

COMMERCE — GENERAL

1993

APRIL — MAY

## McCarthy buys Cape Nissan franchise

THE McCarthy Retail group has expanded its Nissan motor franchise network to the Cape by buying Cape Nissan for an undisclosed sum.

McCarthy Nissan franchise manager Ray Nethercott said Cape Nissan, which had assets worth R9m, would add about R50m to McCarthy Nissan's R400m turnover. McCarthy Nissan accounted for 15% of Nissan's national dealer sales.

~~122~~ EDWARD WEST 30

Cape Nissan operates a passenger car and light commercial dealership in Bellville. *BDM 1/4/93*

McCarthy recently bought two Toyota dealerships in the UK, Volkswagen dealerships in Middleburg and Durban, an Umhlanga Rocks Nissan dealership, and Toyota and MAN truck dealerships in Maritzburg.

# Apples again

**It's round two** in the battle between Pick'n Pay chief Raymond Ackerman and Central Statistical Service head Treurnicht du Toit. In a *Radio Today* interview last week Ackerman again claimed that food price rises in his stores are running way below the official food inflation rate.

A transcript from *Radio Today* reports him as saying that inflation was "just on 3% over the last three months and, if you take it for six months, it's just over 3,5%." Annually, these amount to inflation of about 12,5% and 7% respectively.

Ackerman later amended these figures. He told the *FM* his prices had risen only 1% in the past three months — an annualised 4%. These figures are all below the official food inflation figure for February of 14%.

### Terribly unfair

Last year, when a figure of 30% for July food inflation was published, Ackerman claimed his food inflation rate was only 15%. He raised the point again in the interview. Attacks on retailers, he said, were "terribly unfair because we challenged the (official) figures . . . and after we had challenged them for three or four months, the figures are now down . . . with food at 14%."

Ackerman later told the *FM* "that figures such as these (30%) have an inflammatory effect on consumers and labour organisations, which is wrong for the country."

Du Toit rose to the challenge. He says the innuendo in Ackerman's statement is offensive: "Ackerman forgets that his own Food Logistics Forum gave the official index a clean bill of health. He might succeed in

persuading his customers that he is running his stores as a public service. He has not persuaded us that his primitive statistical method of turnover divided by number of items has any validity. Until he uses standard statistical methods to compare apples with apples, we will maintain that he is indulging in a publicity exercise at the cost of the credibility of scientific data produced at the taxpayers' expense."

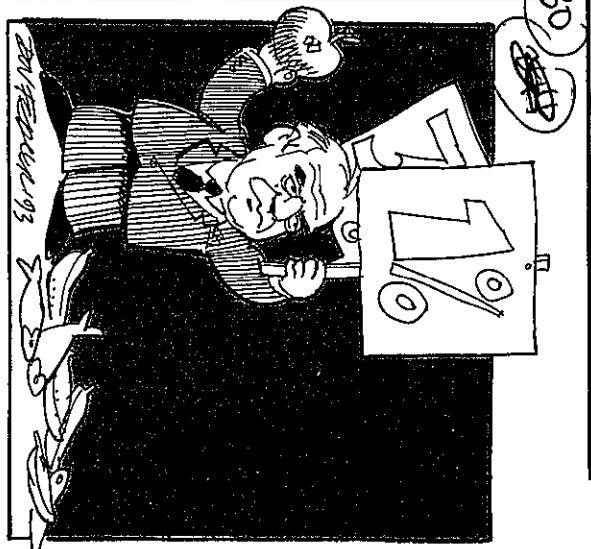
Ackerman responded: "I'm not questioning the scientific basis of the official figures. However, I am saying that they don't represent the price increases which our customers have to pay for food." Ackerman says his prices are fairly representative of large retailers.

Last year, Ackerman complained that the added weighting of small retailers in the index distorted the overall figure. But, since a breakdown of price changes between large and small outlets was first published late last year, price increases at the large retailers have not differed much from the official rate. Between May and February, prices have risen more at the large retailers than at their smaller counterparts, 9% against 8,7%.

Du Toit says that if Ackerman continues to claim that the official figures are wrong, "he should allow us to publish the information we collect from him to back up his claims that inflation at his stores was significantly lower than the official rate." Ackerman says he is prepared to allow this if involved in a further dispute with Du Toit. "I just believe our method is better."

Du Toit says he eagerly awaits Ackerman's written approval to publish the data. Without it, the Statistics Act forbids publication.

Food makes up 18,5% of the total consum-



er price index. Slowing food inflation since October has played a major part in bringing overall annual inflation down into single figures, currently at 9%.

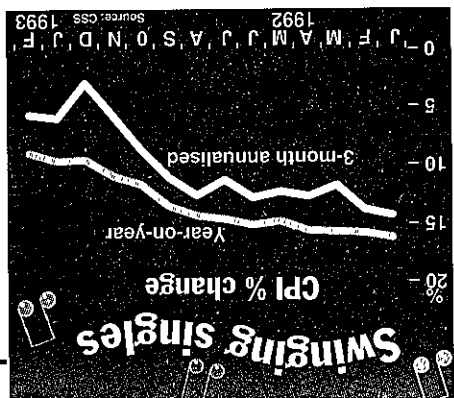
The increase in the food index between January and February was 0,3%, as was the increase in the overall index. The small rise had much to do with the monthly declines in the indices for fruit and nuts (-0,2%) and vegetables (-0,5%).

The index for all nonfood items rose 0,3% in the month and 7,7% year-on-year. In the month:

- Housing (with a weighting of 20,5% in the overall index) rose 0,1%. The index is, however, 3,2% lower than it was 12 months previously;
- Transport (weighting 14,4%) which rose 0,3%, year-on-year 10,8%.

*Continued on page 34*

- Clothing and footwear (7%), up 0,2%, year-on-year 6,3%;
  - Furniture and equipment (5,5%), up 0,1%, year-on-year 6,7%;
  - Medical care and health expenses (5,2%), no rise in the month, year-on-year 13,2%.
- Most of these items are expected to rise moderately in March and the housing index will fall as mortgage rate cuts, announced in mid-February, come into effect. Coming after several months of small price increases and occasional price declines, the 12-month inflation figure for March might be less than 8,5%.
- Thereafter, one can expect increases



across the board due to the latest Budget proposals. The overall increase in Vat, from 10% to 14%, will affect all items other than basic foods. The higher fuel levy will push up the transport index — running costs in particular, but probably public and hired transport as well. The fuel and power index should also be affected. And increased excise duties will nudge up alcoholic and non-alcoholic beverages and cigarette, cigar and tobacco prices. To this must be added the other price increases which generally follow the Budget, such as increases in postal tariffs, which will affect the communication index.

These factors should mean an overall monthly increase in the index of about 3% in April, pushing the year-on-year rate above 10% that month.

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244

FM 2/14/93

GARETH ACKERMAN AND RENÉ DE WET

Fm 2/4/93

(30) (1/2)

# Stepping into the limelight

**Selecting a successor** to Pick 'n Pay MD Hugh Herman was possibly the most difficult task group CE Raymond Ackerman ever faced. The problem was whom to leave out. Weeks of press speculation included the names of at least eight candidates for Herman's job when he leaves on April 30 to pursue personal interests.

In the end Ackerman followed the expected course and appointed two joint-MDs — his eldest son Gareth (36), and human resources director René de Wet (49). Food merchandise director Sean Summers (39) will become deputy MD. Ackerman has also

He is not intimidated by his father's enormous presence. Though their personal styles are different, they work well together. He sees his father as a source of knowledge that will help to prepare him for his new role.

For De Wet the appointment was a "pleasant surprise." He believes his depth of experience and Ackerman's innovative thinking will combine to ensure continued good fortune for the group and doesn't consider working with the boss's son a problem.

The promotion means he moves back into line management where he started as a newly qualified CA when the group expanded to the Reef in 1970. He was Transvaal GM in 1972-1979 during Pick 'n Pay's period of explosive growth and the launch of the Hypermarkets.

In 1979 he moved into human resources and in 1987 relocated from Johannesburg to the group's headquarters in Cape Town.

Both he and Ackerman are people-oriented and consider sound human relations among the 29 000 staff and with millions of customers



De Wet and Ackerman ... sound human relations

been appointed MD of Blue Ribbon Meat Corp, a company jointly owned by Pick 'n Pay and ICS.

Cynics may see Ackerman's appointment as MD as obvious but, apparently, it wasn't. Company sources say Ackerman snr consulted widely at all levels within the group before making the decision. It seems the general feeling among staff was that an Ackerman should be appointed as MD and positioned to take over at some stage as group CE.

Ackerman jnr, currently Pick 'n Pay main board director and Blue Ribbon GM, says it wasn't an easy decision for him either. "I had to decide whether to take that final step into the limelight that I've managed to avoid up to now."

But he thought it through and is confident. In spite of only 10 years' formal service with the group, his experience is more varied than other group executives and includes stints in Australia and the US. He believes his strengths are in marketing and people skills.

Ackerman jnr has a reputation for suggesting what may be considered radically different views at crucial points in management meetings. He believes it stimulates better debate and usually leads to the right decision. It's a style he plans to continue.

as paramount to Pick 'n Pay's future success. Both also believe improved efficiency is essential to keep up group earnings.

Ackerman was born in Johannesburg and raised in Cape Town where he attended university. He and his wife have three children. He says he works six, sometimes seven, days a week and has little time for outside interests.

De Wet's interests include commercial aviation — he calls it his second career — and charging along the Sea Point promenade on a 6 km fast walk every morning. He is single. ■

## RAYMOND HASSON

### Camera shy

**He is** intensely private. Raymond Hasson (61) recently nominated joint CE of industrial conglomerate W&A and joint CE with brothers Neil and Cecil Jowell of JSE-listed, blue-chip Trencor, will do almost anything to avoid an interview with him as the central subject.

Photographers are a breed he sees with an unfriendly eye.

Acknowledged by Trencor chairman Neil Jowell as a key contributor to the company's extraordinary success, Hasson's involvement in Trencor goes back 26 years. His close friendship with Jowell began when they shared digs at UCT in the mid-Fifties.

Hasson is an engineer, training which he uses even now — "when I approach a problem it is as an engineer." He acquired first a BSc from UCT followed by an MSc from the Illinois Institute of Technology in Chicago.

Hasson was a Fulbright scholar, the distinguished US student grant system widely considered that country's answer to the famous Rhodes scholarships. Hasson's son, Neil, is also a Fulbright scholar and has picked up an MBA from Wharton.

The similarities don't end there. Father and son share a rare first — as UCT engineering gold medallists.

Hasson, who was born and schooled in Zimbabwe, began his working career with engineering consultants Ove Arup. That was followed by an appointment as Roberts Construction's contract manager at Rhokana copper mine on the Zambian Copper Belt.

While he was living in Kitwe, Jowell flew in from SA to invite him to take part in a scheme to transform the family's transport company into a JSE front-runner. Jowell and Hasson have been friends for 40 years — with 26 of them locked in a business partnership. "It hasn't always been smooth," admits Jowell.

At least part of the reason for its survival is that Hasson, whose office betrays a thoughtful passion for understated tidiness, is an essentially decent man. It is an attribute which, coupled with what is clearly a marked solicitude for his colleagues, has carried him through many trials and tribulations. ■

### Hasson ... a passion for understated tidiness



Star 2/4/93

## Beware dealers

### charging 14% (30)

Many unscrupulous retailers were already charging consumers the proposed 14 percent VAT on goods although the official implementation date is April 7, the Consumer Council said yesterday. (20)

Council executive director Jan Cronje said that retailers charging more than 10 percent VAT on goods before April 7 were guilty of fraud and warned that their names would be forwarded to the relevant authorities. (20)

He urged consumers to report such cases to the Council. —  
Consumer Reporter.

**OK wins rent appeal**

OK BAZAARS has successfully appealed against a court order that it pay R36,3m rent for the Faraday branch premises in central Johannesburg's Eloff Street Extension which it vacated in 1990.

A 20-year lease was entered into in 1983 but a dispute arose in 1990 with regard to rent increases and the validity of the lease.

B1027 24/193

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## LABOUR BRIEFS

### 'Boycott Checkers' call

■THE South African Commercial, Catering and Allied Workers Union (Saccawu) is calling for a national boycott of Checkers/Shoprite stores. *W/Mar 24-7/4/93*

In January the company unilaterally cancelled a recognition agreement with Saccawu, leaving members without the protection of procedures and workplace benefits negotiated by the union. (30)

The embattled company may soon retrench 333 workers in the Southern Transvaal and recently locked out workers in the Western Cape who "refused to work five extra hours a week" according to the union. ~~SA~~ ~~1993~~



# Threats because shops closed

By MOSES MAMBO

BUSINESS operators in Katlehong are living in fear after receiving letters — allegedly from the local Inkatha branch — which threatened to destroy their businesses if they closed their shops on the day of Chris Hani's funeral.

On the eve of the funeral for the slain SACP secretary-general, the business operators say Inkatha members allegedly circulated orders that all shops should stay open on the day of the funeral — and those which closed should close forever.

However, they rejected the order and closed their shops as they said it was a "National Day of Mourning".

Six of the business operators — Berntina Ngwenya, Alisa Silindi, James Bonongo, Salatiele Xulu, Vusi Mthombeni and Matu Malaza — told City Press this week they defied the call by Inkatha because they felt they were "doing the right thing".

On Monday this week they received another letter inviting them to a meeting (to be held at a nearby hostel).

The shop owners are adamant that they plan to hold the meeting inside the hostel, with a view to discussing the matter.

Approached for comment, Inkatha spokesman Thabane Dlamini said: "We will investigate the matter and if we find that our people are involved, we will take disciplinary action against them... as they would have violated our policies."



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# Retailers see signs of rise in sales activity

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By Derek Tommey

Although recent economic indicators hold out little prospect of much improvement in business this year, businessmen, particularly those in the retail trade, have noticed a pick-up in sales in the past week or so.

And they believe the improvement is not directly associated with the impending increase in VAT, but could be generated by a real increase in demand.

This contrasts sharply with the view in the retail trade early in March, when a further 4 percent dip in sales in real terms for the month was forecast.

Adding weight to their view are money supply figures for February.

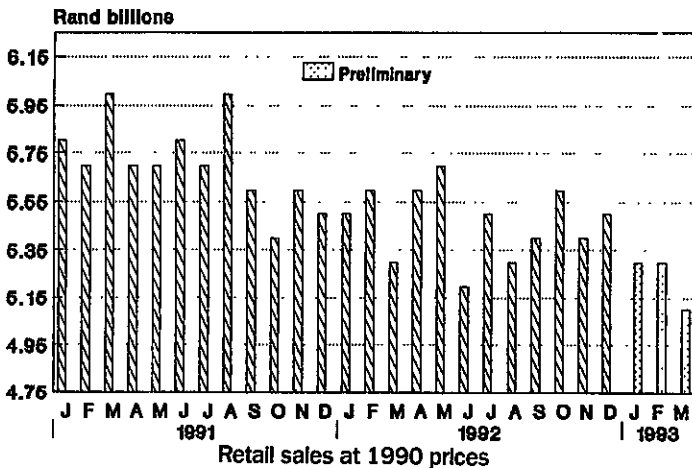
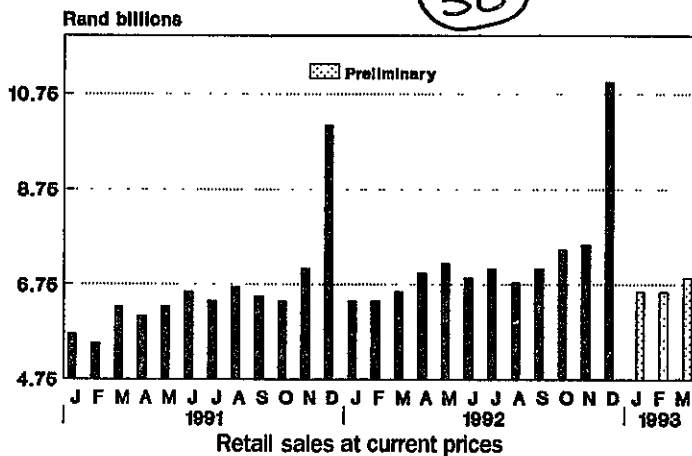
These show year-on-year growth to end-February of only 5,41 percent to R197,9 billion, a figure even below the Reserve Bank's lowest target of 6 percent. At this level, money supply would have been R1 billion higher at R198,9 billion.

If the increase had been at the Bank's upper limit of 9 percent, money supply would have been R6,5 billion higher at R204,5 billion — which would have made considerable difference to business activity.

Taken by itself, this low growth in money supply is worrying, and would seem to call for remedial action.

However, there are some positive factors which could bring about a marked improvement in the coming months — and might already be responsible for the current bounce in retail sales.

One of these is the reduction



in mortgage rates. This 0,75 percentage point cut is estimated to have put a further R49 million a month into the pockets of house-buyers and businessmen who use mortgages to finance their companies.

That may seem a small amount in relation to the total economy, but every little bit helps.

And it brings the total reduction in mortgage payments by

house-buyers and others since 1990 to R300 million a month. Cumulatively, it must be helping the retail trade.

But not only mortgage rates were cut. Prime rate was reduced by one percent at the end of February. This represents significant savings for those to whom banks have lent R127 billion in overdrafts and loan.

The dual company tax system

announced in the Budget should also be starting to help.

Calculations based on JSE figures suggest retained earnings of listed companies could rise by a further R3 billion this year, given the same rate of earnings as last year.

This will give them R24 billion in retained earnings to invest, against R21 billion in 1992 and 1991.

This, together with the R12,6 billion in new capital raised last year (R9,6 billion in 1991) and depreciation allowances, will provide listed companies with a useful nest egg to start investing — and give the economy a strong push.

The end of the drought over a large part of the country is also a bull point. It should increase gross domestic product this year by 1 percent, or R3,3 billion.

Factors such as the upturn in the US economy, now believed to be well on its way, could be encouraging export industries to spend money on greater efficiency in order to increase market share.

The 13 percent devaluation of the rand against the dollar and the 20 percent rand devaluation against the yen are also factors which should be encouraging exporters to prepare for higher sales.

The effect of the rand-dollar devaluation has already shown up strongly in the gold mining sector of the JSE.

The local gold price has risen more than R135 in the past nine months, mostly as a result of the rand's devaluation. Gold mining profits this quarter should be the highest for more than a year.



**Pick 'n Pay's Ackerman ... increasing market share**

PICK 'N PAY  
**Picking up pace** 30

**Chairman** Raymond Ackerman might look back on 1992 and early 1993 as a watershed period. Two important events occurred: the persistent slowdown in growth in operating income was arrested; and long-serving MD Hugh Herman resigned.

Except for the 16% advance in pre-tax profit — resulting largely from a change in the treatment of liquid assets — preliminary figures for the year to February 28 are not particularly inspiring. They are sound, though, and are accompanied by signs of future improvement in performance.

Group turnover rose only 8,6%, a good showing considering that real total retail sales in SA fell by 4,3% for the year. Pick 'n Pay claims its IBIS-measured market share for foods rose slightly to 32,6% (32,1%). Ackerman says the chain enjoyed a substantial increase in market share of nonfood items.

| <b>BETTER MARGIN</b>  |       |       |
|-----------------------|-------|-------|
| Year to February 28   | 1992  | 1993  |
| Turnover (Rm)         | 5,91  | 6,42  |
| Operating income (Rm) | 131,2 | 146,2 |
| Pre-tax income (Rm)   | 139,0 | 161,3 |
| Attributable (Rm)     | 84,4  | 93,0  |
| Earnings (c)          | 53,9  | 59,3  |
| Dividends (c)         | 28,75 | 33,5  |

The subdued growth in turnover is ascribed partly to the mere 3% rise in food prices in Pick 'n Pay stores in the five months to end-February. That effectively kept food price increases well below the official inflation rate.

However, the most encouraging aspect of the results was the increase in trading mar-

gin, from the 2,2% nadir reached at the 1992 year-end to 2,28%. Maybe it's clutching at straws, but there seems good reason to believe the declining margin trend has ended for the foreseeable future.

The merger of Checkers and Shoprite has brought some price stability to the market. While serious price competition continues, both chains appreciate the adverse effects of an all-out price war. In avoiding one, both are likely to benefit from higher margins.

Equally important for Pick 'n Pay's future results are its sophisticated information technology systems, now operational after the completion of a R150m capital spending programme. These should generate productivity and efficiency gains ahead of those of competitors who don't have comparable systems. The effect can already be seen in Pick 'n Pay's shrinkage, which fell to 0,7% from about 1% a year ago.

Herman's resignation highlighted the aspect of management succession. In selecting Gareth Ackerman (35) and René de Wet (49) as joint MDs (see *People*), with Sean Summers as deputy MD, Raymond Ackerman says he opted for a mixture of wisdom and youth. Suggestions that Gareth might be too young for the job could be premature; Ackerman snr was 27 when he became MD of Checkers.

At 62, health permitting, Ackerman snr still has a long row to hoe before he hands over as CEO. The MD selection must have been difficult because a number of other executives (*Fox* March 26) with long experience could have justified selection.

The size of this group is a strength but also a weakness. It is now inextricably linked with the economy and its fortunes will tend to fluctuate accordingly. The rise of its share price, from a low of under R10 in July to just below R14 now, suggests the market believes better EPS growth lies ahead. If the economy does improve over the next year, the price rise could be justified.

Gerald Hirshon

# Khaba set to blast crime with 2-way radios

South 3/4 - 7/4/93 -

30

**T**HE Khayelitsha Business Association (Khaba) recently hit upon an innovative way to curb crime in the township.

Sergeant Jackson Fulani who made the arrests.

Private businesses, including the Small Business Development Corporation (SBDC), donated the radios.

Eleven shops and three cars now have two-way radios which are linked to the police station in Site B.

This facilitates instant communication with the station when the "balacava's" strike.

The success of the method was proved last week when a shopkeeper from S Block in Site B was attacked.

The police was immediately alerted and were able to respond within minutes. Other businessmen in the area also heard the alert and were able to go to the shopkeeper's aid.

Another shopkeeper, Mr Glades Fusa, was shot in the arm. He was admitted to hospital soon afterwards.

Khaba PRO Mr Michael Kupiso said the four attackers were arrested and felt strongly they should not be released on bail.

Khaba also thanked Detective-

The SBDC has started a fund

which would be used for security needs.

Many more radios were needed so that

the whole area could be covered. Companies willing to sponsor radios for this project should contact Mr Kupiso at tel: 361-2530/1.

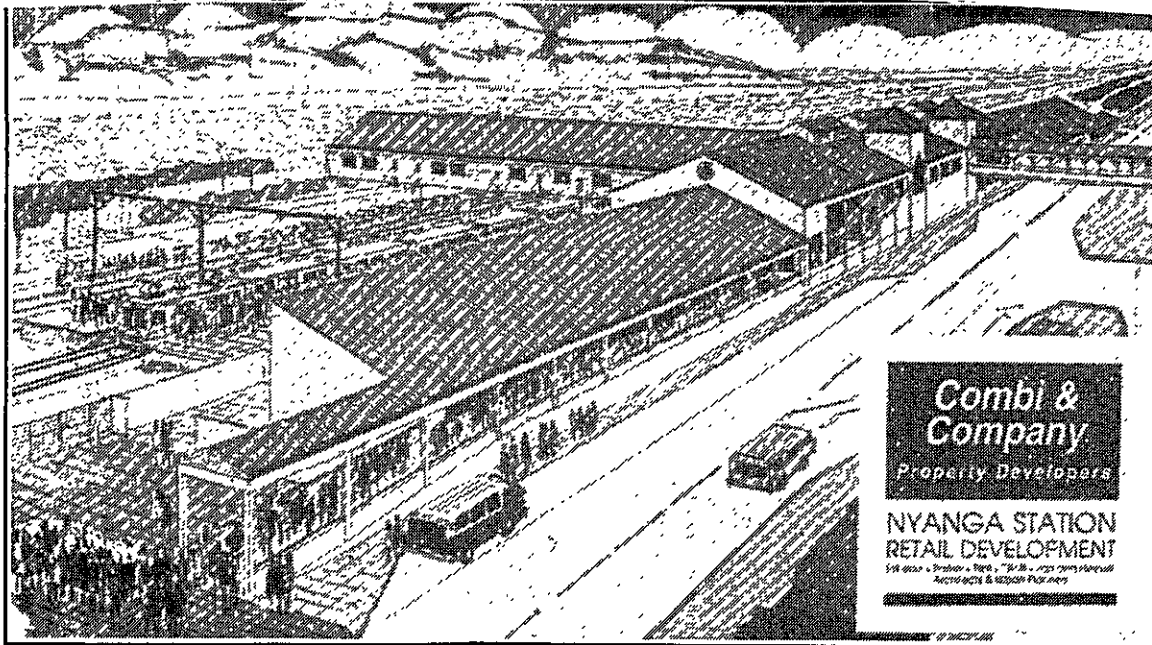
● Khaba and Codeta last week hosted over 150 senior citizens from Khayelitsha when they were taken on a trip to Monwabisi beach.

Khaba president Mr Victor Mbauli said he and his committee felt strongly about thanking the residents for their continued support of small businesses in the area.

The companies who sponsored the outing were: Tastic Rice, Tiger Oats, Langerberg Co-op, Sorghum Breweries, Knorrox and Coca Cola, who provided the cold drinks.

JENNY HARRIS

Everybody's  
**BUSINESS**



**SHOPPING:** An artist's impression of the shopping centre to be built on Nyanga Station

# Shop-till-you-drop centre for Nyanga

South 314-714193. (30)

A MULTI-MILLION rand shopping centre is to be built around Nyanga station, the first phase of which is to be completed next year at a cost of R20million.

The centre will cater for more than 650 000 people living within 5km of Nyanga station. On completion, it will have retail space of 8 968 square metres.

The development is being coordinated by developers Combi and Company, in association with Montsi and Associates.

Mr Zithulele Combi, chairman of the developing firm, says Nyanga Station is ideal as a site for the shopping centre as it services Guguletu, Philippi, Hazeldene, Manenberg, Hanover Park, Sherwood Park, Nyanga, Primrose Park and Tambo Square.

About 35 000 people daily pass through the station, which is near the main depot for buses to and from Transkei and Ciskei.

The project was initiated after consulting local community organisations and traders, says Mr Sam Montsi of Montsi and Associates.

"There was a favourable response from traders' associations, the Western Province Chamber of Commerce, the Foundation for African Business and Consumer Services, the local community, local taxi associations and political groups."

Montsi says Pick 'n Pay will anchor the centre with a supermarket and space will be let to retailers in fashion, furniture, household accessories and fast food chains.

Retail space would be reserved for local businessmen.



**DRIVING FORCE:** Sam Montsi, left, and Zithulele Combi

3 Times  
**Saviour Sacob**  
4443

THE SA Chamber of Business (Sacob) has saved its members, and others, possibly millions of rands.

Goods and services purchased before April 7, when the VAT rate increases from 10% to 14%, but delivered before April 27, will carry the old VAT rate of 10% ~~(14%)~~

Sacob initiated an amendment to regulations, saying that it would be administratively complex to police these purchases. (30)

# No pre-VAT spending spree

CASH-STRAIPPED consumers have been unable to take advantage of the few weeks' warning that the VAT rate would be increased from 10% to 14%.

Retailers said yesterday they were surprised that sales had not increased significantly in the interim period between the March 17 Budget announcement of a VAT increase and today's implementation.

Shops were busy yesterday, but figures were unlikely to reflect a "mini-boom", they said.

Last month retailers said they were expecting "a mini-Christmas" before April 7, but warned that the boom would be short-lived as sales would probably slip to lower than budgeted levels after introduction of the new VAT rate.

Since the increase in VAT was announced, sales of big ticket items, particularly furniture, white goods and cars had been buoyant. But sales of food and clothing had not shown any dramatic increases.

Pick 'n Pay deputy MD Sean Summers

MARCIA KLEIN

said there had been a pick-up over the past week, but this probably was the tail end of month-end shopping. The average consumer was short of cash, with all available resources, including credit, used up.

Wooltru finance manager John Lavies said his group had been disappointed at the level of sales.

OK marketing director Arthur Solomon reported an increase in sales because of pre-VAT buying.

National Automotive Dealers' Association chairman Ray Nethercott said there had not been much movement over the past few days, but March had been exceptionally good. Sales were up by about 13% month on month. About 10% of the increase came from pre-VAT buying.

Furniture Traders' Association executive director Frans Jordaan said no figures were available yet, but he believed furniture retailers had experienced fairly buoyant sales.

# Beating VAT climb

Sowetan 7/4/93

22/23

SHOPPERS took advantage of the last few hours before VAT rose to 14 percent — with big items enjoying priority.

Although the rain may have put a bit of a damper on sales, there was evidence that people looking for new cars or household items were making sure they had made their purchases by today.

Mr Graham Jamieson, manager of Friendly Ford in Diep River, said things had been "chaotic" there with 30 cars having been sold since the weekend.

"People are spending a lot of money. Anything that is available is being sold," he said.

## Household items

Mr Christo Steenkamp, manager of Giddys in Bellville, specialising in household items, said quite a few customers had turned out to buy fridges, eyelevel ovens and bedsets before 14 percent VAT was introduced.

Giddys in Mitchell's Plain said business was as usual.

## ■ Big items get priority in rush before the 4% increase

30

Supermarkets on the other hand reported busy "but normal trade".

At Pick 'n Pay, Claremont, most customers appeared to be filling their shopping baskets with the usual household items, the manager there said.

Mr Barry Martin, manager of the Ottery Hypermarket, said many people were asking which items were VAT-free but added that the "weather is a bit of a damper".

At the Dion's store in Wynberg, where a 10 percent discount was on offer, there were "quite a few feet in the store", the manager said.

The manager of Bradlows in Claremont said sales had certainly picked up prior to the VAT increase.

People were concentrating on large items such as dining room suites, hi-fi sets and televisions, on which the four percent increase would really count, rather than smaller ornaments.

Sowetan Correspondent

## BUSINESS

**H**AS Soweto the potential to develop its own central business district? World Bank economist Kyu Sik Lee seems to think so.

In an aide-memoire on urbanisation, he points to land prices, a cluster of shops and stalls around the Kliptown station and the continuing departure of firms from the Johannesburg CBD as indications that the pattern emerging from greater Johannesburg is one of "multi-centre development" and includes the townships. Soweto, he writes, is not only a bedroom community but a city.

The price of land of most of the developed areas in Soweto is R100 to R200 a square metre, he notes — the same as that of most parts of Roodepoort and a large portion of Randburg and Sandton.

He concedes that high land values in Soweto are partly due to "the crowding of the black community into a limited area" under apartheid but adds that "the dynamics of ... economic activities in Soweto suggest that the prices are now reflecting an economic demand for land in the area".

He identifies Soweto, Mitchell's Plain and Khayelitsha as townships that have potential to develop as economically feasible urban centres.

"Although private investment has been slow in these townships because of the poor access to commercial financing and the wrong perception of the risks involved," he adds, "it is remarkable to find the extent of the economic base established through the informal sector activities."

"These townships are at a juncture to begin developing with marginal investment and support from outside."

# Can townships support CBDs?

W/M act 8/4 - 15/4/93.

*A report from the World Bank paints a rosy picture of Soweto's business prospects. But some local analysts dispute the findings,*

*reports BARBARA LUDMAN*

Among the moves he recommends the government and/or the private sector initiate to create "positive externalities" for the emerging market forces in the townships are:

- Improved transport links with manufacturing and commercial centres
- The establishment of "African style" markets to create agglomeration economies — lacking in the sprawling townships — as well as "hives" for small new businesses; both would perform an "incubator function"
- The establishment of a low-cost CBD at transport centres such as railway stations
- The provision of technical and managerial training
- The creation of an economic development

bureau by the local authority

- Revision of zoning regulations to allow mixed land use, encouraging small manufacturing and commercial activities in residential areas.

Some of Lee's suggestions have attracted no criticism: the provision of technical and managerial training, for example, or the revision of zoning regulations.

Other suggestions have not fared so well. In a critique of World Bank reports in this month's *Work in Progress*, Planact's Mark Swilling and Patrick Bond take issue with Lee's interpretation of the price of land in Soweto, a major premise of his theory that Soweto is ripe for commercial development.

Quoting Lee's assertion that high prices reflect an economic demand for land in the area, they note that "at the precise time Lee wrote those words, the South African National Civic Organisation was battling the Association of Mortgage Lenders to address the township 'negative equity' crisis (bond repayment obligations are higher than the house market value).

"How a redlined housing market rife with

developer fraud — including notorious land speculation — can accurately reflect the 'economic demand for land' is beyond comprehension."

They also look critically at Lee's rosy view of small businesses and the informal sector in the township. "Lee praises Soweto because it maintains some informal sector vitality and thus offers hope for entrenched workers," they write. "But no mention is made of black small business crises (eg, in the taxi industry and the Federation of African Business and Consumer Services). And by ignoring township income levels and corporate retailing power ... Lee offers only meagre reforms (eg, 'African-style market places') for township small businesses."

A town planner working at a development agency agrees that Lee's plan does not appear to be economically viable. "Johannesburg is Soweto's CBD," she says, "notwithstanding the informal sector in the township and some shops in Dube."

"All the transport links up to Johannesburg. People work in town and will buy where they work. And shopping in Johannesburg is a lot cheaper than in the township. The big stores are in town, and people can buy in bulk."

"One would have to change all these factors to change the situation. If one gave tax incentives for development, perhaps Soweto could be changed, but only marginally."

The World Bank has sent a number of teams into South Africa to look at urbanisation, housing, education and other areas; the aides-memoire that follow each trip are a kind of progress report.



**Pessimism in the Cape**

Most western Cape businesses are banking on an interim government to boost the economy. Even then they don't see a turnaround this year. FM 9/14/93

Their views were published recently in the fifth annual survey of 460 western Cape owner-managed businesses by accountants Arthur Andersen and the University of Cape Town's Graduate School of Business. The survey shows that business people clearly do not believe the forecasts for key economic indicators. They believe that the economy will shrink again this year and that inflation will return to double digits.

Their averaged predictions include a prime overdraft rate of 16,75% by June, falling to 16,25% by December, and inflation of 15% by June, up from 9% for February. A similar survey of executives of the JSE's top 100 industrial companies put inflation at 13,1% by June.

More than 55% of the Cape respondents say sales levels stayed the same or fell in the past year and 49% predict an unchanged or worse situation in the next 12 months. In 74% of the companies, staff numbers remained static or decreased and 75% predict the same trend this year.

The business owners list the most significant threats to economic growth and business survival as political instability, recession, inflation, violence, the lack of capital, high interest rates and domestic competition.

Foreign competition is seen as the least important of 12 threats. The school's Bruce MacDonald says this reflects a lack of insight. "Business owners are likely to be shocked out of their complacency once they meet competition from world players."

The survey also shows that exports are becoming increasingly important. In spite of the international economic slowdown, 45% of the companies surveyed increased their export business in the past year. ■

## Ready cash essential for business success

The Small Business Development Corporation gives advice on managing working capital:

**W**ORKING capital is the life blood of any business. Without it, any enterprise would fail quickly. It therefore needs to be managed carefully to ensure dreams do not become nightmares.

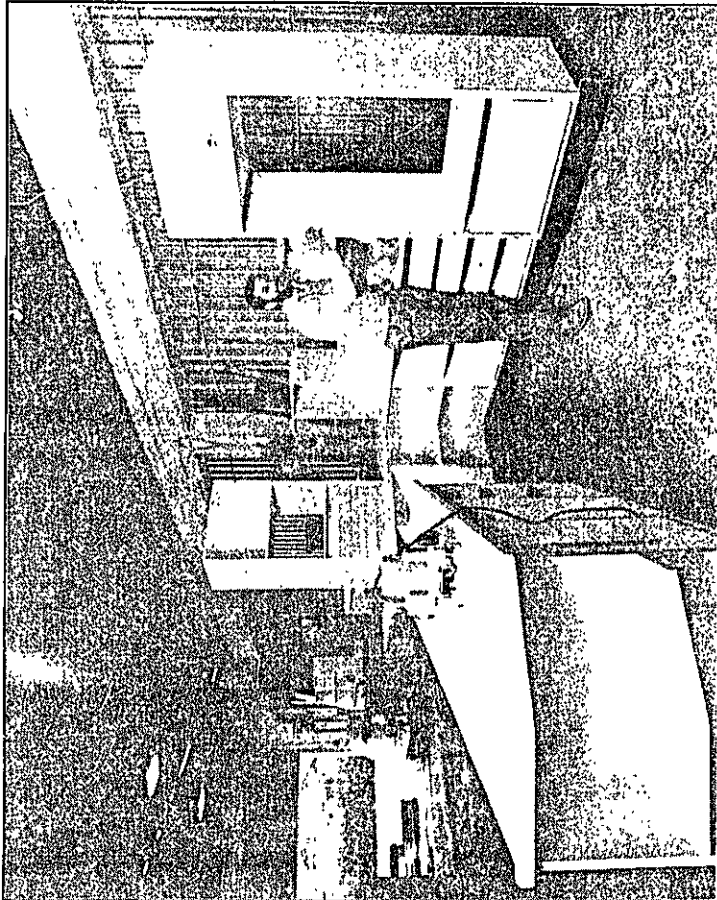
Working capital consists of cash on hand, cash in the bank, debtors and stock (less any bank overdraft), trade creditors, and short-term liabilities such as tax and lease or hire purchase instalments.

These should always be remembered if control is to be exercised properly. However, this requires certain controls.

- Cash flow can be controlled by:
  - Ensuring debtors comply with payment terms;
  - Tightening debtors' terms of payment;
  - Taking full advantage of credit terms available from suppliers and negotiating more favourable terms with them;
  - Monitoring capital expenditure;
  - Having additional short-term finance available for crises, such as extra overdraft facilities;
  - Not distributing after-tax profits in the form of dividends or draw-

- Investing excess short-term funds in short-term investments and
  - Preparing short-term cash flow forecasts and monitoring these against actual performance.
- Debtors control can be exercised by:
- Insisting on trade references for new customers and doing credit checks;
  - Allocating credit limits to your debtors;
  - Invoicing promptly and specifying the terms of payment;
  - 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 the month-end;
  - Making sure invoices and statements are accurate and easy to understand;
  - Giving discounts for prompt payment and

- Charging interest on overdue accounts.
  - Stock control is necessary. It is important that stock levels be kept to a minimum, for excess stock can tie up much-needed cash in non-interest-earned investments and cause unnecessary interest payments to be made.
- Also stocks cost money in the form of warehousing, insurance and obsolescence.
- Essential factors to be considered when reviewing stock levels include:
- Forecast sales;
  - Delivery or lead times from suppliers;



**THRIVING BUSINESS: For a business to succeed it is vital that its working capital is properly managed**

- The risk of shortages or "stock-outs";
  - Seasonal fluctuations in demand or supply and
  - Changing sales patterns.
- Movement of stock should also be controlled and accurately recorded to ensure:
- Stock records accurately reflect the stock on hand and its movements, thus enabling management to set appropriate re-order levels and selling priorities.
- ended to ensure:
- All claims for expenses and maximum allowances are properly identified to reduce the tax liability as much as is legally possible;
  - Your business pays the lowest amount of provisional tax legally possible, and
  - Your business claims the present amounts of VAT.
- For more information contact the SBDC at tel. 462-1910 or fax 461-8720.

**Everybody's BUSINESS**



MINORITY shareholders, especially those who depend on dividend income, could find themselves at the losing end of the new dual company tax announced in the Budget.

No doubt, minorities are relieved that Finance Minister Derek Keys did not reintroduce a tax on dividends they receive. But concern is mounting about future dividend payments.

The dual system involves a drop in the company tax rate from 48% to 40% and an accompanying secondary tax on companies (STC) of 15% on profit distributed to shareholders.

It has been generally welcomed because it will encourage companies to plough back their earnings and reinvest in their operations — a development that will benefit minorities looking for long-term growth in their investments.

The flip side will be, as intended, lower dividend payouts. Companies are likely to increase dividend cover — it has historically averaged between 2 and 3 times — as they strive to become more tax efficient.

Shareholders can expect to see companies increasingly issuing scrip dividends, which are not expected to be subject to STC. This means that those minorities who rely on cash income will have to sell their scrip on the JSE and risk fluctuating market prices.

Companies may also consider offering scrip or cash as dividend. An interesting legal issue might

## STimes of Bus. Payout 11/4/93 problem

be whether a cash dividend could be offered at a lesser amount than scrip. It might be challenged on the grounds that not all shareholders were treated equally.

JSE executive president Roy Andersen, in supporting the move by Mr Keys, says investors will always be able to move their investments into companies that declare high dividends.

Mr Andersen believes the situation could also result in a marginal shift in investor preferences from equities to fixed-interest yielding securities, such as the JSE's new corporate bonds.

Shareholders Association of SA chairman Issy Goldberg has some reservations. Although he commends Keys on the dual company tax system, he says: "For every use of good intentions there is invariably abuse."

He fears that some companies may use the system as an excuse for not paying dividends. Others may not pay reasonable dividends even though they have healthy cash resources. Another area of concern is that directors may compensate themselves for lower dividends received on the shares provided as part of their packages.

## Bus. STimes. 11/4/93 Foschini stitch in time

FOSCHINI Group is in the throes of a reshuffle designed to ensure long-term management continuity and to position the company for growth. The restructuring sees Neville Goodwin, managing director of Foschini Stores, take on additional duties as deputy managing director of the group.

Red Robb, managing director of Markhams, moves to deputy managing director of Foschini Stores. Dennis Polak takes Robb's slot as Markhams managing director while remaining managing director of Pages. Doug Murray becomes general manager of Pages. John Hoffman, managing direc-

tor of American Swiss, takes charge of the group's overall retail jewellery merchandising. This includes 153 American Swiss stores, 76 Sterns shops and 320 in-store American Swiss boutiques.

"We expect this move to bring about significant savings through the benefits of economies of scale," says Foschini Group managing director Clive Hirschsohn.

"At the same time, it is extremely important that Sterns retain its separate identity."

Foschini Group board changes result in Elliot Osrin, a director of Foschini Ltd, becoming non-executive chairman.

# Worst retail winter since 1945 looms

(buss.) S/Times 11/4/93

30

RETAILERS face the worst winter since the Second World War.

Economists warn that fragile consumer spending of the first quarter could deteriorate even further as the Government taps more revenue from the public through increased VAT and fuel levies.

They are particularly concerned about damage to spending and confidence that would follow a rise in interest rates, as threatened by upward pressure on rates in the money market.

Sacob economist Ben van Rensburg says a rise in interest rates, combined with the impact of higher taxes on disposable incomes, could prove disastrous.

## Brandy

Estimates from Central Statistical Service suggest that retail sales for March will be R6,86-billion. This compares with R11,033-billion in December.

Almost a third of retail spending is on food.

KWV statistics show that South Africans are not drowning their sorrows in booze.

Sales of gin slumped by 18% last year, vodka by 11,7%, cane spirits 14% and brandy 5%. Natural-wine sales were "stagnant".

The brief post-Budget uptick in spending as consumers brought forward their buying of big-ticket items to avoid 14% VAT is expected to distort sales figures over the next few months.

The best evidence of this is in new cars, sales of which which by 15,8% to 18 665 in March from 16 119 in

## Business Times Reporters

February. Pre-VAT buying was more in evidence in the commercial-vehicle sector where sales of pick-ups and minibuses rose by 25,6% on the February figure, by 46,2% in medium trucks and 30% in heavy trucks and buses.

The National Association of Automobile Manufacturers of SA (Naamsa) warns that higher VAT rates, increased fuel prices and the weakening of the rand will hurt sales in the months ahead. With little chance of a recovery in the economy this year, it is likely that sales projections for the year will have to be revised downwards.

Afrikaanse Handelsinstituut economist Nick Barnardt expects personal disposable income, which has been falling in real terms, to go sharply lower.

"It seems that a tough three to four months lie ahead for retailers. Real disposable income is expected to fall by about 5%.

"The next few months will be particularly difficult for sales of luxury durable items."

Mr Barnardt says retailers of credit-intensive goods face the worst winter since 1945.

"Obviously, we hope we are wrong. But retailers and wholesalers must be prepared for a poor winter."

OK marketing director Arthur Solomon says the next few months will be tough, but there is cause for optimism.

"There is no doubt that VAT is beginning to bite and the extra fuel cost is filtering through to the cost of merchandise. In addition, there is a lot more unemployment.

"But its not entirely gloomy be-

cause we are coming off a low base and there is evidence of greater confidence in the business world that things in South Africa will settle down," says Mr Solomon.

Sacob says suggestions in a recent survey that the downturn in the retail sector had bottomed out may prove premature.

"Government's failure to cut real consumption expenditure sufficiently and the resultant need to raise taxes will result in significant deterioration in the purchasing power of consumers, and will have a negative impact on businesses which supply them with goods and services."

Sales of basic foodstuffs, which fell to record lows in January and February, are expected to recover slightly in the next few months. Several factors will contribute to this and could result in single-digit food-price inflation for the second half of 1993, predicts Mr Barnardt.

## Orders

They are the improved supply of fresh produce as a result of the drought being broken in most areas, the zero rating of VAT on basic foods and pending deregulation of some agricultural markets.

The rush to buy audio-visual equipment appeared to be a last-minute decision.

Laura Levitan, marketing director for Tek Electronics, says that on Monday her company invoiced three times the normal daily volume in orders, especially in the Southern Transvaal region.

Miss Levitan expects this boost to end, particularly because prices are likely to rise well above the additional VAT increase. The reason is the weakening rand and the need to increase profit margins.

# Own name brands boost retail margins

BIOM 11/5/93

(30)

MARCIA KLEIN

THE successful promotion of own name brands has enabled British retailers to bring their operating margins well above those of most other countries, says BSB Europe vice-president Neil Kennedy, who came to SA for the Financial Mail international advertising conference.

Kennedy said margins in Britain topped 6%, while those in SA and in other European countries were often below 2%.

The higher margins were largely due to the high level of own label brands, which accounted for about 40% of products sold.

An additional advantage to the retailer was that control and marketing of branded products was in the hands of the retailer and not the manufacturer.

In Britain, as in SA, there was little difference between products, and image was the differentiating factor. Own label brands used to be a cheap commodity purchase but now they were comparable in quality to branded products and were a major reason behind higher margins.

Kennedy said British retailers were big advertisers because housewives associated them with their products. About 15 of the top 20 advertisers in the UK were retailers. In order to achieve a high level of growth in own brand sales, the store needed an image sufficiently strong for it to carry its

name on a packet. Product quality had to be as good as that of a branded product, and the price had to be right — not necessarily cheaper. "The generic product is no more, as there is no margin in it," he said. Own name brands were now brands in themselves.

The change in retailing over the years meant that unlike the situation 10 years ago, when leading UK supermarket chains Sainsburys and Tesco were engaged in a major advertising price war, they were now involved in an image war.

Tesco was paying film star Dudley Moore £2m to star as a roving buyer in search of new products for Tesco's shelves.

To launch the campaign, Tesco more than doubled its media adspend to £28m (£13m) to make it one of the top five spenders in the country.

Sainsburys took a year to develop its response, a series of recipes delivered by TV personalities. The group also planned to be the first British advertiser to run subtitles for the deaf with recipes on TV.

Kennedy said advertising had moved from price cutting to "a freshness, quality, range, customer-care image battle". Marketing the store was becoming more important than varied brands.

Barbican Media Centre



# Jo'burg office rentals at the low end of table

STARZ 12/4/93

30

By Neil Behrmann

LONDON — Compared with other major international cities, Johannesburg's office accommodation is cheap.

Calculated in dollar terms, commercial rentals in Johannesburg have fallen by 28 percent since 1990 to \$108 (R345) a square metre per annum and are way down on the international list.

Commercial property has been a poor investment world wide in the past few years.

Following heady construction in the Eighties, cities around the world are full of empty offices.

More than a fifth of all office blocks in London, US cities, Sydney and elsewhere are empty.

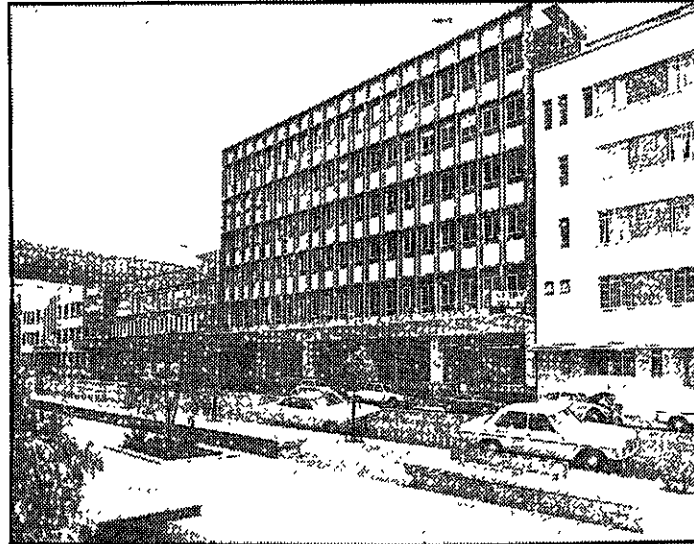
Paris is heading for a vacancy rate of 10 percent. In Germany and Japan where there used to be a shortage, vacancy rates are creeping up.

In cities such as London, the property crash by far surpasses the severe slump in the mid-Seventies.

About 3,3 million square metres of office space is vacant in London and its docklands, according to Savills Commercial Property Consultants.

"The value and rentals of London buildings have halved since 1988," says Richard Ellis, international property consultants.

In 1988, top rental rates in



This building at 36 Anderson Street, Johannesburg, has been refurbished to make it more easily lettable at a higher return, says the letting agent

central London reached about \$1 249 a square metre, according to Richard Ellis. They were about 50 percent higher than in continental European capitals.

The present average in the City of London, the financial district, is now around \$516 (R1 46) a square metre, while West End levels are \$635 (R2 025).

Despite the real estate slump, central London is still expensive when compared with other cities.

While rents have fallen, commercial property tax rates are

still based on boom valuations of the late Eighties.

As a result of rates and services, total London occupation costs are much higher, for example \$1 065 (R3 397) per square metre in the West End, against net rentals of \$635 (R2 025).

Yet rates will be lowered considerably when properties are revalued downwards.

London occupational costs will thus become more competitive than those of European cities such as Frankfurt or Paris when the new rating system takes effect in two years' time.

The coming decline in London rates and taxes reflects a 50 percent collapse in the value of commercial real estate, says Savills Commercial.

In the boom, buildings were sold for around \$17 216 a square metre at then-ruling exchange rates.

Now very few buildings are sold for more than \$6 456 a square metre (R20 600).

Nonetheless, the London real estate market can be deceptive.

While smaller units are in oversupply, there is no glut of topnotch New York-style buildings with large floor space and air conditioning.

Only eleven large buildings of 14 000 to 23 000 square metres are in London and four of these are in Canary Wharf, Docklands.

In all, there are about 47 buildings of around 9 300 square metres or more in size, says Savills.

The firm contends that it is only a matter of time before foreign companies take advantage of depressed London.

London's biggest property failure is the huge site of Canary Wharf, Docklands, three miles east of the financial district.

Canary Wharf is a project of Olympia & York, the Canadian real estate giant.

As a result of Olympia's spectacular financial collapse, the development is now run by insolvency specialists at accountants Ernst & Young.

Star 12/4/93

# Foschini in major group restructure

By Stephen Cranston

Clothing retailer Foschini is restructuring to prepare the way for the retirement of MD Clive Hirschsohn next year.

Hirschsohn says that changes have been made at least a year in advance so that the new management team will be firmly in place.

Neville Goodwin, MD of Foschini Stores, has been appointed deputy MD of the group, while retaining his current position.

Red Robb, MD of Markhams, has been appointed deputy MD of Foschini Stores and is succeeded by Dennis Polak, who also remains as MD of Pages.

Doug Murray, part of the Pages management team, becomes GM of Pages.

As a result of the recent acquisition of Sterns Jewellers, John Hoffman, MD of American

Swiss, will assume responsibility for the group's overall retail jewellery merchandising operations.

This includes all American Swiss and Sterns stores and in-store American Swiss jewellery boutiques.

"We expect this move to bring about significant savings through the benefit of economies of scale.

"At the same time, it is extremely important that Sterns should retain its separate identity and continue to trade as a competitor to American Swiss," Hirschsohn says.

Elliot Osrin, a director of Foschini, becomes non-executive chairman of the Foschini group.

The other directors are Clive Hirschsohn, Neville Goodwin, Roy Norman (financial), Tony du Preez, Malcolm Park, Red Robb, Dennis Polak and John Hoffman.

# Prices of zero-rated foodstuffs down

Staff Reporters

Prices of zero-rated foodstuffs took a dive last week as retailers implemented the new VAT rates.

Hyperama spokesman Hane Kahn said all goods had dropped by 10 percent. He said all their outlets would still charge the old 10 percent VAT rate on consumable goods.

Pick 'n Pay had subsidised the price of brown bread and dropped the price to R1.29. The Star conducted a survey of several items from our regular shopping basket after the VAT zero-rating came into effect last week and found that prices had indeed dropped. (See table)

| ITEMS                 | OK                      | PICK 'N PAY             | SPAR             | CHECKERS             |
|-----------------------|-------------------------|-------------------------|------------------|----------------------|
| Tastic Rice 1 kg      | Elff Street 3.54 (4.50) | West Street 2.68 (3.95) | Newgate — (3.95) | Yeoville 3.59 (3.95) |
| Butter 500 g          | —                       | —                       | —                | —                    |
| Milk 1 litre          | 2.26 (2.55)             | 1.59 (1.99)             | 2.19 (2.59)      | 1.89 (2.59)          |
| Wisea M/M meal 2.5 kg | — (4.05)                | 4.29 (4.29)             | 3.95 (4.25)      | 4.29 (4.49)          |
| Cooking Oil 750 ml    | 2.90 (3.39)             | 2.49 (2.69)             | 2.90 (3.19)      | 2.24 (3.18)          |
| Five Roses            | —                       | —                       | —                | —                    |
| Tagless Teabags 250 g | 6.89 (7.49)             | 6.39 (7.29)             | 8.79 (9.99)      | 7.24 (9.99)          |

\* Survey conducted April 7. (Prices in brackets are from survey conducted shortly before Budget day on March 17).

THAN'S assassin...  
In 'Takane' outside Brakes...  
police yesterday...  
George Washington

With...  
Group of...  
were arrested...  
time and full time





# Few consumers give the thumbs-down to TV ads

36  
 248  
 B10M 13/4/93

**KELVIN BROWN**

VERY few consumers actively disapproved of TV advertising, a Gallup poll carried out by Mar-kinor in November showed.

Respondents in urban areas gave advertising a strong vote of approval with 51% of whites and 47% of blacks saying they approved a lot. A further 34% of whites and 22% of blacks approved a little.

People between the age of 16 and 34 years tended to approve more strongly of advertising than those over 35 years. Education and income also had an effect on the level of approval. The higher the education and income, the stronger the approval of advertising.

Unfortunately for advertisers, 42% of whites and 19% of blacks said they would not buy a product if the ad irritated or annoyed them. Only 10% of whites and 4% of blacks claimed this had happened frequently.

White consumers found washing powder and fabric softener adverts the most annoying (12%). The main culprits were ads for Omo and Sun-light Fabric Softener followed by

Morkels and Spar adverts.

No brand was mentioned by more than 2% of black respondents as being a "switch-off".

More bad news for advertisers was that 59% of whites and 54% of blacks had never felt a TV ad motivated them enough to buy a product.

Interestingly, the culprits in the "switch-off" category were also the winners in the "turn-on" category. At least 5% of white respondents decided to buy a washing powder or fabric softener after seeing it advertised.

Chicken Licken's S'Dumo burger ad (6%), followed by Coca Cola (5%), Omo (3%), Omo Micro (3%) and Surf (2%) were voted the most persuasive TV ads among black respondents.

MARCIA KLEIN reports a Bernstein, Loxton Golding & Klein's (BLG & K) Media Bulletin says there is evidence of a positive correlation between TV adspend and maintaining or increasing market share.

The bulletin comments on a UK survey by John Billet Consultancy of

market share of 127 brands of fast moving consumer goods measured against TV adspend.

The survey showed that TV advertising had not become less relevant following a deep recession, with extensive price cutting, development of own brands and other techniques to tempt the consumer.

But the survey did show that other influencing factors of market share, like social change, could be growing in importance.

Highest performing brands in terms of market share had increased total adspend by 7% in the first half of last year compared with the previous year, and their average market share rose by 1.1%.

The lowest performing brands had reduced total adspend by 8% and their average market share dropped by 1.6%.

BLG & K said the averages contained wide brand-by-brand variations, and the findings indicated that the relationship between TV adspend and market share had to be seen in the overall marketing context.

# Edgars a good long-term bet

By Stephen Cranston

30

The Edgars group offers considerable long-term potential, with results expected to improve strongly from the year to March 1995 onwards, predicts Mathison & Hollidge analyst Lynette Bowes.

But she says that for the year to March 1993 it will report earnings growth below the rate of inflation.

Excellent results from Sales House and a much reduced loss from Jet are expected to be partly offset by static growth from the Edgars chain and a reduced loss from Celrose.

Earnings per share are expected to increase by 7,1 percent to 332c in the year to March 1993, and by 11,1 percent next year.

The group's market share, which now stands at 17 percent, is expected to increase to 20 percent within two years.

The group will continue to

close under-performing stores, enlarge existing stores and open new ones, especially in Jet and Sales House.

There has been strong growth from ladies' intimate wear, accessories and cosmetics.

In the months ahead Edgars plans to increase its market share of footwear and to increase the proportion of core items in menswear.

Bowes says future growth in the Edgars chain will come from the black consumers as there are already 900 000 white account holders.

The important white consumer has come under obvious pressure and markdowns to give momentum to sales have put pressure on margins.

She predicts static earnings for financial 1993 and an eight percent improvement in 1994.

This compares with a compound growth of 29,1 percent in

attributable income from 1988 to 1992.

In Sales House, 26 percent of turnover is accounted for by footwear, and it is dominant in the menswear and children's wear business in its target market.

Its improved performance is accounted for by very focused merchandise for the urban black consumer and an upgrading of stores to include leisure wear and younger fashion.

Bowes expects this chain to increase earnings by 29 percent this year and by at least 10 percent in 1994.

In a deal with Star Taxi, commuters in 14 000 taxis are exposed to Sales House advertisements.

Bowes says that Jet is losing its reputation as the black sheep of the Edgars group.

A major repositioning programme over the past two years has improved Jet's reputation for quality.

# Foschini achieves real increase in turnover

BID/M 13/4/93 (30)

CAPE TOWN — Leading clothing and jewellery retailer Foschini had achieved a real growth in turnover in the year to end-March. MD Clive Hirschohn said at the weekend when he announced changes to the group's top management.

Hirschohn was reluctant to disclose too much detail of the results ahead of the formal announcement but said that all the group's chains had performed satisfactorily. It was very pleasing that there was no area of weakness in the group.

Hirschohn said that Foschini continued to reap the benefits, in terms of higher productivity, from its investment in technology and systems. Assuming this higher productivity, it was reasonable to expect real growth in earnings a share from the clothing group in the year to end-March. He was confident the group would continue to show growth in the coming year.

The internal management restructuring was undertaken to ensure the long-term continuity of management and to position the group for future growth. In addition to his position as Foschini Stores MD Neville Goodwin has been appointed deputy MD of the whole group.

LINDA ENSOR

Markhams MD Red Robb has been appointed deputy MD of Foschini Stores while Pages MD Dennis Polak also takes on the position of Markhams MD.

Pages executive Doug Murray becomes Pages GM.

American Swiss MD John Hoffman assumes responsibility for the group's entire jewellery retailing operations, including 153 American Swiss stores, 76 Sterns stores and 320 in-store American Swiss jewellery boutiques.

Hirschohn said the acquisition of Sterns would bring about significant economies of scale, but emphasised that Sterns and American Swiss would continue to operate in their own separate niche markets in competition with one another. Hirschohn expected the gap between the two chains to widen slightly in future.

In terms of the internal restructuring, Foschini director Elliot Osrin becomes non-executive chairman of the group's board of directors and Robb, Polak and Hoffman also join the board.

Star 14/4/93

# Higher earnings tipped for Foschini

By Stephen Cranston

Foschini will report a four percent increase in earnings per share in the year to March 1993, compared with the estimated 206c in the 12 months to March 1992, predicts Mathison & Holidage analyst Lynette Bowes.

Published figures for the previous year are not strictly comparable because the group changed its year-end from December to March last year.

She says Foschini's outlook remains relatively good. It has an enviable operating margin of 18.5 percent, which is high by both local and international standards.

Foschini trades on a 27 P/E ratio, well above the 21 on which its principal competitors Edgars and Wooltru trade, but this is attributed to its superior track record and shortage of scrip.

Excess demand is likely to underpin the share price, so she recommends accumulation at the current level of around R55.

In the six months to September 1992, turnover increased by

14 percent, which confirmed further gains in market share, assisted by the opening of a further 17 stores.

Fewer markdowns, tight controls over expenses, better merchandise and credit control and a more efficient distribution system resulted in a slight improvement in margins.

The Foschini group has a seven percent share of the clothing, footwear, textiles and accessories market, which is much lower than Edgars' 17 percent share.

Some 55 to 60 percent of earnings are derived from the Foschini chain, six percent from the offshore holding company Oceana, and the balance from Markhams, American Swiss and Pages, in approximately similar amounts.

Sterns, which was acquired from April 1, should make a negligible contribution to group results for two to three years.

Ladieswear remains the dominant part of the business and is expected to continue performing satisfactorily, although margins

will be squeezed in present business conditions. Footwear is the most promising growth area.

Jewellery sales, however, are expected to come under increasing pressure in the months ahead.

There is substantial ongoing investment in technology, and information technology will be upgraded in order to improve merchandise, customer and credit information.

The new centralised credit system is up and running at Markhams and will be operational in the Foschini chain later this year.

It will then be introduced into remaining businesses. The objective is to optimise profitable turnover to encourage those with enough means to buy more.

Foschini is the premier chain in small towns and rural areas and is more dependent on black trade than Edgars.

Burnita Mnaufacturing makes 40 percent of the ladies' division sales, and might start exporting clothing, which it only sells to group companies at present.

STAT 14493  
**Liquidations up**

The wholesale and retail trade, catering and accommodation have been the hardest hit in the recession, Central Statistical Services figures show (30)

The number of liquidations in the above businesses in February rose by 24.4 percent over February last year.

Overall, the number of companies and close corporations liquidated rose by 5.1 percent to 207, compared with February last year. Sapa (30)

20

CT 14 4 93

# SA retailers, wholesalers 'hardest hit'

JOHANNESBURG. — Enterprises in the whole-  
sale and retail trade, catering and accommoda-  
tion sectors have been the hardest hit in the  
current recession, figures released by the Cen-  
tral Statistical Services yesterday show.

The CSS said the number of liquidations in  
the above businesses in February had increased  
by 24,4% over the same month last year.

Overall the number of companies and close  
corporations liquidated in February 1993 rose  
by 5,1% to 207 compared to last year in February.

The number of insolvencies of individuals and  
partnerships increased by 14,5% to 1 113 in the  
period November 1992 to January 1993, com-  
pared to the same period a year ago.

However, the number of insolvencies from  
November 1992 to January 1993 decreased by  
21% compared to the period August 1992 to  
October 1992, CSS said. — Sapa

FM 16/4/93  
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**I'm still the chairman**

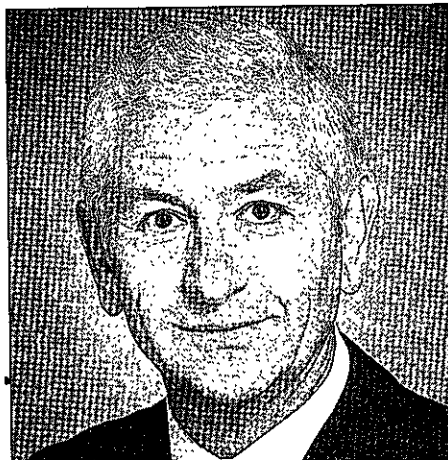
**London-based** Foschini executive chairman Stanley Lewis is emphatic that nothing's changed as far as he's concerned after the management shuffle of the past few weeks. Contrary to some reports, he remains firmly in the capacity he's occupied since he took over control decades ago.

Confusion arose because Elliot Osrin, a main board director for many years, has been appointed non-executive chairman of the local internal management board. The listed company's board is unchanged.

MD Clive Hirschsohn is due to retire in late 1994. When he does, he is likely to remain a Foschini director but won't stay on the local management board.

The group has considerable management depth. Following long-term succession strategy, Foschini Stores MD Neville Goodwin has been named deputy MD of the local

**Chairman Stanley Lewis ... so what's new?**



FM 16/4/93

FOX

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management board, while retaining his current position. It is intended that he will succeed Hirschsohn as Foschini group MD.

Results for the year to March are due in late May or early June. In spite of the tough economy, EPS for SA are expected to show real growth but the contribution from Oceana Investment Plc will be influenced by the performance of London listed retailer Etam, which is due to report soon. *Gerald Hirshon*

## Hicor posts loss of R2m

610PM 16/4/93  
30 (104)  
PETER GALL

RETAIL company Hicor, owner of the Allwear clothing group, has posted a loss of R2,055m before extraordinary items in the 10 months to end-December from a R2,71m loss in the year to end-February 1992.

However, an extraordinary item of R5,11m for the estimated loss on the discontinuation of Sherleys, a division of Allwear, pushed the net loss up to R7,16m from a R3,98m profit in the year to end-February.

"The operating loss of the Sherleys division over the past 10 months forced the board to discontinue the operations of this division. The final closure is planned for April 30," directors said.

A loss of 3,8c a share was reported and no dividend was declared. However, the directors expect the group to move back to profitability in the year under review as all group manufacturing operations are now consolidated at Newcastle.

The net asset value of 47c a share is substantially above the ruling share price of 13c. Hicor was untraded yesterday, reflecting a buyer at its annual low of 12c, but no seller.



# Mourners' rampage knocks confidence

BIDAY 16/4/93

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GERALD REILLY

PRETORIA — Business and consumer confidence had taken a near mortal blow since the assassination last Saturday of SACP leader Chris Hani, economists said yesterday.

Econometrix economist Tony Twine said confidence had been edging up since the beginning of the year. However, it had taken a dive since last weekend and it would plunge further if any of this weekend's activities got out of hand.

"We are only halfway through the minefield. We need a clear demonstration that the authorities are in control and that rage and anger have cooled," Twine said.

Stellenbosch University Bureau for Economic Research chief Ockie Stuart agreed that business and consumer confidence had fallen sharply and would deteriorate further if the weekend's activities led to further disturbances.

Until a new government was in place and South Africans had a clear picture of the future, confidence would remain low.

WILSON ZWANE reports businessmen are urging municipalities to tighten regulations for marches in CBD areas to help prevent injury and damage to property.

The Durban Regional Chamber of Business said in a statement the rampages in Durban on Wednesday by ANC supporters were inexcusable.

It said it was seeking a meeting with the city council and other interested parties "to ensure that there is no repeat of Wednesday's debacle".

Sapa reports the southern Natal ANC alliance said disciplinary steps would be taken against the unruly elements once they had been identified.

"We sincerely send our sympathies to those businesspersons whose properties were looted and vandalised," it said.

The Maritzburg Chamber of Commerce

and Industries said it supported President FW de Klerk's steps to control further marches, including the declaration of more unrest areas and the tightening of clearance procedures for the marches.

The organisation said it would urge the city's town clerk not to permit marches in the CBD unless organisers gave him guarantees that their actions would not result in injuries and damage to properties.

The Cape Town Chamber of Commerce and Industries said although it was not opposed to protest marches, the situation had to be reviewed carefully to avoid a recurrence of Wednesday's incidents.

A total of 149 shop windows were smashed and 84 business premises were damaged during the march with damage estimated at R380 200, reports Sapa.

Thirty-eight vehicles were damaged and repairs would cost about R140 300, while 22 people suffered birdshot wounds. One man, who has not yet been identified, was killed.

Inkatha Transvaal organiser Themba Khoza said it was an African custom to mourn a loved one "but that does not give people licence to loot".

Khoza said he respected the ANC's call on its supporters to mourn Hani's death, but he questioned the wisdom of burying Hani on Monday. "That will effectively mean another stayaway," he said, adding that the economy could ill-afford disruptions of this nature.

Sacob spokesman Gerrie Bezuidenhout said it was still too early to quantify the losses business incurred as a result of the marches and the stayaway on Wednesday.

Losses could only be assessed next week since there were "pretty good chances" there would be a stayaway on Monday.

## Unrest deals blow to tourism

GERALD REILLY

PRETORIA — Wednesday's nationwide riots and the impression created abroad of chronic unrest in major cities was a severe blow to the tourist industry, costing it tens of millions of rands, tourism authorities said yesterday.

Rennies Travel MD Lillian Boyle said most contacts abroad had reacted with shock to the widespread violence.

A major concern was whether Wednesday's disturbance was the forerunner of a series of nationwide unrest incidents.

An Australian group had already cancelled a package tour and it was inevitable others would follow.

Our Cape Town correspondent reports Fedhasa national labour and training committee chairman Angus Dodds said a lot would depend on the impressions gained by overseas travel agents at the annual Indaba tourism exhibition on May 12.

This week's violence had occurred in major CBDs

which was certain to hit tourism even harder than the Boipatong and Bisho massacres, Boyle said.

Satur executive director Spencer Thomas said tourism prospects remained favourable provided the personal safety of visitors could be assured.

American Express group MD Gordon Young said travel was a business of perception and the perception abroad was SA was embroiled in a civil war.

Sapa reports Zimbabweans have been told not to travel to SA on Monday.

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# April losses may top R2-bn mark

By Michael Chester

Losses in production and retail sales caused by stay-aways and holiday breaks in April threaten to climb well above R2 billion and mark the worst for any single month on record, according to economists.

"April will go down as a disaster month," said the SA Chamber of Business yesterday.

Sacob manpower executive Gerrie Bezuidenhout said production losses on Wednesday alone — when memorial services to mark the slaying of SA Communist Party general secretary Chris Hani overspilled into nationwide stayaways and mass marches — had been

particularly severe.

Production losses in key industrial hubs in and around Johannesburg and the East Rand had been the heaviest yet encountered, with absenteeism rates among black workers running as high as 90 to 100 percent.

The National Productivity Institute also issued reminders about the cost of the Easter weekend holiday break from April 9 to 12.

Senior economist Jan de Jager calculated the daily cost of losses in industrial output at between R420 million and R520 million.

The virtual standstill in factories over the long weekend thus stripped no less than R1,5 billion from overall economic income.

Yet to come, says Sacob, is the toll of losses that the retail trade was braced to suffer as the result of virtual business standstills during the mass protest marches expected in the Transvaal and perhaps elsewhere tomorrow in the wake of the Hani assassination.

Added to that must be estimates of losses in production and retail sales when nationwide stayaways looked inevitable next Monday to mark the Chris Hani funeral in Germiston.

# Shopowners hit back at boycotters

Weekend Argus Correspondent

DURBAN. — Kokstad businessmen and shopowners, economically devastated by weeks of recurring consumer boycotts in the East Griqualand town, struck back at boycotters yesterday closing every shop in the town.

**30 APR 17/4/93**  
The highly organised action, which has seen businessmen using two-way radios to co-ordinate their protest, took place on the day boycotters temporarily suspended their action to stock up for next week's resumption of the boycott.

The closure has left black residents, whose supplies are depleted by the boycott, unable to stock up before Monday's resumption of the boycott.

The closure will continue indefinitely unless the African National Congress, the South African Communist Party, Cosatu, civic organisations and the Taxi Association of the Northern

Transkei call off the boycott and all future boycotts.

An informal grouping, known only as the Kokstad Business Community, has ensured the closure of every shop and commercial service in the town except for one bank and petrol stations.

Said a businessman who refused to be named: "It is marvellous to see everyone standing together. People have been apathetic for so long and just lost all the way. Now perhaps our actions will make some difference."

It is understood that some black-owned shops, which are exempted from the boycott, have also suffered to some extent because of a decrease in customers. The business closure includes these few black-owned shops.

The ANC-led boycott is believed to be in protest against the heavy South African security presence on the Transkei/Natal border.

# Small business conference to formulate strategy

*South 17/4-21/4/93*

THE second international conference on small business will be held in Durban from May 2 to May 4.

The event is being held jointly by the Small Business Development Corporation (SBDC) and the International Council for Small Business.

The theme of the conference is "Prosperity for Africa" and will focus on formulating a national strategy for small business and medium enterprises (SME's) in Southern Africa.

About 20 experts on SME development will address the conference.

Among the speakers are Zubalrul Haque, deputy general of the

Grameen Bank in Bangladesh; Dr Yoon-BaeOuh of the Soongsil University in Seoul, South Korea and Mr Raj Makoond, deputy secretary of the Mauritius Chamber of Commerce and Industry.

SBDC managing director Mr Ben Vosloo will open the conference on Sunday May 2. Dr Anton Rupert will be the keynote speaker on Monday May 3.

Conference registration forms can be obtained from Mrs Rita Vrits at the ICSB-SA Secretariat, PO Box 7780, Johannesburg, 2000.

For more details telephone: (011) 643-7351 or fax 642-2791.

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Business  
SITimes  
reacts to  
194193  
boycott (30)

KOKSTAD businessmen struck back at a consumer boycott on Friday by closing shop. (216)

The boycott, which began a week ago in the southern Natal town, was called by the ANC/SACP/-Cosatu alliance, demanding an end to the "government's blockade" of Transkei.

Businessmen, saying they would begin trading again tomorrow, added they would liaise with other towns for joint action against the boycott, which is expected to spread to northern Transkei towns next week.

A consumer boycott ended in Matatiele a fortnight ago after police agreed to remove security forces, but the ANC said it would be revived tomorrow in solidarity with other towns.

## Kokstad traders to reopen today

Own Correspondent (30)

DURBAN. — Businesses in the southern Natal town of Kokstad are to reopen this morning after a three-day closure aimed at forcing an end to an ANC-called consumer boycott.

Kokstad Chamber of Commerce president Mr Ed Jenkins said the "very successful closure" had left northern Transkei without fuel or food. CJ19/4/93

The ANC had called the boycott in response to roadblocks set up by South African security forces on the Transkei border.

However, Mr Jenkins said the traders would prefer to work with the ANC in seeking a solution.

# Nasionale restructures Van Schaik Bookstore

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6100-1-174/93  
KELVIN BROWN

NASIONALE Boekhandel, the second largest division of Nasionale Pers, has restructured its Van Schaik Bookstore subsidiary in an effort to improve performance.

Van Schaik is SA's largest academic bookstore chain with nine branches. It was acquired in 1986 from the Van Schaik family.

The Boekhandel division reported losses in its retail outlets when Nasionale announced its interim results in December last year.

Sales have been affected by the recession and the stagnant growth in the number of students attending university, Van Schaik Bookstore marketing manager Herman Oosthuizen said at the weekend.

A new management team has been announced to head up the book store group. Johan Pieterse, for-

mer financial director of the Pepkor group, has been appointed GM. 19/4/93

The restructuring included the consolidation of retail outlets, downscaling head office and the conversion of the retail outlets to individual business units.

The customer base had grown too large for head office to adequately respond to the needs of the market, Oosthuizen said.

To further improve the profitability of the group retail outlets were rationalised. Several smaller branches were consolidated into larger units, while other shops were relocated and upgraded, Oosthuizen said.

With the restructuring largely complete, the group was well positioned to embark on an expansionary drive, he said.

...ndstrom

# Azapo to act after <sup>Sowetan</sup> massacre

20/4/93  
■ Stayaway and boycott  
is demand:

By Mzimasi Ngudle

THE Azanian Peoples Organisation yesterday called for stayaway and the boycott of white business in the Vaal following the killing of 19 people on Sunday night.

Azapo media liaison officer Mr Tsepo Sebusi also said an emergency meeting of liberation movements would discuss action.

Azapo holds that a blanket stayaway in the entire Vaal Triangle, coupled with a consumer boycott of white business in the Vaal, be embarked on.

"This decision will be placed before the meeting," he said.

A rally would be held at Zone 11 Sebokeng Stadium today.

He claimed the massacre was preceded by a police Casspir which dispersed people.

Five men entered a house at Zone 11, took the keys to a Jetta, killed the wife and husband.

The attackers then went on a shooting spree, killing more than 15 people and injuring scores of others.



# Consumer boycott over roadblocks to continue

KOKSTAD. — The situation here remained tense yesterday following a decision by local ANC officials to continue the consumer boycott in the town until Thursday when the matter will be reviewed.

The boycott in the border town was called after the government set up roadblocks in the area to prevent alleged Apla attacks from the Transkei.

The decision to continue the boycott followed a church service and procession in the town yesterday to pay homage to slain SA Communist Party general-secretary Mr Chris Hanu attended by about 30 000 people.

An estimated 30 000 people

marched to a local graveyard where a minute's silence was observed. No incidents were reported during the procession.

ANC officials announced the consumer boycott that has been in effect since April 8, would continue at least until Thursday when they would meet with ANC and Congress of SA outh African Trade Union officials from the Transkei.

The community was however urged to return to work today on Tuesday following yesterday's stayaway on Monday.

30 000 Oct 20/4/92

# Huge stayaway *Star 2014 193* hits business (30) ~~(32)~~ in PWV region

By Shirley Woodgate

Industrial workplaces and normally bustling shopping centres in Johannesburg were deserted yesterday — in what was described in a survey conducted by the South African Labour Bulletin as not only the biggest ever stayaway in the PWV region, but possibly in the country as a whole.

The survey, issued by the SA Chamber of Business, said the day of mourning — called by the ANC alliance to commemorate the killing of Chris Hani — had triggered a 92 percent stayaway in the PWV.

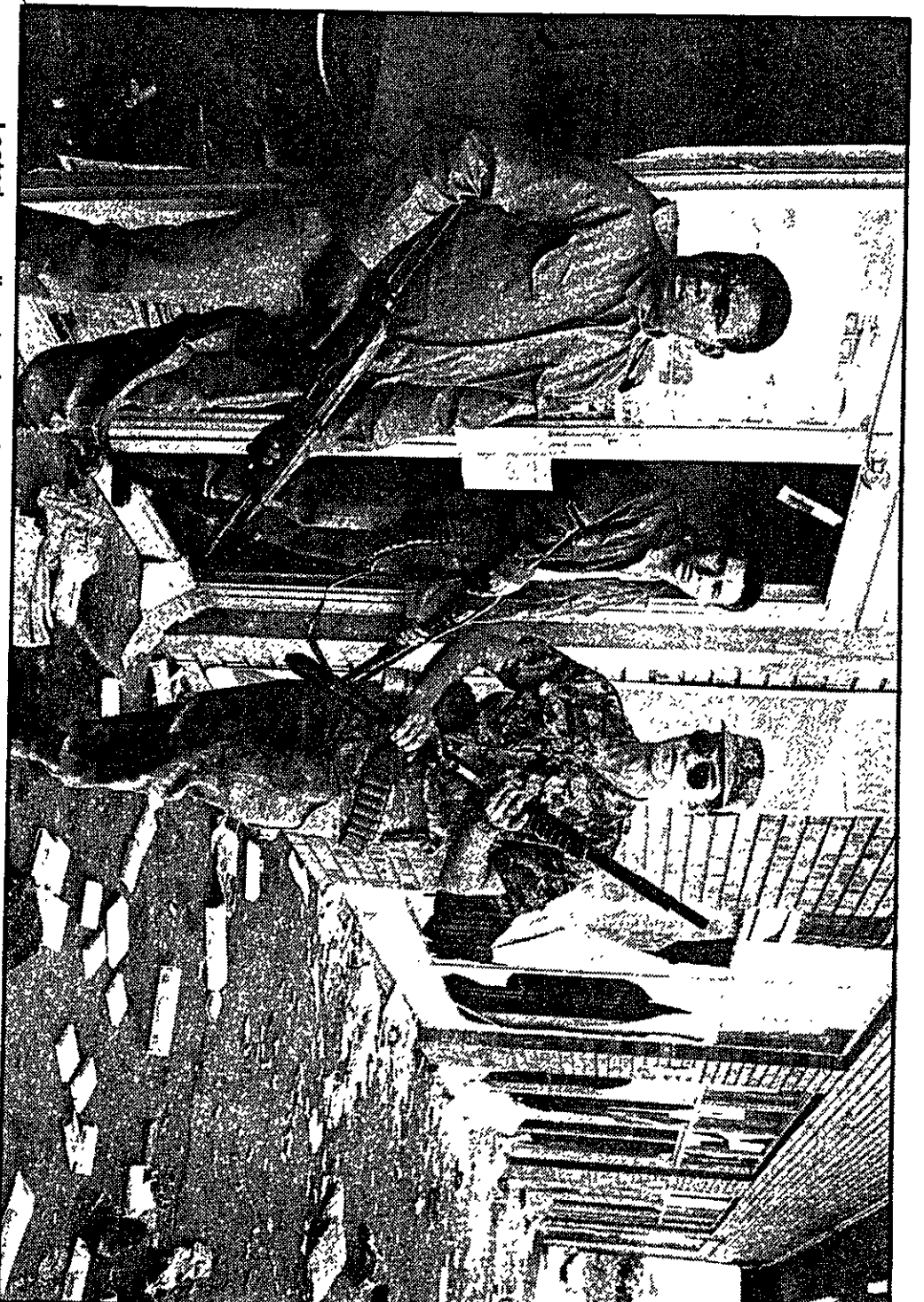
Afrikaanse Handelsinstituut manpower and industry manager Mickey Dames reported a 95-100 percent stayaway in Vereeniging and an 80-100 percent stayaway in Johannesburg. Eastgate shopping centre was

typical of most of the Reef, with centre manager Mike Rodel reporting stepped-up security and many outlets closing for the burial service. Outlets reported a drop in business despite the day coinciding with the end of school holidays.

Many companies closed at lunch-time yesterday, saying they feared problems for workers later in the day.

The Johannesburg Chamber of Commerce and Industry warned that business was deeply concerned about the rolling mass action which starts today. The attitude was that business could survive a day but not six weeks of stayaways.

In Cape Town, the day hospitals in Khayelitsha were closed because staff stayed away, and shoppers were scarce in the city centre. Almost 90 percent of industrial workers in the Greater Durban area stayed away from work, said the Durban Chamber of Business.



Looted . . . police stand guard at shops looted by youth in Boksburg's Dawn Park suburb yesterday.

Picture: Ken Oosterbroek

# Smart Centre turns in a natty set of results

B.10/94 20/4/93  
MARCIA KLEIN

SMART Centre increased its earnings 31,8% to 29c (22c previously) a share in the year to end-February — a year marked by significant expansion and depressed consumer demand.

The results compared a 12-month period with eight months in the previous year because of a change in year-end to match that of holding company Pepkor.

Turnover, which included that of stores acquired and developed in terms of Smart's expansion programme, rose 61,4% to R191m from R118,3m.

On an annualised basis, turnover was 12% higher than in the previous 12-month period. MD Charles Fox said turnover in the second half grew 12% after increasing only 4% in the first half on the back of the closure of some Kappa stores.

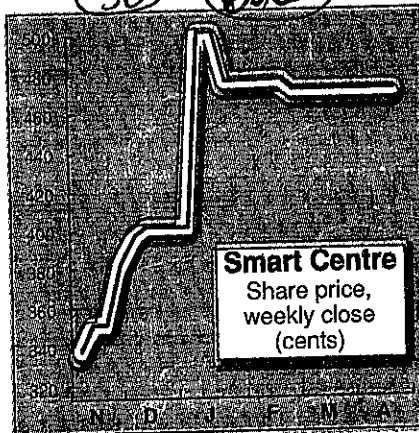
Operating profit rose 21,9% to R24,8m (R20,4m). Fox said Smart Centre's strategy had been to pursue quality growth and to limit the amount of discounting, maintaining margins.

A vigorous store development programme had affected margins in the short term. During the year, Smart bought seven stores, opened 11 and closed 10, leaving it with 144 at year-end.

Fox said good asset management and a strong balance sheet enabled the company to speed up its store development programme and take advantage of a soft property market to obtain new and enlarged stores at reasonable rentals.

The expansion included the acquisition of seven stores in Pretoria. These formed the base of the company's 14-store Patrick Daniel mens clothing chain.

A reduction in taxation, reflecting new tax legislation, saw profit after tax rise 33,6% to R11,4m from R8,5m. Attributable



Graph by RUBY GAY MARTIN Source I-NET

profit, after outside shareholders' interest, rose 34% to R10,3m (R7,7m).

A below-the-line extraordinary item of R164 000 referred to the adjustment of a deferred tax liability at year-end.

A higher dividend of 9c (7c) a share was declared. Shareholders were offered bonus shares in lieu of a cash dividend.

Fox said a company tax rate reduction in the coming year would lessen Smart's tax burden and increase earnings.

Smart would be "taking a more aggressive marketing stance" and would show higher levels of growth "within a continued policy of tight asset management and limited discounting". Smart was introducing a new logo as research had shown that its current logo was a little harsh and insufficiently fashion-orientated.

Chairman Christo Wiese said management expected earnings growth in the coming year. Trading for the first month of the new year had been encouraging. Smart would soon open a store in the Carlton Centre, and was looking at other major city centres.

# Mr Price set to achieve R100m in sales

MR PRICE, wholly owned subsidiary of JSE-listed Specialty Stores, expects to achieve sales of R100m by February, 1994. **DUMA GOUBULE** would become an even larger contributor to Specialty's profits in future. Specialty would publish its results for the year ended February later this week. At the interim stage Specialty's turnover increased sales by nearly a third to R164,4m from R125,3m.

Turnover in 1990 was R8,9m, but with rapid growth he believed sales would reach R100m by the end of financial 1993/94. Chiappini said Mr Price would open 12 new stores over the next year and

30  
R100m 20/4/93

Star 2014/93

# Smart Centre maintains profit margins

By Sven Lünsche

Pepkor clothing retailer Smart Centre maintained good earnings growth in the year to end-February.

In the 12 months period turnover rose to R191 million from R118,3 million in the eight months to end-February 1992. On an annualised basis the sales increase was eight percent. Operating profit improved to

R24,8 million (R20,4 million), while earnings per share increased by 32 percent from 22c to 29c. On an unchanged cover the dividend was raised from 7c to 9c a share.

The directors says that despite the difficult trading conditions discounting was limited which allowed margins to be maintained.

During the year Smart Centre closed 10 stores but purchased

seven new stores and opened a further 11. It now operates a total of 144 stores.

The group also accelerated its store development programme, which would depress margins in the short-term but yield long-term benefits, the directors state.

The reduction in the corporate tax rate should increase earnings in the current year, they comment.

# Market slump sees rental levels falling

LINDA ENSOR

CAPE TOWN — The slump in the property market in the last quarter of 1992 saw office rentals in retreat, industrial rentals negative and a slide in flat rental growth rates, the latest Rode Report on the SA Property Market said.

Editor Erwin Rode said office rentals for most nodes and grades were down in the fourth quarter compared with the third quarter, with the exception of Johannesburg and Pretoria where rentals edged up marginally and the Sandton CBD where there was a sharp rise.

"Vacancies again tended to decline in the decentralised office nodes and to climb in the CBDs as takeup in decentralised nodes was better than CBDs," Rode said.

Industrial rentals for 1 000m<sup>2</sup> units showed negative nominal growth in most areas last year except in Durban and the Cape Peninsula. This trend continued in the fourth quarter except on the East Rand and the Far East Rand where rental levels increased slightly.

No large increases in the vacancy grade were reported, though the trend was upwards.

Regional shopping centre capitalisation rates held firm during 1992, but prime CBD office capitalisation rates had risen. There was little movement in industrial leaseback capitalisation rates.

Rode noted that lower priced houses were outperforming the middle and upper class indices. During the year to end-June 1992, the all-price class index grew 13,5%, with regional differentiation. Strong growth off a very low base was recorded in Pretoria while upper price houses in Johannesburg and medium price houses in Cape Town fared worst.

flat rentals in the fourth quarter were up for all unit sizes in Durban and Cape Town in the previous quarter. However, small unit rentals in Johannesburg dropped whilst large unit rentals moved upwards. The opposite was the case in Pretoria.

Rode said there were tentative signs that home building activity might have bottomed out in August last year. The construction of townhouses was continuing upward.

"Non-residential building activity is still diminishing and building starts are back to 1987 levels," Rode said.

Star 22/4/93

# Schwarz sees investment possibilities

By Stephen Cranston

American private donors and state and city governments are likely to invest \$400 million if there is an election in South Africa in 1994, says Harry Schwarz, South African Ambassador to the US.

But with the fading of the post-election glitz, that figure is likely to fall to \$250 million in 1995.

Speaking to a meeting held by stockbrokers Davis Borkum Hare in Johannesburg yesterday, Schwarz said that although there were trade and investment bans in 26 states and 90 cities, the sponsors were closing their eyes to trade with South Africa.

He predicted that by June most would be repealed, but said there was considerable leg-

islative inertia; some cities still had sanctions against Namibia on their statutes.

Schwarz said it was unrealistic to expect significant investment from overseas if local businessmen were not themselves investing.

He criticised an unnamed food company, clearly Royal Foods, for buying an international food company, Del Monte Foods International, instead of building up its local business.

He blamed the abysmal performance of the South African economy on the low level of investor confidence.

Certain facilities now available to businessmen were being ignored.

For example, only one South African company had applied to use the facilities of the US Ex-

port-Import Bank.

South Africa should tap into the sudden interest in the US in exotic investments.

Funds were being invested in the companies of the Pacific Rim and Indonesia. South Africa would represent an exciting investment for such investors.

Schwarz said there were many inquiries to the SA Embassy from Fortune 500 companies about investment in South Africa, as well as from black businessmen and franchise operators.

But it would be an illusion to think there were queues of private investors.

The US was rebuilding its own economy and was busy investing in the region, thanks to the setting up of the North American Free Trade Area, he said.

Star 22/4/93

# Operational discipline to rescue of JD Group

By Stephen Cranston

Prices of furniture, both at manufacturing and retail level, have not kept pace with inflation, says JD Group chairman David Sussman.

Writing in the group's annual report for the year to December, Sussman says sources of supply have been reduced because of factory closures and declining productivity levels.

Sussman says the JD Group continues to emphasise systems development, the development of people skills and good industrial relations.

Discipline at operational level enabled the group to recover from poor mid-year results and exceed the previous year's earnings by 21,2 percent.

The overall arrears on the debtors' book rose from 7 to 7,78 percent and bad debt write-offs from 2,71 to 2,93 percent.

But the rate of repayment improved, reducing the length of the debtors' book from 15,4 to 13,5 months.

Bradlows, which trades in the upper end of the market, felt the brunt of the recession.

Joshua Doore had a "very exciting" year with the launch of its catalogue showrooms. These

are 240 to 300 square metres, with minimal overhead structures.

By last December, there were 22 catalogue showrooms. Another 60 will be opened this year.

Price n Pride opened six new stores, expanding into the Western Cape and Swaziland.

The JD Group has instituted a new approach to stock management, which allowed stocks to fall 2,7 percent.

The new formula and the benefits of the new central distribution centres (CDCs) have already borne fruit.

Star 22/4/92

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### **NEWS IN BRIEF**

#### **Retail sales' value up**

THE expected value of retail sales in the three months to end April fell further in real terms compared with the same three months a year ago, Central Statistical Service figures show.

At current prices there was an increase of 5,3% to R21,055bn but at constant 1990 prices the value was R14,561bn — down by 5,2%.



By PAT SIDLEY

**SOUTH AFRICAN** consumers do not often litigate but when they do, they often lose.

This is particularly true in the area of product liability, when consumers disregard legal mechanisms to sue when a product they have bought injures them in some way.

Part of the reason lies with the law itself. South African statutory law is very different from that in the United States, the United Kingdom, the European Community countries and Australia.

There has also been very little local litigation of this kind, so there is not much case law to go on if a consumer is looking for authority on how to take

some matter to the courts. Add to this the extraordinarily high costs of lawyers, law courts, litigation and justice—and the law simply seems to most consumers, far too remote a way of redressing a problem.

On the other hand, consumer bodies are ineffectual in many areas, including litigation on product liability.

Consumers themselves are docile to a point of meek acceptance of the most dreadful things commerce and industry perpetrate on them.

It would not be too strong a claim to make that even death would not prompt relatives of some consumers to take appropriate action.

Transvaal consumers saw this in the case of scores of infants who died mysteriously in paediatric intensive care units of hospitals attached to intravenous drips.

Professor Louise Tager, who sits on the board of the Consumer

Council as well as running the Harmful Business Practices Committee, adds a uniquely South African explanation for the problem of consumer inaction.

"There is a fear of victimisation in this country. Black South Africans may in particular be afraid of trouble if they take action," she says. "It could ultimately be the result of apartheid."

Asked why consumer groups have not themselves taken legal action, she says an organisation such as the Consumer Council does not have the legal standing to take such action.

Senior South African advocate Milton Seligson, speaking at the International Bar Association con-

ference in Cape Town earlier this year, said this country "boasts no trail blazing decisions in the field of product liability."

"Had there been a spate of product liability claims in earlier years," he says, "the courts may well have responded by developing a theory of strict liability."

Seligson excuses some of this legal inactivity by referring to the "relative isolation" of South African lawyers, and the "absence of a strong organised 'plaintiff's bar' in this country with a vested interest, through the contingency fee system ... in advancing the frontiers of delictual liability in the courts".

However, Seligson believes it is inevitable that sooner or later consumers will claim lung damage from cigarette or asbestos manufacturers.

But in the end, he predicts, "statutory reform of the law in the area of produce liability is not only desirable, but inevitable."

SA's docile consumers should demand their rights  
Renewed Law Sept 1991  
to Walmart  
23/10-29/10/93  
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FM  
23/4/93

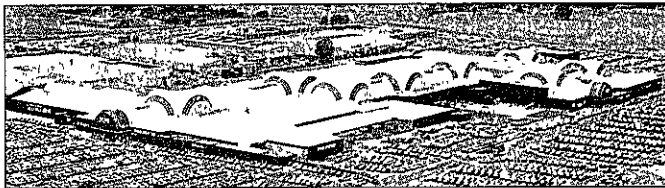
Excellent trading results in East Rand Mall's first year of operation — with chain stores reporting December turnovers 29%-100% above expectations — is why Sanlam Properties last week acquired the majority shareholding in the Boksburg regional shopping centre (*Property* January 15).

Sanlam paid R120m for its two-thirds stake in the holding company, East Rand Mall (Pty) Ltd, which owns the complex except for Edgars and Pick 'n Pay Hypermarket operations.

The Pick 'n Pay, owned by Hyprop Investments, was built a few years before East

\* cont'd

FM 23/4/93



East Rand Mall ... Sanlam's latest acquisition

Rand Mall was developed. At the initial stage of the mall's development, negotiations were concluded for Edgars to acquire premises under sectional title tenure — a first for the retailer. As a result, its premises are excluded from Sanlam's acquisition.

Despite separate ownership, both stores are an integral part of the 77 000 m<sup>2</sup> centre. Other major tenants are Woolworths, Jet, Game and Ster-Kinekor.

The original shareholders — M&R Properties and a consortium of private investors — remain largely unchanged, though their interests have been reduced. M&R Properties still has the largest stake of the original investors.

Transnet Pension Fund, which put up the cash for half of the investment, now has an indirect interest in the acquisition, says Sanlam Properties GM Fanie Lategan. Transnet has a 50% share in the portfolio through which Sanlam acquired the two-thirds investment in East Rand Mall. The advantage for Sanlam is that it now controls the board of the holding company which owns the mall.

The centre's developer, Retail International, will continue to manage the mall. Chairman Joe Bentel says financial institutions have been interested in acquiring a stake in the centre for months. More than 600 000 people visit it each month; December's figure exceeded 1m.

The 100 000 m<sup>2</sup> Eastgate shopping centre in Bedfordview is less than 20 km from the mall and so owner Liberty Life Properties was not too thrilled when the mall was developed. Retail and leasing director Russell Inngs says his company objected only because it felt there were enough shopping centres serving the East Rand, not because it thought the mall would have a dramatic effect on Eastgate.

He says: "A market survey commissioned to gauge various issues relating to Eastgate after its refurbishment contained a section relating to the East Rand Mall and its impact, if any, on Eastgate. Indications were that less than 10% of our normal shoppers were also frequenting the East Rand Mall. Subsequent monitoring through major tenants common to both centres has shown a return to Eastgate by what I would call the initial curiosity shopper," he says.

Normal monthly traffic through Eastgate, excluding that through the main stores, is on average more than 1m people, says Inngs, with December traffic well up on that figure. In December retailers achieved turnovers 10%-50% higher than in 1991.

Inngs says Eastgate's target market is the A- and B-income groups and indications are that East Rand Mall's target market is the

30  
C-income group. He adds that at least half of Eastgate's shoppers come from a 10 km radius of the centre.

Bentel says East Rand Mall has taken a big slice of the East Rand retail market

and is well located to cater for towns such as Boksburg, Kempton Park, Brakpan, Benoni, Springs and even Witbank. Close to the R21 and R22 intersection, it is quick and easy to get to from all parts of the PWV.

Further development of the centre is possible as the 22 ha site offers plenty of room for expansion — yet another reason for Sanlam's purchase.

Shopping centres are in general battling as disposable incomes shrink. Despite this, reports that furniture retailers are unhappy in the mall come as a surprise. Retail International says it is relying on future big-item traffic to be drawn to the retailers by the newly signed 4 800 m<sup>2</sup> Game outlet opposite the furniture court.

Game opened on April 1 and has reported the highest opening turnover of any of the chain's launches. "This must have a positive rub-off on the furniture court," says Bentel. ■

# Specialty Stores shows little earnings growth

By Derek Tommey

Specialty Stores, the Durban-based clothing chain, showed little growth in earnings in the year to February.

But joint MD Stewart Cohen is confident about achieving a real increase in earnings in this financial year.

Specialty earned R14 million — equal to 84,9c a share in 1992/93 after taking into account secondary tax on companies equal to 3,2c a share.

These earnings are two per cent above the R13,8 million — equal to 83,5c a share — earned last year before an extraordinary deduction of R2,4 million.

The final dividend has been increased by 1,5c to 21,5c to make a total payment for the year of 31,5c — a 5 per cent increase over the 30c paid last year.

Cohen says trading remained difficult throughout the year. Turnover rose by 26 per cent, with 17 per cent coming from existing stores, and the balance from new stores.

Margins were under pressure, dropping from 11,2 per cent to 8,9 per cent, partly as a result of a swing to lower-margin cash retailing.

The profits of the credit chains, Milady's and The Hub, were slightly below the levels of last year.

But this was offset by the cash retailing division, which achieved significant growth in sales and profitability.

Operating income rose one per cent from R32,8 million to R32,95 million, while finance costs rose from R7,3 million to R8,6 million.

Net current assets, excluding borrowings, stood at R109,9 million at end-February (R96,6 million previously), while borrowings were R35,4 million (R42,0 million).

Cohen says the group will be opening several new stores in the current year, including a Milady's at the Carlton Centre, Johannesburg. He is very impressed with central city shopping.

# Specialty's Mr Price ends the year with a happy smile

## DUMA GOUBULE

SPECIALTY Stores reported a marginal increase in attributable earnings of R14m (R13,8m) on a 26% jump in turnover to R368,8m (R293,6m) for the year ended February.

This was equivalent to earnings (after secondary tax on companies) of 84,9c (83,5c) a share from which a dividend of 31,5c (30c) a share was declared.

Joint MD Stewart Cohen said profits of the group's two credit chains, Milady's and The Hub, had fallen slightly. But the cash retailing division, Mr Price, had a successful year, increasing sales and profits.

Turnover increased to R368,8m, previously R293,6m, and operating income was up 1% to R33m (R32,8m) as margins were squeezed to 8,9% (11,2%).

Cohen said trading remained difficult throughout the year.

The group's operating margin was squeezed to 8,9% from 11,2% partly because of the swing to lower margin cash retailing.

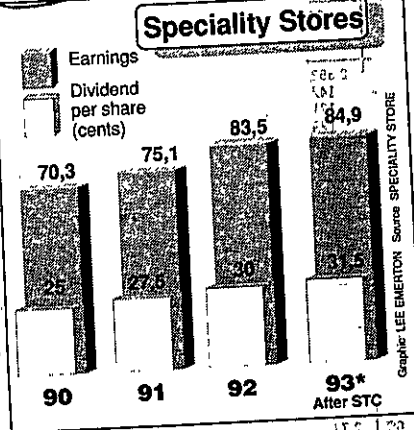
Finance costs rose to R8,6m (R7,3m) and pre-tax income eased to R24,3m (R25,4m). The tax rate fell to 42,3%, previously 45,8%, and attributable earnings increased to R14m from R13,8m.

Cohen said the group's balance sheet remained strong. Gearing, he said, had increased to 60% from 56%.

The present level of gearing would not inhibit future growth because of the swing to cash retailing, which was expected to continue, and increased margins as the economy pulled out of recession.

Specialty expected the downward cycle in consumer spending to turn towards the second half of the year.

This, and the tightening of expenses and productivity improvement achieved



over the past few years, would result in meaningful improvements in operating margins in all the group's divisions.

He said the year ahead would be tough, but there was still significant potential throughout the group.

# Business braced for black boycott

GRAHAMSTOWN. — White-owned businesses in Fort Beaufort are bracing themselves for a consumer boycott — aimed at pressurising the police and the local town council to meet community demands — due to start on Monday.

Consumer Committee spokesman Mr Thobani Ngetu said yesterday the local Chamber of Commerce had been warned about the boycott and given time to avert the situation, but had failed to respond in time. *ARG 24/4/93*

"We only got a response (from the local Chamber of Commerce) on Thursday saying that they would meet the local SAP and the town clerk on Monday," he said. *(30)*

Organisations were demanding an end to the curfew and state of emergency imposed in the townships two months ago, and the withdrawal of the SADF and Internal Stability Unit from the townships.

They also called for an investigation into community charges against the police and an end to alleged police harassment of MK cadres.

Mr Ngetu said the effect of the consumer boycott would be reviewed. It would be lifted only when the community's demands had been met, he added. —  
Ecna

## 3 000 may be retrenched

CT 24/4/93  
THREE THOUSAND employees of supermarket chain leader Pick 'n Pay face retrenchment if no agreement is reached between it and the SA Commercial Catering and Allied Workers' Union (Saccawu) over the transfer of workers between stores.

Pick 'n Pay human resources director Mr René de Wet said Saccawu and worker representatives had refused to honour an agreement on transfers for the past three years.

But Saccawu spokesman Mr Papi Kanare said Pick 'n Pay was trying to "blackmail" workers into accepting the idea.

● Saccawu will today assess the outcome of a national strike ballot among members at Shoprite/-Checkers over the firm's withdrawal last year from the parties' recognition agreement.

Saccawu said it would decide by the end of the week whether to strike.

Star 26/4/93

# Conference for entrepreneurs

Staff Reporter

30

South African entrepreneurs will be exposed to the workings of the World Bank and the opportunities it offers investors at a conference to be held in Johannesburg next month.

The conference, organised by the SA Institution of Civil Engineers, will help provide information that South African businessmen lack because of the years of sanctions. This lack of information has placed them at a distinct disadvantage as regards development in this country and in the rest of Africa.

Other development agencies will also be discussed at the conference, including the Afri-

can Project Development Facility (APDF) which provides advice to entrepreneurs on viable projects.

While the APDF does not itself provide financing for projects, it helps entrepreneurs to secure financing as well as the managerial and technical assistance they need.

The project aims to accelerate the development of productive enterprises — primarily in agriculture-related businesses — to generate self-sustaining economic growth and productive employment.

Most projects are in the R1,5 million to R15 million range, although smaller projects are also considered.

Business Editor

PEP lifted operating profit by 11% to R181,5m in the year to February, — in spite of a drop of 11% in turnover to R1,36bn (R1,52bn) — showing a widening in margins. But attributable profit rose by only 1%, lagging inflation, to R99,4m (R98,4m). Earnings at share level were 43,2c (42,8c).

However, the final dividend will be higher at 12c (11,1c), increasing the total pay-out for the year by 9% to 19,5c (17,9c) a share. This is in line with company policy that dividend growth should keep pace with inflation.

Pre-tax profit was 7% higher at R169,1m (R157,5m). The tax bill was 16% higher at R66,6m (R57,5m).

The interest bill was 88% higher at R12,3m (R6,5m) although interest-bearing debt was reduced by the end of the year to R6,9m from R52,9m.

Extraordinary items resulting from the sale of property, of shares in Pep Botswana Holdings and former Harties and Frasers outlets boosted profits by a further R33m.

MD Tony Haughton explained that turnover had been affected by the sale of the Ackerman's chain with its 125 stores to Pepkor at the beginning of the year.

Pep had not received payment for this until September. "We paid out R40m for buildings from Pepkor, which we have since sold on — but only at the end of our financial year. So for most of the year we

# Pep raises operating profit 11%

30  
CT27/4/93

had cash tied up in buildings. There had also been development costs for the Your More Store chain in Scotland, which had grown from 16 stores at the beginning of the year to 29.

Most of these stores were already trading profitably.

But Pep had provided an infrastructure for a much larger operation, because it was intended to expand the Your More Store chain to 200 stores.

## Scottish holding

So far it was only in Scotland, which had been hit less hard by the recession than other parts of the UK. "But we shall probably go over the border into the north of England this year."

Haughton said he believed the UK economy would pick up over the next 12 to 15 months.

The Your More Store chain would eventually contribute as much to group profits as Pep, taking exchange rate profits into account.

He did not expect trading conditions in SA to improve this year.

"Any improvement in our target market will depend on more jobs being available."



# FNB may raise share dividend

FIRST National Bank Holdings is likely to raise its first-half dividend by at least 5c to 55c a share on the back of expected sturdy growth, analysts say.

Results for the six months ended March 31 1993 were due tomorrow and should show earnings boosted by healthy interest rate margins, they said.

"Interest margins have been very kind to them, but the benefits will be partly offset by bad debts," Graham Baillie of stockbrokers Davis Borkhum Hare said.

Analysts expected strong first-half growth at the attributable income level, but said the dilution effect of last year's rights issue on share earnings would be marked. Forecasts ranged from a 9% to 13% increase to 281c-290c a share.

According to Anderson, Wilson Partners, the results would be influenced by two big unknown factors - the extent of the bad and doubtful debt provision and the

expected benefits from the recently lowered corporate tax rate to 40% from 48%.

FNB would also be paying the new 15% secondary company tax on dividends.

Analysts said the mainstay of FNB's interim performance had been local interest rate margins of 5.0% to 6.0%, which had recently tightened to 4.0% to 4.5% as short-term interest rates edged upwards.

Marginal asset growth was expected in the first half as a result of the state of the recession-hit economy, they said. "There's no demand for credit," Baillie said.

Analysts said bad debt was continuing to hammer earnings despite intensified credit risk management, and some expected the charge to top the previous period's R160,5m.

But, David Southey of Edey Rogers said most banks seemed to have expected the rise in bad debts and he expected FNB's charge to remain the same. - Reuter.

# Pep shakes off effects of selling Ackermans

LINDA ENSOR

CAPE TOWN - Strong gains in profitability enabled clothing manufacturer and distributor Pep Ltd to overcome the effects of the sale of the Ackermans chain and post a marginal rise in earnings a share in the year to end-February.

Earnings a share inched up 1% to 43,2c (42,8c) and the declaration of a final dividend of 12c (11,1c) resulted in a 9% rise in the total payout to 19,5c (17,9c).

The group's accounting policies have been changed so that companies previously treated on an associate basis were consolidated as subsidiaries.

Group MD Tony Haughton said the past year had been the most difficult in Pep's history.

The sale of Ackermans to Pepkor saw turnover slide by 11% to R1,4bn (R1,5bn) but the improvement in cashflow and profit margins, to 13,4% (10,8%), pushed up operating profit 11% to R181,5m (R164m).

Pep Stores' turnover was less than the official inflation rate as the group had kept annual selling price increases within a 6%-8% range for the past two years.

Market share was improved despite overall market shrinkage.

Pep Ltd's Your-More-Store chain in Scotland had

expanded rapidly last year to 29 (16) with 25 more planned this year. The overall operation showed a loss because of overhead and expansion costs but this had not had much impact on the consolidated group result.

The interest bill rose 88% and this, together with the exhaustion of accumulated tax losses which saw the tax rate rise to 39,4% (36,5%), contributed to after-tax profit growth of 2%. Haughton believed the future effective tax rate should stabilise at about 39%.

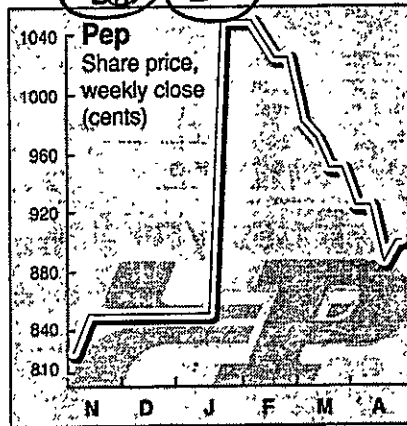
With outside shareholders' interests significantly enlarged as a result of the 30% minority shareholding in Pep Botswana Holdings, attributable profit rose 1% to R99,5m (R98,5m).

An extraordinary profit of R33m was derived from the sale of shares in Pep Botswana, the restructuring of the property portfolios within the Pepkor group, and the closure of a number of former Harties and Frasers outlets.

The balance sheet was strengthened by an 87% de-

cline in interest-bearing debt to R6,9m (R53m) and a 57% rise in investments (preference shares were bought) to R68,5m (R43,7m).

Haughton expected trading conditions in the 1993/94 year to be tough but results to be satisfactory.



Graphic RUBY-GAY MARTIN Source I NET

## EXECUTIVE SUITE



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# Tradegro benefits from Checkers contribution

CAPE TOWN — Tradegro, the rationalised parent of merged supermarket chains Shoprite and Checkers, maintained its interim turnaround in the year to end-February, with the Checkers component contributing an operating profit of R15m-R20m to the group results.

Earnings of 74,7c a share were posted compared with the loss of 205,6c suffered in the eight months to end-February 1992. Group MD Whitey Basson said in an interview yesterday this was far better than the breakeven forecast.

A dividend has not been declared to conserve resources to fund the group's reconstruction and expansion programme.

No meaningful comparisons could be made between the two accounting periods in the light of the change in the year-end and a restructuring which saw Tradegro shed Metro Cash & Carry and Smart Centre in June 1991 and Stuttafords/Greatermans in March 1992. It acquired Shoprite in March last year by the issue of 20,4-million shares.

Basson said trading conditions had been extremely difficult, with the drought hitting trade in the rural areas particularly hard. However, Tradegro had maintained

LINDA ENSOR

the momentum of profit growth it achieved at the interim stage.

The combined buying power of the two chains had reduced Checkers prices and seen a significant rise in its market share since September.

The aim had been to increase the volume of Checkers sales because, if Checkers had traded at the gross margins of Shoprite without selling more, it would have cost the group R80m. A strategic decision had been taken to drop gross margins.

Extracting the figures for Shoprite and Checkers, and comparing them with the previous 12 months, showed a turnover growth of 14% and an operating profit of R38,9m (loss of R24,5m).

He said the group was still burdened with a R40m loss on unfavourable Checkers leases and poorly located stores.

Cash resources of R180m yielded an investment income of R8,3m, while accumulated tax losses meant the group's tax rate was a low 5,8%.

Basson was confident that, having returned to profitability, Tradegro would attain acceptable levels of profit in the near future.

# Shoprite/Checkers in dramatic turnaround

(38) CT 28/4/93

By AUDREY D'ANGELO  
Business Editor

THE merged Shoprite-Checkers supermarket chain achieved a dramatic turnaround, from a loss of R24,5m to an operating profit of R38,9m, in the year to February 28. This was done in spite of trading conditions which MD "Whitney" Basson said were the worst he could remember.

But extraordinary losses of R164,2m — on the once-only write-off of trademarks and goodwill acquired with the purchase of Shoprite and butchery interests in a reverse take-over — resulted in a net loss of R129,8m for parent company Tradegro.

So in spite of achieving earnings of 74,7c a share, compared with a loss of 205,6c a share the previous year, Tradegro will declare no dividend.

Tradegro has changed its year-end from June to February to coincide with that of new holding company Pepkor, which acquired indirect control in October, 1991.

Meaningful comparisons cannot be made with its results in previous years because it sold the Stuttafords/Greatermans chain to

Pepkor in March last year and bought the profitable Shoprite — funding the acquisition through the issue of 20,4m shares.

But the merger of Checkers with Shoprite resulted in Tradegro reporting an operating profit of R10,6m in the six months to August, compared with a loss of R13,4m in the same period the previous year.

Operating results continued to improve in the second half. Tradegro's consolidated income statement shows a turnover of R5,2bn compared with R2,2bn in the eight months to February 29 last year.

Group operating profit was R44m compared with a loss of R47,8m and investment income R8,2m compared with a loss of R1,8m. Profit after tax and before extraordinary items was R34,4m compared with a loss of R47,3m.

Basson said yesterday that the turnaround had been achieved by hard work, rationalisation which had included the closure of eight unprofitable stores, tight controls and increased sales.

Checkers-Shoprite had lifted sales by 14%, and captured an increased share of the market, by slashing margins. "We have probably dropped R50m in margins and they are still substantially lower than they were.

"We warned shareholders that, although we would give them a fair return, our first objective would be to build market share."

He said food price inflation in the chain had been substantially lower than the official consumer price index (CPI) figures.

But margins on food were already so low that it was difficult for any supermarket to cut them further. "You will find the difference on any basket of food bought from a major chain is not more than 2% or 3% at most. We check our prices carefully against the opposition."

Margins on clothing were higher but the market was stagnant.

The food basket had changed, with people switching to cheaper items. Sales of red meat were stagnant, because people were buying cheaper chicken. And they were switching to cheaper brands of staple foods such as rice.

High unemployment had resulted in a rise in "shrinkage". Most of this theft was "organised crime through back doors."

Basson said he saw no improvement in trading conditions in the short term. The situation would not improve until more jobs were available.

Star 2814193

# Tradegro shows solid turnaround

By Stephen Cranston **20**

Supermarket group Tradegro has reported a taxed profit of R34,5 million for the year to February, compared with a R47,3 million loss in the eight months to February last year.

Its year-end was changed from June to February when Pepkor took control of the group from Sankorp.

Earnings per share were 74,7c, compared with a 205,6c loss in the previous financial

period.

There will be no dividend because the group intends to retain as much capital as possible to help fund the continuing programme of reconstruction and expansion.

Managing director Whitey Basson says streamlined operations, effective cost-cutting, enhanced disciplines and an unwavering, aggressive focus on low prices made possible the group's turnaround to profitability in harsh trading conditions.

On turnover of R5,25 billion an operating profit of R44,1 million was reported, against the R47,8 million loss in the previous period.

Underlining the turnaround, Basson says that when the results of the merged supermarket operations are extracted from the 1993 group results, they reflect a 14 percent growth in sales compared with the previous year and an operating profit of R38,9 million, compared with a 1992 loss of

R24,5 million.

During the period Tradegro sold Stuttards/Greetermans to Pepkor and acquired Shoprite through the issue of 20,4 million shares.

The trademarks and goodwill acquired with Shoprite were written off at a cost of R164,3 million, resulting in a net loss for the year of R129,8 million.

The directors are confident Tradegro will attain acceptable profit levels in the near future.

# Shoprite/Checkers back in the black

AACT 28/4/93 30

**MARC HASENFUSS**  
Business Staff

THE successful merger between Shoprite and Checkers saw holding company Tradegro turn a R47 million loss into R34,4 million profit for the year to end February.

Shoprite Checkers showed a 14 per cent growth in sales and an operating profit of R38,9 million (a R24,5 million loss in the eight months to end February 1992).

The comparison of the results to the year end February to the eight months to February is due to a change in Tradegro's year end to coincide with its holding company Pepkor.

Tradegro managing director Whitey Basson attributed the turnaround to effective cost cutting, enhanced disciplines, unwavering and aggressive focus on lowest prices and the streamlining of operations.

Earnings came in at 74,7c a share compared with a last year's loss of 205,6c a share.

However, directors decided against paying a final dividend so as to retain capital needed to fund Tradegro's continuing programme of reconstruction and expansion.

Mr Basson said the results under review confirmed that Shoprite

Checkers was favourably positioned for future growth in spite of the prevailing retail climate.

"Shoprite Checkers' aggressive low price formula will continue to defy the unfavourable political and economic environment by giving consumers the price incentive needed to continue the group's growth."

In the wake of Pepkor's retail restructuring during the year, Tradegro sold the Stuttafords/Greatermans chain stores and acquired Shoprite supermarkets and associated properties.

This was funded by the issue of 20,4 million shares.

This transaction realised an extraordinary loss of over R164 million, leaving Tradegro with a hefty net loss R129,8 million.

The extraordinary loss related to the writing off of the trademarks and goodwill acquired with the purchase of Shoprite and certain butchery interests.

Interest bearing debt increased markedly in the period under review to R106 million.

This saw Tradegro pay interest of R8,3 million after receiving investment income of R1,9 million previously.

## COMPANIES

# Drought, tax knock Cashbuild

Business Day Reporter

CASHBUILD's 25% drop in earnings for the eight months to February reflected the drought, higher tax and recession.

Financial results released today show the Pepkor subsidiary cash and carry building materials chain's attributable income fell to R3m (R4m), equivalent to earnings a share of 14,1c (18,8c). This was achieved on a 12,4% increase in turnover to R328m (R291,8m). Results for the period ended February 1992 have been restated.

A dividend of 6c a share has been declared for the shorter reporting period which brings Cashbuild in line with the year-end of its holding company.

Taxation increased from 40,9% to 52,4%. MD Gerald Haumant, said growth in

turnover resulted from the increase in the number of stores to 80. (30)

Pressure on margins saw operating income fall to R8,9m (R10,2m). Income before tax fell to R9m (R9,7m) and the higher tax bill of R4,7m (R4,2m) resulted in an after-tax income of R4,3m (R5,5m). Outside shareholders interest decreased to R1,3m (R1,5m), leaving an attributable income of R3m (R4m).

The recent return of the inflation rate on building materials to the CPI level, the drought's end and the resolve to solve the housing crisis as soon as a political consensus was reached, augured well, he said.

3/2/92 29/1/93

Star 2/1/93 (30)  
**Directory for businesses.**  
The Small Business Development Corporation yesterday launched a directory to promote small businesses and consumers. — Staff Reporter.

## Mandela to appeal for investment

610m 29/4/93  
ANC leader Nelson Mandela will urge more British investment in post-apartheid SA when he visits London next week, the ANC said yesterday.

"His message will be that as soon as the transitional executive councils are in place and an election date is set, there should be additional British investment," said ANC spokesman Carl Niehaus.

Mandela will address a joint session of the British parliament on Tuesday.

Niehaus said he expected the transitional councils to be in place by June.

Britain is the largest foreign investor in SA.

The latest trade figures between the two countries puts British imports to SA at \$1.8bn compared to \$1.5bn in exports during 1991.

Safto GM David Graham said an investment appeal by a man of Mandela's stature would be a tremendous boost for international confidence in SA and could only be a positive factor.

Mandela is due in Britain on Monday and will return to SA on Wednesday after meeting prominent British businessmen, government and opposition leaders and members of the British anti-apartheid movement. — Sapa-Reuter.

## Call for selective boycott

610m 29/4/93  
SACP official Ronnie Kasrils told thousands of mourners at the funeral of 12 victims of violence in Sebokeng yesterday to implement a consumer boycott of Vereeniging, Vanderbijlpark and other "right-wing towns".

The 12, who were buried in the Evaton cemetery, were among 19 killed by unknown gunmen in the Vaal Triangle township on the eve of the funeral of slain SACP general secretary Chris Hani 10 days ago.

A section of the crowd ignored calls by Kasrils and ANC official Patrick "Terror" Lekota for them to channel their anger constructively and chanted PAC slogans throughout the service.

"The darkest hour always comes before dawn. Let us build our self-defence units, let us protect our leaders and organisations. Let us use the weapon of consumer boycott," Kasrils said.

Earlier, Lekota called on the crowd not

RAY HARTLEY  
to attack members of the media, saying such attacks were not ANC policy. A foreign journalist was threatened by a knife wielding man who called him a "settler" during the service.

Crowds of youths chanting "one settler, one bullet" and "every settler needs a bullet" surrounded cars carrying journalists at one point, and gunshots were fired into the air at the graveside, but no other incidents of violence occurred.

"Those who seek to undermine the leadership (of the ANC) are participating in counter-revolution," Lekota told the crowd.

□ Police arrested a man on Tuesday in connection with the Sebokeng shootings, Vaal Triangle police spokesman Maj Piet van Deventer said yesterday. The latest arrest is the seventh in the case.



# Pepkor bucks spending slump

MARC HASENFUSS  
Business Staff

AFRICA'S biggest retailing group Pepkor defied the slump in consumer spending to boost after tax profits a hefty 40 percent to R161 million in the year to end February.

The strong recovery by Tradegro (via Shoprite and Checkers) was the driving force behind Pepkor's strong performance. Interest gained on last year's R262 million rights issue also bolstered the results.

Pepkor's other listed operations Smart Centre and Pep increased profits. Cashbuild reported a 25 percent drop in profits in line with the building slump. Unlisted concerns Ackermans and Stuttafords both performed satisfactorily.

The inclusion of Tradegro's figures for the full year sent turnover up by 70 percent to R7,8 billion in the period under review.

Earnings a share came in 17 percent higher at 71,7c a share. Pepkor chairman Christo Wiese said the relatively small increase in earnings compared to the surge in turnover resulted from

lower profit margins in the food sector.

The dividend payout has been postponed to May 28 to minimise the group's tax obligations.

During the year under review Pep opened 70 stores and closed 65 while Shoprite Checkers opened 70 new stores.

Tradegro MD Whitey Basson emphasised that Shoprite Checkers would be looking at consolidation, especially in cost control, in the year ahead.

Although Pepkor has adequate funds on hand, MD Arnold Louw discounted suggestions that Pepkor would be on the acquisition trail this year.

Pepkor's overseas interests — Your More Store — were still in the red but were operating profitably at store level, according to Mr Louw. "We hope to turn the operation around by the end of the year."

Pepkor is aiming to increase the number of Your More Stores to 50 by the end of the year.

Group plans for expansion into Africa were still at an embryonic stage.

Looking ahead, Mr Wiese said it was unlikely that trading conditions would improve in the short term. "However, due to the strength and inherent ability of our operating companies to perform well even under such circumstances, I expect the group to achieve acceptable results in the present financial year."

■ First National Bank (FNB) beat market expectations, lifting pre-tax income 22 percent to R421,5 million in the half year to end March.

Earnings a share came in 20,3 percent higher at 301,1c while the dividend was raised 10 percent to 55c a share.

The trading results incorporate those of Henry Ansbacher Holdings PLC with effect from October last year.

Provision for bad debts was up 15 percent to R184,8 million.

■ Pepkor's building materials chain Cashbuild reported a 25 percent drop in attributable earnings to R3 million in the eight months to end February as activity in the building sector continued to wane.

Star 29/4/93

# Cashbuild earnings fall

By Stephen Cranston

20

Cashbuild's earnings fell 25 per cent to R3 million in the eight months to February, compared with the eight months to February 1992.

The year-end was changed from June to February when control passed from Tradegro to Pepkor, making comparisons difficult. But on a comparable basis, turnover was up 12,4 percent at R328 million.

232

MD Gerald Haumant says growth in turnover is attributable to the increase in the number of stores from 72 to 80 rather than the performance of existing ones.

The expansion helped diminish cash resources from R17,6 million to R4 million and led to an increase in borrowings from R947 000 to R18,2 million.

A dividend of six cents has

been declared.

Tax rose from 40,9 to 52,4 per cent because of timing differences arising from the change in year-end and the introduction of the secondary tax on companies.

Haumant says margins were under pressure as conditions in the building industry remained depressed, that but market share increased.

Cashbuild's share of the cement market distributed through merchants rose from 8,8 percent to 9,7 percent.

IsCOR's policy of subsidising exports by inflating the price of steel to the local market to a 40 percent premium over the international benchmark forced Cashbuild to sell below cost to match the price of imported wire and galvanised roofing.

But prospects of a national housing initiative augur well for the group's future, says Haumant.

# Focus on skills <sup>Soweto</sup> 29/4/93.

## ■ Workshop to help business people:

THE Greater Soweto Chamber of Commerce and Industries is organising a one-day workshop on "competitive strategies for independent retailers" on May 12.

The seminar will be held at the Metro Cash and Carry's Training Centre near the Booysens Station.

"This course is structured in such a way that it will give the business people practical skills to become competitive, particularly in the light of concentration of white business on the periphery," says GSCCI executive director Max Legodi.

Transport will leave from the GSCCI's office in Soweto on the date of the workshop for those who do not have transport.

The seminar will begin at 8.30am and transport will leave chamber offices at 7.30am.

## PRETORIA OFFICES STILL GOING EAST (30)

A surprise take-up of office space in the eastern suburbs of Pretoria — the largest recorded countrywide in the year ending November — is attributed by Sanlam Properties GM Fanie Lategan to a flight by tenants from the CBD to more attractive localities.

The eastern suburbs-Pretoria CBD interplay is akin to that of Sandton and Johannesburg CBD. The decentralisation trend is merely taking place later, says Real Estate Surveys MD Erwin Rode.

The net take-up of 50 700 m<sup>2</sup>, recorded by Rode in this area, passed even the total take-up in the Johannesburg metropolitan area in the same 12 months — an area which includes the CBD, Braamfontein, Sandton CBD, Rosebank, Parktown and Randburg.

Sapoa's latest office vacancy survey in February confirms a dramatic fall in va-

*Fm 30/4/93*  
cancies in Pretoria's eastern suburbs, from 14,6% in January 1992 to 7,7% in January this year. Two large deals were struck in this period. Eskom leased about a third of Old Mutual Properties 21 000 m<sup>2</sup> Menlyn Office Park and Sanlam Properties, which owns several office blocks in the area, let 8 000 m<sup>2</sup> to Sambou in Saamboupark.

Pretoria's Mid-City Commercial Property Brokers points out that the three-phase 6 000 m<sup>2</sup> Attebury Park, owned by private investor Anton Hartman, on the corner of Attebury and Menlyn roads, is fully let bar 250 m<sup>2</sup> — even before completion. Across the road both first and second phases of the roughly 2 600 m<sup>2</sup> Podium building, owned by Herman Kroon, are also fully let. M-Net took the second phase. A third phase is under construction.

# Workless woes turn to success

Star 30/4/93

**The unemployed are being advised to launch mini-businesses, writes MICHAEL CHESTER.**

THE FULL impact of the unemployment crisis hit Sean Penrhin and Philip Tetley when they started job-hunting in earnest a year ago. Even university educations were found to provide no red carpets into the labour market.

"We were almost flat broke and the jobs outlook was bleak," Sean reveals at his home at Broedersroom, about 45 km north-west of Johannesburg.

"What turned the problem into a challenge was all the advice pouring out to various students and school-leavers to think about starting mini-businesses of their own — to use their initiative to carve out careers as entrepreneurs.

"We realised the advice was not merely rhetoric when we took notice of all the success stories appearing in the newspapers and magazines."

Encouragement was reinforced by progress bulletins from the Small Business Development Corporation reporting how the number of fledgling enterprises launched by its loan schemes since it was started in the 1980s had climbed to no fewer than 35 000.

Between them, the ventures had created a stimulating 340 000 new jobs.

## LESSONS

SBDC managing director Dr Ben Vosloo sees how Sean and Philip tackled their problem as a microcosm of thousands of small business success stories that he hopes will make the 1990s the "Decade of the Entrepreneur".

"World-wide, it has been proved that the main thrust behind the economic miracles produced by various countries has been provided by the small business sector," he says. "The lessons to be learned

are particularly relevant in South Africa as it searches for new routes toward effective and sustainable economic goals that will solve its chronic unemployment problems — the first prerequisite if we hope to cope with a massive socio-economic agenda.

"The initiative shown by these two youngsters should be an inspiration to thousands of unemployed casualties."

When Sean and Philip counted the combined assets they could pool in a mini-business, the cash element was no more than R1 000. And that was scragging the barrel.

Sean was also able to chip in a BSc degree from the University of Cape Town, Philip a variety education as a biology student at the University of Natal.

But far more important, they agreed, was a load of enthusiasm and initiative.

Initiative had already been demonstrated by Philip, when he undertook an adventurous safari on horseback through Africa as far as the Sudan, raising funds for nature conservation schemes. By Sean, when he took seal across the Atlantic, rounded Cape Horn and earned his keep in South America by putting his engineering knowledge to use on maintenance and repair work on flotillas of private yachts.

Neighbours in Broedersroom knew the wheels of initiative were turning — in mysterious ways — when they heard the rattle of hundreds of empty bottles that were heaped aboard the hulk that started

making regular runs to the Tety home.

Phillip's younger sister Mara, an industrial design student at the Cape Technikon, had hit on a brilliant idea to solve the jobs dilemma. Why not convert the bottles — fruit juice bottles, wine bottles, mineral water bottles, any sort of bottles, any shape, any colour — into exclusive, custom-made wine goblets?

## Novelty

Simple. Cut the bottle in half, turn it upside down, make the neck of the bottle the stem of the goblet — and somehow glue it to a base made out of the bottom of the bottle. Hey presto!

Hosts and hostesses at plush lunch and dinner parties, Mara promised, would go wild about the novelty of their glassware.

"Simple? Heck, we used litres of midnight oil trying to solve all the unexpected problems," reflects Sean.

"How to give a perfect finish to the lip of the goblet? Even the experts at the big glass companies were baffled about how we would put a permanent seal on the bottle-neck stem to the base."

Neighbours knew the problem had been finally licked when a brand-new sign appeared on the roadside in June last year to point to the "Green Glass Company" and the Tetley huddle began making regular outward runs — now loaded with carefully packed boxes of highly-polished wine goblets.

Mara was right about the potential demand. The Tetley garage, converted into a workshop, is humming with activity from dawn to dusk.

Abram Mokone, recruited as foreman, heads a labour force of six that may soon have to be doubled to cope with a thicker



Cheers... Sean Penrhin, joined by workmates Mara Tetley and Abram Mokone, with a selection of the goblets made from discarded bottles. Their mini-company has set an annual sales target of R1,2 million.

and thicker order book.

A fruit juice manufacturer has a fixed order for as many goblets as can be supplied — fashioned out of its own distinctive bottles, decorated with its logo, and to be used in marketing programmes.

An international minerals water company in France has put in an order for at least 100 000 goblets made out of its own bottles.

And wine estates all over the Cape want goblets to be handed out by their salesmen and sold to tourists on the Wine Route as mementoes.

In January alone, with demand already outstripping production, sales reached R25 000.

Sean and Philip have now set aim on a long-term target of a 500 percent increase in the labour force — and annual sales of no less than R1,2 million.

Their drawing boards are already packed with designs for still more products they can make from discarded bottles — napkin rings, coffee cups, dessert bowls, candleholders....

The Green Glass Company is not the only new enterprise born in the past 12 months to have won accolades from the SBDC.

No fewer than 278, huddling businesses have been short-listed in a special competition — also headed by Eskom, CTV TV and Ned Eksterprize — to find the most outstanding successes among multi-businesses launched between May and September last year and now making a mark.

Winners, who will be announced on Worker's Day, will share prizes worth thousands of rands. The overall winner will collect a jackpot of R1 million.

Among the contestants who have impressed the judges with a brilliant demonstration of in-

ventiveness is Norman Muller, a lay preacher from Port Elizabeth.

Norman found his inspiration at local rubbish dumps when he noted the number of rusted and twisted bicycle frames that had been thrown away.

Why not do them up, give them a fresh coat of paint, fix them to solid bases — and turn them into home exerciser machines?

Wait a minute, though. Look at all the broken old washing machines that also end up on the rubbish heap. Why not put the home-exerciser bikes to a

more practical use about the house?

Take the drums out of the washing machines, renovate them and fix them in the front forks of the get-fit bikes. Then pedal away — and do the washing and spin drying at the same time. Eureka!

Norman is in business. He has named his enterprise, based in a lean-to alongside his caravan home, the ReRum Treedie Washing Machine Company.

The potential market demand? "Unlimited!" says Norman. □

Picture: Stephen Davimes

## Executives wax fatter

**Earnings were** maintained despite a competitive market characterised by a plethora of small players. Finance director Michael van Niekerk says: "As the largest player, we are striving to maintain market share; we may have even strengthened it in 1992." He does not want to give a figure on this, for competitive reasons. (30) (192)

A 5% turnover increase was offset by a 5,5% rise in operating costs, caused mainly by a two-fifths increase in emoluments to two executive directors, Van Niekerk and MD Mervyn Bloom. Consequently, the operating margin slipped to 5,9%, the lowest for several years.

Pre-tax income rose by a sixth thanks to more efficient asset management, reducing short-term borrowings and cutting the interest bill by about 40%. Van Niekerk says: "Efficiencies in asset management are the

**Activities:** Supplies materials for the repair, manufacture, protection and restrotration of all modes of transport.

**Control:** W&A investment Corp & AECI Ltd 71,4% jointly.

**Chairman:** T S Munday; **MD:** M L Bloom.

**Capital structure:** 22,3m ords. Market capitalisation: R7,8m.

**Share market:** Price: 35c. Yields: 5,7% on dividend; 14% on earnings; p:e ratio, 7,1; cover, 2,5. 12-month high, 35c; low, 16c. Trading volume last quarter, 74 440 shares.

| Year to Dec 31               | '89   | '90   | '91   | '92   |
|------------------------------|-------|-------|-------|-------|
| ST debt (Rm) .....           | 3 015 | 2 958 | 4 119 | 2 740 |
| LT debt (Rm) .....           | —     | —     | —     | —     |
| Debt:equity ratio .....      | 0,7   | 0,6   | 0,7   | 0,4   |
| Shareholders' interest ..... | 0,4   | 0,4   | 0,4   | 0,4   |
| Int & leasing cover ..       | 2,3   | 2,6   | 2,0   | 2,4   |
| Return on cap (%) ..         | 17,7  | 22,3  | 18,1  | 19,2  |
| Turnover (Rm) .....          | 33,9  | 39,1  | 44,6  | 46,8  |
| Pre-int profit (Rm) ...      | 2,2   | 3,1   | 2,8   | 2,7   |
| Pre-int margin (%) ..        | 6,3   | 7,9   | 6,2   | 5,9   |
| Earnings (c) .....           | 4,3   | 5,6   | 4,6   | 4,9   |
| Dividends (c) .....          | 1,75  | 2,3   | 2,0   | 2,0   |
| Net worth (c) .....          | 20,0  | 23,4  | 25,6  | 27,6  |

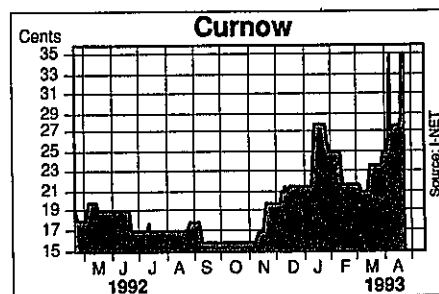
two-fifths of earnings. We don't expect this to change."

Thanks to the reduction in short-term borrowings, the debt:equity ratio has been cut from 70% to about 40%. The leasing of assets has been treated as an off-balance-sheet item. A new accounting regulation will require that these are put on the 1993 balance sheet. This change is not expected to have a material affect on the 1993 accounts.

In this belt-tightening market, there were some surprises in the accounts — the gener-

ous pay rise to the two executive directors mentioned above and an extraordinary item of R200 000, a restraint-of-trade payment to Bloom. This is effectively a tax-free golden handcuff requiring him to stay with Curnow until April 1995, though it will become operative only if he leaves Curnow's employ.

A sum of R200 000 looks generous, given that it's equivalent to a fifth of total profits and that there was no improvement in earn-



ings. Bloom says: "I've been in the business for 38 years and I'm a specialist." That may be so and the *FM* would never subscribe to a reluctance to reward excellence. The question is whether Curnow can afford this in a hard and bitter recession.

The share price has done well, rising from about 16c in November to 35c, rerating it on a p:e of 7. Though shareholders should be satisfied with the results, minority stakeholders are entitled to wonder how much their executives are really worth. *Louise Randell*

result of 18 months of hard work."

The effective 1992 tax rate was more than 51%. This included items disallowed in the previous year, like leasehold improvements. The lower corporate rate will benefit the bottom line, though some tax will be levied on dividends. Says Van Niekerk: "Historically, dividends have accounted for about

JD GROUP

30

FM 30/4/93

# Well-upholstered furnishings

**Activities:** Operates four furniture chains — Bradlows, Joshua Doore, Price 'n Pride and Score Furnishers.

**Control:** W & A 50,1%.

**Chairman & MD:** ID Sussman.

**Capital structure:** 35,7m ords. Market capitalisation: R205m.

**Share markets:** Price: 575c. Yields: 3,8% on dividend; 19,2% on earnings; p:e ratio, 5,2; cover, 5,1. 12-month high, 625c; low, 290c.

Trading volume last quarter, 135 025 shares.

| Year to Dec 31               | '89   | '90   | '91† | '92†  |
|------------------------------|-------|-------|------|-------|
| ST debt (Rm) .....           | 0,3   | 211   | 285  | —     |
| LT debt (Rm) .....           | 115   | 115   | —    | —     |
| Debt:equity ratio .....      | 0,54  | 1,53  | 0,1  | —     |
| Shareholders' interest ..... | 0,36  | 0,37  | 0,54 | 0,54  |
| Int & leasing cover ..       | 4,0   | 3,8   | 3,0  | 60,0  |
| Return on cap (%) ..         | 14,7  | 15,6  | 13,7 | 14,6  |
| Turnover (Rm) .....          | 472   | 646   | 542  | 457   |
| Pre-int profit (Rm) ...      | 67    | 83    | 46   | 34    |
| Pre-int margin (%) ..        | 14,1  | 12,9  | 8,4  | 7,4   |
| Earnings (c) .....           | 102,5 | 143,2 | 90,9 | 110,2 |
| Dividends (c) .....          | 17    | 22    | 22   | 22    |
| Net worth (c) .....          | 413   | 597   | 666  | 750   |

† Figures not strictly comparable.



Sussman ... pleasing results

share price of 575c. Until an earnings track record is established, the stock is not likely to enjoy the rating given to Ellerine. Nevertheless, scope for further margin improvement and optimistic management forecasts suggest investors should think seriously about the counter.

Marylou Greig

The downturn that hit the furniture industry in the last quarter of financial 1991 was fast and furious. But 12 months later, admittedly off a low base, JD Group has produced a pleasing set of results.

Chairman/CE David Sussman concedes it was a tough year but steps initiated earlier in the year to set performance back on track are reflected in a significant improvement in trading, particularly in the second half. The 38% interim decline in EPS is transformed into a 21% increase for the year.

In mid-1991 JD Sales, a private company, was formed by a banking consortium to acquire the debtors' book at par (R600m). This makes comparison of 1991-1992 figures difficult and of dubious value.

Turnover, for example, now reflects cash sales and the cost of merchandise sold at cost to JD Sales. If allowance is made for the change, a nominal increase of 8% is reflected and not a 16% drop in turnover.

The nature of operating income (R33,7m) has also altered. Because JD Sales is responsible for funding 57% of the book and JD Group's preference share investment fund the remaining 43%, operating income now

consists of the profit on cash sales and dividend income from JD Sales.

The effect of hiving off credit operations has strengthened the balance sheet by eliminating gearing. Results certainly attest to the benefits. The interest element has swung by R20m — from paying R15,2m in 1991 to receiving R5,6m in financial 1992. This has filtered through to the bottom line, which is 21% better than the previous year.

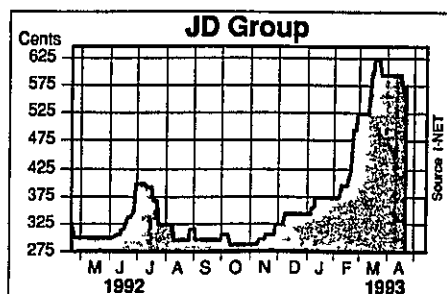
JD Sales carries no stock but sources it from JD Group when a deal is finalised. Debtors shown in the balance sheet refer to the loan account with JD Sales, with the investment in JD Sales reflected under investments and loans. Current liabilities largely comprise trade creditors.

The quality of the debtors' book remains high. The gross book grew to R677m with overall arrears increasing from 7% to 7,8%. Though bad debt write-offs as a percentage of the gross book increased from 2,7% to 2,9%, Sussman notes the rate of repayment improved, reducing the average length of the book to 13,5 (15,4) months.

"Creation of JD Sales", he says, "has reduced shareholders' risk substantially and provided cash for expansion."

Apart from the sale of the debtors' book, Sussman believes that the introduction of central distribution centres, new opportunities to increase market share and improved returns on assets also influence performance. The number of retail outlets grew to 205 (178), including the launch of 22 Joshua Doore catalogue showrooms towards year-end. Another 60 are planned this year.

NAV has improved 13% to 750c, against a



Benetton <sup>30</sup>  
to expand  
30/4/93  
KELVIN BROWN

BENETTON would open 20 new stores in SA in 1993 and 80 more by the end of next year, Benetton sub-Saharan chairman Bruno Iacone said yesterday.

Speaking at the opening of the new Benetton megastore in the Carlton Centre, Iacone said Benetton would be spending at least R4m on refurbishing and expanding its retail outlets in SA this year. Another Johannesburg CBD store was being considered.

The Italian retail chain had decided to expand its operations in SA and sub-Saharan Africa because of the large growth potential, especially among black buyers.

At present 50% of its customer base was in the black market.

In recent months the company has expanded to sub-Saharan Africa with stores in Mozambique, Cameroon, Madagascar and Botswana.

Iacone said these stores would be supplied and controlled from SA.

Benetton had begun to supply its stores in sub-Saharan Africa from a factory in the eastern Cape. While at present 25% of the stock in the stores was locally produced, Iacone hoped to increase this figure to 50% in the near future.



# The tie-tie join the toyi-toyi

36

By TOM ROBBINS: Durban  
 T must have been the most bizarre display of mass action yet. Businessmen in grey suits toyi-toying alongside a bunch of rag-tag militants.

That's the sight that greeted travellers who passed last week through Kokstad, a small town on the Natal side of the Transkei border, whose residents are reeling from the effects of a cordon thrown around the homeland by South African security forces.

Northern Transkeians, who used to cross the border to shop in Kokstad, launched a consumer boycott in protest against the blockade of the homeland.

But the Kokstad businessmen responded to the boycott with a counter-strike of their own. When organisers of the consumer boycott allowed a two-day recess for their supporters to stock up on vital goods, the businessmen

promptly shut down the town — closing every shop and service supplier.

But the businessmen's counter-boycott, although organised with military precision, was not as solid as the organisers would have liked. The owner of a corner cafe called up Albany Bakery to cancel his regular order of bread as his shop would be closed in line with the general shutdown. Then he stayed up all night to bake 6 000 loaves and plotted to sell these in the local township, Bongweni, the next day.

Unfortunately for this entrepreneur, his colleagues discovered what he was up to. They confiscated his bread and then handed the loaves out, free of charge, in Bongweni and Twist Valley townships and to the local hospital and residents of the old-age home.

The businessmen also caught a bottle store owner who tried to cash in on the action by keeping his shop open.

The liquor merchant, who had ordered sand for some building operations, had the load delivered right on his doorstep.

This form of economic guerrilla warfare generated racism and brought the crisis close to violence. Somehow sense prevailed and the two sides realised that they were really on the same side.

The Kokstad Chamber of Commerce, realising the cordon was the initial cause of the crisis, faxed President FW de Klerk asking for it to be lifted — with as little success as the consumer boycotters.

On Wednesday traders on both sides of the border, including Northern Transkei Chamber of Commerce chairman Stanley Godwana — who is also an African National Congress official — told De Klerk the stranglehold on the homeland was killing their livelihood. ANC members, township resi-

dents and people from Transkei marched through the town together with a delegation of businessmen and delivered a memorandum to De Klerk via the local police commissioner, Lieutenant Colonel PA Holtzhuizen.

A carnival scene ensued. Shops closed while 2 000 people sang and danced in the streets under banners saying "Remove the roadblocks" and "Peace and prosperity to Transkei and East Griqualand".

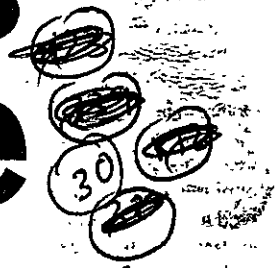
Commerce chief Ed Jenkins describing the march as the country's "first united black and white toyi-toyi".

A local businessman said the action was designed to show that people were tired of the politicians — De Klerk and Transkei ruler Bantu Holomisa — messing with their lives. "We want them to leave us alone. We are tired of being pawns in a political game between FW and Holomisa."



ing ● Scheme for staff to own land

# Employee housing scheme



■ BUILDING PLAN Company makes

renovations problem-free: *Sowetan 30/4/93*

By Joshua Raboroko

**A** NEW CORPORATE Homemaker Plan has been introduced to allow employers to safely help their black employees improve their homes in the townships.

Introduced by U-Build, a subsidiary of Cashbuild Limited, the building material cash and carry supplier, the aim is to market the service directly to employers.

Since its inception the plan has successfully helped hundreds of homeowners in Soweto to improve their homes in some way or other, and to do so at discounted prices.

It is run from stores in Jabulani and Soshanguve and combines an advisory service on all aspects of home building or improvement.

Jabulani store manager Mr Abel Mohlamme said that customers were able to use all or individual aspects of the plan.

"Some come to us for help with the drawing up of plans, their submission for approval, help in the arrangement of finance, drawing up the list of materials they will need, buying the materials from us, and using one of our supervised and approved contractors."

General manager Mr Mac Leaf said the flow of inquiries from companies had prompted U Build to extend the services to employers.

He said that the extension was a logical one given the problems experienced by employers with fly-by-night contractors,

“The problem of employees getting a loan and using it for other purposes was no longer a major one”

unreliable building and substandard materials.

The problem of employees getting a loan for housing and using the funds for other purposes was no longer a major one.

Employers were often willing to assist their employees but could not obtain the necessary guarantees to ensure that the building project was problem-free.

Leaf said the employer had a number of options in structuring the repayment of the debt incurred on behalf of approved employees. But the one thing that they could be certain of was that the completion of the employee's home would be done reliably.

In view of the background to township housing projects — rip-offs and poor quality have been far too common — “our scheme should enable even the most sceptical of companies to now begin to think about their employee's housing needs as we enter a changing South Africa”.

*Howard*

The MINISTER: Mr Chairman, I am not aware of that, but I will investigate that matter since the hon member for Arena Park has brought it to my notice.

Housing Development Board: agreement re shopping centre

\*3. Mr A RAJBANSI asked the Minister of Housing:

- (1) Whether the Housing Development Board concluded a purchase and sale agreement with the tenants of a certain shopping centre, the name of which has been furnished to the Minister's Department for the purpose of his reply; if so, what is the name of this shopping centre;
- (2) whether the Board has decided to cancel this agreement; if not, what is the position in this regard; if so, why;
- (3) whether his Department made any submissions in this regard to the Board; if not, why not; if so, what was the nature of these submissions;
- (4) whether the Board acted on these submissions; if not, why not; if so, in what manner;
- (5) whether he was advised or consulted by his Department in connection with the said submissions; if not, why not; if so, what are the relevant details?

The MINISTER OF HOUSING:

- (1) Yes — Mobeeni Heights Shopping Complex.
- (2) No — the purchaser has complied with the conditions of sale and transfer and registration is proceeding.
- (3) Falls away.
- (4) Falls away.
- (5) Falls away.

Council of M L Sultan Technikon: appointments

\*4. Mr M RAJAB asked the Minister of Education and Culture:

- (1) Whether any appointments have been made to the council of the M L Sultan Technikon since 29 February 1992; if not, why not; if so, what are the relevant details;

HOUSE OF DELEGATES

*Howard*

(2) whether she will make a statement on the matter? D177E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes.

The terms of office of certain members and bodies expired on 28 February 1993. I have made the following appointments/nominations of persons/bodies to fill the vacancies on the Council of the M L Sultan Technikon for a period of four years, i.e. 1 March 1993 to 28 February 1997.

*Persons Appointed*

Mrs L Zama  
Mr M Noyce  
Mr R S Desai  
Mr Russel Stevens

*Bodies Nominated*

Durban City Council  
Durbanse Afrikaanse Sakekamer  
Steel and Engineering Industries Federation of South Africa (SEIFSA)  
Durban Regional Chamber of Business to serve on the Council until the present term of office of the former Durban Metropolitan Chamber of Commerce expires on 28 February 1995. (The Natal Chamber of Industries and the Durban Metropolitan Chamber of Commerce have amalgamated.)

(2) No.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, could she please inform us on what date these appointments were made?

The MINISTER: Mr Chairman, there were several discussions on the filling of these vacancies. I cannot give the hon member the exact date today, but I shall give it to him in writing.

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, I am not asking about the representations that were made. I was merely asking the hon the Minister on what date these appointments were made. Is she aware of that date or not?

The MINISTER: Mr Chairman, I shall have to make sure of the date by checking the approval signed in this regard.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Minister's reply, is it not correct that the list of names she announced today is different from the list of names agreed to at a multiparty meeting held recently?

The MINISTER: Mr Chairman, that may be so, but I also acceded to the suggestions made at the multiparty meeting. I took everyone into consideration.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Minister's reply, is it not correct that since representations were made for ANC representatives to be appointed here, she accepted the suggestion that an IFP representative be made a member of this council? Secondly, we find that instead of that IFP representative, we have the name of Mr R S Desai. Is it not correct that the hon the Minister indicated that Mr R S Desai was not available? Thirdly, what has happened to that Inkatha representative? Fourthly, if he was not available, was it not proper that the multiparty meeting be consulted?

The MINISTER: Mr Chairman, that is correct. The name was suggested and I did agree to it. However, we made inquiries and found that the gentleman was not available. It is my prerogative to appoint members to the council. I do not have to consult with the multiparty meeting. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order!

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Minister's reply, is it not correct that she indicated at that meeting that, despite this being her prerogative, she had consulted the multiparty meeting and gauged that Mr R S Desai was not available and that he was a relative of the hon the Chairman of the Ministers' Council. Did the hon the Minister not say that?

The MINISTER: Mr Chairman, I did not say anything about Mr Desai's being a relative of the hon the Chairman of the Ministers' Council. [Interjections.]

HOUSE OF DELEGATES

Star 30/4/93

# 'Rationality suspended' in gold market

Anglo-French deal-maker, had taken out a huge number of options to buy gold.  
Jeff Christian, managing director of New York-based precious metals consultancy CPM, said gold was ready for an extended move upwards, but it was still susceptible to sales by central banks, which had 35 000 Central bank sales had brought about 33.7 million ounces net of additional bullion to the market since 1987. — Financial Times.

its highest price for nine months in London and closed at \$384.50, up \$10.30.  
Gold eased back to close last night at \$355.25 in London but in Hong Kong this morning opened higher again at \$356.  
Seven weeks ago the metal was at its lowest for seven years but at the weekend it was disclosed that Soros, who made \$1 billion in the currency markets last September, had bought shares in Newmont Mining, the biggest North American producer, and Sir James, the

"But nobody wants to sell gold. Professionals are having to buy to cover option positions."  
"Sir James and Soros have provoked a weight of money that means rationality is suspended. Who knows when it will end?"  
Some traders said silver was centre stage yesterday as the price moved to a 21-month peak of \$4.36 an ounce in London before easing back to close at \$4.325, up 21 cents from Wednesday's close.  
Platinum, like gold, reached

LONDON — The fire in the gold market ignited by high-profile investors Sir James Goldsmith and George Soros continued to rage yesterday as the price moved up to a nine-month peak of \$356.70 and the excitement spilled over into silver and other precious metals markets.  
"The propaganda about the Goldsmith and Soros deals has been overwhelming," said one trader. "I am getting calls from investors who have difficulty picking up the phone, let alone understanding the gold market."

Star 30/4/93

# Pepkor outdoes operating companies

chain performed well in the department store segment.  
It acquired three Garlicks stores, effectively eliminating its only national competitor.  
Cashbuild suffered from a 25 percent fall in earnings and from an increase in the effective tax rate from 40.9 percent to 52.4 percent.  
Smart Centre experienced depressed consumer demand. A vigorous store development programme had a negative effect on operating margins in the short term.  
Louw says Pepkor's R372 million cash holdings should cushion it against swings in consumer demand. The group holds R1.12 billion in stock.  
He says the group is constantly assessing acquisitions, but would only consider buying a company with good management and not requiring an injection of the group's management skills, as was the case with Tradeagro.

The only stores to keep the Checkers name will be in A come areas and in Natal, where there is a strong low-price perception of Checkers.  
All but one of the former Checkers warehouses has re-turned to profitability.  
Ackermans, which is now wholly owned by Pepkor, made a loss because the costs of refurbishing the chain were taken through the income statement.  
Ackermans has been repositioned further upmarket, somewhere between Pep and Woolworths.  
Pepkor deputy chairman Nols Louw says the benefits of the revamp will only be felt next year.  
Pep's Scottish subsidiary Your More Store continued to make a loss as it has an infrastructure suited to a far larger chain.  
The Pep chain had a tough year, with rising unemployment reducing the customer base.  
In contrast, the Stuttards

Tradeagro accounted for 68 percent of group turnover.  
Operating profit, which was up 26 percent to R267.3 million, was supplemented by investment income nine percent up at R39.6 million. Finance charges were almost unchanged at R54.7 million.  
Because of the turnaround in Tradeagro, which made an operating profit of R44.1 million, compared with a loss of R47.8 million the previous year, outside shareholders' interest was up 90 percent to R40.8 million.

By Stephen Cranston (20)  
Thanks to the proceeds of a R262 million rights issue, Pepkor, achieved considerably better results than its operating companies in the year to February.  
Attributable earnings rose 28 percent to R120.5 million and earnings per share 17 percent to 71.7c.  
Group turnover increased 70 percent to R7.76 billion, mainly because Tradeagro's turnover was included for the full year instead of the five months for which it was included last year.  
Chairman Christo Wiese says the relatively small increase in earnings, compared with strong turnover growth, can be attributed to the lower margins in the food sector than those in clothing.  
Tradeagro's operating margin was less than one percent, compared with about 12 percent for Pep Stores and Smart Centre.

Tradeagro MD Whitey Basson says the group has kept prices low as part of a four-year programme to gain market share.  
So far, 18 Checkers stores have been converted to Shoprite, and Basson says sales on average have increased by 35 percent since conversion.  
A further 50 stores a year will be converted over the next two years.

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**Mutually bullish**

FM 30/4/93

Durban's oversupplied A-grade office market — with 28,8% vacancies recorded by Sapoa in February — might have its problems compounded by the addition of a large complex in the heart of the city.

That will apply if office take-up, which has been good in the CBD in the past year, does not continue to swallow up the surplus.

*The Property Economist* has noted that once

\* Cont - D

FM 30/4/93

the market turns, demand for new office space will be felt in Durban first. Developer Old Mutual Properties (OMP) seems to be banking on this, expecting a surge in demand by the time the R150m first phase of the scheme is completed in three years' time.

Others have doubts. One broker believes the additional space will intensify the musical chairs which already afflicts the city's office letting market. He says OMP will probably fill its building at the expense of other CBD landlords rather than by attracting new tenants.

OMP Durban regional manager Charles Oxenham concedes there could be some tenant switching, though much of it will involve the consolidation of Old Mutual's branch offices from half a dozen buildings in the city. "Though it is an investment building, Old Mutual Centre will become the headquarters of Old Mutual in Durban. The group will occupy about 10 000 m<sup>2</sup>, he says.

He adds that office space take-up in Durban is about 18 000 m<sup>2</sup> a year. "That means nearly 60 000 m<sup>2</sup> will have been absorbed in the intervening three years. If anyone believes the recession will continue for another three years, perhaps they should be packing their bags."

Oxenham says the opening up of international markets, especially by foreign airlines and shipping firms, has boosted demand for Durban office space. "Old Mutual has enjoyed low vacancies throughout the recession. We foresee no difficulty in letting Old Mutual Centre. By starting this development now, we will be well placed to catch the next upturn. We have often expressed our long-term faith in the Durban property market. We believe that by 1996, we should be in a high-demand phase with most of the political obstacles to economic growth behind us."

To be built on most of the city block between Mercury Lane and Gardiner Street, including all the West Street frontage, the first phase of Old Mutual Centre will comprise a 32-storey building with 30 000 m<sup>2</sup> of offices, 3 500 m<sup>2</sup> of shops and 380 parking bays. The top four floors will offer stepped-back penthouse office suites with views of sea, bay and city.

Occupation will begin early in 1996, with a vastly improved Mutual Arcade retail strip leading off West Street.

The second phase, for which no construction timetable has been set yet, will include extensions to the podium and an office building of about 14 storeys. The development will eventually cover much of the block bounded by West, Gardiner and Smith streets and Mercury Lane. The development excludes the NBS building (bought by Old Mutual last year) and the Allied building.

Buildings that will be demolished to make way for the redevelopment provide only lower-grade accommodation, says Oxenham. The demolition of some has already begun. Mutual Building and Gardiner House will not be affected until phase two gets under way.

The complex has been designed by Associ-

ated Architects, a partnership between Stauch Vorster and Durban-based Interarc. The office tower will rise from a podium of retail and parking space in a slender, cruciform shape. Associated Architects project leader John Frost says the building is designed to attract large and small tenants. The main contractor for the first phase is G3 Construction, a consortium of Grinaker and Group Five Stevenson.

# Pepkor triumphs against tough odds

CAPE TOWN — Mass retailer Pepkor successfully pitted itself against unfavourable odds to report excellent results for the year to end-February — after-tax profit was up 40% while diluted earnings a share increased by 17%.

Pepkor incorporates the listed Tradegro, Pep Ltd, Smart Centre and Cashbuild, which have already reported their results, and unlisted Ackermans and Stuttafords.

Pepkor chairman Christo Wiese said the recession, political instability, unemployment, the drought and increasing poverty, violence and lawlessness had made the 1993 financial year extremely difficult.

But Checkers' progress towards acceptable profit levels occurred more quickly than planned and Stuttafords had performed extremely well. An added boost for group profits was the interest earned on the proceeds of the R262m rights issue.

Diluted earnings of 71,7c (61,2c) a share were posted and on an undiluted basis 75,3c (61,2c). Pyramid company Peggro's earnings rose 23% to 84,9c (69,1c). Dividend declarations have been postponed to May 28 to minimise the obligations under the new secondary tax on companies.

Turnover increased 70% to R7,8bn (R4,6bn), mainly as a result of the inclusion of Tradegro for a full 12 months, but margins slipped to 3,4% (4,7%) because of the change in the product mix towards a greater weighting for food. Tradegro, which

consists of Shoprite and Checkers, contributed 68% to group turnover.

Operating profit rose 26% to R267,3m (R212,7m) and pre-tax profit, after the inclusion of investment income and the reduction of finance charges, by 30% to R252m (R194,4m). Outside shareholders' interest increased by 90%.

Debt-to-equity ratio showed a strong improvement to 16,4% (107,7%) and at year-end the group had bank balances and cash of R372,6m (R381,7m).

Vice-chairman Arnold Louw said the year had been one of restructuring and consolidation. The year ahead would be conservatively managed in terms of costs. Given the level of risk, the group's cash resources would be retained for internal use. Wiese said trading conditions were unlikely to improve in the short term but with the "inherent ability of our operating companies to perform well even under such circumstances", he expected "acceptable" results in the present year.

With better agricultural conditions and an improved political climate, trading conditions should ease a bit towards the end of the year. Louw said that Checkers/Shoprite offered the group significant growth potential over time, while the Your-More-Store chain in Scotland was hoping to break even at operating level this year.

LINDA ENSOR

BIDAM 30/4/93

(30)

SPECIALTY STORES <sup>FM</sup>  
30/4/93  
**A fashionable success**

**Joint MD** Stewart Cohen told the 1991 *FM* investment conference that the days of Specialty Stores' attempt to be all things to all people were over. That philosophy has been the basis of the successful performance in its chosen niche markets. "We target customers very specifically and focus merchandise to satisfy their needs." (30)

Despite that, the share sits on a p/e of 9,2, — a large discount to the retail sector's 21,6 — even after a 55% rerating in the past year took the price to 775c. Cohen believes performance this year will be of great importance since it will demonstrate inherent strength and resilience to tough conditions.

Two factors stemmed earnings growth. Like other retailers, Specialty Stores, which includes Milady's, The Hub and Mr Price, operated in a hostile, cash-strapped environment. But the greatest impact came from the proposed Secondary Taxation on Companies (STC). Earnings pre-STC reflect a 6% increase at 88,1c per share (83,5c), but growth fell to 2% or 84,9c after STC.

In the year to February, turnover climbed 26% to R368,8m. But competitive conditions were such that margins declined to 8,9% (11,2%), reflected in a mere 1% improvement in operating income to R32,9m.

Cohen says a swing to lower-margin cash retailing squeezed overall margin. Profits of credit chains Milady's and The Hub were slightly down. But, like two sides of a coin, cash retailer Mr Price was very successful in both sales and profitability. Cash sales accounted for 33% of turnover and management hopes this will rise to 40% this year. The aim, says Cohen, is a 50:50 split.

The balance sheet remains strong. Stock levels have been well managed, up 7% against a 26% rise in sales. Gearing at 60% has moved little from 1992's 56% despite expansion into the Transvaal and the opening of 16 new stores. A further 18 stores are planned this year, financed partly through the cash operations, which avoids the need for a rights issue.

**CONSOLIDATING**

| Year to Feb 28           | 1992 | 1993 |
|--------------------------|------|------|
| Turnover (Rm) .....      | 294  | 369  |
| Operating income (Rm) .. | 32,7 | 32,9 |
| Attributable (Rm) .....  | 13,8 | 14,0 |
| Earnings (c) .....       | 83,5 | 84,9 |
| Dividends (c) .....      | 30,0 | 31,5 |

(12) Cont'd

FOX <sup>FM</sup> 30/4/93. (30)

As the customer base increases and the cycle in consumer spending turns up, Cohen believes operating margins will improve in all divisions. Together with tighter cost controls and the productivity improvements achieved in the past few years, the group is poised to produce real earnings growth.

If management succeeds, it will make the ninth straight year of earnings growth. Analysts believe the share may be rerated further. That will narrow the discount at which it trades to competitors and may present an investment opportunity. *Marylou Greig*

# Spur mocks recession with a 41% profit lift

S/Times (Buss) 215/93

SPUR Steak Ranches rides high with yet another set of recession-defying results this time for the year to February 1993.

Turnover at the steak-ranch, pizza and pasta franchising group grew by a third to R28,6-million and profits by 41% to

By JULIE WALKER

43,7c a share. The dividend was raised 35% to 31c.

Another 18 retail outlets were opened in the year, bringing the total to 124. Chairman and founder Allen Ambor notes a trend back to shopping centres and the group is expanding in these

areas, often as anchor tenant.

Cape companies had a good week. Pepkor announcing fine results for the year to February in spite of tough times. Group chairman Christo Wiese says Checkers' turnaround was among the highlights. Although not yet achieving a respectable return on investment, progress is beyond what Mr Wiese expected in the first year.

Pepkor has deferred its dividend declaration until the end of May, by which time it will have received its own dividend income and qualify for credits. Mr Wiese sees little room for improvement in trading conditions in the short term, but hopes his group will continue to do well.

African Life's business with a large community group helped it to lift recurring premium income by 42% to R98-million in the year to March, and total premium income by half to more than R100-million.

Managing director Bill Jack says it was a tough year, but the results are pleasing because ideas put into action several years ago are bearing fruit. Certain niche products will be expanded.

Ansbacher and Midlantic (Asia). Mr Swart says other South African banking groups have made similar write-offs.

Bad-debt provisions were R24-million up at R185-million, counting Ansbacher's. "It is the fifth year of recession and many of its victims did nothing wrong," says Mr Swart.

I asked how long ago the loans had been advanced: before or after Mr Swart took over First National and sent all the managers back to credit-advancement school?

His reply: "How long is a piece of string? Things would have been much worse if the bank had carried on as it was a few years ago."

Net of the tax equalisation adjustment, First National's earnings rose 20% to 310c a share and the dividend by 5c to 55c. The share price jumped 350c to R76 after the results. It was R55 six months ago.

## Company round-up

| PRELIMS   | Turnover (Rm) | % change | Profit before tax (Rm) | % change | Earnings a share (c) | % change | Div a share (c) | % change |
|-----------|---------------|----------|------------------------|----------|----------------------|----------|-----------------|----------|
| Pep       | 1356,1        | -11      | 189,1                  | +7       | 43,2                 | +1       | 19,5            | +9       |
| Fintech   | 802,2         | +7       | 34,3                   | +18      | 225,0                | +31      | 50,0            | +25      |
| Tradegro  | 5254,6        | N/A      | 35,8                   | N/A      | 74,7                 | N/A      | —               | —        |
| Tradehold | 5254,6        | N/A      | 31,5                   | N/A      | 81,0                 | N/A      | —               | —        |
| Mainpro   | —             | —        | —                      | —        | 55,33                | 0        | 55,33           | 0        |
| Apex      | —             | —        | —                      | —        | 31,42                | +3       | 31,42           | +3       |
| Cashbuild | 328,0         | +12      | 8,9                    | -8       | 14,1                 | -25      | 6,0             | N/A      |
| Autopage  | 39,8          | +8       | 12,5                   | +19      | 24,0                 | +18      | 9,0             | +13      |
| Tongaat   | 3867,6        | -3       | 192,6                  | +8       | 190,9                | -5       | 73,0            | 0        |
| Presmed   | 85,6          | +19      | 11,4                   | +9       | 23,0                 | +19      | 5,26            | +25      |
| Boymans # | 217,7         | +7       | 2,9                    | +284     | 6,4                  | +611     | 2,0             | N/A      |
| Tafalberg | 49,8          | +9       | 1,4                    | -10      | 6,0                  | -14      | 3,0             | -14      |
| Pepkor    | 7783,9        | +70      | 252,1                  | +30      | 71,7                 | +17      | N/A             | —        |
| Pepgro    | —             | —        | —                      | —        | 84,9                 | +23      | N/A             | —        |
| Macadam   | 37,3          | +9       | 1,0                    | -16      | 6,2                  | -18      | —               | —        |
| Midas     | 283,0         | +3       | 0,1                    | N/A      | -18,9                | N/A      | —               | —        |

□ 35 weeks # 13 months

| INTERIMS   | Turnover (Rm) | % change | Profit before tax (Rm) | % change | Earnings a share (c) | % change | Div a share (c) | % change |
|------------|---------------|----------|------------------------|----------|----------------------|----------|-----------------|----------|
| Barprop    | 28,4          | +8       | 8,4                    | -8       | 7,8                  | +8       | 6,34            | +4       |
| Randcoal   | 781,2         | +3       | 82,4                   | -7       | 88,0                 | -28      | 20,0            | -13      |
| Sycom      | —             | —        | —                      | —        | 34,49                | -10      | 34,48           | -10      |
| Ocfish     | 181,9         | -7       | 29,8                   | +78      | 151,8                | +81      | 42,0            | +40      |
| Gancor     | —             | —        | 593,0                  | +6       | 43,1                 | -10      | 16,0            | 0        |
| Gonbeh     | —             | —        | 325,0                  | +6       | 39,0                 | -10      | 14,3            | 0        |
| First bank | —             | —        | 421,5                  | +22      | 310,1                | +20      | 55,0            | +10      |
| Randgold   | 19,4          | N/A      | 4,4                    | N/A      | 9,1                  | N/A      | —               | —        |
| PGM Inv.   | —             | —        | 0,2                    | N/A      | 2,2                  | N/A      | —               | —        |
| Fidbank    | —             | —        | —                      | —        | 47,3                 | +28      | 11,0            | +24      |
| Adcock     | 478,6         | +12      | 75,8                   | +31      | 180,0                | +36      | 42,0            | +27      |
| Decor      | 10,3          | -5       | -0,5                   | N/A      | N/A                  | —        | —               | —        |
| RM Prop    | 90,6          | -4       | 1,0                    | -93      | 10,0                 | -82      | 30,0            | 0        |
| K H Props  | —             | —        | 7,1                    | +26      | 26,0                 | -4       | 26,0            | -4       |
| Umdoni     | —             | —        | 9,1                    | +7       | 9,85                 | +7       | 4,85            | +6       |
| Tamboti    | —             | —        | 11,8                   | -6       | 15,0                 | -8       | 15,0            | -8       |
| BoE        | —             | —        | 9,2                    | +32      | 58,8                 | +35      | 17,0            | +21      |
| DatakorA   | 678,8         | +22      | 85,9                   | -2       | 28,5                 | +12      | 11,8            | +5       |

▲ 2nd Interim

### Loss

Mr Jack reports that the rate of increase in operating expenses has averaged 11% below growth in recurring premium income in the past seven years. The group is well structured compared with a year ago.

The life assurer's earnings a share grew by 20% to 22,5c and the dividend by 24% to 14,8c, or scrip in the ratio 1,9 new shares for every 100 held.

Of the 15 companies reporting preliminary results this week, none incurred an operating loss, seven did better than previously and Fintech, Autopage, Presmed and Boymans achieved double-digit earnings growth.

First National, Fidbank and Board of Executors were the pick of the 17 interim reporters, only Ocfish, Barprop, Umdoni and Datakor achieving better than the previous comparable figures.

Even before the benefits of lower corporate tax, First National Bank's profits were 22% higher at R421,5-million in the six months to March.

Managing director Barry Swart says there will be some who criticise banks' margins. But his group worked hard to achieve its results, which for the first time include the operations of Henry Ansbacher plc.

### Victims

The small print does not actually say what the contribution was: Mr Swart says it was neutral, as expected. "It's a long-term investment."

Being the biggest in instalment credit, First National benefited by R139-million as a result of savings on deferred tax. This was countered by certain long-term project-financing and a tax-equalisation provision of R72-million was made.

The net windfall softened the R89-million extraordinary loss taken on the financial-rand premium paid for

## Ratel des deal to in Romania

THE designer, developer and manufacturer of the SA Defence Force Ratel and Buffalo troop carriers is to take on the truck industry with the introduction of a Romanian heavy-duty vehicle.

Ranko Stojakovic established Springfield Engineering several years ago and developed army and police vehicles.

Springfield was one of the largest bodybuilders in SA and prouced the Scania range. Production stopped in 1985. Mr Stojakovic has reopened the company under the name Springfield Roman.

He will begin assembly of Roman trucks in September at a 6 000 square metre site in Isando, Johannesburg.

Other truck manufacturers have indicated they will enter the SA market in spite of declining sales. They include the Dutch DAF, which will be assembled by Associated Automotive Distributors (AAD), and the Italian Iveco, assembled by Truckmakers, a subsid-

## Week in

A SUMMARY of the week's company news:  
**MONDAY:** Mald o' the Mist (P) liabilities exceed assets by R94-1 be cancelled.

**THURSDAY:** The 1993 tranche of Absa sells 49% of Amalgamated off-shore from 1/10/93. From us

## Immigration to New Zealand

Admark Overseas Services, a subsidiary of a JSE listed company and the South African agent of Dorchester and Smythe Limited of New Zealand, is conducting seminars in Johannesburg, Durban and Cape Town on Immigration to New Zealand.

If you are a graduate, under the age of 56 and interested in Immigration to New Zealand, phone Glynis/Desirée on (011) 482-2030 or Colleen (031) 304-4323 or Natachia (021) 419-7704 for details of the seminars.



# Challenging the white man's world of commerce

South 2915 - 216193

**T**HE BUSINESS Skills and Development Centre (BSDC), a voluntary association, aims to redress educational deficiencies and improve contact between black people — especially women — and the business world.

The centre, which is run by a board of trustees and sponsored by private enterprise, is based in Cape Town and offers students basic office skills, business English and personal development. Courses are practical and relevant to the students' lives and business environment.

Speaking at the BSDC's sixth annual general meeting, the chairperson of the board, Mr Kenneth Mgqamqo, said that the history of education in South Africa had been a painful experience for the majority of the population.

"With black people coming from a culture in transition and a social structure determined by race, many young and talented people were denied the opportunities that would have contributed to their further development," Mgqamqo said.

"They were regarded as different and coming from a culture that did not link with the prevailing corporate culture in South African organisations."

He said black education lent itself to a labelling process by which employers saw black school leavers as coming from a system that was never intended to serve the needs of business.

"The BSDC plays an important

role in filling this gap through a programme that was designed to address some of the problems inherent in our education system," Mgqamqo said.

"After six years we are proud of what we have achieved in what had become a hostile environment to any development of blacks within the corporate structure of the country.

"We are equally proud that many organisations have taken note of the centre's contribution in enabling black men and women to enter this environment better prepared than when they left school."

Ms Hazel Bowen, the BSDC's course coordinator, said 1992 started off as a tough year for the centre.

"The first part of the year developed into a marathon of getting courses started, keeping everything functioning and coping with the backlog of work," she said.

"But in May life slowly started returning to normal."

Bowen said the BSDC, since its inception, had been addressing both the practical and the strategic side of gender issues and with much success.

Past students have improved their ability to obtain employment, earn a reasonable income and thereby generate a better standard of living. They have become much more economically independent — with a resultant boost to their self-confidence and self-esteem.

"Everyone involved with the BSDC has gained tremendous satisfaction from watching the students' development as it continues



**KENNETH MGQAMQO: Chairperson of the Business Skills and Development Centre**

after the course and once they are working," Bowen said.

"I feel sure, too, that the men attending the evening classes have

been exposed to some worthwhile 'propaganda' on women's issues and have been duly influenced!"

**EDWINA BOOYSEN**

## Vaalauto <sup>30</sup> halts losses

EDWARD WEST <sup>102</sup>

MOTOR retailer Vaalauto's earnings a share has improved to 0,4c in the year to end February 1993 from a loss equivalent to 21c a share the previous year. <sup>3/10/93</sup>

Earnings of Vaaltrucar, which has as its sole asset a 81% stake in Vaalauto, climbed to 0,3c a share from a loss of 17c a share in 1992. <sup>3/5/93</sup>

Results reflected the closure of the Brits and Verwoerdburg branches, as well as the sale of the group's interest in Spareco/Eddies, reflected as a R1,7m extraordinary item in Vaalauto's accounts, directors said.

Results for the second half of the year reached breakeven as final costs of restructuring worked through the group.

Vaalauto's turnover dropped to R86,6m in 1993 from R121m in 1992, but operating profit jumped to R1,7m from a loss of R123 000 in 1992. Finance costs were lower at R1,6m from R2,5m.

Directors said although Ford had launched its new Telstar range, results for 1993/94 would to a large extent remain dependent on the unfolding economic and political scenario.

... of business entrepreneurship last May, aims South Africans — particularly the youth — and to facilitate better use and expansion of business skills training, expertise and services.

## Vrede asks blacks to stay out of town

*Bloom 3/5/73*  
RESIDENTS of the Thambalihle township outside Vrede in the north-eastern Free State were asked in a "very friendly manner" not to enter the town and were not being kept out by force, Vrede mayor Dick Roux said yesterday.

Roux denied claims of racial tension and hatred in the town where white residents last week responded to a black consumer boycott by launching a counter-boycott — keeping blacks from entering town. However, Roux hoped that the matter would be addressed by tomorrow when the Vrede Action Committee would meet black residents.

"I must reiterate that there is no violence in the town and claims of AWB involvement in the counter-boycott is untrue."

He said the committee, which had decided on the counter-boycott, had DP, NP and CP members.

Last week the ANC said AWB members were patrolling the streets threat-

*30*  
*120*  
STEPHANE BOTHMA

ening people with violence. Roux said Vrede had been plagued by consumer boycotts that were unrelated to events in the area.

Two weeks ago, he said, a march to protest against the country's education system turned nasty when a white business was petrol-bombed. Police were called and a riot erupted.

"Unconfirmed reports claimed that a woman was shot and immediately a consumer boycott was called. That was the last straw and the community decided to embark on a counter-boycott," he said.

Roux said that although the town council approved of the counter-boycott, it had not called for it.

He said attempts by the council to establish a forum had been ignored by local ANC representatives. However, last week's talks between the council and ANC NEC member Terror Lekota had been fruitful.

# R45m loss drags OK into the red

B/DAY 4/5/93

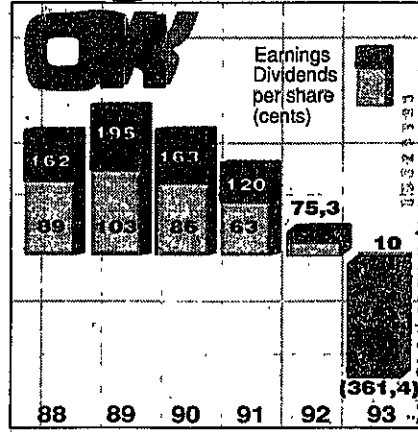
MARCIA KLEIN

OK BAZAARS plunged deep into the red in the year to end-March with severe pressure on margins and a crippling interest bill contributing to an attributable loss of R44,9m, compared with earnings of R9,4m the previous year.

The restructured group reported below-the-line extraordinary losses of R40m — including a R16,4m writeoff for the closure of 25 stores, R8,8m for the discontinuance of certain merchandise lines and R14,8m for the closure of peripheral business activities and staff cutbacks.

A loss of 361,4c a share compared with earnings of 75,3c in financial 1992. The final dividend was passed. The full-year dividend of 10c a share, declared at the interim stage, was slashed from 37c in the previous year. The group has forecast further losses in the coming year.

Directors said a 4,6% increase in turnover to R5,28bn from R5,04bn, coupled with high interest rates, lower levels of fixed overhead recoveries and increased shrinkage saw operating income drop 52% to



Graphic: LEE EMERTON Source: OK BAZAARS

R49,9m from R103,8m, with the operating margin below 1%.

Operating income was eroded by the interest bill, which rose 15,4% to R123,8m from R107,3m. Gearing rose to 253% from last year's level of 195%. The after-tax loss

□ To Page 2

## OK loss

was contained at R46,1m (profit of R9,9m) due to a tax credit of R27,8m.

During the year, management decided to introduce "significant structural changes... to stem the decline in activity and to reposition the group to cater more effectively for the needs of the OK's defined markets". These included the retirement of some long-serving directors, which led to a streamlined executive board of nine. Mervyn Serebro was appointed MD and CE Gordon Hood retired.

Two operational boards, to handle the OK Stores and the Hyperamas, were established and the OK Stores marketing division was rationalised.

The OK Stores product range was being "vigorously refocused" and peripheral businesses were being closed down or "severely curtailed".

Directors said the bulk of the significant costs of the restructuring had been recognised upfront. Total assets were tightly controlled and stockholdings and borrowings had been reduced by R102,6m and R16,9m respectively. This trend was expected to continue in the coming year.

The OK was "determined to re-establish itself as the dominant retailer within its particular segment of the market".

A number of steps had been taken but it would take time to bring this process to fruition. Further losses were therefore expected but results should start reflecting the benefits of the new direction.

Yesterday the share dropped by 20c or 3,3% to close at 570c ahead of the results. The share was at a 460c low in October and a yearly high of 950c in May 1992.

□ From Page 1

# OK posts R45-m loss, passes final dividend

Star 4/5/93

30

By Stephen Cranston

The OK, after breaking even in the first half, has reported a R44,9 million loss for the full year, equivalent to 361,4c a share. The final dividend has been passed.

Group turnover increased by five percent over the previous year to R5,28 billion.

But high interest rates, lower levels of fixed overhead recoveries and a higher level of shrinkage resulted in a 52 percent fall in operating income to R49,9 million.

## Gearing

Gearing increased from 195 percent to 253 percent, which led to an increase in interest paid from R107,3 million to R123,8 million.

MD Mervyn Serebro says management has conducted a critical examination of the entire group in the light of ongoing political and economic uncertainties.

Significant structural changes are being introduced to stem the decline in activity and to re-position the group to cater more effectively for the needs of the OK's defined markets.

Separate operating boards have been introduced for OK

strated by the R102,6 million reduction in closing stocks to R679,3 million.

No such success has been achieved with the debtors' book, which increased from R580,6 million to R671,3 million.

Serebro says peripheral businesses not directly associated with the core retail mass market operation, including its property development business, have been or are in the process of being closed down or severely curtailed.

The OK is upgrading its information systems.

## Challenge

Serebro says the improved, real-time information resulting from this will enhance the decision-making process and further assist in giving the group a competitive edge.

A number of these upgrades will also have favourable long-term benefits as they will form the platform for further more sophisticated upgrades.

He says the ongoing process cannot be expected to yield results immediately.

But he argues that management is determined to face the challenge of reshaping the business within the present economic realities as a matter of urgency.

The bulk of the significant costs of restructuring has been recognised up front.

On top of the ordinary losses, the extraordinary losses amounted to R40 million.

There was an extraordinary net write-off of R16,4 million from the store closure programme, which now numbers 25.

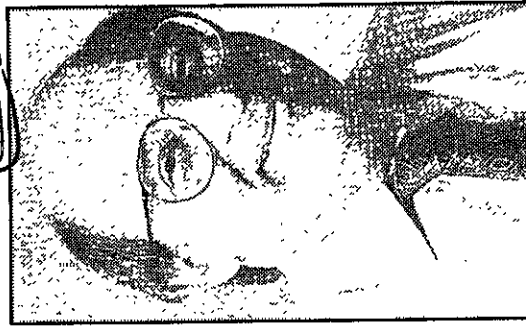
Costs from the discontinuance of certain lines of merchandise accounted for a further R8,8 million and the cost of the closure of peripheral business activities, together with re-trenchments, accounted for R14,8 million.

After these losses, shareholders' funds have been reduced from R368,9 million to R278 million and the net asset value per share from R27,97 to R20,82.

Serebro says that the OK, despite being vulnerable to the political strife that has ravaged the country, is determined to re-establish itself as the dominant retailer in its particular segment of the market.

But he says that although steps have been taken to return the group to profitability, it will take time and further losses are expected in the current year.

But he says the results should start reflecting the benefits of the new strategic direction.



Mervyn Serebro . . . determined to re-establish OK as dominant retailer in its particular market segment

Stores and the Hyperama.

In contrast to OK Stores, the Hyperama continues to trade profitably, and a new store recently opened at Fourways, north of Johannesburg.

There has been significant rationalisation of the OK Stores marketing division and the product range is being vigorously refocused.

Some success has already been achieved, as is demon-

# OK R45-m into the red

MARC HASENFUSS  
Business Staff

SEVERELY eroded profit margins and a damaging interest bill shoved major retailer OK Bazaars R45 million into the red in the year to end March.

Turnover of R5,2 billion was whittled away to under R50 million at operating level — less than half of R104 million earned last year. These profits were wiped out by a R124 million interest bill.

Corrective action has been taken but directors expect further losses in the coming year.

Already structural changes to stem the decline in activity and a repositioning the group to cater more effectively for the needs of its markets have been introduced.

Directors said the stores product range was being "vigorously refocussed". These efforts were reflected in the R102,6 million reduction in closing stocks.

However, the debtors book increased markedly to R671 million (previously R580,6 million).

The closure of 25 stores in the period under review resulted in an extraordinary write off of R16,4 million. Costs relating to the discontinuance of certain merchandise lines accounted for a further R8,8 million.

Peripheral businesses not directly associated with OK's core

retail mass market operations are also being closed down or curtailed. This, together with personnel rationalisation, cost R14,8 million in extraordinary losses.

■ Ensign Clothing's turnover for the first quarter of this year was down by 15 percent compared to last year, chairman Ronald Roy told shareholders at an AGM in Cape Town today.

He said the group's forward order book remained unsatisfactory. "Present indications are that the declining trend in both turnover and profitability is expected to continue for the rest of the year."

■ NBS Bank put in another strong performance in the year to March, lifting net income 24 percent to R91,3 million.

The dividend payout for the year was increased 15 percent to 46c a share (previously 40c). MD John Gafney said that future dividends would track earnings more closely.

He said NBS Bank's performance was better than expected — with operating expenses contained within the inflation rate.

Mr Gafney pointed out that borrowers, confronted with rising unemployment, high interest rates and low wage increases, had found it extremely difficult to meet their repayments.

"In reviewing such cases, NBS Bank has made every effort to renegotiate the terms of repayment."

He said resources had been focussed on managing the level of arrears which have improved in recent months as a result of the bank's assistance to borrowers.

Provision for bad and doubtful debts was increased 35 percent to R70,6 million in the year under review. The total provision for losses currently stands at R82 million — 0,94 percent of total book advances.

Mr Gafney said the provision was above the industry standard.

■ Rookie financier Future Bank posted a strong 34 percent gain in operating income to R10,5 million in the half year to December.

Net profit came in at R1,1 million compared with a previous loss of R2,7 million.

The solid profit performance prompted the bank to open branches in Pietersburg, Durban and East London.

■ Textile group Da Gama struggled against intense price competition and the unabated importation of fabric, reporting a hefty 30 percent decline in bottom line to R21 million. The dividend was cut proportionately to 18c a share.

ARG 4/5/93

30

# SOWETAN NATION BUILDING PROG

## Popular demand for parenting workshops



*Sowetan 4/5/93*  
■ Four new areas have been added in the project:

**By Pearl Majola**

THERE is no stopping the Parenting Workshops project from growing.

Over the years the Pick 'n Pay-sponsored project has been the force behind Nation Building.

This year four new areas - Duduza, Witbank, Standerton and Dobsonville - have been included as part of the project.

This is a victory for the whole Nation Building programme because it means those communities will be able to participate in other projects such as the schools' choir competition.

This is the fourth year that the supermarket chain has sponsored the project. Its sponsorship has increased each year to keep pace with the project's growth.

This year it has gone further than just pledge its support through the sponsorship.

The supermarket chain has designated Consumer Affairs Manager, Ms Alice Tukulu, to represent the company at the Parenting Workshops.

"Pick 'n Pay is proud to be part of a project that cares so much for the com-

munity," says Tukulu.

"We are also pleased with the opportunity to give something back to the communities that support us. We believe that communities can be made better together. That is precisely what we want to help do through the Parenting Workshops project," she added.

The project provides a forum for communities to identify local issues and problems and determine a plan of action to address the problems.

The Parenting Committees then set up task groups to implement the plan and work on solving the problem.

The official programme has been divided into two phases this year - the standard workshops in each area as well as the "Spirit of Nation Building Weekends".

Soweto and Pietersburg will be the first areas to get their workshops underway this year.

The Soweto workshop takes place on Saturday May 15 while the Pietersburg event will be at the St Paul Lutheran Church in Zone 1 Seshego on Sunday May 16.

# Edgars ends year on high note

(30)

By Stephen Cranston

A strong second half-year to March enabled Edgars to report an 18 percent increase in earnings per share to 365c.

A final dividend of 102c has been declared to make a total payout of 140c.

After a fairly pedestrian first half, in which sales increased by nine percent and earnings by five percent, aggressive marketing and an upgrade of merchandise ranges brought sales growth of 16 percent to R3,176 billion for the full year.

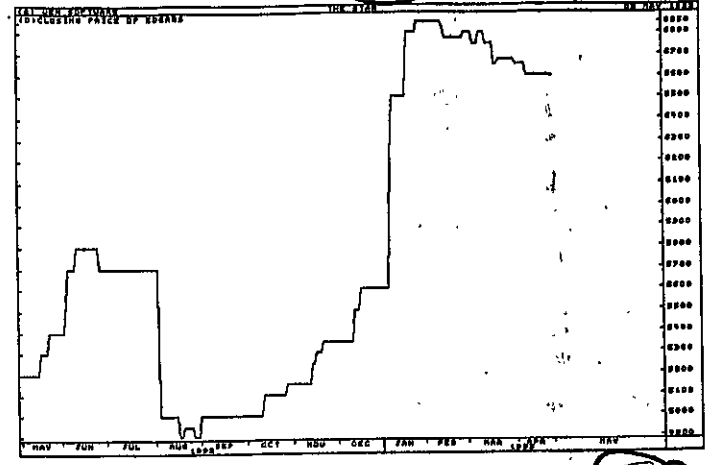
The financial year was 53 weeks long. For the equivalent 52-week period, sales rose by 14 percent.

Sales growth for the first quarter of the financial year was just 5,5 percent, but by the final quarter to March growth had accelerated to 18,5 percent on a comparable basis.

MD George Beeton says highlights included a turnaround in Jet Stores, which is focusing on core items in the most wanted sizes and colours. Its loss for the year fell from R9,7 million to R2 million.

Jet made a pre-tax profit of R4 million in the second half, its sales increasing by 21 percent to R363,6 million.

Beeton is confident that the new Jet formula has settled down. New stores will be built



Edgars share price movement

in Westville, La Lucia and Empangeni in Natal, Menlyn, near Pretoria, and Somerset West, the latter being the first Jet in the Western Cape.

Sales House had a phenomenal year, lifting earnings by 71 percent from R52 million and sales by 33 percent to R623,6 million.

Beeton says its target market of middle-income blacks is perhaps the best off in the current economic environment because its income is rising faster than average, but that its living costs are rising at a below-average rate.

He says Sales House is the retailer most in tune with the new

South Africa and its understanding of this vital market is shared with the rest of the group.

The more mature Edgars chain increased sales by 11 percent to R2,141 billion and earnings by 16 percent to R144,9 million.

It tightened up debtor collections, which grew faster than the increase in credit sales.

There was therefore a sharp improvement in cash flow, which increased from R28,7 million to R259,2 million.

An 11 percent reduction in finance costs from R72,6 million to R64,5 million and a R49,3 million reduction in net

working capital contributed to a turnaround in group cash flow from a R54,6 million outflow to R273,7 million inflow.

After investing R77,5 million on maintaining and expanding operations, the group repaid R196,2 million in financing.

Sales House's market share increased from 6,1 percent to 7,2 percent and Jet's from 3,9 percent to 4,1 percent. Edgars's share fell slightly from 25,1 percent to 24,7 percent.

One of the few black spots was a loss by manufacturing operation Celrose, which Beeton says reflects adverse conditions in the clothing manufacturing sector.

Beeton predicts only modest sales growth in the year to March 1994, but says earnings will be assisted by a reduced level of corporate tax and should continue to show satisfactory growth.

At a share price of R66, Edgars sits on a P/E ratio of 18,1 and offers a 2,1 percent dividend yield. It's expensive, but it has delivered earnings growth well above inflation.

Chris Gilmour, head of industrial research at Senekal Mouton & Kitshoff, says the share has earned its premium rating and recommends a switch of shares out of its holding company SA Breweries into Edgars.



# Retail sales likely to be static

By Claire Gebhardt

Consumers are set to save about R1.5 billion on housing costs with interest rates on home loans two to three percent lower in 1993, according to the Bureau for Market Research (BMR).

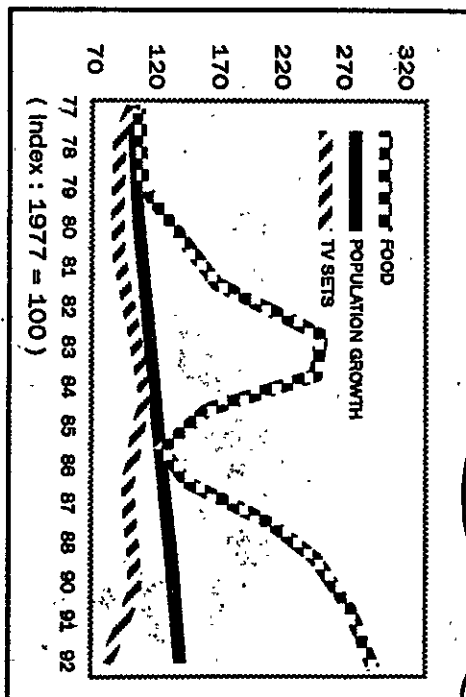
But anything they save on the housing front will probably be needed to keep the wolf from the door somewhere else.

That's the message from the BMR's Professor Marius Louber who sees a large proportion of this spending finding its way to the retail market, boosting sales by 0.5 percent.

However, because the informal sector is likely to expand at the expense of the formal sector, total formal retail sales will remain at much the same level as in 1992.

In its total retail sales scenario for 1993, the BMR predicts sales will average three percent lower in the first six months and three percent higher in the second six months.

The predicted upswing in the second half of the year will be the result of several factors including relief from the adverse effects of the drought, additional state expenditure on social services (R700 million for the equalisation of social pensions alone



Population growth and retail sales of food and TV sets, 1977-1992

from September 1993) and the psychological boost provided by the expectation of a moderate revival in the economy in the second half of 1993.

Of the total expected sales volume of R87.6 billion, whites are expected to command R37.7 billion (43.1 percent), blacks R37.8 billion (43.1 percent), coloureds R8.1 billion (9.2 percent) and Asians R4.1 billion (4.6 percent).

Non-white population groups have a share of more than 50 percent of the market for eleven of the nineteen merchandise groups surveyed.

Star 5/15/93  
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"The introduction of VAT on food during the last quarter of 1991 helped push down food sales in 1992 but the expansion of the list of zero-rated food items as from April 7 is expected to prevent a further drop in food sales in 1993."

The BMR expects informal food retailing to expand its share in total food sales, resulting in a 1.3 percent drop in the formal sector.

Retail sales of TV sets, after rising sharply from 1979 to 1983, showed virtually no growth in 1984 and by 1986 had plummeted to an all-time low due to poor economic conditions and high interest rates.

Accumulation of demand in 1985 and 1986, the electrification of black townships and a growing replacement market fuelled a strong recovery after 1986.

Sales rose by an average annual rate of about 5.5 percent between 1989 and 1992 and are expected to increase by 5.7 percent in 1993.

The Central Statistical Services expects retail sales for April this year to total R7.64 billion — a decline of 3.7 percent in real terms on April last year.

Sales for the three months to April are also 4.8 percent lower than in the preceding three months from November 1992 to January this year.

The MINISTER: No, Mr Chairman, there is no reason to answer a question at this stage. [Time expired.]

Mr A RAJBANSI: Mr Chairman, on a point of order: Complaints carrying my signature were lodged in Pretoria. Only when they were investigated . . .

The CHAIRMAN OF THE HOUSE: Order! That is not a point of order.  
Debate concluded.

QUESTIONS

Indicates translated version.

For oral reply:

General Affairs:

Adoption of orphans from Bosnia/Eastern Europe

\*1. Mr M RAJBAB asked the Minister of Home Affairs:

- (1) Whether any representations have been made to his Department with a view to allowing orphans from Bosnia and/or other Eastern European countries to come to the Republic for purposes of adoption; if not, why not; if so, (a) by whom, (b) when and (c) what was (i) the purport of and (ii) his response to these representations;
- (2) whether he will make a statement on the matter? D205E

The MINISTER OF REGIONAL AND LAND AFFAIRS (for the Minister of Home Affairs):

- (1) During February 1990 a request for the adoption of 500 Rumanian Muslim children was received from the Muslim Board for Prison Welfare and State Institutions via the Department of Foreign Affairs. A request dated 12 June 1990 was also received directly from the aforementioned organisation. However, as the adoption of foreign children by South African couples falls outside the functional scope of the Department of Home Affairs the organisation was requested to clear the matter with the

HOUSE OF DELEGATES

Department of Health Services and Welfare: Administration: House of Delegates before the Department would consider the admission of the children to the RSA.

A request by Dr I I Sooliman dated 31 March 1993 for the temporary care of children from Bosnia was also received by the Department. The request has been referred to the Department of Foreign Affairs to clear the matter on diplomatic level with the authorities of that country. The matter will receive further attention as soon as feedback from the Department of Foreign Affairs is received. However, the attention must be drawn to the fact that this request is in respect of homeless children and not so much in respect of orphans. This request is that the children concerned will be taken care of in South Africa for a period only and that they will thereafter return to Bosnia.

(2) Falls away.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is he prepared to answer any supplementary questions?

The MINISTER: Mr Chairman, I do not think that would serve any purpose. I would, however, like to suggest to the hon member . . . [Interjections.] No, I do not think the hon member should take any joy in this. If the hon member wishes to raise any additional questions he should take the matter up with the Minister of Home Affairs.

Mr A RAJBANSI: Did the hon the Minister say I should not take any joy in this? [Interjections.] That is arrogance! That is typical NP arrogance and the hon the Minister must change his attitude.

The CHAIRMAN OF THE HOUSE: Order! The hon member must take his seat. The hon the Minister may proceed.

The MINISTER: When the hon member cools down I would like to suggest to him . . .

Mr A RAJBANSI: Do not tell me to cool down. You are arrogant and we will put a stop to that.

The CHAIRMAN OF THE HOUSE: Order! The MINISTER: The hon member may take

this matter up with my colleague during the debate on his Vote.

Mr A RAJBANSI: To hell with you! We will take it up during the election.

The CHAIRMAN OF THE HOUSE: Order! Did the hon member for Arcina Park say "to hell with" the hon the Minister?

Mr A RAJBANSI: Yes, Mr Chairman.

The CHAIRMAN OF THE HOUSE: Order! The hon member must immediately withdraw that remark.

Mr A RAJBANSI: I will withdraw it, but I will take him in an election.

The CHAIRMAN OF THE HOUSE: Order! The hon member must withdraw the remark unconditionally.

Mr A RAJBANSI: Mr Chairman, I withdraw it unconditionally.

The CHAIRMAN OF THE HOUSE: Order! The hon the Minister may proceed.

The MINISTER: Mr Chairman, I wish to repeat my invitation to the hon member to take this up with my colleague in the debate on his budget Vote on 13 and 14 May. [Interjections.] Otherwise the hon member can either deal directly with Foreign Affairs or with the Administration: House of Delegates.

Ombudsman: investigation of complaint re land allocation

\*2. Mr A RAJBANSI asked the Minister of Regional and Land Affairs:

- (1) Whether his Department requested or was involved in requesting the Ombudsman to investigate a complaint (file reference 7/2-37/93) relating to land allocation matters concerning the Administration: House of Delegates; if so, what are the relevant details;
- (2) whether his Department has received any response to this request; if so, what response;
- (3) whether he will make a statement on the matter? D206E

The MINISTER OF REGIONAL AND LAND AFFAIRS:

- (1) No.

- (2) No.
- (3) Falls away.

Mr A RAJBANSI: Mr Chairman, on a point of order: I tabled this question for the hon the State President to answer. The hon the Minister should have done his homework and checked my question. He seems to take joy in this.

The CHAIRMAN OF THE HOUSE: Order! The hon member must take his seat. The question on the Question Paper is directed to the hon the Minister of Regional and Land Affairs and he has answered it.

\*3. Mr M F CASSIM — Finance. [Question standing over.]

Own Affairs:

Chairman of the Ministers' Council:

Sale of shopping complex in Ladysmith

\*1. Mr A RAJBANSI asked the Chairman of the Ministers' Council:

- (1) Whether the Ministers' Council took any decision in respect of, or (b) was involved in the sale of, a shopping complex owned by the Housing Development Board in Ladysmith; if so, why;
- (2) whether the Ministers' Council determined a selling price in respect of this complex; if so, what was the (a) price so determined and (b) market value of this complex;
- (3) whether the Ministers' Council was at any time involved in the sale of other shopping centres; if so, what are the relevant details? D166E

The CHAIRMAN OF THE MINISTERS' COUNCIL:

- (1) (a) Yes, the Ministers' Council referred representations made to it to the Housing Development Board for its urgent consideration.
- (b) No.
- (2) No.
- (a) and (b) fall away.
- (3) No. Not that is known.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Chairman of the Ministers' Coun-

HOUSE OF DELEGATES

cell's reply, firstly, why did the Ministers' Council refer this matter to the Housing Development Board? Secondly, is it not correct that the Ministers' Council officially or informally prescribed to the Housing Development Board the price for which the shopping centre should be sold? Thirdly, ...

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**THE CHAIRMAN OF THE HOUSE:** Order! The hon member must understand that the idea with regard to asking supplementary questions arising out of the reply to a question, is to ask one question so that the hon the Minister can respond to it. The idea is, therefore, not to ask a series of questions.

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Chairman, I wish to state categorically that the Ministers' Council did not fix prices for the sale of this shopping complex or any other shopping complex.

On 24 February 1993 the Ministers' Council requested that the line-function Minister consult with the Housing Development Board with a view to formulating a general policy for the sale of shopping complexes with special reference to price structure.

We do not determine the selling prices of shopping centres. The legal position is that the assets are in the guardianship of the Housing Development Board. We do not prescribe or dictate to the board or instruct it as to whom it should sell to at what price or whatever.

**Mr A RAJBANSI:** Mr Chairman, further arising out of the hon the Chairman of the Ministers' Council's reply, in which he said that the Ministers' Council had referred the matter of the Ladysmith shopping centre to the Housing Development Board, why did the Ministers' Council decide to refer this matter to the board?

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Chairman, representations were made to the State President's Office. That was towards the end of last year. A request was then received from the State President's Office that we comment on this particular matter. This issue does not form part of the question. I am saying this simply to provide some background.

Our feeling, and I think that expressed in this House during the course of debate, was that we should dispose of all the shopping centres as quickly and as expeditiously as possible, be-

ster of Transport. The Chairman of the Ministers' Council does not have the power to acquire new cars. The car to which reference is made in the question was purchased in 1988.

**Revised retrenchment package for teachers**

**2. Mr M RAJAB** asked the Minister of Education and Culture:

- (1) Whether, with reference to information furnished to the Minister's Department for the purpose of her reply, a certain teachers' association, in consultation with a teachers' union, has proposed a revamped retrenchment package for teachers in the employ of the Administration: House of Delegates who wish to go on early retirement; if so, what are the (a) details of this proposal and (b) names of the bodies concerned;
- (2) whether this proposed package is to be introduced; if not, why not; if so, with effect from what date;
- (3) whether she will make a statement on the matter? D204E

**THE MINISTER OF EDUCATION AND CULTURE:**

- (1) Yes.

(a) Representations were made by incumbents holding posts of Head of Department (Guidance and Counselling and Library Resource Education) that they be considered for early retirement in view of the phasing out of such posts i.e.: keeping in line with the Department's rationalisation policy. Representations in this regard were also made by the Teachers' Union. Letters have already been forwarded to the relevant educators outlining the various options available to them. The Department is presently awaiting replies from these educators.

- (b) South African Democratic Teachers' Union.

(2) Yes  
The effective date is to be determined taking into account the needs of the Department.

- (3) In its endeavour to phase out these posts of Heads of Departments in Guidance and Counselling and Library Resource Education, the existing post holders numbering 62 in all, were given the following options:
  1. Translation to posts of Head of Department/Senior Primary.
  2. Translation to posts in their own field of specialisation provided that there are suitable posts and their meeting the entrance requirements.
  3. Remain in their posts until they are promoted or their posts are phased out through attrition.
  4. Early retirements with full benefits in terms of the rationalisation measures. However, in according such requirements the respective principals will be required to indicate that the services would not be adversely affected. It must be noted that whilst a few of the Heads of Department could be released immediately, in other instances it will only be possible to effect retirements with effect from 01 January 1994.

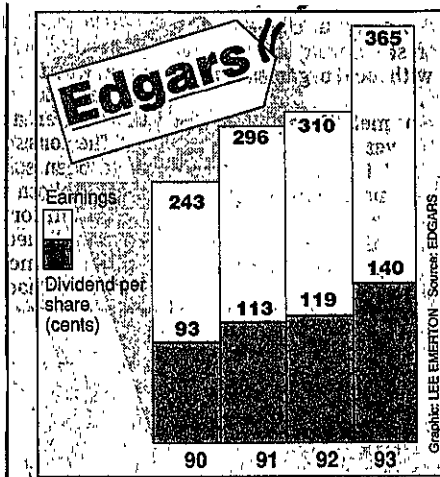
**Mr M RAJAB:** Mr Chairman arising out of the hon the Minister's reply, could she indicate to this House whether she has calculated the estimated total cost of this particular package to the taxpayer?

**THE MINISTER:** Mr Chairman, I have not done such an exercise, but I will consult with my Department as to whether they have, and furnish that information to the hon member.

**Mr M F CASSIM:** Mr Chairman, further arising out of the hon the Minister's reply, may I ask her how, if this function is excised from her Department, it is possible for the service not to suffer?

**THE MINISTER:** Mr Chairman, I am not in a position to answer that question.

**Mr M F CASSIM:** Mr Chairman, in order to help the hon the Minister I will put my question in another way. The hon the Minister requires principals to indicate that educational services at schools will not be adversely affected by such teachers taking early retirement. My question is, how will that be possible?



## Edgars boosts earnings 18%

MARCIA KLEIN

EDGARS Stores boosted attributable earnings by 18% to R185,8m (R157,5m) in the year to March after good performances across all operations.

The clothing retailer, whose chains include Edgars, Sales House and Jet Stores, improved returns in the second half after reporting a 5% increase in attributable earnings at the interim stage.

Sales in the first six months had grown by only 9%, but aggressive marketing and stringent management of assets and cash enabled the group to increase sales by 16% to R3,18bn (R2,75bn) for the full year. Sales increased 14% on a 52-week comparable basis. The financial year included 53 weeks.

MD and CE George Beeton said total private consumption expenditure had declined by 2,3% in real terms during financial 1993. National sales of clothing, footwear, textiles and accessories had increased by 10% in nominal terms, with a sectoral inflation rate of 7%.

Trading profit had grown by 14% to R425,6m from R373,2m. Beeton said margins had been maintained, but lower interest rates on increased average borrow-

To Page 2

## Edgars

ings had resulted in an 11% decline in financing costs to R64,5m (R72,6m) and a 20% rise in pre-tax profit to R361,1m (R300,6m).

However, the introduction of secondary taxation on companies, which was included in the 23% increase in taxation to R175,3m (R143,1m), had moderated the attributable earnings increase to 18%.

Earnings had risen similarly to 365c (310c) a share. A 23% higher final dividend of 102c a share had been declared, to bring the full-year dividend up by 18% to 140c (119c) a share. Beeton said the results had been achieved through "an orchestrated focus" on all aspects of operations. Cash flow from operations had risen to a record R340m. Interest-bearing debt had declined by 37% and gearing had dropped to 28% from 68%.

The Edgars chain had increased turnover 11% to contribute R2,14bn to group

sales, and its attributable earnings had risen 16% to R144,9m. Sales House had turned in a strong performance, with turnover rising 33% to R623,6m and attributable earnings by 71% to R52m.

Jet Stores had continued its dramatic turnaround by increasing turnover by 21% to R363,6m and by reducing its attributable loss to R2m from R9,7m previously.

Manufacturing arm Celrose had showed a loss, and was not expected to report a profit soon, but Beeton said it was strategically important for the group's future.

This year the group would focus on improving various processes throughout the business, particularly merchandise, credit and people management, Beeton said. Capex of R140m had been approved and refurbishment, new stores, computers and distribution equipment was planned.

The group forecast a modest growth in sales and satisfactory earnings growth.

From Page 1

# Edgars boosts earnings by 18%

30  
15/93

From MARCIA KLEIN

JOHANNESBURG. — Edgars Stores boosted attributable earnings by 18% to R185,8m (R157,5m) in the year to March after good performances across all operations.

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Sales in the first six months had grown by only 9%, but aggressive marketing and stringent management of assets and cash enabled the group to increase sales by 16% to R3,18bn (R2,75bn) for the full year. Sales increased 14% on a 52-week comparable basis. The financial year included 53 weeks.

MD and CE George Beeton said total private consumption expenditure had declined by 2,3% in real terms during financial 1993. National sales of clothing, footwear, textiles and accessories had increased by 10% in nominal terms, with a sectoral inflation

rate of 7%.

Trading profit had grown by 14% to R425,6m from R373,2m. Beeton said margins had been maintained, but lower interest rates on unchanged average borrowings had resulted in an 11% decline in financing costs to R64,5m (R72,6m) and a 20% rise in pre-tax profit to R361,1m (R300,6m).

However, the introduction of secondary taxation on companies, which was included in the 23% increase in taxation to R175,3m (R143,1m), had moderated the attributable earnings increase to 18%.

Earnings had risen similarly to 365c (310c) a share. A 23% higher final dividend of 102c a share had been declared, to bring the full-year dividend up by 18% to 140c (119c) a share. Beeton said the results had been achieved through "an orchestrated focus" on all aspects of operations. Cash flow from operations had risen to a record R340m.

Interest-bearing debt had declined by 37% and gearing had dropped to 28% from 68%.

The Edgars chain had increased turnover 11% to contribute R2,14bn to group sales, and its attributable earnings had risen 16% to R144,9m. Sales House had turned in a strong performance, with turnover rising 33% to R623,6m and attributable earnings by 71% to R52m.

Jet Stores had continued its dramatic turnaround by increasing turnover by 21% to R363,6m and by reducing its attributable loss to R2m from R9,7m previously.

Manufacturing arm Celrose had showed a loss, and was not expected to report a profit soon, but Beeton said it was strategically important for the group's future.

This year the group would focus on improving various processes throughout the business, particularly merchandise, credit and people management, Beeton said. Capex of R140m had been approved and refurbishment, new stores, computers and distribution equipment was planned.

The group forecast a modest growth in sales and satisfactory earnings growth.

# Squatter problem can be foreseen

8/10/73  
5/5/73

THE presence of squatters or formal squatter settlements can cause a substantial devaluation of surrounding properties, says Manprop director David Price.

He tells of an incident in Noordhoek in the Cape, involving the sale of a property opposite a farm occupied by squatters protected by an order from the local authority.

A deed of sale was entered into between the registered owner of the property and the purchasers — a couple from Johannesburg — to buy the property and its nursery. Subsequent to the signing of the deed, the buyers became aware that the 37ha site opposite the property had been selected by the provincial administration as a possible informal housing settlement.

## Assured

The buyers had been assured by the seller before the sale that there was no squatter problem in the area. They felt that an informal settlement so near would affect their property's value and sought redress in the Supreme Court.

The valuer involved, Bernard Squire, tells the story: "The actual figures agreed for the purchase of the property and the business were R750 000 and R200 000 respectively before the squatter threat. Under the threat of squatter development I felt the value for the property should be in the region of R230 000 and R35 000 for the business — essentially a total of R265 000," he says.

Other interested parties had come forward offering to pay between R300 000 and R400 000 for the property and the business but, as it was impossible to find bond finance, these negotiations fell through. Judgment was given in favour of the plaintiff and R325 000 was accepted as the value of the property at the date of the property award of R625 000 were awarded and the full costs were given against the defendant.

"This episode placed both the seller and the buyer in a most unenviable situation. From the purchaser's point of view, the whole situation would never have occurred had they taken the precaution of instructing a valuer to give them a report on the property before committing themselves," Squire says.

# Consumer boycott lifted to ease Border tensions

B10AM 5/5/93

(30)

LLOYD COUTTS

THE ANC yesterday told Border businessmen it would suspend a regional consumer boycott to help ease tensions following the death of five whites in Saturday's attack on an East London hotel.

ANC spokesman Mcebisi Bata said an originally indefinite boycott would end on Friday after the business community had agreed to be part of a national campaign for peace and democracy.

"We are saying we think that our suspension of the boycott will contribute towards easing tension in the region," Bata said.

The ANC alliance met the Border Chamber of Business yesterday to discuss "recent events in the region".

Meanwhile, Border civic leaders have called for urgent security discussions with government.

Deputy Law and Order Minister Gert Myburgh visited East London yesterday, but mayor Carl Burger, who met Myburgh, called for urgent meetings with Foreign Minister Pik Botha and Law and Order Minister Hernus Kriel.

"We are positioned in such a situation where we have two borders and this could make us very vulnerable to this type of attack. We want to ensure that every measure is taken to prevent a further attack and also to assist the security forces in tracing the perpetrators if (the attacks) do emanate from either of these borders."

Burger said the Border mayoral forum had held regular meetings with government ministers since a similar attack in King William's Town late last year and had discussed security strategies.

He had requested certain urgent measures, including a police "eye-in-the-sky".

"There are other things but we are waiting for the Minister himself to come and meet us," he said.

Asked how the violence had affected commerce, Burger said the region had experienced "tremendous tranquillity" throughout the political transition period, but was experiencing isolated attacks.

"Obviously people are very sensitive at the moment about the area, but if one speaks about the effect that the previous attacks had on tourism in the Border, I must say to a large extent the situation has recovered, and tourism until Saturday was almost back to normal."

Our Political Staff reports from Cape Town that Myburgh yesterday made a "very strong appeal" to all owners and managers of entertainment establishments — particularly in the Border region — to be on the lookout.

Myburgh said it was impossible to provide police protection for every establishment and institution in the country.

APR 11 1986  
YORKVILLE COLLEGE

## Inkatha decides mass action is answer

BILLY PADDOCK

INKATHA, which has criticised the ANC for embarking on mass action to achieve its demands, has decided to do the same.

Inkatha's Durban spokesman Ed Tillet announced yesterday that his party was planning mass action to demand that violence topped the agenda at multiparty negotiations, and that the state's future form also be given priority. Tillet said Inkatha supporters would hold marches, pickets and placard demonstrations, starting in Durban on May 15.

On Monday, Inkatha leader Mangosuthu Buthelezi said violence had to be the first item dealt with at talks. Inkatha's delegation leader, national chairman Frank Mdlalose, attempted twice

last week to read a lengthy statement at negotiations council meetings. First it was referred to the planning committee and, later, to a technical committee still to be set up.

Meanwhile the planning committee made limited progress on Monday and will meet again today to prepare the ground for "real headway" at Friday's meeting of the negotiating council.

The 10-member committee has agreed to a package of proposals to be put to Friday's meeting and the council is to begin addressing the concerns of the Concerned South Africans Group.

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## Vrede once again town of peace

STEPHANE BOTHMA

THE potentially explosive situation in the northeastern Free State town of Vrede was defused yesterday when a black consumer boycott and a counter-ban on all blacks entering the town were called off.

The ban on blacks started at the weekend after a decision by the Vrede Action Committee because residents of nearby Thambalihle township embarked on a consumer boycott last week.

At a media conference in Johannesburg yesterday, ANC NEC member Terror Lekota, who met the action committee earlier, said the parties involved had settled their differences.

"The consumer boycott and the blockade have been suspended with immediate effect," Lekota said, adding that a negotiating forum for residents of the area would be established soon.

He said meetings on Monday night and yesterday had defused the situation.

In another Free State township, Thabong, two pistols, found after a shebeen fight in April which left one policeman dead and one hurt, have become a matter of dispute between the ANC and the police.

At the conference yesterday, the two firearms were handed to representatives of the Goldstone commission, who were asked to establish their origin.

The ANC claimed security forces in the area were actively aiding forces opposed to the ANC and that the pistols were evidence of this. They claimed there was a plot to murder an ANC leader.

The police, however, denied the allegation. They said the pistols were those of two policemen who had gone to the bar, were assaulted there and robbed of them.

The police said the ANC's possession of the weapons was unlawful.

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# Reserve Bank 'helped to scupper Gencor strategy'

610AM 8/5/93  
MATTHEW CURTIN

RESERVE Bank exchange control policy and the politically sensitive and shaky finrand have combined to undermine the drive by mining house Gencor to establish itself as an internationally based resources group.

Chairman Brian Gilbertson admits the group "failed" in the past year to achieve what remains a key objective: ensuring Gencor becomes a conglomerate internationally diversified in its assets and shareholders. The group's increasingly high profile new business team has little to show for its efforts.

Coal producer Trans-Natal almost clinched a deal to acquire a controlling stake in Australian colliery Oakbridge Coal in December last year. The deal would have turned the coal group into one of the world's biggest coal exporters. But Trans-Natal was unable to get Reserve Bank approval for financing the deal from SA.

After a Finance Ministry directive in late November aimed at curbing the alarming descent of the finrand, the Reserve Bank said it would approve only offshore acquisitions yielding an immediate benefit to SA. New investments or deals already signed would have to be financed with loans raised abroad.

Gilbertson says resources projects, by their nature, have a long lead time before they generate cash, there are few commercially viable deposits up for grabs, while Gencor's limited financial resources overseas make raising funds offshore difficult. He says a second deal was also scuppered by the Bank's new policy.

In contrast, Anglo American and JCI already have significant offshore interests, Gold Fields has strong links to the US gold mining industry, while Anglovaal has moved towards consolidating its successful industrial and consumer businesses in SA.

Sappi's successful acquisition of German paper producer Hannover Papier in June 1992 was a step forward for Gencor.

However, the subsequent collapse in pulp and paper markets, the finrand's plunge and a crash in Sappi's share price sent foreign investors scuttling. Analysts believe most of the new Sappi shares acquired by European institutions have returned to SA investors.

However, Gencor is pressing on even if the current exchange controls amount to "a blanket veto on finrand deals", says one analyst. The policy leaves mining houses in an unenvia-

ble position because significant local opportunities — Gencor is already involved in new aluminium, gold and steel projects — are limited. Their gold and coal operations will "waste away" without gaining access to new offshore resources.

Minerals projects which provide immediate returns are rare, but they do exist, and Gencor theoretically has no difficulty in handling an offshore acquisition financed 100% by borrowings. The problem is it is impossible to service the debt from SA.

Finding a project which has a significant self-funding component is not impossible, but such a venture is likely to be high-risk, exposed to fluctuations in commodity prices, and deterring commercial banks from providing necessary finance.

The World Bank's private sector arm, the International Finance Corporation, has backed new gold projects in Ghana and Zaire, but its resources relative to major new developments like a Columbus or Alusaf are small.

Exploration can be financed through the commercial rand, and management services can be supplied in exchange for equity in a project. However, greenfields mining projects are likely to take at least three or four years to develop.

## IB Joffe sells off three loss-makers

ANDY DUFFY

BESIEGED retailer I B Joffe has sold three loss-making businesses as part of its strategy to strip itself back to the core.

The company, which in the 12 months to December 1992 suffered attributable losses of R2m, raised R1,75m by selling kitchen furniture manufacturer Telek, leisure chair subsidiary LLB, and the operations' holding company Joffe Saddlery to private individual Goos Lustig.

I B Joffe, which had flagged up the disposals in its year-end results, said Telek had underperformed since its acquisition in 1988. The poor economic climate had led to the other sales.

Had the sales gone through during 1992, Joffe said this would have cut its losses a share from 12,8c to 4c. Net asset value would have slipped from 33,2c to 23,2c.

The disposals, effective from January 1, reduce I B Joffe to a manufacturer and seller of leather, camping, backpacking and outdoors products.

## Experts expect Nedcor to record strong growth

NEDCOR is expected to report strong growth in first-half earnings tomorrow and may declare an alternative scrip dividend to a higher interim cash payout, analysts said.

"We'll see good results from them," Doug Elish of stockbroker Anderson Wilson Partners Inc told Reuter.

Wider interest rate margins before the current squeeze affecting the second half, and recent tax changes, would more than offset its continued high level of bad debt as the recession dragged on, analysts said.

Analysts forecast growth in share earnings of at least 15% to 117 cents per share in the six months to March 31, 1993.

The interim dividend was expected to be increased to 24c per share from a previous 21c.

Analysts said Nedcor may offer a scrip dividend as an alternative to the usual cash payout as this would escape the new 15% secondary company tax on distributed profits (cash dividends).

The recent reduction in the com-

pany tax rate to 40% from 48% would be a windfall for Nedcor, as seen recently in First National Bank Holdings Ltd's first-half results, they said.

An analyst who declined to be identified said although Nedcor had half the size of First National's deferred tax reserve, the corporate tax change would allow it to release a substantial amount. "The final results depend how they show the tax windfall. They will be cautious anyway in the first half."

David Southey of Edey Rogers Co forecast continued heavy growth in expenses because of its computerisation programme despite the fact that its three-year rationalisation plan was coming to an end. Expenses were R846m in the previous first half.

Analysts did not expect a major increase in Nedcor's specific and general risk provision from last year's R103m.

"The Perm Building Society is not the problem child it used to be, although it is not out of the woods yet," Elish said. — Reuter.

**NEWS** Vehicles stoned on main road ● CP lead

*Sowetan 5/5/93*

# Youths loot Vosloo shops

**Sapa and Siphon Mthembu**

SHOPS were looted and a vehicle was set alight in Vosloorus yesterday when about 500 youths, who were boycotting classes in the East Rand township, went on the rampage.

The pupils, who were protesting against matric examination fees, gathered at the Lesedi shopping centre and began looting shops and stoning vehicles on the township's main road.

■ **Pupils protesting against matric exam fees go on the rampage:**

A van was set alight near the shopping centre.

Meanwhile, the Congress of South African Students, who is spearheading the campaign against matric examination fees, yesterday said it was considering suspending the week-long boycott of schools following a meeting between it and Minister of National Education.



# Business confidence stalls on slow

By AUDREY D'ANGELO  
Business Editor

THE upward trend in business confidence in February and March stalled in April. The SA Chamber of Business (Sacob) confidence index was unchanged from the March figure at 95.1%. And Sacob chief economist Ben van Rensburg warns that it may plunge again unless there is "real and rapid progress on the political front."

Van Rensburg said yesterday that a hoped-for increase in retail sales failed to materialise in April.

And he points out in his commentary that the full effects of Chris Hani's assassination and of the Budget were not reflected in the survey on which the index was based.

He says the higher gold price "is certainly good news, as it will help to reduce pressure on the gold and foreign exchange reserves and on marginal mines."

"The positive impact on the balance of payments (BoP) has restored the possibility of a further cut in interest rates, which would have a positive effect on both business and consumer confidence."

"However, it is unlikely to have a significant impact on activity levels in the mining industry in the short term. Increased employment and new mining ventures will arise only if the higher price is sustained for a number of months. There is no certainty that the gold price will remain at the same, or firmer, levels."

He warns: "It is also important to recognise that

the higher gold price is symptomatic of underlying problems in the world, both politically and economically."

"What this country gains from a higher gold price could be offset partially by losses in respect of manufactured exports or a higher import bill. A cautious approach is still appropriate, as the outlook for the world economy is still mixed."

Van Rensburg points out that "the initial hope that the tragedy of Chris Hani's assassination would result in renewed urgency and more rapid progress in the political negotiations has not yet been realised. The economy remains hostage to political developments."

"While the business community would certainly not like to see undue haste that could result in a

retail sales

breakdown in the political transformation process at a later date, it is essential that real progress is seen to be made if permanent damage to the growth potential of the economy is to be avoided."

Although there has been an improvement in some key economic indicators "the combined effects of recent political events, prospects of further mass action and the still to be felt impact of the Budget could act as a constraint on the further rise in business sentiment in the next few months."

"Anecdotal evidence about the business mood in April has been negative. In fact, in the absence of positive development — particularly in the multi-party talks — recent events could well precipitate a fall in business confidence and a further delay in the long-awaited upturn."

2 metro

Call for  
single city  
business  
chamber

Staff Reporter

One city, one unified business chamber was the plea made by Mervyn King as he took over the presidency of the Johannesburg Chamber of Commerce and Industry this week.

King argued that the rationalisation of organised business would make it that much easier for visiting trade missions, potential investors and developers to find their way through the maze of local business structures.

It would also ensure that resources were not spread too thinly and empower business to deal more effectively with business, especially if regional government were to gain greater powers.

"The JCCI of tomorrow will be the body dealing with local government matters that concern the Johannesburg businessman of tomorrow," King told the annual general meeting.

"I will endeavour to create a long-term vision of one chamber movement in the best interests of business in Johannesburg, in the knowledge that we will be representing business in the greatest city in Africa and will be dealing with the greatest local government in Africa."

The city, he said, already reflected the best and worst of what was to come. "The best is its infrastructure and its First World elements. The worst is its poverty, its distortion as the result of the system of apartheid, and the crime that has resulted from mass urbanisation."

But its nonracial composition and its black entrepreneurs were a foretaste of the South Africa of tomorrow.

# OK hopes 'new culture' will pull it out of the red

By **ROOM** **6/5/93**

**(3D)**

WHEN a company produces year-end results as bad as those of OK Bazaars, one can sympathize with senior management's reluctance to dwell on the past and focus on the future.

OK group MD Mervyn Serebro admits 1992/93 results are appalling. However, he visibly stiffens at attempts to pinpoint where the OK went wrong under his predecessor Gordon Hood, whom he succeeded in January. He is even less amused by attempts to draw parallels between the OK's record of recent years and the success of Pick 'n' Pay.

Not will Serebro be drawn yet on what strategy the group intends to adopt to rebuild its business beyond the "ruthless" management and financial restructuring which has already taken place this year. He says details will be announced soon.

However, in painting a broad picture of where he sees the OK going, Serebro inevitably hints at the mistakes of the recent past — the Hood years which have left the group floundering in red ink and overindebtedness. Hood, one retail analyst says, was a bean counter when what the OK needed was a bean salesman. Serebro says the group's main strengths today are the small close-

knit senior management team at head office and enduring staff and customer loyalty to the OK name. OK reduced the size of its corporate board from 19 to nine members in January. With that base, the OK can concentrate on the heart of its retail business: providing the merchandise which the customers it wants to serve want to buy.

Previous strategies of trying to cover all corners of the retail market with a "broad" product range may explain the group's crippling stock position, cut by a huge R102m in the year ended March 31 but still standing at R679m, the equivalent of 15% of sales.

Serebro says the group's core customer base is the "emergent nation". He insists that is not as vague a category as it sounds. It is made up of a distinct group of mainly black South Africans in low and middle income groups. "The OK customer buys 'cola tumbler' not Waterford crystal," he says.

With more clearly defined goals, the group can then reap the benefits of tighter financial management, the business of "watching ratios" of stock and product lines to sales.

Without these fundamentals in place, refurbishing stores and new advertising campaigns are likely to

## MATTHEW CURTIN

prove fruitless. Serebro notes that revamping shops and installing new computer systems are particularly expensive in the OK's case because of the age of some of its stores — difficulties that its competitors are only now starting to appreciate at their comparatively new stores.

Serebro says these changes amount to the development of a new culture within the group which he and selling philosophies, takes time to have any impact. He believes in the personal touch but, even with a schedule of 16 store visits a month, meeting staff at the group's 160 outlets is a time-consuming process.

He adds, using inevitable management buzzwords like "empowerment" and "participative management", that the establishment of a new philosophy is the best way the OK can combat the torrid political and social conditions affecting its customers.

The group gives no details of the extent of the damage caused by shrinkage but an operating profit margin of less than 1% hints at how



□ SEREPRO

serious a problem it is. Serebro says shrinkage is "a people problem". No computer system can combat the debilitating effects of "poverty and anger in the community", he says.

The group turned in a R45m attributable loss in the past financial

year, a fact which may at last stir concern at controlling shareholder SAB and among the investment community. One analyst says SAB's apparent disinterest in OK — curious given that chairman Meyer Kahn is a former OK MD — was perhaps understandable as long as the group continued to make small contributions to SAB earnings. That has changed. OK contributed 1.5% of SAB's overall earnings of R598m in 1992, but the past year's losses may knock the brewery group's earnings by about 7% with store losses expected this year.

The OK is back in the hands of passionate retailers, but management's passion may cloud its vision with regard to the sort of drastic action which is needed to put the OK right, unless tempered by some outside objectivity.

Serebro has the advantage of his long service with the group and his freshness to executive authority at group level, having progressed to group MD from OK Stores MD in April last year after eight years in the OK's development division.

His hardest job may be to convince SAB he has the answers. Serebro will be disappointed if SAB does not give him the chance to prove he's right.



SANLAM ENTREPRENEUR OF THE YEAR COMPETITION



Obed Gama

# Craving a slice of market

By Mzimkulu Malunga

A STORY in a magazine prompted Obed Gama to explore the manufacturing of household detergents as a career. "I was reading a publication which contained an article explaining the size of the market for household detergents. I can't remember the figure accurately but it was a sizeable amount. That amazed me. Then my idea

**FABRIC SOFTENER** Idea in a magazine

leads to establishment of manufacturer:

sprang to mind: if one could get one percent only of that market, one would be talking millions," says the publicity-shy Gama.

After toying with the idea for some time, he swung into action and Black Pride — a household detergents manufacturing company — was born.

Then the retail store he was running in Kaitleng on the East Rand took the back seat.

With the help of the sympathetic manager of a company which supplies raw materials for household detergents, Gama was able to design a formula for making a fabric softener.



Commencing with operations was not easy for Black Pride. It required R50 000.

Gama had to part with all the savings made from his retail business over the years to try his luck in the world of manufacturing.

Three years on there appears to be no turning back. Black Pride now supplies some of the outlets of the elite retail giant, Pick n Pay, all three Blackchain outlets, certain Cash 'n Carry's and some township shops.

"I would have loved to supply every shop in the townships but due to the violence I could not break into that market," says the soft-spoken Gama.

His company has the capacity to produce about 2 000 litres of fabric softener a day. This translates into 800 cases. Black Pride also manufactures bleach and dishwasher.

"This does not mean I sell that amount daily. The production volumes are determined by the demand from customers and this varies all the time."

Gama employs seven people but is adamant that it is not necessary to reveal how much he makes on a monthly basis.

Lack of finance is at the core of black business problems and Black Pride is no exception.

"There are instances when I don't have enough money to buy the amount of raw materials I require to match the demand and being a small businessman, suppliers do not have credit facilities for me," he says.

Gama has not deviated from his initial mission since he started Black Pride in 1990. He wants the company to control a certain portion of this huge market, with Black Pride's brand name. Mamas, going places as well as contesting space on retail shelves against the likes of Sta-Solt.

Obed Gama automatically qualifies for the Sanlam Entrepreneur of the Month competition. The winner of the entrepreneur of the month will compete with other monthly winners and the overall victor will be *Sowetan*-Sanlam candidate at the Small Business Development Corporation's finals for the Entrepreneur of the Year competition.

The overall winner will receive R15 000, while the runner-up gets R5 000. This year the emphasis is on the manufacturing and services industries. Retail businesses are not eligible for selection.

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**MONEY BACK** PEP promises to

Star 6/19/73

## SBDC sets up research fund

By Shirley Jones

DURBAN — The Small Business Development Corporation (SBDC) has set up a R50 000 research fund.

This was announced at the close of the sixth annual conference here of the International Council for Small Business for Southern Africa.

Dr Ben Vosloo, managing director of the SBDC, said: "Too little sound empirical research has been done on practical problems in small business."

"As a result the SBDC has set aside this sum to be administered by the ICSE."

"We want to see applied research which will actively help solve problems experienced by small businesses. R50 000 is a good beginning."

By Stephen Cranston

# Amrel makes up for earlier losses

Amrel has made up for losses in the first half and reported earnings per share of 43.8c for the year to March, but well down on the 170.3c earned in the previous year.

Both the interim and the final dividend have been passed.

Financial director Bruce Sinclair says the shoes and clothing operations, which include ABC, Cuthberts and Scotts were

hard hit. A total of 64 stores have been closed in this division.

In contrast, the furniture businesses did well and, despite a five-month strike at Lubners, increased sales by 8.6 per cent.

Turnover excluding Boymans, which was ac-

quired at the beginning of the year, increased by 4.2 percent to R1,045 billion. Boymans added R206 million in sales.

Trading profit fell from R83.7 million to R81.4 million, but net financing costs were reduced from R74.1 million to R71.3 mil-

lion. Gearing, however, rose from 350 to 360 per cent.

Emphasis continued to be placed on improving the quality of the debtors' book.

Tip Top Furnishers, which serves the bottom end of the market, was rationalised and restructured.

MD Stan Berger says little improvement is expected in the first half of the current year.



*Amrel*

## Amrel takes a 74% dive

30

MARCIA KLEIN

FURNITURE, footwear, apparel and consumer services group Amalgamated Retail's (Amrel's) earnings plunged 74,3% to 43,8c (170,3c) a share in the year to end-March. *BUY 7/15/93*

Despite the significant decline, results reflected a substantial improvement in the SA Breweries subsidiary's trading performance in the second half. MD Stan Berger said the second six months had been considerably better than the first, when the group had reported a R2,1m attributable loss.

Turnover, excluding the effect of the Boymans acquisition, had risen 4,2% to R1,05bn from R1bn. Amrel gained control of retailer Boymans last year with an investment of R12,8m, when it underwrote a Boymans rights offer.

Berger said although expenses had been controlled, with a comparable increase of 4%, margins were under pressure and trading profit had declined marginally to R81,4m from R83,7m previously.

Reduced financing costs had enabled Amrel to report a 4,3% increase in pre-tax profit to R10,1m from R9,6m. However, a tax provision of R5,2m, which compared with a net tax credit of R6,1m in the previous year following a R13,8m tax write-back, had seen profit after tax decline by 69,4% to R4,8m from R15,8m. After outside shareholders, attributable earnings were down by 74,3% at R4m (R15,7m).

The group had passed its dividend in view of the reduction in shareholders equity and the level of gearing, currently at 360%.

Berger said the group's furniture interests had done well. The restructuring of Tip Top furnisiers was paying off, but footwear operations had battled.

EDGARS

# Some well-dressed surprises

Edgars has dressed up for a party and there's little wonder why. Few blue-chip companies have the opportunity to surprise the market with results which far exceed expectations and Edgars has made the most of a rarity.

Financial 1992 was the first time in five years that Edgars did not achieve real earnings growth. And the market expected a similarly dull performance for 1993. Observers will certainly be taken aback by the remarkable 18% EPS growth achieved. And it would have been higher had the introduction of the Secondary Tax on Companies not added R7m to the tax bill.

This success, says CE George Beeton, can be attributed largely to the vastly improved working capital management; that is reflected in the 11% decline in the interest bill. The inclusion of a 53rd week was also important.

Stringent cash and asset management produced a number of consequential effects: cash flow from operations rose to a record R340m, interest-bearing debt fell a whopping 37% and gearing fell from 68% to a healthy 28%. Trade debtors rose a marginal 4%, indicating the group avoided having to lower the quality of credit sales to maintain volumes. And, unlike some retailers which find themselves overstocked in a recession, Edgars seems to have read the situation well, managing a small decline in stocks. "The quality of inventory is at its best and the stock very current. Stock turn has increased from 3,4 times at cost in 1992 to 3,6."

But it's in the analysis of the divisional performances that the extent of the group's success becomes most apparent. In the past the relatively good performances by the group's credit chains have been dulled by poor results from cash chain Jet Stores. 1993 saw turnover at Edgars up 11% to R2,1bn and attributable profit up 16%. But Sales House was the star performer with turnover up 33%, while attributable profit rose an exceptional 71%.

The repositioning of Jet, placing emphasis squarely on the core fashion operations, has resulted in a much improved stock position, reflected in a 21% increase in sales. Though the chain returned a loss for the year, Beeton says it moved into a profit of R4m during the second half and claims April has been an extremely good month.

The group's manufacturing arm, Celrose, continued to battle, operating at a loss

FM 7/1993 (30) though export sales were up 21% at R7,7m. But Beeton says it remains a strategic investment because it ensures product diversity and exports generate import capability.

National sales of clothing, footwear, household textiles & accessories (CFTA) for the sector are estimated to have grown by a low 7%; that means, of course, the Edgars group expanded its market share significantly.

Capex of R140m for this year, up on 1993's R85m, will be spent mainly on store expansion and upgrading computer technology. Financial director Mark Bower says this will be funded internally from free cash flow; R196m was generated in 1993.

Despite its latest successes, Beeton envisages a difficult year, though he admits the group's strength lies in its ability to respond quickly to the changing environment. He forecasts modest growth in sales, in line with inflation. Profits will be better than sales, the result of a better tax rate, he says, and assures customers that some of this benefit will be passed on.

There are few options more prosperous than Edgars in the consumer-based sectors of the JSE. Investors anxious to reconstruct their exposure in this area will have to travel some distance to find a better alternative than this company whose prospects are good and whose rating is not unduly demanding.

Marylou Greig

less grew by 11%, but EPS growth was just 1%. Based on a 35-week reporting period, Cashbuild lifted turnover by 12,4%, but endured a 12,9% decline in operating profit and a 25% drop in EPS.

The other listed subsidiary, Smart Centre (comparing financial 1993 with the previous annualised eight months), showed a turnover decline of 18,7%, a fall in operating profit of 7,6% and a 12% drop in EPS. Ackermans and Stuttafords are wholly owned subsidiaries of Pepkor; both are reported to have traded profitably, particularly Stuttafords. There are now two main components in

**FOOD BOOST**

| Year to February 28          | 1992  | 1993  |
|------------------------------|-------|-------|
| Turnover (Rbn) .....         | 4,56  | 7,76  |
| Operating income (Rm) ..     | 212,7 | 267,3 |
| Attributable (Rm) .....      | 93,8  | 120,6 |
| Earnings (c) (diluted) ..... | 61,2  | 71,7  |
| Dividends (c) .....          | 244   | n/a†  |

† Postponed to May 28.

Pepkor that will influence its earnings growth. Pep Ltd, a 1 200-store chain, should remain a key earnings generator; it is in a mature phase and should roughly emulate the growth of the economy. The other is the food retailing activity of Tradegro.

It's possible the recovery in Checkers has only just begun. For Tradegro to be profitable, and pay tax and dividends, its margin of 0,8% has to be increased rapidly by two to three times. If that happens, Tradegro and Pepkor will both show strong growth in EPS.

A dividend declaration has been postponed to May 28 to minimise tax obligations in terms of the new secondary tax on dividends.

Gerald Hirshon

PEPKOR FM 7/5/93 30  
**Tradegro's profit swing**

The good results posted by Pepkor for the year to February are derived almost solely from the improvement in the profitability of Tradegro (specifically Checkers). Other listed Pepkor subsidiaries did not fare well.

This is Tradegro's first full year of accounting as a subsidiary of Pepkor. Its turnover now exclusively represents the combined Checkers/Shoprite operations. It contributed 68% of group turnover, which is why Pepkor's turnover jumped 70%. At R5,2bn, it's not far behind the R6,4bn posted by Pick 'n Pay this year.

Because of the many changes — sales and acquisitions — in Tradegro in financial 1992 (Fox October 30), Tradegro's figures for the year should not be compared with previous periods. However, considering its previous losses, the turnaround in Checkers' profitability is impressive.

Tradegro achieved an operating profit of R44m. With Shoprite's operating profit growth estimated at 15% in financial 1993, its contribution would have been about R26m. Checkers' contribution was therefore R18m, after a R47m loss the previous year. Because of tax losses applicable to Checkers, this contribution flows straight to the bottom line. This turnaround accounts for much of the 26% improvement in Pepkor's operating profit.

Pep Ltd, originally Pep Stores, suffered a decline in turnover for technical reasons (Fox April 30). Its operating profit nonethe-

**Out from Supreme** <sup>(30)</sup>

**Continued support** from most suppliers and, more important, from financiers rescued Protea Furnishers (Profurn) from the same fate as holding companies Supreme Holdings and Supreme Investment Holdings. This backing enabled management to conclude a conditional agreement with the liquidators of these companies and other parties.

**Activities:** Operates a furniture retail chain.  
**Control:** Liquidators of Supreme Holdings and Supreme Investment Holdings 93%. <sup>(30)</sup>  
**Acting chairman:** G Rubenstein.  
**Capital structure:** 103,2m ords. Market capitalisation: R13,4m.

**Share market:** Price: 13c. Yields: 46,2% on earnings; p:e ratio, 2,2. 12-month high, 26c; low, 10c. Trading volume last quarter, 457 000 shares.

| Year to Dec 31            | '89    | †'90 | '91  | '92  |
|---------------------------|--------|------|------|------|
| LT debt (Rm) .....        | 33,6   | 38,7 | 49,3 | 59,8 |
| Debt:equity ratio .....   | 4,02   | 2,61 | 1,59 | 1,93 |
| Shareholders' interest .. | 0,11   | 0,15 | 0,23 | 0,22 |
| Int & leasing cover ..    | —      | 1,83 | 1,81 | 1,76 |
| Return on cap (%) ..      | —      | 23,8 | 18,7 | 19,9 |
| Turnover (Rm) .....       | 71     | 110  | 132  | 158  |
| Pre-int profit (Rm) ...   | (22,3) | 22,8 | 23,1 | 26,3 |
| Pre-int margin (%) ..     | —      | 20,8 | 17,6 | 16,6 |
| Earnings (c) .....        | (96,3) | 7,7  | 7,3  | 6,0  |
| Dividends (c) .....       | nil    | 4    | 4    | nil  |
| Net worth (c) .....       | 12,3   | 20,6 | 29,6 | 27,9 |

\* Includes manufacturing divisions since sold. † 12 month period adjusted for sale of subsidiary. Figures for 1989 to 1991 have been restated.

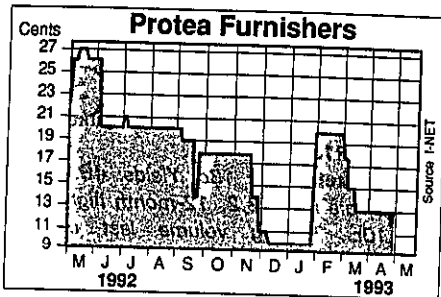
In terms of the agreement, a loan of R45,3m due to Supreme Holdings is to be repaid this month by the issue of 252m shares at 18c a share. Financial director Brian Rosenberg says had this agreement been concluded at the beginning of last year, the interest bill would have shrunk by R11m, reducing gearing from 207% to 19%.

This conversion should please financiers and suppliers, who have expressed concern about the gearing. The cost, Rosenberg points out, is dilution of EPS, which would have been only 3,3c had the deal been in place throughout last year.

An increased attributable profit last year of R5,9m did not translate into increased EPS because of shares issued in the 1991 rights offer and in lieu of dividends. EPS

**COMPANIES**

<sup>(30)</sup>



thus fell back slightly to 6c (7,3c). An R8,5m extraordinary provision for losses on 12 store closures (R16,3m) together with a R7,8m deferred tax recovery changed the R6m bottom-line profit into a R2,5m loss.

**Emphasis on debtors' book**

Debtors are under tight management. Tremendous emphasis was placed on improving the debtors' book. Provisions for un-earned finance charges and doubtful debts

increased to a high 38,4% of gross debtors (25,4%). Rosenberg says tight control over assets left stocks largely unchanged.

The share is on a p:e of 2,2, well below the furniture sector's 8,4 average. It would be only about four on the 3,3c adjusted earnings. This may reflect apprehension about the 252m shares that could flood the market when the reconstruction is implemented on May 11, as well as lingering fears about the association with Supreme.

Kate Rushton

Star 71517.5

# Romatex lifts earnings 42%

By Stephen Cranston

Reduced finance costs have enabled Barlow Rand's textile group Romatex to report a 42 per cent increase in earnings per share to 38c in the six months to March.

The interim dividend has been raised by 30 percent to 13c.

The sale of the upmarket Crossley Carpets brought gearing down from 32 percent to four percent and finance charges fell from R9.4 million to R1.1 million.

Turnover and operating profit, however, fell by nine percent to R330.8 million and

R19.3 million respectively.

In the last annual report, chairman Jack Crutchley warned that economic recovery was unlikely in the absence of solutions to political problems and that providing there was no further deterioration, the year should see a marginal improvement in results.

At Romatex Fabrics severely depressed markets resulted in a decline in profits, while conditions deteriorated in the automotive, furniture and industrial fabrics sectors of the industrials division, marginally lowering profits.

The carpet division,

which now consists of the tufted and needlepoint operations, continue to improve, albeit off a low base.

Island View Storage was the stalwart of the group, growing both turnover and profits as it benefited from imports.

Pre-tax profit increased by 56 percent to R18.2 million, but the reduction in company tax was more than offset by increased provision for deferred tax arising from the reduced capital expenditure projections.

The effective tax rate remained high at 48 percent, reducing growth attributable earnings 42 percent to R9.4 million.

# HL & H pays the price of losses at Rainbow Chicken

By Stephen Cranston

A reduced contribution from its timber and sugar operations and a loss at Rainbow Chicken led to a 66 percent decline in earnings per share to 28,1c from Hunt Leuchars & Hepburn (HLH) in the year to March.

The final dividend has been slashed from 19c to 8c, and the total dividend for the year is down 35 percent to 21,5c.

CE Neil Morris says the hoped-for economic recovery failed to materialise, while drought conditions worsened, resulting in the worst agricultural conditions in many years.

Only spices and branded food products manufacturer Robertsons had a satisfactory result, improving earnings by 15 percent to R37 million.

A poor sugar crop halved the contribution from Transvaal Sugar to R15,9 million.

The group has neverthe-

less begun construction of a second sugar mill in the Onderberg area of the Eastern Transvaal, at an expected cost of R480 million.

Morris says that good late summer rains have improved Transvaal Sugar's prospects.

HLH Timber's contribution fell from R25 million to R17,6 million, but the loss-making Densa sawmilling operation has been sold.

In addition, SilvaCel, which produces hardwood chips for the export market, has a full order book.

HLH Timber acquired Eagle Furniture from April 1 this year and the remaining 50 percent shareholding in Bailey's Furniture Manufacturers and is now the country's largest exporter of value-added softwood products.

There was a R16,25 million share of associated companies' losses, because of losses incurred by Rainbow.

Reduced selling prices and a drop in the demand for white meat were the main factors in the poor Rainbow performance.

There was a tight rein on investment, and cash invested to expand operations fell from R270 million to R45 million.

Gearing fell from 12 percent to 10 percent and total interest paid was five percent down at R31,5 million.

The effective tax rate, however, increased from 22 percent to 35 percent, due mainly to reduced dividend income and the secondary tax on companies provided on the final dividend.

Morris says low consumer demand is expected to lead to no economic growth in 1993, but that prospects in general are better than in the previous year.

He says significant earnings growth should be achieved in the current year.

# OK moves to stop the rot

S | Times [Buss] 9/15/93

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OK 'BAZAARS' yearend accounts are riddled with red ink, but signals from its Johannesburg headquarters are more positive than they have been in years.

The R45-million bottom-line loss reported by the retailer for the year to March is the sixth-largest shortfall posted by a listed industrial company in the past year and amounts to a R2 000 loss for every worker on OK's payroll.

## Revamp

On the ladder of industrial losses OK is topped by Rusfurn (R77-million), Rainbow Chickens (R77-million), Cons Frame (R74-million), Unispin (R50-million) and Frame (R46-million).

In spite of this, and the message that it will be two to three years before the new executive team — headed by managing director Mervyn Serebro — expects a satisfactory turnaround, there is re-

## By CHERILYN IRETON

lief among investors and consumers that at last something is being done to stop the decay.

It is still too early to judge the revamped board — installed after managing director Gordon Hood announced his retirement in January — particularly since OK Stores still has the appearance of a chain out of touch with its consumers.

Hyperama on the other hand is profitable, although its share of group sales and profit contribution remains secret.

Mr Serebro concedes that OK Stores has "strayed" and pivotal to the new board's revival plan is a strategic repositioning which will be announced soon.

Under the microscope of the executive team are the range of goods carried by OK Stores, its prices, service and management.

Merchandise ranges are being ruthlessly rationalised.

Mr Serebro says: "Our customers need to know that they can find a hammer and a screwdriver as well as a range of basic globes and plugs in our stores. That doesn't mean we have to carry the entire specialist range of tools and hardware."

OK Stores has identified its market as the emerging nation: the middle- to lower-income groups being drawn into urban areas.

## Brutal

The largest — and growing — segment of sales in its 160 shops is still food.

Sales held above R5-billion for the year, but pressure on margins halved operating profit to R50-million. Extraordinary write-offs of R40-million did the most damage to shareholders and the final dividend was passed.

"We've been brutal with the write-offs — as painful as that has been — because we believe that is critical to our recovery process," says Mr Serebro.

"Despite initiating remedial action, which includes a R102-million reduction in stock, we are still not comfortable with the structure of our balance sheet. But by deranging and more aggressive stock management we have set in motion significant changes for a group that has traditionally increased its stock year after year."

The hair-raising interest bill of R124-million stems from debt of R703-million. This translates to gearing of R2,53 for every R1 of shareholders' funds. Mr Serebro says this will be whittled away by funds freed through reducing stocks. There are no plans to recapitalise.

In the meantime consolidation is the watchword, with no store openings or closures planned for the year.

Mr Serebro has no illusions about the task facing management.

"Essentially we have to get back to retailing. We will resuscitate this business by giving customers what they want at prices they can afford."



**BACK TO TOWN ... Thembelihle residents shopped freely this week. ■ Pic: JONAS MANKQA**

# Peace in Vrede as boycott is called off

C/Press 9/5/93

By **THEMBA KHUMALO**

BLACKS and whites in the north-eastern Free State dorpie of Vrede heaved a collective sigh of relief this week after resolving a three-week consumer boycott which had led to township residents being barred from the town by local whites.

Since last Saturday, the streets of Vrede (the Afrikaans word for peace), were no-go areas for blacks. Angry farmers and businessmen patrolled the town and hounded out blacks, including those who were employed in the central business district.

They escorted them to the outskirts of the town and warned them against setting foot there again until their "consumer boycott nonsense" was over.

Subsequently, the gun-toting khaki-clad whites blockaded the main exit from Thembelihle township into the town to ensure that no blacks sneaked in to buy basic foods.

Trouble in the area started last month after the northern Free State region of the ANC called for a week-long consumer boycott in more than twenty towns as an expression of anger at Chris Hani's death. The boycott was implemented from April 19 to April 25.

It's duration was extended in Vrede after the fatal shooting of Jeanette Ngwenya, a local resident, on April 23.

The local ANC further called for a stayaway to observe the funeral service of ANC national chairman Oliver Tambo.

These actions are believed to have angered local whites and they clubbed together and formed the Vrede Action Committee to counter the boycott and the stayaway.

But now it's all over - thanks to the intervention of the ANC - no one is more delighted than Carel Van den Heever, chairman of the action committee.

"We are not racists. We just wanted this nonsense to come to an end. We didn't come together as right-wingers. We were reacting to the situation as concerned whites. It's not true that the rightwingers chased blacks out of town. We did so as whites who were sick and tired of boycotts and stayaways," said Van den Heever, an NP supporter.

"The boycott had serious economic implications for both blacks and whites in Vrede. While blacks were losing their jobs, whites were closing down their businesses because they were running at a loss," he said.

Van den Heever, who described himself as a "realistic Afrikaner who has had a long-standing relationship with local blacks", is hopeful about his task of reconciling blacks and whites in the area.

He has deep respect for Terror Lekota, the ANC's main representative in the Free State and a member of the organisation's NEC.

"That man is sharp, brilliant and reasonable," he said.

One of his first steps towards improving relations between blacks and whites is to build a stadium for township residents. If all goes well the project will be completed by the end of the year, Van den Heever said.



# Welcome, but wash first!

Star 9/5/93

By MONWABISI  
NOMADOLO

(20)

LIKE Paul being converted while on his way to Damascus, a staunch CP member has denounced his hatred for blacks as unjustifiable.

Blacks are now welcome in Helmut Lachmann's furniture shop, on two conditions: they come in groups of not more than three at a time and they must be clean!

His furniture shop in Benoni, Studio One Furniture on the corner of Tom Jones and Woburn Streets, has been a no-go area for black people for years.

In an interview with City Press earlier this year, Lachmann said he could choose whom he wanted to serve, and was under no obligation to admit blacks.

But, following an unusual change of heart,

Lachmann said this week there was a need for reconciliation between blacks and whites in this country.

However, he said, because of communal differences, "separate co-existence" was essential.

"Our cultures are not the same," he said, "Africans like rugby while blacks like soccer".

Although mourning the death of CP leader Andries Treunicht, Lach-

mann said he was against violence.

He slammed the killing of SACP and ANC NEC member Chris Hani.

"I hated Hani as a communist but I'm against the taking of life. You can kill a rat or a fly but not a human being," he said.

He also denounced the AWB and said Hani's alleged assassin, Janus Waluz, was "a member of a bunch of idiots".

## TIT-FOR-TAT BOYCOTT ENDS

# A fragile peace comes to Vrede after tug of war

By SHARON CHETTY

PEACE returned to the tiny Free State town of Vrede this week — but only after international monitors and high-ranking ANC officials intervened to halt three weeks of turmoil, including a tit-for-tat consumer boycott and blockade of the neighbouring township, Thembalihle.

Life is usually simple in this picturesque hamlet. The 3 000 white residents live on surrounding farms and in the town centre, while Thembalihle is home to more than 25 000 black people — and the twain avoid meeting at all costs.

As for those "new South Africa" beer ads featuring black and white buddies quaffing their brew in wholesome integrated conviviality — that's not the done thing in Vrede.

### Separate

Even the bottlestore owned by Carel van den Heever, an NP stalwart and chamber of business head, still has separate black and white sections.

The recent troubles in Vrede started when a policeman taunted ANC supporters during a protest march following SACP leader Chris Hani's assassination.

The policeman allegedly said the ANC would be eliminated, explained ANC chairman Eric Ndaba.

Later that day, the policeman's house was attacked.

"When the police arrived, they fired on people with teargas and rubber bullets," said Mr Ndaba.

Then a white-owned second-hand furniture and antiques store was petrol-bombed. The arrest of several youths led to a stayaway and a protest march by Thembalihle residents, demanding the release of the suspects.

"Before the march could start, we were given five minutes to disperse. Those of us at the back did not hear the order," said Mr Ndaba.

"Suddenly the police opened fire and many people were injured."

Mr Ndaba said one resident, Mrs Jeanette Ngwenya, was shot dead while standing in her front yard.

Police are still investigating her death.

A consumer boycott which was already in effect was extended to May 1, the day of Mrs Ngwenya's funeral.

Tensions were running high — more police were called in from Harrismith and the boycott of white businesses was taking its toll on the local economy.

By late last week, white residents decided they had had enough.

An action committee was formed and the whites decided that blacks would not be allowed to enter the town, go to work or buy anything in Vrede's CBD.

They were going to "teach them a lesson".

About 100 armed residents patrolled Cilliers Street, the single road that divides Vrede and the township, to make sure that Thembalihle residents remained within their territory.

Mr Ndaba claims that residents were harassed and that delivery vans were stopped from entering the township. Clandestine arrangements had to be made to get supplies from Standerton.

### Forum

But action committee chairman Carel van den Heever insists that the white residents were not being malicious.

"We wanted the blacks to know that we are fed up ... in fact, many black people came to us to say that they were fed up with consumer boycotts and protests and said we should do something," he said.

Consumer boycotts over the past three years resulted in the closure of at least five businesses.

Last weekend, representatives of the United Nations, the Peace Secretariat and ANC national executive committee member Patrick Lekota intervened.

After many hours of talks, the blockade and boycott were called off, a local forum of all interested parties was formed and the good folk of Vrede are now learning valuable lessons in negotiations.

But the excitement is not over.

This Wednesday, the AWB is coming to town to hold its first public meeting in Vrede.

The Nats say there's no cause for concern. Black residents are not so sure.

# Uneasy quiet <sup>9/15/93</sup> hits the Vaal <sup>(39)</sup>

By STAN MHLONGO

IT'S 6pm sharp and in the sprawling townships of the Vaal a stony silence descends, turning the area into a ghost town.

You can literally hear a pin drop in the brooding atmosphere. If you want a packet of cigarettes, a pint of milk, a cooldrink or a beer to wash down your fears and troubles, you are already too late.

In these violence-riddled ghettos, commonly known as *Driehoek* business generally comes to a standstill at 6pm sharp.

Traders close their doors – or they might get killed. For nothing.

And if there is a businessman brave enough to stand his ground against political com-tsotsis or the rampant criminal element, he was not among those City Press attempted to speak to this week.

Shopkeepers refused to utter a word against the hoodlums who turn their lives into hell.

Popular shopping centres are closed. And residents put the blame for this on political thugs.

In Sebokeng's Zone 7 a shivering vegetable dealer, who only gave his name as Thabo, said nervously: "Yes it is true. We live in fear. I close shop at 3pm, sometimes at 4pm."

"Don't ask me my name," fumed another businessman. "If you know it, don't mention it. This place has turned into the Wild West. No name please. I might lose my life," he said.

C Press 9/15/93

# Boycott over cop inaction

By DAN DHLAMIN (30)

IPELEGENG residents in the Western Transvaal's Afrikaner heartland of Schweizer-Reneke will embark on a consumer boycott next week in retaliation for what they call collusion between police and the AWB. (208)

Student leader Papi Koki said the decision followed the AWB's brutal assaults of pupils marching on the DET office in Schweizer-Reneke on Friday. The attack occurred in full view of the police.

He said pleas by local Cosas chairman Ezekiel Mhlongo to a senior police officer to warn AWB members that their presence at the scene was provocative drew a blank.

Western Transvaal police confirmed the incident, but denied they had colluded with the AWB.

# Getting a franchise is a smart way to succeed

*C/Phen 7/5/93*  
FRANCHISING is the name of the new game if you want to get into business without the traditional and tested blood, sweat and tears route.

So says consultant Bendeta Gordon, who will be organising a high-powered June conference which will be addressed by, among other top speakers, famous north American businessman Stefan Breg of the Burger King empire.

"Black entrepreneurs can be empowered through franchising in SA," says Gordon. "It (franchising) facilitates the transfer of skills from established businessmen to inexperienced businessmen, thereby assisting in the creation of skills, jobs and wealth and earning its title of SA's biggest business opportunity".

He continues: "Over the past 20 years franchising has become the most successful single business mechanism to grow market share".

But all said and done, the simple question begs an answer: just what is franchising?

Franchising is a system through which a well-established company (franchisor) offers an individual the opportunity to do business under the corporate brand name and image of the franchisor and to use the business system developed by the franchisor.

A good franchisor generally also provide a comprehensive franchise package involving know-how, a marketing assistance programme, training, research and development facilities as well as bulk-buying and administrative assistance.

## Pitfalls

Through this support, accompanied by ongoing advice and guidance from the franchisor, the franchisee can leapfrog many of the pitfalls of inexperience associated with setting up a new business. Franchising is all about getting into business for yourself, but not all on your own.

Franchising is not an easy or guaranteed way to become rich. By drawing on the experience and support of the franchisor, franchising can reduce the risk of failure and can make it a safer investment for those who are prepared to work hard.

However, ultimate responsibility for presenting a quality product/service to the market, to sell effective-

ly and to maintain a thorough administrative system always remains with the franchisee as is the case with any other entrepreneur.

Franchising is just as relevant to the family-established small business that may wish to consider expanding as franchisor.

Franchising offers the franchisee a "proven business formula". When you buy a franchise you buy something that has made profits for other people in similar circumstances and which should probably do the same for you, provided you work at it.

Some useful points to remember if you decide franchising may be for you.

■ **Recognised brand name.** By getting into through a franchise you start with a well-established brand name and reputation behind you. On your own it could have taken you years to establish a name for your business in the market place.

■ **Know-how:** Access to the accumulated experience and information of the franchisor provides you with know-how that you would have otherwise to obtain through trial and error.

■ **Acquiring property:** Location of premises is often a key element in business success. With the backing of a strong franchisor you will find it easier to buy or rent premises on favourable terms than a new business without an established name.

■ **Correct specifications:** If the franchisor does not himself supply the equipment you need, he will probably provide you with the applicable specifications. This service will probably also encompass instructions on design and lay-out of premises which have, over the years, proved to be the most effective.

■ **Easier finance:** When you apply to a bank or other institution for finance, the backing of a national or established company, with successful track records of co-franchisees will considerably strengthen your application.

For further information about franchising contact: The South African Franchise Association, Private Bag 34, Auckland Park, 2006. Telephone (011) 726-5300. On the other hand, a good bank manager, lawyer, accountant or your nearest Small Business Development Corporation (SBDC) branch can help.

# April car sales down 20%

8/10/93 10/5/93

EDWARD WEST

APRIL new car sales slumped 20% to 14 963 following the 18 668-unit buying spree ahead of March's VAT increase, National Association of Automobile Manufacturers of SA (Naamsa) figures showed. April new car sales were nonetheless above industry expectations and improved by 9,4% compared with the 13 646 new cars sold in April last year. ~~13 646~~ 13 30

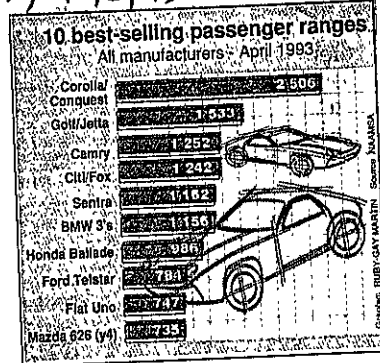
The April sales figure was an indication that the new vehicle market had reached the trough after a four-year recession, said Nissan marketing MD Stephanus Loubser. Factors which affected April car sales included shortages of new models, fewer selling days due to public holidays, political unrest and the VAT increase, said Delta Motor Corporation.

Mercedes-Benz SA board member Peter Cleary said the 14-day period of grace for dealers to invoice at the old VAT rate must have had a positive effect on sales, and he believed May sales would reveal the true shape of the market.

April minibus and light commercial vehicle sales amounted to 7 132, 29,9% lower than the 10 177 sold in March.

Year-on-year, sales fell a mere 0,3% from the 7 153 sold in April 1992.

However, heavy commercial vehicle (HCV) and medium-sized truck (MCV)



sales continued to spiral downwards.

The 192 MCV sales in April was 44,3% lower than the 345 sold in March and 26,4% lower than the 261 sold in April 1992.

HCV sales fell 25,3% to 375 from 502 in March and 14,2% over April 1992 sales.

Naamsa said high fuel prices, the VAT increase, the weakening of the rand against the yen, political unrest and the weak economy would continue to knock vehicle sales in the months ahead.

The industry was once again subject to irregular growth and after a relatively buoyant first quarter, these factors would result in a poor second quarter with hopes of a modest recovery in the third quarter, Naamsa said.

Star 11/5/93

# Medicine plan welcomed

By Brendan Templeton  
and Zingisa Mkhuma

30

Chain stores and consumer groups yesterday welcomed the announcement that supermarkets could soon be operating pharmacies.

Pick 'n Pay managing director Raymond Ackerman said it was the welcome culmination of a 26-year battle to make medicines cheaply available.

Housewives' League president Jean Tatham said she was confident the move would lower drug prices.

Department of National Health director Dr Coen Slabber made the announcement yesterday in Durban at the national conference of the Pharmaceutical Society of South Africa (PSSA).

The PSSA said it would respond today.

Slabber said changes were needed to make medicine prices more accessible and cheaper because pharmacist services were dangerously scarce in poorer, rural areas.

Only 36 pharmacists were operating in the self-governing territories. It is not known how many supermarkets serve these areas.

According to the proposed legislation, which will probably be tabled later this year, supermarkets may employ a pharmacist and operate supermarket-owned pharmacies. They could also allow pharmacists to operate their own pharmacies inside their stores.

A Johannesburg pharmacist, who may not be named

because of professional rules, said he believed allowing supermarkets to dispense drugs was a symptomatic treatment of the problem.

He asked why drugs were more expensive in South Africa than in the rest of the world, adding that the root cause of the problem lay in the fact that high prices made drugs inaccessible to the majority of the people in this country.

Shoprite Checkers said it would gladly help the Department of National Health make medicines cheaper and more accessible.

OK Bazaars' marketing director Arthur Solomon said the food chain was "very much" interested in dispensing drugs.

# Two subsidiaries pull Waltons down

BIDAY 11/5/93

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LINDA ENSOR

CAPE TOWN — Waltons Stationery earnings fell 9% in the year to end-February, with the bottom-line performance pulled down by poor results from toy distributing subsidiary Reggies and drawing office equipment supplier Ozalid.

Earnings were 43,3c (47,6c) and a 21% lower total dividend of 15c (19c) was declared after announcement of a 10c final dividend.

Waltons is involved in the manufacture and distribution of stationery, and the distribution of toys, office equipment and office furniture.

Turnover rose 5,3% to R788m

(R748m), but with a slump in margins to 10,6% (13,3%), operating profit showed a fall of 15,5% to R83,9m (R99,3m). Executive chairman Frank Robarts said measures adopted at the start of the financial year to reduce expenses and cut costs had not had sufficient time to bear fruit.

The decline in attributable earnings was contained by lower finance charges and a significantly lower tax rate, which was to some extent offset by the application of the below-the-line secondary tax on companies.

Office equipment supplier Helios Minolta performed exceptionally well off a high base as corporate orders for photocopy equipment remained strong. It had gained substantial market share.

Associate company Lithosaver also posted good results with earnings up about 40%.

On prospects, Robarts said he felt positive about the possibility of real growth this year, despite the fact that figures for the first two months, while ahead of last year's, were slightly below budget, largely because of political turmoil.



# Second-half surge lifts CNA earnings

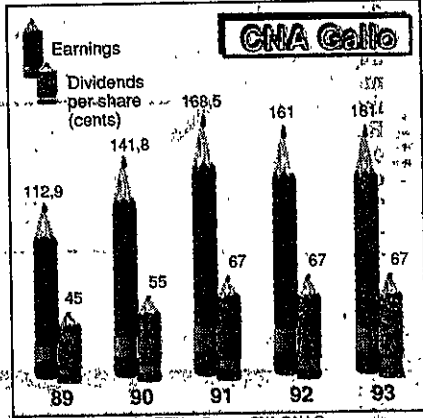
610AM 12/5/93  
**MARCIA KLEIN**

AN improved second-half performance saw a marginal improvement in CNA Gallo's attributable earnings to R53,5m (R53,2m) in the year to end-March.

With effect from April 1 1992 the group acquired the remaining 50% interest in Nu Metro, and the results reflected its consolidation. This, together with the disposal of some non-core interests like Premier Freight, the Academic Book division, Video Lab and the group's CTP/Solchem shares, distorted certain comparisons, MD Dennis Cuzen said. However, earnings attributable to shareholders were comparable for the year.

Attributable earnings rose by 1% after declining by 4% at the interim stage on the back of a substantial improvement in trading since December, particularly at the CNA. Turnover rose by 15% to R967,5m (R840,4m), and operating profit by 10% to R85,6m (R77,8m). After lower investment income and increased financing costs, pre-tax profit was 6% higher at R75,6m (R71,6m).

A 22% drop in the group's share of associates' earnings to R13,1m (R16,7m) largely reflected the change in the group's treatment of Nu Metro. This led to the 1% attributable earnings rise and the main-



Graphic: RUBY-GAY MARTIN Source: CNA GALLO

tained earnings of 161c a share on more shares in issue.

A final dividend of 54c a share was declared, to bring the full-year dividend to last year's level of 67c a share.

Cuzen said the turnaround since the interim stage was largely because of a focus on margins and containing costs, and a reduction in shrinkage.

CNA, which performed well, had increased its retail space by opening six stores and enlarging eight. It would launch

□ To Page 2

## CNA 610AM 12/5/93

a Super Saver stationery range and introduce branded confectionery, and was considering the sale of lottery tickets. It was already selling postage stamps.

The support division — Hallmark greeting card manufacturer and distributor Constantia Greeting Cards and the group's property portfolio — traded very well for the year, Cuzen said.

The Gallo group would continue to develop the CD market, and was increasing

capacity at the CD plant, in which it had a 33% share.

The cinema division of Nu Metro underperformed until the beginning of the 1993 year, Cuzen said. Nu Metro had opened 36 screens and closed 21, and had 135 screens at year-end. The Nu Metro group planned to open 24 new screens during the year.

Cuzen said in the light of minimal economic growth and reduced corporate tax, the group expected moderate earnings growth in financial 1994.

□ From Page 1

# Test the water with a direct sales kit

Star 12/5/93

THE entry cost to opening your own business need not be high. The boy scout principle of what you can buy for sixpence, sell at a small profit and grow to bigger things still applies.

This could mean R200 to R300 for purchasing one of many sales kits and starter programmes that launch you into the world of freelance salesmanship.

The companies that use this method of selling commonly refer to it as "direct sales".

Products marketed this way are diverse, for

example: cosmetics, perfume, clothing, educational toys, encyclopaedias, books, jewellery and kitchen goods.

One such company, Formulife, which markets a weight-control and nutritional product range, names distributors who have earned as much as R100 000 annual income at a cost of only R275 for purchasing the initial kit.

This type of sales activity, as it can be done in spare time, could be a valuable way of testing the water in sales before taking the plunge of a whole new career.

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and included prominent businessmen. Police also announced that a 69-year-old pensioner had been arrested after allegedly shooting at a police helicopter because it was "noisy". Police liaison officer Major Andrew

## No to multi talks

### Azapo maintains status quo and 'intensifies struggle':

By Lulama Luti

THE Azanian People's Organisation continues to play its cards close to its chest, opting not to join the multiparty talks. *Sowetan 11/5/93*

Instead, the organisation decided at a special congress in Roodepoort at the weekend to maintain bilateral talks between itself and the Government.

The organisation also resolved to retain Archbishop Khotso Makhudu of the Central and Southern Africa Province of the Anglican Church as facilitator of the talks between Azapo and the Black Consciousness Movement of Azania on the one hand and the Government on the other.

Addressing a Press briefing in Johannesburg yesterday, Azapo president Professor Itumeleng Mosala said his organisation believed the current multiparty talks were never intended to deliver freedom to (black) people.

"We can't be blamed for delaying the process (of negotiation). There have been negotiations for three years and nothing of significance has been achieved."

Azapo also rejected the notion of a government of national unity, saying it believed strongly that there was still a chance that the other members of the liberation movement would join ranks with the organisation and speak with one voice against the Government.

Azapo publicity secretary Dr Gomolemo Mokae said: "In principle, we are not opposed to talks but what we are saying is that the regime has not pointed out clearly that it is ready to relinquish power."

The two-day congress pledged its unwavering support for the RCMA and its liberation wing, the Azanian National Liberation Army, saying the struggle had to be intensified on all fronts.



## Reason for

### houses backlog

■ **No national policy:** THE lack of a uniform national housing policy for South Africa was partly responsible for the country's housing backlog, regional director of the Department of Housing, Mr John Africa, said in Cape Town yesterday.

Addressing the 21st World Housing Congress, he said that until 1985 all State housing projects were undertaken without consultation.

The department's self-help programme, had provided homes for 80 000 people in seven years. *By Joshua Raboyoko and Sapa*

THE Kagiso branch of the African National Congress has vowed that the consumer boycott aimed at white businesses in Krugersdorp will make previous ones seem like a Sunday school picnic. *Sowetan 11/5/93*

The consumer boycott, launched on Saturday, followed the arrest of Mr Clive Derby-Lewis and his wife, Gaye, in connection with the assassination of South African Communist Party general secretary Mr Chris Hani. *(S)*

Linked to the protestation is a set of eight demands which would determine the resumption of buying in the white Conservative Party-controlled town. These include the resignation of all Krugersdorp city councillors, the installation of an "interim administration accountable to the democratic majority in Krugersdorp" and the provision of security for "all leaders of the people".

## Three die in crash

TWO staffers at the Soweto campus of Vista University and a seven-year-old child were killed when their car collided with a taxi on the Old Potchefstroom Road in Soweto on Sunday night.

The dead are Mr Richard

and Khumalo's daughter, Mbali. Khumalo (33) of Protea North, was chief librarian at East Rand campus of Vista University. The taxi driver allegedly ran away.

## Pig put in coffin

THE Nuuanu firm of undertakers in Honolulu has agreed to apologise and pay about R2 million in compensation for putting a dead pig in the coffin of Mimi Goldberg, whose family's Jewish faith regards pigs as unclean.

It was an accident, the undertakers explained in a statement.

## R20 000 grabbed

THREE armed men robbed a petrol station in Athlone, Cape Town, of more than R20 000 yesterday.

The police said the balaclava-clad men threatened a petrol attendant before demanding the money and escaping.

## Offices vandalised

THE Inkatha Freedom Party's Youth Brigade offices in Germiston were vandalised by unknown assailants on Sunday night, an official claimed. *Sowetan 11/5/93*

# A million rand for a woman on the way up

South 1815 - 1215193

**A** 24-YEAR-OLD woman has won a million rand in a competition for the best small to medium enterprise business in South Africa last Saturday. Ms Denise Bottger won the NedEnterprise/Be-In Millionaire competition, a multi-million rand business entrepreneurship drive initiated by the Small Business Development Corporation together with CCV TV and the sponsors, NedEnterprise.

Bottger owns Debon-Air Tours, an agency in Roodepoort that runs tours for international guests.

She employs a secretary, a personal assistant and 12 pilots and 16 air hostesses on a freelance basis. She has recently started marketing Debon-Air's services to the corporate sector, and is currently negotiating with Malaysian Airlines to provide crews on flights to South Africa.

Her growing enterprise was judged the best of the 278 entries, which included such innovative ideas as a pedal powered laundry-cum-exercise machine and educational theatre productions on topics like Aids and ecology.

She was one of four finalists who waited with bated breath for the announcement of the winner at the end of a six-hour television focus on developing small business potential in South Africa.

Runner-up was 26-year-old Lawrence Patterson, who received computer equipment for his Cape Town wholesale business M&L Electrical Suppliers. Other finalists were 21-year-old Hildeke Schreuder, owner manager of the Kikoy Cafe in Westdene, Johannesburg, and 29-year-old Sean Penrith of Green Glass Resourceful Recycling, who makes wine glasses from recycled bottles.

# Room for big and small

STAR 12/5/93

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BIG and little fish belong in the same economic pond, say small business researchers.

Small and large businesses should not be viewed as competitors, but as essential and different ends of a continuum, and, in a sense, partners.

Big businesses give an economy stability. They have the resources to withstand up and down cycles in demand for their products.

Small business on the other hand, can react faster, take rapid advantage of new opportunities and a prompt stimulus to economic growth.

Large firms often rely on small firms for specialist products and services. Those small firms in turn, depend on larger companies as their market.

However, very different tax environments and economic variables affect the two ends of the

spectrum, points out SBDC economist, Dr Edwin Basson.

"The geographical focus of small business is more localised compared with the national, sometimes international, perspective of large business.

"A small business often serves a tightly defined area of perhaps five to 50 kilometres. That 'territory' can rapidly become saturated if the situation is not controlled.

"Much of the bitter and violent conflict we see sporadically between rival taxi organisations and hawker groups is a direct result of that principle.

"A core problem in our economy now is more people squeezed into the urban areas. Unemployment forces them into some form of trading which overtrades in one area for a finite pool of funds."

While Basson does not believe

that this competition has arisen to any great extent between informal and formal traders, he believes that many South African municipalities may find some more regulation on hawking and other informal trading may be necessary.

Tax relief which applied to large business in the March Budget failed to offer significant tax relief to small business, said Basson.

The reason is that many small business operators still operate as sole traders and are taxed in their personal capacity.

Aspects of the Budget which Basson said would help to promote the SME sector included funds allocated to small business development and tax relief which would assist the private sector in its many initiatives towards job creation.

## Mobilising 'sweat equity'



THE 4.4 million South Africans engaged in various aspects of informal trade are rediscovering the world's most ancient form of trade — "sweat equity" that will provide services at affordable, inflation-dampening prices.

That is the view expressed by the authors of the SBDC's *Strategies for Economic Growth* document.

STAR

### Handcrafts

12/5/93

This sector is believed to provide the lowest cost job creation and on-the-job training.

The type of activity that is informal and entirely legally and socially acceptable spans production, distribution and service operators.

In the production category, some examples include handcrafts, diggers, dressmakers, self-employed artisans, home brewers and even cooks.

### Musicians

In the distribution category, there are hawkers, caterers, messengers, dealers and shebeen owners. In the service category, there are taxi operators, musicians, repair services, cleaning services, shoeshiners and barbers.

## STARTING YOUR OWN BUSINESS?

You have a dream. One that will allow you to express your creativity, allow you the freedom to work in a way that suits you best, and, when it all comes together, makes you independent.



In making your dream a reality you will have to travel a lonely road. There are hazards along the way. This is where the Centre for Developing Business can help.

Over the past 14 years we have assisted many entrepreneurs in transforming their ideas into plans. We can help you.

Our part-time course (1 evening per week for 7 weeks) is designed to fit into busy schedules. The course will cover:

- The critical factors necessary for your business to succeed.
- Where and how to obtain finance.
- How to budget (the core of the business plan).

- How to manage your cash-flow.
- How to identify potential customers and what will make them buy from you.

Your biggest investment will be the time you spend on the course. The very affordable fees are made possible by the support of Nedbank who are serious about developing South African entrepreneurs.

Call Mark Peters on (011) 643-3241 for more information about how this course will give you a head start in your business.

Supported by NEDBANK



# The individual is the kingpin

STAR 12/19/93

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SECURITY is not always the first and only criterion a banker takes into consideration when assessing you for a loan and a helping hand into your own small business venture.

That certainly goes for First National Bank Small Business Unit Senior Manager, Ali Mokoka who says: "I'm against just lending against security", and puts the real meaning of security in perspective with the reminder, "we're not out to repossess things".

This seems to put the emphasis back in the right place when it comes to assessing the often "unbankable" and unproven new candidate taking the always risky first steps to entrepreneurship. Because as Mokoka points out, "The individual is the kingpin. He makes or breaks the business venture".

Much of the elusive "security" in this very different area of the banking industry is the individual himself, his talents, his motivation, his personal responsibility to make the venture work with just enough of a capital injection and financial consulting help from the banker to im-

■ **Backing the unbankable:** FNB Small Business Unit Senior Manager Ali Mokoka believes the individual is the most important security when assessing the backing of a small business venture.



Not out to repossess . . . FNB Small Business Unit's Ali Mokoka.

prove his chances.

"Our inquiries range from franchising to corner cafes, from small manufacturing to new ideas with great prospects. They really cut across the spectrum of business activity.

"We ensure the individual has a reasonable stake in the business because this brings out commitment. That way, if things go sour, he stands to lose something.

"Our role here is to advise. We may suggest a partner, or surety for

the value of a good name, a recommendation by someone who knows the potential candidate. We may encourage a person who has excellent prospects, or caution someone who has motivation but inadequate skills. It is a dangerous step to risk life savings on a small business when there are safer investments to be had.

"One successful candidate who had experience, only as a general dealer has formed a thriving

restaurant/hotel in Katlehong. He had good management skills.

"The biggest problem we see is entrepreneurs who do not really know how to run a business or how to meet cash flow constraints, how to contain costs and how to ensure they can meet salary payments."

Explaining First National Bank's pioneering step in taking high visibility in black areas with both banking and small business services, Mokoka says: "We had a vision that although this area is quite risky, small business would prove to be the backbone of the economy. We have learned many lessons since the formation of the unit in 1979 and have adapted. We are very encouraged by events and we believe this makes a vital low-cost contribution to job creation."

On the relative level of "entrepreneurship" evident in SA society compared to other cultures, Mokoka believes we have some way to go. "I don't think we're so fired up. The type of entrepreneurial development one sees in Latin American countries sets a high standard. But it is changing, and our slowness to catch on really has more to do with history and repressive legislation on street vending than anything else."

# Look hard before you dive in

Star 12/15/93

IT'S easy to get enthusiastic about the idea of being your own boss, keeping your own hours, writing your own salary cheque and all the other perceived benefits of starting your own business.

Bankers acknowledge it can be nigh impossible to discourage those people who have made up their minds to take the plunge and believe they can make a success of it.

Many organisations have specialised in consulting to small business.

In the process of learning from mistakes along with the more than three quarters of new ventures which fail, many consultants prefer to point out the pitfalls before the damage is done.

KMPG Aiken & Peat advise: "If you're starting your own business to fill a short gap until your next job, your retirement, your marriage to someone with plenty of money, or using the scheme to attract a grant - don't."

Among the non-negotiables the company suggests you possess are experience and skills in your trade; sales and marketing skills, administrative skills, some accounting, finance knowledge, and also a base of reference for dealing with employees.

Close to non-negotiables are: capital to assure family living costs before the business is profitable; moral support from your family who may have to put up with your absence from home as you put in very long hours and your own ability to live with the high personal risks involved.

## 30 Pitfalls

The entrepreneur is advised to retain other more definite sources of income for as long as possible until the business is proving itself, and, to retain as much income in the business as possible in the early stages.

A booklet written by authors, Ian Clarke and Eric Louw analysing small business opportuni-

ties in South Africa also outlines ten potential pitfalls they believe are most likely to cause small business failure:

- Cash flow problems.
- Poor management of expenses.
- Selling price problems (poor gross profit).
- Lessened involvement by owner.
- Poor financial record keeping.
- Poor sales forecasting.
- Failure to develop management skill within the business.
- Poor planning.
- Wrong focus (on irrelevant issues).
- Failure to delegate.

Still interested in venturing into the risky area of starting your own business?

Test your personal suitability for small business ownership with our specially developed quiz provided by the Small Business Development Trust, trading as Profit Plan, on the opposite page.

## The word 'entrepreneur' takes on a new meaning

"ENTREPRENEURSHIP" is something of a fad in modern economics. Certainly small business economics is considered a fairly new branch of thought. Yet the term has been around for 200 years.

In the past it tended to refer strictly to the

owner/manager. Today, while incorporating the important aspect of independent ownership and direct control by the owners, the term has a broader reference to a variety of "innovators", including those who work within large organisations but have personal responsibility

STAR 12/5/93  
for new commercial avenues, products, new markets, new suppliers and new structures.

The term developed from the French *entreprendre* combining the verb, "to take" and the adverb "between". In German, it translates as *Unternehmer* or person

who "undertakes" to bring together the various factors essential to create a commercial venture.

Many established and large businesses engage in "entrepreneurship" because today, the term refers not to a type of organisation, but to a type of activity.



# Franchising: Safe option for new businessman

Star 12/15/93

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(1)

A STRONG focus on franchising is guiding Nedbank's recently formed subsidiary, NedEnterprise to a growing share of new small business investment.

"We see a phenomenal demand for credit," says MID Neville Edwards.

Underpinning the bank's positive view of potential growth in South Africa of small business, and particularly of franchising, is the fact that while in the US, franchising accounts for

50 percent of retail sales, in South Africa it accounts for less than 5 percent.

Many different variables apply to the SA situation. However, franchising has become increasingly acceptable

to initially sceptical black entrepreneurs and consumers, a factor which could rapidly open the way for the type of growth seen in the US.

"We have approved a list of franchisors who provide excellent ancillary training to the franchisee and not only

offer the new businessman stability and an established concept but help with everything including research and development and marketing support.

"We look for approximately 30 percent of the required total investment to come from the applicant's own resources, for obvious reasons."

A close hands-on financial management advisory service is offered by the NedEnterprise team of Chartered Accountants skilled in audit-

ing and analysing small business accounts. "We call for monthly management accounts, not to police the businessman, but to provide a service that is close enough and quick enough to really offer assistance."

NedEnterprise, formed just 19 months ago, has moved rapidly towards taking a development initiative in the small business arena by forging links with similar organisations. The company co-sponsored a successful inter-

national franchising conference in SA recently attended by 16 international master licensors interested in expanding into the SA market.

Among statements of the company's mission is to "contribute to the upliftment of entrepreneurs and small business enterprises, which will result in new job creation, the advancement of skills and wealth generation". It also sees its role as "fostering a positive attitude towards small business".

# Nurturing the business <sup>Spar 12/5/93</sup> till it starts to thrive

SIMILAR to propagating seeds is the process Standard Bank is engaged in through its Small Business Development and Advisory Department managed by Malcolm Kietzmann.

"Our object is to hold the entrepreneur's hand until the business is thriving and then hand it back to the branch network for full banking facilities.

"These are often people who would not normally have qualified for finance," explains Kietzmann.

## Underwriting

Important to Standard Bank, and to all of the formal lending institutions active in the small business arena is the Small Business Development Corporation's Guarantee Fund which they acknowledge as often vital in underwriting such an individual's finance.

"Nine tenths of small business loan applicants do not have the track record or the security that would normally be considered as acceptable by conventional banking standards," he explains.

## ■ Helping hand:

Opening a business is easy, but keeping it open not as easy.

Standard Bank's Small Business Development

and Advisory

Department guides

the fledgling

entrepreneur until he

gets his business

thriving.

Hence the specialist nature,

personal level of advisory services, and emphasis on training that characterises this field of banking.

"There is no limit or restriction on the type of business activity we will lend to."

The demand is already sufficient to be considered a "mass market" in need of packaged banking products more easily marketable and a lot of added value products.

These include a Small Business Kit start up programme with an audio tape and a lot of information; a 90-minute entertaining video and booklet which alerts the prospect-

ive entrepreneur to potential pitfalls and mistakes, and looks at issues such as marketing, legal entities, raising finances and reading financial statements.

SB also offers a Business Problem Solver series introduced by the quotation: "To open a business is very easy. To keep it open is very difficult" — attributed to a Chinese fortune cookie.

## Turnover

This series covers development of the business plan, managing working capital, cash, and how to manage your bank manager!

Another product on offer is a Small Business Computer Cash Flow Programming for the businessman who can't "keep his head up and his overheads down".

By SB's definition, a small business is an individual, partnership, close corporation, company or co-operative with turnover of R5 million a year or less and total assets of less than R1.5 million.

A less formal level of lending which could apply to the informal business sector is provided by SB's Community Banking Services Division managed by Barry Coetzee.

Star 12/15/93

# Reversal of the 80/20 business rule

THE "80/20" rule is an old business adage that says 80 percent of your income comes from 20 percent of your customers.

When it comes to small business and the

country's gross domestic product, that rule is definitely reversed. Because 15 percent of South Africa's GDP comes from the broadest grassroots economic level — the informal

sector — and a total of 45 percent of GDP from the combined efforts of the small to medium business sector (SME).

Yet recognition of this fact is believed to have been slow among econo-

mists, statisticians, politicians and organized business, resulting in major distortions in official statistics and in perception of the economy according to the SBDC's Economic Research Unit.

Star 12/5/93

# CNA Gallo holds steady course

By Leigh Roberts

CNA Gallo has managed to maintain earnings, despite another year of depressed consumer spending.

Attributable earnings were R53,5 million (R53,1 million) for the year to March.

The directors are satisfied with the results, given the state of the economy and the group's sensitivity to discretionary spending.

Earnings a share of 161c (161c) were achieved, with a final dividend of 54c being declared, bringing the annual payout to 67c (67c).

MD Dennis Cuzen says the group performed better in the second half, thanks to emphasis on margins, cost containment and good shrinkage control.

Turnover, on a comparable

basis, rose about six percent, with an overall increase of 15 percent to R967 million after the inclusion of Nu Metro, which was previously equity-accounted. During the year CNA Gallo acquired the other half of Nu Metro.

The acquisition caused interest costs to rise R3,4 million to nearly R12 million.

The tax charge was held steady at R33 million, with the group bearing the higher rate of 48 percent because of its March year-end.

The extra 15 percent tax on dividends (STC) will not be paid this year, as input credits have been received from subsidiaries' dividends.

A feature of the income statement is the R4,5 million extraordinary loss, relating to CNA

Gallo's share of the extraordinary write-offs of associates Waltons and Silveray.

The loss arises from the associated companies' acceptance of the Receiver's settlement offer on the film partnership agreements.

The balance sheet reflects a R40 million write-off against shareholders' funds, being goodwill on the acquisition of Nu Metro. It caused net asset value to fall from 592c to 543c a share.

The Nu Metro acquisition was financed from in-house funds. Accordingly, short-term loans are sitting at R34,8 million, putting the group in a temporary net current liabilities situation.

The group is expecting a moderate increase in next year's earnings, aided by the reduction in tax rate.

# Retailers scored in pre-VAT sales surge

Finance Staff

Sales of durable goods in March soared on pre-emptive buying ahead of the 40 percent rise in VAT in April.

Figures compiled by the Retailer Liaison Committee show that furniture sales in March rose by 25,7 percent in nominal terms on the same month in 1992.

Comparative statistics show TV sales up by 20,8 percent year-on-year, appliance sales by 24,8 percent and audio equipment sales by 16,9 percent.

Commenting on the figures, Frans Jordaan, executive director of the Furniture Traders Association, says part of the reason for the excellent sales was the pre-VAT rise.

However, sales to black consumers were also considerably higher.

"One cannot draw too many conclusions from one month alone," he says.

"January and February sales were not nearly as good as March and sales in April are bound to have been negatively affected by the many holidays and stayaways."

## Checkers faces national strike

JOHANNESBURG

The South African Commercial, Catering and Allied Workers' Union (Saccawu) embarked on a nationwide strike at Shoprite/Checkers stores yesterday, sparked by the group's termination of a recognition agreement.

The union said last night about 10 000 members had taken part in yesterday's action. "The stores that are not withholding their labour are expected to join in (today)," spokesman Mr Jeremy Daphne said.

Mr Daphne said the strike was fair and lawful. **CT 13/5/93**  
Shoprite/Checkers refused to comment.

# Consumer boycotts mark the start of mass action

THE ANC's programme of rolling mass action took off yesterday with consumer boycotts and protests countrywide.

The Transkei/Natal border post was sealed off for several hours by demonstrators during a day of turmoil on Natal's lower South Coast; and the ANC/SACP/Cosatu alliance launched a boycott of white businesses throughout the eastern Transvaal. The alliance also called for boycotts in many other centres.

Our Durban correspondent reports that youths stoned several cars and trucks north of Port Shepstone, injuring at least two people, while police reported that cars travelling through Transkei were stoned near Bizana.

The town of Harding came to a standstill as businessmen heeded an ANC stayaway call, and several shops closed in Port Shepstone where thousands of protesters staged a peaceful march.

The ANC said it was considering consumer boycotts in Port Shepstone, Richmond, Matatiele, Kokstad, Harding and a number of Transkei towns from Monday. It said it was protesting against continued SA security checks at border posts, and called for the arrest and trial of "known killers" in the area and the dismissal of two senior SAP officers. The organisation also called for an election date to be set and the establishment of a transitional executive council.

Meanwhile, DIRK VAN EEDEN reports that ANC eastern Transvaal publicity secretary Jackson Mthembu said a consumer boycott in

that area would continue until an election date had been set.

He said the alliance demanded the immediate establishment of a transitional executive council, the reinstatement of workers who took part in past stayaways and the de-electricification of the Mozambique border fence. Government should also take action against "right-wing lunatics".

On the Reef, the Krugersdorp consumer boycott continued and the alliance made plans to start boycotts in Germiston and Alberton.

WILSON ZWANE reports that the ANC Kagiso branch vowed to continue its boycott in Krugersdorp. Its demands included:

- The removal from Kagiso of all white policemen until all security forces were placed under multiparty control;
- The resignation of all Krugersdorp councillors and the installation of an interim administration accountable to all people in the area; and
- The recognition and financing of Kagiso's defence units.

Chairman Uhuru Molloa said the consumer boycott was launched last Saturday after it had become clear that Krugersdorp residents "were not interested in living with us".

Police spokesman Col Ray Harrald said police would not accede to the demand that white policemen be removed from any township. Policemen, irrespective of colour, had a duty to serve the people. If there were complaints regarding police conduct, these should be filed with police for investigation.

In Germiston, ANC PWV regional executive committee member Mondli Gungubele said a consumer boycott would start on Monday, despite initial demands being met.

The ANC had demanded that three Germiston metal working companies — Rand Refinery, Hargram Engineering and Thomas Foundry — halt disciplinary action against workers who attended last month's funeral of SACP chief Chris Hani.

Rand Refinery GM Herman van Heerden said all differences between the company and the NUM had been resolved. NUM officials had agreed to recommend that Rand Refinery not be targeted for mass action and that Rand Refinery's actions not be used to support a consumer boycott of Germiston. Germiston Chamber of Commerce manager Denise Bland said Hargram engineering had withdrawn all action against its workers yesterday, while Thomas Foundry had insisted that no action had been taken against its workers.

Gungubele said the boycott would go ahead because the alliance expected Germiston and Alberton businesses to "use their clout" to force government to release the prisoners and set an election date.

The ANC also announced that a protest would be staged in Alberton on May 22, to demand the release of 56 members detained in the Modderbee Prison. If they were not released, a consumer boycott of Alberton would be launched on May 24.

# Offices proposed as housing

CAPE TOWN - Proposals to convert commercial buildings in the Johannesburg CBD into residential accommodation were made yesterday by Hill Kaplan Scott's Dick Vago.

Speaking at the World Housing Congress, Vago said Johannesburg's CBD was becoming underpopulated and underutilised as a result of relocation of offices to suburban areas, the decline of labour-intensive light industry and the decay of residential and boarding house buildings.

He said the Johannesburg municipality was contemplating spending between R40m and R50m on eight to 10 projects to provide public facilities such as open spaces, schools and clinics in the CBD area.

New Housing Company subsidiary FHA Homes had conducted feasibility studies on 15 buildings. These could provide a minimum of 750 dwelling units for about 1 725 people.

Vago said the units would have to be sold to ensure that the project was

LINDA ENSOR

viable for developers, noting that the majority of purchasers would be first-time buyers who would qualify for government subsidies.

Buildings not readily convertible could be used to provide community facilities such as schools and clinics.

Johannesburg City Council housing director Ian Taitz stressed the importance of maximising the opportunities offered by the inner city to avoid the continued deterioration in the housing stock and living conditions.

"The underlying cause of most problems is the inadequate supply of affordable housing within the inner city or other suitable locations, together with problems such as unemployment and a depressed economy."

New Housing Company's Taffy Adler emphasised the need for a more appropriate rates policy which took into account different income levels and made provision for a subsidy.



## Buyers go on spree

MARCIA KLEIN

PRE-VAT buying saw sales of furniture, appliances and TV and audio equipment rise significantly in March after a slow start to the year. 610M 1315793

Retailer liaison committee figures showed that during March, furniture sales grew by 25,7%, appliances by 24,8%, audio by 16,9% and TVs by 20,8% at current prices.

These sales were significantly higher than those of the previous two months.

Furniture Traders' Association executive director Frans Jordaan said that in January, sales of furniture, appliances and TV and audio equipment grew by 11,7%. In February, sales grew by only 9,5%.

Jordaan attributed the hike in March sales partly to pre-VAT buying and partly to a significant increase in sales to black consumers.

# Union claims 10 000 in stayaway

30/12  
ARCT 13/5/93

□ 'Up to 150 stores affected'

The Argus Correspondent

JOHANNESBURG. — About 10 000 union members at Shoprite/Checkers are not at work today at stores throughout the country, the South African Commercial, Catering and Allied Workers' Union (Saccawu) claims.

Workers at between 120 and 150 stores reported for work as normal yesterday, then moved into store canteens until it was time to clock out. Police were seen at some stores, said Saccawu spokesman Jeremy Daphne.

Other stores were expected to join the action today.

Meanwhile, lock-outs continued at six stores in Barberton, Boksburg, Florida, Nelspruit, Welkom and Witbank. Management was reported to have withdrawn its offer made on Tuesday night not to extend the lock-outs, and more could follow.

Shoprite/Checkers has refused since last Friday to comment on its dispute with Saccawu, caused ostensibly by its decision to terminate a

nine-year-old recognition agreement with the union.

Shoprite had been trying for some time to negotiate a new recognition agreement, but the union had resisted this — primarily because Saccawu is unwilling to share the bargaining table with a Cape Town-based minority union, the National Union of Distributive and Allied Workers.

The dispute has sidelined wage negotiations between the two parties, although the other two major retail chains, Pick 'n Pay and OK Bazaars, have both successfully concluded wage agreements.

Pick 'n Pay agreed to a R160 monthly wage increase across the board for its permanent employees, and R88,89 for its part-time workers. The company's minimum wages have risen to R1 040 and R692,64 respectively.

OK Bazaars human resources director Keith Hartshorne confirmed yesterday his group had granted a R123 increase across the board. All employees of more than 12 months would earn a minimum of R980, and part-time workers two-thirds of this — about R653.

## Challenge on boycotts

TIM COHEN

30

CAPE TOWN — Manpower Minister Leon Wessels has challenged community leaders in strife-ridden Kagiso and Munsieville to debate publicly consumer boycotts "anytime, anywhere".

If the challenge is accepted Wessels, the MP for neighbouring Krugersdorp, would be the first NP Minister to engage in public debate in a township.

In an open letter yesterday, Wessels said he was representing the thousands of people opposed to the consumer boycott and violence in the district. "I have turned my back on apartheid a long time ago. I have also fought for the rights of all South Africans in our district and have faced the wrath of the white right-wing electorate."

In the name of the majority of the Krugersdorp electorate he demanded an end to protest politics and consumer boycotts.

He was convinced that protests of the nature experienced recently and consumer boycotts could not be conducted peacefully, because they were intrinsically violent. "I therefore challenge the organisers of these unwarranted actions to a debate in the presence of the public and the media anywhere and anytime in Azaadville, Kagiso, Krugersdorp or Munsieville."

B (DAG) 13/5793

**BUSINESS** Nkosi succeeds in her placement agency despite break-ins that cost a fortune

*Sowetan 13/5/93*

# Zandi fulfils wish

By Mzimkulu Malunga

**Z**ANDI NKOSI has always wanted to be a businesswoman and when she lost her job, it became a blessing in disguise.

"Since a tender age, I had always told myself that when I reach 28 I should be running my own business," she says.

Though she had this entrepreneurial wish, Nkosi did not know what strategy to employ to realise her dream.

But a breakthrough came in 1990 when a pay dispute with the Greater Soweto Chamber of Commerce and Industries, where she was working as an executive director, prompted her to search for other avenues.

After an intensive but unsuccessful search for another job, Nkosi finally landed at the offices of a gas-producing company where she was advised to

consider human resources as a career.

While she was still planning the next move, a friend tipped Nkosi off about a company committed to social responsibility.

Without any hesitation, she negotiated a R10 000 grant to start a placement agency. Months later Zee Personnel came into being.

"Now I can see light at the end of the tunnel. What is more important, is to get out of the tunnel itself," she says.

The placement industry is highly competitive and only the strongest survive. Being a black woman works to the advantage of Zee Personnel as more companies strive to win skilled blacks into their fold.

"Many companies are looking for black managers these days, the only problem is that it is a bit difficult to find people suitable for these positions," says Nkosi.

Her regular clients range from a leading petroleum and gas producing entity to pharmaceutical, financial and electrical companies.

Zee Personnel's income is determined by placements secured in a given month as companies refrain from getting into contracts with a particular agency.

"If you give a client a better service, they always come back," she says. Despite four break-ins at her business premises in Hillbrow, which cost her R18 000, Nkosi believes there can be no looking back.

Nkosi's list of employment seekers contains names of people from Zambia and Zimbabwe. "Sometimes I get

**WOMAN ACHIEVER** Aim to



become businesswoman is realised:



Zandi Nkosi

calls from South Africans studying overseas, inquiring about job opportunities on their return home."

The woman who hails from a small town in southern Natal, runs her business alone. "I do my own typing, interviewing, filing and reception work," she says, though Nkosi feels she will need to employ somebody else soon.

Nkosi qualifies for the Sowetan-Sanlam Entrepreneur of the Month Competition. The winner will compete with other monthly victors in the Sowetan-Sanlam entrepreneur of the Year Competition.

HYPROP INVESTMENTS FM 14/5/93

# Where fancy people shop

**Activities:** Property loan stock company with investments in shopping centres, office buildings and parking.

**Control:** Momentum Life 37%.

**Chairman:** B T Jackson; MD: P J Behrmann.

**Capital structure:** 30,6m ords. Market capitalisation: R199m.

**Share market:** Price: 650c. Yields: 10,5% on dividend; 10,6% on earnings; p:e ratio, 9,4. 12-month high, 700c; low, 630c. Trading volume last quarter, 223 000 shares.

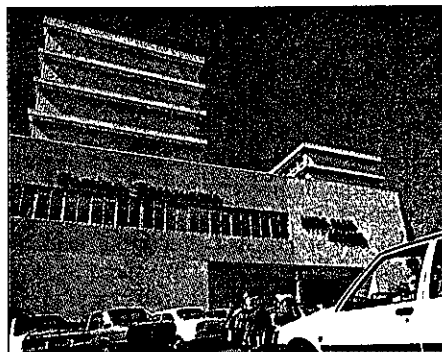
| Year to Dec 31                           | '89   | '90   | '91   | '92   |
|--|-------|-------|-------|-------|
| Turnover (Rm) .....                      | 17,0  | 21,6  | 23,8  | 24,0  |
| Operating income (Rm) .....              | 11,3  | 13,6  | 16,3  | 17,6  |
| Interest received (Rm) .....             | 3,4   | 5,4   | 6,1   | 3,9   |
| Property invest (Rm) ..                  | 118,4 | 133,0 | 146,4 | 152,6 |
| Capital employed (Rm) ..                 | 132,4 | 156,1 | 156,2 | 156,1 |
| Return on property (%) ..                | 9,5   | 10,2  | 11,1  | 11,5  |
| Return on capital (%) ..                 | 11,5  | 12,6  | 13,9  | 13,4  |
| Dividends and interest per cu (c)† ..... | 68,6  | 70,9  | 65,6  | 56,8  |

When the going gets tough, the tough go shopping. Some truth behind that defiant cry from the northern suburbs' shopping mall set comes through in Hyprop Investments' results. Despite recession and the depressed property market, quality shopping centres remain high-flying investments.

This was apparent when the *FM* reviewed 16 property trusts and loan stock companies this year (*Companies* January 15). Results from this property loan stock company confirm the value of a portfolio weighted in favour of retail property.

The underlying strength of the portfolio is flagship Hyde Park Corner shopping centre, that bastion of the shop-till-you-drop brigade. Operating income (net rentals received after expenses) grew a creditable 7,8%. Against a disappointing 0,6% drop in income from the oversupplied office component of its portfolio, which included R480 000 of the total R522 000 bad debt experience, retail interests grew by 11,2% and the contribution of Hyde Park by 15,1%.

Fortunately for Hyprop, it gets just over 60% of income from retail property, offices making up 35% and parking 5%. But recession continued to bite, with the first drop since the 1988 listing in what for a property



Hyde Park ... for those born to shop

loan stock company basically boils down to earnings: dividends and interest per combined unit.

Each combined unit comprises an ordinary share and a debenture bearing interest at a fixed multiple (in Hyprop's case 499) of the ordinary dividend.

Most of the 8,8c drop in earnings came from a 36,7% dip in interest income, equal to 6,5c per combined unit. This, says chairman Bryan Jackson, was due to the strategy of investing in the property portfolio, which returns less than cash investments in the money market, as well as declining money market rates and tight fiscal policy.

Capital investments reduced cash holdings by about a third to R14m, including R4,7m invested in Morningview Office Park. The development seems to hold potential in the medium to long term, but with occupancy of 67,1% seems the weak link in the portfolio. Jackson expects interest earnings to decline again this year because of the reduced cash holding, but notes it should be less severe, coming off a smaller base.

Overall occupancy levels are improving. Vacancies of 5,1% when interim results were published fell to 4,8% by year-end and have improved to 3,7%.

Hyprop will concentrate on retail interests this year. MD Peter Behrmann says investigations are under way to refurbish the East Rand Hypermarket shopping centre to "bring it in line with the new standards set by the adjoining East Rand Mall."

The big one, however, is planned extension of Hyde Park Corner, to increase retail space (now 15 576 m<sup>2</sup>) by 8 000 m<sup>2</sup>. Hyprop plans to fund this through a rights issue, whose timing, with the level of vacancies, should largely determine performance for the year, says Jackson. In a shopping centre characterised by Saturday morning traffic jams in the parking lot and where customers queue just to get a table at a trendy coffee shop, expansion makes sense.

Hyprop's yield is below the property loan

stock sector's 12,4%, though its p:e ratio is off the average 13,2. With its consistent performance and strong portfolio, it seems a reasonable buy at R6,50.

Shaun Harris

## MARSHALLS

### Soberly dull

FM 14/5/93

**Activities:** Owns income-producing commercial and industrial properties and garages and is also an import financing group.

**Control:** Marshalls Controlling Investments 69%.

**Chairman and MD:** D C Marshall.

**Capital structure:** 8,5m ords. Market capitalisation: R26,8m.

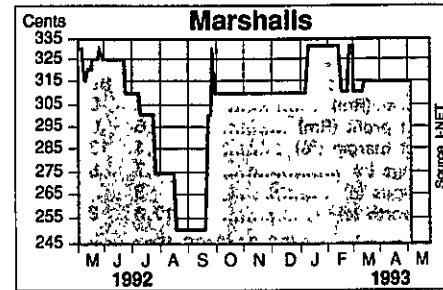
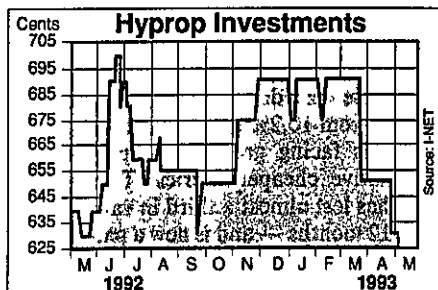
**Share market:** Price: 315c. Yields: 7,6% on dividend; 11,9% on earnings; p:e ratio, 8,4; cover, 1,6. 12-month high, 330c; low, 300c. Trading volume last quarter, 7 558 shares.

| Year to Dec 31            | '89  | '90  | '91  | '92  |
|---------------------------|------|------|------|------|
| ST debt (Rm) .....        | 1,8  | 0,8  | 1,06 | 0,76 |
| LT debt (Rm) .....        | 5,4  | 7,7  | 7,5  | 11,2 |
| Debt:equity ratio .....   | 0,06 | 0,08 | 0,12 | 0,12 |
| Shareholders' interest .. | 0,81 | 0,84 | 0,84 | 0,83 |
| Int & leasing cover ..    | —    | 10,7 | 6,1  | 7,1  |
| Return on cap (%) ..      | 5,5  | 5,8  | 7,2  | 8,1  |
| Turnover (Rm) .....       | 33,5 | 26,1 | 22,7 | 27,1 |
| Pre-int profit (Rm) ...   | 3,5  | 4,4  | 6,1  | 7,5  |
| Pre-int margin (%) ..     | 10,6 | 16,9 | 26,7 | 27,7 |
| Earnings (c) .....        | 22,6 | 24,8 | 32,0 | 37,5 |
| Dividends (c) .....       | 17,0 | 19,0 | 21,0 | 24,0 |
| Net worth (c) .....       | 618  | 759  | 833  | 906  |

**Marshalls' 17,3%** increase in earnings came as a pleasant surprise. Seen in the context of declining rentals in the commercial property market — the largest contributor to trading profit — this was a result which will make shareholders appreciative.

Chairman and MD David Marshall says: "The rental business is relatively low risk; but since we're collecting over R1m a month we expect some duds." The property portfolio has achieved average occupancy of 94%, slightly up on the previous year.

Parking garage rentals, the other part of the rental business, continues to do well. All Marshalls' parking and commercial properties are in Durban, Pinetown and Cape Town. Together these businesses account for just under two-thirds of pre-tax income.



## Feeling the pinch

**Major commercial** and residential building in Cape Town has plummeted in the face of recession, says city development co-ordinator Philip Theron.

At the end of last year R500m in projects were under construction, compared with R700m in the same 1991 period. Adjusted for inflation at 15%, this means activity in building has fallen in value by nearly 40% in real terms.

Theron says only two notable developments were started last year: a R60m sectional-title, luxury apartment block on the old President Hotel site in Sea Point and the R100m Portwood Square office, hotel and parking development at the Victoria & Alfred Waterfront.

### Atlantic coast

Projects worth R680m were completed last year, compared with R440m in 1991. They included the R40m UCT business school campus at the V&A, the R52m Belmont Office Village in Rondebosch, four developments worth R36m for the Cape Technikon in District Six and the R105m Victoria Wharf shopping and entertainment complex at the V&A. Residential development valued at R115m was also completed along the Atlantic coast.

Theron says the V&A development has underpinned building activity in Cape Town and kept many people employed. However, an even greater effort is needed to create jobs in the construction sector. He believes the council can help and encourage development by responding "decisively and quickly" to proposals.

Other projects under construction and due for completion this year include the R75m Metropolitan Life Centre on the Foreshore and the R100m Old Mutual Properties development in Long Street in the city centre. ■

**Soberly dull** FM 14/5/93

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**Chairman and MD:** D C Marshall.

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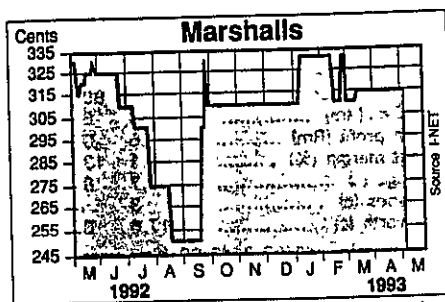
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FINANCIAL MAIL • MAY • 14 • 1993 • 97

**COMPANIES** FM 14/5/93

About five years ago, Marshalls started a confirming and indent financing division. The estimated contribution to pre-tax income from commissions, confirming fees and interest received from this division is about R1,9m; a rise of nearly 50% on the year, and equivalent to just under a third of group pre-tax income. Marshall doesn't expect similar increases for 1993.

Agricultural equipment, the smallest operating division, improved on its pre-tax loss in 1991 to make a small profit. From January 1 1992, Marshalls sold 40% of this business to management: the intention is to dispose of the remainder later.

Marshall takes a conservative view of 1993: "We would be happy to maintain earnings levels of last year." Recessionary pressures continue to squeeze commercial rentals which don't look as though they will improve for at least a year. For this reason, Marshall expects earnings to be flat for 1993 though dividend growth is not expected to be affected: that is probably dictated by the interests of 69% controlling shareholder, Marshalls Controlling Investments, and is unlikely to take account of the desires of minorities.

Not surprisingly, the shares are not often traded, which explains the two-thirds discount to NAV. The group is conservative and doesn't see the need to loosen up the shareholding structure, says Marshall. The dividend and earnings yields are 7,6 and 12,0 respectively; healthy for a conservative company.

The share price has traded within a narrow band for the last 12 months. On a rating of 8,4 times we would not expect much capital growth in the medium-to-short term.

A sober company, if somewhat boring.

Louise Randell

OK BAZAARS

Fm 14/5/93

(30)

## Everything's not OK

No pain, no gain. If the OK's colossal loss of R44,9m for 1993 is anything to go by, that is clearly the philosophy of OK Bazaars' new management team headed by MD Mervyn Serebro. Preliminary figures for the year to end-March reflect the costs of massive re-

Fm 14/5/93

(30)

### GOING GOING ...

| Year to March 31      | 1992  | 1993    |
|-----------------------|-------|---------|
| Turnover (Rbn)        | 5,04  | 5,28    |
| Operating income (Rm) | 103,8 | 49,9    |
| Attributable (Rm)     | 9,4   | (44,9)  |
| Earnings (c)          | 75,3  | (361,4) |
| Dividends (c)         | 37    | 10      |

structuring in an effort to refocus OK Stores on its core business. The result translates into a loss of 361,4c a share against an EPS in 1992 of 75,3c. Not surprisingly, the final dividend was passed.

But the most striking feature of the results — the operating statistics aside — is the frankly huge R123,8m in interest paid — two and a half times larger than operating income. The implication for gearing is obvious.

OK's ballooning debt is at the top of management's list of priorities. Serebro believes the key to lower gearing is a reduction in stocks and it appears he's having success in this direction. Stocks have been trimmed by R103m (13%) to R679,3m.

Though gearing at 253% remains unacceptably high, the OK's banking function is partly to blame. The HP book, mostly financed through short-term debt, currently stands in at about R500m and the matter was aggravated by the decision to change from its equity accounting treatment of associate finance company Okfin Ltd to full consolidation. Even so, a huge proportion of income is being absorbed to service debt.

But absolute borrowings are down by R16m, the first time in seven years says Kearney. "Though we hoped to see gearing

Fm 14/5/93

(30)

down, it is difficult to achieve this when retained earnings take a R84m knock." The shift from short-term to long-term borrowings is the result of a R200m loan to the group by SA Breweries. This is part of the proceeds from SAB's R1bn seven-year bond issue. The three-year loan is at a fixed rate of interest and will effect a better matching of the book with long-term facilities. An encouraging feature is that it refutes suggestions that SAB is not interested in its investment.

The after-tax loss was stemmed at R46,1m because of a tax credit of R27,8m. Extraordinary losses amounted to R40m. This reflects the ongoing store closure programme (25 stores were closed at a cost of R16,4m), the costs relating to the discontinuance of certain merchandise lines (R8,8m) and the closure of peripheral business activities and retrenchments (R14,8m).

A breakdown in divisional performances is not given, but the suggested R50m loss expected by OK Stores for the year seems in the right ballpark. However, management is optimistic about future performance and plans to relaunch OK Stores towards the end of May with a new and more appropriate image.

The share price has corrected to a more realistic 570c, from its 43% jump to 750c in January on market expectations of new management's ability to change OK for the better. That was when Serebro asked OK's critics to give him two years to effect a turnaround. Barely three months have elapsed and Serebro has certainly instituted some drastic measures.

Of course, it's only to be expected that he should have seized his honeymoon period to hack away at OK's dead wood; in the end though, it's the results that will count. The relaunch in the next few weeks, should give further insight into the thrust taken by management.

With the share price at the same level as 16 years ago, minority stakeholders can do little but wait anxiously.

Marylou Greig



# Union threat to widen store strike

The Argus Correspondent

JOHANNESBURG. — The Shoprite/Checkers strike, which entered its third day today, looked set to spread as the SA Commercial, Catering and Allied Workers' Union (Saccawu) threatened to extend its sit-in to other interests of the Pepkor group, which owns the chain, and call a consumer boycott.

ARCT 14/5/93  
It has also emerged that Shoprite has taken the extraordinary step of sending copies of its most recent communication with Saccawu to Cosatu's national executive, the ANC, the

National Peace Commission and Independent Mediation Services of SA — a move Saccawu interprets as an attempt to "politicise" the strike.

By yesterday the strike had affected an estimated 180 Shoprite/Checkers stores country-wide, said the union. (30)

Between 8 500 and 9 000 employees, representing, it is understood, about half the chain's total complement of 17 400, continued the canteen sit-ins that began on Wednesday.

About 600 workers in the chain's meat market have not

come out because they are covered by separate, smaller industrial council agreements.

Accusing Pepkor of a "systematic attempt to smash the union", Saccawu's national negotiators told a Press conference in Johannesburg they would be calling for a consumer boycott of the stores for the duration of the strike.

The union is also examining ways to attack Pepkor's other interests.

● Calls to Shoprite/Checkers stores in the Peninsula today indicated that they were open for trading.

COUR

# Aid for small business is here

Saw ekur 14/5/93

By Joshua Raboroko

■ Now you can get your own business off the ground

LACK of skills among emerging black entrepreneurs has always been a thorny issue in South Africa.

With the aim of upgrading these entrepreneurs, the Small Business Education and Training Academy, the Job Creation Action Committee, BP, the Independent Development Trust and FutureBank have designed a scheme to help the unemployed develop business skills and to create jobs.

The scheme is set against the back-

ground of centuries of deprivation and restrictive legislation aimed at black business people, according to Sbeta's chief executive Mr Lucas Ntuli.

"Sbeta has developed unique business skills, training methods and systems designed to optimise the entrepreneurial potential in our society," he said.

Sbeta will run courses on how emerging businessmen can prepare business plans for new or existing ventures. Approved business plans will be submitted

to the source of finance.

After having been granted business development loans, the Sbeta, working with the NJAC, will help trainees start their businesses and provide ongoing advice and mentoring.

FutureBank public relations officer Ms Lindi Kubheka said they supported the move.

For more information, contact Sbeta at 5th Floor, Suzuki Building, 62 Juta Street, Braamfontein, Johannesburg.

# Bloemhof ANC keeps boycott of white firms

Star 2 13/9/83

THE ANC is reinstating its consumer boycott of the Western Transvaal town of Bloemhof.

The decision was taken by the full Bloemhof branch of the ANC following the release on bail of 29 people arrested in connection with the boycott.

Of the 29, 11 were minors released into the custody of their parents. The other 18 were released on bail of R100 each. They were all charged with public violence and are expected to appear in court on Tuesday.

As far as the Bloemhof ANC branch is concerned the boycott is definitely still on. The At-

PHIL MILLAN

orney-General has not dropped charges against those arrested — a precondition to our lifting the boycott," said Andrew Hank, ANC Bloemhof branch secretary-general.

Originally youths and the ANC Youth League (ANCYL) in the township refused to honour the fragile peace deal brokered on Wednesday night between the ANC, its allies, the CP-controlled council and businesses in the town. The deal called for the unconditional release

of the 29, one of whom was a mother with four-month-old baby.

The black consumer boycott was imposed three weeks ago after the white community failed to address demands for the upgrading of the township of Boitumelong and for a black voice on the white town council.

Unconfirmed reports from Boitumelong last night said residents who were under the impression the boycott had been lifted were attacked by youths when attempting to shop in Bloemhof on Thursday.

● See Page 3

## 'Election date will signal change in business outlook'

By JEREMY WOODS

THE announcement of an election date in the near future will signal a fundamental change in the outlook for businesses in the Western Cape and should bury a long-standing bone of contention between management and labour.

That's the view of Dr David Bridgman, chief executive of the Western Cape growth organisation, Wesgro, and one of the region's leading economists.

"Labour has been arguing for a long time that companies should take a more aggressive stance towards the dismantling of apartheid. This argument should now be removed once we have a date for the election of a non-racial democratic government," he says.

The effect of the disagreement has manifested itself in stayaways, boycotts, calls for sanctions, disinvestment and civil disobedience.

"People are too worried about change and the speed at which it is happening and missing the opportunities that change will bring. Managements should no longer have to contend with stayaways and marches and that must be a move for the good."

Dr Bridgman says both management and labour can now focus on issues that concern their business and their industry.

### Opportunity

"The call Wesgro is making to people is that there is now a golden opportunity to develop a new relationship between management and labour, built on a shared perspective about where the business is going and how it is going to get there," says Dr Bridgman.

"We also believe now is the time for local firms to lift their perspectives and to start looking at joint ventures with other African firms and companies from overseas serving the world market."

To this end, Wesgro is gearing itself up for a major promotions campaign targeted at various European companies, which it hopes will result in substantial foreign investment in the Western Cape.

"To date we have been reacting to requests for information and assisting investors to get the information and approvals they need to invest. We are still dealing with a number of investors wishing to invest here and feel their number could increase substantially as the country makes political progress," added Dr Bridgman.



OPTIMISTIC ... Wesgro's Dr David Bridgman, looking to the future of the Western Cape

## New tax guide is aimed at farmer, businessman

*Times (Cape) 16/1/93*  
SANLAM's Tax Guide for the Agricultural and Small Business industries was launched this week and should prove a useful aid to the farmer and small businessman. (30) (20)

The tax guide, which previously focused on the farmer specifically, includes for the first time this year, authoritative information for people running small businesses. (10) (20)

The guide was written by Fran du Plessis, a senior lecturer in the Department of Mercantile Law and Accountancy at Stellenbosch University.

Mr Mauritz Bekker, agricultural economist at Sanlam, said: "The booklet will guide both the farmer and the small business entrepreneur through the various facets of tax legislation. The logical and elementary approach used to explain this complicated matter should enable everyone to understand it."

# R500m to bring electricity for all

By KEVIN DAVIE

ESKOM and the life insurers have struck a R500-million ground-breaking deal to part finance Eskom's R3-billion "electricity-for-all" drive.

The project — the insurers have agreed to a first tranche of R500-million — is the first by the Investment Development Unit of the Life Offices Association.

The IDU was set up to facilitate the flow of funds under the control of the life and pensions industry to socio-economic development.

The IDU has been investigating mechanisms to do this. A life-insurance source says Eskom involvement was the key to the scheme and the first tranche of R500-million.

The life business is expected to earn a market-related return on the 15-year bonds which Eskom will issue. The bonds are structured so that yields are low in the early years but improve with time.

"There is no capital risk, although there is a risk on the yield," says a source.

Eskom intends to bring electricity to at least a million people a year.

It is better placed than most to

## Two go

STELLENBOSCH-based Gibbey liquor group chief executive Peter Fleck and human resources director Anton Erasmus resigned at the same time this week to follow other interests.

Parent company International Distillers & Vintners president of the Africa region Howard Smith, says successors have not been appointed.

ment and technical expertise. SA Breweries says no single group has outright control of its shares and points to the threefold premium of the share price to net asset value.

"There is no value to unlock by unbundling SAB," says group financial director Selwyn MacFarlane. "We are a focused consumer group. Unbundling applies to conglomerates with interests which do not fit together, such as Gencor."

Rene de Wet, managing director of Pick 'n Pay, says unbundling would result in the Ackerman family's losing control.

"From a shareholder point of view there is a lot of value attached to the Ackerman control of the group."

Business leaders praise Gencor's decision to demerge its non-mining interests. Although Sankorp will retain effective control, the move is seen as an important step for shareholder democracy.

put unbundling on the corporate agenda when he was Gencor chairman, says: "Gencor has an outstanding record as an entrepreneur. I welcome the announcement of plans to unbundle in the belief that it will result in five entrepreneurs."

Brian Kantor, professor of economics at the University of Cape Town, says that although control of Gencor's operating subsidiaries will remain with Sanlam, shareholders will have a stronger influence on affairs.

"Now the operating companies will be controlled directly through Sanlam rather than through the intermediary of Gencor management which may not necessarily be a good thing."

"We need to persuade the ANC that tight control by shareholders is a good thing. They appear to have picked up the US view of anti-trust behaviour which is outdated and ir-

# Breaking up (not so) hard to do

SOME Sanlam-controlled companies were unbundled this week while another was bundled in a set of moves which have changed corporate SA forever.

Comment by KEVIN DAVIE

with a five-year option to increase this to 30%. Metropolitan has good growth potential as a savings and investment vehicle for blacks.

So desirable ends have been achieved in one case through unbundling and in another through bundling. This suggests that the ends — improved competitiveness and wider ownership of the economy — are more important than the means.

Competition Board chairman Pierre Brooks takes a simple view on the unbundling issue. He says in the past there have been incentives to conglomeration. This needs to be changed so that the incentives favour de-conglomeration and the improved competitiveness which this will bring.

Much of corporate SA is at present impervious to takeovers because pyramidal control makes takeovers an unlikely possibility.

But attempts at big-stick solutions, such as enforced break-ups, could replace an unhappy situation with an even unhappier one. As Gencor and Metropolitan have shown this week, win-win solutions are possible without using big sticks.

forces by stripping away holding companies which may help thwart takeovers.

Only days later Metropolitan Life, also part of the Sanlam stable, said that a new company, Methold, would be set up with a 40% stake in Metropolitan.

A special voting arrangement will ensure that control passes from Sanlam's industrial holding arm, Sanlam, to Methold.

Metropolitan has assets of R4.8 billion. Methold will have mostly black directors and blacks will make up 10% of the shareholders

SA BUSINESS is characterised by an over-concentration of control in a few white hands while few blacks are shareholders.

There will be enormous pressure in a democratic South Africa for artificial barriers — such as pyramid controlling structures — to market entry to be dismantled and to have and have-not disparities to be dealt with as rapidly as possible.

Two deals — announced by companies in the Sanlam stable this week — have these objectives.

First Gencor said that its pyramid structure would disappear as soon as Finance Minister Derek Keys's unbundling legislation had been passed. Two companies would go, leaving five stand-alones in Gencor (to be renamed Gencor), Engen, Malbak, Sappi and Genbel.

The intention is to free control of these companies and unlock value for shareholders through improved share liquidity, management independence and competitiveness.

In the SA context this has come to be known as unbundling. A company increases its exposure to market

# Institutions miss boat as golds run on the JSE

By JULIE WALKER

THE JSE had one of its best days since 1987 on Friday as the gold price continued to rise.

Gold peaked on Thursday at \$369.50 an ounce before retreating. The second London fixing on Friday was \$368.20 — more than \$10 up on the week.

A London trader said: "Volatility is the outlook."

He said trade had been thin as investors waited to see whether gold's bull run would end in tears.

The JSE All-Gold index hit a peak of 1 668 points on Friday, 14% up on the week and more than double the November low.

Stockbrokers reported interest from abroad, especially New York.

Opinion was that SA institutions — for long bearish about gold shares — had missed the boat.

A dealer said: "They want to buy when the market comes off a bit, but it's never for long enough and there aren't the sellers."

Another reported strong interest

from private clients, but no rush of rookies.

"It's not like 1987 when all three telephones rang all day long," he said.

Foreigners' favourite Vaal Reefs jumped from R265 a share to R314 on the week, R16 of the gain coming on Friday. Other big movers were Amgold up R35 at R295, Gold Fields of SA R16 to R105 and Anglo American R11 to R137 — all year's highs.

Many ticky stocks scored big percentage increases, although trifling in absolute terms. Gazgold put on 5c, or 3 8%, to 18c in spite of the theft of a bakkie containing 8kg of its gold near Pretoria. Battling Joel gained 30c to 285c after announcing a possible merger with thriving Beatrix. Loser Doornfontein gained 50% to 345c — it was 45c in January.

Golds pulled platinum shares up in spite of little change in the metal

price. Rusplats put on 550c to R83 — there was a bear sale at R82 — and Impala and PPRust edged higher. De Beers added R3.25 to R83.

The financial rand behaved unpredictably, swinging up and down by 10c a day. Technically, it should have appreciated in the light of foreign demand and rising share prices. It closed at 468c to the dollar — 7c weaker than last Monday.

The World Gold Council publication Gold Demand Trends reported that demand for gold was 632 tons in the first quarter of 1993 — 24% greater than the 1992 figure.

Reuters reports that Hungarian-born billionaire George Soros said he would stay in gold for at least six months. But he warned that the price could be rising too fast.

## Peak

"I think the trend is upward, but perhaps it's going up too quickly," Mr Soros told French radio station Europe 1.

"It could start to attract the interest of the authorities, who would step in to brake it."

If too many speculators piled into gold, the price would correct itself — "but I'll stay invested at least six months in gold". Gold has risen steadily since early March on the back of record world buying and peaking output.

It took off at the end of April after news that Mr Soros had bought about 10% of leading producer Newmont Mining Corporation from Sir James Goldsmith.

Mr Soros said Asia was the main new source of demand for gold. Chinese investors in particular were worried about inflation, he said.

But the gold market was wrong if it expected a jump in global inflation — recession was the problem.

Mr Soros said the Bundesbank should have the courage to cut short-term rates to 3% or 5%.

# Belt-tightening time

By TERRY BETTY

PEOPLE are eating less as the recession gobbles up their disposable income.

Food sales have dropped by more than 20% in real terms since 1991. They fell 10% in the past few months alone.

"The period since January has been the worst for food sales across the board," says Econometrix economist Tony Twine.

"This reflects the pressure on disposable income of families. As jobs are lost at an accelerated pace, people are faced with little or no disposable income."

Food sales have fallen at a greater pace than other retail goods. Mr Twine suggests that this shows

the greatest squeeze is being felt by those at the bottom of the income scale.

"Families with enough money to spend on goods other than food have not cut their spending as much."

However, Mr Twine says the figures are distorted because more families have switched their purchases from the traditional retailers to the informal sector.

He says that buying down — for instance, eating potatoes instead of meat — will be reflected as a fall in the value of food sold.

● See Page 6

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Rene de Wet, managing director of Pick n Pay, says... will have a stronger influence on socio-



# Northern Areas brings country

16/9/93 STINES CC (wethers) 16/9/93

A SCATTERING of farms to the north of Cape Town dating back to the days of the Dutch East India Company were the humble beginnings of what is today known as the "Northern areas".

Sounds of cannon-fire booming from the top of Tygerberg Mountain to alert inhabitants of arriving ships and scenes of ox wagons trekking from outspan to outspan through the area to and from Cape Town are now fading memories of what once was.

Today, urban sprawl has taken over and clusters of flourishing towns and cities have spread north as far as the eye can see.

Just a heart beat away from the Mother City, the outlying northern areas boast breath-taking panoramic views of mountains, the oceans and valleys.

And with all its modern amenities and open space, the area offers the convenience of town-living in the country.

Luxury shopping malls abound. There are cinemas, a theatre, an abundance of restaurants, each with their own mouth-watering speciality.

A wine route and nature conservation reserves as well as a spo-

radic collection of national monuments are also waiting to be explored.

Education centres such as the University of the Western Cape, Peninsula Technikon and the University of Stellenbosch Graduate School of Business and Extramural Faculty along with other tertiary educational centres are situated there.

All of this has helped make the "Northern areas" one of the fastest growing shopping areas.

For shoppers, Goodwood, named after a famous racecourse in England, can shop till they drop in Voortrekker Road - the life-line of the town. Or the luxurious N1 City Mall, with its fantasy Wonderland, is an exciting food and entertainment centre.

Goodwood dates back to September 10, 1885 when the Cape Colonial government gave permission for the establishment of farming operations to Michiel Joseph Louw.

But it was really J.M. Joyce of the firm, Joyce and McGregor, which still exists today, who started the town.

Land surveyor, William Versfeld, brother of the legendary Loftus Versfeld of rugby fame, laid out the first 100 plots of the original

township. A land mark in the town is the Cape Showgrounds. Completed in 1954, it is owned by the Western Province Agricultural Society and plays host to the annual Cape Show and several other specialised shows and sporting events.

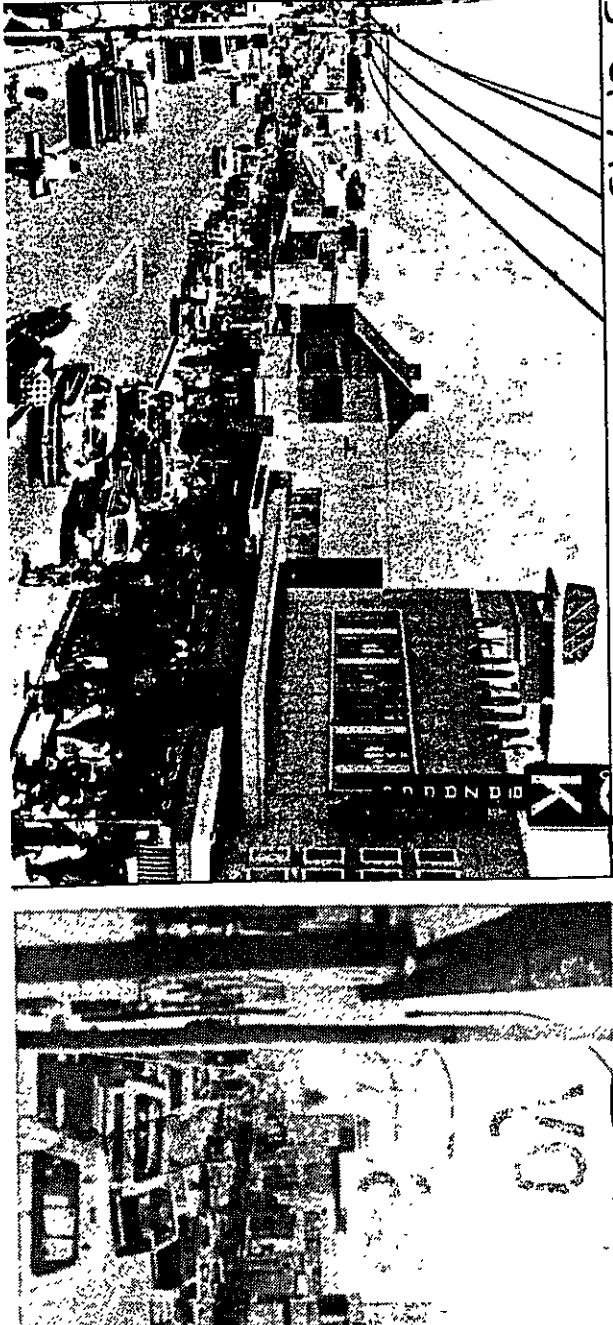
Heading down Voortrekker Road, Goodwood gives way to the town of Parow, nestled at the foot of Tygerberg Mountain.

Named after a shipwrecked Prussian master mariner, Captain Johann Heinrich Ferdinand Parow, today it is a bustling town.

Today Voortrekker Road, the heart of this vigorous town, is a shoppers paradise with all kinds of shops, coffee shops, and restaurants.

Shopping malls and a flourishing flea-market But the growing town has not forgotten its history - a few national monuments coupled and craft fair held three days a week are also there to be explored.

With other historic sites have been preserved for posterity. The first church built in 1906 still exists today as the church hall of the Dutch Reformed Church in Sarel Celliers Street. Other historical monuments include the statue of Captain Parow, a VOC



THE OLD AND THE NEW... Voortrekker Road has developed into the heartthrob of th

cannon used on the Tygerberg to warn inhabitants of impending attacks or as a sign to farmers to bring their fresh produce to visiting ships in Table Bay.

National monuments include two Victorian houses in Hopkins Street and a mausoleum on what used to be the historic farm, De Plattekloof granted by J.D. de Beer in 1700.

Today the residential area of Plattekloof phase III is being built

there. Claimed to be one of the most sought-after residential areas in the Cape Peninsula, Plattekloof offers a magnificent view of the majestic Table Mountain, flanked by Devil's Peak and Lions Head as well as

the two oceans. Parow is also home to Tygerberg Hospital, one of the largest academic hospitals in the country.

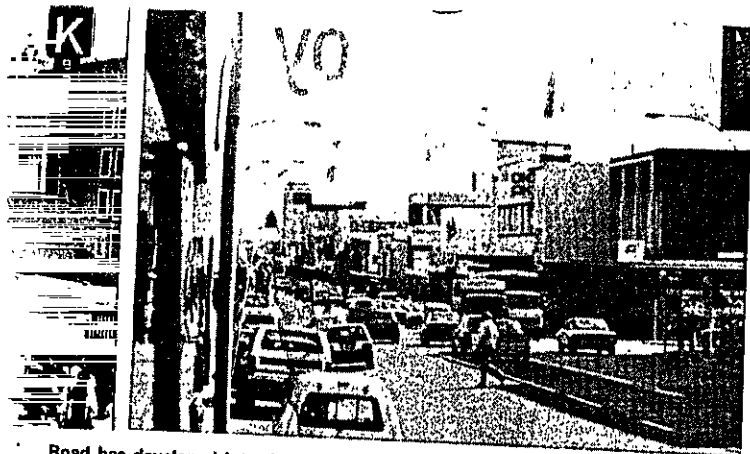
Bellville, one of the fastest-growing cities in the country, was originally the site of the farm

Lowenstein given to a freeburger named Maarten Pousson by the Dutch East India Company in 1701.

Its first name was Tygerberg, now Tygerberg, and later became known as "Twaalf Myl" (Twelve

Miles) - witness to Cape Town's history. An old building stands in the heart of Bellville, giving it a unique character. Before t





Road has developed into the hearthrob of this bustling area

Parow is one of the hospitable cities in the original

Lowenstein given to freeburger named Maarten Poussion by the Dutch East India Company in 1701. Its first name was Tygerberg, now Tygerberg, and later became known as "Twaalf Myl" (Twelve

Miles) - which is the distance to Cape Town. An old rock milestone giving the distance stands in the very centre of Bellville today serving as a clue to its origin.

Before the coming of

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railways, Bellville was used mainly as an outspan on the Cape Town to Stellenbosch trail by weary travellers.

The outspan, which stood on a piece of hard ground at the edge of the sand dunes making up the Cape Flats was known as Hardekraaltjie (hard little kraal, today, the spot of a popular caravan park.

In 1861, a village had grown and so Twaalf Myl was renamed Bellville, in honour of Charles Davidson Bell, Surveyor-General of the Cape.

Bellville, which is also one of the country's fastest growing centres for business and industry has something for everyone.

Its prestigious shopping centres and central business district are a shoppers delight.

Tyger Valley is home to the regions biggest shopping mall, Tyger Valley Centre, which offers over 250 stores, restaurants and entertainment venues all under one roof.

For performing arts fans, there is a theatre and an open-air amphitheatre.

Bellville's Afrikaans Theatrical Society is one of the oldest in the country.

For nature lovers there is a wealth of flora and fauna to be discovered in the Tygerberg Nature Reserve created by the city of Bellville to preserve the rich natural heritage of the area.

The reserve, despite being adjacent to a residential area, is home to many small animals and birds. It also offers walking trails and picnic facilities.

A mini-Cape development of scale model buildings and a model

farm where children can make friends with the animals will enchant the whole family.

Beyond Bellville, at the eastern foot of the Tygerberg, looms Durbanville, a popular town in a rural setting with views of the undulating foothills to the Hottentots Holland Mountains.

Established in 1808, the town has undergone many name changes.

Originally known as Pampoenkraal, it went on to be called D'Urban after the Governor of the Cape, Sir Benjamin D'Urban, and then renamed Durbanville in 1886.

National Monuments and other historical monuments abound in this lush residential town.

Onze Molen, a tower-mill, stands as a proud centrepiece in the middle of a residential development.

While the exact building date is not known, it is thought to have been built by burgher, Johannes Jacobus Uys, in 1801.

Rust-en-Vrede, a historic complex from the 1840s and 1850s, was used as a magistrates court and a jail. Today it is a cultural centre.

A Clay Museum is also situated at Rust-en-Vrede.

The Dutch Reformed Church in Weyers Avenue built in 1826 has been declared a national monument, and also of historical interest is the All Saints Anglican Church in Durbanville Avenue, built in 1860.

Restaurants are aplenty ranging from Chinese and Italian food to succulent steaks and seafoods.

Durbanville, originally an area where grapes were grown, has its very own wine route.

While wine fundis savour the taste of the wines they can soak themselves in the rich history of the farms which date back to the late 1600s. One of the historic wine, grain and stock farms established on the Tygerberg slopes is Altydgedacht, which dates back to 1698.

Diemersdal, one of the well-known vineyards of Durbanville, was originally granted to Hendrik Sneewind by Simon van der Stel in 1698.

Bloemendal is one of the original freehold farms dating back to 1702. It was given to Cornelius van Niekerk. Today its wines are sold out until September.

The town's world famous rose garden with its many scents is just one more sweet smelling reminder of country living.

The Durbanville Rose Garden used by nurseries from all over the world, it has about 300 rose varieties in it.

Brackenfell, meaning "fernhill" has its origin tucked away to the days when the area served as the crossing of the roads. The first farm called "Kruispad" dates back to 1712. And twenty-three years ago it was a conglomerate of smallholdings which has subsequently given way to development.

Brackenfell, one of the newer residential towns, has a thriving central business district, with its innumerable shops and shopping centres catering for all needs.

The Brackenfell Hypermarket, once the only one in the Western Cape, continues to draw people from all over.

With so much to offer it is not surprising that towns to the north have become so popular.

# Windfall from tax changes helps turnaround at Morkels

CAPE TOWN — Furniture, household appliances and sports goods retailer Morkels made strong gains in profitability in the year to end-March — with tax changes contributing a windfall.

Earnings rose 128% to 23,3c a share and a total dividend of 6c — 50% higher than last year's 4c — was declared. The results were off a low base as Morkels' performance in 1992 was dismal.

Turnover increased 3,7% to R318m and was below the targeted R330m.

But operating profit increased 26% to R26,7m as operating costs were contained, merchandise profitability maximised and cash utilisation tightly controlled.

MD Carl Jansen said the 94-store Morkels furniture chain had converted a 2% sales growth into a 45,2% improvement in profit, while the Totalsports chain increased sales 18,3% to R60,2m and yielded a profit of R4,8m. Wholesaler Ajaysports suffered a R3,2m loss on sales of R8,9m.

The group also benefited from a

decline in interest payments as well as a cut in the tax rate to 40% (48%) which contributed to the 132% rise in attributable profit to R9,8m.

The change in the company tax rate and the introduction of the secondary tax on companies (STC) had a marked impact on earnings. Excluding these changes earnings would have risen 96% to 14,3c (7,3c).

The balance sheet firmed with a reduction in gearing to 120% (165%). The R3,73m tax windfall would be used to further strengthen the group's financial situation and to conserve cash resources, Jansen said.

He noted that because STC made it more expensive to fund interim dividend payments it had been decided to declare only one annual dividend in future.

Jansen did not foresee an improvement in consumer confidence in the short term but said the group had budgeted to improve earnings as a result of productivity improvements.

30  
LINDA ENSOR

# Checkout sweets

(30)

Star 18/5/93.

**IMPULSE BUYS** Supermarkets display impulse items such as sweets, chocolates and toys at check-out tills to make it easier for shoppers to have access to them, but parents see this as a ploy to get their young children to see these items and demand them. **ZINGISA MKHUMA** reports.

**P**ARENTS of peaceful toddlers who turn into grabbing little monsters at supermarket checkout tills are blaming retailers for enticing children by displaying confectionery at strategic positions. Henry Fihla of Pimville, Soweto, says his two-year-old son Banele is always attracted by the colorful display of confectionery next to the tills and that trying to retrieve the items from Banele's clutches becomes a battle. "After a few screams, I add the sweets to our shopping basket and end up paying more than I had budgeted for. How do you explain food inflation to a wailing toddler?" An Edenvale mother of a three-year-old child accuses retailers of placing sweets and chocolates at child-height levels to make it easy for toddlers to grab them. Attractive packaging is also used to lure them into wanting "sweets", she adds. Although she says she is one of the few parents who ignore their toddlers' whines and pleadings, she adds that her grocery bills would be far higher if she were not so strong. One exasperated father has an unconventional solution: he makes a hole in a packet of sweets to get one for his son to eat. "My son is usually satisfied with the one sweet I allow him. I

know that this is not right but I would end up paying more if I added a whole packet to my basket, and besides, targeting unsuspecting children is also wrong," says the man (who understandably wishes to remain anonymous). "Confectioneries should be put higher up on the shelves, where the children cannot see them," he says. But leading food chains deny they are targeting children and their mothers when they place confectioneries at checkout tills. Shoprite Checkers PR Sarita van Wyk says sweets, chocolates and magazines fall in the category of items that people seem to forget to put on their grocery list. By placing these items on the tills, the shops are in fact saving customers the trouble of going back into the aisles in search of them, she says. She says Shoprite Checkers once conducted an experiment by having one confectionery-free till-point in each store. The experiment was dropped after the stores found no great demand for such tills. However, Woolworths assistant managing director Brian Frost agrees that what he calls "impulse" items are put at the tills to lure customers. Frost describes an impulse item as something that you see and decide to buy on the spur of

the moment. He says these items generally cost less than R10 and are fairly small in size. However, Frost denies that the items are aimed at children and says 98 percent of Woolworths customers are adults of both sexes. "At the end of the day it is an adult who pays for the items, but children do act as a motivating factor in some cases," he says. Housewives' League spokesman Lynn Morris says although retailers say they are serving adults, many of those adults are mothers who take their toddlers with them when they go shopping. "I definitely think that it is the toddler who is being targeted," Morris advises parents to decline politely when faced with a youngster who is demanding confectionery. Children must learn that parental pockets are not a bottomless pit, she says. "Mother should politely say 'Not this time dear, perhaps next time' or 'This is not on mommy's shopping list'." A dietitian who is also a mother and cannot be named for professional reasons believes it is up to parents to decide whether to buy sweets for children. "I don't exclude sweets from my children's diet and I believe that no harm will happen to them if taken in moderation," she says.

# 'target toddlers'

continue

## Bid to end

# temptation *Star 18/5/93* at the tills

(30)

A group of British dentists, dieticians and health campaigners have decided that enough is enough. They have launched a campaign to persuade every supermarket in Britain to make at least half its check-outs confectionery-free zones.

The group says that this exploitation of the customer has got to stop — in the interests of good teeth, healthy eating and parents' peace of mind.

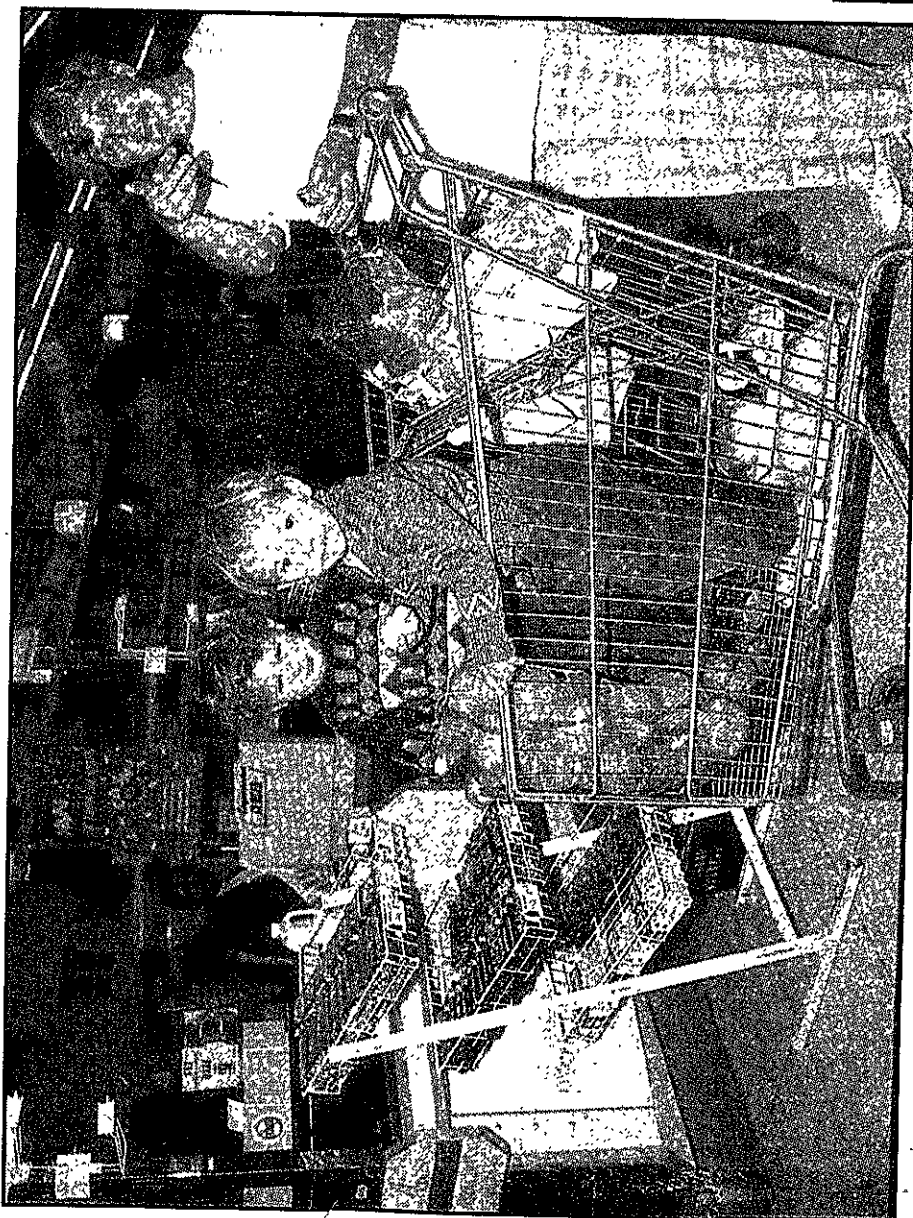
Merton Sutton, chief community dietician, who is chairing the campaign, says parents should not have to put up with this pressure when they have brought the supermarket their custom.

"You are forced to say no at least four or five times. Even if only one parent in 10 gives in, that represents a lot of kids having sweets between meals."

THE INDEPENDENT

## TOMORROW

Divorce may make children sad, but it does not always lead to permanent emotional harm, says new research.



Calm before the storm . . . Hannah Greyling has the daunting task of keeping the hands of her son Jeanre and his friend Dwain away from tempting supermarket confectionery.

Picture: Peter Mogaki

# Sea Point chainstores picketed by strikers

(27) (30)

CT 19/5/93

ABOUT 100 angry members of the SA Commercial Catering and Allied Workers Union (Saccawu) picketed Checkers and Shoprite in Sea Point yesterday.

The protesters were supporting the national strike by Checkers/Shoprite workers over management's decision to withdraw a recognition agreement with Saccawu.

Saccawu's Mr Twelve Fudumele claimed that Checkers and Shoprite outlets in Worcester and Parow had been able to open for business yesterday because casual workers had been hired after strikers were prevented from occupying store premises.

About 40 strikers who occupied Shoprite in Kloof Street, Gardens, on Monday evening in a sleep-in protest

left the premises early yesterday.

Shoprite/Checkers management said the recognition agreement had been terminated as it was outdated.

Negotiations for a new recognition agreement failed when Saccawu refused to accept equal negotiating status for a minority union, the National Union of Distribution and Allied Workers based in Cape Town.

Saccawu had asked the National Peace Secretariat to monitor the strike after clashes between police and strikers in three Transvaal towns yesterday, said Saccawu's Mr Jeremy Daphné.

He said Saccawu was ready to negotiate, but alleged management was not willing to do so and industrial action would therefore be intensified.

Staff Reporter and Sapa

# ANC starts stores boycott over cops

21/11/93 Own Correspondent (30)

DURBAN. — The ANC/SACP/Cosatu alliance has embarked on an indefinite consumer boycott targeting mainly national chainstores in Port Shepstone in a bid to persuade the business community to join in a campaign to remove some "problematic senior police officers" in the area.

ANC spokesman Mr Siyabonga Cwele said the boycott was planned to cover the chainstores in Port Shepstone, Margate and Harding.

He said it was officially launched on Monday.

"Our targets are those shops owned by people who were eligible for the present government. We mean people who have MPs representing them in Parliament," Mr Cwele said.

The Southern Natal Chamber of Business president, Mr Arnold Hofmann, said: "The boycott started on Monday on selected businesses. The chamber has found the boycott not to be effective.

"For example, some of the businesses that were on the ANC list considered Monday and yesterday to be normal trading days," Mr Hofmann said.

# Natal farmers fight back against boycott

Star 19/5/93

Own Correspondent

30

DURBAN — A "ceasefire" is tentatively holding together the southern Natal town of Harding after a day of drama characterised by tractor and trailer blockades, a consumer boycott, the torching of a truck and anger in the streets yesterday.

Five men were arrested during a "takeover" of the town by white farmers and businessmen. They were protesting against a "selective" boycott by the ANC.

Tension reached breaking point but was defused when the "ceasefire" agreement was

thrashed out at a meeting of the Harding action committee (farmers), ANC, and the National Peace Secretariat last night.

Harding is the third town in the region, after Matatiele and Kokstad, to face consumer boycotts and counter-action by white businessmen and farmers.

The boycotts are part of an ANC-alliance programme aimed at having the South African security cordon around the Transkei lifted.

A consumer boycott against the town started on Monday and farmers retaliated with the blockade yesterday.

For written reply:

General Affairs:

SADF: voluntary period service system

20. Dr W J SNYMAN asked the Minister of Defence:†

Whether a voluntary period service system came into operation in the Defence Force on 1 December 1992; if so, (a) (i) how many persons have joined the Defence Force in terms of this system and (ii) in respect of what date is this figure furnished, (b) what are the minimum educational qualifications for such entrants and (c) what does this system comprise? B46E

The MINISTER OF DEFENCE:

Yes.

(a) (i) 2 822.

(ii) As on 2 February 1993.

(b) Standard 5 but current recruiting is focused on trained members with a minimum educational qualification of standard 8.

(c) The system provides for the employment of persons in all musterings for an initial period of 2 years, with the option of extension by one or two years at a time, to a maximum of 6 years. The system is term bound and promotion is limited to a maximum of lieutenant and corporal respectively.

Permanent Force: applications

94. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many Black, White, Coloured and Indian persons, respectively, (a) applied to join, and (b) were accepted into, the Permanent Force as members of the South African

HOUSE OF ASSEMBLY

New questions:

The MINISTER OF DEFENCE:

(i) Army, (ii) Air Force, (iii) Navy and (iv) Medical Services in 1992? B229E

|         | Blacks | Whites | Coloureds | Indians |
|---------|--------|--------|-----------|---------|
| (a) (i) | 1 613  | 3 574  | 393       | 3       |
| (ii)    | 4 132  | 2 892  | 1 118     | 113     |
| (iii)   | 421    | 1 164  | 2 203     | 322     |
| (iv)    | 666    | 1 869  | 400       | 25      |
| (b) (i) | 159    | 935    | 85        | 0       |
| (ii)    | 191    | 341    | 186       | 3       |
| (iii)   | 17     | 252    | 133       | 74      |
| (iv)    | 648    | 648    | 91        | 5       |

Permanent Force: suicides

95. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many (a) members of the Permanent Force, (b) national servicemen and (c) members of the Citizen Force/Commandos (i) attempted to commit and (ii) committed suicide in 1992? B230E

The MINISTER OF DEFENCE:

(a) (c)

(i) 45 (b) 176 (c) 2

(ii) 10 (b) 5 (c) 2

Electrified fence on border: deaths

96. Mr P G SOAL asked the Minister of Defence:

What total number of persons died in 1992 as a result of contact with the electrified fence on the (a) northern and (b) eastern border of the Republic? B231E

The MINISTER OF DEFENCE:

(a) 0

(b) 2

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

\*1. Mr M F CASSIM — National Health and Welfare. [Withdrawn.]

\*2. Mr N SINGH — Public Enterprises. [Withdrawn.]

\*3. Mr M F CASSIM — State Expenditure. [Withdrawn.]

\*4. Mr M NARANJEE — Regional and Land Affairs. [Withdrawn.]

Own Affairs:

Question standing over from Wednesday, 12 May 1993:

Early retirement package for teachers

\*3. Mr K PANDAY asked the Minister of Education and Culture:

(1) Whether her department is offering early retirement packages to teachers in 1993; if so, what are the relevant details; if not, what is the position in this regard;

(2) whether she will make a statement on the matter? D225E

The MINISTER OF EDUCATION AND CULTURE:

(1) Not envisaged at this stage.

(2) No.

Mr A RAJBANSI: Mr Chairman, arising from the reply of the hon the Minister, could she confirm whether any of those who are retiring are to be issued with free gold-class air tickets?

Dr K RAJOO: Mr Chairman, further arising from the reply of the hon the Minister, could she tell us whether any teachers requested early retirement in 1993?

The MINISTER: No, Mr Chairman, not to my knowledge.

Sites in Chatsworth: Ministerial directives

\*1. Mr A RAJBANSI asked the Minister of Housing:

(1) Whether any Ministerial directives were issued that information in respect of certain sites situated in Chatsworth be withheld from persons seeking resettlement as displaced traders; if not, what is the position in this regard; if so, (a) by whom were these directives issued and (b) what was the purpose thereof;

(2) whether he will make a statement on the matter? D194E

The MINISTER OF HOUSING:

(1) No. The Special Allocation Committee on displaced traders is at present considering all applications in this regard.

(a) Falls away.

(b) Falls away.

(2) No.

Mr A RAJBANSI: Mr Chairman, arising from the reply of the hon the Minister, could he tell us whether he is prepared to investigate a complaint in regard to an instruction from the previous Administration that certain sites be hidden from displaced traders?

The MINISTER: Mr Chairman, any query we receive is subject to investigation. I shall investigate it.

Properties/immovable assets: register

\*2. Mr M F CASSIM asked the Minister of Housing:

(1) Whether a comprehensive and up-to-date register of all (a) properties and/or (b) immovable assets in the name of his Department is available; if not, why not; if so, when did it become available;

(2) whether he will make a statement on the matter? D231E

The MINISTER OF HOUSING:

(1) (a) and (b) No.

Following a resolution taken at the Multi-Party meeting held in Durban on 2 December 1992, where the hon member

HOUSE OF DELEGATES



## COMPANIES

### Details of Bergers rights issues

CAPE TOWN — Clothing retailers Bergers Group and Bergers Trading Holdings yesterday announced details of their rights issues which would bring a combined R18m into the group. *BIDAM*

Aim of the rights issue was to enable the group to recapitalise and reduce its debt, and provide it with the resources to expand, said MD Mervyn Jacobson.

Before the rights issues, the shares of Bergers Group would be consolidated on a five-for-one basis and Bergers Trading on a 10-for-one basis. *1915193*

Shareholders at a special meeting yesterday approved the consolidation of the shares, the increase in authorised share

LINDA ENSOR

30

capital, and the rights issues.

A total of 209 new consolidated Berger Trading ordinary shares would be issued for every 100 held — at R1 a share. This represented a large discount to the current market prices (on a consolidated basis) to attract investors, Jacobson said.

In Bergers Group, 210 new consolidated shares would be offered for every 100 held at R2 a share. Investec is underwriting the rights offers.

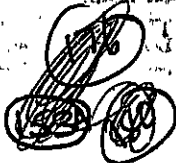
Jacobson said that the group aimed to have no debt on the balance sheet at the end of the year.

# 26 Southbusiness

## Roping in the private sector to help small business

South 1515 - 19/5/93

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**P**ROVIDING a small business with an experienced business mentor from the formal sector could mean the difference between success and failure.

This vital process remains one of the major challenges facing the small business support fraternity, like the Small Business Development Corporation (SBDC).

The challenge can be addressed in co-operation with the private sector by recruiting a few hundred dedicated and experienced mentors willing to help emerging entrepreneurs handle the many obstacles facing them in the early phases of their businesses' development.

Some of these mentors might be sponsored, others might arrange some payment from the enterprises they represent. But most should come forward and get involved on a volunteer basis.

Their brief would involve:

- Adapting technical expertise available to formal sector enterprises to meet the special problems facing emerging entrepreneurs;

- Bookkeepers interested in making a contribution will have to know how to draw up meaningful sets of

"statements" from scratches of paper and shoeboxes full of "information" — and present it to the entrepreneur in a way that he or she really understands and is able to use;

- Franchisors have to play a more active role in designing new types of franchises that effectively transfer skills, maintain financial discipline and strengthen independent entrepreneurship — yet do all of this at a reasonable and attainable franchise fee;

- Suppliers of emerging black enterprises should realise the developmental role they can and should play in effectively

planning and executing deliveries of equipment, new materials, finished goods and other commodities. Quite often the supplier can be the most effective trainer, if willing to undertake that role;

- Financial institutions should accept that current accounts and other normal client services offered to black entrepreneurs provide the opportunity for active training in how to handle their money. Even though this takes time, costs money, and is not a statutory part of bank-client relationships;

- Training institutions offering courses to small enterprises still have a long way to go in finding new and innovative ideas to effec-



**MENTORS: Small businesses need experienced business mentors from the private sector to help them with training and skills**

tively teach the large number of informal and emerging formal sector entrepreneurs who need skills, but find conventional training methods inappropriate;

- Established enterprises in the formal sector should "adopt" emerging black entrepreneurs, especially in their own sphere of expertise. For example, a pharmacy in Bellville or Claremont could play a partnership role for black pharmacists in, say, Khayelitsha, advising on shop lay-out, pricing, credit control, supply channels, security and medical aid matters. Part of the adoption would imply visiting the newcomer's establishment. Another

would entail the newcomer's presence in the well-run shop or industry;

- Chambers of Commerce, industry and related bodies can be used to mobilise panels, or willing "partners", in specific business sectors, so that emerging entrepreneurs can choose likely mentor candidates, and;

- Black entrepreneurs who operate black/white partnerships can show that non-racial business relationships are equally advantageous to both parties. The fastest route to black business advancement can lie in the acceptance of the partnership challenge.

**NEWS IN BRIEF**

**Farmers demonstrate**

A TRUCK was torched during a demonstration by farmers and businessmen against "selective business boycotts by the ANC" in Harding in Natal yesterday.

Five men were arrested during the protest which blockaded the town centre. The ANC, local action committee and other parties were meeting last night to try to solve the crisis.

**ANC welcomes plan**

THE ANCyesterday welcomed the funding of Eskom's electrification programme. The programme was announced jointly by Eskom and the Life Offices Association on Monday. "We welcome any such funding, provided it is properly discussed and negotiated with local communities," spokesman Carl Niehaus said.

**Hospital strike**

THE National Education, Health and Allied Workers' Union (Nehawu) yesterday threatened to spread its industrial action campaign at the Johannesburg's Garden City Clinic to all Clinic Holdings' hospitals. The union said if management maintained its intransigent approach, the union would launch a national strike.

6/10/77-19/5/793

8/10/77-19/5/793

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# Rightwing farmers seal off Natal town

**A** GROUP OF MEN said to be radical rightwing farmers yesterday took over the Natal town of Harding, police and the ANC in the area said. ANC member Dr Deva Moodley was chosen as spokesman for the Indian business community yesterday after 40 armed white farmers began visiting Indian-owned shops demanding that they close.

Moodley said the farmers had brought in extra help and at 10am began setting up barricades to prevent anyone from getting into the town or leaving until their demands were met.

He said the farmers decided to blockade the town because of a selective boycott called by the ANC against white-owned businesses.

The other reasons are alleged ANC intimidation of customers, that businesses were being used as political pawns and the "undemocratic" behaviour of the ANC.

The farmers, calling themselves the Harding Action Committee, are demanding that the ANC put a representative on the Consultative Peace Forum.

The other two demands are that the ANC and its alliance compensate white businesses for losses incurred during the boycott and that the chairman of the ANC Harding branch, Mr Yunus Khan, be fired immediately.

## ■ SELECTIVE BOYCOTT

### Demand for ANC compensation for white businesses:

Moodley said the ANC was prepared to talk about having a representative on the Consultative Peace Forum but that the other two demands were rejected.

"Last night there was a meeting in the town which involved United Nations peacekeepers, the ANC, the Harding Action Committee, members of the white community and representatives of businesses. They decided that no action be taken today.

"However, the farmers decided on their wave of intimidation when they visited Indian-owned shops and demanded that they shut down.

"While they made their demands, they video-taped the responses of the Indian businessmen," said Moodley.

He said some of the shops closed but others refused, which eventually led to the blockades being set up.

## News in brief

### Mourning dead miners

SECUNDA Collieries declared today a day of mourning for the 53 victims of last week's mining disaster at Sasol's Middelbult colliery.

Management said yesterday all underground operations at the colliery would be halted for the day to allow employees to attend memorial services in Secunda and eMbalenhle in the Eastern Transvaal. Five additional services would be held at various Sasol plants for employees unable to attend other services. The 53 mine workers died in an underground methane gas explosion, one of the worst mining disasters in recent years.

### R200 000 reward

POLICE have offered a reward of R200 000 for information that will lead to the arrest and conviction of those responsible for the attack in which three policemen and a policewoman were killed in Dobsonville, Soweto, early this month.

Soweto police spokesman Major Joseph Ngobeni yesterday called on anyone with information to contact Major Fielies Dempsey at (011) 980-7997 or the toll free number 0800 11 12 13. "Any information

received will be treated confidentially," he said.

### Correct words

IN a report on the *Sowetan*-Radio Metro Talkback Show last Friday, president of the Azanian Students Convention Mr Mark Mfikoe was quoted in *Sowetan* as having said "the political playing fields in Bophuthatswana have been levelled by Mangope's refusal to meet students' demands". Mfikoe has told *Sowetan* that his correct words were "to strive for free political activity in Bophuthatswana should be equated with the political tolerance of the repressive system that Bophuthatswana regime is because in essence, as the parameters of political activism widens so diminishes the room for political repression because political repression and liberation cannot exist in one room".

### Robber kills pal

AN armed robber was accidentally shot dead by an accomplice in the Natal Midlands on Monday.

Police said yesterday two men entered the home of Mrs Norah Ngidi in Mid-Illovo and fired a shot which hit a third man keeping watch outside the house. The man was hit in the head and died instantly.

Shares on the ...  
The FSB's two-week in-

Police and journalists showed up at Johannesburg's Library Gardens for a march yesterday — by pupils of ...  
metric examination fees — which failed to materialise.

# Food sector suffers sales slump

17/5/93

MARCIA KLEIN

17/5/93

(30)

LESS than a quarter of all food products managed to show growth over the past year as activity in the food sector slumped to the lowest level in years, industry sources said.

Recently released figures from some major food companies reflected the severe pressure caused by significantly reduced consumer demand, oversupply of protein products and other drought and recession-related problems.

Food manufacturers said not only had there been little or no volume growth, but prices — and subsequently margins — were under severe pressure.

Ibis marketing information services figures showed that 46 out of 64 food markets reported declining sales in the last quarter of 1992.

Ibis's Judy Gordon said that in the markets where there had been activity, there had been growth, and strong marketing had been a major factor behind increased sales.

There had also been growth in those brands where cheaper brands could be substituted. Food sectors which relied heavily on black con-

# Ethiopian flights to SA carry export potential

17/5/93

STEPHANE BOTHMA

ETHIOPIAN Airlines' decision to start a regular service between Addis Ababa and Johannesburg would significantly increase SA's export potential to that country, an airline spokesman said yesterday.

The carrier, one of Africa's oldest and most consistently profitable, will start a twice-weekly service on June 1. A Boeing 757, which can carry 151 passengers and 51m<sup>3</sup> of cargo, will operate on the route.

"SA's high level of industrialisation presents opportunities for Ethiopian companies to import many goods from SA instead of from Europe or the East," Ethiopian Airlines regional director for Africa Melakou Yoseph said.

He said he believed that a significant potential existed for business, diplomatic and passenger traffic between the two countries. The carrier opened a cargo division in Johannesburg this week.

Yoseph said the carrier's comprehensive network in Africa would prove extremely useful for SA businessmen and diplomats.

Flights, costing R2 343, will arrive in Johannesburg via Harare on Tuesdays and Saturdays and depart for Addis Ababa via Harare on Wednesdays and Sundays.

SAA spokesman Leon Els said although SAA had obtained landing rights in Addis Ababa, the carrier had no immediate plans to fly to Ethiopia.



Star 20/5/93

# VAT rise not as painful as expected

By Zingisa Mkhuma

Food prices apparently have not increased as much as expected following the rise in value-added tax from 10 to 14 percent on April 7.

Prices were slightly up from March at two of the four supermarkets surveyed in our April Consumer Basket of 16 listed items — and surprisingly had dropped at the other two.

The price of the items went up by only 26c (0,25 percent) at the Eloff Street branch of OK Bazaars, from R92,82 in March to R93,08, and by 98c (1,1 percent) at Pick 'n Pay West Street, from R88,62 to R89,60 in April.

The total cost of the goods at Spar and Checkers dropped by R3,41 and

R5,39, respectively. Checkers advertised more specials than the other supermarkets.

The stores claim credit for the low prices and attribute them to decisions taken to absorb the 4 percent VAT increase.

But Econometrix director Tony Twine said the lower food prices — at the time the survey was taken on April 28 — could be the result of the big retailers introducing specials at month-end, when most people are paid.

Twine said the real answer could be provided by comparing these figures with those of the Central Statistical Services for supermarket food inflation. The CSS figures will be available after the end of the month.

## FOR THE RECORD

A report in The Star on Tuesday incorrectly stated that an SAP statement on a meeting between western Transvaal farmers and security forces on Monday was issued by Major Hannes Wehrmann. The statement was in fact made by regional SAP commissioner Major-General S P Nienaber, and Wehrmann merely faxed the statement on his behalf. The Star regrets the error.

| 16 ITEMS                            | OK<br>Eloff Street  | PICK 'N PAY<br>West Street | SPAR<br>Newgate   | CHECKERS<br>Yeoville          |
|-------------------------------------|---------------------|----------------------------|-------------------|-------------------------------|
| Frozen Chicken 1 kg                 | Rainbow<br>6,69     | Festive<br>7,19            | Festive<br>7,65   | Rainbow<br>6,59<br>SPECIAL    |
| I & J Hake Fillets 800 g            | 11,79               | 11,28                      | 12,29             | 8,99                          |
| Rindless<br>Back Bacon 250 g        | Escort<br>5,75      | Escort<br>3,99<br>SPECIAL  | Renown<br>3,89    | Escort<br>5,54                |
| Tastic Rice 1 kg                    | 3,08<br>SPECIAL     | 3,59                       | 2,49<br>SPECIAL   | 3,59                          |
| Floro Margarine 500 g               | 3,72<br>SPECIAL     | 4,65                       | 4,65              | 3,89                          |
| Butter 500 g                        | Moorriver<br>6,75   | Famerspride<br>4,99        | Moorriver<br>4,99 | Moorriver<br>6,29             |
| Bliss Milk 1 litre                  | 2,26                | 1,99                       | 1,99              | 1,81<br>SPECIAL               |
| Cornflakes 500 g                    | 7,99                | 7,24                       | 6,29              | 6,10                          |
| Frisco<br>Instant Coffee 250 g      | 4,45                | 5,06                       | 4,99              | 4,39                          |
| Iwisa Mealie Meal 2,5 kg            | 3,99                | 4,29                       | 4,25              | 3,89                          |
| Bliss Yoghurt 500 ml                | 3,62                | 3,16                       | 2,95<br>SPEC      | 3,00                          |
| Omo 1 kg                            | 7,97                | 7,24                       | 7,24              | 7,24                          |
| Handy Andy 750 ml                   | 3,99                | 3,82                       | 3,82              | 3,59                          |
| Toilet Rolls 1 doz                  | Twinsavers<br>10,35 | Twinsavers<br>10,59        | Ca<br>9,99        | Twinsavers<br>7,79<br>SPECIAL |
| Cooking Oil 750 ml                  | Black Cat<br>2,79   | Black Cat<br>2,53          | Spa Brand<br>2,90 | Black Cat<br>2,63             |
| Five Roses<br>Tagless Teabags 250 g | 7,89                | 7,99                       | 8,79              | 7,24                          |
|                                     | 93,08               | 89,60                      | 88,91             | 82,57                         |

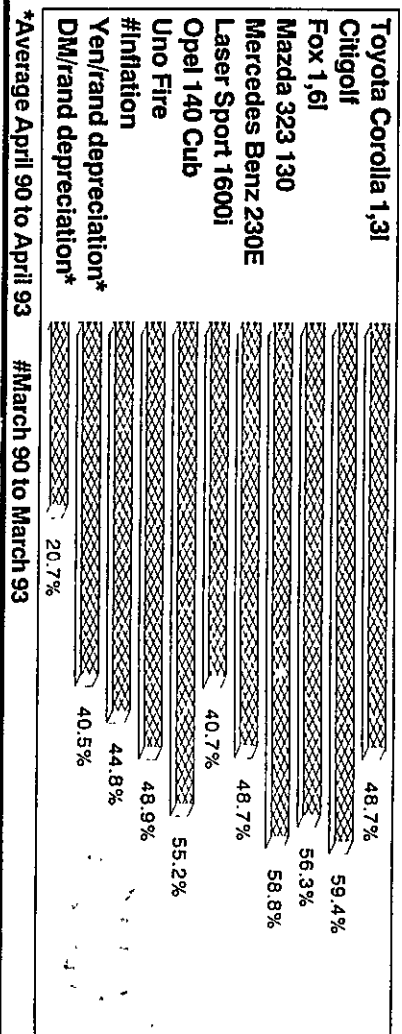


## BUSINESS

# Car prices still race ahead of inflation

**D**ESPITE lower demand, car prices continue to rise. The prices of some of the most popular basic car models have outstripped inflation over the past three years.

The rise in car prices seems inexorable. **REG RUMNEY** takes a closer look



We have compiled a table of the list prices of selected cars over a three-year period from April to the first week of May this year. The prices include 13 percent GST in 1990 and 14 percent VAT now.

For comparison, the table shows inflation as measured by the Consumer Price Index over those three years.

Also, we have calculated imported inflation through the depreciation of the rand against the yen and the Deutschmark over the three-year period. Depreciation of the rand has often been cited as a contributory cause of car price inflation, since a certain percentage of the components of all cars is imported.

The graph shows that the prices of some popular models have not only outstripped inflation but also outpaced the devaluation of the rand.

Also, the rand/yen devaluation was double that of the mark, but this is not reflected in the price rises. The prices of some German-sourced cars rose higher than the prices of some Japanese-sourced cars and vice versa.

Gauging car price increases is made difficult by both the introduction of new models and changes in the specifications of existing models. To compare apples with apples we have taken only those 1990 models which are still produced.

Even then, comparison is bedevilled by specification changes. For instance the specifications of the Mercedes 230E Automatic have changed since 1990. Mercedes Benz management board member Peter Cleary says that some of what is now standard equipment on the 230E was optional three years ago, such as the Meridian two-year free maintenance package which would otherwise cost R5 800, a Becker radio costing R1 949, and an anti-theft system costing around R1 200. Stripping these sort of things out gives a price increase between January 1990 and January 1993 of 41,5 percent.

Cleary accepts, however, that the consumer has no choice about whether to have the new standard items or a cheaper car and so a straight price comparison, without taking into account minor changes, has validity.

Why the price rises when the number of new cars sold is falling?

The prospect is of manufacturers selling fewer and fewer cars at increasingly higher prices. Cleary reckons that low car sales are not only related to price, but to the weakness of the economy.

The reasons for the seemingly inexorable car price spiral are varied and complex. Two are the falling rand and wage increases in the motor industry higher than inflation. The 110 percent protective duty on imported fully built-up cars, keeping out competition from imports, is another. But a big cause is the government's Phase 6 "local content" programme. This, a misnomer in that its aim is to save foreign exchange rather than increase local content, has its own inbuilt cost-raising factors.

If a manufacturer cannot achieve the stipulated 75 percent local content he pays punitive duties. Or he can export motor components — such as pollution-preventing autocatalysts — to get credits which count as local content. Failing that he can automatically achieve higher local content simply by putting up the wholesale price of the vehicle. The local content, by value, is arrived at through a formula which allows this.

Toyota marketing manager Brand Pretorius reckons that until the rand stops depreciating and some change is made to Phase 6, prices will continue to surge. Over the past 12 months the rand has depreciated 30 percent against the yen, he notes.

A government task force on the motor industry is expected to report at the end of this year on, among other things, affordability.

**Business as  
usual at <sup>slow</sup>  
20/5/93  
many stores**

By Happy Nkhoma (20)

Most Johannesburg businesses will observe Sunday hours today and many suburban shopping mall stores will be open, according to the Johannesburg Chamber of Commerce and Industry.

Sandton City, the Village Walk and Southgate and Westgate shopping centres will be open from 9 am to 5 pm but some shops at Westgate will be closed.

Only Norwood Pick 'n Pay Hypermarket will be open in the Pick 'n Pay chain. Shoprite/Checkers stores will be open from 9 am to 1 pm.

Clicks Stores, Dion Stores and OK Bazaars will be open except for the Johannesburg and Pretoria city branches.



Star 21/5/93

## Alberton boycott looms

The ANC-led tripartite alliance will march from Tokoza Stadium to the Alberton police station tomorrow to present a memorandum announcing a consumer boycott in the town. The ANC's PWV region said in a statement the march was to demand the establishment of a transitional executive council and announcement of a date for an all-in election. — Political Correspondent

30/23

**Going to the schools**

FM 21/5/93  
 A major problem Waltons has had to confront because of urban unrest is restricted access to its large base of urban retail customers, order-taking and deliveries being seriously obstructed. Ingenious solutions sometimes flow from such situations.

Ways of compensating for the reduced office orders had to be found. This involved studying all the markets Waltons serves. One of the largest and most lucrative is the provision of school stationery. Certain Natal schools were used for an experiment. Instead of mothers buying an assortment of stationery, the schools now give Waltons a list of requirements. The company delivers all the specified stationery to each student in every class.

The scheme has worked so well it is to be extended throughout the country. It is one reason why chairman Frank Robarts is optimistic financial 1994 will show real earnings growth. However, it hasn't had much influence on results for the year to February 1993.

Though turnover rose 5%, the recession and political instability heightened competition and squeezed margins. Operating profit dived 15,5%, as strong results from Helios-Minolta and Lithosaver Systems failed to compensate for inadequate performances from toy retailer Reggies and office equipment supplier Ozalid. Lower financing costs and a reduced effective tax rate confined the fall in attributable earnings and EPS to 9,1%.

These results are better than was indicated by the interim performance. Robarts ascribes this to innovative marketing and tight control on expenses. The group has written off R27m as an extraordinary item arising

**FOX**

FM 21/5/93

**OFF COLOUR**

| Year to February 28      | 1992  | 1993  |
|--------------------------|-------|-------|
| Turnover (Rm) .....      | 748,2 | 788,1 |
| Operating income (Rm) .. | 99,3  | 83,9  |
| Attributable (Rm) .....  | 32,5  | 29,5  |
| Earnings (c) .....       | 47,6  | 43,3  |
| Dividends (c) .....      | 19,0  | 15,0  |

(30)  
 from a film investment disallowed by the Receiver.

One item in the abridged balance sheet stands out: fixed assets increased 37% (R30m), to R113,6m. Financial manager Dennis Pewsey says most of this resulted from the revaluation of properties; the rest was generated by normal capital expenditure and capitalisation of financial leases. (The revaluation of properties in this economic climate is rightly attracting criticism.)

Robarts is optimistic about prospects for this year, provided the political position does not further worsen the economy. Given reasonable stability in the country, he feels the group is over the worst. Because Waltons' basic merchandise is an essential in the new SA, the share is a potential recovery stock.

Gerald Hirshon

CNA GALLO <sup>FM</sup> 21/5/93

## Muted music

(30)

Though CNA Gallo's basket of financial goodies for year-end 1993 isn't particularly exciting, it is at least positive. Shareholders should be content with the maintained dividend, 15% increase in turnover and 1% rise in earnings — a performance they couldn't

FM 21/5/93

(30)

have expected after the group's below average half-year results when attributable earnings were down 4%, finance costs up a third and the share close to its R20 low.

MD Dennis Cuzen attributes what he calls a "pleasing turnaround" to maintained emphasis on margins, cost containment and successful shrinkage management (a euphemism for theft).

The acquisition of the remaining 50% interest in Nu Metro had a strong impact on the income statement and the balance sheet. Short-term borrowings rocketed to R34,8m from R6,4m and pushed gearing to 25%. Despite some relief from falling interest rates, the group's interest bill still rose R3,4m to R11,9m.

Disposals, thankfully, brought in extra capital. The group sold its CTP, Solchem and Multipro shares and its interests in Video Lab, Academic book division, Premier Freight and Premier Freight Building all for a net R20m.

Unfortunately, during the year, CNA Gallo had to pick up the partial disallowance of tax deductions in respect of film investments in associate companies Waltons and Silveray. The R4,5m disallowance is recorded as an extraordinary item.

After initial concerns over the effects of the new Secondary Tax on Companies (STC) for companies with March year-ends, the group finds it isn't liable for these payments until financial 1994. At least that's a little relief. The effective tax rate for 1993 was 44% and Cuzen anticipates moderate

FOX

### DITTO

| Year to March 31         | 1992 | 1993 |
|--------------------------|------|------|
| Turnover (Rm) .....      | 840  | 967  |
| Operating income (Rm) .. | 77,8 | 85,6 |
| Attributable (Rm) .....  | 53,1 | 53,5 |
| Earnings (c) .....       | 161  | 161  |
| Dividends (c) .....      | 67   | 67   |

### Divisional Break-Up

| Retail                    |      |      |
|---------------------------|------|------|
| Sales (Rm) .....          | 634  | 671  |
| Pre-tax profit (Rm) ..... | 21,3 | 22,4 |
| Entertainment             |      |      |
| Sales (Rm) .....          | 193  | 281  |
| Pre-tax profit (Rm) ..... | 9,7  | 10,6 |
| Support                   |      |      |
| Sales (Rm) .....          | 12,9 | 14,8 |
| Pre-tax profit (Rm) ..... | 5,9  | 7,1  |

earnings growth this year.

The share, at R25,75, is trading R3,75 higher than when the *FM* reviewed the company last November. The stock seems unfairly rated on a p/e of only 16,2 compared with a sector average of 20,8. *Kate Rushton*

# Boycott sparks fierce backlash in Bloemhof

# It's black workers all town sacks

Star 22/5/93

Residents in the township say services in Botumelong are "pathetic". The services and the roads are very poor. There are no recreation facilities. The civic association did send the town council a list of demands over a month ago, but nothing was done.

One witness explained that township residents had attempted to march into town during the morning. Police halted them near the Indian shopping area and forced them back into the township, where a confrontation occurred.

Williams said police used teargas and rubber bullets after policemen, who were meeting local ANC members to defuse

TO PAGE 2.

nessmen had effectively barred black and Indian residents from their town - even from purchasing petrol.

The ANC will be informing the headquarters of major oil companies as to what the white holders of their franchises are doing in the town.

He said residents were driving between 60 and 100 km to get essential groceries and petrol. Indian traders were getting bread through to town-ship residents, but not milk. "If this goes on much longer, the shortages will get worse."

A member of the Indian community said last night that petrol pumps in Bloemhof were being named by white schoolchildren and white women. "All the black staff have been sent packing until further notice, including domestic workers and gardeners."

He said shopkeepers were hard hit by the consumer boycott which had continued "for more than a month" and had explained to their black staff that they could no longer afford to pay their salaries.

Williams said the action followed the dismissal of black workers in the town. "All black workers in Bloemhof were dismissed," he confirmed, "without exception."

Western Transvaal police spokesman Captain Fred Williams confirmed that 19 Botumelong residents were arrested after allegedly stoning police. "Eleven of those received minor injuries," he said after police opened fire with rubber bullets and teargas.

Within hours of domestic boycott of shops, a furious white backlash against a consumer boycott of shops and commercial sector workers being sent home in Bloemhof, 13 residents of Botumelong township were treated in hospital for injuries sustained in a clash with police, sources said.

Western Transvaal police spokesman Captain Fred Williams confirmed that 19 Botumelong residents were arrested after allegedly stoning police. "Eleven of those received minor injuries," he said after police opened fire with rubber bullets and teargas.

Williams said police used teargas and rubber bullets after policemen, who were meeting local ANC members to defuse

## Boycott

FROM PAGE 1.

The situation, were stoned at the municipal offices after the talks.

White residents of Bloemhof, under the leadership of the Bloemhof Business Committee (BBC), resolved on Wednesday night to break the boycott by "united action" and the application of economic pressure.

In a pamphlet distributed to white residents, it was decided that all "non-residents" of Bloemhof would be shut out of economic transactions, including the purchase of food and petrol.

Furthermore, all workers would be sent home until the ANC/civic association consumer boycott was lifted. The consumer boycott apparently began on Monday as an attempt to get the Bloemhof council to address grievances about the state of the township.

"All businessmen and businesses will be monitored to ensure that the action is unanimous," the BBC pamphlet read. "(The names of) those who un-

22/5/93

dermine unanimity will be circulated for further action. This includes Indian and coloured businessmen."

It is understood that, with one exception, Indian businessmen refused to attend the BBC meeting and to endorse the committee's course of action.

Saloojee said white businessmen had tried to coerce Indian traders into taking a similar position, and when they had refused the Indian community was also barred from the town.

Saloojee said a most serious implication of the self-imposed blockade of the town was that petrol was not accessible to the majority of the town's population.

"Black and Indian people are not able to buy petrol at all and this is affecting their very livelihood. The petrol companies are run by whites mostly. One Indian-owned garage has not been able to operate because the black petrol pump attendants have been threatened and have not been able to man the pumps," Saloojee said.

Yesterday morning, sources said, khaki-clad white men drew into the Indian trading area in about 40 vehicles and held a brief meeting there. They left the town after the incident.

New format to improve trading

# Clicks gets streamlined

■ The Clicks Group has been restructured to improve its already impressive record.

**TOM HOOD**, Business Editor

MANAGEMENT of the Clicks Group, comprising the Clicks and Diskom retail chains and Musica specialist music chain, has been streamlined to match its rapid growth.

This expansion has seen Clicks develop into one of South Africa's fastest growing retail conglomerates in the five years since chief executive Trevor Honneysett and his team took control from

founder Jack Goldin.

Since then the group has grown to nearly 300 stores — 141 Clicks, 90 Diskom and 62 Musica — and a turnover of about R1 billion, nearly double the 1991 figure.

Management of the three operating companies was structured to enhance the group's individual trading companies.

Mr. Honneysett said a small, close-knit executive team had driven the group's expansion. This team now needed to pass its control onto the group's next level of management.

A number of "top" management teams had been created to oversee day-to-day operations of the three chains.

Mr Honneysett remains group

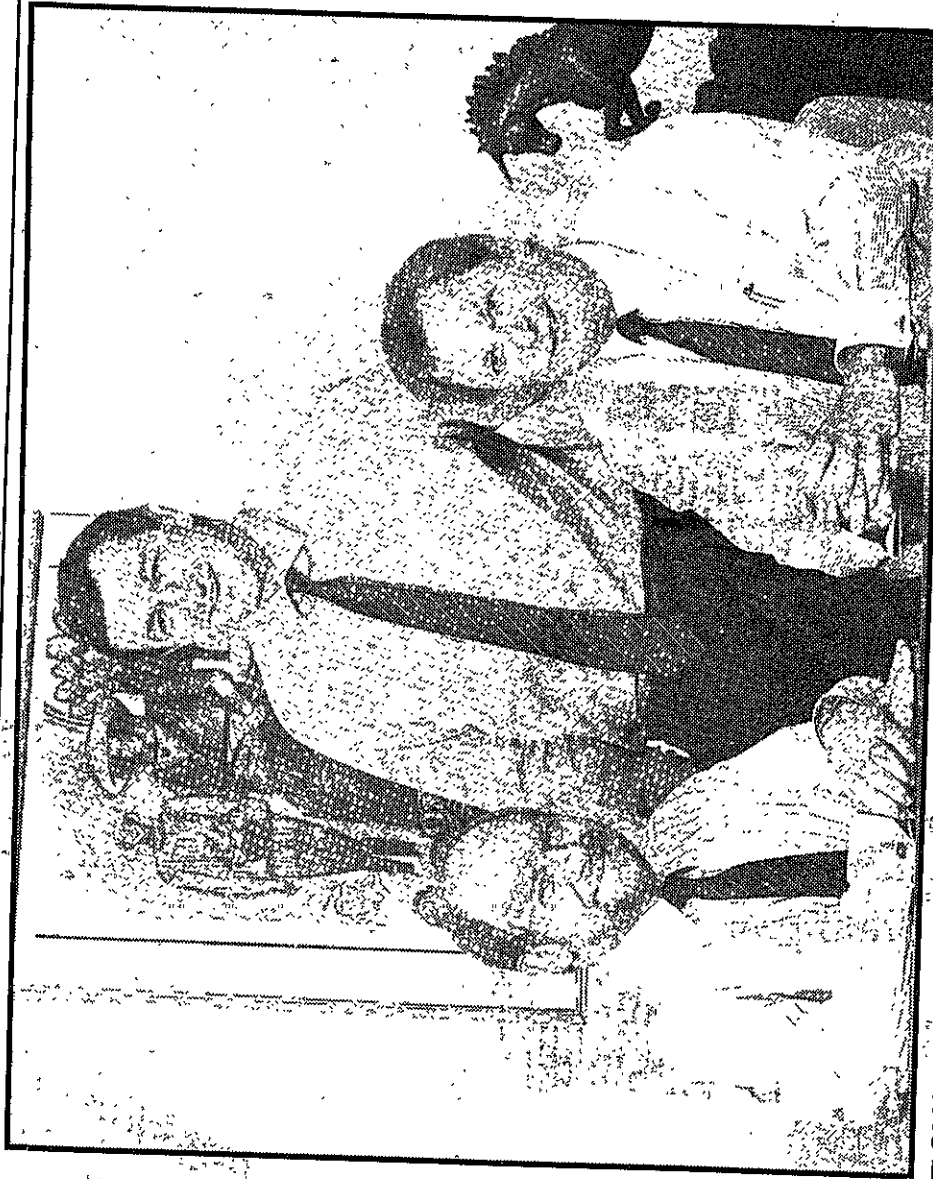
CEO and managing director of Clicks Stores, with fellow executive director Raymond Godfrey becoming deputy managing director of Clicks Stores.

Executive directors David Danziger and Robin Spengler remain as the managing directors of Diskom Stores and Musica Stores respectively.

Other changes include:

- Reduction of group corporate structures;
- A human resources director for each company, and
- A corporate services company, H Goldin Corporate Services, will supply head office services.

Executive director Peter Green has been appointed managing director of this company.



□ **CLICKS CHIEFS:** Peter Green, Trevor Honneysett and Raymond Godfrey, deputy managing director Clicks Stores.

# Consumer boycott leads to race violence

JO-ANNE COLLINGE and  
LOUISE MARSLAND

Weekend Argus Correspondents

JOHANNESBURG. — Violence flared yesterday after the entire black workforce of a Western Transvaal town was sacked in a furious white backlash against a consumer boycott of shops.

Within hours of domestic and commercial sector workers being sent home in the town, Bloemhof, 13 residents of Boitumelong township were treated in hospital for injuries sustained in a clash with police, sources said.

It is understood the injured were removed from hospital directly to police cells later in the day.

Western Transvaal police spokesman Captain Fred Williams confirmed that 19 Boitumelong residents were arrested after allegedly stoning police. "Eleven of those received minor injuries," he said, after police opened fire with rubber bullets and teargas.

Captain Williams said the action followed the dismissal of black workers in the town. "All black workers in Bloemhof were dismissed, I believe, without exception," he confirmed.

He said shopkeepers were hard hit by the consumer boy-

cott which had continued "for over a month" and had explained to their black staff that they could no longer afford to pay their salaries.

One witness explained that township residents attempted to march into town during the morning. Police halted them near the Indian shopping area, and forced them back into the township where a confrontation occurred.

Captain Williams said police used teargas and rubber bullets after policemen, who were meeting with local African National Congress (ANC) members to defuse the situation, were stoned at the municipal offices following the talks.

White residents of Bloemhof, under the leadership of the Bloemhof Business Committee (BBC), resolved on Wednesday night to break the boycott by "united action" and the application of economic pressure.

In a pamphlet distributed to white residents, it was decided that all "non-residents" of Bloemhof would be shut out of economic transactions, including the purchase of food and petrol.

Furthermore, all workers would be sent home until the ANC/Civic Association consumer boycott was lifted. The consumer boycott apparently

began on Monday as an attempt to get the Bloemhof Council to address grievances about the state of the township.

"All businessmen and businesses will be monitored to ensure that the action is unanimous," the BBC pamphlet read. "(The names of) those who undermine unanimity will be circulated for further action. This includes Indian and coloured businessmen."

It is understood that, with one exception, Indian businessmen refused to attend the BBC meeting and to endorse the committee's course of action. As a result, they are being treated in the same manner as Boitumelong residents.

This morning, sources said, khaki-clad white men drew into the Indian trading area in about 40 vehicles and held a brief meeting there. They left without any hostility.

Captain Williams said the situation was very tense and white shopowners were barring all township residents from their shops. "They feel that why should the black people buy from them now, when they refused to for a month."

Captain Williams said the regional peace committee would discuss the situation on Monday.

30 1978  
APR 22 1978

# Morkels upsurge stuns the sceptics

(30) ARG 22/5/93  
**MARC HASENFUSS**  
Business Staff

MORKELS' resurgent performance in the year to end March should close the sizeable discount gap in current trading price of around 100c a share and net asset value of 175c a share.

Prospects for the financial year ahead look solid and directors' profit growth predictions will not be taken lightly by the investment public this time around.

After slumping into the cheap seats in the previous year (to end March 1992), Morkels directors set an ambitious target of 40 percent growth in earnings a share.

Investors were sceptical, believing it would take longer for the retailer to recover from what was perceived as too-rapid expansion.

However, the unbelievers were stunned as management's successes in containing operating costs, maximising merchandising profitability and tightly controlling cash use helped Morkels more than double profits to R9,8 million.

Management's achievements are underlined by the fact that tight trading conditions in the furniture and sport equipment sector limited the rise in turnover to a meagre four percent at R319 million for the period under review.

Managing director Carl Jansen stressed the importance of "getting 80 percent of the business renewal task done in 20 percent of the time — and thereafter initiating continuous strategic improvement."

He said the most impressive gains were made from the business renewal programmes recorded by the group's

core household furniture, appliances and home entertainment business.

These businesses, which operate through the credit-based 94-store Morkels chain, transformed a slight two percent growth in sales into an impressive 54 percent profit improvement.

Mr Jansen said Morkels' cash-based 44 outlet Totalsports sports goods chain lost out to postponed purchasing decisions as price escalation of basic commodities forced consumers into more conservative buying patterns.

Totalsports still managed a solid 18 percent in sales to R60 million — yielding profits of R4,8 million.

He said the strategic phase of rapid Totalsport store roll-out had ended. "Once investment in an expanded management structure had worked through the chain, the quality and the standard of return on assets were considered favourable."

Wholesaler Ajaysports one word correct achieved sales of nearly R9 million but Mr Jansen said a lack of brand and product continuity caused a loss of over R3 million.

He said Morkels would attempt to restore viability to the wholesale operation by implementing plans to strengthen Ajaysports' management, secure strategic supply lines and broaden the customer base.

Mr Jansen is confident that Morkels will continue to reap improvements on current earnings through pursuit of its business renewal programmes.

However, he indicated that conservative financial objectives were being set in view of a future fraught with uncertainty and with little likelihood of consumer confidence improving in the short term.

ST Times G.C (Metro)  
23/5/92

# Cape Town leads SA's economic growth

WHILE Cape Town houses nine percent of the country's population, it generates 13 percent of South Africa's gross domestic product, indicating that Cape Town is leading the economic growth of the country.

This is the view of Dr David Bridgman, executive director of Wesgro, the Cape growth organisation, and a leading Western Cape economist.

"Cape Town is the only major metropolitan centre that has grown in the past 10 years ac-

ording to figures released from the 1991 population census," he said this week.

The census is carried out every 10 years.

"The rebuilding of the Cape Town city centre and development of the highly successful Victoria & Alfred Waterfront are symbolic of Cape Town's growth," he told a meeting of the Association of Corporate Treasurers of Southern Africa.

"The growth of Cape Town is attributable to various economic

forces which focus increasing attention to exports and thus favour the Mother City," he said.

In addition, Cape Town's broad spectrum of economic sectors, including agriculture, tourism, the oil industry and the retail trade, made for a more stable economy.

Advantages Cape Town offers include the lifestyle resulting from the natural beauty of the area, its labour skills, access to export markets and the perception of greater social stability.



By JOCELYN MAKER

WHITE businessmen in the conservative Western Transvaal town of Bloemhof were trying to starve out residents of neighbouring Boitumelong township in an effort to end a consumer boycott, Indian traders and the ANC claimed yesterday.

The entire black workforce in Bloemhof was fired on Friday as whites retaliated against a consumer boycott.

Within hours of more than 200 black workers being sent home, 13 people were treated for injuries after a clash with police in the

# Starvation looms in bitter boycott war

streets of Boitumelong.

Western Transvaal SAP spokesman Captain Fred Williams said nine of the injured were arrested.

Yesterday, a member of the Indian Traders Association, who did not wish to be named for fear of reprisals, warned: "There is going to be a racial war."

He said the white community was "blocking" all food supplies into Boitumelong.

"Babies are going without milk, and from today there will be no more bread," he added. "Their aim is to starve black residents into submission."

A local ANC member and spokesman for the Boitumelong Civic Association said blacks wanted Bloemhof to stop enforcing the now defunct Separate Amenities Act.

Mr Johan Vleser, mayor of the town — which has 2 500 whites,

12 000 blacks, 2 500 coloureds and 50 Indians — said the council had nothing to do with the retrenchments.

He would not comment on claims that blacks were barred from certain facilities in the town.

Mr Daan Lottering, chairman of the Bloemhof Business Committee, said: "All I can tell you is, it's working. White businesses are being run without black staff."

"We have cut off all their food

sources and even though our businesses are suffering, we will not give up our struggle."

A businessman, whose shop is in the Indian Centre on the outskirts of the town, said he (and 25 other shopkeepers) had been given a list of demands this week by the town's business committee.

"They said we had to sign it. One of the demands was that we support their counter-boycott."

"We all refused, and on Friday morning, more than 100 white men, some carrying guns, arrived at the centre and began intimidating black shoppers," he said.

The owner of a Wolmaransstad bakery, 60km from Bloemhof, said she was stopped outside the township yesterday by a group of white men.

"They told me I was not allowed to take bread into Boitumelong, and that I had to stick with them because I'm white. It was only after a heated argument that they let me go in."

# Store of the people gets new look

STimes  
(Buss)  
23/5/93

By DON ROBERTSON

OK BAZAARS has until now been "the store where South Africa shops". From tomorrow, it will become "the store for the people".

It is hoped that a new and aggressive marketing plan will put the SA Breweries subsidiary back in the black in about three years.

The "New OK" has emerged only a few months after the executive was trimmed from 19 to seven and a R45-million loss in the year to March. (30)

It is the sixth-largest loss suffered by any group on the JSE in the past year.

Managing director Mervyn Serebro, appointed in January to succeed Gordon Hood on his retirement, says: "We have been hurt badly because our segment of the market has become poorer and been hit by VAT."

Mr Serebro refuses to blame previous management for the group's ills.

There are still some good old retailing techniques, he says.

"Buying and selling is what retailing is all about," he says.

The group will focus on the lower-income sector which constitutes 65% of its market.

## Politics

The range of merchandise will be slashed. Already R102-million of stock has been sold.

Service will be improved through increased training. The company will continue to present itself as an aggressive mass marketer with a spread of stores across the country.

From tomorrow all 161 shops will present a new image with different colours, signage and competitive prices.

Tuesday's CCV CNN TV news magazine will be interrupted at 8 am for Mr Serebro to address staff members all over SA.

Mr Serebro says: "We are totally immersed in this image change and strategy shift. I will talk to all our 2 000 managers and the staff to explain our position."

"I am confident that we can restore the business."

"We are not yet out of the woods, but all things being equal, we hope there will be significant improvements in all aspects of the business within three years."

Mr Serebro says the ratio will be drastically cut in time. Borrowings could be slashed by R100-million in the current year.

C Press 23/5/93

# 'If boycott stays — get out!'

By DAN DLAMINI and Sapa

THE tiny western Transvaal town of Bloemhof is on the brink of collapse after white businessmen barred blacks from the town to counter a month-long consumer boycott.

But blacks, Indians and coloureds in the area have vowed to continue with the consumer boycott despite the mass dismissal of black workers by their white em-

ployees recently.

A pamphlet issued by the Bloemhof Business Committee said action by whites was intended to starve local black residents. There have been no deliveries of basic foodstuffs to the township since the mass dismissal.

Seventeen township residents, were arrested last week following clashes with police.

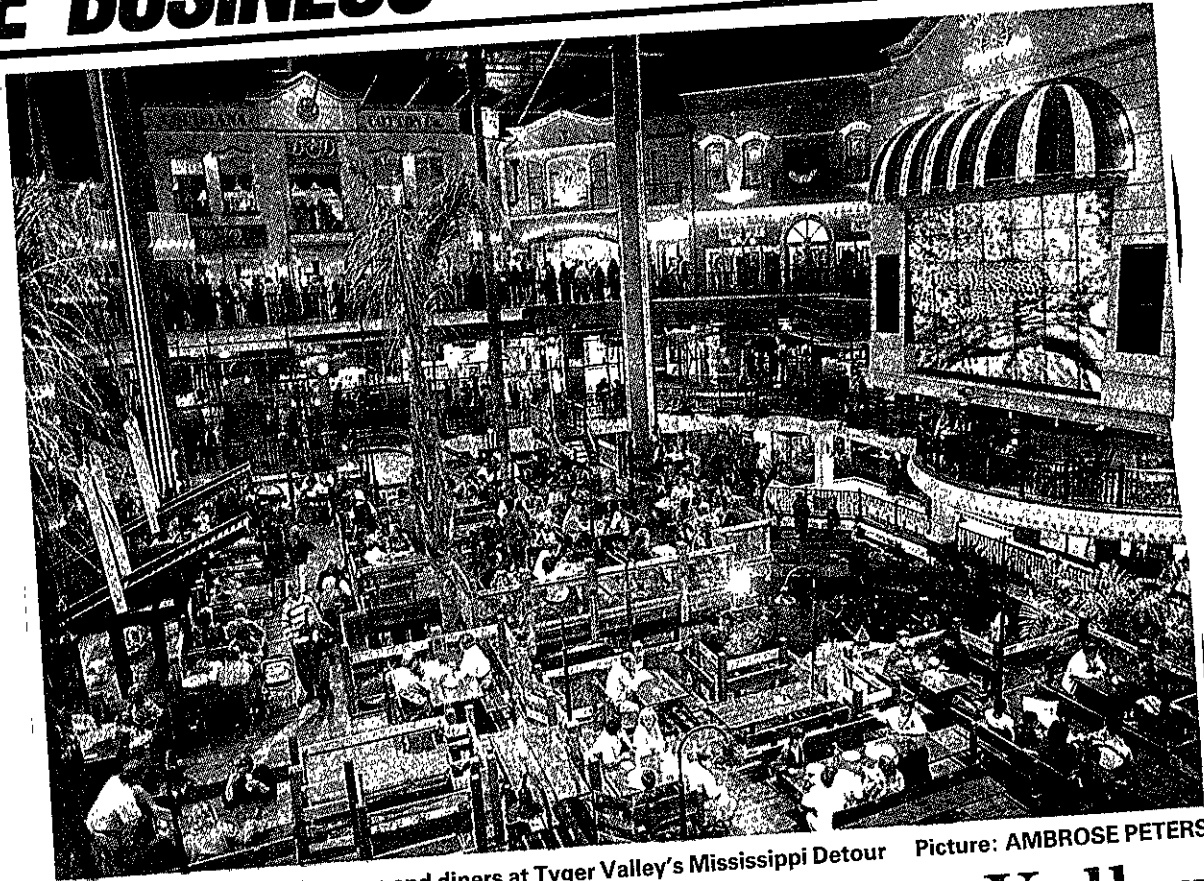
In a separate incident, the ANC said police used teargas and rubber

bullets to disperse a meeting of black workers on Friday.

It said 15 people were injured and 25 people had been arrested.

The ANC released a copy of a circular issued by the Bloemhof Business Committee which stated that businessmen should not provide any services, including selling fuel or food, to "local non-Bloemhof residents" who should be sent home until the boycott was called off.

# THE BUSINESS



GOOD TRIP . . . Happy shoppers and diners at Tyger Valley's Mississippi Detour Picture: AMBROSE PETERS

## Business booms at Tyger Valley

By JEREMY WOODS

DESPITE the cold winds of recession currently blowing through the retail trade, business is booming at Tyger Valley Centre's new food and leisure extension, the Mississippi Detour.

"When you look at what is going on in the rest of the retail trade, we are doing very well," says Co-

bus Basson, the centre's marketing manager.

Some fast-food restaurants and boutiques are already "performing exceptionally" while others which opened recently are still moving through their initial growth phase, he said.

It could take two to three years for some of the new tenants to reach peak turnover levels but

growth will be a lot quicker at Tyger Valley because of the centre's exceptionally good trading history, which includes "strong annual growth".

Recent independent surveys of shoppers and visitors to the centre show that shopper traffic is still increasing and the new mall and Mississippi Detour is a hit with visitors.

# Shoprite strikers set to enlist other unions

**The Argus Correspondent**

JOHANNESBURG. — The Shoprite/Checkers strike enters its 17th day today with indications that other unions could be called upon to support the action if management does not respond within 72 hours.

This emerged after a weekend of marches and pickets by workers at stores in major centres around the country.

SA Commercial Catering and Allied Workers Union (Saccawu) spokesman Mr Jeremy Daphne said at the weekend that the Congress of South African Trade Unions had given the chain "72 hours to respond favourably to the union's demands, or the federation will engage all its affiliates in the dispute".

And in Hillbrow, Johannesburg, on Saturday ANC Youth League president Mr Peter Mokaba — who attended a demonstration by Saccawu members outside the local Checkers branch — pledged his organisation's support for the strikers.

"We will support any community action and shut down Checkers, if it comes to that," he is reported to have told a crowd of several hundred Saccawu members, who marched to the store under the eye of members of the local peace secretariat. The store was then closed, said Mr Daphne.

The action began on May 8 in an effort to persuade the chain's management to reinstate a nine-year-old recognition agreement which management claims is outdated and inappropriate to conditions in the group since the merger between Shoprite and Checkers more than a year ago.

The union claims management is trying to force it to accept joint wage bargaining with a minority union, the Cape-based National Union of Distributive and Allied Workers.

More than 2 000 workers have since been locked out, and 400 arrested as a result of sleep-ins and picketing.

## Kroonstad boycott called off

*Star 24-15-93*  
The ANC in Kroonstad has called off a consumer boycott aimed at forcing the release of about eight men jailed in connection with attacks on members of a vigilante group, the Three Million Gang. — Staff Reporter

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# Clicks' management is to be streamlined (30)

MARCIA KLEIN

MANAGEMENT of the Clicks group, which includes retail chains Clicks, Diskom and recently acquired Musica, has been streamlined to meet future growth.

CE Trevor Honeysett said the group, which would soon report for the year to end-April, had grown rapidly in the past five years to nearly 300 stores and turnover of nearly R1bn. It had 141 Clicks, 90 Diskom and 62 Musica stores. Its expansion had been driven by a small, close-knit executive team.

However, control needed to be passed on to the next level of management, and emphasis needed to be given to the individual trading companies. A number of top management teams had been created to oversee day-to-day operations.

Honeysett, who would remain as group CE and MD of Clicks Stores, said the group was empowering management of the individual chains.

Executive director Raymond Godfrey was appointed deputy MD of Clicks Stores, and executive directors David Danziger and Robin Spengler would remain as MDs of Diskom and Musica respectively.

Honeysett said the group was empowering management of the individual chains by giving them added responsibility and accountability.

The group was also introducing human resources directors into each division. This function was previously under the control of a single main board director.

A separate corporate services company, H Goldin Corporate Services, would supply head office services to the trading companies. This firm would be headed by executive director Peter Green.

Honeysett said this would allow the operating companies to focus on trading and customer service.

In the half year to end-October, the group reported a pro-rata 24% rise in after-tax profit to R10.3m. Analysts said they expected it to maintain its strong growth record in the full year to end-April.

The change in its year-end to April put it in line with holding company Premier. Results from the Premier Group and its subsidiaries would be reported in the next few weeks.

chologists say colour has a huge impact on how we feel, making us happy or gloomy, and willing or not to buy a product. Each colour has a distinctive psychological effect and when properly used, can make a difference in your home. — Daily Express.



Innovative twosome ... Louis Gavin (left) and Julian Ovslowitz bring a new approach to advertising strategies.

## Product before prizes

**NOT ONE, BUT TWO**  
Hard times are forcing consumers and producers to demand two for the price of one from their advertising budgets. PHANGISILE MTSALI reports on new marketing trends.

**C**ONSUMERS are becoming wiser and they can no longer be hoodwinked into buying products through incentives, say Julian Ovslowitz and Louis Gavin directors of a Sandton advertising agency.

Recessionary times are forcing advertising to be subjected to a couple of its own classic one-liners: "Two for the price of one" and "Buy one, get one free".

The innovative twosome say it is time for dual logic marketing to satisfy the client while grabbing and retaining the consumer's attention.

"It is no longer enough to say: 'Buy this product and win a trip overseas'," says Ovslowitz, the company's MD.

"We are saying buy this product because it's good for you, plus you stand to win a trip overseas."

Ovslowitz says senior managers of many companies are now demanding two-for-the-price-of-one synergy in every business

sphere including marketing. They want advertising that builds the brand and sells the product; campaigns that reach the public and the trade.

"Our approach puts the brand before the prize whereas typical below-the-line advertisements make the prize the hero of the communication," he says. "We promote the brand's qualities and catch the consumer's eye with lucrative prizes."

His company's "thru-the-line advertising" approach is aimed at satisfying clients and consumers who are increasingly demanding value for money. It borrows the best from both sides of the invisible line in the advertising world. They call it brand incentive.

Above-the-line advertisements tend to shift perceptions about the product by emphasising its qualities through marketing awareness. Below-the-line strategies are often sales incentive programmes. They attempt to change behaviour by offering incentives to lure the consumer into buying

a particular product.

The agency's new thinking paid off recently when they walked off with winners in two categories in the prestigious Sales, Promotion and Design Awards (Spada) held in Johannesburg.

Their dual logic approach brings the South African advertising industry in line with international advertising and marketing trends.

Top French advertiser Claude Bonnange says 30 years ago consumers used to go for middle of range priced products but these recessionary years have produced smarter and more critical consumers.

"They are now either buying most expensive or least expensive products," he says. "Should they discover that there is not much difference between high and low cost product they will abandon the high cost one and the producer will lose sales."

Consumers have become lucid and know exactly what they want, Bonnange says.



Star 25/5/93  
**Supermarket  
strike talks**

**in the offing**

By Paul Bell  
Labour Correspondent

Mediation is expected to begin today between the strike-hit Shoprite/Checkers group and the SA Commercial Catering and Allied Workers' Union (Saccawu).

This emerged last night as the strike by between 6 000 and 10 000 Saccawu members employed by the chain ended its 17th day. The strike was sparked by management's termination of a nine-year recognition agreement.

Strike action had been escalating since May 8, with the union claiming widespread and growing community support and threatening a consumer boycott.

Saccawu spokesman Jeremy Daphne said last night: "My understanding is that both parties are exploring the possibility of mediation on Tuesday. It is apparently under discussion now but there has been no definite confirmation."

Shortly afterwards a company spokesman said: "There are indications that the union is prepared to abandon its demand for the unconditional reinstatement of the recognition agreement."

## COMPANIES

### Pick 'n Pay in cellular phone deal

CAPE TOWN — Pick 'n Pay has reached an exclusive retailing agreement with a cellular telephone hardware seller which will give it exclusive rights to sell the company's products in SA.

The mass retailer will also sell the airtime cards essential for cellular communication. *(20)*

A portion of the profits derived from the sale of airtime cards will be put aside for installing non-cash accepting telephones in communities without such services.

Pick 'n Pay marketing director Martin Rosen said yesterday the margins provided by the exclusive arrangement would allow Pick 'n Pay to pass on the benefits to

LINDA ENSOR

underprivileged communities. The airtime carrier was also party to the deal.

Rosen said the deal held huge potential for Pick 'n Pay in terms of drawing in customers who could buy their airtime cards at the chain's stores or have their cards recharged. He estimated the cellular telephone retailing market to be worth about R6bn annually.

Rosen added that one of the main benefits of airtime cards was that they were usable only up to the value purchased and could not be used to run up huge debts if they were stolen.

# Retail sales will sag further <sup>(30)</sup> expert

Bloom 25/5/93  
GERALD REILLY

PRETORIA — Real retail sales volumes in May are expected to sag further because of still shrinking disposable incomes and depressed consumer confidence, according to economists.

Central Statistical Service figures show real total retail sales at constant 1990 prices for the three months to end-May declined by 0,6% compared with the previous three months.

And when May last year is compared with May this year, sales were expected to increase by 7,3%, which in real terms represented a decrease of 3,8%.

AHI economist Nick Barnardt said retail sales were boosted artificially during March and part of April by pre-emptive buying before the VAT increase.

The backlash would be apparent in May and June figures, Barnardt said.

The effect of VAT and the increase in the CPI from 9% in February to what is expected to be 12% for April would make further inroads into disposable incomes and directly affect retail sales volumes.

The socio-political uncertainty would continue to adversely affect sales.

In the short term, said Barnardt, there was little hope of improved conditions in the retail trade.

However, if the gold price continued to be strong and there was perceived progress in political negotiations, then an upturn in sales might become apparent towards the year's end.

Another factor supporting this, he said, was the favourable agricultural year and the growth of spending power it meant for farmers.

However, Barnardt said, wage and salary increases were the lowest for years and retrenchments were continuing in many sectors.

The short-term outlook, in particular for the sale of luxury and durable goods, was grim, he said.

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# OK to spend millions on 'new-look' project

B/D 25/5/92

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OK Stores has embarked on a multi-million rand strategy aimed at turning the company around.

OK Bazaars, which holds the OK and Hyperamas, recently announced an attributable loss of R44,9m in the year to end-March. Turnover rose 4,6% to R5,28bn, but operating income dropped 52% to R49,9m and the interest bill climbed to R123,8m.

Last night group MD Mervyn Serebro said the group had redefined its market, restructured its management, introduced a new in-store look and a new pricing programme, with hundreds of basic food items discounted each day.

Serebro said turning the OK around was a three year project. In the short term it would increase volumes, change its focus, reduce stockholdings and improve efficiencies. This would lead to increased turnover and better operating margins.

The interest bill was a medium-term element. "We need to produce meaningful growth tied with efficient management systems. Right now our job is to get the focus right and our pricing right." In the

MARCIA KLEIN

shorter term, lower stockholdings would bring borrowings down. At this stage the group was not considering raising finance to reduce the interest bill.

Serebro said the OK had been "somewhat fuzzy and faceless" and had attempted to serve the entire spectrum of the population. It would become customer and price driven, focusing on the middle to lower income groups.

What was once one of the groups' greatest strengths — its large range of merchandise and departments serving a broad spectrum of the population — had become a weakness. Its range would be trimmed considerably and its pricing would become competitive, he said.

In terms of its relationship with its suppliers, he said the OK had been "the epitome of mediocrity", and had not always honoured its commitments.

But when a sleeping giant wakes up, "the SA retail industry better take note", Serebro said.

● See Page 9

# Racial tension at breaking point in boycott-hit town

By Stan Hlophe

30  
Tensions are running high in the western Transvaal town of Bloemhof after white businessmen last week cut off all supplies to neighbouring Boitumelong township following a consumer boycott by blacks, Indian traders say.

One trader, who asked not to be named for fear of reprisals, said AWB members travelling in bakkies paraded around the city centre and fired shots into the air on Sunday night.

A journalist said he saw men in a vehicle scanning an open

Star 25/5/93  
veld with a searchlight, apparently looking for blacks.

"There is a strong possibility of racial war breaking out," the trader said. "The situation is so volatile. There are no deliveries and no petrol is being sold to residents. Babies have no milk and are on the verge of contracting diseases."

The entire black municipal workforce was last week dismissed in retaliation for the consumer boycott. Within hours of more than 200 workers being sent home, 13 people were treated for injuries after a clash with police in Boitumelong.

# Few black consumers seen as boycott hits Alberton

By Anna Louw  
East Rand Bureau

30  
The ANC-orchestrated consumer boycott to protest against Alberton Town Council's failure to amalgamate with Tokoza got under way yesterday.

Alberton Sakekamer chairman Marius van der Merwe said he could not comprehend the motive behind the boycott as a committee representing the ANC, PAC, IFP, the town council and local businessmen was established in August to implement joint administration of Tokoza.

Van der Merwe said the forum had been created for negotiation, and a reportback meeting had been scheduled for yesterday but the ANC and PAC had failed to attend.

"We are disappointed with

the ANC's decision to hold a boycott." He said channels of communication with the ANC had always been open and "everyone was willing to help".

Van der Merwe said very few black consumers were seen in the town yesterday.

Alberton Town Council management committee chairman Johann van der Merwe confirmed that the assistant town treasurer had already been appointed to act as Tokoza's chief executive officer and that the upgrading of services had already begun.

Van der Merwe said it was a consumer's "right to take part in a boycott, but this boycott is not justified". He said the boycott would temporarily hurt local business but he did not believe it could go on indefinitely.

# Servgro beats own forecast

By Stephen Cranston

Servgro, Sankorp's leisure and services subsidiary, has reported a 14 percent increase in earnings per share to 47,2c in the year to March, well ahead of the 10 percent increase predicted in last year's listings prospectus.

The dividend has been increased by 14 percent to 19c.

The results were achieved despite a lower contribution from Interleisure, and almost unchanged contributions from Teljoy and Interpark.

Strong improvements were achieved by Avis, Price Forbes and Fedics.

Chairman Peet van der Walt says the results were achieved through a combination of cost and asset control and improved management efficiency.

Rationalisation during the year included the slimming down of Teljoy Business Services, the closure of some of Interleisure's sports wholesale operations and the focus of the food division on three core brands, Squires, Mike's Kitchen and R.J's.

Interleisure's working capital was reduced from R62 million at its year-end last June to R35 million in March. Rights to screen Disney films were also acquired.

Developments included the acquisition of Willis Faber Enthoven and the establishment of PFV London, which should be profitable in 1994.

Price Forbes processed R3 billion worth of policies during the year.

Fedics saw good organic growth and served 336 million meals during the year.

New in-flight kitchens were built in Johannesburg and Durban and there was a major retail outlet development at Jan Smuts Airport.

Avis's operational efficiency was improved by the Wizard computer system.

Servgro's turnover increased by 14 percent to R921,4 million and its operating margin improved from 12,4 to 12,8 percent. Gearing improved from 23 to 19 percent.

Van der Walt expects economic conditions to remain difficult in the current year as consumer spending will be depressed and tourism is unlikely to improve before 1995.

But earnings and dividends should improve because of recent rationalisation and developments.

# Gold bounces up again

Gold appears to have settled in a tight trading range of between \$373 and \$380 an ounce.

After falling to a low of \$374 in early European trading yesterday the metal bounced back in late afternoon trading in London and New York.

On New York's Commodity Exchange yesterday it jumped \$4,60 to \$378,50, which was \$1 up on London's close.

In Hong Kong this morning it opened at \$379,05.

Gold's latest rise was in part spurred by the renewed fall of the US dollar to record lows against the Japanese yen, but analysts believe it is set for a brief period of consolidation.

"Most of the big buying has been done in the present run," a European trader said. "Now the market is in the hands of smaller investors."

Analysts expect the upswing will resume and say the market is in the same bullish mood as before, but opinion differs on how far prices could fall.

Dealers see \$372 as the level gold will rebound from. But technical analysts are less optimistic, citing \$363. — Sapa-Reuter-AP.

# Brenner Mills doubles up

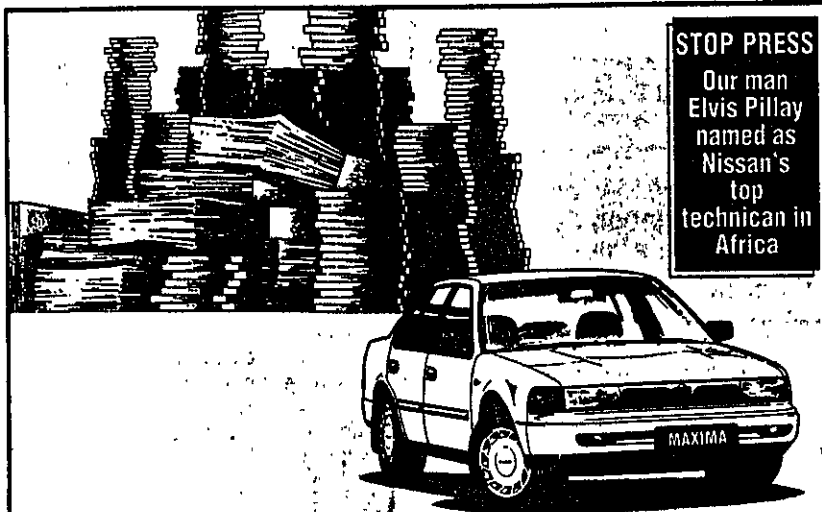
Maize-miller Brenner Mills doubled taxed profit to R7,5 million in the year to February.

Chairman A Brenner says turnover increased by 29 percent over the previous year.

Improved margins and overhead control resulted further in a doubling of earnings a share to 32,8c.

Cash resources at the end of the period amounted to R13,1 million (R6,2 million).

Brenmill has declared a final dividend of 10c a share, pushing the total for the year 10c higher to 18c. — Sapa.



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# Morkels' recovery defies the sceptics

*Star 26/5/93*

By Marc Hasenfuss

CAPE TOWN — Morkels' resurgent performance in the year to end-March should close the sizeable discount gap in the current trading price of around 110c a share and net asset value of 175c a share.

Prospects for the financial year ahead look solid and the directors' profit growth predictions will not be taken lightly by the investment public this time around.

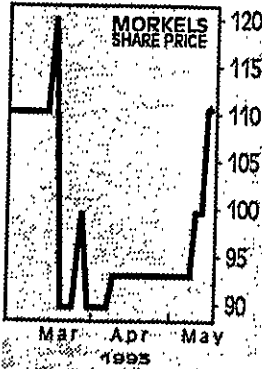
After slumping into the cheap seats in the previous year Morkels directors set an ambitious target of 40 percent growth in earnings a share.

Investors were sceptical, believing it would take longer for the retailer to recover from what was perceived as too-rapid expansion.

## Cash use

However, the unbelievers were stunned as management's successes in containing operating costs, maximising merchandising profitability and tightly controlling cash use helped Morkels more than double profits to R9,8 million.

The management's achievements are underlined by the fact that tight trading conditions in the furniture and sport equipment sector limited



the rise in turnover to a meagre four percent at R319 million for the period under review.

Managing director Carl Jansen stressed the importance of "getting 80 percent of the business renewal task done in 20 percent of the time — and thereafter initiating continuous strategic improvement."

He said the most impressive gains were made from the business renewal programmes recorded by the group's core household furniture, appliances and home entertainment business.

These businesses, which operate through the credit-based 94-store Morkels chain, transformed a slight two percent growth in sales into an impressive 54 percent profit improvement.

Morkels' cash-based 44 outlet Totalsports sports goods chain lost out to postponed purchasing decisions as price esca-

tion of basic commodities forced consumers into more conservative buying patterns.

Totalsports still managed a solid 18 percent in sales to R60 million, yielding profits of R4,8 million.

The strategic phase of rapid Totalsport store roll-out had ended. "Once investment in an expanded management structure had worked through the chain, the quality and the standard of return on assets were considered favourable."

## R3-m loss

Wholesaler Ajaysports achieved sales of nearly R9 million but Jansen said a lack of brand and product continuity caused a loss of more than R3 million.

Morkels would try to restore viability to the wholesale operation by plans to strengthen Ajaysports' management, secure strategic supply lines and broaden the customer base.

Jansen is confident Morkels will continue to improve on current earnings through its business renewal programmes.

However, he said conservative financial objectives were being set in view of the uncertainty of the future and little likelihood of consumer confidence improving in the short term.



## Office space glut in Cape

LINDA ENSOR 20

CAPE TOWN — There is an oversupply of office accommodation in all segments of the leasing market in the western Cape, reports the first issue of the bi-annual Broll Property Group's Office Leasing Review.

It estimates vacant accommodation in the region at 122 900m<sup>2</sup> in A- and B-grade buildings, representing a vacancy factor of 11% of the total 1 083 000-030m<sup>2</sup> available.

"This oversupply will continue throughout 1993, with the recent completion of A-grade office buildings such as Safmarine House (24 000m<sup>2</sup>), Metropolitan Life (17 875m<sup>2</sup>) and Old Mutual, Bellville (5 500m<sup>2</sup>)," says Broll's office leasing division head Andrew Tozer. *B/D 26/5/93*

The review says office rentals have decreased by about 32% during the past two years.

The office leasing market in the western Cape has been kept fairly buoyant despite the oversupply.

Landlords have concentrated on retaining tenants, and this has allowed tenants to renegotiate leases on favourable terms.

In the southern suburbs, Claremont had fared well. Most of its A-grade buildings were fully let, and the vacancy factor had dropped to 9,8% by February 1, compared with 24,6% previously.

In the CBD, vacancy levels in A-grade buildings had increased from 4,3% in November 1990 to 13,1% in February 1993.

Vacancies in B-grade buildings increased from 3,8% to 12,6% in the same period.

In Bellville, total office space available to rent increased from 193 000m<sup>2</sup> in February 1991 to 239 100m<sup>2</sup> in February 1993.

The vacancy factor increased to 7,1% from 1,6% a year earlier.

# Office space oversupply hampers letting

THE severity of the recession has resulted in virtually no new property development taking place, and this will accelerate the take-up of vacant space when the economy improves, says Anglo-American Property (Amaprop) chairman Gerald Leissner in the company's annual report.

Leissner says the nationwide oversupply of office accommodation will hamper the ability of the group to make significant inroads into letting.

The group had 448 464m<sup>2</sup> of lettable area in completed developments at the March year-end. This comprised 145 639m<sup>2</sup> or 32,5% of retail space and 302 825m<sup>2</sup> or 67,5% of office space.

However, vacancies had almost doubled

09M 26S143. (20)  
PETER GALLI

during the period under review to 10,1% from 6,6% in 1992. Most were in the office sector, at 12,8% (8,6%), while the retail sector had vacancies of 4,5% (2,7%).

"We have an aggressive marketing strategy to dispose of land. We believe this will result in sales in excess of market share and ahead of budgets.

"While the recent drop in interest rates has helped home owners and encouraged new buyers to enter the market, the increase in VAT to 14% will erode this.

The Carlton Hotel posted a loss of R4,69m, from a R2,95m loss a year ago.

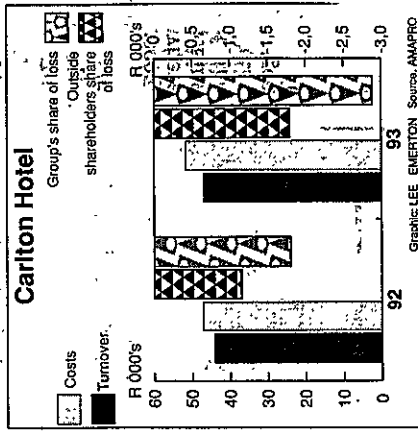
The residential market was "extremely quiet". The group held 887 unsold devel-

oped stands at the year-end — including 602 in Silver Lakes in Pretoria, 156 in Kyalami Estates and 20 at Dovehouse Dale. There were no sales of commercial land at Waterfall Park in Midrand during the year, but 51% of the stands at Kyalami Business Park have been sold.

"The provision for unrealised profit from the sale of stands is R15,9m from R13,2m a year ago. Debtors for stands sold totalled R37,7m, from R34,2m.

"The profit is recognised only as stands are paid for and this ensures that profit is matched by cash received," he said.

In spite of economic conditions, earnings a share for the present financial year were not expected to be lower than those achieved in the period under review.



Graphic: LEE EMERTON Source: Amaprop

# Attitudes harden in Bloemhof stand-off

Star 26/5/93

By Peter Davies

The tit-for-tat racial conflict in the western Transvaal town of Bloemhof has reached a bizarre level, with white businesses ailing under a three-week consumer boycott and Boitumelong township residents being denied petrol, basic foodstuffs and medical care.

The simmering discontent has also spread to schools in the area. White teachers from Vaal-oewer Secondary School in the nearby coloured township of Co-verdale were chased from their classrooms by toyi-toying youths on Monday and advised not to return.

"Whites are saying they don't need us in their town. We are saying we don't need white teachers," said Thomas Links, a Std 7 pupil at the school.

As the consumer boycott tightens its grip on deserted white shops, the newly formed Bloemhof Business Committee (BBC) has retaliated by cutting off township petrol supplies and hampering the influx of basic foodstuffs.

Shortly after the boycott began last Monday, the BBC issued a leaflet detailing its plan



Rationed . . . Hava Hafferjee attempts to fill up at a Bloemhof garage, but attendant Leon Johansen would only dispense R30 worth of petrol in case she siphoned it for Boitumelong residents who are being refused fuel in retaliation for their boycott of white shops. Picture: Gary Bernard

of action. All domestic and shop workers were dismissed until the boycott ends. Now, none of the town's five garages will serve petrol to a black unless he or she is identified as being from out of town. Even then, the garage will serve just enough petrol to enable the motorist to reach the next town.

"Otherwise they might siphon it off and take it to the township," said Leon Johansen, who now adds the job of pump jock-

ey to his usual duties at the Engen service station. "We whites must stand together. The blacks are always doing it, so why not us?"

Township residents buy essentials from Indian traders, who refused to sign the solidarity pledge with the BBC. Bread is supplied by a female baker from neighbouring Wolmaransstad, who runs a gauntlet of potential harassment each morning to ensure the township has

fresh loaves.

"We've supplied them with bread for the past 23 years, so I'm not changing now. Some whites have stopped me and said I must stand together with them. I don't really want to involve myself, but I feel they're my customers," said the woman, who asked not to be identified.

The Bloemhof row stems from demands made by the Boitumelong Civic Association a month ago, chief of which were improved workers' rights and a single, unified town council.

The demands were not met, and Bloemhof mayor Johan Visser said yesterday: "Every ethnic group has the right to self-determination. We don't want a mixed council."

Town clerk Deon Brits said: "We are prepared to meet the civics half way, but not on the basis of continuous demands."

● The ANC yesterday called on the "higher structures of the police" to act against the actions of "rightwingers" in Bloemhof.

In a statement, ANC western Transvaal media officer Ranko Molefe claimed Afrikaner Weerstandsbeweging members had chased blacks away from Indian shopping centres and were intimidating Indian shopkeepers from selling to blacks.

# Hype aside, OK's state of health still written in red

B/DAM 26/5/93 (30)  
MATTHEW CURTIN

AFTER the razzmatazz of OK Stores' official relaunch on Monday, management at the retail chain faces the daunting prospect of living up to its promises.

In an impassioned speech to about 1,000 suppliers and OK staff, MD Mervyn Serebro said it was "wake-up time" for the SA retail industry.

The group was "a sleeping giant" and the OK was out to establish itself as "a customer and price-driven mass market discounter".

Take out the hype — the speech was relayed on six huge video screens at a function in Johannesburg — and a brighter, brasher OK, more at ease with itself, nevertheless remains a retail group in the red.

Sales in the year ended March showed no real growth, with paper-thin trading margins leading to sharply lower trading profit, swallowed up by interest charges from servicing multimillion-rand borrowings. At end March debt stood at R703m, marking the cost of holding R700m in stock and consolidating associate finance company Okfin.

Group financial director Geoff Kearney says radical financial restructuring of the group is not an option. "We have no plans to recapitalise the group beyond the R200m loan already provided by SAB," he says. The SAB loan enabled OK to convert a large tranche of its borrowings from short- to long-term.

The Okfin debtors book will not be sold. Kearney says OK will focus on improving operating performance to

provide the cash-flow with which to address financing problems.

"Stock reductions and better stock-turn can take a huge slice out of our borrowings," he says, noting that debt over and above the debtors book can be reduced most rapidly. The key will be achieving sustainable sales growth after years in which mounting stock and rising costs have outpaced any increases in turnover.

Kearney admits OK's decision to reposition itself as a discount retailer will intensify the squeeze on gross-profit margins. The payoff, he hopes, will come when improved sales volumes enable OK to win better terms from suppliers and when improved revenue reduces the pressure on financing working capital with debt.

The problem with that is that OK is already a mass merchandiser. If its present volumes were too small to squeeze discounts out of suppliers, how great would they have to be? OK will not be chasing greater sales or market share in a vacuum — competitors will not be sitting idly by.

Kearney says that the group, guided by unnamed UK management consultants, has taken a hard look at the success of US and UK discount stores Wal-Mart and Tesco.

He attributes their success to two main factors: Tesco's discounting philosophy of "pile it high, sell it cheap and quick" and Wal-Mart's refined cross-docking system of ensuring goods arrive from suppliers and are

processed through warehouses with minimum time on storage shelves.

Wal-Mart and Tesco have focused on "on-sale" performance, ensuring that the 200 or 300 hundred basic products which shoppers require are on the shelves at all times.

Kearney says the OK has some way to go on these fronts, if only because he believes the SA retail business is less sophisticated than in the US or Europe. This might be more credible if the only comparison was with Checkers. It ignores the fact that Pick 'n Pay regularly reports sound profits.

Yet, the main aim of Monday's launch was to convince suppliers that in return for a promise of greater efficiency from OK management, they were expected "to come to the party" by offering discounted prices for longer periods on their produce if they want OK's business.

One industry source notes that after the no-nonsense wage settlement with the SA Commercial Catering & Allied Workers Union last month the industrial relations atmosphere within the group may be a sign the OK is moving forward.

The crunch will come in a year if OK has not made as much progress as management hopes for. Quite apart from the financial problems, the group will face a workforce, marshalled by Saccawu, whose wage expectations may be out of line with the company's performance.

Further industrial relations acrimony would be a sure sign the OK has not shaken off its malaise.

## Brenmill sustains growth

B/DAM 26/5/93 (36)

MARCIA KLEIN

BRENNER MILLS (Brenmill) doubled its earnings to 32,8c a share in the year to end-February, its second year of strong growth after a three-year period of declining profits.

In the past year, the maize meal, malt and animal feeds manufacturer's share price has risen by 225c or 409% to its current level of 280c, representing one of the largest share price gains on the JSE.

Turnover figures were not given in its report, but sales grew 29,2% over the previous year. In financial 1992, turnover showed no growth over the previous year. Operating profit rose 85,3% to R13,9m, with an improvement in margins.

Chairman and joint MD Arnold Brenner said the company was based in the northern Transvaal, with its mills spread across the region. This, together with the fact that it was a smaller player, meant it could supply fresh, quality produce and provided good service. Its ability to react immediately to problems led to increased sales.

Effective cash management and

control over working capital resulted in "a significant generation of cash balances". The company received interest of R790 000 after paying R281 000 the previous year. This resulted in an increase in pre-tax profit to R14,7m from R7,2m.

Profit after tax doubled to R7,6m from R3,8m. A final dividend of 10c a share was declared to bring the full-year dividend up 125% to 18c a share.

Commenting on its cash-flush position, Brenner said: "In this economic climate, we are happy to be in this liquid position. But we'll be looking for possible good acquisitions in the not too distant future."

He said the coming year would be difficult. Although white maize was back in circulation and imported maize was a thing of the past, the imported maize had left its mark on the market, particularly in terms of consumer resistance.

There were additional pressures in terms of increases in fuel prices and wages and salaries.

## Two more SMA executives quit

LINDA ENSO

CAPE TOWN — The attrition among leading executives at Syfrets Managed Assets (SMA) continued yesterday with two more people resigning to join the rival Coronation Asset Management (CAM).

Acting head of research Vanessa Carlow and administration manager John Snalam resigned. A source said they were not happy with the situation at SMA.

This brought to eight the number of resignations in the past week, the others being those of SMA MD Leon Campher, Syfrets Growth Fund portfolio manager Tony Gibson, Trustee Fund portfolio manager Matt Brenzel, portfolio manager Thys du Toit, investment research head Hugh Broadhurst and computer expert Nick Walters. All planned to join CAM.

Acting SMA co-ordinator Rob Nichol confirmed the resignations. He said SMA was confident of finding quality replacements, as response from applicants had been enormous.

ANDREW KRUMM

SEEFF Commercial Properties has picked up a three-month mandate to sell a package of three office buildings in Cape Town, says director Errol Diamond.

He expects the 11 594m<sup>2</sup> portfolio, which includes Minelli House, Nerina House and Cameo House, to sell for more than R21m.

"The capital value of the portfolio exceeds R20m. In addition, the buildings are centrally situated in the CBD and were refurbished two years ago."

The package would be sold on a 12,5% yield, at full income, on behalf of a

## Seeff lands R20m property mandate

private seller. ~~30~~ 30

"For all practical purposes the buildings are fully tenanted. Although the vacancy schedule stands at between 10% and 15%, the owners have agreed to underwrite vacancies for two years." *BIDAM 26/5793*

Long-standing tenants included government departments, a technical college, a design studio and law firms. The portfolio also had a small retail component.

Diamond expects inves-

tor interest from corporate and private buyers in the Transvaal and Natal.

"About 70% of the interest we have seen and the sales in the past few months have come from Transvaal and Natal buyers looking for a foothold in the Cape."

PETER GALLI reports that Seeff Projects has appointed a full-time broker in Johannesburg to sell its western Cape residential properties.

Jacky Platzky is an experienced coastal and re-

sidential property agent and is one of the few agents selling only western Cape properties to Transvaal clients.

"Political uncertainty and an increasing security threat is causing a large number of Transvaalers to move to the Cape, which is seen as a safer place for investment," she says.

Her portfolio consists of developments in the southern suburbs, Clifton, False Bay, Stellenbosch and the west coast, at prices from R55 000 to R3m.

Star 26/5/93

# A new way of life at the OK

By Roy Cokayne

OK Stores aims to turn the company around in the next 12 months by embarking on a multi-million rand strategy to redefine its market, focus and its look.

The OK, which like all retailing companies has been hard hit by the continuing recession, which has affected disposable incomes of its key market, restructured its management earlier this year.

In a move to enable it to meet the challenges of the 1990s, it resulted in, among other things, management changes that resulted in development and estates director Meryyn Serebro replacing retired Gordon Hood as group managing director.

"We are going to be a consumer driven and price driven, mass market retailer to the people of this country. We are going to pitch aggressively into the segment of the market which is undoubtedly South Africa's

future," said Serebro.

To achieve this, Serebro said the OK had restructured its management, introduced a new in-store look, introduced a new pricing programme which would see hundreds of basic food items discounted daily.

It had also diminished its range of merchandise to focus specifically on the things its target market wanted, redefined its market, and embarked on an aggressive advertising campaign to get the message of the change at the OK across to consumers.

## Lower prices

Serebro said in the food war, there would always be 200 low price items that OK customers always need.

He said these items will be aggressively marketed while "knocked-down prices which tells customers we have got our act together" will tell customers "nobody has got these prices lower when we

have them on special".

But Serebro stressed the range of merchandise in OK stores will be considerably trimmed.

"We can't be all things to all people. We used to pride ourselves on having the widest range and the most departments. It might have been applicable then but not anymore to our customers of the emerging nation.

"The OK was the last remnant of a bygone era — the only major departmental chain left in South Africa and probably throughout the world.

"It was somewhat fuzzy, faceless and tried to serve the entire cross-section of the population. It was a time when it tried to be all thing to be all things to all people. It

is impossible to do this today," he said.

He gave the assurance that this change in the OK was different because it marked the beginning of whole new way of life and with effect from today, people would see the beginnings of new OK — not another campaign, not another promotion but a whole new way of life.

## Council system killing businesses — McCrystal

ERIC SANKOWITZ 30 182A

THE industrial council system was killing small businesses, adding to soaring unemployment figures, Confederation of Employers of SA chairman Lawrence McCrystal said yesterday. B/0AM 27/5793.

"We are now at a point at which jobs are needed at all costs to stabilise the country and save the economy from collapse," he said.

However, industrial councils imposed unnecessary constraints on businesses, making them economically nonviable, he said. Unrealistically high minimum rates of pay, pension fund contributions and leave provisions set down by councils forced many entrepreneurs to reduce their labour forces or even close, he said.

Nonmembers were forced to adhere to council standards and pay levies, in effect preventing them from competing with members, he said.

"The industrial council system should be transformed to a 'job creation-friendly', democratic and voluntary system with a sensitivity for the unemployed."

McCrystal called for the withdrawal of industrial councils' jurisdiction over nonmembers and the exemption of confederation members from council agreements.

The confederation represents 120 000 members employing about 2,4-million workers.

# Motor firm's earnings unaffected by slump

*BIDAY 27/5/93*  
MARTIN-Jonker Holdings reported a more than seven-fold increase in earnings a share to 6,2c in the year to end-February 1993 from 0,7c the previous year, today's published results showed.

The motor maintenance and retailing company's turnover climbed by a fifth to R181,66m (1992: R151,69m) in spite of the decline in motor industry activity and car sales. Operating profit margins improved substantially and trading income was 95% higher at R7,1m (R3,63m).

**EDWARD WEST**

Finance charges dropped by a tenth to R2,83m (R3,14m), which together with the higher operating profit margins, boosted pre-tax income more than seven-fold to R4,26m (R490 000).

The tax rate, inclusive of the secondary tax on dividends, increased 51,5% and tax payments climbed to R2,2m (R284 000). Attributable income was nonetheless nine-fold higher at R2,07m (R206,000). A 2c dividend

was declared. *30*

The results brought earnings back to the 6,2c a share achieved in 1990 after a slump in 1991 and 1992.

MJH sells Nissan vehicles and at the interim stage the improved results were forecast on demand for recently launched models.

Directors said the company was well geared for any potential upturn in the economy in the second half of 1993. New facilities were under construction in Cape Town and in Pretoria.



# Bullish Ackerman targets Pick 'n Pay for expansion

APR 27/8/93

**TOM HOOD, Business Editor**

EARNINGS of Pick 'n Pay in the current year are expected to be better than the 11 percent rise to 59,3c achieved in the year to February 28.

This is forecast by the chairman, Mr Raymond Ackerman, who sees in his annual review "another year of solid growth" ahead.

The company, in its 25th year, reached a milestone in exceeding R6 billion in turnover for the first time.

Mr Ackerman said market share improved during the year and the number of customer transactions was higher.

The stock value of R422 million was only marginally above the figure of a year ago in spite of several new stores opening.

Expenses were controlled, resulting in an encouraging increase in profit margin after two years of decline.

"We believe the economy will get better as the year progresses and the company is well placed to take advantage of any upturn," says Mr Ackerman.

He sees lower interest rates, the

drop in inflation and the ending of the drought contributing to put more disposable income in the consumer's pocket.

"In the circumstances we plan to open a greater number of stores in the coming year."

The group, which started with four small supermarkets in 1967, now has a store count of 107 supermarkets, 14 hypermarkets, 11 Boardmans, eight Price Clubs and three Chain Reactions.

■ The drought and unexpectedly heavy competition in European markets held Crookes Brothers' earnings per share to a modest four percent improvement to 62,6c in the year to March.

The dividend is an unchanged 21c.

Income from exports was down as heavy competition in European markets resulted in citrus prices being pegged at 1992 levels, while apple prices declined.

Group turnover declined by two percent to R43,3 million, and pressure on selling prices led to a 22 percent decline in operating profits to R6,15 million.

# NEWS FEATURE Battle lines drawn in Northern Cape town between blacks and whites

## Bloemhof on edge of racial explosion

Sowetan 27/5/93

VERWOERDIAN TALE Blacks and whites trade threats as police keep watch:

By Ike Motsapi

**T**HE NORTHWESTERN Cape town of Bloemhof is a slow time bomb of racial conflict which could explode with devastating effect.

The battle lines are drawn. Blacks are ranged on the one side and whites on the other — a Verwoerdian tale. Residents of the adjoining black township of Boitumelong have warned their white counterparts in Bloemhof not to set foot in their area.

At the same time white residents have warned blacks not to enter the town because they are not needed there.

Friction between the black and white communities in the town started on May 19 when the African National Congress and its allies launched a boycott of white-owned shops because of alleged racial discrimination and intimidation of their members.

Police are keeping a close watch for any developments. A Northern Cape police spokesman said the situation was tense but calm.

A memo sent to the Bloemhof Town Council by representatives of the ANC and the local civic association included these demands:

● Joint control of the Bloemhof, ... the fracas. Harry Swartbooi (13) and Boitumelong, Salamant (Indian) and Sheila Mpolokeng (22) are among those Coverdale (coloured) councils; injured.

● That amenities in town should be opened to all racial groups;

● A moratorium on retrenchments and dismissals; and

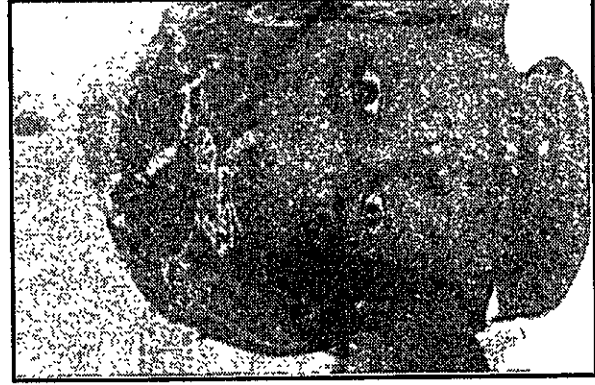
● An end to racial discrimination.

ANC spokesman Mr Patrick Gaolaolwe said this week: "We gave the council 21 days to respond to our demands but instead got a rude response.

"The people are angry and have now decided to embark on an indefinite consumer boycott of white shops in town."

And as whites gear up to counter a consumer boycott which entered its sixth day today, blacks on the other side are preparing themselves for any eventuality. The situation turned violent last Friday when police allegedly opened fire on a group of about 200 youths who went to protest against a meeting of farmers held in town.

About 25 people were injured, two of them seriously, and 15 arrested during



Sheila Mpolokeng ... shot in the stomach and leg.

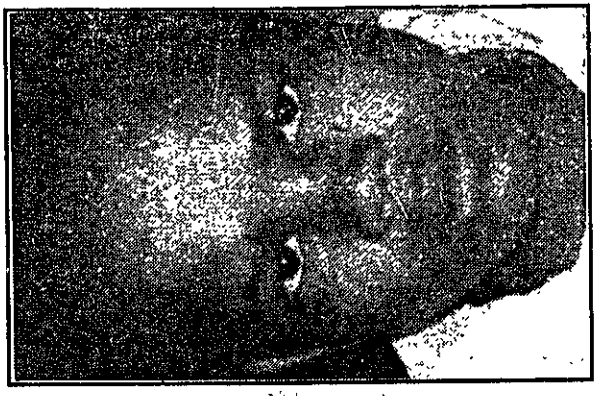
tion against the boycott and others have been laid off, earning wages for two days a week until the boycott is called off.

Black schools have been disrupted since last Friday and teachers allege they are being harassed by the police.

In a letter distributed in Boitumelong township, the chairman of the Bloemhof Business Community, Mr Daan Lottering, accuses the ANC and the local civic association of not wanting to work with the BBC to find solutions to the problem.

White residents have been urged to work together to make the boycott unworkable.

The BBC has also urged the white community to ensure that action is taken against people wanting to undermine



Harry Swartbooi ... shot in the legs.

their efforts, citing Indians and coloureds as people who should be monitored.

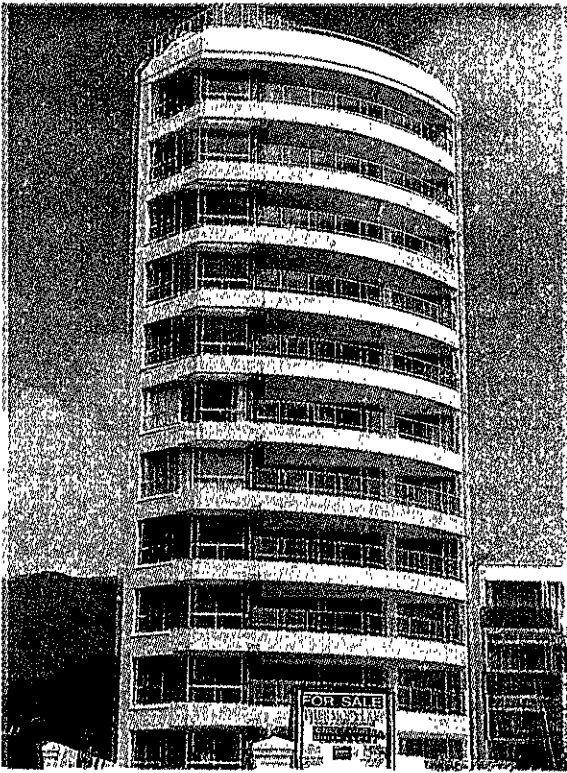
Residents of Boitumelong told Sowetan this week they were preparing for a long, hard battle against whites in the Conservative Party-run town.

The situation looks gloomy in the township, with residents reporting that delivery vans bringing essential foodstuffs were being prevented from entering Boitumelong.

A Sowetan team could not fill up with petrol at a garage in the town because the owner said he feared his business would be burnt down by white vigilantes who are moving around the town in vans.

Some businesses were closed, while a few petrol stations manned by white attendants operated.





**GOING, GOING, GONE!** ... The remaining apartment in the upmarket Thermopylae block in Mouille Point has been sold for R1,26m. Leonard Feinstein of joint mandate holders Realty 1 said the sale of the apartments indicated there were still buyers in the upper sector of the market.

From GRETA STEYN

**JOHANNESBURG.** — The SA business community has urged negotiators at the multiparty talks to heed the disastrous economic consequences of a political impasse.

Their message is that SA cannot afford a "devastating" setback of the kind that occurred after the breakdown of Codesa.

The Business Forum — representing umbrella organisations for commerce, industry and agriculture — is to table a statement on the economy at the negotiating council meeting in Kempton Park tomorrow. It had originally intended to table the statement on Tuesday.

The forum said in a statement yesterday: "Another political impasse will lead to more business closures, the withdrawal and withholding of investment, a further flight of capital and skilled manpower and further loss of job opportunities."

The business sector could not fulfil its function as the engine of the country's economy in a climate of uncertainty, instability, disorder and violence.

Every political party had a burden of responsibility to create conditions — especially regarding the promotion of peace — in which a prosperous,

# SA business' <sup>(30)</sup> CT 27/6/93 grim warning on political impasse

nonracial SA could be attained.

The forum appealed to the participants to show flexibility, the ability to compromise and realism to keep negotiations on track towards an early conclusion. SA "desperately" needed a political solution acceptable to most South Africans and the international community, and which would stand the test of time.

The transformation was at a critical stage and the negotiations process appeared vulnerable and fragile. "Unless the resumed political negotiations succeed, the impact on employment and the economy — which is in its fifth year of recession — will be devastating."

Organisations represented by the forum include the Afrikaanse Handel-sinstituu, SA Chamber of Business, Bifsa, Chamber of Mines, Council of Southern African Bankers, Fabcos, Nafcoc, SA Agricultural Union, Saccola, Seifsa, SA Property Owners' Association and the Life Offices' Association.

# Mediation suspended in strike at Shoprite

28/5/93  
SHARON SOROUR, Labour Reporter

MEDIATION to resolve the three-week nationwide strike by Shoprite-Checkers workers over a cancelled recognition agreement has been suspended.

SA Commercial, Catering and Allied Workers Union national negotiator Mr Jeremy Daphne, said Saccawu wanted "a package of rights" to be implemented immediately.

"These rights must be extracted from the Checkers recognition agreement and must involve taking out the most important clauses from the Checkers agreement without any word changes," he said.

This package would protect workers while the union and the company negotiated a full agreement, he said.

"The union tabled a package of clauses, including reinstating selected sections of the Checkers agreement."

Mr Daphne said the company was prepared to negotiate a package of rights which would be implemented while the negotiations continued.

"But the company is not prepared to extract clauses from the Checkers recognition agreement and wants to use new wording. It is not prepared to reinstate clauses from this agreement (into the new agreement)," he said.

The company tabled a proposed interim recognition agreement, he said.

The union needed a mandate from its members and mediation had been suspended pending this.

Members had to decide before June 2 whether the union should shift from its position that the package of rights involved clauses from the Checkers agreement, as opposed to new wording for those rights.

● Thousands of union members, including about 600 in the Western Cape, went on strike on May 8 after the company refused to reinstate a nine-year recognition agreement and imposed a new one which Saccawu said "significantly reduced rights and provisions".

FM 28/5/93

FOX

(30)

year to March is praiseworthy, especially on a meagre 4% turnover increase. There's not much doubt recession was the root cause of the indifferent turnover. Demand was severely dented in all market segments, with the possible exception of the burgeoning black market, where disposable incomes continue to improve.

If it hadn't been for an 18,3% gain at subsidiary Totalsports, the sporting goods cash retailer which accounted for 19% of group turnover and benefited from the opening of new stores, the sales position would have been bleak. In a time of acute economic misery, the buoyant performance of a sports

(30) Cont'd

MORKELS

FM 28/5/93

**The guarantee store** (30)

Operating profit is generally accepted to be the best indicator of a retailer's success. So the 26% improvement by Morkels for the

FOX FM 28/5/93

(30)

goods retailer is something of a *non sequitur*; not that MD Carl Jensen is complaining.

And he's understandably pleased with the profit performance, though calling it "a triumph of carefully drawn strategic planning,

| <b>POLISHED</b>          |       |       |
|--------------------------|-------|-------|
| Year to March 31         | 1992  | 1993  |
| Turnover (Rm) .....      | 307,6 | 318,8 |
| Operating income (Rm) .. | 21,2  | 26,7  |
| Attributable (Rm) .....  | 4,2   | 9,8   |
| Earnings (c) .....       | 10,2  | 23,3  |
| Dividends (c) .....      | 4,0   | 6,0   |

coupled with dedicated human effort" is probably overstating things. Back in 1991 operating profit at R28,4m was 7% higher than in 1993. So the latest improvement came from a low base.

Interest payable of R15m fell 5%, mainly because short-term loans are down to R76m from R96m. But what really caused the surge in attributable earnings was the change in company taxes. A tax credit of R3,8m largely accounted for the 132% leap in attributable profits. EPS of 23,3c, says Jansen, were well above the target 14,3c.

Impressive gains were realised in the 94-store Morkels chain from business renewal programmes in the household furniture, appliances and home entertainment divisions.

Totalsports' heavy spending on new stores took its toll, and profitability was about the same as the previous year. Jansen believes Totalsports is poised to begin generating good profits. Sports wholesaler Ajaysports, which imports, exports and distributes athletic apparel and footwear, lost R3,2m.

Jansen isn't sanguine about the future. He's budgeting conservatively for this year.

The share has recovered well from a base of 60c a year ago, to 90c. It yields 6,6%, but remember that the tax windfall will not be repeated. For the moment it looks reasonably priced. But if the economy improves, the group, still highly geared, could be a good investment prospect.

Gerald Hirshon

## EAST SIDE PLAZA SOLD

30

Broker Herbert Penny has concluded three transactions valued at R30m since the beginning of February, all negotiated by Laetitia Steynberg, one of its three agents in the Transvaal.

The first is the R10m sale of East Side Plaza shopping centre in East Lynn, Pretoria, by a private developer to a pension fund at an 11% yield (to the buyer).

The centre is targeted at black com-

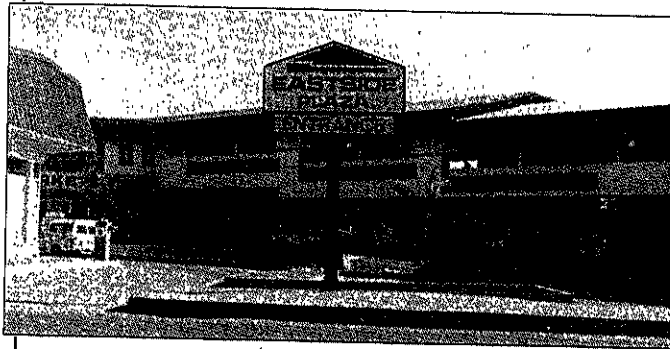
muters.

"This is one of the few niches in the subdued investment market that offers exciting growth potential as it is in step with newly developing consumer needs," says Steynberg.

The second is the sale for almost R13m of a fully-let A-grade office building in Arcadia, Pretoria, by an institution at a 10,5% yield to SA Mutual.

The third is the letting by Transnet to the timber board distributor Kayreed for 10 years of 12 000 m<sup>2</sup> of warehouse space at Langlaagte station, Johannesburg.

Steynberg says the lease is part of Transnet's commercialisation drive to put under-utilised assets to commercial use.



MEDIA SPOT

# OK spends R6m to reposition its business

B10M 2876193.

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MARCIA KLEIN

OK Bazaars is spending more than R6m on advertising and related activities in an attempt to reposition its business as a price-aggressive mass merchandiser.

The campaign, which broke at the weekend, is aimed at showing that the days when the OK tried to be all things to all people are over.

Elliot Schwartz, MD of the OK's newly appointed advertising agency, SBBW Partnership, says the OK will focus on "satisfying the needs and wants of those in the middle to lower income group". This means the business has to be repositioned as a "price-aggressive mass merchandiser".

Merchandise assortments would be rearranged and irrelevant departments eliminated. OK stores would be "more exciting visually" and easier to shop at.

Schwartz said advertising was aimed at repositioning the OK not only in the minds of consumers but also for staff and suppliers.

The TV ad features people talking about what they would like to see from their retailer. A major complaint was that retailers did not have "specials" on necessities.

Schwartz said the new advertising had to have credibility, and address the real problems of its target consumers who were angry about their inability to buy everything they needed. The advertising intended to show that the OK had changed in response to these needs. It also had to show that the OK was customer driven, and its promises were real, and not "hype".

OK's advertising had broken away from the "typical retail product/price advertising". It would be "straightforward and matter of fact in tone". The advertising promises "lower prices every day on things you really need".

The campaign will use newspapers, television, radio, loose inserts, knock-and-drop publications and in-store point of sale material.

# Miles of empty aisles as boycott bites

W/Mail 28/5-3/6/93

The consumer boycott is taking its toll in the eastern Transvaal as shoppers, 'persuaded' by African National Congress monitors, switch from white-owned to black-owned stores.

By **JACQUIE GOLDING** (30)

**Y**OU know you mustn't buy fish here," the African National Congress monitor told the old woman with the groceries. "You know the last time I destroyed your food — there's a boycott and you have to support it."

The *Weekly Mail* witnessed this exchange outside the white-owned A1 Fisheries in the small town of Bushbuckridge this week.

A security guard brandishing a gun stood outside the fishmonger. He began his duties two days after the boycott engulfed the town.

"I'm here to make sure no one interferes with the customers," he said, while the ANC monitor sat at a distance from the shop's entrance, keeping a close eye on customers and confronting them as they left.

"This always happens," said the ANC monitor. "People don't listen when you try to explain reasons behind a boycott. They must feel before they listen."

Bushbuckridge, one of five north-eastern Transvaal towns *The Weekly Mail* visited this week, is in the grip of the consumer strike which the ANC's Jackson Mtembu claims has been 70 percent successful in the region. Part of the ANC/Cosatu/South African Communist Party's "rolling mass action" campaign, launched on May 17, it aims to goad white commerce into pressing the government to announce an election date.

In an area with no history of consumer activism, the action has bitten deep. Shop-owners confirm this, and Auke Keyser, president of the Nelspruit Chamber of Commerce, admitted as much this week by clamming up when asked about its extent and impact. "Boycotts always have some effect," was all he was willing to venture, adding that a meeting was planned between the business community and the ANC and its allies next week.

But it would be naive to think that freely given support for the ANC and enthusiasm for its cause are the only factors. Customers and shop-owners both complain of intimidation and coercion by ANC monitors, and tensions are rising. Mtembu denied that people were being forced to boycott.

Shoppers in Bushbuckridge, Dwarsloop, Graskop, Thulamashé and Acornhoek said their only reason for backing the boycott was that "groceries are being thrown out and destroyed", and shopowners claim to have witnessed this happening.

Other customers said they had merely been "ken aside and 'given a talking'" — they could then change their goods or go home and "think about it". "I went to buy milk at Score and I was ordered outside," said one customer. "A woman spoke to me and after asking questions I understood this whole thing. Now I buy my food at the township shop."

A taxi driver, who gave his name only as 'ho, had another story: "I was going back to Swatane from Graskop when some people stopped my taxi. They told the passengers to get out and whoever had supermarket packets had to



A lone Score supermarket employee stocks shelves with goods no one will buy

Photos: LUANNE CADD

hand them over. Milk and oil was poured out and bread was broken in front of them."

All the white shopkeepers and store managers interviewed confirmed they were feeling the pinch. "One more week of this and I could lose my business," said a grocer in Graskop, who asked not to be named. "They're taking the food from my mouth by forcing customers not to buy here," said one shopkeeper who also preferred not to be identified. "Ons wil he die boycot moet ophou en as dit 'n verkiesing benodig, moet dit gegee word. Ons leiers in die besigheid bedryf moet daarvoor toesien," said another shopkeeper. (We want the boycott to stop and if it requires an election then that must be ensured. Our leaders in the business world must ensure this.)

**T**he Score supermarket at the Dwarsloop shopping complex was empty. People were milling around outside and peering through the shop's windows, but no one chose — or dared — to buy. Instead, vegetable and fruit hawkers on the pavement did a thriving business.

"I can't identify the monitors," said Score manager James Mbethe, "but I know they're around, ready to grab any unlucky customer walking out."

Acornhoek, a tiny town stretched between two makeshift stop-signs, has two stores — a Dunns clothing shop and Frasers furniture shop — both white-owned. But even here, black shoppers have opted to buy as much as they can from the local black-owned hotel and hawkers selling everything from socks to groceries.

Monitors made sure no one stepped out of line, said the chef at Acornhoek's Loa Hotel in the same street. "When there's a boycott, everyone is closely monitored," said Joseph Mashego. "When the children return from school they are closely watched to make sure they don't buy food at a white shop. If they do, they're pulled out of the shop."

Tensions are clearly heightening over the boycott. There was no talk of militant united action by small business in the eastern Transvaal, along the lines of what has happened in the west of the province. In a widely publicised backlash to a consumer boycott in Bloemhof, whites joined forces and fired the town's entire domestic and commercial workforce last week.

But many eastern Transvaal shopkeepers insisted they would not sit by and watch their customers being intimidated inside their stores.

Said a shopkeeper at Dwarsloop, 40km from Graskop: "If anyone comes near my shop to chase my customers away, I'll shoot."

Doctor Mashele, an ANC monitor, claims he was threatened by an angry shopowner. "He accused me of pulling people out of his shop when I was outside talking to customers," Mashele said.



A security guard at A1 Fisheries protects customers from possible intimidation

The target stores may be white-owned, but in these far-flung towns, the management and staff are more often than not black — and they criticize the boycott.

"Things have been bad since this thing started," said the black manager of Dunns, who preferred to remain nameless. "The store is usually full of clients. Now there's no one. People are scared to come in. Last Saturday customers inside the store were chased away; outside, their

parcels were ripped open and clothes taken." A sales representative at the store complained that her salary was being affected by the boycott. "I can't manage my target and I work on a commission. If no one buys, I make no money." Commented the black manager of Royal Furnishers in Thulamashé: "We blame the people for boycotting. They pick up and use youngsters to stop shoppers. You can't change the world overnight."



# Bloemhof - SA in a nutshell

Star 29/5/93

30

TOWNS don't come more unremarkable than Bloemhof. But the small western Transvaal town (population: 15 000) hit the headlines after the Conservative Party-controlled council and its right-wing interests were brought to the negotiating table by a consumer boycott.

This boycott brought them to their knees. They were obviously hurting very badly," said local ANC organizer Andrew Hank emerging from the four-hour-long meeting.

What made the event even more ironic was the fact that the deal was struck in the back room of a hotel where blacks have not been allowed to enter as customers for the past hundred years.

Bloemhof only became truly newsworthy last week when white businessmen said they were going to counter-boycott and not sell to all black trade, passing or not. Within four days the Bloemhof business community had capitulated.

The story also attracted the gazons of journalists. It's the big picture in miniature, isn't it? declared one correspondent.

He is right. All the elements are here. A fast-breaking, radicalised township youth refusing to accept any deal-biter, gun-toting right-wingers passing hate



IT'S A DEAL: Members of the Bloemhof Crisis Committee and ANC negotiating team celebrate the short-lived lifting of the boycott in the hotel bar where blacks were previously not allowed.

**PHIL MILLAN**

mail on people's doors, a jockey but confused town clerk desperately trying to grasp the significance of events that constantly evade him, and a well-meaning but effectively toothless Peace Secretary trying to deal with all sides whose more extreme members seem intent on scuppering any hint of rapprochement. None of this is immediately apparent. It is only after a day or two

one realises that the battle lines are more psychological than visible. The residents of adjacent Botlumeleng township are demanding, inter alia, a non-racial council with open access to all municipal facilities — and most of the whites cannot stomach it. "They want to share our swimming pool? Fine. We swim in summer and they can swim in winter. Ha, ha, ha,"

Chris Londt, owner of a local garage and supposedly a key regional AFB organizer, virtually threw me out of his office check-out when I inquired that the counter-boycott had failed. "Business is fine," he yelled. His forehead is empty. As empty as any other in the town. The doors to his service bays are also firmly shut. "Ek stem AFB," a man in prison warder

uniform shouts at me as he drives past. "Eek die kalfers," shouts his passenger. But a fish-and-chip shop owner refuses to join the counter-boycott and hands out some sobering advice for his colleagues. "We are outnumbered here. Only racist ideology can blind people to the fact that the whites are outnumbered six, seven to one. Never mind Bloemhof, South Africa. How can they win?"

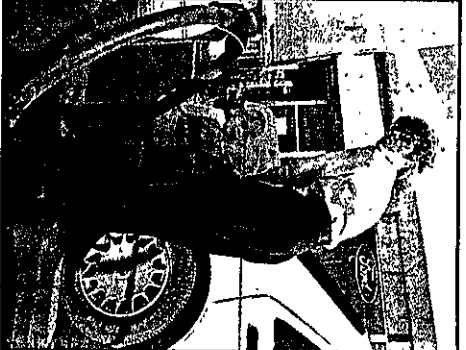
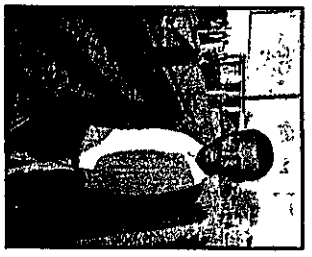
After the meeting, Dean Brits, the town clerk, was happy enough to discuss the meeting of the ANC's initial demands but fell into a gloomy silence when I asked about the ANC's long-term demand — a council run on a single, undivided tax base with equal representation on council. "I can't see that happening, not here," he said.

The truth of the matter is that Botlumeleng can withstand a counter-boycott much longer than Bloemhof businessmen can hold out to a consumer boycott.

As for the municipality retrenching workers and the garages firing their staff, no more than a handful of workers have been fired. Dairy Belle, the major employer in the district, has a full complement of staff, as has the hotel and several co-ops.

The truth is that every employer who fired his staff could not afford to keep them anyway.

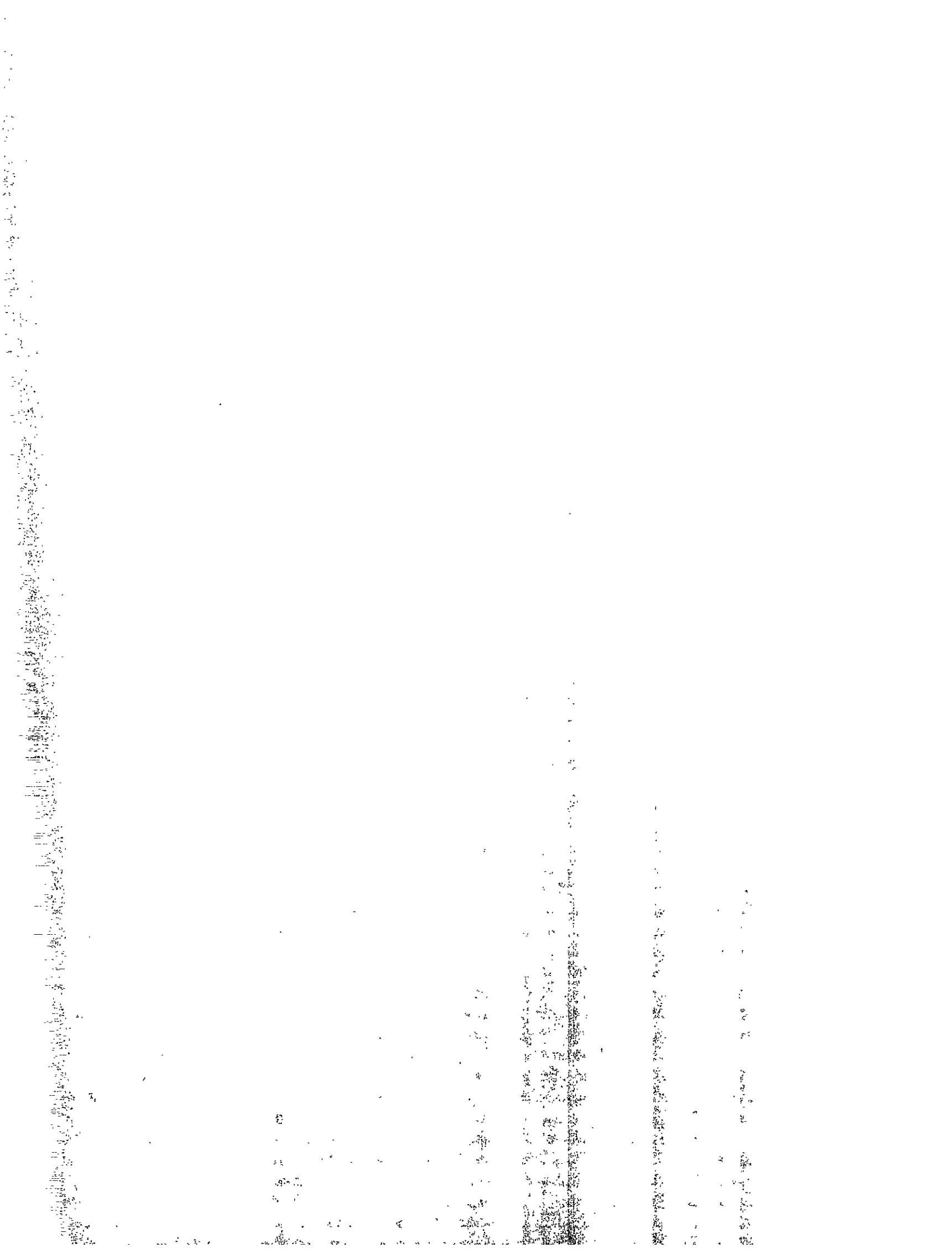
CAUGHT IN THE MUDDLE: A Bloemhof mother (right) plays petrol attendant and (below) ANC official Andrew Honk, who had to appease radical youths.



Drammatic for town

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| OUR PRICE R45   | OUR PRICE R85  |
| RETAIL PRICE R80                                      | RETAIL PRICE R200  |
| 9ct GOLD LARGE VARIETY OF CHARMS AT THE LOWEST PRICES | 9ct GOLD CAST STUD EARRINGS                                    |
|   | OUR PRICE  |



### Mediation in Shoprite/Checkers strike

ARG 29/5/13

THE three-week strike by Shoprite/Checkers workers over a new recognition agreement has been referred to mediation.

The SA Commercial, Catering and Allied Workers' Union said a new agreement "significantly reduced rights and provisions" This was denied by the company. (30) (30)

| BOOK       | AUTHOR          | TITLE   | CLASSIFICATION        | ED NO | 1HR |
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| 2100015958 | WARE, C F       |   |                       |       |     |

## Tit-for-tat boycott row

BLOEMHOF. — Black consumers and workers returned to Bloemhof "due to a misunderstanding" and not because a consumer boycott had not been called off, an ANC spokesman said yesterday. (30)

The statement came after Bloemhof's Business Committee instructed members to dismiss black employees and not to sell to them.

ANC Youth League leaders in Boutumelong township claimed people had been misled by hoax pamphlets. — Sapa.

ARG 29/5/93

ord  
-at  
b33

## OK spends millions to promote its new look

star. 29/1/93

THE OK, one of SA's longest established retailers, this week embarked on a multi-million rand strategy to redefine its market and its look with the aim of turning the company around within 12 months.

The company is to spend R6 million on advertising and related activities to promote its new look in what has

been described as perhaps the most comprehensive advertising and communication programme ever seen in the retail industry.

### Stand out

"We are going to be consumer and price driven, a mass market retailer to the people of this country," MD Mervyn Serebro says.

"We are going to pitch aggressively into the segment of the market which is undoubtedly South Africa's future."

A multi-media advertising campaign directed towards the mass market will feature a mix of print and broadcast. The campaign encompasses the company's new slogan: "South Africa, we hear you and we've changed".

The new look of the advertising will go a long way to differentiating the OK from its competitors and make it stand out in the retail environment.

Elliot Schwartz, MD of SBBW, the OK's new agency, says of the campaign: "The OK is, for the first time, becoming a big, bold aggressive advertiser."

# Saga of super success

ARG 29/5/73 (30)

■ Supermarket king Mr Raymond Ackerman looks back on 26 years of growth since he opened Pick'n Pay with four small outlets in Cape Town.

**TOM HOOD**  
Business Editor

THE fairytale success story of Pick'n Pay turned to Chapter 25 this week when the supermarket chain's founder and chief executive, Mr Raymond Ackerman, published his annual report — and some of the group's secrets.

It was 1am on a Wednesday in 1967 when a deal was struck and he acquired four small supermarkets in Cape Town.

Today the store count stands at 105 supermarkets, 14 hypermarkets, 11 Boardmans stores, eight Price Clubs and three Chain Reactions.

And Mr Ackerman admits a key factor in the group's success was to follow the three golden rules for a shop — position, position and position.

"The effort and skill devoted to site selection and store development has been of paramount importance in the success story of Pick'n Pay," he said.

There had always been a shortage of zoned sites and for those available developers needed to be found, he said. And in the late 1960s and early 1970s this proved no easy task.

Though Mr Ackerman owned only four shops, a year after opening he persuaded investors on the JSE to buy shares in Pick'n Pay so he could buy four more stores in 1968.

The experience in converting these proved valuable in the development of the first store built to the fledgling chain's requirements at Plumstead in 1969, he said.

Today, with 156,5 million shares issued, the company has moved into another world — but is still taking big risks in the middle of the economic depression.

It plans a multimillion rand expansion and more stores this year in Somerset West, Durban (two), Bethlehem and Johannesburg.

The Boardmans household goods chain will open stores at Northgate, Johannesburg, Durban Westville and La Lucia in Durban North. The Stellen-

bosch store will be closed and a new one opened in Somerset West.

Price Clubs are planned for Kimberley, Rustenberg and Nelspruit.

From sales of R6,4 billion in the year to February 28, the group paid R5,5 billion for merchandise and expenses.

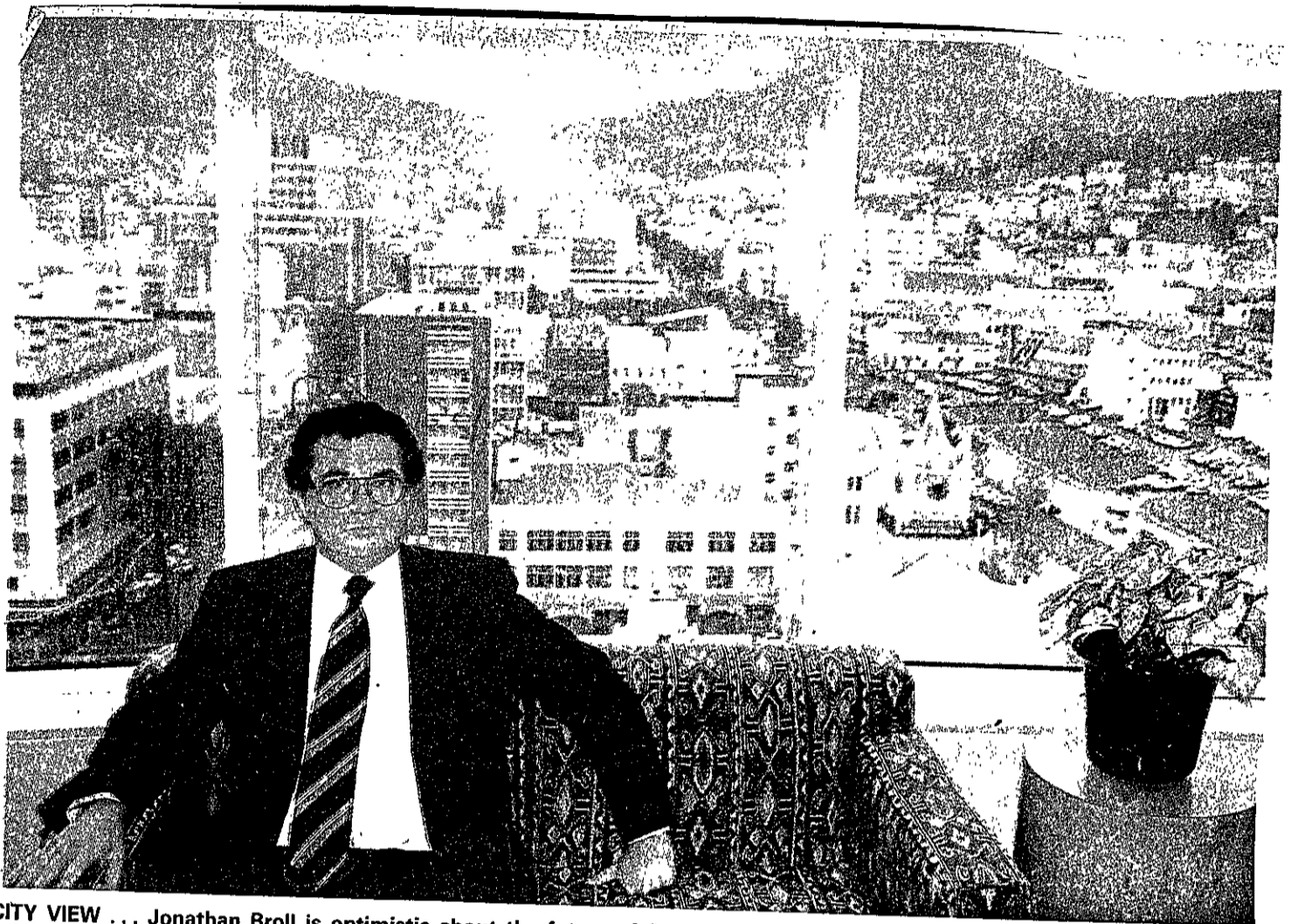
Of the R892 million remaining, three-quarters — R670 million — went in wages, 14 percent more than last year.

The directors received R5,3 million, a rise of 15 percent, for their services.

Almost R73 million was paid in total dividends by Pick'n Pay Stores and the pyramid Pick'n Pay Holdings — more than half of it going to the controlling shareholder, Mr Ackerman, who owns 82 million shares (50 percent) in Pikwik, which holds 82 million shares (52 percent) of Pick'n Pay.

Only R41 million — equal to 4,5c in every R1 — was kept by the company for future growth.

Productivity increased by eight percent as turnover by employee reached R282 000. Pretax profit a square metre rose 14 percent to R440. Pretax income by employees rose 16 percent to R7 033.



CITY VIEW ... Jonathan Broll is optimistic about the future of Cape Town's CBD

Picture: AMBROSE PETERS

# Cape Town CBD's problems fewer than Johannesburg's

St. Times (C. Metro)

30/5/93

By JEREMY WOODS  
WHILE Johannesburg has severe problems with its CBD area, resulting in empty buildings as firms move out to the suburbs, Cape Town's CBD should not suffer the same experience, says Jonathan Broll, managing director of the Cape-based Broll

Property management group.

"People are moving out of the centre of Johannesburg for reasons of security and traffic congestion and it is making life very difficult and traumatic for property owners there."

Mr Broll said there was a great deal of office

space in the Johannesburg CBD, and he could not see immediately what was going to reverse the trend.

"But our local CBD in Cape Town is quite another matter. Although the centre of the CBD moves all the time, often depending where the most recent develop-

ment has taken place, the strength of Cape Town's business district is the large number of professions, and professional firms, who need to be in the centre of town for a specific reason."

He cited lawyers as an example.

"Many law firms have to be near the various courts in the city centre and this is just a fact of life. The same rationale can be used for other professionals who need to be near their city-centre clients."

Further strengths of the Cape Town CBD remain the lower perception of violence and better flow of traffic.

## Superior

"Our transport infrastructure — that's rail and trains — is far superior to that of Johannesburg and people are less afraid to use it. Couple that with Cape Town's geographic location and the city will always be the geographic centre. That's something that cannot be said for Johannesburg," says Mr Broll.

But despite these optimistic factors for the longer view, office rates for Cape Town have dropped by about 30 percent in real terms over the past two years.

"The economy is flat on its back and this obviously is reflected in the demand for office space. The first signs of a turnaround in the property market for me will be demand for space from new companies which have recently gone into business. I don't see any of this coming through at the moment."

While property has been adversely affected by the economy in South Africa, the damage has

been far worse in the UK and America.

"We have been relatively sheltered in this market," says Mr Broll.

But when it comes, an improvement in the commercial property market, could have a significant effect on rental rates.

"A five percent shortage puts rents up by about 30 percent."

Meanwhile, until the general economy improves, the key to survival in today's depressed property market, both for owners and managers, is the ability to retain existing tenants.

"The name of the game has changed a lot in the past few years. The tenants are the clients and one should never forget that. Their needs and demands are paramount, and in my own organisation, every important tenant is visited at least once a quarter to see how he is getting on."

Gone are the days, said Mr Broll, when tenants were only visited at the expiry of their lease, or when there was a problem.

## Maintenance

Property owners now demanded much more information than just a rentroll and a statement of expenses.

"Our computer systems have been designed to adapt to the clients' needs. Nowadays, these can include detailed income and expenditure statements on a monthly basis, actual results and budgeted results, a break-down of all repairs and maintenance into 22 categories and an analysis of all leases expiring in a property over the following twelve months."



5/11/20 30/5/13  
**Boycott lifted**

THE consumer boycott against traders and farmers in southern Natal has been lifted.

The move was the result of an agreement between the ANC and the traders and farmers, who will no longer have to cross into the Transkei to sell their goods.

The ANC launched the boycott in protest against South African security force roadblocks on the Transkei border.

*Reports by Sunday Times*

# Keegan moots quick birth to Western Cape transitional authority

SI Times ( & Metro)  
30/5/93  
30 ~~11/12/93~~

By NAZEEM HOWA

THE Western Cape could have a transitional metropolitan authority within months, according to the deputy-mayor of Cape Town Mr Clive Keegan.

He was speaking after this week's decision by 18 major local government bodies and political parties to probe setting up a negotiating forum for the Cape metropolitan area.

The initiative is the result of an exploratory meeting of the parties which was facilitated by the Institute for a Democratic Alternative for South Africa (Idasa).

But this optimism does not exist outside of the civic centre...

The ANC's Ebrahim Rasool, for instance, believes that local government elections at regional level must take the lead from negotiations at national level.

David Schmidt, Western Cape director of Idasa, also believes that it is too early to put a time-frame to the process.

Mr Keegan was elected to a 15-member committee by delegates to the Idasa-initiated meeting to investigate how the negotiating forum should work, including terms of reference and representation.

Named to that committee are representatives of the Tygerberg councils, the southern Peninsula Councils, Cape Town City Council, the Democratic Party, Cape Province Municipal Association and the Labour Party.

Extra-parliamentary groupings represented include the ANC, Cosatu, the South African Communist Party, the Western Cape United Squatters Association, the Pan Africanist Congress and the SA National Civics Association.

The decision to consider a local negotiating forum comes at a time when it appears that

legislation to compel all local government bodies to participate in such forums will soon be drafted.

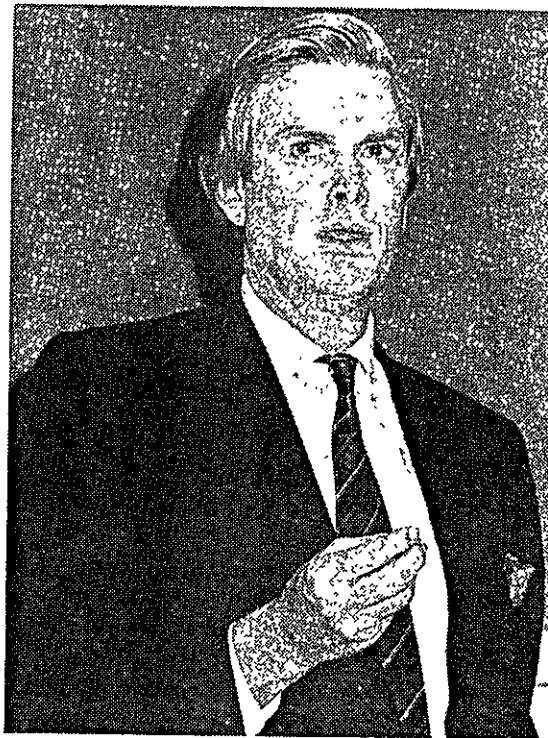
Adding impetus to the initiative is a meeting on June 7 between government representatives and the four provincial administrations. It is expected that a policy on the future of local government will emerge from that meeting.

But, like the national multi-party negotiating forum, the Western Cape initiative faces many hurdles.

Top of the list is the question of what "type of table" is used. Several groups are pushing for a "two-sided" approach which will see statutory bodies on one side and extra-parliamentary groupings on the other.

The Democratic Party and its allies, who favour a Codesa-type roundtable, are opposed to that idea.

Another issue which could delay the discus-



CLIVE KEEGAN  
Deputy-mayor

sions is the question of who participates at future forums. Already, the selection of the 15-member steering committee has been questioned by smaller councils and rate-payers' organisations.

Even among the 15-member group there are serious differences about the road ahead. The city council, for instance, believes the next forum should be all-inclusive, while some extra-parliamentary groups believe that only democratically elected bodies should be represented.

Tensions are expected to be worsened by demands from the ANC and allied bodies for financial assistance from white councils. These bodies want assistance to ensure that delegates to future forums have access to the technical information available to statutory bodies.

# Blacks turn one-horse town into ghost town

City Press 30/5/93

By DAN DHLAMINI

BLOEMHOF is in danger of degenerating from a one-street *dorpie* into a ghost town.

Painstaking negotiations this week between Boitumelong and Bloemhof residents failed to lift the stranglehold of a two-week black consumer boycott.

The action was temporarily suspended on Wednesday, but local ANC assistant secretary Tuna Letebele said by today the boycott was back in place.

Letebele told City Press that an agreement to lift the boycott was reached on Wednesday at a meeting attended by members of the Regional Peace Committee, the Bloemhof Business Committee (BBC) and the Boycott Action Committee.

30

However, he said the BBC acted in bad faith by declaring in posters that the boycott was over before any of the conditions of the agreement – dropping charges against 20 boycotters and reinstating

fired workers – had been effected.

Bloemhof Business Committee chairman D Lottering refused to speak to City Press.

When City Press tried to call him at his work at Dairybelle we were put through to "a manager" who said: "*Luister borselkop, wat se k . k is die pers se bellery by my besigheid. As jy met Lottering will v . . . praat, bel hom by sy d . . . se huis.*"

Western Transvaal police spokesman Capt Fred Williams said the situation was still very tense.

S Times [Buss] 20/5/198

# SBDC DETERMINED TO PUSH BLACKS

THE Small Business Development Corporation (SBDC) is determined to start more black-owned businesses.

Claims have been made that the SBDC funds mainly white enterprises.

SBDC senior general manager Jo Schwenke says one of the main aims is to encourage qualified blacks to open manufacturing businesses.

Mr Schwenke says: "We have been approached by overseas companies, including from Germany and the United States, who are keen to establish businesses here with blacks at the helm.

"The technology needed is avail-

By ADRIAN HERSCH

able and the SBDC is there to provide usual services."

Small-to-medium enterprises (SMEs) have the potential to rectify the imbalance of manufacturing capacity.

Unlike in several countries, few SMEs in SA are in manufacturing.

"German SMEs produce about 60% to 70% of manufactured goods and a large proportion of these are exported."

Mr Schwenke says Africa presents a "marvellous opportunity for

potential South African SME manufacturers looking to export".

"African countries import a large amount of goods from Europe and South American countries. But we have a natural advantage over these exporters. We are more closely in touch with the needs of the area and transport routes are less costly for us."

Mr Schwenke says more loans have been given to blacks than whites.

He acknowledges that the larger loans have tended to go to white-owned businesses.

The SBDC has financed blacks in fast-food franchises in Johannes-

burg. It is looking to establish blacks in restaurant franchises.

The SBDC will consider only those who are prepared to be on the premises permanently.

"Many take on a franchise and get others to run it and they often fail. People who think it is an easy way to make money are mistaken. It is a hard struggle and long hours are required," says Mr Schwenke.

Mr Schwenke warns that starting a small business, in any field, requires "a lot of hard work and taking strain".

Those with the potential for success require the entrepreneurial spirit, the doing-skills and expertise

in a particular field. They also need administrative skills.

The SBDC estimates that SMEs (in the formal sector) in SA comprise only about 17% of the economically active population compared with about 70% in most prosperous countries.

Large formal organisations (including the State) account for about 39% of economically active population in SA.

Mr Schwenke says SMEs in the formal sector in SA have the potential to employ about 40% of the economically active population in 20 years' time.

Star 31/5/93

# Fairy tale — Chapter 25

By Tom Hood

CAPE TOWN — The fairy tale success story of Pick 'n Pay turned to Chapter 25 this week when the supermarket chain's founder and chief executive, Raymond Ackerman, published his annual report — and some of the group's secrets.

It was 1am on a Wednesday morning in 1967 when a deal was struck and he acquired four small supermarkets in Cape Town.

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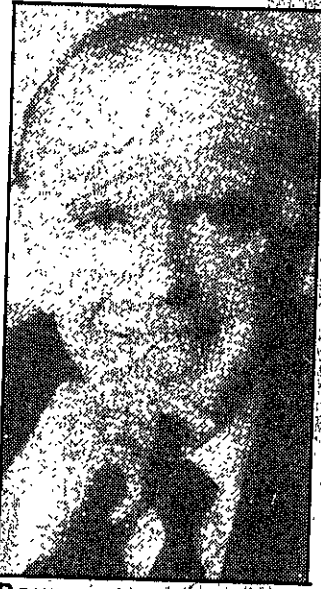
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There had always been a shortage of zoned sites and, for those available, developers needed to be found.

In the late 1960s and early 1970s this proved no easy task.

Though Ackerman owned only four shops, a year after opening he persuaded investors on the JSE to buy shares in Pick 'n Pay so he could buy four



Raymond Ackerman . . . three golden rules

more stores in 1968. (20)  
The experience in converting these proved valuable in the development of the first store built to the fledgling chain's requirements at Plumstead in 1969.

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Star 31/5/93

# 'White business must help blacks'

By Stan Hlophe

National Sorghum Breweries (NSB) executive chairman Professor Mohale Mahanyele has challenged white businessmen to help blacks in their bid for economic empowerment.

Mahanyele was speaking at a function held in Johannesburg on Friday to honour him as the new chairman of International Management Centres.

He said that now was the time for white bosses to be on

the side of the disadvantaged.

"If they want to be counted they should extend a helping hand to blacks as part of black economic empowerment. They have no more excuse as apartheid is gone and a new democratic government will take over next year," he said.

Mahanyele warned SA Breweries that NSB would take on the liquor giant which, he claimed, was trying to "run down" NSB.

"We have the right to run our

own business our own way. When we started, you said we would not survive even three years, but we have made you eat humble pie. Now you want to throttle us," he said.

He urged a new government not to turn a blind eye to black economic empowerment.

"Political power without economic power is meaningless. If the new government goes on without addressing the needs of the majority, that would be its undoing."

Star 3115193

## End consumer boycott, urge farmers

More than 50 armed farmers marched to the Boitumelong township near Bloemhof on Friday to deliver a memorandum to the ANC in which they called for an end to the consumer boycott of the western Transvaal town, the ANC said yesterday.

The town recently fired its entire black workforce in retaliation for the boycott. Farmers also called on the ANC to halt future marches through Bloemhof, and to agree to repair vehicles damaged during a recent ANC march.

COMMERCE — GENERAL

1993

JUNE — JULY



# NEWS Bloemhof's peace deal collapses as consumer

## 29 ANC members to appear in court

Sowetan 11/6/93

By Ike Motsapi

THE 29 members of the ANC who were arrested during a protest march at Bloemhof will appear in court today on charges of public violence.

Of the 29, 11 were minors released into the custody of their parents.

The remaining 18 were released on bail of R100 each.

They were arrested when they marched to Bloemhof to protest against a meeting of farmers which was held in the town on May 21.

The situation has been tense in Bloemhof since a consumer boycott was implemented. (30) (S)

Blacks have been banned by whites from coming into town. Residents of Boitumelong countered by also banning whites from entering their area.

Meanwhile, a deal that was brokered by the ANC and representatives of white businesses collapsed at the weekend.

The deal called for the unconditional release of the 29, one of them a mother with a four-month-old baby.

Definitely still on (S)

General secretary of the Boitumelong ANC branch Mr Andrew Hank said: "As far as we are concerned the boycott is definitely still on. The Attorney-General has not dropped charges against those arrested — a precondition to lifting the boycott."

Youths in the township originally refused to honour the fragile peace brokered last Wednesday night between the ANC and its allies and the Bloemhof Town Council and representatives of the business sector in the town.



Mr Jacobus Brown, man replaced her son's stole

## Checkers strike drags on

Management refuses to comment on labour dispute:

By Ike Motsapi

Sowetan 11/6/93

THE national strike by more than 10 000 workers at Shoprite-Checkers stores is continuing after attempts to resolve the dispute through mediation failed last week. (S) (S)

Mr Jeremy Daphne, who is a spokesman for the South African Commercial Catering and Allied Workers Union strike co-ordinating committee, said a meeting on May 25 and 26 between the union and the management of Pepkor, which is the holding company of Check-

ers-Shoprite, failed to reach an agreement on how to end the strike.

Daphne said the union was now waiting to hear from the company whether it was reconsidering its position on reinstating the recognition agreement which was terminated in 1990 when Pepkor took over control of Checkers.

This led to a national strike which started on May 8. (S) (S)

Daphne said: "The industrial action will now be intensified.

Management is still refusing to comment on the strike.

# Busi

of st

# Pig let loose in Muslim man's shop

Star 11/6/93  
By Peter Davies

The flames of racial tension were fanned again in Bloemhof this weekend when two white men burst into a clothing store run by an Indian trader and let loose a pig in the shop.

The western Transvaal town has been plagued by consumer boycotts by blacks and counter-boycotts by whites for the past three weeks. Indian traders have been targeted by some sectors of the white community for refusing to sign a solidarity pledge not to serve blacks.

Style's Haffejee said yesterday a convoy of 12 vehicles occupied by white men drew up at his store on Saturday.

"A blue Toyota bakkie stopped right in front of my shop. Two whites jumped out, and one rushed into the shop... He opened up a big sack and let out this live pig. He said: 'This is for you'. For us Muslims it is a most serious insult. It's the lowest that one can stoop."

That night a stand-off between armed white men and black youths at the edge of Boitumelong township was defused by police.

# Businessmen can help peace process

By Shirley Woodgate

Business has a stake in community stability, and businessmen must make their own services and resources available to speed up the peace process, says the Consultative Business Movement's Natal chairman, MC Pretorius.

Speaking ahead of The Star/CBM Business Conference for Active Change, to be held in Johannesburg on June 25, Pretorius said business had a role beyond the factory gates.

As proof of successful involvement in community affairs, he cited the

case of Mpumalanga, near Hammersdale, dubbed "Little Beirut" at the onset of devastating violence in the Natal Midlands in 1986. Stayaways, absenteeism and plummeting productivity followed murder and anarchy. In 1989, business intervened in the Mpumalanga peace initiative at the request of shop stewards.

"Schools were repaired and a community hall is being built by families with opposing views, now ready to work together," he said.

● To book your seat at the conference, see coupon on Page 22.

# R85m retail park planned for Pretoria suburb

EG CHAPMAN and CJ Irons intend to co-develop an R85m, 20 000m<sup>2</sup> retail park development in Menlyn, in Pretoria's eastern suburbs.

EG Chapman Developments MD Greg Swemmer says the park's variety of retailers will complement those in shopping centres nearby.

The retail park will accommodate DIY tenants, fashion outlets and retailers.

The high growth rate in the area during the past decade made it ideal for such a development.

Buss. day 21/6/93  
**PETER GALLI**

The company has obtained 7,5ha west of Menlyn Drive for the project, which is scheduled for completion in October 1994. (30)

EG Chapman Syndications Trust has launched a public property syndication. Its site, First National Bank Plaza in Hatfield, Pretoria, has a total lettable area of 1 847m<sup>2</sup> on five storeys and two basement parking levels.

MD Chris Roberts says the unbond-

ed building has a gross rental income of R749 146. Most of its current leases have 12% escalation clauses.

First National Bank occupies more than 60% of the building. It has an option to renew for a further five years a lease which expires in December 1998.

The syndicate is offering 605 units of R10 000 each in a public unlisted company. The Chapman group has underwritten the syndication. Initial projected income yield is 10,3%, increasing to 14,92% in the fifth year.

# Shoprite facing black boycott

ARC 2/6/93 (30)  
The Argus Correspondent

JOHANNESBURG. — Mediation between Shoprite/Checkers and striking employees has failed and Cosatu is expected to back a call for a nationwide consumer boycott of the chain.

The strike involves between 6 000 and 10 000 members of the SA Commercial, Catering and Allied Workers Union.

The action has entered its fourth week as the union and management continue at loggerheads over management's decision, taken some eight months ago, to terminate a long-standing recognition agreement with the union.

Management believes the recognition agreement no longer reflects the new realities of the group created by the merger of Shoprite and Checkers that followed the latter's takeover by Pepkor in September 1991.

The union says management's termination of the agreement constitutes an attack on basic trade union rights.

Mediation, through the offices of Imssa, the Independent Media Services of SA, failed after two days of talks last week, with the mediator unable to persuade the two sides to be present at the same venue.

The parties did, however, exchange positions on the issue of reinstating the recognition agreement, which the union has demanded as a precondition to returning to negotiations on a new agreement.

At an industrial council meeting in Randburg yesterday, both sides were understood to be going through the motions preparatory to the declaration of a dispute.

Cosatu sources indicated yesterday that an announcement could be expected soon on its' support, of the strike and its endorsement of the boycott call.

Cosatu is expected to stop short, however, of encouraging other unions to withdraw their labour in support.

# Government feels pinch as rentals keep on rising

Buss day 21/6/93

PETER GALLI

THE economic climate and increasing office rentals have resulted in the Public Works Department experiencing problems financing its obligations as provider of state accommodation.

In its annual report released at the weekend, it said: "The problem lies not so much in the initial rental as in the annual escalation and periodic rental adjustments.

"The situation is cause for grave concern as the shortfall in the department's rental account could mean that it might not be able to satisfy requests for accommodation."

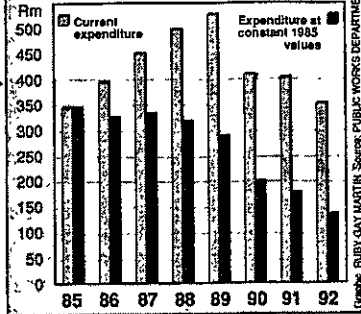
However, a mutual dependence had developed between the state and the private sector, which was evident from "the success achieved in persuading lessors to reduce the rental escalations and adjustments in their offers".

As a result of the reduction in funds for building and related services, larger amounts were being spent on rentals.

"For the first time, rental payments in 1992 exceeded the amount allocated for capital projects. The department's running expenses are increasing while investment in job-creation projects is falling, which is contrary to government's policy of encouraging investment in capital projects," the report said.

About 1,86-million square metres

Decrease in expenditure on capital projects



of office space was leased by government departments. This cost the state R308,3m last year compared with R275,3m in the preceding year.

As a result of a lack of funds the department had spent less money on building and related services, reflecting a decline from R522m in 1989 to about R365m in 1992.

In view of this, and the fact that in Pretoria alone about 70% of the state's accommodation needs were leased, building state accommodation in Pretoria "appears to be not only desirable but a good strategy".

While leasings held greater benefit for the state in the short term, they became "decidedly disadvantageous" for 12 years and longer.

During the year, 220 new contracts were concluded, 115 were cancelled and 405 were renewed. The leases were generally signed for 10 years with annual escalations and periodic

rental adjustments.

There was also a significant increase in property sales during the year under review. In the period 1982 to 1991, R182,5m worth of property was sold, while in 1992 alone property worth R108,37m was sold.

The department ascribed this to its marketing campaign to sell redundant immovable property. Land worth R1,8m was bought for emergency police stations, 30 houses worth R2,84m were bought for the SADF and the Camden and Usutu Mine residential areas near Ermelo were bought from Eskom and Trans-Natal Collieries respectively for R4,5m.

Another 1 280ha of land was bought by the Natal Parks Board for R1,15m to expand the Kransberg National Park, while seven properties near Uitenhage totalling 2 961ha were bought for R1,26m to expand the Zuurberg National Park.

On behalf of the Education and Training Department, 45 properties totalling 164ha had been bought on a recoverable basis for R33,74m for the construction of new schools.

The department's allocation in the national Budget had decreased from 2,9% in the 1985/86 financial year to 1,9% in 1992/93, while its spending — as measured against GDP — had dropped from 0,75% to 0,61%.

"The decrease in the funds allocated has had specific negative side-effects, the most regrettable of which is that existing assets cannot be properly maintained," the report said.

# Metcash nearly doubles earnings

Buss. day 3/16/93

MARCIA KLEIN

METRO Cash and Carry (Metcash) nearly doubled its earnings to 34,03c (17,32c) a share in the year to end-April as it continued its turnaround since the Premier Group took control from Tradegro in 1991.

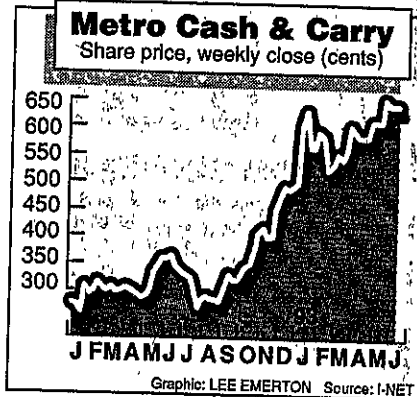
MD Carlos dos Santos said in spite of extremely difficult trading conditions, the results reflected the move back towards "acceptable profitability levels that are more in line with industry norms".

Results compare the 12-month period with only 10 months in the previous year. Nevertheless, they reflect a significant increase in profitability. Turnover rose by 27% to R5,2bn from R4,1bn previously, and operating income increased by 59,5% to R73,2m from R45,9m.

A significant rise in net interest received to R14,8m from R844 000 in the previous year resulted in an 88,4% increase in pre-tax income to R88m (R46,7m).

Dos Santos said although the pre-tax income margin had improved to 1,69% (1,15%), this was still well below the management target of 2,5%-3%.

Taxation — which included secondary tax on companies — rose to R29m from



R14,9m, bringing income after tax up 85,5% to R59m (R31,8m).

After outside shareholders, attributable income nearly doubled to R56m from R28,5m previously.

A final dividend of 8c a share was declared to bring the full year dividend up to 14c from 6c in financial 1992.

An extraordinary loss of R6,7m (income of R5,6m) reflected an amount of R11,2m in

□ To Page 2

## Metcash

Buss. day 3/16/93

additional taxation payable on film investments made in 1988 and 1989, partly offset by a R6m reversal of prior year provisions which exceeded requirements.

Dos Santos said he was happy with the results, but the group still had a long way to go to match historic earnings. Rationalisation measures and a drive to control overheads and shrinkage continued to bear fruit. Aggressive marketing had enabled

Metro to gain market share.

The balance sheet remained strong, with net cash resources of R270m and no interest bill.

Financial director Dudley Rubin said trading was tough, but good results had been recorded across the group. Exports had increased considerably, and the group had entered new markets. It would be looking for real growth in the coming year.

□ From Page 1

# Pepkor in place to unbundle

By ARI JACOBSON

THE PEPKOR group was well-positioned to unbundle should new legislation encourage this trend according to chairman Christo Wiese who addressed the Investment Analyst's society last night.

Wiese said that the divisional strategy of the group had allowed the businesses in Pepkor to be "absolutely autonomous" CT 316193

Here Wiese was referring to the Pep Stores division, Shoprite Checkers and the Cashbuild-Ackermans-Stuttards-Smart centre component.

Wiese added that unbundled group's could become "fashionable in themselves".

Shoprite Checkers MD Whitey Basson said that the stores under his command were now "the cheapest around" and this had been verified by relevant surveys.

He added that 40 Checkers stores would be converted to Shoprite stores this year and that would increase the turnover of the converted stores by as much as 40%.

Looking abroad Pep Stores MD Tony Haughton said that its 29 stores in Scotland would grow to 200 in the "the next few years".

Haughton said that Pep was also planning to set up stores in Mozambique and Zimbabwe to complement its presence in Botswana.



# Strikers told to stop intimidating customers

~~11/18/92~~ Own Correspondent

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DURBAN. — Shoprite Checkers brought an urgent court application interdicting striking members of the South African Commercial Catering and Allied Workers' Union, from harassing customers, employees and drivers at its branch in Amanzimtoti.

Mr Thomas Andrew Harding, the manager at the Seadoone Mall branch, said in papers before the Supreme Court the strikers had formed themselves into a mob and were "systematically" intimidating clients and drivers delivering goods. CT 3/6/92

Mr Justice Booysen issued a temporary interdict, preventing union members from stopping normal business, damaging shop property or refusing to allow deliveries. The return date is August 4.

The union has resolved to continue the strike in support of its demand for a recognition agreement with Shoprite to be reinstated. — Sapa

# Exports boost buoyant Metcash earnings

By **AUDREY DANGELO**  
Business Editor

METRO Cash & Carry almost doubled attributable income to R55.9m in the year to April compared with R28.5m in the previous 10 months.

This was achieved on a rise of more than R1bn in turnover, to R5.2bn (R4bn). Operating income was R73.2bn (R45.8bn) and net interest received R14.7bn (R844 000).

Earnings at share level rose to 34.03c (17.32c) and the final dividend is 8c (6c), making a total pay-out for the year of 14c (6c).

The net asset value has risen to 149.3c (136.2c) a share.

An extraordinary loss of R6.6m (R5.5m) was made up of additional tax on investments made in 1988 and 1989 and a net loss on the disposal of investments and properties.

The higher tax bill of R28.9m (R14.8m) includes the new STC tax on profits paid out as dividends.

Net cash resources were R270m at the end of the financial year. There was no interest bill.

MD Carlos dos Santos — who took over in 1991 at a time the group was making heavy losses and returned it to profitability later the same year — said he was happy with these results, achieved in difficult trading conditions. But, he said, the group still had a long way to go to match historic earnings.

Santos said the reporting period included the unrest following the assassination of Chris Hanu, which had obviously affected results. They had been below budget for that month, although they were ahead of budget for the year.

The latest outbreak of unrest had affected the group "in pockets", but overall results so far in the current year were reasonably good. They were ahead of budget.

The group was achieving "substantial" turnover from exports of groceries to other parts of Africa, including Central and North Africa, and to the Far East.

It already had trading operations in Malawi and there were "exciting possibilities" in other countries.

Discussing the continuing effects of the recession, Dos Santos said it was fortunate that the country was recovering from the effects of the drought. "We have had a good maize crop and hopefully we shall see the benefits in a few months."

## Funding for small business increased

TIM COHEN

3/6/93

CAPE TOWN — Government has decided to revise the supplementary amounts allocated for social upliftment, decreasing the amount for job creation by R15m and boosting small business development instead.

The supplementary budget presented in Parliament yesterday indicated that of the R300m allocated for supplementary items during this year's budget, R200m would go to housing, R45m to job creation, R30m for small business development and R25m to tourism. This differs from the R60m proposed for National Economic Forum initiatives and the R15m proposed for small business.

State Expenditure Minister Amie Venter said experience had shown that small business struggled to survive economic downturns but played an important role in job creation. The forum had identified job creation as a matter of high priority and the issue was receiving urgent attention.

After consultation with the forum, the Finance Department and the State Expenditure Department, the Manpower Department would be responsible for designing a suitable job creation programme.

The R25m allocated to boosting tourism would be additional to the R85m already allocated in the 1993/94 budget.

The R200m allocated to housing would be made available for joint initiatives by the National Housing Forum and government.

Buss. day 31/6/93

Smart Centre to change image

MARCIA KLEIN

A LOWER tax rate and an encouraging level of trading since end-February would enable fashion retailer Smart Centre to show earnings growth in the coming year, directors said in the annual review.

Smart recently announced a 31,8% increase in earnings to 29c a share in the year to end-February — compared with eight months in the previous year — against the background of significant expansion and depressed consumer demand.

In his review, MD Charles Fox said Smart would be "taking a more aggressive marketing stance in the year ahead". He said management expected to see "higher levels of growth within a continuing policy of tight asset management and limited

Consumer research had shown that the company's logo was not well received, and a new logo would be introduced which was more elegant and more in tune with its fashionable merchandise.

This year Smart celebrates its 25th anniversary. The company started trading in

1968 in three small stores in Pretoria. In July 1990 it listed on the JSE and in the following year, Pepkor gained a majority shareholding from Tradegro (30)

Fox said good asset management and a strong balance sheet had enabled Smart to speed up its store development programme during the past year. Taking advantage of a soft property market, it bought new stores and enlarged others.

The programme, which had affected more than 30% of the company's stores — had had a short term negative effect on operating margins. Fox said the benefits would flow through in the next few years.

Chairman Christo Wiese said that in the recession, Smart's strategy had been to pursue growth and limit the amount of discounting, thereby maintaining margins.

Although the store development programme had reduced the operating margin, it was still satisfactory at 13%.

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Speciality expecting a real improvement

MARCIA KLEIN

RETAIL group Specialty Stores was expecting a real increase in profit and earnings in financial 1994, chairman Nic Labuschagne said in his annual review.

Although the coming 12 months would not be much easier than the previous year, he said there was still "significant profit potential throughout the group".

In the year to end-February, Specialty reported a 2% increase in earnings to 84,9c (83,5c) a share on a 26% turnover rise to R368,8m (R293,6m).

Labuschagne said that all divisions — which included 143-store Milady's, store chain The Hub and 47-store cash retailing chain Mr Price — should show "meaningful improvements in operating margins".

This would be achieved on the back of continued tightening of expenses, productivity improvements and a turn in the downward cycle in consumer spending towards the end of the year.

Specialty had budgeted for turnover of nearly R500m (R368,8m). Sales of the young cash retailing division — which comprised the merged operations of Mr Price and Footgear — would exceed R100m. Labuschagne said that the growth in cash retailing was in line with the group's strategy of achieving a better balance between the credit and cash businesses.

During the past year, the group had opened 12 new Mr Price stores, one Hub and one Milady's.

Labuschagne said 1993's results had been satisfactory, "but well below the true potential of the group".

Milady's and the Hub had reported declines in profitability. But the performance of the credit divisions had been compensated for by a significant improvement in

profitability in the cash retailing division.

Joint MDs Stewart Cohen and Laurie Chiappini said despite the fact that the past years had been difficult for retailers, the group had maintained its eight year record of unbroken earnings growth and remained "confident for the future".

Commenting on divisional performances, they said Milady's had difficulty exceeding the high base of the previous year, and reported a 9% decline in operating profit.

However, it had budgeted for a healthy improvement in performance on the back of tight cost controls and improved margins.

Turnover was expected to exceed R200m, and the directors said that it now had the critical mass and systems infrastructure to show a strong rise in operating profitability.

The Hub's margins had come under pressure, and its operating profits had dropped by 9%. It had also forecast a return to its "normal pattern of strong annual profit growth".

Cash retailing showed a significant improvement in profits due to more aggressive and focused buying and a national marketing campaign.

Another 10 Mr Price stores would be opened this year, mostly in the Transvaal. The current trend of increasing margins and profitability was expected to continue in this division, the MDs said.

Financial director Chris Tuill said cash sales were expected to grow to 36% of total planned turnover in the coming year, and the group planned to raise this to 50% in the medium term.



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Buss. day 3/6/93

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# Cosatu urges Shoprite Checkers boycott

Labour Reporter

30 JUN 1993 3 ARG 35/93

COSATU has called for a national consumer boycott of all Shoprite Checkers stores, including Pepkor subsidiaries such as Stuttafords, to force the company to settle its month-long dispute with the commercial workers' union Saccawu.

The federation said four weeks had passed since workers went on strike in response to manage-

ment's unilateral decision to cancel Saccawu's (SA Commercial, Catering and Allied Workers' Union) nine-year recognition agreement.

Cosatu was now convinced that only "concerted national action" would force a settlement. The boycott included subsidiaries of Pepkor, including Pep Stores, Cashbuild, Smart Centres, Stuttafords, Greatermans, Garlicks and Kappa.

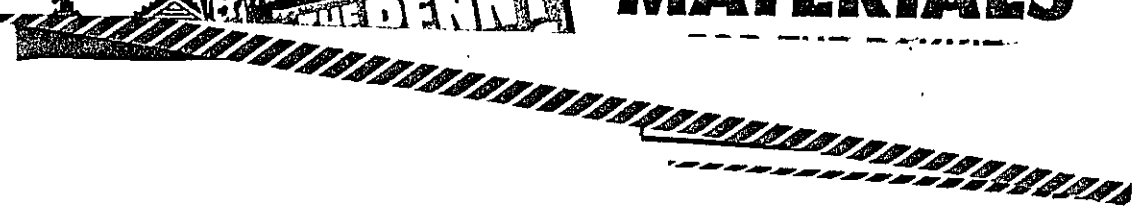
Accusing Shoprite Checkers management of being one of "the most backward and reactionary employer groups in South Africa", Cosatu said the company wanted to take workers back to the "stone age of industrial relations".

● A company spokesman refused to comment immediately, saying it would respond to Cosatu's statement later today.

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## BUILDING MATERIALS



# Are low prices enough to make things OK?

Wimac 4/6-10/6/93

(30)

AFTER posting a loss of R35-million for the financial year just ended, it became obvious that if the OK Bazaars wished to survive it would have to change drastically its anachronistic trading style. If the trading results of the highly successful Hyperama division were excluded from its accounts, OK's bottom line would have looked a lot worse.

In a sense OK is still a "bazaar", selling merchandise ranging from haberdashery, to gardening equipment, to furniture, to groceries, to clothing.

Coupled with this, it still follows the old style of retailing, with lots of merchandise jumbled all over the place. If the store does any profitable trading it is probably in its white and brown goods department, selling goods on hire purchase.

The problems of OK can be traced back to a lack of foresight by its management. Over the years it stood by watching its core white consumer market move away from the city centre to the suburbs. It saw the needs of these consumers being catered for by lean and hungry retail entrepreneurs, such as Pick 'n Pay and Spar. It saw the face of retailing change and did little to move with the times.

Today OK finds itself in a cleft stick. Many of its stores are badly positioned, and its old core white consumer support has declined — the market with the buying power. Its place is being taken by black consumers who are strapped for cash. Which market segment does the OK chase?

The store's dilemma was classically illustrated by the first of its "new" promotions. It flooded its stores with advertising material featuring Soweto boxing champion Dingaan Thobela.

The "Rose of Soweto" urged the public to take advantage of the specials which were on offer at the OK.

In a multi-racial marketplace where customer support must be generated from all levels of society, it is extremely dangerous to racially stereotype a store. A recommendation by the Rose would probably work won-

ders in OK Eloff Street where the majority of shoppers are black, but it is unlikely to have the same effect on OK shoppers who live in Sunnyside, Pretoria.

Racial branding of a store is therefore highly dangerous in a society that still has to come to terms with the fact people should live harmoniously together. A neutral image is therefore preferable.

The store's current "Everyday Low Pricing" (EDLP) strategy has merit and it will be interesting to see if it generates the turnover it needs to put it on the road to profitability.

The EDLP concept originated in America last year. The world's largest packaged goods company, Procter & Gamble, got tired of being held to ransom by the retail trade.

It decided to cut the confidential discounts it was paying retailers to stock its products, and plough this money back into lowering the price of its products to the consumer, and to spend more money on building the equity of its brands. Procter & Gamble believed this combination would pick up increased consumer support.

Indications are this strategy may not be working. Procter & Gamble's competitors — such as Levers and Colgate-Palmolive — have grabbed more shelf space in retail stores by continuing to pay high confidentialials.

The essential difference between P&G's EDLP strategy and OK's is that P&G just re-allocated funds. In lowering the price of the goods it sells, the OK is taking it out of its margin. It will therefore have to generate an exceptionally high volume of goods sold to increase its profitability.

As the availability of cash in the marketplace is limited, what goes through OK's tills will be money normally spent with its competitors, and they are not going to stand on the sidelines idly watching consumers pass them by. Will an EDLP strategy revitalise OK? Time will tell. OK's problem probably lies deeper than pricing: it could be a combination of siting, image and retailing style.

*OK Bazaars has embarked on a campaign to break with its unsuccessful past. Marketing expert JOHN FARQUHAR assesses its chances*

**COMPANIES**

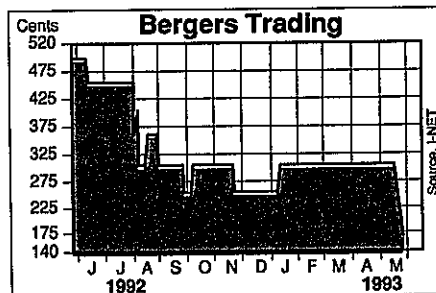
**Activities:** *Retails clothing.* **Control:** *Bergers Group 94%.* **Chairman:** *H V Mauerberger; MD: M Jacobson.* **Capital structure:** *86m ords. Market capitalisation: R138m.* **Share market:** *Price: 160c. 12-month high, 450c; low, 160c. Trading volume last quarter, 5 000 shares.*

| Year to Dec 31               | '89  | †'90  | '91  | '92   |
|------------------------------|------|-------|------|-------|
| ST debt (Rm) .....           | 4,3  | 11,2  | 20,3 | 25,2  |
| LT debt (Rm) .....           | 0,5  | 3,4   | 3,9  | 2,7   |
| Debt:equity ratio .....      | nil  | 0,68  | 1,06 | 1,76  |
| Shareholders' interest ..... | 0,30 | 0,25  | 0,24 | 0,17  |
| Int & leasing cover ..       | 19,4 | 4,2   | 2,3  | 4,1   |
| Return on cap (%) ..         | 21,8 | 19,5  | 13,4 | 0,34  |
| Turnover (Rm) .....          | 84   | 161   | 165  | 167   |
| Pre-int profit (Rm) ...      | 9,4  | ‡16,6 | 11,8 | 0,3   |
| Pre-int margin (%) ..        | 11,3 | 10,3  | 7,2  | 0,18  |
| Earnings (c) .....           | 30,2 | ‡10,3 | 6,2  | (7,7) |
| Dividends (c) .....          | 13   | 3,7   | 2,0  | nil   |
| Net worth (c) .....          | 62   | 15    | 24   | 16    |

† 10 month trading period. ‡ Annualised.

consolidate their capitals.

MD Mervyn Jacobson says the rights issue will help reduce gearing (176%) and



adds Betrad should be debtless by year-end 1994 — a situation it hasn't enjoyed since 1990. That should place Betrad in a good position for subsequent expansion.

Chairman Howard Mauerberger says the fall-off in demand last year was heightened by the cash nature of Betrad's core business and led to heavy markdowns and stock write-offs. This chopped about R8m off profit and reduced stock to R35m from R46m.

Betrad opened 18 stores and closed nine. Four new stores are operating on a fresh concept, HW Basics.

This was developed in the Hilton Weiner division to appeal to a broader market segment offering affordable merchandise but still carrying the (desirable) Hilton Weiner label and styling.

While HW Basic stores are opening, underperforming stores in other divisions are closing. Six have been shut this year. A couple more will suffer the same fate when their leases expire.

Mauerberger says lower stocks and tight control of working capital will affect business and performance positively this year.

He notes that while trading conditions remain harsh, the additional capital and impact of measures being taken indicate a return to profitability.

Unfortunately, the market doesn't share this enthusiasm. The stock has plummeted from 500c to 160c in the past year. *Kate Rushton*

**BERGERS TRADING** *Fm 4/6/93*  
**Dressing up for a party**

Retail clothing chain Bergers Trading (Betrad) is addressing its debt problem — and not a moment too soon. Last year a R7,3m interest bill destroyed its R1,3m operating profit, leaving a loss per share of 7,7c. Not surprisingly, the dividend was passed.

Investec Merchant Bank has agreed to underwrite a rights offer. Betrad will raise R18m through the issue of 18m shares. Parent Bergers Group (Bergers) will issue 8,4m shares at R2 each to follow its rights in 94%-held Betrad. Because of the large number of shares to be issued, Bergers and Betrad will



**Driven one lately?** (30)

Who would want to be a car salesman in these difficult times? Vaaltrucar and 81%-held operating arm Vaalauto have found it isn't

FINANCIAL MAIL • JUNE • 4 • 1993 • 83

**Activities:** Retailers new and used motor vehicles and spares.

**Control:** Directors 47%.

**Chairman:** S F Germishuizen.

**Capital structure:** 16,5m ords. Market capitalisation: R4,1m.

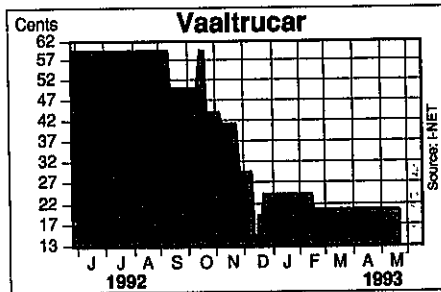
**Share market:** Price: 25c. 12-month high, 60c; low, 25c. Trading volume last quarter, nil shares.

| Year to Feb 28               | '90   | '91   | '92    | '93   |
|------------------------------|-------|-------|--------|-------|
| ST.debt (Rm) .....           | 1,49  | 3,18  | 6,16   | 4,63  |
| LT debt (Rm) .....           | 1,04  | 1,26  | 1,32   | 0,96  |
| Debt:equity ratio .....      | 0,19  | 0,30  | 0,84   | 0,80  |
| Shareholders' interest ..... | 0,44  | 0,36  | 0,28   | 0,32  |
| Int & leasing cover .....    | 2,85  | 1,59  | n/a    | 90,90 |
| Return on cap (%) ..         | 16,7  | 12,2  | (0,4)  | 6,5   |
| Turnover (Rm) .....          | 102,1 | 138,3 | 121,0  | 86,6  |
| Pre-int profit (Rm) ...      | 4,3   | 4,2   | (0,1)  | 141,0 |
| Pre-int margin (%) ..        | 4,2   | 3,0   | (0,1)  | 1,6   |
| Earnings (c) .....           | 15,7  | 5,7   | (17,0) | (8,9) |
| Dividends (c) .....          | 5,0   | 3,2   | nil    | nil   |
| Tangible NAV (c) ....        | 68    | 60    | 43     | 34    |

the easiest of callings when weak consumer demand and a low propensity to spend severely constrain earnings growth. That has required extensive rationalisation and streamlining.

But benefits are beginning to show. In the year to February, the group reported an attributable loss of 8,9c a share. Though that might not look good, at least it's an improvement on the previous 17c loss.

Turnover continued to fall, down 28% to R86,6m, but remedial action reversed 1992's R123 000 operating loss to a R1,7m profit.



Extraordinary items of R1,5m reflect costs associated with discontinued operations.

The health of the balance sheet also improved. Short- and long-term debt are down 25% but gearing, at 80% (84%), remains unacceptably high. Funds from the disposal of the interests in Spareco/Eddies to IGI helped. Interest and leasing cover, as well as debt cover, improved significantly.

A sectoral breakdown shows just where the group is hurting most. In 1989 34% of assets were employed in new vehicles, representing 48% of group turnover and contributing 42% to operating income. In 1993, the figures are very different. New vehicles represent only 17% of assets, 33% of turnover and a -17% contribution to income.

But chairman Sarel Germishuizen says this market has improved substantially in the past few months, helped by the launch of Ford's two latest models. The used-vehicles division had a better year, lifting its contribution to operating income by 11%. But this was off a low base as its contribution fell 75%

4/6/93

in 1992. The parts division and smaller service and petrol arm raised contributions by 11% and 55% respectively. By far the bulk of assets, about R8m, are in property, whose real return is realised only on disposal.

The share has fallen 65% in the past year to a low of 25c. Short-term prospects are far from exciting but interim figures should reflect the improvement in new vehicle sales. With Vaaltrucar now fully rationalised, any improvement in the economy will boost its bottom line.

Marylou Greig

# Clicks winks at recession's bite

By AUDREY D'ANGELO  
Business Editor

CLICKS shrugged off the effects of the recession by lifting attributable profit by a staggering 42,07% in the year to April 30 to R31,1m (R21,9m).

Earnings at share level were 27% higher at 138c (109c) in spite of a rise in the number of shares in issue to 22,6m (20m). The final dividend is 27c (26c) making a total pay-out of 46c for the year compared with 48c for the previous 14 months.

This was achieved on a 28,69% rise in turnover to R949,7m (R738m) excluding VAT. Operating income rose by 17,20% to R550,7m (R469,9m).

The tax bill rose to R23m (R20m) but the interest bill fell to R717 000 from R4,2m.

CT 4/10/93  
CE Trevor Honneysett announced that a 10 for one share split was planned to make the shares more marketable.

Discussing the results, he said real growth had come from existing stores — where trading was ahead of inflation — as well as from the 34 new stores made up of 10 Clicks, 17 Diskom and six Musica.

Both Clicks and Diskom had mounted frequent hard-driving promotions. More than one million customers a week had shopped at Clicks and 1,5m a month at Diskom and had increased their average spending.

Musica, which was making losses when the group bought it in April last year, returned to profitability by October and had "one of its best Christmas trading periods ever".

The group, which so far has all its stores in SA apart from two in

Swaziland and one in Lesotho, is preparing for expansion into other African countries.

"We are looking very seriously at Namibia and Botswana," said Honneysett, "and we have an exploratory trip to other neighbouring states scheduled for two weeks' time. We see ourselves more and more as an African trading company."

The group still imports some of its stock from overseas, mainly from Europe and the Far East in spite of the weak rand. Honneysett said the depreciation of the rand had been offset to some extent by the fact that prices overseas had softened because of the recession.

● He announced that from July the group would have the exclusive right to sell the British chain Boots No 7 cosmetic range, which was the market leader in the UK.

# Cosatu calls for boycott of stores

■ Strike is over recognition agreement:

By Ike Motsapi

THE Congress of South African Trade Unions has called for a consumer boycott of Checkers-Shoprite stores in support of workers who are on strike over a terminated recognition agreement. Sawetan 4/6/93

More than 10 000 workers at Checkers-Shoprite stores have been on strike since May 8 this year. (30)

Management has informed the union that it will be lodging an urgent application in the Rand Supreme Court to declare the strike illegal. (KSA) (SA) (SA)

The grounds for the action has been cited as the contravention of Section 65 of the Labour Relations Act with regard to balloting for the strike.

Mr Jeremy Daphne, a co-ordinator of the Checkers-Shoprite strike, said the union viewed management's actions as "posturing instead of coming to reality and solving the problem".

The Cosatu call, which came into effect yesterday, will affect all companies which are subsidiaries of Pepkor, the holding company of Checkers-Shoprite stores. These companies include Pep Stores, Cashbuild, Smart Centres, Stuttafords, Greetermans, Garlicks and Kappa. Mr Zwelinzima Vavi, Cosatu's national organising secretary, said they had informed all their affiliates and regions of the dispute and would be requesting them to back the struggle of Shoprite-Checkers workers for basic human and trade union rights.

# Slabbert accepts post, just for now

By Mzimasi Ngudle (2/6/93)

DR Frederik Van Zyl Slabbert will continue as chairman of the new SABC board until the end of July.

Announcing his acceptance of the controversial position after the first meeting of the board at the SABC's headquarters yesterday, Slabbert said he would steer the board through its initial stages.

"Those present (members of the new board) unanimously prevailed on me to continue as chairman until the end of July.

"During this period the State President and other interested parties should pay attention to the current vacancies and the impending vacancy of the chairperson," he said.

Slabbert said all other board members, except former KaNgwane Chief Minister Mr Enos Mabuza and Mr Franklin Sonn, principal of the Cape Peninsula Technikon, had indicated they would take part in the new board.

Mabuza and Sonn, who were not on the original list proposed by the panel but were appointed when President FW de Klerk's intervened, resigned from the board before its first meeting.

Slabbert said the board would continue as presently constituted and called on interested groups to direct their objections to those responsible for the crisis.

"Give us a break so that we can get on with the job and test us by our results," Slabbert said.

The new board's first meeting had agreed that it was elected constitutionally and appointments had followed guidelines agreed upon, he said.

He blamed political intervention and ineptitude for the the controversy surrounding appointments and the composition of the board.

Star 4/16/93

# Wiese calls for faith in future

By Stephen Cranston

If South Africans ever needed faith in the future, along with drive and enthusiasm, the time is now, says Pepkor chairman Christo Wiese.

In the annual report for the year to February, Wiese says the economic climate is characterised by pessimism, a lack of trust and an unwillingness to commit to the future.

"The time has come for business leaders to break out of the cocoon of depression that has enveloped the economy; to take a fresh view of the new environment in which we must do business here and overseas; and that they skilfully develop the possibilities which open up for us to the advantage of the entire community."

At the release of the annual report last night, Pepkor vice-chairman Nols Louw, speaking for Wiese, who was ill, said Pep-

kor had adapted to new circumstances by decentralising to autonomous and profitable units.

Pepkor now comprises a corporate office which deals at arm's length with the operations and is not involved in the day-to-day running of the business.

Its role is to act as a sounding board and as informed, keenly interested owners to help operational management decide on major areas of opportunity.

## Core business

Pepkor's core business, Pep Stores, launched its Pep mini-store concept during the year, giving access to smaller shopping nodes in line with the policy of taking outlets as close as possible to customers.

Pep also carefully assessed and rationalised stores. It integrated the Frasers mine stores which fitted the Pep formula into the chain.

Overall, 57 stores were opened, but after closure and the disposal of poorly performing stores, the net number rose by four.

The number of Your More Stores in Scotland rose from 15 to 29 during the year and a further 20 are planned for this year.

Shoprite/Checkers managing director Whitey Basson said a focus on price had helped turn Checkers into a profit contributor. The group's market share grew 13 percent during the year.

The group converted 19 Checkers stores to the Shoprite trade name, resulting in a sales growth of more than 40 percent. A further 40 Checkers stores would be converted to the Shoprite name.

Referring to the current industrial action against Shoprite/Checkers, Basson said that although labour relations remained tenuous, he was committed to negotiation and resolving the dispute in the best interest of all stakeholders.

# High-flying Clicks reveals plans for another share split

Star 4/6/93

By Tom Hood

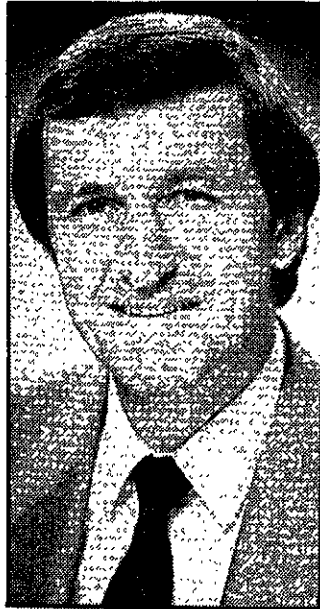
CAPE TOWN — Clicks Stores is to sub-divide its shares to make them more marketable, giving shareholders 10 new shares for each ordinary (currently worth R29).

Shareholders were previously given two for one when the holding company was formed, so that investors who bought shares at the debut price of R1 now have an investment worth almost R60 a share.

Announcing the share split, chief executive Trevor Honeysett disclosed yesterday the company proposed to change its name to Clicks Group Ltd for a more accurate reflection of its position as an investment holding company apart from its trading subsidiaries Clicks Stores, Dickom Stores and Musica Stores.

The group is also seeking JSE approval to increase its authorised share capital from 226 million to 325 million shares after the split.

Turnover grew almost 29 percent to R950 million for the year to April, including for the first time the turnover of the Musica chain.



Trevor Honeysett . . . one new store a week

This figure should grow again in the year ahead.

Honeysett, who said he was bullish about prospects, disclosed that one new store would open every week in the current year.

Operating profit was 17 per-

cent up at R55 million and by using the proceeds of the rights issue to pay off borrowings and slash its interest bill to only R717 000, pre-tax profit jumped 27 percent to R54,3 million.

Earnings were also up 27 percent to 138c a share from 123c for the previous 14 months, despite the increase in share capital.

The final dividend of 27c raises the total payout to 48c, against 48c for the previous 14 months.

Dividend cover has been increased from 2,4 to 3 times to help finance growth and market share.

Honeysett said 34 stores — 10 Clicks, 17 Diskom and six Musica — were opened in the year, bringing the total to 293.

"It's obvious the group had a fast-moving merchandise formula that worked in recessionary times.

"Achieving growth of this scale in a deepening recession, which included a disappointing Christmas and a particularly poor April after the assassination of Chris Hani, reflects both an increased market penetration and growing support from existing customers," he said.

Star H16193

# Specialty sees better times ahead

By Derek Tommey

Specialty Stores, which had a turnover last year of R369 million, is expecting better times and profits this year.

Chairman Nic Labuschagne says in his statement to shareholders the company expects the downward cycle in consumer spending to turn later in the year.

"This, together with the tightening of ex-

penses and productivity improvements achieved over the past few years, should result in meaningful improvements in operating margins in all divisions.

"While we do not expect a much easier year, there is still significant profit potential throughout the group, and thus a real increase in profits and earnings should be attainable."

Joint managing directors Stewart Cohen and Laurie Chiappini say sales this year should be close to R500 million from more than 200 stores.

"In Milady's, The Hub and Mr Price, the group has three profitable chains.

"Operating margins will rise in the years ahead as trading conditions improve.

"But a major improve-

ment will come from exploiting the systems infrastructure in which we have invested over five years.

"Almost all sales are now recorded on the 620 point-of-sale terminals and this provides instant information on merchandise movements.

"The resulting lower markdowns and higher sales densities will significantly enhance margins," they say.

# Retail chain threatens to slash jobs

SHARON SOROUR, Labour Reporter

SHOPRITE Checkers has warned of "massive job losses" if the "purposeless" strike by more than 10 000 members of commercial workers' union Saccawu continues.

The company said in a statement it hoped "common sense and logic will prevail sooner rather than later and that the dispute can be resolved without massive job losses".

Slamming the strike — over a cancelled recognition agreement — as "one of the most senseless of recent times", the company called on the union to negotiate a new agreement without preconditions.

"In effect, thousands of employees are losing wages and the job security of thousands of others is being threatened by a strike to win rights these employees already have," the company said.

According to "industry sources" the company was about to retrench more than 2 500 workers nationwide and to close stores.

A Shoprite Checkers spokesman said the company would comment on the report later today, as well as on whether it intended to contest the legality of the strike.

South African Commercial, Catering and Allied Workers' Union spokesman Mr Jeremy Daphne said the union had not been informed of imminent retrenchments or store closures.

He said it was not unusual for companies to announce retrenchments or closures "at this stage of a strike".

## MARTIN JONKER HOLDINGS

### Into higher gear

FM 4/6/93

30

Despite the ever-declining motor industry, vehicle retailer Martin Jonker Holdings shifted into a higher gear last year and increased earnings more than sevenfold. The balance sheet was significantly strengthened by a R4m rights issue. The funds financed enlarged working capital and cut interest-bearing debt. Chairman Martin Jonker says the balance sheet now allows for further growth and a sales outlet in Sunnyside, Pretoria, is planned.

Turnover topped R180m and was R30m higher than the previous year. Taking into account the business mix between new vehicle sales, used vehicles, parts and service,



**Martin Jonker's Jonker ... severe stock shortages**

overall price increases were not more than 11% — real turnover growth of 9%.

Vehicle sales were the biggest contributor

from the closure of unprofitable operations in the Cape-based Schus operation.

After skipping 1992, a final (and only) dividend of 2c a share is declared. This is 3,1 times covered by weighted EPS of 6,2c.

The directors hold 70% of the shares and the stock sees little trade. At 41c, the share has remained unchanged for the past two years and is uninspiring.

*Kate Rushton*



F M 4

Boulevard and along the R22 and R24 in the direction of Jan Smuts airport.

One agent says the most notable falls have been at M&R Properties' AMR Office Park in Bedfordview — which M&R denies — and Ampros's Bruma Lake Office Park. Rentals in the latter are now around R27/m<sup>2</sup> gross after having fallen from R30/m<sup>2</sup> in line with the average in the Bruma area. The agent notes that a former, large M&R Properties tenant, Genrec, is soon to take up 3 000 m<sup>2</sup> in another M&R building in Skeen Boulevard and vacate about 1 000 m<sup>2</sup> in M&R's AMR Office Park.

Another landlord in Bedfordview, Ambrosie Bros, which completed its first "and perhaps last" commercial development in February, the Eastgate Lane office building next to Eastgate Shopping Centre, confirms that it has also had to lower initial asking rentals from R33/m<sup>2</sup> to around R29/m<sup>2</sup>. In late May director Raymond Ambrosie was negotiating with four to five prospective tenants and confident of filling the vacant 1 800m<sup>2</sup> building soon.

Ambrosie makes the point that, unlike many Bedfordview buildings, his is easily accessible from major highways.

M&R Properties, which could rightfully call Bedford Plaza — the south-east quadrant of Bedfordview — its backyard, controls roughly half (75 000 m<sup>2</sup>) of the office space in this quadrant.

M&R Transvaal and OFS MD Joy Wagner says M&R has made adjustments in some rentals in line with market trends over the past year. "These have been of the order of 10%. However, in the past six weeks, if anything, there appears to have been renewed interest in the market."

Wagner says rentals range from R20/m<sup>2</sup> to R34/m<sup>2</sup> gross in M&R's quadrant, depending on the age, quality and location of the building. The take-up rate over the past four years has been around 4 000 m<sup>2</sup> a year, which has resulted "in steady growth over time and reasonable rentals being achieved. If you take the whole of Bedfordview, take-up has probably been about 9 000 m<sup>2</sup> a year."

Wagner is not perturbed by the vacancy levels: "They are definitely in line with, if not slightly better than, the norm. Rentals in the Bedford Plaza have held up extremely well during recessionary periods due to co-ordinated planned development.

"Over the long term, Bedford Plaza will prove to be a good performer. It is the up-market office address on the East Rand."

M&R says of the four quadrants at Gillooly's interchange, development has taken place in three. The south-west quadrant sports the RPP building, owned by the Mines Officials Pension Fund. The north-

west sector is Gillooly's View.

The north-east quadrant is poised for development. After an 18-month battle to obtain rights from Bedfordview Town Council, Stocks & Stocks went to the Townships Board, which gave it residential and office rights on the Jeppe Quondam Club site. It received this three months ago.

In a two-part agreement with Jeppe Old Boys' Club, the company will acquire outright 2 ha on which to develop 85 dwellings; and in a joint venture with the club will develop a 9 000 m<sup>2</sup> office park of six low-rise buildings around the cricket pitch.

Architectural character will be borrowed from the turn-of-the-century Jeppe High School.

Both the residential and office components are designed to support the sports club. Transfer of the residential land will take place in two months.

Stocks & Stocks property director Neil Gardener's view of Bedfordview is that there are always markets within markets. "Some of its office buildings are ill-conceived. We'll start marketing our own office development in about two months. We believe we have an advantage in that we are targeting tenant demand for smaller offices in park surrounds, a segment of the office market that has shown the greatest growth. Units will be available for rent in buildings that can easily be identified for corporate purposes. But we won't develop unless we can substantially pre-let."

Stocks & Stocks MD Bart Dorrestein says: "We have faith that, thanks to Bedfordview's unique location, it will remain one of the top decentralised office sites." ■

## BEDFORDVIEW Landlords' faith

F M 4/6/93  
(30)

Commercial estate agents say prime office rentals in Bedfordview have slumped by as much as 15% in the past six weeks. They are now telling prospective tenants for new offices they should "go east for less" where they can get A-grade space for as little as R28/m<sup>2</sup> gross.

This confirms the SA Property Owners' Association finding of a large oversupply of good-quality office space in this and other areas north and north-east of Johannesburg. Its latest office vacancy survey for February says vacancies in these areas are running as high as 29%.

The association says 27 000 m<sup>2</sup>, or 22% of Bedfordview's total 122 700 m<sup>2</sup> grade A office space, is vacant compared to only 3% in its B-grade market (1 000 m<sup>2</sup> of 33 500 m<sup>2</sup>). For A- and B-grade space combined (156 200m<sup>2</sup>) overall vacancy is 17,9% (28 000 m<sup>2</sup>).

The Bedfordview node includes the offices around Bruma Lake and Eastgate and Bedford shopping centres. Also included are the offices next to Gillooly's farm and Skeen



Eastgate Lane in Bedfordview now leasing

# Shoprite to 'close stores'

CT 4/6/93

Own Correspondent

JOHANNESBURG. — Shoprite Checkers is to begin closing stores and retrenching staff nationwide, industry sources yesterday said.

Some outlets will be closed immediately and it is thought about 2 500 jobs will be lost.

Also, Shoprite Checkers has applied for the appointment of a Supreme Court arbitrator to establish whether the strike is lawful. The application is expected to be heard next week.

Yesterday, Cosatu announced its involvement in trying to resolve the strike by about 10 000 workers.

It called for a national consumer boycott of all subsidiaries of Pepkor, which owns Shoprite Checkers. These include Pep Stores, Cashbuild, Smart Centres, Stuttafords, Greatermans, Garlicks and Kappa.

Calling the strike "purposeless", the company yesterday said it "wished to negotiate a new agreement to which it will bind itself in honour and in law".

A spokesman for the SA Commercial, Catering and Allied Workers' Union, to which the striking workers belong, said a mandate was received from members to continue with the strike "unless Shoprite Checkers reconsiders its position on the reinstatement of the cancelled recognition agreement".

# COMPANIES

## Tax charge sends Acrem plunging into red

Buss. Day 4/16/93

RETAIL company Acrem Holdings, suffering from a higher tax charge, plunged into the red in the year ended March, posting an attributable loss of R481 000 on a marginally lower turnover of R36,7m.

The result followed a 95% drop in earnings the previous year. Below the line was a R758 000 extraordinary charge reflecting legal costs incurred during the year.

A R7m special dividend was paid to delisted parent company Columbia Consultants, and shareholders equity was reduced to R32m (R40,2m). The company said Columbia had used the dividend to settle a

**DUMA GOUBULE**  
R6,2m debt owed to Acme Stores, the Acrem group's main trading company.

Turnover slipped to R36,7m and operating income dropped 11,5% to R4,7m (R5,3m). Interest payments absorbed R2,8m (R3,8m) and net income before tax was down 10,6% to R1,9m (R2,1m).

The tax charge was R2,4m (R1,9m) and the attributable loss came to R481 000.

The tax charge included R1,4m for a four-year phase-in of taxation on a portion of instalment sale allowances no longer allowed by the Act. (30)

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## Pick 'n Pay to step up growth — Ackerman

Buss. Day 4/16/93

CAPE TOWN — Pick 'n Pay's earnings a share should rise at a higher rate in the current financial year than last year when a 10% increase was notched, chairman Raymond Ackerman said in the retailer's annual report.

He believed the economy would improve as the year progressed, adding that Pick 'n Pay was well placed to take advantage of any upturn. The group had achieved a compound growth rate in earnings of 13% over the last five years, the report showed.

"Lower interest rates, the drop in the inflation rate and the ending of the drought

**LINDA ENSOR**

should contribute to putting more in the consumer's pocket. In the circumstances we plan to open a greater number of stores in the coming year," Ackerman said.

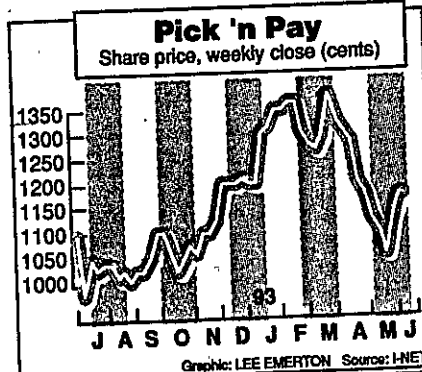
At end-February the group had 107 supermarkets, 14 hypermarkets, 11 Boardmans, eight PriceClubs and three Chain Reactions. (30)

Last year turnover increased by 8,6% to R6,4bn (R5,9bn), market share improved and the number of customer transactions was higher. Ackerman said the investment in information technology had reduced shrinkage and improved stock control.

The value of stock at R422m was only marginally above last year's R416m despite the fact that several new stores had opened.

"Expenses were well controlled, resulting in an encouraging increase in the operating margin, which had been in decline over the last two years. Careful asset management led to cash on hand improving markedly from R190m last year to R309m."

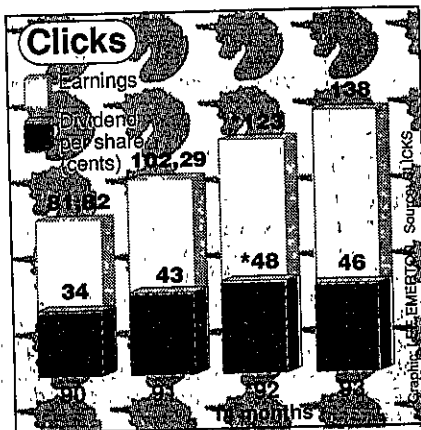
The group's hardware and clothing divisions showed strong growth and ranges had been rationalised.



4/16/93

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## Clicks to split its shares 10 for one

LINDA ENSOR

CAPE TOWN — Mass specialist retailing group Clicks Stores, which today reports a 27% rise in earnings a share, is to subdivide its shares on a 10-for-one basis to increase their marketability. (30)

CE Trevor Honeysett said a name change to The Clicks Group was also planned to reflect the group's corporate structure as an investment holding company with three trading subsidiaries — Clicks, Diskom and Musica chains.

A final dividend of 27c was declared bringing the total for the year to end-March to 46c (48c for the previous 14 months) on a dividend cover of three times (2,4 times) which was increased to take account of continuing aggressive growth.

The year-end was changed from end-February to end-April but comparing earnings a share of 138c with the pro forma figure of 109c for the 12 months to end-April 1992, the increase was 27%. Earnings were diluted by the higher number of shares in issue as a result of the R52m rights offer.

Despite the severity of the recession turnover rose 28,7% to R949,8m (R738m). The newly acquired Musica chain, which returned to profitability, contributed R55m to turnover, Honeysett said. Both Clicks and Diskom had traded well.

"Achieving growth of this scale in a deepening recession, which included a disappointing Christmas and a particularly poor April following the assassination of Chris Hani, reflects both an increased market penetration and growing support from our existing customers," Honeysett said, adding it was all the more impressive as it

□ To Page 2

## Clicks

came off an already high base.

In all, 34 new stores were opened, bringing the total to 293, and more would open this year. The group is investigating establishing stores in Namibia and Botswana.

The marginal increase in shrinkage and the initial losses experienced by Musica affected the operating margin, which slipped to 5,8% (6,4%), resulting in a 17% rise in operating income to R55m (R47m). However, the effects of the rights issue on gearing brought down the interest bill significantly and pre-tax profit rose 27%.

A lower composite tax rate of 42,5% (48,5%) boosted bottom-line growth to 42%.

Honeysett said the group had streamlined its management in its three trading arms to focus on market growth and customer service. A separate corporate ser-

vices company had been formed — H Goldin Corporate Services — to provide the chains with support services. (30)

The new stores, the Musica acquisition, a new distribution centre and warehouse and investment in information technology saw fixed assets rise to R88m (R46m).

Honeysett was confident about prospects this year and said Clicks would continue to invest heavily in information technology. It had also reached an agreement to market exclusively a popular cosmetic range of UK chain Boots in SA. (30)

The R1,3m released from the provision of deferred tax was treated as an extraordinary item, while the R4m premium paid on the acquisition of Musica was written off against stated capital.

Buss. Day 4/16/93 From Page 1

**NEWS IN BRIEF**

810PM 4/6/93  
**GDP growth unlikely**

810PM 4/6/93  
THE growth in GDP seen in the first three months of the year is unlikely to be repeated in the second quarter, says the Northern Transvaal Chamber of Industries' economic review.

Continuous retrenchment of workers and the higher VAT rate would have a further eroding effect on real disposable income.

"Add this to the depressed consumer confidence and the poor state of household finances and it is clear that final demand is set to decline further, affecting retail and wholesale trade sales and relevant production activities."

# Clicks set for 'Boots boost'

30  
AUG 5/6/93

## Diskom and Musica making major contribution to profits

■ The success story of a major retailer.

**TOM HOOD**  
Business Editor

CLICKS Stores group is planning to become "the Boots of Africa," trebling its size to 650 stores and trebling its turnover to R3 billion in five years.

Boots, Britain's biggest pharmacy chain, has signed a first franchise deal with Clicks and could make know-how available for Clicks, enabling it to enter the pharmacy business if, as proposed, supermarkets and other chains are allowed to open in-store pharmacies.

"It has always been our intention to get into the pharmacy business. Through our relationship with Boots we won't need to do costly research when changes come — and their expertise will give us a kick start," said the group's chief executive, Mr Trevor Honneysett.

Clicks has clinched the exclusive franchise for the Boots No 7 cosmetic range which is the top seller in Britain.

"This is an existing range of merchandise and we intend giving it our full advertising and promotional backing in order to make it the number one cosmetic seller in South Africa as well," said Clicks Stores

deputy MD Mr Raymond Godfrey.

The specialist mass retailer group will soon be opening a new store at the rate of one every week, aiming for 200 Clicks, 300 Diskom and 150 Musica stores.

Spearheading this spectacular growth is the Diskom chain which in 1980 was a six-store Cape Town discount operation selling patent medicines and fancy goods. Today it is making a hefty 20 percent contribution to the group's turnover of nearly R1 billion.

With the departure of Clicks founder Mr Jack Goldin in 1987, Diskom was given full reign by Mr Honneysett and fellow directors who believed it had the potential to widen the group's customer-base, attracting the lower income earner missed by the Clicks net.

Under managing director Mr David Danziger, the chain burgeoned in the last five years from 16 Western Cape stores to 90 spread throughout the country by the end of the 1992/3 financial year.

Said Mr Danziger: "Diskom has grown into a specialist retailer with its own distinctive signature and market niche which, incidentally, is expanding all the time as new consumers emerge with growing disposable incomes and aspirations.

Of the three trading companies in the group, Mr Honneysett agreed that Diskom undoubtedly had the greatest potential for success in sub-Saharan Africa which it viewed as a natural market of the future. The chain's first foreign store was opened in Lesotho last year.

But, growth in Mr Honneysett's terms, was not dependent solely on new stores. Focus on core business was as important.

The Clicks chain is still the group's mainstay and flagship, and is expanding its core business as the size of purchases increases thanks to the more than one million customers who shop in its 141 stores every week.

Mr Godfrey said to give added impetus and value, Clicks' first upbeat "new generation" health, home and beauty concept stores were opened last year in Claremont, Tyger Valley and Four Ways, Rivonia.

"The response by customers to these bold stores-within-a-store formats has been so favourable that we have decided that all new stores will be based on this dynamic concept. "A number of strategically placed stores will also be converted to the health, home and beauty concept."

Close attention has also been paid to merchandise- and customer-service, with double

checkout banking and point-of-sale scanning being introduced more and more widely in Clicks outlets as the group pressed ahead with the installation of new information technology.

Mr Honneysett said Musica, the 30-year-old retail music chain which became a group subsidiary last year, is also displaying "exciting prospects" and is beginning to make a positive contribution to the group's bottom line.

Musica managing director Mr Robin Spengler explained that when the chain was initially acquired it was trading in the red.

"We immediately set about trimming overheads and adopted an aggressive pricing policy which quickly bore fruit. By last October Musica was back into profit."

Musica plans to have 85 stores trading and plans to capture at least 25 percent of the estimated R400 million annual retail market by the end of the current financial year, said Mr Spengler.

To match growth of this magnitude and pace, group management has been streamlined, with the trading companies being given their own individual management structure and the freedom to focus almost exclusively on trading and customer service.

# Put your business in the public eye

Press 6/6/93

HERE are a few general guidelines to help you market your product or service.

It is, however, impossible to cover all aspects of advertising and marketing as it is such a wide field.

Even if you have the best product in its field or the most efficient administration system, you will not be able to make a success of your business unless you can sell your product.

This means not only attracting orders and turning them into sales but distributing goods and providing the necessary after sales back-up.

It also means keeping abreast of changes in the market so that you do not end up attempting to sell an outdated product.

One of the most common causes of failure in small businesses occurs when business managers become so preoccupied with day-to-day considerations that they fail to recognise changes in the market.

The secret of successful marketing is to know your customers' needs and to know where they are, and to contact those people whom you believe to be potential customers. Therefore, you must:

- Choose your media carefully - don't advertise a specialised product through a national newspaper.
- Direct your promotion at the area you intend to supply.
- Various methods are available to you as an advertiser to sell your product or services. They are:
  - National newspaper advertising.
  - Local or suburban newspaper advertising.
  - Advertising in professional journals.
  - Radio advertising (local or national).
  - Television advertising.
  - Mail shots.
  - Display posters.
  - Canvassing.

The secret to marketing is knowing the customer

- Telephone canvassing
- Exhibitions, and
- Sponsoring local community events.

Unless you are extremely fortunate then you are likely to have competition. Try to emphasise the edge you have over the competitors with:

- Better prices.
- Improved products or a better range;
- Better delivery or after-sales service;
- Don't get involved in a price war with a major group of companies - you probably won't win.
- Your advertising needs to be professional. If you can afford it approach an advertising agency. If not, then you will need a freelance commercial artist or a very good printer who can suggest the best layout for you;
- It is well worth developing some sort of corporate logo or "identity";
- Regular advertising will help keep the name of your business in the customer's mind. This is important in generating future sales;
- You need to constantly re-assess your market and the effectiveness of your advertising. Be flexible and prepared to change if you are not getting positive results;
- Keep as much information as you can about sales you make. Note:

- 1: The people to whom you sell - their age, social background, income level, location;
  - 2: What the product will be used for (in the case of specialised products);
  - 3: How the customer got to hear about your product.
- It is essential to keep abreast of changes in the market. Obviously your own information will help you do this but consider contacting a market research organisation in order to obtain more precise information.
- Maintain a marketing plan setting out your objectives the expected cost and the allocation of responsibilities and the time frame. Monitor your performance against this;
  - Advertising and marketing will gain inquiries for you. It is up to you and your staff to turn these inquiries into sales. You and your staff must be fully conversant with your products, their performance and after-sales service. Be smart, courteous and friendly - you won't go wrong.

# Three suitors for ill Rusfurn

5 Times [Buss] 6/6/93

FURNITURE retailer Rusfurn could be split up and sold to Wooltru, Trencor and JD Group.

By JULIE WALKER

(30)  
Exactly six years since the re-vamped Rusfurn returned to the JSE, parent Absa is said to have called for tenders for its holding in the troubled group.

Rusfurn — it owns Dion, Russells and Rudicks — hinted last week that a deal was in the offing by advising shareholders to trade cautiously.

JD was negotiating to buy Rusfurn late last year, but talks ended when Absa reconstituted the Rusfurn board and replaced chief executive Laurie Korsten with Keith Jenkins, former boss of KNJ Holdings, Metkor, Dorbyl and Usko.

Wooltru is believed to want Dion to complement its Macro wholesaling division. Dion and Russells accounted for 70% of Rusfurn's R1,4-billion turnover last year.

Rusfurn chains Russells, Rudicks, Dashaus, Mattress House, Wanda Frasers, Style & Value, Remus, Square Deals, Giddy's, Montana and

Harmony would give JD a much larger slice of the market.

Trencor recently took control of W&A, parent of JD Group, and is likely to bring money and management skills to the party.

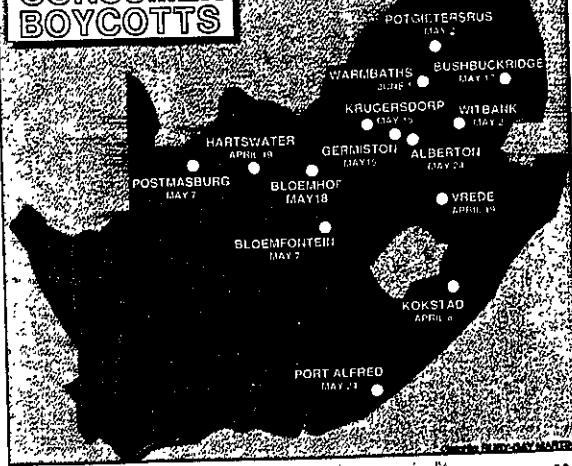
Rusfurn ran into trouble because of the "apparent abandonment of basic principles of risk management in a chase for turnover prior to the current recession", says Rusfurn chairman and Absa executive Danie Cronje.

Matters were made worse by the "unfortunate" acquisition of Furniture Fair in 1989. It cost the group R230-million. All Furniture Fair and Arrow shops have been closed.

Absa has more than 90% of Rusfurn's ordinary equity — worth less than R5-million. It lent R250-million in preference shares to keep the company afloat. Another 13 banks had lent a total of R266-million to Rusfurn at June 30 last year.



## CONSUMER BOYCOTTS



**TARGETED ...** the towns hit by consumer boycotts since Chris Hani was assassinated on April 10. The boycotts are part of ANC mass action

# Businessmen appeal on boycott backlash

By JOCELYN MAKER

**BUSINESSMEN** have appealed to the right-wing town council of Warmbaths not to suspend water and electricity supplies to the black township of Bela-Bela this weekend.

The council had given notice that it would cut off the services at noon on Friday as a counter-measure to a consumer boycott launched on Tuesday.

On Friday, in response to appeals from the Afrikaanse Sakekamer, the council agreed to extend its deadline by 24 hours.

The sakekamer then notified the council that it was due to hold urgent talks tomorrow with boycott organisers, the SA Police and township administrators, and asked that any suspen-

sion be delayed until at least 8am on Tuesday.

The Warmbaths Civic Association and the local ANC branch have indicated that until their demands are met, they will not call off the boycott — the latest in a series in right-wing towns throughout South Africa.

Civic association spokesman Zacharia Moeletsi said the demands included the immediate release of 10 schoolchildren facing public violence charges after the home of a National Party recruiting agent in the township was burnt down.

A 30 percent drop in the number of tourists and holidaymakers visiting the mineral spas at Warmbaths has already placed the town under severe economic strain.

Northern Transvaal police liaison officer Major Arno Vogel said a negotiating team had been working with the parties involved since Thursday.

"The situation is sensitive, but, hopefully, the boycott will be called off by Monday or Tuesday," he said.

# Clicks trebles turnover

SI Times CC Metro 3 6/6/93

By JEREMY WOODS

THE Cape-based Clicks group of stores has trebled its turnover to almost R1-billion over the past five years.

In the next five years, Clicks plan to treble its turnover again.

"That's what we call go-go," said chief executive Trevor Honeysett, after unwrapping a sparkling set of figures this week. (30)

Despite the recession, Clicks increased pre-tax profits by 27 percent to R54,3-million, while overall operating margins reduced slightly to 5,8 percent. (22)

The Clicks group now incorporates 141 Clicks stores, 90 Diskom and 66 Musica outlets, employing some 4 500 people.

"All things being equal, we are looking to treble the size of the group in the next five years," said Mr Honeysett.

Clicks Stores, now part of the Premier group, was first listed on the Johannesburg Stock Exchange in 1979.

## Growth

Since then, its average compound growth rate for both turnover and pre-tax profits has exceeded 24 percent a year.

"We are opening a new store a week, and our intention is to have at least 200 Clicks, 300 Diskom and 150 Musica stores operating throughout Southern Africa within the next five years," he said.

Future growth is also planned by building the business from its existing structure.

"We are always on the look-out for ways to revitalise the stores we have already," emphasised Mr Honeysett.

"An exciting example of this is the possibility of getting into the pharmacy business, if legislation currently under review allows us to do this. Moving fully into the pharmacy business has big growth



TREVOR HONEYSETT  
Clicks chief executive

potential for us."

Another development Clicks has just concluded is a deal to sell Boots No 7 range, the UK's fastest-selling cosmetics range, under an exclusive South African franchise agreement.

The growth of Diskom, the group's other mass retailing chain, has also been dramatic.

Acquired by the group in 1984, Diskom has grown from 16 to 90 stores over the past five years and is

now contributing at least 20 percent of the group's turnover.

The group's latest acquisition, the Musica specialist retail music chain, was bought in 1992 while Musica was trading in the red with 57 stores.

After a policy of strict overhead rationalisation, the 30-year-old chain was turned back into the black within three months and is now budgeting for 85 stores by the end of the year.

# Another bleak month as more people eat less

S [Times [Russ] 6/6/93

By TERRY BETTY

IT WAS a black April for retailers as food sales plummeted.

Some report a drop of as much as 20% in rand terms after the Hani assassination.

Although a few chains reported 5% growth in the rand value of sales, volumes were lower, continuing the miserable trend of the first quarter.

OK Bazaars marketing director Arthur Solomon says: "The drop was felt across the board — even bread and potatoes were seriously affected."

This is in sharp contrast to an expected retail sales increase of 1.83%.

Central Statistical Service (CSS) confirms the decline. Retail sales for the first three months of 1993 increased year on year by a mere 0.37% in rand terms.

A Tiger Oats spokesman says: "We have never had such a bad four months as those since January."

However, Tiger says there are signs that manufacturing volumes are recovering.

People did not even try to drown their miseries in alcohol.

Western Province Cellars financial director Kosie Herbst says sales were 4.5% below budget and 3% off April's in rand terms.

Beer sales were also depressed, says an SA Breweries spokesman. But the 1991 increase in excise du-

ties had a more serious effect on volumes.

May did not bring a release of pent-up demand. Pick 'n Pay chairman Raymond Ackerman says sales remained low at the beginning of May, although they started to pick up later.

Scant retail demand is shown by lower-than-expected consumer-price index and money-supply figures.

CPI figures released on Friday show an 11% inflation rate for April.

Credit Guarantee economist Luke Doig says inflation was expected to be closer to 12% because of the 4% VAT increase on April 7.

## Target

After factoring out the impact of VAT, the underlying inflation rate is closer to 9%, showing consumers are not spending money.

Mr Doig warns that VAT's full impact will be reflected in the May inflation figures because many retailers did not increase prices immediately.

Year-on-year money-supply growth rate was 3.35% in April, way below the Reserve Bank's target range of 6% to 9%. It shows a drastic decline in consumer demand for credit.

Retailers blame the aftermath of the Hani assassination as well as the

number of April public holidays for poor sales.

Fedfood marketing manager Rob Paine says April had three public holidays and several trading days were lost in sensitive locations.

"Shops that were on march routes or in turbulent areas had to close doors or face looting."

Mr Herbst says some of his group's bottle stores were forced to close.

Mr Paine says that even people in areas far from the violence were too scared to go outdoors.

He says lack of confidence is also a cause of poor trade.

"People stop shopping, even for basic foods, as soon as there are reports of violence."

Many shops were unable to obtain stock.

"A normal trading month was turned into half a month in terms of trade."

Other implications of falling confidence are that people buy down or take smaller packs.

Mr Paine says: "There is less hoarding of food because families live from hand to mouth."

"Instead of a huge monthly shop, people are using baskets and buying goods as they need them."

Retailers also report declining customer loyalty. Customers shop where they believe bargains are to be had.

Consumers benefit because retailers are using discounts to gain a greater share of a shrinking market.



# Police probe complaints against developer

THE Fraud Squad is investigating complaints against a Cape Town property developer whose business activities were revealed in Cape Metro last week.

The Fraud Squad said it had been investigating a single complaint against Mrs Valerie Tito and her company, Innovation Designs, but had widened its probe when further complaints followed last week's report.

Cape Metro was inundated with calls this week from people alleging they had also had problems with Mrs Tito.

Mrs Tito confirmed yesterday that there were "problems" but said "unavoidable technical delays" were to blame.

Last week Cape Metro reported

**'UNAVOIDABLE DELAYS' ... Mrs Valerie Tito in Cape Town this week Picture: AMBROSE PETERS**

BY CHIARA CARTER

that Mr Lesley Johnson had paid Innovation a R12 244 deposit for his home, but nine months later he was still waiting for building to begin on the plot he had bought from the company.

Mr Johnson has instructed attorneys to sue for the return of his deposit.

An attorney handling the transfer of the land on which Mr Johnson's house is to be built has confirmed that Mrs Tito's company has been summonsed for payment of the purchase price.

Mrs Tito said the delay in building Mr Johnson's home had been "caused by a problem with subdivision". She said she had failed to take transfer of the property because she was unhappy with changes to the deed of sale and was worried that the contract could be "fraudulent".

This week Mr Ernest Macdonald, a businessman who sold nine plots

in Brooklyn to Mrs Tito last year, said she had paid a deposit of R10 000. He alleged she had failed to pay the balance of the price even though the property had come up for transfer three times.

He claimed that a demolition company hired by Mrs Tito had pulled down the houses on the site, although Mrs Tito was not yet the legal owner of the property.

Police confirmed that Mr Macdonald had laid charges of malicious damage to property and theft against Mrs Tito and the demolition company.

Mrs Tito denied she was responsible and said she had expected the demolition permission "before knocking down the houses."

She said she still wished to buy the land, but claimed Mr Macdon-

ald had blocked the sale.

Mrs Chesrie Rosier, who paid a R16 000 deposit for one of the houses that were to have been built on the property, said this week Mrs Tito had undertaken to refund her money. "I am still waiting to hear from her."

Mrs Rosier has instructed lawyers to sue for the repayment of the R16 000.

Mrs Tito said on Friday she had not refunded the deposit as she would "still like to go ahead with the development".

There had been "unforeseen delays" with two other developments in Matieland and Belhar, but she intended going ahead with these, Mrs Tito said.

She planned to build a 30-unit development in Belhar on land allocated by the Regional Services Council. The delays with this project were attributable to "technical matters".

Another of Mrs Tito's clients, Mr Aubrey Christians, said he was suing her for the repayment of R26 113 that he claimed she failed to pay to the owner of a property he was buying, as well as the R3 450 deposit he forfeited when the deal fell through.

In a counter-action Mrs Tito has disputed Mr Christians's claim and is claiming R20 375 in damages for the repudiation of their agreement.

A builder, Mr Siam Isaacs, said this week he had instructed lawyers to sue for R18 000 he claimed Innovation owed him for materials and work done on two houses in Parow and Brooklyn last year.

Mrs Tito said she had not paid Mr Isaacs because of "inferior workmanship".

She is involved in several court cases arising from business disputes.

Another of Mrs Tito's clients, Mr Aubrey Christians, said he was suing her for the repayment of R26 113 that he claimed she failed to pay to the owner of a property he was buying, as well as the R3 450 deposit he forfeited when the deal fell through.

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# Pep foresees another tough year of trading

Buss. Day 7/6/93

LINDA ENSOR

CAPE TOWN — Profit margins at Pep Ltd would come under great pressure in the current year as cost price inflation in the group was higher than selling price inflation, Pep group chairman Christo Wiese said in its annual report. (30)

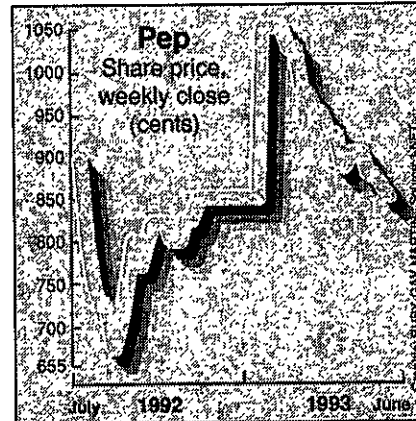
"We expect the difficult trading conditions to continue in the current financial year as no improvement in the disposable income of mass market consumers is foreseen," Wiese said.

In the year to end-February Pep suffered an 11% decrease in turnover to R1,36bn (R1,5bn) while operating profit rose 11% to R181,5m (R164m) as a result of the sale of the Ackermans chain to Pepkor. On a fully diluted basis earnings were maintained at about 43c a share.

Wiese said the last financial year had been the most difficult in Pep's history but the group had nevertheless expanded its share of the semi-durable goods market. Its share of the total clothing market was calculated at 12%.

Pep Stores took advantage of the strong competition among manufacturers and its strong bargaining power to limit price increases to an average 6%. Pep Manufacturing's profit margins came under great pressure as its price increases lagged the general inflation rate and because it competed on an arm's length basis for Pep Stores business.

Pep Manufacturing did, however, con-



tribute to group profits by improving productivity. Pep Ltd's retail activities contributed 81,1% (86,2%) to turnover and 86,2% (90%) to operating profit while the manufacturing activities contributed 18,2% (13,1%) and 19,3% (18,1%) respectively. The contribution of the ancillary activities to turnover was 0,7% (0,7%) while a negative contribution of 5,5% (-8,1%) was made to operating profit.

Wiese said stock loss figures had increased.

Four new Pep stores were established last year and 13 new Your More Stores in Scotland. The 20-store Pep Botswana chain was being considered as a springboard for expansion into neighbouring countries.

# New bid to end strike

## at Shoprite

30 (30) ARG 7/6/93  
Labour Reporter

SHOPRITE/Checkers is to meet the commercial workers' union, Saccawu, today in an attempt to end a five-week strike and discuss retrenchments and store closures.

The union has been told that two stores will close on June 12 and about 2 500 workers from other stores will lose their jobs.

The supermarket chain announced last week that it would rationalise its operation as a result of the strike, which had "aggravated already adverse trading conditions".

It had advised the union early last month that "such events would be a direct consequence of strike action" and attempts to dissuade the union from striking had failed.

More than 10 000 workers went on strike on May 8 in protest at the cancellation of the union's nine-year recognition agreement last year.

The union has said the new agreement diminished the rights of workers, but the company argued the old agreement was inappropriate after the Shoprite/Checkers merger.

**NEWS IN BRIEF**

Story 7/6/93  
**Clive Weil on his own**

CLIVE Weil will leave McCarthy Retail at the end of June to set up his own consultancy business. Weil, better known as the former MD of Checkers, has been with the Prefcor Group (which merged last year with the McCarthy Group to form McCarthy Retail) for three-and-a-half years. (END) (30)  
Weil said he would retain an association with the group.

# Company, union hold talks today

~~30~~ ~~1973~~  
Own Correspondent

JOHANNESBURG. — Shoprite Checkers will meet the SA Commercial, Catering and Allied Workers' Union (Saccawu) today to thrash out the company's rationalisation plans involving a limited number of store closures and job losses.

The company said the strike, now in its fifth week, had "aggravated already adverse trading conditions in some areas".

The union said the company had indicated two stores would be closed on June 12 and about 2 500 workers would be retrenched from other stores.

The company also informed the union it would unilaterally implement a wage increase which Saccawu labelled as indicating a "dictatorial attitude which would further aggrieve workers".

● Garlicks is not a subsidiary of Pepkor as alleged by Cosatu in its call for a boycott of all Pepkor interests. Cosatu has been informed of this and will research the information it received from Saccawu on this matter. CJ7/6/93



# Business

## boycotts

Star 8/6/93

## suspended

## after talks

By Michael Sparks

The ANC suspended its boycott of white businesses in the eastern Transvaal with immediate effect yesterday after an agreement with local authorities and businessmen was reached at the weekend. (30)

The boycott in the western Transvaal town of Bloemhof was also suspended after businessmen agreed to reinstate blacks fired since the boycott of white-owned shops began.

The agreement which suspended the boycott in the eastern Transvaal was described by ANC regional spokesman Jackson Mthembu as "historic".

The meeting, on Saturday afternoon, was attended by representatives from the ANC/SACP/Cosatu alliance and business, town councils, the police and the SADF.

Agreement was reached to phase out "bucket" toilets and replace them with flush toilets.

The SADF also agreed to de-electrify the border fence with Mozambique and implement "humane" border control.

Regional development advisory committee director Pieter Rootman said the agreement augured well for the future and signatories would meet every two months.

According to Nelspruit Chamber of Commerce president Auke Keyser, business was likely to become more involved in negotiations of this sort: "It's the only way to get action."

While the agreement reached in Bloemhof still leaves a number of issues to be negotiated, the reinstatement of those fired was described by regional peace committee head the Rev. Eric Adolph as being "more than 90 percent successful".

It was also agreed that recreational facilities in the town will now be open to all, he said.

A mass meeting in Bloemhof's township of Boitumelong on Sunday agreed to suspend the boycott indefinitely.

Negotiations between the ANC alliance and the town council are due to resume next week.

# Survey of retail sales notes drop in real terms

Buss. Day 8/16/93

RETAIL sales of groceries, toiletries and confectionery (GTC) dropped by about 17,3% in real terms between 1988 and 1992, IBIS Marketing figures show.

The IBIS 1992 retail census compared various retailing data with its 1988 census.

Marketing chief executive director Judy Gordon said yesterday total GTC sales increased to R22bn from R14bn, reflecting an annual growth of only 12,1%. At the bottom end of the market, sales rose by only 10,7% a year. (30)

Gordon said that in the more recent years, annual value growth consisted of single digit figures, hence the large real decline over the four-year period.

Over the same period, national per capita spending fell 14,5%, with the eastern Cape and the Transvaal (excluding the PWV) showing the largest drop.

Gordon said the major chains were the only sector which increased share, and currently accounted for just more than half of total GTC sales.

Hyperstores grew by 19,2% a year, largely because of the opening of new stores and aggressive marketing.

A feature of retailing over the past few years had been a 34% rise in the number of small urban grocers. Between 1988 and 1992, 2 900 new urban grocers were established. But their share of the total grocery

MARCIA KLEIN

business dropped to 16,1% from 16,8%, indicating a large drop in store turnover.

Gordon said that in the PWV area, "for every two urban grocers in 1988 there are now three, sharing the same size cake". The average store owner's turnover had plunged to R324 000 from R550 000.

The increase in urban stores was due not to consumer demand but rather to urbanisation, relaxation of laws relating to store ownership and higher unemployment.

The number of superettes remained the same, reflecting the closure of a significant number because of lower turnover and the opening up of others as a result of population shifts to the smaller cities.

There were about 500 fewer rural grocers in 1992 than four years earlier.

One third of the 31 supermarkets which closed in the four-year period were in the western Cape. Gordon said this was the most heavily traded area, with 21,9% of all major stores catering for 9,7% of the population and 16,6% of total GTC turnover.

The PWV and western Cape were the only areas to increase their contribution to GTC turnover. Retailers in the PWV experienced the largest drop in turnover, mainly because of a sharp rise in the number of outlets.

## Oceana profit sinks by 13,2%

Buss. Day  
MARCIA KLEIN

8/6/93

OCEANA Investment Corporation, the UK group which is 35,3% held by Foschini, dropped its profit after tax by 13,2% to £3,3m (£3,8m) in the year to end-March.

The results include attributable income from three major investments; UK fashion retailer Etam, European restaurant chain Gioma Group and Australian bag and travel goods retailer Handbags International.

The drop in earnings largely reflected lower contributions by Etam and Handbags International.

Oceana is Etam's largest shareholder with a 36,37% equity interest. Directors said Etam's decline in operating income was partly responsible for the decline in net earnings. According to an international report, Etam's profits rose 3% to £10,9m in the year to end-January.

Results were also affected by lower rates and lower interest income in the group's cash balances, and a disappointing performance by Handbags.

Despite recessionary conditions in its markets, Gioma showed good progress in sales and profit.

Earnings a share dropped by 35,2% to 16,2p (25p) due to a higher number of shares in issue following the August 1991 rights issue.

A final dividend of 9,5p a share brought the full-year dividend in line with the previous year's 11p a share.

Directors said despite lower earnings, Oceana's sound financial position has enabled the board to maintain dividends at the same level as last year.

Net assets at book value take into account a £1,6m write-off of goodwill relating to the acquisition of a further 2% of Etam.

# Foschini profits continue to rise

(30) CT 8/6/93

By **AUDREY D'ANGELO**  
Business Editor

**THE Foschini group showed itself recession-proof yet again in the year to March 31, retaining its record of steadily rising profits.**

It lifted earnings by 25.4% to a record 233c (185.8c) a share, on an increased number of shares in issue — despite a smaller contribution from its 35% stake in overseas group Oceana (Plc).

The final dividend will again be paid in the form of shares, at the rate of one for every 41 held. The directors decided two years ago, when the group bought its stake in Oceana, to pay a scrip dividend for three years in order to limit the outflow of cash.

This year it will have the additional benefit of saving the group from paying the new 15% STC tax on profits to be distributed as dividends.

The directors say all four trading divisions, Foschini, Mark-

hams, Pages and American Swiss turned in improved performances, helping to lift after-tax income to R103.3m (R82.6m).

Turnover rose by 19% to R1.16bn (R976.3m), the first time it passed the R1bn mark. Operating income rose by 20.6% to R224.9m (R186.4m), indicating a widening of margins.

The interest bill fell by 13.2% to R34.8m (R40.1m), but the bill for tax and an associated charge rose by 31.9% to R92m (R69.8m).

The contribution from Oceana fell by 12.7% to R5.2m (R6m). The directors explain that this is due to "recessionary conditions in the UK and in Australia, particularly".

MD Clive Hirschsohn said that although Oceana's main stake was in the British fashion chain Etam it had also invested in a restaurant chain in Holland and the UK, and a handbag factory in Australia.

Discussing the improved performance of Foschini's four divi-

sions, in spite of the deepening recession, he said that demographics had changed the customer profile. Many black customers now had more disposable income than they had enjoyed in the past.

"We continued to open new stores, and with an accelerated refurbishment programme expanded to 713 stores — a net gain of 20 on the year."

It was planned to open at least 20 more stores in the current year. Most would be in SA but some would be in Namibia, where the group already had about 20 stores.

There were no plans at present to expand to other parts of Africa "but we are constantly looking for all types of opportunity."

● Holding company Lewis Foschini Investment Co (Lefic) reported attributable earnings of 118.1c (94.3c) a share. The final dividend will be paid in the form of one share for every 40 held.

ARG 3/6/93  
**Pick 'n Pay to  
step up pace of  
foreign growth**

**TOM HOOD, Business Editor**

OVERSEAS expansion by Pick 'n Pay is to be stepped up, chairman Mr Raymond Ackerman told the company's annual meeting in Cape Town today.

The group was forced to quit Australia in the early 1980s when trade unions put political pressure on the Australian supermarket subsidiary (30)

"We are looking at reactivating our partnership in Australia as well as running a supermarket group in another overseas country," Mr Ackerman told shareholders.

"A year ago we could not have considered this but political attitudes to this country have improved so much that we have decided to have an offshore Pick 'n Pay."

The company would also move into Namibia and Botswana, and Mr Ackerman visited Zimbabwe last week.

# Women the underdogs

By Tsale Makam

SOUTH African women, who constitute 53 percent of the population, are among the worst victims of apartheid and violence, the Commonwealth Observer Mission says in a report.

According to 1991 figures, one out of every two South African women and girls will be raped in her lifetime. One out of six women are battered by their male partners. Most of these women do not report the crimes, so statistics may be underestimated.

Despite the fact that 43 percent of

■ Law ignores worst victims of apartheid and violence:

*Sowetan 8/6/93*

African and 52 percent of coloured women are single mothers, almost all title deeds in South Africa are in the hands of men.

Less pay

Women in the same jobs as men often earn less.

The National Party is drawing up a number of Bills which include prevention of domestic violence, the abolition of discrimination against women and the promotion of equal

opportunities.

Although there is provision for maternity leave, women are still not guaranteed their jobs back. Maternity benefits are only 45 percent of the weekly earnings for six months if a woman has been with a particular company for three years.

The Women's National Coalition, launched on March 8 this year, has launched a research programme on a women's charter that would be incorporated into the new constitution.

## Two Checkers shops to close

*Sowetan 8/6/93*

By Ike Motsapi

THE management of Pepkor, owners of Checkers-Shoprite stores, has told the SA Commercial, Catering and Allied Workers Union that it intends to close two stores this week.

This announcement comes in the wake of a national strike by about 10 000 members of Saccawu over a terminated recognition agreement.

The strike is now in its fifth week.

■ 2 500 other staff to be retrenched, says Pepkor:

Mr Jeremy Daphne of Saccawu said the union has also been informed that about 2 500 of its members are to be retrenched in other stores.

Daphne said: "The union takes exception to the company raising this matter at this stage and views it as a managerial strategy to put pressure on the labour movement.

"Management attributes the need

to retrench the 2 500 members to current sales levels.

"While the industrial action has dramatically reduced sales, the solution does not lie in retrenchments," Daphne said.

Management spokesman Miss Adele Gouws said the company would issue a statement later about the two stores.

## COMPANIES

# Sales House buys shoe interests

EDGARS subsidiary Sales House has acquired the ABC and Cuthberts shoe businesses from Amrel in a R47,6m cash deal.

The groups announced today agreement had been reached for Amrel to dispose of its interest in Shoecorp Shoe Stores — which holds ABC and Cuthberts — to Sales House, effective from June 1.

The disposal consideration was based on the net asset value of Shoecorp, and settled by the issue of 630 000 ordinary shares in Edgars. Amrel has arranged to place the Edgars shares with SA Breweries (SAB), the holding company of both Amrel and Edgars, at R75,50 a share. (30)

The deal was in line with Sales House's strategic intention to expand further in the footwear sector.

Buss. Day 8/6/93  
MARCIA KLEIN

Amrel's footwear interests were Shoecorp, which operated in the middle to upper sector with the emphasis on credit, and the lower income cash-based sector through Select-a-Shoe and Scotts. Amrel would focus on the cash generating businesses. In addition, the disposal would reduce Amrel's high level of gearing.

The disposal would have the effect of increasing earnings and net asset value of Amrel, and would have a medium-term beneficial effect on Edgars' earnings.

A source said it made sense to switch interests. Sales House's strength was in footwear, while Amrel's results had been pulled down by its footwear division.

# Foschini keeps up strong growth

MARCIA KLEIN

FOSCHINI maintained its strong growth record in the year ended March by lifting net attributable income 25,1% to R103,3m (R82,5m) on the back of improved performances by trading divisions Foschini, Markhams, Pages and American Swiss.

Last year's change in year-end from December to March meant results were not comparable with the previous 15-month period. Unaudited results for the 12 months to end-March 1992 have been shown to facilitate comparison.

Turnover rose 19% to R1,16bn from R976,3m, and operating income was 20,6% higher at R225m from R186,5m.

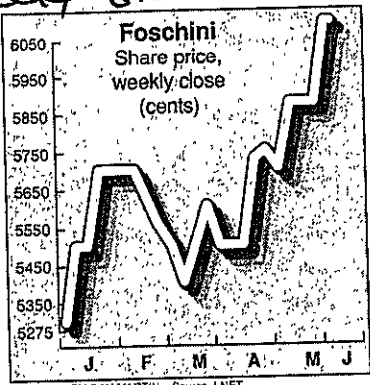
The benefit of lower interest costs was reflected in the 29,9% rise in income after interest to R190,1m from R146,3m previously.

A 12,7% drop in Foschini's share of the net income of its associates to R5,3m reflected results from Oceana Investment Corporation, in which Foschini has a 35% stake. Directors said its results were lower because of recessionary conditions in the UK and Australia.

Pre-tax income was up 28,2% at R195,4m (R152,4m) and after a higher tax charge, income after tax was 25,1% higher at R103,3m from R82,6m.

In line with Foschini's scrip dividend policy, a final dividend of R63,4m was declared and would be settled by the issue of shares on the basis of one share for every 41 held.

Results exclude the 76-store Sterns jewellery chain which was acquired



Graphic RUBY-GAY MARTIN Source I-NET

from April. MD Clive Hirschsohn said the results stemmed from the group's "spread of stores, effective preparation in anticipation of a difficult year, a commitment to managing costs, enhanced systems and a sharpened focus on merchandise range selections".

The balance sheet had been strengthened further, and gearing had dropped to 34,9% from 55,5%. The group had invested in further centralisation of its credit operations and in strategic systems developments.

The opening of new stores and an accelerated refurbishment programme saw an expansion to 713 stores, a net gain of 20 in the year.

Hirschsohn said it was difficult to predict performances, but the group was planning an improved result.

Lewis Foschini Investment Company, whose major investment is a 50% stake in Foschini, reported earnings of R51,6m (R41,3m). The final dividend would also be satisfied by the issue of shares, on the basis of one for every 40 held.

EXECUTIVE



# Cape 'heavily traded' in stores

Business Editor

THE Western Cape is the most heavily traded area in SA, with 21,9% of the country's major stores catering for only 9,7% of the total population, according to the IBIS 1992 retail census.

But people in the Western Cape buy 16,6% of the total groceries, toiletries and confectionery sold in SA.

Although spending on these goods fell by 14,5% per capita throughout the country between 1988 and 1992 — showing the effects of the recession — it fell by only 8,7% in the Western Cape, less than in any other area.

The Western Cape had the second highest consumption at R962 per head compared with the national average of R569. The highest consumption was in the PWV area at R1 057 and the lowest in the

Eastern Cape at R305.

The census shows the number of major supermarkets in SA fell by 4% between 1988 and 1992, due to the closure of unprofitable stores, and the number of supermarkets fell by 2%.

But the number of small grocery shops in towns rose by 34% for the country as a whole and by 16% in the Western Cape.

However, throughout the country the average turnover of major supermarkets rose by 2% while that of supermarkets fell by 14% and that of small urban grocery stores by 35%.

The number of rural grocery stores fell by 4% and their average turnover by 19%.

IBIS Marketing chief executive director Judy Gordon said that between the 1988 census and that carried out in 1992, total sales of groceries, toiletries and confectionery in the Western Cape rose by only a

nominal 3% which in real terms meant an average fall of 9,7% per store.

This, however, was "not nearly as steep as the national average fall of 17,3%."

More than 60% of total sales in the Western Cape were by the major chains "which increased their average store 1992 revenue by 10%".

Gordon considered the rise in the number of small grocery shops in towns was due to urbanisation, unemployed people starting their own businesses and the relaxation of laws governing the ownership of stores — not to any rise in consumer demand.

"Compared with other developing countries we still have one of the lowest numbers of retail outlets per shopper. To get in line we would need approximately 120 000 stores, a massive increase on our current number of 32 804."

# Sacob warns on rural boycotts

Buss. Day 8/6/93

RAY HARTLEY

CERTAIN rural towns were facing serious economic setbacks with the risk of small businesses closing and professionals seeking the stability of major metropolitan areas, Sacob deputy director-general Ron Haywood said yesterday.

He said consumer boycotts in rural areas were driving many small businesses, which depended on a healthy cash flow, into bankruptcy.

Professionals such as doctors and dentists found it difficult to collect debts during boycotts and violence and some were moving to the cities where income was more dependable, he said.

The closing down of small businesses would increase rural unemployment and contribute to the exodus of job seekers to the cities, leading to further problems there, he said in an interview.

Some of these small businesses had experienced declines of between 30% and 40% in turnover as a result of the boycotts, he said.

"Consumer boycotts are a no-win situation. They are no-win to the businesses, they are no-win to the employees. Certain small towns are finely balanced in terms of survival. A consumer boycott can bring a whole town to a standstill with businesses going under," he said.

Both black and white small businessmen were suffering the negative effects of the boycotts, which were "totally colour blind" and often based on national political demands which local businesses were often powerless to address.

Consumer boycotts also had the unintended consequence of small businesses being bought up by larger companies, which could relocate them to urban areas, he said.

"In a downturn, the vulnerable businesses become very vulnerable. They are hard hit and they have to cut overheads.

"Some start looking at selling up and moving to the cities. When skilled people like engineers and industrialists move out, they are unlikely to be replaced."

There were encouraging signs that organisations were starting to recognise the serious short- and long-term implications of launching boycotts before trying to negotiate over their grievances.

"We've got into a mode of confrontation rather than consultation. We've got to reverse this to consultation before confrontation," he said.

In areas where negotiation had taken place, this had led to positive projects including the building of facilities such as schools, he said.

# Foschini tops R1-bn in sales for first time

By Stephen Cranston

20

Improved sales and margins enabled the retail fashion and jewellery group Foschini to increase earnings per share by 25,4 percent to 233c in the year to March.

It will continue its policy of scrip dividends and pay a dividend equivalent to one share for every 41 held.

Annual sales rose above a R1 billion for the first time, climbing by 19 percent to R1,16 billion.

Operating income increased by 20,6 percent to R225 million.

A reduction in long-term liabilities enabled the interest bill to fall 13,2 percent to R34,9 million.

The pre-tax margin improved from 15,6 percent to 16,8 percent.

There was a 12,7 percent decline in the contribution of Oceana Investment Corporation, the UK company in which Foschini has a 35 percent stake, from R6 million to R5,3 million because of the recessionary conditions in the UK and Australia.

Foschini's pre-tax income increased by 28,2 percent to R195,4 million.

Tax was 31,9 percent higher at R92,1 million, leaving taxed income up 25,1 percent at R103,3 million.

Group MD Clive Hirschsohn says that Foschini's balance sheet has been further strengthened and gearing has fallen

from 55,5 percent to 34,9 percent.

Long-term liabilities are down from R179 million to R117,5 million

He attributes the group's performance to its spread of stores, effective preparation in anticipation of a difficult year, a commitment to managing costs, enhanced systems and a sharpened focus on merchandise range selections.

"We invested in further centralisation of group credit operations and in strategic systems developments.

## Refurbishment

"We continued to open new stores and, with an accelerated refurbishment programme, expanded to 713 stores — a net gain of 20 on the year."

The 76-store Sterns jewellery chain, acquired after year-end, was not included in the results.

Hirschsohn says it is difficult at this stage to predict performances for the year.

"Regrettably, unrest and violence are still prevalent and there are no indications of a sustained upturn in the prevailing economic environment.

"However, the group is planning for an improved result."

Lewis Foschini Investment Company (Lefic), the controlling pyramid, reported earnings of R51,6 million for the year and earnings per share of 118,1c.

It will also offer a scrip dividend, on the basis of one new share for every 40 held.

## Pick 'n Pay ready to expand overseas

PICK 'N PAY would expand overseas, group chairman Raymond Ackerman said yesterday. *Buss Day*

At the firm's AGM, Ackerman said Pick 'n Pay was particularly interested in reinvesting in Australia, where anti-apartheid pressure forced the group in the '80s to sell its shares in a joint venture with Australian private investors (30)

Ackerman said later he was holding discussions with the Lieberman family, which bought Pick 'n Pay's 33,3% ownership in their joint venture but kept the brand name Pick 'n Pay. He said the decision to expand overseas resulted from the dropping of most international

sanctions. 9/6/93

"A year ago we could not have considered this, but political attitudes to this country have improved so much that we have decided to have an offshore Pick 'n Pay."

Pick 'n Pay, which now operated only in SA, would expand into Namibia and Botswana next year and possibly Zimbabwe, Ackerman said.

Ackerman estimated the cost of the group's southern African expansion would be about R15m.

Pick 'n Pay had sales of R6,4bn and after-tax income of R93m in the year ending March 28 1993. — AP-DJ.

# Bitter Shoprite strike battle goes on

SHARON SOROUR  
Labour Reporter

THE bitter battle between Shoprite Checkers and commercial workers' union Saccawu continued today as the parties resumed talks to discuss retrenchments and store closures.

SA Commercial, Catering and Allied Workers' Union national spokesman Mr Jeremy Daphne said union representatives would meet management "to address all issues pertaining to the dispute".

More than 10 000 workers, including about 600 in the Western

Cape, have been on strike for five weeks to protest against the cancellation of the union's nine-year recognition agreement.

Industrial action continued in spite of the company's announcement that at least two stores would close at the end of the month and more than 2 500 workers would be retrenched as a result of the strike — which had "aggravated already adverse trading conditions".

A Shoprite Checkers spokesman refused to confirm today's

meeting or to explain why the parties did not meet on Monday as announced.

The spokesman also declined to confirm whether Shoprite Checkers had applied for a Supreme Court order to declare the industrial action illegal on the grounds of irregular balloting.

But Mr Daphne said preparations were being made to oppose the application.

According to Mr Daphne, 57 picketing workers were arrested at nine stores at the weekend.

HOUSE OF DELEGATES

QUESTIONS

Indicates translated version.

For oral reply:

General Affairs:

State President:

Sale of property: representations/instructions

\*1. Mr A RAJBANSI asked the State President:

- (1) Whether he or his Office has received any representations in regard to the sale of a certain property, particulars of which have been furnished to the State President's Office for the purpose of his reply; if so, (a) when, (b) from whom and (c) what was the purpose of these representations;
- (2) whether any instructions have been given to the Ministers' Council of the House of Delegates or any Minister of this House in regard to this matter; if so, what instructions;
- (3) whether any such Minister was required to report back to him or his Office in this regard; if so, what are the relevant details? D297E

The MINISTER OF CORRECTIONAL SERVICES (for the State President):

- (1) Yes.
  - (a) Written representations first received on 9 November 1992 were amplified on 11 January 1993;
  - (b) Mr C D Sardiwalla on behalf of traders in the Plaza, Ladysmith;
  - (c) that in view of alleged undertakings in 1981 by the then Deputy Minister of Community Development and factors such as flooding and the presence of informal traders, the selling price fixed by the Housing Development Board as the present owner, was too high.
- (2) The matter was referred to the Chairman of the Ministers' Council for his

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comments, who in turn requested the Minister of Housing and Welfare to attend to the aforementioned representations. The matter is an Own Affair, and has been the subject of renewed negotiations between the Housing Development Board and the traders.

(3) No. However, my Office has been kept informed of major developments in this issue.

Mr A RAJBANSI: Mr Speaker, arising out of the hon the Minister's reply, would he, since he also holds a housing portfolio, be prepared to convey the following to the hon the State President in respect of the reply relating to 1981? Is the hon the State President prepared to honour a Government undertaking according to which the sale price of such shopping centres is to be determined according to the cost at the date of construction?

The MINISTER: Mr Speaker, I am sure the hon the State President will take note of what the hon member for Arena Park has said. It will be printed in Hansard and I am sure the hon the State President will take note of it.

Ministers:

\*1. Mr M F CASSIM — National Housing [Withdrawn.]

Nutritional development programme: expenditure

\*2. Mr M RAJAB asked the Minister for National Health and Welfare:

Whether her Department incurred any expenditure in respect of a nutritional development programme during the latest specified 12-month period for which information is available; if not, why not; if so, what (a) is the amount involved and (b) are the other relevant details? D292E

The DEPUTY MINISTER FOR WELFARE:

Yes,

- (a) R440 million and
- (b) funds allocated to the National Nutrition and Social Development Programme for the 1992-93 financial year were mainly used to fund 1 620 non-governmental organisations which, over a period of six

months, provided nutritional aid and initiated social development programmes for approximately 6 million people in need in South Africa, including the TBVC States and self-governing territories. More than 2 000 programmes divided into nearly 5 500 projects were thus funded.

Mr M RAJAB: Mr Speaker, arising out of the hon the Deputy Minister's reply, could he tell this House whether that programme was in fact monitored?

The DEPUTY MINISTER: Mr Speaker, I am not in a position to answer that question at the moment, but I will answer the hon member in writing.

Mr P NAIDOO: Mr Speaker, further arising out of the hon the Deputy Minister's reply, would he be kind enough to recommend to the hon the Minister that she read the Auditor-General's report, which makes alarming reading in respect of the manner in which these funds were expended.

The DEPUTY MINISTER: I will do so, Mr Speaker.

KwaZulu/Natal Joint Executive Authority: offices of chairman/deputy chairman

\*3. Mr A RAJBANSI asked the Minister of Regional and Land Affairs:

- (1) Whether the offices of chairman and deputy chairman of the KwaZulu/Natal Joint Executive Authority, are held on a rotating basis by members of the Natal and KwaZulu components of this authority; if not, what is the position in this regard; if so, why;
- (2) whether these offices are held by White members of the Executive Committee only; if not, by whom are they held; if so, why;
- (3) whether any Indian and/or Coloured members of the Executive Committee are eligible to hold these offices; if not, why not; if so, what are the relevant details;
- (4) whether he will make a statement on the matter? D310E

The DEPUTY MINISTER FOR WELFARE (for the Minister of Regional and Land Affairs):

(1) Yes. The practice of the annual rotation of the chairman/vice-chairman of the committees set up between the Natal Provincial Administration and KwaZulu was established in 1984 at the start of the liaison between Natal and KwaZulu and was carried forward to the Joint Executive Authority when it was established in 1987.

(2) No. Nominations are called for by the Chief Executive Officer from all the members of the Joint Executive Authority when elections are held and, in terms of the rules of the Joint Executive Authority contained in Proclamation No. 119 of 1987 dated 28 July 1987, any member of the Joint Executive Authority is eligible for election as chairman or vice-chairman. It is, however, an established practice that, when it is the turn of the Natal Provincial Administration to fill the office of chairman, the nomination for this office is made by the KwaZulu members of the Joint Executive Authority.

(3) Yes. As is indicated in (2) above, any member of the Joint Executive Authority is eligible for election as chairman or vice-chairman.

(4) No.

Own Affairs:

Chairman of Ministers' Council:

Second access road to Chatsworth

\*1. Mr T PALAN asked the Chairman of the Ministers' Council:

Whether, with reference to the replies to Question No 1 on 15 May 1990 and Question No 1 on 1 April 1992, he, any members of the Ministers' Council and/or the Administration: House of Delegates has made any representations to the (a) Minister of Transport, (b) Durban Municipality and (c) Durban Metropolitan Transport Advisory Board concerning a second access road to Chatsworth; if not, why not; if so, (i) when and (ii) with what results? D308E

## 22 accused of intimidation

MEMBERS of the SA Commercial Catering and Allied Workers' Union gathered at the Bishop Lavis Magistrate's Court yesterday to support 22 workers charged with intimidation following a picket in front of a Shoprite Checkers outlet last week.

~~30 (SA) (1993)~~  
The workers were released on R200 bail each and are to appear in court again on July 30. — Sapa

29/6/93

# May new car sales above expectations

Buss. Day 9/6/93

EDWARD WEST

NEW car sales in May exceeded expectations and climbed 12,9% to 15 500 units compared with the corresponding month last year, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday.

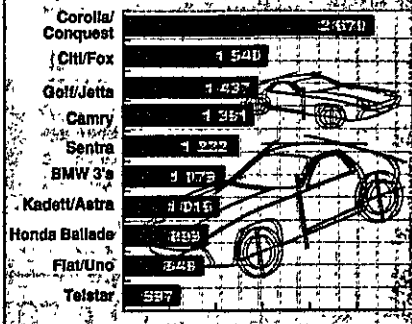
The sales represented a 3,8% improvement on the 14 924 units sold in April 1993. "Following pre-VAT buying in March and April, the expected downturn in sales did not materialise," said Samcor sales and marketing director Sean Bownes.

Light commercial vehicle, bakkie and minibus (LCV) sales followed the trend in May and climbed 10,3% to 7 568 from 6 859 in May 1992. LCV sales climbed 6,1% from 7 132 in April.

Higher than expected new car and LCV sales provided reason for modest optimism and could represent early signs of a bottoming out in the economy. However, marked economic improvement was unlikely, Naamsa said.

## 10 best-selling passenger ranges

All manufacturers May 1993



The higher new car sales were attributed to improved inventory of certain model derivatives and new model introductions. There was also pre-emptive buying in anticipation of above average price increases by manufacturers of Japanese-sourced vehicles because of the deprec

To Page 2

## Car sales

Buss. Day 9/6/93

From Page 1

ation of the rand against the yen.

Toyota SA marketing MD Brand Pretorius said replacement pressure of the ageing vehicle park — the average age of cars was currently just over 10 years — had been underestimated.

June would be the acid test of a sustainable upswing in sales. Sales in the first few days of this month were low.

Medium-sized commercial (MCV) and heavy commercial vehicle (HCV) sales remained under pressure in May, indicating business confidence and capital expenditure levels were still low, said Pretorius. MCV sales in May fell 25,7% to 179 from

241 in May 1992 and 10,9% against the 201 sold in April. HCV sales were static at 373 compared with April, but fell 2,3% from 382 in May 1992.

Year-to-date total vehicle sales were 3,7% higher at 121 417 against 117 118 sold by the end of May 1992. Nissan SA and Mercedes-Benz SA showed the highest market share growth of 2,2% and 3,2% respectively.

Nissan SA marketing MD Stephanus Loubser said sales were expected to continue at current levels for a little longer, followed by a gradual upturn.



# Hi-Score, Score-Clicks showing improvement

B1 Day 9/16/93

PREMIER Group-controlled Hi-Score and its subsidiary Score-Clicks, which both have interests in Clicks Stores and Metro Cash & Carry (Metcash), have reported improved results for the year to end-April.

At the October interim stage, the groups were meant to report for the last time before becoming wholly owned subsidiaries of Premier.

However, schemes of arrangement proposed by the Premier Group for the two companies in this regard were not implemented.

Premier now owns and controls 92.23% of Hi-Score and 97.49% of Score-Clicks.

Hi-Score reported earnings of 53.4c (37c) a share. A final dividend of 11c a share brought the full year dividend to 18c (16c) a share.

Score-Clicks reported earnings of 29.7c (20.4c) a share. A final dividend of 7c a share increased the full year dividend to 11c from 9.5c the previous year.

Results did not include income from Metcash, apart from dividends on the investment, as less than 20% of Metcash was held.

MARCIA KLEIN

The company declared dividends of 14c a share for the year compared with 6c in the previous period.

Metcash continued to perform well, increasing earnings a share from 17.3c in the previous 10 months to 34c on a turnover increase of 28%.

Improved results from Clicks Stores — with good performances in its Clicks and Diskom outlets — were reflected. Musica, which was acquired by Clicks during the year, was restored to profitability.

Clicks' turnover on an annualised basis increased 29% and earnings a share rose from 123c for the previous 14-month period to 138c.

The new secondary tax on companies was treated as a charge against profits. The release from the provision for deferred taxation arising from the reduction in the rate of company tax was included in extraordinary items.

Clicks, which would continue store expansion in all of its chains, was expecting satisfactory growth in the coming year.

# OK girds for further income losses

8:15 a.m. 9/16/93  
MARCIA KLEIN

OK Bazaars, which plunged into a R44,9m attributable loss in the year to end-March, is expecting further losses in the coming year. Trading conditions remain difficult and the group is continuing with its programme to return to profit.

The extent of these losses was not outlined in the group's annual review, but chairman Meyer Kahn said future results should start reflecting the benefits of the OK's new strategic direction.

(30)  
MD Mervyn Serebro said trading conditions, especially in the retail sector, would remain difficult "for a considerable period". But various steps already had been taken to return the group to profitability.

The R102,6m reduction in stock-

holdings signalled "a turning point in the group's ability to control asset growth". Borrowings decreased by R16,9m and would be further reduced in the current year.

Holding company SAB's R200m loan to OK is also reflected in the report.

Information systems were being extensively upgraded, and this would enhance the decision-making process and also give the group the competitive edge.

Serebro said management was "determined to face the challenge of reshaping the business".

During the 1992 financial year, turnover rose by 4,6% to R5,28bn.

Serebro said the food participation of group sales was 60,3% against 59% in 1992 because of continuing pressure on consumers to economise.

Operating income was R49,9m from R103,8m in the previous year. This was eradicated by financing costs of R123,8m, and gearing rose to 253% from 195%.

The Hyperamas were not as hard hit by trading conditions, and had a reasonable year. This because of accurate definition of its target market and timeous response to changes.

A radical change of direction has followed the progressive loss of market share in all divisions. The OK would once again become an "aggressive, customer driven discounter", Serebro said.



Clothing City — a value centre designed by Taljaard Carter in Verwoerdburg.

## Trend towards factory type outlets

TALJAARD Carter's involvement in the retail industry focuses on what is likely to become an increasing trend in SA — value centres.

The current trend in the retail market is towards factory type outlet centres which are located on the periphery of urban areas.

Economic construction and low land values result in competitive pricing.

Taljaard Carter recently completed a 2 000m<sup>2</sup> centre in the Verwoerdburg area

where tenants are to retail clothes and shoes.

Value centres comprise small and medium businesses such as factory outlets, which are basic in design and appearance with limited shop fronts. This allows costs to be cut and results in low rentals.

They are not designed for window shopping, says architect Sean Mahoney, who deals with the firm's retail business.

"People are increasingly getting away from the big

centres because of the costs involved," he says.

The building design is mostly a mix between industrial and retail.

"One of the challenges of this sort of work is that the building must give shoppers the feel that they are visiting a warehouse or factory outlet, while the environment remains aesthetically pleasing," he says.

The firm has already completed a project for Pep Stores in KwaNdebele and is busy with a motor city complex for Abland.

Star 10/6/93

# OK brings focus back to mass market

By Stephen Cranston

The OK has attempted to cater for too broad a spectrum of customers says its recently appointed managing director, Mervyn Serebro.

In the annual report for the year to March, Serebro says the OK has been slow to respond to the changing face of the retail market in South Africa, and did not always provide the product or service expected by customers.

The prolonged recession continues to have serious long-term implications for the economy and has changed the way in which businesses need to operate in order to survive and prosper. The impact of stay-

aways, boycotts and labour unrest, as well as increased competition from the informal sector, have dictated that management redefine target markets and methods of operation.

The OK restructured the business by forming a corporate board with nine directors and two operating boards for the OK Stores and Hypermas to focus more specifically on their respective markets.

There has been a drastic curtailment of peripheral businesses so as to bring the group's focus firmly back to its retail operations.

"We are determined to re-establish ourselves as an aggressive and customer-driven discounter dedicated to providing the nation with a range

of quality merchandise appropriate to our defined market."

The promotional approach has changed from that of a conventional department store to that of a modern mass market retailer, projecting an entirely new image.

Serebro says the OK was unable fully to satisfy the wage demands of the majority union Sacaawu, but it implemented what it believed to be fair and reasonable.

As a precursor to the year's wage negotiations, the group's negotiators and the union held a two-day workshop to assist in the negotiating procedures and principles.

During May of this year, wage negotiations for the ensuing financial year were concluded in a record five days.

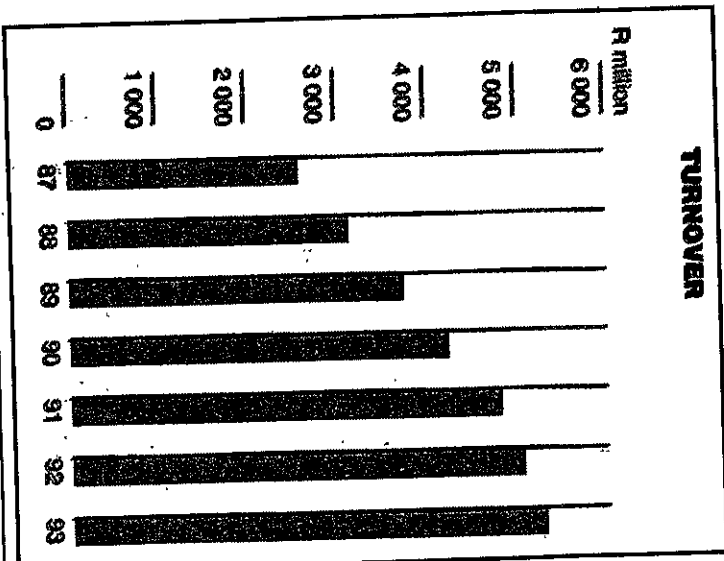
Stockholdings were reduced during the year by R102.6 million due entirely to a concerted stock management and re-ranging programme.

This signals a turning point in the group's ability to control asset growth.

The information systems are also being extensively upgraded.

The improved real time information resulting from this will enhance the decision-making process and further assist in giving the company the competitive edge.

The process cannot be expected to yield immediate results, but management is determined to face the challenge of reshaping the business within the present economic realities.



**BUSINESS** Salesman starts manufacturing plant

# Hair care industry must stay black

*Sowetan 10/6/93*

By Mzimkulu Malunga

**■ SALON PIONEER** Products mostly

used by blacks, says Manasse Shole:

**B**LACK MANUFACTURERS must fight hard to keep the hair care industry in black hands, says Mr Manasse Shole of Medicos Products.

Most of the hair care products are used by blacks and it was important that this industry be kept black, he said.

"To me, the hair care industry is like sorghum beer," Shole said.

One of the pioneers of the black hair care industry in this country, Shole has been in the business for over a decade.

He was involved in the launching of South Africa's first black hair salon, which opened for business in Soweto in 1980.

The salon, Lumoman, catered for people nationally as there was no other black salon then.

A few years later Shole moved into the distribution of American hair care products. He said he was let down by the manufacturers he was dealing with as they started giving business to white companies.

This led him to start his own manufacturing plant.

A deal was made with a Zimbabwean hair care products manufacturing company and this saw the birth of Medicos Products.

With the help of the sister company north of the Limpopo, Medicos got the



**Sanlam** 75

services of a chemical engineer who is helping with manufacturing technology.

The company employs 28 people and has offices in Soweto and Cape Town.

Shole says the aim is to service the entire Southern African market. Already there are outlets in Botswana and Namibia.

"I am going to Maputo this week to explore markets there. We have had inquiries from people in Zambia, Tanzania and Kenya," he said.

Medicos was growing steadily. "We are here to stay," Shole said.

He feels that with an injection of capital, Medicos could compete with the giants in the industry.

Estimates put the market for the hair care industry in this country at R300 million.

However, Medicos has not escaped the problems faced by the rest of black business in the country. Support from black people is shaky.

"Black people still want to buy from white business. Some may argue



**Manasse Shole**

that it is because of the quality of service but I believe our products are among the best in the country," said the man who quit his job as a sales representative with South African Breweries.

Manasse Shole qualifies for the *Sowetan*-Sanlam Entrepreneur of the Month competition and will contend with other weekly nominees at the end of this month.

**Black people still want to buy from white business. The hair care industry must be kept black**

## Entrepreneur of the Month

EACH week the *Sowetan* features an entrepreneur who automatically qualifies for *Sowetan*-Sanlam Entrepreneur of the Month competition.

Monthly winners go through to the final contest of the competition and the overall victor receives R15 000 while the runner-up gets R5 000.

This year more emphasis will be placed on entrepreneurs in the manufacturing industry but other business categories — except retail enterprises — are also eligible.

Contact Mzimkulu Malunga at (011) 474 0128.

TALJAARD Carter has strengthened its industrial arm in anticipation of an economic upswing which is likely to boost the industrial building market.

The company was involved in the 60 000m<sup>2</sup> R100m industrial park development for Abland in Strijdom Park, which offers a rental or freehold solution to light industry. The park has been immensely successful due

# Industrial arm strengthened in anticipation of upswing

to the demand for such space and because of its easy access to Johannesburg's northern suburbs and a major freeway. Demand in the park has been mostly in the 1 000m<sup>2</sup> to 4 000m<sup>2</sup> space range. The company recently completed a building for Kawasaki in the park. Technical designer in

charge of the company's industrial team Mark Pestana says the industrial field will begin to combine with retail, allowing companies to manufacture and sell their products at the same premises. "People are increasingly moving into more industrial complexes because of security, low rentals and a

better inter-relationship with other industry." The Motor City centre in Wynberg, a venture between Abland and Saullam, is another of the company's recent industrial projects. The 7 435m<sup>2</sup> site is strategically located just off the Ben Schoeman highway along Rautenbach

Avenue. The fall of the site towards the north affords opportunities for relatively inexpensive lower ground level retail and offers motor retail and auto spare facilities. The planning of the complex was developed around the tenant mix and the fall of the site.

Interim shops have been designed to accommodate motor vehicle service heights. The design allows for fully flexible space which can be used for showrooms, workshops, fitment areas and fast foods. A micro mini factory industrial park in Strijdom Park is being developed

between Saullam Properties and Abland on a site covering 9 415m<sup>2</sup> just off Hans Strijdom Drive. In designing the mini factories it was important that each of the 30 units have its own identity. Each unit has a face-brick gable over the entrance to make provision for signage, and is provided with its own office entrance leading to mezzanine level offices.



## AS MANUFACTURERS AND FREIGHTS ONE



# Residential needs call for holistic approach to CBD

Billsay 10/6/93

30

TALJAARD Carter's involvement with the Johannesburg CBD goes further than the projects with which it is currently involved. It is also lobbying for a holistic approach to the city.

The city structure has been determined largely by people who do not live or shop in it or utilise its recreation and entertainment facilities, says architect and urban designer Larry English.

Consequently, infrastructure required to support residential life in the city has been ignored.

## Converted

The past 60 years have seen designated city parks, libraries and streets built upon or converted to busy stations, parking and the like. This has led to very little of its "life support structure" being left, says English.

Inner city housing cannot be considered as the simple conversion of vacant offices to residential units.

It must address the re-introduction of open space, recreation, education, community support structures, security and job opportuni-

ties, among other things.

The CBD is still physically the most accessible area of the metropolis and represents the highest concentration of job opportunities, says English.

For the majority, it is theoretically the most ideal place to live and work.

Taljaard Carter is working with the Central Johannesburg Partnership, the city council and with property owners in developing modes for converting office and public buildings, warehouses and disused open spaces in the inner city into places to sustain living.

The firm is also involved in investigations into converting buildings for specific institutions. However, this is difficult without a general restructuring framework or philosophy, understood and accepted by all property owners in the city, says English.

The economic structure of the city and metropolitan region requires a radical review of the current spatial structure which places the poor furthest from the centre of opportunity, he says.

"We are thus faced with a perpetual subsidy system amounting to hundreds of

millions of rands a year, no matter what mass transit system we employ."

"Inner city housing, on the other hand, reduces the cost of travel and adds about three hours a day for the average city worker.

"It will also enable money to be rechannelled from subsidies into job creation and capital projects in the city," he says.

Rates reductions for housing are also vital to create a multifunctional and more economic city.

## Halt

Johannesburg is one of the least dense cities in the world, says English.

"Housing organisations, institutions and public authorities must halt unecological peripheral development and housing and begin to invest in a more compact, economically diverse and activity-rich inner city.

"This restructuring will require a positive appreciation of what is already happening to our city — as well as the will to see Johannesburg overcome its problems and move into the next century as a true world city," he says.

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Of le Ca an H P s of a o e G th b r a i c i n u e



Clothing City — a value centre designed by Taljaard Carter in Verwoerdburg.

## Trend towards factory type outlets

TALJAARD Carter's involvement in the retail industry focuses on what is likely to become an increasing trend in SA — value centres.

The current trend in the retail market is towards factory type outlet centres which are located on the periphery of urban areas.

Economic construction and low land values result in competitive pricing.

Taljaard Carter recently completed a 2 000m<sup>2</sup> centre in the Verwoerdburg area

where tenants are to retail clothes and shoes.

Value centres comprise small and medium businesses such as factory outlets, which are basic in design and appearance with limited shop fronts. This allows costs to be cut and results in low rentals.

They are not designed for window shopping, says architect Sean Mahoney, who deals with the firm's retail business.

"People are increasingly getting away from the big

centres because of the costs involved," he says.

The building design is mostly a mix between industrial and retail.

"One of the challenges of this sort of work is that the building must give shoppers the feel that they are visiting a warehouse or factory outlet, while the environment remains aesthetically pleasing," he says.

The firm has already completed a project for Pep Stores in KwaNdebele and is busy with a motor city complex for Abland.

APPROPRIATE  
TECHNOLOGY



C



# Business still facing lows

CAPE TOWN — Business should make provision for increased deterioration in both business and political conditions before a marked degree of improvement could be achieved, economist Ben van Rensburg said yesterday.

Speaking at a Cape Town Chamber of Commerce economic seminar on the mid-year business outlook, Van Rensburg said several negative factors affected the immediate position.

These included a government decision to reduce domestic expenditure, increase VAT and not adjust for bracket creep. There had also been renewed calls for mass action and deterioration in the balance of payments.

Capital outflow was more than R600m in April and continued to be negative in May. The capital account remained vulnerable.

An average monthly outflow of foreign capital of R1bn during August 1992 to March 1993 created extremely tight financial conditions which made it virtually impossible for the Reserve Bank to ease its monetary policy.

"Nevertheless the situation has now improved and the outlook for a further decrease in interest rates in the third quarter can be said to be more positive."

TIM COHEN

Listing positive factors that could influence the short-term outlook, Van Rensburg noted the upward buoyancy in the gold price, improved agricultural conditions and improved prospects for a political settlement.

He did warn, though, that political and social instability could worsen and intensify as SA moved nearer to a final settlement.

He pointed out that interim agreements had thus far been reached on process issues rather than on matters of substance. "I suspect that as we get nearer to substantial issues the debate will change in intensity and character and could even be accompanied by more violence and instability."

Violence would probably also tend to increase because of the high political stakes and the fact that a clear winner had emerged.

However, the ingredients existed for a prosperous new SA to emerge from the existing process both in politics and economics.

What was clearly missing was a major breakthrough in the restoration of business confidence, he said.

Star 196193  
**Marchers hand in demands**

About 200 businessmen, traders and taxi drivers from Krugersdorp, Kagiso and Munsieville marched to the Krugersdorp Civic Centre yesterday to hand in to the town council a memorandum with a list of demands aimed at lifting the month-long business boycott by Kagiso residents. — West Rand Bureau.

(18) (30)

# Views vary on liquor proposals

Star 10/6/93

By Michael Sparks

Churches — the traditional opponents of unfettered liquor consumption — say they don't expect proposed extended trading hours to contribute to liquor abuse.

Retailers have welcomed the freedom to stay open late if they choose to, but said it was unlikely that stores would stay open until 8 pm on weekdays.

Churches said they were not happy with extended trading hours, but they did not believe shorter hours would lead to less alcohol abuse, and hoped to address the problem in other ways.

Western Province Cellars managing director Con Oosthuizen said the implications for staff meant it was unlikely

ly that most bottle stores would stay open late every night.

But he added it was an important step that bottle stores could now choose for themselves when to close.

Benny Goldberg's owner Rob Rutter said stores were unlikely to stay open until late as there was a dramatic increase in crime after dark.

Rutter added: "I don't expect to see sales increasing dramatically. People can only drink so much."

Federated Hotel, Liquor and Catering Association of SA liquor committee chairman Ian Rubin said that extending trading until 5 pm on Saturday would have important implications for bottle stores in shopping centres.

Until now, stores in large centres had been forced to close at 2 pm, while other stores closed at 5 pm.

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Dutch Reformed Church social welfare spokesman Dr Dawie Theron said the church did not expect alcohol use and abuse to be affected by longer trading hours. But, he added, the church would have strong objections if liquor was sold on Sundays.

Theron said the church had recently launched a nationwide programme emphasising the prevention of alcohol abuse, which they felt was a more effective approach to reducing abuse.

Methodist Church spokesman Ruth Coggin said the church was unhappy about any relaxation in regulations on the sale of liquor.

But the church recognised that where alcohol was already being abused, the problem was unlikely to be worsened by extending liquor trading hours.

## Captive commuters

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One of the last remaining development sites in Durban's Umgeni Road has been bought from Transnet for a R10m-plus shopping centre development.

Developers J T Ross & Son believe the proposed Umgeni Centre, located just north of the Durban Railway Station and expected to be completed by next Easter, will be an ideal convenience shopping facility for an estimated 16 000 taxi and rail commuters who pass through the area each day.

"This makes it one of the city's busiest thoroughfares but there are few facilities available to service the needs of shoppers," says J T Ross & Son director Doug Ross.

To enhance this aspect of the development, the developers hope to negotiate off-street facilities for taxis with the SA Black Taxi Association (Sabta). The project will be the organisation's first venture into retail development.

The 9 000 m<sup>2</sup> Umgeni Centre will comprise a three-storey building housing 4 500 m<sup>2</sup> of retail space, an anchor store, line shops and 160 parking bays.

The developers are seeking approval to reduce the parking ratio because they feel the prescribed number of bays will probably be underutilised.

Ross notes there have already been changes to the plan to increase the ground-floor area. It has also been redesigned to exclude the need for an anchor tenant. In addition, though the original concept involved an arcade, it is felt that "using Umgeni Road as an arcade" will be more effective, particularly as the triangular shape of the site provides extensive road frontage.

As far as letting is concerned, Ross says the depressed economy isn't helping matters. Nevertheless, there is interest in the scheme, though marketing has only just begun. The mix will include fast food, clothing and furniture stores. Talks are also in progress with several banks. "Clearly if we don't manage to pre-let 60% of the ground-floor space we could delay the project start. However, we're bullish and doubt that it will come to that," he says.

Ground-floor shop sizes range from 50 m<sup>2</sup> to 800 m<sup>2</sup>, though Ross says retailers requiring 1 000 m<sup>2</sup> or more can be accommodated. Leases for blue chip tenants will be over five years with shorter periods offered to others. ■

Fm 11/6/93

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and Trador in June 1991, have led to a strong recovery in margins and earnings. EPS in the year to April almost doubled to 34c, marginally above market expectations.

Changes to the business during financial 1992 and the new April year-end makes direct comparisons with the latest 12-month financial year difficult. But the success of the hands-on management philosophy of MD Carlos dos Santos and his team is amply evident.

Turnover increased 6% to R5,2bn. That's disappointing, but Dos Santos says it should be viewed against a difficult trading environment, and the closure of 38 non-viable cash-&-carry outlets since June 1991. A more appropriate comparative figure is probably the 14% turnover increase on a store-for-store basis. Volumes were hurt most in the second half, as small retailers battled with trading disruptions relating to mass action.

Dos Santos believes the vital key is cash management, and management's efforts can be seen in the jump in interest income to

### CASH CUSHION

| Year to April            | 1992† | 1993  |
|--------------------------|-------|-------|
| Turnover (Rbn) .....     | 4,9   | 5,2   |
| Operating income (Rm) .. | 55,1  | 73,2  |
| Attributable (Rm) .....  | 28,5  | 56,0  |
| Earnings (c) .....       | 17,32 | 34,03 |
| Dividends (c) .....      | 6,0   | 14,0  |

† 10-month trading period annualised.

already represented in Mozambique, Malawi, Portugal and Hong Kong and Dos Santos says he's considering other international operations. Rubin says though overseas activities are performing well they aren't material to results. A net cash cushion of R270m will make further expansion investments possible.

The traditional market of C- and D-income groups is serviced by Metro/Trador stores, which account for more than 80% of group turnover and earnings.

Market share has increased to 35%, but management believes it will be difficult to increase this significantly other than by acquisition. With this in mind, management is concentrating on increasing its participation in non-food items through its Trade Centre/ Stax chain which contributes just under 20% of turnover. A further five are planned.

This is a counter which was formerly possessed of undeniable blue chip status: strong earnings growth, stability, reliability. Then everything fell out of the basket. Dos Santos and his team are restoring the company's reputation: already, the share price has soared 87% to 660c over the past year and its earnings potential has to make it an attractive investment.

Nevertheless, its managers will be the first to acknowledge they have some way to go before achieving Metro's previous rating.

Marylou Greig



Metro's Dos Santos ... believes in cash

R14,8m (R844 000), though he concedes the 1991 R87m rights issue contributed.

The tax charge increased 62% to R29m, and includes the secondary tax on companies. The effective tax rate however remains comparatively low at 33%. In the past, export incentives and tax losses have kept the rate down but financial director Dudley Rubin says he expects the group will return to a full tax-paying position of about 37% by the end of 1994.

An improvement in the pre-tax margin from 1,15% to 1,69% reflects rationalisation and the drive to control overheads and shrinkage. With Metro's high turnover, the gearing effect of a small improvement in margins can be significant. Whether the group can achieve its stated target of a 3% margin is questionable but the capex programme to update information systems, stock control and networking should help.

With little room to expand the local cash-&-carry market, Metcash is looking to broaden its range into general merchandise not traded previously. Possibilities, says Dos Santos, include fresh and frozen meats and vegetables.

And he believes there are exciting growth opportunities for the export of SA grocery products to Africa and Asia. The group is

### METRO CASH & CARRY

### Getting back to basics

Reverting to what it does best — cash-&-carry distribution to the retail trade — seems to have been the cure for Metcash's ills. Rationalisation benefits and good expense control after the restructuring which followed the merger of Metro Cash & Carry

FOSCHINI

**Beneficial funding plan**

A dividend equivalent to R63,4m will be paid to shareholders registered on June 25 on the basis of one new fully paid ordinary share for every 41 held.

Gerald Hirschon

From April 1991 to August 1992 Foschini's share price wallowed at R31-R36. In late June 1991, Oceana Investment Corp Plc, controlled by Foschini chairman Stanley Lewis, made its bid to acquire UK-based retailer Etam. The bid was unsuccessful but Oceana emerged with just over 35% of Etam.

To help finance this acquisition, Foschini bought a stake in Oceana and, in the scheme of arrangement that followed, Foschini invested R130m in Oceana. Foschini funded this through local borrowings. To reduce gearing as quickly as possible, the board decided that Foschini's dividends would be paid in shares instead of cash for about the next three years.

It seems the market took about a year to consider what effect this policy and the Oceana/Etam acquisition would have on Foschini. That is one possible reason why the share price languished. It could hardly have been because of financial performance.

The group has continued to achieve substantial growth in earnings and dividends, and there is every indication this trend will be sustained. The market seems to be reading it this way too. Since November, when the share price moved above R36, it has shot up to R61 now. Results for fiscal 1993 offer

**STILL IN FASHION**

| Year to March 31         | 1992* | 1993  |
|--------------------------|-------|-------|
| Turnover (Rm) .....      | 976   | 1 161 |
| Operating Income (Rm) .. | 186,5 | 225,0 |
| Attributable (Rm) .....  | 82,5  | 103,3 |
| Earnings (c) .....       | 185,8 | 233,0 |

\* Unaudited pro-forma.

grounds for confidence.

Though turnover rose by a commendable 19%, operating income increased 20,6%, showing management is squeezing further efficiencies out of the system. MD Clive Hirschsohn reports that performance in all four chains — Foschini, Markhams, American Swiss and Pages — produced strong growth off a high base. He adds that, ignoring any noncomparable business, such as outlets that came on stream during the year, all four operations showed real growth in turnover and operating income.

The policy of conserving cash by distributing scrip dividends is paying off — the interest bill dropped to R34,9m from R40,2m. Income from associated companies showed a comparatively small decline of R768 000, which resulted particularly from weaker earnings by Etam. Long-term liabilities have dropped to R117,5m from R179m.

Even with a higher effective tax rate of 47,1% (45,8%), attributable earnings were up by a quarter — a very good result in a depressed retail sector. A reason cited by Hirschsohn is the heavy investment in information technology over recent years.

CLICKS FM 11/6/93

## New product plans

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Clicks Stores has concluded an exclusive deal with the UK's Boots chain to launch the comprehensive cosmetic range "No 7" next month. CE Trevor Honneysett says it will be available only in Clicks outlets.

Diskom traded well during the year but its typical customer is not yet a great user of cosmetics for lips, eyes and nails — known in the trade as colour cosmetics. Until "No 7" is made in SA, it will be imported and is expected to be keen competition for other similarly priced merchandise. Honneysett refers to this launch as another example of how Clicks gains market share with a buying strategy that provides exclusive benefits for customers. It seems to work.

Preliminary figures for the year ended April 30 show the success of Clicks Stores continuing unabated. Group turnover, including R58m from the newly acquired Musica chain, was just short of R1bn after rising 29%. EPS rose 27%. But EPS growth was helped by a technical factor that is unlikely to arise again soon. The effective tax rate dropped to 42,5% (48,5%) and the group benefited by R3,3m. Without this, net income after tax would have been R27,9m, an effective rise of 27% rather than the actual 42%. EPS would have been about 123c, up 13% instead of 27%.

This aside, it was a good year for the

FOX FM 11/6/93

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## CLICKS' PROFITS

| Year to April 30         | 1992* | 1993  |
|--------------------------|-------|-------|
| Turnover (Rm) .....      | 738,0 | 949,8 |
| Operating Income (Rm) .. | 47,0  | 55,1  |
| Attributable (Rm) .....  | 22,0  | 31,2  |
| Earnings (c) .....       | 109   | 138   |
| Dividends (c) .....      | 26    | 27    |

\* Pro-forma.

group. Operating income was up 17,2%. If new outlets are eliminated from the figures, the gain in operating income from existing outlets slows to 13,45%, still creditable as it reflects solid real growth.

The loss-making Musica chain was bought during the financial year for R3,96m. This sum has been written off against stated capital. Musica is now trading profitably and is expected to make a significant contribution to group trading profit in future.

Clicks Stores is to change its name to The Clicks Group, to give a better reflection of the group's three-company structure. It is to divide its shares 10:1 subject to approval at the AGM in September. The split is intended to improve marketability.

The share price has reached a new high of R34, having breached the previous high reached in March and is well above the R23 of a year ago. This can be ascribed to the consistently good financial performance and to views that the share split is bullish. With the dividend yield at 1,4% and the earnings multiple at 25, the share appears fully priced and could be vulnerable to a market correction. However, the price chart shows no evidence of weakness.

Gerald Hirshon

# SA business ethics 'at all-time low'

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25/11/6/93

By MAGGIE ROWLEY  
Property Editor

BUSINESS morality and ethics had fallen to an all-time low and there was an urgent necessity to entrench ethics and standards in the property sector, says Professor Louise Tager, executive director of the Law Review Project and chairman of the Business Practices Committee.

Addressing the 26th annual convention of the South African Property Owners Association (Sapoa) being held in Cape Town, Tager said the period of sanctions had resulted in a multitude of efforts to circumvent the law. The ease with which there had been blatant contravention of the law, tax law, customs duty and so on was alarming.

It was important to entrench ethics in the property industry because the majority of black South Africans had been denied the fundamental right to own property for much of the past century.

This had been compounded by an education system which has produced generations of people who were not properly educated.

"People of all levels of society, financial strata and educational status are quickly and easily misled and lured into property transactions about which they have little knowledge or information," she said.

Singling out share block schemes, property syndications and retirement villages as remaining areas of concern, Tager said the general public did not understand that being a shareholder in a shareblock scheme did not mean owning the property.

She said the Business Practices Committee (BPC) was currently looking into

the misuses of labels and names and it would take steps to stop the use of legal terms which did not accurately reflect the transaction.

Shareblock legislation, she said, currently contained a serious loophole which enabled developers to circumvent the requirement that no developer may receive advance payments for the development of property.

This loophole, she said, had to be closed for consumer protection.

Turning to Life Right schemes, she said, they were fraught with problems.

"They are nothing more than leases for life. The name Life Rights convey the false impression that the holder has a form of secured title which they do not. Most life right schemes include the payment of a large sum of money which in some cases was treated as an interest free loan payable only on termination of the life right.

"The loans are totally unsecured and the life right holders investment is at the mercy of the developers."

While new legislation passed in 1988 had seriously inhibited this type of development the Act was currently under total review.

"Retirement villages have been a lucrative marketing tool but the merits of establishing such villages and the benefit to the elderly folk is in the view of the BPC questionable."

However the BPC applauded the formation of a separate body with its own Code of Conduct which would endeavour to keep discipline.

A consumer policy for South Africa was being developed which depended substantially on a wide network of self-regulatory bodies in all business sectors with each business sector having the responsibility for disciplining its own members.



**BUSINESS**

# Big Weil keeps on turning

**W**HILE working part-time as a shop assistant during his high school years, Clive Weil swore to his father he would never take up a career in the retail industry.

Now, almost 30 years later, the Prof-Stores director wishes his father were still alive to see him swallow his words. Since then he has grown into one of the most influential people in this industry he once detested but which he now describes glowingly as "dynamic" and "fascinating".

Weil will be leaving Prof-Stores and its parent McCarthy Retail at the end of June to set up his own retail consultancy.

In his time, Weil has headed the troubled Checkers chain and engineered a turnaround at

*W/Mail 11/6-17/6/93*  
**Every housewife's favourite retailer is branching out on his own — with a consultancy to advise the trade.**  
**MONDLI MAKHANYA**  
*spoke to Clive Weil*



**Clive Weil ... Fascinated by elections** leave a company amicably, but in this case there is absolutely nothing sinister," he says.

McCarthy has already become his first client and Weil says his work for them will take up a

third of his time. So why is he leaving the company where he seemed so happy and while the expansionary endeavour he helped engineer is still incomplete?

Individual ambition and a craving for intellectual stimulation, according to the maverick executive reputed for his speaking, his mind.

"Well, at 47 I feel it is time to do something for myself. After all, everybody's ambition is to ultimately do something for themselves," says Weil.

The trigger for his leaving now was the impracticality of running the Durban-based Prof-Stores from McCarthy's Johannesburg headquarters and shuttling up to three times a week between the two cities.

Weil prides himself on his "good knowledge of designing long-term strategies and a fair understanding of marketing", attributes which he feels are much needed in today's retail sector.

In addition to selling his skills to retail corporations, Weil intends contributing to the charities he already has connection to. But what also tickles his fancy is what is set to be a gruelling election campaign ahead of South Africa's first democratic poll next April.

"Marketing is not just about business. Electioneering is also marketing and I would be fascinated if somebody approached me to work on that," he says.

However, his focus will still be the tumultuous retail trade. Until four years ago, he ran Checkers, which has been in the doldrums once again. Its crisis is now compounded by a five-week-old strike by 10 000 workers over the termination of a recognition agreement. Shoprite/Checkers outlets are virtually empty as black shoppers heed a South African Commercial, Catering and Allied Workers' Union (Saccawu) call to boycott all Tradegro subsidiaries.

OK Bazaars is also in the red and has a R700-million debt on its books. Following a managerial restructuring earlier this year, the country's biggest retailer is trying to position itself as a mass discounter to halt the erosion of its market share. The big chains are also under attack from smaller and more conveniently placed franchise outlets such as Spar.

Weil feels Shoprite/Checkers' down-market focus on the "mass market" following the merger was a positive step which they have now subsequently bungled by getting entangled in the dispute with Saccawu thus "alienating" this market.

"I really can't understand what they are trying to do. They are putting the entire operation at risk. They are also alienating their own workforce. You can't hope that the workers will be committed and be enthusiastic about contributing to the company's turnaround after an industrial dispute like this one. It affects the whole team effort," he points out.

Acknowledging that OK's discount strategy is in essence a "going back to its roots", Weil is sceptical about its potential for success. Firstly, Weil avers, the nature of the retail trade is that it has fixed overhead costs and thin margins. There is therefore a limit to how much fat you can cut in order to cover the discount margin. Also in a store like the OK, the bulk of sales is that of "Known Value Items", which are familiar brands of basic commodities and which also tend to be very price sensitive. To discount these brands is therefore much more expensive for OK than it would be for a more upmarket retailers like Thrupps which are not as reliant on this category.

"The big question is whether they can sustain these prices," wonders Weil.

What retailers should be doing, he feels, is positioning themselves for the mass market by taking the "shopping experience to the townships". In order to do this retailers will have to overcome their political jitters about operating in black areas and also work at eradicating the overwhelming black perception that "if an outlet is in the township, then it has to be second rate".

He praises his erstwhile foe, Pick 'n Pay, for recognising this logic. "Pick 'n Pay is positioning itself better than everyone else for retail to the masses," says Weil.

He sees retail patterns changing dramatically over the next 10 years, with hawkers forming cooperative supermarkets and the "inevitable" conversion of city centres into residential areas, rejuvenating shopping in these areas.

"It is really going to be an exciting time in the industry," he says.



The Kenridge poster, specially designed for The Weekly Mail as the first in a series of posters by contemporary South African artists

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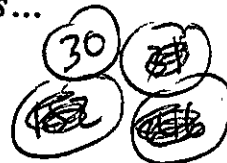
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**NO STAMP NEEDED IN RSA**

**FOCUS:** When you next buy a can of baked beans from Checkers ...

# Remember the workers



W/M ad 11/6 - 17/6/93

**C**ONSUMERS doing their shopping just up the street will have noticed Checkers workers outside their stores with placards stating they are on strike.

To many consumers this is pure nuisance value. To others, it means they may be intimidated. Still others will not give it another thought.

But consumers from the black communities hit by the strike may well be boycotting the store already by the time this piece appears.

This Critical Consumer believes those who are not thinking about the issues need to give them some thought.

When one buys a can of baked beans from a supermarket shelf, one is not just buying the can and the beans. It comes with a package. Sometimes the store pushes the package, using motives other than price or quality to get consumers to buy. So Pick 'n Pay is "green" conscious and supports worthy causes such as helping the physically handicapped.

Many years ago, so the tale goes, OK Bazaars was the first large store to accept that the colour of money counted more than the colour of the consumer. Many Africans have shopped at the OK since, although the company has been through phases when its management appears to have forgotten its history.

The process is not confined to supermarket chains. Nedbank pushes its conservation theme, for example, while First National Bank tried hard to abolish its politically broad-minded image during the State of Emergency.

It all serves to push consumers in various directions basically unrelated to the commercial concern's major activity — but ultimately directed at making them buy.

South Africa's black consumers have established a worthy tradition (in this columnist's opinion) of showing just how much power the rands in their pockets carry. And a well-timed and well-placed consumer boycott has forced even the most recalcitrant to better behaviour; the strategy is by and large more efficient in effecting change than is the use of AK47s.

Which is where Checkers comes in. The store has been bedevilled by poor management for

## CRITICAL CONSUMER

Pat Sidley's weekly column on controversial issues



many years; in reality, there can be little other reason for its consistent losses.

When the company changed hands, it appeared as though it had turned the corner financially. Practically speaking, from a consumer's point of view, not much changed. But from the staff standpoint, a good deal changed.

The new owners, Pepkor, brought with them a new era of conflict with the union.

Through the eyes of this Critical Consumer there seems to be a rather crude attempt to close unprofitable stores and dismiss workers, using a strike provoked by a management which may be gifted in making money but is not noted for its gifts in managing people.

The basic issue is a recognition agreement — the document by which the relationship between the management and the union is regulated. It sets up the basic manner in which the two will relate to one another, resolve disputes and carry on business so that workers feel secure and less exploited and management can count on the co-operation of its staff as it carries out its task of making money. It is this document which Shoprite Checkers has scrapped, offering to negotiate a new one — curtailing many rights that the union had in the old one.

Shoppers may want to know some of the union's gripes. According to a spokesman for the South African Commercial Catering and Allied Workers' Union:

- Checkers in Potchefstroom use prison labour to replace strikers; the legality, not to mention the morality, of this move is dubious.

- Shoprite workers are obliged to buy their own uniforms, which can cost R150, and if they

do not wear them they can lose their jobs.

- When Pepkor took over the Grand Bazaars group two or more years ago, workers' wages were cut substantially — without any union negotiations.

- In Kimberley, a Shoprite store tried to open with a notice expressing the desire to hire only coloured labour but was forced by an immediate consumer boycott to amend its policies.

- Some strike-hit Checkers shops are using coloured labour to replace strikers. The union says it is not upset by the use of coloured staff per se but believes management has introduced racism into the picture.

- The union fears its present good maternity leave benefits in Checkers, after management imposes its new regime, will resemble those at Shoprite: Female workers are effectively fired when they go to have a baby.

These accusations and others were put to Shoprite Checkers, which declined to comment on them. Instead, the company sent copies of the few press statements it has made on the strike and a copy of the letter it sent to the union — copies of which it also sent to Cosatu, what it referred to as the National Peace Commission, African National Congress general secretary Cyril Ramaphosa and the Institute of Mediation.

Among other things, the letter says the firm will not be taking legal action against the strike.

The letter is seven pages of ugly invective couched in legal terminology. But the fight between management and the union has little to do with legal issues. For both sides, it is a war about power. And from the union's point of view, it involves allegations of *baasskap* and other similar issues.

Black shoppers, who used to frequent Checkers in larger numbers than Pick 'n Pay, will have cast their votes in this dispute by boycotting in large numbers. White shoppers, who do not have as much at stake in their communities, and do not believe they have to make similar choices, should ponder the issues next time they buy a can of baked beans from a store shelf.

(30) ~~30~~  
BUSINESS CONFIDENCE

**No darling buds** FM 11/6/93

Hints of an upturn in the economy in the first quarter have come to nought, if the latest release of the Business Confidence Index put out by the SA Chamber of Business (Sacob) is anything to go by.

According to Sacob, the index declined to 94 in May, from 95,1 in April. This, says Sacob, was the effect of the upheavals in April, on top of the prevailing "political uncertainty, persistent violence and the short-term impact of the March Budget."

Of the 13 components that make up the index, eight worsened in May:

- The value of the commercial and financial rand fell against the US dollar;
- The inflation rate rose to 11%;
- Real retail sales were down;
- Unemployment rose;
- The volume of imports fell;
- Sales of new cars declined;
- The value of building plans passed fell; and
- The volume of manufacturing production dropped.

These overcame the positive effects of:

- A higher gold price;
- Higher volumes of merchandise exports;
- Marginally lower short-term interest rates;
- Slightly fewer insolvencies in the month; and
- The rise in the all-share index on the JSE.

As a result, Sacob sees little chance of

**ECONOMY & FINANCE** FM 11/6/93

(30)  
growth this year. Says executive director Raymond Parsons: "It is possible some sectors — notably mining — will experience improved trading conditions before a general turnaround in the economy. And the results of our most recent survey of the manufacturing sector show expectations of some improvement — but it is likely to be limited in its scope." ■

**Alarm bells** must be ringing for the planners of Durban's ambitious Point redevelopment project. There are signs that private-sector investors are losing faith in the scheme because of apparent bureaucratic dithering.

Property auctions form a good barometer of the market. And two recent auctions of Point property have flopped. Clearly, the message for Durban's Point Development steering committee is: investors want to see some progress before they speculate on Point property.

Project co-ordinator Roland Starkey concedes criticism of the delays is valid but says most issues of principle have been sorted out.

The first of the two properties to come up for sale was one of the last pieces of vacant council land in Point Road. It failed to attract its reserve price when it came under the hammer at the beginning of April.

The second property, on auction a fortnight ago, did not attract any bids. The building is a 907 m<sup>2</sup> (net) low-maintenance, face brick structure with general business rights. It gets rental of R6 000 a month and boasts drive-in access from Point and Albert roads.

It could be argued that the owners wanted too much for their properties and pegged their reserve prices high or that the failures were symptoms of a depressed property market. But had investors been confident of a spin-off from the Point redevelopment, the money would have materialised.

Management committee chairman and steering committee member Peter Mansfield says he is not worried about the failure of the first auction. "The plot is outside the Point development area, on the least attractive edge. Pilot projects will not be in that vicinity."

Norman Christoforos of Maxprop, the

**PROPERTY**

broker that conducted the auction, believes that had a date been set for the start of the Point development or had the first pilot projects begun, there would have been more interest in the sale.

The upset price for the land — a 1 000 m<sup>2</sup> site on the north side of Point Road between South Beach Avenue and Bell Street with general business rights — was R500 000. The site's bulk rating, combined with its development rights, allow for the development of more than 8 000 m<sup>2</sup> of offices, shops or industrial premises.

Being just outside the redevelopment area and likely to feel knock-on benefits of the scheme's implementation should have made it an attractive investment, says Christoforos.

Guy Levene of J H Isaacs, which handled the second auction, concurs: "We thought

this property would interest entrepreneurs. A lot of people have held on to properties in the Point area in anticipation of the development getting under way. However, some have grown tired of waiting and have attempted to sell with disappointing results. Clearly, there is growing scepticism and nobody is willing to commit until they see real action from the planners."

That's not to say that no progress is being made. Starkey stresses that obtaining agreement on how the scheme should proceed has been tricky. "We are committed to bringing the people of Durban, many of them with different views, with us. Their commitment is necessary to make the project a success."

He accepts that investors want greater clarity on the Point project and its development phases so they can calculate property investment holding costs. But he believes

that details like how the development company will work, how it will be funded and how many directors it will have should be agreed on within the next fortnight.

If its structure is endorsed by the various interest groups, the development board should be constituted later this year. Meanwhile, services surveys are being carried out for a few pilot projects which should be offered to investors within months. ■

AMREL/EDGARS FM 11/6/93  
**Shifting the shoes**

The disposal of wholly owned Shoecorp by Amrel to the Edgars Group follows several years of poor performance by the footwear and apparel division. In a R47,6m "in-house" transaction, Sales House, a subsidiary of Edgars, has acquired all the operations of Shoecorp, including the businesses of ABC and Cuthberts. (30) (47)

Analysts see the move as positive for Amrel and Sales House. Amrel has been struggling for some years to make this division profitable. Extensive rationalisation did not produce the required results and options available to Amrel — struggling under an increasing debt burden — were limited. Amrel continues to hold Select-a-Shoe and Scotts, though it's possible that buyers are being sought. Edgars, however, plainly believes its loss-making acquisitions have good potential, as Amrel has made money on the

FM 11/6/93

FOX

deal.

Sales House MD Arthur da Costa says the move "enables the company to reinforce its established leadership in footwear and speed up its strategic footwear expansion programme."

Major competitors to Sales House are Wooltru and Makro. It has four stand-alone speciality footwear stores and the latest acquisitions, which will retain their existing names, will provide inroads into a predominantly white market.

The price paid for the acquisitions is based on the NAV of Shoecorp at 31 May 1993 and will be settled by issue of 630 000 ordinary Edgars shares. Amrel will place the shares with SA Breweries at 7 550c each. Amrel gets R47,6m cash.

Had the disposal occurred before Amrel's March year-end, EPS would have increased by 45,7c from 43,8c and NAV by 69c from 1 310c a share to 1 379c. Though the acquisition is not expected to affect Edgars' earnings materially, financial director Mark Bower says the 15% contribution to turnover by the footwear division would have been 18% had the deal occurred before year-end.

Sales House has shown that it can run its businesses successfully. This presumably encouraged Edgars to make the purchase. It will be interesting to see how long it will take management to achieve a turnaround in Shoecorp.

Marylou Greig

CPI 11/6/93 (30)

## Slipping the ratchet

**Official inflation** in April was 11%, with a month-on-month increase in consumer prices of 2,5%. Excluding Vat, year-on-year inflation for April was 9%; the month-on-month increase was 0,6%.

Though the four-percentage-point increase in Vat pushed overall inflation back into double digits, consumers of food benefited from the zero rating of many items. Food inflation over 12 months fell to 8,5%. Prices in the month declined 0,4%.

Many consumers feared food retailers, who move quickly to pass on extra costs, would fail to pass on the benefit of food zero rating.

But fears turned out to be largely groundless. There were declines in the month in milk, cheese & eggs (2,7%), fruit & nuts (9,4%) and vegetables (6,3%), all of which are heavily weighted with zero-rated items.

These offset rises in items not exempt such as meat (2,4%), fish & other seafood (3,7%), sugar (4%), and coffee, tea & cocoa (4,6%).

Retailers have experienced poor turnover in recent months — and increased consumer vigilance. And they face stiff competition not only from one another but from the informal sector, much of which is involved in the sale of nondurable items.

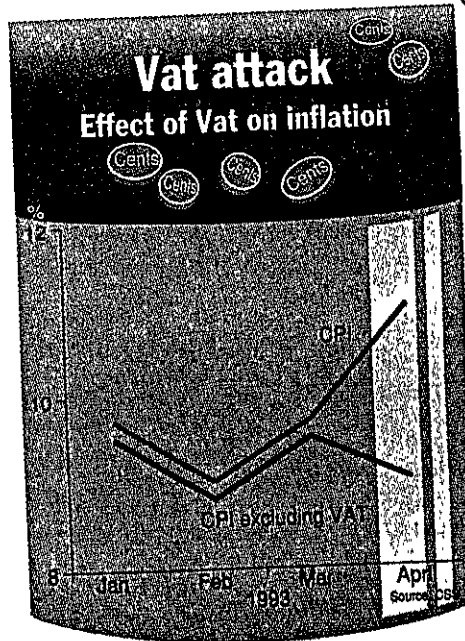
Retailer wariness of losing market share or further turnover might have accounted for the lower-than-expected increase in overall inflation (many thought it would go as high as 12%).

Retailers of many items have either decided to absorb the extra costs of Vat or postponed increases until they saw where sales volumes went in April.

Says Nedcor chief economist Edward Osborn: "As noted by Central Statistical Service, the full effect of the 14% rate of Vat has not come through for a number of reasons, notably the dispensation on durable goods bought before April 7 and delivered by April 24 as well as the 10% on sales of vehicles, maintained by many in the motor trade. The full impact of the Budget will only be felt on prices through the course of April and May. The euphoric expectation of a cut in Bank rate is therefore premature."

He argues that the increases should not be underestimated: "If one strips out mortgage interest payments, which are not subject to

Fm 11/6/93 (30)



The increase in the fuel levy announced in the Budget pushed up the running cost component of the transport index by 7,3% month-on-month or a 12-month 15,8%.

Vat, one gets an underlying year-on-year rate of 13,7%, from March's 12,2%. If one also excludes the seasonal items, such as meat and fresh food, the rate jumped from 12,9% to 15%."

## SUPERMARKETS

FM 11/6/93

# A feast for consumers 30

After the furore a year ago over soaring food prices — a rate of more than 30% annualised at one stage — supermarket chains are now forced to drop prices to keep or expand market share.

The recession is hitting supermarkets hard. Demand is down at the same time that supplies of some products, such as meat and rice, are up. In fact, total grocery, toiletry and confectionery retail sales from 1988 to 1992 dropped in real terms by 17,3%, according to Integrated Business Information Services.

This means sharply lower food-price inflation and even a reduction in real terms for some items. OK and Shoprite/Checkers admit that low prices are their main weapons in the battle to gain bigger pieces of the R22bn market.

After reporting a R45m loss last month, OK launched a new campaign — “SA we hear you, so we have changed” — under new CEO Mervyn Serebro to regain market share and profitability.

Serebro says the campaign and its new look stores — offering price-cutting specials — have been well received by consumers.

“We aim to keep a range of basic food items at permanently low prices and will also cut our costs by reducing the product range. Better stock controls, reduced inventory costs and management rationalisation will help us to focus on our group aim — to restore the OK to full profitability over the next three years.” The closure of about 25 stores last year will also cut losses.

Shoprite/Checkers CE Whitey Basson says his group’s aggressive price-cutting since the merger with Checkers has increased its market share by 13%.

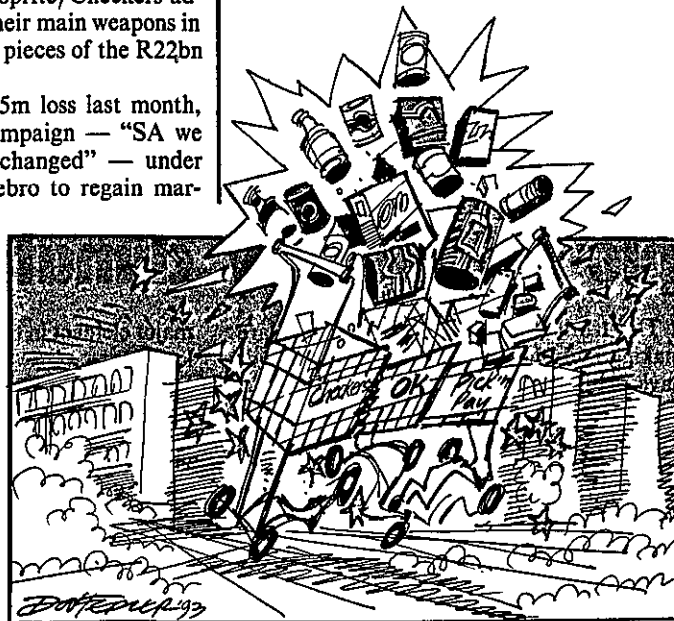
“We are sad about our current costly labour problems (the group is now in the midst of what looks to be a lengthy strike). But we are confident that the rationalisation benefits of the merger, combined with our new computerised order systems, will allow us to continue offering the lowest prices in the market.”

In December Shoprite/Checkers became the first food-store chain to introduce First-Net’s Tradanet electronic data interchange (EDI) system, allowing Shoprite/Checkers stores to link electronically with suppliers for expedited, paperless ordering. EDI results in huge savings by reducing inventory costs,

especially if combined with a centralised distribution system. “We aim to link up with about 70 of our top suppliers by the end of the year and we see great opportunities for further cost-savings and price-cutting,” Basson says.

Centralised distribution, which eliminates over-stocking and the costly and time-wasting truck queues behind stores, was perfected by profitable UK supermarket chains such as Tesco, which operate with net profit margins of about 8%, compared with the 2% maximum achieved by SA’s leading chain, Pick ‘n Pay.

Pick ‘n Pay joint MD Gareth Ackerman



says suppliers did not agree with his group’s suggestion for a centralised distribution system in the Sixties, so it was forced to invest in costly in-store warehousing and has no plan to change now. He adds, however, that his cash-flush group is constantly looking into new systems to improve efficiency, cut costs and increase profits.

Pick ‘n Pay, and the other chains, will need to implement these systems quickly as their rivals turn up the pressure. This competition will get even hotter next year with the launch of Sanlam Properties’ 54 000 m<sup>2</sup> “power centre” in Roodepoort, the first of what could be a series of such centres that are far larger than typical supermarkets. The US concept involves lower rentals that allow manufacturers to offer goods at factory prices directly to consumers.

The Spar Group believes it already operates on the cutting edge of the new technologies, with its six countrywide distribution centres electronically linked to Spar’s 510 stores.

“Following the recent opening of our Port Elizabeth distribution centre, we aim to add another 50-60 stores to our group over the next year,” says Spar chairman Peter Hughes. “We are now the third-biggest food-retail group, following on the heels of Pick ‘n Pay and Shoprite/Checkers, with current group turnover of about R3,2bn.”

## Huge savings

Hughes says that with the group’s centralised distribution, individual stores now hold about 30% less stock, leading to huge interest-cost savings.

Despite Shoprite/Checkers’ move into EDI and Spar’s success with centralised distribution, Premier Group deputy CEO Gordon Utian says SA still lags many countries in even contemplating such joint exercises with suppliers.

“There is a disappointing lack of progress, even with these enormous benefits staring us in the face. We need to form a joint body, under the independent supervision of a benign facilitator, to give these improved systems a chance of success in SA. We must get together to start this ball rolling.”

Jeremy Hele, executive director of the Grocery Manufacturers’ Association, says he has been calling for such a joint initiative for years.

Tony Ashdown, strategic planning manager of Tiger Oats — which leads Premier as SA’s major food manufacturing group — says proper supply-chain management is the secret to greater efficiency and profits for both suppliers and retailers — and lower prices for consumers.

Andrew Hayman, a supply chain consultant and MD of UK-based Spectrum Planning, who is now on contract in SA, adds: “In 1978, SA led the world in supermarket systems. Since then, you have stood still. But you now have the opportunity to revamp your systems by learning from the successes of the rest of the world.”

## RED MEAT INDUSTRY

### Biting back at prices

A little deregulation has gone a long way towards bringing down the retail price of red meat, but the ultimate step of privatising the State-owned Abattoir Corp (Abacor), originally planned for last November and then May or June, has once again been postponed.

Agriculture Minister Kraai van Niekerk says the hold-up is due to continuing deliberations on “the ideal form of a privatised Abacor.” Government’s current proposal is for Abacor, which runs 11 abattoirs, to be

PICK 'N PAY

FM 11/6/93

# Capturing market share

30

**Activities:** Food and general merchandise retailer.

**Control:** Pick 'n Pay Holdings 52%.

**Chairman:** R D Ackerman; MD: H S Herman.

**Capital structure:** 157m ords. Market capitalisation: R1,8bn.

**Share market:** Price: 1 150c. Yields: 2,9% on dividend; 5,1% on earnings; p:e ratio, 19,4; cover, 1,8. 12-month high, 1 400c; low, 975c.

Trading volume last quarter, 1,69m shares.

| Year to Feb 28          | '90   | '91   | '92   | **93 |
|-------------------------|-------|-------|-------|------|
| LT debt (Rm) .....      | 7,0   | 6,1   | 5,2   | 4,4  |
| Shareholders' interest  | 0,35  | 0,33  | 0,31  | 0,30 |
| Return on cap (%) ..    | 14,8  | 14,5  | 12,4  | 11,7 |
| Turnover (Rbn) .....    | 4,38  | 5,2   | 5,9   | 6,4  |
| Pre-int profit (Rm) ... | 127   | 140   | 142   | 147  |
| Pre-int margin (%) ..   | 2,58  | 2,58  | 2,22  | 2,29 |
| Earnings (c) .....      | 105,9 | 110,6 | 107,8 | 59,4 |
| Dividends (c) .....     | 52,0  | 57,5  | 57,5  | 33,5 |
| Tangible NAV (c) ....   | 383   | 411   | 458   | 247  |

\* 2 for 1 share split.



Pick 'n Pay's Ackerman ... traded satisfactorily in first quarter

While the OK mounts an expensive campaign to stem losses and Checkers/Shoprite faces a potentially damaging strike, Pick 'n Pay seems to be one food retailing giant that might trade without disruption this year.

Joint MD Gareth Ackerman claims that further market share has been gained from OK and, more recently, Checkers/Shoprite, because of boycotts in some areas by black consumers.

Growth in market share was important for Pick 'n Pay in financial 1993. It contributed to a turnover advance of 8,6%, which nonetheless lagged the official CPI rate of 12%-14% for the period. Ackerman, however, contends the official figure was unrealistically high because government overstated the increase in the food element. Ackerman says Pick 'n Pay's in-store, item price inflation index hardly ever exceeded 8% for the year and that for much of the time the rate was no more than 6%. He concludes Pick 'n Pay actually achieved real growth in turnover.

Considering the rate of turnover growth, the group did well to increase trading income by 11,4%, with the pre-interest margin rising from 2,22% to 2,29%. This was the first increase in the margin since 1988.

Main reasons for the improvement were: trading income per square metre rose 10,3%, having fallen 10% in 1992, suggesting some

efficiencies had been regained; the value-added statement shows "amounts paid for merchandise and expenses" again fell as a percentage of sales; and, most important, the rise in employees' salaries, wages and other benefits, though still excessive, was held at just over 13%. Ackerman says this increase is expected to be no more than 9% in 1994.

Two other features deserve comment, both relating to improved asset management. Stock control management is benefiting from the heavy capital spending on information technology over the past three years. The stock:turnover ratio has improved each year from 13,4 times two years ago to 15,2 in 1993. Stock rose only 1,5% last year.

Cash on hand ballooned to R309m, from R191m, which explains why interest received jumped to R15,1m (1992: R6,8m). With a corresponding fall in interest paid, pre-tax income rose 16%. The effective tax rate was 42,3% (39,2%), so earnings were up by just more than a tenth.

The bugbear for this year is the issue which Pick 'n Pay is trying to resolve with the SA Commercial Catering and Allied Workers' Union. Pick 'n Pay wants to be able to move staff to different venues, according to requirements. The union objects to this. Ackerman says realising this goal will save on casual staff and other costs which the group can no longer bear. If the dispute cannot be settled, he reports, about 3 500 staff will be retrenched. He is optimistic the matter will be resolved soon.

Ackerman says the group has traded satisfactorily through its first 1994 quarter. Unlike most retailers, he says, May was a comparatively good trading period, with the month-end above expectations. Again, he ascribes this to gains in market share from

competitors — including Woolworths and Spar.

He is confident the group will show real growth in sales and EPS for the full 1994 year and the in-store inflation rate will not exceed 4% for the period, but he won't reveal budgeted EPS.

Historical yields suggest the share is fairly priced. While Checkers/Shoprite might have the potential for considerably higher growth in the near future, the risk profile of that company — especially if strikes and boycotts are prolonged — places it in a different category from Pick 'n Pay. Pick 'n Pay carries much lower risk.

With asset management improving and indications that the trading margin will get even better, the share still merits inclusion in the investor's long-term portfolio. Gerald Hirschon

PEPKOR FM 11/6/93

## Putting assets to work

**Activities:** Investment holding company

**Control:** Pepgro 54%

**Chairman:** C H Wiese.

**Capital structure:** 160m ords. Market capitalisation: R2,53bn.

**Share market:** Price: 1 575c. Yields: 1,7% on dividend; 4,6% on earnings; p:e ratio, 22; cover, 2,6. 12-month high, 1 800c; low, 1 050c. Trading volume last quarter, 4,9m shares.

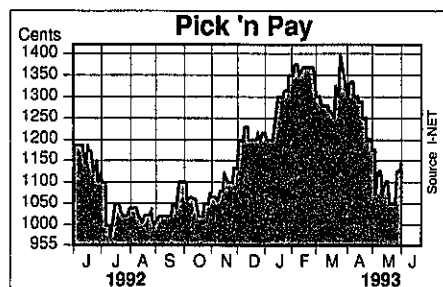
| Year to Feb 28         | '90   | '91   | '92   | **93  |
|------------------------|-------|-------|-------|-------|
| ST debt (Rm) .....     | 7,3   | 64,5  | 177,7 | 21,5  |
| LT debt (Rm) .....     | 5,8   | 5,4   | 61,5  | 104,0 |
| Shareholders' interest | 0,43  | 0,35  | 0,31  | 0,39  |
| Int & leasing cover .  | 14,3  | 80,3  | 21,0  | 9,7   |
| Return on cap (%) .    | 17,8  | 17,6  | 8,4   | 8,9   |
| Turnover (Rbn) .....   | 1,48  | 2,0   | 4,27  | 7,76  |
| Pre-int profit (Rm) .  | 119   | 149   | 183   | 229   |
| Pre-int margin (%) ..  | 8,0   | 7,6   | 4,3   | 2,94  |
| Earnings (c)† .....    | 483   | 558   | 612   | 71,7  |
| Dividends (c) .....    | 185   | 212   | 244   | 27,5  |
| Tangible NAV (c) ....  | 1 623 | 1 856 | 2 813 | 320   |

\* Share split 10 for 1. † Fully diluted.

Pepkor's 1993 year was notable more for restructuring and consolidation than for the excitement and takeover hype typical of the preceding two years. After the acquisition of four listed companies in 1991 — Smart Centre, Cashbuild, Tradehold and Tradegro, holding company of Checkers — a rationalisation programme was needed throughout the group.

In fiscal 1993, Pepkor was turned into an investment company, its payroll shrunk and it now concentrates on long-term planning and strategy formulation with the boards of the subsidiaries. Former Pepkor MD Arnold Louw has been appointed group vice-chairman. The MD position has fallen away.

Main elements of the restructuring were:





# Profit announcement for the 12 months to 31 March 1993

## Lewis Foschini Investment Company Limited

Registration Number 68/00204/06)

Due to the change last year in the financial year end from December to March, the audited results of the Company set out below are not comparable with the audited results of the previous reporting period which covered the fifteen months ended 31 March 1992. The unaudited results for the 12 months to 31 March 1992 are shown to facilitate comparison with the current year's results.

### INCOME STATEMENT for the year ended 31 March 1993

|  | 1993<br>12 months<br>to 31 March<br>Audited<br>R'000 | Change<br>% | 1992<br>12 months<br>to 31 March<br>Unaudited<br>R'000 | 1992<br>15 months<br>to 31 March<br>Audited<br>R'000 |
|--|--|-------------|--|--|
| Income before taxation   | 14   | (57,6)      | 33   | 41   |
| Taxation   | —  | —           | (12)   | (12)   |
| Income after taxation  | 14   | (68,9)      | 45   | 53   |
| Share of current year net attributable income of associated company† | 51 616   | 25,1        | 41 254   | 46 383   |
| Net income attributable to ordinary shareholders                     | 51 630   | 25,0        | 41 299   | 46 436   |
| Attributable earnings per share – cents*                             | 118,1  | 25,2        | 94,3   | 106,0  |

†1993: After deducting extraordinary items of R132 000.

\*Comparative figures have been restated in terms of the increased number of shares in issue resulting from the scrip dividends.

The number of shares in issue was increased during the year under review from 42 337 444 to 43 811 046.

### BALANCE SHEET AT 31 MARCH 1993

|                                  | 1993<br>R'000 | 1992<br>R'000 |
|----------------------------------|---------------|---------------|
| <b>CAPITAL EMPLOYED</b>          |               |               |
| Shareholders' interest           | 227 773       | 176 227       |
| <b>EMPLOYMENT OF CAPITAL</b>     |               |               |
| Investment in associated company | 228 039       | 176 423       |
| Net current liabilities          | 266           | 196           |
|                                  | 227 773       | 176 227       |

### Dividends

Final dividend No. 50 of R31 763 008 has been declared to holders of shares registered in the books of the company at the close of business on 25 June 1993.

This dividend will be satisfied by the issue of new fully paid shares based on the share price which was ruling on the Johannesburg Stock Exchange at the date of declaration of R29,00 per share and will result in those shareholders receiving 1 new fully paid share for every 40 held. Fractions of a share will be paid in cash on or about 1 July 1993 based on the share price referred to of R29,00.

The Johannesburg Stock Exchange has granted a listing for the new shares to be issued pursuant to the scrip dividend from Monday 28 June 1993.

Shareholders who wish to dispose of their odd lots or wish to acquire additional shares in order to top up odd lots to round amounts should request their stockbrokers to contact Davis Borkum Hare & Co Inc, who will allow trade in odd lots at the respective ruling market price for a period of three weeks from 25 June 1993.

Share certificates relating to the scrip dividend will be posted to shareholders on Monday 28 June 1993.

Non-resident shareholders' tax will be deducted where applicable.

By order of the Board

26 May 1993

R J Norman *Secretary*

Registered Office:  
12th Floor, Shell House  
9 Riebeeck Street  
8001 Cape Town

Transfer Secretaries:  
Mercantile  
Registrars Ltd  
6th Floor  
94 President Street  
2001 Johannesburg

Sponsoring broker:

**DavisBorkumHare**

Davis Borkum Hare & Co Inc  
Member of the Johannesburg Stock Exchange

*Foschini*

*American Swiss*

*Markhams*

PAGES

## Nafcoc plans drive for investment

1116193  
THEO RAWANA (30)

THE National African Federated Chamber of Commerce (Nafcoc) last night invited big business to join it in formulating a strategy to attract foreign capital.

Speaking in Johannesburg at a presentation of Nafcoc's status in a changing SA, president Archie Nkonyeni told a function his organisation enjoyed great credibility in the outside world. (180)

"Nafcoc, as a representative of black business, will use its credibility in the outside world to improve our country's image in the eyes of foreign investors.

"But the organisation looks to its peers in the business community for assistance in making it possible for it to develop a capable secretariat that will operate comfortably and effectively in the unfolding scenario," he said. (180)

Saying a political settlement was certain to be reached soon, Nkonyeni added that it was imperative that parties in the business community "found one another".

This was to ensure positive signals were sent to the investor public and secondly, that they did not lose the ability to influence planning of policies guaranteed to turn the economy around.

To position itself for its task, Nafcoc — which had up to now operated only from Soshanguve outside Pretoria — had opened the Nafcoc president's office in central Johannesburg.

"The restructuring of the secretariat and the development of our Johannesburg office is going to require a lot of funding assistance from all those who believe that the normalisation of the economic life of SA is inextricably bound up with the existence of a credible and viable body of black business," Nkonyeni said.

**Union marches  
on exchange**

JOHANNESBURG. — Several hundred Saccawu members staged a peaceful march here yesterday and handed a memorandum to the Johannesburg Stock Exchange, urging it to apply pressure on Shoprite/Checkers to reinstate a nine-year-old union recognition agreement.

More than 10 000 Saccawu members have been on strike at Shoprite/Checkers branches for five weeks. — Sapa

Handwritten notes and stamps, including the date 12/6/93 and various illegible markings.

# Southbusiness 19

## Toy-toying With a great idea

By Quentin Wilson

South

12/6-16/6/93

**R**ETURNING home to Lavender Hill from Johannesburg two years ago, Ms Jeannette Campher had the difficult task

of finding a job. Her break came sooner than she expected: She began making toys.

She was helped by "Toy-Toys", a project that equips people to make and sell toys. Toy-Toys was founded by the New World Foundation, a community development organization based in Lavender Hill.

So far, 40 formerly unemployed and unskilled residents from Lavender Hill and the Vrygrond squatter

camp have benefitted since the project's birth in July 1991.

The Foundation provides the kick-start capital and training while needy residents make wooden toys, soft toys and T-shirts to sell.

"I have learnt a lot," says Campher, who sews in the soft toy section. "While I am earning money, more importantly I am receiving solid training which will equip me to start my own business soon."

The intention of the Toy-Toys project is not just creating jobs but also providing training for Lavender Hill residents to break into the business world.

Mr Pieter Bruwer, the Foundation's manager of economic development said it is important to make



**WORK FOR ALL: Lavender Hill resident, Mervyn Kwinda, left and Neil Witchooi work on their latest "Toy-Toy" creation**

residents independent.

"We will provide capital and training, but at the end of the day we are assisting people to get themselves off the ground," Bruwer said.

New World Foundation was launched 12 years ago, providing free creche facilities for working parents.

Two years ago the Foundation decided to expand into uplifting the area economically. This is where Toy-Toys comes into the picture.

Budding entrepreneurs receive one year of intensive training to ensure that high-quality, marketable goods are produced and sold. The Foundation provides the necessary tools and materials.

Where possible, surplus profits are ploughed back into the project, but for the most part, says Bruwer, the Foundation is happy to break even, given the difficult economic climate.

Campher, for example, says she

**PHOTO: Shadley Lombard**

only takes home about R400 a month, after her production costs are covered. Not a lot of money for one of four breadwinners in a household of 10. But, Campher says, the sum is not important considering the training provided and the potential for growth.

After all, she says, it is a business and not a charity effort. Her view echoes the Toy-Toys slogan: "We do not want your hand-outs, we want your business."

# Pig joke! But who's the real swine, ask angry Moslems

By DAN DHLAMINI

AN innocent pig is languishing in custody while Bloemhof police await the Attorney-General's decision on whether or not to prosecute a man who let his pig loose in an Indian man's shop two weeks ago. *City Press*

The incident follows a devastating three-week consumer boycott which was temporarily lifted by Boitumelong township residents against white businesses. 13/6/93

Bloemhof whites retaliated by launching a counter-boycott by sacking the town's entire black workforce and refused them entry in to the town. 20

According to Salojee Khan, the unleashing of the pig in a busy store on May 29 was viewed as "provocative, very disgusting, nasty and a great insult to the Indian community - mostly Muslims".

Sebeera Haffajee laid a crimen-injuria charge against a well-known rightwinger who allegedly brought the animal to their family business.

Angry businessman Styles Haffajee told City Press that the man whose name has been given to the police, knew the implications of letting loose a pig in his shop.

Haffajee said he could not believe that people who called themselves Christians could stoop so low in a bid to vent their political anger.

"The perpetrators of this devilish act will not



**PIGGY IN THE MIDDLE . . .** The pig was let loose in an Indian family's shop by rightwingers recently following a crippling consumer boycott.

intimidate me and my family and I will not change my mind.

"I know what is right and what is wrong. They are angry because we have refused to team up with them in the counter-boycott which proved to be suicidal on their side. They were trying to scare me off because they know that I am influential and have contacts with the ANC and the Civic Association," said Haffajee.

He said he was not surprised that the suspect had not yet been arrested and had been treated with kid-gloves because of his

skin colour. ~~State~~

A number of people, including a black woman and her four-month-old baby, have been locked up for boycott-related incidents.

Western Transvaal police spokesman Capt Petrus Ramatsoele confirmed the pig was still in police custody as it would be used as an exhibit if the A-G decided to prosecute.

Ramatsoele said the pig was not locked up in a cell but was "somewhere" in the exhibit storeroom and would soon be taken to the animal pound.

He said the police had completed their investigations and the docket had been sent to the A-G for his ruling which would take about three weeks.

When City Press contacted the A-G's office this week, Advocate J Jacobs said his office had not received correspondence from Bloemhof.

Meanwhile, Boitumelong residents told City Press they were watching the "pig case" with great interest because most of the acts allegedly committed by rightwingers were ignored.

# Sea Point looks forward to a bright future

By TWEET  
GAINSBOROUGH-  
WARNING

SEA POINT is alive and well, and although many may still doubt this, Chris Joubert, chairman of the Green and Sea Point Traders Association, says positive action has arisen from the complaints of the past.

While the short-term outlook is mediocre, the long term holds a lot of promise, he says. "After meetings with traders and other concerned bodies, we ranked the main reasons for the decline of the Sea Point business area in order of priority," he said.

Competition from prime shopping areas like Claremont and the Waterfront topped the list, though Mr Joubert said he felt Sea Point first felt the pinch at the beginning of the economic recession and the Waterfront served only to exacerbate this.

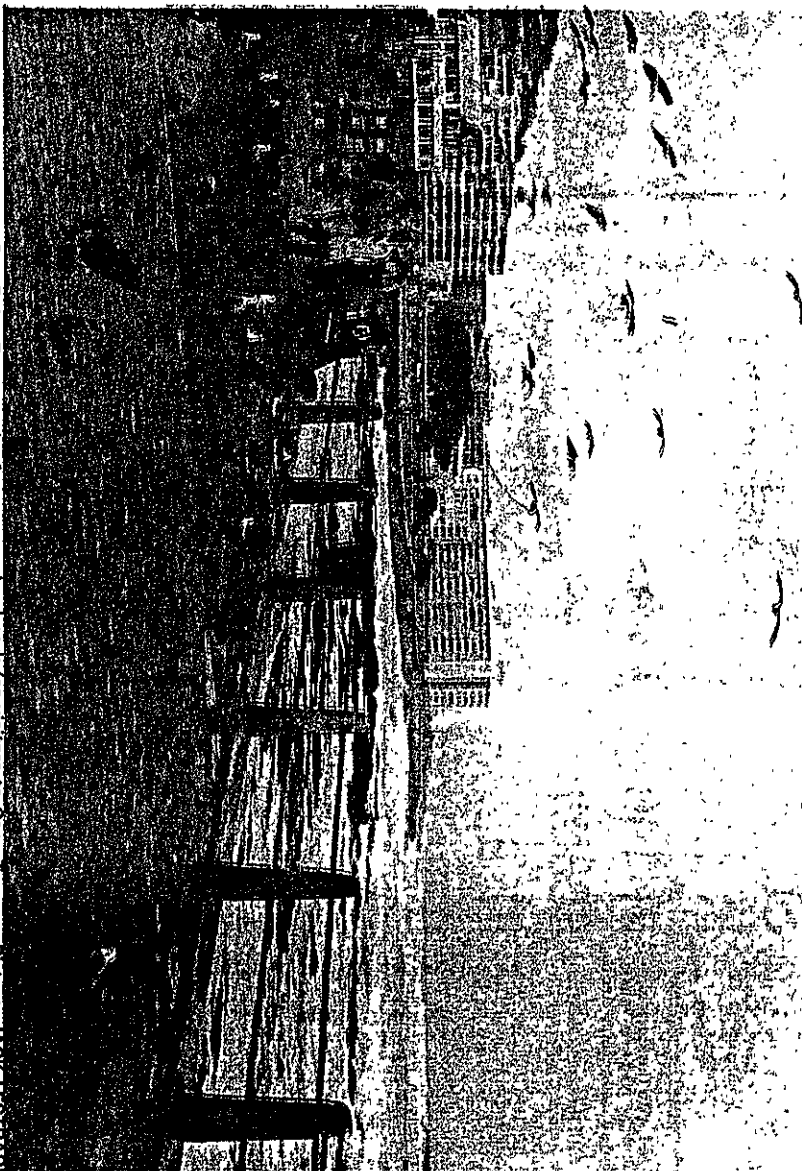
Crime, lack of security and limited parking were also targeted as factors for the decline of the CBD.

Other reasons were: strip shopping as opposed to malls, poor tenant mix, absentee landlords and the cumulative decline of the whole area.

## Overall plan

In drawing up a blueprint for the upgrading of Sea Point and its environs the city council engaged planning consultants Todeschini and Jaffer to draw up a working solution.

"This has already been put before the council and certain elements



FAMOUS VIEW... The Sea Point Promenade, for years a landmark for visitors to Cape Town

ments of the plan have been accepted," said Mr Joubert.

## Greening

As a result of pinpointing these problems, the Traders Association has embarked on a greening programme, evidence of which can already be seen.

When you walk down Main and Regent Roads terracotta pots filled with plants stand at the entrance to many of the businesses.

"This is only the start," said Joubert. "The Parks and Forests branch is currently investigating the siting of coco palms, which have been sponsored by a major Sea

Point supermarket." The general upgrading has also received a boost with the city cleansing department allocating 30 extra street cleaners to Main and Regent Roads.

In December last year frustrated shopkeepers took to the streets themselves to improve the situation.

"Traders were provided with black bags and brooms in this 'spit and polish' campaign to clean up Sea Point and welcome tourists," said Joubert.

The Traders Association has gone a step further and has hired its own street cleaners to supplement those of the

cleansing department.

## Security

Security for businesses and restaurants has been stepped up with the implementation of a business watch, which has been running for two years.

Loiterers are the main cause for concern in the area, but housebreaking and theft has decreased dramatically.

Sergeant Albert Viljoen of the Business Watch said the large number of loiterers was directly related to the availability of alcohol.

The Watch provides regular foot and bicycle patrols between 8 am

and 8 pm.

In addition, a private security firm, co-operating with the police, operates between 5 pm and midnight to ensure the safety of restaurant diners.

## Tenant mix

"Over the years Sea Point has lost a lot of its specialist shops and has become very service oriented. We would like to see the return of specialist shops which encourage browsers as well as shoppers, thus revitalising the shopping environs," Mr Joubert said.

The recent influx of escort agencies has given the Traders Asso-

ciation a new dilemma.

"While serving a need and paying rent, we have to admit they are not what the association considers ideal tenants," Mr Joubert said.

"A major problem confronting us is soliciting male and female — which goes on at night and lowers the tone of the area.

"This is under investigation by the vice squad, which has promised to clamp down on these activities," he said.

## Restaurants

Restaurants are still feeling the pinch despite intensified efforts to improve security.

"The many coffee

shops along the Main and Regent Roads continue to do well because the coffee shop is very much a part of the continental way of life," said Miss Yetty Luitz, Chairman of the Restaurant Guild (affiliated to the Green and Sea Point Traders Association).

Ms Luitz feels it is not the Waterfront that has affected restaurants but rather the overall political uncertainty, lack of money and the fact that people are afraid to go out.

Mr Joubert said he felt the established restaurants of many years standing had suffered the least because they had built a reputation for good food and service.

## Property

Property along the Atlantic Seaboard continues to move, but according to Geraldine Fitzgerald, branch manager of Pam Golding, Sea Point, prices have seen a definite decline and it takes longer to sell from the time of listing.

"Statistics have shown that if it weren't for the occasional sale of a million-plus flat, prices would average out at about R250 000 per unit. Land too has taken a knock, that is if and when it becomes available."

Cash buyers in the land market are not as prolific as they were, with the majority taking bonds to finance their deals.

The average price obtained for houses in the area over the past six months is R540 000 with about half the buyers paying cash.

# Scheme to protect mail order buyers

Star 14/6/93

By John Miller  
Star Line

Direct mail order companies are considering an insurance scheme to protect consumers should firms fold before goods are delivered.

Executive director of SA Direct Marketing Association (SADMA) Mel Brooks said consumer protection was a high priority.

The decision to launch an insurance scheme is timely following the recent liquidation of Fonem International Group Corporation, one of South Africa's best-known and the first marketing company to advertise on TV.

Fonem, which was a member of SADMA, has left hundreds of consumers out of pocket and they are likely to receive very little from a liquidation settlement.

Brooks said one of SADMA's members had gone to the UK to study protection schemes for consumers.

One proposal is that members take out insurance which will cover them in the event that they fold. An insurance company will pro-

vide a quote shortly, he said. "We are serious about this and are working flat-out to have it up and running by December this year."

Unfortunately, like the association, the scheme will be voluntary. Members who join the insurance scheme will get "an enhanced logo", said Brooks.

The association is also considering barring and throwing out members who refuse to join the insurance scheme.

Brooks pointed out that not all mail order companies ask for money upfront. In fact the biggest such company did not.

Under the code of practice, he said members were not supposed to clear and bank credit card deposits until goods had been sent.

Lynn Morris, national president of the Housewives' League, welcomed the proposed insurance scheme and said it was long overdue.

Morris suggested that companies should not be allowed to deposit any money until the goods were posted. This could be part of the agreement with the insurance company.

Commercial and industrial property

# Election date sets shaky market back on course

Biday 14/6/93

RECENT positive political developments have renewed hopes that the downward spiral in the commercial and industrial property markets over the past few years has bottomed out.

This follows the recent setting of a tentative date for SA's first non-racial elections, a move well-received by the property industry following the setback it suffered after the Hani assassination.

Before the assassination, the commercial and industrial property markets had begun to reflect increased investor and tenant confidence.

This was evident in increased activity, a slight improvement in some rental levels and the start of the phasing out of rent-free periods and other concessions.

However, the assassination threw the country into turmoil, which was reflected in a severe decline in activity in the property market.

Most of the local deals that were under negotiation at the time were either shelved or cancelled, while almost all offshore deals were terminated.

However, the negativism surrounding this event has been largely offset by the fact that multiparty negotiations have continued and players seem committed to a democratic SA.

"The recent announcement that a provisional date has been set for democratic elections has boosted confidence locally and abroad," says SA Property Owners' Association executive director Brian Kirchmann.

"Many of those deals that were shelved have been taken up again, while offshore investors have again expressed their interest in investing locally."

However, before any large-scale foreign investment takes place, the issues of social unrest, violence and crime have to be addressed. If the new SA remains socially unstable, it will see little external investment, he says.

However, while most property brokers see some light at the end of the tunnel, the building industry remains in the doldrums.

Activity — which is presently at an all-time low — is not expected to pick up before the end of the year, depending on political developments.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says while there are a number of factors that point to an improvement in the industry, these are unlikely to filter through before 1995.

"This means that many building firms will not be able to hold out that long. Most of them are already tendering below cost and few are actually making money," Robinson says.

"Last year about 400 firms, in the formal and informal sectors, were liquidated and this could rise to about 600 this year."

## Disillusioned

A recent survey by BMI Building Research Strategy Consulting Unit found that a sense of hopelessness was starting to emerge in the building industry.

Some 13% of the 120 contractors and homebuilders surveyed countrywide were completely disillusioned, while 32% said any improvement would depend on a political settlement and social security.

The major financial institutions — the largest investors in the commercial and industrial property

market — are adopting different investment approaches.

Old Mutual Properties is becoming more cautious and not undertaking speculative or high-risk investments, while Sanlam Properties is to consider taking greater risks and looking at alternatives to traditional, risk-free investments.

While the commercial and industrial markets have remained under pressure, with rentals only showing nominal growth due to lease escalations, some brokers feel the possibility exists that rental levels may start to rise and reflect real growth over the next year.

The oversupply of commercial space continues to dominate that sector, but Anglo American Property Services sales and marketing director Grahame Lindop says that as soon as the upturn comes, this will be rapidly absorbed.

"For the first time ever, construction of new office blocks has virtually come to a halt. This means that when demand increases, the present oversupply will be taken up in about 18 months to two years and a shortage will develop."



| (ii) Office                | Applicants | Remarks   |
|----------------------------|------------|---|
| Sinoville .....            | 215        | Negotiations with private enterprises for the development of the Company's property to provide suitable accommodation with sufficient private boxes will commence shortly. Indications at this stage are that the new accommodation will be ready for occupation by the end of August 1994. |
| Totiusdal .....            | 139        | There is no space available for additional boxes to be built in at Totiusdal. However, 400 boxes have been built in at Villieria and the waiting applicants have already been offered post boxes at Villieria.  |
| Valhalla .....             | 28         | Negotiations are presently in progress for the erection of a separate structure with sufficient boxes in the vicinity of the post office. It is expected that the work should be completed by March 1994.   |
| Waterkloof .....           | 100        | A street mail delivery service is provided in the area but various options for the erection of a separate structure with 1 000 post boxes are being evaluated.  |
| Sunnyside .....            | 202        | The structure of the building does not allow for additional boxes, but negotiations are in progress for the erection of a private box lobby. The project is expected to be finalised within 6 months.   |
| Rethabile (Pretoria) ..... | 10         | A mobile post box lobby is being manufactured and will be taken into use within 3 months.   |

HOUSE OF DELEGATES

QUESTIONS

Indicates translated version.

For written reply:

Own Affairs:

Displacement of Inanda traders

53. Mr A SINGH asked the Minister of Housing:

- (1) Whether any Inanda traders have been displaced; if so, what are the relevant details;
  - (2) whether he or his Department has taken or intends taking any steps to resettle these traders; if not, why not; if so, (a) what steps, (b) where are they to be resettled and (c) when will this resettlement programme be finalized;
  - (3) whether the selling price of the trading sites on which they are to be resettled has been or is to be determined at the market value of those sites, if not, why not; if so, when;
  - (4) whether (a) the housing code and (b) any statutory and/or other provisions will be amended to provide for such sites to be sold at market value; if not, what is the position in this regard; if so, what are the relevant details;
  - (5) whether he will make a statement on the matter? D281E
- The MINISTER OF HOUSING:
- (1) Yes. The Department recognises that there were owners and tenants of portions at Inanda that were affected by riots. The Department has on record details of 21 owners and 19 tenants and it has submitted a preliminary report to the Housing Development Board on this issue.
  - (2) Yes.
    - (a) A site in extent of 7,2516 ha, known as Lot 8A of the Farm Riet River No. 842, has been identified which could possibly be utilised for the resettlement of these traders.
    - (b) If it is established that the aforementioned site is suitable, the Housing Development Board may agree to resettle these traders thereon.
    - (c) The Special Allocations Committee under the Chairmanship of the Acting Director-General has considered the applications of these traders and recommendations will shortly be made to the Housing Development Board in this regard. Once the exact number of legitimate displaced traders who qualify for resettlement is known, it will be recommended that a consultant be appointed to undertake a feasibility study on the site to establish the viability of a proposed shopping complex in the area. A preliminary subdivisional layout sketch plan will also be compiled. Only thereafter can a resettlement programme be identified.
    - (3) The Housing Development Board has, for the reasons mentioned above not taken a decision on the selling prices of the proposed portions.
    - (4) Please see (3) above.
    - (5) No.

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Commercial and industrial property

THE sale of commercial and industrial properties by auction has not been well received in the Transvaal, as it still carries the stigma of being a forced or liquidation sale.

This is in spite of the hype surrounding these auctions last year, when they were touted as a niche market and a growth area in the industry.

J H Isaacs Transvaal auctioneering head Wayne Wright says there is little demand for auctions of commercial and industrial properties.

"This method has not achieved the support we thought it would, as it is still regarded as a sale of last resort — generally a forced or liquidation sale. It is a bargain hunter's paradise out there."

He recently attended an auction where the business machinery and equipment

# Tvl investors give auctions thumbs down

B/Doy 14/6/92

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were to be sold with the property. About 50 people attended the auction for the machinery, but left when it came to the property.

"If a property is well located and reasonably priced, there is no reason why it should not be sold by private treaty. This is preferable, as it is embarrassing and costly if the property is not sold because no one attends the auction," says Wright.

A J C Burchmore Auctioneers spokesman says, however, that there is a growing awareness of auctions as an alternative to traditional broking.

"The public needs to become aware that this is an acceptable way of selling property," he says.

Auctions are a far quicker way of selling property and the price obtained is often an accurate reflection of its market value. But, for this to be achieved, the negative connotations associated with auctions need to be removed, the spokesman says.

After moving into their new premises at Wynberg recently, John Griffin Auctioneers and J C Burchmore formed a property division, known as Burchmore's Properties. It will be involved in selling, lease-

ing, leasebacks and auctions of commercial and industrial property.

Paul Vermaak, who will head up the division, says: "Although the recession is biting, people are looking for cheaper buildings, so there is a lot of movement."

### Acceptance

Pam Golding properties' auctioneer Hugh Denny says that while the Cape Town market still largely perceives it as a liquidation method rather than a selling method, it is starting to gain acceptance.

"We have handled a number of auctions this year and none of them were liquidation sales. While we are seeing some distressed sellers, we have decided not to undertake any liquidation sales," he says. Denny says if the media

adverts are correctly worded and the marketing prior to the auction is correctly handled, it is generally successful. "But we have to work extremely hard before the auction."

"I find a number of auctioneers are not experienced or skilled enough to create the excitement and competition necessary for it to be successful."

Durban-based Williams Palmer Associates director Sheila Williams says auctions are one of the most popular means of selling property in Durban.

"Demographics and market education play a part. With Natal having a large Indian population, there was a significant change when the Group Areas Act was dropped two years ago. "This resulted in an influx of investors and the auction route has proved to be the most popular vehicle for them."

Sellers in the Transvaal are prone to over-expectations on price, while buyers see auctions as the place to pick up property at bargain prices. This results in an imbalance, making the market uncondusive to successful auctions, she says. "Once the economy picks up, the time will be right to relaunch auctions on the Reef," Palmer says.

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# Demand remains strong in Durban CBD and Maritzburg

THERE is still demand for quality commercial and industrial properties in the Durban CBD and Maritzburg areas, several top brokers say.

"The current high office vacancy rates appear to have had little negative effect on the forward planning of existing institutional owners and investors in the Durban CBD," Williams Palmer Associates broker Ivor Smith says.

The latest SA Property Owners vacancy figures for the Durban CBD stand at 28% for A-grade space and 8,9% for B-grade space.

The first phase of the re-development of the Durban CBD's West Street/Gardiner Street corner, by Old Mutual Properties, will bring about 36 000m<sup>2</sup> of office space on to the market, he says.

Old Mutual Properties

regional manager Charles Oxenham says the first phase 33-storey office block, with four floors of above-ground parking, will become the Old Mutual's regional headquarters when the development comes on line in the beginning of 1996.

"The R150m first phase was designed around Old Mutual requirements. We will take up about 10 000m<sup>2</sup> of the commercial space. The 15-storey second phase will be considered once the first phase is completed.

"We've done our sums and are quite confident the annual take-up in space over the three years to 1996 will not mean we will denude other buildings and leave major vacancies," he says.

National and local traders are also competing for exposure to the high pedestrian traffic volumes in the popular West Street retail trading node. This was evidenced by the sale of 389 West Street, previously known as Dodos Arcade, to local traders to secure their trading positions.

Reg Wall of Dave Short & Wall says an analysis of sales shows that investors have begun to re-enter the market. The largest number of sales is still to owner-occupiers, and letting has increased significantly.

"While owner-occupiers remain the most aggressive buyers of property in the current market, investors have begun to capitalise on

lower interest rates. The Maritzburg commercial market remains oversupplied," he says.

In Maritzburg, rentals remain under pressure, ranging between R6/m<sup>2</sup> and R10/m<sup>2</sup>, with smaller properties under 500m<sup>2</sup> being the most popular.

Space larger than 500m<sup>2</sup> remains difficult to let, he says.

"We feel that the light industrial sector will continue to attract owner occupiers," Wall says.



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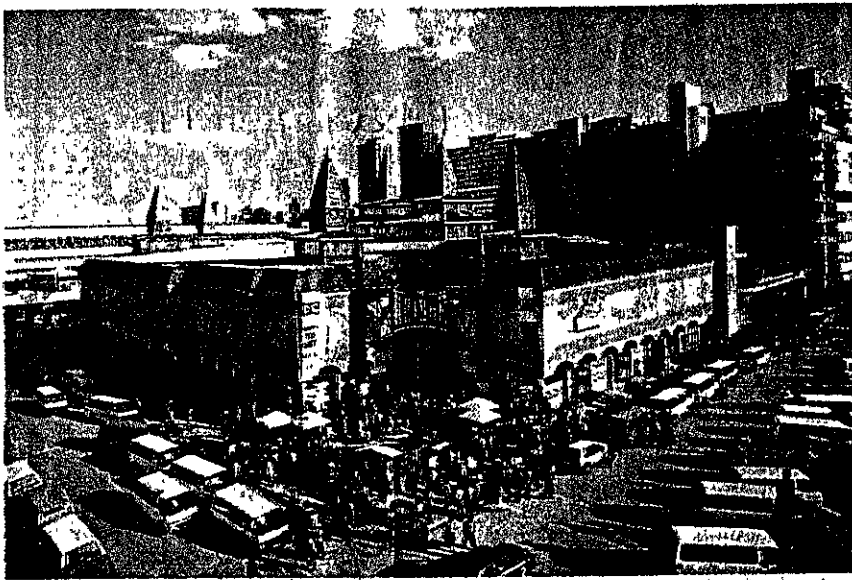
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The first commercial air rights development in the country, The Bridge shopping centre in Joubert Park, opened its doors in April. The R39m development has 7 300m<sup>2</sup> of retail facilities.

## Retail centres at transport nodes prove highly successful

DEVELOPMENT of retail centres at transport nodes is taking off. Current projects are trading successfully, developers say.

Two of the most recent developments — Metropolitan Life Gateway in Mamelodi and the Kempstar shopping centre — were facilitated by Propnet, the development arm of Transnet.

The Mamelodi development started trading last August and an average of 25 000 train and taxi commuters pass through the station daily, says Propnet project manager Andre Marais.

Negotiations for Metropolitan Life Gateway began about four years ago and involved extensive discussions with involved parties, including Propnet, Spoornet, the Mamelodi City Council and architectural consultants Reynders Cronje and Bolt.

The 10 376m<sup>2</sup> retail development cost R12m to construct and has Standard Bank, Pep Stores and Score Supermarkets as anchors. Medical suites and a SAP office are also provided.

"We are extremely pleased with the positive impact the development has already had on the Mamelodi community and we look forward to what it will provide in terms of future opportunities," a Metropolitan Life spokesman says.

The Kempstar shopping centre was opened in January and is in line with the trend towards siting retail complexes at rail terminals, specifically to serve rail and taxi commuters.

### Overcome

The R15m development houses Spar, Standard Bank, Diskom and Pep.

One of the major problems that had to be overcome during the construction of both centres was that train services could not be disrupted.

Propnet CE Fuzz Loubser says these developments used land assets previously not considered suitable for development but which now have major benefits for rail users, local communities, investors and landowners.

In another development, the 7 300m<sup>2</sup> Bridge shopping centre in Wanderers Street, Joubert Park, was opened on April 28 — the first local commercial air rights development.

The R39m project has been financed jointly by Transnet pension fund and private sector property developers Devex Bridge Developments.

RMS Syfrets is project and tenant co-ordinator, leasing agent and property manager for the development.

The land and air space above the railway tracks, east of Park Station, has been leased on a long-term basis by Intersite to Devex Bridge Developments.

"The Bridge is also Johannesburg's first major retail development to be undertaken since the Carlton Centre," RMS Syfrets MD Pat Flanagan says.

The retail component is anchored by a 1 700m<sup>2</sup> Pick'n Pay, Diskom and Chicken Licken, with the remaining 50 shops catering for convenience shopping, clothing and services like banking.

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# Deals put on the backburner after Hani assassinated

B/Day 14/6/93

THE recent assassination of SACP chief Chris Hani had a marked negative effect on the commercial and industrial market, brokers say.

Property Negotiators director Munro Doren says a number of deals that were being negotiated at the time were cancelled, while other prospective deals were put on hold as people adopted a wait-and-see attitude.

"Whenever something like the Hani assassination or mass action takes place, our phones ring off the hook as tenants in the Johannesburg CBD become nervous and want to decentralise.

"However, as soon as the initial shock has worn off and things revert to normal, the matter is soon forgotten. This is reflected in the fact that some of the deals placed on hold at that time are again under negotiation or have been concluded," he says.

Russell Marott & Boyd Trust industrial director Nick Harris says the Hani incident was a temporary setback.

"We launched our Airport industrial estate directly after this and a number of deals were accordingly lost, particularly prospective owner-occupiers.



GRAHAME LINDOP

"Decisions were shelved for a few weeks and then the market picked up again. While we have concluded 19 sales so far, this would undoubtedly have been more had sentiment been better," he says.

However, Anglo American Property Services sales and leasing director Grahame Lindop says Hani's assassination did not have an effect on the commercial market.

"The mass action programme and stayaways associated with the assassination affected the retail market, particularly in the Johannesburg CBD.

"Retail turnover countrywide, not just in the

CBD areas, is under huge pressure at the moment. While the most vocal are CBD retailers, I am not convinced they are doing badly just because they are located in the CBD."

SA Property Owners' Association executive director Brian Kirchmann says the events around the Hani death saw almost all local deals put on the backburner, while a number of international deals were cancelled.

"The local market is more resilient and used to these developments and recovers much more quickly, but international investors are a lot more wary and do not return easily.

"If we do not sort out our political problems quickly, prospective investors will merely place their money elsewhere," he says.

Seeff Commercial properties MD Colin Blacher agrees, saying many people are sitting back and waiting to see what develops politically before committing themselves.

"While a number of deals were put on hold after the Hani assassination, many of them are back at the negotiating table. There is, however, a lot of uncertainty among investors and those considering a move."

## Upswing awaits a political settlement

B/Day 14/6/93

ANY return in the property market will hinge on a political settlement and the resultant growth in the economy, SA Property Owners' Association (Sapoa) executive director Brian Kirchmann says.

"The major players in the property industry have pulled together in the difficult times of the past few years. But, while I am confident conditions will improve, this is closely related to political and social stability," he says.

The recent assassination of Chris Hani and the arrest of senior PAC officials were setbacks for the negotiating process and economic recovery.

"If the violence can be

contained, this will result in a more stable investment climate and will go a long way to ensuring both international and local investment return," Kirchmann says.

RMS Syfrets director Mike Brown says the sooner a final date is set for non-racial elections the better as this will boost confidence and result in the growth of new businesses and the development of commercial and industrial properties.

"An interim government will see us become more credible with the international community and, once this happens, activity will increase. The high level of violence also

needs to be addressed."

Kirchmann says Sapoa has established a tourism committee as it believes there is an opportunity for property development in the establishment of the required tourist infrastructure.

"We have also been invited on to the National Economic Forum and we feel this is very positive," he says.

The recession has affected Sapoa membership negatively, but not as much as had been expected. The facilities offered to members and the networking achieved as a result of this helped support membership, he says.

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# Commercial and industrial prope

## Cape Town rentals down but mood buoyant

OFFICE rentals in Cape Town have plunged by about 32% in real terms over the past two years, says Broil Property Group office leasing division manager Andrew Tozer.

"There is currently also an oversupply of office space in all segments of the market. Vacant A- and B-grade space in the western Cape is presently estimated at 122 900m<sup>2</sup> or 11% of the total 1,08-million m<sup>2</sup> available," he says.

The oversupply is expected to continue throughout the year as a number of new developments — including the 24 000m<sup>2</sup> Salma-rine House and 17 875m<sup>2</sup> Metropolitan Life building — come on stream.

However, the relaxation of sanctions and the change in the political climate has resulted in increased office leasing opportunities due to growing offshore interest.

"This trend has kept the office leasing market fairly buoyant despite the oversupply, even though rent-free periods of between three and six months are being negotiated," he says.

Landlords have taken notice of this trend and have reduced rental levels in some instances. In other cases, increased installation allowances and rent-free periods are being offered to attract tenants.

"Tenant retention is now the priority and landlords have started to address ten-

ant problems speedily. This new market orientation has allowed tenants to renegotiate current leases at favourable rental and lease terms," Tozer says.

**Furry**

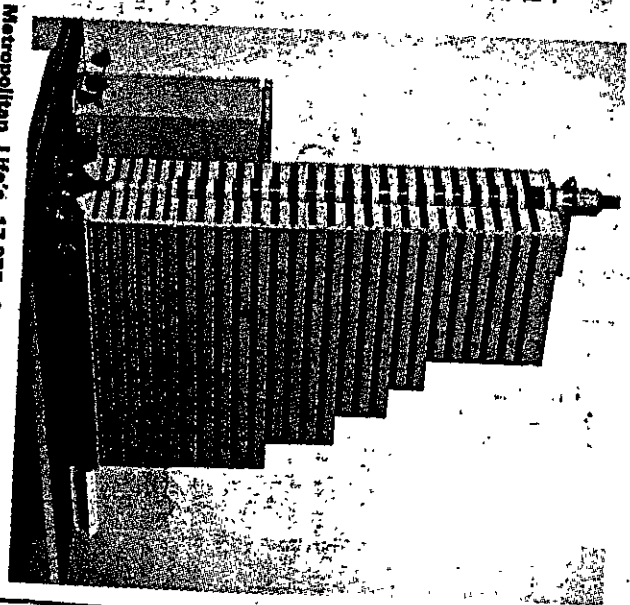
However, the news is not all bad. The first quarter of the year started with a "furry of activity" and, although most of the activity centred around the small to medium space users of up to 500m<sup>2</sup>, 30 lease negotiations were concluded.

The group believes the western Cape office letting market will experience an active year but that rental levels will only begin to strengthen at the start of 1995.

However, Seef commercial division director Errol Diamond says there will be an increase in the value of commercial properties in the near future.

"There is a shortage of prime investment properties in the Cape due to the influx of prospective buyers from around the country," he says.

Investors interested in placing their money in property need to adopt a long-term view. Interest rates have come down over the past few months and, if this continues and yields remain constant, then property investment will be an attractive option to investors with "lucrative" long-term benefits, he says.



Metropolitan Life's 17 875m<sup>2</sup> MetLife Centre on Cape Town's foreshore.

in the western Cape is

V h e c n k c i n w h i p r

# Hopes high to settle Checkers dispute soon

CT 14/6/93  
SAPA 30

JOHANNESBURG. — Hopes are high for a settlement early this week in the dispute between Shoprite Checkers and the South African Commercial, Catering and Allied Workers' Union (Saccawu).

Both parties were optimistic about talks which resumed at the weekend to resolve the five-week, countrywide strike by about 10 000 workers.

Sapa reports that several hundred Saccawu members held a peaceful march to the JSE on Friday.

# Rosebank and Illovo most sought-after areas

B/Say 14/6/93

(30) (44)

**DECENTRALISATION** of businesses to the northern suburbs nodes continues, but at a far slower pace due to heavy relocation costs.

However, while rentals and vacancies have remained under pressure in most areas, certain areas have shown growth in nominal terms and there is potential for real growth in the near future.

Mortimer Property Group MD Paul Maddison says these nodes tend to have relatively low vacancies, are well located and have little land available for further commercial development.

Rosebank could be losing its premier status to Illovo, but both are regarded as the place to be. There are mostly only new buildings in the area and, while the average achievable rental to now has been R32/m<sup>2</sup>, landlords will not consider anything under R32,50/m<sup>2</sup>, he says.

The average for Rosebank is R27/m<sup>2</sup>, but the higher rentals of prime buildings are diluted by lower rents achieved in the older office blocks.

Illovo has a total available lettable area of 22 700m<sup>2</sup>, of which just 4%

is vacant. Rosebank has a total A grade stock of 209 926m<sup>2</sup>, and 8,1% of this is vacant.

J H Isaacs Transvaal office leasing and sales director Steven Kesler says the strongest demand for space comes from companies situated in the Johannesburg CBD or in older first generation office blocks in suburban nodes.

## Relocations

"A number of the larger groups are considering major corporate relocations. This is likely to result in some important new developments — mainly north of Johannesburg — taking place in the next 12 to 18 months," he says.

JHI area broker Rodney Luntz says demand for the decentralised Sandton nodes of Woodmead and Epsom Downs has also picked up.

A large amount of the take-up has been at the expense of the Sandton CBD.

JHI area broker Robert Gishen says a feature of the Sandton CBD is the vacating of first generation office blocks in Fredman Drive to the decentralised Sandton nodes. The CBD presently reflects vacan-

cies of about 14,7%.

Epsom Downs, with a total area of 35 875m<sup>2</sup> has a vacancy of 6,3%, while a further 19 000m<sup>2</sup> is due to come on stream.

Woodmead, once the ugly duckling of the north, too far away and with poor access, has started to become far more popular now that people realise how good the new access roads are," Mortimer area broker Eileen Allester says.

However, latest figures show that of the 79 429m<sup>2</sup> of available space, 42,3% is unlet. But agents say the area is seeing significant letting activity and this should be reduced over the

next few quarters.

In spite of the decentralisation trend, Johannesburg CBD A-grade vacancies stand at about 9,4% of the 842 004m<sup>2</sup>, while Braamfontein reflects A-grade vacancies of 27,9%.

Russell Mariott & Boyd Trust director Stan Arensen says vacancies in the CBD are relatively static as economic conditions prevent companies relocating.

Vacancies in other decentralised nodes also remain fairly high.

Maddison says Hyde Park/Dunkeld is 20,3% vacant, Rivonia 17,6%, Parktown 15,6% and Bedfordview 20,8%.



## Kusturn sale spells change

MARCIA KLEIN

THE sale of the Rusfurn group would significantly alter the playing fields in the furniture sector, according to analysts.

J D Group, which is believed to be interested in Rusfurn, could become the giant of the sector if it acquired a sizeable chunk of the group, they said.

Analysts said there were few furniture companies with the means or backing to take over Rusfurn.

It would not benefit any company to take on the acquisition unless it did not pay more than the value of the store sites and the name of the chain. Rusfurn's debtors' book was huge, and it had lost market share in some of its divisions.

But the potential for growth was substantial if the new owners could manage the debtors' book and the stock levels. The acquisition would increase buying power.

Analysts said J D Group, with W & A and Trencor behind it, was the most aggressive in terms of wanting to expand. Analysts said J D Group was certainly interested in Russells, the up-market chain which was a significant player in the Rusfurn group.

Analysts said both Wooltru and Prefcor were interested in Dion. Dion would complement Game, and would give the Prefcor group the capacity to expand into the Transvaal. Wooltru's Makro and Dion would also have synergies between them.

It was unlikely Ellerine would be interested in Rusfurn, although it could buy stores in the western Cape, an area where it had room to expand.

# Refurbishment is an alternative

RISING demolition and construction costs are forcing property owners and developers to consider refurbishment instead of new development — but only in select locations.

Concor Property Development GM Ian Clark says: "One of the major problems is overcapitalising a building in an area where accommodation and property values do not support it. It is seldom cheaper to knock down the old building and rebuild it as the demolition and removal costs are very high."

## Pressure

In addition, the oversupply of office space and the downward pressure this exerts on rentals means few suburbs could com-

mand the rentals required to make a brand new development financially viable.

"Cosmetic renovations are mostly employed in a recession, while major renovations are often undertaken in boom times. However, this depends on the view the property owner takes of the market — with the institutions in a far better position to take a longer-term view and experience an initial deficit," Clark says.

The Solomon Brothers — three property owners in Cape Town — agree, saying rising demolition and construction costs, as well as time constraints, are encouraging property developers to look seriously at refurbishment.

A refurbished building does not have to be less

comfortable and, in many cases, is able to offer cheaper rentals, they say.

The brothers bought the former Saambou building, renamed 45 On Castle, in the Cape Town CBD, last year and spent about R7m on refurbishment.

Stripped

Each of the 11 floors of 660m<sup>2</sup> were stripped and rebuilt, while security features were introduced and more lifts, kitchens, restrooms, airconditioning and light fittings added to bring it to A-grade status.

The asking rental is R20/m<sup>2</sup>.

Tenants already signed include Saambou, Heyns and Partners, Pleroma Insurance Brokers and the SA Council for the Aged.

# Johannesburg CBD outgrows a bad image

IN spite of the poor perceptions of the Johannesburg CBD, private and institutional investors are channelling millions of rands into commercial and retail developments in the area.

CBD Association chairman Stan Arenson says crime in the area has dropped substantially, particularly with the introduction of a number of "bobbies on the beat".

Central Johannesburg Partnership (CJP) executive director Neil Fraser agrees, saying crime statistics have shown a decrease. "Burglaries, muggings and motor thefts have all shown a decline year-on-year".

The private sector is involved in a number of office — mainly for owner occupiers — and retail developments in the area, which

reflects the level of investor confidence, Arenson says.

A number of commercial projects are presently under way and include the final phase of the R1,2bn BankCity development for First National Bank, Gemmin's R138m headquarters, a R36m block on Simmonds Street for Standard Bank and R16m worth of parking at Sanlam Centre.

Sanlam recently announced it was considering redeveloping the Ansteys site, but said it would retain the historic residential building on the site.

Johannesburg Consolidated Investments also recently said it was planning a multimillion office park in the CBD. To be known as Main Place, the site is behind the Magistrate's

Court.

On the retail side, the R39m Bridge Shopping centre was opened recently and other plans under consideration include the R175m Metro Mall development, which is expected to be given the go-ahead in the near future.

## Convert

The mall will convert the Newtown and Kaserne bus and taxi ranks into a retail and transport centre. The final plans for a R1,2bn trade and tourism centre on airspace from the Queen Elizabeth Bridge to End Street are also under consideration.

Johannesburg City Council management committee chairman Ian Davidson also recently stressed the council's commitment to

the area by announcing it would spend R45m in the present financial year on 10 projects to boost the local economy and promote inner-city growth.

And, in another development, the CJP has established the Inner City Housing Upgrading Trust (ICHUT) to address "chronic inner city housing issues".

Johannesburg's inner city residential component is finely balanced — overcrowding, social tensions and a lack of community facilities are all warning signs for what could become an uncontrollable slide towards city ghettos.

The CJP says that, to a large extent, the solution lies in ownership and to facilitate this the ICHUT was established.

# Industrial market 'not as bad as commercial'

THE industrial market appears less affected by oversupply than the commercial market, with little land and space available in more than half of the Johannesburg industrial nodes, the latest Russell Marriott & Boyd Trust industrial property guide shows.

Of 50 industrial areas in Johannesburg, there is little land available in 41, while 37 have little available space.

"There has not been much growth in industrial land prices, as much of it is not well located.

In addition, many companies have rationalised in the recession.

"The market has also started to move away from the multi-level, obsolete space," says RMBT director Nick Harris.

The RMBT property guide shows that industrial land values range from R50/m<sup>2</sup> in areas like Alrode, Chamdor, Robertville and Wadeville, to a high of R230/m<sup>2</sup> in Eastgate and R220/m<sup>2</sup> in Kramerville.

Rentals range from a R4/m<sup>2</sup> low at Chamdor — which reflects a medium availability of land and

space — to R12/m<sup>2</sup> in Eastgate, where little land and space is available.

In Durban, 13 of the 23 industrial nodes have little available land, while 16 reflect little available space.

Land values are fairly diverse, depending on the area and stand size.

In Hammarsdale, the average stand size is 50 000m<sup>2</sup> at a land value of R5/m<sup>2</sup>, while stands of 20 000m<sup>2</sup> at Cato Ridge have a value of R10/m<sup>2</sup>.

"In contrast, a 2 000m<sup>2</sup> stand at Mayville and a 1 000m<sup>2</sup> stand at Umgeni both have a land value of R300/m<sup>2</sup>, while a 2 000m<sup>2</sup> Springfield Park industrial site is worth R275/m<sup>2</sup>," says Harris.

Monthly rentals range from R3/m<sup>2</sup> at Hammarsdale to R10,50/m<sup>2</sup> at Springfield Park.

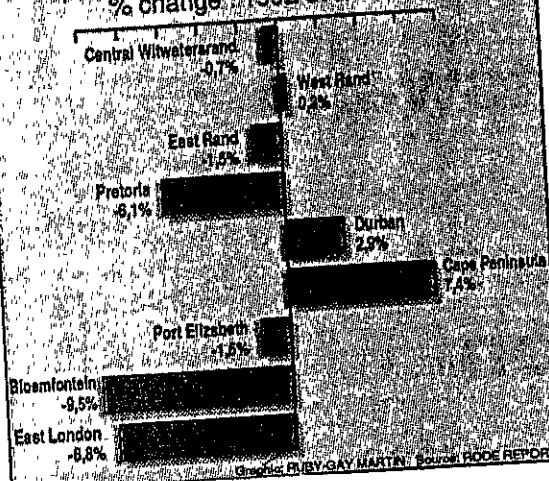
In Cape Town, the City and N'Dabeni industrial areas have no land available, while 11 others have little land for development. Land values range from R30/m<sup>2</sup> in Norwood/Philippi for an average 10 000m<sup>2</sup> site to R200/m<sup>2</sup> for a 4 000m<sup>2</sup> Paarden Eiland stand.

Monthly rentals average between R5/m<sup>2</sup> and R8/m<sup>2</sup>.

## PRIME INDUSTRIAL RENTALS

1,000 m<sup>2</sup>

% change 1992 over 1991



Graphic: RUBY GAY MARTIN. SOURCE: RMBT REPORT

## 'Vacancies are worse than numbers show'

B11204 14/6/93

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THE oversupply of commercial, industrial and retail space is worse than statistics show, says Old Mutual Properties investment manager Ian Watt.

Company rationalisations have resulted in a lower space requirement for commercial and industrial property, but this is not yet reflected in occupancy statistics.

"One simply does not know how much leased space is being occupied, but in most cases landlords are receiving rental for this spare capacity," he says.

However, when the leases come up for renewal, space take-up is likely to reflect the diminished requirements and this will place an added drag on any market recovery.

People are increasingly being replaced by computers and other forms of advanced technology. It is unlikely these jobs will be recreated, Watt says.

"So, if we have rentals that are not growing, vacancies that are increasing and a shrinking workforce, the next turnaround is quite a long way off — probably

three years or more.

"Furthermore, an economic upturn does not automatically mean that more people are going to be employed, particularly in the office market. When the economy does start to take off, it will be quite a while before businesses grow into existing space," he says.

This means that rentals are unlikely to increase before demand begins to rise. But, for that to happen, the country needs economic and political stability.

This scenario has forced Old Mutual Properties to adopt a much harsher view of developments and does not bode well for the construction industry, he says.

"One needs to have a close look at property stock and determine whether it is still suitable. Some vacancies are caused by the state of the building rather than the market."

Good buildings will continue to attract tenants and, while rentals may grow at this end of the market, B- and C-grade property will come under pressure, he says.

# Supermarket strike is over

**SHARON SOROUR**  
**Labour Reporter**

SUCCESSFUL mediation has ended the five-week strike over a cancelled recognition agreement by more than 10 000 Shoprite Checkers workers.

In a joint statement, Shoprite Checkers and the SA Commercial, Catering and Allied Workers Union (Saccawu) said a settlement had been reached with the help of Independent Mediation Services of SA.

All lock-out, strike and boycott action would end immediately, said Ms Adele Gouws of

Shoprite Checkers and Mr Jeremy Daphne of Saccawu.

Both parties agreed to continue negotiations on a wide range of issues.

Workers went on strike on May 8 in protest against the company's cancellation of a nine-year recognition agreement with the union, and the unilateral imposition of a new agreement, which workers said severely curtailed their rights.

Ms Gouws refused to comment on the details of the settlement, saying the company had no comment other than the

statement by both parties.

Mr Daphne was in a press conference. ~~14/6/93~~ **14/6/93**

Violence has dogged the strike, with several picketing workers being arrested.

Mediation last month was suspended after it became clear the dispute would not be resolved.

Last week the company announced it would close at least two stores and retrench at least 2 500 workers as a result of the strike, which had aggravated adverse trading conditions.

# A hard day's night

AR 15/6/92



## 18-hour drama, marathon mediation end bitter chain store strike battle

SHARON SOROUR  
Labour Reporter

IT took 18 hours of drama, marathon mediation and all-night negotiation to end the bitter 34-day strike by more than 10 000 Shoprite Checkers workers, according to union negotiator Mr Jerry Daphne.

Shedding light on the talks which finally resolved the dispute, Mr Daphne, of the SA Commercial, Catering and Allied Workers' Union (Saccawu), said agreement was reached at 8am yesterday.

Mediation, by the Independent Mediation Services of SA, began on Sunday, but collapsed yesterday at 6am, he said.

Settlement was reached through a last-ditch round of across-the-table negotiations, ending a drama-filled 18 hours, Mr Daphne said.

He said the five-week strike was "probably one of the union's most important and successful campaigns to date, with management being faced with an anticipated show of force, and the union achieving all major strike objectives, both at a principled and practical level".

He said the union estimated that the company's trading volumes fell by 60 percent during the strike, which had exposed Pepkor's "antiquated and harsh industrial relations practices" to the public, generating large amounts of criticism.

Workers went on strike on May 8 in protest against the cancellation of the union's nine-year recognition agreement, replacing it with a revised agreement.

## SHOPRITE Checkers

The settlement agreement included the following:

- Reinstatement of Saccawu's recognition as a union by the company;

- Reinstatement of the major sections of the old recognition agreement, including access, shop steward rights, negotiation rights and industrial action provisions;

- The establishing of interim grievance and disciplinary procedures, involving quick processing of grievances and appeals against discipline, until new procedures are negotiated;

- Wage negotiation will proceed independently between the Saccawu and the company, with-

out any other union being involved, and

- Both parties have committed themselves to negotiating a new, amended recognition agreement within four months.

Mr Daphne said "extensive" return-to-work provisions were included in the agreement, including anti-victimisation clauses, which also covered casual labourers, a return to work on June 17 but pay from June 16, loan facilities, with loans paid within 24 hours of application and the removal of "scabs".

Strike-related discipline would be applied only in serious cases, with a commitment that the issue would be handled "with sensitivity and understanding".

A committee of union officials and management would deal with allegations of serious misconduct by union members, and where disagreement arose, binding arbitration would be applied.

Mr Daphne said the union would bring allegations of serious misconduct to the company's personnel manager.

Mr Daphne said the parties had not reached agreement on the company's decision to close stores or retrench workers. These issues would be addressed separately.

"In the light of recent developments, the union is confident that the company will approach this matter with extreme caution," Mr Daphne said.

The strike involving "unprecedented levels of mobilisation" demonstrated to big business that workers were not prepared to accept jobs at all costs, and were ready to defend trade union rights.

In a statement, Shoprite Checkers — which mostly refused to comment on the strike — confirmed the settlement, saying it hoped the resolution of the strike would restore "a healthy industrial relations environment for the benefit of the company, its employees and customers".

## Spar is third largest chain

Biday 15/6/93  
MARCIA KLEIN

THE Spar Group has overtaken OK Bazaars to become SA's third largest food chain, according to recently released industry statistics.

Spar said that in an industry where about R17,1bn worth of food was sold through major stores, Spar's food sales topped the R3,2bn mark in the year to end-February. Pick 'n Pay and Shoprite/Checkers remain the two major players.

Spar's market share grew by 1,2% over the last year. Group marketing director Brian Beavon said this growth was a result of "an aggressive new pricing policy, upgraded stores and the convenience factor".

Spar was aiming for turnover of R5bn in 1995. It was planning to open 40 new stores.

Growth in turnover would give the group more leverage with suppliers, resulting in reduced prices. This would enable the group's stores to be more competitive.

Beavon said the poor economy had led to changing shopping habits, with many women returning to work.

Spar had benefited from its revamping exercise to bring SA stores in line with the international Spar red and green line store concepts.



# Ackerman calls for help with development of SA

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Blom 15/6/93  
LINDA ENSOR

CAPE TOWN — An urgent call on the international community to involve itself in SA's socioeconomic development will be made by Pick 'n Pay chairman Raymond Ackerman when he opens the CIES International Conference on the Environment in Barcelona, Spain, today.

The conference is being attended by CEOs of the world's leading food groups, EC representatives and diplomats.

Ackerman stresses that SA's fledgling democracy might depend on socioeconomic recovery.

"The forthcoming elections will restore SA's international credibility, and complete the process of

political rehabilitation. It is now time for the world community to invest in SA's progress to democracy by pro-actively facilitating the country's economic recovery," Ackerman says.

He says the challenge presently facing SA is to marry socioecological demands with economic and political constraints.

He notes that a broad based environmental policy in SA circumstances would have to address human needs, and the unequal distribution of wealth, without jeopardising the environment and the resource base upon which economic development depended.

# Frail Mashold to get R7m capital injection

Billsay 16/6/93

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LINDA ENSOR

CAPE TOWN — Mail order and direct sales group Mas Holdings (Mashold) suffered a 62,43c a share loss (19,1c profit) in the year to end-February 1993 and is to be recapitalised with a R7m cash injection from its major shareholders, the Van Embden family.

In what was described as "the worst year ever" for the group, the dividend payment was waived and R18m in losses, goodwill and tax liabilities was written off. Pyramid holding company, Mashold Consolidated Investment Holdings, also waived its dividend.

Group MD Marco van Embden said yesterday that, subject to certain conditions being finalised with the group's bankers, his family would invest R7m in new capital through debentures.

A rights issue would be held next year, after which the debentures would be converted into ordinary shares.

He added that the group's bankers had agreed to fix its current facilities until April 1994.

Turnover was almost maintained at R198,7m (R199,8m) but an operating loss of R6,2m (R11,8m profit) was posted.

With an interest bill of R8,5m, a bottom-line loss of R14,6m was reported. Long-term liabilities increased to R19,8m (R2,6m).

Van Embden said budgets had not been met, stocks had increased, margins had come under pressure and borrowings increased.

Overheads and marketing costs had been excessive in relation to turnover achieved because the business had been

structured on the basis of high growth expectations.

"Our direct selling operations were hard hit by the increased unemployment, unrest, mass action and violence which affected customers in the past year," Van Embden said.

The newly acquired Magic by Mail subsidiary performed worse than expected because of the recession in Britain and its UK subsidiary, Wondercooker UK, had been discontinued and losses written off.

The Time Life division of subsidiary Grolier was sold and losses written off. Van Embden said the sale of Grolier, which sells educational books and collectables, was planned in the current financial year.

He said mail order subsidiaries Charles Velkes and Kansas City — as well as the bulk mailing operation Sumard/Scorpio — continued to trade profitably.

Van Embden said he was confident that Mashold would turn around this year as it had taken firm action to stem the losses.

A more conservative approach had been adopted to debtors, stock and customer returns and stock levels had dropped significantly.

Overheads in all subsidiaries had been cut and management restructured and strengthened, he said.

Also, mail order exports into Africa and neighbouring countries were increasing and the group had refocused on value-for-money merchandise and customer service, he said.

# CNA Gallo forecasts increase in earnings

MARCIA KLEIN

INTRODUCTION of new products and curtailment of cost increases, aided by the reduction in corporate tax, would see CNA Gallo produce a moderate increase in earnings in the coming year, CNA Gallo chairman Doug Band said in the group's annual report.

CNA Gallo recently announced a marginal improvement in its earnings to R53.5m in the year to end March.

Earnings were down by 4% at the interim stage, with the second half reflecting improved trading for the retail and entertainment group.

CE Dennis Cuzen said major contributor CNA had developed plans to ensure it maintained market share and improved its position in certain product categories.

This strategy paid off in the second half, and it enjoyed its best Christmas in three years.

Results for the full year were nevertheless in line

with the previous year.

Local and overseas magazines had an excellent year, and sales of compact discs grew significantly.

In the Gallo division, compact discs continued to show strong growth, but the cassette market declined by about 19%.

Demand for CDs outweighed supply, and Compact Disc Technologies, in which Gallo has a third share, was expanded.

Nu Metro, which was consolidated as wholly owned for the first time, had been absorbed smoothly into the group, and synergy with other group companies offered exciting marketing opportunities, Cuzen said.

Nu Metro Video was the top performer in the Nu Metro group. But Nu Metro theatres had a disappointing year, "with a lack of suitable product (affecting) box office takings". This

situation improved towards the end of the year with the introduction of some blockbuster titles.

Nu Metro embarked on a campaign to upgrade the quality of its cinemas, and closed seven sites and opened 36 new screens.

The closures and an anticipated improvement in product flow should see the theatre division report "a much improved performance" in the coming year, Cuzen said.

## HOUSE OF DELEGATES

## QUESTIONS

Indicates translated version.

For oral reply:

General Affairs:

Chatsworth/Pinetown: transporting of fellow-workers

\*1. Mr A RAJBANSI asked the Minister of Transport:

- (1) Whether any persons have been prosecuted for providing transport to fellow-workers between Chatsworth and Pinetown during the latest specified period of 12 months for which information is available; if so, how many;
- (2) whether he will allow persons to provide such transport to fellow-workers; if not, why not; if so, for what reasons;
- (3) whether any such fellow-workers may be charged a fee covering the cost of transporting them; if not, why not; if so, what are the relevant details;
- (4) whether he will make a statement on the matter? D312E

The MINISTER OF TRANSPORT:

- (1) No. Because of complaints received law enforcement actions were launched in Pinetown during May 1993. During these law enforcement actions approximately 22 pirate taxis were charged and found guilty under Article 31 (1) (a) of the Road Traffic Act, 1977 (Act No 74 of 1977).

- (2) Yes. In accordance with Article 1 (2) (h) of the Road Traffic Act, 1977 (Act No 74 of 1977) allowance is made for lift clubs. It is however important to note that the definition of lift clubs only allows for:
  - clubs of which every member takes a turn to transport members of the club by car to or from a certain place for a specific purpose; or
  - clubs of which each member is the owner of a car and of which one or some members transport the members of that club to a certain place for a

HOUSE OF DELEGATES

specific purpose in a car or cars owned by himself or the members.

- (3) No.
- (4) No.

Mr N SINGH: Mr Chairman, arising out of the hon the Minister's reply, is his Department contemplating the abolition of public road carrier permits for the conveyance of passengers?

The MINISTER: No, Mr Chairman.

Westville prison: conditions/gangs

\*2. Mr M RAJAB asked the Minister of Correctional Services:

- (1) Whether an investigator was recently undertaken by his Department into (a) conditions, and (b) the activities of prison gangs, at Westville Prison; if so, when;
- (2) whether this investigation has been completed; if not, why not; if so, what were the findings;
- (3) whether he will make a statement on the matter? D313E

The MINISTER OF TRANSPORT (for the Minister of Correctional Services):

- (1) (a) and (b) No specific investigation regarding the incidence of prison gangs at Durban (at Westville) has been undertaken recently. However, I presume that the honourable member is referring to recent press reports regarding allegations of criminal activity between members of the department and prisoners at the Durban Prison. These allegations came to light during 1992 and the Department immediately commenced with an internal investigation. Evidence at that stage suggested that criminal elements could be involved and the matter was also handed over to the South African Police for investigation. Consequently, the Attorney-General also recently commenced with his own investigation into this matter.

- (2) The Departmental investigation which was primarily aimed at identifying shortcomings in and contraventions of Regulations and other Departmental orders, resulted in departmental steps being

taken against various members. These steps included departmental charges in terms of Correctional Services Regulation 71, written reprimands and transfers to other sections/posts. In the process control measures at the specific prison were also stepped up.

The investigations by the South African Police and the Attorney-General have not yet been finalized. Depending on the results of these investigations, further actions which may include criminal prosecution as well as further Departmental action against the members and prisoners involved, will follow.

- (3) No, except to stress that my Department places a high premium on effective management and sound administration as well as professional conduct by all its members. Criminal conduct and irresponsible actions by members and prisoners alike, will not be tolerated and will be dealt with within the ambit of the Law.

Board of SABC: Indians as candidates

\*3. Mr A RAJBANSI asked the Minister of Home Affairs:

- (1) Whether any members of the Indian community applied to be considered for appointment to the new South African Broadcasting Corporation Board; if so, (a) how many and (b) what are their names;
- (2) whether any of these persons' names appeared on the short list of recommended candidates drawn up by the selection panel; if so, (a) how many and (b) what are their names? D318E

The MINISTER OF HOME AFFAIRS:

- (1) Yes.
  - (a) and (b) The information as required by the honourable member is not readily available. The list of 566 persons who have been nominated and who indicated themselves available to serve on the SABC Board was released by the Panel for general information but does not contain an indication of the population groups of the nominees. The full list is obtainable from my office.

- (2) Yes.
  - (a) and (b) The short list of 86 persons which was released by the Panel does similarly not contain any indication of the population groups of the nominees and is also obtainable from my office.

Own Affairs:

Shopping centres: sale by public tender

\*1. Mr A RAJBANSI asked the Minister of Housing:

- (1) Whether it is his or his Department's policy to sell shopping centres by public tender; if not, why not; if so why;
- (2) whether any shopping centres were offered for sale by public tender in the Transvaal recently; if so, what are the relevant details;
- (3) whether he will make a statement on the matter? D317E

The MINISTER OF HOUSING:

- (1) No. The shopping centres are first offered to the existing tenants.
- (2) Yes. The Housing Development Board, as the legal owner of such properties had decided, after extensive and protracted, but unsuccessful negotiations with its tenants in the Coligny complex, to advertise the sale of the complex by public tender.

- (3) Yes. I have immediately upon receipt of information and representations from inter alia, an Honourable Member of this House, on 27 May 1993, recommended to the Board to reconsider its decision to sell the complex by public tender and to enter into fresh negotiations on the selling price with the tenants. I have also requested the Housing Development Board to ensure that, in future, the implementation of any decisions of this nature, is made subject to my prior concurrence.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, will he give this House the commitment that he will not allow the sale of this particular shopping centre by public tender until and unless he has thoroughly investigated and resolved this entire matter?

The MINISTER: Mr Chairman, in the circumstances I must make sure that I use the right

HOUSE OF DELEGATES

language. It would be a very poor reflection on every hon member of this House if there were a repetition of the occurrence of a shopping complex or other property's being put on auction without the concurrence of the responsible Minister, particularly if one takes into account the mood of the country at the moment.

**Mr D K PADJACHEY:** Mr Chairman, further arising out of the hon the Minister's reply, will he tell us that all property that has been leased by tenants will be sold not at market-related prices, but at cost or less than cost price?

**The MINISTER:** Mr Chairman, this is a subject which is very topical at the moment. Notwithstanding my departmental involvement in this issue, together with that of the board, which in principle is the custodian of all our assets, I have taken a further decision, namely that in the light of their seriousness, these matters will receive my personal attention. Negotiations will be set in motion, and whatever settlement we come to in the process of negotiation must be to the satisfaction of all the parties concerned.

*For written reply:*  
**Own Affairs:**

**Private schools: subsidies**  
58. Mr M RAJAB asked the Minister of Education and Culture:

Whether any subsidies were paid to private schools in the 1991-92 and 1992-93 financial years; if not, why not; if so, (a) to which schools, and (b) what amount was paid to each such school, in each of these financial years?

**The MINISTER OF EDUCATION AND CULTURE:**

Yes

| 91-92 Financial Year         | Amount          |
|------------------------------|-----------------|
| (a) Lockhart Islamia College | (b) R404 715,00 |
| 92-93 Financial Year         | Amount          |
| (a) Lockhart Islamia College | (b) R560 224,80 |
| Roshnee Islamic School       | R204 805,80     |

HOUSE OF DELEGATES

**State-aided schools: grants-in-aid**  
59. Mr M RAJAB asked the Minister of Education and Culture:

Whether any grants-in-aid were paid to State-aided schools in the 1991-92 and 1992-93 financial years; if not, why not; if so, (a) to which schools, and (b) what amount was paid to each such school, in each of these financial years?

**The MINISTER OF EDUCATION AND CULTURE:**

| (a)           | (b)     |
|---------------|---------|
| AI Kaije      | 1991-92 |
| Anjuman Islam | 13 151  |
| Ashville      | 19 091  |
| Doonkloof     | 26 504  |
| Emona         | 40 810  |
| Harding       | 5 850   |
| Ilovo         | 5 850   |
| Ilovo         | 6 287   |
| Ilovo         | 7 358   |
| Ilovo         | 3 662   |
| Ilovo         | 5 044   |
| Ilovo         | 5 043   |
| Ilovo         | 11 414  |
| Ilovo         | 345 688 |
| Ilovo         | 6 901   |
| Ilovo         | 6 185   |
| Ilovo         | 5 214   |
| Ilovo         | 6 100   |
| Ilovo         | 4 968   |
| Ilovo         | 4 443   |
| Ilovo         | 4 484   |
| Ilovo         | 9 840   |
| Ilovo         | 8 032   |
| Ilovo         | 8 614   |
| Ilovo         | 5 034   |
| Ilovo         | 5 036   |
| Ilovo         | 8 754   |
| Ilovo         | 2 207   |
| Ilovo         | 8 370   |
| Ilovo         | 12 344  |
| Ilovo         | 7 473   |
| Ilovo         | 11 535  |
| Ilovo         | 21 815  |
| Ilovo         | 15 749  |
| Ilovo         | 8 451   |
| Ilovo         | 9 036   |
| Ilovo         | 15 562  |
| Ilovo         | 14 138  |
| Ilovo         | 52 907  |
| Ilovo         | 21 526  |
| Ilovo         | 12 085  |
| Ilovo         | 99 536  |
| Ilovo         | 12 595  |
| Ilovo         | 30 000  |
| Ilovo         | 7 037   |
| Ilovo         | 25 459  |
| Ilovo         | 14 827  |
| Ilovo         | 162 587 |
| Ilovo         | 38 754  |
| TOTAL         | 483 189 |
|               | 776 008 |

**HOUSE OF ASSEMBLY**

**QUESTIONS**  
Indicates translated version.

*For written reply:*  
**General Affairs:**

**Failure to report for national service/camps:**  
169. Lt-Gen R H D ROGERS asked the Minister of Defence:

Whether all persons who were required to report for (a) national service and (b) camps in 1992 but failed to do so, have been prosecuted; if not, (i) why were not all of them prosecuted and (ii) what percentages of such persons had been prosecuted as at the latest specified date for which information is available?

**The MINISTER OF DEFENCE:**

(a) and (b) (i) The amendment to the Defence Act (1992) has made provision for persons with conscientious objection against military service. This has had the result that prosecution of national servicemen who failed or refused to report for military service was suspended to give them the opportunity to apply for classification as conscientious objectors under the new dispensation.

(a) (ii) Of the January 1992 intake 15% before prosecutions were suspended on 31 August 1992. Persons who were not prosecuted were called up again for the January 1993 intake. Prosecution for failure or refusal to report for the January 1993 intake, is still in process.

(b) (ii) 20,3% as on 31 August 1992. Persons who were not prosecuted have been rescheduled for later service periods, (camps).

**Medicines: theft from State hospitals/clinics**

34. Mr M J ELLIS asked the Minister for National Health and Welfare:

(1) Whether any instances of theft of medicines from State hospitals and clinics occurred during the course of 1992; if so, (a) from which hospitals and clinics and (b) what is the value of the medicines stolen;

(2) whether her Department is investigating these thefts; if not, why not; if so, with what result;

(3) whether she will make a statement on the matter? B784E

**The MINISTER FOR NATIONAL HEALTH AND WELFARE:**

(1) Yes,  
**Provincial Administration of the Orange Free State:**

(a) Medicine Depot and (b) R25 695,65  
**Provincial Administration of Natal:**

(a) Provincial Medical Supply Centre and (b) R5 425,00  
**Provincial Administration of the Transvaal:**

(a) HF Verwoerd Hospital R10 272,89  
Lydenburg Hospital R 322,46  
Soreto CHC R 22,48  
**Provincial Administration of the Cape of Good Hope:**

(a) Dora Nginza Hospital R13 508,36  
Groote Schuur Hospital R 6 011,00  
**Administration: House of Assembly:**

(a) Peigned Pharmacy and (b) R11 576,00;  
(2) no, all the cases have been referred to the South African Police for investigation;

(3) no.  
Information as received from the provincial administrations.

**Provincial hospitals: cost/income per patient**  
356. Mr M J ELLIS asked the Minister for National Health and Welfare:

(a) What is the (i) cost and (ii) income per patient per day for each hospital falling under the control of each of the provinces and (b) in respect of what date is this information furnished? B821E

HOUSE OF ASSEMBLY

# Edgars budgets for an upswing

B/Day 16/6/93

MARCIA KLEIN

EDGARS Group had substantially increased its capital budgets for the current year to R140m (R85m) in anticipation of an upswing in retail activity in 1994, CE George Beeton said in the group's annual review.

The group, which reported an 18% earnings rise to R185,8m in the year to end-March and budgeted for a satisfactory growth in the current financial year, had constrained its capex over the past two years.

Expansion in the current year — including new stores and relocating, enlarging and refurbishing stores — would be funded from cash generated and gearing capacity. (30)

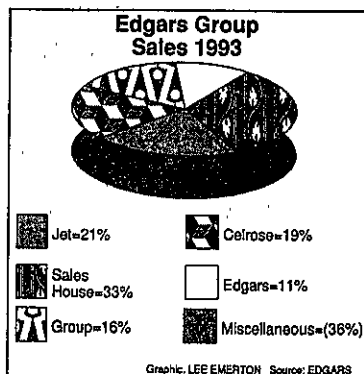
Beeton said the group, whose major chains include Edgars, Sales House and Jet Stores, had entered the new year "with current appealing merchandise, a lower risk debtors' book, reduced borrowings and a tightly controlled overhead base".

Growth would be restrained by the new year having 52 weeks against 53 in financial 1993. The VAT rate, violence and political and social adjustment clouded forecasting.

Based on recent achievements, further market share would be gained. Edgars had budgeted for modest sales growth, but would show a satisfactory increase in earnings, boosted by a lower effective tax rate.

Beeton said the group's sales share of the Retailer Liaison Committee's clothing, footwear and accessories sample grew to 36% from 30,7% during the year.

All three retail businesses record-



ed good results from focused merchandise and marketing programmes, and enhanced use of information technology. The in-house manufacturing enterprises collectively reported a loss for the period.

The Edgars market share dropped to 24,7% (25,1%), while Sales House increased its share to 7,2% from 6,1%, and Jet to 4,2% from 3,9%. There was scope for improved market share in ladies fashionwear, ladies intimate wear, home textiles and footwear.

Cash flow from operations improved to R340m. Gearing fell to a record 28%, collections were improved, and stockturn increased to 3,6 (3,4) times.

Beeton said the risk inherent in short-term debt was of concern. The repayment profile of the group's borrowings had been extended by negotiating a five-year R150m loan from holding company SA Breweries at a rate of 14,25%.

This loan would reduce long-term interest rate risk and earnings volatility.

## Small businesses being squeezed

SMALLER businesses with cash flow constraints may battle to survive as recessionary pressures and big business continue squeezing their profit margins.

Credit Guarantee economist Luke Doig says recession-wary financiers and a "rape" mentality among certain large companies contribute to the failure of some smaller firms.

He says the morality of business has changed with the enduring recession and uncertain political future.

"Lack of security has forced many to operate on a short-term horizon and strength is the key to sur-

vival. Ethics are on the back-burner and a rape mentality exists."

"In such circumstances, the smaller enterprise can rarely compete, let alone prosper." (20)

Despite having lower overheads, he says fewer smaller businesses have the ability to adapt to changes by addressing niche opportunities. In effect, they are more susceptible to any squeeze in profit margins.

The squeeze often arises when the muscle of big business is brought to bear on the weaker enterprises, through delaying payment

or disputing terms of the contract — thereby affecting or exacerbating cash flow problems.

"In an effort to carry on operating and to maintain staff, larger concerns have been tendering at cost in order to merely procure business. Being more finely balanced, smaller firms cannot always survive under such a strategy."

Doig says that when seeking relief, affected smaller firms tend to turn to financiers for help, but they have become less willing to commit further funds.

# e Change

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## Cut back in retail space

Star 1716/193  
Property Editor

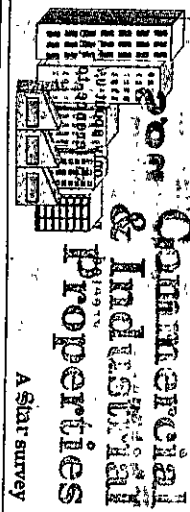
The construction of new retail space has, like office space, tailed off considerably, falling to an anticipated 171 000 sqm this year from 257 000 sqm in 1992.

And more than 110 000 sqm of this is in just two new projects — The Pavilion in Westville (75 000) and Somerset Mall in Somerset West (36 000), both due for completion later this year.

The latest figures from Ampros Research also show that there are now four more shopping centres larger than 20 000 sqm than there were last year, including Sanlam's recently opened Fourways Mall.

Retail space in these large centres now totals 2,4 million square metres, up 186 000 sqm on last year's total.





Certain areas of SA are emerging as centres of property development despite lower levels of activity generally. These are the focus of this commercial & industrial property feature, written by SUSAN RAINWELL

# BURGEONING NEW CITY situated at the heart of one of Africa's potentially largest business centres

# Midrand gets R1-bn buildup

Star 17/6/93

NEW commercial development plans passed, funded, and either under construction or just beginning, amount to some R1 billion over the next three years, says Midrand Properties' Rob Emmett.

The high level of infrastructure is justified, believe Midrand Town Council and planners in the area, by an all race population of about 750 000 people who live in or close to Midrand, as well as a larger commuter popula-

tion from both Johannesburg and Pretoria. That figure includes residents of Tembisa, many of whom work in Midrand, and some 28 000 Midrand taxpayers. New developments include the Midrand Civic Centre, plans for which have just been approved by Midrand City Council.

The Civic Centre will be adjacent to the ambitious new Meridian Midrand Shopping Centre to be built at a cost of about R500 million by a consortium of investors put together

by Meridian. A number of anchor retail tenants are already lined up for the new centre, which is said, will be of a similar quality to Fourways Mall. Three other major new developments are on the drawing board bordering the Civic Centre and the new shopping mall. It is earmarked for major branches for the country's banks, such as FNB, Standard, and possibly ABSA, but deals are not yet firm. Norwich Union has expressed keen interest in funding a major portion of CBD development.

An estimation of costs for the first phase of Midrand Civic Centre, to comprise close to 10 000 m<sup>2</sup> of offices, Council Chambers and Mayor's office, as well as a clinic and lecture theatre, is R40 million. Parking will be provided for 350 cars. The Centre will occupy the civic square as a focal point of the town centre, on the main boulevard of Midrand, which is to be renamed Grand Central Boulevard.

## Looking for quality Industrial Land... at competitive prices?

- \* Easy access to all major arterial routes
- \* High growth areas zoned for

**RAPID CHANGES:** Major commercial developments, amounting to R1 billion over the next three years, are in the pipeline for Midrand, which is well situated between Johannesburg and Pretoria.

Two further phases of development are planned for facilities such as a town hall, an art gallery and a library. In terms of a planning report accepted by the council in 1990, it is expected the western side of the civic square will be used for retail development as well as entertainment facilities.

A total budget of some R33 million for the upgrading of roads in and around Midrand has been allocated, with two thirds of this sum from Pretoria Regional Services Council and the rest from Midrand Town Council.

The upgrading programme will support the increase in development and of traffic. The R101 route, adjacent to the M1, will be completed up to Church Street within this financial year.

A new interchange is to be constructed prior to the year-end to the north of the Alliance/Kyalami exit, which currently serves Midrand CBD, and before the Ollantsoekse interchange. This should more

than adequately address the current congestion problems faced in access to this burgeoning new city.

An urban sculpture forming the centrepiece of the Boulevard in the town gardens, a come-shaded area, is currently under construction and the cost of this is several million rand.

According to Emmett, "commercial development proceeding so rapidly in Midrand that rounded planning for support-ive residential accommodation and schools got left behind". This is now being addressed with building well under way of Midrand High School, and plans to move the site of Midrand Primary School out of its now commercial CBD situation and adjacent to the High School.

This should stimulate knock-off residential demand arising from the growing business community of Midrand, particularly, believes Emmett, for townhouse and cluster home developments. New plans for 1000 housing units have just been passed by the council.

UNISA is at an advanced stage of construction of a post-graduate university supported by residences to accommodate up to 500 students on a site to the north of The Bouleiders shopping centre in the Midrand CBD. The recently completed R70 million revamp of Grand

Central Airport, which gives the airport international status, adds further to the viability of Midrand as a city which can stand alone as an important centre. According to Emmett, "huge corporate relocation is expected".

A further development drawing intense speculation is an office block/conference facility and hotel complex on the eastern side of the CBD being developed by Venter Oudendal. Informal estimates of the undisclosed cost of this development put it at about R220 million.

Speculation that the site could be earmarked for a new centre of government, or perhaps for a new ANC headquarters to replace the organisation's current accommodation in Shell House, Johannesburg, are being publicly denied by the developer.

Emmett says: "Everything is in place to permit Midrand to take its place as possibly the new diplomatic centre for Africa."

Politico-economic analyst Clem Suter has expressed his belief that Johannesburg CBD will be the business centre for Africa. The certainty would seem to be that institutions like Sankam are not wrong to be making major investments to accommodate a growing population and long-term international interest in the PWV area.

# Breathing life back into Johannesburg's CBD

Star 17/6/93

**BACK TO THE CITY:** Johannesburg must be allowed to flourish as a city again, says architectural firm Taljaard Carter. It believes Simmonds Street is one area of the CBD that has potential to develop into a people-friendly zone.

CENTRAL streets in Johannesburg, like many abroad, could be given a character of their own, believes Taljaard Carter architect Bill Carter.

Taljaard Carter has advanced plans, in conjunction with Johannesburg City Council's Plan-

ning Department and, private owner-developers, for Simmonds Street, sometimes negatively referred to as a "traffic sewer".

As one of the city's major through routes for traffic, Simmonds Street is a heavy traffic route. Yet it passes through more potential "green spots" than many other city roads, points out Carter.

It crosses the Civic Spine at the gardens of the Johannesburg Public Library, past Bank City, which when completed, will have pedestrian pavement areas.

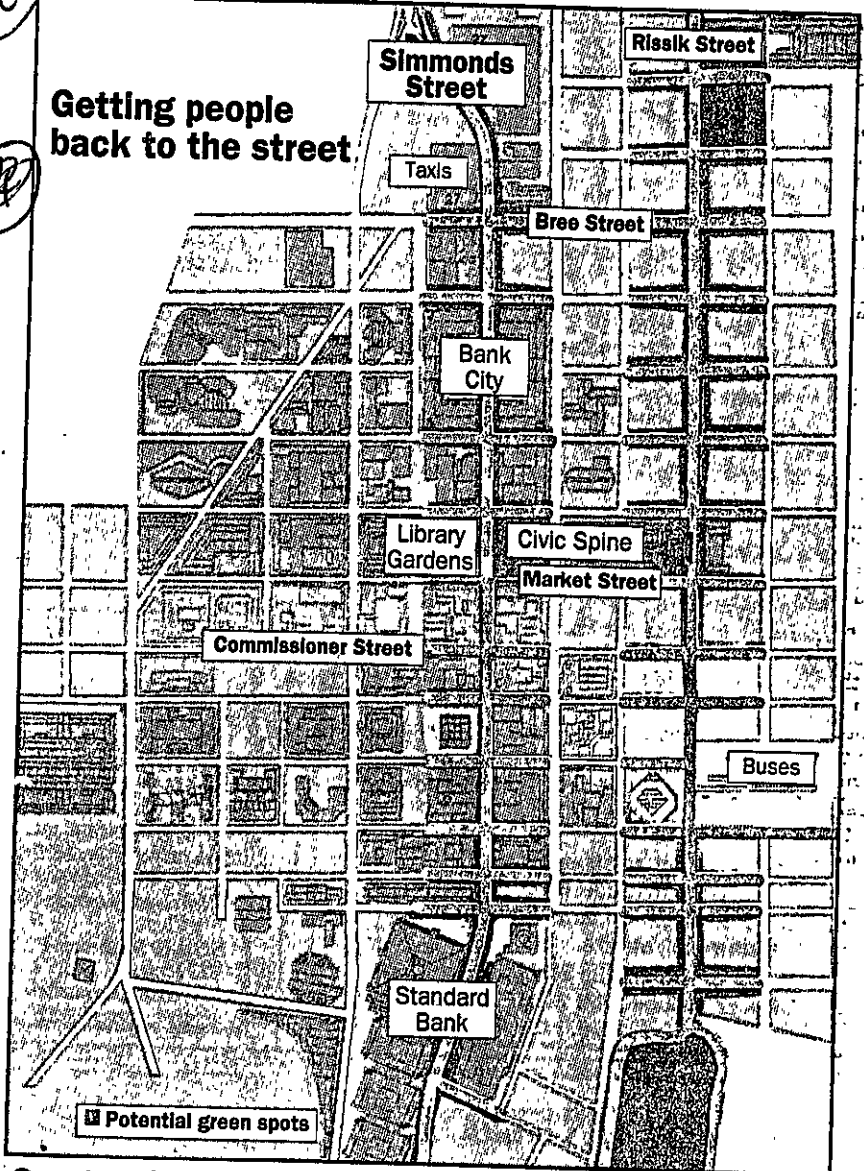
On completion of current developments, the number of people working in Simmonds Street should number about 40 000 people, says Carter. That volume can support thriving pavement business in the form of hairdressers, convenience shopping, restaurants, dry-cleaners, and since, with Nedbank, three major banks are represented in the street, Simmonds Street can do much to "draw executives back on to the city streets" Carter points out.

The street has the further advantage of two main parkades, at Bree Street and at Market Street, as well as quick access to bus and taxi ranks centred at Main Street.

Setting buildings further back from the street by as little as two metres can make a big difference to pedestrians, says Carter.

Naturally, there is a

Getting people back to the street.



Greening of Johannesburg ... the drawing above outlines Taljaard Carter's plans for the development of Simmonds Street into a 'green spot'.

cost to the developer in loss of building space; however, he believes it can be more than recovered in higher rentals achievable from ground floor tenants, thanks to the higher quality of shop facade and better custom.

"Executives have left Johannesburg city streets and that means the city's leaders are not looking at what's become of them."

Architects are calling for a new attitude to

building in South Africa's CBDs — one that takes an all-race population of 40 million people into account and regards them as a viable customer market, instead of the great divide that focused on a minority white population.

There is a practical commercial gain for Johannesburg's property investors in recreating a people-friendly city — the reason why many investors are members of the Central Johannes-

burg Partnership (CJP).

Stauch Vorster's Gavin Taylor puts this in a nutshell when he says that: "There is nothing to be gained by allowing inner city properties to devalue. To protect the value of property investments, the Johannesburg CBD must be allowed to flourish again as a city."

"What people forget is that societies create their cities, not the other way around. Fortress-like buildings reflect our time."

## Improved retail sales 'unlikely this year'

By Day 18/6/78  
GERALD REILLY

PRETORIA — The slump in retail sales continued in the three months to end-April with little prospect of any significant change this year, Stellenbosch University Bureau for Economic Research head Deane Stuart said yesterday.

He was commenting on Central Statistical Service (CSS) figures which showed sales, at constant 1990 prices, fell by 1,2% in the three months.

Compared with the previous three months, sales dropped 1,3%. At current prices, sales increased by 8,2% to R21,62bn over the three months.

The seasonally adjusted real retail sales for April — at constant 1990 prices — dipped by 1,7% compared with March.

(30)  
Stuart said the descending sales curve was unlikely to change direction this year because of shrinking consumer disposable incomes.

He said: even if interest rates fell another 1%, this would make only a marginal difference.

And the trauma of a general election and the uncertainty associated with the run-up to polling day would "do nothing" for consumer confidence.

"Overshadowing the entire economy, including retail sales, is the confusion and complexity of the political negotiations," Stuart said.

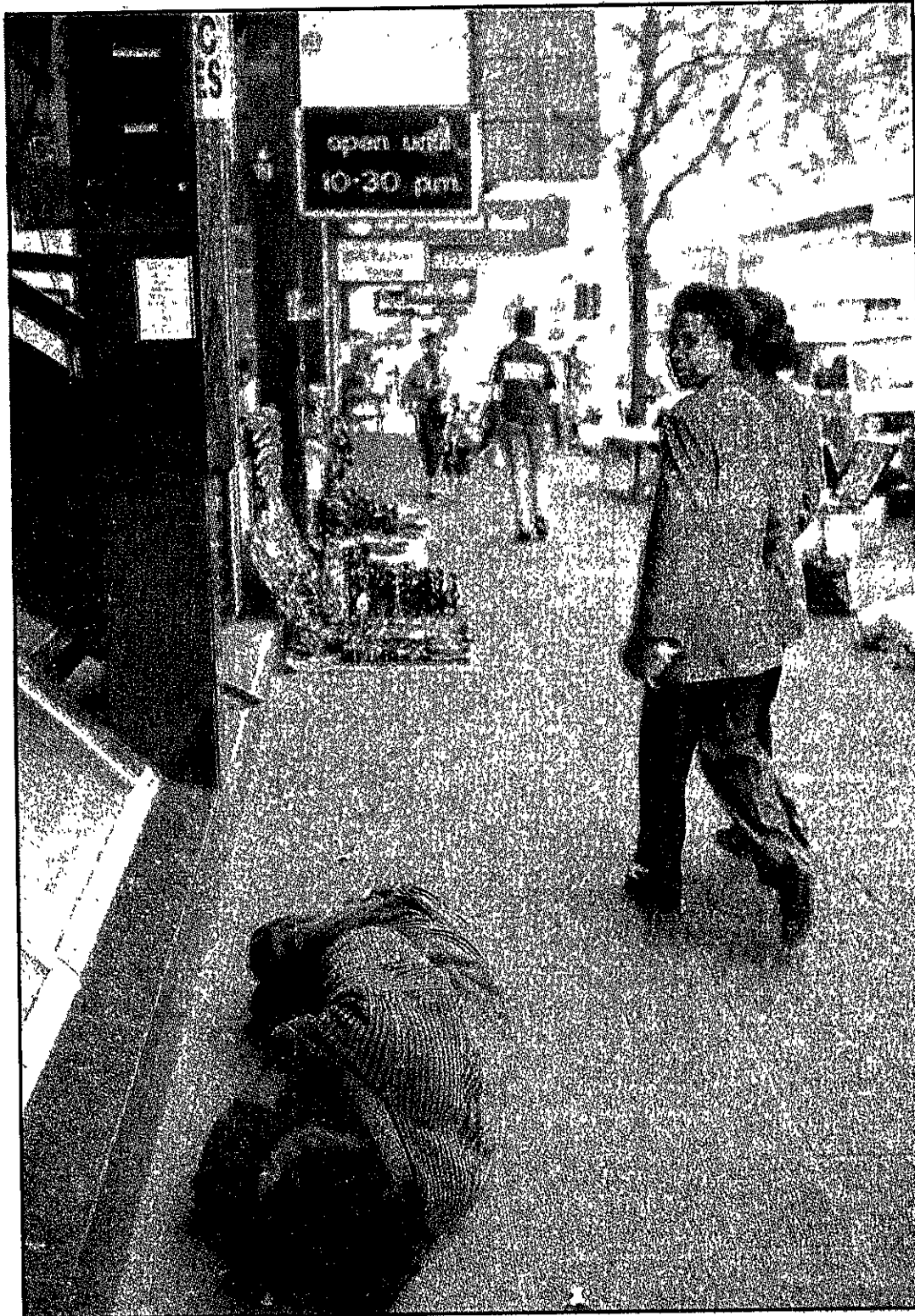
Another CSS release yesterday reported a decline in trading revenue for retail trade in the motor vehicles and accessories sector.

A drop of 2,3% was expected for May compared with April after a seasonal adjustment. However, trading revenue for the three months to end-May rose by 16,4% compared with the same period last year.

Port Alfred boycott off

PORT ALFRED. — A four-week-long consumer boycott here was conditionally suspended on Saturday.

30 CJ 28/6/93



Perchance to dream . . . on a Johannesburg pavement. Anyone wanting to shop at Hillbrow's Exclusive Books, once a haven of peace, must now run a gauntlet of hoboes and street sellers of all kinds outside. Picture; Joao Silva

## Last rites <sup>(30)</sup> for a haven of culture

By Michael Shafto

Star 18/6/93

The decision announced by holding company CNA Gallo to close down the Hillbrow branch of Exclusive Books would deeply sadden Philip Joseph.

Joseph and his son Richard, who now own the London bookshop, Books etc, was the founder of Exclusive Books.

One of the staff in those days was Joan Bagley, wife of then struggling, would-be author, Desmond Bagley.

The holding company said the demographics of Hillbrow had changed, making the store no longer viable. You could underline that — in red.

A bearded tramp dressed in a ragged jersey and torn trousers, is sleeping on the pavement outside. In the entrance, sheltering from the sharp wind, are four blanketed women, doing beadwork. They are part of an informal pavement business offering wooden curios and bulky jerseys. The pavements are choked with street sellers.

Inside the premises, Exclusive Books is a haven of peace and quiet. People browsing at the shelves are distressed to hear that this cultural landmark will soon be gone.

There is everything here — from Plato's works to the latest novels, with books on photography and gardening. The range of paperbacks, neatly stacked in alphabetical order — from Auden to Yerby — is mind-boggling, but all of it will be gone by the end of September.

Store manager Ronny Oppenheim (43) says he is very sad.

"The shop had a great tradition. It's a decision that wasn't taken lightly."

There are still two Exclusive Books branches in Sandton, four in Cape Town and one is to open soon in Durban.

Fox says management took advantage of a soft property market to obtain new and enlarged stores at reasonable rentals. Over 30% of the stores in the chain were affected by the development programme of opening new stores, closing low profit ones and enlarging and/or revamping others. This had a short-term negative effect on operating margins, but Fox says the benefits will flow through in the next few years.

Late last year the group acquired a chain of seven men's clothing stores, that now form the basis of 14 men's clothing stores trading as Patrick Daniel. Fox is optimistic it will fill a gap in the market that is not well catered for and could grow substantially.

(30)

SMART CENTRE FM 18/6/93  
**Boycott jitters**

**Activities:** Clothing retailer.  
**Control:** Pepkor 63%. (30)  
**Chairman:** C H Wiese; MD: C W Fox.  
**Capital structure:** 34,9m ords. Market capitalisation: R131m.

**Share market:** Price: 375c. Yields: 2,4% on dividend; 7,7% on earnings; p:e ratio, 12,9; cover, 3,2. 12-month high, 500c; low, 315c.

Trading volume last quarter, 21 000 shares.

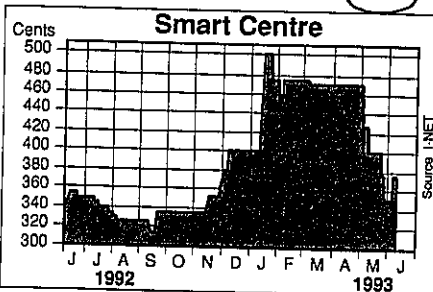
| Year to Feb 28          | *'90 | *'91  | †'92  | '93  |
|-------------------------|------|-------|-------|------|
| ST debt (Rm) .....      | 3,1  | 23,2  | 23,5  | 32,5 |
| LT debt (Rm) .....      | 2,1  | 3,1   | 4,7   | 2,9  |
| Debt:equity ratio ..... | 0,10 | 0,47  | 0,44  | 0,45 |
| Shareholders' interest  | 0,63 | 0,50  | 0,51  | 0,52 |
| Int & leasing cover ..  | 6,5  | 6,2   | 8,1   | 5,5  |
| Return on cap (%) ..    | 23,6 | 23,4  | 16,4  | 17,4 |
| Turnover (Rm) .....     | 129  | 182   | †177  | 191  |
| Pre-int profit (Rm) ... | 18,5 | 26,3  | ‡30,6 | 24,8 |
| Pre-int margin (%) ..   | 14,4 | 14,5  | 17,2  | 13,0 |
| Earnings (c) .....      | 23,2 | ‡33,1 | ‡33,0 | 29,0 |
| Dividends (c) .....     | 8,5  | 10    | 7     | 9    |
| Tangible NAV (c) ....   | 142  | 155   | 173   | 198  |

† Eight-month trading period. ‡ Annualised. \* 12 months to June.

**External factors** may dampen Smart Centre's financial 1994 performance. A fortnight ago Cosatu called for a consumer boycott of all Pepkor subsidiaries, including Smart Centre. MD Charles Fox, however, contends the group has much growth potential.

Last year attributable profit was R10,3m compared to R7,7m for the previous eight months — an 11% drop on the annualised figure. Chairman Christo Wiese considers this a satisfactory performance under prevailing clothing retailer conditions.

Turnover was R190,9m which, on an annualised basis, was 8% above that for the previous 12-month period. For the second half of the financial year, turnover grew by 12%, giving real growth of 4%. As stated in the interim report, the first half of the year saw turnover up by only 4% due to the closure of most Kappa stores. Only three Kappa stores are still operating. One of these will be closed this year and another will be incorporated into a new Smart Centre store.



He says Smart Centre will now be taking a more aggressive marketing stance in the year ahead, and management expects to see higher levels of growth with a continuing policy of tight asset management and limiting discounting.

The share stands on a p:e of 12,9 — well below the retail sector average of 21,7. Nervousness about a possible boycott has filtered through to the stock; it has lost a quarter of its value since January.

Kate Rushon

# Old faces in the new SA?

After the SABC board saga, pressure on the Small Business Development Corporation to be more open in the election of its board is likely to follow.

**REG RUMNEY reports**

**R**UMOURS have been doing the rounds that the Small Business Development Corporation (SBDC) chairman, Anton Rupert, is considering resigning due to ill health. Rembrandt founder Rupert, a symbol of Afrikaner capitalism, is in his 70s.

However, while the issue of electing a new chairman is said to have been the subject of a power struggle among board members, it is understood that Rupert has been asked to stay on a year.

A new chairman would bring the SBDC board itself into the spotlight. A glance at the 1992 SBDC report shows, judging by the names, that only nine of its 58 board members are African.

The corporation, although quite highly regarded in business and other circles for the work it has done in encouraging small business, has attracted criticism over the years, particularly from the black business community.

It has been claimed the SBDC loans too much of its capital to profitable white-controlled enterprises, that it does not co-operate enough with other small business support agencies and that its management structure is too white-centred.

These criticisms may be unfair but the problem is one of perception rather than fact. University of Cape Town economist Nicoli Nattrass says she discovered while doing research on small business that the corporation suffers from widespread mistrust. The mistrust is so widespread that the



**Anton Rupert**

World Bank learned early on to avoid meaningful involvement with it.

"To avoid alienating community organisations, non-governmental organisations and black business associations the World Bank practically sidelined the SBDC from its research and policy workshops. This bodes ill for the corporation's future."

SBDC chief executive Ben Vosloo describes the World Bank's finance arm as having its "own agenda", though this is not necessarily negative.

Without confirming or denying that Rupert is about to step down, Vosloo says the SBDC board will elect a chairman at its AGM on August 31, as it has done every year.

The board's executive committee has an action sub-committee which nominates people as chairman, says Vosloo, and it will meet around the beginning of August to consider nominees.

Vosloo adds that whether Rupert is the chairman or not depends on whether he makes himself available for the post and whether he is chosen. In other words there is a chance that for the first time since it started the SBDC will have a new chairman.

The pending appointment of a new chairman brings into the spotlight the SBDC board as a whole. Rupert has



**Ben Vosloo**

chaired the SBDC and Vosloo has been the chief executive since its inception 12 years ago.

Vosloo stresses the SBDC is a company and not a statutory body. The board represents shareholders and the state and has appointed people on it. The public sector representatives, he says, are in the minority to avoid the SBDC being dragged into the political arena. Appointees are elected by shareholders for their business knowledge of the needs of small business.

Vosloo defends the SBDC's contribution to the development of small business in South Africa, saying it is a model for other countries, where similar organisations are riddled with corruption because of state interference. He points out that other African countries have turned to the SBDC for advice on how to run a small business development organisation.

Nattrass, however, says there is a strong case for increasing the public sector representation on the board from its current inadequate level of 25 percent and making it smaller and more directly influential.

As Vosloo's comments indicate, this is likely to be resisted by the present management. But Nattrass points out that according to the 1992 annual report the private sector's accumulat-

ed investment in the SBDC amounts to about R180-million.

The state, on the other hand, supplements its investments with further injections of funds for specific programmes and these are non-interest bearing and non-repayable.

"The net value of those additional funds came to R475-million at the end of the 1991/92 financial year. This, together with a few long-term loans from the Independent Development Trust and the Development Bank, effectively increases the public sector's share in the total capital base of the corporation to about 80 percent."

While the board of the SBDC is dominated by the private sector, and Vosloo says this is necessary to avoid politicising the SBDC, by contrast Eskom has just appointed a board which reads like a Who's Who of the new South Africa.

Vosloo defends the SBDC's appointment process, and its reporting, as being as open as it possibly can be.

Although it might suffer from a perception problem, the SBDC is acknowledged to have done some important work in small business creation. For instance, African National Congress economist Tito Mboweni agrees the SBDC should be seen to be more accountable but reckons its positive role should be acknowledged.

He feels, however, the SBDC could do more to encourage medium-sized business, particularly black medium-sized business and says black businessmen he has spoken to have referred to hitting a kind of "glass ceiling" in getting loans for their businesses.

Attention is also likely to be focused on the Development Bank, which holds its annual general meeting at the end of this month. Strong speculation is that at the AGM Owen Horwood is about to vacate his seat as chairman of the Council of Governors, a position he held for the 10 years of the bank's existence.

## HILTON VILLAGE

### All het up

The normally tranquil Natal village of Hilton near Maritzburg, better known for its college than its commerce, is working itself into a tizz over plans for a shopping mall and office development.

The residents' association has slammed what it claims are attempts to sneak the scheme through the back door. It maintains the scheme is being promoted on the basis that it will improve local shopping facilities.

On the contrary, the association argues, there is a danger that the unique fabric of the village will be destroyed in the name of rapacious commercial interests.

The association holds that if the project proceeds it will hit both traders and customers.

However, the thrust of its campaign was severely dented last week when a vote taken at a public protest meeting it had organised showed substantial support for the development.

The heart of the matter, as Hilton Town Board chairman Jon Price explains, is that

FM 18/6/93  
additional shopping facilities for Hilton are badly needed. This was identified in a recent structure plan for the village which apparently still needs NPA approval. However, it's the location of this additional shopping that's presenting the problem.

Town planners estimate that 1,1 m<sup>2</sup> of shop space per resident is needed in Hilton but the greater Hilton area has 6 000 people served by about 2 000 m<sup>2</sup> of shopping space. The proposed development, says Price, would bring Hilton roughly into line with the guideline ratio in the structure plan.

Opponents of the plan, principally the ratepayers' association, say the developer, Collins Construction, last year obtained approval from the town board for a relatively limited scheme.

However, before construction began an application for a substantial expansion of the project was lodged and then withdrawn after public disapproval was expressed in a petition.

#### New applications

Subsequently, however, a third application for an even bigger expansion of the originally approved scheme was lodged.

The association claims that this is in direct contradiction of the mandate on which the board was elected, namely it promises to protect the the village environment.

Price, however, maintains that the aesthetic and environmental value of Hilton are of paramount concern to the board. "The basis on which it was elected was its opposition to the widening and straightening of the main NPA road through Hilton to accommodate a proposed 12 000 m<sup>2</sup> shopping centre in the shopping node. There is a need for additional shopping facilities in Hilton. The question is where?"

"The Collins proposal appears to be in a much better position. It is bounded by private open space, the Hilton open quarry, and land zoned as light industrial so it doesn't impinge aesthetically, disturb too many residents and no costs for infrastructural upgrading will accrue to ratepayers," he says.

The deadline for objections was last week and the matter will be debated by the town board at its meeting this week. ■



OK BAZAARS

FM 18/6/93 (30)

# Can management fulfil promises?

**Activities:** Retail food, clothing and household goods through OK and Hyperama outlets.

**Control:** SA Breweries 69%.

**Chairman:** J M Kahn; **MD:** H M Serebro.

**Capital structure:** 12,4m ords. Market capitalisation: R65,7m.

**Share market:** Price: 530c. 12-month high, 800c; low, 460c. Trading volume last quarter, 454 242 shares.

| Year to March 31             | '90   | '91   | '92   | '93     |
|------------------------------|-------|-------|-------|---------|
| ST debt (Rm) .....           | 194   | 221   | 673   | 468     |
| LT debt (Rm) .....           | 46    | 39    | 47    | 235     |
| Debt:equity ratio .....      | 0,65  | 0,73  | 2,04  | 2,69    |
| Shareholders' interest ..... | 0,29  | 0,17  | 0,19  | 0,15    |
| Int & leasing cover ..       | 1,9   | 1,5   | 0,97  | 0,43    |
| Return on cap (%) ..         | 5,5   | 2,9   | 5,6   | 2,8     |
| Turnover (Rbn) .....         | 4,2   | 4,8   | 5,0   | 5,3     |
| Pre-int profit (Rm) ...      | 68,4  | 57,9  | 103,8 | 49,9    |
| Pre-int margin (%) ..        | 1,6   | 1,2   | 2,0   | 0,9     |
| Earnings (c) .....           | 163   | 120   | 75,3  | (361,4) |
| Dividends (c) .....          | 86    | 63    | 37,0  | 10,0    |
| Tangible NAV (c) ....        | 2 770 | 2 764 | 2 797 | 2 082   |

**It's wake-up time** at the OK, says MD Mervyn Serebro. Not a moment too soon — the tottering retail chain store has been giving its shareholders nightmares over the past four years as it slipped steadily closer towards making huge losses.

And the OK's launch last month of its new campaign to put vigour and life into the ailing bones of its OK Stores is punctuated by the claim that the group is changing because it hears the message being given loudly by its customers. On that basis, it's difficult to escape the conclusion that past managements must have suffered a heightened level of deafness.

The stock market is still not showing much enthusiasm for the share. Hardly surprising, since most stocks in the sector trade well above NAV; OK's price is a quarter of its NAV. And after the razzmatazz and hype associated with the relaunch, the fact remains that management will find it difficult to live up to promises made.

Operating profit declined 52% to R49,9m on turnover growth of 5%. The major factor behind the decline was the aggressive stance taken in marking down slow moving product lines; management believes that will give OK stores a positive base from which to work. Though an increase in shrinkage was a con-



OK's Serebro ... stocks are falling

tributing factor, estimated to be about 1% and ascribed to the stock reduction programme and the general trading climate, management believes it to be a short-term problem.

But the most striking feature of the annual results is the huge R123,8m interest paid — two and a half times larger than operating income. The implications for gearing are obvious. OK's banking function is partly to blame for the unacceptably high gearing of 269% (204%).

The HP book, mostly financed through short-term debt, and around R500m, was aggravated by the decision to change from its equity accounting treatment of associate finance company Okfin Ltd to full consolidation. Even so, a large proportion of income is being absorbed to service debt.

Serebro says the key to lower gearing is a reduction in stocks, and he appears to be having success in this direction. Stock turns at cost equated to 6,3 times (5,9) and reflect a decrease in stock levels of 13,1% or R102,6m over the previous year. Serebro says this is particularly pleasing, as it signals a turning point in its ability to control asset growth. He adds that this should continue, aided by upgraded information systems giving the group a competitive edge.

Borrowings are gradually being brought under control, as shown by the R16,9m decrease. "Though we hoped to see gearing down, it is difficult to achieve this when retained earnings take a R84m knock," says financial director Geoff Kearney. SA Breweries' loan to the group of R200m, part of its R1bn bond issue for seven years, is behind the shift from short-term to long-term borrowings.

A tax credit of R27,8m stemmed the after-tax loss to R46,1m. Extraordinary

losses amounted to R40m, reflecting the ongoing store closure programme at a cost of R16,4m, the discontinuance of certain merchandise lines (R8,8m) and the closure of peripheral business activities and management retrenchments (R14,8m).

Kearney says the focus of capex will change significantly. Of the R35m in the 1994 financial year (R40m in financial 1993), most will be channelled towards upgrading information systems, though some will be used for refurbishment as well as the opening of a new Hyperama in Durban later this year.

Though divisional performances are not disclosed, the loss by OK stores is believed to be R50m. Serebro says the Hyperamas, which target the A and B groups performed consistently well. The food contribution of 60,3% of group sales was higher than the 59% achieved in 1992. He adds that this led to increased purchases of low-margin staples and basic commodities in all merchandise groups.

Those hardy investors still exposed to the share can do little but sit out this honeymoon period anxiously.

Marylou Greig

ANAMINT FM 18/6/93

## Following De Beers

**Activities:** Holds 25,8% of De Beers Consolidated, 23,4% of De Beers Centenary and investments in unlisted components of the Central Selling Organisation.

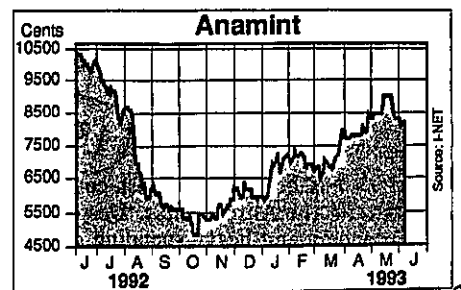
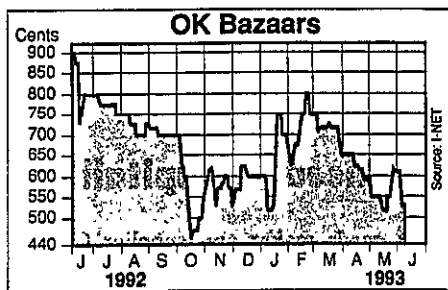
**Control:** Anglo American 52,2%.

**Chairman:** J Ogilvie Thompson.

**Capital structure:** 100m ords. Market capitalisation: R8,2bn.

**Share market:** Price: R82. Yields: 3,8% on dividend; 8,1% on earnings; p:e ratio, 12,3; cover, 2,1. 12-month high, R103,50; low, R49. Trading volume last quarter, 1,5m shares.

| Year to March 31      | '90   | '91   | '92   | '93   |
|-----------------------|-------|-------|-------|-------|
| Net profit (Rm):      |       |       |       |       |
| Attributable .....    | 377   | 381   | 383   | 312   |
| Equity-accounted ...  | 1 129 | 999   | 857   | 667   |
| Earnings (c) .....    | 1 129 | 999   | 857   | 667   |
| Dividends (c) .....   | 377   | 380   | 382   | 312   |
| Tangible NAV (c) .... | 9 216 | 7 578 | 8 888 | 7 648 |



# Score Start 9/16/98 stores

## do well

Business Staff

Hi-Score and Score-Clicks, in which the Premier group holds over 90 percent, have reported good results in the year to end-April, reflecting the performances of their two operating subsidiaries, Metro and Clicks Stores.

During the financial year Metro's earnings almost doubled while Clicks' profits were up by about 12 percent.

In terms of proposals by Premier, Hi-Score and Score-Clicks were to become wholly owned subsidiaries. However, these proposals were not implemented and the groups give no indication if other arrangements have been made.

Hi-Score's earnings per share rose from 37c to 53.4c and the dividend was up from 16c to 18c.

Score-Clicks' earnings improved sharply from 20.4c to 29.7c. The total dividend was 11c (9.5c).

# Shoplifters caught in 'sting' operation

ARG 19/6/93 (30) (2)  
NORMAN JOSEPH, Weekend Argus Reporter

AT least 1 000 shoplifting arrests have been made every month since Shoprite/Checkers introduced its "Sting Operation" in the Western Cape at the beginning of the year.

The operation involves video cameras controlled from an office which films thefts on the shop floor.

A spokeswoman for the company said from Johannesburg that the operation was started "due to heavy losses". The company has 25 branches in the Western Cape.

The spokeswoman said shoplifting had emerged as a major problem in the supermarket industry recently.

Last week, 13 people appeared in the Bellville Magistrate's Court in connection with shoplifting from Shoprite stores.

Six former employees of Shoprite/Checkers were convicted of theft in the Bellville Magistrate's Court this week. They were collectively sentenced to a fine of more than R6 000 or faced a total of six years in jail.

State prosecutor Mr Dudley Williams said the accused had no option but to plead guilty because of the video camera material of the sting operation which was played as evidence in court.

Among those sentenced this week in Bellville were:

- Lionel Armonville, 22, of Ravensmead and Donovan Liebenberg, 21, of Elsies River, who hid groceries worth more than R3 000 in a trolley;
- Anthony Julies, 23, of Durbanville, who stole Tupperware containers and washing powders;
- William Nero, 20, of Durbanville, who was filmed taking cleansing chemicals and groceries;
- William Kammies, 32, of Macassar, who stole an electric fan worth R164; ■ Constant Johnson, 26, of Paarl, who took groceries worth R188.



**UNDAUNTED . . .** Ordered to stop serving blacks and give whites better treatment Leon Barnard, here with wife Ade, told racists to take their business elsewhere. **PHOTO BY ELIAS MALULEKE**

# BOERE TWIST

By ELIAS MALULEKE

**HARDLINE** whites in Donkerhoek in Pretoria are boycotting the businesses of a white man who has married a coloured woman and turned into an organiser of the ANC in CP/AWB territory.

The businessman has also been disowned by members of his own family. Because of this he has sent two of his children to study in Australia.

Former staunch NP supporter Leon Barnard, 40, a father of six, is now refusing to budge and said his former compatriots should change their racist attitudes and start regarding blacks as human beings.

While his fellow whites are selling koksusters and potjiekos to raise funds for the volk at regular weekend fetes in Donkerhoek, the bearded Barnard is handing out ANC membership application forms.

So far, in just less than two months, Barnard has issued more than 200 ANC membership cards to farm workers and 10 to white Afrikaners in this racially divided hot spot where whites still rule supreme - and calling blacks "kaffertjies" is a way of life.

However, Barnard is not only interested in recruiting for the ANC. His shopping centre has also been turned into an advice centre for workers.

Farm workers in the area who are paid meagre wages told City Press how

*City Press 20/6/93*  
Leon's wife gets him into trouble with the familie

Barnard was assisting them with job-related problems, giving them interest-free loans to pay for bail or fines - and credit on groceries until they were in a position to repay him.

"Most of the people are picked up by commandos and the police on flimsy charges of being drunk in the street and for selling liquor illegally," Barnard said.

The 40-year-old has been labelled a "kaffer-boetie". Now his businesses are being boycotted because he has "stepped out of line" by marrying a coloured woman co-operating with blacks and the ANC.

But he is ignoring threats to run him out of the platteland.

"Their boycott will not affect my business because I have the support of the black majority on my side. Blacks made me what I am today and without them I would still be selling shoelaces," Barnard said.

In November last year he stood up for farm workers who are virtually regarded as slaves without recourse to the law.

He said he objected to the setting of curfew

hours, alleged assaults on farm workers by farmers and the commandos, and the arrest of workers on flimsy charges.

"I went to the police, the SADF and wrote letters to authorities to look into the plight of the workers in the area - and nothing was done.

"The farmers, members of the commandos and the police were intimidating and harassing blacks in the area without taking into cognisance their human rights.

"Things may have changed in some parts of SA, but not here. Things are still the same as in the '40s, if not worse.

"At one stage I was ordered to stop serving blacks and to treat whites as better people. I told the racists they could take their business elsewhere, because here blacks are going to continue getting the respect they deserve.

"Human rights are for all people and not for a select few. I find that the universal franchise of human rights is entrenched in the ANC Freedom Charter, an organisation I joined in January this year and which I believe is going to win the demo-

cratic elections," Barnard said.

Whereas other farmers and businessmen in the area dress in khaki garb and velskoene, Barnard steps out like a township slicker in his expensive Florsheim shoes, Keith Geigers, pantsula slacks, BVDs and baseball jackets.

"I learned how to dress properly in Eersterus where I moved in with a girlfriend after being thrown out of our home by my family for loving a so-called coloured.

"My family disowned me and up to this day most are still not talking to me," he said.

In the past Barnard was a staunch supporter of and voted NP in all elections. Changes came when he spent four years in Eersterus, a coloured township near Mamelodi.

"I saw the suffering of the people there and shared their suffering as I had nowhere else to stay as long as I was still in love with a coloured. We shared a tiny flat with our children and ran a small business to make ends meet.

"In this era, being a privileged white, my family did not even approve of me sitting in the front seat with a black woman. But because of my wife, a coloured, we built our business from nothing and today it is worth R2-million."



**"INCREASING BLACK BUSINESS THROUGH GROWTH  
SOUTACOC 23rd ANNIVERSARY - SURVEY**

# Black bonding

# is vital for the

C1 Press 2016/192

# new SA boom

*Creativity in spite*

*of apartheid hostility*

*will give us the edge*

Supplement compiled and edited by ZB Molele

SOUTACOC president Joe Hlongwane swears by every word of this year's conference theme.

In fact he sees the theme - "To increase the stake of black business through a programme of growth" - as a signal to his region.

He says the Southern Transvaal Chamber of Commerce (Soutacoc) must attend in order to become a major player in the affairs of in its mother body, the National African Federated Chamber of Commerce (Natcoc).

He said: "We must create strong forums at branch level in our region so that we can identify problems that plague black business. We believe in going to our members and discussing their problems."

Soutacoc's branches move out of a "dependency syndrome" from mother body Natcoc.

And what Hlongwane means is that Soutacoc must help its branches achieve their objectives. He believes business skills programmes are an excellent starting point.

"For instance," Hlongwane says, "we could ask Woolworths to help teach our butchers the art of meat cutting. Already one well-known accounting firm will be setting up training schemes to help our members in this critical business area."

Hlongwane is not afraid to point out that black business has for decades been working with an indifferent government which never attempted to give blacks in business a break.

Hlongwane says a black business boom is beckoning in the post-apartheid SA.

That is where Soutacoc could work as a catalyst, as facilitators, for the funding of black small businesses in the townships. This is where, for in-

stance, we believe organisations like the Small Business Development Corporation will have to take a cue from us in that post-apartheid South Africa."

But something which troubles Hlongwane is the old bogey of township violence and its destabilising effect on black business. He argues that the solution lies in township justice and the major political movements coming together to hammer out common strategies.

"We must address the question of political conflict. (Black) business people must be neutral, tolerant and guard against imposing their views on others," Hlongwane points out.

He cites the proposed Mandela-buthezi peace meeting as the way to go. He also urged his region to adhere to the Peace Committee's programme of peace.



**SMART ATTACK . . . Soutacoc's Joe Hlongwane is urging black businessmen to get smart fast in preparation for the coming post-apartheid boom.**

# Nafcoc rebuilds to meet the challenge of the day

CIPress 2016/93

IN spite of the violence and the acrimonious debates that this country has experienced, some of us are persuaded that from here we can only move closer to one another.

To me it looks as if SA has seen its darkest hours and from this point onwards the light at the end of the tunnel can only grow brighter and brighter.

## Colleagues

I and all my colleagues in Nafcoc are confident that the Multiparty Negotiating Forum will be able to move swiftly in the direction of a dispensation that will restore confidence in the integrity of this great country as well as its economic future.

And it is on that plain that the business community must find one another and ensure that, firstly, positive signals are sent out to the investor public and secondly, that we do not lose the ability to influence planning in the direction of policies that are guaranteed to turn this economy around.

The opportunity before us is so unique; I can only agree with Bobby Godsell when he says: "SA finds itself in a moment of rare opportunity: the past is rapidly fading; the future is not yet in place. People and organisations have a chance to redraw the lines of our social architecture in a way seldom given to societies and nations."

## Guarantee

As organised business we carry the responsibility to "redraw the lines" of our relationship in a manner that will guarantee the growth of the economy to a level where it is capable of optimally servicing the total needs of the members of our community. This will get our communities closer to the central point of the structure that directs and influences the deployment of the nation's resources. In the process we



Nafcoc president Archie Nkonyeni recently delivered a well-received speech at a Johannesburg function attended by some of the country's big business leaders. The function was a presentation of Nafcoc's current status and an announcement that the black chamber has opened its president's office in downtown Johannesburg. This is an edited version of his speech.

need to develop an irresistible thrust into the markets of the world; we need to formulate a superior strategy for attracting foreign capital and we need to develop a greater capacity for job creation in our country. The chances of achieving this are slim in that we fail to assume joint responsibility for the rebuilding of our organisational capacities to meet the challenges of the day.

Nafcoc's role in marshalling the influence of black business will be as crucial in future as it has been in the past. Its lobbying will surely be more effective in the improved political climate, and its guidance to emergent business associations is bound to be invaluable.

It will continue to lobby for a larger stake in the

economy, for the extending of contracting arrangements between large corporations and their sector, for training and investment, for the dismantling of monopolies, and the many other measures it feels will assist its members.

One of the many misconceptions that surrounds Nafcoc is the idea that it is a business federation for wealthy black businessmen. This is not so. Among Nafcoc's affiliates are taverners' organisations, a farmers' union, a transport and distributors association, a taxi association running more than 100 000 taxis and builders' associations, all of which are made up of small informal business people.

But the surest indication that Nafcoc is the

common man's chamber of commerce comes from our affiliation with the country's largest hawkers' association, the African Council of Hawkers and Informal Business.

Nafcoc, as a representative of black business, will use its credibility in the outside world to improve our country's image in the eyes of foreign investors. Nafcoc looks up to its peers in the business community in this country for assistance in making it possible for Nafcoc to develop a capable secretariat that will operate comfortably and effectively in the unfolding scenario. If this is not done black business will continue to remain on the sidelines of our economic development.

## Stability

This organisation needs to be proactive in bringing about social and economic stability not only in the townships but in rural areas as well.

Hence, the programmes for the current year which range from construction of stock dams to lobbying for the establishment of National Equity Funds for underpinning real small business development and effective employment creation.

## Assistance

We are expected to influence black SA to begin to participate significantly in developing our tourist potential because the country needs it. Nafcoc will have to be assisted to be able to initiate the necessary public awareness programmes.

Our appeal to you all is to assist us in whatever possible way to ensure that we play a decisive role in the transformation of our society away from hunger, away from crime, away from poverty, confrontation, violence and assassination, towards a peaceful and prosperous order in which all of us will be co-operating in the creation of a better world for our children.

# Nafcoc takes advantage of NEF's inner workings

CIPress 20/10/13

THE National Economic Forum (NEF) is the tripartite alliance that was initiated in October last year made up of representatives from business, government and labour.

It was further divided into two groups, the long term working group (LTWG) and the short term working group (STWG).

The LTWG looks at macro-economic proposals for the long term and the STWG at initiatives to be implemented in the short term.

Added to this arrangement, members in the Business Forum of the NEF are divided into career members and participants. The Business Forum is comprised of 15 business organisations made up of the major employer bodies, the chambers of commerce and the Black Business organisations, Nafcoc and Fabcoc.

Nafcoc has the distinction of being both a career member and participant in both working groups. The Nafcoc delegation is headed by Michael Leaf who is sup-

ported by four other Nafcoc members from other parts of the country.

Leaf, general secretary of Soutacoc, has been promoting the interests of both black business and small enterprises. This culminated in his appointment as convenor of the Business Forum's small business task group as well as the task group addressing the public tender system.

To date, the NEF has tended to address proposals put forward by the labour delegation and which has prompted a reactive response by business as their own proposals were not coming to the fore.

Leaf expressed concern over the non-participation of black business and the SMWG in the public tender system and other aspects of the system.

This week he convened a small business forum meeting of 17 organisations from all over the country on behalf of the Business Forum. This forum addressed the future policies and strategies for small business and a

number of initiatives for implementation in the short term.

These initiatives took cognisance of the informal and the rural sectors and included sub-contracting, deregulation, markets, education and training, finance and infrastructure.

It was stated that small businesses needed to have a say in matters relating to them and should not always be lead by bodies that were not party to their interests.

The result was that a broad representation of small businesses would speak at the Business Forum at a 10-a-side meeting of NEF representatives on June 28.

# Be brave — branch out and become the boss

Press 2016193



THE steps you need to take to set up your business depends on the type of legal structure you have chosen.

Whether you decide to set yourself up as a close corporation, partnership, sole trader or limited company, you should seek professional help from an accountant and/or an attorney as there are many pitfalls.

Most important after the choice of the legal structure are the requirements for registration with government authorities.

The registration required covers things such as income tax, pay as you earn (paye) tax, Regional Services Councils (RSCs), Value Added Tax (VAT), Unemployment insurance Fund (UIF) and Workmen's Compensation Insurance (WCA).

The registration is done with the Receiver of Revenue, the Department of Manpower (who is the UIF Commissioner) and the WC Commissioner.

Setting up a close corporation is straightforward. Only one document called a "Founding Statement" needs to be registered with the Registrar of Close Corporations in order to commence business.

Limited liability is established, but the incidence of personal guarantees, which will be quite common, may negate a certain amount of this.

A close corporation may, under certain circumstances, give financial assistance to a new member to buy an "interest" in the close corporation and it may acquire

## Avoid the pitfalls, get advice from a professional before you take the big step

the interest of a retiring member. There is no stamp duty payable on the transfer of ownership.

An "accounting officer", rather than a registered accountant or auditor, is required to approve the annual financial statements. A suitably qualified member of the corporation may be appointed as accounting officer.

The cost of setting up a close corporation is about R650. The affairs of close corporations are regulated by the Close Corporations Act of 1984, as amended.

The disadvantages of having a close corporation include that the maximum number of people that may participate in it is 10. The corporation may also not have a company as a member.

Members may, however, incur personal liability in certain circumstances. Thus every member can legally bind a corporation in respect of transactions with third parties.

With the exception of registering for taxation, there are no formalities involved in setting up a partnership or starting your own business as a sole trader.

You should not go into partnership with anyone without a formal partnership agreement.

If the rights and duties of the parties are specified in advance in a partnership agreement, serious problems may well be avoided in the future.

A partnership agreement should be prepared by a professional and should cover formation, profit-sharing arrangements, salaries, banking arrangements, changes of partners, dissolution and the responsibilities of partners.

The disadvantages of this type of business are that partners are jointly and severally liable for the debts of the partnership. This means that if the partnership fails to pay its debts, they become the responsibility of all the partners.

A partnership is restricted to a maximum of 20 people, except in the case of certain professions.

There is less flexibility in transferring ownership, thus in the event of death, permanent disablement or retirement of the sole trader or a partner there may be difficulties in maintaining the business structure.

There are other types of organisations (for example, trading trusts, limited partnerships) which could be used for carrying on your own

business. Seek further advice if you consider these alternative structures suitable.

The average cost of setting up a limited company will be about R2 000. An accountant or company secretarial service will help you in this task.

A private company needs a minimum of only one member and must have at least one director.

Documentation needs to be completed to set up a company. The most important documents are the "memorandum" and "articles of association", which cover the name of the company, the objects of the company, the amount of the authorised share capital and the powers that the company is legally entitled to exercise.

In addition, various forms have to be submitted which deal with the appointment of staff.

Items which need to be considered at the first meeting are: appointment of directors and secretary, appointment of the auditors, the financial year-end, banking arrangements, arrangements for keeping statutory books and the allotment of shares.

You should consider whether the standard articles in Table A or B of Schedule 1 of the Companies Act 1973, as amended, are appropriate or need amendments (for example voting rights or sale of shares).

The Registrar of Companies may refuse to register the name of the company if it implies patronage of the state or is offensive.

When all the relevant documentation has been submitted to and approved by the Registrar of Companies, he will issue a certificate to commence trading.

It may however be easier and cheaper to acquire the dormant shell of an existing company. Contact your auditor or accountant for advice.

The choice between a private company and a close corporation as the appropriate business vehicle is normally determined by the ownership and management structure required, whether the operations of the corporation could lead to members becoming liable for the debts of the corporation, and whether a simpler structure will lead to lower costs.

This information was adapted from a series of four booklets which are available from the SBDC offices countrywide at R35 each.



# CD manufacture cost a well-guarded secret

By GLENDA NEVILL

ONE of the better-kept secrets in South Africa is the raw manufacturing cost of compact discs, compared to the retail price customers pay in shops.

Ask a record company representative what a CD costs when it comes off the press at Compact Disc Technology's (CDT) Johannesburg plant — which is owned by Gallo Africa, EMI Music, and Tusk Music Company — and they laugh.

"You must be joking if you think we're going to open that can of worms," said one.

Others, told what the call was about, simply did not return phone calls — while in one case, a secretary said it was "unlikely" her boss would reveal that information.

The price structure of CDs from the time of manufacture to the retailers' shelves is dependent on a number of factors.

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'Better quality'

scribble

Incorporated into the price are the costs of glass mastering the product, filming and printing of the inlay, copyright and, in the case of imported CDs, the freight costs. Added to this are the artists' royalties plus distribution and marketing costs.

Mr Patrick Lee Thorp, owner of the Cape Town-based independent record company Mountain Records, presses his CDs in Europe. The cost, he says, is roughly the same as those manufactured in South Africa.

"I import the CDs for between R30 and R33. The raw price of a CD in Germany is about R5,20; glass mastering per CD is about R3,90; film costs per unit about R5,88; printing of sleeve inlay material R1,56, copyright approximately R2,95; freight per CD R1,96 and licence fee R5,88; making a total of R27,33. Added to that is an approximate 78% import duty, which varies according to quantity.

Mr Lee Thorp prefers to manufacture his CDs abroad because the quality is better and he can bring them in faster than if his product is manufactured locally.

# Business reels as hope of recovery is delayed

SI Times (Bus) 20/6/93

By CHERILYN IRETON

RETAILERS and wholesalers, still bleeding from the sharp fall in consumer spending, have pushed hopes of an upturn to the last quarter of this year.

A survey of the retail, wholesale and motor trade by the Stellenbosch Bureau for Economic Research (BER) confirms that the economy is firmly in recession.

Business conditions in the second quarter have been unsatisfactory. Most businessmen are relatively pessimistic about the third quarter.

Consumers are deeply concerned about their finances and believe now is not the time to spend on household appliances. This will inevitably work through to sales, says the report.

"The economy will at best bottom out during 1993. Gross domestic product is forecast to contract by about 0,5%," says BER director Ockie Stuart.

The assassination of Chris Hani, the deaths of Oliver Tambo and Andries Treurnicht, and the media coverage of their funerals had a pronounced impact on consumer behaviour. So did the high incidence of murders and attacks on restaurants. The adverse effect of the budget on consumer spending hit home in April.

A quarter of white consumers surveyed believe the economy will improve in the next 12 months. Pessimism about the country's future is more pronounced among white women.

Half of white respondents

believe it is the wrong time to buy durable goods, a view shared by 40% of blacks.

Most retailers report lower sales volumes in the current quarter. First-quarter expectations were not realised.

Department and general merchandise stores suffered most, but pre-VAT sales in the first week of April helped furniture and household appliances, office equipment, clothing, footwear and pharmaceuticals.

However, lower sales volumes of food and beverages were confirmed.

A net majority of 16% of

retailers surveyed expect lower sales in the third quarter.

Particularly pessimistic are those in department and general stores as well as the non-durable sector. However, retailers expect better semi-durable business.

Retailers of electronic equipment, furniture and household appliances are highly optimistic.

Wholesale volumes have fallen in the current quarter. Wholesalers are pessimistic about the third quarter. Expectations are better for non-consumer goods, particularly building materials and hardware.

Disposable income should show positive growth next year.

# the news in brief

## Stayaway call in Tembisa

THE ANC alliance has called for a stayaway in Tembisa on Wednesday, as well as an indefinite consumer boycott of white-owned businesses in Kempton Park. *Sowetan 2/11/93*

In a statement released yesterday, the ANC said: "These actions are a response to the ongoing violence which emanates from the Vusumuzi hostel. Criminals and killers are staying illegally in that hostel. We demand that the authorities close the hostel." ~~(S)~~ (30)

C

# focus on business

Sowetan 22/6/93

**A** RECRUITMENT war appears to be looming as big business scrambles to appoint blacks to the board of directors.

In the past it was news when a black was appointed to the board of a company which was among the elite in the corporate world.

But the past year has seen a substantial increase in the number of blacks serving on boards of companies to the extent that monitors are quickly losing count.

Some companies have even resorted to poaching black managers from other enterprises to give their boards a black flavour. This is a practice discouraged by Black Management Forum executive director Mr Lot Ndlovu.

This practice prevented black managers from building up experience in their respective jobs, he said.

Though black representation on corporate boards remains a drop in the ocean compared to their white counterparts, blacks have, of late, been joining boards at a much faster pace than in the past.

Several opinions are being voiced regarding this sudden "change of heart" by those in the corridors of power in big business.

Some dismiss this development as nothing other than political window-dressing by the corporate world to curry favour with the politicians who are likely to be running the country soon.

Others suggest it is the result of relentless pressure from black business groups, who have been calling for more black representation of blacks at director level in major companies.

One of the highlights of this campaign was when former president of the National African Federated Chamber of Commerce and Industry, Mr Sam Motsuenyane, challenged Johannesburg Stock Exchange listed companies to reflect population demographics on their corporate boards.

## Reformation

Optimists view the trend as the beginning of the reformation of South Africa's corporate culture as the presence of black people in domains formerly "no-go areas" for them would dilute traditional attitudes.

There is another school of thought which believes corporate leaders are becoming serious about black advancement programmes and that the presence of blacks in their midst will make this task easier.

The executive director of the Institute of Directors, Mr Richard Wilkinson, admits

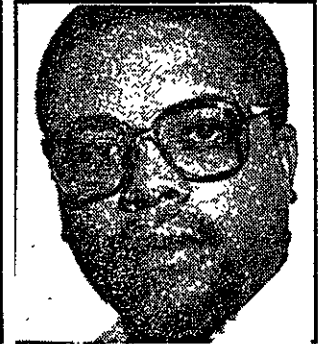
There has been a big increase in the number of blacks serving on the boards of companies. Concern is mounting over the fact that many of these appointees are non-executive directors. Business Reporter **Mzimkulu Malunga** reports:



Israel Skosana



Don Mkhwanazi



Mike Ntlatleng

there may be political motives behind the appointment of black directors but points to the fact that there are more qualified blacks today than in the past.

One of those who has been bargaining hard for an increase in the intake of black directors is the ANC's economic adviser, Mr Don Mkhwanazi.

Though he is pleased corporate South Africa is at last heeding their call, Mkhwanazi's is concerned about the big increase in non-executive directors while executive positions, from which the daily running of the businesses is determined, remain an "old boys club".

He attributes this to lack of upward mobility of blacks within companies.

"In recent months we have seen a dramatic increase — from 30 to 40 — of black non-executive directors drawing people like, Dr Oscar Dhlomo, Mr Enos Mabuza and Mr Perfect Malimela and so on, but there can never be enough black executive directors until we have a critical mass of top class senior and middle managers," said Mkhwanazi.

The usual explanations given by corporate leaders on the lack of blacks at senior executive positions are that there are not many around, few have qualifications in finance, technology, law as well as international business, and that the majority of black managers lack experience.

But Mkhwanazi remains unconvinced: "It is not enough to say qualified and experienced blacks are not available when they are not putting to good use what they already have.

"It is unbelievable that there are no more than

11 black executive directors in South Africa today."

Concern is mounting that companies go for the same people when appointing non-executive directors, as a result one person ends up serving on over five boards.

Mkhwanazi himself serves on five boards while people like Dr Nthato Motlana sit on over twice the number.

Some say it is not possible for a lone black out of a dozen or more whites to be fully effective. Hence, the accusation of political window dressing.

## Clear objectives

National Sorghum Breweries's executive director Mr Israel Skosana says blacks on corporate boards should have clear objectives "otherwise they end up being ineffective".

He says such people should champion the aspirations of black managers and business. "If they do not succeed in this regard they must pull out."

Mr Mike Ntlatleng, communications manager of the Foundation for African Business and Consumer Services, says he supports a company that realises that it has a problem then goes out to seek black advice.

"But I have a problem with a company which wakes up in the morning and says: 'We have problem, let's appoint two blacks', he said.

It will be interesting to see which companies make their way into the heavyweight division when it comes to the employment of black directors.

# Soweto shopkeepers told of crime indaba

By Mokone Moete

30  
selves in community-related matters.

A "crime summit" has been planned to address the situation in Soweto, the ANC's representative in the area Sidney Phuti said yesterday.

Addressing members of the Soweto Independent Shopkeepers' Association (Sisa), Phuti said details of the plan would be released shortly. In the meantime, he advised local business people not to be intimidated by "comrades" who demanded donations under the banner of the ANC.

"If anyone demands donations in the name of the ANC, his credentials should first be checked with us."

Phuti advised the shop-owners to involve them-

Former community councillor Steve Kgama also advised Sisa members to demand that premises they have been renting from the council be given to them. The rationale, he said, was that these were built on the basis that blacks would own them after occupying them for more than 25 years.

A contentious issue raised at the meeting was the development of business sites at railway stations. Sisa members were concerned about not being involved in the multimillion-rand project, but Transnet consultant Dave Lieberman promised further involvement of black business people in the project.

# Morkels aiming higher

Star 23/6/93

By Stephen Cranston

Morkels intends capping its 100 percent improvement in attributable earnings in the year to March with a further 25 percent improvement in the year to March 1994.

(30)

Writing in the 1993 annual report, MD Carl Jansen says it's assumed the economy will remain in recession, but that inflation and interest rates will not increase and consumer demand will not deteriorate further.

Jansen says the expansion of the store base will be restricted to prime targets, that merchandise profitability will continue to

build, but at a slower rate, and that working capital requirements will be curtailed to further improve the balance sheet.

The chain managed to increase profits by 42,5 percent on a negligible two percent sales improvement.

(25)

Totalsports increased sales by 18,3 percent, but this was still 23,3 percent below budget, which produced a profit of R4,8 million that was not an acceptable performance standard.

The sports wholesaler Ajay Sports was significantly rationalised during the year but made a loss of R3,2 million on R8,9 million of sales.

# Plan to hive off and list Ackermans-Stuttafords

Bidday 25/6/93

CAPE TOWN — Pepkor planned to hive off over time Ackermans and Stuttafords as a separate listed entity, chairman Christo Wiese said at the group's AGM yesterday (30).

He said the group had considerable cash resources (R373m at the February year-end) and while it was not actively pursuing acquisitions at present, would look at proposals which came its way. Wiese noted that it had been two years since Pepkor took over Tradegro.

He was watching developments in the field of corporate restructuring with great interest, but said Pepkor would act only in the best interests of all its stakeholders.

He was encouraged to see SA groups starting to position their companies to deal with the perceived over-concentration of the economy in the hands of a few conglomerates by unbundling and other measures.

Wiese believed SA business would demonstrate an innovative attitude in dealing with the situation as it developed and said Pepkor would do much more in the next year in terms of using funds to secure a better future for the country.

Shoprite/Checkers was on course to meet its budgets in the year to end-February 1994 and would be able to produce satisfactory results. Wiese

LINDA ENSOR

expected the group's operating margin to move from its present 0,8% to between 1,5% and 2% "in the not too distant future".

Shareholders' association chairman Issy Goldberg noted that Shoprite/Checkers had assessed losses of R200m, which compensated at the bottom line for the relatively lower operating margin.

He said the assessed loss enabled the retail chain to sell its goods much more cheaply than other chains and to engage in a drive for market share without this affecting its profit.

Pep had budgeted for an extremely tough year and while Wiese was not very satisfied with its performance thus far, he hoped for an improvement in the third and fourth quarters on the back of political progress, the lifting of sanctions and improved agricultural conditions.

Shareholders approved the change of Tradegro's name to Shoprite Holdings to reflect its underlying subsidiaries, and the name of the existing delisted cash shell Shoprite Holdings was changed to Grocash.

Grocash, which is 20% held by members of the public, has cash of about R6m.

# Pepkor braced for tough times ahead

By ARI JACOBSON

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THE Pepkor group experienced its worst trading ever for the financial year to 1992, chairman Christo Wiese said at the agm yesterday. "And this year is equally as tough," he added at the Pepkor headquarters yesterday.

However Wiese said that the group had "budgeted for this" and were not "very disappointed".

But he did say Pepkor found trading easier in neighbouring states "because at least they have political stability".

Wiese added that his group was positioned for the new SA in terms of its business as well as being "in the true sense a people's company".

Wiese mentioned that Tradegro, which houses Shoprite/Checkers, paid out about 82% of its turnover by way of salaries and wages.

Talking about the recently resolved strike at the chain store he stressed "in the end everybody loses".

Wiese, with prompting from SA Shareholders' Association chairman Issy Goldberg, said that he supported investments in socially acceptable projects to create housing and employment.

He said that this had been put into practice at Pepkor via various projects and said that "companies must be prepared to employ their funds in this manner".

However he warned that for SA to survive "the country must have economic policies that are market related".



# Winners and losers

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**Negative growth** in real terms in turnover/m<sup>2</sup> over the past decade by supermarkets is forcing landlords to revise their rent formulas in new leases. So supermarket operators could be facing higher basic rents and higher escalations as landlords move away from reliance on turnover clauses.

Traditionally, shopping centre landlords have relied on turnover clauses of 1.5% on annual income to compensate for low basic rents and escalation rates applied to long leases taken by supermarkets. They believed supermarket turnovers would increase but, since the mid-Eighties, few have ever reached the turnover threshold.

Food trading density (see graph) has been the worst performer among other categories of merchandise for many years. The major reason, says Erwin Rode, author of the *Rode Retail Report*, is overtrading.

An indication of just how much rent supermarkets pay is given by Rode, who says basic rentals in new leases are usually about R14/m<sup>2</sup> for a floor area of 4 000 m<sup>2</sup>, escalating 6%-7% annually.

The larger the shopping centre the higher the rental rate/m<sup>2</sup> because of the greater pedestrian traffic generated.

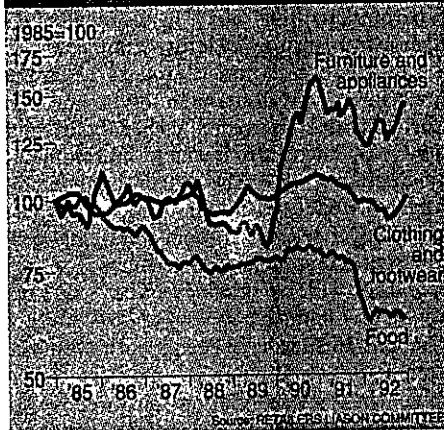
Compared with line shop rents, supermarket rentals are low indeed. Depending on location and size, line shops can expect to pay from R30/m<sup>2</sup> to R120/m<sup>2</sup> for 100 m<sup>2</sup>, with escalations typically at 12%. While some line shop leases do have turnover clauses, in practice few have ever paid turnover rentals.

Rode says landlords have regarded turnover rentals as a near-perfect hedge against inflation by assuming that supermarket turnovers would rise with inflation. For that reason they've been prepared to keep escalation rates low or below inflation. However, in the majority of cases, supermarket turnovers have not kept up with inflation, or certainly not to the point where they produce turnover rentals for the landlord.

He warns landlords therefore not to fall into the trap — especially with retail and general inflation falling below 10% — of allowing escalation rates to drop below the present levels of 6%-7% (excluding Vat). The inclusion of Vat pushes the present inflation level of 9% to about 11%.

Liberty Life Properties retail and leasing director Russell Inggs confirms that supermarket rentals have remained constant over the past decade. He regards their returns as academic as supermarket lease structures have never been geared to give great returns. The importance of supermarkets in centres was by and large their ability to anchor new shopping centre developments. It is to the line shops that landlords have always looked

## Food's non performance Real trading densities



for returns.

The caveat of course is that in smaller centres, supermarket rentals might form a very high proportion of rental income.

He concurs with Rode, however, on the necessity for landlords to guard against lower escalation rates and for them to become more demanding on basic rentals and escalations. His premise is that single-digit inflation is a flash in the pan given the need for any new government to create jobs and the demand for rising wages.

He adds: "The overall trend is still to fix entrenched escalation rates in long-term leases. As a property owner, I would urge others to guard against this practice because of likely double-digit inflation in future." ■

## Tale of woe

(30)

**Direct selling** and mail order group Mashold has suffered an unexpectedly severe loss for the year ended February 28. Were it not that the controlling shareholders, the Van Embden family, are to inject R7m of their own capital until a rights issue is held next year, Mashold would be hard-pressed to continue trading in its present form.

In addition to the attributable loss of R14,6m, there was an extraordinary loss of R18m — together slashing shareholders' funds from R55m to R22,3m.

Long-term liabilities amount to almost R20m. Excluding values attached to the intangible mailing lists (not disclosed) and R7,5m goodwill (written down from R14m), Debt:equity has risen to about 3,0.

CE Marco van Embden offers a number of reasons for the dismal results. Significant improvements budgeted for financial 1993 did not materialise, he says, because turnover failed to grow. Overheads and marketing expenses were therefore excessive. Margins declined in the face of efforts to counteract recession. Gearing increased and the interest bill rose to R8,5m.

The UK-based Magic by Mail made a large loss, and the discontinued Wondercooker in the UK also recorded losses. A loss was also incurred on the disposal of the Grolier Time Life division, and the write-off includes an additional tax liability arising from Inland Revenue's proposals on film investments.

Fm 25/6/93

(30)

Van Embden says these woes have ended. Management has been restructured. Overheads have been slashed, stock has been reduced by more than R10m or about a fifth, and he is now projecting "a significant turnaround for the year ending February 1994."

Details of the R7m to be injected by the Van Embden family are not available. Van Embden says new convertible debentures are to be created and the funds will be permanent capital. He contends it is a gesture that best expresses the family's confidence that the business will prosper.

The share price has fallen steadily from a high of 430c in early 1992. It is now 65c, where it reflects the market's dismay at these results. Van Embden says all the medicine has been taken to restore the patient to good health. Even so, the next six months will be critical for Mashold.

Gerald Hirshon

PEP LTD Fm 2516/93 <sup>30</sup>  
**Unrealistic expectations**

With 1 021 outlets, Pep Ltd (Peplim) is the major chain in the Pepkor stable. Though its turnover is slightly less than a quarter of that of stablemate Checkers/Shoprite, its operating profit for the year to February 28 was more than four times as much.

In the past four recessionary years (1989-1993), Peplim's pre-interest profit has grown at a compound rate of 13,5% a year. This is arguably less than the average annual rate of inflation, implying real growth has been negative. The EPS picture is worse: compound growth was 7,6%. That could be one reason the share price has levelled off.

Over the same period, taking into account the five-for-one share split last year, the

FINANCIAL MAIL • JUNE • 25 • 1993 • 67

**Activities:** Retail clothing, footwear and household goods; makes clothing and textiles.  
**Control:** Pepkor 84%.  
**Chairman:** C H Wiese; MD: T A Haughton.  
**Capital structure:** 230m ords. Market capitalisation: R1,95bn.

**Share market:** Price: 800c. Yields: 2,4% on dividend; 5,4% on earnings; p:e ratio, 18,5; cover, 2,2. 12-month high, 1 050c; low, 675c. Trading volume last quarter, 364 000 shares.

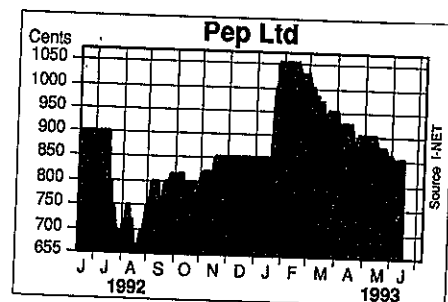
| Year to February 28       | '90   | '91   | '92   | **'93 |
|---------------------------|-------|-------|-------|-------|
| ST debt (Rm) .....        | 1,2   | 7,4   | 48,6  | 1,6   |
| LT debt (Rm) .....        | 5,8   | 5,4   | 4,3   | 5,0   |
| Debt:equity ratio .....   | 0,03  | 0,04  | 0,15  | n/a   |
| Shareholders' interest .. | 0,49  | 0,47  | 0,45  | 0,58  |
| Return on cap (%) ..      | 23,0  | 22,5  | 18,6  | 21,2  |
| Turnover (Rm) .....       | 988   | 1 225 | 1 468 | 1 356 |
| Pre-int profit (Rm) ...   | 116,1 | 139,5 | 144,1 | 159,7 |
| Pre-int margin (%) ..     | 11,7  | 11,4  | 9,8   | 11,1  |
| Earnings (c) .....        | 174   | 193,9 | 215,2 | 43,1  |
| Dividends (c) .....       | 68    | 78    | 89,5  | 19,5  |
| Tangible NAV (c) ....     | 547   | 641   | 749   | 191   |

\* Share split 5 for 1.

price has moved from 250c in 1989 to 850c, where it has stayed for about a year. This price trend represents an annual compound growth rate of almost 36%. Can the contrast between EPS and share price growth be justified or does the rise in the price mirror unrealistic expectations?

As the FM indicated in April (Fox April 30), it can only be Peplim's perceived prospects that have driven the share price. The indifferent performance in financial 1993 corroborates this observation.

Turnover fell, not just because sales



growth was slackening but because of the sale of the Ackermans chain to holding company Pepkor. Nevertheless, it was a tough year. In-store price increases were kept to an average 6%, significantly lower than the inflation rate of 12%-13%.

This plainly affected margins, especially in Pep Manufacturing, the 10-factory manufacturing arm which competes "on an equal basis" for the business of Pep Stores. It is to management's credit that pre-interest profit grew 10,8%, especially after the 29-outlet Your More Store chain in Scotland made a loss for the year. The number of stores in the group increased by only four; so new store openings had little effect on growth.

With the elimination of Ackermans and the sale of properties to Pepkor, Peplim's balance sheet is strong. At year-end, ordinary shareholders' funds were 27,3% higher at R439m, cash on hand was R126m (R87m) and there was insignificant debt of R22m (R68,4m), most of it interest-free.

68 • FINANCIAL MAIL • JUNE • 25 • 1993

Stock has been reduced by a quarter to R381m. The impression is that of a lean organisation, with management extracting efficiencies from all activities.

One problem the group is overcoming, according to MD Tony Haughton, is the near-saturation of the market with the existing size and type of Pep store. Successful experiments have been conducted with smaller stores targeted for smaller trading nodes. So continued expansion is possible but unlikely to affect results much.

In essence, earnings growth is unlikely to outstrip that of the economy by much, though sound management should enable real operating profit growth to exceed growth in GNP.

Though Peplim is well poised to take advantage of an economic recovery, there is nothing to indicate that the rise in the share price over the past four years was justified by performance. All the indicators point to moderate earnings growth in the future. Investor expectations have been somewhat unrealistic.

Gerald Hirshon

TRADEGRO FM 25/6/93 (30)

## Can recovery continue?

**Activities:** Supermarket retailer.  
**Control:** Pepkor holds control via Tradehold.  
**Chairman:** C H Wiese; **MD:** J W Basson.  
**Capital structure:** 46,1m ords. Market capitalisation: R784m.

**Share market:** Price: R17. Yields: 4,4% on earnings; p:e ratio, 22,8. 12-month high, 2 100c; low, 880c. Trading volume last quarter, 84 000 shares.

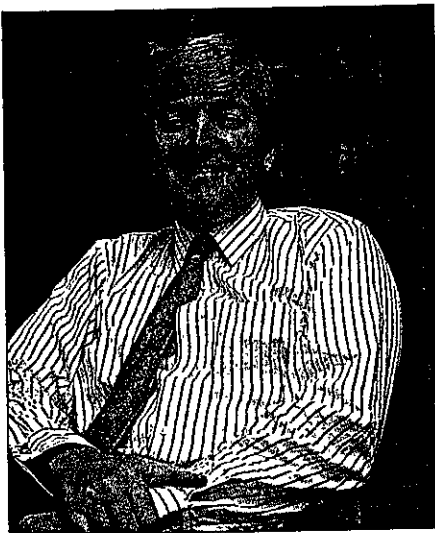
| Year to February 28    | *'92    | '93   |
|------------------------|---------|-------|
| ST debt (Rm)           | 58,6    | 21,6  |
| LT debt (Rm)           | 24,3    | 84,5  |
| Debt:equity ratio      | n/a     | n/a   |
| Shareholders' interest | 0,2     | 0,17  |
| Int & leasing cover    | —       | 5,3   |
| Return on capital (%)  | —       | 17,4  |
| Turnover (Rbn)         | 2,2     | 5,2   |
| Pre-int profit (Rm)    | (47,8)  | 44,0  |
| Pre-int margin (%)     | —       | 0,008 |
| Earnings (c)           | (205,6) | 74,7  |
| Dividends (c)          | nil     | nil   |
| Tangible NAV (c)       | 604     | 428   |

\* Eight-month trading period.

Everyone associated with Tradegro, now trading as Checkers/Shoprite, was delighted with the turnaround in fiscal 1993. An after-tax loss of R46,9m was transformed into a R34,9m profit. It was a major achievement which many market sources doubted was possible. Can this be sustained and improved or is it simply an illusory sign of progress in an impossible situation?

Checkers/Shoprite — at least in trading floor space — is, of necessity, shrinking rather than growing. It is following a course of rationalisation, closing unprofitable stores and refurbishing others where modernisation and upgrading are needed.

At year-end there were 235 outlets countrywide. Of these, 19 were converted to Shoprite from Checkers, eight were closed



**Tradegro's Basson** ...  
gaining market share

(17 more will be) and six new Shoprite stores were opened. During this year, it is planned to convert another 40 Checkers stores to Shoprite.

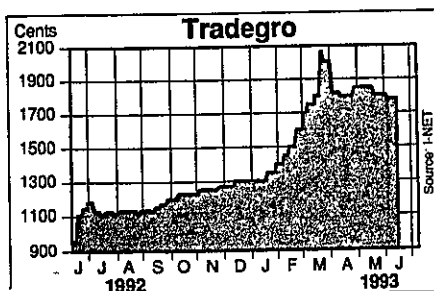
The Tradegro annual report states salaries, wages and service benefits as 81,4% of the value added. This is a sharp fall from the 114,8% in the 1992 Tradegro report, though direct comparisons are problematic because those figures included a portion of Metro Cash & Carry as well as contributions from Smart Centre and Stuttafords/Greatermans.

However, it is still well ahead of the 76% in Shoprite's 1992 report. Pick 'n Pay's 1993 ratio was 75,2%. If Tradegro's figure rises above 81,4%, because of pressure from trade unions, for example, the extremely fine trading margin (0,008%) will be under further pressure.

MD Whitey Basson is unequivocal that the profit turnaround stems from a campaign to promote perceptions that Checkers/Shoprite is cheaper than competitors. The campaign was evidently successful. According to Basson, it enabled market share to be increased by 13% over the past financial year.

But this has kept the margin down. If floor space continues to shrink, profitability can improve only through a better margin, which will have to come from efficiencies generated on the floor and in administration — and it will be difficult to achieve if staff remuneration increases disproportionately.

The 1993/1994 financial year will prob-



ably remain tough for supermarkets and competition will be cut-throat as OK tries to make its comeback. It will be a significant triumph for Basson and his team if gains can be made in either the trading margin or market share, leading to higher profitability. Seen in an historical perspective, good progress has been made. But it is anybody's guess whether Basson can continue to turn events in his favour.

In the circumstances, the pre and thus the share price look high.

Gerrit Hinson

Fm 25/6/93

(30)

aims to become co-owner and manager of a number of retail centres, enabling it to give associates such as tavern owners, hairdressers, fashion and beauty consultants, hawkers and insurance salesmen first option to lease shops in the centres. Spin-offs would include the provision of improved taxi ranks, offices for black business associations and training for blacks in shopping centre development and management.

The centres will bear the name Gateway Mall with suitable prefixes denoting locations. Fabcos plans to take equity in Spar supermarkets that open in its centres as Spar's franchising flexibility allows this.

Construction began on January 11 on the first Gateway Mall between the taxi rank in Carletonville (on council-owned land) and the CBD. The centre is due to be completed by September 23. The site is bounded by Annan Road, Osmium and Amethyst streets. Offices, boardrooms, training centres and communication systems for taxi operators will be provided. The taxi rank might be upgraded.

About 15 sites have been identified. Grinaker, Fabcos and potential investors are involved in final negotiations on three.

Fabcos property and projects manager Kevin Williams says his organisation wants to bring the taxi industry in line with those overseas. There are plans to expand into freight and haulage to ensure long-term profitability. The bulk of the R21,5m needed to develop the first centre will come from the Eskom Pension & Provident Fund. Fabcos will put up the rest. As part of the deal, the SA Black Taxi Association (Sabta), a Fabcos affiliate, has taken a long lease for a service station on 1 800 m<sup>2</sup>.

The mall will have more than 9 000 m<sup>2</sup> of lettable space, of which 2 000 m<sup>2</sup> will be occupied by a Spar supermarket. The remaining 50 shops open on to a mall and consist of a mixture of convenience retailing. Three national chains have already signed up: Diskom, Patrick Daniel (of the Smart Centre stable) and Pep. Negotiations with other retailers are at an advanced stage. Provision has been made for Sabta offices, medical and dental suites.

Gateway Mall's target market comprises greater Carletonville, including Khutsong, which has more than 100 000 residents, and 100 000 at the seven gold mines in the area. It expects to capture at least 20% of the market. Peak times could see 450 taxis visit and they could bring 75 000 shoppers a week.

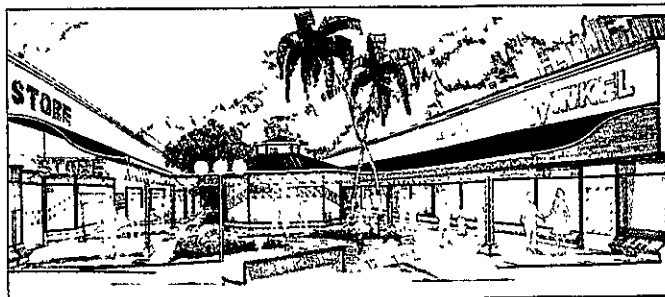
About 600 taxis use the rank daily.

Grinaker Projects says Carletonville Town Council supported the development and recognises the need to provide better facilities for taxis and commuters. ■

TAXI RANK SHOPPING  
Fm 25/6/93  
**Spawning new industry**

Grinaker Projects and the Foundation for African Business & Consumer Services (Fabcos) have informally agreed to co-develop about 20 taxi rank shopping centres countrywide over the next two years.

The programme is just one of a few Fabcos is planning with various developers. Fabcos



Carletonville's Gateway Mall ... for training as well

# The cheque isn't in the post

A box of chocolates was all a small businessman used to need to sweet-talk a customer's accounts clerk into pushing his payment ahead of the queue. Now that no longer works. Chocolates have given way to threats, debt collectors and law suits as small businessmen fight to get their money out of tight-fisted customers, including some of the biggest companies in the country.

After four years of recession, something had to give. Cash flow is drying up as each business tries to pass some of the pain on to the next. Liquidations for the first quarter of the year rose 4,1%, to 683, compared with the same period a year ago. Forced insolvencies were up 3,3% to 1 004 in the same comparative period. Last year 1 142 close corporations were liquidated, 60% more than in 1991.

Obviously not just the small fries are suffering. Credit specialists say some big companies are on the verge of insolvency and will take some innocent bystanders down with them.

"The morality of business has changed over the past few years, co-incidentally together with the enduring recession and uncertain political future," says Credit Guarantee senior economist Luke Doig. "Lack of security has forced many to operate on a short-term horizon only and strength is the key to survival.

"Ethics are on the back burner and a rape mentality exists, for example survive the day. The small enterprise can rarely compete, let alone prosper, in such circumstances."

For a small businessman, remaining competitive often means letting unfinished work slide while he tries to get paid for jobs already done. Nobody wants to list names for fear of making enemies, but all agree it's rare for a company to pay its bills on time.

"I spend half of my days collecting debts. You have got to thump on desks," says Clint Husemeyer, the MD of Pictech, a Johannesburg firm that imports air-conditioning equipment. "Every company has instructed all of its people to lengthen the period of payment."

Husemeyer says there's always a run-around these days; it's part of the system. The company needs a statement from the surveyor — in Rustenburg. With that piece of paper in hand, the company then decides it needs a statement from the accountant — in Rosebank. Then it needs three weeks to prepare the cheque. At the end of the three weeks, you're told the paperwork simply disappeared and could you please deliver duplicates?

The cycle begins when those on the receiving end of the slowdown have no choice but to delay paying their own creditors and suppliers.

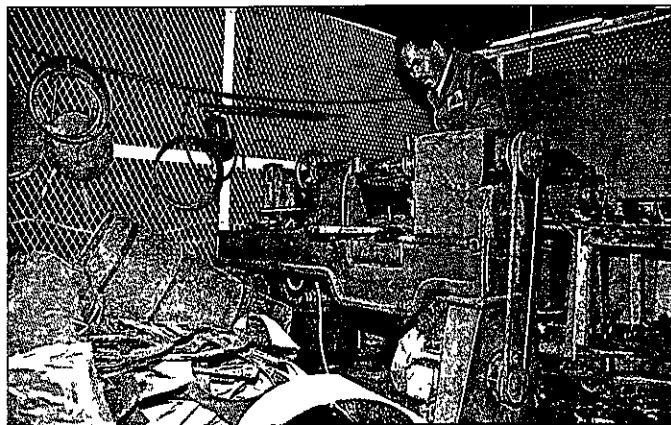
"Big businesses pay very slowly but collect quickly," says Small Business Development

Corp (SBDC) assistant GM Dawie Crous. "We advise small businessmen to do the same."

SBDC senior GM Jo Schwenke says the song-and-dance routine is typical and comes down from the highest corporate levels. "When the economy goes into decline, two directives go out. The first goes to the sales staff to cut back on credit terms. The second goes to buyers to take longer credit. Small, private firms can put up little resistance in the face of such an onslaught.

"The decision is usually made in some boardroom. The board says terms must be increased from 60 days to 90 and if suppliers won't play ball, find new ones. And the managers carry it out because it makes the bottom line look better."

But Kreditinform MD Ivor Jones scoffs at the notion that the big, bad conglomerate is taking advantage of the poor, unsuspecting small business owner. He says it's a problem



Working for a living ... but will the customer pay?

of too-high expectations among the little guys, many of whom are playing with the A-team for the first time.

"All companies are not paying on time. Few pay right on the nail. Most extend their terms. As the recession has worsened over the past few years, they have begun to look at their creditors as a means of finance. But they must be educated to believe that they will not get away with nonpayment."

Jones says the problem is that small businessmen fear rocking the boat of a big business by demanding payment on time. He says the "nice little letter" after 90 days gets thrown in the bin.

And, he adds, too few small businessmen are willing to demand interest on overdue accounts, even if that condition is included in the contract.

His advice? "When the cheque is due, be there. Take a tough line. You have to be upfront. Let them know that you will be on their doorstep. After a while, the clerk will remember the nagging woman from XYZ who's on his back again."

But small businessmen, who are usually workers as well as bosses, argue that they are often too busy doing a job to pester the accounts clerk. On a Friday at the SBDC hive in Johannesburg, many of the work stands are empty because the proprietors are out hunting down their money. And, if truth be told, they are, indeed, afraid of the consequences of being that squeaky wheel that demands its oil. They can't help but ask themselves: What if?

Husemeyer has his own way of eking out payment. He drives around in a battered old bakkie and pretends he's just one of the humble employees instead of the MD. "I get them to feel sorry for me by telling them my boss will fire me if I don't collect."

Jones, naturally enough, suggests enlisting a credit information bureau to provide background on potential customers. A credit report sets out a company's ability to pay debts and tells you whether it pays on time. Armed

with this, a businessman can make deals knowing what to expect.

Like many other entrepreneurs, Husemeyer depends on personal judgment rather than a professionally prepared credit investigation, which he believes often contains dated, irrelevant information. He has his own tricks. For instance, he is wary of taking on new clients because it could mean their credit has been

cut off elsewhere. One strict rule is that he never deals with a customer who drives a Porsche or doesn't haggle over price. "He doesn't haggle because he has no intention of paying you, no matter what the price."

Schwenke acknowledges that it's not practical or even possible to find additional customers now; so it's important to learn to live with the ones you have. "We would urge the small businessman who is being squeezed to have an open, honest discussion with the company at the highest level and to have a good go at it."

He says it might be possible to compromise with a recalcitrant corporate client by offering enhanced service or perhaps some concessions in exchange for prompt payment.

"The wise companies take a reasonable approach," Schwenke adds. "They use their muscle with discretion. They know that without suppliers which offer good quality on time, they don't have a business. Suppliers are not something to screw left, right and centre."

## Slim margin for Tradegro

MARC HASENFUSS (30)  
Business Staff

TRADEGRO, which trades through Shoprite Checkers, works on an operating profit margin much lower than its competitors, Shareholder's Association chairman Mr Issy Goldberg noted at the Pepkor group AGM this week.

A turnover of R5,24 billion in the year to end February realised an operating profit of R44 million — a margin of 0,8 percent.

Mr Goldberg said the margin either indicated that the costs in Tradegro were inordinately higher than other retailers or that the group was "more than competitive" as regards pric-

ing. ARG 26/6/93  
Both chairman Mr Christo Wiese and managing director Mr Whitey Basson nodded their heads in agreement to the latter suggestion.

However, Mr Goldberg pointed out that the R200 million of assessed tax loss — attributable to the Checkers group — meant the 0,8 percent margin remained the same at before and after-tax levels.

Mr Goldberg said it appeared that the R160 million extraordinary item had been used in the year under review to clear "the Augean stable". The extraordinary item "does not effect the bottom line at all".

# ess21

## Pentech plans small business centre

*Sowetan 26/6-30/6/93*

**A** VISITING Canadian expert on small business management will be presenting a workshop on small business at the Peninsula Technikon next Wednesday.

One of the objectives of his visit is to lay the basis for a small business research centre at the Peninsula Technikon which will serve small business activities and programmes in the Western Cape.

Professor Ron Knowles is on a five-week visit to the technikon as part of an international linkage programme between the technikon and the Canadian Algonquin Community College.

The workshop is aimed at developing an appreciation for the small business mind, putting into practice a new set of thinking techniques in the creation of business ventures and generating simple tools to teach people to start their own business.

Knowles is also assisting Peninsula Technikon staff with research into the identification of entrepreneurial training needs among students and entrepreneurs.

Knowles said a recent survey involving six million South African coloured and African students found that they grew up believing that they have to work for someone else.

Young graduates, equipped with only traditional business skills coupled with a "vertical" manner of education are often unemployable by large firms, he said.

Knowles is a business consultant for 32 Canadian companies and is a professor in the Small Business Management department at Algonquin College.

To attend the workshop, contact Mrs L Adonis at 959-6290.



IT makes more sense for a business to lease premises than to own a building.

A well-endowed company need not plough its cash into a building, says Seeff leasing broker Peter Rowell.

This might seem nonsensical. After all, property is said to be an excellent inflation-beating investment. Why pay rent when you can own the building and pay off a bond?

Mortimer Property Group director Paul Maddison says the acid test is whether a business can obtain a better return by investing its cash in a building or using it to run the business.

Mr Maddison says many companies would expect returns far greater than 20% to 25%, the internal rate on a property over 20 years, if they ploughed their funds into their businesses.

Mr Rowell says Seeff has a computer model that uses all the variable factors to calculate which is the best option for a particular company.

He says that it mostly pays the company to buy its offices if it intends to keep them for more than 10 years.

The problem is that few businesses know what size they will reach or what office space they will require 10 years down the line.

**Fair**

Mr Rowell gives an example of an office unit of 900m<sup>2</sup> in Maitland, Cape Town, with open parking for 30 cars.

It can be leased at a fair rent of R15/m<sup>2</sup>, resulting in a yield of 12% with escalations of 15% a year.

The business has the option of buying the building for R30 000 at a bond rate of 18% with repayments over 15 years. The opportunity cost of the cash deposit is 15% and the discount rate is 15%.

The example presumes the building is sold after 10 years.

Looking at it in today's money, the investment shows attractive returns of R414 000 after three years, R986 000 after five and R3,7-million after 10.

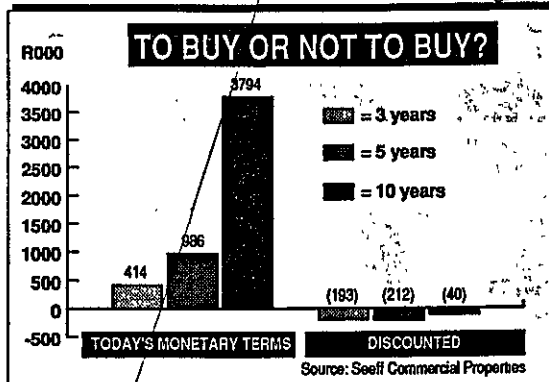
However, the canny investor would look beyond this.

Negative cash flows accumulate as the bond repayments exceed the rent the business would have paid in

**Lease the offices,  
own your factory**

*S/Times [Byss] 27/1/93*

*(30) (20)*



Other factors include rents, escalations, the size and price of the property, the opportunity cost of the deposit, discount and bond rates and the term of the loan.

Mr Maddison says the decisions to be taken are entirely different for industrial space. In this case it is far better for a company to own its premises.

The main difference is that industrial premises have to be user specific. A company must be able to make changes to its plant without asking for the landlord's consent.

"The landlord can have the industrial company over a barrel because he knows it is not that easy for it to simply shift its plant if it is unhappy with the terms of the lease," says Mr Maddison.

the initial years. Discounting this to the net present value shows the business has lost money on the building.

It would lose R193 000, R212 000 and R40 000 after three, five and 10 years.

Thereafter it would start to make a profit.

Mr Maddison says 95% of people wishing to buy their own building decide to lease after looking at the figures.

Before a company even considers buying a building, it should consider whether it can afford the deposit, which can be as high as a third of the buying price.

The business must also be able to handle the strain of the negative cash flow. In the first five to six years the bond repayments will exceed the rent that would have been paid for the space.

Apart from the number-crunching aspect, if the company grows it will need different premises and be forced to sell the property.

Property usually goes at a discount when the sale is forced.

Other advantages of leasing are that on the expiry of the lease, the company is able to move into premises that have been refurbished at the landlord's expense. The company would have to pay for refurbishment if it owned the building.

Mr Rowell says: "Leasing office space becomes even more attractive once you take cognizance of incentives offered by landlords. They include rent-free periods, relocation allowances, naming rights and

the fact that lessors often modify the premises for the tenant."

External factors to take into consideration include the effects of the political and social environment on the building and how they could affect the property's value.

# Old shops started up

STimes(Buss)

27/6/93

TRENDY Johannesburgers are buying good-quality old houses at low prices, refurbishing them and selling at a large profit.

It seems that the trend of using what exists instead of starting from scratch has started to catch on in the retail and office sector.

Architect Adrian Maserow is involved in revitalising shopping complexes.

He says developers buy the property at a yield of about 11% to 12% and refurbish and retenant it, providing a different atmosphere.

Returns are a few percentage points higher than those from major shopping centres.

Higher returns are the result of the property being bought at a discount because it is poorly tenanted or unimaginatively marketed.

For example, cafes used to be a major drawcard in a neighbourhood. But large retail chains have now taken over as a hub.

Mr Maserow says: "This gives a stronger rental base

as it includes a popular 'calling card' that attracts people from other neighbourhoods."

For example, clothing retailer Queenspark often attracts people from other areas.

Queenspark chairman Stewart Shub says that not all neighbourhood shopping centres work well.

"We choose those that are easily accessible and can be fed by several good suburban areas where A, B and upper-C earners live."

## Fridge

He believes it is not worthwhile to be in a major shopping centre where rents are more than four times higher than in the smaller ones.

He does not believe that being placed next to a large food chain in a regional shopping centre brings an advantage.

"Most people hate grocery shopping. By the time they get out of the shop with a trolley-load of food all they want to do is get home,

## A Business Times SURVEY

IN SPITE of South Africa's troubles, commercial and industrial property has remained a relatively stable and profitable investment. TERRY BETTY reports.

put everything in the fridge and relax.

"We experimented by putting a small Queenspark store in Tyger Valley near Cape Town. But the takings a square metre of our Sandton store doubled this store's."

Mr Shub says a coffee shop is desirable in a shopping centre.

Mr Maserow says gymnasiums and coffee shops are part of the entertainment aspect of a shopping centre. People can use them to relax, watch passers by and inspect clothing.

Mr Maserow says that to succeed, these centres must have attractive architecture.

Mr Maserow says shopping centres should have several types of food or clothing shops.

He says the underlying cost of building a specialised centre is about R1 000/m<sup>2</sup> as opposed to about R1 500/m<sup>2</sup> and more for the average shopping centre.

Even the office market is latching on to the trend of upgrading what exists in-

stead of demolishing.

Seeff chairman Lawrence Seeff says that because of rising demolition and construction costs as well as time constraints, it is worthwhile for a developer to refurbish, especially if the property is in a good position.

## Position

"It will not be any less comfortable than a new block and the rentals, at about R20/m<sup>2</sup>, are at a large discount to those of new buildings."

Another trend is the provision of spacious, efficient but affordable office space. Marble, granite and expensive finishes are the hallmarks of posh head offices.

Mr Seeff says this trend is evident abroad.

"Designers have put up lofty, open buildings of basic construction with minimum finishes, but located in prime business areas. They give tenants critically located space at competitive rates where they can alter the interior."

## Many safe returns

STimes(Buss) 27/6/93

LIFE assurers have R5-billion of the R38-billion of discretionary assets they manage on behalf of pension and provident funds invested in property.

Alexander Forbes consultant and actuaries director Paul Robson says non-insurance fund managers have R617-million of the R28-billion they handle for these funds in property. For the last five years property investments have earned 18,3% compared with returns on equity of 23,4% and 18,2% on fixed interest.

Mr Robson says equity has been the best performer over any five years in the past 30, apart from hiccups in 1976 and 1969.

"Property lends an investment portfolio stability — rental income is fairly regular and capital appreciation smooth. Returns on shares by one-year periods are volatile."

Because insurance companies have large resources they can afford to swap a certain degree of growth for stability and invest heavily in property.

Mr Robson says that trustees of pension and provident funds no longer look only at a 10-year performance. They have reduced it to five years.

Non-insurance fund managers, who are measured on short-term performance, prefer equities for quick returns.

They hold the assets in the name of each pension fund, which is not allowed more than 15% in property. It is thus difficult to find sufficient money for a large property development.

This is why they have only 2,8% of their funds in property against 13,03% for insurance companies.

ACE

T.

CNTF

# Urbanised blacks need shop space

S/Times (Buss) 27/6/93

SHOP rents in black retail areas of Johannesburg and Mitchell's Plain at the Cape exceed those in up-market centres such as Sandton City.

This proves that retailing's future lies in serving the growing urban market where there is a shortage of property development.

Seeff chairman Lawrence Seeff says: There is an oversupply of shopping centres in traditional white areas. Because transport facilities in these areas are poor, they are out of reach of blacks.

"Cape Town's Victoria & Alfred Waterfront has killed retailing in Sea Point."

Rents and market values in certain black areas rival those in up-market shopping centres, says Broll Property Group joint managing director Alan Wallace, writing in Erwin Rode's Real Estate Survey.

Mr Wallace says: "Rentals in line shops facing on Symphony Walk in Mitchell's Plain town centre exceed R100/m<sup>2</sup> and retailers report that trading densities are among the highest in SA."

Black incomes increased 15,74% from 1985 to 1991 compared with 12,99% for whites.

The black population earned less than 30% of SA's disposable income in 1965, but this rose to 45% in 1985 and is expected to exceed 50% by 2000.

30 Train

Because many blacks pass through the major city centres using public transport, the property business is unanimous that retail development should centre on and around transport nodes.

For example, the Johannesburg City Council estimates that 500 000 people enter the city each day and many of them pass through the train and taxi

nodes. Herbert Penny chairman and managing director Peter Penny believes black shoppers and retailers will stick to major central business districts.

She says in a paper on the essential functions of the CBD: "Decentralisation of white shoppers has been compensated for by blacks who use the CBD shopping areas because their own neighbourhood facilities are inadequate or unacceptable."

"In Chicago six major retail centres situated in predominantly black areas closed between 1967 and 1972 and many of these residents now shop in the core of Chicago's CBD."

Part of the reason for shoppers sticking to the CBD is the transport system.

Mr Penny believes Soweto would struggle to rival Reef CBDs because the transport system is oriented to Johannesburg and does not criss-cross Soweto.

The low car ratio limits the ability of residents to buck this trend.

## Blacks barred from town

7124 28/6/93  
JOHANNESBURG. — Armed rightwingers set up a blockade today barring blacks from entering the northern Free State town of Koppies, police spokeswoman Captain J van der Merwe said. (30) (244)  
Captain Van der Merwe said the blockade was in response to a 10-day African National Congress-led consumer boycott of white businesses.  
All residents from Kwak-

watsi township were refused entry into Koppies from 4.30am by whites armed with firearms, the spokesman said.  
The impasse follows an ANC Women's League application for a protest march on June 16. Although permission was granted for the march, the league rejected conditions that they could march only up to the border between Koppies and Kwakwatsi. — Sapa.

# Edgars takes up the cudgels

CAPE TOWN — Giant clothing retail chain Edgars, which turns over about R3,2bn annually, had no intention of relaxing its aggressive buying policies, MD and CE George Beeton said at the weekend.

If anything, Edgars intended toughening up the process, he added. *B/Daw*

Beeton was responding to accusations by clothing and textile manufacturers that retail chains were tightening the screws on their margins by refusing to accept price increases. *(30)*

He said Edgars had embarked on a constant low-price strategy to replace promotions and discounts in an attempt to boost sales volumes, a development which would be in the interests of manufacturers and retailers. If manufacturers did not increase their volumes, they were heading for trouble, Beeton warned.

Edgars was in the first year of a five-year programme to lower its prices.

Beeton said the huge investment retailers had made in information technology had changed the whole way of doing business. Orders used to be placed six months in advance, but this was no longer neces-

LINDA ENSOR

sary. "The whole cycle of buying has changed. To become cost effective the time factor has to be taken out of the process." *28/6/93*

National Clothing Federation (NCF) president Aaron Searll confirmed that clothing retail chains had been highly aggressive in their buying practices which had made it difficult to obtain price increases. Margins were at rock bottom.

"It is essential for the industry to get back to respectable margins to generate profits to reinvest for future development," Searll said. *(ESP)*

NCF executive director Hennie van Zyl said there had been several complaints by clothing manufacturers against retailers and it had recently been agreed to renegotiate the code of conduct reached a few years ago between retailers and manufacturers.

Beeton said, however, that he had never negotiated a code of conduct and did not think retailers, who were fiercely independent, would connive with manufacturers on such a code.

# Police persuade OFS whites to lift blockade of township

The Argus Correspondent

JOHANNESBURG. — Free State police have persuaded armed white residents of the small town of Koppies to abandon roadblocks they had manned for 17 hours to keep out residents from neighbouring Kwakwatsi.

Koppies residents blockaded roads from Kwakwatsi into the town from about 4.30am yesterday, apparently in retaliation for an African National Congress-led consumer boycott of white businesses.

Free State police spokesman Captain Jöhlene van der Merwe said white residents had told police they would bar black residents from the town

until the consumer boycott ended.

But after protracted negotiations, which are due to continue today, the armed residents agreed to go home last night.

Kwakwatsi residents had agreed to suspend the consumer boycott only if they were given permission to march to the town, she said.

Major Terry Shaw, a member of the area's regional peace committee, who was at the scene all day, presided at the negotiations.

Captain Van der Merwe said she could not "pinpoint" political parties of which the 300 blockading residents were members. She said they were

ARGUS 29/5/93  
heavily armed, although their weapons were concealed.

The consumer boycott started after the ANC Women's League was denied permission to march into Koppies on June 16.

Captain Van der Merwe said the league was granted permission to march only to the border of Koppies and Kwakwatsi. The women rejected this and called for a consumer boycott.

It is not clear whether roadblocks will be re-established today or when Kwakwatsi residents will be free to enter Koppies.

The ANC Northern Free State region could not be reached for comment.

# Koppies roadblocks down after talks

Star 29/6/93

30

By Charmeela Bhagawat  
Crime Reporter

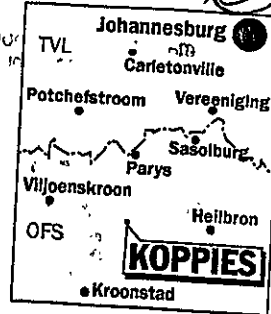
Free State police late last night persuaded armed white residents of the small town of Koppies to abandon roadblocks they had manned for 17 hours to keep out residents from neighbouring KwaKwatsi.

The residents blockaded roads into Koppies from about 4.30 am yesterday, in retaliation against an ANC-led boycott of white businesses.

Free State police spokesman Captain Johlene van der Merwe said white residents had told police they would bar black residents from the town until the boycott ended.

However, after protracted negotiations — due to continue today — they agreed to go home.

Van der Merwe said the white residents manning the blockades num-



bered about 300 and were heavily armed, although their weapons were concealed.

The boycott started after the ANC Women's League was denied permission to march into Koppies on June 16.

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It is not clear whether roadblocks will be re-established today or when KwaKwatsi residents will be free to enter Koppies.

# Koppies blockade continues

JOHANNESBURG. — The white blockade of Koppies against residents of Kwakwatsi township continued yesterday as a committee of residents and police tried to find a solution to the racial confrontation.

Koppies residents embarked on the blockade as a reprisal for an ANC-initiated consumer boycott.

The Koppies Action Committee chairman, Mr Louw Badenhorst, said the ac-

tion would continue until the ANC acceded to demands by the town council that it keep to the peace accord.

The northern Free State town is reportedly teeming with Afrikaner Weerstandsbeweging (AWB) members, but Mr Badenhorst said no particular party could be held responsible for the action.

Roads into town were blocked, but people in need of medical attention were allowed through, he said.

CF 29/6/93  
Koppies ANC organiser Mr Johannes Tladi said blacks who had been found in town after being transported by police to the Department of Manpower offices earlier yesterday had been chased out by whites.

A Koppies town council spokesman said workers from the township could not report for work.

Police estimated that about 300 whites manned the blockade. — Sapa





# Racial tension Sowetani 29/6/93 high in Koppies

By Mpikeleni Duma

BY late yesterday the situation in the Free State town of Koppies was still tense after whites prevented blacks from going into the town.

The move was in retaliation for a boycott embarked on by residents of Kwakwatsi township against white businesses.

Police spokeswoman Captain Jolyn van der Merwe said white residents had apparently decided at a meeting last week to cordon off the area from 4am yesterday.

The boycott was sparked off by a refusal to allow the ANC Woman's League to march to the town on June 16 to deliver a memorandum. (30) (2)

Van der Merwe said a meeting between community organisations, the South African Police, Peace Committee and the white Koppies residents was to be held yesterday.

# Armed right-wingers bar blacks from town

Biday 29/6/93

DIRK VAN EEDEN

ABOUT 300 armed right-wingers stood guard at the roadside yesterday morning, barring black people from entering the conservative town of Koppies in the northern Free State.

A committee of residents and police were locked in talks throughout the day, trying to iron out the racial confrontation which began two weeks ago when the ANC Women's League was prevented from entering Koppies for a protest march.

A consumer boycott was subsequently called by the ANC's branch in KwaKwatsi, the township adjacent to Koppies.

Yesterday's action was part of an attempt to force blacks to end their consumer boycott.

Police spokesman Capt Johlene van der Merwe said yesterday police reinforcements had been called in and the situation was "extremely tense".

However, there had been no reports of violence.

Van der Merwe said the police team of negotiators also held talks with the residents of KwaKwatsi, and was trying to get the opposing groups together last night for joint negotiations.

The right-wingers took up their posts at 4.30am yesterday. They were mostly armed with sideguns, although a few had

shotguns, she said.

Koppies Action Committee chairman Louw Badenhorst, representing residents and businessmen of the town, said the action would continue until the ANC acceded to the town council's demand that the ANC abide by the peace accord.

The committee also distributed leaflets in English and Sotho, calling for an end to the boycott.

Badenhorst said that even though the roads were blocked, people in need of medical attention were allowed through.

A reported blockade on the road between Koppies and KwaKwatsi had turned out to be the result of municipal road workings. It had been removed, Van der Merwe said.

Badenhorst said that even though Koppies was home to a large number of AWB supporters, no single political party could be held responsible for the blockade.

The blockade of the town follows a similar one earlier this year in Vrede when a black consumer boycott of the town, which lasted nearly two weeks, was called off after meetings between the town's residents and those of the neighbouring township.

## Investigation into shootings

STEPHEN COPLAN

POLICE are investigating alleged shootings in the Babylon area of Ivory Park at the weekend.

Squatters said they had been fired on by two white men travelling in a bakkie.

Police spokesman W/O Andy Pleke said yesterday the bakkie belonged to the Transport Department, but the people using it on Sunday still had to be traced.

A spokesman for the local civic association said there were no injuries and no damage to property.

Local peace committee officials in the area said the TPA yesterday continued to demolish shacks in Babylon, near Midrand. Many had been re-erected at the weekend following the demolition of illegal structures last week.

Peace committee official Roger Oxley said hundreds of people had been left homeless.

An urgent application by 10 squatters to remain on the land was postponed until tomorrow. The land has been earmarked by the TPA for light industrial development.

| LIMITED                              |               |               |
|--------------------------------------|---------------|---------------|
| LTS                                  |               |               |
| MARCH 1993                           |               |               |
| March 1993 is as follows:            |               |               |
| SHEET                                | 1993<br>R'000 | 1992<br>R'000 |
| Shareholders'                        | 128 204       | 94 320        |
| Voluntarily convertible shares       | 14 434        | 14 434        |
| Preference shareholders' interest in | 142 638       | 108 754       |
| Shareholders' subsidiaries           | 20 000        | 20 000        |
| Shareholders' funds                  | 2             | 2             |
| Shareholders' funds                  | 162 640       | 128 756       |
| Liabilities                          | 31 320        | 34 784        |

## Delswa drops back by 33%

DUMA GQUBULE

FASHION house Delswa reported a 33% drop in attributable earnings to R1,9m (R2,8m) for the year ended April, despite a strong performance in the second half.

This was equivalent to earnings of 27,1c (40,6c) a share from which a dividend of 6c (9c) a share was declared, the result being in line with company forecasts at the interim stage when it predicted a 30% decline in earnings to 28c a share for the year. (30)

Group MD Stephen Jaff said in a statement published today the results reflected very difficult trading conditions. There appeared to have been a certain amount of growth at the retail level in the clothing sector but this had not been of benefit to manufacturers, he said. (30)

Turnover was not disclosed, but Jaff said it had increased by 1% over the previous year's figure. Operating profit was down 28,5% to R5m (R7m) because of severe competition and surplus capacity in the industry which had placed margins under pressure. (30)

Interest payments absorbed R1,8m (R1,9m) and tax R1,4m (R2,2m), leaving an after-tax profit of R1,9m (R2,8m).

Jaff said it was difficult to make confident forecasts for the year ahead. (30)

There was significant excess capacity in the industry which had remained highly competitive. This was placing continued pressure on margins and the group's ability to show a reasonable return on its assets.

Delswa was, however, confident it had the managerial and financial strength to remain competitive and had budgeted to maintain profits.

# Metcash expands into Israel and Russia

B/D 007 30/6/93  
METRO Cash and Carry (Metcash), SA's major wholesale group, would set up operations in Israel and Russia, CE Carlos dos Santos said yesterday.

Metcash's current offshore operations are largely concentrated in Malawi, where it has 23 cash and carry and 65 retail stores. It also operates in Lisbon and Hong Kong. It hoped to open in Mozambique within the next few months and was also looking at Zimbabwe.

(30)  
Dos Santos told the Investment Analysts' Society that Israel and Russia represented the latest venture into globalisation. He hoped to have two cash and carry operations in each country by mid-1994. They

MARCIA KLEIN

should be profitable at the end of the first year of operation, excluding start-up costs.

In Israel Metcash had established a partnership with Koor Industries, which already had an interest in retail chain Cop. Metcash also had two partners in Russia, a steel mill and a bank. These partners made it possible to export and to facilitate the conversion of currency.

Wherever possible, Metcash would export SA goods. If not, it would look at sourcing from elsewhere, and its operations in Lisbon and Hong Kong would stand it in good stead.

# Metro chain spreads links

□ Stores planned in Israel and Russia by next year

STEPHEN CRANSTON

JOHANNESBURG. — Metro is planning to set up two cash and carry stores in Israel and another two in Russia by mid-1994, managing director Mr Carlos dos Santos told the Investment Analysts Society.

He said Metro had sent a senior operational executive, Mr Andrew Reitzer, to run the operations.

In Israel Metro's partner would be Koor Industries, the

(30) ARG 30/6/93  
country's largest industrial conglomerate, which also had a controlling interest in the retail chain.

In Russia Metro's partners would be a steel mill, which was in a position to help with imports, and a bank, to enable the group to convert roubles into hard currency at a favourable rate.

Where possible Metro would carry South African goods in the stores.

Mr Dos Santos said he expected the stores to be profit-

able within a year of opening.

Metro already had a 40 per cent interest in PTC in Malawi, which owned 23 cash and carries and 65 retail stores.

It also had two cash and carries in Lisbon and a sourcing and trading operation in Hong Kong.

Its export division, Metro International, traded mainly with African countries, but also sold in the Far East, Middle East and Russia, as well as providing an operation for miners in

Mozambique, which enabled them to buy goods in South Africa and receive them in Mozambique.

The expansion of global operations would be an important source of Metro's growth.

Internally the group hoped to improve profitability by increasing the proportion of non-foods and perishables in its stores.

It recently introduced fruit and vegetables, and fresh and frozen meat into its stores.

# SBDC gives *Star 30/6/93* boost to arts, crafts

The Small Business Development Corporation and Arts and Crafts magazine have joined forces to promote business entrepreneurship among South Africa's artists and craftsmen. (30)

The SBDC said yesterday the campaign aimed to develop business skills in the arts and crafts community as well as to promote the work of artists and craftsmen both locally and overseas. (2/12)

The autumn edition of Arts and Crafts magazine, currently on sale at book stores around the country, is the first to be published since the launch of the joint campaign.

The magazine introduces a new marketing venture — Buzz Exporters Club of South Africa (BECSA) — which incorporates overseas warehousing which would make South African exports readily available to American retailers and wholesalers. (2/12)

It also contains information on how to learn to improve arts and crafts. — Sapa.

# Metro opening shops in Israel, Russia

By Stephen Cranston

Metro is planning to set up two cash and carry stores in Israel and another two in Russia by mid-1994, says MD Carlos dos Santos.

In a presentation yesterday to the Investment Analysts Society, he said Metro had sent a senior operational executive, Andrew Reitzer, to run the offshore operation.

In Israel, Metro's partner will be Koor Industries, the country's largest industrial

conglomerate, which also has a controlling interest in the Co-op retail chain.

In Russia, Metro's partners will be a steel mill, which is in a position to help with imports, and a bank to enable the group to convert roubles into hard currency at a favourable rate.

Wherever possible, Metro will export SA goods to its stores.

Dos Santos said he expected the stores to be profitable within a year of

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The expansion of global operations will be an important source of Metro's growth.

Internally, the group hopes to improve profitability by increasing the proportion of non-foods and perishables in its stores.

It recently introduced fruit and vegetables and fresh and frozen meat into its stores.

# Blockade: ANC reacts

CT 3016193  
JOHANNESBURG. — The ANC northern Free State region listed its demands yesterday in response to the right-wing blockade of Koppies and resolved to continue with its plans to undertake a protest march into the small town on July 1.

The ANC region would have met the Koppies Action Committee yesterday, but the meeting was postponed to 3pm today.

The blockade was apparently started in response to a week-long black

consumer boycott of the town's white-owned businesses.

Among the ANC's demands are an end to blockade as well as "the right-wing's use of violence and barbarism to address problems".

Local ANC leader Mr Johannes Tladi said the boycott would only be ended when the ANC was allowed to march into the town to the police station and the police held an inquest into the death of ANC Youth League member Mr Makume Mahlatsi, 29.





14 30608

# Township residents plan protest march on Koppies

Bl Day 30 1993

RESIDENTS of the Kwakwatsi township, adjoining the Free State town of Koppies, plan to march on the town tomorrow to protest at Monday's blockading of access roads to the town by right-wing Koppies residents, ANC regional spokesmen said yesterday.

They said they were determined to go ahead with the march whether or not permission was granted. Northern Free State ANC deputy secretary-general Vax Mayekiso said the SAP should be held responsible for the safety of marchers and the town's residents.

The ANC was reportedly planning to bus marchers into the area as part of its national day of action campaign in the Free State, which was directed against the right wing.

"We want to show them, once and for all, that the town of Koppies belongs to everyone who lives here," said the ANC's northern

**JONATHAN DAVIS**

Free State chairman Ace Magashule.

The Koppies action committee blockaded roads leading into the town on Monday in response to a consumer boycott of the town's businesses by Kwakwatsi residents. (30)

The boycott began on June 18 after a march by the ANC Women's League was prevented from entering Koppies. (24)

However, ANC sources claim tension had been rising in the area since a Kwakwatsi resident, Solomon Mahlata, 29, was allegedly shot dead by a policeman. (25)

The ANC announced the planned march yesterday, after talks between Koppies residents, the local authorities and ANC failed to break the deadlock.

ANC representatives described an eight-point

plan suggested by the Koppies town council as "a joke". The plan called for the bilateral suspension of the blockade and the consumer boycott and for the ANC to recognise the sovereignty of the Koppies town council, and to stop interfering in its activities.

It proposed that the ANC be limited to three marches through the town each year.

National Peace Committee representative Rudi Louw said committee representatives would attempt to defuse the situation in talks today between the Koppies Action Committee, the local authorities, the SAP and the local and regional ANC. He said if the march went ahead it could lead to a dangerous confrontation.

The streets of Koppies were deserted yesterday as the consumer boycott continued, and most businesses were closed.

# Koppies consumer boycott ends

JOHANNESBURG. — The ANC consumer boycott of Koppies and the blockade of the town by rightwing Action Committee members — which started on Monday — has been called off after a marathon meeting between the parties.

Spokesmen for the African National Congress, the Koppies Action Committee, the Regional Peace Committee and the Koppies Town Council said yesterday that they were all thrilled with the outcome of the meeting, which they said was conducted in a "very good spirit".

All parties signed an agreement lifting consumer boycotts, stayaways and counter actions with immediate effect.

The parties also agreed that

the Koppies Local Peace Committee should be immediately reinstated and restructured, following its disintegration two weeks ago.

The agreement states that in future two special procedures will be followed prior to any boycott actions, stayaways or marches.

These are that the Local Peace Committee will be asked to investigate and discuss all such actions and, if no consensus can be reached, the Free State Peace Committee should be notified.

In such an event a meeting between the Free State Peace Committee, the ANC Northern Free State region and the Local Peace Committee will also have to be called.

(30) ~~24~~  
If these meetings agree that there are grounds for such actions, the parties wishing to institute boycotts, stayaways or marches will be given the go-ahead to approach the local town councils and other authorities for permission to do so.

ARG 11/7/93  
The parties also agreed that the march would proceed today and that the route would be from Kwakwatsi to the local agricultural showgrounds along a specific route agreed by the parties.

The situation in the town yesterday was reported to be quiet despite the three-day blockade since Monday by right-wingers in retaliation to a consumer boycott by Kwakwatsi residents. — Sapa.

July 3 to July 7 1993

# Southbusiness19

## Crafty plan for entrepreneurs

South SH-7142

**Everybody's  
BUSINESS**

**The Small Business Development Corporation announces its latest projects to encourage new entrepreneurs to set up shop:**

THE SMALL Business Development Corporation and Arts & Crafts magazine have joined forces to promote business entrepreneurship among South Africa's artists and craftsmen.

The campaign aims to develop business skills in the arts and crafts

community as well as to promote the work of artists and craftsmen, both locally and overseas.

The autumn edition of Arts & Crafts magazine, currently on sale at bookstores, is the first to be published since the launch of the joint campaign.

It introduces a new marketing venture called Becsa (Buzz Exporters Club of South Africa) which incorporates overseas warehousing to make South African products readily available to American retailers and wholesalers.

In addition it contains a wealth of information on how to learn or improve arts and crafts skills as well as marketing other business skills.

Marketing drives and networking opportunities initiated in South Africa include co-operation with

local authorities, tourism groups, flea markets and organisations representing artists and craftspeople.

The SBDC's Dr Ben Vosloo emphasises the vital role that Small and Medium Enterprises (SME) play in igniting South Africa's economic engine.

SBDC research indicates formal and informal SME sectors in South Africa are already employing about six million of South Africa's 14,3 million economically active population and contributes nearly 50 per cent of this country's Gross Domestic Product.

"SME's are flexible and adapt easily to changing market perceptions. They require relatively little capital, can combine simple and advanced technology and as they are generally labour intensive, con-

tribute significantly to job creation," says Vosloo.

The magazine will also be working with the SBDC's six regional offices to focus on facilities and opportunities in each region.

One of the aims is to establish a network that will distribute information on training and marketing to a cross-section of regional communities.

A further aim is to develop closer links with the tourism industry and to introduce marketing ventures such as bus tours to rural craft markets and urban and rural arts and crafts trails.

The magazine also offers advertising and marketing opportunities for artists and crafters, as well as for suppliers of tools, equipment and facilities.



**BOOST: The SBDC and Arts & Crafts magazine are promoting arts and crafts among small business people**

### **Vaal consumer boycott mooted**

A MASSIVE consumer boycott aimed at Vereeniging and Vanderbijlpark is under consideration following the cold-blooded shooting of 23 Vaal residents last week. **CIPEDS 41719S**

Over 100 residents of Sebokeng and Boipatong have become victims of massacres in attacks by assassins in the last three years. **(278) (30)**

## BUSINESS BRIEFS

Sunday Times [Business] 4/7/93  
**Retailers will lose R1,8bn**

**RETAILERS** will lose R1,8-billion — about 2% of sales — to shoplifting and other shrinkage this year.

Last year's police figures show 51 656 cases of shoplifting, 11 447 on the Witwatersrand. (30) (5)

Electronic surveillance company Sensormatic managing director Richard Pople says this is the tip of the iceberg. Many incidents are undetected or not prosecuted — "only one out of every 100 incidents of shoplifting reached the courts".

Mr Pople says about 40% to 50% of theft is by the public, 40% by employees and the balance is caused by bookkeeping errors.

# JSE yes needed for Milstan to go

St. James (Buss) 4/17/93

By JULIE WALKER

MILSTAN's failure to produce annual financial statements timeously could result in the delisting it told shareholders it intended to seek through an offer to minorities.

But the JSE might not help it.

The JSE suspended trade in Milstan shares on Thursday because it failed to report financial results for the year to February 1993.

Other companies late in reporting results have been suspended and later delisted.

Milstan is the holding company of photographic, electronic and consumer durables stores Stans, Miltons and Hi-Fi Specialists.

Its major shareholders and directors are the Etkind brothers Stan, Milton and Laurence.

On June 14, Milstan corporate consultant Curle Securities warned shareholders that an agreement had been reached which was likely to result in an offer to minorities and to the company's delist-

ing. The share price was then 25c.

Ten days later Curle said "preliminary information concerning the results of Milstan for the year ended 28 February 1993 (which are due to be published imminently) may adversely affect the intended offer to minority shareholders." (20)

The share had dropped to 20c by that time and remained untraded until suspension.

The Etkinds, Milstan lawyer Lionel Levin and consultant Peter Curle all decline to comment on the reasons behind the delay in releasing results and on developments.

Listings head Richard Connellan says the JSE committee is aware that its insistence on timeous delivery of information could be used by a company wishing to delist. The JSE would not help it.

# Clicks to sell No7

Business Times Reporter

CLICKS aims to reshape the face of the cosmetic industry with the introduction of the Boots No7 range. *(Times)*

UK-based Boots is one of the top health-care retailers in Europe, and No7 products are among its most successful. *(4-7-92)*

With a market capitalisation of more than £2-billion, Boots is in Britain's top 30 and Europe's top 100 companies. *(30)*

Clicks chief executive Trevor Honeysett says managers went to Nottingham to clinch the deal. He believes that the cosmetics business needs a "bit of excitement". *(S)*

"After all, the industry

has not seen a new range in many years." *(Business)*

To ensure No7 hits the market with a bang, Clicks is spending £1-million on media advertising. It will back this with promotions and other activities.

The 190 products range across the spectrum.

An extensive treatment range will be launched in the third week of July when it will be available in all of Clicks' 150 stores.

No7 is targeted at A, B and upper-C earners. It will be priced between Yardley and Revlon, says Mr Honeysett.

# Agreement nears on Rusfurn deal

B/Day 6/7/93

MARCIA KLEIN

W & A, J D Group and Wooltru subsidiary Massmart were set to conclude a complex multimillion-rand deal to acquire the troubled Rusfurn furniture group, informed sources said yesterday.

They said the initial deal, between Rusfurn and W & A, would be struck this month. It would see W & A — aided by its new joint shareholder Trencor — acquire the entire Rusfurn group. The R1,4bn turnover group's major interests include Dion, Russells and Rudicks. (222)

W & A would then sell the numerous furniture interests to its own furniture subsidiary J D Group, and would sell retailer Dion to Wooltru subsidiary Massmart.

It is believed that W & A would sell Dion to Massmart for cash, but the J D Group part of the deal could involve the issue of shares. According to one source, the terms of the deal were complex, but it appeared that W & A would walk away from the deal with a profit of about R45m. (30)

Sources said it was still unclear what the purchase price would be, and what would be done about Rusfurn's significant debt.

The speculation follows more than two years of significant losses and much concern about the group's gearing and debt-

ors' provisions.

In financial 1991, Rusfurn reported it had gone R79,2m into the red after showing a profit of R92,9m in the previous year. At that time it announced a three-year recovery period. By the June 1992 year-end, its losses reached R135,9m. Since November last year, when the group issued a cautionary announcement, shareholders have been anxiously awaiting news of a change in control. But an announcement later that month said negotiations concerning a possible change of ownership were terminated, and that management had been restructured. Absa's Danie Cronje took over as chairman of the group. (132)

In the six months to end-December, Rusfurn returned to profit, with attributable income of R5,6m from a loss of R28m in the previous year. Directors said although operating profit before interest was expected to improve, the high gearing would see it show an attributable loss after interest.

In May, Rusfurn issued a cautionary announcement, but no subsequent announcement has been forthcoming.



# Edgars customers now 50% black

Star 6/7/93

By Stephen Cranston

The Edgars customer profile has changed progressively, with more than 50 percent of customers now black, says MD John Bellis.

Writing in the annual report for the year to March, Bellis says that with increasing aspirational demands for branded merchandise, substantial investment is being directed to building and retaining national and house-brand supremacy.

Rampant escalation in food prices and growing responsibility for educational costs were having a marked impact on the discretionary income of the average Edgars customer and sales had increased by just 11 percent.

But the chain had managed cost reductions, overheads and assets well, so the pre-tax margin had improved and attribut-

able earnings had risen in real terms.

Expanded merchandise ranges and the refurbishment of smaller stores had boosted sales meaningfully.

This had triggered the acceleration of the upgrading of country outlets over the next two years.

Its sister Sales House chain saw a 45 percent growth in shoe sales last year and was committed to operating independent shoe stores, an intention which had been boosted by the purchase of ABC and Cuthberts from Amrel after year-end.

Sales House turnover had increased by a third without a deterioration in the debtors' book and the bad-debt handover percentage had fallen below four percent for the first time.

Jet MD Don Etheridge says

the previously loss-making chain has finally found its market niche by offering quality core fashion merchandise in the most wanted shapes, colours fabrics and sizes.

Sales increased by 21 percent last year and there was a R4 million pre-tax profit in the second half.

A new generation store design, configured to display the revitalised merchandise ranges has been introduced, with rewarding paybacks.

The group manufacturing operation Celrose made a R3,9 million loss during the year as internal inefficiency and the relocation of the merchandise division to Tongaat had pulled it down.

Exports grew by 21 percent and menswear sales by 22 percent, but ladieswear sales were disappointing.

By **AUDREY D'ANGELO**  
Business Editor

A HIGHER gold price and tentative signs that the economy may have bottomed out caused business confidence to edge up in June. The SA Chamber of Business (Sacob) Confidence Index (BCI) — which fell in May to 94% from 95.1% in April — moved up by 0.1% to 94.1%.

Sacob chief economist Ben van Rensburg comments that "although the overall economic picture remains mixed there is statistical evidence to suggest that the economy may have bottomed out.

"This includes the results of Sacob's most recent survey of the manufacturing sector which has shown two consecutive improvements in activity levels.

"However, the economy will remain vulnerable to political uncertainties and the violence."

Van Rensburg points out that without the sustained higher gold price reserves would have fallen to critical levels "with negative implications for monetary policy and for growth prospects.

"The seriousness of the situation is partly illustrated by the recent sharp deterioration in the exchange rate of the rand."

# Business confidence edges up

"While there may be some tentative signs that the economy is starting to recover again after the shocks of the Hani assassination such a recovery remains vulnerable."

Listing reasons for the marginal improvement in confidence, Van Rensburg says:

- The rate of inflation as measured by the CPI declined to 10.6% from 11% the previous month;

- There was a further slight decline in the average rate of interest on three-month Bankers' Acceptances in June;

- The expected real value of retail sales for June, on a seasonally adjusted basis, was slightly higher than for May;

- The number of registered unemployed in June, on a seasonally adjusted basis, was marginally lower;

- The dollar price of gold strengthened further;

- The number of new passenger vehicles sold was slightly higher;

- The seasonally adjusted value of building plans passed, at constant 1985 prices, was marginally higher; and

- The price of shares on the JSE continued to rise in response to the higher gold price.

He says that although "significant concern has been expressed at the low level of tax receipts Sacob believes it is too early in the fiscal year to draw firm conclusions in regard to the size of the government deficit."

There have been "significant distortions in a number of statistics which make it difficult to evaluate the real state of the economy.

"Although these distortions may have tended to overstate the depressed state of the economy in recent months there is an equal danger that, in being corrected, they will serve to exaggerate the extent of any improvement in the economy.

"This is likely to be the case when the official gross domestic product (GDP) figures are released for the second and third quarters of 1993."

# Confidence index reflects modest improvement

30

ARG 7/7/93

□ Sacob calls for further bank rate cut

**MARC HASENFUSS**  
Business Staff

THE Business Confidence Index (BCI) as measured by the South African Chamber of Business (SACOB) crept up 0,1 percent to 94,1 percent in June — reflecting modest improvements in some key economic indicators.

The small boost in the BCI is encouraging after a marked 1,1 percent fall in May.

The index was stimulated by the lower-than-expected inflation rate, higher gold price, rising share prices on the JSE, a slight increase in passenger car sales, marginally lower unemployment and an improvement in the expected real value of retail sales for June.

In accompanying comments on the BCI, Sacob pressed for a further reduction in Bank Rate.

Sacob said the unexpected slide in the rate of consumer price inflation added weight to calls for a further relaxation in monetary policy and a resultant drop in interest rates.

"The fall in inflation to 10,6 percent — in spite of the full effect of a significantly higher VAT rate being measured — is indicative not just of the effectiveness of prevailing monetary policy, but also of the depressed state of the economy."

Sacob said that against the backdrop of a prevailing underlying inflation rate of around 7 percent, real interest rates were at a very high level.

"Many business people would argue that this is inappropriate for a country in a deep recession, and in the event of an improvement in the balance of payments position, would call for the monetary authorities to adopt a less stringent policy approach."

The combined effect of high real interest rates and a contracting economy had clearly had a significant impact on the small business sector, as evidenced in the continued high number of insolvencies and liquidations.

Sacob said the seriousness of the present situation made access to IMF financing — which would give the Re-

serve bank greater leeway in managing the reserve position — even more urgent.

Although the overall economic picture remained mixed, Sacob said there was statistical evidence to suggest the economy had bottomed. Sacob's recent survey of the manufacturing sector — showing two consecutive improvements in activity levels — supported this.

Sacob said the firmer gold price was also helping to alleviate pressure on the balance of payments and reserves.

"Without this somewhat unexpected assistance, the level of gold and foreign exchange reserves would probably have been critically low, with negative implications for monetary policy and for growth prospects."

The seriousness of the situation was partly illustrated by the recent sharp deterioration in the exchange rate of the rand, Sacob said.

But, the slide in the external value of the currency should make local exporters more competitive in international markets.

"Together with the higher dollar price of gold, the depreciation of the currency effectively means returns to South African gold mines have risen by 27 percent since the beginning of the year, which should improve the prospects for this important industry."

However, Sacob warned longer-term prospects for non-gold exports would continue to be constrained by a sluggish world economy.

## Boycott agreement puts a stop to blockade threat

STEPHEN COPLAN

A THREATENED blockade of Warmbaths to prevent black residents from entering the town was averted this week when an agreement was reached to end a three-month consumer boycott.

The threat was issued by a group calling itself the "taxpayers of Warmbaths", and was preceded by weeks of conflict between the town's residents and the community of the neighbouring township of Belabela.

National peace secretariat mediator Sathis Moodley said yesterday the agreement between the Belabela boycott co-ordinating committee, representing 11 community organisations, the Warmbaths town council and the administrator of Belabela also stipulated that a record of understanding be drawn up by police and the boycott committee.

All parties had agreed to meet to discuss marches and pickets prior to permission being granted.

Moodley, who brokered the agreement, said the consumer boycott and a boycott of service charges was sparked by the arrest of 10 youths during commemoration services for slain SACP leader Chris Hani and the subsequent refusal by police to grant them bail.

In leaflets published by the "taxpayers of Warmbaths", threats were made of permanent staff reductions, compulsory leave for half of the town's workers and a blockade of the town, Moodley said.

# NOKIA

## Peace accord criticised

THE national peace accord was sharply criticised yesterday in discussions at the 25th national conference of the SA Council of Churches (SACC) at Midrand, near Johannesburg.

The accord was labelled "toothless" and "unjust" during debate by the justice and social ministries commission.

Government funding of, and influence in, the workings of the accord was criticised, and proposals were made for the establishment of an independent peace initiative, or the transfer of the accord to the auspices of the country's envisaged transitional executive authority.

There was scepticism about the appointment by government of Antonie Gildenhuys as national peace secretariat chairman on the basis that Gildenhuys's background was unknown to delegates.

The feeling was that the accord had been "hijacked" by government and had no way to deal with the "faceless" perpetrators of violence.

In a report by the ecumenical monitoring programme in SA — established in 1992 to bring international religious representatives to the country to monitor violence — mention was made also of "serious flaws" in the mechanisms of the peace accord.

"Many signatories have subsequently ignored its principles. We believe that application of the accord focuses on violations of the black community but does not hold govern-

ment and its homeland structures to the same accountability," said the monitoring programme report.

SACC general secretary the Rev Frank Chikane suggested to the conference that a call be made to the UN Security Council to adopt urgently a resolution to co-ordinate election monitoring in SA.

The submission, discussed by a conference commission, is for all international monitors to be accredited by the UN and not by a local structure. Internal monitors are expected to be accredited by an envisaged independent electoral commission agreed on at multiparty negotiations.

A UN resolution would enable local monitors to be trained by international experts, and the organising, training and deployment of local and international monitors to be co-ordinated, the commission was told.

Chikane stressed the importance of local monitors being independent from other local structures, such as the national peace accord.

The establishment of a panel of religious leaders to collectively announce election results, and intervene between political parties if the need should arise, was agreed upon at a meeting of church leaders in March, the conference commission heard.

Non-partisan voter education was already taking place under the Independent forum on electoral education, which included religious groups. — Sapa.

# Retailers expect better second half of the year

30 Day 8/7/93

MARCIA KLEIN

THERE were more downs than ups in the uneven rollercoaster ride of retail sales and consumer spending in the first half of 1993, retailers reported.

They said they had had to weather difficult and continuously changing trading conditions over the first half.

Just as the sales trend picked up towards the end of the first quarter, political uncertainty fuelled by the assassination of Chris Hani and the rise in VAT from 10% to 14% had seen sales plunge in April. Some hope had returned by end-June, and retailers now expect a small but steady improvement over the second half of 1993.

CSS figures showed that retail sales grew by only 0.37% in real terms over the first quarter. This included a pre-VAT buying spree.

Recently released expected sales figures for June showed sales would be weaker than the previous month's, but would show a real increase over the previous year's.

Based on these expected sales, retail sales for the second quarter of the year would reflect a drop of 1.7% at constant 1990 prices.

An analyst said the larger retailers seemed to have been using their muscle to gain market share — at the

expense of margins.

It appeared the independent retailers were losing share, he said, as they did not have the economies of scale to offer consumer discounts, and consumers were becoming increasingly price conscious.

Most retailers seemed to be gearing up for better trading conditions over the next year, although the improvement might be slight over the next six months, the analyst said.

Pick 'n Pay MD Gareth Ackerman said there had been a definite slowdown in the economy, and turnovers

were not nearly as buoyant as in the previous year. Nevertheless, the group was up on last year, and this trend was expected to continue in the second six months.

There had been some sort of turnaround towards the end of June, Ackerman said. Pick 'n Pay prices had risen only marginally over the last six months, with the increases being the lowest in years.

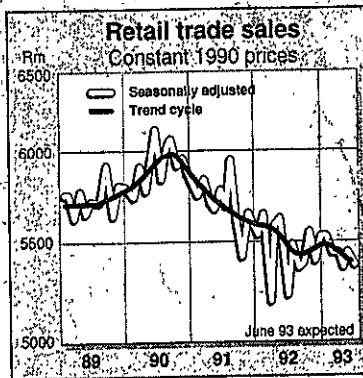
He said the retail market seemed to have contracted, and Pick 'n Pay had continued to gain market share.

Edgars CE George Beeton said that, generally, credit chains were faring better than cash, although cash chain Jet Stores' sales had been fairly good.

The group's sales over the past six months had been good, and sales for the full year to end-March would be near the growth in inflation. Edgars expected to do somewhat better in terms of profits, Beeton said.

CNA MD Ian Outram said the year had started off encouragingly, but April had been weak in terms of sales. Sales had, however, shown a steady increase since then.

CNA's traditional markets should show sales growth in line with inflation, while incremental growth would hopefully come from promotions.



Star 8/7/92  
**Retail sales sinking**

Real retail sales are still sinking, says the Central Statistical Service.

Seasonally adjusted real sales, at constant 1990 prices, for April were 1.5 percent lower than in March and 3.3 percent below expected sales.

Nine of the eleven types of retailers showed fewer sales, with furniture and household goods declining 14.6 percent.

Real <sup>(30)</sup>  
retail <sup>ETB/17/13</sup>  
sales  
continue  
decline

JOHANNESBURG. —  
Real retail sales are continuing to tend downwards, according to figures released yesterday by the Central Statistical Services.

Seasonally adjusted real retail sales, at constant 1990 prices, for April this year were 1,5% lower than the previous month and 3,3% below expected sales, CSS said.

Nine of the eleven types of retailers showed fewer sales, with furniture and household retailers experiencing a decline of 14,6%.

This decrease was to some extent counteracted by a 5,4% increase in real sales by bottle stores and 1,6% by general departmental stores.

CSS said expected sales for June this year were 2,5% higher than the actual sales achieved in April. — Sapa

MILSTAN  
(30) ~~252~~ Fm 9/17/93  
**The stuff of bad dreams**

**What began** as a simple minority buyout has turned into a nightmare for joint MDs Stan and Milton Etkind.

A cautionary three weeks ago advised shareholders the brothers intended buying out minorities. Before a price could be set, year-end February figures had to be finalised. And quickly: the JSE warned Milstan that if it failed to issue a preliminary by end-June, the listing would be suspended.

Barely a week before the deadline, shareholders were presented with a second cautionary, that preliminary results could "adversely affect" the intended offer to minorities. Put simply, the results were not healthy. Nor were they on time. The inevitable became unavoidable. At the close of business on June 30, the JSE suspended Milstan.

A third cautionary this week reveals that management is negotiating with the principal creditors, representing about 80% by value of debts, to restructure the company.

Consultant Peter Curle rejects the theory that the Etkinds intended to use the JSE committee as a ploy to delist, without buying out minorities. "When the preparation of results first indicated an adverse situation, the directors took the opportunity to advise shareholders.

F M 9/17/93

(30) ~~252~~

"They see the priority now as rescuing the company to benefit shareholders and creditors. Without that, minorities would almost certainly have received no reward. If and when that is addressed, buying out minorities will again be a key issue."

Curle says negotiations are proceeding well. "Steps have already been taken to rationalise certain operations." It is understood this includes stock centralisation and branch closures. Milstan's profits have declined steadily since 1987. In 1988 EPS were 14c. In 1992 losses were 5c a share.

Clearly these figures are academic. Things have worsened substantially. For winding up proceedings to be launched, and then withdrawn, the situation must be serious. Minorities shouldn't nurture hopes of a sizeable payout.

Kate Rushton



FM 9/7/93

(30) (15)

CNA GALLO FM 9/7/93 (30)  
**Repeat performance**

**Activities:** Supplies leisure; entertainment, information and knowledge products.  
**Control:** Argus and Premier 65,3%.  
**Chairman:** D D Band; CE: A D Cuzen.  
**Capital structure:** 33,5m ords. Market capitalisation: R955m.

**Share market:** Price: R28,50. Yields: 2,4% on dividend; 5,6% on earnings; p:e ratio, 17,7; cover, 2,4. 12-month high, R29; low, R20.  
 Trading volume last quarter, 226 000 shares.

| Year to March 31        | '90   | '91   | '92   | '93   |
|-------------------------|-------|-------|-------|-------|
| ST debt (Rm) .....      | 1,9   | 3,2   | 6,4   | 34,8  |
| LT debt (Rm) .....      | 5,1   | 8,8   | 12,1  | 11,3  |
| Debt:equity ratio ....  | 0,06  | nil   | 0,12  | 0,32  |
| Shareholders' interest  | 0,47  | 0,47  | 0,54  | 0,41  |
| Int & leasing cover .   | 7,1   | 6,2   | 5,7   | 5,1   |
| Return on cap (%) ..    | 20,5  | 18,7  | 19,5  | 19,8  |
| Turnover (Rm) .....     | 680   | 798   | 838   | 965   |
| Pre-int profit (Rm) ... | 66,5  | 84,1  | 80,3  | 87,5  |
| Pre-int margin (%) ..   | 9,6   | 10,2  | 9,3   | 8,9   |
| Earnings (c) .....      | 141,8 | 168,5 | 160,3 | 160,5 |
| Dividends (c) .....     | 55    | 67    | 67    | 67    |
| Tangible NAV (c) ....   | 401   | 581   | 597   | 471   |

**Though earnings** did not keep up with inflation in financial 1993, CNA Gallo did produce some goodies — a maintained dividend — for shareholders at year-end.

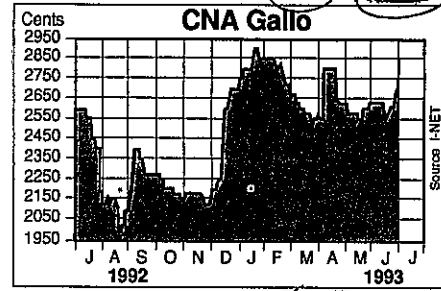
Chairman Doug Band says that at the start of the 1993 year, CNA "witnessed an extremely torrid phase which lifted somewhat towards the end of the first six months." With the improving trend in trading maintained during the second half, full-year EPS were up 1% after having dropped 4% at the halfway stage.

Two divisions were reorganised. CNA bought the outstanding 50% interest in the Nu Metro Group and merged its educational publishing operation, Centaur, with that of Heinemann SA.

Unfortunately, the Nu Metro acquisition took its toll on what was a sound balance sheet. Short-term debt more than quintupled



Cuzen ... produced some goodies



to R34,8m and gearing reached its highest level in five years. Nonetheless, higher debt might be a small price to pay for Nu Metro as the acquisition strongly complements the entertainment activities. Also, Nu Metro has acquired the sought-after licence for BBC productions and will start distribution once the Equity ban has been lifted.

Management also devoted attention to the investment portfolio last year. CNA disposed of its interests in Premier Freight, the academic division of The Literary Group, CTP Holdings and the Video Lab Group. This accounts for the 22% decline in net contributions from associates.

Retailing, contributing 41,8% to attributable earnings, remains CNA's core business. Entertainment divisions (Nu Metro and Gallo) added 19,9%, while associates (Waltons, Struik, Mast, Silveray and Heinemann Centaur) chipped in 24,4%. The remaining 13,9% came from Constantia greeting cards and property companies.

CE Dennis Cuzen considers the year's results "gratifying." He adds they were a result of "the implementation of financial objectives, namely to dispose of underperforming and non-core assets and to focus on any expansion opportunities in the core retail and entertainment businesses."

Cuzen is optimistic, yet realistic about prospects for this year. He says the lower tax rate, improved group focus as well as the launch of new products in the stores such as confectionary and supersaver bulk stationery products should help to improve earnings. But, he says, consumers lack disposable income and this could put a damper on results.

The market has taken a bullish view on the share since the release of preliminary figures — the counter gained more than a tenth in the past month. Shareholders should hold the stock and not be surprised to see earnings increase by at least 8% this year. *Kate Rushton*

# We're parochial in our tastes <sup>(30)</sup>

WMS-11/11/93

Reg Rumney

**S**OUTH AFRICA is becoming part of the world again, but South Africans are still parochial in their allegiance to brands.

Compare the top international brand names to the top South African brands in 1993, according to a recent Markinor survey, which rated brand in terms of trust and confidence. (See table at right).

In line with world trends the top brand names were related to food or suppliers of food and clothing.

Branding expert Jeremy Sampson of Jeremy Sampson Corporate Strategies remarks that if it is taken into account that Edgars and OK are actually part of South African Breweries the picture seems even more parochial.

Although the results of the survey show a tremendous amount of loyalty to South African brands, there is no room for complacency.

Markinor managing director Sue Grant warns the entry of international companies means more

## THE TOP BRANDS

| World         | SA Whites*  | SA Blacks*   |
|---------------|-------------|--------------|
| Coca Cola     | Pick 'n Pay | SA Breweries |
| Sony          | Checkers    | Coca Cola    |
| Mercedes Benz | Coca Cola   | OK Bazaars   |
| Kodak         | OK Bazaars  | Pick 'n Pay  |
| Disney        | Woolworths  | Lever Bros   |
| Nestlé        | Sanlam      | Eskom        |
| Toyota        | Edgars      | Checkers     |
| McDonald's    | Hyperama    | Shell        |
| IBM           | Telkom      | Iskor        |
| Pepsi Cola    | Koo         | Toyota       |

\* SA figures are all for 1993 research. Source: Markinor and 1992 1st Landor Image Power Survey 1992

**Local is lekker ... note how parochial South Africans are in brand awareness.**

brands will come into the South African market, which will become more competitive.

The effect of sanctions in keeping out international brands like McDonald's for so long is another impediment for their entry — or re-entry. Companies like Kodak and IBM will have to invest big sums in their brands to re-establish them, says Grant.

Another factor, she

points out, is that returning brands will face those firms left behind by disinvesting parents and which had to spend considerable sums in establishing new brands, like Engen and ISM.

Sampson points out that for international companies the amounts needed to establish a brand here are petty cash, particularly in view of South African exchange rates.

Pepsi will be coming back soon, he says, and it is more than likely it will soon climb to a top spot among South Africa's brands.

The danger for local brands is that the entry of the so-called "super-brands" could push some local brands down the line into third or fourth spot — or even fifth spot.

Sampson comments that in marketing the "law of dominance" then comes into play: "One is wonderful, two is terrific, three is threatened, four is fatal."

Major brand owners like Unilever, Proctor & Gamble and Nestlé agree, he says, that if their brands are not in the top two they have a problem and will act on it.

Supermarket area is limited, he points out, and many marginal brands will find they have nowhere to go.

The survey was carried out in June this year, using personal face-to-face interviews with 1 000 whites and 1 000 blacks, in major metropolitan areas, including those living in informal settlement.

# More pep in Pepkor

30  
WMS-11/1/93

## Mondli waka Makhanya

looks at Pepkor as an indicator of what will happen in retailing in the next few months

**A**S one of the bigger retail chains and one which has a presence in several sectors and segments of the retail market, the Pepkor group is a good vantage point from which to observe the retail industry as the festive season approaches.

The group has in its stable names like Shoprite/Checkers, Pep Stores, Stuttafords and Cashbuild. This week it reported improved trading conditions for six months to August. And it expects this trend to improve in the last half of the year and pick up marginally over the Christmas period.

"It looks like the Christmas season will be slightly better than last year," says vice-chairman Arnold Louw.

As a retail conglomerate, Pepkor is exposed to quite a few sectors of the retail industry and feels slumps and recoveries. Pep Stores itself is exposed to the low-income clothing market which has suffered from low wage increases and large-scale retrenchments in the past few years.

Stuttafords is exposed to the high income clothing market which has not been hit as hard by recession. Smart Centre serves the middle income black market.

Shoprite/Checkers is vulnerable to the depressed trading margins in the food retailing sector. It is also in the firing line of street traders who have been forced into the informal sector by retrenchments. And building materials retailer Cashbuild has been affected by the slump in the building industry which was exacerbated by the drought.

However, all these except Pep Stores traded well in the past six months. Pepkor chairman Christo Wiese attributes Pep Stores' troubles to lower inflation — which depressed margins — as well as the influx of cheap imported clothing.

Cashbuild's return from the doldrums of the past 18 months was helped by the breaking of the drought, which had hit its core rural market. There was a notable lack of improvement in the urban areas which are more dependent on the rest of the economy.

No surprise then that the company is upbeat about the coming months. Although an upturn is still not upon us, retailers are starting to look a little more optimistic. Stellenbosch Bureau for Economic Research economist Nils de Jager says research among retailers shows greater confidence.

"Both retailers and wholesalers expect better fourth-quarter sales. In the past they have been pretty accurate in their expectations," says De Jager.



**Still troubled ... Pep Stores, exposed to the low-income clothing market, has not bounced back as well as the rest of the Pepkor group** PHOTOGRAPH: STEVE HILTON-BARBER

Much of the improved sales are due to the very conditions that have been harming retailers. The increased buying of durable goods, De Jager believes, is due to retrenched employees using their payouts to buy such goods. The steadily declining rate of inflation has also left some disposable income in consumers' pockets.

But the continued slide of the Consumer Price Index may well work against retailers in the long run, as it did against Pep Stores. While inflation was high, retailers could rely on it to keep margins healthy, but a low inflation rate means consumer prices will stay static while rentals, electricity bills and other overheads could escalate.

"Low price increases are going to be the major problem facing retailers over the next few months. There is no longer the crutch of inflation to hang on to," says retail consultant Clive Weill.

"Falling inflation may also delay consumer spending because there is now evidence that things are going to be cheaper tomorrow."

The only way out of this fix for retailers is to increase volumes and the aggressive marketing drives of the past few months is testimony that they have realised this.

Checkers/Shoprite's marketing drive has seen it regain a lot of lost market share, which the company says is now at one of its highest levels ever. Much of this gain has been achieved through repositioning the chain a little further downmarket and creating the perception among consumers that it is cheaper than other stores.

Industry speculation is that management would like to see the demise of the Checkers name and its replacement with the more

downmarket Shoprite. Louw denies such a radical restructure is envisaged, but says many stores will change their names to Shoprite.

"We have a three-year plan whereby we will eventually leave 25 percent of the stores in the A/B income group with the Checkers name. We will be reading the market to see where the brand name is working and where it is not," says Louw.

In the sphere of labour relations, Pepkor still has to pass the learning curve. Trade unions despise the group and hardly a year passes without industrial conflict somewhere in the organisation.

South African Commercial, Catering and Allied Workers' Union (Saccawu) official Jeremy Daphne says the union is unimpressed with Pepkor.

"Wherever they take over you find a hardening of attitude. They are just not conversant with modern industrial relations practice," Daphne argues.

While management often blames rocky relations on union militancy, industrial relations experts point to relative tranquillity in other retail and catering companies in which Saccawu organises.

Nevertheless, at Shoprite/Checkers things are on the mend after this year's brutal strike. The union and management are holding joint workshops — some facilitated by mediators — on issues such as worker empowerment and job security.

Also as part of the post-strike negotiations, a new recognition agreement is being debated, in which Saccawu wants to include a job security clause and shop steward involvement in the running of the company.

# Cash-rich Malbak weathers the storm

(30) WM 26/11-2/12/93

Although the recession has limited growth, Malbak forecasts better days. **Mondli waka Makhanya** looks at the consumer product manufacturer and retailer

**C**OMPANIES reporting year-end and interim results lament the tough conditions the four-year-old recession has wrought on their respective industries. They pat themselves on the backs for having weathered the storm and they sound upbeat about international opportunities opening up for South African businesses.

Consumer product manufacturer and retailer Malbak was no exception when it reported this week. Although the group's performance improved somewhat for the year ended August — turnover increased 10 percent to R11-billion — growth has been relatively flat over the past four years. Earnings per share were up from 113c to 122.4c while dividends increased from 33.5c to 35c a share.

Malbak was quite pleased with itself: "We thought the results were quite commendable seeing that none of the industries we operate in showed any growth," says financial director Brian Steele.

Being a producer and peddler of consumer goods, Malbak is particularly exposed to swings in consumer sentiment. The past four years were therefore not friendly — what with low wage increases, retrenchments and high interest rates. The food trade, in which Foodcorp trades, is a highly competitive field and had also been subjected to flat growth in demand. Foodcorp, however, went on an expansion binge, acquiring a 50 percent stake in the Cold Chain frozen foods distribution operation as well as merging its prepared meats business with that of ICS. In the packaging sector, Holdains', Carlton Paper and Kohler had rough rides.

Pharmaceutical manufacturer SA Druggists did pretty well, lifting earnings from the previous year and crowning the year with the launch of a new plant to produce intravenous medicines.

On the retail side, what Malbak calls "branded consumer products", there was also some sparkle. Profits went up at Malbak Motor Holdings, which is also busy with expansion projects having expanded its Nissan,

Volkswagen and Toyota franchises around the country.

High interest rates have depressed demand in the furniture industry but Ellerines managed to lift earnings by 27 percent and expanded its network. However, the store still needs to work on the tarnished image it got during the 1980s when it was a too enthusiastic with repossessions in its core black market. Tedelex continues to be unprofitable and management is struggling to bring it back into the black by next year.

Inssofar as outside investments went, computer company ICL impressed but metal product producer Haggie was hit by low demand. There is speculation that these will be sold in Malbak's drive to focus on its core consumer interests.

**M**albak has also been caught up in the winds of change sweeping across boardrooms internationally about how business is done. It was recently unbundled by Gencor, which had a controlling stake via holding company Malhold. Gencor now has only a 19 percent holding in the company through Sankorp. But Steele reckons this will not have much effect on the running of Malbak. (30) WM 26/11/93

"Gencor operated on very much of a hands-off approach with its subsidiaries," says Steele.

Malbak has been doing some unbundling of its own, having rid itself of steel products manufacturer Standard Engineering to concentrate on its core consumer lines. The sale has had a cost though, and diluted earnings by a few cents a share. This — together with acquisitions Malbak has made over the past couple of years — was the reason EPS declined from 136.1c in 1989 to 122.4c this year.

The decline has been exacerbated by Malbak's having sat on a R1-billion cash pile raised through the sale of the two subsidiaries and a R430-million rights issue in 1991.

Malbak's rationale is that opportunities arise during periods in which cash is difficult to raise, so better have it in hand and seize the oppor-



Rough ride ... Malbak's packaging interests did not have a good year

PHOTO: MALBAK ANNUAL REPORT 1993

tunity when it arrives. The result, however, is that this cash has actually lost value as interest rates have declined by four points since 1989.

"Holding on to cash has had a negative effect," admits Steele. "But we are taking a long-term view of things."

Unbundling has also allowed Malbak to jump on to the international

bandwagon of rearranging boardroom power relations. It plans to increase the number of non-executive directors on its board and also increase their power. This in line with an international trend which has it that non-executive directors are more likely to act in the interests of shareholders than executive directors.

Sound industrial relations and an

extensive social investment programme has given Malbak a good rating from unions, allowing for the union-controlled Community Growth Fund (CGF) unit trust to invest in it. According to unionists, Malbak is one of the most advanced companies when it comes to training — giving workers substantial time off work for training. It also runs literacy programmes and the various subsidiaries have set themselves targets for attaining full literacy among workers. All subsidiaries are also expected to spend one percent of pre-tax profits on social responsibility programmes.

"What we find in most industrial companies is that different subsidiaries have differing practices. But at Malbak there is consistency at all of their companies," says Mark Anderson of the Labour Research Service, which researches companies in which the CGF can invest.

**B**ut the company is not perfect. One unionist says Malbak still has some way to go in terms of worker participation and that it has applied a "no work, no pay" policy during political stayaways.

Like most other big companies Malbak has moved quite quickly to take advantage of the post-sanctions era. A joint venture has been concluded by Foodcorp with multinational Pillsbury to distribute its products. Foodcorp is also expanding its Chilean operations including opening a new canning factory. London-listed packaging arm MY Holdings is poised for expansion but the Reserve Bank has prevented Malbak from channeling a proposed R300-million investment there. MY will now have to raise cash through a share issue.

Other international holdings such as Eagle Freight and steel and timber products distributor Protea International had stable earnings, although Protea took a bump from depressed demand for steel.

Next year will be tough as political turbulence, the uncertainty of a new government and minuscule growth are likely. However, Steele says the group won't hold back any investment in anticipation of this and reckons conditions may improve towards the end of the year.

"We are foreseeing a few green shoots during the second half of 1994," says Steele.

## **Grocers in hell**

FM  
9/7/93 (30)

**Dramatic changes** are taking place in retailing where more grocers are fighting for a cake that is shrinking in real terms. According to Ibis's 1992 retail census, there has been a 34% increase in the number of small, urban grocers.

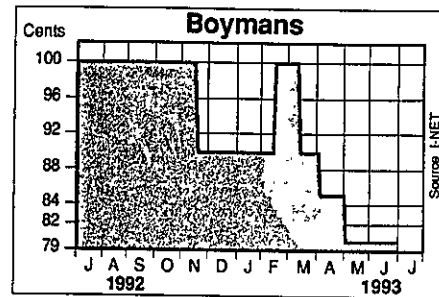
But this has occurred in a market where spending is growing by only 12,1% a year and where aggressive promotion by the major chains has resulted in an increase in market penetration. The small, urban grocers' share of the market has shrunk from 16,8% in 1988 to 16,1%.

"The greatest impact of these shifts has been in the PWV where for every two urban grocers in 1988 there are now three sharing the same size cake," says Ibis marketing director Judy Gordon. "The average store owner's turnover has plummeted from R550 000 a year to R324 000."

Major chains, the only sector to increase its share, account for just over 50% of the R22bn spent last year on groceries, toiletries and confectionery. In real terms, says Gordon, this is 17,3% lower than in 1988. She attributes the increase in the number of urban grocers to urbanisation, relaxation of laws relating to store ownership and the rise in unemployment.

"Compared to other developing countries we still have one of the lowest numbers of retail outlets per shopper," she says. "To get in line we would need 120 000 stores but have only 32 804. The concentration of retailing power is much more typical of a First-World than a developing economy. The trend towards additional stores will therefore continue, though probably not at a break-neck pace."

*Tony Koenderman*



## BOYMANS

FM 9/7/93

**Jury still out**

**Activities:** Operates 50 clothing retail stores trading under John Orr's, Levisons, John Scott, Deans, Cyril's and Woolfsons.

**Control:** Amalgamated Retail 76%.

**Chairman:** R L Logan; **Joint MDs:** A Brodtkin & H Regenbaum.

**Capital structure:** 28,4m ords. Market capitalisation: R28,4m.

**Share market:** Price: 100c. Yields: 2,3% on dividend; 7,4% on earnings; p:e ratio, 13,5; cover, 3,2. 12-month high, 100c; low, 80c.

Trading volume last quarter, 528 shares.

| Year to March 31        | '90  | '91  | '92  | '93  |
|-------------------------|------|------|------|------|
| ST debt (Rm) .....      | 7,4  | 16,1 | 12,8 | 17,5 |
| LT debt (Rm) .....      | 32,8 | 29,3 | 37,2 | 24,9 |
| Debt:equity ratio ..... | 1,50 | 1,60 | 1,74 | 0,95 |
| Shareholders' interest  | 0,27 | 0,25 | 0,25 | 0,35 |
| Int & leasing cover ..  | 1,6  | 1,5  | 1,2  | 1,4  |
| Return on cap (%) ..    | 12,5 | 13,0 | 10,0 | 7,0* |
| Turnover (Rm) .....     | 188  | 190  | 192  | 218  |
| Pre-int profit (Rm) ... | 12,2 | 14,2 | 11,3 | 9,6  |
| Pre-int margin (%) ..   | 6,5  | 7,5  | 5,9  | 4,4  |
| Earnings (c) .....      | 23,1 | 23,5 | 7,3  | 5,9* |
| Dividends (c) .....     | 6,5  | nil  | nil  | 1,8* |
| Tangible NAV (c) ....   | 245  | 157  | 264  | 156  |

‡ 14 months ended February 28.

† 13 months ended March 31.

\* Annualised.

**Not too many** takeovers predicated on turning around an ailing company succeed, especially in a recession. The jury is still out on the acquisition by Amalgamated Retail (Amrel) of clothing retail group Boymans in April last year. Amrel underwrote a R15m rights issue and took 99,8% of the 17,6m shares released by the offer. Having gained control, it set about refocusing the business.

The financial accounts for the 13 months to end-March 1993 reflect the benefits of measures taken. After poor interim results showing no turnover growth and attributable earnings down 24%, sales growth of 15% was achieved in the next six months.

Increased sales and efforts to keep expenses below inflation resulted in a 5% increase in operating profit to R9,6m. Biggest

impact on the bottom line was the one-third reduction in the interest bill to R6,7m because of the R15m rights issue and lower interest rates. This saw pre-tax profit rise to R2,96m, against a year-ago loss of R860 000. Attributable income doubled to R1,8m but, with the increased number of shares, EPS were 6,4c (annualised 5,9c) compared with 7,3c in 1992.

The balance sheet is looking better. Trade debtors — up R5,5m on the year — have been reined in after a large increase the previous year. Chairman Rodney Logan says funds have been applied to finance the increase in debtors' accounts, which is in line with the recent turnover growth. Net asset growth has been contained at 3,7%; Logan says this remains the priority. With borrowing down 15% to R42,4m, gearing has been reduced but is still high at 95% (174%).

It was decided to form divisions. Hymie Regenbaum is now responsible for management of John Orr's and John Scott department stores. Woolfsons closed its ladies', girls' and Manchester departments to join Levisons, Cyril's and Deans as speciality men's stores run by Abe Brodtkin. Though unprofitable stores have been refocused or closed, some low-yielding assets remain. Management says it will continue to take appropriate remedial action.

With consumers cash-strapped, the chain stores' performances are suffering. But Logan expects the measures already taken to improve profitability in financial 1994.

Market attitudes to the share remain unchanged, as reflected in the static price over the past 12 months. Investors should wait for the interim results before considering buying.

Marylou Greig

METRO CASH & CARRY

Fm 9/7/93

# Back to the winning culture 30

The return of Carlos dos Santos transformed market perceptions of the group

It isn't often the oscillating fortunes of a major company closely match those of its CE; yet the performance of Metro Cash & Carry is almost inextricably linked with the composition of its senior management team and, more particularly, the presence (or absence) of its *alter ego*, Carlos dos Santos.

This short, energetic and likeable trader exercises a profound impact on Metro's persona — and, perhaps more to the point, on bottom-line results and share price.

When he rejoined Metro — which, ironically, originally taught him the cash-and-carry business — two years ago, the share price was at an all-time low, reaching its nadir in November after years of steady deterioration. Since then the market has steadily rerated it.

That says a lot about the regard in which critical investors hold Dos Santos. Described by a senior analyst as "leaner, meaner and hungrier," Dos Santos is clearly set on expanding Metro's performance parameters.

That finds expression in the mission statement: "To be the leading cash and carry distributor of fast-moving consumer goods."

Metro's business is set firmly in wholesaling — mainly groceries and consumer goods

as well as building materials — almost exclusively to the trader (though that claim is questionable) under the trade names Metro, Trador and Metbuild. It is well positioned as a principal supplier to the retailer: corner café, spaza, or general store.

Under another arm, Trade Centre (hyper wholesale stores), and Stax (retail chain), Metcash offers a broader range than the traditional cash and carry, particularly on general merchandise.

That means — in demographic language — that end-customers fall primarily into the C- and D-income categories, the area in which the most significant growth is expected.

A key feature of SA is that it has a youthful black population and ageing white community; what's more, statistics reveal a "baby boom" syndrome in the black sector similar to that in the US in the Sixties — by the turn of the century, blacks will number 37,6m of whom 65% will be younger than 27.

This exploding population — bad news for a country already unable to provide formal employment for the great majority of its economically active — will be forced increasingly into the informal sector. That's an area for which reliable statistics are as plentiful as water in the Kalahari; nevertheless, economists believe the informal sector may already be as large as a R6bn business — the same size, about, as Pick 'n Pay.

This should combine with restored activity in the formal sector to produce lift-off for companies involved in consumer goods. Inevitably, a prime beneficiary will be Metro.

Metro was bought by Premier in 1991, a transaction which fitted in with Premier's declared expansion programme but nevertheless raised eyebrows. Part of Sankorp's Tradegro operation, Metro was without direction, an entity forlornly attempting to be all things to all consumers. It encompassed conventional wholesaling, the anachronism known as mine trading stores, supermarkets, Frasers (a trading operation sourced originally in Lesotho) and Jazz Stores.

That kind of mix needs a CE with Solomon-like wisdom. In fact, Metro was a grave for a succession of MDs: in the two years before Dos Santos returned in August 1991 it saw off such luminaries as Cecil Smith, Tony McDiarmid and Donald Mason.

Premier's first action was to appoint Dos Santos as its wholesale trading division gauleiter, logical enough since he was CE of Score, already in the Premier group.

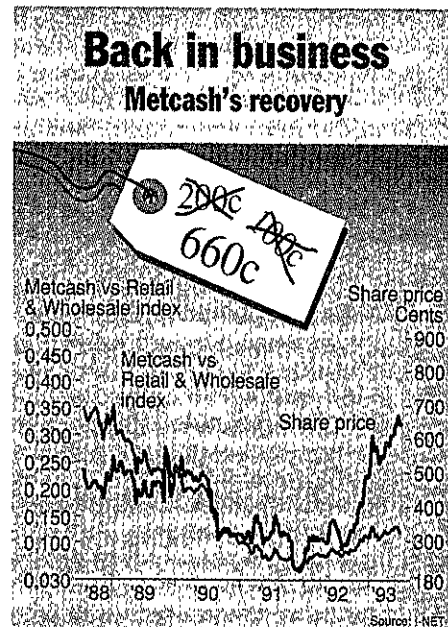
That meant, of course, he took the reins at Metro, a development likened to the return of the prodigal. Being a man

of firm purpose and clear intent, he set about sweeping clean.

Dos Santos's first action was to rationalise the disjointed operation. Frasers' wholesale division was closed down; Trador outlets were taken over by Metro; Fairways retail division was merged with Score Foods and a separate company was listed (Score Supermarkets). These changes were accompanied by a significant financial restructuring which saw Premier injecting about R85m through a rights issue — which cleared out debt and restructured Metro's balance sheet.



Dos Santos ... sweeping clean



These steps rationalised the group and focused it intently on its core business.

Dos Santos's second step was to change the management culture. He wanted to recreate the ethos that prevailed under the highly successful Lionel Katz, the Metro CE who was Dos Santos's mentor. Inevitably, that meant some managers departed. And the relationship between the layers of management was drawn closer together — there is now greater openness, a freer flow of information and easier communication.

Three additional areas were addressed. First came cash management. Metro's business is high volume, low margin, so it's essential to produce fast turnovers and quick stockturns. The numbers are frightening: for example, the cost of carrying one extra week's stock is about R10m a year.

Shrinkage, shopkeepers' euphemism for stealing, was a problem. On Metro's annual turnover, a shrinkage factor of 0,25% would cost R13m. That comes straight off the bottom line, so it's no laughing matter. Dos Santos moved to contain theft by introducing a bonus system and shrinkage is now down to what Metro calls acceptable levels.

Finally, Dos Santos decided to place even greater emphasis on focusing by closing 38 cash and carry stores, mainly in out of the way areas, and not sufficiently profitable.

The result of these activities, and by extension Dos Santos's success, comes through in the results. They were dramatic: in the first year of Dos Santos's tenure, 1992, EPS turned from minus 79,4c to a positive 17,3c. Attributable profits turned from minus R53m to a positive R28,5m. Premier's influence on the balance sheet helped — short-

and long-term debt were substantially cut and the company was effectively ungeared.

Results for 1993 are even better. Turnover grew to R5,2bn, an increase of R1,1bn; attributable profit doubled to R56m and so did EPS. Shareholders went home with 14c a share — more than double 1992's 6c.

Of particular note is the improvement in operating margin before tax to 1,69% from 1992's 1,19%. Not that that's much to shout about: when Metro was performing in top gear margins were as high as 2,4%. Given intense competition and recession, it's unlikely those heady days will be seen again — nevertheless, it's clear this is the likeliest area from which Dos Santos will squeeze extra profits.

At balance sheet date, Metro was sitting on a cash mountain of R298m. That explains the surge in income from interest which improved a cool R14m and is a good measure of efficiency in releasing cash for investment rather than tying it up in stock.

Metro is the industry colossus — its market share is estimated to be over 35%. Which is not to say it has everything its own way — Wooltru's Massmart through subsidiaries Makro, Makroffice, Shield and Drop Inn offers stiff competition.

But true comparisons are difficult. Makro is a good deal smaller, for a start: nine stores against Metro's 170. Makro's area of specialisation is closer to Metro's Trade Centre operation (established specifically to compete with Makro). Massmart's Drop Inn, combined with Makro, is the second largest liquor distributor, and also competes with Trade Centre. Shield, acquired last year, is a franchise procurement business —

it deals with small traders whereas Makro aims more at the man in the street who buys in bulk (though Makro claims access to its stores is limited to card holders).

For nine stores, Makro's turnover of R1,6bn is startling, compared with Metro's R5,2bn from 170 stores. That's because Makro's approach is to operate as a few separate and distinct business under one roof with a product mix favouring higher margin non-food products. This accounts for the gargantuan size of Makro's stores.

Makro's market share is about 11% and Shield's about 7% — together they are equivalent to roughly half Metro's presence. However, if there's one area in which Makro scores hands down, it is technology application. Having spent millions in recent years, Makro is now reaping the benefits through stock reductions, shrinkage control and market efficiencies.

These extend particularly to those Makro cards, designed to determine customer patterns and preferences.

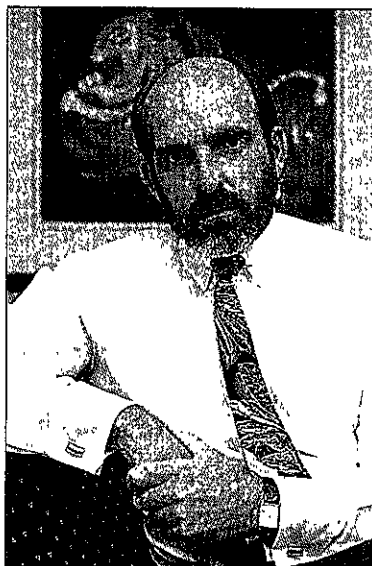
Makro isn't listed and Wooltru management tends to keep the important data tightly under wraps. However, MD Mark Lamberti says Makro's return on equity is 20% (compared with Metro's 32,1%) and return on assets "over 22%."

Ed Hern senior analyst Sydney Vianello expects Makro's turnover to improve to about R1,7bn this year. Rather more important, Vianello believes Makro will nearly double its operating profit.

Mouthing the latest ploy of CEs across the board, Metro chairman Peter Wrighton and Dos Santos plead socioeconomic and political uncertainty as their excuse for not predicting future earnings and profitability. However, Dos Santos says he intends to take Metro to pre-tax margins of about 2,5% of turnover, to achieve annual increases in earnings 5% better than inflation, and to distribute about 40% to shareholders.

Emboldened by the success of early moves outside SA, Dos Santos intends concentrating on this. Metro exports SA products to outlets it has established in African countries such as Malawi and Mozambique, and internationally in the Middle East, Russia, Israel, Europe and the Far East. A sourcing and trading facility has been set up in Hong Kong, intended to be the launch pad for adventures in China.

Exports are now a small percentage of turnover and profits but Dos Santos hopes to grow this to a substantial contributor over the next four years. Metro is avoiding the foreign currency trap by handling export business through joint ventures in which the



Lamberti ... aiming high

foreign partner contributes the bulk of the capital and Metro the expertise and goods.

The important issue for investors is to determine Metro's likely growth relative to its rating on the JSE. The share is on a p/e of 19,6 against a sector average of 21,7; however, don't read too much into that, because the sector includes heavyweights such as Edgars, Pick'n Pay and Foschini (on a staggering 31,8).

Analysts are concerned the price may already be reflecting future growth. If that's so, then the counter is probably a

little expensive. However, there's no accounting for sentiment: Dos Santos is regarded warmly, his achievements in the past two years are in the record, and more is expected. Though the domestic market is mature, the move towards nonfood and perishables will improve margins.

But analysts believe Metro's future lies in its export thrust, where the only cap may be SA's ability to produce grocery products in sufficient quantity.

Makro's prospects are no less upbeat. Lamberti intends turning the group into one of Wooltru's most important contributors — he's aiming at nothing less than 25% of annual earnings within a few years (Vianello estimates Makro's contribution in financial 1993 at about 10%).

Lamberti will have to make an acquisition to get Massmart's contribution up to proposed levels. That's why there may be truth in market speculation that Lamberti is making a bid for Dion, the well-known discount store chain owned by Rusfurn.

**Cheap cash**

Lamberti confirms Wooltru is unlikely to list Massmart till "it makes a large offshore acquisition." Including Dion would push turnover up to R3,3bn, and this in itself could justify a listing.

But Massmart, like Metro, is known to be cash flush and, applying the cynical rule, is likely to be listed only when Wooltru decides it wants cheap cash from investors. Given Wooltru's strong balance sheet, that may never happen.

There's an interesting twist to the tale: Premier under Wrighton has paid increasing attention to its in-house education programme.

Part of its survival strategy is to train the traders upon whom it depends in the art of running a successful business. That will ensure customer loyalty — and Metro's continued pre-eminence.

It's also the kind of long-range planning that encourages investor support. *Marylou Greig*

**Quality management  
Going for margin**

Activities: Cash and carry distributor of consumer goods

Control: Premier 68,8% Chairman: PGA Wrighton  
MD:CS Dos Santos Capital structure:164,5m Ords  
Market capitalisation:R1,09bn  
Share market: Price: 660c Yields: 2,1% on dividend:  
5,2% on earnings; PE ratio, 19,4; cover, 2,5  
12-month high 670c; low, 260c Trading volume last  
quarter 1,9m shares

| Year to April 30           | 90    | 91    | 92   | 93    |
|----------------------------|-------|-------|------|-------|
| ST debt (Rm)               | 67,4  | 140,9 | 19,6 | 20,7  |
| LT debt (Rm)               | 5,3   | 39,5  | 22,7 | Nil   |
| Debt: equity ratio         | 0,22  | 0,25  | n/a  | n/a   |
| Shareholders' interest     | 0,24  | 0,02  | 0,17 | 0,18  |
| Int & leasing cover        | 2,99  | n/a   | 5,7  | n/a   |
| Return on cap (%)          | 7,8   | n/a   | 4,5  | 6,7   |
| Turnover (Rbn)             | 3,49  | 4,06  | 4,07 | 5,20  |
| Pre-int profit (Rm)        | 71,4  | 14,7  | 45,9 | 73,2  |
| Pre-int margin (%)         | 2,02  | n/a   | 1,13 | 1,41  |
| Pre-tax profits (Rm)       | 49,8  | 46,5  | 46,7 | 88,0  |
| Attributable earnings (Rm) | 27,5  | 53,2  | 28,5 | 56,0  |
| Earnings (c)               | 40,9  | 79,4  | 17,3 | 34,0  |
| Dividends (c)              | 21,0  | Nil   | 6,0  | 14,0  |
| Tangible NAV (c)           | 294,4 | 256,3 | 92,7 | 105,8 |



# Enterprise forum <sup>30</sup> launched

By ARI JACOBSON

THE Enterprise Investment Forum, a discussion platform for blacks, was launched last night in Cape Town by Enterprise magazine editor Thami Mazwai.

Mazwai, before introducing keynote speaker executive president of the JSE Roy Andersen, told the largely black audience that the magazine and the forum should be seen as an "ego trip for the black community".

Andersen pointed out that over-concentration in the share market had come about through foreign exchange controls and the disinvestment of overseas companies.

He warned that "big was not necessarily bad" and only those organisations whose size had led to inefficiencies or had followed monopoly pricing or poor labour policies should be targeted for purposes of unbundling.

SPECIALTY STORES FM 9/7/93  
**Swing to cash sales**

**Activities:** Retailing through The Hub, Milady's, Footgear and Mr Price.

**Control:** Storeco 63,2% (30)

**Chairman:** N A Labuschagne, **Joint MDs:** S Cohen & L Chiappini.

**Capital structure:** 16,5m ords. Market capitalisation: R136m.

**Share market:** Price: 825c. Yields: 3,8% on dividend; 10,3% on earnings; p:e ratio, 9,7; cover, 2,7. 12-month high, 825c; low, 480c.

Trading volume last quarter, 122 889 shares.

| Year to February 28          | '90  | '91  | '92  | '93  |
|------------------------------|------|------|------|------|
| ST debt (Rm) .....           | 22,1 | 30,2 | 42,0 | 35,4 |
| LT debt (Rm) .....           | 0,7  | 0,7  | 0,9  | 15,9 |
| Debt:equity ratio .....      | 0,36 | 0,45 | 0,57 | 0,60 |
| Shareholders' interest ..... | 0,48 | 0,47 | 0,41 | 0,41 |
| Int & leasing cover ..       | 6,3  | 4,4  | 4,0  | 3,5  |
| Return on cap (%) ..         | 18,0 | 19,3 | 18,0 | 16,1 |
| Turnover (Rm) .....          | 185  | 246  | 294  | 369  |
| Pre-int profit (Rm) ...      | 22,4 | 27,7 | 32,8 | 33,0 |
| Pre-int margin (%) ..        | 12,1 | 11,3 | 11,2 | 8,9  |
| Earnings (c) .....           | 70,3 | 75,1 | 83,5 | 84,9 |
| Dividends (c) .....          | 25,0 | 27,5 | 30,0 | 31,5 |
| Tangible NAV (c) ....        | 363  | 411  | 452  | 507  |

The power of the consumer's choice, tough trading conditions in the retail industry and the importance of market share are clearly evident in Specialty Stores' results. Turnover in the year to February was up 26% to R368,8m, a performance even the most jaundiced of observers would agree is impressive.

However, the trading margin fell two percentage points to 9% in the increasingly competitive environment. Joint MDs Stewart Cohen and Laurie Chiappini say, rather confidently, that margins will rise in the years ahead. That reflects their belief in the benefits they expect from the systems infrastructure which has been installed.

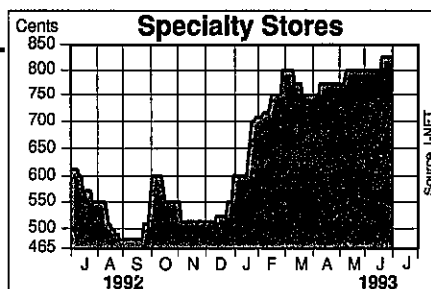
Specialty Stores embraces two credit chains — Milady's and The Hub — and a cash operation, Mr Price. Two factors curbed earnings growth: the hostile, cash-strapped environment and, in particular, the new Secondary Tax on Companies. EPS before the tax were 6% up at 88,1c (83,5c) but only 2% higher at 84,9c afterward.

Cohen says the swing to lower-margin

COMPANIES FM 9/7/93

cash retailing squeezed the group margin. Profits of credit chains were down 9%, with markdowns and promotional costs exceeding budgeted levels. Diversification seems to have paid off as the group's cash retailer was successful in sales and profitability. Sales increased 90% to R63,7m, boosting Specialty's total cash sales to 32% of turnover. Management believes it will rise to 36% this year. The target is a 50:50 split.

The balance sheet remains strong, with stocks well managed and 7% up against a 26% increase in turnover. Gearing, at 60%, is deemed reasonable considering the two largest divisions offer credit. The increase on the previous year's 56% is because of turn-



over growth, lower margins and the substantial investment in expansion into the Transvaal with the opening of 16 new stores. The 19 new stores planned for this year will be financed partly through cash operations, which will avoid the need for a rights issue.

Specialty is budgeting for turnover this

year of nearly R500m, of which it forecasts more than R100m will come from cash operations. If targets are met, the record of continuous growth will have been maintained for nine years. Chairman Nic Labuschagne says though April sales were hampered by political turmoil, trading in the first quarter was satisfactory, with sales 28% ahead on a year ago.

The share stands on a p:e of 9,7, at a large discount to the retail sector's 21, even after a substantial rerating during the past year which took the price to 825c. The group's potential and its rating relative to competitors suggests the counter offers an investment opportunity.

Marylou Greig

# Southbusiness19

## SBDC package gets NEF support

South 1017-1417193

**The Small Business Development Corporation is launching a new "Pioneer Project" aimed at black businesspeople to address past inequalities. WOLFGANG THOMAS explains:**

**W**ITH unemployment assuming frightening proportions all over the country and formal sector job vacancies showing no signs of rapid increase, more attention has fallen on the ability of people to "create" their own jobs through self-employment.

The Small Business Development Corporation (SBDC) has in the past been criticised for neglecting black micro-enterprises — and allegedly channeling too big a share of its funds towards viable, white-controlled small and medium enterprises.

The corporation has now embarked on a major initiative aimed at black businesspeople.

The bulk of the funds allocated to the SBDC in this year's budget have been earmarked for a comprehensive support package destined to

reach thousands of micro-enterprises. In fact, the new "Pioneer Project" has also received the nod of the National Economic Forum, where unions are particularly concerned about creating new jobs.

Experience overseas and in the country has helped shape the SBDC's new support strategy. Rather than just waiting for loan applicants to approach the SBDC — with applications which are often poorly thought out or barely viable in a business sense — two dimensions characterise the new initiative.

● Firstly, there is an emphasis on co-operation and interaction with other NGOs and community-based organisations already active in the sphere of self-employment and entrepreneurship stimulation and micro-enterprise support.

The SBDC does not want to "go it alone" or work in competition with other bodies in this field, since

the self-employment challenge is too vast to waste financial or managerial energy.

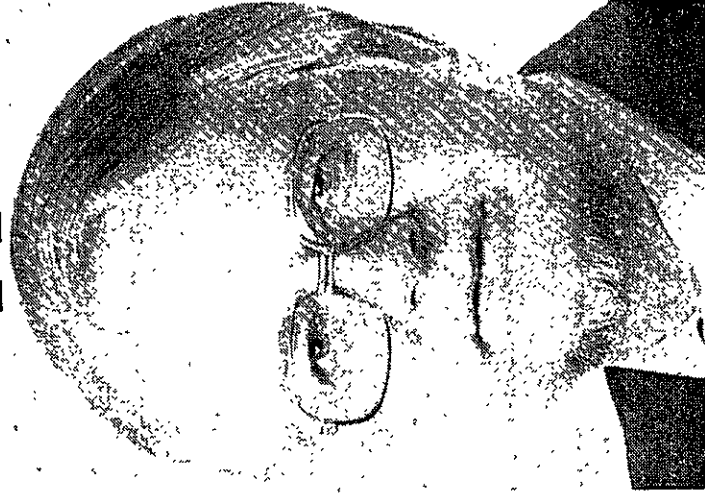
● Secondly, the provision of micro loans is just one element of a broad support package — in many cases it may not even be the critical factor; far more emphasis will in future fall on the training of people with entrepreneurial potential and business initiative, with the training often started long before financial support is considered.

In the past, the SBDC has been criticised for either turning down loan applications (because of poor prospects and lack of business expertise) or acting too strictly against loan defaulters.

In both cases, the lack of business education, appropriate training and other support networks were usually the real underlying problems which now have to be addressed on a broader basis.

The SBDC has the following new plans:

● Micro loans for viable enterprises, with amounts ranging from R200 to R5 000, and interest rates at 30 percent gross a year and 20



**WOLFGANG THOMAS**

Other assistance will be in the areas of marketing, providing advice in the form of mentors, and the formation of industrial hives located near high density townships. The SBDC hopes to trigger off a whole movement of grassroots business able to give micro enterprises in this country the vital big push it needs.



the face, they believe their job is to be where

# Anger over longer liquor sales hours

SITUES CC Metro 11743

By JACOB DLAMINI

ANGRY independent liquor store owners have rejected proposals to extend trading hours of retail stores and have accused the government of insensitivity.

The proposals are part of the Liquor Law Amendment Bill, which went through its second reading in Parliament recently. In terms of the new Bill bottle stores would be allowed to trade from 8 am to 8 pm during weekdays and 8 am to 5 pm on Saturdays. The bill does not make provisions for trading on Sundays.

Bottle store owners claim that only chain stores stand to benefit as they have the resources to make staff adjustments. They say that extended trading hours would lead to an increase in robberies.

Raul Teixeira, executive member of the South African Liquor Store Owners Association, said: "There is no sales advantage for small traders. The law will mean convenient shopping hours for the consumer, but huge security risks for us."

Mr Teixeira said only chain stores would benefit from the new law as most were situated in shopping centres which had extensive security arrangements. "It is not fair that people who only form nine percent of the retail industry should be the only ones to benefit from the law," he said.

Mr Teixeira said his Association made representations to the government which were ignored. "We sent them a letter but our views were not considered. Maybe if we march they will listen to us," Mr Teixeira said.

Major chain stores have welcomed the new proposals but countered allegations made by the independent owners. They said the new bill would lead to staff and labour adjustments which could become costly.

"Small owners stand to benefit the most as they do not have unions to complain about overtime," said Rob Rutter, general manager of Benny Goldberg Liquor stores.

Mr Rutter said: "I will not be making any changes, so this will have no impact on my business."

The proposals were welcomed by Trevor Pearman, a director of Rebel Liquor Group. "We are in favour of the new bill. We want to provide the best possible service to our consumers," Mr Pearman said. He said his company would look at ways of making adjustments suit both the employees and the consumers.

Len Pfister, legal director for Western Province Cellars, also accepted the new bill saying, "The new bill does not prescribe to anybody. It merely provides maximum trading hours which can be ignored

# Car sales dawdling along

S Times [Business] 11/17/93

By DON ROBERTSON

MOTOR manufacturers will be hard pressed to match last year's new-car sales if business continues at the present rate.

Sales in the first six months show a modest 3,8% increase to 94 315 from 90 847 in the first half of last year. They will have to average 14 780 each month until the yearend to equal last year's figure.

This assumption takes into account sales in December which are traditionally about 3 000 below normal monthly volumes.

A total of 182 900 cars were sold last year, monthly sales amounting to 15 340 in the second half. Although required volumes for the rest of 1993 are below this, several factors could put the target out of reach. (30)

Cars are much more expensive than last year and their prices will continue to increase. The economy has worsened and disposable income has fallen. (142)

The political scenario is uncertain and manufacturers have either underestimated the market for new models or suffered cuts in production because of quality difficulties.

Production shortfalls are still evident at Volkswagen, which sold only 1 020 Golfs and Jettas in June.

Samcor's sales of the new Ford Telstar

and Mazda 626 in June were even lower than the modest sales of the previous month. The Samcor picture is not expected to improve until October.

But the ever-optimistic motor industry believes that sales will at least match last year's number. Some companies expect better figures.

They say June sales of 15 622 (15 500 in May) were better than expected. June was the second month since the increase in VAT. May figures were above expectations.

The National Association of Automobile Manufacturers of SA (Naamsa) says the market appears to have consolidated and there are some signs of resilience.

Light commercial vehicle sales for the year could be above last year's 92 430. The June figure was 8 019.

This sector could be helped by an improved farming season.

Medium and heavy-truck sales are 14,9% and 10,6% respectively down on last year at the halfway stage. June sales were 212 and 436 respectively.

## BUSINESS BRIEFS

### Supplier-retailer price war

*SUNDAY TIMES (BUSINESS) 11/7/93*  
SUPPLIERS of personal computers (PCs) appear to be heading for a price war after the link-up between ISM and retailer OfficeMart.

IBM products will be mass marketed for the first time through a retail outlet at reduced prices. To match this challenge, Olivetti and Acer have linked up. Other pairings are expected.

About R450 000 of IBM computers and related products have been sold in the first two weeks of the ISM-OfficeMart partnership.

Olivetti and OfficeMart have objected to Acer's use of advertised prices which exclude VAT. The matter has been reported to the Advertising Standards Authority.

### Chinese officials in SA

TWO high ranking Chinese officials join top international businessman, Shoul Eisenburg in Johannesburg this week to officially launch the South African-Chinese Exhibition planned for Beijing in March 1994.

Shen Yonglie, president of Consultec, a commercial division of the Ministry of Foreign Trade and Economic Co-operation and Wei Jainguo, deputy director-general of the Foreign Trade Ministry will launch the exhibition which hopes to show goods and services from about 250 South African exhibitors.

### VW beats Chinese car ban

CHINESE efforts to halt rising inflation, including a ban on car imports, will have no effect on Volkswagen SA. *11/7/93*

In May, Volkswagen won a R500-million order from China for 17 000 left-hand drive Jettas. It followed a similar contract for 12 500 cars last year. *SUNDAY TIMES (BUSINESS)*

The import ban refers to fully built-up (FBU) vehicles. VW marketing director Dave Malherbe says the SA exports will be delivered in semi-knocked down (SKD) form to the FAW-Volkswagen plant, a venture between Volkswagen AG and the Chinese Government. *(1993) (1993)*

# CBD holds its own in tough market

<sup>SITIGUES CCIMETROJ</sup>  
<sup>11/19/93</sup>  
PARKING, security, litter, a drop in office tenants ... these are just some of the problems facing Cape Town's Central Business District.

But they are being addressed on an on-going basis. Recently, two municipal officers — one from the City Engineers Department, the other from the Traffic Department — were appointed to deal with complaints. ~~(SHE)~~

Mrs Patricia Sulcas-Kreiner, city councillor for the area, said the CBD had to be managed like any other shopping centre.

Businesses in the CBD have their customer base in the people who work in the city centre.

Unlike Johannesburg, where businesses are relocating to the suburbs in their droves, Cape Town's CBD (although affected by the recession) is still holding its own.

Reasons for this are the numbers of professionals and professional firms who have to be in town for business reasons, a lower perception of violence, a better

transport infrastructure and people less afraid to use it.



# Nafcoc reversal on sanctions

THE National African Federated Chambers of Commerce (Nafcoc), which caused a stir in 1986 by refusing to take an anti-sanctions stand, is now calling on investors to prepare for investment in SA.

President Archie Nkonyeni said yesterday that bodies such as the World Bank and the IMF should start feasibility studies for investment because "the mission has been accomplished". *BiDay 13/1/93*

Nafcoc was slated when it refused to lobby against sanctions when foreign companies were disinvesting. *(180)*

"When we took the stand in 1986, we knew black business would be hurt as well, but we felt it was well worth it if the larger

THEO RAWANA

community felt sanctions should be used to liberate black people.

"Today that process of sanctions has brought government to look at evolving a process of liberating the people and we are looking to April 27 for the birth of a new SA," Nkonyeni said. *(118)*

He said Nafcoc would support the call to free SA to trade with the outside world once a transitional executive council was in place. *(30)*

"But investors should start doing their research and viability studies now. It would not do to have investors doing research after the council is in place."



# CBD office rentals better than expected

B1 Day 14/7/93  
20

Reports by  
ANDREW KRUMM

CONTRARY to expectations, nominal growth in prime CBD office rentals in the first quarter of 1993 fared better than rentals in a number of decentralised nodes, according to the latest Rode Report on the SA Property Market.

The R2,97/m<sup>2</sup> increase in average rentals charged for A+ grade space in Johannesburg CBD this quarter was one of the highest in SA, beaten only by Germiston, where average rentals rose R3,52/m<sup>2</sup>, and Rosebank (R3,23/m<sup>2</sup>).

Survey editor Erwin Rode said news from some decentralised nodes was less cheerful. Sandton CBD took a knock, dropping R2,60 off its previous prime level, while grade A+ rent levels were down slightly in Rivonia, Parktown and Woodmead.

RMS Syfrets property broker Paul Greenhalgh ascribed the decline in rentals in decentralised areas north of Johannesburg to oversupply and the fact that achievable rentals did not reflect the aspirations of developers.

"Institutional speculative development has focused largely on the northern areas. The decisions to develop were taken in a strong market, with high rentals, but the developments came on line in a weak market."

Increases in the Durban area ranged from a marginal R0,35/m<sup>2</sup> in the CBD to R2,83 in Westville. Increases in the Cape Town and environs office market were generally "restrictive".

"I must caution that these are all nominal figures. In real terms office rentals are losing ground in most areas," Rode said.

The Pretoria CBD office market bucked the trend. "In real terms prime rentals in the Pretoria CBD have held firm since the beginning of

1991 — a better performance than any other region in the CBD market."

Writing in the survey, Baker Street Associates director Francois Kruger ascribed Pretoria's good performance to a take up of office space by embassies and a moratorium on development in the city.

"The last six months have seen embassies increase office space, and new ones take up space for the first time. Although the trend is from a low base, we foresee it increasing as a new political dispensation moves into place."

Suggesting that Pretoria would remain the SA capital, Kruger said demand from foreign embassies, the moratorium on new development and a feeling the economy was bottoming out would cause prime rentals to harden. "Tenants should reconsider their leases, and either move to new premises for better leases, or renegotiate their existing leases."

Rode said there was virtually no movement in grade A multi-tenant office capitalisation rates in Johannesburg, Durban and Cape Town in the first quarter 1993. Similarly, industrial leasebacks and regional shopping centre capitalisation rates in these areas were static. "The upward re-valuation of the Cape Town office rate was not repeated this quarter, and stands at 10,2% against the low of 9,6% in 1991."

However, large upward movements — between 0,3% and 0,5% — were reported for the Germiston and Pretoria decentralised nodes, and in the East London, Port Elizabeth and Bloemfontein CBDs.

# First-quarter wholesale sales fall in real terms

MARCIA KLEIN

WHOLESALE sales declined in real terms from January to April on the back of reduced demand at retail level, unrest in some areas, and sluggish sales of machinery and equipment to the mining, industrial and agricultural sectors.

CSS figures showed that from January to April, wholesale sales of nearly R47bn had risen by 6,3% in nominal terms compared with previous year. Sales of foodstuffs, beverages and tobacco, which made up a significant portion of the wholesale

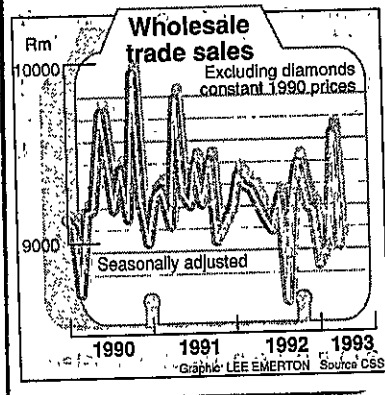
trade, rose by 8,9% to R10bn. The largest decline was in mining, industrial and agricultural machinery and equipment, which dropped by 8% to R6,9bn over the four months compared with the previous year.

Generally, wholesale sales were at a similar level to those achieved in 1989 in real terms.

Sources said it was difficult to extract trends in the wholesale sales figures, as a variety of industries were involved. However, the statistics indicated wholesale sales were flat at best in the past six months, and many sectors had declined in real terms.

Food wholesalers said that since January, sales had generally kept pace with inflation. There were geographical factors, and sales in areas which had experienced violence were lower.

Analysts said wholesale sales of semidurable and durable products would give some indication of expected sales at a retail level.



Star 14-11-93

# Office rentals in Sandton decline

By Meg Wilson  
Property Editor

30

There is good news for prospective tenants of office space in Johannesburg's decentralised nodes.

According to the latest Rode Report on the South African Property Market, achievable rentals for top-grade space in several of these areas have dropped.

Rentals for grade A-plus space in the Sandton CBD fell R2,60 per sq m in the first quarter of this year, and those for grade A space R1,50.

The next largest decline was in Woodmead, where rentals for grade A-plus space fell R1,09 per sq m. Rentals for similar space in Parktown and Rivonia

fell 95c and 12c per sq m respectively.

The highest increase in achievable rentals during the period was in Rosebank, where charges per square metre rose by R3,23 for A-plus space and R2,50 for A-grade.

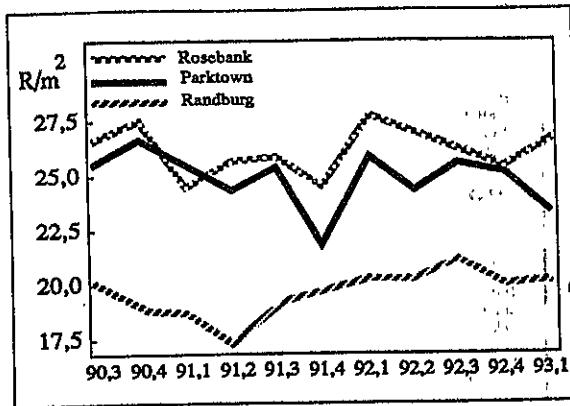
The most expensive office space available in greater Johannesburg, according to the report, is in Rosebank/Illovo, at around R30 per sq m, but the Johannesburg CBD still runs a close second, at an average of R27,42 per sq m for A-grade or A-plus space.

However, parking in Rosebank and Illovo now costs an average of R137 a month for a covered, reserved bay, while the average rate in the Jo-

hannesburg CBD is R290 a month, having risen R13 a month is the first quarter of this year.

The average cost of parking in the Sandton CBD, according to the re-

port, declined R40 a month in the first quarter to R145; that in Braamfontein R26 a month to R198, and that in Parktown R25 a month to R148.



Real prime office rentals R/sqm (Source: Rode's Database)

**BUSINESS** Lebogang establishes a pioneering business t

# Empty bottles pay off more than veggies

Sowetan 15/11/93

30



**By Mzimkulu Malunga**

LEBOGANG Diretse did not allow his morale to become eroded by people who mocked his idea of starting a bottle collection business ... and went on to succeed.

"I remember one person asked me: 'Are you a hobo or something? Do you think you can make money by selling

bottles?"

"Today, very few can touch me," he says confidently.

Although Diretse now runs a booming bottle collection business, named Sizanani-Thusanang, he has not always been a bottle hunter.

Twelve years ago, when he lost his job, Diretse quickly adapted to circumstances and used the payout he received to buy a bakkie.

His first venture was selling vegetables but that did not prove all that profitable.

Then a friend gave him the bottle collection idea. The first few years were frustrating. Almost everybody he canvassed for assistance turned him down on the grounds that as a business it had no chance of getting off the ground, let alone becoming profitable.

"I struggled on with my bakkie, doing collections for various companies on a small scale."

Diretse's breakthrough came when a black manager at Gilbeys introduced him to another sympathetic manager who was prepared to give Diretse's company a chance to prove itself.

This was only six months ago and he had been in the business for more than a decade.

Today Diretse delivers 270 crates of empty spirits bottles — each containing 36 empties — a day to Gilbeys.

Another 248 cases — containing 12 beer bottles — are transported to South African Breweries daily. In addition, Coca-Cola collects cool drink bottles from Sizanani-Thusanang regularly.

Over the past six-month period Diretse has increased his vehicle fleet

Lebogang Diretse qualifies for the Sowetan-Sanlam Entrepreneur of the Month competition. The winner of the contest will compete against other monthly victors at the end of the year.

from one to four. Among these is a truck. The number of people he employs rose from four to 10.

"There can be no turning back now. I intend expanding into other areas, particularly Pretoria, where I understand thousands of bottles are still being thrown away every day," he says.

Another of Diretse's plans is to involve schoolchildren in the bottle collection campaign.

Six primary schools have responded positively to the project.

Diretse pays the schools on a monthly basis in proportion to the number of bottles collected.

**EACH week Sowetan features an entrepreneur who automatically qualifies for the Sowetan-Sanlam Entrepreneur of the Month competition. Monthly winners go through to the final contest of the competition. The overall victor receives R15 000 while the runner-up gets R5 000.**

**This year more emphasis will be placed on entrepreneurs in the manufacturing industry but other business categories — except retail enterprises — are also eligible.**

**If you want to enter the competition or are interested in nominating someone, contact Mzimkulu Malunga at (011) 474-0128.**



will come on stream in November and two more in December. They will be accompanied by one of the largest parking facilities in the western Cape offering 1 000 bays.

Three of the offices blocks will have a gross lettable area of about 3 000 m<sup>2</sup> each, the remaining two, totalling roughly 9 000 m<sup>2</sup>, will be developed during 1994.

According to Brouwer & Associates MD Meno Brouwer, who has had the sole mandate on office space in the V&A since 1989, rentals will start at R35/m<sup>2</sup> gross — on a par with asking rentals for Cape Town's newest office buildings. One is Old Mutual Properties' 21 300 m<sup>2</sup> Safmarine building in Loop Street, to be completed early next year. Asking rentals are R38/m<sup>2</sup> on the 9 300 m<sup>2</sup> that is available. Similarly, rentals on Metropolitan Homes Trust's 12 200 m<sup>2</sup> Dynamic Life building on the Foreshore, which will come on stream this year, range from R30/m<sup>2</sup>—R38/m<sup>2</sup> gross on the 10 700 m<sup>2</sup> available.

Brouwer says that other than in this current development, there is no significant office space available in the V&A. He believes the letting market is firming, as evidenced by the increased number of inquiries being experienced throughout the city. The tendency among potential tenants is to commit themselves to longer lease terms and to secure better accommodation — including parking and security facilities — at the best possible rentals, ahead of the anticipated rental increases.

Potential V&A office tenants generally believe the area is the most desirable one in Cape Town, says Brouwer, not only because of the after-hours entertainment facilities, but because of greater parking, better security, a more attractive environment and ready access to conference facilities (at the Graduate School of Business) and surrounding hotels.

For this reason, they are prepared to pay a slight premium on their space.

Apart from the two new CBD buildings (Safmarine and Dynamic Life), prime A-grade rentals in the city are R28/m<sup>2</sup> gross. Some office tenants on the water's edge are paying R45/m<sup>2</sup> gross, the highest in the country.

Also opening in November is a 500 m<sup>2</sup> retail component in Portwood Square, which is 60% prelet. Two of the tenants are Stocks Leisure and a car hire company.

A three-star hotel offering 110 bedrooms, due to open towards the end of the year, is

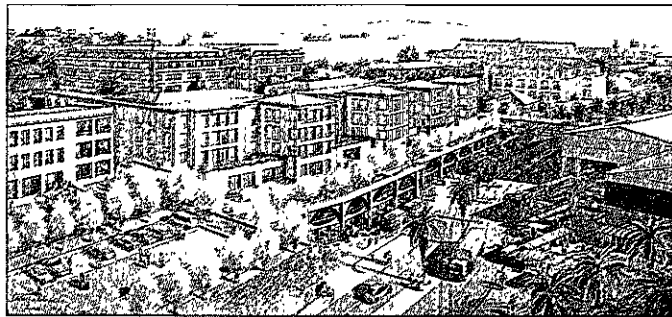
also part of the complex. It will be run by Stocks's hotel arm, Stocks Budget Hotels, headed by Bruno Corte and will be the waterfront's fourth hotel.

The others, all in operation, are The Victoria & Alfred Hotel, the City Lodge and the Breakwater Lodge. ■

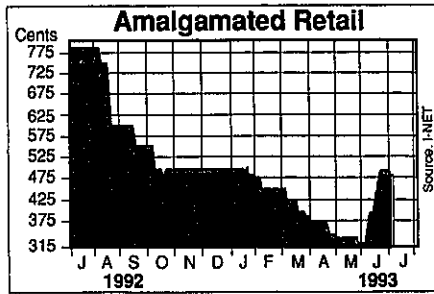
## V&A WATERFRONT <sup>FM 16/7/93</sup> Flocking to the <sup>30</sup>seaside

Businesses in Cape Town's CBD are expected to decamp en masse to the new R100m Portwood Square shop and office development in the Victoria & Alfred Waterfront, according to marketing agent Brouwer & Associates. Negotiations with potential tenants are being finalised for a third of the complex's total office area of 18 000 m<sup>2</sup>.

The first of the five office blocks in the complex being developed by Stocks & Stocks



Portwood Square ... Cape Town's newest office node



Boymans acquisition which added R206m improved marginally to R1,05bn.

Discounting and markdowns, especially in footwear, have squeezed the operating margin, which slipped to 6,5% (8,3%). Chairman Meyer Kahn says this was partly offset by strictly controlled overheads and a slight decrease in the heavy financing cost, resulting in a 4,3% increase in pre-tax profit to R10,1m. But the tax provision of R5,2m (after a net tax credit of R6,1m in 1992) knocked taxed profit 69,4% to R4,8m. EPS plunged 74,3% to 43,8c.

The net extraordinary item of R30,4m includes costs of the restructuring of Tip Top Furnishers (a process started about three years ago) and the termination of other minor operations. MD Stan Berger says this was partly relieved by the favourable discount on the Boymans acquisition.

Management is focusing on its furniture operations, the most important of its three divisions, which did well to increase sales 8,6% despite the five-month strike at Lubners. Industry turnover grew 8%; so Amrel gained market share. This division, contributing 65% of turnover and R20,7m of earnings, more than compensated for the R14,6m attributable loss by footwear and apparel.

Furniture City enjoyed a good turnaround, with sales up 30% (off a low base) on last year. Berger concedes the overhead structure still prevents the company from contributing significantly to Amrel's earnings. With the interest rate cycle likely to turn during the year, he says, the division might be hard-pressed to improve its earnings contribution.

Management has been struggling for years to make the footwear and apparel division profitable. Extensive rationalisation did not produce the required results and options were limited. But the disposal of Shoecorp has left the division — comprising Select-a-Shoe and Scotts — aimed at C- and D-income groups.

There was a real decline in sales in the services division, whose operations include Early Bird and Multiserv. But this was transformed into an additional R1m on the bottom line (up 63% on a year ago), thanks to Early Bird, where operating profit jumped 53% on an 8% increase in sales. Berger expects a slight improvement in 1994.

Cash of R80,7m generated by operations was sucked into the R12,8m investment in Boymans (increasing the holding from 36% to 76%), store refurbishment and high fi-

nancing costs. Borrowings rose 11% to R515,5m, reflecting the R80m loan from parent SA Breweries. The decision to consolidate joint financing company Amretfin contributed to high gearing. Net debtors are R525m.

The measures taken could see an improvement in the long term, but, for now, the company's profit outlook looks bleak. Berger concedes the interims are not likely to show much change, which suggests it will be difficult to achieve earnings growth matching inflation.

Marylou Greig

AMREL

FM 16/7/93

Brighter sentiment

30

Activities: Retail furniture, footwear, clothing and various services.

Control: SA Breweries 69%.

Chairman: J Meyer Kahn; MD: S J Berger.

Capital structure: 9,21m ords. Market capitalisation: R44,2m.

Share market: Price: 480c. Yields: 9,1% on earnings; p/e ratio, 11,0. 12-month high, 600c; low, 330c. Trading volume last quarter, 171 169 shares.

| Year to March 31             | '90  | '91  | '92  | '93  |
|------------------------------|------|------|------|------|
| ST debt (Rm) .....           | 0,5  | 1,7  | 6,3  | 33,2 |
| LT debt (Rm) .....           | 95   | 112  | 453  | 214  |
| Debt:equity ratio .....      | 0,72 | 0,80 | 3,13 | 3,39 |
| Shareholders' interest ..... | 0,31 | 0,30 | 0,19 | 0,23 |
| Int & leasing cover .....    | 6,7  | 3,8  | 1,1  | 1,1  |
| Return on cap (%) .....      | 11,7 | 13,8 | 10,6 | 13,1 |
| Turnover (Rm) .....          | 849  | 1031 | 1004 | 1251 |
| Pre-int profit (Rm) .....    | 47,4 | 64,9 | 83,7 | 81,4 |
| Pre-int margin (%) .....     | 5,6  | 6,3  | 8,3  | 6,5  |
| Earnings (c) .....           | 245  | 260  | 170  | 44   |
| Dividends (c) .....          | 82   | 87   | 57   | —    |
| Tangible NAV (c) .....       | 1361 | 1592 | 1518 | 1310 |

The 45% increase in the share price since early June has little, if anything, to do with the financial accounts for 1993. Frank and well-documented, the report for the year to end-March reveals reasons past performances have not been matched.

Then why the price increase? It reflects market sentiment — including a vote of confidence in management's most recent action, the disposal of wholly owned Shoecorp, incorporating businesses of ABC and Cuthberts (Fox June 11), in an attempt to improve the retail group's profitability.

Amrel's focus on quality rather than quantity (a philosophy established in the mid-Eighties boom), concentrated in a market where consumer spending and confidence is vital, has restrained sales and earnings growth. Turnover (excluding the

# Foschini buys a gem with Sterns

B/Day 16/7/93

LINDA ENSOR

CAPE TOWN — The Foschini group was planning for further growth in the 1993/94 financial year and was intent on securing its share of the growing middle clothing market, chairman Stanley Lewis said in the retailer's latest annual report. (30)

He said opportunities for continued growth were most viable in the broad middle market where each of Foschini's trading divisions — Foschini Stores, Markhams, Pages and American Swiss — were heavily focused.

In the year to end-March Foschini expanded its number of stores to 789 (693) — largely through the acquisition of the 76-store Sterns Jewellers chain — and more store openings were planned this year.

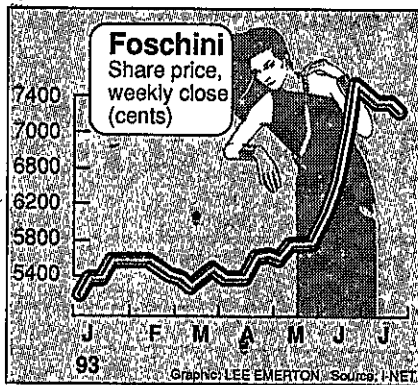
Earnings a share increased by 25,4% to 233c (185,8c) on a 19% growth in turnover to R1,2bn (R976m). Improved margins and lower finance charges contributed to the achievement and enabled gearing to be reduced to 34,9%.

Lewis said the purchase of Sterns Jewellers would broaden the group's position in the fine jewellery market and exciting growth and an increased contribution to profit from the enlarged division could be expected in future.

The report noted that the 149-store American Swiss chain increased its market share significantly in the last financial year, achieving a growth in turnover of 21,3%, well beyond inflation.

Turnover growth of the 305-store Foschini Stores chain was 17% and it increased market share. The chain's MD Neville Goodwin said the satisfactory level of profit growth should be maintained in future.

Markhams, which notched a turnover growth of 23,6%, strengthened its position as the largest menswear chain in the country. Nine new stores brought the total to 106. The chain was the first trading division in the group to convert to a centralised



credit granting system.

"Markhams is poised for further expansion and a number of well-selected store openings are planned for the next financial year," Markhams and Pages MD Dennis Polak said in the report.

The 153-store Pages chain increased its turnover by 22,8% and Polak noted that the consolidation undertaken in prior years had increased the chain's productivity and profitability and boosted its market share.

Last year it consolidated its position in the rural and country market but planned a number of new store openings in urban areas to take advantage of rapid urbanisation.

In his review Lewis urged that steps be taken to reduce the level of unemployment.

"The severe recession since 1989 has played havoc with our economy. With the prospect of constitutional reform, it is time for steps to be taken to reduce the massive unemployment. Our immediate challenge is to regenerate growth by more outward-looking trade policies, deregulation and competitive privatisation through a stable climate that allows a workforce the opportunity to be responsible and productive," he said.

Foschini planned to move its headquarters into a new, rented building in Parow which would be more suited to its needs.

# Dismay over extended trading time for liquor

162 (30)

APR 16/7/93

DURBAN. — The SA Liquor Store Association has expressed its dissatisfaction at the amended Liquor Act — a day before it comes into operation.

Salsa, formed last year and which now has a claimed membership of 600 traders, said it was particularly unhappy with the extended trading hours.

During weekdays, traders will from Friday operate from 8am to 8pm, while on Saturdays they will remain open until 5pm.

Liquor stores will remain closed on Sundays but special Sunday trading licences can be sought from the Chairman of the Liquor Board.

Trading times have been a bone of contention between Salsa and the government for several months, said Salsa spokesman Manny Passos.

"The longer trading hours make us even more vulnerable to robbery. Security now becomes a major problem."

He said traders were obliged to adhere to the new trading hours in terms of the Liquor Act.

Mr Passos said that while some group liquor store directors were in favour of the extended trading hours, most of their managers and staff, as well as independent owners, were opposed to this.

Extended hours would negatively impact on family life for many people and would lead to a host of related problems.

On the other amendments, Mr Passos said Salsa believed there was already over-licensing for liquor traders and this problem would now be compounded.

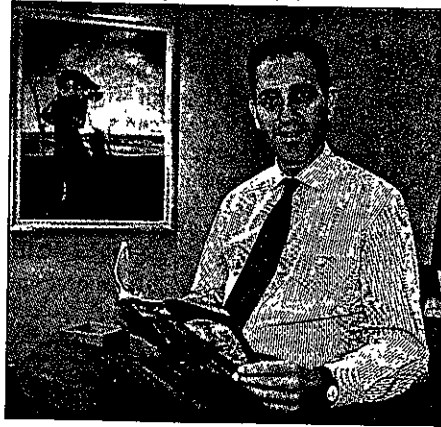
Under the amended Act restaurants would be able to sell all kinds of liquor — not merely wine and malt as in some cases in the past — and patrons would not have to purchase a meal to get a drink.

"Salsa wanted the government not to change the Act until there was a representative government in place, but they've gone ahead."

But Salsa was satisfied with one of the amendments — the fine for selling liquor to persons under 18 went up from R1 000 to R20 000. — Sapa.



FM 16/7/93



TML's Kovarsky ... deciding to leave the CBD

(30)

eight years. Below ground, it is host to the 5 000 m<sup>2</sup> Galleria shopping centre. Above is a car park of 1 800 bays for public use, 300 of which relate to the shopping centre development.

TML this week was in the throes of drawing up a short list of architects to compete for the design of a R120m, low-rise office development. A welcome feature of the design will be the ability to open windows for fresh air, as well as the building's access to Rosebank's shops. A survey of staff attitudes to a possible move to Rosebank, undertaken by BI & Associates, found parking, security and access to shops to be among the highest priorities in selecting a new office location.

The consortium has rezoning approval to reduce its 1 500 public bays to 850, leaving 650 parking bays for TML, which is more than adequate. JCI Properties will project manage the development.

TML MD David Kovarsky says the company is reviewing a number of tenancy options. These may include full or part ownership, or a lease over the premises at a fairly attractive R31/m<sup>2</sup> gross rental. While this rate is roughly R2,50/m<sup>2</sup> over the mean office rental achieved in Rosebank in the last quarter of 1992, as it will only take effect in September 1996, it represents a good deal for TML.

According to Kovarsky, the low rental reflects the awkward existing structure of the site, a generally unsuccessful retail component and an obligation on the owners to erect a certain amount of residential accommodation on it.

TML's motivation for leaving the CBD, where it occupies just under 10 000 m<sup>2</sup> at 11 Diagonal Street, is primarily the need for on-site parking for staff and visitors and greater security for its 500 head office staff.

Also paving the way for the move are advances in page make-up technology which

cont

ROSEBANK FM 16/7/93

### A giant step northwards

Liberty Life and its two consortium partners, the Eskom and Standard Bank pension funds, must be the happiest property owners in Johannesburg. Bar a decision on whether the site will meet its space and configuration requirements, much sought-after tenant Times Media Ltd has identified the consortium's Galleria site in Rosebank for its future HQ.

(30)

Its lease with Ampros in 11 Diagonal Street expires in September 1996, which will give the company plenty of time to develop its new property and prepare for the move.

The Galleria site, bounded by Bierman Street and Tyrwhitt, Bath and Cradock avenues — opposite The Firs shopping centre — has stood partially developed for the past

PROPERTY FM 16/7/93

(30)

no longer necessitate the proximity of staff to city presses which the company shares with *The Star* in President Street.

As far as the site's development rights are concerned, Liberty Life told the *FM* in May last year that in order to erect 10 000 m<sup>2</sup> of offices and an additional 2 000 m<sup>2</sup> of shops, restaurants or offices, it would have to build around 20 apartments on the property.

According to Kovarsky, TML will require 12 000 m<sup>2</sup> of office space. The obligatory 2 160 m<sup>2</sup> residential component will be used to develop high-quality apartments either for rent or sale. TML's own need for this accommodation is being considered.

The retail centre is to be refurbished. Checkers Shoprite Properties, which closed its Checkers supermarket at the Galleria site at the end of June, has a headlease over the retail centre for the next 13 years. A spokesman for the group says it plans to subdivide the space formerly occupied by the supermarket into a number of smaller shops. It plans to present its scheme to Liberty Life presently to ensure it dovetails with that of its landlord.

Under review by TML is the provision of transport subsidies for staff who would have to catch a second bus from the city to Rosebank.

# New liquor hours may raise prices

OT 17/7/93

182 30

## Staff Reporter

THE managements of city liquor store chains expressed mixed feelings yesterday about the relaxation of laws which would allow outlets to remain open longer. The laws were relaxed yesterday, allowing outlets to remain open till 8pm on weekdays and 5pm on Saturdays. They will stay shut on Sundays.

Welcoming the convenience to customers, they said extended trading hours would not necessarily be profitable, as consumers were unlikely to buy more liquor.

Also, the longer hours could lead to price hikes.

Outlets in busy areas and shopping malls would probably stay open later, they said, and the less profitable ones would close earlier.

Rebel marketing director Mr Rob

Naysmith said they were canvassing staff and customers about the trading hours. "We will have to tighten security to prevent armed robberies and keep less cash on the premises."

Also, staff members would have to be paid overtime, electricity costs would escalate and workers would have to be taken home, he said.

Drop Inn managing director Mr Jonathan Miles said certain outlets would stay open longer at the end of the month and in peak season.

Some would be evaluated individually and others, such as the one in Sea Point, may remain open longer, he said.

A spokesman for Solly Kramer's, Mr Pat Veary, said it was too early to say which stores would extend their trading times. However, those in "dangerous areas" were unlikely to stay open longer, he said.

# Nafcoc to chart a new course

CIPress 18/7/93

By ZB MOLEFE

ORGANISED black business meets next Sunday to chart its future course at the National African Federated Chamber of Commerce's 29th annual conference.

The four-day conference at Bophuthatswana's Sun City is expected to attract more than 2 000 delegates, various business organisations from southern Africa, foreign government representatives and the major South African political parties and movements.

It will tackle finance, skills and technology as it affects black business now and in the post-apartheid era.

World Bank infrastructure operations divisions chief for Southern Africa, Isaac Sam, will deliver the keynote address.

Another keenly awaited item is Nafcoc president Archie Nkonyeni's inaugural presidential address.

Nkonyeni, a Nafcoc stalwart, became president last year when "father" of the chamber, Dr Sam Motsuenyane, stepped down after 28 years.

But Nkonyeni will attract attention for his leading role during the past two years in the chamber's crucial 3-4-5-6 programme for black economic empowerment.

The programme sets the turn of the 1990s as the target by which 30 percent of seats on boards of companies quoted on the Johannesburg Stock Exchange be occupied by blacks. In addition, 40 percent equity in these companies should be held by blacks and 50 percent of business should be sourced from black enterprises while 60 percent of managers should be black.

Another strong focus will be the role of women in the South African economy in general and in business specifically. Leading the debate will be Adelaide Tambo. Well-known businessman Enos Mabuza will officially open the conference.

■ In a story last week City Press said businessman Moss Nxumalo is a director of the ANC-linked Thebe Investment Company. It has been pointed out to this newspaper that Nxumalo no longer serves on the board of that company. City Press regrets the error.

*S Times (Buss)*  
**Gone bust for R10 000** *30* *1817193*

AVERAGE debt of R10 000 was enough to lead to more than 32 000 commercial judgments in the first six months of 1993, 25% more on last year, according to figures supplied by the Information Trust Corporation. There were 240 000 judgments worth an aggregate R1.5-million against individuals over the same period, only 6% higher than in the first six months of 1992.

# Volksfront, AWB clash likely

Biday 2/1/93

DIRK VAN EEDEN

SPARKS are expected to fly between AWB leader Eugene Terre'Blanche and top office-holders of the Afrikaner Volksfront when they meet today to discuss the storming of the World Trade Centre in Kempton Park a week ago.

The Volksfront leaders are expected to tell Terre'Blanche to fall in line with the discipline set down by the organisation's directorate.

They are also expected to tell him that AWB members will not be allowed to attend future Volksfront rallies clad in their distinctive camouflage uniforms.

This will be the second time the Volksfront executive committee has discussed the World Trade Centre incident, allegedly led by Terre'Blanche and members of his personal guard, the Ystergarde.

Even though Terre'Blanche is a member of the committee, he did not personally attend the first meeting, which was held on Tuesday.

Sources close to the Volksfront said yesterday that today's meeting was expected to be "extremely tough".

After the first meeting, CP leader and Volksfront chairman Ferdi Hartzenberg said a second meeting had to be called to "discuss certain issues with certain elements within the Volksfront".

The two organisations will hold their own separate media conferences after the meeting.

According to the invitation to the AWB conference, the relationship between the AWB and the Volksfront, the events at the World Trade Centre last Friday, and possible future actions are to be discussed.

The sources said this was a sure sign that the AWB's continued membership of the Volksfront was not certain.

Volksfront directorate chairman Gen Constand Viljoen has already condemned the forced entry into the centre, calling it "unfortunate and undisciplined".

The continued AWB membership of the Volksfront had also come under pressure from within the AWB, the sources said.

# Koppies agreement

THE ANC consumer boycott of Koppies and the blockade of the town by right-wing Action Committee members were called off late on Wednesday night after a marathon meeting between the parties.

The ANC, Koppies Action Committee, regional peace committee and the Koppies Town Council said they were all thrilled with the outcome.

The parties agreed to lift all consumer boycotts, stayaways and counter actions immediately.

They also agreed that the local peace committee should be reinstated and restructured and in future special procedures should precede boycotts, stayaways or marches.

As a result of the agreement an ANC march planned for yesterday went ahead after it had been banned on Wednesday.

About 3 000 people marched from Kwakwetsi to the Koppies showgrounds and the local branch of the ANC Women's League handed a memorandum to the police.

Police said the march had been peaceful, but that arsonists marred the event, when fire was set to an old barn and tyres. — Sapa.

# Eikenhof killing suspects appear in court

JONATHAN DAVIS

FOUR people suspected of the AK-47 attack in March on motorists at Eikenhof, south of Johannesburg, appeared in the Meyerton Magistrate's Court yesterday.

The case was remanded until August 2 to allow the attorney-general to determine under what charges they should be prosecuted, state prosecutor Susan van Deventer said.

Paulus Molakwane, 21, was released on bail of R3 000 and David Masalemane, 39, on bail of R200. Moses Thebogo Ramafikeng, 23, was unable to attend the hearing and was remanded in absentia. A 16-year-

old youth was released into the custody of his parents.

The four, said to be ANC members, are suspected of the attack in which Sandra Mitchley, 35, her son Shaun Nel, 14, and Clare Silbauer, 13, all of Eikenhof, were killed.

Three other suspects arrested in connection with the shooting — Siphwe James Bholo, 24, Samuel Siphso "Fish" Gavin, 29, and Piti Boy Ndwene, 19 — will appear in the Vereeniging Circuit Court on Monday.

# Goldstone papers over cracks — Holomisa

Biday 2/1/93

TRANSKEI military leader Maj-Gen Bantu Holomisa has launched a scathing attack on the Goldstone commission for allegedly ignoring evidence of security force complicity in political violence.

Addressing a two-day conference in Harare on "Sustainable Peace and Stability in SA", he claimed the commission could not command the support and respect of the black majority because of the manner in which it had treated evidence of military intelligence funding and training of Inkatha volunteers.

"Goldstone is merely papering over the cracks. The commission is a sham instrument to bluff and delude black South Africans and the interna-

tional community into believing that President F W de Klerk is perturbed at the slaughter of blacks when in reality his security forces foment the violence."

According to a copy of his speech made available in Johannesburg, Holomisa said De Klerk had publicly admitted security force members were involved in violence.

Revelations of security force complicity in the so-called black-on-black violence and the continued public display of weapons and provocative acts by white right-wingers had the potential to trigger off a race war in SA.

Discussing the reorganisation and restructuring of the SADF, Holomisa said it was imperative that a transitional executive council be estab-

lished immediately to exercise full control over all armed forces.

The integration of the TBVC armies, Umkhonto we Sizwe and Apla with the SADF would restore the SADF's credibility and legitimise it as a national defence force.

However, Holomisa warned homeland governments and the liberation movements not to accede to the integration of their forces before an acceptable political settlement had been achieved.

He said current bilateral negotiations on this issue between the SA government, the homelands and the ANC should be terminated and the matter referred to the multiparty negotiating forum instead. — Sapa.

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## PROPERTY

# Black buyer interest in upmarket white homes

Biday 21/7/93

THE number of black home buyers entering traditionally white upmarket areas in the PWV is rising steadily, say estate agents.

Seeff Residential Properties MD Bearnard O'Riain said about 5% of the company's sales in higher income areas in the past year had been to black buyers.

Pam Golding Properties director Ronald Ennik said interest from black professionals and entrepreneurs, many of whom were looking for a stable environment, had increased steadily over the past eight months.

"In no sense was there a flood of inquiries, but interest has increased steadily to as much as 5% of sales. I am surprised, though, that interest from black professionals has not been stronger, considering the growing number of professionals living in areas like Soweto."

Ennik said the northern suburbs

around Sandton, especially Douglasdale, Fourways, Northwold and Sun-downer, were most popular, and he forecast this interest would jump as the economy improved.

O'Riain said that some of the older Johannesburg areas, such as Parkwood and Parkview, were attracting interest. The northern, wealthier areas of Pretoria were also popular.

### Negative

"Black buyers often choose Pretoria North over Sandton, as house prices are far cheaper there."

The acceptance of black families in traditionally white areas in Johannesburg was not the controversial subject it was less than three years ago, Ennik said. In fact, Pam Golding Properties said it had not recorded any negative responses from white neighbours.

However, O'Riain said new black residents in Pretoria's northern suburbs experienced "the odd problem" with white neighbours, but they were mostly accepted after a period of residence.

Both Ennik and O'Riain said the inexperience of black homebuyers was often a stumbling block to sales, and that education on the process was necessary.

SA Institute of Estate Agents president Colin Sidelsky said the institute would shortly launch a course to assist black homeowners and agents to protect themselves against pitfalls in buying and selling property.

The course was designed after discussions with community organisations, and had the backing of First National Bank, which had donated R15 000 towards it. Lectures would be at the institute's Johannesburg offices.

## Commercial property investment 'best'

LINDA ENSOR

CAPE TOWN — The main investment vehicle in the property market in the next two years would be commercial and industrial properties, Seeff Trust MD Michael Flax predicted at a Seeff investment presentation this week.

He said residential investment property, like blocks of flats for rental purposes, would continue to be less acceptable in the light of a future government's probable redistribution strategy. This was expected to involve the introduction of rent controls, protected tenants, increased local taxes like rates, and increased central government taxes.

Flax said returns on commercial property were comparable historically with those of the JSE.

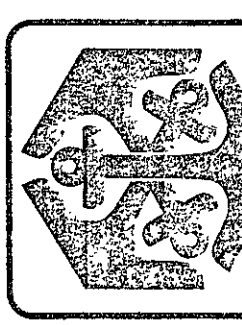
"There will be lots of future growth in commercial properties as new small busi-

nesses are set up with international aid as foreign firms return to SA. We will see inflation boosting rentals and spiralling building costs ensuring that rentals also increase."

For other investment products, Flax predicted a move towards guaranteed equity funds combining the solidity of equities with the risk and return volatility of equities.

Futures and options would also be a growth market in a situation of high volatility.

Flax said it would be imperative for investors to own rand-hedge investments and, if possible, offshore investments, to protect them against the depreciation of the rand. He said the rand could fall to the dollar within two years.



8/15/93 2117193  
**Acrem Holdings plans to  
restructure share capital**

**EDWARD WEST**

GENERAL retailing company Acrem Holdings is to restructure its share capital to enable shareholders with odd lots to sell shares without paying uneconomic brokerage costs, or to acquire additional shares in the company. (30)

Acrem said in a statement today it planned a general meeting of shareholders on September 15 to ratify the consolidation and subdivision of share capital.

From August 13, each shareholder holding odd lots of less than 2 000 shares, or more than 2 000 shares but not multiples of 2 000, would be able to sell odd lots to Acrem directors at 12c a share, purchase more shares at 12c to increase the holding to 2 000 or a multiple of 2 000, or retain the odd lot.

Each retained odd lot would be converted into a fraction of a consolidated share, and each fraction would be sold for shareholders at 12c a share.

Once consolidated, the shares would be subdivided in the ratio of 100 new shares of 20c each for each consolidated share of 2 000c.

The share was untraded yesterday at 7c.

# Warning on retail space 'explosion'

By MAGGIE ROWLEY  
Property Editor

THE provision for decentralised shopping was continuing at an alarming rate with three major shopping centres scheduled to come on stream this year, according to Graham Lindop, Ampros sales and marketing director.

According to the latest Ampros survey there are now 66 shopping centres in the country, four more than in 1992. Of these 11 are in the Western Cape, with 11 while the Transvaal boasts 36, Natal nine, the Eastern Cape five, Bophuthatswana three and the Orange Free State two.

Retail space now totals 2 398 055m<sup>2</sup> — 186 160m<sup>2</sup> more than last year while a further 170 733m<sup>2</sup> of new and additional space is now under construction against 256 597m<sup>2</sup> last year.

Lindop said the proliferation of decentralised retailing space

still under construction was alarming.

"While I cannot comment on the profitability of those centres compared to say three years ago, my view is that the severe recession which has impacted on retail spending, combined with the oversupply of retail in decentralised, largely white areas, has caused a downward rating of shopping centres."

## In the pipeline

He said of even greater concern was the approximately 800 000m<sup>2</sup> or retail space in various stages of planning all over South Africa.

Ownership and part ownership of shopping centres remains in institutional/pension fund hands with Sanlam holding by far the greatest investment in the sector with 16.

They are followed by Liberty Life which owns eight, Eskom Pension Fund seven, Anglo American Property Services six and Old Mutual five. Mines Pen-

sion Fund, SEBO and Newport Property Fund (UAL) all have three each.

Nine other pension funds held two each as did Pick 'n Pay.

Dismissing fears that the viability of South Africa's CBDs were threatened he said they had coped remarkably well with the onslaught of decentralised and informal competition.

"The reality of South Africa is that the less privileged will continue to shop in our CBDs as long as retail facilities in black areas remain undeveloped.

"With the flood of people seeking employment and survival in the cities, the CBDs' formal sector has responded quickly and well with an ongoing process of modernising, expansion, pedestrianisation and redevelopment occurring in all major centres.

"Anyone who has faith in the new South Africa has to have faith in our CBDs and the suggested threats are no more than paper tigers."

20  
CT 22/11/93

Wol... S... C...



## Skills prime focus for Nafcoc

THE challenge of economic reconstruction had moved Nafcoc to place the acquisition of skills, technological expertise and finance high on its agenda, Nafcoc vice-president Gab Mokgoko said yesterday.

In seeking to accelerate skills and technology acquisition, the organisation had stepped up the development of specific sectoral chambers which would ensure black business expansion into the broader industrial sector, Mokgoko said. *Biday*

"This strategy is proving effective," he added. There were a growing number of industrial and manufacturing activities taking place at a more sophisticated level. *23/1/93*

Mokgoko said with investment

THEO RAWANA *with file*

sorely needed in a capital-starved economy, it was appropriate that Nafcoc had invited World Bank southern Africa infrastructure operation division chief Isaac Sam to deliver the keynote address at its four-day annual conference starting at Sun City on Sunday. *(20) (130)*

Nafcoc president Archie Nkonyeni's call for foreign investors to prepare for investment in SA marked a turning point in the position taken by black business. It demonstrated something of the urgency that was felt concerning the need to address the critical issues of the economy and black economic upliftment.

# Top SBDC

30  
RAG 24/7/93

# men moved

## 'Rows' end in change of guard for top West Cape staff

### BRUCE CAMERON Business Staff

IN a clean and unannounced sweep, both the Western Cape regional managing director of the Small Business Development Corporation, Mr Wolfgang Thomas, and his deputy, Mr Neil King, were shifted to new posts this week.

The change of guard apparently follows heated rows between Mr Thomas and SBDC chief executive Dr Ben Vosloo.

Dr Vosloo said there had been disagreements between him and Mr Thomas, but denied this was the reason for Mr Thomas's removal from his position.

He declined to discuss the content of the disagreements, saying it was an internal matter.

He said both Mr Thomas and Mr King had been transferred to the headquarters' staff, but they would remain based in Cape Town.

Mr Thomas had been put in

charge of "special projects" and Mr King was taking over the "systems control unit".

He said this could be considered a sideways move for Mr Thomas, but the same applied to the new regional MD, Mr Anthony Kedzierski, who was coming into the position from being a senior general manager in head office.

Mr Thomas declined to comment, apart from saying that he viewed the change as being in the interest of promoting

small business at national level. He said the micro-business section of the SBDC was being expanded to meet the new challenges.

Mr Thomas joined the SBDC in 1987 from the University of the Western Cape where he had been professor of economics for five years.

Mr Thomas was deported from South Africa in 1977 for being an advisor to black delegations at the Namibian pre-independence Turnhalle constitutional negotiations.

# Shoppers buy value

(30) ARG 24/25/93

**BRUCE CAMERON**  
Business Staff

BETTER value for money will be the demand of customers during the 90s, Mr Mike Millsap, managing-director of J Walter Thompson, Cape has warned marketers and producers.

Opening the Marketing Services '93 exhibition at the Good Hope centre, Mr Millsap said this lesson was of particular importance for brand name products.

There had been a worldwide trend towards accepting that brand loyalty was on the wane.

But this was not the case, said Mr Millsap.

"Brand-loyalty flourishes unabated."

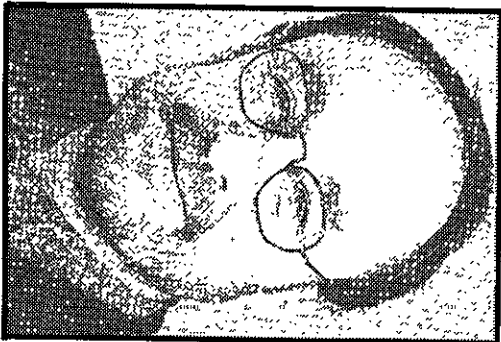
What had happened was that producer brands were losing ground to private brands, such as the Pick 'n Pay no-name labels, because of better value for money.

He said many of the world's top branders had lost market share as a result of increasing prices without giving value-for-money.

"Consumers don't believe there exists sufficient difference between a wide variety of grocery goods to warrant the price difference."

Mr Millsap asked why consumers should pay eight to

'Producer brands ready to fight back'



Mr Mike Millsap

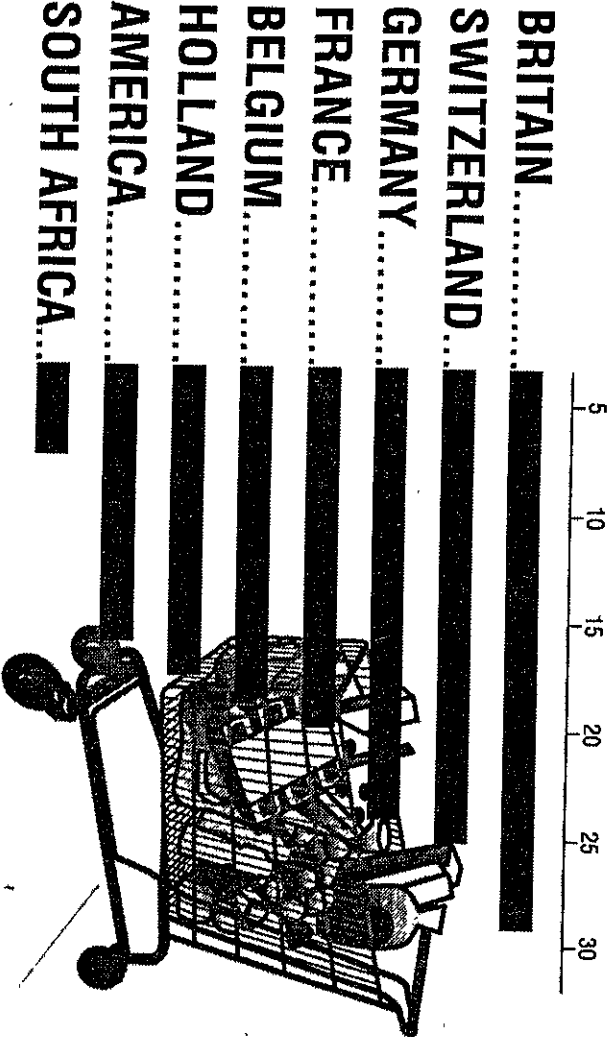
10 percent more for producer brands.

"In other words traditionally branded goods have crossed the line and consumers are switching brands and brand loyalties."

"Private and own labels are taking share from the branded

## Retailer own label growth

(Percentage of total grocery sales)



Graphic: BOB GRIERSON, The Argus

goods internationally as well locally.

"In some categories in South Africa, private labels have a 90 percent share of sales."

But a signal had been given that producer brands were now ready to fight back.

On June 2 this year Marlboro, which had increased its price as a matter of policy by 10 percent a year, had been forced to cut its prices. This was the start of the fight back by producer brands.

Consumers were no longer prepared to pay extra while re-

ceiving nothing extra in quality.

Equilibrium had to be restored between "price paid and value received".

To achieve this companies had to cut costs and shed peripheral brands which were not selling.

From JOHN CAVILL

LONDON. — Exported to South Africa, the recommendations of the Cadbury report on how UK quoted companies should be governed could produce fascinating results.

Anglo American, for example, has a board of 30 directors. Of those 11 are non-executive. Of that number only four would qualify as "independent" in terms of Cadbury — the other seven hold positions in companies in the Anglo-De Beers corporate family.

The independents are two academics, Dr Mamphela Ramphele and Dr Absalom Vilakazi, a retired judge, the Hon Jan Steyn and an English merchant banker, Rupert Hambro.

And under the recommendations, these four would dominate a remuneration committee which fixed the salaries of Anglo chairman Julian Ogilvy Thompson, his deputy, Nicholas Oppenheimer, and all the other 17 executive directors ...

The "Code of Best Practice" was unveiled in England by Sir Adrian Cadbury, 63, a director of the Bank of England, former MD of Cadbury Schweppes and one of Britain's most senior businessmen.

Adherence to the Code will be voluntary, but as of this month, the London Stock Exchange's rules will require that the annual reports of all listed companies must carry a statement to say whether they are complying with the Code and, if not, why not.

The code was the result of 18 months work by a committee — which received 225 submissions — set up by the Financial Reporting Council which comprises the London Stock Exchange and the three

# A reflection on Britain's Cadbury ~~18~~ <sup>30</sup> Code of <sup>26/7/93</sup> business conduct . . .

accountancy profession bodies in Britain.

The Code is an attempt at self regulation in response to a turbulent period of scandal, collapses and controversy in corporate Britain many of which have involved companies where a single man has been all powerful — for example, the late Robert Maxwell at Maxwell Communications and Mirror Group Newspapers.

Its aim is to increase the accountability of executives to their shareholders and the transparency with which they report on the state of the company.

And, says the Cadbury report, the people who should be mainly responsible for ensuring this are the non-executive independent directors who should wield real power in an agreed system of checks and balances.

It defines independent directors as those who have no business connections with the company, who are selected by other non-executive board members, appointed for a limited period and who do not participate in share

option schemes, receive pensions or other payment other than their fees. These fees should reflect the amount of time they commit to company affairs.

The Cadbury measures are wide ranging but some of the chief points of the report are:

- Boards must be in firm control and should have enough non-executive directors (at least three of whom two should be independent) of "sufficient calibre" to carry weight in decision-making;
- Independents should be able to take outside professional advice;
- Non-executives should have a say in all key issues, from strategy to performance, top management appointments and standards of conduct; and
- They should also predominate on remuneration committees which recommend executive salaries. These should be fully disclosed, including share option and pension benefits and where there are performance bonuses, the basis on which these are awarded should be explained in annual reports.

The report also says the Companies Act should be changed to limit executives' service contracts to three years unless they have the approval of shareholders.

Companies which follow the Code will also set up an audit committee — with at least three non-executive directors — with a clearly defined, written mandate to monitor the company's progress.

The board will have a duty to report to shareholders, whether the business is a going concern, to say why they think so or to state any concerns and qualifications they might have about its health.

... ..

**Sowetan 27/7/93**  
**KwaThema consumers boycott**

RESIDENTS of KwaThema in Springs embarked on a consumer boycott yesterday following the dismissal of municipal workers by the Springs Town Council.

Four workers were dismissed last year for allegedly organising a march. Colleagues who downed tools in protest against the dismissals were all fired last week.

Yesterday youths manned the main entrances to the township and searched cars, looking for goods bought in the town.

27/7  
30

# Small business sector needs a voice

By Stephen Cranston

The National Economic Forum is a classical conspiracy of crony capitalists, says Ian Hetherington, MD of Job Creation.

Hetherington says that the small business sector including the informal sector represents 30 to 40 percent of the total economy but has been allocated a mere 0,1 percent of the budget.

"It appears that the allocation of these moneys has been given to the NEF which doesn't have the appropriate expertise to do this."

He argues that government retain decision-making powers and takes advice from all quarters — including taxpayers, consumers,

the unemployed and small business sector — none of whom are in any way adequately represented on the NEF."

Hetherington has just returned from the US and UK where he investigated small business support groups. He says he has no problem with big labour and big business advising the minister, providing the minister also listens to other advisers. "The NEF appears to be agreeing that centralised bargaining continue through the industrial council system. The state then gives statutory support to these agreements between big labour and big business and imposes them on non-participants.

He says the small business sec-

tor needs to be separately represented as interests differ from those of the corporate sector.

"Ideally we should follow the British and American examples and appoint a small firms minister and a small business commissioner to look after the interests of the most efficient job generating sector of the economy."

He also urges the state to set aside a portion of state purchasing for small firms.

In the US any state purchase of less than \$25 000 is reserved for competitive bids from small firms. This means that 34 percent of federal purchasing is from the small business sector.

## Ashton goes diamond hunting

Star Foreign Service

MELBOURNE — Canada's potential diamond riches are proving an irresistible attraction for Australia's biggest diamond miner, Ashton, which has signed up for its fourth major project in the country.

Ashton has just joined in a venture with the Canadian group, KWG Resources, to explore a large area in Ontario and Western Quebec at a cost of \$1 million.

Ashton is already involved in three similar deals in Canada as well as a large scale project in Russia.

**ET**

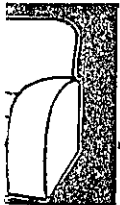
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## Help for black agents

Business Staff

Star 21/7/93

The Institute of Estate Agents (Ieasa) is to launch a set of courses specifically to help black homeowners and agents protect themselves against some of the pitfalls possible in buying and selling property.

The programme has the backing of First National Bank, which has donated R15 000 towards it.

Ieasa president Colin Sidelsky says the courses were compiled after lengthy discussions with community organisations.

The programme will be run from the institute's head office in Johannesburg.



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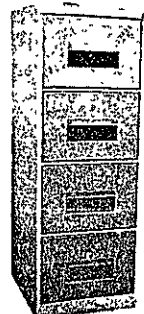
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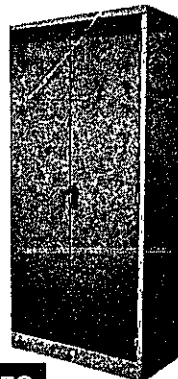
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# Business lauds move

Sowetan 28/7/93

BUSINESSMEN have cautiously welcomed the eminent lifting of all remaining sanctions against South Africa.

"We need to start laying the foundations of reconstruction," said Mr George Negota, the National African Federated Chamber of Commerce and Industry's tax committee chairman.

Negota said he saw the announcement as a response to the rapidly deteriorating economic conditions.

On Monday night, ANC head of in-

ternational affairs Mr Thabo Mbeki announced that sanctions would be lifted next month after the establishment of the Transitional Executive Council.

However, Mbeki warned that the envisaged step would not automatically see foreign investors flocking to the country.

"There are some people in this country who believe that our economic problems will be solved by foreign investment. That is wrong."

(30)

(17)

(17)

Sear 31-1-93

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## Small business the key to growth

**S**OUTH Africa must follow the trend of the rest of the capitalist world, stimulating economic growth in the small business sector of the economy, says Andrew Spalding, partner in charge of the business services division of Price Waterhouse

Mey-er.

"Currently, small to medium-sized enterprises employ about 17 percent of the labour force compared with large business, which employs 25 percent, and the State, which employs 14 percent.

"This underlines the importance of small business as a major source of employment."

For this reason Finance Minister Derek Keys has set aside more funds for small business development.

Spalding says: "For any small business to have access to these funds through the Small Business Development Corporation or other similar funding organisations, it must formulate a good business plan with clear strategies on how to develop its business.

"We can assist right from the

### FINANCE STAFF

beginning in putting the business formula together so that the funding can be obtained.

"We can then move on to forming the company and implementing systems such as budget controls.

"This is particularly important when you become involved with businesses that are owner-managed, as often the owner will

be reliant on outside help for financial advice."

Spalding says development of small businesses in niche markets such as the shipping and freight sectors, particularly to the Far East and Middle East, is strong at the moment.

"This largely involves the movement of raw materials, with small operators chartering and shipping through freight agents," he says.

"Here, it is also most important

that the correct financial advice is sought so that the business owner can take advantage of any government incentives for exporting goods out of South Africa."

During the recession the small businesses which maintained a good cash flow have been able to hold turnover and still do reasonably well, he says.

"Essentially, the secret of maintaining a small business in these harsh economic times is not

over-extending your resources and making sure there are cash reserves."

Spalding says he will not advise anyone to start a business based on "just a good idea".

"It is best to take a logical view of what the business requirements will be. While the potential owner might not be able to afford extensive market research, it is always essential to identify the potential consumers of the product or service as well as the opposition currently operating in the arena.

"After that it is a case of working out the best business plan," he says.



Star 8/7/93

# Omens looking good for Wooltru

By Stephen Cranston

The relative buoyancy of the share price indicates that the market expects Wooltru to show further improvement in its results for the year to June.

Analysts expect the group will make at least a 20 percent improvement in earnings for the year as a whole after a 17 percent hike in the first half.

If this does not happen, then the share price could fall back from R63 to the R50 level at which it was trading at the beginning of the year.

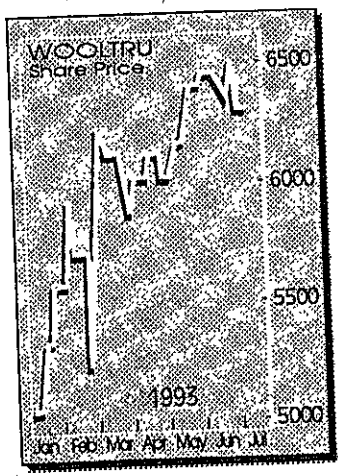
One optimistic analyst even predicts earnings growth as high as 40 percent.

The task will be made somewhat easier as the second half of last year was a particularly low base.

Makro's contribution was down sharply because of the expense of starting up new outlets, including the Verwoerdburg store, but in the financial year just ended there were no store openings.

The second half also sees a full contribution from Shield, the wholesale franchising group acquired last September, which has been reporting growth well above the average for the retail sector.

But group fortunes will centre on the repositioning of Wool-



worths back to the classical merchandise sector and away from the more fashion-oriented merchandise which was rejected by the public and led to an unprecedented level of mark-downs.

There a more favourable reaction to the current winter range, and by the end of the year the decline in market share was being reversed.

Woolworths's profit growth will, however, be tempered somewhat by the greatly increased expenditure on advertising and its spending on the upgrading of its computer systems.

In the longer term, Woolworths needs to gain a wider customer base in the black market.

To help achieve this it has set up a satellite buying operation in Johannesburg specialising in black market needs, but it has a long way to go before it catches up with Edgars, in which half the customers are black.

The Speciality Retail group, principally Truworths, looks poised to continue its strong profit improvement as it operates in the buoyant credit sector where its main competitors Edgars and Foschini continue to report substantial real improvements, even off their high bases.

But there is increasing concern about Wooltru's recent acquisition chase, which has blurred its focus. Most analysts are unenthusiastic about the prospective acquisition of Dion.

It will help absorb head office costs at Massmart, which controls Makro, and enable it to buy durable goods better. But management resources should be concentrated on fine-tuning Makro's own trading.

But Dion is profitable and cash positive, despite the problems faced by the durable goods sector, and the price of its acquisition from a disintegrating Rusfurn could be too tempting to resist.