhlambi.

Also, these wholesalers first sell the small manufacturer sufficient good quality material for the first batch of say 50 uniforms. When the manufacturer, because of demand from the pupils at the particular school, places the second and bigger order, poor quality material is then delivered with the excuse that the first type was no longer available.

One of the victims is Mrs Ester Mhlambi (52), of Kwa-Thema near Springs, who operates from the Kwa Thema Industrial Park. After several meetings with parents and the teachers at two schools in the township it was agreed that she manufacture uniforms for the two schools. This involved sewing uniforms for about 1 500 pupils. It was a big boost for her fledgling business and her staff of eight.

The first batch was produced and parents were excited with the uniforms and the prices charged. She then placed an additional order and after being pushed around, material of an inferior quality was sent. Parents returned the uniforms as they were not what they wanted or expected. She has now reduced her staff to one person and her reputation is in tatters. Remarkably, a trader from outside Kwa Thema is now selling the uniforms in the required quality; the cloth Mhlambi used to make the first batch of uniforms.

Another operator, Mrs Sana Dladla, who manufactures tunics and track suits from a garage in Kwa-Thema, says she lost out on a contract to sew uniforms for a local school. On investigating she found that traders from town had given the teachers donations and they now had the rights to make and sell the uniforms.

She maintains that it is unfair for town operators to monopolise the uniform business and push the township manufacturer out, instead these town operations should getting into contracts with blacks who would then sew some of their products.

Mrs Elizabeth Nkabinde, of Residensia in the Vaal Triangle, says her 12 year-old school uniform manufacturing business was ailing because she was not getting support from local schools. She puts the blame on school authorities.

"When I started my business in 1978 I was optimistic and advertised myself at various schools, but gave up hope when teachers refused to support my venture,"she said.

Mr G Cachalia, manager of Snapper Uniform Manufacturing Company, one of the biggest school uniform manufacturers in the PWV area, , said his company had been in operation for the past 30 years and was supported by schools in black areas.

"But, he also added, "while we are prepared to plough part of the money we make back into the townships, we will not stoop as low as to bribe people to buy our products."

The managing director of Sales House, Mr Donald Etheridge, who also spoke on behalf of the Edgars Group, said they were prepared to contract small business people to manufacture school uniforms for them, but added, "on condition that they produced the high quality our customers want."

Landed cost of diesel increases

Finance Staff

The landed price of diesel rose by 2,3c a litre from November to December, almost trebling the shortfall on retail prices.

The National Energy Council (NEC) says the landed cost of diesel rose from 45,63c a litre in November to 47,95c last month. Star 18/1/90

The under-recovery, funded by the fuel equalisation account (the slate), rose from November's 1,18c a litre to 3,5c in December.

The shortfall for diesel has increased consistently since September, when it was 0,37c a litre.

However, the level for December was the first time in several months that the shortfall exceeded the excess paid into the slate from petrol sales.

The over-recovery on sales of 93 octane petrol last month on the Reef was 0,89c a litre.

Naamsa adjusts figures

Finance Staff

The slump in new car sales in December was worse than originally anticipated. (30)

The National Association of Automobile Manufacturers (Naamsa) yesterday corrected its earlier sales figures — new car sales in December fell to 13 875 units compared with 19 540 in November, a massive decline of 28 percent. The original statement had over-reported this figure by 1 009 units. Star 18/1/90

The figure is the lowest in almost three years and is 14,4 percent down on December 1988 sales. The correction implies that new car sales totalled 221 342 last year.

Naamsa also corrected the sales of new heavy truck sales for December to 660 units and those of medium commercial vehicles to 283 units.

Naamsa says the adjustment was made as a result of a reporting error on the part of one manufacturer.

Kubusie tackles 'Goliath'

A David vs Goliath battle is being played out in the Eastern Cape. A consumer boycott by residents of the tiny village of Kubusie has wrought havoc in the adjacent town of Stutterheim. Despite intimidation, the people of Kubusie are determined not to give up until their grievances are addressed. PETER AUF DER HEYDE reports:

Streets are deserted in Stutterheim where a consumer boycott is in force

GRAHAMSTOWN. — While resistance and repression seems to be on the decline throughout South Africa, a village in the Eastern Cape is engaged in a fierce struggle with the white community of a town three kilometres away.

From a distance Kubusie seems like just another rural village near the Ciskei border.

On hot days small children play in the river that runs through the village while the men and women go about their daily chores.

But this first impression is misguided. Accompanied by members of the residents association, I drove through the village. Outside a church hall they told me to stop the car as we had to walk the rest of the distance.

When we passed the church I saw that a trench, about three metres wide, had been dug across the road and covered with sticks and sand.

During the half hour that I spent driving around in the village, our car was stopped at least eight times by comrades who wanted to know what we were doing. And within 10 minutes of entering one of the houses, a crowd had gathered to ensure the safety of the person we had come to visit.

"Our village is a place where people have long struggled," said Michael Mambukwe, one of the 5 000 residents of Kubusie.

Mambukwe is no stranger to struggle. Sentenced to death in September 1987 for a murder he did not commit, he spent 18 months on Pretoria's Death Row before being released after the Appeal Court upheld his appeal against the conviction.

Mambukwe explained that people had been living in Kubusie for more than 100 years.

"When the Ciskei became independent, we were the first community to say no to Ciskei incorporation. And when Sebe asked us to vote for him, we refused. In fact, the few people who wanted to co-operate with the Ciskei left the village after seeing that there was no home for them here."

The community also refused to have the headman system introduced into the village.

When a nationwide consumer boycott was launched in September last year, Kubusie, as well as other villages and townships around Stutterheim, followed the call.

Residents formed the Stutterheim Co-ordinating Committee to co-ordinate activities in the area.

An executive member of the SCC, Mr Fezile Siziba, said that a group of community leaders met with members of the Stutterheim business community and the municipality.

"We handed them a list of national and local demands, including an end to the harassment of residents, the scrapping of the system whereby we have to pay for the use of grazing land, the upgrading of the communities, the re-instatement of workers who were fired during the stayaway over the elections, improvement of health services and the scrapping of the rent increase from R13 to R21,50."

The Stutterheim community began their boycott of all white businesses on November 15. They buy goods in King Williams Town, 38km away.

Residents claim that this has led to an increase in police harassment in the area.

"A meeting held in Kubusie on Christmas Day in solidarity with Death Row prisoners was broken up by police firing teargas and we collected a bag full of empty teargas cannisters afterwards," one resident said.

Police also allegedly took Mambukwe for questioning, but released him shortly afterwards.

Other incidents of harassment and intimidation, claimed the residents of Kubusie and Mlungisi, include a smear pamphlet campaign against two priests and the beating up of two residents by a group of white businessmen.

Residents claim police broke up a protest march held by priests who were protesting against the continued detention of a priest in Mlungisi.

At least 10 businesses owned by whites in Stutterheim have had to close their doors to the public after a drastic drop in turnover.

The manager of a furniture shop, who asked not to be named, said many of his fellow whites in the town were "still living in the old days".

The chairperson of the Afrikaanse Sakekamer in Stutterheim, Mr Coert Oosthuysen, described the situation as "a complete mess".

He urged the black people to "stop their boycott, as their demands are impossible to fulfill".

The town clerk, Mr Jimmy Joubert, said he had not been present at any of the meetings between the community and the municipality and that the only person who could comment on the matter, the mayor, was on holiday.

The acting police liaison officer for the Border region, Lt Dot van der Vyver, confirmed that Mabukwe had been taken away for questioning and that teargas had been fired at different times in Kubusie.

She denied the other allegations made by the residents.

or other reasons — to pour money —

SA CHAMBER OF BUSINESS F/M 19/1/90 ㉚

Decisions, decisions . . .

President F W de Klerk told a distinguished business audience in Johannesburg on Monday night that decisions taken in this country over the next few years would have a profound influence on its history. Our interpretation of that was as an invitation to businessmen to participate in those decisions and that he was assuming — as would we — that they would wish to do so.

What is puzzling, therefore, is the apparent procrastination that is taking place over the appointment of office bearers to, and the director-general of, the newly formed SA Chamber of Business.

The very body that should be contributing an unequivocal business view to the formation of public policy at a critical time has been drifting rudderless. There is an unfortunate hiatus at the precise time that the men of affairs who have created this joint chamber — by merging the Federated Chamber of Industries and Association of Chambers of Commerce — need to be decisive.

The stumbling block appears to be a reluctance to choose for the post of director-general between the chief executives of the constituent chambers, as this might suggest the supremacy of one chamber over the other. As the smaller partner, the FCI's susceptibilities are well-known — and certainly need to be taken into account. But not to the extent that business involvement in critical policy-making is prejudiced or delayed.

The founding fathers have tried to avoid the awkward decision by inviting applications from outside for the position. Some have been received but we understand none sufficient to eclipse the main contenders — the FCI's chief executive Ron Heywood, a retired businessman, and Raymond Parsons, a highly respected economist with many years of experience heading Assocom, by far the more professional of the two organisations.

To us the choice is obvious. So we hope that next week the decision will not again be postponed. ▨

Toy wholesalers merge

SYLVIA DU PLESSIS

TWO Johannesburg-based toy and novelty stationery wholesalers — Print-Ad Products and Regal Trading — have merged with effect from January 1 to create a company with a combined annual turnover of between R6m and R7m.

B/Day 19/11/90

Former Print-Ad MD and chairman of the new company, Barney Rogers, said yesterday the motivation for the merger was that both companies were involved in the same business and complemented each other. One's strength was in sales and the other's in management.

Expand

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The new company — known as Regal Trading, incorporating Print-Ad Products — supplied a range of retailers countrywide. These included Redgwoods, Dion and CNA, and it was hoped to expand business further with the larger groups, he said.

He added that management planned to expand novelty stationery sales, currently 50% of its product mix, to about 60% in view of the fact that toy sales were seasonal.

Turnover was expected to grow to about R8,5m by 1991.

Former Regal Trading MD Dave Ginsberg and former Print-Ad director Barry Rogers have been appointed joint MDs of the new venture.

SASWITCH (30)

Retailers' UDI

Saswitch has temporarily shelved plans that would have allowed retailers to use its automatic teller machine (ATM) network to provide financial services.

Technical specifications were drafted more than two years ago to enable retailers to debit their customers' banking accounts at the point-of-sale. But, says Saswitch chairman Brian Kemmey, a more important priority now is to improve the efficiency of the ATM network. F/M 19/1/90

The Saswitch decision is unlikely to come as a surprise to the large retail chains — many of which have already started implementing their own financial services systems. Demands on the Saswitch automatic teller sharing network have risen steeply in the past few years: since it went into operation in 1985 the number of ATM transactions Saswitch routes between financial institutions each month has grown from 350 000 to 6m.

Saswitch has replaced its central computers, rewritten a large amount of software and is now improving communications links with its members, says Kemmey. Nearly 4 000 ATMs, belonging to 15 financial institutions, are linked to the network. Saswitch was founded and is controlled by the banks and building societies, many of which are unhappy about what they see as attempts by retailers to muscle into the financial services market.

Kemmey declines to reveal when Saswitch decided to postpone the introduction of retailers to its network but it is understood to have been late last year. "Saswitch is not ready to launch electronic funds transfer at point-of-sale. It is a very expensive thing to do nationally," he says.

continue p 82.

FM 19/1/90 (30)

The ability to debit customers' banking accounts at point-of-sale is very attractive to the large retail groups. It allows them to check out customers more quickly, reduces the amount of cash they have to hold at the stores, speeds payments and, in some cases, enables them to make a profit on the transaction.

Pick 'n Pay has spent R20m in the past three years setting up a retail switching network similar to Saswitch. Called PayNet, it will enable all of Pick 'n Pay's hypermarkets and stores to provide a variety of financial services in co-operation with participating banks and building societies. Pick 'n Pay's stores will be able to use PayNet to debit banking accounts at the tills, verify cheques, debit credit cards and dispense cash to customers.

Financial director Chris Hurst says eight stores have been connected to PayNet and, by the end of April, all of the group's 26 outlets in the western Cape will be on line. The company plans to have every Pick 'n Pay outlet hooked up by next year. The cost of setting up the network is expected to reach R40m.

PayNet was designed by the EFT Company which comprises some of the original developers of Saswitch. Three building societies — United, Allied and the NBS — have hooked up to the PayNet network and Hurst hopes some of the banks will join the service soon. A stumbling block is believed to be the reluctance of some of the financial institutions to pay Pick 'n Pay transaction fees for the PayNet service.

Pick 'n Pay rival, Checkers, has also implemented electronic funds transfer facilities at some of its stores. Checkers has adopted a much less ambitious approach than Pick 'n Pay. Checkers GM systems, Orlando da Silva, says nine of its stores are able to debit customer banking accounts at point-of-sale. This service is now available only to customers that bank with Standard Bank.

Unlike Pick 'n Pay, Checkers has not set up a central switching service but has put in place less costly direct communications links with Standard Bank. Whereas PayNet operates like Saswitch and reroutes transactions, the Checkers system is a point-to-point service similar to the MultiNet network.

Da Silva hopes to link the Checkers service to other financial institutions this year. Its initial partner, when it started investigating the service in 1985, was First National Bank (then Barclays). ■

JANUARY 1990

Outlook bleak for durable goods

By Sven Lünsche 30

Sales of durable goods could slump dramatically this year as the financial situation of consumers worsens in the wake of an expected decline in disposable income.

Sales have already tapered off over the last few months, with most retailers reporting lower Christmas sales than in 1988.

Figures provided last month by Central Statistical Services showed that retail sales for November and December at 1985 prices were expected to fall 1,5 percent, compared with the same period in 1988.

On this basis, sales for the year as a whole would still be up 2,4 percent, compared with the previous year, but in a declining trend.

A report released today by the Bureau for Economic Research at Stellenbosch University (BER) shows that total private consumption expenditure (PCE) will rise by only 0,5 percent this year, after increases of 1,9 percent in 1989 and 4,8 percent in 1988.

	1988	1989	1990
Total, Rm	74 180	75 609	75 970
% change	4,8	1,9	0,5
Durables,	7 115	7 057	6 222
% change	12,0	-0,8	-11,8
Semi-durables,	11 455	11 867	11 682
% change	7,0	3,6	-1,6
Non-durables,	33 846	34 546	35 220
% change	2,5	2,1	2,0
Services,	21 764	22 138	22 845
% change	5,0	1,7	3,2

The BER forecasts total PCE at 1985 prices of just under R76 billion this year.

Particularly hard hit will be spending on durable goods. After rising by 12 percent in 1988, spending on these goods fell 0,8 percent last year and is expected to slump 11,8 percent to R6,22 billion this year.

The BER expects spending on semi-durables to slide 1,6 percent to R11,68 billion this year, while non-durable goods expenditure should continue to grow by about two percent to R35,22 billion (see chart).

The share of durable goods spending to total PCE has slipped consistenly since spending on durable goods peaked in 1980, when it was 13,7 percent of PCE, and the BER expects this figure to drop to 8,2 percent this year — 1,4 percentage points below the 1988 figure.

Some fundamental structural changes took place in the durable goods sector in the Eighties, with consumers spending more on furniture and household appliances at the expense of cars.

The higher demand for furniture and household appliances was partly the result of the mass housing schemes in black townships, but can largely be ascribed to the continuing impoverishment of consumers, as cars are certainly more of a luxury than furniture and appliances, saysthe BER.

This impoverishment was in evidence throughout the 1980s. Real taxed income in the first half of the decade fell 0,5 percent a year. From 1984 to 1988 it accelerated to 2,5 percent, the bureau says.

The BER says that renumeration is expected to increase 14,5 percent in 1990, after a rather hefty increase of about 17 percent in 1989.

"We expect that tax relief will be announced in the March Budget, but this will probably be restricted to provisions for bracket creeping.

"As a result, disposable income is expected to increase 13,5 percent in 1990, compared with slightly more than 15 percent in 1989."

The BER economists add, however, that the rate of inflation could be close to 15 percent on average, "which implies that disposable income is likely to decrease by about one percent in real terms."

This will obviously put a damper on the consumer spending rate, with demand for durable goods in particular expected to be negatively affected over the year.

Milly's trading profitably after restructure

(20) Cape Times 26/1/90

By **AUDREY D'ANGELO**
Financial Editor

THE restructured Milly's group might be "the embryonic stage" of a company which would give serious competition to Pick 'n Pay and Checkers, the chairman of the Shareholders Association of SA, Issy Goldberg, suggested at the general meeting yesterday.

Earlier in the meeting Goldberg questioned a forecast that the group — to be renamed Hyperette Stores — would achieve earnings of 1,2c a share on a turnover of R50m in the current financial year.

He commented that it was "almost magical" that a group which had been technically insolvent at the beginning of the year, before being restructured, should now be trading profitably after restructuring.

But Milly's new chairman, Hein Ehlers, said "the old Milly's business has virtually ceased to exist" and, in its new form, had no interest-bearing debt except R200 000 worth of leasing repayments and its current trading position.

Ehlers explained that the group had a bank overdraft facility which swung from deficit to credit in the course of a month.

Discussing the restructuring, Ehlers said that he was now the major shareholder owning 51% of the company with Unidev owning 34%.

The company now consisted of 27 convenience shops in strategic locations.

Of these, the majority were Hyperettes and four were branches of the Breadbasket, the upmarket delicatessen chain which proved successful in Johannesburg and was recently bought by Milly's.

The branch of Milly's in the Gardens could be highly profitable under its existing name and customers had asked that there should be no change.

"The company is trading profitably now and will achieve the profit forecast for the year of 1,2c a share."

Goldberg said that, on a projected turnover of R50m, this implied better profit margins than the big chains.

But Milly's had assessed tax losses in the region of R17m which meant "a tax-free ride for the next three to four years".

Approving Ehlers' statement that the company would have "a conservative policy" on dividends, in the interests of building up the business, Goldberg said he envisaged it "growing into a company with a turnover of R100m and earnings of 4c or 5c a share in a few years' time.

"It must only expand within the parameters of no interest-bearing loan."

Ehlers said after the meeting that the Breadbasket in Sea Point — the first in the Cape — had been trading ahead of expectations. It was possible that another might be opened in the Constantia area, but only when it had been seen how the Sea Point branch traded outside the holiday season.

Negotiations were in progress for more Hyperette sites, but he was "not in a hurry to open more stores".

Police hold 214 Cape villagers in dawn raid

C|Pren 2|11|90

(~~224~~) (30) (~~225~~)

POLICE this week swooped on a tiny Eastern Cape village and arrested 214 residents in a pre-dawn raid.

Kubusie residents started a consumer boycott of white-owned businesses in Stutterheim two months ago to pressure authorities into upgrading their community. Several shops have had to closed after a drastic drop in turnover.

Early on Tuesday morning police in several vehicles, supported by a helicopter, entered the village.

They distributed pamphlets in which they wished people a good morning and apologised for previous police mistakes.

According to residents, they then started to round up all the young males and took them to a makeshift camp surrounded by barbed wire.

From there they were taken to Stutterheim, three kilometres away, where they were photographed and fingerprinted.

While the people were standing beside a bridge, a busload of policemen pulled up above them and started firing teargas.

A reporter visiting Kubusie, Vuyo Bikitsha, said he was standing next to the people and had not heard any warning to disperse.

"After the police shot about six or seven teargas rounds, the people ran away."

He said he then left the area and was followed by the police.

"A Capt Potgieter, who was in charge, told us we would have to leave as it had been declared an operational area."

Bikitsha then drove to Stutterheim police station with another journalist, where they laid a charge against the police for shooting at them.

In a statement, SAP regional commissioner Maj-Gen MJ Rust said the police had "conducted a full-scale crime prevention operation in Kubusie.

"Several serious cases of unrest occurred during 1989 in Kubusie and there is at present at escalation of incidents.

"Leaflets explaining the necessity for the operation were distributed among residents of the township." – ANA

(30)

Gaby Magamola . . . a controversial departure.

Business in the 1990s

C. Press 21/1/90 (30)

Lessons to be learnt from past failures

Managers and executives associated with the black business sector see the 1990s as a decade of opportunities, ranging from developing the informal sector to building a black "Sanlam" or "Anglo"

By PATRICK MAFAFO

THE 1980s will be remembered for the number of failed black business initiatives.

There was Shareworld Pepsico and African Bank to name a few At African Bank the flamboyant chief executive, Gaby Magomola, left under a cloud

African Bank continues to prosper despite Magomola's exit The bank's year to date results are a true reflection of its progress Taxed income after making provision for bad debt improved in 1989 to R718 705 from R353 458 in 1988

According to acting chief executive Jack Theron a more conservative credit policy has been adopted which will reduce ure write-offs A five-year strategic plan s being implemented, he says

However this is not to say African Bank uld not have done even better with gomola on at the helm Magomola is no mchair theorist All the same he is more specialist than a general manager

Taking this factor into account, it is ous he would lack "people skills", but en time in a position of general management this state of affairs could have hanged

It can be said with confidence today that major contributing factor to his downfall African Bank was his flamboyant style management After all, a bank operates public confidence and any negative peculation on its leader is bound to affect In banking circles flamboyance is a no-

Magomola has since taken his skills to he newly formed Foundation for African usiness & Consumer Services (Fabcos – a Nafcoc rival) as chairman of its marketing vices wing

Magomola, who is very excited about hat the 1990s will bring to black business is investigating the possibility of a nk for Fabcos members

It is from such a background that black ess approaches the 1990s

Everyone knows black business is developing against a history of disadvantages h as lack of capital and skills, but to cept them would spell doom to the black iness movement

There is nothing wrong with construc- e Press criticism since the black busi- s sector is still growing The Press has highlighted many failed white businesses

One positive aspect of these setbacks is at black business was taken by the scruff of the neck and given a good shake

The rise of the informal sector (hawkers taxis etc) gained prominence in the 1980s

This sector's contribution to the country's gross domestic product (GDP) has been estimated at between 12 and 40 percent

The informal sector's role may be overestimated, but those who argue in favour of it stick to their guns Ian Hetherington managing director of Job Creation SA, says the informal sector "is alive and well and growing much faster than the formal sector (registered businesses)

Hetherington says there is hope the government will aggressively tackle laws that hinder black business An example is the expected scrapping of business licences

However, without bigger wages in the formal sector the informal sector will be restricted

The 1980s was also a decade of sanctions as a form of pressure on the government Management consultant Joe Manchu says people favour sanctions for different reasons some for moral reasons some for revolutionary reasons but others because they support peaceful change

However, black businessmen increasingly aware of the effects of sanctions on exports and external trade

"The US Congress Comprehensive Sanctions Bill passed in 1986 has opened up opportunities for ambitious black businessmen interested in exports US markets lost to white corporations are there for the picking by black businessmen

"After all blacks are sanctions-free"

Manchu is putting together an economic development committee which he believes will lead to black business contributing close to 35 percent of the gross domestic product The share of black business now is estimated at 1 to 2 percent

Other black owned projects expected to get off the ground include Paul Browning's "Project Spear" It will provide public transport without subsidies in areas of high car ownership This scheme, says Browning will meet the demands of a post-apartheid South Africa

Browning, a transport expert, is a member of Travel Management and wrote the book, *Black Economic Empowerment Shaping South African Business for the 21st Century* Since 1986 he has been consultant to a Fabcos affiliate the SA Black Taxi Association (Sabta)

He drew up the strategic plan "Sabta 2000", the basis of Project Spear Project Spear (Pty) Ltd recently offered to buy and turn around unprofitable white municipal bus fleets

Project Spear managing director Harry Sertonstein says "We start 1990 with a black business movement that scarcely exists in the formal sector"

He says the informal sector could develop but only if it is given substantial help

He sees established business playing a major role in helping black economic empowerment Within five years, he says, there must be large black-controlled businesses which are recognisable as smaller versions of Anglo American Barlow Rand and Sanlam He sees this happening within this decade

"The wealth of the country should be redistributed voluntarily otherwise it will be redistributed forcibly"

Writing in the *Financial Mail* Sertonstein says finding an effective means of black economic empowerment will be the business challenge of the next 12 months

Judging from Press statements, Fabcos is set to become a major force in black business In certain circles it is said it might take over the throne of Nafcoc as the only representative of black business or at least keep Nafcoc on its toes

However Fabcos still has a long way to go There is the question of its politics the organisation has been unable to draw support from the major black political groupings Fabcos remains real or imagined attached to "Big Business"

It is worth noting that the black business movement enters this decade with fewer obstacles then before The attitudes of trade unions as well as the ANC towards capitalism have softened

Negative aspects of the 1980s should be best buried but not forgotten, lest they be repeated A lot took place, yet there was little progress There was Nafcoc's tour of Africa for instance lots of speeches very little action

The decade also witnessed the birth of Fabcos At a Transnational Companies in South Africa conference held in Geneva, Fabcos affiliate Sabta together with major business interests denounced sanctions

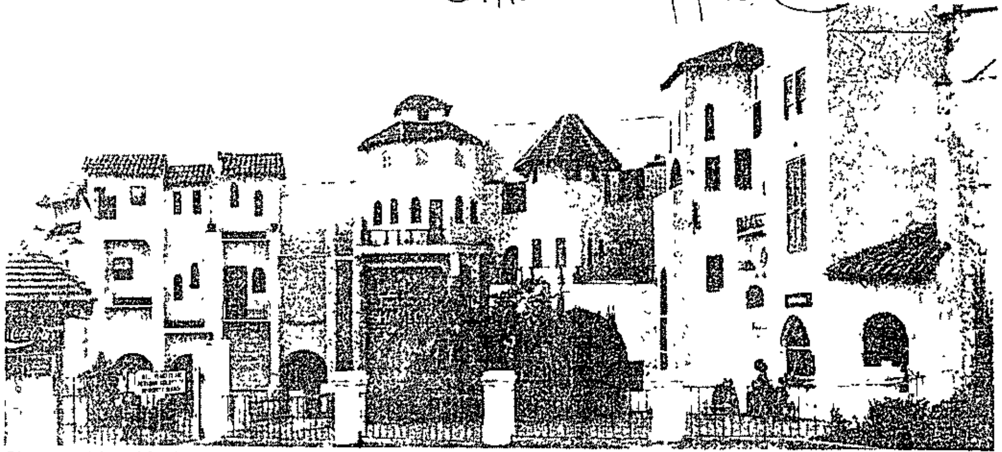
Black political and business leaders did not take kindly to that But it's early days – Fabcos has been around for less than two years And Nafcoc has changed from an innovative to a conservative organisation

Among the black consultants determined to play a meaningful role this decade is Willie Ramoshaba of WR Consultants Ramoshaba was the organiser of a black trade mission to Malawi last year He has some interesting comments about the past two decades of black business and its role in the 1990s

For the past two decades black businessmen were sealed from Africa and the rest of the world in terms of markets, technology, information and expertise" By the 1980s the average black businessman started to look at business methods and international business trends

Ramoshaba says it is against this background that the first trade mission by black businessmen was sent to Malawi where it was decided to make it an annual event

The first of these missions in the 1990s will be a six-day event in Zimbabwe in April They are undertaken to observe and experience the business environment in a typical post-independence Third World country



Shareworld – a black-controlled, but white-run enterprise – "went down the drain". Was it perhaps ahead of its time?

30 [illegible] S/Times 21/1/90

Motors gloomy

By Don Robertson

THE sharp fall in vehicle sales in December has blighted motor-industry hopes. Manufacturers now forecast a lean first six months in 1990 after expecting sales to decline only modestly.

They had hoped sales would hold up on the strength of corporate and car-hire requirements. Light commercials, including mini-buses, were expected to benefit from buying by small entrepreneurs and farmers.

However, the fall in average monthly sales in the third quarter of last year, particularly for cars and heavy commercials, has prompted a reassessment of forecasts.

Average monthly new-car sales were sharply down in the last quarter of 1989.

Sales of cars in December were a dismal 13 875 units — the lowest for more than 30 months and a fall of 29% on November's 19 540. Sales for the year were 222 351 compared with 230 500 in 1988.

Light commercial sales were 8 217 in December compared with 10 479 in November, a decline of 21,6%. Sales for the year were 117 135 against 112 197. Medium commercial volumes were 283 in December compared with 423 in the previous month for an annual total of 4 474 (5 618).

Sales of heavy commercials were 660 last month against 912 in November. Annual sales were up at 9 678 from 9 573.

High interest rates, the slowdown in the economy and reduced consumer spending did the damage.

But the news is not all bad. Relative exchange-rate stability will mean that price rises this year will be between 12% and 14% compared with an expected inflation rate of 15%.

The rand's world value

	R1 equals		One foreign unit equals (R)	
	19/1 /90	19/1 /89	19/1 /90	19/1 /89
US $	0,3894	0,4148	2,5680	2,4107
UK £	0,2369	0,2364	4,2213	4,2297
Deutschemark	0,6671	0,7751	1,4990	1,2901
Japanese yen	57,08	53,58	0,0176	0,0186
Swiss franc	0,5929	0,6584	1,6866	1,5188
French franc	2,2666	2,642	0,4412	0,3785
Canadian $	0,4575	0,4942	2,1858	2,0235
Italian lira	496,14	567,37	0,0020	0,0018
Zimbabwean $	0,8912	0,8150	1,1221	1,2270
Australian $	0,4920	0,4787	2,0325	2,0889

Trade weighted value of rand, % change against 1974 base .40/28 –

Domestic interest rates

MONEY MARKET

	Friday 19/1 /90 %	Friday 12/1 /90 %	Friday 5 /1 /90 %
SARB accommodation: rediscount rate TBs	18,00	18,00	18,00
Treasury bill tender rate	18,00	18,00	18,00
Basic call of discount houses	20,50	20,50	18,75
Three-month banker acceptances	18,55	18,65	18,55
Three-month NCDs	18,75	19,75	19,70
Three-year RSA stock	15,50	15,42	15,50
Prime overdraft rate	21,00	21,00	21,00
All-in yield of finest acceptance credits	19,66	19,77	19,60

CAPITAL MARKET

SECONDARY MARKET **RATES ON MOST TRADED STOCKS**

	Average Previous Month	As on Friday
Long-term RSA stocks	15,65	15,65
Long-term Escom stocks	15,46	15,46

Best sections this week

	Av % Mv	Av D/Y	Av E/Y
Copper	12,5+	2,0	7,9
Printing & Publish	6,4+	4,6	15,1
Pharm & Medical	3,7+	4,9	12,9
Furn & Household	3,0+	7,2	19,9
Food	2,0+	5,7	15,8

London gold fixings

	am	pm
Monday	$415,30	$415,60
Tuesday	$415,25	$412,75
Wednesday	$410,60	$410,40
Thursday	$413,60	$413,40
Friday	$410,60	$408,65

Overall market this week

(Ordinary Shares Only)

	Mining	Non-Min	Total
Volume	23 794 081	41 172 618	64 966 699
Value traded	R442 409 863	R194 144 420	R636 424 283
Up	30	147	177
Down	103	167	270
Unchanged	22	276	298
Number traded	144	510	654
New highs	26	58	84
New lows	4	12	16

JSE Actuaries Index

	THIS WEEK	LAST WEEK	WKS% MOVE		THIS WEEK	LAST WEEK	WKS% MOVE
	3225 3675 1675 175	1770	6.2 6.2	CENPROP			

Star 24/1/90 (30)

Doubts surface over black rights to buy property

Johannesburg set to become free trade area

Municipal Reporter

The whole of Johannesburg is expected soon to become a free trade area after a decision by the city's management committee, but doubts were raised yesterday whether the decision would legally entitle blacks to buy property in white group areas.

On Monday night the committee, acting on a Government request, decided to ask for council approval at next week's meeting for blacks to trade or own business premises anywhere in the city.

Since February 1986, Johannesburg's CBD bounded by Noord Street and the motorways has been open to all races for trading, commercial, professional, educational and religious purposes.

If approved by the council, this would be extended to the entire municipal trading area.

And, said the management committee chairman, Mr Jan Burger, "quite a number of residential" areas were now being considered for free settlement status.

The latest move puts Johannesburg ahead of every other municipality in South Africa, said National Party chief whip Mr Hein Kruger.

However, Democratic Party city councillor Mr Clive Gilbert accused the ruling National Party of ignorance of the law, challenging Mr Kruger to withdraw his claim that this meant blacks could own property in white group areas.

Estate agent Mr Gilbert said free trade areas allowed blacks to rent but not buy business property and he personally had handled numerous cases where offers to purchase by blacks had been lost.

"All this means is the scrapping of the permit system and the need to do business shielded by nominees."

Residential areas

Democratic Party council leader Mr Ian Davidson welcomed the move, saying it was an indictment of the National Party council that the initiative had come from the Government.

"It is to be hoped on council initiative the next move will be to desegregate all residential areas throughout the city," he said.

Mr Burger did not expect a rush for business premises as many blacks had been trading in white areas since the turn of the century.

Mr Kruger said the most immediate outcome would be to cut red tape, but since the main pressure was on the CBD, prices were unlikely to rise substantially in the satellite areas.

The Conservative Party in the city council said it was opposed to the opening of trading areas.

The Central Business District Association welcomed the move, but chairman Mr Nigel Mandy cautioned that it would be necessary to introduce some transitional arrangements in "black" areas within council jurisdiction.

This should merely be a move to provide interim protection for disadvantaged black businessmen who had been restricted to their own areas.

"We do not want to wipe out much of the entrepreneurial class that has been built up under adverse conditions," he said.

He predicted the latest decision would lead to the scrapping of apartheid in residential areas.

"There is some merit in the controversial free settlement areas as the transitional process leading to the opening of all residential areas, with Lenasia and Soweto remaining largely Indian and black towns.

"Then we need to see an end to the Separate Amenities Act where the only criterion will be to keep the place clean, finally getting away from race," Mr Mandy said.

Generally, moves to desegregate had reflected realities as they had been introduced when desegregation was already a *fait accompli*, Mr Mandy said.

Retailers hold their breath for Budget

BDay 25/1/90 **SYLVIA DU PLESSIS** (30)

FINALISED December figures for sales of audio equipment are likely to be higher than expected, but retailers are anxiously awaiting details of government's Budget before raising their hopes for a more prosperous 1990 generally.

Furniture Traders' Association (FTA) executive director Frans Jordaan said yesterday that December sales figures — due out at the end of the month — would probably reflect real growth of between 2% and 3% for the furniture sector. This was in line with the association's forecasts.

But while sales of appliances and TVs were likely to have remained poor, retailers were expected to report "still negative but slightly better" growth in sales of audio equipment, he said. The FTA's initial forecast was for negative real growth of 20%.

"However, whether the better-than-expected Christmas sales trend will continue into 1990 depends a lot on the March Budget. If the stringent regulations affecting the industry are relaxed, then I'll be much more hopeful."

Review

Jordaan said representatives from the FTA, the Radio and TV Manufacturers Association and the SA Domestic Appliance Manufacturers Association would still be meeting Finance Department authorities on March 6 to discuss a possible easing of curbs on durables spending.

"We'll review the situation with the latest data in hand and this will be passed on to Finance Minister Barend du Plessis.

"There are so many other things, such as the economy generally, that need to be taken into account, but we're hopeful and optimistic that the matter will be addressed to our satisfaction.

"If current HP deposit levels are lowered to acceptable levels and surcharges are reduced, prices will be more attractive and we'll see positive growth in the appliance, audio equipment and TV industry for the rest of the year.

"In the meantime, it's difficult to make forecasts when we don't know where we stand."

Du Plessis gave the assurance in November that import surcharges would be phased out and adjustments considered under the Credit Agreements (HP) Act when economic circumstances permitted.

Retail grocers set to earn R20bn turnover

B/Day 25/1/90 ㉚

BENJAMIN COCKRAM

OVERALL turnover for the retail grocery sector is set to reach an estimated R20bn compared with last year's R17bn.

A leading analyst yesterday said the 15% rate of increase was expected to keep the sector in a "comfortable" position throughout 1990.

The continued urbanisation of the black population was one of the main factors lending support to the market.

"The sudden flock of black people to the towns after the abolition of influx control in 1983 caused a dramatic growth in the grocery retail market."

The analyst, who did not wish to be named, said the R20bn projected for this year also compared favourably with the R14,8bn of 1988.

However, the figure showed little real growth but was simply marginally greater than the national inflation rate.

"Although this does not look impressive, it will keep the market on a comfortable footing."

He said another factor that would maintain the market's bouyancy was a possible end to disinvestment brought about by a change in the political climate within SA.

This would boost the grocery retail sector's annual turnover as the average person's buying power would be enhanced, he said.

Checkers MD Sergio Martinengo said the figure of R20bn for 1990 was realistic.

Taking into consideration a 15% inflation rate, this figure correlated with his estimate of a 1,2% real growth.

"Although at present we have a negative economy in SA, there is a lot of positive feeling which we can attribute to the recent political changes taking place.

"This positive feeling can only serve to promote the grocery retail market and the economy as a whole," he said.

A further boost for the market was deregulation which would create a situation in which more jobs would be made available, thereby increasing SA's buying potential.

This would further minimise the effect on the grocery retail market of recent retrenchments of members of the military and Sats.

OK Bazaars marketing director Mervyn Kraitzick expected little real growth in the market. He said the market in 1990 would be much the same size as last year, but OK Bazàars's portion would undergo substantial real growth in the new year.

Nafcoc on show in Botswana

Sowetan 25/1/90

30

By JOSHUA RABOROKO

The National African Federated Chambers of Commerce will take part in the second Bitex Industrial Trade Show in Botswana from April 25 to 28.

The organisation has called on all competent black industrialists and manufacturers to take part. The Nafcoc delegation will be led by a senior official from the organisation.

Nafcoc's public affairs manager, Mr Gabriel Mokgoko, said 14 spaces had been allocated for black companies. This is the first time black entrepreneurs in the country will take part in a market in an independent African country.

"It is the first foot forward. The potential of our manufacturers will never be known until their innovation is exposed," Mokgoko said.

Botswana, a member of the South African Customs Union, will give participants an opportunity to exhibit their wares and interact with buyers, visitors and businessmen from other southern Africa markets.

"Those of our exhibitors who have already subscribed are eager to grab the opportunity and show the best that comes from black hands," he said.

The promotion of black industrialists in neighbouring countries is one of Nafcoc's major programmes for 1990. In 1988 visits were paid by Nafcoc executives to various African countries. Contact was made with their chambers of commerce to pave the way for future business relationships.

According to Nafcoc, inquiries from blacks into the import/export business are overwhelming, with the result that workshops will be conducted throughout the country from March 1990 to assist interested persons understand the challenges and opportunities of this virtually unexplored business.

Gabriel Mokgogo

Those interested in the Bitex trade show should phone Khomotso Baloyi at (01214) 3204/5.

B/Day 15/11/90

Mashold earnings look set to rise

SYLVIA DU PLESSIS

DIRECT mail order group Mashold is likely to produce earnings of 33,3c (25,6c) a share during the current financial year to February, according to Frankel, Kruger, Vinderine retail analyst Aloma Jonker.

Should it be able to reduce debt levels, continuing good growth in earnings levels is expected, she says.

Earnings growth for the group "should remain in excess of 20% until 1992, when earnings could reach 53,5c a share", as its tax rate is expected to remain low during the next three years because of export allowances and remaining tax losses.

"Improved economic conditions and lower interest rates should add to earnings growth during 1992."

The retail and wholesale-listed group's customer base of more than 3-million is relatively unaffected by economic downswings.

Profit

30

Jonker forecasts an increase in turnover of about 40% (51,9%) during the current year.

Pre-tax profit looks set to rise to R8,2m (R6,2m) translating into attributable earnings of R6,5m (R5,1m), from which total dividends of 15c (12c) will be declared.

Jonker says while the group operates in a growing market with very little competition, the share is to be recommended for portfolios requiring smaller holdings, as tradeability is relatively low.

"Mas Holdings we regard as offering a better opportunity than (holding company) Mascon," she says.

Market speculation is that the group, which last month warned shareholders to exercise caution in dealing in their shares, is set to buy into struggling competitor Springtex and take over its assessed losses.

Better economy may boost sentiment towards Focus Holdings shares

B/Day 25/1/90

(30)

ANALYSIS:
STEPHEN RICHTER

FOCUS Holdings has been out of favour with investors recently, but once economic conditions improve, sentiment towards the share could change.

Focus is engaged in speciality retailing of men's and women's clothing as well as bedding.

The group controls outlets such as Cashworths, Bachelors, Mattress World and Forty Winks, mostly in the PWV.

During the current financial year, the group acquired the Smiley Blue and Goophees retail chains from Amrel.

Focus now has a line-up of retailing outlets which are situated in major shopping centres with strong merchandising and marketing support.

The type of clothing outlets this group owns must keep in step with the latest fashion trends.

Joint MD Michael Cohen is reluctant to provide details concerning Focus's December sales figures.

He did say that "the group showed positive growth in turnover in December 1989, compared with December 1988, as well as the first 10 months of the current financial period over that of the previous financial year".

In spite of this optimistic statement, shareholders are clearly worried things may get worse before they get better.

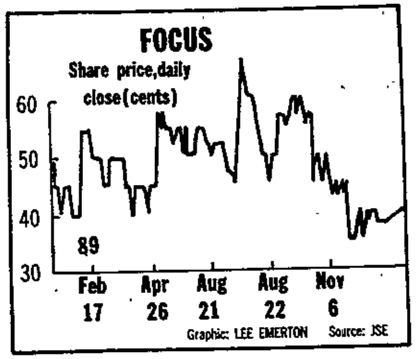
This is due to the high interest rates and reluctance on the part of the average consumer to increase spending until economic conditions improve.

These concerns are justified in view of Focus's latest statement on December 19, which indicated that while earnings a share for financial 1990 would show some improvement over the 8,5c achieved last financial year, the results would be below the projected 13c.

Management blames the current economic conditions as well as the fact that rationalisation benefits resulting from the recent Cashworths acquisition are taking longer to accrue than expected.

Cohen said while the Cashworths operation was profitable, "the full benefits of the rationalisation and cost-saving measures implemented will further add favourably to 1991 profits".

While market sentiment towards the group is negative, it seems possible Focus can earn 10c per share and pay a 4c dividend, which translates into a forward earnings and dividend yield of 26,3% and 10,5% respectively, based on its recent price of 38c.



Graphic: LEE EMERTON Source: JSE

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Opening of city trading is welcomed

NEIL YORKE SMITH

REPRESENTATIVES of black and white business groups have welcomed the move to open Johannesburg as a free trade area.

However, the move was long overdue and should be viewed as only a small step towards general freedom in deciding where to trade and live, they said.

Anglo director and president of the new SA Chamber of Business Les Boyd said yesterday he welcomed the move as yet another step towards the complete normalisation of our society.

B\Dom 25\11\90

Boyd said it was unlikely any dramatic changes would immediately result.

"Business is not an overnight phenomenon, rather it tends to develop and evolve," he said.

"I see the move as the kind of evolutionary change which is needed to optimise business development in this country."

Top black businessman and Nafcoc founder Richard Maponya also welcomed the move. "Trade should be free for any entrepreneur wherever he can make a profit," he said.

Maponya said it had taken a long time to make the decision. "Before, we were living under abnormal conditions where one trading party was protected and the other prejudiced."

"I believe the move will contribute to the spirit of the new SA of which the state president has spoken," he added.

"It is right that people of all colours should at least have a hope that they will also have a slice of the economic cake," Maponya said.

Johannesburg CBD Association founder-chairman Nigel Mandy said the opening of facilities was always welcome.

"I stress, though, that this depends on how other things are relaxed," he added.

"The opening of free trade areas does not in any way detract from the group areas problem, where blacks have to 'trek' back to Soweto every night to live," Mandy said.

African Business Publications MD Sy Kutemale said it made little sense to open some areas but not go all the way.

"Also, other constraints besides non-free trading areas have restricted black businessmen," he said.

"These include problems which have become entrenched like lack of capital and reduced competitiveness which resulted from apartheid business laws," he added.

"Blacks do not need the hassles of petty laws and prejudices when many problems could be solved by government's throwing everything open to trade and residence," he said.

CLAREMONT F/M 26/1/90

How to get there?

Claremont, the largest business sub-centre in the western Cape after the Cape Town CBD, is on the brink of another investment boom. All that stands between it and an estimated R225m in new capital development funds is the question of improved access to the area.

This emerges from a recent memo sent by Sapoa to the Cape Town City Council. The memo seeks to break the impasse which has developed around Claremont's transport and access problems. The issue comes down to a difference of opinion between the council and the Provincial Roads Engineer on how best to alleviate the area's traffic congestion.

At issue is whether Claremont needs an elaborate bypass system — as a scheme announced back in 1968 suggested — or the so-called R40m Relief Road Scheme first announced in 1988 by the council. Sapoa and the council favour the latter, but the engineer is apparently unhappy with some of the city planners' assumptions.

Sapoa says: "We don't profess to have the answers to the planning problems posed either by the engineer or the City Planner; nevertheless, we do wish to see them resolved in the interests of Claremont." It continues: "The continued delay in reaching a solution cannot but harm the viability and strength of Cape Town's second most important centre and rate base."

(30)

According to Sapoa's calculations, Claremont CBD — present developed commercial floor area: 400 000 m^2 — is worth about R700m. And, taking account of projects already under construction, Claremont CBD contributes approximately R10,5m in rates to the city (1979 valuation). Sapoa believes that if the R225m developements do come on stream, the rates contribution would increase a further R3m a year. This, it points out, would help alleviate the low ratio of commercial to residential property in Cape Town — a major reason for the city having such high rates.

The memo notes the "significant and growing imbalance in expenditure by the private sector on the provision of developed floor space in this CBD on the one hand, and the almost complete lack of expenditure by the city on infrastructure on the other." It goes on to "demand that the city affirm its confidence in Claremont by undertaking to bear its share in maintaining this CBD."

Sapoa's efforts have not been in vain. Council and province, subject to certain formalities, have agreed to appoint consultant engineers to investigate the matter. Their report should be ready by the middle of the year. ■

FLEISHMANS F|M 26/1/90

Way off track

(30)

Anyone hoping that, with the change of control in August, Fleishmans had entered a new and more placid era, has so far been disappointed. Since then the company has belatedly announced miserable results for the year to end-June. The proposed deal, whatever its nature, with Spareco — which is being cobbled together by Lynsat (the

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F|M 26/1/90 (30)

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Activities: *Retails motor parts.*
Control: *Lynsat Investments holds 54%.*
Managing director: *G F Earnshaw.*
Capital structure: *27,9m ords. Market capitalisation: R19,5m.*
Share market: *Price: 70c. Yields: 12,9% on dividend; 22,7% on earnings; PE ratio, 4,4; cover, 1,8. 12-month high, 107c; low, 55c. Trading volume last quarter, 858 000 shares.*

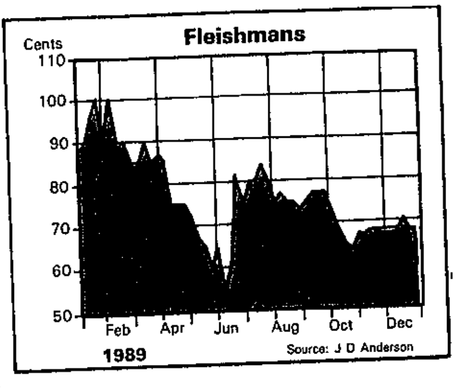
Year to Jun 30	'87	'88	'89
ST debt (Rm)	0,5	5,1	7,4
LT debt (Rm)	1,3	1,2	0,3
Debt:equity ratio	n/a	0,92	0,73
Shareholders' interest	0,63	0,39	0,49
Int & leasing cover	n/a	51,9	6,81
Return on cap (%)	50,4	29,9	26,1
Turnover (index)	100,0	234,0	285,5
Pre-int profit (Rm)	3,4	4,9	5,5
Earnings (c)	10,5	15,9	15,9
Dividends (c)	—	8,6	9,0
Net worth (c)	19,0	22,8	37,4

controlling shareholder of both groups) — seems to have bogged down.

However, this is not to say that there has been a total lack of action. Beneath the surface things seem to be seething, with a succession of financial advisers. As far as sponsoring brokers are concerned, Davis, Borkum, Hare and Lowenthal (which brought both Fleishmans and Spareco to the market) have been replaced by Simpson, McKie and Frankel, Kruger (with a brief appearance by Irish & Co). Colfin is listed in the most recent announcement as corporate consultants, whereas Senbank acted as merchant banker to the change of control.

All this probably means something — just what will no doubt become clear in due course.

Point is that Fleishmans has been plagued by various disagreements almost since it was listed. So there is the suspicion that the group's performance might have been better had there been less in-fighting and more attention to actually running the business.



Source: J D Anderson

The track record to date, viewed against the company's own forecasts, is unimpressive. 1988, the first full year after the listing, saw earnings fall more than a cent short of the 17c prospectus forecast due, apparently, to the acquisition with effect from September 1987 of Eddie's Motor Spares. This was followed in 1989 by less-than-impressive unchanged earnings of 15,9c on a 22% sales increase — the latter despite an increase from 24 to 34 in the number of outlets — whereas the market had at one stage been looking for EPS of around 25c.

Investor disapproval is reflected in the slump in the share price to 70c, which is 20c below the price at which control changed in August (though this was subject to adjustment depending on profits), and even 5c below the minimum offer for which minority shareholders are still waiting. A comparison with the 190c price, at which shares were issued ahead of the 1987 listing, is simply depressing.

What happens next? On paper, a tie-up between Fleishmans and Spareco looks a good idea, particularly as sales of motor spares and accessories should gain additional muscle as the new vehicle market softens. This, in turn, would suggest that shareholders should stay with the company in hopes of better things to come. But like any company in any industry, to fly it is going to need a pilot — recovery is not going to take place until the market is satisfied the new controlling shareholders have a cohesive plan for the future.

Brian Thompson

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F|M 26|1|90 (30)

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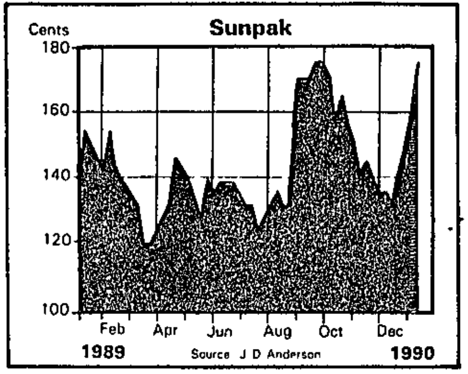


Source J D Anderson

the relative importance of these two factors. However, assuming these wrinkles have been ironed out, the attributable profit target — based even on the existing asset base — should not be difficult to achieve. One then hopes that similar progress will continue in 1991 and beyond which, barring a further increase in capital, should reflect in substantially higher earnings.

For the moment, it looks as if both Sunpak and pyramid Sunvest will pay 11c for 1990 (up 1c), giving forward yields of 6,9% for Sunpak (160c) and 7,5% for the illogically cheaper (146c) Sunvest.

Brian Thompson

SANLIC F|M 26|1|90

Profits bolt (30)

Sanlic's annual report devotes more space to discussing events since the year's end than on explaining last year's results. The group was unable to maintain 1988's solid performance — bottom-line profit was more than halved, though turnover grew by 31%.

Operating activities were funded by lifting interest-bearing debt by 348% to R5,8m, the interest bill rose to R640 000 (R170 000) and gearing to 0,91 (0,22). And, to finance the purchase of Crusa Manufacturing, the group issued 700 000 Sanlic ords at 44,4c and paid R95 000 cash.

Chairman Leo Nussbaum says the dismal results reflected high operating expenditure in the latter half of the year. However, the situation is far from serious. The group has a stronger balance sheet, with the current ratio up to 2,43 (1,77). The tax rate, at 59% (49%), rose due to disallowed items of expenditure and exempt income; it should fall this year.

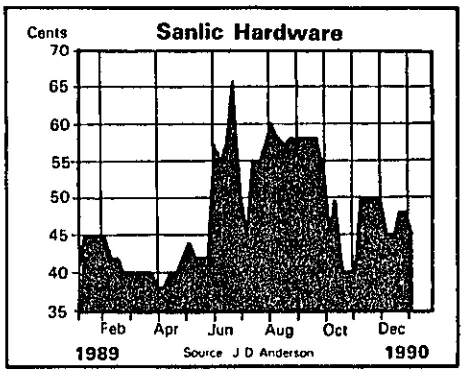
Since year-end an extensive expansion has been undertaken at a cost of nearly R32m, payable in cash and by issue of shares and debentures. Acquisitions included AMD Agencies and FS Consumer products for R6,3m, which should strengthen Sanlic's position in the DIY market. The directors believe the acquisitions will not affect the balance sheet in the short-term but synergistic benefits should be significant.

Though the share is close to its 12-month low, prospects for a price recovery are high.

Jacques Magliolo

Activities: *Wholesalers of locksmith supplies and security-related products.*
Control: *Elcentre 73%.*
Chairman: *L Nussbaum; MD: M M Nussbaum.*
Capital structure: *16,2m ords. Market capitalisation: R6,5m.*
Share market: *Price: 40c. Yields: 2,5% on dividend; 10,5% on earnings; PE ratio, 9,5; cover, 3,6. 12-month high, 70c; low, 35c. Trading volume last quarter, 132 000 shares.*

Year to Jun. 30	**'87**	**'88**	**'89**
ST debt (Rm)	1,4	1,3	2,1
LT debt (Rm)	—	—	3,8
Debt:equity ratio	—	0,22	0,91
Shareholders' interest	0,45	0,48	0,39
Int & leasing cover	3,21	13,8	2,9
Return on cap (%)	25,3	21,0	12,6
Turnover (Rm)	11,0	16,3	21,5
Pre-int profit (Rm)	1,8	2,6	2,1
Pre-int margin (%)	16,2	15,9	9,7
Earnings (c)	6,0	7,9	3,6
Dividends (c)	—	3,8	1,0
Net worth (c)	25,7	40,3	39,7



Source J D Anderson

Sanlic's Nussbaum ... dropping the catch

Open trading proposal welcomed

Returning the

stolen rights to citizens of Jo'burg

Star 26/1/90

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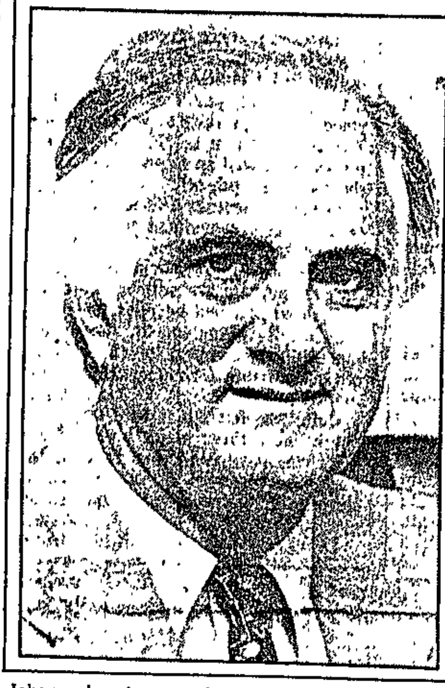
NIGEL MANDY, an international expert on city centres and the man who has fought hardest for free trade in Johannesburg's central area, analyses the anatomy of "open trading" and the importance of this step in relieving conflict and freeing the economy.



Johannesburg's Management Committee is to be congratulated on its recent proposal that the entire municipal area should become an open trading area.

If all goes well this recommendation should be approved by the full City Council next Tuesday, after which the Government's permission under Section 19 of the Group Areas Act should be a mere formality.

The "open trading" proclamation now sought would allow persons who are not white to own shops and also — very importantly — to carry on commercial, professional, educational and religious activities anywhere within the municipal area, provided that the premises in question are zoned appropriately under the municipal town planning scheme, and subject to the normal laws governing nuisance and improper behaviour.

Persons who are not white have always been allowed to shop in "white" areas, and to work there in subordinate positions.

Black staff and customers are numerous, so the ban on ownership has had minimal effect in reducing the numbers of other races present. It can be explained by a selfish and short-sighted desire to maintain white privilege.

Group Areas proclamations of the 1950s included virtually all significant business and industrial premises in "white" group areas, where ownership or occupation by persons of other race groups was prohibited.

Fortunately this unjust restriction is now in the process of being overruled by free market pressures in a society whose diverse peoples are all bound together in a symbiotic relationship.

From the late 1970s onwards the process of bending, stretching and avoiding previously rigid laws gained momentum, particularly in Johannesburg's central business district and the other major metropolitan cores.

A long-standing battle was won on February 21 1986 when the factual situation developing in Johannesburg's Central Business District was legalised by an open trading proclamation under Section 19.

The result has demonstrated in a highly satisfactory manner that allowing people to come together is much better than trying to force them apart.

The City Council took the process further last year with the opening of municipal facilities and swimming pools.

Hopefully its application for a permit to desegregate the city's bus service will be granted by the Local Road Transportation Board next week.

Right-wing objections to relaxation of discriminatory measures may be classified under several headings, viz.

- **That whites are being crowded out.**

But the fact is that more than three quarters of the population of this metropolis are not white.

That proportion is enlarging even as their skills and aspirations increase and their cultural differences diminish in an urban environment. Complaints about declining standards ought to be met by improved city housekeeping and management, and (where necessary) by the enlargement of shared facilities not by race-based prohibitions.

- **That established white privileges are being removed.**

But the right to own property and to run a business or to conduct a profession ought never to have been removed from people of other races. Therefore we are not considering a removal of white rights, but rather a restoration of stolen rights to persons of other races.

- **That if non-whites open businesses in white areas, and perhaps settle there, it would unjustly affect the whites' own community and cultural life.**

This is accompanied by a pious assertion that the motivation is not in any way racist.

Let us pose a simple test: assuming that both are worthy and well-behaved people, which would be more acceptable: a Portuguese-speaking Roman Catholic recent immigrant, or an Afrikaans-speaking Dutch Reformed Church member who happens to be coloured? And what are the implications of the presence of many black persons every day in every suburb?

- **That persons of other groups should concentrate on building up the economies of their own separate areas.**

But many activities require multiracial participation, and are best situated in areas which are presently regarded as white.

A businessman should be free to establish his business in the most advantageous locality. Just as in the case of a white, that will often be some subordinate business node.

However, it should be added that black shopping enterprise can be expected to continue to be directed largely towards opportunities in the townships, where the openings are many and the competition not yet established.

In a situation which has been distorted for historical reasons, a good case could be made for protecting black entrepreneurs in the townships from the immediate blasts of strong white and Indian competition during a transitional period.

That is a matter for the communities of Soweto and the other black towns to decide for themselves, but the case for opening the white areas is in my view, unanswerable.

- **That this is the thin edge of the wedge for removal of residential restrictions.**

But the authorities are coming to realise that, especially in the large cities, residential restrictions are eroding under irresistible demographic pressures

That is a separate issue, which will probably be addressed by the incremental proclamation of free settlement areas as a prelude to repeal of the Act. Eventually the creation and maintenance of ethnic or cultural enclaves must come to be done through natural social processes, not by discriminatory laws.

It is right and proper that Johannesburg should take the lead in this matter. If other more conservative local governments hesitate to face up to emerging realities, they will doom themselves to increasing human conflict and economic stagnation.

~~KSA~~ 30

Trade may be open to all

By CONNIE MOLUSI

BLACK business will be watching the Johannesburg City Council meeting on Tuesday with great interest.

At the meeting a decision will be taken on whether to open trading areas to all races.

The National Party caucus chief whip Hein Kruger said if the council agreed to the management committee recommendation, this would make Johannnesburg the first South African city to allow blacks to own business property.

Kruger said the decision arose from an approach by the Department of Planning and Provincial Administration.

Most black business organisations have welcomed the recommendation.

Fabcos public affairs director Mike Ntlatleng said his organisation would encourage participation by the informal sector in order to bolster black economic muscle.

"We hope this move will set an example to other town councils, who are afraid of accepting black businesses."

Greater Johannesburg Chamber of Commerce and Industry president LB Mehlomekhulu, said the recommendation was a victory for his organisation which had fought for the opening of trade areas to all race groups since it began.

However, Mehlomekhulu had reservations that the move would only be significant if it also allowed blacks to own business property in the area.

Soon black businesmen may own their own business properties in Johannesburg.

Drop 'n Drive speeds delivery

㉚ S/Times 28/1/90

ROLLTAINER distribution is a relatively new concept in SA, but it has paid off for three big retailers.

About 18 months ago, Checkers introduced a limited rolltainer delivery service to 13 stores. It has expanded rapidly, OK and Pick 'n Pay jumping on the bandwagon. A total of 35 stores and 15 major suppliers now use the system.

Soaring

Called Drop 'n Drive, the service came about mainly as a result of soaring delivery costs. The current cost of an eight-ton, fixed-body, closed delivery truck is about R180 000.

A survey by FKN Chep, reported in Supermarket & Retail, found that about 75% of vehicles were delivering under 25% of their capacity and only 4% of vehicles were full.

On average, there were 37 deliveries to each store every day. Such deliveries to supermarkets were inefficient, mainly because productivity of both vehicles and crew was low.

To counteract the inefficiencies, Checkers decided to develop a way of speeding deliveries and passing on the benefits to the housewife. The result was rolltainers.

The concept of rolltainer deliveries is surprisingly simple and highly effective. Rolltainers are security cages on wheels into which orders are put according to store destination.

There is a document pouch on the inside of the mesh of each container into which the delivery notes/invoices are inserted. The rolltainer is then sealed.

The rolltainers are picked up by Drop 'n Drive and taken to premises in Prospecton, where they are organised in terms of store destination and loaded on trucks for delivery.

Each truck carries 21 rolltainers and the total load can comprise between 500 and 650 cartons. This means that each truck on the delivery system can potentially deliver between 2 500 and 3 000 cartons.

According to the GKN Chep survey, most trucks averaged about 600 cartons a day.

The system has various other benefits. One is that stock can be kept to a minimum through more frequent deliveries to stores.

The major obstacle at present is administrative because most stores do not have the capacity to double their ordering frequency. However, as more and more stores use computers, this will become possible.

Shelf-stock-only delivery is another bonus which will develop from the rolltainer concept. Stores take the rolltainer direct to the shelf for which the merchandise is destined without handling a carton.

Lift

Physical obstacles, such as being unable to get the rolltainer from receiving to the shopfloor and not being able to order frequently enough, are hindering development.

However, the problem can be solved by merely installing a goods lift.

Drop 'n Drive has about 735 rolltainers in service and uses between two and three trucks a day, depending on demand.

Market abuzz with Morkels MBO talk

SYLVIA DU PLESSIS (30)

THE market is buzzing with talk that Federale Volksbeleggings-owned Morkels is set to follow Rusfurn with a management buyout (MBO), following a cautionary announcement last week.

Market and industry sources said an MBO would be logical because Morkels had an "exceptionally strong" management team and, being smaller in size, would find it easier to organise.

Sources also said if control was transferred to management, the move was not likely to have been initiated by Fedvolks.

On Friday Morkels MD Carl Jansen would not confirm that a change of control would take place, adding it would be premature to comment until talks were concluded in mid-February.

Fedvolks consumer durables division chairman Neville Organ also declined to comment on the speculation.

Morkels posted a 39% drop in taxed income to R2,7m (R4,3m) in the six months to September. BDay 29/11/90

Jansen said the drop "was due not only to market forces but strategic renewal too. We have invested a lot of money in new technologies and human resources, for example, and we can't turn the tap off when the market goes sour.

"This strategic programme has collided with the economic downturn so, in a sense, we've been hit by a double whammy."

Star 30/1/90 (30) (84)

Indian traders ready to return

Bid to re-create historic 14th St

By Shirley Woodgate,
Municipal Reporter

Pageview traders will follow up moves to declare the whole of Johannesburg a free trade area by appealing to the city council to give the immediate go-ahead to re-create the 14th Street shopping strip.

Claims that blacks would not be able to own business property in free trade areas have been firmly quashed by National Party chief whip Mr Hein Kruger, leaving the way open for Indian traders to try to acquire largely vacant council-owned land zoned for business in Pageview.

Many of the 136 shopkeepers who were forced to move to the nearby Oriental Plaza in 1976 after the area was declared a white group area would not hesitate to return to their roots, said Mr Rashid Bulbulia.

The Pageview stalwart, who was born in 13th Street, where he still lives, and whose family traded as Job Centre in 14th Street from the turn of the century, said: "My father made 14th Street what it was, a drawcard for shoppers from all over the country and a tourist attraction."

Other shopkeepers who still live in Pageview, but who lost the fight to prevent demolitions which left only 32 houses standing, also indicated they would happily return.

They include Mr Mohamed Suliman Nana (65), who was also born in the suburb and whose family traded as Nana's in the city's renowned "Petticoat Lane" from the turn of the century. He said he had unwillingly moved to the Oriental Plaza in 1976 when the Government forced Indians out of the suburb.

Mr Mahmood Hassan, who formerly traded as Hans Store, said a return would be an historic move for the Indians to the place set aside for them by President Paul Kruger.

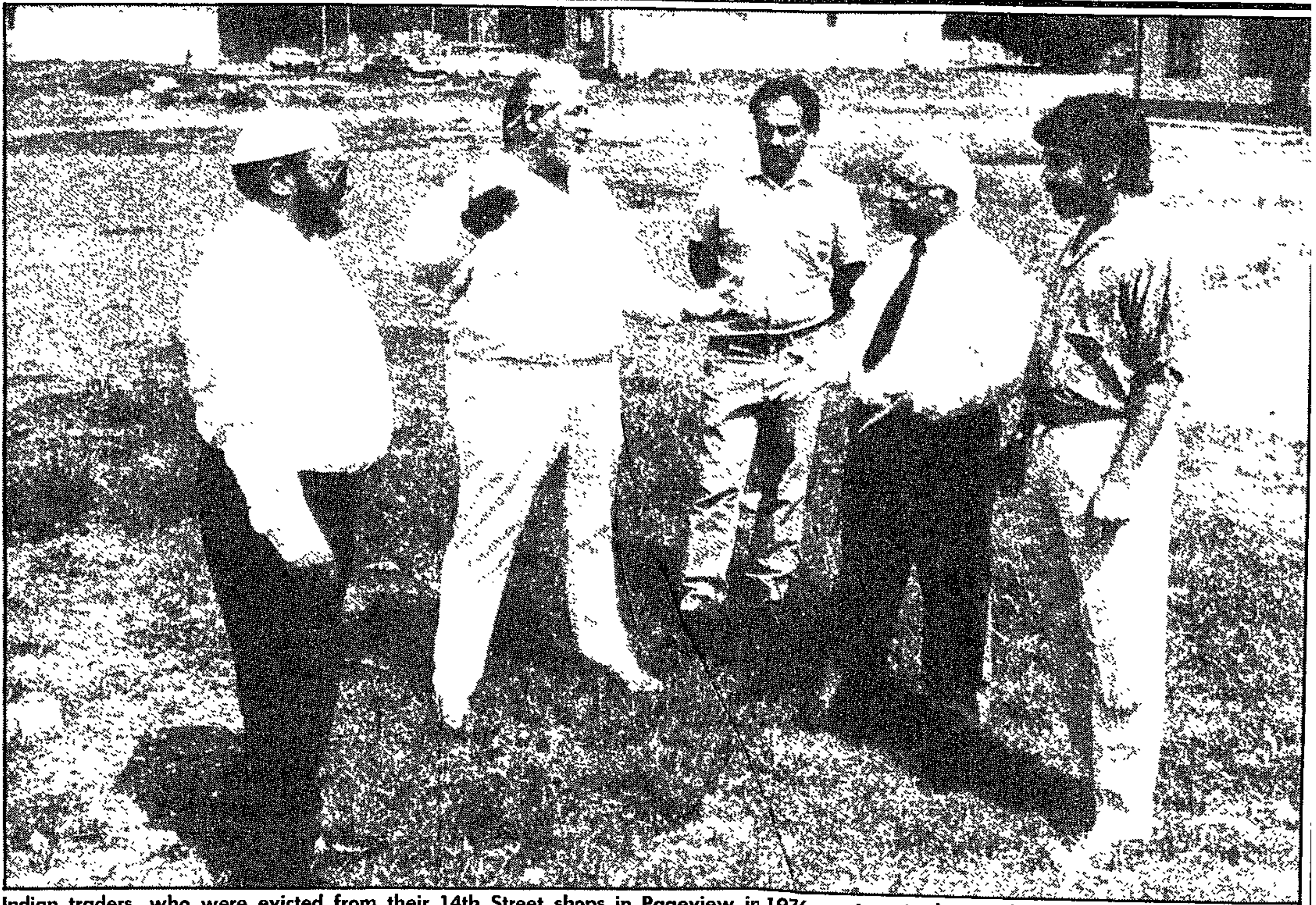
Authentic

Mr Feeraz Bulbulia said the authentic atmosphere of pavement trading from the front stoeps of houses in 14th Street had never been successfully re-created in the Oriental Plaza.

His uncle Rashid added that traders had paid dearly for the forced move from 14th Street.

Originally he paid R1 700 in rent for his plaza shop. When he refused to buy, the rent was increased to R4 500. Later he was warned by the House of Delegates that if he did not buy for R316 000, he would be evicted. Six months later, when he decided he had no alternative, the purchase price had gone up to R486 000.

The traders have obtained the backing of the Islamic Bank, headed by Mr Ebrahim Kharsany, who said his organisation would look at such a development "very favourably".



Indian traders, who were evicted from their 14th Street shops in Pageview in 1976, met yesterday to discuss plans to appeal to the Johannesburg City Council to allow them to return once the city is declared a free trade area. They include (from left) Mr Mahmood Hassan, Mr Rashid Bulbulia, Mr Yunus Talia, Mr Mohamed Nana and Mr Feeraz Bibulia.

Picture by Ken Oosterbroek.

Group aims to renovate buildings

By Winnie Graham

A black property consortium plans to lease and upgrade rundown buildings in the Johannesburg CBD and in Joubert Park and Hillbrow and then let the flats to blacks at market-related rentals.

The first building to be leased by Khubheka Investments is Manhattan Court, where renovations are already underway.

The project is seen a forerunner to developing and marketing the buildings to mainly black sectional title owners once this is legally possible.

The managing director of Kubheka Investments, Mr Stan Kubheka, yesterday appealed to the authorities to assist in making orderly and decent black residential accommodation possible in the CBD by removing legal impediments.

He said his consortium believed legal black home leasing and ownership in urban Johannesburg was the only solution to the "sickening problems" facing tenants in these areas.

He added: "Buildings are overcrowded, services are breaking down, rents are not being paid, people are being put on the street and property owners' investments are being destroyed. At the same time tenants are being manipulated and exploited not only by greedy lessors but also by the very people who purport to act in tenants' interests."

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Star 30/1/90

Lower stock levels could help reduce Reggies' debt

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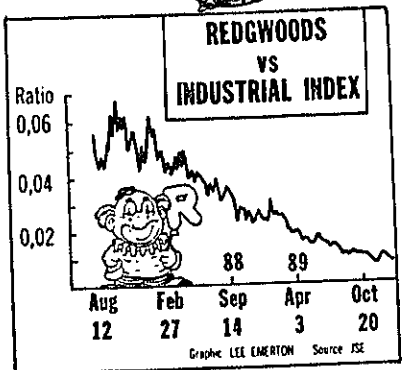
B\Day 30\11\90

ANALYSIS: STEPHEN RICHTER



Graphic LEE EMERTON Source JSE

THE continuing decline of Redgwoods Holdings (Reggies) share price indicates growing investor dissatisfaction with this group's performance since its JSE debut in July 1987.

The share price has fallen to a recent low of 19c from its 1987 peak of 150c. Reggies closed yesterday at 23c.

Waltons held a controlling stake in Reggies prior to the toy retailer's JSE listing, and continues to retain this stake. Investors feel Waltons' superior earnings growth record justified a premium rating for Reggies shortly after making its JSE debut.

After all, Waltons management team is highly regarded in the investment community, and Reggies was expected to produce impressive growth figures. Indeed, in the first year after its listing, Reggies exceeded all expectations as the group earned 6,1c for the 12 months ended February 1988, compared to EPS of 3,3c for the previous financial year.

This 1988 performance was well up on the expected 4,1c, as indicated in the prospectus, and justified the premium rating of the share. At its peak of 150c, Reggies had risen 200% above its original offer price of 50c.

Action

But when investor confidence was severely shaken after the October 1987 crash, Reggies' share price suffered. Reggies failed to respond to the strong rebound in industrial share prices that followed.

The market action of the share was indicating that there was potential trouble brewing for the company, and one of the first disappointments came in the interim report covering the six months ended August 27, 1988.

The prospectus clearly indicated the group intended paying an interim and final dividend in respect of each six months financial period. But in the August 1988 interim statement, the directors informed shareholders that no dividend would be forthcoming.

While the directors did discuss the interim dividend in the interim report, they did nat inform shareholders that financial 1989 results could be disappointing. This may have played a major role in the prevalent loss of investor confidence toward Reggies.

It appears that management did not adequately prepare for the abnormally high interest rates and reduction in consumer discretionary spending that has plagued many SA companies during the past year.

These problems caused Reggies' financial 1989 earnings to fall marginally to 5,1c from 6,1c earned during the previous year. But the conditions worsened in the latest interim period, as after-tax income dropped nearly 90% to R98 000 from R934 000.

Waltons director Alan Muirhead has since replaced Bernard Akal as MD.

Muirhead stresses that stocks will be lowered to manageable levels, which should help reduce the debt burden on Reggies. Management's job was made easier by the fact that Reggies experienced a decent December trading period.

On Reggies' manufacturing front, Muirhead says one factory has been closed while the other appears to have turned the corner.

Morkels' buyout closer?

(30)

Diagonal Street

ANN CROTTY

30/1/90 Star

By yesterday, it was odds on that the deal behind last week's cautionary statement from Morkels was a management buyout (MBO) rather than a move out of Fedvolks into another branch of the Sankorp giant.

Those who were prepared to speculate on a possible MBO price were pitching it at around 127c a share.

The market was playing it much more cautiously — yesterday the share price moved up 5c to 90c where it is just short of its 12-month high of 95c and well up from the 12-month low of 70c.

The 127c represents an historic (and possibly prospective) price/earnings rating of 5,4 times which looks expensive against the sector average of 3,9 times, even allowing for a control premium.

It is confortably covered by the group's net asset value, which at end-March 1989 was 123c a share. This nav does not include the R21,8 million of deferred tax in the group's balance sheet.

The end-March 1990 nav figure could be in the region of 130-135c.

On balance analysts appear to be reasonably enthusiastic about the prospect of an MBO at Morkels. This is despite the fairly grim short-term prospects for the group — in the six months to end-September higher overheads, increased interest charges and steeper tax charges knocked earnings from R4,3 million (at the previous interim) to R2,7 million.

Performance in the second half is expected to be stronger as it will not be off as strong a base as that of the first half. Analysts are predicting that the full year figures could be similar to those reported for financial 1989.

In part, the warmth of the response to the idea of a Morkels MBO can be attributed to last year's efforts by Rusfurn and its advisers Finansbank and stockbrokers, Frankel, Kruger. This combined team spent several hectic weeks persuading institutions of the long-term attractions of investing in the furniture/household industry and of funding the R232 million Rusfurn MBO.

It was an awesome task in view of the general perception that there is little prospect for earnings growth from this sector for the next few years.

This time around, although the short-term prospects for Rusfurn are brighter than Morkels, the institutions are likely to be far more responsive because they are more familiar with the situation. The departure of Morkels from the Fedvolks group does not have the same strategic implications for Fedvolks that Rusfurn's departure had for Tradegro.

Rusfurn was a far more logical part of the Tradegro portfolio than Morkels is of the Fedvolks' portfolio.

Since Morkels' re-listing at 97c a share back in March 1987, analysts have been speculating on when the apparently ill-fitting Morkels would be moved out of Fedvolks. This in turn led to speculation about a Morkels' MBO or a move over to Sankorp stable-mate, Tradegro. (Two years ago it was rumoured that Rusfurn management was being encouraged to buy Morkels at 200c a share.)

Now Morkels management team will be looking for around R50 million — assuming the speculated 127c a share is reasonably accurate.

None of the management at either Morkels or its 75 percent holding company Fedvolks was available to comment on the cautionary. Morkels chairman Mr Neville Organ indicated that an announcement would be made towards the end of February but gave no indication as to what was on the cards.

Lower tax rate lifts CMI profit

St 30/1/90

Finance Staff

Consolidated Metallurgical Industries (CMI), helped by a lower tax rate, increased its attributable income in the six months to December by 5,1 percent to R45,3 million.

Turnover fell 9,4 percent to R128,6 million.

An unchanged dividend of 35c has been declared out of earnings of 107c (101c) a share.

The lower tax rate follows the spending of R29,9 million on upgrading ferrochrome production from 150 000 tons to 200 000 tons a year.

The company will spend R30,2 million (R60,7 million) this year.

It reports a worldwide reduction in demand for ferrochrome as a result of a drop in stainless steel usage.

Attributable income this year is expected to be less than that of last year.

Selling prices have declined and are unlikely to improve in the short term. Sales volume are also expected to be below last year's second-half figures.

MOTSUENYANE

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Nafcoc, ANC meet in Lusaka

By JOSHUA RABOROKO

THE inordinate concentration of wealth and economic power in the hands of a few is unhealthy and has resulted in South Africa in the constriction of the small-business sector.

This was said in a joint statement released by the African National Congress national executive and a 21-man delegation of the National African Federated Chamber of Commerce (Nafcoc), who met in Lusaka at the weekend.

The Nafcoc delegation was led by president Mr Sam Motsuenyane, and the ANC by secretary-general Alfred Nzo. Sowetan 30/1/90

In the statement the organisations said the consultations covered the current political situation in South Africa, the crisis of apartheid, the South African economic crisis and its impact on our people, and the role of the black business community in the struggle to dismantle apartheid and minority rule in South Africa.

The two delegations stressed that President F W de Klerk's Government had neither the will nor the capacity to effect meaningful change in South Africa.

They agreed to act in concert with other democratic organisations to expand and broaden the front of anti-apartheid forces, and to remain in regular contact.

Vryheid opens the curtains on trading

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Star 31/1/90

Own Correspondent

DURBAN — Vryheid Town Council has decided that its central business district should be opened to all races, and application will be made to the Group Areas Board as soon as possible.

The decision of the nine-member council was opposed only by Mr Eben Kruger, who stood for the Conservative Party in the municipal election.

The decision was taken on the recommendation of the finance committee and had the support of the chambers of commerce and industry and Afrikaanse Sakekamer.

The council will talk next Tuesday with representatives of the House of Delegates about the development of the proposed Indian residential area.

Vryheid has been closed for a long time to Indian residential occupation in terms of a 1927 law, but it was repealed a few years ago and the council then approved the development of an Indian suburb.

Ster 31/1/90 30

Move is intrusion — CP

Trade and race bars to fall in Jo'burg, Pretoria

By Shirley Woodgate, Municipal Reporter

The two major Transvaal cities, Johannesburg and Pretoria, yesterday took far reaching decisions which will lead to the partial scrapping of apartheid in their municipal areas.

In Johannesburg a recommendation by the management committee that the entire city be declared a free trade area was approved at last night's council meeting. Only the four Conservative Party members opposed the move.

It was announced that the Lenasia and South West management committees had also decided to accept free trade areas.

Pretoria City Council voted by 22 votes to 19 after a heated debate to open the municipal bus service, all municipal libraries, the City Hall and Skilpad Hall, the Hillcrest Swimming Pool and angling facilities at the Rietvlei Dam to all races.

The city council has also decided to recommend to the Department of Constitutional Development and Planning that the major part of the city's central business district as well as a number of suburban areas be investigated as free trade areas.

Johannesburg deputy management committee chairman Mrs Marietta Marx said: "We are moving towards a discrimination-free city. But it is not in our hands to abolish the Group Areas Act."

Mrs Marx said her ideal was freedom of choice for everyone in South Africa.

"The ideal is a free society where people can function on a competitive basis."

Earlier in the debate, the Democratic Party council leader, Mr Ian Davidson, recalled that his party had been dubbed "screaming liberals" when it had urged the scrapping of apartheid.

Urging the scrapping of the Group Areas Act, he said all that was really being obtained was an exemption from the Act.

Mr Jacques Theron, leader of the CP, labelled the move an "intrusion by Government into municipal affairs, a purely political decision".

The chairman of Pretoria's management committee, Mr James Leach, called on all Pretoria residents "to approach the opening of facilities with great responsibility."

Sowetan 1/2/90.

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Jhb a free trade area

Sowetan Correspondent

JOHANNESBURG and Pretoria have taken far-reaching decisions which will lead to the partial scrapping of apartheid in their municipal areas.

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Abolish

In Pretoria on the same night, the council voted by 22 votes to 19 to open the municipal bus service, all municipal libraries, the City Hall and Skilpad Hall, the Hillcrest swimming pool and angling facilities at the Rietvlei Dam to all races.

The city council also decided to recommend to the Department of Constitutional Development and Planning that most of the city's central business district as well as a number of suburban areas be investigated as free trade areas. It said it did not object to the principle of establishing a free settlement area on a "regional" basis inside or outside its area of jurisdiction.

Johannesburg deputy management committee chairman Mrs Marietta Marx said: "We are moving towards a discrimination-free city. But it is not in our hands to abolish the Group Areas Act. It would be wonderful to stand up and say it had been scrapped," she added.

Marx said her ideal was freedom of choice for everyone in South Africa.

The chairman of Pretoria's management committee, Mr James Leach, called on all Pretoria residents to "approach the opening of facilities with great responsibility".

Resistance

In a heated debate, during which each of the 19 CP councillors spoke out against the new steps, CP council leader Mr Paul Fouche warned that his party would "call the Afrikaner volk to passive resistance".

Fouche said thousands of CP supporters would turn up at a special city council meeting he had requested - expected to be held on February 15.

Brigadier Jackson van Zyl (CP) warned that white bus drivers would resign in great numbers.

Two chambers of commerce form merger

By Joshua Raboroko

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TWO major affiliates of the National African Federated Chamber of Commerce have in principle agreed to merge and form one regional chamber in the western Transvaal.

Sowetan 1/2/90.

The Western Transvaal African Chamber of Commerce (Wetacoc) and the Bophuthatswana Chamber of Commerce met in Klerksdorp at the weekend to examine the process for the merger of the two regions.

A third regional chamber, the Northern Cape African **Chamber of Commerce, has also expressed interest in joining the group, but no decision has been reached.**

The amalgamating chambers have agreed to the name Bophirima Chamber of Commerce and Industries, which was the name that covered the whole of the western area before it was fragmented by the formation of the state of Bophuthatswana.

A spokesman for the merging groups said: "The whole of Europe is amalgamating to form one major economic block to take advantage of the latent power within itself, for the benefit of Europe.

"We too in our small world are fortifying our ranks uniting our resources, consolidating our power, closing ranks and preparing for the ushering in of an economic order in which we will have a visible role to play."

The move to unite has been described by the management of Nafcoc as "positive at this time, and should trigger the minds of some of the chambers in similar circumstances to re-examine their geographic locations and relationships with their neighbouring chambers".

A Nafcoc spokesman said: "We are aware that there are major strategic development plans for the western Transvaal, which is endowed with enormous mineral resources.

"The year 2000 will see enormous residential and business opportunities developing, linking all the three mineral-rich regions into one major economic block in the west. We do not intend to remain distant observers or bystanders when this drama unfolds."

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BUSINESS DAY, Thursday, February 1 1990

Pretoria CBD decision cautiously welcomed

GERALD REILLY

PRETORIA — Organised commerce in Pretoria has welcomed the opening up of the CBD as a free trading area, although care, it was stressed, would have to be taken in its implementation.

Pretoria Chamber of Commerce CE Alec de Beer said the move was in line with the free trade principle enshrined in the constitution.

It would be important, too, in improving SA's tarnished image abroad as Pretoria was seen as a representative of the entire country.

However, he added the opening would not bring overnight changes. For one thing rentals in the CBD were high, which would discourage a flood of new traders.

Pretoria Sakekamer chairman Japie Jacobs said the Sakekamer supported the decision providing it led to a stimulation of trade in the CBD.

The CP has challenged the NP to hold a referendum among Pretoria whites to test whether the council's decision had the support of the majority.

CP leader in the council Paul Fouche said in a statement the NP-controlled council had robbed whites in the city of an important part of their community life.

Meeting

Fouche said the CP planned to organise a public meeting in the Pretoria City Hall on February 15 at which voters could speak out against the council's decision.

DP planning deputy spokesman Tony Leon said in Cape Town it was encouraging that the Pretoria City Council had put its toe in the "desegregation waters", Sapa reports.

However it was critical that they dealt with the remaining areas of segregation in the city — sports and recreation facilities.

Political scientist Willem Kleynhans said the majority of Pretoria's whites were in shock following the council's decision.

Kleynhans, who attended most of the heated 13-hour debate which preceded the council decision, said racial friction was almost certain to result.

However, he praised the council for its decision which, sooner or later, would have to have been taken.

If an election were held now the CP would sweep the board except for several eastern suburbs seats and the NP would almost certainly lose control of the city at the next municipal elections, he said.

Permission

Open buses would be the main source of friction. Already bus drivers had threatened to resign and other had asserted no black would set foot in their buses.

The current R17m a year loss on the service would probably worsen with more whites using their cars.

☐ Durban mayor Derrick Watterson is to take immediate steps to have the entire city declared a free trade area, Sapa reports.

Watterson said it was "jolly well time" that Durban followed Johannesburg and Pretoria in opening its greater city area to traders of all races.

Durban took the lead four years ago by declaring the central business district a free trade area, but black businessmen wishing to establish themselves outside the CBD had to still apply to the Group Areas Board for permission to trade.

☐ The Port Elizabeth City Council applied to government in 1985 for all the city's business areas to be declared free trade areas. But government only allowed certain areas within the city's municipal area to be opened, Administration director Carl Fischer said yesterday.

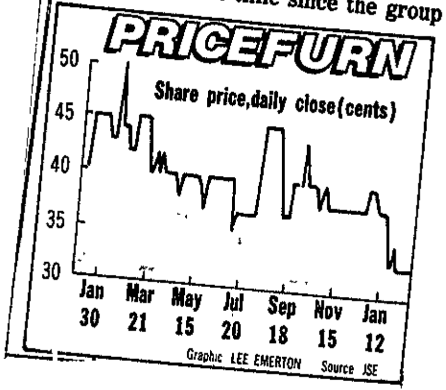
☐ The Queenstown town council on Tuesday night unanimously agreed that the town should be declared a free trade area.

Pricefurn lists its first decline in profits since JSE debut

(30) ([illegible])

SYLVIA DU PLESSIS

DIRECTORS of Durban-based Pricefurn are forecasting negative growth in full-year income after a decline in earnings for the first time since the group was listed in 1987.



Graphic LEE EMERTON Source JSE

Attributable income for the six months to December has dropped to R481 000, from R774 000 during the six months to December.

This translates into weighted earnings of 4,01c a share — compared to 6,45c a share in the previous period, and puts the 10c a share for the previous financial year well out of reach.

The group, a retailer of appliances, furniture and other consumer durables, increased turnover to R44,3m (R31,5m).

But operating income fell to R1,4m (R1,6), and the interest bill rose more than fourfold to R483 000.

In a statement accompanying the results, directors say: "Trading conditions remain difficult and it is anticipated that income for the year will remain below that of the previous year."

Pricefurn MD Sid Trickett was not available for comment yesterday, but industry sources said the group had expanded at a time when interest rates were increasing and consumer demand was tapering off. Like its competitors, it has also been hard hit by import surcharges and HP restrictions.

The group posted a 67% rise in turnover to R60,3m in the year to end-June after expanding from 11 to 18 stores in Natal and the Transvaal. However, the cost of establishing these stores trimmed growth in attributable income to R1,2m, from which dividends of 4,5c were declared.

B/Day 2/2/90

arth

finance. They will be loath to have a rights offer. The share opened at above 250c, but has declined to 55c.

The other listed granite producers all roughly trebled their prices between early 1988 and early 1989. Since then Kudu has followed Aurora as the second worst performer; after peaking at 440c in February last year, it has declined to 210c. Marlin peaked at 800c, also in February, remained between 750c and 800c until September, then plunged to its current 415c. This price presages lower earnings in its half-year ending December.

Keeley rose to 1 250c in April and has since declined moderately to 1 000c. It is well protected by earnings from coloured granites and non-granite activities and is the only producer likely to increase earnings in its current year. However, Bright points out that because only 40% of granite producers' earnings are made in June-December and all listed companies besides Keeley are June year-end, interim results will appear low compared with other producers' last full years. Keeley's year ends in February, and its earnings accrue more evenly through the year.

Bright says granite shares have declined partly because of the softening market, but also because they are seen as pure rand hedges vulnerable to the rand's strength. Almost all their production is exported. But, he says, the markets for most grades and colours is still strong compared with those for most base metals and minerals. Also, because successful granite producers have a much higher operating margin than base minerals operators, they are much less geared to changes in the exchange rate.

Still, with the softness in the market likely to endure for a few years at least, Bright does not foresee an immediate recovery for the sector. He believes Aurora may be a highly speculative buy for a recovery. *Teigue Payne*

WALTONS FM 2/2/90 (30)

Applying surgery

Has Waltons' earnings growth run out of steam? The market seems to think so. The share is trading almost 30% below the 610c high reached in early 1989.

The company had developed the reputation of being recession proof. But, largely because of acquisitions and the increase in gearing that resulted, the bottom line has been dented by a rising interest bill. The other Archilles heel has been the performance of some of the newly acquired subsidiaries

FM 2/2/90 (30)

and associates.

Last week, CE Frank Robarts let it be known that the listed Redgwoods Toy and Babywear Group (Reggies), in which Waltons has a 52% interest, has performed "very badly." Interim profits to August 1989 slumped from R934 000 to R98 000. Robarts also reveals that Reggies MD Bernard Akal has left the company. This is because he had not agreed with Robart's requirement that both stocks and gearing be reduced and that certain restructuring take place. Waltons is aiming to see a more focussed management structure in place at Reggies, which will concentrate on restoring profitability.

Waltons' Robarts ... needs to cut debt

Meanwhile, another Waltons acquisition, Ozalid, also has not been performing well. Waltons paid R45m cash for Ozalid and, as a result, its gearing rose to levels which were clearly excessive. The former deputy MD Denys Jackson has been appointed MD and Waltons is demanding rationalisation and productivity improvements. At the end of January, 108 employees will have left the company.

Yet another poor performer was Lithosaver Systems, of which Waltons bought 30% in 1987. EPS in the 1989 year dropped to 8,3c (17,3c). Waltons does not have outright control here, so it is seeking to bring about changes by persuasion rather than direct intervention.

Robarts contends that Waltons' core business is still performing well and that earnings from this source will be significantly improved. And it remains a prime objective to reduce gearing. The *FM* has been told that the group is on track to achieve its target of reducing gearing to (a still-high) 100% in the current year and this has been done without disposing of assets. Robarts expects profits will show much the same growth rate as the

FM 2/2/90 (30)

interim pace of about 14%.

These results are considerably slower than a few years ago. However, at the interim operating income was 29,3% up on the year-ago level despite the poor acquisition performance. The share price may have discounted the bad news, but the stock hardly rates a buy until borrowings are cut back further. *Gerald Hirshon*

The Star Friday February 2 1990 3

Free trade unrelated to Acts, says Burger

(30) STAR 2/2/90

Municipal Reporter

The proclamation of the whole of Johannesburg as a free trade area was totally unrelated to any moves under the Group Areas and Separate Amenities Acts, said management committee chairman Mr Jan Burger.

"They are entirely separate issues and one has nothing to do with the other. This council can only act on the two latter Acts if requested to do so by the central Government," he said.

The management committee decision to act on free trade areas was preceded by representations by black businessmen who claimed the opening of the CBD in 1986 was "not much use to them in practice," he said.

"Their point was that they were not generally looking to go into upmarket establishments in expensive areas such as the CBD.

"What they were interested in was the corner-cafe type business concentrated along suburban Putco routes such as in Booysens or Ophirton.

"The object is to allow them to trade but not live there and suburbs where they have the right to trade does not have to be within a free settlement area.

"There is confusion about whether traders may live on their business premises. But this does not follow at all. In fact the existing ordinance lays down that a place of business cannot be used as a residence and the council can take action against transgressions," said Mr Burger.

Bloch reports 20,7% increase in its growth

SYLVIA DU PLESSIS

CISKEI-registered Bloch, which derives most of its income from royalties paid by trading companies for the use of its trademarks, has posted earnings of 2,1c (1,7c) a share and dividends of 1,8c (1,5c) in the six months to December.

This follows a 17,5% increase to R454 421 in royalties received and a 17,5% hike in taxation to R68 163, which translated into bottom-line growth of R397 847 — 20,7% growth over the previous year's R329 570.

DCM-listed Bloch's licensees — Bloch Supermarkets and Blochkor — presently operate 11 supermarkets and 10 butcheries in the southern, western and eastern Cape.

(30)

Chairman Bernard Rabinowitz said in a statement the trading period under review was "satisfactory" in spite of tightened trading conditions reported by licensees.

BDay 2/2/90

However, directors remained confident of achieving satisfactory growth for the full year to June, he said.

"Expansion into further outlets by the licensees is constantly under review but will only be undertaken when opportunities arise which will continue to promote sound growth."

Rabinowitz told shareholders at the company's annual meeting in October last year he was expecting gross royalty income of more than R1m in the current year.

This would yield a dividend of 4,5c a share, compared with the 3,5c dividend declared in the last financial year, he said.

Bitter row over future of 14th St

STAR 2/2/90 (4)

(30)

Indian traders this week reacted to city council plans to declare the whole of Johannesburg a free trade area by annoucing they would immediately try to revive the once-popular shopping strip along 14th Street in Pageview.

Right-wing whites living in the area reacted by staging a protest in the street, which is set to become the scene of a bitter struggle between the two groups, one believing it has a historical right to the area, the other claiming it is a white group area, writes Municipal Reporter Shirley Woodgate.

Mr Otto Hamman, spokesman for the white residents, says:

We reject plans to recreate the 14th Street shops and believe the present Indian tenants are illegally in this area which is a whites-only suburb under the Group Areas Act.

We accept that races should be separate, but blacks were allowed to move into Doornfontein, Mayfair and Hillbrow 10 years ago and we were hounded out to Vrededorp, Pageview and Jan Hofmeyr.

Now they want to uproot us again by allowing the Indians to move into this place.

Minister Mr Roelf Meyer (the Deputy Minister of Constitutional Development and National Education) has given us undertakings and if he does not stick to them he must take the consequences. Last Sunday Indians tried to move into 17th Street and we put them out without violence. Feelings are running high and I am being forced to curb the antagonism.

We now insist that our councillor Mr Jan van Blerk stops avoiding us and calls a public meeting to thrash out our problems.

Traders Mr Rashid Bulbulia and Mohamed Nana say:

We are not invading a white area but maintaining historic links with land demarcated for Malays before the turn of the century by President Paul Kruger.

Pageview was traditionally a mixed suburb with more "blacks" residing between 17th and 26th streets than anywhere else. It was only in 1934 when the Government started removing people under the Slums Act and in 1956 when they pushed out "blacks" under the Group Areas Act that the situation changed.

Finally in 1976 the traders were unwillingly pushed into the Oriental Plaza and the 14th Street shops were demolished. In 1982, after 15 000 people of colour had been moved, the first 200 whites moved in.

A revival of the colourful shopping strip would improve the quality of life in the area and create activity.

We accept that some people prefer to live with their own kind but this should be a free choice and not regulated by law.

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Economic steps welcomed

Star 3/2/90.

Right moves, says Assocom chief

OWN CORRESPONDENT

DURBAN — The president of Assocom, Mr Brian Kurz, said in Maritzburg yesterday that in response to the need for a major economic overhaul of the country, recent actions taken by State President Mr F W de Klerk had been positive.

After holding discussions with Mr de Klerk and other members of the Cabinet, he said that Mr de Klerk had created a strong Cabinet structure and that sound business principles were now being used. Mr Kurz was addressing the Rotary Club of Maritzburg.

Sophisticated systems

Dr Wim de Villers, the new Minister of Administration and Privatisation, had impressed Mr Kurz with his steps to analyse State expenditure.

Dr de Villiers is promoting the introduction of more sophisticated and performance-oriented financial management systems in Government departments.

In the past, the Government provided services regardless of the cost and this had led to unnecessarily high capital investment. For instance, telephones were installed in the country to the extent that 50 percent were only used for an average of two calls a day.

A "real effort" was being made to consolidate Government expenditure into one budget, said Mr Kurz.

"The resolve of the Governor of the Reserve Bank, Dr Chris Stals, to contain inflation will ensure the perpetuation of an era of positive real interest rates and he has convinced the markets that he means business. He is determined to hit hard at inflation with policies of positive real interest rates," he said.

"All these facts are positive indicators and have had a positive effect on Assocom's business confidence index ... over the last two months."

Mr Kurz said there had been serious misdirections in the past, and "while First World people in South Africa had charged down the dynamic path of progress, they had left many Third World people behind".

"In Maritzburg and elsewhere we have sophisticated business operating in the city centre and a high standard of living in many upper crust suburbs, yet only a kilometre or two away many people do not even have a tap for clean water," said Mr Kurz.

"Probably more than half of our populaion has no strong sense of patriotism or sincere national pride," he said.

"Organised business's vision for South Africa is to promote a common destiny for all of South Africa's people and an upliftment of standards for all through a vibrant free market economy and political and constitutional reform," said Mr Kurz.

Problems at Tradegro

Bottom Line

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MICHAEL MENOF

Tradegro has not yet attained the levels of profitability desired and the focus will continue to be placed on improving margins, controlling operating expenses, shrinkage and reaching targeted returns on assets invested, says chief exexutive Donald Masson in the annual report.

A breakdown shows the supermarket chains — Checkers, Metro and Jazz — produced R6 billion in sales, but only R100 million in pre-interest profit.

Star 5/12/90

The rest — Cashbuild, Rusfurn, Coreprop, Smart Centre, Stuttafords and Greatermans — produced R1,2 billion in sales, but R145 million in pre-interest profit.

Together, Metro and Rusfurn produced almost 70 percent of pre-tax profits. After year-end Rusfurn left the group, so its 37,3 percent pre-tax profit contribution will be sorely missed in 1990.

The R166 million tax loss and R150 million tax allowance available at end-June 1989 are really saving Tradegro's income statement from embarrassment as the effective tax rate was considerably lower than the 50 percent standard rate.

Debt, including the convertible instruments, totalled R519 million (1988: R%24 million). High interest expense, including the convertibles, made a significant R94 million (1988: R61 million) hole in the income statement.

It is puzzling why management is waiting until July 1991 before the convertible debenture and pref shares (total R208 million) are transferred into equity. If they had done this two years ago the bottom line would have been far more respectable.

The truth of the matter is that Checkers is still ailing — sales of around R2,75 billion (1988: R2,5 billion) and operating profit before interest of only R25 million (1988: R18 million).

Compared with Pick 'n Pay and OK Bazaars results, Checkers is lagging far behind.

It was also unwise to demotivate Clive Weil by interfering with his salary and tax package as his departure was inopportune.

Jazz also had its problems, with its net income declining 61 percent and forcing it to merge with Metro Cash & Carry after year-end.

Clothing stores Smart Centre and Stuttafords/Greatermans seem out of place in this predominantly supermarket grocery group.

Sales increased to R7,2 billion (1988: R6,1 million), with operating profits R246 million (1988: R166 million).

But after deducting total interest of R94 million (1988: R61 million), minorities profit share of R66 million (1988: R48 million), tax of R39 million (1988: R30 million) and insignificant associated company losses, the bottom line was a low R46 million (1988: R27 million).

Adding on the extraordinary gain of R3 million (1988: R15 million) made the bottom line R49 million (1988: R42 million) — a little over 0,5 percent of sales — what a pittance!

Earnings per share were 39,2c (1988: 28,5c). The token dividend was doubled to 10c.

The divisional company reports were inconsistent. Not all gave actual turnover, pre-interest operating profits and bottom lines before tax, leaving the bar charts for sales, pre-interest operating profits and bottom lines the only visual indicators.

Cashbuild had sales of R245 million and pre-interest operating profit of R10,5 million.

Current growth momentum should be maintained. Checkers is the problem child, with scanning expected to fight shrinkage.

Coreprop produced R8,5 million in taxed profits. Jazz was disappointing because, despite increasing sales, interest charges hurt its bottom line.

Metro had virtually the same sales as Checkers of R2,8 billion, but produced R58 million in pre-tax profit.

Rusfurn had more than R800 million in sales and operating profits before interest of R88 million.

Smart Centre and Stuttafords/Greatermans produced pre-tax profits of R12 million and R8 million respectively.

The balance sheet shows distributable reserves are now positive at R36 million (1988: negative R8 million).

Significant goodwill of R94 million (1988: R91 million) has been deducted from ordinary share capital and reserves, leaving a balance of only R184 million (1988: R144 million).

But outside shareholders' interest of R434 million (1988: R348 million) saves the day for sorely needed capital.

Convertible instruments and other debt have hardly changed at R519 million (1988: R524 million).

Working capial improved to R382 million (1988: R337 million), but includes the slow-paying and significant instalment-sale debtors of R503 million (1988: R22 million).

The capital base is too low for sales of R7 billion and badly needs the convertible debenture and pref share to be turned into equity.

Until this happens debt will remain far too high.

Checkers looks like it's fighting a losing battle. Rusfurn's profit contribution will be missed.

The major issues to be addressed in 1990 and 1991 — service, delivery value and effective use of installed technology before upgrading — could be stymied by high inflation and interest rates.

Tradegro is a classic example of big not being beautiful, with top management lacking the entrepreneurial skill and aggressiveness that the previous chairman Mervyn King bravely displayed before he left so abruptly.

Until Checkers improves, Tradegro's rating will remain low, despite Mr Masson projecting increased levels of profitability in 1990.

ME Stores faces a hard uphill battle

BDay 5/2/90

CHARLOTTE MATHEWS

30

AFTER a poor trading year to April 1989 and a change of control, ME Stores MD Bob Gray admitted in the group's annual report it is unlikely group profits will rise dramatically in the current year.

"But with our efforts going into organically developing our resources, it is my firm conviction that ME will continue to grow and contribute substantially to the growth of the industry overall," he said.

The report has been delayed by arrangements related to the change of control. ME Stores retails outdoor and leisure equipment. In the year under review the group had two divisions.

Camp and Climb sells camping and mountaineering equipment and ME Stores sells a range of merchandise.

The group, which is listed in the DCM sector of the JSE, posted a loss of R75 701 for the year to April.

According to the directors, this resulted from lower demand for arms and ammunition, increased competition and lower margins.

In May the group announced control had passed to Darien Investments, headed by Unidev group accountant Warwick Stevens in a private capacity.

The group has subsequently negotiated the purchase of the stock of water sports retailers Quarterdeck and Boating Centre. Gray said further differentiation of merchandise would help improve the group's position.

Granting management more authority at branch level would help to reduce expenses at head office, Gray said.

'Retailers shun TVs, appliances'

30

SYLVIA DU PLESSIS [illegible]

FIGURES for December sales of appliances and TVs released yesterday indicated retailers were steering clear of these commodities, Furniture Traders Association (FTA) executive director Frans Jordaan said yesterday. B/Day 6/2/90

Jordaan said year-on-year sales of these items reflected negative real growth of 5% over the previous December, against 9% real growth for furniture and virtual standstill growth for audio equipment.

While overall sales in December were "reasonable" — total sales grew about 2% in real terms — retailers affiliated to the FTA were avoiding commodities for which consumer demand had dampened.

"I'm very happy with the 9% real growth in furniture sales, but I would be delighted if other items showed real growth too," Jordaan said.

He said the discrepancy between furniture sales and sales of appliances and TVs showed furniture was "scoring at the cost of something".

"The only logical conclusion I can arrive at is that retailers are now concentrating on furniture. This is a trend which has been emerging over the past five months and it is also the reason why sales of these items have outdone the inflation rate.

"Appliances and TVs are affected by tight HP terms and import surcharges which force prices up beyond the reach of many consumers, so it would appear many retailers are no longer encouraging sales of these."

"We want to keep local manufacturers and distributors in business, so a more even spread would be better.

"But my outlook is positive — we're definitely hoping for relief in the near future," he said.

Radio and TV Manufacturers Association and SA Domestic Appliance Manufacturers Association chairmen were not available for comment yesterday.

BDay 6/7/90

(30)

OK's move to upmarket stores lifts its JSE image

ANALYSIS
STEPHEN RICHTER

THE JSE retailers and wholesalers sector has been performing extremely well recently as many blue chip companies such as Wooltru and Edgars have moved into new high territory.

OK Bazaars has lagged behind for most of the year, but last week the share suddenly attracted strong buying interest and jumped to a new year-high.

In fact, OK is now trading at its highest level since 1987, having yesterday reached the 2 000c peak of that year. Further supporting the share, on Thursday and Friday last week combined turnover easily exceeded OK's average monthly volume during the past year, of 31 000 shares.

The group's performance relative to the JSE industrial index has been extremely poor in the past as OK has been viewed by investors as offering little growth potential. But that perception is now changing.

It appears during the past few years management has spent much effort in modernising stores, competing aggressively with Checkers and Pick 'n Pay and making a greater effort to cater for all income groups. This may reduce its extreme cyclicality of earnings.

The last time SA suffered from extremely high interest rates, in 1985, OK's earnings fell to 100c, from 181c in 1984, and the dividend was cut to 60c from 108c. Because dividend cover is relatively thin, directors are forced to cut the payout when earnings take a severe tumble.

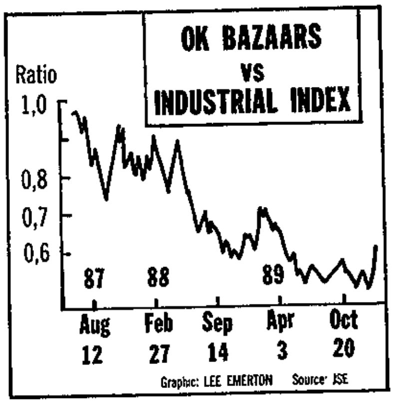
Investors were worried that the current economic downturn, accompanied by high interest rates, would have a similar affect on the OK during financial 1990, as well as subsequent growth. But it seems the group will turn in a respectable performance despite the economic slowdown.

During the half-year ended September 1989, turnover rose by 15,6% and was just shy of R2bn, while attributable earnings increased by a similar percentage to R7,8m (R6,7m). In the interim report management indicated it has "set itself the task of maintaining the present rate of growth in earnings".

OK's willingness to stand up to its competitors would help to explain the group's respectable earnings figures for the current financial year. OK traditionally relied on the lower-to-middle income groups for most of its business. During times of strong economic growth, OK's bottom line benefited, but when conditions became tough it was often the middle-to-lower income groups who were the first to reduce spending.

The group is pumping a substantial amount of funds into the refurbishment of its stores. It appears that the combination of a more modern image for the traditional OK store, along with the relatively young Hyperama chain, aimed primarily at the middle-to-upper income groups, is helping the group to maintain and, in certain instances, gain market share.

OK has finally realised that competitive pressures require a more aggresive pricing policy. Consequently, the group is perceived to be advertising more regularly, which is also improving its image among shoppers.



OK BAZAARS VS INDUSTRIAL INDEX

Graphic: LEE EMERTON Source: JSE

During financial 1989 non-food items accounted for 40,2% of total sales — almost three percentage points higher than the 37,6% contribution made two years previously.

Once conditions improve, OK should perform quite well, as non-food items normally carry a higher margin than food products. At present, the high interest charges are causing consumers to delay purchases of durables such as appliances and furniture. But as interest rates ease, demand for these products should increase.

OK is in an enviable position because it is well represented in the homelands and other black areas. Black spending power is expected to increase substantially in years to come, and OK's bottom line should benefit as the demand among blacks for durables and semi-durables, carrying higher margins, swells.

Based on historical figures, the share provides a dividend yield just short of 6,0%, which compares to the 3,1% return for the retailers and wholesalers sector. Assuming OK has a respectable second-half performance, financial 1990 earnings could rise to roughly 220c, with a dividend of 110c. Investors purchasing OK at current levels would be receiving a dividend return which is nearly double that of the average within the sector.

The accompanying graph tells a very favourable story, as OK's performance, relative to the industrial index, may have turned around finally. After more than six months of consolidation, this ratio appears to have broken out into a new bullish trend. This will be confirmed if OK's share price can break through the significant overhead resistance at about 2 000c.

Sources close to the company say it appears OK's generous dividend is now attracting overseas buying-interest, and this could help explain its recent share price rise.

STAR 7/2/90

(30)

Car industry shrinking

From 20 manufacturers operating in the motor industry employing some 48 000 people in 1982, there are now only seven passenger vehicle manufacturers who employ just over 31 000 people, says Wesbank managing director Peter Thompson.

Speaking at the SA Guild of Motoring Journalists and Wesbank Car of the Year Award last night, Mr Thompson said that the recession in the Eighties was one of the longest and harshest in the industry's history.

"Naamsa was quoted at that time as ssying that the motor manufacturers had probably lost all the profits they ever made in their lifetimes"

"Perhaps the most encouraging sign as we enterthe 1990s is that nearly all the manufacturers say they will be able to keep price increases below the inflation rate.The question of affordability is undoubtedly going to be one of the most important issues of the 1990s", Mr Thompson said.— Sapa.

McCarthy stands up to strains

By Ann Crotty

(30)

STAR 7/2/90

McCarthy's results for the six months to December indicate that the group is bearing up reasonably well under pressure from softer consumer demand and tighter credit facilities.

Earnings per share were up 16 percent to 34c (29,4c) and an interim dividend of 7,5c (6,6c) has been declared.

Turnover rose 24 percent to R1,4 billion (R1,2 billion), but operating margins reflect the difficult trading conditions.

Margins were squeezed from 3,98 percent to 3,73 percent as operating profit increased 16 percent to R54,1 million from R46,8 million.

Interest payments were up 85 percent to R5,3 million (R2,8 million), reflecting higher interest rates and higher levels of working capital.

Larger inventories had to be carried, compared with previous years' stock levels, which were kept tight by the severe shortage of vehicles.

Pre-tax profit increased 11 percent to R49,5 million.

The increase in tax was held at six percent, leaving attributable earnings showing a 16 percent advance to R29 million (R25 million).

The directors refer to the steps taken to dampen demand: "These measures have progressively slowed demand and we expect this trend to continue in the short term.

"The group will therefore do well to repeat the first six months' earnings in the second half of the year."

Heavy festive bill of fare

STAR 7/2/90

30

Pretoria Bureau

It cost more to eat in December than ever before, statistics released by the Central Statistical Service (CSS) indicated yesterday.

Just about every commodity went up ... from jams to bananas, chops to cereals.

The average retail prices of grain products compared with November's prices showed a 10,7 percent rise in cake flour and a whopping 14,6 percent jump in the cost of breakfast cereals.

December was also an expensive month for meat lovers.

Rump steak went up 2,1 percent, boned topside 2,7 percent, chuck 1,7 percent, a leg of lamb 2,7 percent, shoulder of lamb 3,7 percent and half a lamb 7 percent.

Bacon went up 8,6 percent in December and margarine (2,2 percent) and eggs (2,3 percent) also contributed to the price rises.

In November and December there were "relatively large increases" in the prices of vegetables, the CSS said.

Lettuce cost 50 percent more than in October and green beans were up 5 percent, tomatoes 18,4 percent, carrots 10,9 percent and pumpkin 7,9 percent.

The retail prices of fruit and fruit products showed relatively large increases — apples (8,3 percent), oranges (11,8 percent), bananas (28,9 percent) and guavas (7,7 percent).

SOWETAN Thursday February 8 1990

SOWETAN BUSINESS
Building the Nation

Anger over SBDC rates

Sowetan 8/2/90 (30)

By JOSHUA RABOROKO

BLACK entrepreneurs operating from industrial parks in the Pretoria-the PWV area claim the monthly rentals charged by the Small Business Development Corporation are forcing them to close shop.

Many have now returned to their backyards where they do not pay rent at all, although they are now minus the facilities and exposure of the industrial park.

According to complaints received these entrepreneurs pay between R400 and R1000 a month depending on the space occupied.

They also accuse the SBDC of discrimination as blacks are regarded as risks while whites get loans easily. According to them - SBDC funding policies tend to favour relatively established businesses rather than site/rates and taxes, security, maintenance, insurance, sundry costs for the parks.

"We do not have a direct comparison of our parks with those in white areas, but from inquiries we have made it would appear that the rentals charged are between R5 and R11 a square meter. Tenants pays all costs," the spokesman said.

He said the SBDC did not keep records of the race of the person applying for a loan. This information could possibly be obtained with some difficulty by a person reaching the names of loan applicants. It must be noted that "we receive more applications for loan finance than available factory units and many applicants did not wish to be located in our industrial units."

But Seabi, who is chairman of the small entrepreneurs in the Vaal triangle, insisted that their rent was too high - ranging from R600 to R1000. Some of their members have decided to leave the parks (one in Sebokeng and another in Residensia) because of these high rent.

When he came to the SBDC he had more than R10000, but he was now left with "almost nothing" because he pays more than R600. The officials of the SBDC threaten to evict them if they do not pay. Some entrepreneurs have already left the parks in disgust.

"We have made several representations to the SBDC about our plight in these parks and apparently they have fallen on deaf ears because the threats still continue.

Mrs Esther Mhlambi, who operates from Kwa Thema Industrial park, says when she could no longer afford the high rent of R600 she invited other people to share the unit with her to make her rent easy, but this has not helped because they also could not afford and left.

"My business is falling because the products I sell are no longer bought by school children who prefer to buy from cities. I cannot afford to pay the high rent and support my children. I thought when I came to the park I will make more money, but my dreams have been shattered." she said.

A Vosloorus small businessman said the rents are exhorbitant.

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7 March 1990

The Editor
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are just starting out.

Applicants must be able to demonstrate that they have management ability and that they will be able to pay back their loans. It is thus easier for businessmen with proven track records to meet the criteria. Few blacks thus end up eligible for these loans.

"Our industrial parks are limited by the fact that they are far from markets and infrastructure. Our businessses are on the brink of collapse because nobody knows where we are operating from. Our business are far from townships," a small entrepreneur at Sebokeng Industrial park, Mr A Seabi, told *Sowetan Business* this week.

A spokesman for SBDC said that rent paid at industrial parks are as follows:-

* Dobsonville R3.38 a sguare metre.

* Emdeni 1 and 2 R3.41.

* Orlando West 1 (R3.18; 2 (R3.24); and 3 (R3.24).

* Sebokeng 1 and 2 (R3.17).

* Vuka Tsoya R3.01 and Kwa-thema R3.28.

He said that the rent vary slighly due to renewals and the escalation chosen, but these figures reflect the rental situation. The figures are inclusive with the exception of water and electricity which the SBDC recovers.

The SBDC

SA CHAMBER OF BUSINESS (30)

FM 9/2/90

More merging to do

There may be a single national business chamber but it doesn't yet have a common philosophy. And, though businesses in all regions welcome the merger, there is little movement towards unity at the local level.

FINANCIAL MAIL FEBRUARY 9 1990

FM 9/2/90 (30)

The new SA Chamber of Business, the result of Assocom's merger with the Federated Chamber of Industries (FCI), will have the services of both the former Assocom CEO, Raymond Parsons, who has been appointed director-general, and former FCI boss Ron Haywood. Haywood has agreed to serve under Parsons, something many observers predicted wouldn't happen.

"The chamber is very much bigger than either of us," Haywood says.

The national chamber may have common premises but a common philosophy will take longer to develop. The appointments of the heads of the new chamber's committees reflects an uneasy blend of protectionists, who favour government-sponsored export drives, and free-marketeers, who insist such intervention is counterproductive.

There are 12 chairmen: six from Assocom and six from FCI. The vice-chairmanships, where appropriate, will go to representatives of the other camp.

Among the free-marketeers, Johannesburg Consolidated Industries economist Ronnie Bethlehem will chair the general economic affairs committee and Anglo economist Aubrey Dickman will handle energy and water affairs.

Two well-known supporters of government intervention, though, will also hold key positions. Paul Hatty of Barlow Rand, who is responsible for forming a national policy for stainless steel, is in charge of the industrial affairs committee. Stanley Shlagman, the outgoing executive director of the Textile Federation, will chair the committee on the board of trade and customs affairs.

The next moves should be at the local level. Most local chambers are still separate and the mergers promise to be tortuous. So far Johannesburg is the only region with a single chamber. The southern Transvaal branch of FCI has merged with the Witwatersrand Chamber of Commerce & Industry, to form the Johannesburg Chamber of Commerce & Industry.

It won't be so easy elsewhere. From a practical point of view, it's difficult to merge more than 200 chambers of commerce with just eight chambers of industry.

Natal Chamber of Industries president Brian Wallett says there are still 90-odd chambers of commerce in Natal with no combined body at provincial level. "They will have to form at least a co-ordinating body before they can talk to us. Our local branches are working with chambers of commerce where they can."

Wallett says his Natal chamber will adopt a wait-and-see approach. Reflecting the sentiments of many chambers in both camps, he says "it's very difficult to give up autonomy after 70 years."

The Northern Transvaal Chamber of Industries in Pretoria jealously guards its autonomy, perhaps more than most. It didn't even contribute to the FCI manufacturing survey. Says chamber president Reuben Rutowitz: "We will maintain our autonomy and we're not bound by any decisions at national level. We will continue to represent industrial interests, though we'll work with chambers of commerce on matters of common interest."

At the other end of the scale, the Midland Chamber of Industry in Port Elizabeth and the city's chamber of commerce have already informally discussed a merger. Two years ago the Midland chamber considered leaving FCI and joining Assocom. Midland chamber president Brian Rayner says there is a considerable common membership between the two chambers and, at the very least, co-operation will be formalised. ■

FM 9/2/90 30

FM 9/2/90

Who sold what

30

Book dealers are still congratulating themselves on a job well done over Christmas. "When you can't think of what to buy Uncle Fred, you get him a book," says Jill van Zyl, manager of the Bookworm in Sandton City. "A lot of families woke up with books in their Christmas stockings. For R50 you can get a decent present."

There's always one book that dominates the Christmas wish list. This year's star was *The Complete Book of Southern African Birds*, a long-awaited glossy tome published by Struik Winchester, which advertised it as "the publishing event of the decade."

Even though it didn't appear in the shops until December 15, it quickly muscled its way to the top of the best-seller list despite a retail price of R195.

"People said that it wouldn't sell because it's too heavy and too expensive," says Struik's Laura van Niekerk. "We proved them wrong." The book has sold out its first printing of 10 000 copies and a reprint is due in September.

Beyond the paperback best-sellers, which get prominence at CNA, most books are sold by only a few other good bookshops. All had a good turnover.

Exclusive Books in Hyde Park, Sandton, sold 220 copies of the bird book, which helped it rack up more than R1m in sales in December — more than 25 000 books (about 15% of sales came from magazines and stationery). That's a record for general interest bookshops.

"We had an absolutely wonderful Christmas," says Stephen Johnson, marketing director of the Literary Group, which owns four Exclusive outlets, the Bookworm and a number of academic bookshops.

Johnson says Literary had 40% growth in sales revenue in December compared with the same period in 1988.

"With people not having the money for stoves, fridges and video recorders, it appears that books, once again, are seen as valuable and lasting gifts."

A good feed

Booksellers are a trifle defensive about the prices they charge, pointing out that the weak rand takes its toll on imports of books. "People forget how much they pay for a pair of shoes or a good meal," says Tony Osborne, manager of Shuter & Shooter in Maritzburg.

On the hardback fiction side, *Foucault's Pendulum* by Umberto Eco (author of *The Name of the Rose*) topped the lists. On the nonfiction list, John Platter's *1990 South African Wine Guide* was the clear favourite after the bird guide.

Some books just keep hanging in there. *Chronicle of the 20th Century*, published by Maskew Miller Longman in time for Christmas 1988, continues to top the best-seller lists, outstripping the newer *Chronicle of the World*.

"I suppose people are more interested in the century than they are in 3m years of history," Osborne muses.

The success of the R185, 5 kg *Chronicle* surprised the publishers more than anyone. "Eighteen months ago we took a big risk and imported 36 copies," says Risdon Harding, Longman's agency manager. "In the last quarter we sold 1 000 copies. People are mad about it. It's sold out now. We're waiting for stock from the UK."

Stephen Hawking's *A Brief History of Time*, Tom Wolfe's *Bonfire of the Vanities* and Paul Johnson's *Intellectuals* remain popular purchases long after their original release dates.

A new author broke through this year on the local market with a popular critique of architecture, *A Vision of Britain*. The reviews were generally good and sales are steady — but no one is recommending that Prince Charles should give up his regular job.

Maureen Sullivan

→ FM 9/2/90 (30)

FREE-TRADE AREAS

Letting everyone in

When the Johannesburg City Council opened its CBD as a free-trade area in 1986, some whites predicted that it would be swamped by blacks looking to open businesses. It didn't happen.

Now the Conservative Party is saying the demise of the Group Areas Act is near after the council voted last week to open the entire city to trading by all races. Abolishing group areas might be the one measure that would spur black business the most, but the CP can rest easy — it's probably a long way off.

The council's sweeping move surprised some black business leaders who thought only a few areas of the city that were de facto open would be granted free-trade status.

Instead, blacks, coloureds and Indians can finally step out from beyond white nominees and have their business ownership acknowledged. They can also now buy or lease business property anywhere in the city.

"From a business point of view it's important," says Louise Tager of the Law Review Project. "Johannesburg has taken the lead."

Durban may follow: the management committee is examining the possibility of extending the free-trade area from the narrowly defined CBD to the rest of the city. Cape Town, too, has an open trading area that has included much of the city for years. Though the move was belated, the Pretoria CBD was included — among libraries and buses — in the amenities thrown open by the council in a 13-hour meeting last week.

But will blacks move into the free-trade zones while group areas, which will prevent them from legally living anywhere near their businesses, remains intact? As long as the Act exists, black shopkeepers won't be entitled to enjoy the privileges of their white counterparts and live where they work.

The opening of the Johannesburg CBD did not create a rush by blacks because they either couldn't afford the high downtown rents or they just didn't feel it was worthwhile to run a business so far from home.

"To think that black businessmen would just jump from Soweto or a backyard business to the CBD was unrealistic," Tager says.

Blacks still had to deal with the red tape that remained even after the CBD was opened. The now-repealed law that made it illegal for blacks to own a second business within 32 km of their first business tied the hands of entrepreneurs who wanted to expand into the newly opened marketplace. As did onerous licensing conditions, set trading hours and myriad municipal regulations that emergent businesses had to comply with — now all largely done away with.

The difference with opening the entire city is that blacks now have a wider choice. As a next step, Tager would like to see free-trade areas extended to every city, as well as farmland.

While the most obviously racist legislation hindering black businesses — such as influx control — has been repealed or amended, there are still large stumbling blocks for would-be entrepreneurs. Limited access to financing and other obstacles to free competition will continue to stifle black business.

Says Tager: "It will take some time for the playing fields to level out." ■

over the world. It's very competitive." ■

FW's SPEECH FM 9/2/90

Business reaction (30)

The predictably optimistic business reaction to President FW de Klerk's speech on Friday has been tempered with more cautious views.

While the long-term outlook has improved markedly business leaders say stability, economic reform and real negotiations are preconditions for breaking out the champagne.

"Business has a pivotal role in ensuring the president's initiatives are followed through to a successful conclusion," says Johannesburg Consolidated Industries CE Murray Hofmeyr.

He adds that future political and economic systems will be vital in influencing foreign investors to return.

"SA business must continue to argue the case for moving away from the obsession among some white South Africans with groups and group rights. They must also insist with equal forcefulness on the need to ensure that the process of wealth distribution is achieved through sound economic measures and not on the basis of reward and punishment."

Ron Haywood, Deputy Director-General of the SA Chamber of Business, says the improved foreign climate could encourage overseas companies already invested in SA to proceed with expansion plans. But, while new investment will undoubtedly be a longer-term option, of more immediate concern is re-opening export markets.

"The door is now open for serious negotiations. The world will be watching and stability will be a major factor in investment decisions," he says. Haywood remains convinced economic mismanagement played a major role in the disinvestment of many US companies.

"We have been perceived as a risk area. In addition, the Sullivan Principles and US tax legislation made it too costly for many companies to stay in SA."

Wayne Mitchell, executive director of the American Chamber of Commerce, maintains De Klerk's speech has created "an aura of optimism" among US businesses still in the country.

FM 9/2/90 (30)

He speculates that President George Bush may now be in a position to lift some restrictions, such as the suspension of SA Airways' US landing rights and the double-taxation legislation.

New US investment would benefit blacks. Mitchell says that with about 160 US companies left in SA (141 have pulled out since 1986), the current value of American investment stands at about $1,6bn.

Since 1976, US companies have contributed about R700m to social responsibility programmes benefiting blacks. Last year the remaining US companies invested R83m — about 12% of their total payroll.

"Once all restrictions are lifted the debate can focus on reality, including the best use of SA's limited resources, and the ANC's views on nationalisation and the redistribution of wealth," says Anglo American executive Michael Spicer.

"We will have to look at the examples of eastern Europe and African economies to see which way SA should go. We must prevent the mirror image of 40 years of statist Nat government to form part of a future SA, as this deleterious example has cost us dearly in lost economic opportunities."

Nonracial corridors

He is encouraged by the "pragmatism" of Sam Nujoma's Swapo government in Namibia, where ideological rhetoric has now made way for a level-headed approach to economic issues.

"The example of Botswana seems to carry more weight now than the disastrous one-party socialist experience of Zambia," Spicer says.

Mike Clark, CE of a soon-to-be-listed venture capital firm, New Company Investment, says SA's capital-rich financial institutions can help to "democratise" the often misunderstood free enterprise system by making more of their capital available to small entrepreneurs with lots of enthusiasm, bright ideas but no capital.

George Negota, acting president of the Black Management Forum, says the business world must "declare its corridors nonracial and ensure that blacks are also placed in decision-making positions." He calls for a united front of black business and political interests to meet the challenge set by De Klerk.

SA Chamber of Business president Leslie Boyd says that with eastern Europe now opening up to massive Western investment, care should be taken to ensure that the investment climate remains attractive and competitive. "This means that we need the right economic policies."

Pick 'n Pay chairman Raymond Ackerman says the business sector must continue with its effective, behind-the-scenes role of influencing opinion here and abroad.

"There is still pressure for sanctions, which means there is still a lot of work to do." ■

W/Mail 9/2 – 15/2/80

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If you can't re-use it, then don't use it

ALTHOUGH certain products may be ozone-friendly, they are not necessarily environment-friendly, says Henk Coetzee of the ecology group Earth Life.

"An insect repellant aerosol may be ozone-friendly but its contents may contain harmful ingredients which get washed into the ground water or sewage systems and contaminate the water supplies. Most cleaners, like air fresheners, have chemical odours added, and these often cause allergies."

Furthermore, cans are not biodegradeable and contribute to the pollution problem. Some plastic containers, while not biodegradeable, can at least be re-used.

In Coetzee's view plastic packaging presents a big problem: "Many of our goods are over-packaged as a marketing ploy. There has to be an emphasis on recycling and looking at alternative energy resources to coal, which is causing the greenhouse effect — a more serious problem than the threat to the ozone layer."

Pick 'n Pay has embarked on a major environmental campaign and is planning to bring out a range of "green" products in about three months' time. These will be available in almost every type of merchandise sold by Pick 'n Pay stores.

The chain has also embarked on a recycling campaign of glass and plastic, and glass recycling bins have been installed in nearby supermarkets and hypermarkets country-wide.

Pick 'n Pay brings out a bi-monthly called *Environment Update*, containing news about recent efforts to preserve the environment.

Cape Town's not just a dump by the sea

WMail 9/2-15/2/90

An upbeat conference presentation argues that the future lies behind Table Mountain. ALAN HIRSCH reports

30

AFTER years of pessimism about the socio-economic future of Cape Town, some economists are now painting the future in glowing colours.

In the 1980s Cape Town experienced a population explosion that had its economists and planners scurrying for cover. After 50 years of economic decline relative to the rest of the country, it looked as if the city could never find jobs for the hundreds of thousands of new residents who had scaled the walls of influx control.

Still more people poured in after the pass laws were scrapped, in the depths of the post-Rubicon depression. Many feared that Khayelitsha would be nothing but a huge, untapped, explosive reservoir of labour. Worse still, in spite of the existence of Khayelitsha, informal settlements continued to grow from Fish Hoek to Brackenfell.

Yet local economists talking to a conference this week on "Development in the Western Cape", were remarkably optimistic about the economic future of the region.

If one looks at the central business district and the inner suburbs — the view visitors often get — Cape Town still appears a comfortable, smallish city. An aerial view of the Cape Flats, however, tells a different story; that of a sprawling metropolis.

Wolfgang Thomas, regional general manager of the Small Business Development Corporation, estimates that in 1990 the population of metropolitan Cape Town is about three million. In 1995 it will be about half a million larger, and by the year 2000 more than four million people will fall within the city's functional boundaries.

Projections like these led a Cape Town City Council investigation into regional economic trends to conclude that the region could not absorb the growing population and that unemployment would rocket. By 2000 two thirds of a million Capetonians would be looking for jobs, guessed the 1987 study.

Thomas, in a dizzily upbeat presentation to the conference organised by the Regional Development Association, argued that the City Council projection was totally wrong.

The problem was that the model contained static assumptions about the economy and took no account of the informal sector.

Though Thomas projects an even higher population figure, he suggests that of the half a million people out of formal work, only about 200 000 people would be "genuinely" unemployed.

Aside from making a (rather large) allowance for the informal sector, Thomas argues that the growth prospects for Cape Town are good, particularly when compared with the rest of the country.

When Cape Town slipped from being the economic centre of the country early this century, the reason was the massive production of precious metals in the Transvaal. Now, as South Africa's gold production slips, and as the world market in raw and semi-processed minerals slumps, Cape Town goes steaming on while the heart of the country bleeds.

In a related presentation to the conference, Wesgro executive director, David Bridgman, noted that according to the most recent figures available, while South Africa had an annual growth rate of 0,01 percent between 1981 and 1984, Cape Town scored a steady 2,8 percent.

Cape Town's appeal for business is obvious. It is attractive to tourists and middle-class professionals. It has a strong educational base, a relatively large, relatively skilled, and low-paid manufacturing labour force, a growing number of unskilled workers and an adequate physical infrastructure.

Growth can be expected in construction, in the tourism industry, and in manufacturing, particularly those sectors where value added is a major component of the product (high-tech, high-fashion products).

These are all expected to be growth sectors in South Africa in the 1990s.

Though there is nothing wrong with a little boosterism, Wolfgang Thomas' figures seem inordinately optimistic. There is little evidence in past trends to suggest a 25 percent increase in manufacturing, construction and tourism employment by 1995, and the factor by which he reduces unemployment through accounting for the informal sector seems much too large. Planners and social workers point to the terrible poverty in many townships and on the fringes of the metropolitan region. And Cape Town's black education system is in a complete shambles.

Yet it does seem as if Cape Town's position as the economic laggard among South Africa's major centres might already be a thing of the past. Whether this indicates the city's strength, or the weakness of the rest of the country, is less clear.

STAR 10/2/90

Will black townships open trade to whites?

30

CHRIS MOERDYK

STRICT segregation might still be firmly entrenched in South African residential areas, but apartheid seems to be crumbling a lot quicker for the business sector.

With a number of "white" South African towns and cities considering following the Johannesburg example of opening up business areas to all races, the question now is: Will the country's major black townships follow suit?

Will they be allowed to follow suit?

The answer appears to be a somewhat complex "yes" although it seems far easier for whites to operate businesses in black areas than for blacks to open businesses in white areas.

Because of the Group Areas Act, the decision to allow blacks into white, coloured and Indian areas rests with Parliament. But, as the Group Areas Act does not apply to black townships that fall under the Black Communities Development Act of 1984, the decision to allow white businessmen into black areas rests merely with provincial administrators.

A provincial administrator is empowered by the Act to decide on whether any person is "competent" or not.

The mayor of Soweto, Mr Samuel Mkhwanazi, told Saturday Star that his council firmly believed in free enterprise and was intent on developing the potential of Soweto "whatever it takes."

He said that if the full potential of Soweto as a viable commercial and residential community necessitated opening it up to businesmen of all races, then his council would welcome any such move.

He added however, that no such decision would be taken without consultation with Nafcoc (the National African Federated Chamber of Commerce) nor would it be fair to do so until all the surrounding white towns had declared free trade areas.

30

Corporations are the biggest market

A NUMBER of motoring trends have emerged that suggest dependence on passenger cars will remain high in SA.

Influenced mainly by rising prices, car ownership patterns are changing, with businesses buying more units, according to findings of motor vehicle associations.

The National Automobile Dealers Association (Nada) says a greater proportion of used cars, more small cars and an upsurge in overall ownership by corporations of the "national fleet" will be the pattern for passenger cars in SA.

Building up

Despite the effects on spending due to severely restrictive monetary and fiscal policy, replacement demand is building up.

National Association of Automobile Manufacturers of SA (Naamsa) executive director Nic Vermeulen says an example is the average age of SA's car population, which has risen from 6,6 years in 1976 to about 8,2 years at present.

"Strong replacement requirements by the corporate sector, underpinned by above-average earnings and the car rental industry, are still positive for manufacturers," he says.

Durban-based Nada chairman and McCarthy Totoya MD Errol Richardson says more new vehicles are being sold to corporate clients, either as direct purchasers or in the form of car allowance schemes.

"So long as corporations continue to make good profits, demand will remain high," he says.'

In 1980, SA corporations were responsible for 45% of all new car sales. This increased to 60% in 1985 and 70% in 1989. Projections are they will account for 75% of new car stock in the near future.

Says Richardson: "South Africa's managerial shortage will unquestionably keep the car component of remuneration a key factor in supporting demand for new vehicles."

BMW SA communications manager Michael Brandt says in recent months the beginnings of a slow-down in the used car market has become noticeable.

"High interest rates have had a negative impact on the private buyer. This mainly affects the used car market and the lower end of the new car market.

"The upper end of the new car market is still fairly bouyant."

Richardson says that with cars generally becoming less affordable, the trend to smaller cars will continue.

CBGCARTAB Some corporates have experimented with allowing staff to select used cars of the same value as the new price limit, thus permitting them to drive a good used or larger car.

"But it is too early to tell if this trend will be of real significance. However, the increase of car allowances schemes instead of company cars could drive this trend," says Richardson.

Vermeulen says prospects exist for a dramatic rise in black ownership of cars against the background of sharp projected increases in disposable income.

However, cars are unlikely to become cheaper in real terms. The new value-based local content programme will help ensure vehicle pricing runs ahead of inflation — at least for some time, he says.

On used car trends, Richardson says registrations (changes of ownership) have increased steadily in recent years and are roughly twice the volume of new vehicle sales.

CAR SALES BY CATEGORY

	Small	Medium	Luxury	Station wagon
1980	50,5	27,3	16,7	5,5
1981	49,4	26,0	19,7	4,9
1982	50,9	22,7	20,4	6,0
1983	46,6	27,8	20,4	5,2
1984	48,6	30,3	16,8	4,3
1985	60,5	23,6	12,5	3,4
1986	61,6	23,1	12,6	2,7
1987	64,6	21,9	10,9	2,6
1988	66,8	19,7	11,6	1,9
1989 (forecast)	68,0	18,7	12,0	1,3
1990 (forecast)	70,0	17,2	12,0	0,8

Source: NAAMSA

ERROL RICHARDSON

Local development saves cash

MARKET changes and inflation prompted Samcor's MMI division to design and develop a new Mazda 626 range of five sedans.

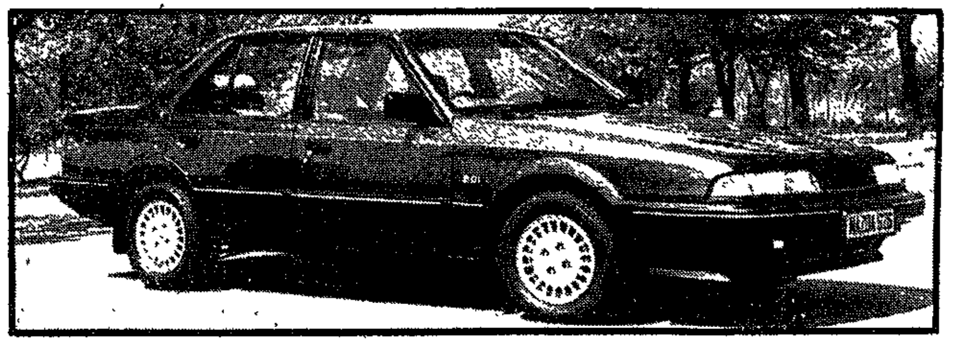
MMI GM Sean Bownes says this 626 range is the most recent example of Samcor's ability to undertake local development programmes with major savings in investments.

Rising vehicle prices and the decline in private spending influenced the company to reposition the new range in the intermediate market — a class that has emerged between the traditional small and medium segments.

Embracing

The range, fully endorsed by Mazda Japan and launched last September, is made up of the Mazda 626 1,8 *l* the 2,0SL, the 2,0SL (option pack), the 2,0SLi and the 2,0SLX (automatic).

Embracing the latest multi-valve technology and high levels of quality, performance, equipment and refinement, the new 626, he says, represents affordable motoring with exciting performance and substantially updated styling.



Mazda 626 2,0SLI . . . the flagship of the new 626 range

Using local development programmes, the cost of tooling was only R15m compared to about R100m that would otherwise have been needed.

Bownes says this includes dramatically improved quality areas that were specifically addressed to develop a product range appealing to the family man and also to the younger, sportier motorist.

Large areas of the body and numerous components in the interior, including seats and sporty three-spoke steering wheel, have been redesigned and manufactured locally.

Restyling, including improved aerodynamics, is in the form of a new hood, front fenders, front and rear bumpers, new body coloured front grill, headlamps and direction indicators, bootlid, tail lamps, rear finisher panel, wheels and wheel covers, rear quarter panel and cowl top panel.

Modified

The roof has also been modified and the SLi and SLX derivitives have received a front chin spoiler.

Recent consumer trends in the medium car segment are towards smaller cars with larger capacity/-higher performance engines.

The 1,8L has a 1800cc single overhead camshaft engine with power output of 66kW at 5 500rpm and torque of 140Nm at 3 400rpm. It replaces the 1600cc engine previously fitted to the base model.

The 2,0SLX (automatic) and the 2,0SL are fitted with the 2000cc SOHC 12-valve unit and two-barrel compound carburettors. The engine delivers 81kW at 5 300rpm and torque of 156Nm at 3 300rpm.

Mazda's premier model, the 626SLi has a 16-valve double overhead camshaft fuel-injected unit with twin overhead camshafts. Power output is 109kW at 6 000rpm, delivering 182Nm of torque at 4 000rpm. Top speed is 202km/h.

Bownes says further improvements include those made to the suspension and transmission.

The manual models have a new five-speed gearbox, while the automatic (SLX) has a new hydraulically controlled, four-speed transmission with electronically switched torque convertor lock-up in overdrive for improved fuel efficiency.

A long list of other modcons come with each of the 626 models.

Proof

MMI believes the new range is proof of what can be achieved with local ingenuity and commitment. It is also reason for optimism about the effect that phase six of the local content programme will have on the company.

"By opting for local development we have managed to develop a competitive vehicle and the saving brought about by not adopting the new generation 626 in Japan will certainly be reflected in its very competitive pricing," says Bownes.

[redacted]

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Exporting components is Samcor achievement

SAMCOR has got it together since the traumatic merger of the two troubled car marques a few years ago.

Despite disruptions to production due to strikes, the weak rand and high inflation, Samcor, manufacturer of the Ford and Mazda passenger car ranges, has created a few wonders.

As MD Spencer Sterling says, being able to design and develop new cars locally is a one thing, but exporting vehicles and engine components is even more of an achievement for Samcor.

With the difficult days behind them, the group — which recently announced a R1,1bn expansion programme over five years — has pioneered SA's first fully-fledged styling studio and the first locally designed high-volume car.

This is the new Mazda 626, a compromise between the need to update the current model and the need to limit investment.

A similar local design job is under way on Samcor's small car range.

Sterling believes that, because of the need to rationalise the entire motor industry, component suppliers included, SA's small and medium car manufacturers are realisingthe size of the market does not justify the cost of keeping pace with overseas model launches.

Skip

Most local manufacturers are likely to skip every other model and update their ranges in the interim, as Samcor is doing, with facelifts and upgrades.

The company recently installed a hi-tech line for alloy cylinder-head manufacture at its Struandale engine plant in Port Elizabeth.

A significant development under way is the upgrading of its 3*l* locally made Essex engine. While details are still under wraps, Samcor expects to announce more about it towards the end of the year.

The upgraded 3*l* version is likely to be fitted to the Sapphire 3*l*GLX manual and automatic models and possibly also the top range Sierras — the XR6 and LX models.

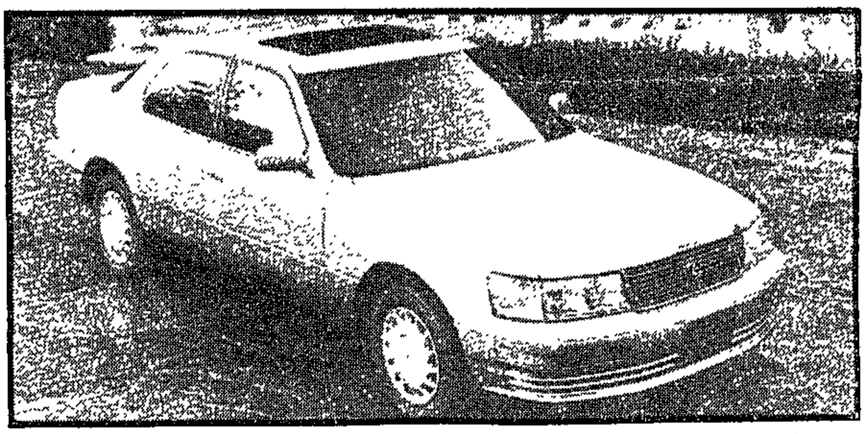
Yet another major investment being unwrapped is an automated paint plant at the Silverton operation in Pretoria, says Sterling.

In addition, the company leads the industry in robot application.

Samcor is not, however, in the market to produce ultra-performance cars or to offer more variants than its competitors.

"But," says Sterling, "it is in the business of providing high quality, value-for-money products."

With vehicle prices continuing to outpace inflation, most people want reliable cars that represent real value for money, higher quality and better after-sales service.



Toyota's high-tech Lexus ... leads a bid for the world's luxury car market

New Lexus to beat the best

A NEW Toyota range of luxury cars, aimed at giving BMW and Mercedes a run for their money, have been unwrapped in Japan and are being considered for the SA market.

They will be available as a special import later this year after Toyota SA has bought a few models and carefully assessed them for local conditions.

Called the Lexus, the range has received rave reviews in the US since being launched last September.

Before the Lexus prototype was developed, 24 Toyota Japan engineering teams were assigned to the project.

Each identified the best world automaker in a specific engineering field — and set out to beat it.

Toyota Marketing SA MD Brand Pretorius says the technology, expertise and design excellence which has gone into it will have important spinoffs for the development of improved standards in the local top car market.

Quality

"As the quality of engineering, electronics and design develop, we no longer equate 'fine car' or 'top car' with a big 'traditional' car.

"There are plenty of smaller cars which, in terms of comfort, quietness, efficiency and performance, fit very comfortably into the 'top car' category.

"When you do a checklist of its features, the top-end Corolla fits just as easily into the top car category."

However, as financial pressures fuel the buy-down trend, demand for higher standards and specifications in smaller cars will increase.

Pretorius says through Toyota's experience with the development of the Lexus, all future car designs are going to become more sophisticated and efficient, setting new standards within Toyota.

B/Day 12/2/90

(30)

New car sales up 17,1% on December

Business Day Reporter

NEW car sales rose by 2 377 units or 17,1% in January compared with December sales, Naamsa said at the weekend.

Sales of new light commercial vehicles and minibuses rose by 1 014 units or 12,3% compared with December.

Official measures — in the form of stringent fiscal and monetary policies to cool off the economy — had a negative impact on new vehicle sales, particularly new car sales.

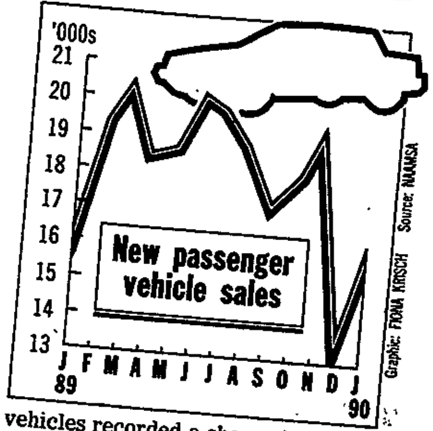
Naamsa said sales figures for January were in line with industry expectations. "Following the poor sales recorded during December, there has been a slight improvement during the first month of 1990 with new car sales rising by 2 377 units to 16 252 units (December: 13 875)."

New car sales for January 1990 showed a slight dip compared with January 1989's sales of 16 313 units.

New light commercial and minibus sales rose by 1 014 units or 12,3% to 9 231 units compared with December sales of 8 217 units, Naamsa said.

Light commercial figures for January 1990 were 1 879 units (25%) ahead of January 1989 when sales of 7 442 units was recorded.

Heavy truck sales showed a decline of 15,3% in January to 559 units (December: 660), but medium commercial vehicles recorded a sharp rise of 38,9% to 393 units from a low December base of 283 units.



Graphic: FIONA KRISCH Source: NAAMSA

In January 1989, medium commercials recorded 223 units and heavy commercials 608.

Combined new vehicle sales in January 1990 increased to 26 435 units compared with the December figure of 23 035. Total vehicle sales in January 1989 were 24 586.

Naamsa said demand for light commercial vehicles and minibus-type vehicles remained buoyant and that this market was expected to reflect a higher propensity for growth during 1990 compared with other sectors.

However, for the industry as a whole Naamsa expected unit sales comparisons, with the exception of the light commercial vehicle sector, to remain negative for at least the first half of 1990.

Business Day
SURVEY

For the first time since 1987, car price increases are in line with inflation. If the rand continues to strengthen against the yen, prices could soften further. Against this background **LYNN CARLISLE** *looks at the market and discusses new ranges, replacement models and refinements.*

Cressida 3,0 GLS ... its six-cylinder, 24-valve engi

Price hikes likely to be lower than in previous years

BDay 12/1/90

30

CAR price increases below what people have become used to are predicted for the forseeable future by SA motor industry sources.

Price rises should be lower for those cars whose manufacturers source component requirements from Japan, compared to those sourcing from Germany, as the rand has strengthened against the yen by 7,5% in the past 12 months, but weakened 11,1% against the mark.

Car price increase estimates vary from those closely linked to SA's inflation rate to exchange-rate costs, the latter in pattern with recent years.

Increases, which will continue to be introduced quarterly, have already started to ease, with certain hikes more or less in line with inflation.

In 1988, overall rises peaked at 23%, easing to 15% last year. But the pattern has been one of volatility (see graph) and thus folly is often made of long-range forecasts by variables.

Hinges

Still, much hinges on the rand's performance against major currencies, and how costly motor components turn out once the new phase six local content programme is fully established.

Phase six requires manufacturers to raise local content by value from 60% at present to 75% by 1997. Opinions differ on whether lower price increases should continue only until phase six of the programme gets going.

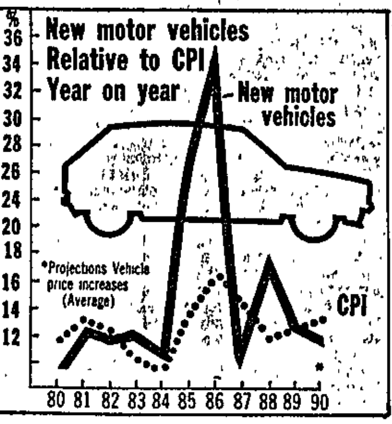
There is disagreement whether additional locally made components will initially be more expensive, and if these will accelerate car price increases.

Nissan chairman Peter Whitfield, who forecasts Nissan price rises of 12% this year, believes phase six will mean lower component costs and a gradual improvement in profits.

"The programme gives some incentive to the more popular smaller vehicles to lessen import component costs," he says.

Volkswagen sales planning manager Neal Brutton says that for price increases to line up with inflation, the overrider will be the fluctuating value of the rand.

Naamsa executive director Nic Vermeulen believes the recent strengthening of the rand, particularly against the yen, augurs well for future price increases.



However, one needs to distinguish between local motor manufacturers sourcing their requirements from Japan and West Germany.

"Given reasonable stability in the rand, I expect the industry average price rise of new vehicles could be 12%-15%, compared to a projected inflation rate of 15% for the year as a whole," says Vermeulen.

"If so, this would be the first year since 1987, and only the second since 1982, that the car industry would have kept prices below the inflation rate.

"This, in turn, should assist car sales by removing the huge accumulated gap between personal disposable incomes and new vehicle prices," he says.

Having recently anticipated a further cut-back on vehicle prices this year, market leader Toyota may be a good pointer.

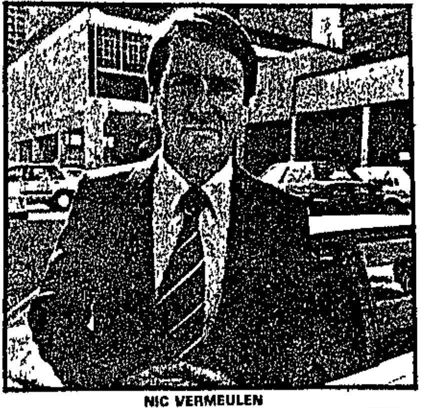
Toyota Marketing MD Brand Pretorius says prices are expected to escalate only 13%. "With the rand strengthening against the yen, we are in a better position than the German car manufacturers to contain price rises," he says.

BMW SA communications manager Michael Brandt, who reports record sales for BMW last year, says as all CKD (complete knockdown kits) imports come from Germany and Japan, countries whose currencies have strengthened continuously against the rand in recent years, and any further significant strengthening of the mark or yen against the rand could hike car prices.

It becomes clear why local cars faced massive price increases, especially from 1984 to 1986, as all SA manufacturers source major and expensive components, such as engines and gearboxes, from Japan and Germany.

Those countries' currencies are strengthening internationally all the time while the rand does the reverse.

Further perspective is provided by Pretorius, who says the SA car sales leader's imported components constitute about half the total cost of its cars.



NIC VERMEULEN

Politics more than any other single determinant was behind the automobile industry's price increases of the '80s, says Brandt.

"Government spending, high interest rates, the sudden and drastic jump in GST in mid-1984, high inflation and the world's high expectations dashed by the 1985 Rubicon speech, caused the massive and long-sustained decrease in the value of the rand."

Still, price hikes should pan out around 16% for most cars this year, says National Automobile Dealers Association chairman Errol Richardson.

Nada's earlier forecasts were increases of about 20% in 1991, but these could be lower. However, both forecasts suggest an improvement on 1988's 23%.

Samcor MD and Naamsa president Spencer Sterling, who attributes the "considerable" price increases since 1985 primarily to a weakening rand relative to SA's trading partners, says many motor component suppliers have been subjected to these same pressures and their price increases have outstripped the inflation rate.

Hands full

"With local wage increases higher than the inflation rate last year, the motor industry has had its hands full to contain price rises as well as meet orders in reasonable time."

Sterling believes making a prognosis on future new car price increases is difficult. "So much depends on guessing what will happen to the rand exchange rate and the inflation rate.

"But, generally, we believe the rand will stabilise in 1990 and the inflation rate will remain high in the first half of the year and then show a modest decline in the second half. So we are planning accordingly."

He says it is hard to see any significant reduction in inflation in the next 12 months, despite Reserve Bank governor Chris Stals having expressed his determination to lower it, because of natural lag in the economic system.

"However, should government succeed in controlling its expenditure and the money supply we should see a significant reduction in the inflation rate in 1991 and beyond.

"I hope car price increases will be contained to below 14% this year. However, as I said, so much depends on outside factors over which the motor industry has little or no control."

Credit squeeze hits new car sales

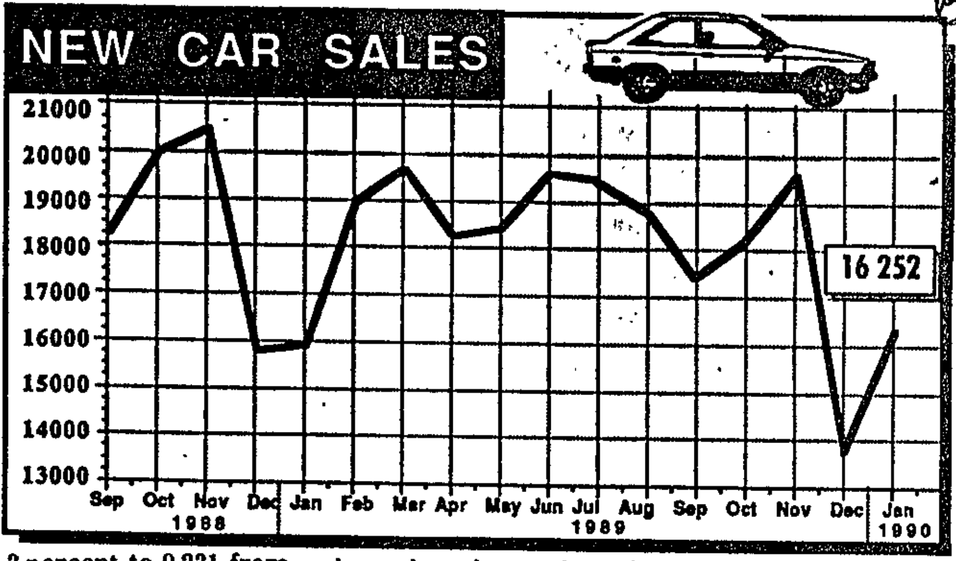
Star 14/4/90

Finance Staff (30)

The government's stringent fiscal and monetary policies continued to have a negative impact on the new vehicle sales, and distinctly weaker new car sales have been discernible since the middle of last year.

Issuing the new vehicle sales figures for January, Naamsa says the sales figures for January are in line with industry expectations.

After the poor sales recorded in December there has been a slight improvement, with new car sales rising by 2 377 or 17,1 percent to 16 252 (13 875) and new light commercial and minibus sales rising by 1014 or 12,3 percent to 9 231 from December's 8 217.



Heavy truck sales fell 15,3 percent in January to 559 (660) but medium commercial vehicles showed a sharp rise of 38,9 percent to 393 from a low December base of 283.

Combined new vehicle sales increased to 26 435 from the December figure of 23 035.

Naamsa says demand for light commercial vehicles and minibus type vehicles remained buoyant.

(30)

BUSINESS DAY, Tuesday, February 13 1990 3

Business confidence on the up

ZILLA EFRAT

THE favourable interpretation of political developments by industrialists has led to a rise in SA business confidence.

The SA Chamber of Business's (SACB) index of expected sales for the next 12 months has increased from 118 in November to 128 in January.

The organisation attributes the rise to positive perceptions of political events as there has been little change in economic fundamentals.

It says there are clear signs that the manufacturing sector expects to show positive real growth during 1990.

All regions are optimistic that both sales and production will be higher in 1990, but the Maritzburg and East London regions are relatively more optimistic than the Transvaal, Durban and Port Elizabeth regions.

Maritzburg's confidence stems from a favourable outlook from engineering companies, while East London's can be ascribed to good export performance by the canning industry in particular, spin-offs from industrial expansion in the Ciskei and strong demand for textiles.

Confidence levels in the Maritzburg and Durban regions remain sensitive to developments in the power struggle between Inkatha and the UDF/Cosatu.

The Index of Manufacturing Activity, which reflects expected orders, rose from 98 in November to 118 in January, passing the 100 neutral border between optimism and pessimism.

However, lower level of activity in December results in a fairly strong seasonal impact in January, so these figures cannot be interpreted as a change in trend, says the SACB.

Metropolitan subsidiary to fund cottage industries

Cape Times 14/2/90 30

Financial Staff

METROPOLITAN LIFE has formed a new subsidiary — Metpol Investment Enterprises (MIE) — which will plough back some of the funds raised from its target markets into helping to start viable new businesses.

MIE's newly appointed MD, Francois Jooste, explained that the money would be used to help start cottage industries and find outlets for their products.

The new project would be a mixture of venture capital and social responsibility. His company would try to match the skills of the informal and semi-formal sector with product needs in the formal sector.

Francois Jooste

Jooste emphasised that "profit expectations by policy holders would not be sacrificed".

A statement issued by Metropolitan Life yesterday said: "By investing some of the funds mobilised from these communities in this way, Metropolitan will profitably contribute to their economic development, generating employment opportunities and developing markets for its insurance products.

"Investments will be made in conjunction with existing development agencies and will be partially managed by MIE.

"MIE will function as a separate investment subsidiary but within the Metropolitan group. It will operate from Metropolitan's head office in Cape Town and will make use of certain of its administrative services."

SOWETAN BUSINESS
Building the Nation

30

Honesty must be SA's policy, says SAB chief

Sowetan 15/2/90

By JOSHUA RABOROKO

Mr Meyer Kahn, managing director of SAB.

SOUTH Africa needed honest leadership in business, politics, government, in opposition, in the professions and in selling, the managing director of SAB, Mr Meyer Kahn, said this week.

Speaking at the launch of the Holiday Inn Sales Manager of the Year Award in Johannesburg, he said the environment needed honest leaders for the development of the country.

He said the country was facing a productivity problem. "We all know that relative to all our conventional trading partners throughout the world our productivity is low and declining.

"Meanwhile, there is the popular view that because we are a developing country and because our society is going through substantial change we should sit back and accept a drop in standards.

"I find this unacceptable. My reasons are:

"The more we commit ourselves to the maintenance of standards, the less the drop will be, if at all. In addition, everyone says the salvation of SA's economic future lies in the development of our Third World economy and informal sector.

"And while I agree to some extent, I must remind you one cannot maintain growth in that informal sector without a very strong formal sector. In essence, one feeds off the other."

Mr Kahn said big business inevitably created small business and good small businesses became good medium-sized or big businesses. So the two were totally interwoven - there were big dollops of both.

"You cannot have one without the other. We cannot therefore sit back and say 'what will be will be'." Productivity does not diminish job creation - it is the only sure way to long-term prosperity and improvement in living standards."

He congratulated those who received awards and said he hoped they would improve the community in its development.

The Sales Manager and Salesperson of the Year will be announced at an awards banquet at the Sandton Holiday Inn on April 25 - all six finalists and their partners will be invited as guests of honour.

BDay 15/2/90

UNUSUAL WARNING FROM MIDAS

CHARLOTTE MATHEWS 30

MIDAS directors took the unusual step of calling a press conference yesterday to warn shareholders that earnings for the year to February, to be published in April, would be substantially lower than forecast.

Midas is a distributor of automotive parts and accessories through franchises and customers, including chain stores.

For the year to February 1989 earnings of 118,8c a share were declared, representing a 94% improvement over the previous year's 61,2c.

"Subsequently trading conditions started to lag behind budget," chairman Derek Riley said.

"We made an acquisition which we hoped would increase earnings a share." But the acquisition would in fact affect EPS negatively.

"We announced in October that we would be making an acquisition and this would have positively affected EPS. Negotiations were terminated.

"In November the marketing agreement with Spareco was ended, and the impact of this has been greater than anticipated."

The company had also faced a higher interest burden in 1989.

Corrective

Riley was unable to put an exact figure on the reduction in EPS as the accounts were still being audited.

He said corrective action had been under way for several months. Stock had been reduced and it was anticipated that interest charges would be cut down.

Midas was trimming its customer network so it could give better service and have a more focused customer base.

This would lead to a rationalisation of deliveries, which had become more costly with diminished order sizes.

Management had also rationalised warehouses and the number of people employed by the company nationally had been reduced to 1 000 from around 1 200 by retrenchment and natural attrition.

Inventory control had been improved and steps taken to get total assets "more tightly in hand".

He believed the automotive parts industry was a good one but had been generally overrated. Midas had grown during the past few years as it was gaining market share, not because the market was growing at an equivalent rate. "The industry is partly contra-cyclical, but is not immune to a downturn."

Nationalisation: Black business reacts

30

By JOSHUA RABOROKO

BLACK business organisations have responded to a statement by African National Congress leader, Mr Nelson Mandela on the proposed nationalisation of certain sectors of the economy.

The National African Federated Chamber of Commerce and Industries (Nafcoc) and the Foundation for African Business and Consumer Services (Fabcos) said they believed in the economic advancement of black people.

They were reacting to a statement by Mandela after his release on Sunday. Mandela confirmed the ANC's policy of nationalisation of mines, banks and monopoly industries, and that a change of the ANC's views in that regard was inconceivable.

The statement said black economic empowerment was a goal fully supported and encouraged, but in South Africa State control of certain sectors was unavoidable.

ANC secretary general Mr Alfred Nzo said the statement was part of the organisation's policy.

Nafcoc president Dr Sam Motsuenyane who had met Mandela at Victor Verster Prison, said while nationalisation would not necessarily solve South Africa's socio-economic and political problems, it could undoubtedly contribute to providing some answers.

He said: "We must be in a position to determine whether there are other ways of achieving wealth other than through nationalisation. There are a few options which could be examined as alternatives to nationalisation."

He suggested the following alternatives:

* Corporate restructuring of the economy in which companies are persuaded to hive off chunks of their assets and pass these to the disadvantaged;

* Affirmative action backed by the Government and business to facilitate the process of black economic participation by creating the necessary climate and appropriate legal and funding structures;

* The creation of trusts designed to enable blacks to acquire a meaningful stake in the economy.

Motsuenyane said Nafcoc and the ANC supported the concept of a mixed economy, although Mandela had told him the organisation did not have an economic policy.

"The economy should have public, private, small-scale family and co-operative sectors, ie the Government will have to run some State enterprises in almost the same way as is done all over the world," he said.

A Fabcos spokesman said State control of certain sectors of the economy is unavoidable.

"Furthermore, it is extremely difficult to jump to conclusions regarding nationalisation of certain aspects of the economy, as these are early stages of a negotiated South Africa.

"It is our view that Mandela's statement is not a fait accompli from a black point of view, but a proposition, given the give-and-take character of negotiations, to the South African Government," the spokesman said.

Nelson Mandela ... "nationalisation of some sectors of the economy is unavoidable".

Retail sector improves

BDay 16/2/90 (30)

SYLVIA DU PLESSIS

A RECENT rerating of blue chips in the retail sector, driven primarily by changing political and financial perceptions, has helped narrow the gap between the JSE's retail and wholesale index and its industrial index.

But there is little chance of the former outperforming the latter this year, analysts believe.

The index — constituents represent important shares in the sector and are revised in January and monitored over the year — has moved up sharply since October, peaking at 2 567 last week. It dipped this week with the industrial index, following Nelson Mandela's statements on sanctions and nationalisation, to close yesterday at 2 491.

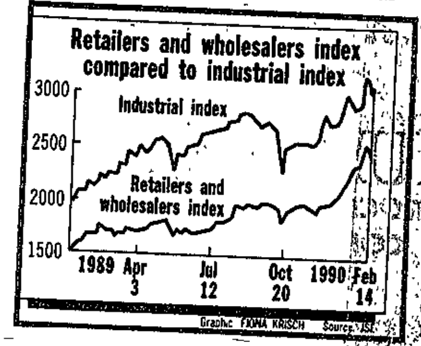
Constituents currently include Wooltru, Edgars, Pick 'n Pay, Pepkor, Foschini, Metro, CNA, Waltons, OK Bazaars and Clicks.

Analysts said yesterday political factors in recent months had helped change perceptions, but several of these shares had hit new highs recently in anticipation of good 1991 financial results. The market tends to anticipate results by about a year.

Wooltru ordinaries, for example, climbed from R22,25 in March 1989, peaked at R49 last week and closed at R48 yesterday, while Edgars ordinaries grew from R16,50 last April to R39 last week, closing at R37 yesterday.

However, retail shares had "had their run", and were now probably fully priced and likely to consolidate at these levels, analysts said.

Thereafter, there was a chance the retail index could outperform the industrial index, especially if the economic downturn was "out of the way".


Retailers and wholesalers index compared to industrial index

Graphic FIONA KRISCH Source: JSE

B/Day 16|2|90

There's much more in store for Shoprite ㉚

ANALYSIS:
STEPHEN RICHTER

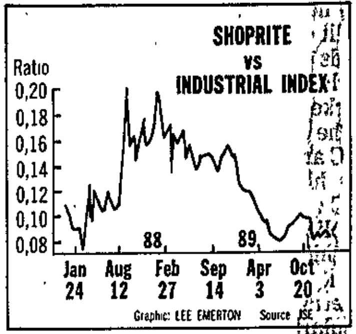
SHOPRITE Holdings' share price has failed to keep pace with the strong performance of the JSE industrial index. But judging by the group's impressive track record and future growth potential, its share price has considerable upside potential in the years ahead.

Shoprite operates supermarkets which are mainly located in the Western Cape, but the group is also gaining market share in the Transvaal and OFS regions. Shoprite conducts its business exclusively on a cash basis and caters primarily for the lower to middle income groups.

At first glance, the accompanying relative strength graph indicates that the group's recent performance has been unsatisfactory. The chart measures Shoprite's relative performance against the JSE industrial index and for the past two years the trend has been negative. But it appears that this indicator is forming a "double bottom" at the same level as the 1987 low which could indicate that Shoprite's relative performance against industrials is on the verge of changing direction.

Fundamentally speaking, Shoprite has attained an excellent track record as earnings increased at an annual compounded growth rate of 36% for the five year period ended February, 1989. Judging by the latest interim figures, it seems this growth record should remain.

Earnings for the six months ended August, 1989, jumped by 35% to 12,5c a share, compared with 9,3c for the corresponding period of the previous year. These results were on achieved on a 32% increase in turnover, to R209m, while operating profit rose to R5,8m from R4,4m.



Graphic: LEE EMERTON Source JSE

With Shoprite less than one month away from the end of the current financial year, MD Wellwood Basson is reluctant to reveal specific turnover figures achieved during the 11 month period ended January. But he does indicate that management is "very satisfied with our turnover for the period to date".

Basson says that the group was adequately stocked during the December trading period. Turnover mix is dominated by food products which account for 80% of sales. Management is satisfied with this product mix which is described as being as near-perfect for the locality and customer profile of existing stores.

At present, Shoprite operates 46 outlets which represents a gain of seven stores from end-February, 1989. The group intends adding approximately five or six stores per annum depending upon the availability of suitable sites and manpower. In addition, each store will only proceed once management establishes that it can produce satisfactory profits and good growth potential.

It appears that a major reason for Shoprite's success is its "cash only" policy which offers the customer value for money. No credit facilities to customers are envisaged, other than through certified buying co-ops, with whom the group currently deals.

With interest rates at abnormally high levels, Shoprite is in an enviable position as the group's interest bearing debt at the interim stage was R662 000. During the most recent interim period, interest payments amounted to a mere R47 000 (R50 000).

For the past five financial years, interest payments never exceeded R350 000 with the exception of 1986, when the group shelled out R575 000 for finance charges. In the latest year, the group generated operating profit of R10,4m, while interest payments were only R231 000.

Assuming Shoprite's bottom-line grew at a slightly slower pace than during the previous five year period, EPS for the current financial year could reach 30c, accompanied by a 13c dividend. This would place the share on a forward earnings and dividend yield of 11,5% and 5,0% respectively, which represents good value when compared to the average 7,2% earnings yield and 2,9% dividend yield for the retailers and wholesalers sector.

B\Day 16\2\90 .

Bidcorp growth rating 'excellent'

SYLVIA DU PLESSIS

30

INVESTMENT holding company Bidcorp has excellent growth prospects and investment in this share is recommended, says Frankel, Kruger, Vinderine retail analyst Aloma Jonker.

Jonker says in a report on the group that investment will ensure full participation in future developments, which might include the listing of wholly owned food, crockery, cutlery, glassware and linen supplier Cater Plus.

Bidcorp, a retail and wholesale-listed group, also has a 60% investment in Curries, which in turn holds 55% of Afcom. Afcom holds 70% of Afpac.

Jonker says Cater Plus's contribution to Bidcorp's earnings in financial 1990 could amount to 61%, compared to Curries' 18% and Afcom's 17%. Cosmetic distributor Justine, in which Bidcorp acquired 50% during the current year, could contribute 4%.

According to Jonker, Bidcorp's 1989 earnings of 92c a share will probably grow by 30% to 119,6c in 1990, by 28,4% to 153,6c in 1991 and by 27,5% to 195,9c in 1992. This forecast includes Afcom for the current financial year, but subsequent forecasts do not take into account further acquisitions.

Enhancing

Afcom holding company Curries — to be renamed Bidvest and to become the holding company for Bidcorp's industrial distribution interests — has the highest rating in the group and is also the most tradeable, she says.

"Further diversification into other industrial companies could take place through Curries, thus enhancing its growth prospects. Due to its more direct holding in Afcom, earnings growth could outperform Bidcorp from 1991."

Of Afcom, whose sole investment is its 70% holding in Afpac, Jonker says 1990 earnings will remain at 1989's level, but good growth forecast from 1991 is likely to be achieved by improving efficiencies and thus increasing the pre-interest margin in Afpac.

Afpac is recommended if a direct entry into the light packaging industry is preferred.

"Improved margins from 1991 should ensure good earnings growth, while the low labour intensivity of the factories should minimise the occurrence of strike action and undue stoppage.

"Afpac also provides very lucrative ancillary products to the packaging market and has a captive market in many respects. It is thus considered a good investment," she says.

FM 16|2|90 ㉚

RAM HARISUNKER

Check the markets

The Checkers executive team acquires a new face in the form of Ram Harisunker. He moves from Cape Town next month to become group merchandising and marketing director. Harisunker, who replaces John Williams, will decide on the goods that go into the stores and their prices — a vital component of the competitive edge Checkers hopes to achieve.

Born in Durban, Harisunker describes himself as a total retailer. Even his leisure reading is linked to the business.

Harisunker has been with Checkers for 20 years. He worked his way up from the ranks to assistant manager and then to branch manager. He managed four stores in Durban and had a spell as manager of the old Sandton City Checkers in 1979. He was previously Cape divisional director.

"Checkers is a good company to work for," he says, "and retailing is a dynamic industry where products, suppliers and customer demand are always changing."

Checkers itself is experiencing significant change. Harisunker will supervise the decentralising of its buying operation — a benefit arch-rival Pick 'n Pay has enjoyed for years.

Checkers is also looking at setting up central distribution centres. At present, suppliers deliver small caseloads to the back of individual stores and drivers often hang around for hours. It's the most notorious form of inefficiency in the business.

Harisunker is a fervent believer in deregulation. He says restrictions on Sunday shopping should be scrapped, along with laws which prevent supermarkets from stocking beer and spirits or from running in-store pharmacies: "One stop shopping is the norm all over the world, so it's bound to come to SA."

It's hard to get Harisunker off the subject of supermarkets, but he admits to enjoying fishing — though now that he's in Johannesburg, the most fish he's likely to see are frozen ones at the Checkers counters. ■

Harisunker . . . a total retailer

FINANCIAL MAIL FEBRUARY 16 1990

FM 16/2/90 (30) (81)

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Harisunker . . . a total retailer

FINANCIAL MAIL FEBRUARY 16 1990

The serious business of matching big and small, black and white

W/Mail 16/2 - 22/2/90

30

The MatchMakers project is no charity — it suits the interests of both small and large business. HILARY ANDERSSON reports

AS April approaches black businessmen, white businessmen and members of the American consulate's commerce department prepare for the week of handshakes at Nasrec known as MatchMakers.

This year the tone of the project, which began in 1986 as an attempt to channel the social conscience of large white companies to help small black businesses get off the ground, is undergoing a subtle change.

The days of kindly MatchMaker seeking out and guiding new black businesses to charitable white patrons are fading. The new approach holds that no one really appreciates handouts, but that a leg-up at the right time can be invaluable.

Sellers exhibit their products, while the keen-eyed buyers from companies such as Anglo-American, Gencor and Rand Mines scrutinise potential investments.

This change serves as a mark of success for a project which from the beginning refused to see itself as a charitable enterprise, insisting from the start on payment of a substantial fee for each stall.

An 18-year-old Mozambican, Edward Makuna, who walked from Maputo to Johannesburg without a cent to his name, but with a striking talent for crafting hardwood furniture, is going to display his wares at MatchMakers this year.

He complains of the difficulty of getting business to come into Soweto — "people are too afraid". Getting out of the township to do business, he believes, is likely to serve him well.

The exposure that MatchMakers can offer a young company has proved invaluable for many, such as Lucia Mothiba of Ludo Curtains, Alexandra. She describes MatchMakers as "a window for my business". As a result of her exhibition at MatchMakers '88 shops such as Biggie Best and Barristers Interiors in Sandton and Rosebank now sell her wares.

White companies are making leaps, too. Instead of gratifying aching consciences, as the cynical might expect, they speak of their pleasure in doing business with the people who often make up 90 percent of their market.

Perhaps more importantly trying out new and untested businesses has proven to be an even greater advantage for them.

Anglo-American sees MatchMakers as a reservoir of talent and an opportunity to build up a directory of business contacts. For that reason it will participate again this year.

Anglo also takes the long-term view that if it is in the interests of the country's future to support a project that exposes the talent of small black businesses, it is in their interests, too.

The success of MatchMakers is borne out by similar projects in Cape Town and Pietermaritzburg, organised in both cities by progressive-minded chambers of commerce, although Johannesburg's chamber of commerce was not interested.

Working ... Mozambican craftsman Edward Makuna

USAid will give MatchMakers $50 000 (R130 000) this year, helping the project to expand with the recently formed MatchMaker Services, a non-profit company formed to provide all-round services for both buyers and sellers, and to build on the co-operation between big businesses and emerging entrepreneurs.

Among other things, the new company will offer, for a fee, both a marketing service, and training in basic marketing principles.

The acceptable face of nationalisation?

W/Mail 16/2 - 22/2/90.

●From PAGE 19

planned expansion in the state-owned energy industry, and on public enterprises operating in steel and other metal industries, and the Korean government set unusually strict conditions on foreign investment. In recent decades, the Indian economy has achieved steady growth on a diet of widespread state intervention.

Perhaps the ANC will nationalise some enterprises when they come to power, perhaps they won't.

Perhaps the government of a new South Africa will find more subtle and efficient ways of guiding economic growth and the redistribution of wealth.

Undoubtedly, the ANC needs to think carefully about economic policy — much more carefully than when the prospects of power were faint. In the meantime, why shouldn't Nelson Mandela reassert the desire of his supporters, as expressed in the Freedom Charter, for decisive intervention in the economy on their behalf?

FM 16/2/90

30

CARRYING THE LOAD

Hard-working light commercial vehicles have a new load to carry: the hopes of vehicle manufacturers. While sales of new cars, trucks and buses are slowing down, manufacturers expect light-commercial demand to remain strong.

Industry officials say January sales figures, compiled by the National Association of Automobile Manufacturers of SA (Naamsa), reflect fears that no early end to the downturn in demand is in sight. What the figures don't reveal, but the association confirms, is that orders also are tailing off. Waiting lists for new vehicles, which helped to underpin the market last year, are shrinking.

JANUARY VEHICLE SALES

CARS

January 1990 .... 16 252 January 1989 .... 16 313 Decline 0,4%
December 1989 (13 875) to January 1990 .... Growth 17,1%

LIGHT COMMERCIAL VEHICLES

January 1990 .... 9 231 January 1989 .... 7 442 Growth 24%
December 1989 (8 217) to January 1990 .... Growth 12,3%

MEDIUM COMMERCIAL VEHICLES

January 1990 .... 393 January 1989 .... 223 Growth 76,2%
December 1989 (283) to January 1990 .... Growth 38,9%

HEAVY COMMERCIAL VEHICLES

January 1990 .... 559 January 1989 .... 608 Decline 8,1%
December 1989 (660) to January 1990 .... Decline 15,3%

COMBINED SALES

January 1990 .... 26 435 January .... 24 586 Growth 7,5%
December 1989 (23 035) to January 1990 .... Growth 14,8%

The one bright spot is the light commercial market. Bakkies and minibuses are still in demand. "Demand remains buoyant and the light commercial market is expected to reflect a higher propensity for growth during 1990 than other sectors," says Naamsa.

The black taxi sector remains a major force for growth.

Other factors include demand by business for replacement vehicles and the preference of more families to save money by buying a bakkie as a second vehicle rather than a car.

Naamsa notes: "Except for light commercials, unit sales comparisons will remain negative for at least the first half of 1990."

Gatting and his rebels evade protests outside their Sandton hotel

MATTHEW CURTIN

B/Day 25/1/90

MIKE Gatting and his rebels yesterday evaded about 80 protesters singing and dancing outside their Sandton hotel and tried leave the hotel during a Press conference given by the National Sports Congress anti-tour committee.

Gatting told reporters the team was in good shape and he reiterated they were here "just to play cricket".

He denied he was a pawn of circum-ances and declined to comment on the test.

few cricketers came downstairs earli-d watched the protest but refused to ent, among them Chris Broad and Bill Athey.

Anti-tour committee Transvaal organiser Moss Moshishi accused Gatting of ducking the issue by not meeting the committee during the Press conference.

He read out a memorandum from Alexandra community groups reiterating that the tour was in violation of the sports boycott which was essential to their campaign against apartheid.

The crowd waved banners with slogans like "Liberation Before Wickets" "Gatting go home" and "No normal sport in an abnormal society".

But on an eighth floor window, hotel guests put up posters saying "Welcome to SA Mike Gatting — we love you" and "Gatting keep batting".

Moshishi claimed two buses packed with supporters of the anti-tour campaign, who intended to present the memorandum to Gatting, were intercepted by police at a junction near the hotel and then redirected to Morningside police station.

But police spokesman Col Frans Malherbe, at the scene, denied the claims, saying they were "utter nonsense".

Alexandra cricketer D Malinga, 13, from the SACU township cricket coaching programme complained in a brief statement at the Press conference yesterday of the lack of money for township cricket.

National Sports Congress marshalls, including NSC general secretary Krish Naidoo, also attended the Press conference.

A dozen plainclothes policemen mingled with the protestors. Traffic police and about 40 riot police were also outside the hotel, but out of sight of the protesters.

□ Sapa reports that Alexandra township cricket programme participants were to petition the SACU yesterday to halt the coaching programme, Moshishi said.

Thousands of protesters are expected to converge on Kimberley tomorrow.

Moshishi said there would be a "very big demonstration" at Saturday's game.

Sapa also reports that razor wire has been erected around the cricket field at Maritzburg's Jan Smuts Stadium and police and private security guards with dogs and armed with rifles are patrolling the premises as the Maritzburg Cricket Union gears itself for the rebel team's visit.

The English cricketers will play against a South African Invitation XI in Maritzburg on February 3, 4 and 5.

Arms dealers report increase in gun sales over the past few days

STAR 16/2/90 (30) ([illegible])

By Helen Grange

Arms dealers countrywide have experienced a "noticeable" increase in gun sales over the past few days — and at least one retailer has doubled his normal turnover.

One Witwatersrand arms retailer (who wished to remain unnamed) said that sales of hand guns and shotguns had soared in the last two weeks.

"Judging from the buyers I spoke to, people are nervous about the unrest in and around town. They claim blacks are rioting and some are uncontrolled," the retailer said.

"They appear to be purchasing guns for protection rather than political motives."

He added: "I also think that after Mr Mandela's statements, people are unsure of the future. I know a lot of people who are seriously contemplating leaving the country. I feel that Mr Mandela has done little to allay white fears."

Mr Alexander Holmes, managing director of Roy Swaydin and Associates, arms and ammunition retailers, said he had noticed a "slight" increase in sales, but "not as many as during 1986 coming up to the Soweto Day anniversary.

"The current political situation has made people more aware and some, particularly Afrikaans people, more nervous. But I don't think people are buying out of panic," said Mr Holmes.

Guns and ammunition sales have been high in Natal, South Africa's worst unrest area.

VIOLENCE

A spokesman for Kings Sports in Durban said there had been a noticeable increase in gun and ammunition sales in the last couple of days.

"Ninety percent of our buyers are Indian or black and I believe that it is because of the escalating violence and faction fighting in this area."

Mr Fred Tatos, managing director of Suburban Guns in Cape Town, confirmed he was supplying an increased number of hand guns and shotguns to the Transvaal and Natal.

Poor management leads to failures in business

BEING a public company liable for tax, with private shareholders, the SBDC is run in strict accordance with sound business principles.

This businesslike approach extends to the evaluation of applicants' projects and the setting of interest rates and rentals which the SBDC believes should be as close to prevailing market levels as possible.

To survive in the high-risk small business environment the SBDC has to find a fine balance between the profit and development objectives.

IN RESPONSE to numerous complaints, *Sowetan Business* today publishes this article to give people more information about the Small Business Development Corporation.

Faithfull to its mission, the SBDC has since its inception in 1981 been a major developer of reasonably priced and suitable located business premises in black and other underdeveloped areas and today is visibly the largest developer of business infrastructure in these areas.

This has been in stark contrast with the wary attitude adopted by other institutions primarily because of the high risks and low returns associated with these developments.

In pursuing its development objective the SBDC assists its tenants with rental rates which are below prevailing market levels.

A survey of rentals in comparable adjoining areas will prove this point.

It is also essential to avoid falling into the trap of expressing rentals in absolute terms, as is the case with the complainants in your article, since an objective assessment of rentals can only be made once the square metres occupied are taken into account.

Once this procedure is followed with the tenants quoted in your article it becomes apparent that they occupy comparatively large premises at a reasonable rental per square metre.

The complainants in the article unfortunately blame "high" rentals and the SBDC for the poor perfomance of their businesses whilst statistics clearly reveal that the vast majority of small business failures are due to poor management.

The ugly face of reality in the small business environment worldwide is one of high risk and a resultant high casualty rate.

In South Africa, in particular, statistics indicate that 55 percent of all new small businesses fail within the first five years following establishment. Among SBDC clients, however, this figure has proved to be exaggerated.

In a free market situation natural economic forces will cause some businesses to fail, whilst others will succeed.

This is a basic characteristic of a free market economy and healthy process which encourages the most efficient use of resources.

The SBDC views the improvement of the success rate amongst small businesses as a priority and has introduced a number of programmes to achieve this goal.

These include a national "Improve Your Business" competition, a tenant development programme, marketing assistance to tenants, information and advisory services and training courses.

However, it should be stated in no uncertain terms that ultimately the degree of success or failure of a small business is primarily dependant upon the entrepreneur and his skill in achieving the optimum combination of capital, labour and natural resources to produce a profit.

The performance of a business is therefore a mirror image of the abilities and imputs of the entrepreneur.

The SBDC reiterates its commitment and dedication to the pursuance of the development of entrepreneurship amongst all communities, irrespective of race colour or creed in accourdance with sound business principles rather than social criteria.

Nafcoc and Fabcos slam hooliganism

CNews 18\2\90

(30)

By **SANDILE MEMELA**

BLACK business – which has been the prime target of hooliganism during upheavals in the township – has welcomed Nelson Mandela's concern over mindless violence" durng the rally at the FNB Stadium this week.

National African Fedrated Chamber of Commerce and Industry (Nafcoc) public affairs direcor Gabriel Mokgoko said his organisation supportd the views expressed by Mandela.

"We are wholly supportive of the statement made by Comrade Mandela in which he expressed concern at widespread crime, destruction of property and the need for education in the course of the struggle for freedom," said Mokgoko.

Director of the political desk for the Foundation for African Business and Consumer Services (Fabcos), Tebello Radebe, said black business has been a victim of violence.

Tebello Radebe

Care group appeals for funds

By SAMKELO KUMALO

C/Press 18/2/90

AN organisation that cares for the disabled is appealing for funds to enable them to continue their work. 18/2/90

The Itsoseng People's Organisation urgently needs funds to send 19 disabled children to school and R3 million to build a school, workshop and recreational centre on land donated by the local town council.

IPO chairman Peter Mabusa said many children would not be able to attend school this year if help was not forthcoming.

"Our problem is that we do not have money to pay the children's transport. Last year we were assisted by a white businessman (248)

"At the beginning of the year he said he had problems and would not be able to assist us for some time.

"The previous year we were also subsidised by a local black businessman, but since his death we have run into trouble.

"We have since approached a number of businessmen, but there has been no response."

Mabusa said many of the parents and relatives did not seem keen to provide for their children.

Gertie's a girl who's always on the go

Sultry Gertrude Mnguni, 23, from Thokoza is a busy girl. She's a full-time model and when she's not doing that can be found doing aerobics or dancing. If she can't be found at all she's probably travelling. Gertrude's ambition is to be a fashion designer and open her own modelling school. **Pic: BONGANI MNGUNI**

Club to pick top woman

By LULAMA LUTI (30)

BUSINESSWOMEN have been oppressed by both society and government for years but are becoming a force to be reckoned with in the economic system.

In a bid to correct shortcomings, the Executive Women's Club of Southern Africa founded the Businesswomen of the Year competition in 1982.

EWC president Jennifer Kinghorn said there were many South African women who were making a significant contribution to their profession and to industry that deserve recognition.

Kinghorn said: "There are no cash prizes for the winner. As a reward for her achievement, she gets invitations to address public and business forums and this exposure is an incentive to her business." C/Press 18/2/90

Women can submit personal nominations and do not need to be nominated. The closing date is April 27 and the awards ceremony will be held at Carlton Hotel on August 29. 18/2/90

More information and application forms can be obtained from EWC at (011) 887-0809 and (021) 438-9831.

Breidbach by members of

30

Business must have open options on the redistribution of country's wealth

Everyone agrees there has to be some form of redistribution of wealth, but does it have to be done by nationalising large sectors of the economy? Here, DR SAM MOTSUENYANE, chairman of the National African Federated Chambers of Commerce points to some alternatives.

C|Press 18/2/90

BUSINESS groups in South Africa should always be in a position to determine whether there are ways of achieving wealth redistribution other than through nationalisation.

A corporate restructuring of the economy, in which companies are persuaded to hive off chunks of their present productive assets and give them to the disadvantaged black majority in an attempt to hasten black economic participation and empowerment, is one.

Another is action by government and the private sector to aid the process of black economic participation by creating a suitable climate and appropriate mechanisms as well as legal and funding structures such as:

■ The United States Procurement Act.

■ Development agencies such as United States Small Business Administration.

■ The creation of trusts designed to enable blacks to acquire a meaningful stake in the economic life of the country in projects such as privatised companies and capital-generating structures like the Stock Exchange.

These options can be activated only when statutory apartheid has been scrapped, creating a climate of equal opportunity for all South Africans, regardless of race, colour, sex or creed.

In South Africa, land constitutes an enormous problem which underlies much of the conflict in our country today. One cannot see this problem eventually solved without the government taking over some land for equitable redistribution among South Africans.

The Beaumont Commission of 1914-16 came to the sad conclusion that the black share of land was woefully inadequate and recommended that above seven million morgen of additional land be allocated to blacks.

Until now the recommended quota has not been fully acquired.

The ANC and Nafcoc support the concept of a mixed economy in South Africa.

The economy should have a public, private, small-scale family and co-operative sector, meaning that the government will have to run some State enterprises in almost the same way as is done all over the world.

The sensitivity of the land issue is now receiving government attention and reports say the government aims to dump the land Acts of 1913 and 1936.

However, the scrapping of these Acts will not go a long way in addressing the issue of redistribution. While some will be in a position to buy land at market value, the poor will remain disadvantaged.

While the scrapping of the Land Acts of 1913 and 1936 should be done as speedily as possible, the fundamentals should be left to the negotiating table.

A start will have to be made to reduce tension between ANC-favoured justice goals and economic production goals.

PATRICK MAFAFO reports the policy of the Pan Africanist Movement (PAM) calls for wholesale land nationalisation and redistribution.

PAM general-secretary Benny Alexander says the Africanist struggle is directed at dispossession, national oppression and economic exploitation and is "therefore a struggle for national self-determination of the African people".

"In a nutshell, our struggle against colonialism is a struggle against oppression and capitalism," he said.

The following economic principles guide the PAM:

Alexander says a free Azania should pursue an economic system that:

■ Shall ensure that labour power of the working masses shall not be exploited;

■ Shall ensure that all major sectors of the economy are controlled by the state for the well being of the economy and the citizens of Azania. This means transport, electricity supply, mining and water supply shall be in the hands of the state;

■ The economy shall be efficiently run to meet the needs of society in changing circumstances, not profits for individuals; and

■ It will encourage and set up co-operatives in both the agricultural and industrial sectors.

Sam Motsuenyane . . . land is an enormous problem.

Uncertainty as Morkels issues results

30 **SYLVIA DU PLESSIS** [illegible]

MORKELS has released nine-month trading results at a time when main shareholder Federale Volksbeleggings (FVB) has issued a cautionary notice to shareholders. BDay 19/2/90

Management says Morkels is in the midst of negotiations, the purpose of which will only be disclosed in the next two to three weeks.

Results indicate that Morkels is still reeling from the impact of HP curbs, import surcharges and spiralling interest rates. And management says there is scant chance of any significant improvement during the final quarter.

The group, comprising both the "two-year guarantee" furniture stores and the Totalsports chain, has posted a 32% slide in taxed profits to R4,8m (R7m).

This translates into earnings of 12c (17,7c) a share, following a meagre 6% growth in turnover to R154,9m and a 28% hike in interest to R3m.

MD Carl Jansen said on Friday cash-driven Totalsports had generated sales of R15,8m, up 55,6% on 1988's R10,1m and well ahead of sports goods and apparel market growth of 24,8%.

However, dampened consumer spending had hampered growth in the group's 83 credit-based furniture stores, where turnover amounted to R139m — only 2,4% higher than the R135m of a year ago and well below a market growth of 13,9%.

"On the furniture side we're chafing against the handcuffs of credit restrictions and import surcharges," he said.

"Our fortunes traditionally have been tied to the financial well-being of the thick middle of the consumer market. The disposable income of this group has been the most acutely crimped by high interest rates and continuing rampant inflation."

He said the 'crippling" surcharge on imported electrical goods had led to price escalations on these items — historically Morkels's major source of revenue — thereby placing many of them beyond the consumer's reach.

Looking beyond the short-term prospect of depressed trading conditions, Jansen said Morkels' investment in its strategic plan to develop the group's business had continued unabated.

"We see the new trading year as a fresh platform to return to the previous high levels of turnover, profitability and market share gains," he said.

Morkels, of which 88% of 40-million shares are tightly held by Fedvolks (30-million) and financial institutions, is currently involved in talks for an MBO of some kind following a cautionary.

Jansen said the purpose of these negotiations would be disclosed within two or three weeks.

Despite signs of a downturn . . .

Wooltru group lifts earnings

Cape Times 19/2/90

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By AUDREY D'ANGELO
Financial Editor

ALTHOUGH "there have been very definite signs of a downturn" business is still good for the Wooltru group, its CE and deputy director, Colin Hall, said at the weekend.

Sales in the first seven weeks of 1990 have been 27% higher than in the same period last year.

The group lifted pre-tax income for the six months to December 31 by 40% to R124,2m (R88,6m), and earnings at share level by 35% to 181c (133,9c) — comfortably ahead of inflation.

Net income after tax was R63m compared with R46m in the same period in 1988.

The tax bill rose by 44% to R61,2m (R42,6m) and the interest bill to R13,8m (R12,8m).

Sales were 27% higher at R1 360m (R1 068m. And the interim dividend is 64c (47c), a rise of 36%, with unchanged cover of 2,8 times.

Hall said Woolworths had performed particularly well on the sales front for the period, which covered 26 trading weeks, showing an increase of 31%.

Both Makro and the Speciality Retail Group, comprising the Truworths and Topics fashion chains and several niche market speciality stores, had lifted turnover by 23%.

All three operating companies had achieved better margins with improvements in productivity.

Loans and investments had been raised to R106m (R38,4m) largely as a result of a R60m investment in preference shares.

Hall said there were definite signs of a downturn in the economy but, in increasingly competitive conditions, the group had increased its market share.

"People have less spending power and you have to offer them better goods, with careful attention to pricing and the shopping mix. You cannot achieve an increase in turnover unless you have earned it."

He thought it would be difficult to surpass the sales figures for February and March last year, which were particularly buoyant months.

"Nevertheless, we expect our results for the year to reflect a satisfactory increase, bearing in mind that the latter half will comprise a trading period of 27 weeks."

The group had brought in stocks of winter fashions earlier than usual because "we find that if we are not among the first to show high fashion for winter, opportunities are lost."

Soweto wholesale plan

30

WILSON ZWANE

IN A bid to offer their customers competitive prices, Soweto shopkeepers want to embark on a wholesale buying operation.

Soweto Shopkeepers Association PRO Lucas Nkosi said the retailers were prepared to pool their resources and build a wholesale company through which black retailers could buy competitively in bulk.

"The problem is that as individual shopkeepers the volume of goods we move is significantly less than that of big retail outlets.

"That, in turn, means discounts we get from the suppliers are substantially smaller than those big retailers can profit from.

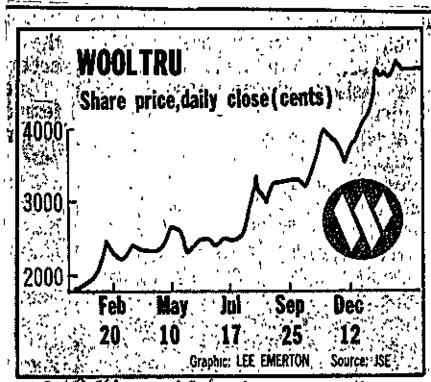
Funds

"It is thus difficult for us to offer competitive prices. Some wholesalers charge prices that are no lower than those charged by big retailers like Checkers," Nkosi said.

The Soweto retailers planned to raise the funds themselves for the wholesale operation.

Nkosi declined to put figures on the size of the market served by the Soweto retailers, but said it was "a very big market".

□ In its latest edition, the Black Enterprise magazine reported that the Soweto Shopkeepers Association had about 500 members, all of whom were retailers.



Graphic: LEE EMERTON Source: JSE

B/Day 19/2/90

Wooltru continues to outperform sector

LESLEY LAMBERT (30)

CAPE TOWN — Retail and wholesale group Wooltru continued to outgrow the retail sector in flagging economic conditions during the six months to December 1989, with taxed earnings up 37% to R63m during the interim period.

Sales grew by 27% to R1,36bn, with Woolworths — the flagship which has been regaining its former glory over the past two years — contributing 31% growth during the 26-week trading period.

The speciality stores, including Truworths and Topics, and the more recently acquired Makro, each grew 23%.

Untaxed operating income was boosted 40% to R124,2m. After a hefty tax bill which grew by 44% to R61,2m, and marginally increased interest payments of R13,8m, bottom-line profits translated into 181c a share, 35% higher than the previous interim eps of 133,9c.

An interim dividend of 64c (47c) was declared, payable next month. It was 36% up on the same period last year.

Wooltru deputy chairman and chief executive Colin Hall attributed the continued growth trend to ongoing gains in market share and better productivity as reflected in the improved margins of all the operating companies. He reported that group sales for the first seven weeks of the second half were 27% ahead of the same period last year.

Loans and investments were raised from R38,4m to R106m, largely as a result of a R60m investment in preference shares. Long and short-term borrowings both increased marginally during the interim period, but, as Hall pointed out, cash resources were still plentiful.

On future prospects, he warned it might not be possible to maintain the growth trend but he expected the results for the year to reflect a satisfactory increase.

February 1990

Federale sells 74,9% stake in Morkels

30

SYLVIA DU PLESSIS

FEDERALE Volksbeggings is selling its 74,9% holding in Morkels for R28,5m to a management-led consortium backed by an undisclosed West German individual with effect from April 1.

The announcement follows speculation to this effect after the furniture and sports-goods retailer issued a warning to shareholders on January 25 to exercise caution in dealing in their shares.

In terms of the deal, the consortium will buy Federale's 30-million ordinary shares for 95c each.

However, the disposal is with dividend of an estimated R1,2m, so the consortium is effectively buying the shares for 91c each. A similar offer will be made to minority shareholders.

Federale domestic consumer goods division chairman Neville Organ said last night the sale — for a "fair" price in view of Morkels' recent performance — would tighten his group's focus on its domestic consumer goods interests, which include Continental China, Tek Corporation and Teljoy.

Federale's policy was to concentrate its investments in companies which had a substantial market share, he said.

"Morkels has a comparatively small share of the furniture and electrical retail goods market which is at present quite volatile and exposed to a high degree of government intervention in the form of credit restrictions on HP sales."

Morkels MD Carl Jansen, in Johannesburg to confer with staff, said the consortium planned to issue a formal statement "in due course".

"Our priority is to bring all our staff who have a vital stake in the business as shareholders as well as employees into the picture and this is being done throughout the country this week."

Morkels, hit by HP curbs, import surcharges and interest rates, posted earnings for the nine months to December of 12c (17,7c) a share, but Jansen said then he saw the new trading year as a "fresh platform" to return to previous high levels of turnover, profitability and market share gains.

The shares peaked at 95c earlier this month ahead of the announcement from a low of 70c in November, but closed unchanged yesterday at 90c.

Morkels profits decline

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Cape Times 19/2/90

JOHANNESBURG. — The economic downdraught held turnover of the Morkels Group's furniture stores for the nine months to December 31 to R139m, 2,4% lower than the R135m achieved a year ago and well down on the market growth of 13,9%, the company's quarterly results showed.

The Totalsports arm of the group, now with 18 stores nationwide, generated a turnover of R15,8m, up 55,6% on 1988's R10,5m and well ahead of the sports goods and apparel market growth of 24,8%.

The group's unaudited turnover of R154,9m for the nine-month trading period was up 6% on 1988's R146,04m.

Operating profit was confined to R12,6m, 24% down on 1988's R16,5m.

After interest of R3m (R2,4m) and full provision of deferred taxation of R4,8m (R7m), the bottom line of R4,8m was 32% down on the R7,07m of 1988.

Net asset value improved from 120c to 130c and interest-bearing debt from 51 to 42%.

Earnings per share stood at 12c compared with last year's 17,7c.

The nine-months trading results have been released at a time when main shareholder Federale Volksbeleggings (FVB) has issued a cautionary notice to shareholders and Morkels is in the midst of negotiations, the purpose of which will only be disclosed in the next two to three weeks.

Morkels MD Carl Jansen said there was scant opportunity for any significant change in the final quarter.

He said Morkels was planning six new stores a year and Totalsports aimed to have a national network of 40 to 50 stores within the next three years. — Sapa.

Assaulted labourer dies: farmer fined

Star 20/2/90

(30)

Own Correspondent

A Piet Retief farmer has been fined R100 for assaulting a paralysed farmworker who later died.

Mr Ekati Xaba (37) died on Wilhelm Herman Rabe's farm on August 18 last year, the morning after he had been assaulted for staying away from work.

Mr Xaba died of subdural haemorrhage of the brain and a ruptured spleen.

Piet Retief regional magistrate, Mr J D Jacquire, found Rabe guilty of common assault but acquitted him of causing Mr Xaba's death.

The case, which had been pending for six months, was finalised on February 12, the only day the court sat.

The magistrate accepted the evidence of Rabe's two black employees who said the farmer assaulted Mr Xaba with electric cord.

The magistrate ruled that Rabe had given him only a few blows which could not have caused the haemorrhage and ruptured spleen.

NOT PAID

He dismissed evidence that Mr Xaba was thrown to the ground several times and trampled upon.

Mr Xaba's eldest daughter Lizeth, who was present during the assault, was not called as a witness.

Mr Xaba, his wife Dorcas and his six children were staying on the farm where he was employed as a wood sorter.

He was not paid because he and his family lived free of charge on Rabe's farm.

Mr Xaba was paralysed a few years earlier after he was run over by a tractor on his previous employer's farm.

Mrs Xaba, a former domestic worker in Piet Retief, had to leave Rabe's farm after her husband's death.

Now unemployed she lives in a shack with her children, the youngest nine months old.

She survives on hand-outs from the Piet Retief church community.

Her husband did not receive any compensation after he had been injured by the tractor.

BDay 20/2/90

Cashbuild raises taxed profit 42,8%

(30)

SYLVIA DU PLESSIS

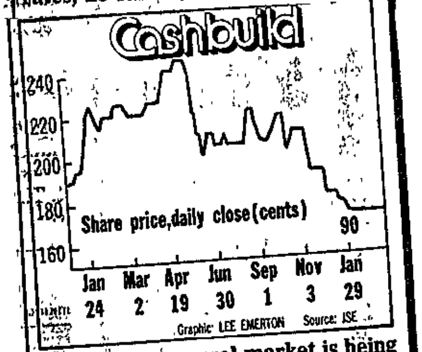
CASHBUILD, helped by healthy performances from its new stores and its repositioned Buy 'n Build outlets, has reported a 37% rise in attributable income to R3m (R2,2m) for the 27 weeks to December.

Earnings for the retail-listed Tradegro subsidiary, which operates in the building materials distribution market, improved to 14c a share from the 10,3c posted in the corresponding 26 weeks.An interim dividend of 4c (3c) has been declared.

This follows turnover growth of 33,2% to R161m and taxed profit 42,8% up at R3,8m — largely due to the group's strong performance in the rural market and in particular the TBVC states.

MD Gerald Haumant said yesterday the seven stores opened last year and the repositioned Buy 'n Build retail chain contributed to higher sales, while established stores showed 3% real growth after an inflation rate of 20% in the building materials market.

Cashbuild's overall performance was "particularly gratifying" given that the building materials industry was traditionally amongst the first and the hardest hit by rising interest rates, he said.



Graphic: LEE EMERTON Source: JSE

"The strong rural market is being supported by two good rainy seasons and an increase in the net disposable incomes of migrant workers. Sales in these areas are largely to smaller merchants.

"In contrast the urban market, essentially a builders' market, has borne the brunt of high interest rates."

Haumant said conditions in this market were expected to improve in the second half as builders switched more to cash purchases.

The group's balanced exposure to both the urban and rural building materials markets was expected to ensure "consistently good results in an otherwise cyclical industry".

B/Day 20/2/90. ㉚

Retail trade sales 'moving sideways'

SYLVIA DU PLESSIS

RETAIL trade sales were holding up well and were unlikely to drop to the levels of the previous economic downswing, economists said yesterday.

They were responding to Central Statistical Service's expected figures for February, which show seasonally-adjusted real retail trade sales will grow by 0,2% from January, but will not reflect a noticeable year-on-year change.

Rand Merchant Bank economist Rudolf Gouws said the 0,2% did not indicate an increase "for practical purposes", but it confirmed retail sales were moving sideways and were not in the same decline as in the 1984/85 downswing.

"Sales are just about flat in real terms, so in per capita terms they are declining by about 2,5%. This is not nearly as severe as in 1984/85. And when viewed against other indicators such as wholesale sales, which are moving down, retail sales are holding up fairly well," he said.

Gouws said he expected a small decline throughout 1990 — the Budget was unlikely to be stimulatory — and into the first quarter of 1991.

"By that time interest rates will have come off a little and some of the conditions might be in place for a general economic upswing," he said.

Nedcor economist Edward Osborn said the 0,2% rise over January was "statistically insignificant", indicating retail trade sales had stagnated.

Sales were unlikely to drop substantially in the short-term because salary and wage increases had been largely "in step" with the CPI, but what happened thereafter depended on whether civil servants were awarded the 20% salary increase they were asking.

"There's a possibility the finance minister will keep this announcement for the Budget in March, but there's also talk he won't award this increase, in which case there could be a notable drop in retail turnover.

"In short, sales are likely to remain static up until March, but could be influenced downward, depending on the Budget," he said.

Recession

Trust Bank's Nick Barnardt said the downturn in the economy and in domestic spending would become more apparent as the year progressed.

"A year-on-year growth rate of zero would be regarded as a recession in any other economy. While sales are expected to grow by 0,2% over January, the population is also 2,5% bigger than it was last year this time," he said.

"The real economy's performance has taken a long time to reach the financial environment. This downturn will not be as severe as the last one, but will gather momentum and become more visible, with the cycle reaching its nadir early next year."

Strong performance from fast-expanding Bidcorp

BDay 21/2/90

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SYLVIA DU PLESSIS

BRIAN Joffe's fast-expanding Bidcorp empire has turned in a strong performance for the half-year to December, with earnings more than doubling to 45,4c (20,8c) a share.

Interim dividends of 15c (nil), covered 3,03 times, have been declared.

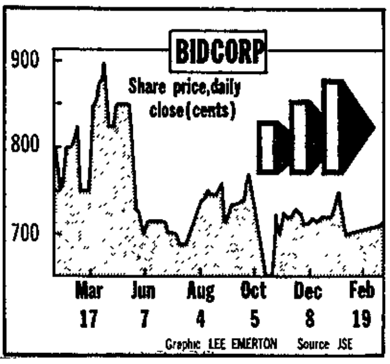
The share yesterday responded to the results, which include figures from wholly-owned Cater Plus, 60%-held Bidvest (formerly Curries) and 51%-held Afcom, by firming 10c to 710c after sliding to a low of 625c during the October crash.

Attributable income during the period under review grew to R4,4m (R1,1m) on turnover of R177m (R30m), with the highest contribution to earnings coming from Cater Plus (70%).

Afcom — acquired via Bidvest with effect from July 1 1989, and holding company of packaging equipment manufacturer Afpac — generated 15%, interest on Bidvest's R25m cash 13% and 50%-owned cosmetic distributor Justine 2%.

On the balance sheet, shareholders' funds rose to R63,3m (R21,6m), while special unsecured convertible redeemable debentures issued — to be redeemed at par in September 1991 — added R7,6m to the capital base. Proceeds will be used compulsorily for subscription in a wholly-owned group subsidiary, subject to JSE approval.

The balance sheet also reflects cash on deposit of R18,6m (nil) and gearing which remains non-existent.



Graphic LEE EMERTON Source JSE

Joffe, executive chairman of the retail-listed group, said yesterday the results highlighted the benefits of management's strategy to provide greater focus to business activities and improve asset management.

Overall performance would be in line with budgets in the second half and growth should exceed the inflation rate despite the economic downturn, he said. Analysts' predictions of 119,6c full-year earnings would "not be a problem".

Joffe said Bidcorp was looking for acquisitions for Bidvest in particular — this company had about R25m cash on hand for strategic investments — but would continue to search for additions to the Cater Plus stable.

"We have some ideas, but interest rates are high and we are under no pressure," he said.

"While we will be concentrating on improving returns from Afpac over the next six months, we will remain alert to any attractive investment opportunities."

B/Day 22/2/90

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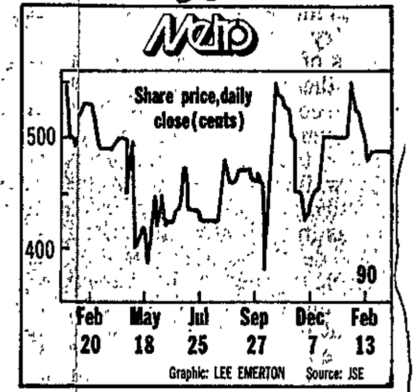


Graphic: LEE EMERTON Source: JSE

Metro overcomes the strains of Jazz

SYLVIA DU PLESSIS

TRADEGRO subsidiary Metro Group has upped earnings by 17,4% to 23,6c (20,1c) a share for the half-year to December despite a lacklustre performance from Jazz.

Dividends of 10,5c (9c), covered 2,3 (2,2) times, have been declared.

MD Tony McDiarmid said yesterday Jazz, which became a wholly-owned subsidiary during the six months, had produced disappointing results due mainly to below-budget sales and costs incurred in the closure of non-viable units.

Turnover from this division, in which Metro previously held a 62,3% stake, climbed only 2,4% to R213,7m, while operating profit plummeted 41% to R4,3m.

Metro's core wholesaling business, on the other hand, extended its steady growth pattern, contributing 88% of turnover and operating profit.

The group increased interim turnover by 8,7% to R1,7bn, largely due to a 9,6% rise in sales from this division, but operating profit climbed by only 6,5% to R[illegible],9m (R35,6m).

Interest of R8,5m (R7,6m), coupled with taxation of R13,3m (R12,8m) whittled growth in attributable income to R15,5m (R13m).

However, McDiarmid said net borrowings of R37,5m (R49m) were in line with management expectations and interest costs had remained within budget.

On prospects, he said he remained confident earnings would continue to show satisfactory growth, given stable operating conditions.

"The opportunities being opened as a result of the process of change underway in SA and southern Africa as a whole reinforces the correctness of the decision taken in 1989 to extend our network of cash and carry wholesaling outlets to Mozambique and Zaire, where stores will be operational during 1990," he said.

Directors were confident that corrective action being taken, while costly, would yield benefits for the group in the period ahead.

Metro shares closed unchanged at 490c yesterday, having peaked at 550c towards the end of January.

Younger men lured to private sector – Louw (30)

Star 22/2/90 **By Helen Grange** ([redacted])([redacted])

Young policemen leave the police force because they are able to get much more competitive salaries in the private sector, says Mr Pierre Louw, former police liaison officer for the Witwatersrand.

Although Mr Louw would not comment on his reason for leaving the force for a position in private enterprise "in view of my loyalty to the police", he said a restructuring of salaries was necessary to maintain an effective, motivated police force.

"This is of great importance for the mainstay of police personnel. A loyal police force can only come about with the betterment of conditions.

"The police force is ideal for a young man to hone his personality and improve his skills. But there comes a time when the opportunities in the private sector are greater and many look to greener pastures," said Mr Louw.

The Police Commissioner, General Johan van der Merwe, said recently that Law and Order Minister Mr Adriaan Vlok and police chiefs were pushing for more pay for policemen this year to curb an average of 11 men leaving every day.

Business to meet black leaders (30)

Star **By Drew Forrest** 22/2/90

In the light of "recent major and economic developments", the SA Chamber of Business is to stage a series of meetings with black leaders, including ANC leader Mr Nelson Mandela.

The chamber also intends incorporating Inkatha, homeland leaders, black business bodies such as Nafcoc, and trade unions in the talks.

Chamber president Mr Leslie Boyd said the meetings, to focus on constitutional and economic matters, would take place in the next few months.

The chamber's legal adviser, Mr Ken Warren, said business wanted to see a dispensation which promoted the free enterprise ethic.

Retail giant OK Bazaars is turning corner — analysts

(30)

B/Day 23/2/90.

SYLVIA DU PLESSIS

TWO analysts — Frankel Kruger's Aloma Jonker and Ed Hern, Rudolph's Sid Vianello — predict earnings for retail giant OK Bazaars of 274c and 286c a share respectively for the 1991 financial year.

Both agree that while it will report negative real earnings growth during the current year to March — Jonker forecasts 11% growth to 217c and Vianello 7,9% growth to 210c over 1989's 195c — indications are that its fortunes are turning around.

In a report on the SAB-controlled group, Jonker says it could even outperform competitor Pick 'n Pay in growth terms in 1991.

She says the share shows value up to 2 000c on anticipated good growth from 1991, and while the price could weaken on disappointing final results for the current year, this should be seen as an opportunity to buy in.

Her forecast of 274c a share for 1991 is based on turnover — excluding sales of leased operations and finance charges — of R4,5bn, representing growth of 15% over her R3,9bn forecast for 1990 (1989: R3,4bn).

According to Jonker, dividends will rise from 1989's 103c to 108c in 1990 and 137c in 1991, with cover increasing from 1,9 times to 2 times from this year in line with the group's 50% payout policy.

She points out that although OK is set to show higher earnings growth in 1991, its vulnerability in terms of cashflow adds risk. However, better efficiencies and growth from 1991 could improve this situation.

Evidence

Vianello says OK represents a strong recovery prospect and the possibility of significant dividend growth, with the share representing excellent value up to 1 750c per share.

He says there is for the first time strong evidence to suggest the group is finally "turning the corner", especially as regards asset and debt management.

New stores, in particular, have been located close to its traditional customer base and are generating higher turnovers and efficiencies than existing outlets, while product ranges reflect improved merchandise assortments and the prospect of better margins.

OK will continue to suffer for some time from poor labour efficiency in its older stores, and rental charges will continue to absorb a disproportionately large percentage of gross profits, but improved prospects for 1991 and lower interest rates will boost earnings growth. He forecasts earnings of 286c in 1991 based on turnover of R5,1bn — a 19,3% rise over expected turnover of R4,3bn in 1990.

Dividends, 103c a share in 1989, could grow 6,8% to 110c (covered 1,9 times) in 1990 and by 27,3% to 140c (covered 2,2 times) in 1991, he says.

But he warns that because of its large debt and low profit margins, the group will remain a volatile performer and should, at this stage at least, be treated as primarily a medium-term jobbing situation, relying on the interest rate cycle to maximise profitability.

ME STORES FM 23/2/90

New regime ⑳

Activities: *Retails outdoor and leisure equipment.*
Control: *Darten Investments holds 70%.*
Chairman: *W E C Stevens; MD: R W Gray.*
Capital structure: *7,6m ords. Market capitalisation: R1,5m.*
Share market: *Price: 20c. 12-month high, 24c; low, 10c. Trading volume last quarter, 233 000 shares.*

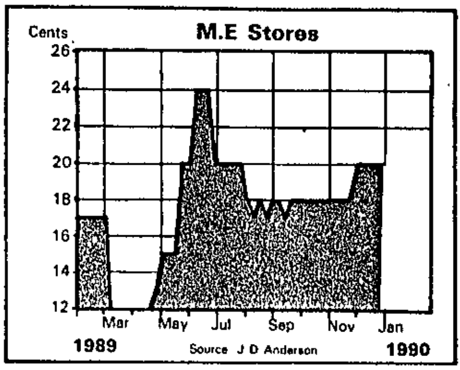
Year to Apr 30	**'87**	**'88**	**'89**
ST debt (Rm)	0,02	0,05	—
LT debt (Rm)	0,46	0,14	0,21
Debt:equity ratio	0,8	—	0,01
Shareholders' interest	0,3	0,57	0,61
Int & leasing cover	n/a	n/a	n/a
Return on cap (%)	18,4	4,8	(3,6)
Turnover (Rm)	5,98	9,9	10,8
Pre-int profit (Rm)	0,36	0,19	(0,13)
Pre-int margin (%)	6,0	1,9	(1,2)
Earnings (c)	n/a	3,1	(1)
Dividends (c)	n/a	1,25	—
Net worth (c)	n/a	30	29,1

ME Stores has only one way to go, upwards. Under previous management the company was on a hiding to nothing.

The involvement of Warwick Stevens, Unidev's group accountant and his brother,

continue p106

F/M 23/2/90 (30)



Source J D Anderson

Barry, who controlled the Quarterdeck specialist boating retailer, should introduce better management.

They bought 70% of ME through their private company, Darien Investments, and have offered minorities 23,7c for each of their shares. If Darien's total stake exceeds 85% ME might move to delist, says MD Bob Gray, though he would prefer minorities not to accept and for ME to retain its JSE listing.

Last year's collapse into the red appeared to be worsening when a R212 000 loss was reported at the half-way stage. But Gray says the interim loss was largely the cost of getting rid of previous management.

It also reflected the seasonal nature of ME's business.

Quarterdeck has sold its stock to ME, which should boost ME's sales and profit in the 1990-1991 financial year. Gray hopes ME will break even this year even though interest income will fall. He believes ME can be brought to profitability with improved management in some branches and, most important, with application of a new accounting system and pushing head office staff out to the shops.

The offer to minorities expires on March 2. After that minority shareholders will be paid out at net worth if management decides to push through a delisting. The option is to hang on in hopes of a profit recovery.

Teigue Payne

F/M 23/2/90 (30)

WOOLTRU F/M 23/2/90

Capex spin-off

30

Wooltru's results for the six months to December help to explain the 172% rise in the share price since January last year.

Group sales showed hefty real growth, with a 27% advance to R1,36bn, and the profit performance was even stronger with net income before tax climbing 40% to R124,2m. The effective tax rate was marginally higher and that left attributable income up by 37%.

According to chairman David Susman, the group is now enjoying some of the benefits of its R300m capital programme over the past five years. The spending was used to refurbish and change the image of the stores, install new fixtures and equipment and make use of new information technology.

The strongest sales growth was seen in the Woolworths chain where turnover was up 31%. Speciality Retail Group (RSG), which includes the fashion chain Truworths, and wholesaler Makro each produced sales increases of 23%.

Susman reckons Woolworths has gained market share, especially in the food and fashion sectors. He claims that more quality-conscious black buyers are shopping at these stores and there is large growth potential in this market which can be achieved without changing merchandise standards, styles or patterns.

Makro operates through only six outlets and is budgeting turnover at about R850m this year. Susman says that when the group bought Makro it was trading at a margin of 1,5%. Last year the margin was 2,5% and this year MD Mark Lamberti "is shooting for an even better rate." He also comments bullishly on SRG which, he says, is "unusually short of stock, simply because of good consumer off-take, and is poised to produce good results for the remainder of the year."

Floor space was increased during the six months by only 1,5%, so productivity improvements were achieved.

While stocks jumped 40%, management reckons the total working capital showed little increase. Susman explains that stocks rose as a result of a change in policy. In the past, Woolworths has tended to keep stock at minimal levels, with the result that goods were often sold out. The new policy is to ensure goods are continuously available.

In the first seven weeks of the second half, group sales are maintaining the 27% growth rate. Susman says there are no signs of this trend abating and he is looking for full-year results similar to the interim. Bearing in mind that there are 27 weeks (26) in this half, and assuming margins are maintained, EPS for the full year is likely to be around 370c; on a dividend cover of 2,4 times a total payout of 155c would be likely.

At R48, the prospective p:e would be 13 times, compared with the present historical p:e of 17,8, while the prospective yield would be 3,2% against the historical 2,3%. Analysts think 3,2% is not an unreasonable yield for a share of this calibre and that the current price is justified — always provided that expectations are met.

Gerald Hirshon

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HALL ... SA's manufacturing sector has been sadly neglected because of over-protection. Picture. ROBERT BOTHA

Business must be more competitive says Barlow's Hall

ADELE BALETA

BUSINESS in SA needed to become competitive if it was to rise to the challenge and the opportunity that a future free-market, non-racial SA held, Barlow Rand Limited executive director John Hall said in Johannesburg yesterday.

Hall was speaking on his perceptions of general management in the 90's, particularly with regard to human resources and industrial relations, at a business luncheon organised by the SA Britain Trade Association.

SA would have to become internationally competitive if it hoped to participate in the global market, Hall said.

He said SA's manufacturing sector had been sadly neglected because of over protection and the import incentives.

It was not necessarily SA who would take advantage of SA's export market. Europe, Taiwan and China were more likely to take advantage of SA's developed infrastructure, its mineral riches and its millions of people capable of being trained.

To be able to compete internationally, balanced businesses were required. This could only be achieved by gathering information, setting goals and acquiring the intellectual capabilities to achieve goals and finance.

Hall said information regarding technical changes, environmental pressures and competitors was crucial to any business.

Businesses had to assess the ability to match human resources, sound industrial relation practices and finance to their goals. In this way investors would become interested and society would be supportive.

Hall pointed out the lack of technical training in SA inhibited attainment of goals.

He said that in SA less than one person in 10 000 was a technical graduate compared with European countries where the number was between 15 and 20.

Human resources management would have to be integrated into companies' top level strategic planning. Communication with the workforce was vital.

Equity was "necessary to build a strong balanced economy "For too long big business has had a large market share which has inhibited small business development," Hall said.

Trabild looking for 30% growth

S/Times 25/9/90

Business Times Reporter

TRABILD, the Laudium-based wholesaler and retailer of fabrics, curtains and light fittings, is emerging as one of the better recent listings with earnings up 78% in the year to December.

Thanks to acquisitions and strong organic growth, sales rose by 84% to R47,7-million, and operating income by 88% to R4,5-million. Taxed profit more than doubled to R2,9-million. Earnings a share were up 78% to 9,3c (1989: 5,4c) and a maiden dividend of 3c has been declared.

Chairman Riyaaz Tayob is looking for 30% earnings growth in the current year.

The five-year taxed profit record is: R117 000, R438 000, R466 000, R1,4-million and now R2,9-million.

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Secret

Turnover in the past three years has risen thus: R9-million, R25,9-million and now R47,7-million.

Mr Tayob says: "The secret of our success is that we are traders. We buy and sell well."

Mr Tayob says funds raised in the recent rights offer have been well deployed. They were used to buy Wolman and Royal Collection and in the establishment of showrooms in Cape Town, Durban and Sandton. The time has come, he says, for consolidation.

"We will maintain emphasis on strict financial controls and monitoring of working capital to improve margins in our drive to grow earnings by 30%."

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Trailers on profit path

S/Times 25/2/90

SALES of all types of commercial trailers are expected to top R300-million this year — a 3% net increase over 1989.

Henred Fruehauf Trailers deputy managing director John Hoare says the bouyancy will continue through the first half of the year, but is expected to slow after June.

Mr Hoare says 1989 was a boom year for the trailer industry in spite of continuous interest-rate increases.

"High interest rates have traditionally put the brakes on trailer sales. However, it seems the industry is becoming immune to interest-rate rises."

The estimated R300-million will come from the sale of about 3 000 trailers. Included in the figure is revenue from the sales of parts and repairs.

Star [illegible]

Trade with Africa is booming

South Africa's trade with the rest of the continent is booming more than ever before and is worth billions, writes **MICHAEL CHESTER.**

South African trade relations with the rest of Africa have become a key item on the business agenda with the improved political climate following Mr Nelson Mandela s release and the injection of new optimism it has given to the chances of an end to economic isolation.

The SA Chamber of Business believes recent events have created a far better scenario for the chances of economic co-operation in Africa.

The establishment of a Sub-Saharan Economic Community, extending from Table Mountain to the Sahara, has long been an ambition nursed both by the Federated Chamber of Industry and the Association of Chambers of Commerce and Industry, now merged to form the new SACB.

Both the Department of Foreign Affairs and the Department of Trade and Industry have been eager in recent months to make public their own enthusiasm about the concept of a common market that could harness the economic potential of the whole continent south of the Sahara.

Mr Ron Haywood, Deputy Director-General of the SACB, is convinced that such economic unity is inevitable in the long run, and may now be within reach.

South Africa has already made good headway in laying the foundations. Using quiet diplomacy rather than brass-band promotions, the country has built up an export drive into black Africa that has increased the value of shipments to R5 billion or more a year.

Mr Kent Durr, Minister of Trade and Industry and of Tourism, has disclosed that trade with the rest of the continent now accounts for no less than 32 percent of all exports of manufactured goods.

Mr Glenn Babb, who acted as deputy director-general of the Department of Foreign Affairs until he became a nominated Member of Parliament six months ago, says: "There is not a single one of the 50 members of the Organisation of African Unity (OAU) with which we do not trade nowadays."

Turning a blind eye

In short, virtually every country in Africa, regardless of its hostile political stance in public, has been shown to be willing to oblige by turning a blind eye on the growing volume of shipments of essential goods flowing in from SA — and adding to its foreign exchange coffers with return shipments of exports of their own.

Mr Babb reckons that the full tally of two-way trade, with imports added to exports, now stands as high as R7 billion or more.

The Department of Customs and Excise plays ball with the strategy of staying mum about the precise details of the trade flows Until the mid-1980s, when international pressures sank their teeth into apartheid in earnest, official statistics trotted out full information about monthly trade flows with the outside world

Now only one figure is given for exports and imports, which shelters dozens of African states from the embarrassment of disclosures about the scale of their own trade with South Africa.

SA business leaders are now more optimistic that the cloak-and-dagger tactics can be tossed away if there are signals that South Africa can come in from the cold as a result of its reform promises.

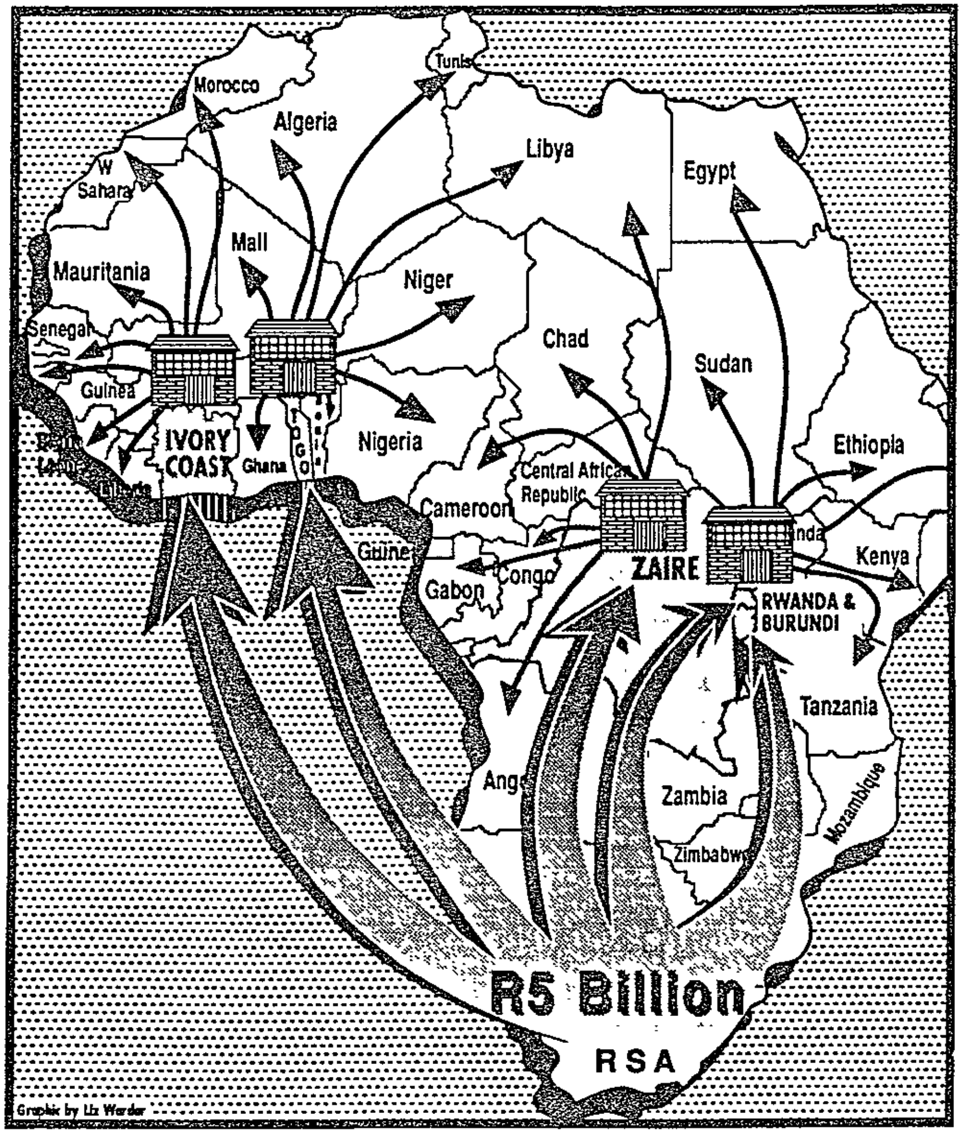
But even with the handicap of needing to keep trade flows almost invisible — and certainly well away from newspaper headlines — two-way trade across the Limpopo has been growing by leaps and bounds.

The problem has been finding routes that can weave through the sanctions net and offer plenty of camouflage as a safeguard to shelter trade partners from political embarrassment Such routes have been found — and they are bustling with traffic.

The Ivory Coast, Togo, Zaire and Rwanda/Burundi have all been named as springboards where huge special depots have been established to handle the flow of SA exports to surrounding countries in their region

- The first big warehouse is based in the Ivory Coast, and according to sources, supplying various neighbours all around West Africa.
- A second springbard is the free port that operates along the coastline in Togo, used extensively by South African exporters using the Atlantic shipping routes.
- The third distribution depot is based inside Zaire, serving neighbours at the heart of the continent.
- The fourth trade hub, according to insiders, is in Rwanda, Burundi, from where South African goods filter into nearby East African countries such as Uganda, Kenya and Tanzania — this includes everything from motor components to footwear and canned foodstuffs.

London newspaper sources say jumbo cargo planes laden with agricultural produce and manufactured goods from South Africa are to be seen regularly at the airport at Kigali, capital of Rwanda.



Graphic by Liz Warder

'No picnic'

Says Mr Babb after long experience at the Department of Foreign Affairs: "Relations between much of black Africa and South Africa have been based on three levels — rhetoric, official attitudes, and economic realities."

However, Ms Sally Gallagher, head of Business Development Africa, who operates as a consultant on trade in Africa, cautions that the South African export drive across the Limpopo has been no picnic — nor looks likely to become one.

"True, the overall climate has improved," she says "But there's still a long way to go on the political front.

"What needs to be kept in mind are the problems of chronic shortages of foreign exchange in the Third World to foot the bill for their imports. That is often the major snag — and smaller exporters will find it awfully difficult to find solutions to hard-headed financial deals, let alone the political pitfalls they may still encounter."

The enthusiasm of Mr Haywood at the Chamber of Business goes undaunted. "Twelve months ago," he reflects, "the concept of a Sub-Saharan Economic Community, from South Africa to the equator and beyond, may have sounded no more than a pipe-dream.

"Today, encouraged by South Africa's new political image and an injection of renewed regional stability, the whole continent is showing more readiness to face economic realities.

"But perhaps most crucial of all is attracting international finance to build a stronger economic base — and that depends on the level of return on capital investments, and the risk factor.

"Both of those requirements could be better met if the sub-continent were to demonstrate economic cooperation.

"Working in harmony, Africa as a whole need no longer have to beg for international hand-outs — it could harness a massive potential to pay its own way and become an exporter of high standing in world trade."

Business Report

Informal sector rejects restrictive economic system

Cape Times 26/2/87

30 49 189

Own Correspondent

JOHANNESBURG. — The informal sector yesterday rejected an economic system which did not encourage free trade.

Responding to ANC hints that sections of a future SA economy may be "nationalised", many black entrepeneurs were non-committal and said they wished to study the matter further.

However, African Council for Hawkers president Lawrence Mavundla said his council was in favour of free trade because it made people more competent through competition.

"We have fought against laws preventing us from operating freely as the informal sector — a clear indication that we are committed to freedom in trade — and we do not want to go back to where we came from," Mavundla added.

Other businessmen, among them, the SA Black Taxi Association (SABTA), were non-committal.

Sabta's projects co-ordinator Tebelo Radebe said on Friday that the issue had not been sufficiently discussed by Sabta's members.

"We understand the reasons for Nelson Mandela and the ANC's call for nationalisation but we do not want to debate the matter in the press before meeting with various political groups," Radebe said.

Black Management Forum's Johannesburg Branch chairman Lot Ndlovu said although the forum had not met to discuss the issue, it was in favour of an open and fair economic system from which the majority of the people would benefit and which would work for the country.

"If the majority of the people opt for nationalisation the BMF will fall in line with them," Ndlovu said.

Richard Maponya, a black businessman, was quoted last week by a Johannesburg newspaper saying the ANC's nationalisation policy was the organisation's bargaining strategy, a trumpcard, to take to the negotiating table and with which it hoped to win concessions.

Maponya was also quoted as saying that he did not believe the ANC would make the same mistakes as SA's neighbouring countries.

Nelson Mandela issued statements shortly after his release reaffirming the ANC's adherence to a "nationalisation" policy.

However, when concern reigned in the business world Mandela compromised saying the issue would be negotiated with all interested parties.

Trabild group forecasts 30% more earnings

SYLVIA DU PLESSIS (30)

DIRECTORS of specialist retailer and wholesaler Trabild Group Holdings are forecasting 30% growth in earnings for the current year.

Their confidence comes after earnings for the year to December 1989 climbed 78% to 9,3c (5,4c) a share.

The textile, lighting and hardware group — listed in December 1988 — had higher sales in all divisions, acquisitions of complementary businesses and a rights offer. B/Day 26/2/90

This helped boost taxed profits by 119% to R3m on turnover growth of 84% to R47,7m. A maiden dividend of 3c has been declared.

Chairman Riyaaz Tayob said at the weekend R4,2m raised in a rights offer during this period had funded growth.

Reliance

Wolman and Co was acquired from Anglovaal subsidiary Universal Knitters and Weavers with effect from March 1 last year.

Wholesaler Royal Collection, acquired on July 1 and also allied to the existing businesses of the group, was expected to continue making a significant contribution to earnings in the coming year.

Tayob said a small light manufacturing plant acquired by the Trabild's Venus Lighting division during the year would further reduce this division's reliance on imports.

Turnover in this business had almost doubled since the acquisition, and local growth potential and future potential for exports in the division were "extremely promising".

Looking to the future, he said the current year would be characterised by organic growth and a necessary period of consolidation.

Given a stable socio-political environment, he said, earnings growth in the region of 30% could be expected.

ANALYSIS
STEPHEN RICHTER

Ellerine hits new peak despite economy

BDay 27/2/90.

(30)

ELLERINE Holdings shares have risen to a new high, above the pre-October 1987 crash peak of 2 000c.

This comes in an unfavourable economic climate which, it would seem logical, should cause investors to shy away from the highly cyclical furniture sector's shares.

But it appears that investors are suddenly realising that furniture sales are holding up surprisingly well, which should translate into a satisfactory bottom-line performance for the major furniture retailers.

This is substantiated by figures from the Furniture Traders Association which show furniture sales for December 1989 reflect real growth over the same period of the previous year.

Ellerine's popularity on the JSE, therefore, is proved by the stronger furniture sales as well as other fundamental factors which could push the share price to higher ground.

With Ellerine's well represented in the middle to lower income group and enjoying strong consumer recognition in many parts of the country, the group is poised to show relatively good turnover and earnings growth for the current financial year.

In fact, for the 12-month period ended August 1989, the group paid out interest charges of R540 000, but received interest income of R1,7m. This places Ellerine in a position to capitalise on any attractive acquisition prospect which may come along in the near future.

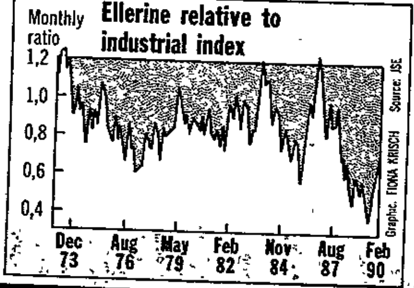
Assuming earnings can reach 630c a share accompanied by a dividend of 210c this financial year, then the share trades on a forward earnings and dividend yield of 30% and 10% (based on a share price of 2 100c). Considering that net asset value is in excess of 2 300c, the share is still offering value.

But despite Ellerine's relatively high price, there is also justification for the share price to move higher when looking at the accompanying chart.

This relative strength ratio measures Ellerine's performance against the JSE industrial index since 1973.

As can be seen, although the relative strength ratio has climbed from a bottom of 0,4 to 0,7, in order for this indicator to match the highs of previous years, it could advance to a reading of 1,2 before showing signs of weakness.

Ellerine relative to industrial index



Graphic: FIONA KRISCH Source: JSE

Backed by overseas investor .

Management buys out 75% in Morkels

Cape Times 27/2/90

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By ARI JACOBSON

MARKET rumours of a Management Buyout (MBO) in the Federale stable have rung true with the sale of its 75% stake in furniture retailer Morkels for R28,5m to a consortium led by its management and backed by an overseas investor.

Federale's domestic consumer goods chairman Neville Organ, while not wishing to name the overseas party, said it represented capital inflows which was much needed in this country.

From Federale's viewpoint, the disposal of Morkels was aimed at tightening the focus of the group's domestic consumer goods interests, said Organ.

"Morkels has a comparatively small share of the furniture and electrical retail goods market, which is quite volatile and exposed to a high degree of goverment intervention through credit restrictions on hire-purchase sales."

These restrictions battered Morkels performance in the nine months to end-December with turnover up a mere 2,4% at R139m compared with R135m for the same period last year.

Poor margins saw operating profit fall 24% to R12,6m (R16,5m) with the trend continuing as bottom-line profits plummeted 32% to R4,8m (R7m).

Morkels MD Carl Jansen said at the time there was little opportunty for recovery in the final quarter.

He added: "Morkels was a profitable business which had climbed several peaks over the past few years."

Market sources said the MBO was a logical step for an exceptionally strong management team.

This was backed-up by Organ, who said the furniture retail industry was well served by companies with strong management participation.

In terms of the agreement, Federale will sell its 30 000 000 ordinary shares for 95c a share.

The disposal is cum-dividend and the consortium will receive the final Morkels dividend for the financial year to end-March — about 4c a share.

The consortium agreed to make a similar offer to the minority shareholders.

The disposal will have no significant effect on the earnings or net asset value a share of Federale.

The Star
Finance

Business confidence index unchanged

Star 28/2/90 (30)

By Jabulani Sikhakhane

Business confidence remained unchanged in February, despite some of the most important political developments seen in decades.

The South African Chamber of Business (SACB) index for February remained intact at 95,9 — the same level as in the period December 1989/January 1990.

The SACB says confidence remained unchanged when concerns about SA's political and economic future came to the fore.

In the same month, the debate over the merits of nationalisation and redistribution of wealth gained momentum and the fickle link between the present and expectations for the future was emphasised, the SACB says.

Among the positive factors were upward trends in the dollar price of gold and the rand/sterling exchange rate.

Others were the recovery in the JSE overall market index, a fractional increase in real retail sales and the higher volume of manufacturing production.

But a slight increase in the consumer price index and the Banker's Acceptance rate, a decline in the number of new cars sold and a fall in the number of building plans passed were among some negative influences.

The fall in the value of exports when the January figure is compared with December's was another factor.

The SACB says the skittish reaction of overseas investors to various political pronouncements, together with the sharp falls experienced in recent days, have served to stress the underlying instability of world financial markets and the persistent international economic imbalances which exist.

The SACB says the uncertainty created by such instability, both locally and internationally, is likely to inhibit a large-scale inflow of foreign funds into SA until there are clearer indications of the political and economic directions it will follow.

However, there are increasing signs that international creditors are willing to roll over portions of SA's foreign debt.

Coupled with the promising trade balance in January, this suggests SA will be able to meet its obligations.

It says the Budget, to be tabled on March 14, will be crucial in determining economic perfomance in the months ahead and will also influence business perceptions and market sentiment.

Src 1/3/90 (30)

Nafcoc to investigate nationalisation

The African National Congress has asked the National African Federated Chamber of Commerce to conduct an in-depth investigation into the nationalisation of business in South Africa.

In a statement yesterday, Nafcoc president Dr Sam Motsuenyane said the ANC made the request at a meeting in Lusaka between Nafcoc and members of the ANC's executive committee.

The meeting had discussed the ANC's stated aim of nationalising mines, financial institutions and large corporations.

He said Nafcoc would call on major South African businesses to attend a conference in May to discuss the issue.

At the meeting in Lusaka it had been agreed that any policy of nationalisation would be carefully applied and all facts surrounding the issues would have to be considered.

"Nafcoc has been asked by the ANC to play a major role in compiling these facts," Dr Motsuenyane said.

"While nationalisation will not necessarily solve all our socio-economic and political issues, it can undoubtedly serve as a vehicle to provide an answer to some of them," he said.

Alternative methods of redistributing wealth had to be examined, including the persuasion of companies to "hive off portions of their productive assests and pass these over to the disadvantaged black majority in order to hasten black economic participation and empowerment".

One viable alternative, he said, was concerted action programmes by government and the private sector to facilitate black economic participation.

He added: "Nafcoc and the ANC share the concept of a mixed economy in South Africa, and one that represents a realistic acceptance of the situation that must prevail in the future." — Sapa.

Sisulu hard line shocks business

IPA LP 30

By Robyn Chalmers

WALTER Sisulu shook the JSE on Friday by telling a Wits Business School breakfast that the ANC would not budge on its nationalisation policy.

The veteran ANC leader delivered a hard-hitting speech about post-apartheid SA to more than 550 businessmen and bankers, including Reserve Bank Governor Chris Stals, Anglo American outgoing chairman Gavin Relly and JSE president Tony Norton.

Mr Sisulu reiterated ANC policy of nationalising "monopoly banks, mining houses and financial institutions".

Businessmen were disappointed that their warnings had gone unheard by the ANC.

STimes 11/3/90

Central

Mr Sisulu said "creative nationalisation" was central to the ANC's economic policy.

Asked whether the ANC had considered any options to nationalisation in the face of foreign investor jitters, Mr Sisulu said it had not. The main objective of ANC policy was to uplift the economy while righting injustice. Nationalisation was the best method to do so.

"But we will not adopt a mechanical approach to nationalisation, rather we will be creative within given circumstances. The aim is to rid SA of present inequalities in terms of wealth.

"Sometimes one must go to war to secure peace. We realise that in the short term nationalisation may discourage foreign investment, but believe that in the long term it is the only solution."

A democratic SA would have to pursue an activist economic programme. Business would have to play a major role in funding the State's requirements for the redistribution of income.

Mr Sisulu listed some ways to achieve a mixed economy:

- Curbs on monopoly power through legislation and dismemberment of some key conglomerates to bring industry and its development closer to the workforce.
- Greater diffusion of power in industry through the spread of ownership by share ownership schemes.
- Renationalisation of privatised concerns, not only to maintain the industrial and service infrastructure, but to facilitate wealth redistribution.

Mr Sisulu said the ANC had not yet seen anything approaching a fundamental recasting of policies either by business or the Government.

"This explains why our people suspect that the main concern of both Government and business is not the dismantling of the key structures of apartheid, but rather the winning of international acceptability through the removal of anti-apartheid sanctions and boycotts."

He stressed that the business community had to recognise that old ways of resolving crises could not work.

Mr Sisulu called on businessmen to put aside their fears and work with the ANC.

"Together, we can forge a vibrant, prosperous new SA."

WALTER SISULU ... we stick to nationalisation

THE MANDELA FACTOR (30)

Chin up, consumers

Nelson Mandela's repeated insistence on nationalisation may have hurt investor sentiment and the rand but it appears to have had little impact on local consumer confidence.

Purchases of durables, such as furniture and household appliances, are usually an accurate barometer of consumer sentiment. But Rusfurn's (**see Fox**) retail outlets had no ill effects in the wake of Mandela's Cape Town speech. Says financial director Mervyn Gerszt: "Business did take fright and, there was a hiccup in consumer confidence, but it lasted only a week, then everything recovered."

However, Dion MD Jannie Els describes the post Mandela release period as "a blood letting for us."

He adds: "Those who buy on credit and place only their 10% deposits at risk are still buying. But the more sophisticated consumer with cash, whom we regard as our target market, is adopting a more cautious attitude. Sales to them have dropped by 15%. Hopefully, this will be a short-term situation."

FM 2/3/90 (30)

Frans Jordaan, executive director of the Furniture Traders' Association, says only one member attributed a drop in sales last month to the Mandela release. "Like most of my members, I feel the Mandela factor is of no great significance. February is normally a bad month and there is never a shortage of people prepared to advance reasons, real or imagined, to explain their poor performances."

Domestic Appliance Manufacturers' Association of SA chairman Richard Ferrer says his members are more concerned with what will be the effects of the March 14 Budget. They feel measures taken by government to cool the economy, such as higher interest rates and more stringent HP conditions, affect their fortunes more than Mandela's views.

It's these factors, more than Mandela, that are hurting car sales, particularly used cars, says National Association of Automobile Manufacturers of SA executive director Nico Vermeulen. "The downswing in our fortunes started in the middle of last year and had nothing to do with Mandela."

National Association of Home Builders' executive director Johan Grotsius says there are plenty of home alterations taking place and very little work has been cancelled. He's looking forward to an "acceleration caused by improvements in the economy."

Two signals emerge from the international home-moving industry. SA Furniture and Warehousemen's Association chairman Brian Goldie has noticed a significant increase in inquiries from people thinking about emigrating.

FM 2/3/90 (30)

But past-chairman David Bradford disagrees. "The exodus we thought Mandela's views would provoke hasn't happened. Many potential customers told us they are reconsidering their decisions to move overseas because they see the country becoming more stable. Of interest is the number of South Africans who now want us to move them back again." ■

FM 2/3/90 (30)

FM 2/3/90

RUSFURN

Ahead of target

At the time of the management buy-out last year, chairman Geoff Austin and his team were given the option of raising their stake from 20,9% to 31,2% over three years subject to dividends reaching 16c a share this year and rising by inflation plus 5% in the next two years, with dividends covered at least 3,5 times. Earnings of 55c a share were forecast for the current year, though 3,5 times 16c is actually 56c.

(30)

Even though the subsequent purchase of the Furniture Fair chain in the western Cape added the equivalent of 5c a share to pro forma 1989 earnings, this was a stiff target. But the latest interim, reporting 6-month earnings in excess of those for the whole previous year, suggests it's in reach.

CE Geoff Austin now says the target is a compound growth rate in EPS of 50% a year for five years from the June 1987 listing, or earnings of 95c a share by the year to June 1992. That will require only more modest growth in 1991 and 1992.

Comparable turnover in the latest period grew 23% (37% including Furniture Fair), so margins improved. Austin says that, contrary to some perceptions, total furniture sales in December were 20% up on the previous year, but the improvement came at the top and bottom — the middle was squeezed. Rusfurn benefited from its broad spread.

BUSINESS BOOMING

Six months to	Dec 31 1988	Jun 30 1989	Dec 31 1989
Turnover (Rm)	509	425	696
Pre-tax profit (Rm)	43,0	23,8	70,6
Attributable (Rm) ..	39,8	20,3	61,5
Earnings (c)	24,0	12,3	37,1
Dividends (c)	3,5	7,0	5,5

Confirmation for part of this view comes from the poor results at Morkels (now itself the subject of a buy-out) and for another part from the recent strength in the share price of Ellerine, which sells largely to the black market.

Cash sales fell from 42% of the total to 38% — still high by industry standards — but the policy of building up provisions against debtors continued and these are now almost 20% of the book. However, the group makes no provision for deferred tax, which though an acceptable policy affects the quality of reported earnings compared to some others in the sector.

Despite the excellence of these results, earnings in the invariably less profitable second half will still have to grow 50% to meet the 55c annual forecast.

The buy-out was at then NAV of 140c a share (since trimmed by the Furniture Fair acquisition but pushed up to 147c by retained earnings). The share is still 140c, at which the forward p:e is 2,55 and prospective yield 11,4%. Spending on consumer durables may be slackening, but there's no reason to doubt that an entrepreneurially driven Rusfurn should continue to outperform the sector. While current tough economic conditions continue a rerating may be difficult to achieve, but if Austin and his team consistently come up with the goods it should be only a matter of time.

Michael Coulson

SBDC director Ben Vosloo seen with West German economist D Lösch at the Pretoria University conference on economic development yesterday. Picture: ROBERT BOTHA

Small business 'can help' ㉚

GERALD REILLY

PRETORIA — Current economic inequality would be a potent source of political instability in SA if it were allowed to persist, Small Business Development Corporation director Ben Vosloo warned here yesterday.

Speaking at a Pretoria University international conference on economic development in a changing socio-political environnment, he said the informal sector had a vital role to play in improving the socio-economic prospects for millions of South Africans.

The current environment was smudged with high unemployment, skill shortages, high population growth, shortages of foreign capital and housing and retarded rural development.

He said as much as 40% of SA's total economic activity went unrecorded.

This would include a large amount of understated economic activity for tax purposes.

It also suggested, however, the informal sector or the second economy was much more significant than most people realised, he said.

This led to major distortions and inaccuracies in official statistics and distorted perceptions of economic reality.

Vosloo said although progress had been made there was still too much regulation, a taxation system unresponsive to the value of hard work and innovation and unnecessary bureaucracy.

However, it was not all government's fault, he said.

Retailers sought to fend off competition from the informal sector and whole sectors of the economy were rife with uncompetitive practices, from blatant cartels to more subtle restrictive practices. B Day 2/3/90

Vosloo stressed there was a need for a specialist agency with government financial backing to make capital available for promising small businesses.

He said excessive government growth had to be cut back and a tax system provided which would encourage equity investment.

B/Day 2/3/90 (30)

Curnow earnings show decline of 34%

CURNOW felt the effects of the economic slowdown as earnings for the 12 months ended December 31 declined by 34% to 4,3c.

The dividend was also lowered to 1,75c (3,0c).

The group is a distributor of automotive paints and refinishing products to panelbeaters and the DIY market. Turnover advanced to R33,9m (R27,5m), but operating profit declined to R2,2m (R2,7m).

The directors indicate the streamlining activities of the group have taken longer than expected, explaining the disappointing profit performance.

IMF says gold bear market is over

WASHINGTON — The International Monetary Fund (IMF) said the "moderate" $9,15 per ounce decline in the market price for gold last year, and other developments, suggest the two-year gold bear market has come to an end".

The IMF review of gold market developments over the past several years was published in the current issue of the IMF Survey. B/Day 2/3/90

The report did not quote the views of any IMF officials, but attributed most of the comments about price trends to unidentified "market analysts".

Last year, the report said, the $9,15 per ounce decline in the price of gold in the London market was moderate compared "with the much sharper decline of $76,35 an ounce in 1988 and $95,60 an ounce in 1987".

After noting the gold prices averaged $410 an ounce in the London market at the close of 1989, the IMF report said some analysts were estimating that the market price for bullion could reach $450 an ounce in 1990.

The IMF itself is sitting on 103-million ounces of gold, subscribed earlier by member countries. But it neither buys nor sells gold. (13) (156)

The report said market analysts are forecasting higher gold prices in 1990 because, "in their view, lingering concerns over accelerating inflation, uncertainties over developments in Eastern Europe, and indications of an increase in demand for gold for investment purposes will continue to provide some support for gold prices". AP-DJ.

Star 3/3/90

NEWS

30

No choice but to be political – Ogilvie Thompson

SOON after Mr Julian Ogilvie Thompson was appointed chairman of Anglo American this week, he admitted that he would have to become more of a political animal.

But, he qualified this by emphasising that first and foremost his duty lay in running a major business concern.

What he was conceding, however, was that as chairman of South Africa's largest commercial and industrial empire he had, by the very nature of the current situation and all of its intertwined socio-political and economic challenges, no choice but to become involved in politics.

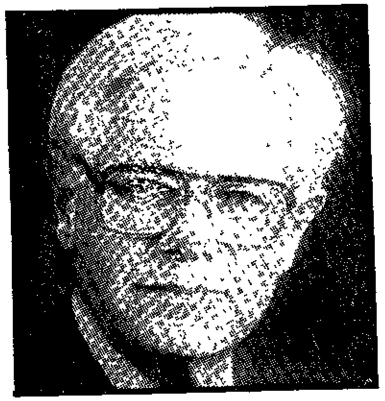
He is, of course, already very much an accomplished political animal and his increased involvement in this sphere by no means suggests that he will have to undergo anything like a crash course in political science or diplomacy.

Only a week ago he was very outspoken in an interview with the *Sunday Times* of London when he urged European Community foreign ministers, before their Dublin meeting, to drop their sanctions on South Africa.

He has wasted no time in firmly positioning himself with regard to political and economic policy by agreeing entirely with his predecessor Mr Gavin Relly's rejection of nationalisation and reacted recently to President F W de Klerk's reform announcements by accepting that South Africa had embarked on a "dangerous policy".

He added, however, that to have continued as before "would have been disastrous".

Despite having had an understandably and relatively low profile during his years as chairman of De Beers, Mr Ogilvie Thompson is not afraid of speaking his mind, which he does very much in the tradition of his predecessors — with considerable dignity and the utmost decorum.



MR OGILVIE THOMPSON: Anglo's new chairman.

CHRIS MOERDYK

That he should have been chosen to wear South Africa's most coveted commercial crown has not come as a surprise to anyone.

The choice of chairman by the Anglo board in the past has never raised an iota of speculation within the marketplace or the media. A chairman of Anglo appears to be groomed well in advance for the task and it is by no means difficult for any casual outside observer to recognise, years in advance, the next candidate for the job as he makes his way upward through the ranks along a fairly well-defined path.

Anglo chairmen — not that there have been all that many of them, now only four in fact — do, however, have many attributes in common. Education, career paths, business acumen and, on a personal note, a dignified and gentlemanly bearing.

In a lighter vein, it is fascinating to observe that Mr Harry Oppenheimer, Mr Gavin Relly and Mr Julian Ogilvie Thompson speak in an almost identical way. Their deliveries and superb command of the English language are very similar, almost to the point where it could be suggested that "Anglo-speak" seems to be a prerequisite to chairmanship.

Mr Ogilvie Thompson is 56 years of age and is currently not only chairman of De Deers but also of Minorco. He serves on the boards of many other Anglo companies and is the vice-chairman of First National Bank.

The son of an eminent lawyer and former chief justice of South Africa, Mr Julian Ogilvie Thompson was born in Cape Town on January 27 1934. He was educated at Bishops where he won a Rhodes scholarship in 1953.

After reading philosophy, politics and economics at Worcester College, Oxford he joined the Anglo American Corporation and spent some time in London with the group's brokers, Rowe and Pitman, and also with merchant bankers, Lazards.

He returned to Johannesburg in 1957 and was appointed personal assistant to Mr Harry Oppenheimer.

In 1961 he moved to Anglo's finance division where he was closely associated with a number of major developments. In 1965 he was appointed a manager in the finance division which he subsequently headed four years later.

In 1970 he became managing director of De Beers and was appointed an executive director of Anglo in 1971 where he became directly involved with the shaping of policy and financial direction of the company.

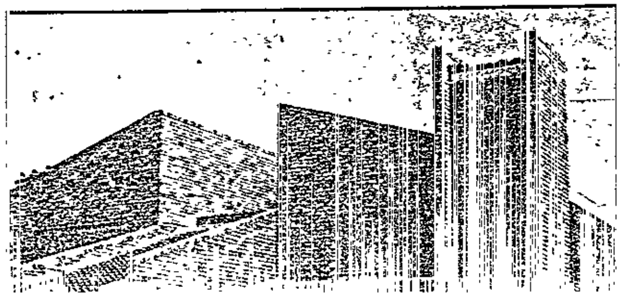
He was made joint deputy chairman of Anglo in 1983.

Mr Ogilvie Thompson enjoys a close family life with his wife and children. He enjoys trout fishing and admits only to being an "occasional" golfer.

7 City Press 4/3/90 (30)

Is this man a killer?

Sonnyboy Ngobeni (above), co-director of Orlando Pirates Football Club, and wealthy businessman with shops in Boekenhout and Soshanguve and a thriving rubbish removal enterprise in Mabopane, talks about allegations of ritual killings which surround him. He admits being involved in an attempted murder, but "only watched". Yet the rumours have only done him good, he says, because "people are scared of me". This is the first part of this serialised interview. Story and pictures by ELIAS MALULEKA.



He saw victim hacked with pangas but 'refused to die'

ALLEGATIONS have for years been doing the rounds that Sonnyboy "Bra-Sanza" Ngobeni is involved in ritual or muti murders.

Many people have openly accused him of dealing in "private parts" and as a result there have been frequent police raids on his house and business premises. He was once even summoned to Mmabatho by President Lucas Mangope to answer the allegations.

In our exclusive interview – the first Ngobeni has given to the Press on the issue – he refuted the allegations as unfounded and "nonsense".

He was speaking from his spacious mansion in Boekenhout, near Pretoria, a huge house in a big yard cluttered with expensive cars.

Although these rumours might be expected to adversely affect Ngobeni and his family, he said the allegations had "done me more good than harm".

For example, he could leave his house, business premises or cars open and nobody would dare try to steal because "they are scared of me. They believe what they hear about me is true", he laughed.

But Ngobeni admitted he was once involved with four other men in a "bizarre" attempted murder and grievous bodily harm case after a man was repeatedly stabbed with a panga, had his heart pierced twice, his throat slit and his genitals cut off before being left for dead.

"That incident had nothing to do with muti or ritual whatsoever," said Ngobeni. They were acting under the instructions of his father, Dr John Mngoma Maluleke, who wanted the man killed for running away with one of his 14 wives.

Maluleke was a notorious witchdocter with a prosperous practice in Klipgaat, Odi, who was suspected of muti murders in the Pretoria area.

He allegedly committed suicide in his cell after police found a man's genitals in his house.

Said Ngobeni: "The man we wanted to kill was a former employee of my father who ran away with my father's young wife. He also threatened to kill my father.

"To defend himself, my father decided to strike first and ordered that the man's private parts should be brought to him when we had done our job."

Ngobeni said when the "culprit" was eventually found they took him to bushes where he was repeatedly assaulted.

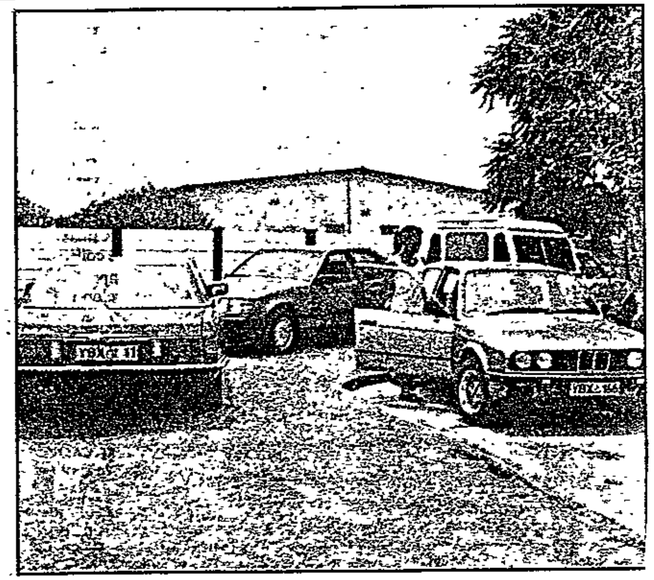
"I did not take part in the assault," Ngobeni said. "I was merely the driver of our car but watched as the man was stabbed.

"They cut off his private parts, punched his heart with a panga twice and slit his throat but he refused to die, so I intervened and told them to stop."

He said the man was left for dead but miraculously survived and the police were informed. Ngobeni was found not guilty and discharged, but the others were each sentenced to 12 years' imprisonment.

"Perhaps as a result of this bizarre incident people have associated me with ritual murders and spread rumours about me which led to President Mangope asking me questions and the constant police raids I have experienced," he said. "But I am innocent."

Ngobeni, who claims he has over R3,5 million in hard assets, is a self-confessed former "thug".



Ngobeni's fleet of expensive cars.

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Beeton to head Edgars

GEORGE Beeton has been named heir apparent at Edgars as Vic Hammond prepares to retire at the end of the year.

Mr Beeton, until now managing director of the Edgars chain, becomes group managing director from April 1.

He steps into big shoes — just as Mr Hammond did when he took over from Adrian Bellamy seven years ago. Mr Hammond's record is outstanding. S/Times 4/3/90

Mr Hammond will step down at the end of December. Until then, he will be executive deputy chairman and chief executive officer.

John Bellis will take over from Mr Beeton as boss of the Edgars chain. Don Etheridge, managing director of Sales House, becomes MD of Jet Stores. He will retain responsibility for the Zimbabwean operations of Sales House and Express Stores.

Ian Thomson, merchandise director of Sales House, becomes managing director of Sales House.

Darryl Cousins, managing director of Jet Stores, becomes group general manager. He takes charge of the restructured group property division, development and new-store planning.

GEORGE BEETON ... heir to big boots

Mr Etheridge and Mr Fred Haupt have been appointed executive directors of the Edgars group board.

Traders flare at CP council's No to Chinese

S/Times 4/3/90

30

By TRISH BEAVER

THE Springs business community is fuming about a city council refusal to accept an influx of skilled Chinese immigrants from Hong Kong that would have poured a potential R300-million into the local economy.

The resounding refusal by the management committee of the CP-controlled council came despite the backing of Conservative council chairman, Mr Gert Parsons, who is an estate agent.

And the seven-to-five rejection of the proposal — which would have brought 300 families each with at least R1-million in cash into the area — has enraged Springs businessmen.

Angry independent councillor Mr Theo Selkon spoke out against the council decision to sink the scheme put forward by Mr Raymond Chong, managing director of First International Contacts.

"It would be insane to turn down this type of investment," said an enraged Mr Selkon. "It would be beneficial to all the people of Springs"

The proposal outlines the immigration of about 300 Hong Kong Chinese families to a particular area in Springs.

Assets

Each family would bring with it liquid assets worth at least R1-million, of which 50 percent would be invested in banks, 20 percent invested in establishing housing requirements and the remaining 30 percent used to establish industrial complexes or invested in other commercial enterprises.

Mr Selkon pointed out that there had already been some interest in developing industrial land outside Springs and it would be foolhardy to turn away this type of investment merely because of racial prejudice

Springs businessmen were also furious that the meeting was held in camera. They believe that a meeting of this significance to the economy of the area should be open to all

Mr Dick Gosse, manager of the Springs Chamber of Commerce, said reports on the issue had caused an angry response and the issue needed to be looked into.

"When rule in Hong Kong is handed back to mainland China, there will be an exodus of skilled people wishing to escape the consequences of communism," he said. "Why shouldn't South Africa benefit from these skills?

"It is not as if they are penniless refugees from some backward country. They are civilised and affluent and I can see no reason for the council to reject this proposal

Drugs

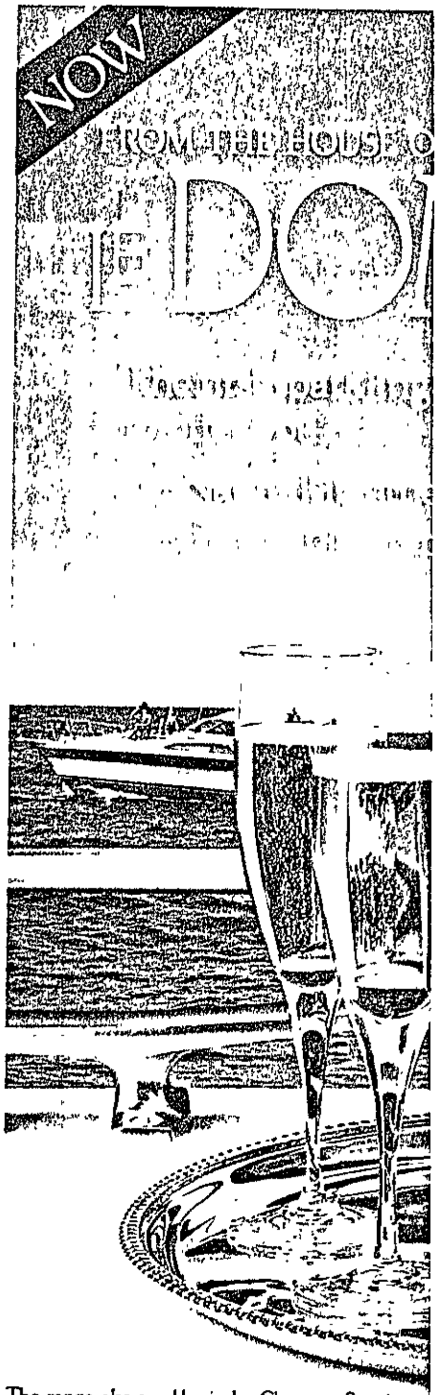
"It would be a pity for us to turn this into another Boksburg fiasco and attract bad publicity "

Mr Frans Swart, public relations officer for the Springs municipality, believes the rejection was not on racial grounds

He said· "The feeling was that the council opposed the proposal due to fears of a mini 'Chinatown' developing, bringing with it a drug trade and sleazy connections.

"There are already a few Chinese people living in white areas in Springs without any problems. And the council won't oppose any plans for any Chinese person to set up business"

Council chairman Mr Parsons added. "It is up to the members of the council to vote as they wish . . . I do not feel I was deserting the CP stand"



Oct

Farm killing adds to strife in East Cape

30

ST Times 4/3/90

By **BILL KRIGE**

SIMMERING unrest in the Eastern Cape has spilled over into murder and violence, and several towns have been crippled by black consumer boycotts.

Many Border businesses have been forced to close down as municipalities grapple with political and social problems.

On Friday, East London farmer Mr Ivan Moss, 55, was found stabbed to death in his bathroom — the sixth attack on farmers in the region within a fortnight and the second murder.

In nearby Ciskei unrest seethes.

In the Peddie region a youth was shot dead this week and Ciskei police sjambokked villagers to coerce them into attending the homeland's Heroes Day celebrations.

A state of emergency has been declared in many districts and defiant Xhosas are openly destroying their membership cards of President Lennox Sebe's ruling Ciskei National Independence Party.

Stabbed

In Mdantsane, where at least 10 people were shot dead after the release of ANC leader Nelson Mandela, a staff strike has crippled the hospital and widespread looting of shops has caused losses of millions of rand.

Across the border in South Africa Mr Sydney Moorcroft, brother of Democratic Party MP Mr Errol Moorcroft, was the fifth victim of a spate of vicious attacks on farmers in the Stutterheim district.

Said Mr Moorcroft, who was stabbed in the stomach: "We all know what's behind it. It's nothing but blacks wanting to seize power."

But Stutterheim's Mayor Nico Ferreira said he felt widespread unemployment and hunger had sparked the boycott, which has devastated businesses reliant on black custom.

Fourteen ventures have closed since September.

Mr Ferreira estimated annual white spending power in the area at R8-million and that of blacks at R25-million.

In nearby Cathcart, the black consumer boycott has resulted in violence.

Community leader Mr Kenneth Sigidi said a white man who allegedly tried to force blacks to break the boycott was set upon and his van was burnt after he fled.

Mr Sigidi said his telephone had been disconnected in an effort to dislocate the boycott leadership.

Tensions

A letter addressed to Cathcart residents was distributed at a meeting on Friday to discuss ways of breaking the boycott.

It read: "We would like to prevent as much money as possible from going into the township and thus force blacks to stop boycotting.

"This can be effected by either being your own servant or putting them onto short-time and reducing their salaries appropriately. This can be done on the understanding that they will be re-employed when the boycott is over."

Mr Sigidi said racial tensions were so great that outside mediation would be needed to restore peace.

Said the deputy mayor of Komga, Mr Ian Hutchons: "They have all asked exactly the same in all the towns. They started with complaints about sewerage disposal but as soon as one addresses the problem they raise something else.

"Community leaders demanded a high school but when they were told a Std 8 class could open next year and a Std 9 class the next, that wasn't good enough. They had to have the whole thing now."

Harare welcomes hero . . . African National Congress leader Mr Nelson Mandela (left) and Zimbabwe's President Robert Mugabe are greeted by kneeling women on Mandela's arrival in the Zimbabwean capital yesterday.

Star 5/3/90 (30)

Businessmen, ANC discuss economy

Star 5/3/90 By Robin Drew, The Star's Africa News Service (30)

HARARE — Prominent South African businessmen spent a day and a half in Harare at the weekend locked in discussions behind closed doors with a delegation of leading ANC officials.

In a joint statement, the two groups said they had noted the following broad issues:

- The urgent need to address economic inequality and poverty.
- A thorough ongoing process of human resource development.
- The need for a speedy process to dismantle apartheid.
- The need to create a political and economic environment which will encourage both local and international investment in a post-apartheid South Africa in order to ensure rapid economic development for the benefit of all South Africans.

The statement said it was agreed that a continuing dialogue should be encouraged to address the main issues identified.

The discussions covered the nature of the South African economy, including the declining industrial base, the question of confidence in the economy, issues of poverty and inequality and the role of business in political and economic transformation.

The businessmen, representing major corporations, are members of the Consultative Business Movement, who support transformation to an effective and just political economy in a non-racial democracy in South Africa.

The agenda included a presentation by the ANC of its view of the economy.

shortcomings which have been highlighted, so that the children can be looked after in a better environment and live under better control.

We are also going to implement the findings of the De Beer Committee of Inquiry into certain aspects of child care in 1982. We will bring them in line with the same level that we have had at Greenfield as far as staff components are concerned. All in all, I can assure this House that the money will be well spent. In answer to the question that was asked by the hon member for Havenside, it cost us some R15 000 with qualified people. I believe that this administration benefited from this.

We will put this into effect. I have accepted all the findings and we will satisfy everyone. Furthermore, I have taken the liberty of recommending—that was in fact a decision I took a week ago—that in future boards of management which involve the public sector and my department will be responsible for the running of these institutions so that the community will also be aware of what is being done. These appointments will be from among professional people in the community and I think that will satisfy all hon members of this House in the future. I hope we will be able to have a better facility.

As far as the Greenfield Place of Safety is concerned, may I make it very clear that the report indicates that it is not in the right locality, which is not conducive to the functioning of a place of safety. I am considering taking certain decisions and I am awaiting departmental investigations of the aspect that we may have to relocate on a new basis. For that reason places in the Transvaal near to Northern Natal which have no such facilities are being looked at. I think that changing the style from an institution to a more homogeneous type of set-up where homes could be taken over—my department is investigating this—will assist us in trying to resolve this very important problem. May I end off by saying that I am rather concerned about the kind of money we have spent on the Valley View Place of Safety rehabilitation centre when really parental society itself and control are lacking. The time will come when we may have to spend more energy in trying to look at the problem rather than looking at the symptoms of the problem. However, the Act provides for this and we will continue to provide a good service so that these young lads can go back to society and become better men in the future.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, whilst I thank him for that statement may I enquire as to the numbers involved for which provision has been made in the new buildings?

The MINISTER: Mr Chairman, it is intended to keep to 100 children at the Valley View Place of Safety. May I just say that the accommodation maximum at Greenfield is 80, but at no given time do we have 100 or 80 at either place. However, the provision has been made. I am prepared to make the plans available to my study group as well as the hon member for Springfield and hon members of the House. I will have them pinned up in my boardroom in a couple of weeks' time once I receive them. I am at liberty to say that it will be the only one of its kind in the country and we hope that we can set an example and raise the standards.

M L Sultan Technikon: memorandum

*2. Mr M RAJAB asked the Minister of Education and Culture:

(1) Whether his Department has been informed of a memorandum containing certain allegations of discontent amongst the staff of the M L Sultan Technikon that was referred to the council of the said technikon; if not, why not; if so, when was the memorandum so referred;

(2) whether the council has conducted an investigation into these allegations; if not, why not; if so, (a) when, (b) what were the findings and (c) what action was taken as a result of the findings;

(3) whether he will make a statement on the matter?

Hansard 6/3/90 [redacted] D25E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes on 1989-10-20

(2) No

At a special Technikon Council Meeting on 1989-12-07 Council resolved to seek legal opinion of Senior Counsel before responding.

(3) No.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, could he tell this House what the specific brief was to senior counsel regarding this memorandum? [redacted]

The MINISTER: Mr Chairman, the technikon council runs the affairs of the technikon and they in their wisdom will decide what information is to be given to counsel and what brief to give counsel. We do not have that as yet. Until they respond to my query as to what type of investigation it was and what the results were, I do not have any other information on that.

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, could he give an assurance in this House that should there be a need to appoint a committee of inquiry with regard to the allegations, he will in fact appoint such a committee?

The MINISTER: Mr Chairman, upon receipt of information from the council which runs the technikon, if I am satisfied with my department's counsel that we need to appoint someone to investigate this particular matter then that will be decided upon in consultation with all those people in my department.

Department of Housing: public relations officer

*3. Mr A SINGH asked the Minister of the Budget and Auxiliary Services: [redacted]

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, was appointed as a public relations officer for the Department of Housing; if so, when;

(2) whether this post was advertised; if not, why not; if so, in what publications;

(3) whether any Ministers of the House of Delegates recommended this person's appointment; if so, which Ministers;

(4) whether the person concerned was subsequently relieved of this post; if so, why;

(5) whether another person has since been appointed to the post in question; if not, why not; if so, on what basis?

Hansard 6/3/90 D26E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: [redacted]

(1) Yes
20 November 1989.

(2) No
These officials are selected by Ministers.

(3) No

(4) Yes Hansard 6/3/90 [redacted]

After the initial five week period of probation, it was decided that the person was best equipped to execute the duties of liaison officer in the Department as such.

(5) Yes [redacted]

On a three year contract basis subject to renewal.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, could he please tell us what the normal probation period is that applies in his administration?

The MINISTER: Mr Chairman, I did indicate that there is a probation period of three years.

The CHAIRMAN OF THE MINISTERS' COUNCIL: No, probation period.

The MINISTER: Oh, sorry, the probation period. No particular set period is stipulated. I could just mention that the staff who have come to Cape Town from Durban will be here until the end of March, until just before the Easter recess. They will be judged on their work capability and so forth. Basically, therefore, in this particular case a five-week period of probation will apply, but there is no stipulated period. I would say it should be not less than four weeks.

Inanda: Indian traders (30)

*4. Mr A SINGH asked the Minister of Housing:

Whether, with reference to information that has been furnished to the Minister's Department for the purpose of his reply, he made any promises in or about March 1989 to a certain traders' association, through its spokesman, to the effect that Indian traders from Inanda would be provided with alternative land to carry on their businesses elsewhere; if so, (a) what promises and (b) what are the names of the traders' association and spokesman concerned?

Hansard 6/3/90 D27E

The MINISTER OF HOUSING:

(a) No.

(b) Falls away.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, I appreciate the reply. However, I am aware that a certain aspirant

Hansard 6/3/90

candidate for the House of Assembly in fact gave a Press release to the effect that he had a meeting with the hon the Minister relating to the relocation of the traders in Inanda. It was a Mr Panday.

The MINISTER: Mr Chairman, yes, there was a meeting, but not with the organisation whose name was submitted in connection with this question. Hansard 6/3/90

Mr M RAJAB: Mr Chairman, further arising from the hon the Minister's reply, seeing that Mr Panday acted as spokesman for that organisation, could he inform this House as to what that meeting was about? (30)

The MINISTER: Mr Chairman, that is off the record. In response to the hon member's questions, these are the answers. I can mention to him that the person he referred to did bring along a number of people for whom he acted as spokesman and the department's regional offices in Durban are dealing with that group. Information is being sought from the traders and this is being awaited. That is the situation at present. I believe the hon the Minister of Health Services and Welfare is also involved in this matter.

Certain person: application for petrol service station site

*5. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

Hansard 6/3/90

(1) Whether his Department regards a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, as an applicant who is eligible for the allocation of a petrol service station site on the ground that he is a displaced trader in terms of the Group Areas Act; if not, why not; if so, what is his name;

(2) whether this person has been conducting a petrol service station business at a certain address in Queensburgh, particulars of which have been furnished to the Minister's Department; [redacted]

(3) whether he will investigate the matter; if not, why not; if so, when; [redacted]

(4) whether he will make a statement on the findings of the James Commission of Inquiry in regard to this person's application?

D30E

The MINISTER OF HOUSING: [redacted]

(1) No indication can be given whether the person referred to is, in fact, a displaced trader or as such qualifies for the allocation of a petrol service station site as his application is still being investigated.

(2) It has not yet been ascertained one way or another whether this person conducted a petrol service station business at the address in Queensburgh given, as the matter is still under investigation. [redacted]

(3) Falls away.

(4) No.

For written reply:

Own Affairs:

Durban area: transfer of teachers

5. Mr K PANDAY asked the Minister of Education and Culture:

(1) (a) What is the policy of his Department in regard to the transfer of teachers from one school to another within the Durban area and (b) what criteria are applied in regard to such transfers;

(2) whether any teachers applied for transfers from one Durban school to another with effect from 1 January 1990; if so, how many?

Hansard 6/3/90 D15E

The MINISTER OF EDUCATION AND CULTURE:

(1) (a) Requests for transfers are acceded to if suitable vacancies are available.

(b) The educators concerned must be able to teach the subjects/classes at the schools where the vacancies exist.

(2) Yes. 38. [redacted]

Certain teacher: transferred

6. Mr K PANDAY asked the Minister of Education and Culture:

(1) Whether a certain teacher, particulars of whom have been furnished to the Minister's Department for the purpose of his reply, was recently transferred from a secondary to a primary school; if so, (a)

when, (b) why and (c) what (i) standards and (ii) subjects (aa) did she teach at the secondary school and (bb) is she teaching at the primary school;

(2) whether this teacher is professionally qualified to teach at secondary schools; if not, what are her qualifications?

D16E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes

- (a) 1 January 1990
- (b) She was a non-specialist Physical Education educator and was replaced with a specialist.
- (c) (aa) (i) Standards 2 to 10
  - (ii) Physical Education
  - (bb) (i) Standards 2 to 5
  - (ii) Mathematics

(2) No. Senior Primary Education Diploma (Mathematics/Art).

Certain teacher: transferred

7. Mr K PANDAY asked the Minister of Education and Culture:

Whether a certain teacher, particulars of whom have been furnished to the Minister's Department for the purpose of his reply, was recently transferred to a certain secondary school; if so, (a) when, (b) why, (c) who authorized her transfer and (d) which schools are involved?

D17E

The MINISTER OF EDUCATION AND CULTURE:

Yes

- (a) 1 January 1990
- (b) She applied for a transfer
- (c) The Chief Executive Director
- (d) Avonford Secondary and Burnwood Secondary.

Springfield College of Education: post of rector

8. Mr K PANDAY asked the Minister of Education and Culture:

(1) Whether he will furnish information on the applicants who were short-listed for the vacant post of rector of the Springfield College of Education; if not, why not; if so, (a) how many applicants were short-listed for this post, (b) what are their names and (c) what rating did each receive;

(2) whether any of these applicants were considered promotable; if so, what are their names;

(3) whether the criteria as set out in the principals' handbook were applied in assessing these applicants for promotion; if not, (a) why not and (b) what criteria were applied;

(4) whether the post in question has been filled; if not, (a) why not and (b) when is it expected to be filled;

(5) whether the appointment of the acting rector of this college has been extended; if so, (a) why and (b) for what period?

D18E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes

- (a) 6
- (b) Dr C Soobiah
  Mr P Reddy
  Mr M M Moodley
  Dr D Bhagwandeen
  Dr D S Rajah
  Dr P K Gounden
- (c) Candidates were evaluated to determine their suitability for the post. No ratings as such were accorded.

(2) Yes

Mr M M Moodley

(3) No

- (a) The Principals' Handbook was formulated for in-service educators. The advertisement also invited *outside* candidates and they could not be subjected to these criteria.
- (b) The candidates were interviewed by a selection committee with a view to determine their general suitability for the post taking into account their

shortcomings which have been highlighted, so that the children can be looked after in a better environment and live under better control.

We are also going to implement the findings of the De Beer Committee of Inquiry into certain aspects of child care in 1982. We will bring them in line with the same level that we have had at Greenfield as far as staff components are concerned. All in all, I can assure this House that the money will be well spent. In answer to the question that was asked by the hon member for Havenside, it cost us some R15 000 with qualified people. I believe that this administration benefited from this.

We will put this into effect. I have accepted all the findings and we will satisfy everyone. Furthermore, I have taken the liberty of recommending—that was in fact a decision I took a week ago—that in future boards of management which involve the public sector and my department will be responsible for the running of these institutions so that the community will also be aware of what is being done. These appointments will be from among professional people in the community and I think that will satisfy all hon members of this House in the future. I hope we will be able to have a better facility.

As far as the Greenfield Place of Safety is concerned, may I make it very clear that the report indicates that it is not in the right locality, which is not conducive to the functioning of a place of safety. I am considering taking certain decisions and I am awaiting departmental investigations of the aspect that we may have to relocate on a new basis. For that reason places in the Transvaal near to Northern Natal which have no such facilities are being looked at. I think that changing the style from an institution to a more homogeneous type of set-up where homes could be taken over—my department is investigating this—will assist us in trying to resolve this very important problem. May I end off by saying that I am rather concerned about the kind of money we have spent on the Valley View Place of Safety rehabilitation centre when really parental society itself and control are lacking. The time will come when we may have to spend more energy in trying to look at the problem rather than looking at the symptoms of the problem. However, the Act provides for this and we will continue to provide a good service so that these young lads can go back to society and become better men in the future.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, whilst I thank him for that statement may I enquire as to the numbers involved for which provision has been made in the new buildings?

The MINISTER: Mr Chairman, it is intended to keep to 100 children at the Valley View Place of Safety. May I just say that the accommodation maximum at Greenfield is 80, but at no given time do we have 100 or 80 at either place. However, the provision has been made. I am prepared to make the plans available to my study group as well as the hon member for Springfield and hon members of the House. I will have them pinned up in my boardroom in a couple of weeks' time once I receive them. I am at liberty to say that it will be the only one of its kind in the country and we hope that we can set an example and raise the standards.

M L Sultan Technikon: memorandum

*2. Mr M RAJAB asked the Minister of Education and Culture:

(1) Whether his Department has been informed of a memorandum containing certain allegations of discontent amongst the staff of the M L Sultan Technikon that was referred to the council of the said technikon; if not, why not; if so, when was the memorandum so referred;

(2) whether the council has conducted an investigation into these allegations; if not, why not; if so, (a) when, (b) what were the findings and (c) what action was taken as a result of the findings;

(3) whether he will make a statement on the matter?

Hansard 6/3/90 [redacted] D25E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes on 1989-10-20

(2) No

At a special Technikon Council Meeting on 1989-12-07 Council resolved to seek legal opinion of Senior Counsel before responding.

(3) No.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, could he tell this House

Hansard 6/3/90

what the specific brief was to senior counsel regarding this memorandum? [redacted]

The MINISTER: Mr Chairman, the technikon council runs the affairs of the technikon and they in their wisdom will decide what information is to be given to counsel and what brief to give counsel. We do not have that as yet. Until they respond to my query as to what type of investigation it was and what the results were, I do not have any other information on that.

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, could he give an assurance in this House that should there be a need to appoint a committee of inquiry with regard to the allegations, he will in fact appoint such a committee?

The MINISTER: Mr Chairman, upon receipt of information from the council which runs the technikon, if I am satisfied with my department's counsel that we need to appoint someone to investigate this particular matter then that will be decided upon in consultation with all those people in my department.

Department of Housing: public relations officer

*3. Mr A SINGH asked the Minister of the Budget and Auxiliary Services: [redacted]

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, was appointed as a public relations officer for the Department of Housing; if so, when;

(2) whether this post was advertised; if not, why not; if so, in what publications;

(3) whether any Ministers of the House of Delegates recommended this person's appointment; if so, which Ministers;

(4) whether the person concerned was subsequently relieved of this post; if so, why;

(5) whether another person has since been appointed to the post in question; if not, why not; if so, on what basis?

Hansard 6/3/90 D26E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: [redacted]

(1) Yes

20 November 1989.

(2) No

These officials are selected by Ministers.

(3) No

(4) Yes Hansard 6/3/90 [redacted]

After the initial five week period of probation, it was decided that the person was best equipped to execute the duties of liaison officer in the Department as such.

(5) Yes [redacted]

On a three year contract basis subject to renewal.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, could he please tell us what the normal probation period is that applies in his administration?

The MINISTER: Mr Chairman, I did indicate that there is a probation period of three years.

The CHAIRMAN OF THE MINISTERS' COUNCIL: No, probation period.

The MINISTER: Oh, sorry, the probation period. No particular set period is stipulated. I could just mention that the staff who have come to Cape Town from Durban will be here until the end of March, until just before the Easter recess. They will be judged on their work capability and so forth. Basically, therefore, in this particular case a five-week period of probation will apply, but there is no stipulated period. I would say it should be not less than four weeks.

Inanda: Indian traders

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*4. Mr A SINGH asked the Minister of Housing:

Whether, with reference to information that has been furnished to the Minister's Department for the purpose of his reply, he made any promises in or about March 1989 to a certain traders' association, through its spokesman, to the effect that Indian traders from Inanda would be provided with alternative land to carry on their businesses elsewhere; if so, (a) what promises and (b) what are the names of the traders' association and spokesman concerned?

Hansard 6/3/90 D27E

The MINISTER OF HOUSING:

(a) No.

(b) Falls away.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, I appreciate the reply. However, I am aware that a certain aspirant

Hansard 6/3/90

candidate for the House of Assembly in fact gave a Press release to the effect that he had a meeting with the hon the Minister relating to the relocation of the traders in Inanda. It was a Mr Panday.

The MINISTER: Mr Chairman, yes, there was a meeting, but not with the organisation whose name was submitted in connection with this question. Hansard 6/3/90

Mr M RAJAB: Mr Chairman, further arising from the hon the Minister's reply, seeing that Mr Panday acted as spokesman for that organisation, could he inform this House as to what that meeting was about? 30,

The MINISTER: Mr Chairman, that is off the record. In response to the hon member's questions, these are the answers. I can mention to him that the person he referred to did bring along a number of people for whom he acted as spokesman and the department's regional offices in Durban are dealing with that group. Information is being sought from the traders and this is being awaited. That is the situation at present. I believe the hon the Minister of Health Services and Welfare is also involved in this matter.

Certain person: application for petrol service station site

*5. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

Hansard 6/3/90

(1) Whether his Department regards a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, as an applicant who is eligible for the allocation of a petrol service station site on the ground that he is a displaced trader in terms of the Group Areas Act; if not, why not; if so, what is his name;

(2) whether this person has been conducting a petrol service station business at a certain address in Queensburgh, particulars of which have been furnished to the Minister's Department;

(3) whether he will investigate the matter; if not, why not; if so, when;

(4) whether he will make a statement on the findings of the James Commission of Inquiry in regard to this person's application?

D30E

The MINISTER OF HOUSING:

(1) No indication can be given whether the person referred to is, in fact, a displaced trader or as such qualifies for the allocation of a petrol service station site as his application is still being investigated.

(2) It has not yet been ascertained one way or another whether this person conducted a petrol service station business at the address in Queensburgh given, as the matter is still under investigation.

(3) Falls away.

(4) No.

For written reply:

Own Affairs:

Durban area: transfer of teachers

5. Mr K PANDAY asked the Minister of Education and Culture:

(1) (a) What is the policy of his Department in regard to the transfer of teachers from one school to another within the Durban area and (b) what criteria are applied in regard to such transfers;

(2) whether any teachers applied for transfers from one Durban school to another with effect from 1 January 1990; if so, how many?

Hansard 6/3/90 D15E

The MINISTER OF EDUCATION AND CULTURE:

(1) (a) Requests for transfers are acceded to if suitable vacancies are available.

(b) The educators concerned must be able to teach the subjects/classes at the schools where the vacancies exist.

(2) Yes. 38.

Certain teacher: transferred

6. Mr K PANDAY asked the Minister of Education and Culture:

(1) Whether a certain teacher, particulars of whom have been furnished to the Minister's Department for the purpose of his reply, was recently transferred from a secondary to a primary school; if so, (a) when, (b) why and (c) what (i) standards and (ii) subjects (aa) did she teach at the secondary school and (bb) is she teaching at the primary school;

(2) whether this teacher is professionally qualified to teach at secondary schools; if not, what are her qualifications?

D16E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes

- (a) 1 January 1990
- (b) She was a non-specialist Physical Education educator and was replaced with a specialist.
- (c) (aa) (i) Standards 2 to 10
  - (ii) Physical Education
  - (bb) (i) Standards 2 to 5
  - (ii) Mathematics

(2) No. Senior Primary Education Diploma (Mathematics/Art).

Certain teacher: transferred

7. Mr K PANDAY asked the Minister of Education and Culture:

Whether a certain teacher, particulars of whom have been furnished to the Minister's Department for the purpose of his reply, was recently transferred to a certain secondary school; if so, (a) when, (b) why, (c) who authorized her transfer and (d) which schools are involved?

D17E

The MINISTER OF EDUCATION AND CULTURE:

Yes

- (a) 1 January 1990
- (b) She applied for a transfer
- (c) The Chief Executive Director
- (d) Avonford Secondary and Burnwood Secondary.

Springfield College of Education: post of rector

8. Mr K PANDAY asked the Minister of Education and Culture:

(1) Whether he will furnish information on the applicants who were short-listed for the vacant post of rector of the Springfield College of Education; if not, why not; if so, (a) how many applicants were short-listed for this post, (b) what are their names and (c) what rating did each receive;

(2) whether any of these applicants were considered promotable; if so, what are their names;

(3) whether the criteria as set out in the principals' handbook were applied in assessing these applicants for promotion; if not, (a) why not and (b) what criteria were applied;

(4) whether the post in question has been filled; if not, (a) why not and (b) when is it expected to be filled;

(5) whether the appointment of the acting rector of this college has been extended; if so, (a) why and (b) for what period?

D18E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes

- (a) 6
- (b) Dr C Soobiah
  Mr P Reddy
  Mr M M Moodley
  Dr D Bhagwandeen
  Dr D S Rajah
  Dr P K Gounden
- (c) Candidates were evaluated to determine their suitability for the post. No ratings as such were accorded.

(2) Yes

Mr M M Moodley

(3) No

- (a) The Principals' Handbook was formulated for in-service educators. The advertisement also invited *outside* candidates and they could not be subjected to these criteria.
- (b) The candidates were interviewed by a selection committee with a view to determine their general suitability for the post taking into account their

Bid to forge unity

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Sowetan

6/3/90

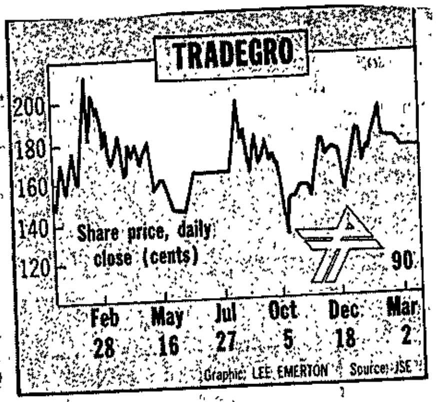
By JOSHUA RABOROKO

In an attempt to forge unity among black Soweto business people a meeting of all traders associations is to be held at the Funda Centre tomorrow at 2 pm.

Convenor Mr Sam Noge said the Greater Soweto Chamber of Commerce and Industries (GSCCI), the Orlando Traders Association (OTA), the Diep/Meadow Chamber of Commerce, the Dobsonville Chamber of Commerce (DCC) and the Soweto Independent Shop-keepers Association (Soinsa), have been invited.

Noge, who is treasurer of GSCCI, said the meeting was important because unity was needed among the black business people who must speak in one voice in opposing apartheid.

There was no need for many associations to exist.



Graphic: LEE EMERTON Source: JSE

Tradegro's interim dividend up 25%

(30)

SYLVIA DU PLESSIS

GOOD performances from most of the Tradegro stable's companies have allowed the retailer-wholesaler to lift earnings to 7,8c a share from a corresponding 5,2c in the six months to December.

The comparable figure of 5,2c excludes Rusfurn's contribution, because the furniture group was disposed of with effect from July 1. B/Day 7/3/90

Directors have declared an interim dividend 25% higher at 5c (4c) a share, after taking into account the mismatch of income arising from the disposal.

Tighter management at operating level boosted operating profit by 20,6% to R82,3m (R68,2m) to buoy the bottom line, which reflected a 50,6% increase in attributable profit to R14,4m.

This compares with profit of R9,6m in

☐ To Page 2

Tradegro dividend

B/Day 7/3/90 (30)

☐ From Page 1

1988, excluding the substantial R27,7m posted by Rusfurn. It was achieved in spite of Tradegro paying interest on its borrowings for the four months to October.

Because it received the proceeds from the Rusfurn disposal at the end of October, it had the benefits of this for only two months of the period under review.

Tradegro MD Donald Masson said all companies other than Stuttafords/-Greatermans and Jazz — now a whollyowned Metro subsdiary — had recorded rises in pre-tax profits.

Soon-to-be-listed Smart Centre turned in the best performance, with pre-tax profits increasing 47,2% to R12,5m. This was followed closely by Cashbuild, which raised profits at this level by 36% to R6,9m.

Checkers performed "in line with budget and expectation", improving profits by 29% to R9m, while wholesaler Metro — boosted by its core business' performance — posted a similar rise to R29m. Jazz, hit by consumer boycotts and fierce competition, posted profits 91% lower at R490 000.

Pre-tax profits for Coreprop declined by 0,8% to R3,5m. Stuttafords/Greatermans reported a 48,8% drop to R2m due to start-up costs of its new Westgate store.

According to Ed Hern, Rudolph analyst Sid Vianello, Checkers had "on the face of it" improved its operating margin, but included in its pre-tax-profit would have been interest received on its cash deposits.

"If you strip my estimate of this interest out of Checkers' pre-tax profit, then profitability may not have increased at the same rate of sales, in which case trading margins declined during this period. This would mean Checkers has been buying market share at the expense of margins."

In view of this, he doubted if it would meet its forecast margin of 2% by 1991.

Tradegro's shares closed unchanged at 175c yesterday.

Retail future 'lies with blacks'

BDay 7/3/90

THE future of the retail property industry lies with the black market, yet of all market sectors this is probably the least accessible to the white entrepreneur, says retail property specialist Penny Clemson.

"This market, even in rural areas, is more sophisticated than is often believed," she said.

There was also a high level of suspicion by black businessmen who felt they had often been taken for a ride by white business fly-by-nights.

In spite of these difficulties Clemson is turning her attention increasingly towards this s

Succe

"I have become involved in a loose association with a number of professionals in the property industry.

"We are investigating the retail opportunities offered by country towns and black areas, with a view to putting together small shopping centres."

Developments such as these are a far cry from some of Penny Clemson Property's past success stories.

She has been involved in all aspects of the retail industry, from planning new centres to revitalising older ones. Last year she worked with J H Isaacs in leasing space created by extensions to Rosebank Mall.

'In this development,' it is necessary to achieve a delicate balance between new retailers who have not been in business before and the well established companies.

"We aimed to create an exciting specialist shopping venue with relatively few chain stores and no conventional main anchor tenant. This is a common trend in neighbourhood shopping centres."

However, the trend presented some significant problems.

"It is easy to speak of centres without a conventional anchor — yet supermarkets and chain stores give a centre credibility.

"In the Mall, the cinemas served as main anchor — and I believe it is largely due to them that the centre is as successful as it is. While the smaller tenants do not have the staff to stay open late, people come to have a meal and see a movie, and then spend time window-shopping."

While working on this contract, she was also involved in letting a large portion of Maritzburg's Selgro Centre, aimed primarily at the urban black market and tenanted mainly by Indian family businesses.

Here the OK Bazaars had been established as a main tenant.When it relocated across the road it left a large gap, with the threat that the centre's clientele would also move.

Clemson's role was to improve the tenant mix and positioning of various stores, and let the space.

"The retail market is a very specialised one. It is probably more sensitive to the individual needs of each tenant than any other facet of the property industry, including residential property," she said.

"Every shop has to be in exactly the right position relative to its market and its competition, or it will fail."

It was important to recognise the needs of different markets.

Trust

"In the more upmarket areas, entertainment for the whole family is taking over as the single most important factor. A centre that fails to make shopping fun fails all round.

"But in areas where transport is a problem and where the family car cannot be taken for granted, the main issue is convenience," she said.

"The market presents many challenges — in gaining trust, designing creatively to meet the customers' needs, and producing a quality product at a price people can afford."

Business is urged to negotiate new economic deal

30

B|Day 7|3|90

LESLEY LAMBERT

CAPE TOWN — SA businessmen were urged yesterday by Pick 'n Pay chairman Raymond Ackerman to negotiate a new package with government to ensure that redistribution of wealth was achieved without damage to the economy.

Speaking at a Cape Times/Seeff Property Organisation breakfast meeting, Ackerman said a free market economy was the only way of achieving the growth needed to begin fulfilling the aspirations of most South Africans.

He said economic growth of about 7% a year would, for example, achieve 100% growth in wealth creation in SA over 10 years, he said.

Ackerman presented a four-point plan which he felt would help to bring about more equality in the workplace. Besides promoting on merit and establishing employee share schemes, businessmen could negotiate with government for better housing, education and social conditions for their employees.

His plan also included persuading black leaders to apply moderation in economic decision-making and encouraging international countries to review sanctions policies.

"Nationalisation will not happen as long as we South African businessmen make our contribution to a stronger, more equitable economy," he said.

Ackerman said Pick 'n Pay had invested between R60m and R70m in housing schemes and education and expanded the membership of its employee share scheme from 2 000 to about 9 000 last year.

It had also started buying some of its produce from small businesses and the informal sector.

Ackerman said that in discussions with President F W De Klerk he had recommended the diversion of more funds into black housing, education and social upliftment and had encouraged the board of a US food company, which had recently visited SA, to recommend a review of US sanctions legislation.

Meanwhile, Sapa reports from London that an SA diplomat told Eton College's Political Society that removing or hampering the free enterprise system in SA now would soon lead to a repetition of the economic and social catastrophes of Eastern Europe.

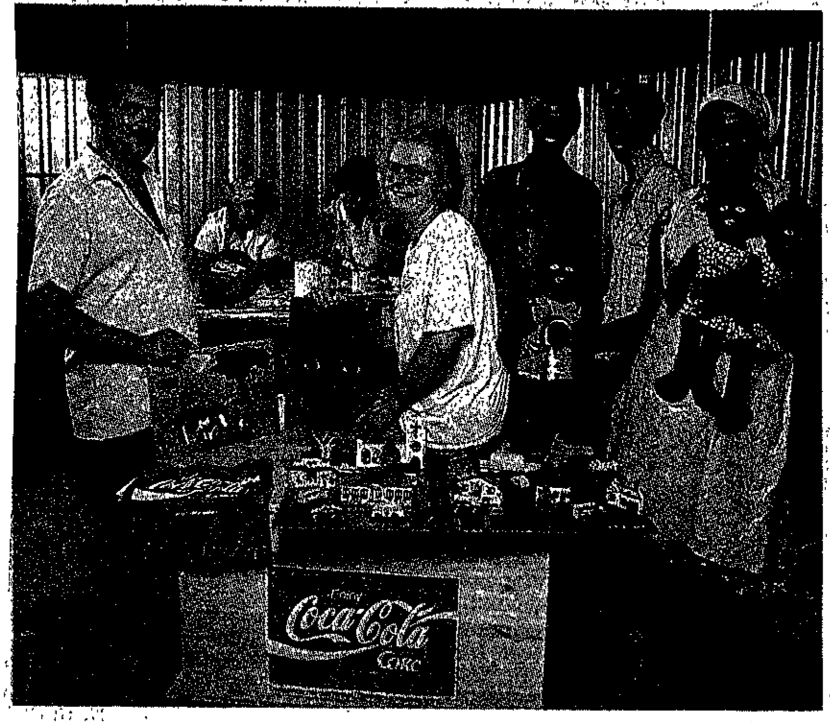
Minister at the SA Embassy in London Justus de Goede said in his address, released by the embassy, that nationalisation of SA's mines would lead inevitably to investment in this sector being cut off.

It would also erase a third of the market capitalisation value on the JSE.

He said up to six million people from neighbouring states depended on the SA economy.

He said that SA, under whatever dispensation, would have to provide the moving force for regional economic survival.

SBDC Entrepreneur of the Month



Toy manufacturer Michi Hugo (centre) has been chosen Entrepreneur of the Month by the Small Business Development Corporation in the Western Cape. With her are George Magerman, (left), to whom she sub-contracts work, Zameka Sopangisa (right) and other members of the Yag-yag team.

Cape Times 8/3/90

30

A FORMER high school teacher, Michi Hugo, is now a successful toy manufacturer who has been chosen Entrepreneur of the Month by the Small Business Development Corporation (SBDC) in the Western Cape.

Part of her success is due to the fact that she sub-contracts work out to other small business people in order to be able to meet all her customers' requirements without having to employ a large staff.

Michi decided in August 1988 to start her own business although, she confesses, she had very little in the way of funds, no workshop or tools and no business plan.

But, recognising a gap in the marketplace, she took a short course in pre-school education to give her insight into the type of products needed. Then she began looking for suitable premises.

She also acquired a silent partner in businessman Henry Wiggins, who works for a Stellenbosch company. He contributed a dormant company, Yag-yag Toys (Pty), and administrative support.

Production began in a 31 m² unit at the SBDC's industrial hive complex at Blackheath. The only equipment was an unfinished workbench, a few old woodworking tools and a pile of reject wood.

Michi says business began "painfully slowly", making simple wooden puzzles for toyshops in the area.

But five months later her big break came when the Yag-yag puzzles were seen by a representative of the Human Sciences Research Council (HSRC).

Acting on behalf of Coca-Cola, which was involved in a community project for underprivileged black children, the HSRC gave Yag-yag its first major contract worth more than R100 000.

It involved producing 320 toy boxes with puzzles, peg boards, cloth balls, wheelbarrows and fantasy boards with toy houses, cars and trees.

Michi sub-contracted some of this work to other small businesses, most of them in the Blackheath hive. The toy boxes were produced by a carpenter, the balls by an upholsterer and screen-printing by an outside contractor.

Yag-yag now occupies three units in the hive, and employs six full-time and two part-time workers.

The HSRC gave a further order, worth R300 000, in January and others are in the pipeline.

Sub-contracting is still a big element in the business although Yag-yag is continually increasing its own capabilities.

5. Drvr Steam Veh Refers to drivers of steam-propelled vehcles.
6. Journeymen Includes journeymen engaged in :-
furniture making, setting out, marking out, furniture machinery, furniture polishing, furniture upholstering, furniture carving, furniture wood turning and furniture veneering.
7. Labourer Includes all labouring activities excluding boiler attendant.
9. Machine Main'ce Refers to machine maintenance mechanic.
11. Office Empl Wage rate for more than five years' experience.
12. Packer Wage rate for more than two years' experience.
13. Parties to Agreement Until January 1976 trade union party to agreement called Furniture Workers' Industrial Union (Natal); thereafter the National Union of Furniture and Allied Workers of South Africa.
14. Storeman Includes timekeeper.
15. Watchman Includes caretaker. Assumed that watchmen / caretakers work twelve hours per shift.

Prefcor takes joint control of Garlicks

(30)

SYLVIA DU PLESSIS

DURBAN-based retail chain Prefcor has gained joint control of Garlicks with immediate effect.

The move came after it bought the Garlick Family Trust's 50% interest in the upmarket departmental store's controlling company Jano Retail Holdings (JRH).

The transaction, for an undisclosed sum, follows negotiations between Prefcor and coal mining group Kangra, which has held the remaining 50% interest in JRH since December 1988. The two will have joint control of Garlicks.

In terms of the deal — the culmination of three months of negotiations — Garlicks' management team is to be strengthened and financially restructured.

Prefcor chairman Terry Rosenberg, who is to sit on the newly constituted board, said yesterday department stores had a future in SA in spite arguments to the contrary.

BDay 8/3/90.

While Prefcor had plans for the further development of Garlicks "as an exciting shopping experience", these would be finalised once management was consulted.

Other new board members include Prefcor executive director Clive Weil (former Checkers MD), and Beares executive chairman Hymie Sibul (former Dion MD).

Kangra's chairman (and current Garlicks director) Graham Beck and financial director Allister Rogan will take up board positions, while Garlicks joint MD Jack Garlick will stay as non-executive director. Joint MD Noel Boyce will act as a consultant during the changeover.

B/Day 8/3/90

Boycott hurts Hyprop returns

LINDA ENSOR 30

THE spillover effect of the consumer boycott of the Boksburg CBD and the opening of an OK Hyperama meant lower than anticipated returns for Hyprop Investments, the JSE-listed variable loan stock property company.

Total earnings a combined unit in the year to end-December increased 8% over the annualised 1988 figure because the rental contribution from the East Rand complex — which houses Pick 'n Pay — were lower than expected.

However, Hyprop's Peter Behrmann says Pick 'n Pay anticipates sound turnover growth in 1990 so rental income from this source should increase.

Rental and interest income increased 30,6% to R16,9m. A final distribution of 30,75c a combined unit was declared giving a total of 56,75c a unit for the year.

B|Day 8/3/90 30

Checkers finds going gets tougher

SYLVIA DU PLESSIS

CHECKERS will meet its forecast of a R30m bottom line in the current year to June, but the going will be tougher than initially expected.

Longer-term margins will not grow at the expected rate, according to MD Sergio Martinengo.

He said yesterday sales during the six months to December had shown month-on-month real growth of about 7%. However, management had noticed a "tremendous" decline in the economy since January and sales projections since then had not been up to expectations.

"The supermarket industry has been hit last and competition is very tough now because people are downgrading on what they buy. The corollary is that this will filter down to the bottom line in the current year.

"While we haven't revised our R30m forecast downward — and we're still very much on track to meet our projected R47m by 1991 — the indications of the economic climate are that it will be difficult for us to come up with this."

Management had met on Tuesday to redefine its marketing strategies. He declined to elaborate, but said a new advertising campaign would "break" by mid-April.

"Our current strategy has been quite successful, but we have to keep abreast of developments or we might slip up," he said.

Checkers, announcing halfway results with parent Tradegro this week, posted sales 21% higher at R1,58bn (R1,3bn). Pre-tax profits were 28,9% up at R9m (R7m), indicating margins at this level of 0,57% (0,54%) — still far off the 2% Martinengo was originally hoping to reach by 1991.

He said the downward trend in sales since January would continue until mid-year, but a revival in the market was likely from July-August.

Checkers would "get close" to a 1% margin by year-end. While he was happy with its market share growth and interim stage performance, the 2% margin projected for 1991 would be shifted a year ahead.

City family sells stake in Garlicks

Cape Times 8/3/90

30

By AUDREY D'ANGELO
Financial Editor

THE Garlick Family Trust has disposed of its stake in the department store group to Durban-based Prefcor — better known as Beares — for an undisclosed amount.

But a director, Allister Rogan, said yesterday that it would be business as usual for Garlicks with no drastic changes at the Adderley Street store which has been part of Cape Town life for more than a century.

"The store will have the same target market and Cape Town people will not notice much difference."

Garlicks was the subject of a bitter takeover battle in 1988 after two directors, Jack Garlick and Noel Boyce, offered R38m for it. They offered R12 a share and offered to redeem the 1m preference shares at R2 each.

A Johannesburg-based consortium tried to obtain control by buying pyramid company Garlicks Consolidated (Garcon).

Finally, after the dispute reached the Supreme Court, Garlicks was bought by the Jano consortium, which included coal mining magnate Graham Beck, Jack Garlick and Noel Boyce, for R42m.

The company was delisted from the JSE. Garcon was later sold, as a cash shell, to Unidev.

Yesterday Beck's Kangra group issued a statement that, in co-operation with Prefcor, it had acquired 100% of Garlicks controlling company, Jano Retail Holdings, from the Garlick Family Trust.

The statement said Kangra previously held 50% of Jano.

Kangra, like Jano, is an unlisted company and company spokesmen refused to give any details of the purchase price.

The new board of Garlicks includes former Checkers MD Clive Weil, who successfully turned the supermarket chain round and is now a director of Prefcor.

Other members of the new board are Prefcor chairman Terry Rosenberg, Hymie Sibul, Graham Beck, Allister Rogan and Ken Geeling. Jack Garlick will remain a non-executive director.

A spokesman for Prefcor said the management team would be strengthened and the group would be restructured financially with the help of the Standard Bank. A team from Prefcor are expected to meet Garlicks management next week.

Allister Rogan said yesterday: "The Garlick Family Trust's share of the business has been sold to Prefcor, and that suits us better.

"Kanga has never been involved in the running of Garlicks — our business is coal. Garlicks will now be run by Prefcor. They understand store keeping."

Asked if the character of the store would change, to become more like Beares, Rogan said: "Garlicks should trade as normal. People in Cape Town will not notice any difference."

Since its delisting, Garlicks has not made its results public. Asked if these had been disappointing, Rogan said: "It could have been doing better. I believe the retail trade generally has not been doing as well since the economy turned down."

TBVC states' reincorporation good for business

PRETORIA — National African Federated Chamber of Commerce (Nafcoc) president S M Motsuenyane says the reincorporation of the TBVC states into SA would mean greater opportunities for businessmen of all population groups.

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Motsuenyane said yesterday this could result in the creation of a climate in which business would operate more succesfully without the usual constraints that presently exist in TBVC (Transkei, Bophuthatswana, Venda and Ciskei) states.

He said from the economic point of view, those states had never been independent because there was one economic system in the whole area.

He said a united SA should remain a key objective of all peace-loving leaders.

He said government needed to do everything in its power to hasten the process of black participation in the economy to a meaningful degree.

Blacks were on the outer fringes of business and the main objective of the future was to bring them in the main stream. BDay 9/3/90

Motsuenyane said business should not be identified with a particular race group, but must be seen as an activity in which all people could participate fully and freely.

Asked whether the business community should align itself with political organisations, he said it would be difficult for businessmen to divorce themselves completely from politics as politics affected business community activities.

□ Organisations operating underground in Venda should be legalised, the Venda Chamber of Commence and Industries decided yesterday.

Radio Thohoyandou reported the chamber would recommend to the Venda government the organisations be legalised "to enable them to vent their ideas since this underground operation has already caused the economy of the country a considerable harm".

The chamber further resolved the government should investigate the possibilities of adopting the same general sales tax as applied in SA which would exempt foodstuffs from being taxed.

Venda's government should also participate in the future negotiated SA, the businessmen decided. — Sapa.

B|Day 9|3|90

Morkels eye on expanded horizons

30 **SYLVIA DU PLESSIS**

MORKELS' strategic horizon extended beyond its furniture retailer Morkels and sports goods chain Totalsports, MD Carl Jansen and financial director Terry Simon said yesterday.

And the recent management-led buyout from parent Federale, following an intensive strategic renewal programme, would allow directors to steer the group on this course through diversification and acquisition, they said.

They said in an interview West German textile group Daun et Sie, which backed the breakaway — effective from April 1 — had guaranteed financial support for future growth.

Growth entailed a move into speciality retailing to rid the group of its dependence on the cyclical furniture sector and achieve a "total balance".

"We plan to expand 18-outlet Totalsports to about 40 stores over the next three years, and also see a future in fashion because it is less credit-intensive than furniture and we have skills in that area," Jansen said.

"But there are opportunities in furniture outside of the Morkels target market. We'll expand the chain and keep it focused where it is — the middle incomers — but if we continue to grow in this area we'll look for another business pitched at the lower end of the market to give us a better spread."

These objectives would not have been in financial reach had directors gone the management-buyout route, he said.

"We considered an MBO but decided against it because Morkels would have emerged debt-ridden and debilitated, and this would have eliminated our opportunities to grow it. It was more important for us to find a partner."

Financial support for management's objectives would be "readily forthcoming" from privately-owned Daun et Sie, which had also given management the option of acquiring 25% of its 75% stake in Morkels over the long-term.

Jansen said the group initiated a strategic renewal programme two years ago in a move which had "knocked profits by millions but was an investment in our future". Money was put into computers, more productive use of storage space, redesigning stores and addressing the manpower shortage.

This programme, coupled with the financial backing guarantee, meant Morkels was about to "turn the corner".

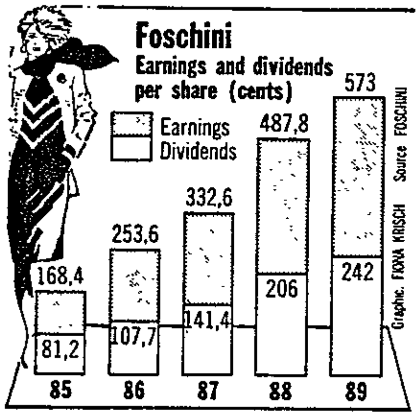
Earnings in the current year — 12c (17,7c) a share at the third quarter — were "not exciting", but good management underpinned the economic downturn and directors expected evidence of a turnaround in the first quarter of the new financial year, he said.

B/Day 9/3/90

(30)

High interest charges hammer Foschini profits

LESLEY LAMBERT



Graphic: FIONA KRISCH Source FOSCHINI

CAPE TOWN — Clothing and jewellery retail group Foschini continued to outperform the industry in terms of productivity, but bottom-line profits took a hammering from high interest charges for the year to December with earnings a share (eps) up 17,5% to 573c a share.

The group's four operating chains — major profit contributor Foschini, American Swiss, Markhams and Pages — reported sales growth of 25,1% to R661,19m during a 52-week trading period, compared with 53 weeks the previous year.

Operating income grew by 25,3% to R125,2m, reflecting a marginal slowdown in the traditionally buoyant second half. Joint MDs Clive Hirschsohn and Brian Belcher said American Swiss had been hit by strict HP conditions.

But interest charges grew by 138% to R14,28m as a result of heavy capital investments in technological information systems and high interest rates.

Interest charges, coupled with an 18,7% increase in the tax bill, left net income at R55,61m, translating into a disappointing 573c a share. Analysts had expected eps of at least 600c.

With dividend cover maintained at 2,4 times, a final dividend of 194,5c increased the total dividend to 242c.

The directors reminded critics that on a 52-week comparison, growth in operating income would have been 30%, while net income would have near 23%.

Foschini boasts the highest ratio of operating income to turnover in its industry, attributing this efficiency to improvements in productivity as a result of information systems investments.

While the previous year's record operating margin of 18,9% was maintained in last year's shorter trading period, a pre-tax to turnover margin of 16,8% set a productivity record.

The directors said that while growth had not been as buoyant during the first two months of 1990, they expected to achieve moderate real growth during the year and reported a development programme which included a commitment to at least 24 new stores.

Car-makers expect sales to go downhill even faster

BIDay 9/3/90

CHARLOTTE MATHEWS

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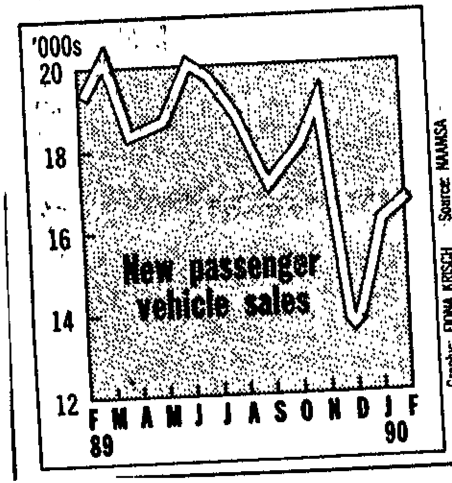

Graphic: FIONA KIRSCH · Source: NAAMSA

THE downhill trend in passenger car sales would probably gain momentum in the medium term unless some relief was forthcoming in the March Budget, National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said yesterday.

New-car sales in February fell 13% to 16 799 by comparison with February 1989's 19 341, but showed a 3,4% improvement over January's figure of 16 252.

In January and February, new-car sales fell by 7,3% to 33 051 from 35 654 in 1989.

"Since the middle of 1989 new-car sales have weakened considerably," Vermeulen said.

"Official measures in the form of stringent fiscal and monetary policies to cool the SA economy continue to impact negatively on new-car sales."

Vermeulen said the light commercial vehicle segment had established itself as the sector with the highest propensity for growth during 1990.

"Sales of new light commercial vehicles and minibuses during February 1990 remained buoyant, rising by 729 units, or 7,9%, to 9 919 units, compared with 9 190 units recorded in February 1989."

Total new-vehicle sales in February fell by 5,8% to 27 861 (29 579), but rose by 5,4% against January's figure of 26 435.

Vermeulen said he expected that, with the exception of light commercial vehicles, comparisons with previous sales would remain negative for most of 1990.

Despite higher interest bill . . .

Foschini income rises by 17,5%

CAPE TIMES 9/3/90

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By AUDREY D'ANGELO
Financial Editor

THE Foschini group — which has 14 of its 286 stores in the homelands — will continue to expand this year undeterred by the current violence, joint MDs Clive Hirschsohn and Brian Belcher said yesterday.

Belcher explained: "Our stores in the homelands are all in first world shopping centres, and none have been damaged.

"We are obviously concerned about the violence but we see it as a temporary phase. It will not go on forever. It will not deter us from opening up new stores wherever there are sites for them to go into.

"Regional shopping centres are the shopping development of the future. And black consumers are the market of the future."

Hirschsohn said the group was committed to opening another 24 stores in new shopping centres, including the N1 City. Most of them were not in black areas.

There were "a tremendous number of new shopping centres in the pipeline. And if these plans are transferred from paper into bricks and mortar we will go into all which have a reasonable tenant mix and look viable."

Hirschsohn and Belcher were speaking at a press conference to announce the group's results for the year to December.

These show that in spite of a 138,6% rise in the interest bill — due mainly to heavy capital expenditure on updating its information systems — net income rose by 17,5%.

Turnover was 25,1% higher at R661,1m (R528,4m) and operating income 25,3% higher at R125,2m (R99,9m).

But the interest bill rose to R14,2m (R5,9m) leaving pre-tax income of R110,9m (R93,9m).

The tax bill was 18,7% higher at R55,3m (R46,5m), leaving net income of R55,6m (R47,3m). Earnings at share level were 573c (487,8c).

The final dividend is 194,5c (168,5c) a share, making a total of 242c (206c) for the year.

Hirschsohn said the rise in operating profit had been achieved in spite of the fact that it had been a 52-week financial year compared with a 53 week year in 1988, showing that productivity had been increased. If there had been 53 weeks in the past financial year, the rise in operating income would have been 30%.

He said that although the rise in the interest bill was partly due to higher rates, the group had taken a deliberate decision to undertake high capital expenditure on updating its information systems.

The decision had been taken in 1988 because the directors foresaw possible difficulties caused by sanctions and a weaker rand.

Discussing future prospects, he said the group expected "moderate real growth" in the current year.

"Trading is not easy at the moment — not as easy as at this time last year. But last year was exceptionally good, and we are still showing growth."

● Pyramid company Lewis Foschini Investment Co will pay a final dividend of 98,75c (85,50c) a share, making a total of 122,50c (104,25c) for the year.

After-tax income was 17,3% higher at R11,6m (R9,9m) and earnings 290,7c (247,6c) a share.

Car price rises below inflation forecast

Sow 19/3/90

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By Michael Chester

Increases in the price tags on new motor vehicles over the next 12 months look likely to be held to an average between 12 and 14 percent, according to forecasts by the National Association of Automobile Manufacturers.

This is a sharp slowdown compared with recent annual trends.

On the basis of a 15 percent climb in the overall consumer price index, it is the first time in years that vehicle price increases promise to stay below the general inflation rate.

Much still depends on relatively stable rand exchange rates, whose weakness from the mid-1980s was blamed as the main cause behind big surges in prices because of the impact on the cost of imported components.

Naamsa executive director Nico Vermeulen believes motor companies relying on shipments from Japan should be better placed than manufacturers of German models to hold down price levels as a result of an improved rand exchange rate against the yen.

However, the big motor assembly plants have yet again trimmed down their forecasts of sales volumes for new passenger cars over the next three years.

First projections of a 1990 sales total of 211 700 — down from 221 342 last year — have now been sliced to 210 600. Forecasts of sales in 1991 and 1992 have taken even deeper cuts.

But predicted sales of light goods vehicles in 1990 — no doubt benefiting from the demand for more and more minibuses used as black taxis — have been lifted from 110 500 to 114 000, going on to 116 500 next year.

Projected sales of medium commercial vehicles have been lifted from 4 800 to 4 900 for 1990, but the total for next year has been whittled down from 5 100 to 5 000.

Measures to cool off the economy, in the form of conservative fiscal and stringent monetary policies, continue to cloud new vehicle sales, particularly new passenger car sales, says Mr Vermeulen.

"Business conditions throughout the industry will probably prove difficult during the first half of 1990," he adds.

"However, as interest rates decline during the latter part of the year sales of motor vehicles and parts and accessories are expected to improve gradually."

Prefcor entrenches up-market status

S/Times 11/3/90

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By Ian Smith

A NEW force is rising in retailing. The sale of the last 50% family holding in the controlling company of the established Garlicks group this week has given impetus to fast-growing Prefcor.

The Durban-based group already has 180 furniture retailers and 52 BeeGee clothing stores through the acquisition of Beares last year. It also controls 11 Game discount outlets.

Plans

The addition of nine Garlicks stores — four in the Cape, one in Natal and two each in Pretoria and Johansburg — takes the group upmarket.

Prefcor chairman Terry Rosenberg says: "You don't go into a deal like this without having plans, but we cannot disclose them until we have spoken to Garlicks management. It may have great plans of its own."

The Garlicks deal was clinched by Prefcor in partnership with coal magnate Graham Beck's low-key Kangra Holdings.

Mr Beck was a member of the Jano consortium with Garlicks deputy chairman Jack Garlick and managing director Noel Boyce which took control of Garlicks late in 1988 in a R41-million deal.

The partnership of Kangra and Prefcor has now bought the remaining 50% interest in Jano held by the Garlick Family Trust. The value of the deal has not been disclosed.

The partnership says the transaction will include the strengthening of the management team, including the appointment of a new managing director, and a financial restructuring.

Strength

Prefcor has management strength in retailing. Former Dion managing director Hymie Sibul and Checkers managing director Clive Weil joined the group last year.

Garlicks' board has been strengthened by the appointment of Mr Rosenberg, Mr Beck, Mr Weil, Mr Sibul, Kangra financial director Alister Rogan and another Kangra director, Ken Geeling. He is a former executive chairman of Shell in SA.

Jack Garlick will remain as a non-executive director of Garlicks Stores and Mr Boyce will act as a consultant to the group during the management changeover.

The addition of Kangra's financial muscle to Prefcor's strengths raises intriguing possibilities of future co-operation between the groups.

But Mr Rosenberg will not be drawn. "We are happy about the link with Kangra, but it is too early to say where we will go from here."

SA Bias gets R11m Kirton

S/Times 11/3/90.

By Julie Walker

SA Bias Industries has bought the Kirton group for R11-million.

SA's largest manufacturer of trimmings and accessories to the clothing, footwear and allied industries made a score of acquisitions in the last recession.

During the upswing, SA Bias was well-placed to grow internally. Its attributable income for the year to December was 22% up at R13-million. The lightly-traded share is at a high of 280c.

Chairman Christopher Seabrooke believes that the economic cycle from which SA Bias did so well last time is about to repeat itself.

Kirton is the first of five acquisitions the group hopes to bring home. Kirton's products are sold under the Rufflette, Kirsch and Arrow labels. It makes curtain tapes, hardware accessories, louvre windows, doors and dry-wall partitions.

SA Bias is involved in curtain-hanging through Narrowtex. It expects the Kirton deal to result in focused marketing and distribution.

Payment will be by the issue to sellers Benmaclauden of 357 000 SA Bias Industries shares at 280c each and the balance in cash instalments subject to conditions.

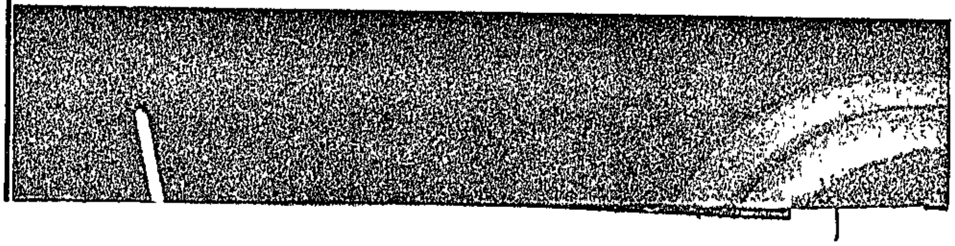
The sellers have given warranties and entered into four-year restraints of trade.

The group has also bought Webbing Products for R1,1-million. It will be merged with the Quintex Webbings to consolidate SA Bias as the leading seat-belt webbing supplier.

The latest balance sheet shows SA Bias holds net current assets of R26-million. It expects growth to be in line with inflation notwithstanding an expected higher tax rate.

Although the Kirton acquisition will have had no effect on the earnings or net asset value of SA Bias in 1989, Mr Seabrooke expects the benefits to show in the next upswing.

OUR OWN
INESS



Against-the-tide Claas backs Morkel

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S Times 11/3/90

By Ian Smith

THE man behind the R30-million buy-out of Federale Volksbeleggings's 74,9% stake in listed furniture and appliance retailer Morkels is West German entrepreneur Claas Daun.

Mr Daun, who has always chosen to swim against the tide, has invested steadily in SA since 1986.

He says: "When other foreigners were disinvesting and even local businessmen were pessimistic, I saw the opportunities that this country offers."

Resources

Morkels management team under managing director Carl Jansen will remain in place.

Mr Daun says he will throw his resources behind the group when suitable acquisitions and development opportunities occur.

Although Mr Daun's West German holding company, Daun et Cie AG, will hold nearly 75% of Morkels, executive directors have an option to acquire a 25% stake. Other managers will also be able to take shares.

Institutions and individual investors hold the remaining 25,1% of the equity.

Mr Jansen says: "The course we have taken paves the way for the group's stability and its continued presence in the market.

"We will not delist — it remains a public company. The change secures management control for the Morkels executive team."

Mr Daun, a 47-year-old chartered accountant and tax lawyer, says he is content to remain an investor in Morkels and to leave the running of the group to management.

He built his Daun et Cie from grassroots into one of the 20 largest textile groups in West Germany in only 10 years. Last year sales were 300-million marks — about R195-million. The group employs about 1 000 people.

Mr Daun and his wife have total control.

Brother

He has a brother who has farmed in Namibia for 20 years, and he was attracted by opportunities in SA in the dark days of 1985 and 1986.

"Everyone was pessimistic, but I saw opportunities," he says.

Mr Daun made his first cash investment in SA in 1986, and today he owns a Paarl textile factory and sizeable commercial and office property portfolios in Cape Town and Johannesburg.

He has spent most of the past year living at the Cape, consolidating his textile acquisition.

His introduction to Morkels came when he bought a building in which the group had a branch. He liked the look of the company, studied the balance sheet and watched the share price closely after the listing in 1987.

Debt

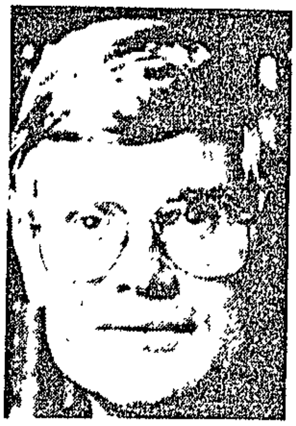
Meanwhile, Morkels management had sounded out FVB about the sale of its holding.

Mr Jansen says: "We have had and, I believe, will continue to have a good relationship with FVB, but the feeling had grown that we might do more by spreading our wings.

"We considered a management buy-out, but we could have been left with a ruinous debt burden which might have restricted growth and curtailed our business flexibility."

Mr Daun had met Morkels managers and felt at home with them. The change-in-control deal gave him an opportunity to invest in a company he admired and it solved the management's problem.

The decision to invest in Morkels was made in 24 hours — shortly before Nelson Mandela's release from jail.



CLAAS DAUN ... building a portfolio in South Africa

"My friends said I was mad to invest heavily in South Africa a few years ago. But I attended political meetings of all the parties in the last general election and learned a lot about the country's problems.

"Political developments have been favourable since then, but I know there are still many problems to be solved."

The change in control becomes effective on April 1.

The 83-store Morkels network can comfortably be expanded to between 110 and 120 and the TotalSports chain will grow from 18 outlets to about 40 in the next three years.

"But our strategic horizon extends beyond the reach of these operations," says Mr Jansen.

New South Coast complex a lifeline for craft traders

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DURBAN. — A new complex of stalls has saved the livelihood of about 400 craftswomen from the Umbumbulu area.

Until last year their future seemed bleak as the new four-lane N2 on Natal's South Coast bypassed their colourful craft village.

The traders, who had been doing business at the Umgababa curio centre, faced the loss of thousands of rands in tourist trade, because their stalls were no longer "on the road".

They had also just spent R61 000 of their own money on a new building, as their old stalls burnt down in 1984.

But help was at hand — and they began moving into 160 picturesque handicraft stalls at the new Ultra City service station on the N2 near Umnini.

BREADWINNERS

Financed by the Kwazulu Finance and Investment Corporation (KFC) and Shell South Africa, the complex has been the saving grace of the traders, some of whom are sole breadwinners for large families living in Umgababa.

About 450 traders are now able to display their handicrafts in the colourful stalls.

And numerous holidaymakers who pass the complex are treated to a display of leather goods, woodcarvings, pottery, basketware and crochet and needlework — as well as many tropical fruits.

"Business is quiet at the moment," said Mrs Doris Cele, a basket-maker. "But at Easter we will be very busy."

Mrs Cele and other stallholders said they were "very happy" with their new premises.

The lock-up facilities were a great advantage — and the new situation of the market was "very good".

The Umnini craft stalls are a 15-minute drive south of Durban on the N2.

Industry praises easing of furniture HP curbs

B/Day 12/3/90

THE easing of HP curbs on certain goods would put the furniture industry "in the pound seats", Furniture Traders Asociation executive director Frans Jordaan said on Friday.

The news meant the industry could record real growth of about 3% this year after reporting negative real growth of 2% in 1989, he said.

Jordaan was responding to deputy Finance Minister Org Marais's announcement that the 20% deposit on certain electrical and electronic items was being slashed to 12% and the 18-month repayment period extended to 24 months.

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Ecstatic

The items affected include electrical and non-electrical domestic appliances, TV receivers, audio equipment such as radios and tape decks, and TV aerial systems. The changes bring HP terms on these goods into line with regulations for household furniture.

An ecstatic Jordaan said the announcement came a week earlier than expected.

"It's something we've been negotiating for since the introduction of these regulations in August 1988 and will stimulate sales of these items."

SYLVIA DU PLESSIS

But it would be "naive" to think there would be a rush on these items overnight, he warned.

The fact that VCRs, hardest hit by HP regulations, had been excluded from Marais's list would not have a significant influence on total sales, he said.

"We're quite happy to live with these changes — a complete relaxation could have cash-flow implications for our members. But we still look forward to an announcement regarding import surcharges on Budget day," he said.

Morkels MD Carl Jansen said: "The partial relaxation helps to level the playing field and to make it a little easier for the retailers in what we still expect will be a year of depressed business.

"It is good news for Morkels. With 60% of its business generated by electrical goods, it was the hardest hit when the credit curbs were introduced.

"So clearly we expect a return by the consumer to the market place to put us on the high road again," he said.

Marais said a general relaxation of HP terms could not be considered because the consolidation phase of the economy still required continued financial discipline.

Hopes that the Budget will focus on consumer issues

Star 13/3/90 (30

By Marguerite Moody

Consumer bodies and chainstores are hoping that tomorrow's Budget will make provision for the consumer and will focus on issues that affect the life of the consumer.

Checkers group managing director Mr Sergio Martinengo said health, education and housing were issues that needed considerable attention, as did positive action against the rate of inflation.

He said he believed that surcharges on imports needed to be reviewed and phased out, as these boosted inflation.

"Another aspect which affects the average consumer is the expected decision to replace GST with the VAT system. This needs to be clarified and justified as soon as possible," Mr Martinengo said.

Housewives League vice-president Mrs Sheila Lord told The Star that if the VAT system were introduced, all foods and all prescribed medicines had to be exempt from this form of taxation.

"Millions of people live off items at present exempted from GST, such as fresh foods. However, the VAT system is expected to be introduced across the board and this will mean more hardship for a great number of people."

Mrs Lord said the Government had to cut down on expenditure and she urged Government departments to be "better housekeepers".

Pick 'n Pay chairman and MD Raymond Ackerman said many companies wanted to see a change in the way surpluses on the sale of shares were taxed in the sellers' hands.

"Companies should be able to issue shares to staff without being taxed."

This was one way to confront the nationalisation argument, Mr Ackerman said.

Consumer Council chairman Mr Jan Cronje told The Star that although he did not want to speculate on the Budget before it was tabled, he hoped the man in the street would benefit as far as personal tax was concerned.

Sacob cautions on rise in index

Star 13/3/90

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By Michael Chester

The SA Chamber of Business (Sacob) yesterday advised members that seasonal factors, rather than basic trends, could have produced a sudden surge in its index of manufacturing activity from January to February.

The index, measuring the volume of new orders expected in the short term, jumped from 100 to 132.

A parallel index run by Seifsa, while also revealing a significant rise, showed that relatively unfavourable conditions still persisted in steel and engineering sectors.

However, Sacob economist Keith Lockwood added that the current economic downswing should reach its bottom in the last quarter this year, after which economic growth will accelerate.

will provide them with the greatest of pleasure if he puts them in writing. [Interjections.]

Mr Y M MAKDA: Mr Chairman, on a point of order: Are you in some cases limiting the questions to five supplementary questions per question answered?

The CHAIRMAN OF THE HOUSE: Order! May I point out to the hon member for North Western Transvaal that hon members can on five occasions rise to ask questions arising from a reply. Since nobody else rose after the hon the Minister took his seat, we proceeded to the second question. Hansard 13/3/90

Indian property owners: higher rates

*2. Mr M RAJAB asked the Minister of Local Government and Agriculture:

(1) Whether his Department has received any complaints or representations to the effect that certain Indian property owners are allegedly paying higher rates than Whites do for comparable properties; if so,

(2) whether he has requested the Natal Provincial Administration to investigate these allegations; if not, why not; if so, with what results?

Hansard 13/3/90 D36E

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) Yes.

(2) Yes. A reply is being awaited.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, could he indicate in terms of which Act he intends attending to this issue?

The MINISTER: Mr Chairman, we are dealing with this particular issue in terms of the local government ordinance.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, has he any powers which he can exercise in terms of that particular ordinance?

The MINISTER: Mr Chairman, I refuse to take any powers to administer local government from a legalistic point of view.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, my question has not been answered. Has the hon the Minister any powers in terms of that particular ordinance? I hope his answer is recorded for the hon the State President to read. Hansard 13/3/90

The MINISTER: Mr Chairman, the Act is administered of the Administrator ~~in~~ terms of the legislation.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, where the hon the Minister of Local Government and Agriculture indicated that he refused to administer—if I heard him correctly—any Act in terms of local government . . . [Interjections.] In any case that is recorded and it will make the issue of a debate on Friday. I give hon members notice.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply that a reply was being awaited, will he concede that a wait of someting like five months is an unreasonable wait?

The MINISTER: Mr Chairman, as soon as I have something further to report on this matter, I will advise the hon member. The issue is being examined from various points of view. There are some unfortunate delays in that.

Vacant/under-utilized schools for Whites

*3. Mr M ABRAHAM asked the Minister of Education and Culture:

Whether his Department has made representations to the Administration: House of Assembly to take over vacant or under-utilized schools for Whites in the Johannesburg area; if not, why not; if so, with what result?

Hansard 13/3/90 D39E

The MINISTER OF EDUCATION AND CULTURE:

3.1 Yes, representations were made to Minister P J Clase of the House of Assembly and the Department of Public Works and Land Affairs.

3.2 The John Ware Secondary School in Mayfair is expected to be handed over to this Department during June 1990.

3.3 We are also waiting to hear about our requests made to lease the following schools:

3.3.1 Goedehoop Primary School (Mayfair)

3.3.2 Bez Valley Primary School (Eastern Suburbs—Johannesburg)

3.3.3 Old John Rissik Primary School (Johannesburg)

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply in respect of the first answer relating to the Johannesburg area, are there any financial implications to our administration—namely are they charging us funds? I ask the same question in respect of the other instances where leasing is involved.

The MINISTER: Mr Chairman, at present my department is working on this particular matter. Negotiations are well under way. As soon as we have the specifics, I will furnish the hon the Leader of the Official Opposition with them. [Interjections.]

Mr D K PADIACHEY: Mr Chairman, further arising out of the hon the Minister's reply, the hon the Minister of Education and Culture in the House of Assembly said yesterday that there were 10 primary schools that were vacant in Johannesburg—have representations only been made for these three schools? What about the junior primary schools?

The MINISTER: Mr Chairman, the other schools mentioned by my hon colleague in the House of Assembly are vacant, but other departments are also making appeals that these schools be made available to them. As far as we are concerned right now, these are the schools we asked for and if need be—if hon members of Parliament find there is a deficiency in their constituencies, and they request them—we will also make appeals. We would like to appeal to all schools in South Africa which are now vacant due to a policy of rationalisation. We are also prepared in the national interest to make certain that all races could use these schools. [Time for questions expired.]

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Verulam Market: purchase

*4. Mr A SINGH asked the Minister of Local Government and Agriculture:

(1) Whether a delegation from the Verulam Traders' Association made representations to him concerning the purchase of the Verulam market from the municipality concerned; if so, when;

(2) whether he will make a statement on the matter?

30 D40E

Hansard 13/3/90

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) No.

(2) No.

Admnistration: House of Delegates: contracts

*5. Mr A SINGH asked the Minister of the Budget and Auxiliary Services:

(1) Whether a departmental investigation was conducted into alleged irregularities concerning contracts signed by an official of the Administration: House of Delegates; if so,

(2) whether, in the course of this investigation, an official of the Department of Housing was suspended;

(3) whether he will disclose the outcome of this investigation; if not, why not; if so, what was the outcome;

(4) whether he will make a statement on the matter?

Hansard 13/3/90 D44E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

(1) Yes.

will provide them with the greatest of pleasure if he puts them in writing. [Interjections.]

Mr Y M MAKDA: Mr Chairman, on a point of order: Are you in some cases limiting the questions to five supplementary questions per question answered?

The CHAIRMAN OF THE HOUSE: Order! May I point out to the hon member for North Western Transvaal that hon members can on five occasions rise to ask questions arising from a reply. Since nobody else rose after the hon the Minister took his seat, we proceeded to the second question. Hansard 13/3/90

Indian property owners: higher rates

*2. Mr M RAJAB asked the Minister of Local Government and Agriculture:

(1) Whether his Department has received any complaints or representations to the effect that certain Indian property owners are allegedly paying higher rates than Whites do for comparable properties; if so,

(2) whether he has requested the Natal Provincial Administration to investigate these allegations; if not, why not; if so, with what results?

Hansard 13/3/90 D36E

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) Yes.

(2) Yes. A reply is being awaited.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, could he indicate in terms of which Act he intends attending to this issue?

The MINISTER: Mr Chairman, we are dealing with this particular issue in terms of the local government ordinance.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, has he any powers which he can exercise in terms of that particular ordinance?

The MINISTER: Mr Chairman, I refuse to take any powers to administer local government from a legalistic point of view.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, my question has not been answered. Has the hon the Minister any powers in terms of that particular ordinance? I hope his answer is recorded for the hon the State President to read. Hansard 13/3/90

The MINISTER: Mr Chairman, the Act is administered of the Administrator in terms of the legislation.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, where the hon the Minister of Local Government and Agriculture indicated that he refused to administer—if I heard him correctly—any Act in terms of local government . . . [Interjections.] In any case that is recorded and it will make the issue of a debate on Friday. I give hon members notice.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply that a reply was being awaited, will he concede that a wait of someting like five months is an unreasonable wait?

The MINISTER: Mr Chairman, as soon as I have something further to report on this matter, I will advise the hon member. The issue is being examined from various points of view. There are some unfortunate delays in that.

Vacant/under-utilized schools for Whites

*3. Mr M ABRAHAM asked the Minister of Education and Culture:

Whether his Department has made representations to the Administration: House of Assembly to take over vacant or under-utilized schools for Whites in the Johannesburg area; if not, why not: if so, with what result?

Hansard 13/3/90 D39E

The MINISTER OF EDUCATION AND CULTURE:

3.1 Yes, representations were made to Minister P J Clase of the House of Assembly and the Department of Public Works and Land Affairs.

3.2 The John Ware Secondary School in Mayfair is expected to be handed over to this Department during June 1990.

3.3 We are also waiting to hear about our requests made to lease the following schools:

3.3.1 Goedehoop Primary School (Mayfair)

3.3.2 Bez Valley Primary School (Eastern Suburbs—Johannesburg)

3.3.3 Old John Rissik Primary School (Johannesburg)

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply in respect of the first answer relating to the Johannesburg area, are there any financial implications to our administration—namely are they charging us funds? I ask the same question in respect of the other instances where leasing is involved.

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Mr D K PADIACHEY: Mr Chairman, further arising out of the hon the Minister's reply, the hon the Minister of Education and Culture in the House of Assembly said yesterday that there were 10 primary schools that were vacant in Johannesburg—have representations only been made for these three schools? What about the junior primary schools?

The MINISTER: Mr Chairman, the other schools mentioned by my hon colleague in the House of Assembly are vacant, but other departments are also making appeals that these schools be made available to them. As far as we are concerned right now, these are the schools we asked for and if need be—if hon members of Parliament find there is a deficiency in their constituencies, and they request them—we will also make appeals. We would like to appeal to all schools in South Africa which are now vacant due to a policy of rationalisation. We are also prepared in the national interest to make certain that all races could use these schools. [Time for questions expired.]

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(2) whether he will make a statement on the matter?

30

Hansard 13/3/90 D40E

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) No.

(2) No.

Admnistration: House of Delegates: contracts

*5. Mr A SINGH asked the Minister of the Budget and Auxiliary Services:

(1) Whether a departmental investigation was conducted into alleged irregularities concerning contracts signed by an official of the Administration: House of Delegates; if so,

(2) whether, in the course of this investigation, an official of the Department of Housing was suspended;

(3) whether he will disclose the outcome of this investigation; if not, why not; if so, what was the outcome;

(4) whether he will make a statement on the matter?

Hansard 13/3/90 D44E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

(1) Yes.

JD Group scores from overhaul

(30)

SYLVIA DU PLESSIS

IMPROVED operating margins for the third successive year have cushioned the blow of high finance charges for FSI furniture retailer JD Group, which has produced earnings a share 18% up at 102,6c a share in the year to December.

Growth in earnings of 86,8c in 1988 exceeded directors' interim forecast of 12% and allowed them to declare dividends of 17c, covered six times.

The effects of a drawn-out labour dispute in the first half spilled over into the second and saw turnover rise a slow 12% to R471,8m. But ongoing monitoring of gross margins and expenses lifted margins to 14,1% from 11,9%.

This helped absorb an 87% hike in finance charges to R16,5m (R8,8m), covered four times by operating profit 32% higher at R66,5m, and translated into attributable income of R36,6m (R31m).

Chairman and MD David Sussman said "strategic steps" were taken during the year to trim internal structures.

These included closure of eight World stores, the conversion of 50 to the more successful Price 'n Pride and Score Furnishers format, the clearance of slow-moving stock at Bradlows and Score, and the rationalisation of 29 operating subsidiaries.

Shares for the group — formerly Joshua Doore — closed unchanged yesterday at R3 after peaking at R3,35 on February 19.

B/Day 13/3/89

The changing face of retail shopping areas

B/Day 13/3/90

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SOCIAL comfort will become an increasingly important factor in predicting future shopping trends and in designing retail centres for a post-apartheid SA.

Cape Town market research company Douglas Parker & Associates MD Doug Parker says: "People like to shop in an environment that matches their social status and in the company of customers who are as like them as possible in terms of employment profile, income group and personal habits.

"As restraints such as the Group Areas Act fall away in the next few years, racial issues will become less important in shopping centre design.

"Upper-income blacks will identify with whites at the same level and will feel more comfortable shopping with them than at shopping centres designed for the so-called black market," he says.

"At present, the typical black family has more children and spends a larger percentage of its income on clothing and food.

"While the average white family spends about 17% of its income on clothing and groceries, the figure is nearer 30% for black families.

Convenient

"But with the breakdown of apartheid, black families which can afford to move to areas more convenient to work and offering the lifestyle they aspire to, will do so.

"Gradually they will be absorbed into the prevailing social milieu and the gap between the racial groups will narrow, while social differences become more clearly defined," he says.

Parker says an understanding of the habits of the target market is of vital importance and is gaining ground as a means of attracting customers.

For instance, he says, two of SA's most upmarket centres — Sandton City and Cape Town's Cavendish Square — aim to appeal to the woman with plenty of discretionary time.

They feature a high incidence of meeting places such as coffee shops, as well as stores aimed at the moneyed leisure shopper.

By contrast, centres catering for the lower-income shopper — usually a working wife — experience sharp monthly peaks, with a distinct surge in business at weekends.

"Whereas the A-B income group shopper is intensely conscious of the quality of finishes and is willing to pay for such conveniences as undercover parking, the C-D shopper is more concerned with economy.

"At the lower levels, free open parking would be preferred and the tenant mix should comprise middle-of-the-road, family-orientated shops which are perceived as offering value for money," Parker says.

Attempts to provide a full mix aimed at shoppers from all income brackets will simply alienate all of them.

"People become confused and uncomfortable if they encounter a Pep Store in the same centre as, for instance, A&D Spitz."

The one exception to this rule appears to be the Wheel in Durban, which simultaneously appeals to an affluent leisure market while providing convenience shopping for the residents of the low-cost South Beach area.

The new SA, says Parker, will see the greater part of its retail growth and development taking place in the present black areas. The emphasis will be on developing small neighbourhood centres controlled and tenanted by blacks.

These areas will continue to cater for the lower income groups and will be unlikely to see developments larger than $8\,000m^2$.

The more affluent suburbs are virtually fully catered for in terms of regional centres, although Parker says there is potential for developments in the Northgate/Fourways area, on the East Rand and in Kempton Park.

Earnings of 124c a share 'within' JD's grasp

BDay 14/3/90

SYLVIA DU PLESSIS

EARNINGS of about 124c a share for the current year to December are easily within the grasp of furniture retailer JD Group, analysts say.

Based on this, dividends could be in the region of 21c, with dividend cover unlikely to drop, they say.

This follows the 102,6c a share and six-times covered dividend of 17c the group — formerly Joshua Doore — reported yesterday for the 1989 financial year. (30)([illegible])

According to analysts, directors have learnt valuable lessons from the recent strike, the group's structure is now "in place" and its debtor's book is healthier than it has been for years.

While the shares have justifiably been at a low point over the past year — JD spent a lot of money on the closure and conversion of its World outlets and was hard hit by labour action — good 1989 results in the face of these factors should see this improve. ([illegible])

One analyst says investment is recommended in the medium-term as JD is set to become one of the best performers in the furniture sector.

Its shares — an unchanged 300c at close of trade yesterday — are currently cheaper than Rusfurn's, which closed at 130c, and it has a higher dividend cover, she says.

The shares dipped to a low of 220c at the height of the strike in July.

Another analyst said JD's business was of a far better quality because the group was not chasing market share to the same extent as Rusfurn and its debt had remained virtually unchanged at year-end. Rusfurn's debt was "on a rising trend".

Chairman and MD David Sussman was unavailable for comment last night but has indicated directors expect "satisfactory" growth in earnings in 1990, given stable operating conditions.

Sibul takes up the reins at Garlicks

(30)

Own Correspondent

CAPE TOWN — The new CE of the Garlicks group is Hymie Sibul, former Dion MD and now a director of Durban-based Prefcor, which has taken a 50% stake in the department store chain.

He is chairman of Prefcor's furniture division, which includes the Beares chain among its 170 stores.

Now his responsibilities include the four Garlicks department stores in the Cape and the smaller accent store at Constantia shopping centre, two department stores in Johannesburg, two in Pretoria and one in Durban.

On a visit to Cape Town this week he said it was too early to talk of any changes although he intended to broaden Garlicks' market base. But he was confident there was a future for department stores.

"There will always be a place for vibrant, pro-active department stores. But there is no room for a fuddy-duddy one.

"To stay in business people who run department stores have to think constantly about their strategies. Coming to the stores has to be a pleasurable shopping experience."

Sibul said he had been impressed by the quality of the Garlicks' staff he had met in the first two days.

BDay 14/3/90

He thought the stores were well laid out. But he understood financial constraints had prevented certain things, such as the revamping of some stores, from being carried out.

"I have brought three top retailing people onto the initial executive team. They are John Lupton, who will assist me in marketing and merchandising, Alan Snyman and John Geere.

"I believe all three started their retailing careers in Cape Town. Alan Snyman played soccer for the Western Province Currie Cup team. They were with me at Dions."

Sibul said he was confident that, "with the help of the team already on board and the new people", he would be able to turn Garlicks around.

"I am not minimising the task ahead. But I thrive on turnaround situations and I have had some success in doing it over the past few years."

● SIBUL

Huge exhibition by retailers planned

RETAILERS from the formal and informal sectors will together meet with manufacturers at the National Exhibition Centre (Nasrec) in Johannesburg in the retailers exhibition being organised by Exib-it for the week of June 13 - 17.

The exhibition has been endorsed by Get Ahead, the National African Federated Chamber of Commerce, the Traditional Healers Council of South Africa, the Johannesburg Chamber of Commerce and Bureau for Market Research.

Said Mr Israel Skosana of Get Ahead: "We fully support what the retailers exibition are trying to do. There has been little communication in this country between big and small business and there is a desperate need for this kind of direct interaction.

"With the new spirit of development in South Africa, the timing for such an event is right," Skosana said.

According to Mr Tim Reilly, chief executive officer of Exib-it, the idea for the large scale exhibition was sparked off by the relaxation of the stringent legislation which previously inhibited the growth of black entrepreneurs.

"As legislation is relaxed, so too is the lid being lifted on a sector of the business community which for many years had operated in the dark for fear of official reprisal," he said.

He quoted the example of the spazas - small grocery shops operating from garages, kitchens or backyard shacks in the townships.

"Manufacturers and suppliers want to get closer to these customers but don't know how. The retailers exhibition will be the first step in bridging the gap.

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Support

Sowetan 15/3/90

This support is proving vital in terms of reaching the greater part of the formal as well as the informal business community.

"Combine this with the visitors that the companies already exhibiting will attract and we're gearing up for South Africa's biggest interface between buyers and suppliers," said Reilly.

Although the turnover of these spazas range from as little as R100 up to R31 000 a month, the combined buying power of the about 20 000 spaza shops on the Reef is estimated by the African Council of Hawkers and Informal Business to be in the region of R3,5 billion.

Beer, spirits, tobacco all up

Sowetan 15/3/90

BEER, spirits and tobacco products would all be subject to "modest" increases in customs and excise duties, the Minister of Finance, Mr Barend du Plessis, said yesterday in his Budget speech.

Beer (excluding sorghum beer) would go up by about one cent a 375 ml bottle, spirits such as whisky, brandy and gin by about one cent a tot or 25,2c a 750 ml bottle, cigarettes by two cents for 10 cigarettes and cigarette tobacco by two cents for 50g.

Pipe tobacco and cigars would go up by 20c a kg and fortified and sparkling wines by 1,8c a bottle.

The increased duties would provide an estimated additional revenue of R145 million in 1990/91.

·30

He said in his Budget review, an expansion of the speech, that the increase on beer represented less than one percent of the retail price and that on spirits less that two percent.

The retail price of fortified and sparkling wines would be affected minimally - by less than half a percent.

The increase for tobacco products would also raise retail prices minimally.

For cigarettes the increase represented a rise of 12 percent in the existing excise rate.

Du Plessis said the Margo Commission and the International Monetary Fund had both recommended that specific rates or excise duty should be adjusted regularly to keep track with increasing prices.

The Margo report had pointed out that in contrast to most industrial countries where excise duty was still an important source of revenue, in South Africa's customs union area its contribution to total revenue had shown a downward trend. - Sapa.

'More is still needed'

By JOSHUA RABOROKO

BLACK business yesterday welcomed aspects of Finance Minister Barend du Plessis' Budget, but said it fell short of what was expected.

The Minister should have cut the defence budget by half so that he could give more to housing, education, health facilities and business development in the black community, black business leaders said.

A spokesman for the Black Management Forum, Mr George Negota, said the defence budget should have been drastically cut to increase allowances for pensioners, who were already hard-hit by the inflation rate.

The acute housing shortage needed to be addressed as well as the poverty that went with it.

South Africa needed "a scheme of action coupled with a realistic plan of action to resolve the housing crisis," he said.

Financial adviser to the Foundation for African Business and Consumer Services, Mr Jeff Rapoo, said while the budget should be welcomed, it did not close the gap between black and white pensioners. The disparities must be closed.

A top Soweto tax consultant, Mr Matsheru Matsheru, said the budget was the "perfect matching of economic and political reform".

He said incomes of married women will be taxed separately from those of their husbands. "This means that the tax status of a married woman has improved to a certain degree. This will further stimulate the supply of skilled married women in the market place.

The executive director of the Association of Black Accountants of South Africa, Mr Mashudu Ramano, said the fact that profits realised from shares listed on the Johannesburg Stock Exchange that had been kept for more than 10 years would be exempted from income tax under certain conditions, was making "the richer rich and poorer poor".

"The crisis in black education can be solved by this money," he said, expressing disappointment at the small increase for pensioners.

Meanwhile, OK Bazaars managing director, Mr Gordon Hood, said the budget must be accepted as a first step for creating a sound economic environment for a new South Africa.

The executive director of the Institute for Personnel Management, Mr Wilhelm Crous, also welcomed the budget.

Sowetan 15/3/90

30 [illegible]

(30)

Trade must be on equal terms — Magomola

WILSON ZWANE

ECONOMIC freedom for all meant the ability for everyone to trade on equal levels without restrictions, Gaby Magomola of the Foundation for African Business and Consumer Services (Fabcos) said yesterday.

The "new economy debate" started when ANC deputy president Nelson Mandela stunned local big business and potential overseas investors by stating — shortly after his release from prison — that the ANC's policy was to nationalise SA's key sectors, such as mines, as a means of restructuring the economy.

Magomola said that to achieve economic freedom for all, obstacles like laws restricting black businessmen and inferior education for blacks should now go. B/Day 15/3/90

He said: "Such obstacles prevent black businessmen from competing on an equal footing."

However, he conceded it would take time before real economic freedom was achieved.

African Council of Hawkers and Informal Businesses president Lawrence Mavundla has said previously that the informal sector has reaffirmed its economic stance by saying it rejects nationalisation and that it is in favour of an economic system that favours free trade.

He said he was totally against any system that stifled freedom to trade.

"We have fought the laws that impeded us as the informal sector, and we don't want an economic system that will push us back to where we come from.

"We want freedom to trade and people should not be forced by government to work.

"They must want to work themselves. That bolsters competency," Mavundla said.

ZILLA EFRAT

ount by R2,19bn. budgeted amount.

Garankuwa residents begin month-long consumer boycott

B/Day 15/3/90

[redacted] ( ) **THEO RAWANA** (30) [redacted]

ECONOMIC activity came to a standstill as Garankuwa residents began a three-day stayaway and month-long consumer boycott yesterday.

At least one bus was burnt in Mabopane on the first day of protest against last week's killing of seven people when Bophuthatswana police fired on demonstrators.

A pamphlet released by the Odi and Moretele Residents' Committee has called for a three-day stayaway and a consumer boycott until April 14.

The OK shopping complex in Garankuwa was closed yesterday and Mabopane Central City shopping centre was deserted.

A few people had trickled to work in Pretoria in the morning but the local industries were closed. There were no bread deliveries into the townships.

A Bophuthatswana Transport Holdings bus driver escaped serious injury after a man splashed petrol inside his vehicle and set it alight. The bus was destroyed.

The boycott is aimed at business in Central City and Garankuwa OK complexes and those owned by Bophuthatswana Democratic Party MPs and "collaborators".

The pamphlet calls for an indefinite boycott of Bophuthatswana buses, rent, water electricity and telephone payments, and for withdrawal of savings from all government financial institutions.

It calls for the resignation of President Lucas Mangope and reincorporation of Bophuthatswana into SA.

Traders to Lusaka

A DELEGATION of the Western Cape Traders' Association (WCTA) will meet the ANC in Lusaka this weekend to discuss future economic strategy. South 15/3 – 21/3/90

The discussions will include the nationalisation of certain sectors of the economy, the role of small traders, socio-economic programmes and other matters relating to the Western Cape in a future ANC-led government. ㉚

"We will also be addressing the difficulties and practical problems faced by black traders because of the practices of commercial banks and other monopoly industries," a spokesperson said.

GEORGE BEETON

FM 16/3/90 (30)

Growing success

Geroge Beeton ... a shopkeeper at heart

Our largest retail clothing group, Edgars, has a new man at the helm from next month. But George Beeton (57) is hardly a new face at group headquarters in Edgardale. He's been with the group 26 years, including seven as MD of the Edgars chain.

But he retains his enthusiasm for the highly volatile world of fashion and intends to grow the hugely profitable business that outgoing boss Vic Hammond has left him.

"It's our goal to be the dominant supplier of high-quality fashionable goods and services to the mass middle market," he says. "We've been a successful business for over 60 years — but we're not a mature business." Beeton came to Edgars with a background in accounting and administration. While working for the Johannesburg municipality, he obtained his BCom and CIS qualification. Before joining Edgars, he was company secretary for a textile manufacturer.

Beeton's first task at Edgars was to rewrite the procedures manual. He carried out the task diligently enough, but hankered to move into the operations field.

"I've always been a shopkeeper at heart. When I was a kid I used to work in the local grocery store during school holidays and when I was 14, ran a hardware store when the owner was away."

Beeton got himself a job working behind the counter in Edgars Eloff Street during lunch hour, where one day he had to find a swimsuit to fit an amply proportioned director, Harry Kerr. The encounter got him transferred to store operations. He was made eastern Transvaal area manager and rose to divisional operations manager before moving on to Jet.

Beeton wants to broaden Edgars' business base. "We need to increase our cash flow, which means a higher proportion of cash business." He also intends broadening services. In particular, he thinks it may be time for Edgars to return to the mail order business.

But he is determined not to change the highly successful credit formula at Edgars and Sales House. "To call that interest-free credit is a myth, as the interest is built into the price. But we've found it's a formula that's suitable for our core market — the thick middle."

He describes the group as "lifestyle merchants" and says some of their greatest successes have been in niche marketing. The latest venture is a range of leisurewear with the Uno label, to coincide with the launch of the Uno car.

Beeton eats and sleeps retailing. "I've got a wife who understands that my business success is vital for my overall happiness." He married Judy, his school sweetheart, 32 years ago and they have five children. He likes to relax on his farm and is fond of renovating old homes and playing social tennis.

But he complains: "I never have enough time to get everything done. I can't understand how anybody gets bored." ■

OUPA GQOZO

FM 16/3/90

Purging practice

Quite what makes him tick will doubtless emerge in due course. But Ciskei coup leader and chairman of the new ruling military council, Brig Oupa Joshua Gqozo, seems to have a foot in two unlikely camps.

On the one hand, he appears remarkably in harmony with ANC/UDF sentiment; on the other, it seems he worked for SA military intelligence. Gqozo also has the distinction of being the first black soldier to have been chosen for officer rank by the SADF — which he joined in 1977, five years after matriculating. He joined the Ciskei Defence Force at independence in 1981.

Gqozo turned 38 last Saturday — six days

MORKELS F/M 16/3/90 (30)

Daun raid

[redacted]

In buying Federale Volksbelegging's 75% stake in Morkels, German businessman Claas Daun is swimming against the tide of both overseas investor sentiment about SA and local investor sentiment about the furniture sector.

F/M 16/3/90 (30) [redacted]

Morkels' management believes Daun's optimism is justified because it has passed the worst of its downturn. The easing of HP restrictions on most household goods announced last week is one positive factor. Financial director Terry Simon says consolidation and improvements in efficiencies in its next year, to March 1991, should bring reasonable earnings growth.

Rare among non-mining groups, Morkels reports every quarter. In the nine months to December operating profits were 24% lower, and EPS, at 12c, 32% lower than in the same period in 1988. Full-year EPS of 15c are expected, which would put the share, now 90c because of the impending 95c standby offer, on a p:e of 6.

Simon says this drop in earnings is mild compared with 60% falls and worse in past recessions. He believes the furniture sector generally has become less cyclical because of higher spending power in the lower income groups, which are less affected by higher interest rates and better management.

Support for this emanates from **JD Group,** whose earnings grew 18% in the year to December, despite disruptions caused by reorganisation of the World stores, acquired in mid-1988. Dominant furniture retailer **Rusfurn,** which recently reported strong interim results, agrees that sales are still resilient in the lower income sector.

Groups like Morkels, that focus on the middle income sector of all races, squeezed by higher bond repayments, have been harder hit.

Simon says the takeover by Daun will give Morkels more freedom to grow. He says it has scope for organic growth and plans within the next few years to increase the number of Morkels outlets from 83 to about 120 and Total Sports outlets from 18 to about 50. Longer-term, Morkels is considering establishing a furniture chain aimed at the lower income group and possibly an apparel group.

As with the management-led buyout of Tradegro's stake in Rusfurn, management has a strong incentive to perform. The price of management's option to buy 25% of Morkels from Daun is linked to performance.

But Tradegro appears to have got a better price for Rusfurn than Fedvolks for Morkels, possibly because the Rusfurn sale was the result of an ultimatum and Rusfurn has performed better.

That deal, at 140c, was at net worth and about 75% above the pre-announcement market price of 75c-85c; the Morkels deal is 30% below net worth of 132c at December, and about 26% above a 70c-80c pre-announcement price.

Teigue Payne

RETAILING FM 16/3/90 (30)

Prefcor's purchase

It hasn't been in the business long but Prefcor, the new holding company of Game and the delisted Beare group, is rapidly gaining a reputation as an acquisitive and aggressive trading operation.

Last year it moved on shoe retailers Edworks when labour problems threatened the chain's viability. But it backed out of the negotiations at the last minute, enabling an even more aggressive acquisitor, Jeffery Liebesman's FSI Corp, to close the deal.

Opportunity knocked again last week when Prefcor, together with Kangra Holdings, bought a controlling interest in Garlicks, the long-established department store chain. The price was not disclosed.

The deal gives Prefcor a solid spread in retailing from Game's cash business and Beare's HP-based furniture and clothing outlets, through to the top-quality merchandise offered by Garlicks. "Now we trade in clothing, stationery, household goods and linen but at a different end of the spectrum," says Prefcor chairman Terry Rosenberg.

Garlicks has nine stores — four in the Cape, four in the Transvaal and one in Natal. Most are in prime downtown locations or in upmarket, decentralised centres such as Rosebank Mall in Johannesburg, Tyger Valley in Cape Town and Menlyn and Sunnyside Park in Pretoria.

Garlicks has lost a bit of focus over the last few years. Once a traditional family business, it was the subject of a management buy-out last year.

Rosenberg still wants to discuss his plans with the existing management, but he says his objective is to reposition Garlicks and make it a "more exciting shopping experience." The chain also will be refinanced.

Prefcor itself has come a long way since Rosenberg and his associates took over the Beare group a few years ago. The group has been substantially restructured and Rosenberg has made a point of bringing acknowledged trading specialists into its management. Hymie Sibul, formerly of Dion, and Clive Weil, a former MD of Checkers, are two who recently joined the group.

Last month the company bought the Natal-based Price Furnishers, a furniture chain with 18 outlets, for R5,4m.

Is Prefcor the coming force in retailing? It's not a thought that sits all that comfortably with Rosenberg. "We're not about to edge out our competitors. We're aiming at market niches and we're picking the right people to help us get there." ■

Edworks helps Homemakers boost earnings

B\Day 16/3/90

30

SYLVIA DU PLESSIS

MANAGEMENT at FSI's consumer goods retailer and distributor Homemakers weathered tough trading conditions in the year to December to post a 20% rise in earnings to 112c (93c pro forma) a share.

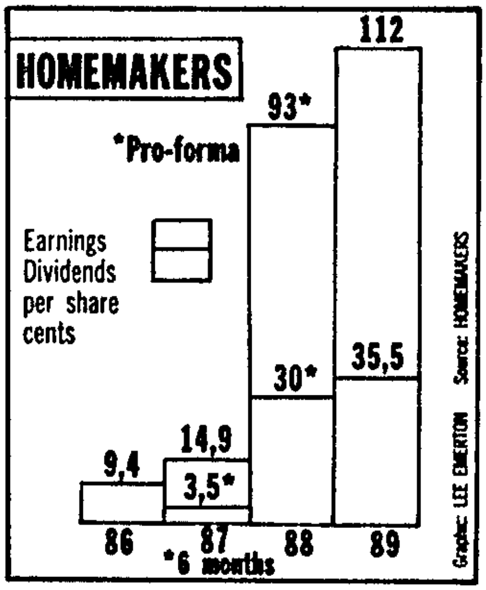
Chairman Jeff Liebesman said yesterday steps to prepare operating companies for a downturn in consumer spending proved effective, with management focus on control of overheads, rationalisation and internal efficiencies countering tighter trading conditions

Companies in the group's stable include shoe manufacturer and retailer Edworks, furniture retailer JD Group and photographic and electronic retailer Milstan, in which a 30% stake was acquired during the year.

The pre-emptive measures adopted by management of these companies saw group turnover during the period under review climb 29% to R531,4m and operating profit grow 33% to R76,5m to lift margins to 14,4% (14%).

After finance charges 132% higher at R19,8m — reflecting higher interest rates and borrowings to fund the Edworks acquisition — attributable profit was still up at R41,5m (R34,5m). A final dividend of 24c lifted total distribution to 35,5c (30c) a share, covered 3,15 times.

Liebesman said the "biggest" news was that Edworks — rescued by the group from provisional liquidation in July — made a contribution to profits.



Source: HOMEMAKERS Graphic: LEE EMERTON

"We are expecting great things of Edworks during the coming years."

However, group results were built on "all-round" strength, with 49%-owned JD Group continuing to deliver real growth and further improving the quality of its debtors book, he added.

The balance of Homemakers' portfolio posted even faster growth, with its portion of earnings per share growing by 57%, compared to 48% the previous year. This trend should continue.

CE Hilton Nowitz said earnings in the current year would show "satisfactory" growth, given stable operating conditions and declining interest rates.

The share firmed 10c to 480c yesterday, just below its January high of 500c.

EXECUTIVE SUITE By William Wells

B/Day 16/3/90

Bergers enjoys further growth

SYLVIA DU PLESSIS (30)

CAPE-BASED clothing retailer Bergers has for the third successive year since listing enjoyed real growth across-the-board.

Earnings for the 12 months to December exceeded market expectations of 28c a share, climbing 47,3% to 30,2c (20,5c) a share after better productivity and rapid expansion during this period.

The group, listed in 1987, bettered turnover by 33% to R83,6m (R62,8m), while operating income — 43% up at R9,4m (R6,6m) — elevated margins at this level to 11,3% (10,5%). In line with analysts' predictions, dividends of 13c — representing a 36,8% increase over 1988's 9,5c payout — were declared.

Chairman Howard Mauerberger said yesterday existing stores had performed well, but a major reason for growth was organic expansion: during the year, the number of stores in the group increased by about 25 to 200, and another 20 were planned for this year.

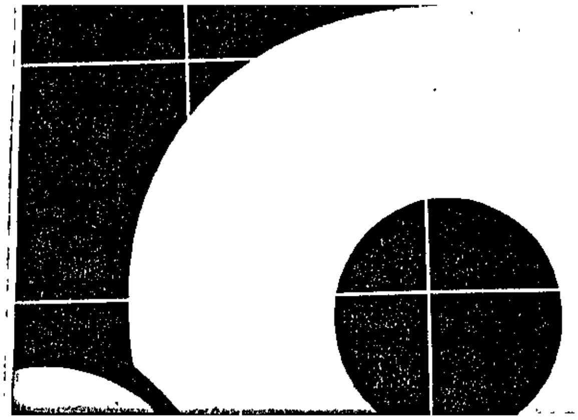
Another contributing factor was the successful introduction of shoes in selected stores in October. Mauerberger said further growth in sales would result from extension of the range.

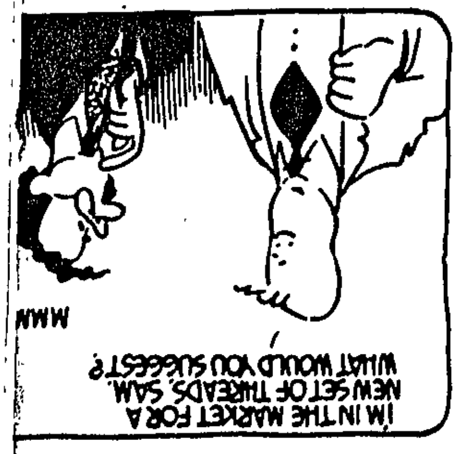
With effect from February 1 this year, the group acquired a controlling interest in retail chain Hilton Weiner, which, with eight stores in major centres, was expected to contribute "meaningfully" to future earnings.

Recently-appointed MD Mervyn Jacobson declined to disclose budgeted future earnings, but said turnover since year-end had shown substantial growth over last year.

"Notwithstanding current political sentiment, I'm optimistic we'll once again achieve real growth. We're on a good run at the moment and there's no reason why it shouldn't continue."

The share hit a seller's price of 175c yesterday, after strong demand pushed it from a December low of 110c to a fresh peak of 180c earlier this month.





Appliances to drop in price after tax cuts

CM-Times 17/3/90

30

THE retail price on electrical appliances is expected to "decrease slightly" within the next three months, as a result of the 20% drop in the 60% import tax on electrical components.

Dion marketing manager Mr Howard Davidson said it was impossible to work on percentage figures because every product would have different duty costs and product cost structures.

"This would only apply to imported products. For instance, the televisons we purchase are manufactured locally, so I do not foresee a change in those prices.

"Within two to three months we may see a slight price reduction on video cassette recorders and hi-fi's. But we have to take the inflation rate into account. We are not sure what the rand will be worth in two or three months," said Mr Davidson.

Retailers predict that the decrease in prices could range from 8% to 10% within the next two or three months.

Mr Raymond Murray, local director for Pick 'n Pay, said the original 20% decrease would be diminished by "one-third of the particular tax" because it was a pre-import duty and tax cost percentage.

"The decrease is positive and naturally if we do benefit from some of the lowered taxes or rebates, we will pass it on to the consumer," said Mr Murray.

Ms Anthea Laughlin, a manager at the National Panasonic industrial division, said they were not affected by the import surcharge reduction because all components they used were made locally.

GE 4 CITY PRESS, March 18, 1990

Tiny spark could plunge Maokeng into violence, warns UDF

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By SANDILE MEMELA

RUMBLES of discontent surfaced in Maokeng township near Kroonstad this week and threaten to plunge the area into an explosion of violence.

Residents entered their third week of a consumer boycott to force the Kroonstad municipality to address the township's incorporation.

Other demands include the dissolution of the Maokeng Council and the reinstatement of workers dismissed by the Kroonstad and Maokeng municipalities.

A spokesman for the Maokeng Civic Association told *City Press* there had been a stayaway throughout the week to demand the release of detained leaders of the Maokeng Democratic Crisis Committee.

"The situation is quite tense and can be ignited by a tiny spark. Unless immediate steps are taken to address the grievances, we fear the worst," said a spokesman.

Leaders Dennis Bloem, Thami Phadiso, Stoffel Mofokeng and George Daniel were detained two weeks after leading a march to the Kroonstad municipality offices demanding the reinstatement of dismissed workers.

The workers were sacked after the municipality refused to recognise their union, the South African Municipal Workers' Union.

Youths in the township are living in fear of detention after 35 youths were allegedly detained this week.

The UDF has called for the transfer of the administration of the township to the Kroonstad municipality to avoid possible outbreaks of violence.

The MCA called for the resignation of Maokeng concillors and demanded they be replaced by democratically-elected officials from the community.

▨ ▨ ▨ ▨ ▨ ▨

Residents have alleged rampant corruption, maladministration and inadequate provision of services by the council.

But mayor Caswell Koekoe said the trouble in Maokeng was a reflection of the situation in South Africa.

"The trouble is not confined to Maokeng. Obviously there are elements from outside whose mission is to see us out of office.

"These elements hide behind political discontent when in fact they are plain jealous. Their targets are successful black men," he said.

Last month the the Free State provincial administration investigated the council and found the following:

▨ There was no proper financial administration;
▨ Strained relations existed among staff in the treasury department;
▨ Records of expenditure were not kept; and
▨ There was rampant embezzlement of funds by councillors.

UDF publicity secretary Terror Lekota has warned that unless immediate steps are taken to address the grievences there could be an outbreak of violence.

"Little doubt exists that the goings-on in the council provoke riots.

"The mismanagement of the area has infuriated the community and we fear that this may lead to an uncontrolable situation unless the grievances are urgently addressed.

"The accountability of the leadership is a prerequisite for peace to return in the area. The rule by opportunists who want to line their pockets is unacceptable," he said.

Outfoxing my rich rivals

C/Press 18/3/90 (30)

In the third and final part of our series on controversial Mabopane tycoon "Pikinini" Ngobeni, he reveals how without sufficient capital and know-how he outfoxed two wealthy and experienced business rivals to get hold of a butchery in Boekenhout. He has been a child labourer, a bouncer, a gambler, a thug and a businessman since he ran away from home at the age of 10. ELIAS MALULEKE reports.

NOTHING seems to stop Sonnyboy Ngobeni from getting what he wants. This he has proved since his days in Marabastad.

With no experience of business, unable to read or write, and with only R1 500 in his bank account, Ngobeni was one of three applicants for a butchery in Boekenhout in 1967. He beat his wealthy and experienced rivals to it.

"I stood no chance of getting hold of the butchery because I did not have enough money and experience. I knew nothing about running such a business.

"I went to the municipal offices and spoke to a white official. I was given the business."

Ngobeni said he built a good relationship with the white official and obtained a loan from the then Bantu Investment Corporation to start the butchery. He sold it for a good profit a year later.

"A white friend once told me to be wary of friends. 'Make use of friends and when you no longer need them forget about them', he said, and since then I am very careful about who my friends are."

Despite his immense wealth, Ngobeni has no qualms about calling a white person "baas." To him it's all in a day's work. It pays dividends, he says.

Ngobeni: very careful when choosing his friends. 'Use them and forget them.'

Wealthy Ngobeni happy to call all white people 'baas'

"Baas," he told a white official in Soshanguve, "wil julle nie 'n swart Harry Oppenheimer sien nie?" (Don't you want to see a black Oppenheimer?)

When the official asked what he meant, Ngobeni said: "Harry Oppenheimer is a South African citizen but he has businesses all over the world. When I want a business in Soshanguve I am told that I'm a Bophuthatswana citizen. Why is that happening with blacks?"

The official asked Ngobeni what types of businesses he had in mind in Soshanguve and he told him. Ngobeni is now the proud owner of a shopping complex and a double-storey mansion in Soshanguve.

He said he went through several "traumatic" experiences as a result of allegations of ritual killings but he managed to present a brave face despite the hurt he suffered.

He is a director of Orlando Pirates Football Club and is known to have pumped in a fortune to pull the club out of the difficulties which have dogged it for years.

Ngobeni said his old friend, Ingle Singh of Pretoria City Football Club, asked him to join the board of directors of the NSL rookies but he turned the offer down.

"I will not leave Pirates for anything," he said.

Well travelled Ngobeni has visited many European countries on business.

Ngobeni is an easy man to get along with. He will fix "anything for anybody" and many people come to him with their problems. It has all paid handsomely in terms of goodwill, he says.

Ngobeni can sit back and relax without worrying about money. His garbage removal business alone will see him well-off in his retirement.

Asked how he manages to read balance sheets when he can't read, he said: "I do not read a balance sheet, my wife does that for me. I can only count money.

"I am also surrounded by educated people. All my older children have university education and my wife is a former nursing sister."

Ngobeni met his wife Joan in Marabastad. They have five children.

An elder child who was a lawyer died in a car accident.

Ngobeni is described by many people as a man with a heart of gold. He is the benefactor of charitable and sporting organisations in the region.

He has adopted a child who was born with deformed legs. He is said to have paid thousands in medical expenses – the child walks today.

Girl gang-raped twice in six months

By SOPHIE TEMA

THE SECOND gang rape of the same Soweto girl within six months has shocked and angered Soweto residents.

Residents who took part in the recent march against rape have appealed to all leaders and members of the community to help stem the menace in the townships.

The girl was raped by three men in September last year and a charge was laid against her assailants.

The case is still pending because only one of her attackers was arrested. A court granted him bail this week.

The day after her assailant was released on bail six armed men raided her home looking for her and dragged her to a waiting vehicle.

After blindfolding her, the men drove to a lonely spot where they gang-raped her and left her.

She said five of those who had raped her insisted that she be shot but the sixth man pleaded with them to spare her life.

She found her way home in the dark.

She has made another complaint to the police.

She has been called to give evidence in court tomorrow.

Maggie Nkwe, one of the residents who took part in the recent march against rape said: "Motherhood is being destroyed in young girls who go through this traumatic experience.

"We know of some girls who chose to die after going through such an ordeal rather than live with the memory of such an experience.

"We call upon every member of the community and all leaders to help in the fight against the menace that is ruining our society."

C/Press 18/3/90

Economic growth needs participation by all

By PATRICK MAFAFO

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THE people of South Africa can only share in higher income and wealth if they create that income and wealth.

Addressing a budget seminar this week, specialist economic adviser Dr Japie Jacobs said for this to happen, the Government will have to remove laws restricting black economic activity.

"We have to respect the economic aspirations of black people in South Africa. They should have an equal opportunity for economic participation.

"Remaining inequalities impeding such participation must obviously be eliminated."

He pointed out that this policy cannot be followed in a sanctions environment.

He said South Africa's short term goal will be to halt the fall in living standards by reducing inflation. Its long-term goal will be to increase the country's growth performance and provide employment opportunities.

"This requires new factories, mines, shops and other commercial areas of growth."

He said the budget should be measured in terms of its broader effect on the economy.

Through tax reforms and by restricting growth in Government expenditure, it aims to lay the foundation for more rapid growth over the long term.

"The objectives are to promote personal saving, efficient functioning of the money markets, entrepreneurship in the informal sector and the productive use of resources.

"The budget addressed socio-economic problems. On the taxation side it attempted to address the needs of the modern and developing sectors of the economy, while on the expenditure side greater stress was placed on the provision of socio-economic services to the underprivileged – which is an accepted method of redistributing income."

Jacobs said it was unfair to describe the Budget as favouring the rich.

Giving the example of the reduction of import surcharges, he said one should look at the broader implications at stake, which i various ways affect all people.

He said special care has been taken t ensure people in lower and middle incom groups benefit most from the tax adjust ments.

Changes in government spending patterns also indicate important changes in priorities, said Jacobs.

"Expenditure on defence shows a decline, whereas expenditure on education and socio economic services is rising and now com prises almost one-fifth of total expenditure."

Jacobs said the high priority given to education, training and entrepreneurship will enable a broader spectrum of the disadvantaged to participate in developing the econo my.

He said the R2 billion allocated from th year's surplus is for the further pursuit o these objectives.

Cape Times 19/3/90

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R40m for job creation

Own Correspondent

JOHANNESBURG. — The Small Business Development Corporation (SBDC) would direct the R60m cash injection from Finance Minister Barend du Plessis towards its five-year programme of job creation and erection of buildings in under-developed areas, said Sonny Tarr (development services).

Tarr said of the amount, R40m would go towards the Programme Funds set up for job creation projects and R20m would be allocated to the Pioneer Project Fund, used for erecting buildings in under-developed areas.

The corporation made a cash forecast for the job creation funds in November last year and, basing on a growth of 20% a year, projected that R196,6m would be needed over a period of five years.

Tarr said the money was in line with the corporation's forecasts and the R40m was set up for the first year.

One of the job creation projects was the Support Fund, established to help businesses that were in financial trouble.

"Since March 1985 this fund has granted 2 035 loans worth R92,2m and created 41 600 job opportunities," Tarr said.

The Small Builders' Bridging Fund, to help small builders with working capital, had given 5 058 loans to date worth R105,1m, creating 86 000 jobs.

The other fund was the Entrepreneur Training and Development Fund which had done a lot to improve the skills of new entrepreneurs in such industrial areas as Pennyville in Johannesburg and Wadeville near Benoni.

"The R20m allocated to the Pioneer Fund will be used for the erection of buildings and much-needed infrastructure in under-developed areas. These are high-risk, low-yield ares that could not be financerd out of normal financial programmes," said Tarr. He said the fund would grant mini-loans "to provide simple and fast finance up to R5 000 for very small developing businesses".

Star 20/3/90

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Boycott leads to closure of 10 shops

By Dawn Barkhuizen

A widespread consumer boycott in the East Cape Border Corridor between Ciskei and Transkei has hit white business hard, forcing the closure of at least 10 shops and the temporary closure of two more.

At least 20 people have been retrenched in an area already badly hit by unemployment, an East London-based Black Sash worker, Mr Larry Field, said.

While larger towns such as East London and Queenstown have escaped consumer action, at least seven rural hamlets have been affected since January.

Komga Chamber of Commerce chairman, Mr Roydon Thompson, said the level of intimidation was high. Those breaking the boycott had livestock burnt or effluent dumped in their houses.

Business has a responsibility to stabilise new economy

A patriotic role in Namibia

Star 20/3/90 [illegible] (30)

Excerpts from a speech earlier this month by retired chairman of the Anglo American Corporation, Mr Harry Oppenheimer, at a Chamber of Mines dinner in Windhoek, on the role of business after Namibia gains its independence at midnight tonight.

After long years of struggle, of hatred and of bloodshed, Namibia has emerged, not only as an independent, internationally recognised state, but as a country in which men and women can live in freedom and in concord. It is a remarkable achievement.

Free elections have been held and Namibians, while wisely calling on Mr Sam Nujoma and Swapo to lead them into the unknown future, have decisively rejected any temptation there might have been to exchange South African domination for some new form of tyranny, whether of race, tribe or party.

It is my earnest hope that in the work of nation-building, the business community of Namibia — in particular the big mining companies which have such a special importance and responsibility for the stability of the economy — will play a full and patriotic part.

In saying that the mining companies will seek to help to the full extent of their ability, I entered the qualification that they cannot do more than they are allowed to do.

The relationship between the governments of these countries, particularly since their economies are comparatively small and undeveloped, and the large companies with international affiliations operating in them, can become difficult and sometimes emotionally charged. And yet nothing can be more important than that this relationship should be conducted with goodwill and mutual trust.

It is only large groups operating internationally that are in a position to mobilise the in-flow of equity capital from abroad. And equity capital is vitally necessary for a new developing country.

In its absence, many new African countries came to rely on borrowing, often to a dangerous extent, from foreign banks and international institutions.

Wide experience has shown that an excessive reliance on foreign borrowing for development can lead to financial embarrassment and the danger of default. And that eventually can only result in the old colonial economic control of the national finances being replaced by a new strict control by the International Monetary Fund.

Political leaders, together with leaders in the private sector, should look very carefully at what has happened in other African countries and try to avoid their mistakes and emulate their successes.

Large companies, who willy-nilly and often through no fault of their own, have become associated in the public mind with the previous colonial regime, must always be acutely alive to the political needs, emotions and sensitivities of the new government. They must show, not just by words but by deeds, that they are determined to be good corporate citizens.

Morally impossible

The government on the other hand, should surely understand and accept that it is practically and morally impossible for boards of directors to neglect the interests of their own shareholders. People are inclined to talk loosely of large companies as being very rich and therefore able to afford all sorts of expenditure, without regard to its economic cost.

Companies may be rich in the sense of managing very large assets but it must never be overlooked that they have many thousands of small shareholders, the great majority of whom are not rich at all. What then are private, internationally affiliated companies reasonably entitled to expect of the government of the countries in which they operate?

First I would say that taxation should be set at a level which will allow a fair return on the capital sums invested and a proper reward for the technical and managerial skills, and the entrepreneurial risk-taking which is so vitally necessary in all countries, particularly new, relatively undeveloped countries

They need to know too that, insofar as they mobilise overseas funds for investment in foreign countries, the after-tax profits resulting from these investments will be freely remittable to the foreign shareholders who provided the funds.

A country can best ensure the development it requires, not through the application of restrictions but by creating an environment which makes investors feel secure.

It is surely not surprising that in their fear and dislike of colonialism and all that was associated with it, many black people should have turned to communism in the belief that it was the wave of the future and that they should uncritically have adopted the Marxist ideology.

But Marxism, in its homelands of Russia and Eastern Europe, is in dissolution, just as surely as apartheid is in South Africa.

I fervently hope that we in Namibia and in South Africa will not launch out on a Marxist or socialist experiment, only to learn by hard experience, as Russia, Eastern Europe and many African states have had to do, that the way to a happy, prosperous nation lies not in centralised planning and control but in the unleashing of the creative potential of free people making their own decisions in a free society.

Namibia, by the way its elections have been conducted and by the virtually unanimous adoption of a free and democratic constitution, has made a wonderful start which compels the admiration of us all.

Namibia may well be able to play an important part in southern Africa outside its own borders. When all that is left of apartheid has been abolished, it will be essential to integrate South Africa into the community of southern African states.

No nation, not even the largest, can be self-sufficient and the comparatively small states of South Africa will virtually need to work together. There can be no doubt that the new South Africa will be a highly important element in any southern African co-operative system, and Namibia may well be able to play a leading part in facilitating the work of reconciliation.

Not only southern Africa but the whole world is changing at a speed that not the wisest of us could have foreseen. But rapid change, however necessary or desirable, brings grave dangers with it. No doubt the road ahead will be bumpy.

In South Africa, the euphoria of a few weeks ago has been succeeded by a mood of doubt and anxiety. But that is to be expected and cannot be avoided.

We in South Africa and you in Namibia are running grave risks. But risks can be accepted willingly, even joyfully, if they are taken in the confidence of being able to build a new society which will bring with it justice, prosperity and peace This is a great time to be alive. I believe that long before the Nineties are over, a southern Africa will have emerged of which we can all be proud and which will offer a better life to all its peoples.

The start which Namibia has made on the dangerous but glorious trek into the future is a beacon of hope to us all.

Score's forecast 'optimistic'

B|Day 2

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SYLVIA DU PLESSIS

CARLOS dos Santos, MD of Score Food, has no chance of realising his forecast of earnings of 100c a share for the year to February, according to analysts.

In fact, he will be lucky if his group, which includes wholesaler Trador and retail chains Score and Grand Supermarkets, reports earnings of 80c a share, they say.

Dos Santos predicted at the halfway stage that full-year earnings would reflect 25% growth over the previous 80,5c. This was in spite of interim earnings which fell 15% to 31,55c (37,50c) a share.

But the group's shares — pitched as high as R23,50 prior to the 1987 crash — nose-dived 25c to a new low of 325c yesterday.

Ed Hern, Rudolph analyst Sid Vianello said yesterday this did not bode well for the group's forthcoming results.

"Consumer spending has not been good over the past year, the wholesale industry has had a tough year and I doubt whether the group's problems at Grand Bazaars have been rectified." These factors pointed to a grim set of year-end figures.

Dos Santos "will be lucky to get 48,5c, which would lift total earnings to 80c", he said, but dividends were likely to be maintained at last year's 37c.

Another analyst, who did not wish to be named, said Dos Santos had "no hope in heaven" of achieving 100c a share.

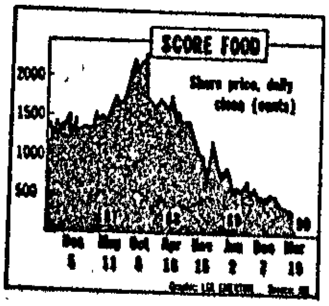
Even earnings of 80c were out of the group's reach, she said, although Score could maintain its dividend.

"If it were to achieve earnings of 100c, its margins would have to be better than Pick 'n Pay's," she said.

20/3/90

A third analyst said she was looking at earnings of between 80c and 96c, and expected dividends — Dos Santos' "saving grace"— to be maintained.

"Even 100c would not be great, but it would be important for Dos Santos' standing in the investment community that he meet this forecast."



Dos Santos was in Lisbon yesterday and could not be reached for comment, but financial director John McLean, while refusing to be drawn on what the group's results would show, said the share currently represented a "buy prospect".

"I personally think the shares are underrated," he said. "There was a hiccup at Grand Bazaars but this has been sorted out. Good results are the only way to restore investor confidence, and hopefully this will be the case when we report in mid-April."

The group, which announced a drop in profits in the 1988 year, posted lower earnings in the six months to August after interest doubled to R2,6m.

Warning on union education

Star 20/3/90

By Drew Forrest

38

The powerful National Union of Metalworkers has warned of "major problems" if the newly formed Private Sector Education Council fails to negotiate with unions before making proposals to the Government.

Embracing the SA Chamber of Business, Chamber of Mines, Steel and Engineering Industries Federation, Afrikaanse Handelsinstituut and Building Industries Federation, the council will probe education policy as it affects private employers and the economy.

Numsa said Cosatu affiliates were trying to negotiate training schemes in various industries which took account of "the appalling consequences of Bantu education and apartheid in technical training facilities".

Progress had been made, despite employer resistance to joint control of training schemes and opposition to new-style schemes by older artisan unions.

The SA Chamber of Business stressed that the council would consult a wide range of interest groups.

It aimed to set up structures for dialogue with education authorities "and other stakeholders in education".

Star 20/3/90 (301)

Challenge is to meet demands

Business urged to enter SA debate

By Esmaré van der Merwe, Political Reporter

Africa's economic track record would make significant foreign investment in a non-racial South Africa unlikely unless a sound economy prevailed," South Africa Foundation president Mr Warren Clewlow said today.

Opening the Foundation's annual general meeting at the Sandton Sun this morning, Mr Clewlow highlighted the complicated economic challenges facing the country in the light of political reform.

He urged business leaders, who had the unique skills and experience to maintain and develop wealth creation mechanisms, to become involved in the economic debate.

Grapple

Changes and compromise will undoubtedly be required. We will have to grapple with unfamiliar ideas and uninformed and even naive conceptions about how the economy works and what resources are available.

"Equally, we as businessmen will have to come to terms with the inequalities in our society and the extent to which these cry out to be addressed."

The challenge was to improve productivity, successfully address the socio-economic aspirations of blacks and maintain South Africa's position in the global economy.

The real needs and aspirations of the black population had to be balanced with the equally important requirement of a growing economy, which was needed to produce the resources needed to address those aspirations.

There would be intense pressure for affirmative action and the rapid advancement of blacks into senior and influential positions in both the private and public sectors.

Housing, health care, education and the "mismatch of skills with the economy" would become the prime focus, while wealth and ownership redistribution would be fundamental policies for black leaders.

Said Mr Clewlow: "I can understand these demands and I accept that a successful new South Africa will not come about if they are not planned for and substantially achieved.

"What I cannot accept is a degeneration into economic chaos. Any constituency trying to bring this about will have to contend with the not inconsiderable strength and resources of the business community ranged against them."

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Registrations

Bday 24/3/90

TRANSVAAL new car and minibus registrations dropped by 6% and 4% respectively in January, Central Statistical Service reported this week. But overall new and used vehicle registrations in Transvaal and Natal increased. Natal's new vehicle registrations rose by 56% from January 1989. Used vehicle registrations increased by 59%.

Reggie's Pepped up the rag trade

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Sowetan 22/3/90

By JOSHUA RABOROKO

PEPKOR, the holding company of Pep Stores, two years ago linked arms with a number of entrepreneurs to launch Pep outlets in black areas, now known as Pep Reef.

These investors are enjoying their first declared dividend after Pep Reef's commendable performance in the last financial year.

Pep Reef is now expanding and has offered more shares to black investors.

According to a prospectus issued by the company, 337 500 shares are on offer at R1 each in Pep Reef. At the head of this new chain is Reggie Hlongwane, a businessman in Soweto.

The company has outlets in Vosloorus, Katlehong and Tembisa and is hoping to open more stores in PWV areas and Cape Town within the next three years. Hlongwane has risen steadily in business over the last few years.

Peanuts

When he quit school in 1958, he started selling peanuts and an assortment of good on trains and railway stations in and around Johannesburg. Here the seeds of his entrepreneurship were sown.

In 1964, with the help of a cousin, he opened a fish and chips shop and a butchery in Orlando West. His interest soon spread to other business ventures and today at 56, he is poised to effect his most important business coup.

Profit

Two years ago Hlongwane reached an agreement with Pep and opened his first Pep store in Vosloorus on the East Rand. After making a healthy profit in Vosloorus in his very first year, two other outlets were launched in Tembisa and Katlehong. The stores provide clothing, footwear, bedding and linen at budget prices to the lower- and middle-income groups. The three outlets employ 72 people.

Reggie Hlongwane ... heads Pep Reef.

Plans

According to Hlongwane, Pep has a 49 percent stake while Hlongwane and four business associates share the remaining 51 percent.

"I am looking forward to a time when blacks will own chainstores that sell clothes in the townships. In this way we will be able to contribute to the country's mainstream economy," he said.

He was hoping that the Group Areas Act would be repealed so that blacks could trade freely in the cities and be next to their trading sites.

Nkwenkwe Madela, 33 and Wilfred Sipho Mabena, 29.

alone in the state guest house and given time to catch up on almost

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WELCOME: SACP chief Joe Slovo meets the WCTA delegation at the airport in Lusaka

South 22/3 – 28/3/90

Join forces, traders told

From HENRY LUDSKI ㉚

LUSAKA.— The Western Cape Traders Association (WCTA) has been urged to join forces with other business organisations to "ensure the greatest possible mobilisation and unity" of small businesses.

This was the message to a top-level WCTA delegation which held two days of talks with senior ANC executive members in Lusaka last weekend.

"It is very important that democratic organisations begin to change gear and see themselves as part of the forces for the democratic transformation of South Africa and they therefore need to be strong and united," ANC head of international affairs, Thabo Mbeki, told the 20-person WCTA delegation.

The weekend talks centred on the present political developments in the Western Cape and the scheduled April 11 meeting between the ANC delegation and State President F W de Klerk.

Stokvels attract over R50m — survey

EDWARD WEST

THE estimated 24 000 stokvels in major metropolitan areas attracted about R52m in contributions to purchase goods and services, according to a Markinor survey.

Research during October to determine the prevalence and profile of stokvels involved nearly 1 300 blacks, a Markinor statement said. B/Day 22/3/90.

A stokvel is a communal group who contribute to a central fund for the benefit of the group or group members.

About 680 000 black adults, a quarter of the black metropolitan population, were members of a stokvel. Of an estimated 24 000 black stokvels in metropolitan areas, 41% were savings clubs and 29% were burial societies, which had the greatest membership. (30)

Most members were employed and in the higher income bracket.

A member's average monthly contribution ranged from R39 to R106 a month.

Nafcoc to talk nationalisation

By JOSHUA RABOROKO

THE National African Federated Chamber of Commerce is to host an economic conference of business and community leaders to a discuss options for a new order in South Africa. Sowetan 22/3/90

The conference, to be held at the Wild Coast Holiday Inn in Transkei on May 1 to 3, will investigate the nationalisation of business in South Africa as proposed by the African National Congress.

This follows a recent meeting in Lusaka between Nafcoc and executive members of the ANC. (30)

Nafcoc public affairs manager Mr Gabriel Mokgoko said Nafcoc's stance was that "while nationalisation will not necesarily solve all problems, it can serve as a vehicle to provide an answer to some of them".

A delegation of Nafcoc this week met with the Australian Ambassador and the Australian United Nations representative.

Pick 'n Pay expected to beat forecast

(30)

LESLEY LAMBERT

CAPE TOWN — Pick 'n Pay is expected to exceed comfortably chairman Raymond Ackerman's forecast of 17% growth in annual sales, when it releases its results tomorrow.

Performance in the second half is expected to show a considerable improvement on the first half when disappointing sales growth of 13% and EPS growth of 15,6% were reported.

Analysts report that the supermarket group had the good Christmas season Ackerman had anticipated when he announced the interim results in September, and that sales during the last two months of the financial year to February were better than for the same period last year.

Other factors expected to have worked in Pick 'n Pay's favour during the second half are the benefits accrued from lower stock levels and a cash surplus in a period of high interest rates.

With reports of consistently good growth in clothing sales up to the February year-end, turnover is expected to exceed Ackerman's forecast of 17%.

This means it should comfortably exceed competitor OK Bazzaar's 15,6% six-months sales growth and come closer to, possibly even exceeding, Checkers' 21% growth off a low base.

B/Day 27/3/90

Klerksdorp to be boycotted

Star 23/3/90

Political Reporter

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Jouberton residents will boycott white businesses in Klerksdorp, on April 2 to protest against segregated public amenities and a spate of detentions.

About 22 people were detained on Tuesday and Wednesday (Sharpeville Day), according to Mr Tsediso Ntaopane, general secretary of the Jouberton Civic Association.

The town council, "which claims to be a National Party town council", had refused to open facilities to all races, he said.

The consumer boycott is backed by several democratic organisations.

Sowetan
23/3/90

(30)

Value Added Tax and how it will affect you

Small businessmen are likely to benefit

FOCUS

IN his Budget speech last Wednesday, the Minister of Finance announced that the draft legislation for the new Value Added Tax (VAT) will be published shortly. This ends speculation that VAT will not be introduced in South Africa.

The Minister announced that following the publication of the draft Bill, in due course, sufficient time will be allowed for general comment and consultation with representative bodies and the tax will not be implemented within a period of six months after final Parliamentary approval of the legislation.

It follows that VAT will in all probability be implemented before October 1 1991.

Supply

VAT is a tax upon the value added by a business and is imposed upon each supply of goods or services. It is levied on the supply of raw materials in the production process and on each stage thereafter, until the product or service is made available to the consumer.

This is in sharp contrast to sales tax, which is only levied at the point where the supply is made to the end user.

When a business is supplied with goods or services by another business, that will be levied by the supplier of those goods or services. The VAT upon those goods or services received, is the input tax of the business who receives those goods or services.

Difference

When the business in turn supplies goods or services to other persons or businesses, that must be included in the price charged for those goods or services. This constitutes the output tax of the business.

ONE of the issues to emerge at last Wednesday's Budget speech by Mr Barend du Plessis, was when Value Added Tax would be introduced. In this article Anthony Chait, tax partner, Fisher Hoffman Stride, looks at the tax implications of the Budget.

The difference between the amounts of output tax and input tax is the VAT that will become payable to the Receiver of Revenue.

Where input tax exceeds output tax, a refund will be made.

It is anticipated that taxable supplies for VAT purposes will be all those that are subject to sales tax at present with no exemptions, for example foodstuff, other than possibly certain financial services, rental of residential accommodation, and medical services.

Purchases

In addition, certain other transactions are likely to attract VAT. These include transport services and all professional services.

The black businessman is likely to benefit by the introduction of VAT. Under the present system of sales tax (GST) a small business whose annual turnover is less than R50 000 per annum, does not qualify to register for sales tax purposes.

This means that such a businessman pays 13 percent on all his purchases of, say, goods for resale. The problem which arises at present relates to the fact that the small businessman invariably adds his mark-up to cost plus sales tax (113 percent) instead of to the pure cost (100 percent).

This places him at a disadvantage for the following reasons. His competitors which comprise the larger business are registered for sales tax purposes and accordingly buy their goods free of sales tax.

Registered

They base their mark-up on the cost of 100 percent. In applying the same mark-up percentage as their competitors, their suggested retail selling price is higher than that of their competitors. This gives the market the impression that the small businessman is more expensive.

Under VAT all businesses, whether large or small, and whether registered for VAT or not will be liable for the input tax. The only difference is that a small business who does satisfy the turnover criterion will not be required to collect the output tax from his customer.

Accounting

All businessmen should give some thought as to how VAT is likely to affect their business.

Particularly, the accounting system currently in operation should be reviewed to ensure that it can accommodate VAT insofar as the recording of all input tax paid on supplies is concerned.

In our view, the turnover limit which will determine whether a business will be liable to register for VAT should be sufficiently high, say R200 000 a year, in order not to impose unnecessary administrative requirements for the fast developing black business community.

Value Added Tax is likely to be implemented before October this year.

B/Day 23/3/90.

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No consumer spree seen after tax concessions

SYLVIA DU PLESSIS and ANDREW GILL

CASH-STRAPPED consumers were unlikely to go on a spending spree just because their tax burden had been lightened, certain HP curbs relaxed and import surcharges lowered, economists and retailers said yesterday.

Instead, the extra money in their pockets from these measures — all announced over the past fortnight — would go towards reducing debt incurred in their credit sprees during the upswing.

Rand Merchant Bank economist Rudolf Gouws said the concessions would help cushion the impact of the economic downswing on retail trade sales, but remained insufficient for a consumer spending boom.

Fiscal drag

Interest rates remained high and many households' financial positions were in a bad way, he said. The 10% salary increase awarded to civil servants could be followed by similarly slow increases in the private sector.

A fall in interest rates would have to precede a spending boom, Gouws said.

Standard Bank economist Nico Czypionka said easier HP terms and lower surcharges would boost furniture sales but "not spectacularly".

Lower tax deductions might raise spending marginally in the short term but would not help those who received salary increases after March 14 because they compensated only for fiscal drag, he said.

"Some consumers may use their money to spend, but most are heavily strapped and will use their new cash to relieve pressure from higher mortgages and so on."

Furniture Traders' Association executive director Frans Jordaan expected sales to rise only in three months' time, when the effects of the HP and surcharge measures filtered down to the consumer.

The industry would see an upswing from a 2% negative real growth to 2% positive real growth in 1990, but current interest rates would still suppress buying power.

Pick 'n Pay chairman Raymond Ackerman was optimistic the measures would lead to more buoyant sales, with the reduced surcharges leading to lower prices and offsetting further short-term increases.

Ackerman said Pick 'n Pay had cut VCR prices to their projected cost under the new surcharges and immediately sold hundreds.

"Obviously there are still problems like high interest rates, the slow economy and the unrest situation, but the light at the end of the tunnel is brighter," he said.

Checkers MD Sergio Martinengo was more cautious. While he welcomed lower surcharges, he agreed with economists that the easing of the public's tax burden would merely allow people to balance their budgets better.

"Since October the public has been overborrowing and relying on credit to make ends meet. We expect no boom whatsoever, but a drop in interest rates would help. We still wouldn't see a boom but it would benefit to an extent.

"Until then, the picture for retailers is reasonably bleak."

FIM 23/3/90 (30)

FIM 23/3/90 (30) 4

ADVERTISING SPENDING

Brightening outlook

There was gloomy talk at the end of last year that 1990 would prove to be a bad year for the advertising industry. But the advertising expenditure figures for January don't bear this out.

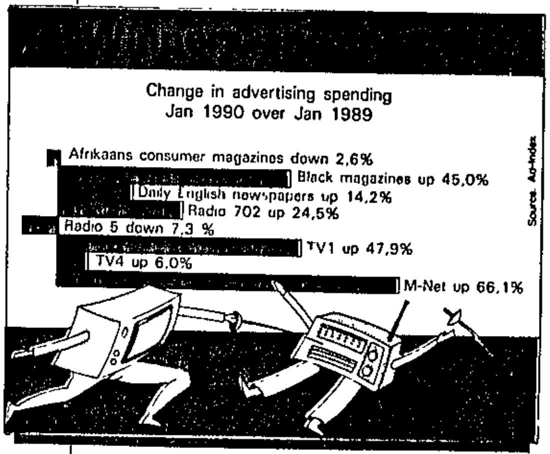
Spending was 23% higher than in January 1989, according to an analysis of the Ad-Index released this week by the Media Shop. And January provides an indication of how the year will go because it is the beginning of the budget year for most advertisers.

There was, however, an unusual variation in growth patterns and a few categories even went down. The biggest winner was television, where advertising grew by 47%. But the bad news for the SABC was that radio grew by a negligible 0,9%. Print registered steady, though unspectacular, growth of 19,6%.

In the television category, the largest percentage growth — 75,8% — was enjoyed by the black language stations TV2 and TV3, while TV1 consolidated its position as the biggest single medium with 47,9% growth. TV1 brought in R18,2m, which almost equals all daily newspapers combined.

M-Net revenue grew by 66,1%, even though its open time was cut from two hours to one. Ken Baillie, M-Net's commercial sales manager, says open-time sales are up and the value of sales in encoded time more than doubled as the subscriber base increased from 196 000 to 396 000.

The pacesetter in the radio category was independent Radio 702. Last year, it repositioned itself from a pop station to an upmarket, mainly talk station for the 25-49 age group and it increased its ad revenue by 24,5%. In contrast, its former rival, SABC's Radio 5, which has remained a pop station, lost 7,3%.



SABC's Radio Good Hope, the only metropolitan station in the western Cape, grew by 20,8%, which reflects both its monopoly position and the importance attached to its sizeable coloured audience.

The biggest variations are shown in the print category. The year has started slowly for the daily newspapers, thanks to a fall in retail advertising and the continuing growth in advertising in free-sheets, which was up 82,7%. Mass-market magazines are the big losers. Spending on Afrikaans magazines actually declined by 2,6% and English magazines increased by a below-average 19,3%.

This doesn't faze Bob Harrison, GM of Nasionale magazines. "We are launching a quarterly fashion magazine *Red* this year because we believe there's still room for magazines that are launched into a well-researched target market."

Print is still the dominant media category, with a 54,1% share, compared to 29,6% for television, 11,7% for radio, 2,9% for outdoor and 1,7% for cinema. But Grey-Phillips deputy MD Harry Herber warns: "The figures from the SABC should be accurate because they have a fixed rate card for all advertisers. But Ad-Index takes no account of the discounts larger advertisers enjoy in print, so print's share may be a few points lower." ■

RETAIL FM 23/3/90 (30)

Retail horns locked

Durban and neighbouring Westville have become locked in a bitter battle for supremacy in the shopping centre stakes.

Both municipalities plan to develop regional shopping centres on sites "a stone's throw" from each other and the war of words over which is the most logical development is hotting up.

Westville Town Council has accepted a R200m development proposed by a consortium of Murray & Roberts Properties and Retail International, while Durban has the backing of joint developers KDP Property Developers and Tartan Properties for a R440m centre at Sherwood.

But, while both local authorities are eager to see their centres go ahead, they are only too aware that the area between the city and Westville cannot sustain two regional centres so close together.

"Westville's tenders have been accepted, but no major tenants have committed themselves. We believe they will do so only once they know the outcome of Sherwood's rezoning," says Durban's estates manager Wim van Heerden.

FM 23/3/90 (30)

The rezoning of the 300 000 m² site at Sherwood from special residential to general business is a key issue for Durban.

Westville has vowed to raise objections to the rezoning. But if the major chains have not signed with them by the time the matter is referred to Province, Durban will have a strong argument that traders prefer Sherwood, Van Heerden contends.

He says developers feel the 45 000 m² of shopping on offer at Westville is inadequate for a major anchor tenant and full complement of line shops to draw shoppers. However the developers have indicated they could apply for a further 30 000 m² of shop space.

The Sherwood proposal offers some 90 000 m² of shopping plus a 40 000 m² office park. That puts it on a par with Westgate or Eastgate on the Reef.

Westville town clerk Gerald Brink says all the procedures to have the site and the "Pavilion" shopping centre proposals approved have been completed. Durban has yet to go through the motions and he vowed Westville would do all it could to block it.

The battle between the two municipalities started in January when Durban announced plans to develop a regional shopping centre. Then, Westville had already called for tenders for its centre.

But Durban refutes Westville's assertion that it was slow off the mark.

"It was no Johnny-come-lately idea to embarrass Westville," insists Durban deputy estates manager, Julian Butler.

The 30 ha site at Sherwood was earmarked for development in the Seventies but plans for a shopping centre were halted six years ago when government selected the site for a coloured teachers' training college. When this plan was dropped six months ago, Durban revived its plans for the centre.

Butler says Durban has since been flooded with interest from developers. That may be so, but the bottom line is that the area can sustain only one centre of the magnitude proposed. Which it will be, the market will ultimately decide. ■

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BUSINESS DAY, Friday, March 23 1990

Metair sees new car sales falling further

PIERRE DU PREEZ

METAIR Investments, a company with various interests in the motor industry, expects a further decline in new vehicle sales in 1990, according to its annual report for 1989.

However, chairman Douglas Stewart believes the impact on the company should be largely offset by new business arising from the increasing local content requirement.

In addition, growth in the replacement market is expected, due to the increasing average age of vehicles on the road in SA.

Stewart says with the high interest rates the after-market has shown signs of over-trading recently, but the ageing of vehicles is an inescapable fact considering the current level of new vehicle sales.

Significant capital investment will be required to participate in the opportunities arising from the local content programme, particularly as Metair will try to remain in the forefront of new developments.

Stewart adds that the group is well placed to take advantage of the opportunities that lie ahead and current financial forecasts indicate continued growth for 1990.

In March last year, Metair aquired a 40% interest in Hella (SA) for R14m. Hella are manufacturers and suppliers of automotive components as well as industrial lighting products.

Challenges for the Nineties

(30) FM 23/3/90

David McKinstry is group CE of Young & Rubicam SA.

Marketers will spend R1,7bn on print, TV and radio advertising this year and a further R300m on producing these advertisements. I estimate that they will also spend at least R800m on other types of promotion, such as direct mail, exhibitions, sign and displays, PR and sports sponsorships.

If you then count the money spent on the vast amount of promotional literature issued to consumers and business, it's not difficult to reach a figure of R3bn for advertising and promotion.

That's a major industry and, as it enters the Nineties, it will face major challenges. There will be an increasing similarity between products and wider consumer choice, so advertisers will have to influence consumers to buy their products through a maze of increased media clutter, with budgets that will struggle to keep up with inflation. Every communications rand will have to work harder, not just in 1990, but progressively in 1991, 1992 and thereafter.

I am an advertising man but I believe strongly that there is room and, indeed, a need for promotions, sponsorships and PR as well as mass media advertising in the communications mix. However, many advertisers have seemingly unco-ordinated programmes handled by myriad advisers all doing their own thing and fighting for their share of the advertiser's budget.

I recently saw a diet product sponsoring a title fight; a kitchen equipment company sponsoring a yacht. The fact that the chairman is a fight fan or a sailing buff is not a good basis for selecting a sponsorship.

There is only one way to go — that is to firm up a tight strategy based on the consumer's, rather than the manufacturer's perspective, and embodying a clear buying idea. Then all communication, mass media-based and otherwise, should reflect increased co-ordination between messages delivered in various ways.

Another issue for 1990 and beyond is accountability. The techniques for measuring the media's reach are as sophisticated as any in the world. The same can be said for our testing and research methods.

There is just no excuse for spending money on promotions, sponsorships and indeed media when the agency cannot provide statistical back-up. I don't wish to suggest that advertising and promotion is a purely mathematical exercise, but sometimes the art needs a little scientific help and that certainly will be true in the Nineties.

The closing sounds of the communications symphony should always be a ring of the cash register. Focused, accountable communications will make the difference between a dull clang and a clear ring.

However, symphonies have several movements and the objective of advertising is not to make one sale, but to create a consumer. It is the body of loyal and consistent consumers who support a brand that gives the company its true added worth. That is, value additional to its net asset value.

This is not accountants' territory, it is marketing people's turf. However, accountants are taking notice, to the point where they are beginning to value brands on the balance sheet. They may not be in agreement on the method of valuation but there is no argument that brands do add value — and it is a value that is not shown on many balance sheets, yet.

If proof is needed, we have only to look at the importance of brands in the spate of major takeovers in the US and Europe recently. The prices paid and the debt taken on by the leveraged and management buyout principals in such deals as Phillip Morris's acquisition of Kraft, R J Reynolds's acquisition of General Foods and, of course, Unilever's purchase of Vicks and Cheeseborough Ponds, were possible only because of the power of the brands owned by those companies. No sane banker would have lent or raised those sums on the security of the companies' conventional assets.

In the Nineties more and more captains of industry will realise that strong brands mean strong companies; that advertising is an investment and not an expense; and that creative advertising embodying a clear and single-minded strategy based on a consumer's perspective is the key to brand building.

So the laurels in the Nineties will go to companies that work in partnership with advertising specialists who can best manage brand building advertising and promotion, not just to ring the cash register once or twice, but many times, to create a crescendo of rising sales and profits.

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Blackened CP supporters open fire on boycotters

W/Mail 23/3 - 29/3/90

By CHRIS MABUYA
and PHILA NGQUMBA

CONSERVATIVE Party supporters disguised as blacks have shot demonstrators enforcing a consumer boycott, according to accusations made in Parliament.

Ray Radue, Democratic Party MP for King William's Town, told Parliament of an incident in which two CP supporters borrowed a Transkei-registered bakkie to break the boycott in the Border town of Komga.

In a bizarre variation of Cape Town's Trojan Horse incident, the blackened right-wingers drove to the Komga co-op, loaded a few empty boxes and returned towards the town's centre, pretending to violate the boycott.

When the bakkie was stoned "these self-appointed CP-supporting law-enforcers alighted with firearms and opened indirect fire," Radue said. Two youths are believed to have been injured in the incident.

The Komga boycott has been under way since January. Last week, three members of the boycott's organisers, the Komga Residents' Association, were detained. Police at first said the three were being held in connection with criminal charges, but have since conceded they were detained under security legislation.

Other towns hit by consumer boycotts are Tarkastad, Jamestown and Elliot, near Queenstown.

In Stutterheim, white shops have been boycotted since November, forcing several to close. Since then, a number of activists have been detained, and tension is high.

This week, thousands of residents staged a peaceful march through Stutterheim to the local police station to demand the release of seven pupils detained last week.

The marshalls, many of whom were school pupils, carried banners of the African National Congress, Mlungisi Residents' Association, and the Stutterheim Youth Congress.

Police kept a close watch on the marchers and razor wire sealed off their route from the rest of town.

At the police station a memorandum compiled by teachers and pupils of the Jongile Nomponde High School was read and handed to the station commander. The memorandum called for the immediate release of the seven pupils to enable them to continue with their studies.

In addition to the consumer boycott, political action in the Eastern Cape-Griqualand area has also included a wave of resignations by community councils.

Councillors in Komga, Ginsberg, Indwe, Stutterheim and Elliot have all responded to residents' calls to resign, and this week residents of Aliwal North called a mass meeting to demand the resignation of the Dukathole town council.

Similar meetings have also been held in Burgersdorp, Noupoort, Hanover, Steynsburg, Tarkastad, Jamestown and Colesberg. Only in Burgersdorp have councillors refused demands to resign.

In other towns councillors have asked for time to consider the demands, while at least two councils have held free braais in blatant attempts to buy residents' support.

In Colesberg and Noupoort residents have also told councillors to resign and join the residents' association. — Elnews and Veritas

number of arre

R750m, to secure a controlling stake of 50% plus one share. A premium would doubtless be in order.

duce gearing to below the 60%-level.

☐ A Wooltru source, who preferred not to be quoted, said he found the mooted situation "interesting".

Hyperette sales treble to R26m

CHARLOTTE MATHEWS

HYPERETTE Stores, previously known as Millys, trebled sales to R26m in the eight months to January from R7m in the 13 months to July as a result of expansion and reorganisation.

After a smaller interest bill and no tax charge, as the company had an accumulated loss, attributable earnings of R1m were posted compared with a loss of more than R5m in the 13-month period.

Earnings of 0,78c a share were posted on an increased number of shares in issue against a previous loss of 94,27c a share. No interim dividend was declared.

Hyperette, which is listed in the DCM sector of the JSE, is a delicatessen and fast food chain. Over the past year the group acquired 25 Hyperette stores for R6,2m and three Bread Basket stores for R3,9m to supplement the Millys stores.

Chairman and MD Hein Ehlers said the costs of reorganisation had been funded from the group's internal cash resources. (30)

"We are happy with our early results, especially in view of the high costs of reorganisation, acquisitions, setting up of a distribution network and warehouse, the opening of new stores and the implementation of strict new management systems."

The operating margin on sales was 4,39%. B Day 23/3/90

"The turnaround is a tremendous credit to our management team," Ehlers said.

Trading conditions and operating margins were still improving.

"With the Hyperette image now firmly established, and with good market exposure in the western Cape, new avenues are being investigated for the highly lucrative gourmet and specialist bread markets."

Pick n' Pay ups profits by 22,4%

Cap Times 24/3/90

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By ARI JACOBSON

THE retail chainstore, Pick n' Pay boosted earnings a share by 22,4% to 105,9c (86,4c) for the year to February helped along by solid returns on investment income and lower marginal taxes.

A final dividend of 41,5c saw total dividends rise 23,8% to 52c (42c) for the year.

Turnover up 13,2% at (R4,38bn) R3,87bn failed to out perform the consumer price index (CPI) for the same period, with the food bill registering a 15,7% rise.

This performance which an analyst described as "disappointing" was forced on by tighter economic conditions as well as the huge sales base realised in the previous year, said chairman Raymond Ackerman.

Operating margins did not take advantage of the recently introduced scanning procedures, expected to bolster productivity, dropping slightly to 2,68% (2,75%).

However tax-free, insurance-related investments pushed income from this source to R14m, from R10m.

This was enhanced by a lower marginal tax rate down at R48m (R48,2m), translating into distributable income of R87m (R67,7m) up 22,4%, after including outsider shareholders interest and extraordinary items (R4m profit on a property sale).

Ackerman said: "The decline in the rate of tax came from a mixture of tax-free income and tax allowances for capital expenditure — expected to remain low for a few years."

On the decline in margins Ackerman said the competitive pressure on prices coupled with higher salaries — up 21% for the year — allowed operating expenditure to grow at a faster rate than turnover.

However a whole string of expansions and openings should add credence to Ackerman's forecasted 18% growth in sales for the coming year.

"Among these additions is the introduction of the first Chain Reaction clothing store in PE, intended to exploit the niche market for good quality fashionable merchandise."

Price Club, the Cash and Carry outlet, Boardman's — the homestyle store — and Blue Ribbon Meat Corporation all returned satisfactory results.

Ackerman mentioned the emphasis, Pick 'n Pay was placing on the new SA with 68% of value added in the last balance sheet going towards personnel, by way of housing, share issues and bursaries.

BUSINESS PERSONALITY OF THE WEEK

Making millions — what a pleasure!

W/E Argus
24/3/90
30

By TOM HOOD
Business Editor

Roger Howes . . .a dyed-in-the-wool man.

THREE simple trade secrets lie behind the success of the country' largest direct-selling clothing business.

They are: enthusiasm, hard work and quality of products.

So says Roger Howes, founder and executive chairman of It's a Pleasure International (Pty) and its manufacturing arm, Paroda.

From six workers in 1967, when Paroda started making high-quality lingerie, the business has grown into a manufacturing and selling empire with more than 4 100 employees and fashion consultants — a number expected to grow to 6 000 in the next two years.

Turnover, which took three years to reach R7 million, is now above R50 million, including export sales to Britain and the United States.

Business is now organised from a 10 000 m^2 building in Epping — the former Cape Steel factory — one of the largest clothing operations on one floor.

Success, however, also needs a dedicated work force — the workers have twice showed unusual loyalty in an industry dogged by high labour turnover.

First time, when cash-flow problems brought temporary judicial management 10 years ago, very few left to seek jobs elsewhere and those who stayed agreed to forego annual bonuses until financial problems were sorted out.

Second time, when four factories in Cape Town's "clothing belt" were consolidated at Epping a year ago, all but two employees were prepared to go with their jobs.

The change was made less painful because the moves were organised in a military-type exercise and a number of perks helped, including free buses to the station and subsidised meals.

The result is almost a third of the 600 in the clothing factory belong to the 10-Year Club

If Cape Town's clothing trade ever had — to coin a phrase — a dyed in the wool man who began at the bottom, it's Roger. From school he entered the stocking industry as a £2-a-week management trainee at his native Coventry, in the English Midlands.

"In the factory they didn't know what to do with me so on the first day they gave me a broom to sweep the floor," he recalls.

"The broom got caught in

(See page 3)

W/E Argus (30)
24/3/90

BUSINESS

What a great pleasure

(From page 1)

the back of a stocking machine 20 m long and all the stockings dropped off. One of the tradesmen was so annoyed he hit me for six — it was rough justice in those days with no fines or trade unions."

But young Roger worked his way up through the business and became head of quality control.

At the age of 25 he was sent to South Africa to a factory but when the UK parent company was taken over by Courtaulds, the textile giant, he left and joined Wiel and Aschiem becoming a director and broadening his experience in marketing and sales.

After four years, he decided to start his own business, which was Paroda. They established a national brand of lingerie in three years and turnover topped R7 million.

He next decided to go for direct selling to the public, linking up with a direct-selling UK company, Salamande. But his partners, hit by financial problems, pulled out at the last minute and he was forced to go it alone.

Luckily, they still agreed to train several local people and the business was a success, trading as Party Plan.

Problems defending that trade mark forced the company to change to It's a Pleasure.

The word International was added three years ago, reflecting the export business.

The business is moving more heavily into high-quality catalogues, which are now updated monthly.

"Normally a 10 percent response to a mail order catalogue is good. We get virtually a 90 percent response when a consultant talks with the customer."

Ten percent of sales are menswear.

SATURDAY MARCH 24 1990

Ackerman takes son on board

30

W/C ARGUS 24/3/90

By TOM HOOD
Business Editor

A MOVE to maintain the grip of the Ackerman family on Pick 'n Pay, the country's largest food chain, was made yesterday when the board appointed a new full line director — Gareth Ackerman, 33-year-old son of the founder and chief executive Raymond Ackerman.

Pick 'n Pay, now heading for R5 billion turnover this year, reported a record profit of R131 million before tax for the year to February 28.

Announcing his son's appointment "with great pleasure," Mr Ackerman said he was 59 and had no thoughts of hanging up his boots, but he had to look ahead.

Gareth, at present director in charge of the group's super stores in Johannesburg, would represent the family on the board.

"He will be like a minister without portfolio and get more experience in the company," said Mr Ackerman.

"We have tried to be in the middle between a family-run company and a professionally run company. We want to keep the business family controlled — this is one of our strengths and we intend to stay that way."

Gareth studied in the United States, where he also trained in retailing. He worked in Australia before Pick 'n Pay was forced to abandon that venture.

"I have a wonderful team but I don't want in eight or 10 years' time to be guilty of not giving him the greatest experience possible.

"We moved up four young men to the board last year and we have to educate the young brigade.

"The appointment in no way changes my position nor that of Hugh Herman, managing director — it is planning for the future."

Mr Ackerman also disclosed that Pick 'n Pay is to fight Woolworths head on with a whole new range of up-market perishable food products ranging from pizzas to yoghurt.

"We have been working on this for a year. The products will not be cheap but they will form a new area of convenience foods for us and could add significantly to our food turnovers in the years ahead."

About 30 stores will start selling the range from June.

In line with this development, Pick 'n Pay has started a food technology division, employing four technologists.

Next month the company's first experimental clothing store, Chain Reaction, will open in Port Elizabeth.

"If this works we hope to extend this concept and open many other stores."

The development of scanning and electronic funds transfer — now used throughout the Western Cape and in hypermarkets — is to continue in various parts of the country.

Scanning was a factor in the Western Cape stores achieving the best results in the group, reducing shortages and cutting shrinkage. About a third of the groups's entire profits came from the Cape.

(See page 3).

P'n P heads for R5

W/C Argus 24/3/90 30

(From page 1)

Mr Ackerman said he was confident of the company growing in turnover and profit this year but it was hard to forecast figures because South Africa was in such a state of change.

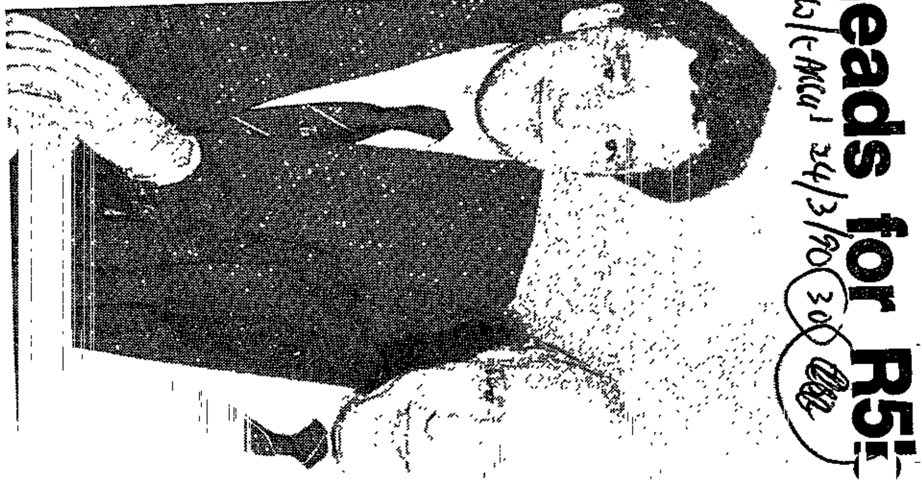
Sales increased by R511 million or 13 percent to R4,3 billion in the year to February 28 — only two years since turnover hit R3 billion.

After-tax profit showed a 22,5 percent increaase to 105c a share.

Final dividend is 41,5c, up 25,7 percent, while the total payout of 52c is up almost 24 percent.

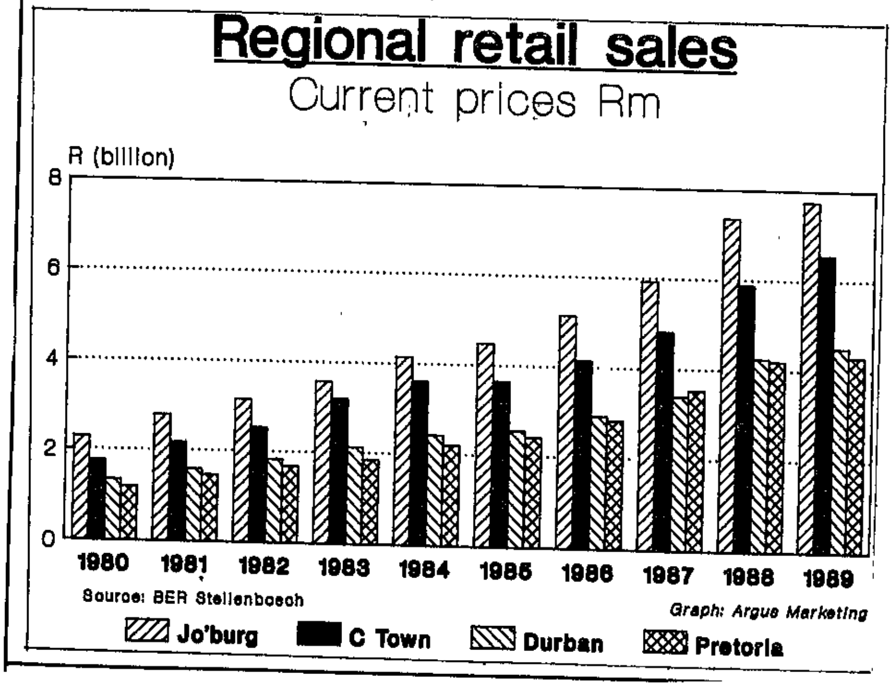
Tens of millions of rands are to be invested by Pick 'n Pay in new store developments this year as well as many refurbishments and expansions at supermarkets and hypermarkets.

These include a new produce warehouse in Cape Town and a new supermarket in Strand.



APPOINTMENT: Mr Raymond **erman and his son Gareth**

City retail sales soar



Regional retail sales

Current prices Rm

Source: BER Stellenbosch

Graph: Argus Marketing

CAPE TIMES
24/3/90

30

By TREVOR WALKER
Business Staff

CAPE Town has shown remarkable growth in retail sales and is outperforming Johannesburg as the fastest retail growth point in the country.

Figures released by the Bureau for Economic Research at Stellenbosch University show that Pretoria and Durban are lagging behind the market development in the Peninsula.

This surge in business activity is not restricted to the retail trade which in effect is a reflection of a wider spectrum of increased business activity.

BER statistics show that the hotel business trade is leaping ahead and the country's largest hotel group, Protea Hotels, headquarted in Cape Town has recently introduced a number of innovative products to attract more visitors to the City.

Wesgro, an organisation backed by regional municipalities and private business, is in the process of enticing foreign participation in joint venture schemes and there is a real sense of urgency.

Clothing prices took off in the 1980s and the city is benefiting from the higher prices, although the industry has come under severe pressure as a result of tighter margins.

A disturbing feature of the report from the bureau is that South African monopolies continue to grow. It says in the world of real business indicators, the numbers of companies liquidated have remained fairly constant since the mid-eighties.

However, the number of new companies registered has declined paving the way towards big conglomerates in a monopolistic society.

MR MONEY BAGS!

The amazing rags-to-riches rise of millionaire who owns half a town

(30)

By ANDREW MOLEFE

CPress 25/3/90

Joe Mathusi, multi-millionaire entrepreneur of Bophuthatswana, is wary of white-owned "mega-businesses" muscling in, aided by close, powerful connections with the big banks.

SIX hundred kilometres from Johannesburg, on the edge of the Kalahari Desert, swelters the town of Taung. This hot, dry and inhospitable place in Bophuthatswana is home to 160 000 people, many of whom live in mud huts and poverty.

It is here you will find Joseph Mothusi, the rags-to-riches millionaire who now owns half the town.

Joe, as he is known to most people, has sparkling eyes. They are like two balls of fire. The hair, cropped short, is silky and shiny, the face young-looking and shrewd. It's a look adopted straight from TV commercials.

His gold wristwatch is studded with diamonds. The designer shorts and matching top could come from anywhere in the world – except Taung. In fact he looks out of place in this dusty town . . . his is a face you'd expect to see at the Johannesburg Stock Exchange.

Tracking down the man who owns the major chunk of this town is difficult. He operates a business empire that spreads like an octopus across Bophuthatswana and beyond, yet his telephone number cannot be found in any directory – it's a secret known only to business associates and a close circle of friends. One has to cajole, sweet-talk and do a little arm-twisting to secure an interview.

Around the Northern Cape, Joseph Mothusi is an enigma. He is more myth than man. His name evokes fiery discussions and arguments.

Rival businessmen and critics dismiss him as an egotist; a semi-literate, prancing peacock whose business empire is founded on shifting sands. Their guns blazing with acrimony, they also accuse him of being a heartless monopolist whose love for power and money knows no bounds.

But Mothusi's admirers adore him to the point of worship. In him, they see a role model for black businessmen. He is proof that, given half the chance, the black man can claim a place for himself in the economic sun of this country.

Despite his considerable achievements, they say Mothusi is a generous man who always has a friendly wave for everyone.

But how much myth and how much man?

"Well . . . I have never been interested in what people say about me. I do what I think is right for me and for my business," he said.

The son of a messenger and a washerwoman, Mothusi struggled into the marketplace.

He was born more than 50 years ago in Taung. His parents moved to the Vryburg township of Huhudi when he was five or six. When he reached school-going age, he was enrolled with the St Paul Catholic mission school where he did his primary education before proceeding to another mission school, the famed St Boniface, in 1953. He completed matric with an impressive pass in mathematics. There was an urge to go further . . . .

■ ■ ■ ■ ■ ■

"In those days," he recalled, "the system of education was tailored in such a way that blacks should not go further than matric. The National Party had already set a station in life for us. Our education system was designed to produce hewers of wood and drawers of water."

Despite a matric certificate safely tucked under his arm, it was difficult for Mothusi to land a suitable job. Many advised him to be a policeman or teacher but he refused because at that time, those careers were the highest a black person could aspire to. Joe Mothusi was more ambitious.

After combing the tiny town of Vryburg without success, Mothusi finally accepted a job as a petrol attendant. It was a 12-hour day, six-day-a-week job that rewarded him with just two pounds a week.

Three years later he became a sewing machine salesman. In 1960 he joined a furniture store, also as a salesman.

"It was crazy. Racism forced me out of salesmanship because blacks were never allowed to sit inside the store. You had to wait outside come rain or sunshine. We were not even allowed to sit on the furniture we were selling."

In 1963, Mothusi started a small grocery shop in Hududi but apartheid laws made it difficult for him to succeed as a small township entrepreneur.

He closed shop and operated a taxi service using his personal car. But it turned out that a taxi in those days was a luxury the poorly-paid township folks could not afford.

Come 1970, opportunity knocked and Mothusi answered.

The Bophuthatswana government, then still the Tswana Territorial Authority, placed all bottlestores in its area on sale. Mothusi had not a cent to his name, but was interested in the bottlestore situated in his birthplace, Taung.

After going through vigorous examinations and interviews, he outclassed 40 other competitors. The business cost R17 000, and he obtained R4 000 bridging finance. Six months later, he had paid off the loan and the asking price, and the Mothusi legend was born.

"From then on I snowballed . . . I bought businesses like crazy," he said.

In one fell swoop, he bought four businesses in Ganyesa, 200km south of Taung and also in Bophuthatswana. They were a filling station, bottle store, supermarket and a general dealer.

In 1977, he returned to Taung where he set up a hypermarket next to his bottlestore. Six months later, he reinforced his Taung interests with a restaurant, filling station and bar lounge.

Ten years after his humble business beginnings, he moved into the big time by buying what was then the only hotel in Taung, the Oasis Hotel. It set him back R200 000, including the off-sales outlet.

However, his appetite was far from satisfied. He set his sights across the borders of Bophuthatswana and found Kimberley a good bet. "The local provincial administration placed their liquor outlets under the hammer and I bought the lot," he said. For these Mothusi signed away a cool R3 million.

This was followed by another R250 000 bottle store in Vryburg. Today, the man has invested heavily in farming and property. His buildings – some of which he leases to big corporations and even the Bophuthatswana government – occupy half of the Taung central business district. He sells everything from shoelaces to property.

His home is a millionaire's dream. Two Mercs dominate his garage. There are trucks, panel vans and a multitude of workers roaming around his empire.

And would Muthusi tell us what he is worth?

"My worth?" he giggles, "Gee wiz, you want to set the taxman on my tail?"

As hard as it is to estimate his real worth, it's a safe bet that Mothusi is a multi-millionaire.

But in recent months Mothusi has had sleepless nights – he fears South African-based giant corporations moving into Taung. There are huge shopping complexes rising a stone's throw from his empire . . . the multinationals are moving in.

"It's unfair for multinationals to compete against us small men. Firstly, multinationals are white-owned. The white man owns banks and so he has access to loans. A black has a short hand to finance.

■ ■ ■ ■ ■ ■

"For instance, I wanted to build the same type of shopping complexes. When I needed a loan of around R30 million, the white man at the bank asked me if I owned land that could be pledged as security. Bank officials know too well that no black man owns land in this country. This 99-year lease is not land ownership. They know that no black man makes the rules. Why can't they look into the individual man's performance in business?" he asked.

4

Asked about the current positive steps taken by the government in South Africa, he said only majority rule in a unitary, non-racial South Africa would bring about the best from black entrepreneurs.

"Politics determines the atmosphere of the economy. Being given freedom is like being rejuvenated with fresh blood. We as black businessmen will be able to work towards our goals and towards the goals of our country because, as a free man, you learn to love your country. You say 'this is mine and I've got to work for it'. If a black man can say that, nothing will stop him from playing an economic role in this country," he said.

In the meantime, Mothusi plans to expand his business interests even further, regardless of competition from the big corporations.

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From poor mechanic to transport tycoon

c/Press 25/3/90 30

Hard work pays off for bus owner

By BONGANI HLATSHWAYO

ONE would never guess Johannes Cheou was once a backyard mechanic when you walk into his enormous executive office in Chloorkop near Kempton Park.

Cheou now owns a fleet of 25 luxury coaches which transport workers from Soweto, Tembisa, Alexandra and KwaThema to their places of employment, but he is no stranger to hard, dirty work.

He talks modestly about his business success. "I'm publicity shy," he explains.

He lives in Kelvin, near Sandton, where he owns a large R250 000 house situated on half an acre.

Simplicity is Cheou's motto. He says he chose to stay in the white suburb of Kelvin because back home in Tembisa two years ago he was threatened by taxi operators who claimed he was running them out of business with his fleet.

"They felt I was taking business from them and as a result attacked one of my drivers at night, killing him with stones."

Cheou says the crunch came when he was threatened on three occasions by a gunman who came to his R150 000 mansion at Esiziba Section in Tembisa.

"I got so unsettled that I eventually had to sell my house for next to nothing. It went for R75 000 because I was desperate to get out of the area."

Today Cheou operates his business from offices in Chloorkop and from his home in Kelvin where his wife Rose does the company accounts.

The road to success for Cheou was not an easy one. He was born in 1939 in the district of Mamabola, Pietersburg, and has three brothers and a sister. Ironically, he grew up in Kelvin, on a farm owned by a Mrs Campbell.

He attended school at Witkoppen and went to Alexandra in 1946 after the farm was sold. The new owners said they didn't want tenants on the farm.

He was taught at primary school by the well-known Alexandra community worker, Marjorie Manganye. He had to leave school in Std 6, but studied at home until he obtained a Std 8 certificate.

"My first job was with JL Viljoen Transport. There I trained for six months as a mechanic before getting into the field.

"This job took me to places like the then Belgian Congo, Zambia and other African states from 1955 until 1967."

He got tired of travelling and struggled as a backyard mechanic in Alexandra. After that he joined Coca-Cola as a driver and was later promoted to sales supervisor. He left the job in 1979.

"I ventured into the transportation business in 1980 when I operated a taxi for two years while I accumulated money to buy a 25-seater bus.

"I did some marketing for my business and clinched a few contracts with companies to ferry their employees.

"It was tough then as I had to compete with Putco. We used to fight with Putco as I had no permit. I eventually acquired one and the business grew in leaps and bounds."

Cheou reached the top by entering into lease contracts with bus companies.

He is also not frightened by competition "as it urges you to do your best and improve all the time".

He is one of the few successful black bus fleet owners who has survived competition from white fleet owners.

"Service to the people has to come before anything else and I pay my drivers a lot. If you pay peanuts, you should expect monkeys," he says jokingly.

Part of his profit is ploughed back into the community – especially in Tembisa and Alexandra.

This year he has sponsored prizes worth R2 000 plus trophies for the Alexandra Football Association's Under-21 League.

The Itumeleng Association for the Physically Disabled also benefits from tours he organises for them each year, and he has started educational tours for schoolchildren.

Cheou has also formed a new company, Goodhope Promotions, with music promoter, Sam "Jiza-Jiza" Mthembu and will be staging festivals throughout the country.

"The whole idea of festivals is not to make money, but to generate money for charity organisations," he says.

"As black businessmen we should also do something for our communities, not wait for whites to do it for us."

Johannes Cheou stands proudly before part of his fleet of 25 luxury coaches. Many envy his business successes.

C/Press 25/3/90 30

Black business has poor record

Now it's acting to put house in order

By PATRICK MAFAFO

TRACK records of black businesses are not impressive. Take the story of African Development and Construction Holdings (ADCH), formed by black entrepreneurs in 1977.

The company incurred losses from the start and when it closed last year it was owed R200 000.

What happened? There were three basic problems. The first was capital. It took eight years to raise R300 000 from its 400 black shareholders. For blacks to acquire a meaningful stake in this sector, capital guarantees will be necessary.

Secondly, the company lacked quality management and thirdly, falsely assumed that since the company was black owned, the entire management had to be black.

Realisation is dawning that to be taken seriously, black business has to get its house in order. And rhetoric is being replaced by action.

Taking the initiative is the African Builders' Association (ABA), an affiliate of the newly-formed Foundation for African Business and Consumer Services (Fabcos).

The strategy is four pronged: addressing management skills through training; creating a cash pool through its membership; lobbying government to simplify its systems of allocating land for black township development and also to dismantle economic policies tied to political policies in the building and construction industry.

Baker Mogale, spokesman for ABA and president of its Transvaal affiliate, Taba, says many large companies now give preferential contracting to black business, coupled with assistance in costing and pricing, ordering, delivery and similar tasks.

There are, however, serious drawbacks. "The main one is that it is not really their job and they might get tired of the effort and the cost to themselves."

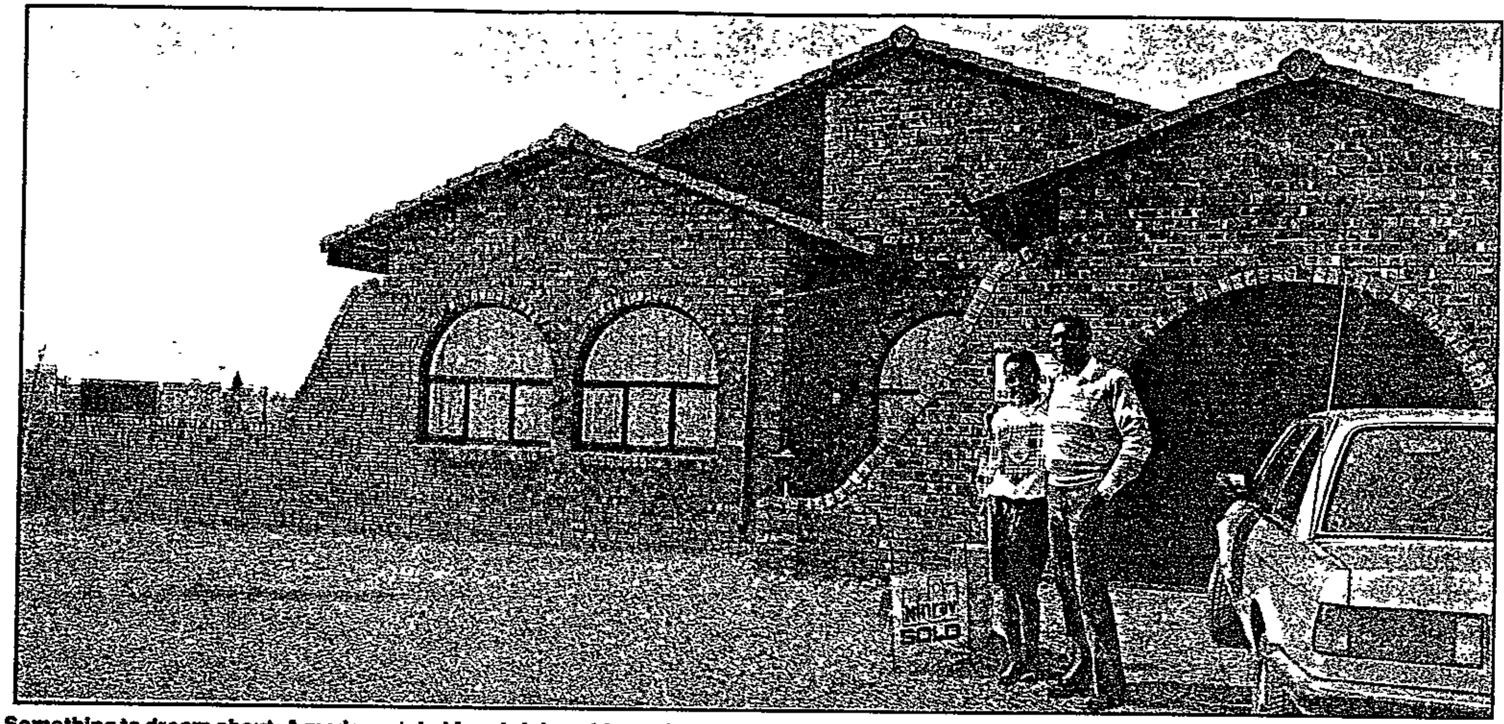
To overcome these problems, says Mogale, the training process will have to be intensified.

But are organisations such as the Urban Foundation and the South African Housing Trust not providing these services?

Mogale says so far they have failed. In their own right they have become property developers and financiers. Typically liberal, they are doing for blacks, instead of doing with blacks, he says.

"Instead of laying the foundation for the black master builder to enter the lucrative property industry, through their actions they serve to curtail such development."

He says it is for this reason that ABA has secured



Something to dream about. A modern styled facebrick residence for the entrepreneur with plenty of room for the whole family – including the Merc.

Choose the right paint to brighten up your home

NEVER bought paint before? Don't know a high-gloss from a non-drip or a vinyl from a matt? This simple decorating guide explains which sort does what and why.

Most paints fall into two categories: oil-based (gloss) or emulsion. Each offers a different sheen, texture and coverage.

LIQUID GLOSS: This paint has a hard sheen finish and is best for skirting boards, window frames and doors. For exterior use, pick a range that is formulated to withstand the weather. Always use a primer base paint under gloss.

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"Instead of laying the foundation for the black master builder to enter the lucrative property industry, through their actions they serve to curtail such development."

He says it is for this reason that ABA has secured sponsorship from the US Agency for International Development (USAID). The grant of over R500 000 is subject to review every three years and will be used to develop a training programme for its members. The organisation's membership is estimated at 5 000 and includes architects, plumbers and bricklayers.

Mogale says the programme will cover tendering, drawing of plans, assessment of quantities, finance, ordering and delivery and site management. These can be grouped into getting the job, financing the job and carrying out the job.

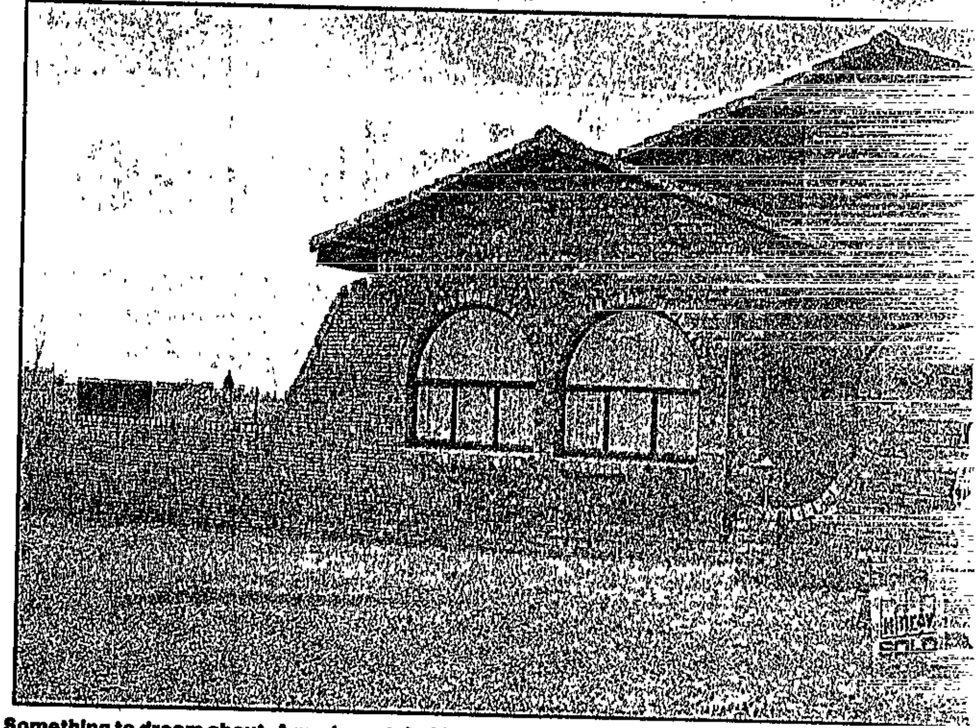
The problems in getting the black building industry into the mainstream is not the lack of technical or craft skills, he says, but the lack of business skills.

"There are thousands of black master builders in South Africa. Regrettably, few work for themselves. They often are employed by white-owned building firms. The black builder may do everything in respect of the actual building operations with little or no input from the owner of the business. Why, then, does he find it difficult to strike out on his own as an independent builder?"

To finance black operations, Mogale says, the organisation is to adopt the Sabta Foundation model, which creates a finance pool. A percentage of profits from projects completed by each member will go into a trust fund, which will be used to finance projects.

International aid will also be sought, particularly from the World Bank.

He says that during the fourth stage, besides concentrating on economic policies which are tied up with unworkable political policies, investigations will concentrate on the Department of Development and Planning, particularly the National Housing Commission which allocates about R500 000 to housing projects.



Something to dream about. A modern styled facebrick residence for the entrepreneur with plenty

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NON-DRIP GLOSS is a gift to the first-time decorator. Its consistency, like not-quite-set jelly, makes it very easy to use. An undercoat is not necessary as long as the surface has been well-prepared. Do not "overbrush", as you'll leave streaky marks on the surface. Non-drip gloss is suitable for doors, window frames and skirting boards.

MID-SHEEN OIL-BASED PAINTS Better known as eggshell and satinwood. These paints have a more subtle sheen than gloss and are suitable for walls, wood and metal. Ideal for bathrooms, kitchens and techniques such as marbling and rag-rolling.

VINYL EMULSIONS come in silk or satin finishes. The vinyl ingredient makes the finish more hardwearing and easy to wipe clean. Use only on walls, ceilings and over relief wallpapers such as wood-chip and anaglypta. Don't use over rough plaster. It highlights the uneven surface.

MATT EMULSION is good on rougher surfaces as its soft, velvety finish helps to disguise flaws. Use on internal walls and ceilings. Use two coats. Not suitable for wood or metal.

SOLID EMULSION comes in a tray. It has a thick, soft, cheesy appearance and is non-drip – ideal for ceilings. Apply with a roller, but use a small brush for neatening up edges and corners.

Unrest fails to halt the supply boom

(30)

S/Times 25/3/90

By Ian Smith

TURBULENCE in the townships might be expected to dent the performance of major suppliers to the areas, including the big wholesale supply groups.

"Not so," says Theo Muller, chairman of wholesale and retail franchiser Shield Trading, which has a huge exposure to buying patterns in black areas.

The group's results for the year to end-February, which are due to be published in about six weeks, will show that turnover and earnings are in fact accelerating again after the hiccup caused by Shield's venture into direct trading through its Success chain.

"Taking the first two months of 1990 in isolation we can see no slowdown in growth," says Mr Muller. "Sales are very brisk wherever we do business. We seem to be recession-proof and inflation-proof and unrest has not affected our performance at all."

He is aware that if many of the cash-and-carry and retail outlets which Shield supplies were damaged or destroyed the story could be very different. "It is one more factor that must be taken into account when we assess the fortunes of our business.

"In the past, when we considered taking a new outlet into our family, we asked about his solvency. Now we have to ask where his outlet is."

Mr Muller says that in the last financial year the core business, Shield Multi Trade, pushed its turnover up from R377-million to R514-million, a 36% improvement.

Consolidated results of Shield Trading still show some of the Success hangover, and turnover increased nearly 22%, from R425,2-million to R514-million.

Operating income should show an improvement of about 34% to R12,4-million. Cash reserves have grown strongly and currently stand at R22-million. As a result the interest earned by the group has grown from R168 000 in the previous year to more than R1-million in the year just completed.

Rebates payable to customers are expected to jump from R5,4-million to R7,7-million — a 43% improvement.

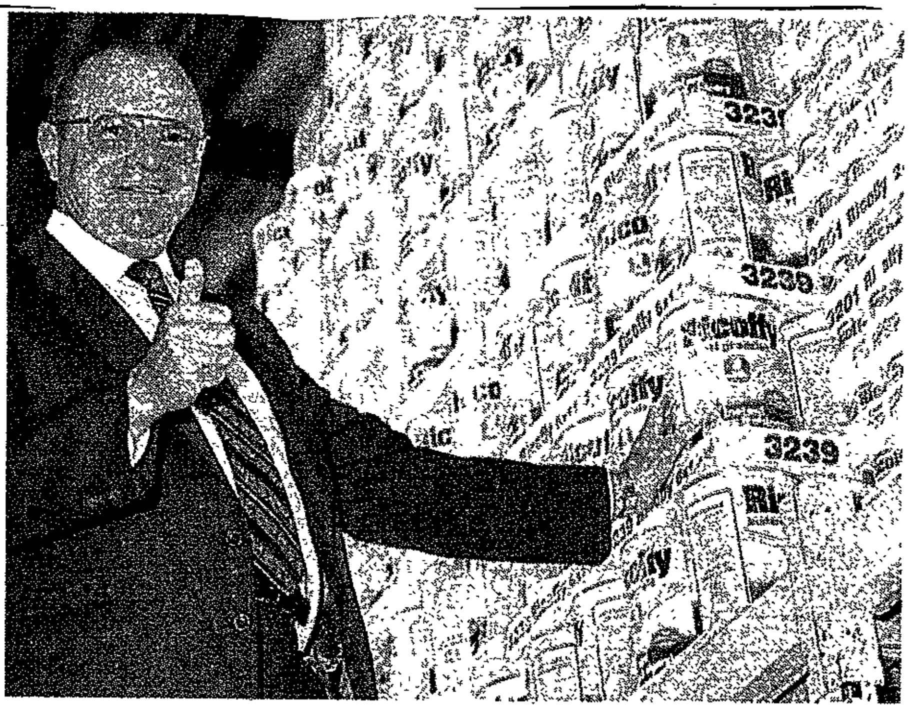
The net result is that Mr Muller is confident that net income after tax will be more than 50% higher than last year's R1,8-million, and that attributable income would move in line.

This means that a dividend of more than 4c would be paid, significantly higher than last year.

"We believe the results will prove the wisdom of the decision taken at the end of 1988 to get out of direct trading and sell off or franchise the Success stores," says Mark Smith.

The group is one of SA's giants in pre-packed foods, but there is still potential for much organic growth.

"For instance, we have just helped establish the first wholesale cash and carry in Naboomspruit," says Mr Muller.



Shield chairman Theo Muller . . . stacking up a healthy cash pile

New Sterns aims to be top again

30

By Ian Smith

IT hasn't been easy to put the 103-year-old Sterns retail jewellery chain back on the road to its pre-eminent position in the R1,5-billion-a-year market.

The national chain of jewellers, which was once credited with selling more diamond engagement rings than the combined total of all other jewellers in the country, was taken out of the listed company last August after a R12-million buy-out by the privately owned Goodgold-Tanur group.

But many skeletons were uncovered when Goodgold-Tanur's highly professional management team walked into the headquarters of its loss-making acquisition.

Sales had been slipping since 1986 and staff morale, after two years without salary increases, was low. Controls had slipped and computer systems were in disarray.

There were stock discrepancies and stocks had been badly managed.

"For instance, we had earrings for several years but we had no stock of ring twin-sets," says Maurice Hartshorne, former Edgars executive who has been appointed joint managing director with Ronnie Tanur.

Nevertheless, a huge restocking operation was completed in time for Christmas and the chain was very profitable in December.

Bottom line in the first three months of this year of this year will be badly affected by heavy write-offs because a lot of bad debt was not written off in the last two years.

Now Sterns is planning a major marketing drive to take it back to the No 1 spot in jewellery retailing, which it lost to Foschini's American Swiss.

"We are the biggest privately owned jewellery group in the country, and overall we are second only to American Swiss," says Mr Hartshorne.

"But we are determined to regain the position we held for so long."

The new owners have spent more than R2-million in the last six months on marketing and promotion, and another R4-million has been budgeted for this year. An advertising agency has been appointed.

The old Sterns became a household name when Syd Barnett began selling jewellery on terms in the late 1950s, backed by huge advertising campaigns.

S/Times 25/3/90

Motivated

"We are going back to the old policy of quality jewellery on credit," says Mr Hartshorne. "We must also make sure that our shops are right, the staff is motivated and people have confidence in the new Sterns."

To rebuild morale among the 450 staff the new owners avoided retrenchments. "A few people left of their own accord, but we have worked hard to rebuild the team spirit.

"We improved salaries to show everyone we were determined to pay market rates and, even in a loss situation, we paid a 13th cheque at Christmas."

A consultant from Switzerland has been hired to ensure the shops look right and to introduce innovative selling techniques. New products, including an exclusive range of quality Swiss watches, will be added.

Jewellery will be re-ticketed to show the size of diamond and the gold content. "The customer will know what he is buying," says Mr Hartshorne.

Security has been strengthened at all the shops, and consultants Arthur Andersen have been retained to examine and make recommendations on new computer systems.

"We are not egotistical enough to believe we can turn the company around in a few months. But we believe we have stopped the bleeding and we know where we want to be — at the top."

Retailers look for early cheer

S/Times 25/3/90 30

By Don Robertson

MANUFACTURERS and retailers of domestic appliances and audio and hi-fi equipment are hoping for a mini-Christmas in July and a follow-through to bumper sales in December.

Their expectations follow the decision earlier this month to relax hire purchase regulations on certain products, the reduction in import surcharges and personal tax concessions announced in the Budget.

Richard Ferrer, chairman of the Domestic Appliance Manufacturers' Association of SA, says demand is expected to pick up soon in response to the HP relaxation, and once the other factors have filtered through — by about July — sales can be expected to increase substantially.

Forecasts

"Research has shown that the tax handout will increase the average family's discretionary spending by about 27%. This could be used to reduce debts, to increase savings or buy new consumer goods.

"This will significantly increases sales of domestic appliances and other consumer goods," he says.

"Analysis had shown that sales of domestic appliances were expected to decline in real terms by about 10% this year. Now we are looking for a modest growth and are expecting a bonanza during the Christmas period."

Dions marketing director Howard Davison says it could also result in the price of some items, such as VCRs, being reduced by up to 10%, but will certainly mean that current prices will be maintained for three to four months. He reports a lift in sales in March compared with the previous month.

Stan Etkind, joint managing director of Milstan, which incorporates Miltons and Stans, says the price of items such as VCRs and compact discs could come down.

He says that a VCR which currently sells for R2 000 could be reduced to about R1 800, while the price of compact discs could fall by about 5%.

Alan Coward, new managing director of National Panasonic, says the reduction in the surcharge from 60% to 40% will make VCRs about 8% cheaper and, as prices are cut, sales are expected to rise by between 10% and 15%. The relaxed HP requirements do not affect VCRs.

The improved credit facilities offered on TVs makes HP more affordable, while the reduced surcharge trims the cost of locally assembled sets. Sales should rise by between 5% and 10%.

In contrast, Morkels financial director Terry Simon says he does not expect any rush to buy consumer goods as lower income groups are still being hit by high interest rates.

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SUNDAY TIMES, Business Times, March 25, 1990

Jewellery set to sparkle

By Dirk Tiemann

A HUGE underground industry is coming out of the closet following the Budget's abolition of 20% ad valorem duties on jewellery.

The imposition of 35% duty on jewellery purchases at the retail level in 1969 drove many manufacturing jewellers underground.

Officially, says Mintek president, Aidan Edwards, jewellery makers import only two tons of gold in the form of jewellery a year — but another eight tons is bought illegally.

This suggests that SA manufacturing jewellers are buying R480-million of gold a year 'under the counter'.

Dr Edwards estimates that two thirds of jewellery in SA is illicit.

Dr Edwards says the tax, implemented to discourage domestic consumption of gold, encouraged jewellery imports and consequently resulted in foreign exchange losses.

Foreign jewellery has always been cheaper than local products because of government assistance to foreign manufacturers.

Further evidence that the industry is vastly underestimated by the authorities was contained in Finance Minister Barend du Plessis's Budget speech.

Mr Du Plessis said he would lose R37-million with the abolition of the 20% tax still obtaining. This means the Government estimates the size of the jewellery manufacturing industry at only R185-million.

Jewellery Council Executive Director Michael Goch estimates industry size at R560-million, which has meant a loss to revenue of approximately R112-million a year.

However, with the industry coming into the open it will be subject to sales tax but revenue will make good its expected losses.

The gold loan system introduced by the Reserve Bank is less than satisfactory, say manufacturers.

Transvaal Jewellery Manufacturers Association chairman Harry Bloom says manufacturing jewellers buy gold at the ruling price. They have to repay loans at the price prevailing at the end of the loan period. They are thus exposed to dollar/rand exchange rate and gold price fluctuations.

The loan from the Reserve Bank is obtained at 1,5% interest by the commercial banks. Jewellers pay commercial banks 7%. Banks guarantee the jewellers to the Reserve Bank.

The loan guarantee to the bank costs another 1%, but the manufacturer is in an open risk position. Jewellers cover forward but Mr Goch says covering forward means paying an interest rate equal to the current overdraft rate. He believes matters will improve as more banks enter the loan system.

First National was the exclusive loan bank, but now Rand Merchant Bank has entered the fray. Jewellery manufacturers will be looking to reduce the risk involved using futures contracts, says Mr Goch.

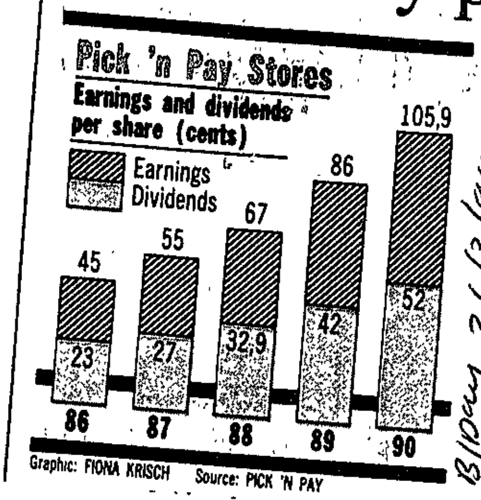
The abolition of the ad valorem tax now affects retail jewellers who are registered with the Department of Customs and Excise and do not pay [illegible]0% duty on their stock until sale to the consumer.

The majority of the large retailers, such as Sterns, American Swiss and Arthur Kaplan, pay the tax on stock upfront and are not affected immediately.

Pick ’n Pay profits well up

(30)

LESLEY LAMBERT



Graphic: FIONA KRISCH Source: PICK ’N PAY

B/Day 26/3/90

CAPE TOWN — Pick ’n Pay met analysts’ most optimistic profit expectations with attributable earnings up 22,4% to 105,9c a share for the year to February, in spite of an improvement in turnover of only 13,2%.

Turnover, at R4,38bn, showed little real growth, but taxed earnings of R82,8m were boosted by impressive growth in investment income of R14m (R10m). There were good returns from unlisted tax-free insurance investments and allowances for capital expenditure during the year, enhanced by a lower tax bill of R48m (R48,2m).

An extraordinary item of R4,2m from the sale of property in Johannesburg took attributable earnings up to R87m, translating into 105,9c a share. A total dividend of

☐ To Page 2

Pick ’n Pay

B/Day 26/3/90

(30)

☐ From Page 1

52c, up 23,8% and well in line with expectations, was declared.

The annual sales growth of 13,2% lagged behind the consumer price index rise for the same period, and the group did not increase its share in a highly competitive market. An operating margin of 2,68% was down slightly on last year’s 2,75%, showing that the group relied on the improved investment performance and lower tax bill for the bottomline result.

MD Hugh Herman said the group was satisfied with the sales growth, which had come off the high base established during the previous year’s 21st birthday promotions and been knocked during the course of the year by the economic downturn.

A major impact on profit margins must have been the 21% increase in the wage bill which, coupled with other staff benefits and share schemes, accounts for more than 68% of the group’s expenses.

Herman said the group was well poised for a strong revival in the current year and could achieve sales growth of more than 18%. It had implemented and paid for scanning and systems developments and refurbishments last year, and worked through the effects of extraordinary sales levels achieved during the previous year.

The group is scheduled to open 12 new supermarkets, pantries and warehouses this year, including an upmarket, self-standing clothing chain called Chain-reaction.

☐ Gareth Ackerman, 33-year-old son of Pick ’n Pay founder and CE Raymond Ackerman, has been appointed a full director.

The Ackerman family is the controlling shareholder and Raymond Ackerman suggested in a statement with the results on Friday that he was looking for someone to succeed him.

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Cpt Tms 26/3/90

Protea Furnishers posts R3m profit

JOHANNESBURG. — Protea Furnishers Limited, the 84-store furniture retailer, (formerly Sam Steele Holdings) has achieved a dramatic turnaround and is already in the black.

New management was installed in August 1989 by its new controlling shareholder, Supreme Industrial Holdings Ltd.

Interim results for the four months to December 31, 1989 (the company has changed its year end) reflect a R3m profit after the R27,4m loss for the previous year.

Profurn changed its year end from August to December to bring it into line with other group subsidiaries.

Turnover in the shortened interim reporting period was R31m compared with Samstel's R71m in the previous full year.

"The results, achieved solely through trading performance, vindicate the decision to sell Samstel's manufacturing divisions and for Profurn to concentrate on furniture retailing," says chairman Edward Ronbeck.

"However, the real difference was made by the total change of top-level management, whose management style and implementation of policy have already had a positive effect on the whole organisation at all levels."

Commenting on prospects, he says that notwithstanding the economic downturn, Profurn is well-positioned in the furniture retail sector.

"We are well on target and expect to exceed the forecast made in December last year of earning 8,5c per share in the 16 months to December 1990."

Profurn was acquired by Supreme in July 1989.

Following the recruitment of top calibre executives, Profurn underwent a major strategic corporate restructure, including the disposal of its manufacturing divisions together with land and buildings for R18m cash.

These funds were utilised to refurbish and restock its outlets, the installation of a modern computer system and repayment of debt.

Says Mr Ronbeck: "We have identified a number of attractive potential niche markets and some of the older stores will be repositioned into more attractive and profitable retail areas." — Sapa

B Day 26/3/90.

Protea Furnishers recover

SYLVIA DU PLESSIS 30

CONCENTRATION on furniture retailing and a change in top-level management by new controlling shareholder Supreme Industrial Holdings (SIH) have enabled Protea Furnishers to move back into the black in the four months to December.

The 84-store group — formerly Sam Steele Holdings — has reported a R3m profit during this interim period from which earnings of 4,7c a share have been declared on an increased number of shares in issue.

This follows a strategic corporate restructure, including the disposal of manufacturing divisions together with land and buildings for R18m cash, and represents a R30m turnaround from the year to August when a R27,4m loss, or loss per share of 130c, was posted.

Chairman Edward Ronbeck said at the weekend results for the group, whose year-end has been changed to December to bring it in line with group subsidiaries, were achieved solely through trading performance.

Turnover during the four months amounted to R31,4m — nearly half the R70,9m achieved in the 12 months to August.

National unrest creates February hiccup for Rusfurn

B/Day 28/3/90

SYLVIA DU PLESSIS

FEBRUARY sales for furniture giant Rusfurn fell about 10% short of budget following Nelson Mandela's release and general unrest nationally, CE Geoff Austin said yesterday.

Austin said certain of the group's chains sold "virtually nothing" in the week after Mandela's release because of political uncertainty amongst consumers, while stores in the Ciskei, for example, were burnt and looted.

Russells showed standstill year-on-year growth in nominal terms during this period, Arrow 15% and Wanda-Frasers and Dion 10%, he said.

(30)

But while none of these chains showed real year-on-year growth in February, March sales were "a lot better" and Rusfurn remained on track to achieve the R92m in full-year earnings forecast earlier.

([illegible])

"Clearly, Mandela's release has created unrealistic expectations in some quarters of the black community and this has affected retailers generally, but we believe it to be of a fairly temporary nature."

Austin said the recent easing of credit restrictions on domestic appliances, civil servants' 10% salary increase and reductions in PAYE tax all boded well for business.

Market economy vindicated — Relly

Star 28/3/90 (30)

By Ann Crotty

"The modern economy is too complex and diverse for a single, central agency to control or manage by attempting top-down resource allocation" says Gavin Relly in his chairman's statement in the AECI annual report.

Mr Relly refers to the momentuous events that took place in 1989, not only in Southern Africa "with the relatively orderly transition to independence in Namibia", but also in Eastern Europe where what seemed the impossible was achieved, with apparently entrenched regimes overthrown within days.

"These momentuous events confirm once again that the autocratic imposition of ideology by an elite cabal on an unwilling society will not be tolerated indefintely.

"A truly stable society requires that all the people have the freedom to participate in political and economic institutions that function efficiently and fairly and in harmony with one another, where a fully democratic, multi-party political order is complemented by a compatible economic system in which the benefits of participation are real and reinforce the political rights and liberties enjoyed by all.

"Only a market economy can meet this test — the modern economy is too complex and diverse for a single, central agency to control by attempting top-down resource allocation.

"And the spontaneous mass rejection of such a system in Eastern Europe has finally forced the reactionary left to reassess the viability of their ideology."

Mr Relly believes that the lifting of the ban on the ANC and other organisations and the release of Nelson Mandela and other political prisoners were major steps towards normalising the political process in South Africa.

But he adds: "This bold decision — not without attendant risks — deserves an equally courageous response.

"I am hopeful that all representative leaders will display the stature and responsibility which the making of history demands and commit themselves in good faith to the creation of a new non-racial and multi-party democratic society in our country."

Mr Relly says that in this respect the experience of Eastern Europe and the failure of economic and political systems in much of Africa provide ample evidence of those policies, which are not tenable in the modern world.

Star 28/3/90 ([redacted]) (30)

Cosatu to present proposals

By Drew Forrest

Cosatu would soon present business institutions with detailed proposals for the restructuring of the economy, and a refusal to negotiate these would spark a major confrontation, a leading unionist warned businessmen yesterday.

Addressing the SA German Chamber of Commerce in Johannesburg, economist and National Union of Metalworkers' education officer Mr Alec Erwin also argued for nationalisation "in areas where it made sense".

Mr Erwin cited Korea and Taiwan as countries where state intervention had made manufacturing industry more competitive on world markets.

Extremists who thought the solution to South Africa's problems lay in nationalisation alone or the free market, "were playing games" he added, stressing that both had a role to play.

Mr Erwin said the "sheltered" manufacturing sector had been stagnant for some years and that agriculture was in crisis after decades of subsidies.

Carefully constructed nationalisation should aim to move South Africa towards a low-cost, high-wage, high-employment economy, he said.

Star 28/3/90 (30)

R30-m 'rights' boost from private sector for SBDC

By Jabulani Sikhakhane

The Small Business Development Corporation has mobilised R30 million from the private sector through a 40 percent rights issue involving some 100 shareholders.

The managing director of the SBDC, Dr Ben Vosloo also announced at a board meeting yesterday ten priorities for the future, including increased promotion of black busines activities with special emphasis on the informal sector.

Dr Vosloo said the rights issue reflected recognition by big business of the essential role that small business has to fulfill as an effective creator and distributor of wealth in a new post-apartheid South Africa.

"We also view this support as a concrete endorsement from the private sector of the SBDC's efficiency and cost-effectiveness in developing the small business sector."

The money raised from the private sector, together with State support, would enable the SBDC to sustain its planned growth of 20 percent a year as set out in the five year plan announced last year, he said.

Among the companies that took up subscriptions of over R1 million are Goldfields of SA, Sanlam, Rembrandt, Anglo American, De Beers, Gencor, Nedcor Group, First National Bank, Standard Bank Investment Corporation, SA Mutual and Volkskas.


Dr Vosloo

Among other priorities for the future, announced by Dr Vosloo, was a decision to continue with the deregulation drive with the focus on the remaining obstacles and deregulation of the informal sector; to expand the Hive of Industry programme which makes available small factory units to budding entrepreneurs.

Special attention would be given to the establishment of hives close to the marketplace in Central Business District areas.

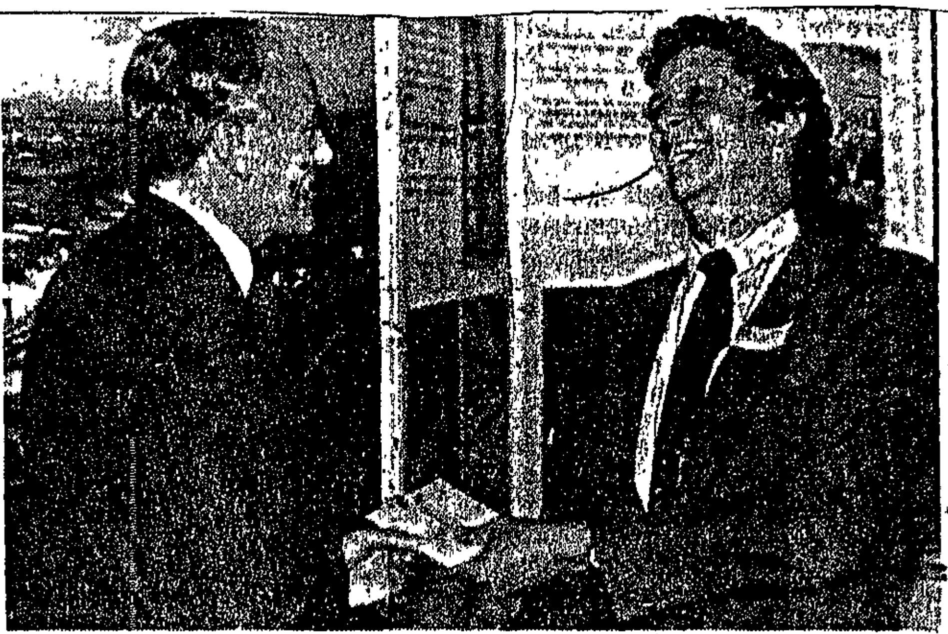
The SBDC will also extend the sub-contracting programme to more large concerns and promote small business as beneficiaries of the government's privatisation programme; boost business infrastructure development in neglected areas and expand business skills training.

It will improve staff development programmes, with the emphasis on black employees; improve efficiency, cost-effectiveness and client service. The SBDC would also strengthen an appropriate financial base to support long-term growth.

Dr Vosloo also announced that a portion of the proceeds of the rights issue, supplemented by additional funding from the State, had been specifically earmarked for property development.

A property brochure launched yesterday had been compiled to show the extent and impact of the SBDC's involvement in the provision of commercial and industrial facilities which presently represent an investment of more than R218 million and more than 3 800 units.

"In a relatively brief period since the SBDC has been active, it has developed a reputation as a pioneer in the field of property development in under-developed areas. The SBDC is unique in terms of its experience and expertise in this field," he said.



Frontline's Denis Beckett, right, won the feature and fiction writing prize in yesterday's inaugural Mondi-Magazine Publishers' Association Awards for Excellence competition. Mondi executive chairman Tony Trahar presented the nine awards, billed as the "Oscars" of magazine journalism. The overall trophy and R13 000 prize was won by Style's Merilyn Hattingh. Picture: ROBERT BOTHA

Rights issue boost of R30m for SBDC

THE Small Business Development Corporation (SBDC) announced at a board meeting yesterday a R30m vote of confidence from the private sector, mobilised by means of a 40% rights issue involving about 100 shareholders.

MD Ben Vosloo said the SBDC believed the response reflected big business recognition of the essential role that small business had to fulfil "as an effective creator and distributor of wealth, in a new, post-apartheid SA.

"We also view the support as a concrete endorsement from the private sector of the SBDC's efficiency and cost-effectiveness in developing the small business sector," he added.

Together with state support, the money raised from the private sector would enable the SBDC to sustain its planned growth of 20% a year as set out in the five-year plan announced last year. B/Day 28/3/90

"A portion of the proceeds of the 40% rights issue, suplemented by the additional funding from the state, has been specifically earmarked for property development," said Vosloo. "However, more investment is needed in this area of development and we are confident that the property brochure will facilitate efforts to recruit additional investment," he said. — Sapa.

(30)

Pick 'n Pay to join 'green' campaign

PIERRE DU PREEZ (30)

PICK 'n Pay is launching a range of 30 specially researched environmentally friendly "green" products on April 22 to coincide with Earth Day. B\Day 28\3\90

The range will be phased in over several weeks. It includes items like non-chloride bleached napkins, photo-degradable plastic bags, phosphate-free cleansers and low-acid coffee and tea.

The distinctive design of green leaves on a white background will appear on all packaging.

The packaging is also "green", including containers which do not release toxic fumes when burnt.

Black businessmen have vital role to play – UDF

Star 29/3/90 (30)

Finance Staff

The Mass Democratic Movement believed that black businessmen were not just a buffer etween the Government and he oppressed, but were part of he disadvantaged and suffering eople, the general secretary of he United Democratic Front, Mr Popo Molefe said in Johannesburg yesterday.

Mr Molefe told delegates at he formal launch of the National African Federated Transport Organisation (Nafto), which is an affiliate of Nafcoc (National African Federated Chambers of Commerce) that black business must be given a chance to take its righful place within the national liberation movement.

The creation of Nafto, Mr Molefe said, created the necessary conditions through which blacks can put pressure on the Government to open up the country's economy for all its peoples to participate.

The recent taxi wars in Katlehong, the Western Cape, Alexandra and to a lesser extent Soweto, was a matter of deep concern to the MDM.

However, the formation of Nafto which welds together splinter organisations into a giant transport body must be welcomed, he said.

The president of Nafcoc, Dr Samuel Motsuenyane, in his address, said the estimated 100 000 black taxi-operators still faced obstacles, such as obtaining permits and finance, and and lack of business training, which prevented black transport entrepreneurs from expanding.

"Nafto's immediate challenges are to find effective solutions to these problems and also widen the scope of black participation in the vast network of transportation activities within southern Africa."

Ackerman says he is confident

sowetan 29/3/90

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By JOSHUA RABOROKO

THE chairman of Pick 'n Pay, Mr Raymond Ackerman, says he is very confident of the "new South Africa" as a result of President F W de Klerk's announcements in the past days.

In his financial year-end report, he says South Africa could be going into a "golden Age", but "we have all got to realise that there is going to be a lot of negotiation and a lot of give and take required from all sides to achieve a constitutional settlement and economic dispensation that is fair to all."

He says the Minister of Finance, Mr Barend du Plessis' budget was "a very positive one, but I feel very strongly, as I mentioned last year, that when VAT is implemented next year, it should have all food zero-rated as it will be highly inflationary and unfair on people if Vat was levelled at, say 12 percent on all items.

He says it would be an easy matter to exclude all food and zero-rate the item, as educational institutions already have what they call a zero-rating.

The R3 billion announced by De Klerk, to remove backlogs in the black community, is one of the most dramatic announcements of recent months in this country and will have far reaching effects,he said.

B|Day 29|3|90

Ellerines at a high ahead of solid results

SYLVIA DU PLESSIS

ELLERINE's shares — at a low of 950c in June — reached a fresh peak of 2 400c yesterday after gaining 100c ahead of sturdy halfway results from the Malbak-controlled furniture and household appliance retailer.

Figures to February, which reflect earnings 88% up — off a low base — at 327c (174c) a share, are a firm indication the group has recovered from a difficult 1989 during which credit restrictions severely hampered growth at the halfway stage.

Dividends of 109c (58c), covered three times, have been declared.

Turnover during the period under review rose 31% to R239,4m in the face of the economic downturn, while operating profit which climbed by 85% to R38,1m lifted margins at this level to 15,9% from 11,3%.

After current and deferred taxation 112% higher at R17m, this translated into 95% growth in attributable earnings of R23,5m.

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Locations

Chairman and MD Eric Ellerine said yesterday increased market share, coupled with stringent asset management and tight expense control, were responsible for boosting interim earnings.

Eight new stores were opened during the six months, while others were resited to more favourable locations, he said. Store names include Ellerines, Town Talk, Royal, Jako and FurnCity.

On prospects, Ellerine said the group was maintaining its aggressive expansion programme, and 19 additional stores planned for the current year would lift the total number of outlets to 320.

However, directors' ability to maintain the group's momentum in the second half depended on external factors such as future political stability and an economic climate similar to that which prevailed during the first six months of the current financial year.

Analysts are forecasting full-year earnings of 606c (513c) a share and dividends of 199c (166c).

Star 31/3/90

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Toying with Diagonal Street

Inside Out

ANN CROTTY

THERE wasn't much happening in the market this week, the drop in the gold price seemed to subdue things and people are apparently already winding down to the Easter holiday.

But there was a lot happening just outside the market including: an anti-privatisation march to the JSE; a marathon Spareco agm; reports of a UAL client reneging on a financial rand deal leaving UAL exposed to a fairly large loss and; more personnel moves at Nedcor.

Myles thought it was a great idea to put another Liebenberg at the head of Nedcor as it's bound to minimise the disruption with staff and clients ... in a couple of months time perhaps nobody will even remember that there's been a change.

The fact that Hennie van der Merwe surfaced at Bankorp didn't surprise too many people and although the press releases were a bit vague about his position vis-a-vis Chris van Wyk, the feeling is that Hennie will probably tip the scales after a respectable period has lapsed.

Bankorp's problems

Mr P Liebenberg's move to Bankorp has certainly enhanced that group's rating. But Myles points out that the problems at Bankorp are of a far more fundamental and long-term nature than those suffered by Nedbank during the mid-80s.

The Spareco agm was quite an event. It started at 10am yesterday. At 10.10 it was adjourned for five minutes by the chairman who said he wanted that time to go off and consider the shareholders' questions (which had to be in writing on this occasion).

An hour passed and all was quiet as the few shareholders present (notably Peter George and Horace Sammel) entertained the media contingent (far outnumbering the shareholders) with gruesome tales of what has been going on between Lynsatt, Spareco, Juorum and Fleishmans.

After a while news came that the meeting would not be reconvened until 12.30pm. The last that Myles heard was that at 2pm it was still going strong. He assumes that it has finished by now.

The UAL finrand-Projec story seems to have everyone perplexed (or almost everyone). The precise nature of the goings-on remains a puzzle. At one stage it looked as though an overseas party had bought twice as many Projec shares as officially existed. But now it seems that the shares that were bought on the JSE were then sold to an SA resident outside the market.

Presumably (and on the basis of scant information) this would only make sense if the non-resident sold them at a profit to the resident and then repatriated the profit. But if paying a price/earnings of 240 times for Projec in the market (i.e R11) seems a bit strange then paying over R11 outside the market looks almost dodgy.

Without doubt the major event of the week was the "nationalisation" march of the "workers" on the JSE on Thursday. It seemed like a real jolly occasion with lots of singing and toyi-toying and waving of hands ... but Tony and the boys didn't seem one bit inclined to join in the fun.

Myles reckons that all these people who are so mad keen on nationalisation should be shipped off to Rumania (all transport costs paid) and all the Rumanians who are keen for a taste of the delights of free-market capitalism should be shipped down here — shades of Stalinism!

White consumer confidence improves

STELLENBOSCH — Most white consumers have regained their confidence about the immediate future of the economy, according to a trade and commerce survey conducted by the Bureau for Economic Research (BER) at Stellenbosch University.

Most expect a slight improvement in the next 12 months but only 11 percent foresee a considerable improvement.

White consumers are also more optimistic regarding the outlook for their financial situation

"The high income group, in particular, is very optimistic about an improvement in their finances," the BER says.

However, less than a third of White consumers regard the current time as being suitable for purchasing durable goods, with about 40 percent saying it was the wrong time to do so.

"Even though the outlook is pessimistic in this area the intensity of pessimism is easing."

Wholesalers' sales were a little livelier than anticipated by respondents in the previous survey.

The numbers of orders placed in the first quarter exceeded previously held anticipations and a smallish net majority reported an increase in the volume of orders placed. This was expected to be repeated during the second quarter.

Star 30/3/90 (30)

Price rises

Nine out of 10 participants predicted that the post-survey quarter's purchase prices would be above those of a year ago.

Sales in the retail sector were still growing but at a much reduced rate and respondents do not foresee a further deterioration during the forecast quarter.

"They are, however, slowing down the pace at which they are placing orders, and plan to do so again in the forecast quarter." This resulted mainly from the fact that retailers had too much stock in hand in relation to expected demand.

In the motor sector sales of new vehicles were substantially down on those of a year ago and participant dealers expected a further reduction in sales in the second quarter.

Similar trends were reported by dealers in used vehicles and the volume of sales of spare parts was holding up well.

Even though sales of new vehicles were down confidence levels remained high in this sector while dealers in used vehicles were pessimistic.

Conditions were anticipated to deteriorate in all sectors with the exception of spare parts. — Sapa.

PICK 'n PAY FM 30/3/90 ㉚

Losing customers?

If Raymond Ackerman is disappointed by Pick 'n Pay's latest real sales tumble he is not letting on. The supermarket chain's turnover rose by only 13,2% in the year to end-February against a CPI advance of 14,9%. That implies a sales decline in real terms.

Chairman Ackerman rationalises by saying the advance is satisfactory after the particular sales effort made a year before to mark the chain's 21st birthday. Preliminary results make the point that turnover exceeded R4bn for the first time. Still, austerity measures imposed by government are clearly hurting and unlikely to get better soon. Food prices rose by 15,7% in the year to February and, assuming Pick 'n Pay's selling prices matched inflation, the chain's sales of non-food items have been hammered.

Bondholders and borrowers of funds of all descriptions still have to cope with higher interest payments. These will continue to erode the disposable incomes — hence purchasing power — of Pick 'n Pay's customers. That, in turn, clips spending on big-ticket, high-margin durables. In contrast, higher interest rates benefited cash-flush Pick 'n Pay and lifted its investment income by 40%. This is one bright spot in an otherwise lacklustre set of results. It was this rise together with a reduction in the tax rate from 36,6% to 41,4% that enabled the group to lift earnings by a commendable 22,4%.

Has Pick 'n Pay, against all the odds, lost market share? Recently, Checkers estimated its volume sales had risen by 7% on a month-on-month basis in the past half-year and Ackerman will surely want to address the issue in the annual report.

The only remarkable point to emerge from the balance sheet is a 25% rise in fixed assets to R313,6m. But this, says MD Hugh Herman, merely reflects normal additions to the organisation's infrastructure.

This year will see the introduction of "Chain Reaction," the group's first free-standing clothing store, as well as a new range of perishable food products that sets out to compete head-on with up-market Woolworths. Ackerman intends to expand the clothing store experiment if it shows satisfactory results and hopes the new food products will "significantly add to our food turnovers in the years ahead."

Meanwhile, Ackerman seems to be making plans for his succession. His son, Gareth (33), has just been promoted to the main board from the chain's Transvaal operations.

Gerald Hirshon

(30)

B/Day 30/3/90

Cenprop hopes to raise R65m by a rights offer

CHARLOTTE MATHEWS

CENTRECITY Property Fund (Cenprop) plans to raise R65m through a rights offer to help finance retail and office developments and acquisitions totalling R101m, according to an announcement in today's Press.

The R65m of the rights offer will be combined with proceeds of R46m made on the sale of Glencairn and 295 Kent Avenue, Randburg, as announced in the results for the year to December, to make up the R101m.

Around R10m will be used as a cash float for the enhancement and expansion of properties at present in the Cenprop portfolio, the announcement said.

Of the remainder, R51m would be used to finance the development of an office building and retail space above and next to the Mall in Rosebank, Johannesburg.

Group portfolio managers J H Isaacs chairman Les Weil said yesterday the return on this property would be above 9% in the first year, and above 12% by the third year.

Complex

The second project is the acquisition of a site in Durban at the major intersection of Titren Road and Edwin Swales VC Drive for R30m for the development of a shopping centre. Weil said the initial return on this property would be 11,5%.

The third project is the R20m development of a retail complex on the site bounded by Rissik, Commissioner and Joubert streets in Johannesburg.

The site is already owned by Cenprop. Weil said the initial yield would be around 10,5%.

Cenprop is announcing a special interim distribution of no less than 8,56c a unit for the period January 1 to May 10 1990 to ensure new unitholders emerging from the rights offer would be in the same position as the long-term unit-holders for succeeding distributions.

The rights offer will be underwritten by UAL Merchant Bank.

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Sowetan 30/3/90

Private sector gives SBDC massive boost

By JOSHUA RABOROKO

THE Small Business Development Corporation this week announced that 100 companies had pledged R30m for a 40 percent rights issue.

At a Press conference in Johannesburg SBDC's managing director, Dr Ben Vosloo said: "We are overwhelmed with the response and believe it reflects big business recognition of the essential role that small business has to fulfill as an effective creator and distributor of wealth, in a new, post apartheid SA."

Vosloo said together with State support, the money raised from the private sector would be enable the SBDC to sustain its planned growth of 20 percent a year as set out in the five-year plan announced last year.

He also revealed the SBDC's 10 priorities for the future. They are:

* Increase black business promotion activities with special emphasis on the improvement of the informal sector.
* Continue with the deregulation drive with the focus on the remaining obstacles and deregulation at local authority level.
* Expand the hives of industry programme by adding many new industrial hives to the SBDC's existing portfolio of 26 hives.
* Extend the subcontracting programme to more large concerns and to promote small businesses as beneficiaries of the government's privatisation programme.
* Boost business infrastructure development in neglected areas.
* Expand practical business skills training - todate more than 3000 people have received business skills training and growing demand is expected for the SBDC's training services.
* Promote the development of an entrepreneurial culture by means of various promotions.
* Improve SBDC's staff development programme.
* Improve efficiency, cost-effectiveness and client service.
* Strengthen an appropriate financial base to support long-term growth.

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'Consumers happier — but not spending'

SYLVIA DU PLESSIS

BUOYANT consumer confidence among whites in the first quarter of the year is unlikely to lead to significantly higher consumer spending, according to the Bureau for Economic Research.

Demand, particularly for durable goods, is already falling away, and indications are that savings are more likely to benefit from this confidence, it says in its latest quarterly trade and commerce survey.

The bureau says the reading for the overall confidence level of whites, now 105, is 12 index points higher than that of the previous survey.

This was because consumers regained their confidence regarding the near-term future of the economy, with the majority expecting a slight improvement over the next year.

Further, the number of those expecting a considerable improvement in their financial situation almost doubled to help push the index measuring this to 112 from 106.

The high income group is particularly optimistic about an improvement in its finances, and this could benefit SA's low savings ratio, says the bureau.

However, despite their overall confidence in these areas, less than a third of white consumers regard the current time as being suitable for buying durable goods.

The bureau says slightly more than 40% said it was the wrong time to do so, and the index measuring this attitude now stands at 86 — six points above the previous reading.

"Thus, even though the outlook is pessimistic in this area the intensity of pessimism is easing."

But while consumers' outlook has brightened, retailers, wholesalers and most motor dealers are looking to worsened business conditions during the forecast quarter.

Stock

According to the bureau, the relatively low rate of increase in retail sales, coupled with other factors hampering these, damped confidence in this sector substantially, with only 31% of retailers reporting satisfactory business conditions.

No fewer than 56% had too much stock in relation to expected demand, and half forecast a further deterioration in business conditions during the second quarter.

Wholesalers, having experienced a fast levelling off in the tempo of sales, also expect a marginal deterioration in business conditions over the next three months, as do dealers in the new and used vehicle markets.

The guppies are rising up to the surface

There is a new economic force to be reckoned with, the guppies (gay urban professionals), and they are leaving the rest of the yuppies behind in the dust, reports PHILIPPA GARSON

GUPPIES — gay urban professionals — are forging ahead as an identifiable group of affluent business people and professionals, the cream of the "yuppie" crop, whose abundant disposable incomes open doors to the high life of the rich and famous and whose influx into certain suburbs has caused housing prices to rocket.

Research here and abroad has shown that gays are among those in the top income brackets and exist as a perfect target group for advertisers searching for new markets.

A Human Sciences Research Council report on gays published last year found that "South African gays live a relatively easy life", with the majority living in their own houses, using credit cards, frequenting cinemas, theatres and restaurants, and entertaining on a regular basis.

The report disclosed that "South African gays are generally high salary earners — 31,4 percent earn a monthly salary of between R3 000 and R5 000 or more, while a further 25,1 percent earn between R2 000 and R3 000."

The HSRC researcher says that while similar studies conducted abroad have identified the same trend, the findings cannot be considered as a "scientific" basis for generalisation. The possibility exists that more affluent gays tend to respond to surveys of this kind, having more access to the medium in which they are advertised. (The survey was conducted in the gay publication *Exit.)*

But in the gay capital of San Fransisco, research has shown that "gays have dollars" and companies direct their advertising at this market, at the risk of offending "straights". Even major traditional financial institutions compete for gay business.

Here the trend is perhaps less overt, but nevertheless identifiable, says a leading gay businessman and president of the Community Chamber of Commerce (CCC), which promotes gay business. This affluent owner of a 2,5-acre estate prefers to remain anonymous for fear of alienating some of his major clients.

The gay people he knows, he says, are invariably successful in whatever occupation they hold and their businesses "encompass any profession and scope of endeavour you would care to mention."

He adds that gay people are financially successful because they "see their commercial and professional endeavours as the major route to achieving recognition of the kind that is not readily afforded in other spheres."

Added to this is the fact that gays' incomes are almost immediately disposable, with most having fewer familial responsibilities and often dual incomes where they live with partners.

This high level of disposable income is directly visible in gay homes, he says, which are "more often than not highly fashionable, trend-setting environments, usually rigged out with superior equipment ... from microwaves in the kitchen, to Mirós on the wall". He adds that gay homes are "innovative and often contribute handsomely to the uplifting and rennaisance of suburbia".

Co-editor of *Exit* Gerry Davidson agrees. Gays tend to direct their energies into careers and homes, she says, because of the social pressures on gays and the (frequent) fragility of gay relationships.

Gay women, she says, tend to be heavily insured, as they are not guaranteed of financially supportive husbands or maintainance should their relationships end.

She adds that gay people frequently support each other in business and embark on business ventures together.

Davidson sees insecurity and a desire to distinguish oneself from the "floating gay population" as explanations for why so many gays invest a great deal in their homes.

Many Johannesburg suburbs such as Parkhurst, Norwood, Westdene, Melville and Greymont "have been tarted up beyond belief into interior decorators' dreams" by gays moving in over the years, she says. Renovations to her own Parkhurst home have pushed up the resale value from R34 000 in 1977 to a current R200 000.

Parkhurst has become a "yuppie" suburb since gays moved in, says Davidson, adding that five antique stores have sprung up in the last year to meet the demand for high class interior decorating.

Call for gays to vote with their wallets

THE time has come to exercise the vote with our wallets, says the chairman of the Community Chamber of Commerce (CCC), which was established three months ago to "promote, protect and develop the business interests of gay people".

In areas like Hillbrow, most political parties — with the exception of the Conservative Party — canvassed the gay vote in last year's general election, but "despite being assured that our rights will be taken up, this is the last we heard about the matter."

Gays have received much negative publicity with the Aids scare and stereotypical labels such as "raving queens", he says. "In fact we are serious people, serious about life, our futures, our country and our business efforts."

The CCC was set up to promote gay interests while the politicians ignore them.

So far the non-racial organisation has 25 members (including two women) who are top level business people and professionals.

The CCC — which is not open only to gays — aims to provide assistance and training to members in the gay community in business and employment-related areas, launch and support projects benefitting them, subtly promote the gay community in all spheres of business activity and social responsibility, and procure discounts for its members, particularly in the retail sector.

The CCC is soon to launch a training project for gay people interested in starting their own businesses, and "our aim is to put people into bed together financially", says its chairman.

He adds there is a definite trend towards teaming up together in joint business ventures. The CCC also plans to channel funds into worthwhile projects like gay advice centres.