

CONSTRUCTION - GENERAL.

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HANSARD 3

Q. column 223-225.

21 February 1975.

Construction of houses for sale to Coloured persons by White building/development companies

*29. Mr W. G KINGWILL (for Mr. L. G. Murray) asked the Minister of Community Development.

- (1) Whether building and development companies controlled by Whites are permitted to construct houses for sale to Coloured persons in Coloured residential areas; if not,
- (2) whether he will make a statement on the matter.

(1) 30

~~(2) 123~~

~~(3) 84~~

†The MINISTER OF COMMUNITY DEVELOPMENT (Reply laid upon Table with leave of House).

(1) and (2) There is nothing to prevent building companies, controlled by Whites, as the successful tenderers or winners of contracts awarded on a competitive basis, from constructing houses which are provided by town councils, my Department or qualified private entrepreneurs, in Coloured areas. White controlled companies are allowed to erect houses in Coloured areas under certain circumstances, for instance, the erection of houses by employers for employees. This arrangement has been in effect for some time already. The houses are erected on land which is acquired from local authorities on a long term lease basis. There are many examples as well as many variations of the scheme which I cannot go into at the moment. In this connection it is sufficient for me to mention that the Cape Town Chamber of Commerce, after negotiations with my Department and with my consent, is at present undertaking the erection of 1300 houses in Coloured areas for employees of members of the Chamber according to a scheme whereby the properties are transferred from the local authority directly to their Coloured occupants and owners so that disqualified persons do not acquire ownership rights in areas where they are disqualified. I would like to request individual employers and White controlled companies very seriously, in their own interests and that of their employees and in national interest, to provide houses for occupation by their employees. Information is available in all the regional offices of my Department of Community Development.

Disqualified development companies are, however, prevented by the provisions of the Group Areas Act from acquiring land for development purposes in areas where they are disqualified and from erecting dwellings thereon because, should it be permitted qualified Coloureds would to a large extent, through unfair competition etc., be deprived of the opportunity of obtaining their rightful share in such development. Furthermore, in view of their incomes the Coloured population in particular, is housed exclusively in Government housing which is cheap with the result that private de-

velopers have only limited participation which cannot be taken away from qualified persons. The limitations on the cost of housing are also very important since they reduce initiative.

I have on occasion discussed this matter with representatives of various large White development companies which, after the position has been explained to them in full, usually abandon any such intentions because, with the full knowledge of the extent of the problem, it is no longer an attractive or viable proposition for them, on account of numerous considerations.

Utility companies, are, however, being encouraged to establish filial companies which initially do not have a Coloured group character but which, within a limited period, in terms of the Group Areas Act, must become a Coloured company.

Such companies may, of course, develop in Coloured areas. It follows that the same approach applies to all the racial groups.

BUILDING INDUSTRY SETBACK

STAR 30/4/75

Ivan Philip

The drastic slump in building plans passed during the first quarter of this year reflect, above all, a weakness in the private sector.

And this weakness is compounded of several factors.

- There is a shortage of money in the building societies — a drop in investments amounting to no less than R238m in a year — which is hampering progress in private housing.

- The private housing sector is still choking on an oversupply of "spec"-built houses.

- There is strong demand for established houses nearer to city centres as people become more conscious of the cost of transportation. Sectional title properties are gaining from this trend.

- A period of consolidation is being forced in office accommodation by a combination of oversupply, the high cost of money and slow escalation of rents.

Official figures show that the value of building plans passed in the first quarter of this year amounted to R212m — which is R87m down on the same period last year. Industry sources say that these statistics should not be read too literally, as delays in passing plans can sometimes distort the picture.

Meanwhile, the larger construction companies are still prospering since there has been little dip in major sponsored housing projects.

The same applies to large and well-established estate agents in the private housing sector, since they tend to get the lion's share of scarce funds from the building societies.

A spokesman for a major agency dealing with city properties summed up the position with offices and shopping centres like this: "We are having a breather and it's not a bad thing. There is no big development going on now — and this could remain the position for a year."

Assembly line brick laying

Victor de Haes
3/5/75

CAPE TOWN — An invention that brings assembly line methods to building and eliminates bricklayers has been introduced in the Western Cape.

It eliminates the need for artisan bricklayers while cutting erection time and labour costs by up to half.

Mr Victor de Haes, using his invention for a housing scheme at Velddrif this year, cut erection time for all exterior and interior walls from an average two days a house by the conventional

method of bricklaying to 5½ hours.

No bricklayers were employed on the contract, and the labour force consisted of only 16 labourers a house.

Mr De Haes's invention consists of a steel frame shaped in the plan of the houses' inner and outer walls. The frame is made of parallel steel guides into which the bricks are laid. After each course is laid concrete is pumped into the frame for the next layer of bricks.

The frame ensures the bricks are in line and gives the level for each course of bricks. — DDC.

R 100m SLUMP —BUILDERS PESSIMISTIC

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STAR
26/6/75

Industrial Editor

With building plans down by almost R100m in the first five months of this year there is general pessimism in the industry, and the Stellenbosch Bureau for Economic Research sees no favourable prospects for the rest of 1975.

The Bureau's report for the second quarter does not foresee a significant drop in long-term interest rates unless inflation eases substantially. Prospective house-owners cannot expect bond rates of building societies to drop below the current 10,5 percent at least for now.

COMPETITION

One bright spot in the gloomy report is that the rate of increase in building costs this year should be lower than the 15 percent average increase last year. An average increase of 12 percent in building costs is expected despite higher costs of materials and imports.

The reduction is likely to result from keener competition and low wages coupled with rising productivity.

The Department of Statistics figures on building costs, also released today, show that building plans worth R387,7m were passed in the private sector from January to May this year, compared with R489,7m in the same months last year.

Plans for residential buildings passed during the period dropped from R268,2m last year to R189,7m this year.

On the other hand, the value of buildings completed rose during the first five months of this year to R320,4m compared with R297,7m in the same period last year. The value of residential buildings completed was R176,5m in the January-May period compared with R167,6m last year.

RENT CONTROL

The increase in buildings completed compared with the drop in plans passed indicates a slack period ahead for the industry.

The BER's quarterly report repeats its previous view that building society funds will not fully satisfy the demand for housing loans this year without Government aid.

The BER says it is improbable that general economic activity will improve this year.

It sees "serious repercussions" from the divergent trend that people prefer to rent flats and to buy houses, while practically all new flats are being built for sale as individual units. Developers are not interested in building flats and houses for renting, fearing that rent control will be applied.

PRIVATE

The bureau says that real private consumption expenditure may increase less rapidly "in the rest of the year. Even if the gold price increases and the expected inflow of capital take place, forcing short-term interest rates down, no significant long-term decrease in interest rates is expected because of the inflation rate.

Body-line blow to timber men

See Transvaal (over page)
4/7/76

By DAVID FINCH

THE TIMBER Marketing Bureau (TMB) has cut the flow of structural timber from South African sawmills to merchants by a massive R9-million a year, because of the drop in the number of houses being built.

Sawmills in the Transvaal, Natal and Swaziland have had their basic quotas reduced by 25 per cent. Large mills in the Cape have had theirs reduced by 10 per cent, and all small mills — those that have an annual log intake of less than 15 000 cu m — have had to accept a 5 per cent cut in sales.

Willie Immelman, chairman of the TMB, which was formed two years ago to rationalise the sale of South African structural timber, told me:

"These restrictive quotas apply only to structural timber — timber used for building. They do not apply to timber used for industrial purposes, or for the making of blockboard or doors or anything like that."

"The position is now so serious that we had no difficulty in persuading our members to accept the restrictive quota, nor did we have any difficulty in persuading the Department of Forestry, which is not a member of the TMB, to restrict its production of structural timber."

"This is a heavy blow for the industry. The 25 per cent restrictive quota means a reduction of R768 000 on a monthly turnover for the industry of R2 660 000, or a reduction of R9 218 000 on an annual turnover of nearly R32 million, taking the value of timber at an average R60.48 a cu m."

During August to September last year the average amount of structural timber sold a month was



Willie Immelman, chairman of the Timber Marketing Bureau, a R7.2-million cut

41 900 cu m. It dropped to an average of 29 500 cu m a month during April and May of this year.

"Producers say that it need not have dropped by as much as 12 100 cu m a month, on average," he said. "They blame a serious shortage of railway trucks for part of this drop."

The big groups that have substantial interests in forestry, and the State itself, will have to take the hardest knocks, but they will be able to survive the blow better than the smaller producers, because of their financial strength.

The State's sawmills produce about 60 000 cu m of timber a year, which is much less than the combined total of the big groups.

Anglo American, which has forests in Natal, Swaziland, and in the Transvaal, is the biggest of the private groups.

The other big groups with forestry interests are the Bonuskor group, with forests in the Transvaal

and the Cape, the Hais Merensky group, with forests in the Transvaal and Natal, the Bruply group, which has forests in the Cape and in the Transvaal, and the East Asiatic group, with forests in the Transvaal and Natal.

Taking the number of houses built for Whites by the private sector only as a guide, it is easy to understand the need to cut back on the sale by mills of structural timber.

According to the Department of Statistics, the number of houses built privately for Whites from January to May this year dropped by 1 254

in the period January to May last year, 9 378 houses falling into this category were built, and in the same period this year the figure dropped to 8 124.

Mr Immelman said the TMB expected to see a revival in house building only in the second quarter of next year.

"We are not stopping our members from producing more — they can do that if they have the space to store excess production. We are stopping them from selling more," he said.

"They will reap a slight benefit in that the trees that will not be felled will grow for longer, so they will be able to supply better grades of timber when demand returns to normal — but that will not be sufficient to offset the restricted cashflow's effects."

Willem Rietjens, of the University of Stellenbosch's Economic Research Bureau, was as pessimistic about the future as Willie Immelman.

"We expected an economic revival towards the end of this year, but we now doubt whether it will materialise."

The earliest we can now expect a turnup will be in the middle of 1976, with 1977 being the year of real growth."

Rail jam: 50 trains idle

Cape Times Correspondent

EAST LONDON.—About fifty trains laden with goods for export and domestic use are lying idle in sidings in the Transvaal because a huge volume of traffic has clogged the South African rail network.

Rail traffic to Natal, which had been stopped completely on Tuesday was moving slowly again yesterday but on a restricted basis, in an effort to overcome the backlog which is seriously affecting deliveries of cement and maize throughout the Republic.

The public relations of-

ficer of the SAR, Mr T du Toit, said that 45 trainloads had been "staged" in the Western and Eastern Transvaal on Tuesday.

"We were forced to stop traffic to Natal completely. However, the situation has eased slightly and we are accepting traffic again. The traffic is still being restricted until the situation returns to normal."

EMPHASIS

Mr Du Toit said that the reason for the jamming of the network was the emphasis the Railways had placed on the delivery of coal for the winter months.

"We expect the situation to improve as the winter passes," Mr Du Toit said.

Meanwhile the executive director of the South African Cement Producers' Association, Mr V L Houreldt, has denied that there is a shortage of cement as such, and placed the blame for shortages on the Railways.

"Shortages of cement are affecting Natal, es-

pecially the North and South Coast areas, the Eastern Cape, and parts of the Orange Free State.

"A similar but not so serious shortage is being experienced in the Transvaal."

AWARE

He emphasized that the Railways were aware of the situation and were doing everything possible to alleviate it.

Restrictions placed on traffic to Natal were likely to have a serious effect on the export of cement to Iran and other countries, Mr Houreldt said.

"I must emphasize that I am not optimistic about the shortage and warn the cement users to expect sporadic shortages over the whole of South Africa except the Western Cape.

"I must also repeat there is no shortage of cement at the factories."

The maize shortage, which has lasted from the beginning of June, is likely to ease with the allocation of 12 000 maize trucks to the Maize Board.

lost in building

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Pretoria Bureau

5 TALK
17/7/75

Accidents in the South African building industry are costing R30-million a year, it is estimated today. And with other accidents the yearly loss is a staggering R130-million.

To try to stop this erosion of profits and feed them into the pay packets of workers and management, an advanced safety class is to be held in Pretoria on August 5.

The estimates come from spokesmen for the South African Building Industries Federation and the Master Builders and Allied Trades Association of Pretoria.

CONTRACTS

For the Witwatersrand alone the loss is said to be ten percent of total contracts awarded.

The percentage of construction work in this area is probably just under half of all construction in South Africa, with 50 000 workers.

Injuries on the Witwatersrand were 7 480 or 15 percent of the work force. It should be two percent.

There were 40 deaths in the past year, costing R170 000 in compensation.

In one year the industry as a whole had 75 600 injuries to hands and wrists alone.

PROFITS

Mr E N du Toit, recently appointed safety manager of the federation, said: "This unnecessary throwing away of profits has been tolerated for longer than we care to remember."

For this reason advanced classes directed at all levels of the industry from management down were being held.

The first was in Cape Town, the second in Durban.

The third will be at the Senate Hall, University of South Africa at 2 pm on August 5.

Not good enough, say professors

*Sunday Times
Supplement 26/1/78*

VIEWED from the rather ivory-towered atmosphere of a university, NBRI could, and should, be doing a lot more than it is, and the way it co-operates with other research oriented institutions leaves much to be desired.

This is a view shared by Professor Ivor Prinsloo, director of the school of architecture of the University of Cape Town, and Professor Colin Welch, professor of town and regional planning, and acting dean of the school of architecture and allied disciplines at the University of Port Elizabeth.

Professor Welch is a former employee of NBRI.

In fairness, however, it must be stressed that both the professors temper their remarks and opinions by acknowledging that NBRI simply does not have the funds needed to do all the things it would like to do.

The fiery Professor Prinsloo, who had just returned from a teaching stint at the University of Los Angeles in California when I interviewed him, had this to say:

"I see the NBRI as a great big animal that tells us in technical terms how buildings are built. It should be more than that.

"In South Africa now there is vast confusion in the housing of people, like Black and Coloured migrant people.

"When we examine the



**Prof Colin Welch . . .
The NBRI could be
doing a lot more than
it is.**

housing backlog for our people, and ask what has been done to catch up with it, we get a shock when we find that our current programmes aren't catching up.

"There seems to be a lot of confused thinking. It is the task of the NBRI to get order into this confused thinking, and take the lead.

"I know that the NBRI concerned itself in this field, that it did all the preliminary work for Soweto, but these standards are now obsolete. We now want something different. I feel it is time that the NBRI got involved in that field again."

He said that at present NBRI's research was "single-pronged".

He saw in that "a distinct danger of that research being taken as gos-

pel, and applied unthinkingly by local authorities and Government departments, such as the Department of Community Development — with disastrous results.

"What we need is a multi-pronged research effort, with NBRI co-operating with other research-oriented organisations such as the universities," he said.

"Soweto is an example of what happens when you tackle a research project with one point of view.

"The dangers of single-minded research when applied to housing was driven home to me in Latin America, parts of which are covered by carpets of houses that all look alike.

"Towns and buildings must be designed so that people will not be compelled to do things which they know will lead to them being attacked.

"The way we lay out our streets, the provision of adequate lighting, and the design of the entrances to blocks of flats can either be an asset or a liability to the criminal.

"If a lift entrance is visible from the street, chances are that no one will be attacked while waiting for a lift, but if it's hidden around a kink in the foyer there's every chance that sooner or later someone will be."

Professor Welch felt that so long as NBRI was compelled to do private research to bolster its funds, it could never do what it should really be doing, conducting long-term, in-depth research.

"It simply does not have the staff to do both forms of research properly," said Professor Welch. "And a point that must not be forgotten is that much of the private research it does is of a confidential nature, so never sees the light of day."

Building costs rocket ahead

*Sun Times
(Bus. Times)
20/9/75*

By DAVID PINCUS
BUILDING costs are rising more than twice as fast as the retail price index, according to Borckenhagen and Louw, a well-known firm of quantity surveyors.

Based on 1963 figures, the retail price index has risen by 80 per cent, while the cost of building has increased by a staggering 183 per cent.

In the last 15 months alone building costs have shot up by 60 points, to 283, compared with the retail price index increase of 14 points, to 190.

Aubrey Howard, secretary for Public Works, the building industry's biggest client, said the upward trend shown by these

figures were borne out by the experience of his department.

He said the increased building costs were "nothing short of alarming", especially considering that no less than 17 per cent (about R3 000-million) of the gross domestic product goes into building and civil engineering.

Mr Howard said the present method of tendering was the most important reason for the price escalation.

"Building practice has always been to estimate what the ruling prices will be for about two years ahead, when tendering," he said. "I know of no other sector that has its delivery and settlement dates fixed

so far ahead.

"This poses obvious difficulties, and the successful tenderer is often the firm that has made a mistake in projecting cost estimates — the large number of bankruptcies bears eloquent testimony to this.

"This system has also led to most of the bigger firms adopting ultra-safe pricing policies by exaggerating inflation levels and then adding further percentages for contingencies, rather than be overtaken by inflation.

"They would rather lose jobs at uncertain prices."

The best solution, he felt, was to include an escalation clause, linked in real terms to the industry's actual rises in costs; but this will not cover all cases, and an alternative solution would have to be considered for special cases.

"It is obvious that this practice of not realistically allowing for inflation fuels the fires of inflation," he said. "We realised this some time ago when we started looking at alternate methods of tendering.

"The 13-man Building and Construction Advisory Council (BCAC), an advisory body formed to advise the Minister of Public Works on trends in the building industry, has in fact recommended that price escalation clauses be built into all tender documents.

"If this could be achieved, and if the industry would accept it, it could lead to a position where contractors would quote realistically on today's prices and eliminate speculative tendering.

"The system still needs a lot of refining. The BCAC is working on this in conjunction with the National Building Research Institute and other bodies, and is treating it as a matter of urgency.

"As soon as an easily applied foolproof system is found, the various bodies that constitute the BCAC intend making it an integral part of tendering for both public and private sector contracting for the whole country."

At present, he said, the contractor's auditor must certify significant increases in the cost of labour and materials between the date of tendering and the date of completion, and must refer to significant sources to produce evidence of these increases.

Building costs rising at rate of 18 pc

Cape Times 6/8/75

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HOME CONSTRUCTION costs are rising at an annualized rate of at least 18 percent according to figures obtained from leading home builders in Johannesburg.

Indications are that in the period January to June, home building costs rose by nine percent (or an annualized rate of 18 percent). This is about four percent higher than the rate of inflation.

Moreover it is six percent higher than the rate of increase in costs for the building sector as a whole, as recorded by the Stellenbosch Bureau of Economic Research, in its latest survey.

"Our figures prove that potential buyers holding back in the hope of home building costs coming down will wait in vain," one major builder said. "Their best course of action is to build now rather than later, for the reduced level of home building notwithstanding, it's apparent that upward pressures on costs are not abating."

Specifically the cost increases in the first half of this year were:

- Paint — plus 18,75 percent.
- Cement — plus 3,5 percent.
- Ready mix concrete — plus 13,4 percent.
- Stock Bricks — plus 4,2 percent.
- Pit Sand — plus 36,6 percent.
- River Sand — plus 74,7 percent.
- Plaster Sand — plus 22,8 percent.
- Door and Window Frames — plus 11,5 percent.
- Timber — 17,9 percent.
- Roof Tiles — plus 6,7 percent.
- Geysers — plus 15,7 percent.
- Kitchen Units — plus 24,8 percent.
- Labour (brickies) — plus 7,6 percent.
- Wall Tiling — plus 8,2 percent.
- Glazing — 23,9 percent.

"The overall average increase over the six months equals nine per-

of 18 pc

By DAVID DOUGLAS, Property Editor

cent, or about 18 percent per annum."

The forward picture is not good either. Petrol prices went up again last month, steel has been in-

creased 15 percent, the full impact of the recent wage awards to the building industry has still to filter through to housing costs, and cement producers are hoping for yet another increase.



Institute's
new chief

MR TRENT OLIVIER, who is acting Head of the Department of Building Science and J C Bitcon Director of Studies in Building at the University of the Witwatersrand, has been elected President of the South African Institute of Building.

Born in Johannesburg in 1942, Mr Olivier matriculated at Queen's High School in Kensington, Johannesburg. He obtained the degrees of B.Arch. in 1966 and M.Arch. in 1969 at the University of the Witwatersrand.

In 1968 he was offered a lecturing post at the then new Department of Building Science at the University of the Witwatersrand. Mr Olivier has seen the Department expand from a Department with 15 students to one with a current enrolment of 135 B.Sc. (Building) students.

Mr Olivier received a scholarship in 1969 to visit Europe and the United Kingdom where he studied pre-cast systems and visited large building firms.

THE IMPORTANCE of industrialized system building in the property scene of today was emphasized by Mr George Leon, a top British engineer and world authority on system building, who visited Cape Town recently.

Mr Leon, a Master of Philosophy Civil Engineering (University of Surrey) was on a trip to South Africa sponsored by the Natal Building Society under the NBS Visiting Fellowship scheme.

Large runs

"System building takes into account methods of the factory production of well-designed modular components produced in factories to obtain large runs. This results in the reduction of the cost of the unit items and makes use of mechanized erection techniques to minimize the use of site labour," he said.

Mr Leon feels that industrialized system building has not yet reached peak use overseas. This was because it was new and many people were ignorant about it. There tended to be a prejudice against it because some

people thought system building meant a monotonous form of architecture.

"In reality, this is not so. If you look at the past, you will see that the finest buildings such as Greek temples, Middle Age Gothic cathedrals and Nash-designed terrace dwellings are all based on a standardized basis. Their pleasing appearance is due to a variety of reasons, one of which is an understanding of 'proportion' and 'rhythm'. The current misunderstanding that pleasing aesthetic design is based on the conception of individual genius unrelated to proportion, fenestration, and rhythm is quite false."

Mr Leon, who delivered papers at the Symposium on Building in the Cape and to B.Sc. (Building) degree students at the University of Cape Town, feels there will be a vast demand for all types of buildings in the future and insufficient skilled craftsmen to meet his need.

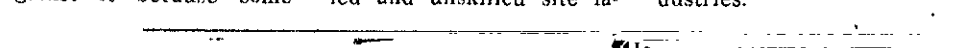
"This will result in the need to replace both skilled and unskilled site la-

bour with factory productions and the use of modular mechanical plant for site erection requirements.

"By mass-producing high serial runs of well-designed standardized building components of various types, the cost of unit items would be reduced and site erection would be simplified and quickened by repetitive operation.

"Just as there are 26 components in the alphabet — 26 letters which can be rearranged to reproduce virtually limitless numbers of books in different languages, so a strictly limited number of well-designed standardized components could achieve a very wide variety of different buildings."

According to Mr Roy Canning, general manager of the NBS, the purpose of the NBS Visiting Fellowships is to finance visits to South Africa by eminent authorities from overseas who, by holding seminars, discussions and lectures, can contribute to the expertise of South Africa's property development and building industries.



'Morbid fear of wood'

Cape Times 15/8/75

SOUTH AFRICANS have a morbid and unjustified fear of having wood in their houses, said a speaker at a Sea Point symposium on the use of timber in buildings yesterday.

"There is far too much irresponsible and unintelligent talk going on in some quarters about the hazards supposedly associated with timber houses," said Mr D H Eloff, director of the South African Lumber Millers' Association.

He reminded symposium members of:

- The "millions of Bantu who live safely in pole-supported thatched roof huts, inside which they light open fires without restriction, yet we do not have these houses being constantly burned down"

- The World War II blitz in London when "fire wardens did not like to enter houses that contained less than one-third wooden beams and framing (because) wood beams will char but continue to support their load".

Mr Eloff concluded that building by-laws enforced by local authorities were influenced by "this apparent chronic fear of the fire hazard".

An example, he said, was the regulation which he believed was recently enforced by the Cape Town Municipality. This regulation prohibits timber ceilings in structures such as rooms, foyers and exits which house more than 100 persons at a time.

31/8/75

Brick industry needs millions

By DAVID PINCUS

THE South African brick industry will have to find at least R325-million to invest in new plant and equipment in the next five years if it is to meet the building industry's needs.

Philip Reynolds, director of the South African Brick Association, says: "This is a conservative figure. The owners of the country's 300 brickyards will probably have to invest a lot more than that."

"The money will have to be invested at a rate of between R55-million and R65-million a year if the industry hopes to cope with the increase in demand — this is expected to rise at between 8 and 10 per cent a year."

This investment will quadruple the brick industry's present R120-million stake in plant and equipment.

Mr Reynolds said that apart from the normal upswing in demand by the building industry, the brick industry feels that it may have added to this with the perfection of a brick panel method of construction for economic houses that could revolutionise building methods.

Members of the association have been working on this method for 11 years and have spent about R500 000. They have now developed a method of using brick panels that will enable a team of six un-

Demand outstrips today's capacity

skilled labourers to build a complete Soweto-type house, with the exception of the interior dividing walls, in a day.

"We will demonstrate this method to one of the Bantu Administration Boards in the near future and feel sure it will, to a large extent, replace the present method of building houses in African townships from concrete blocks," he said.

"Once we have broken into that market we feel certain the next step will be the use of this method for outbuildings in White suburbs."

"After more development, it should be found suitable for prestige houses in better-class suburbs."

"About 10 years ago members

of our association proved that a brick panel house could be built in a day, but it was a capital-intensive operation. We had to make use of sophisticated equipment, such as tower cranes, to do the job.

"That would have made the system, as it was then, uneconomic — save for large contracts."

"Another drawback was that the joints between the panels were not windproof or watertight. We overcame that problem by developing a special joint that provides an adequate seal against both wind and rain.

"The problem of having to move sophisticated plant to the site was overcome by developing a 1 sq metre panel that can be handled by two labourers and which is slotted into accurately positioned uprights.

"Our roofing people have also developed a special type of roof that can be fitted by unskilled labour."

House shortage

More bricks needed

"The beauty of the system is that everything, with the exception of the concrete floor, can be made in a factory and taken to the site.

"Our system is completely modular, which means that any size or shape of single-storeyed economic or sub-economic house can be built by unskilled labour using the same components."

Another advantage is that foundations are needed for the houses.

The demand that can be created for houses built using this method can be appreciated when it is realised that at present, according to a spokesman of the West Rand Bantu Administration Board, takes between 10 and 12 days to build a home in Soweto using the present concrete block method.

Modular system

Any size or shape

And a spokesman of the Department of Bantu Administration added: "There is a terrific shortage. Only 7 573 houses were built for Africans in urban areas in fiscal 1974. We are still trying to find out what the backlog is."

Mr Reynolds said the country's brickyards presently make about 3 250-million bricks a year. Estimates are that they will have to increase production by 326-million bricks a year from this year on.

Present demand is about 65 per cent of this production, which means that some brickyards, but not all, can stockpile bricks in anticipation of what Mr Reynolds calls "the killer demand."

Some cannot afford the capital that is required to stockpile other yards, such as Brickor and Rooipoort Brick — which make certain lines of popular bricks — have not experienced any fall-off in demand.

Capital
2 143
3 123
4 30

Massive building work in Transkei

Daily Dispatch

11/9/75

EAST LONDON — With approaching independence, the Transkei Government and other Transkeian bodies are undertaking large-scale building at great speed. Mr Colin Elliott, manager of Murray & Stewart (Border) and Murray & Stewart (Transkei), said recently that the latter company had been fortunate in obtaining the major share of this.

He believed this was due primarily to two facts: firstly, as the work had to be done in very limited times, only a large contractor with considerable resources could handle it. And, secondly, it was "obviously preferable" to have a local contractor who had worked regularly in the Transkei and who would, therefore, be able to establish himself in Umtata in the quickest possible time.

Murray & Stewart have been awarded some R15 million worth of work in Umtata in the last four months, the bulk of which has been negotiated with agreed bills of rates drawn up by independent quantity surveyors.

The work includes a large 12-storey office block, ten floors of which must be occupied by independent (each floor is made approximately 3 000 new technical col on tender with R1.25 million; cabinet ministers,

Minister and others; and a R500 000 bottling plant for fortified wines, which is being developed by the Xhosa Development Corporation.

Mr Elliott said the challenge to his company to complete this work on time was undoubtedly the greatest yet faced in their 70-year history (M & S first worked in East London in 1905).

But he was confident they would manage it, because everyone was tackling his tasks with enthusiasm and working long hours, and because he was receiving considerable help from other Murray and Stewart companies, particularly on the sliding of the 11-lift central core, and with certain of the sub-trades.

He added there would be an equally great strain on the architects and consultants in each case. "Much time and considerable sums of money are always lost if information is not forthcoming as and when required. Fortunately the professional teams are working extremely hard — but theirs is no easy task." — DDR.

11/10/75
2 20

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R7 000 house

STAR 12/9/75

impossible, say builders

~~2/20~~ 30
~~6/123~~ 103

Property developers have challenged the claim by the Department of Community Development that a three-bedroomed house can be built for R7 000.

They say there is no way they could build a three-bedroomed house of about 100 sq m on a small piece of land for this amount.

"The implications of the Minister of Community Development's statement

is that developers are profiteering," one said.

"We have problems the Department does not have — like having to make some profit and pay high interest on money.

"The Department can build what the market needs at a low price without having to make any profit. The developer must build what the market wants — which is something more luxurious — and make a profit."

Mr Marshall Finlay, sales manager of Voysey

Bond, said the Department of Community Development built with corrugated iron and plain painted brick on the outside. This developers would never do.

"The private buyer insists on more than one bathroom and on mod con in the kitchen."

Developers are also sceptical of the figures given by the Department of Community Development for their low-cost houses.

They suspect that the Department has not done its homework properly.

Building

STAR 16/9/75.

cost up by 22 pc

Pretoria Bureau

The cost of building in the Transvaal has jumped by a staggering 22 percent in the year ended in July, and by nearly 90 percent in the five-year period between 1970 and 1975.

This was revealed yesterday by Mr Willem Bester, managing director of one of South Africa's biggest home building concerns.

Graphs prepared by Mr Bester clearly show how costs have rocketed to a point where it is now costing nearly twice as much to build a house than it did in 1970.

A composite graph shows that the cost of building materials has shot up by between 40 and 45 percent since August 1973.

Wages of building workers in the same time have climbed by more than 35 percent, while the overall costs rose by about 34 percent.

STEEP CLIMB

Another one of the Bester graphs gives the overall rise in costs from as far back as 1970, and shows a particularly steep climb from the last quarter of 1972.

Until the end of 1972 costs rose steadily and then remained at the same level for almost a year. From the second quarter of 1970 until the fourth quarter of 1972 building costs rose by only 20 percent. In the next two and a half years the graph shot up by a staggering 66 percent.

Some of the materials which had dramatic price rises and contributed to the ever-rising cost of building between July 1974 and July this year include paints, crushed

stone, cement, bricks, steel, glass and construction machinery.

The percentage rises for some of these materials are: Paints (18,75), cement (3,5), ready mix concrete (13,4), stock bricks (4,2), river sand (74,7), plaster sand (22,8), timber (17,9), door and window frames (11,5), roof tiles (6,7), kitchen units (24,8), wall tiling (8,2), and geysers (15,7).

A graph prepared by the Bureau for Economic Research at the University of Stellenbosch recently shows just how sharply home building activity has declined throughout South Africa the past 18 months.

Separate graphs are given for the number of house plans passed and for houses completed and both show a dramatic drop from records established in 1973.

① 120
② 85
③ 30
④ Capital

Marina denies irresponsibility

CAPE TOWN
17/9/75

THE Marina da Gama Company, a subsidiary of Anglo American Properties Limited, yesterday denied an accusation by Mr John Wiley, MP for Simonstown, that by scrapping parts of the marina plan it was failing to fulfil its obligations to the public.

In a statement to the Cape Times, Mr D M MacGillivray, managing director of the company, said he wished to correct "wrong impressions" that may have been created by Mr Wiley in his speech at Sandvlei on Saturday, as reported in the Press.

"There were two main aspects to his criticism: the abandonment of the harbour scheme and suggestions that this company enjoyed special advantages from the City Council and Provincial Administration.

"Implementation of the proposed harbour scheme was always dependent upon financial aid from the Government — a fact that has been consistently emphasized since the an-

nouncement of the project in 1970 and on which particular emphasis was placed at the official launching of the first stage of the project in October, 1974.

"Financial assistance had not been forthcoming from the Government when earlier this year an overall review of the project was completed. That review demonstrated that the escalation which had occurred since 1970 in the capital costs of the harbour and the breakwater had destroyed their economic viability and the company therefore withdrew its application for financial assistance in April, 1975.

"All possible alternative township development schemes for the harbour and golf course area were considered but did not appear viable. The decision was therefore taken to abandon, for the time being, plans for the development of the company's property east of Prince George Drive."

Mr MacGillivray said

the suggestion that the company had enjoyed advantages from the City Council and the Province was "vague and misleading".

"In view of the size and scope of the project as then proposed, certain concessions were in fact granted by the City Council but these were conditional on the construction of both the harbour and the breakwater, and will now fall away."

The company is negotiating a revised financial agreement with the Council and it is anticipated this will result in the normal cost-sharing arrangement applicable to any township developments in the Cape Province.

"This company has met all its commitments to the purchasers of plots and houses in Eastlake, and it will naturally fulfil all its stated commitments to purchasers in the second phase of the Sandvlei development where township services and waterways will be completed during 1976."

of interest approved

Nov 19/75

30

rate to increased

Tony Koenderman

The Government has approved a sliding scale of interest rates on domestic home loans which will mean higher repayments for all bondholders owing more than R10 000.

Building societies will also be allowed to put 30 percent instead of the present 25 percent of their lendings into bonds of more than R18 000.

The multitiered system breaks down like this:

- On all new and existing loans or balance up to R10 000, the present rate of 10,5 percent will apply;
- On all new and existing loans between R10 000 and R15 000, the rate goes up to 11,75 per cent.
- For existing loans only above R15 000, the rate goes up to 11 percent;
- On new loans above R15 000 these rates apply to the full amount owing: 11 percent on properties valued by the building societies at up to R28 000; 11,5 percent on valuations between R28 000 and R40 000; 12 percent on valuations over R40 000.

Objectives

A statement by the Association of Building Societies today said the objectives of the differential lending rates were to promote more modest standards of housing, to restore the building societies'

New bond repayments

The following tables show the current rate of monthly repayments and the proposed new rates on every R1 000 outstanding on 20-year bonds:

EXISTING BONDS

	Old rate	New Rate
Under R10 000	R10	R10
R10 000 to R15 000	R10	R10,18
Over R15 000	R10	R10,32

NEW BONDS

	Old rate	New rate
Under R10 000	R10	R10
R10 000 to R15 000	R10	R10,18
Over R15 000		See table below

A new sliding scale applies on new loans where the amount exceeds R15 000 and it depends on building society valuation — again worked out on monthly repayments on every R1 000 on 20-year bonds.

VALUATION

	Old rate	New rate
R15 000 to R28 000	R10	R10,32
R28 000 to R40 000	R10	R10,67
Over R40 000	R10	R11,11

Up goes the bond rate

From Page 1
 creased by only 0,75 percent in an effort to lighten the burden on the homeowner.
 In June 1974, investment rates were again increased — by 1,5 percent, compared with an increase of only 1,25 percent in the mortgage rate.
 It might have been possible to hold the mortgage rate to 10,5 percent if in-

vestment rates had followed the declining trend of recent months.
 But the bank rate was recently raised, followed by an increase in the commercial banks' prime lending rate, making an increase in the mortgage rate inevitable.
 A few examples clearly show how the penalty increases on the size of the bond you hold or intend

to obtain.
 Monthly repayments on an existing bond with only R8 000 outstanding remains at R80. But with R20 000 outstanding, repayments move from R200 to R206,44 a month. And with R30 000 outstanding the cost rises from R300 to R309,66 a month.
 If you intend to apply for a new bond of R25 000, the old monthly repayment

of R250 moves to R266,60.
 On a new R30 000 bond, on a house valued over R40 000, the cost will be R330,33 a month instead of R300.
 The new rates are being recommended to building societies to be effective as soon as possible.
 Implementation is likely to be prompt and almost automatic.
 (See Page 23)

happy employees

ARMY BUILDS ROADS

A road in the Venda Black homeland in the Northern Transvaal is being built by the South African Army as a result of a request by the government of Venda. The road is being built by members of

15 Field Squadron as a part of its annual Active Citizen Force (ACF) training

The road, which is being built over an existing road, runs through the Thengwe area. Maintenance of the existing roads is a problem to the Black homeland, and the building of the road will remove some pressure from the Venda Department of Works.

The importance of the new road is that it serves a large community and joins up with the main road to Sibasa, the homeland capital. It will also make Sibasa more accessible to the inhabitants of the Thengwe area.

At an official ceremony in Venda, the Chief Minister of Venda, Chief Patrick Mphephu, welcomed the Army. The ceremony consisted of a military parade followed by an address of welcome by Chief Mphephu, and a reply by Colonel G J. Viviers, acting Officer Commanding Northern Transvaal Command. It is hoped that the road will be finished by the end of the year.

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SPEECH DELIVERED BY MR A HOWARD, SECRETARY FOR PUBLIC WORKS ON BEHALF OF THE MINISTER OF PUBLIC WORKS, THE HONOURABLE J.J. LOOTS, ON THE OCCASION OF THE OPENING OF THE TALL BUILDINGS CONFERENCE IN THE CARLTON HOTEL, JOHANNESBURG, ON 18 NOVEMBER 1975.

Mr Chairman, Mr Mayor, distinguished guests, ladies and gentlemen, the Honourable the Minister of Public Works is unable to be present today to address this august gathering and I have been requested to do so on his behalf. He has requested me to proffer his sincere apologies and to express the wish that your deliberations will be successful and fruitful.

The Department of Public Works is, as you know, one of the largest clients in South Africa concerned with the design and erection of buildings. It is the responsibility of that Department to provide the buildings necessary for the business of government and this is one of the reasons why this conference is of singular importance to that Department and the Department of Community Development. It is also singularly important as the approach to building in South Africa has undergone considerable change over the past two decades. Twenty years ago buildings of ten to twelve storeys were considered exceptional, but today multi-storey buildings reaching for the sky are an everyday occurrence. They are in fact today a way of life in our large cities, a tribute to the wonders of our present day technology and the achievements of our building industry.

To put the importance of this industry into perspective, you are reminded that the investment in South Africa in building and construction exceeds R3 000 million per annum. This represents R1 out of every R6 of the gross domestic product and a very large percentage of this vast sum is invested in

buildings in 2/.....

buildings in our central business districts. Much of this investment finds its way into high-rise buildings, because economic pressures in South Africa, we are told, have forced us to build higher. The question must be posed however as to whether tall buildings are the answer - are multi-storey buildings solving our building problem or are they perhaps the source of new problems. The pressures in business, the pressures in government, and the resulting ever-increasing demands for accommodation seldom allow us to sit back and consider our basic requirements; what are the essential parameters within which buildings should be designed, what are the basic factors which should be considered, what is our attitude towards tall buildings, and more important, what are the attitudes of the people who live and work in tall buildings. Furthermore, because of their form, tall buildings also influence the aesthetics and traffic patterns in our cities and it is often felt that they may create as many new problems as they solve. It is for this and other reasons that the Department of Public Works, and many other organizations for that matter, are all anxious to obtain some positive thinking to provide the answers needed to make the right decisions on when, where and how we must build tall buildings. If this conference can even broadly resolve some of these problems it will have been well worthwhile.

Hier word spesifiek verwys na die vraag of die huidige benadering tot die oprigting van hoë geboue korrek is, gedagtig aan die besondere behoeftes in Suid-Afrika. Is hierdie geboue ekonomies geregverdig en nodig of word ons houding teenoor hulle miskien buitensporiglik deur aspirasies tot grootsheid of deur die begeerte om monumente ter ere van ons tegnologie op te rig, beïnvloed? Die antwoorde hierop lê nie maklik voor die hand nie. Tog is dit gemene kennis dat die koste verbonde aan die oprigting van hierdie geboue teen 'n ontstellende tempo styg. Die waarde van grond in ons sentrale sakegebiede styg vinnig,

hoofsaaklik vanweë die relatiewe skaarsheid daarvan, en die kampvegters vir hoë geboue stel voor dat ons nog hoër moet bou. Nog 'n aspek wat nie buite rekening gelaat kan word nie, is dat die prestige-waarde van hoë geboue dikwels swaarder weeg as ekonomiese oorwegings. Billikheidshalwe moet 'n mens erken dat hierdie groot hoë geboue 'n totale diens aan die gemeenskap bied en, soos ons almal weet, trek besigheid meer besigheid en is mense bereid om te betaal om deel te wees van die tipe omgewing wat hierdie geboue skep. Tog bly die vraag - is hulle, bloot uit 'n ekonomiese oogpunt, in die nasionale belang?

Seen more broadly than purely from the economic point of view, the question also arises as to whether we are making the best use of our limited resources in erecting these tall buildings? This question should concern not only the public sector, but also the developers and professional people involved in the design and erection of tall buildings. It may well be that many of our traditional approaches to building and the determination of the relative values of different types of building are no longer valid; but what is valid? How do we assess and determine the relative usefulness of these tall buildings in comparison with alternative forms of accommodation? For instance new problems arise in the construction of tall buildings: in fact this conference and the nature of the papers are a manifestation of these problems. Problems arise such as the micro-climates created by the erection of these tall buildings; their effects on surrounding buildings, by influencing wind directions and speeds, lightning hazards, ventilation and lighting. How are they going to affect services and the protection of people against the fire hazard. All these problems are of vital interest and of real concern not only to the building industry, but to policy makers in both the private and public sectors. Answers must, therefore, be found by pooling the knowledge which is available and applying it effectively. If we are to have tall buildings, let us have good tall buildings that work and represent

the best value for money. Let us avoid waste and let us not be condemned for the building of futile monuments; rather let us be proud of the buildings which can effectively contribute to the well-being of man.

Having raised these broad issues, and in case you have gained the wrong impression, let me assure you that, in principle, the need for tall buildings is not questioned. Mr Chairman some general comment on the conference and the topics you will be discussing would not be amiss, even coming as they do from a layman. Advance copies of the papers which are to be presented were made available. It was gratifying to note that the conference is being sponsored by just about every important professional and commercial building organization in this country. This reflects the real interest which the building industry, the professions and investors have in the field of tall building construction. It was also pleasing to note that the conference programme allows for an in-depth discussion of the consequences of erecting tall buildings.

The first session is concerned with socio-economic planning, which indicates how extremely important this aspect is. Here perhaps one will obtain some of the answers to many of the problems that require urgent solution. The human and town planning implications of tall buildings are not only of interest but of extreme importance and it is necessary that one should have a better understanding of the sociological and psychological influences of tall buildings on people.

Dit sal ook raadsaam wees om aandag te skenk aan die invloed wat hierdie geboue op plaaslike owerhede het. Die koms van hoë geboue noodsaak byvoorbeeld 'n verandering in ons benadering tot bouwetgewing en plaaslike owerhede, wat die netelige kwessie van toestemming vir die oprigting van hierdie geboue moet hanteer, sal meer inligting moet kry. Die bespreking oor hierdie

besondere aspek sal dus van besondere belang wees en kan baie bydra tot 'n begrip van hoe plaaslike owerhede hierdie geboue so doeltreffend moontlik in hulle stadsbeplanningskemas kan inpas.

An aspect of building legislation that is of critical importance here is the forthcoming advent of the new National Building Regulations. Because of the complexity and sophistication of these buildings, it will become increasingly difficult for each local authority to draft and update its own regulations on a do-it-yourself basis. It is, therefore, obvious that there is much to be gained by the adoption by all local authorities of the forthcoming SABS uniform National Building Regulations. This would also benefit consultants and designers who would then also only have to use one set of uniform regulations instead of many, as at present. It must be pointed out, however, that notwithstanding the basic advantages of such uniform regulations, high-rise buildings will often lead to unique problems which cannot be resolved by the application of even the best regulations and here it will be necessary from time to time to carry out research studies to provide the best answer as to what should be allowed or not allowed.

The design, technology and costs of tall buildings are closely interrelated but are not yet fully understood. It is, therefore, also very desirable that the conference pay particular attention to these important aspects.

'n Aangeleentheid van besondere belang by hoë geboue is dienste en hier word 'n woord van dank gerig aan die organiseerders van hierdie konferensie vir die goeie voorsiening wat hulle in die program vir die bespreking van hierdie besondere onderwerp gemaak het. Die onderafdelings strek van die beheer van die klimaat binne die geboue tot by riolering en dreinerings, beligting en die vertikale en horisontale beweging van mense.

While on the subject of services in tall buildings, an appeal is made to the designers and users of such buildings to do all they can to reduce the amount of energy consumed in them. We all like working in an ideal environment and while air-conditioning and modern high lighting levels are wonderful things, they are notorious consumers of energy, particularly in modern tall buildings. By designing buildings and operating them more carefully, considerable energy and cost savings can be effected.

Safety services too are vital in tall buildings - as you know we have already had several instances in South Africa of fires in such buildings. It is, therefore, clear that more definite knowledge on how to evacuate people and how to provide for adequate protection against fire risk and hazard in tall buildings is urgently needed. It is for this reason most appropriate that the organizing committee has allowed for a special session on this aspect and what comes out of the discussions here must contribute significantly to our knowledge in this field. It is fervently hoped that all concerned will take steps to ensure that this knowledge is incorporated in their approaches to the design, construction and administration of tall structures in South Africa.

Die oprigting van hoë geboue is slegs 'n deel van die prentjie. Die korrekte gebruik en onderhoud van hierdie geboue is van ewe groot belang en meer kennis moet oor hierdie aspekte opgedoen word. Die referate oor hierdie aspek in die konferensiedokumente was indrukwekkend en die versekering kan gegee word dat die Departement van Openbare Werke veral besondere aandag aan die gevolgtrekkings van hierdie konferensie oor die doeltreffender gebruik en onderhoud van hoë geboue sal skenk.

The papers which have been prepared for this conference stress the fact that we are particularly fortunate in having a group of distinguished authors with us. We certainly can learn much from

them. The 7/....

them. The authors are complimented for the quality and excellence of their contributions to this conference. It is only by the pooling of the available knowledge and better utilization of our scarce resources that we in this country can obtain maximum benefit from our buildings. In this respect delegates to this conference have a very real responsibility not only to the building industry but also to society in general to contribute as much as possible in achieving the object of better building.

Last, but by no means least, a word of thanks is due to the International Committee on Tall Buildings for its support of this conference. On behalf of the Government, a word of warm welcome is extended to the distinguished speakers from all over the world who have come to share with us their knowledge in this field. For this we are very much indebted to them and it is hoped that they will have a pleasant stay with us. It is also taken, naturally, that their visit to South Africa will not be all work and no play, and that they will have the opportunity to enjoy our scenery and hospitality. A special word of appreciation is also extended to all the local authors for the preparation of their papers and for sharing their experiences with those attending this conference. Tribute must also be paid to the work of the organizing committee under the chairmanship of Dr K. Bruinette and to Dr Evenwel of the National Building Research Institute whose devoted and competent staff did the hard work.

Finally, the contribution of the National Building Research Institute to the development of the building industry in South Africa must be underscored. This very dynamic organization has during the 30 years of its existence, become much more than merely a research institute - it is today an integral part of our building industry, playing a vital role in generating new knowledge and applying the results of its own work and that of its sister organizations in overseas countries. We in this

country are indeed fortunate in having the NBRI to serve our building industry.

It now gives me great pleasure on behalf of the Honourable the Minister to declare this conference formally open and to wish you every success in your deliberations. I thank you.

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Work in homelands eased plight of builders

D. D. 20/11/75

EAST LONDON — Projects in the Transkei and Ciskei have softened the blow of a serious building work shortage in East London.

The chairman of the East London Master Builders' Association, Mr H. M. Russell, said yesterday the government's stringency plans to combat inflation would obviously affect builders in the Border.

"Work by the public sector, especially if you take into account the governments of the Transkei and Ciskei, forms a considerable proportion of the building work in this area."

Mr Russell said there were few private tenders, mostly because of financial stringency.

Because of this there has been a serious shortage of work in East London, but the neighbouring territories of the Transkei and the Ciskei have been going ahead and have softened the blow for builders in the area.

"Now we have heard of a number of projects we thought would proceed, that have been shelved."

In the Transkei alone, there is about R100 million worth of building planned or started for independence next year. These include a R300 000 community centre, the enlargement of Parliament for an additional 54 members, a Presidential palace, which, it is said, will cost about R1,3 million, a Chief Justice's home to cost R200 000, a 12-storey, 400-office block to house government departments, 12 ministerial houses and 200 houses and 24 flats for seconded officials.

Holiday Inns have a site in Umtata and a start will be made on a hotel pending financial negotiations. The Transkei Inn will also receive exclusive casino rights, should the Transkei Government decide to grant these.

The chairman of the Architects' Association Mr B. Watson, confirmed that building plans in the area were likely to be affected by the financial cut-back.

"To what extent we don't know, but last year the amount of work by architects fell off considerably and builders are

probably feeling this now.

"In this area, we depend to quite a considerable extent on government and provincial work, but we have not felt the direct result of any financial squeeze yet," Mr Watson said. — DDR.

- 1. 30
- 2. ~~103~~
- 3. ~~105~~



① 31
② 77

The three building industry cabinetmakers who allege Portuguese counterparts were given preferential treatment by their

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Three bitten by dogs during raid

Staff Reporter
RDM 21/2/76

THREE African workers were treated for dog bites after a raid on a Boksburg building site by East Rand Bantu Affairs Administration Board officials. Thirteen men were arrested.

A spokesman for Boksburg-Benoni Hospital said Mr Joseph Maslane, Mr Richard Khumalo and a third worker were treated and discharged after the incident.

One of the sub-contractors working at Bardene Extension 2, Mr J. J. Botes, said BAAB officials with police dogs and their handlers arrived at the site on Thursday in about 11 vehicles.

Mr Botes said the men were bitten when the dogs were set loose among the workers, who had stopped work and were watching the officials.

Mr Botes said he had contracted ten workers from Mafeking, but when these absconded after working on the site for ten days he was forced to employ others.

Mr Botes said five of his workers were arrested. He had been told that he had to pay R30 as admission of guilt or face charges next Thursday.

He said two other sub-contractors on the site were told they would have to pay a total of R110 for eight workers who were arrested.

A police spokesman yesterday confirmed that the men had been arrested for alleged contraventions of the influx control regulations.

He said the dogs were set loose only in an attempt to stop a number of workers who downed tools and fled.

① 30

② 123

CUTS HIT BUILDING INDUSTRY

By Marion Burnett

THE South African construction industry, already suffering from a slow-down in the private sector, faces an increasingly difficult future with the extensive cuts in proposed Government building projects.

Increasing unemployment and a greater incidence of firms facing liquidation are seen as inevitable results of the curbs on Government expenditure.

The recent announcement that the Department of Public Works has postponed 180 building projects to the value of R183-million for periods ranging between six months and two years and cancelled services valued at R81-million has sent ripples of alarm through all sectors of the building industry and related fields.

This week Cape Town architects met informally to discuss the situation. Firms that rely heavily on Government projects for work fear forced staff retrenchment and it is known that some architects have been warned they might lose their jobs.

CONCERN

The general secretary of the Building Workers Union, Mr R. G. Simmons, this week expressed serious concern, adding that small contractors would be hardest hit.

Mr D. E. Baker, managing director of the Murray and Stewart group

of companies, outlined the possible ramifications of the cutbacks.

He said that construction could not escape being affected by the Government's anti-inflation programme, particularly as it was being superimposed on an already difficult situation facing the industry.

These difficulties included a slow-down of business from the private sector recently because of a degree of overbuilding, problems with bonds and fears of rent control.

INFLATION

The high inflation rate had had a bearing on all of these, he said.

The Government's decision (to cut the allocation of funds for building projects for the coming financial year from R115-million) would have a greater impact because the Government as a client had represented an ever-increasing percentage of the market in recent years.

The smaller contractors are likely to feel the effects more sharply and dramatically than the larger firms, Mr Baker said.

(1) 103
(2) 30

27, 1976

Gloomy outlook for builders

27/3/76
DD

EAST LONDON — The pre-independence economic surge in the Transkei is the only thing keeping the Border building industry busy.

but what is causing concern is that there is nothing out to tender at all.

"There is nothing from province or PWD and it is on these contracts that East London survives."

Mr Snell said the future looked decidedly gloomy unless the government released work which was critical for East London.

"At present there is too little work and too many contractors chasing what there is so that quotations have been cut to almost unprofitable levels," Mr Snell said.

The chairman of the Border branch of the Institute of Architects, Mr Brian Watson, said the situation in East London was more buoyant than most other areas in South Africa because of the Transkei build-up.

"Architects at this stage, all seem to have work to do. Maybe they are not working at the same pressures as last year, but generally they have enough work," Mr Watson said.

One small builder, Mr K. R. Fuyo, said the small builders were having a tough time.

"The homemaker at the moment does not seem able to raise the deposits for homes, or they just can't afford the instalments on their bonds."

"The future doesn't look rosy either. Land prices are out of all proportion to the total cost of homes and the contracts are just not coming out," Mr Faye said. — DDR.

discretion to admit the public to hearings after Mr A. Boreane (P.R. Pinejans) had wanted all hearings to be public.

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Huge Plain contract attacked

ARGUS 29/3/76

CAPE TOWN CITY COUNCIL helped to squeeze the ailing building industry by tying up R40-million of work at Mitchell's Plain — using Government money — in one massive contract, says a top official in the industry.

Mr W. J. Lea, president of the Cape Peninsula Master Builders' Association, said it was 'disgraceful' that the Council contracted a vast amount of building work in one costly package which few contractors could compete for, when the industry as a whole was heading for disaster.

Mr Lea said he had personally raised the matter with the umbrella Building Industries' Federation of South Africa (BIFSA) who in turn had taken the issue to the Government.

'I was told by a BIFSA member that this would not happen again, but I understand it is going to,' he said. 'If it does, then it is time the Government stepped in and did something.'

Mr Lea's remarks followed a week of gloomy reports on the depressed state of the building industry which is heading deeper into the worst slump since World War 2.

At the same time he said out-of-work labourers being returned to the Transkei by Cape contractors unable to keep them employed could become a source of unrest in the homeland.

'The Government should see there is sufficient work in Cape Town at least to employ the contract labour allocated to us,' he said.

'MUST STOP'

The controversial R40-million contract was awarded to Iico Homes of Durban — one of six tenderers — to design and build 4 000 houses and allied services at Mitchell's Plain.

Mr Lea said: 'This situation must stop. The Government must rethink. If they continue with this policy it will take years

and years to repair the damage to the industry. There must be work for

(1) 30
(2) 724

Lean year 31/3/76 NM predicted in building

Mercury Reporter

SMALL building contractors on the South Coast face a critical period in the next 12 months with the possibility of cutting back on staff and even closure.

This was the gloomy forecast yesterday of Mr. Dennis Dolan, president of the South Coast Master Builders' Association, in a survey made by the Mercury of the building outlook for the region.

"The position is not so good and there has already been quite a bit of retrenchment amongst artisan staff," Mr. Dolan said.

Particularly affected were Indians and Coloureds, although a considerable number of the latter had found employment at Richards Bay.

Mr. Dolan said this was because the Coloured worker was generally a nomad, while the Indian artisan preferred to be near his home.

"African artisans are not particularly affected as we do not employ many.

"They prefer jobs in hotels, because the work is easier and there are more perks with it," he said.

Mr. Dolan added that there was still a demand for the building of holiday cottages, but that

the bigger jobs were scarce.

Mr. Dolan said bonds had become harder to obtain and he felt it would be another year at least before there would be a pick-up in business.

"It is on the cards that the smaller firms, or one man shows might have to pack it in," he said.

Mr. Harry Lubbe, president of the Margate Chamber of Commerce, said: "We have had a few small builders who have moved. Quite a few have gone to work for the bigger contractors."

A spokesman for a hardware and builders supply company at Margate said it seemed as though there had been a general cut-back by builders in all their staff.

"There is not enough work in hand for them and we are going through a fairly quiet period."

The president of the Upper South Coast Chamber of Commerce, Mr. B. Reen, confirmed there was not a great demand at present for building materials.

"Things are pretty quiet," he said.

Fabriekswerker

SINUE PART 101

en omgewing

18/4/76.

'N BELANGRIKE navorsingsprogram, wat die werksomstandighede van baie mense in Suid-Afrika kan raak en 'n betekenisvolle bydrae tot ons nywerheidsdoeltreffendheid kan lewer, neem binnekort in aanvang. Dit is 'n projek van die Nasionale Bounavorsingsinstituut van die WNNR.

Omgewingsfaktore in fabriek sal bepaal word ten opsigte van hul uitwerking op die fabriekswerker. Om dit te bewerkstellig het die NBNI 'n mobiele omgewingslaboratorium ontwikkel waarin spanne fabriekwerkers blootgestel kan word aan verskillende grade gematigde omgewingspanning.

Warmte, koue, humiditeit, geraas en verligting kan beheer word om 'n wye span bestaande omgewings toestande in fabriek presies na te boots. Hul uitwerking op die uitvoering van take en op die werker kan dan geëvalueer word m.b.v. 'n aantal werkstudie- en fisiologiese toetsmetodes.

Die proefnemings sal by 'n aantal fabriek oral in die land herhaal word om enige verskil in mensever-eistes wat moontlik in verskillende klimaatstroeke mag voorkom, te bepaal.

Die Departement van Arbeid het die NBNI opdrag gegee om hierdie faktore te evaluer as 'n noodsaaklike voorspel tot die hersiening van die Fabriekswet. Die navorsing sal noodsaaklike gegewens vir 'n koste-voordeelanalise van investering om die werksomgewing in nuwe en bestaande fabriek te verbeter, verskaf.

Hierdie navorsingsprogram is in verskeie opsigte uniek en die eerste resultate behoort by die Inter-

nasionale simposium wat in September in Pretoria gehou word, aangekondig te word. Die bevindinge sal van fundamentele belang vir die nywerheid en wetenskap in Suid-Afrika en die buiteland wees, veral vir lande wat soortgelyke klimaatprobleme as ons het. Navorsingsbevindinge wat in Europese en Amerikaanse fabriek verkry is, is nie noodwendig van toepassing op hierdie lande nie.

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ROBERTS

PEOPLE & PERFORMERS

A special survey Supplement to the Financial Mail
May 28 1976

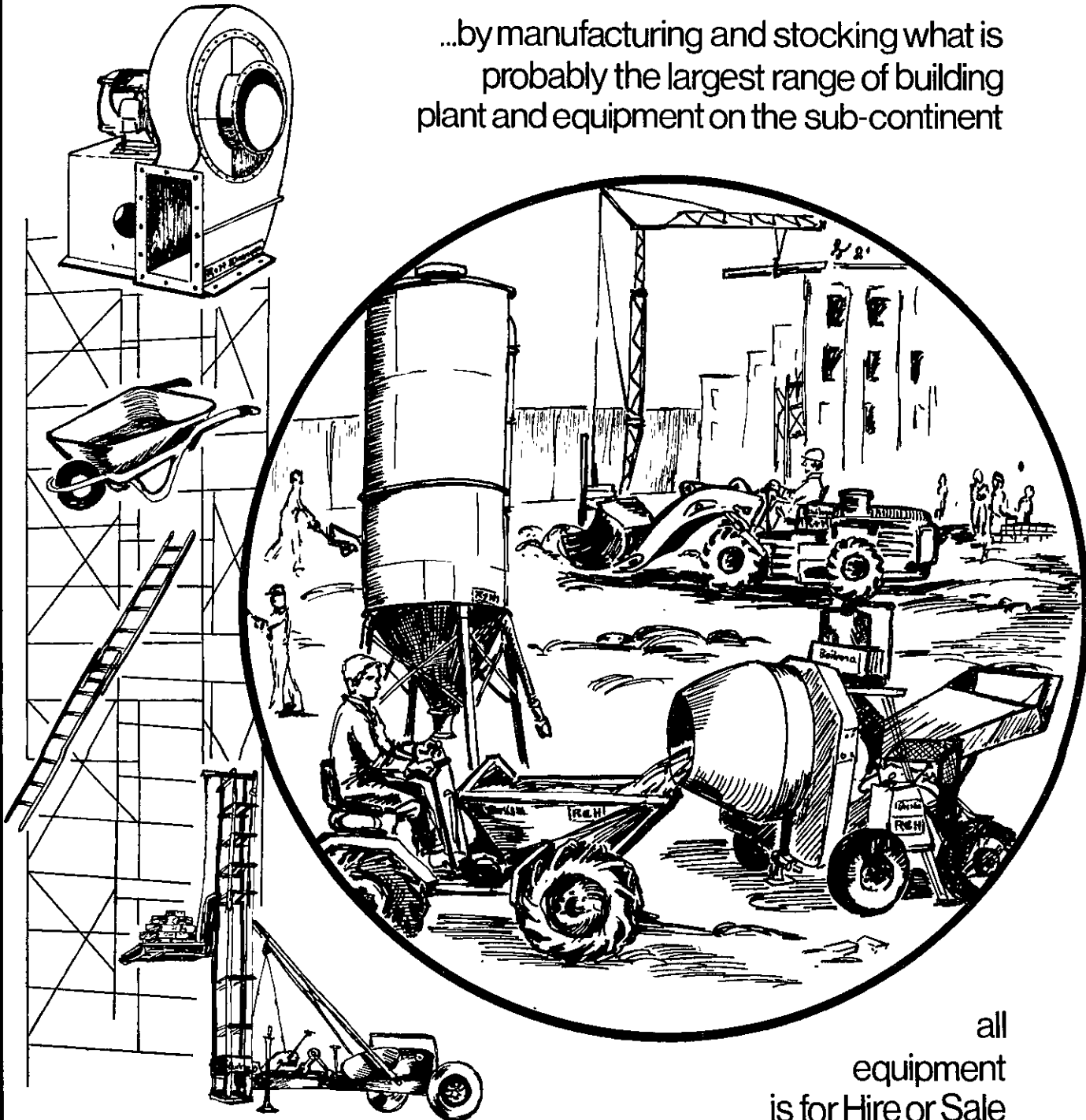
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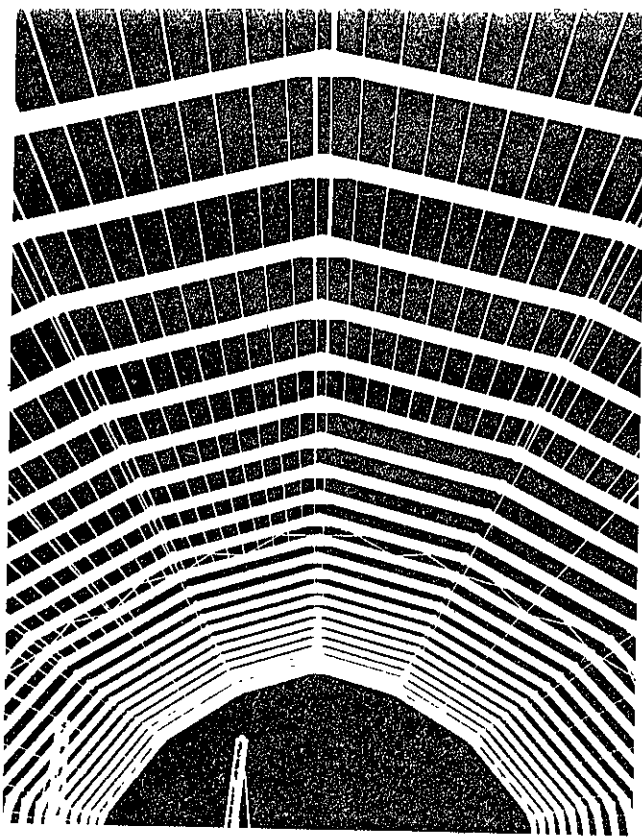
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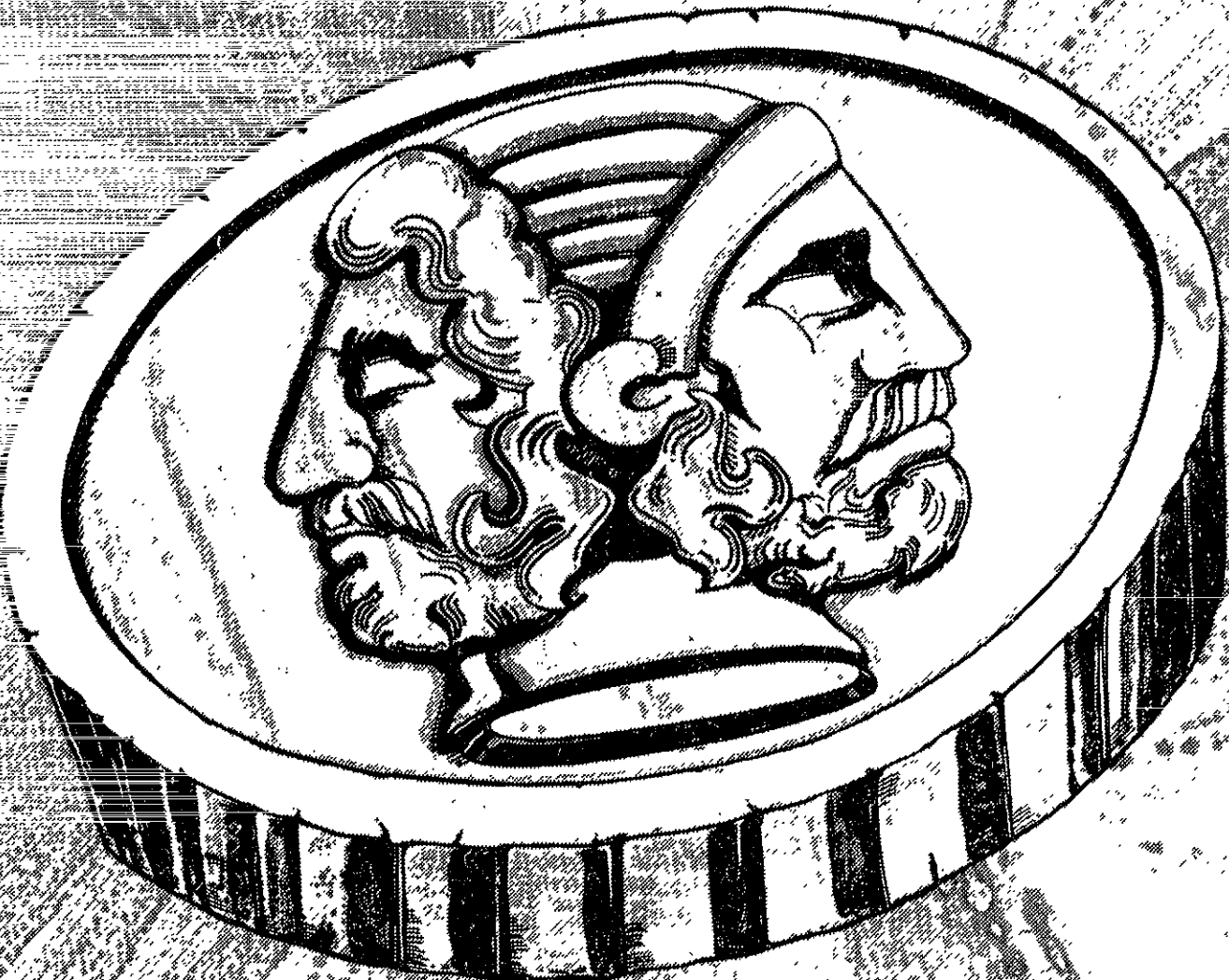
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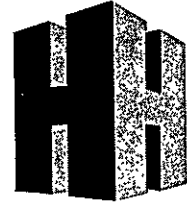
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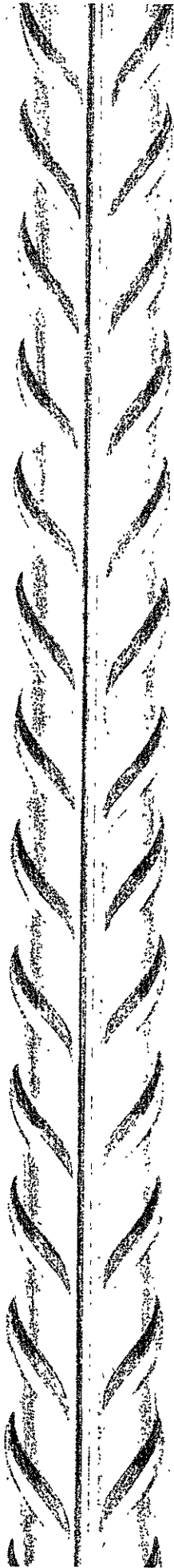
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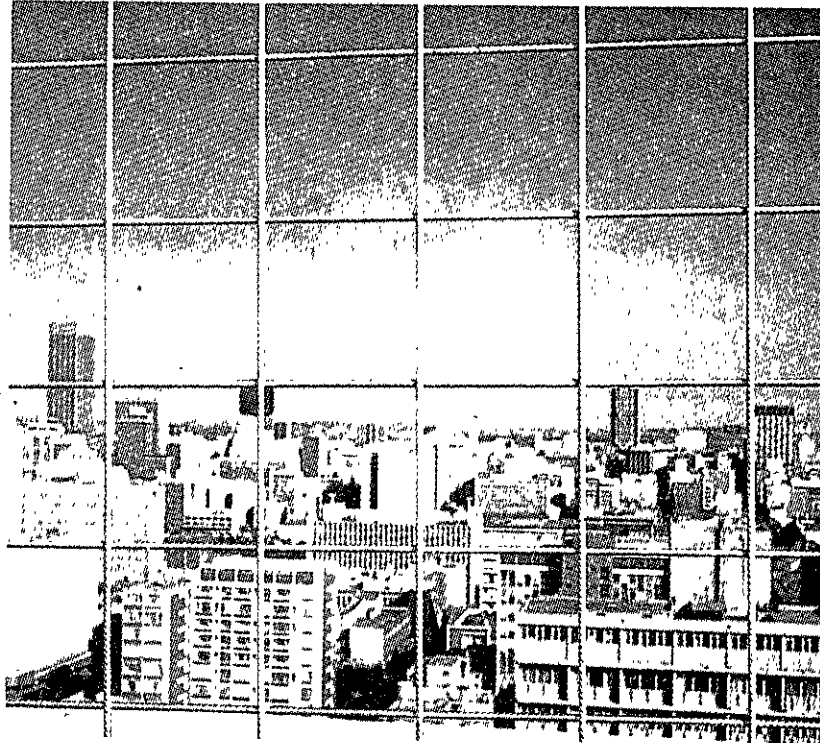
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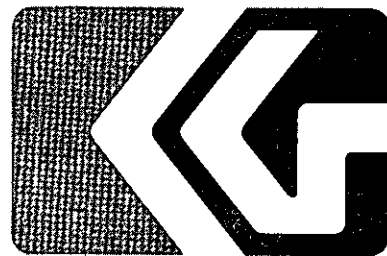
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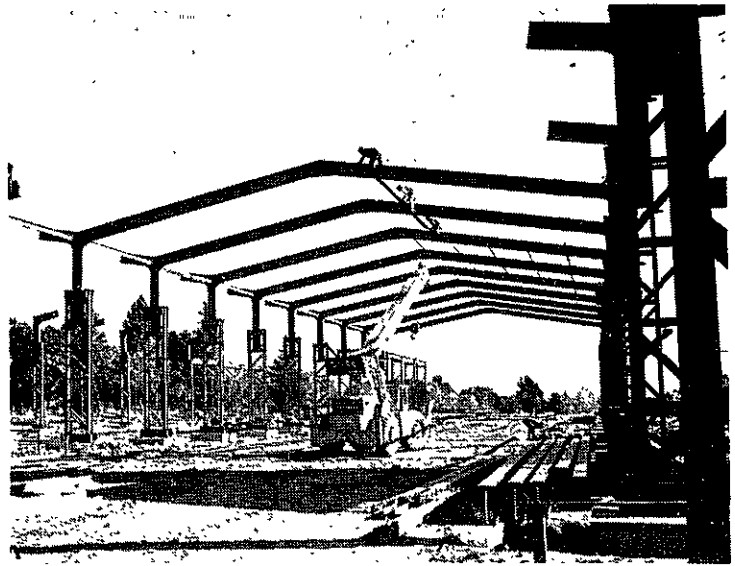
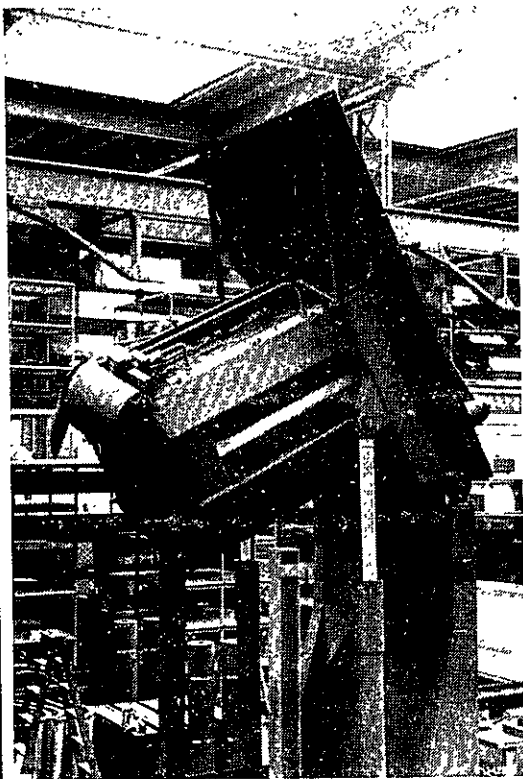
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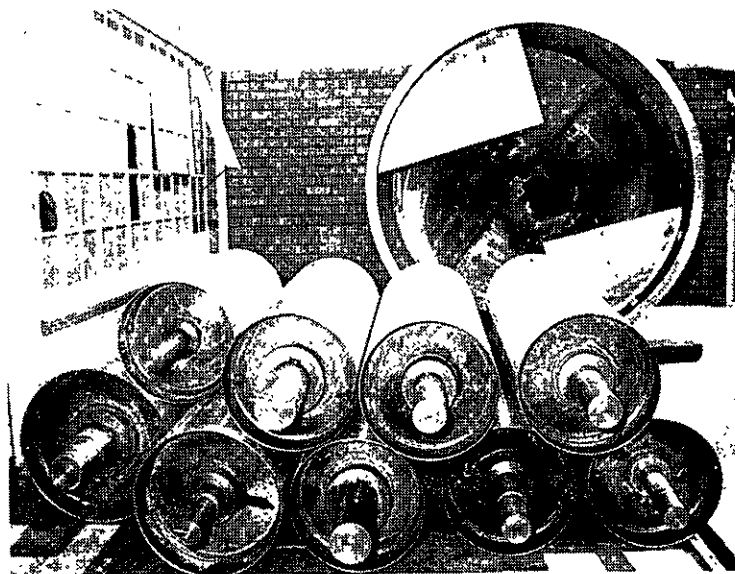


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Above: Site workshop at the Johannesburg Academic Hospital.

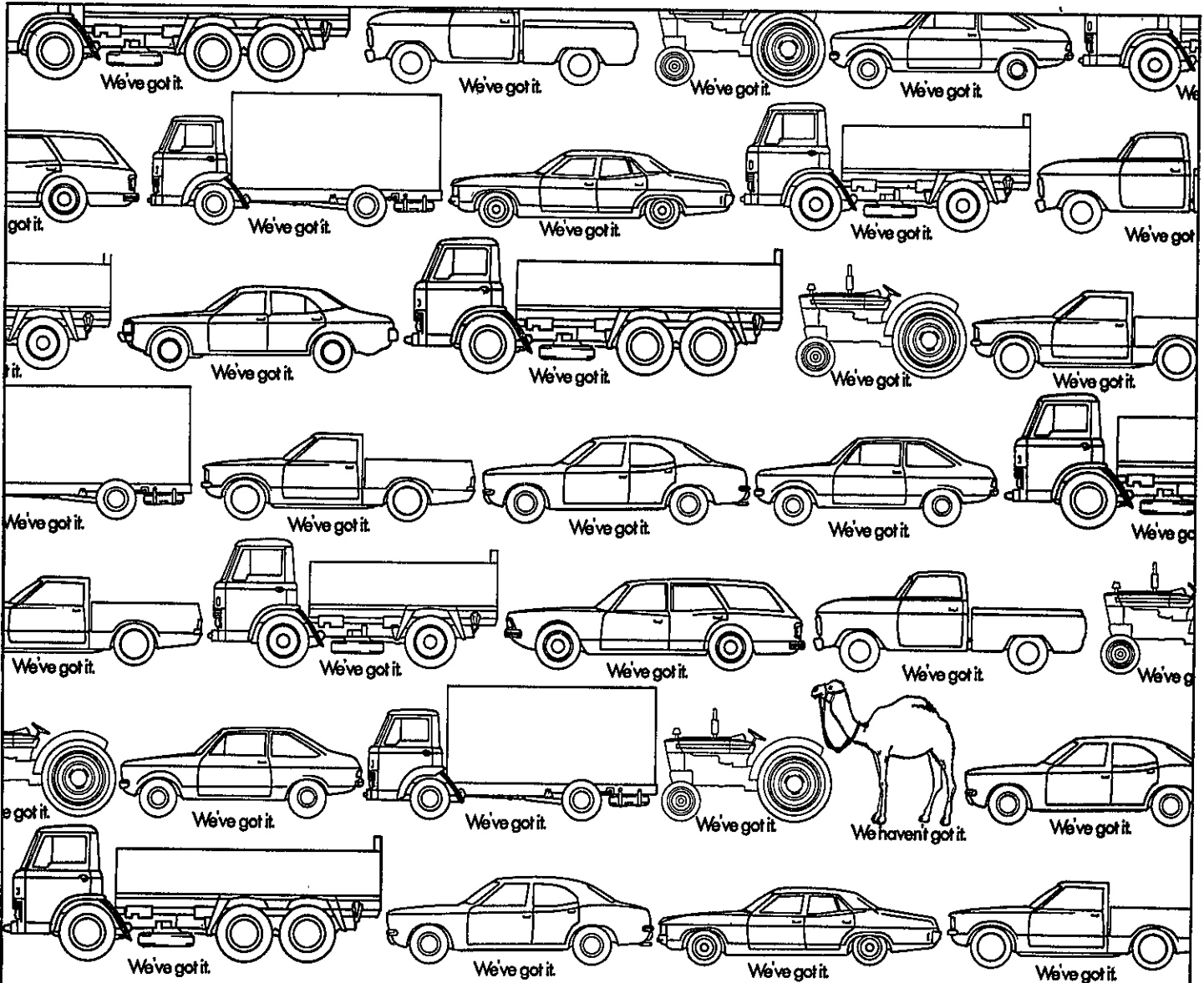
Left: A furnace manufactured by Hymeco for Alcan Aluminium, Pietermaritzburg.

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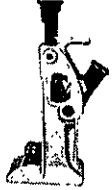
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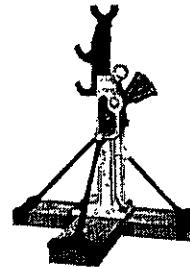
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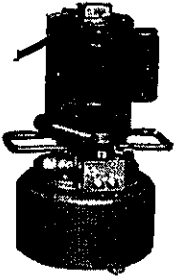
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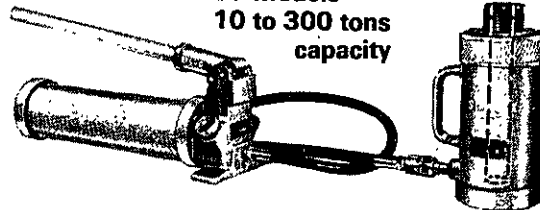
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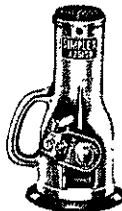
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The pylons are being set up by Natal Erection's specialised rigging service which is also involved with

the erection of pre-cast and pre-stressed heavy concrete beams for bridges.

They have just completed a project for Burton Construction, who were contracted to build the highlift IFABA six-lane road bridge, made up of 48 precast concrete beams each 30 m length x 56 metric tons, in the Durban area.

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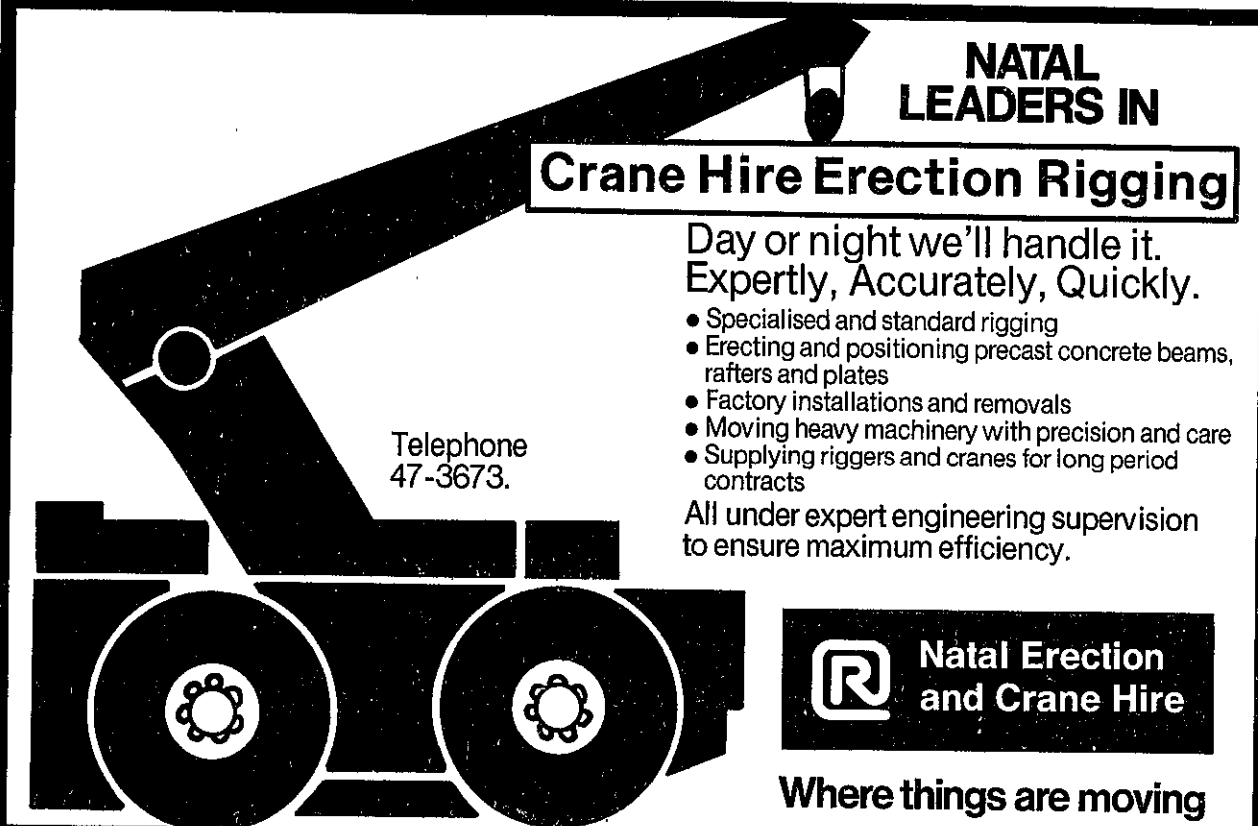
ships for repairs," said Mr. Harrod.

The latest cargo unloaded was 10 000 tons of steel piping and with 18 more ships of this nature expected, Mr. Harrod sees a big potential in ships rigging and may eventually decide on a separate ships rigging division within his group.

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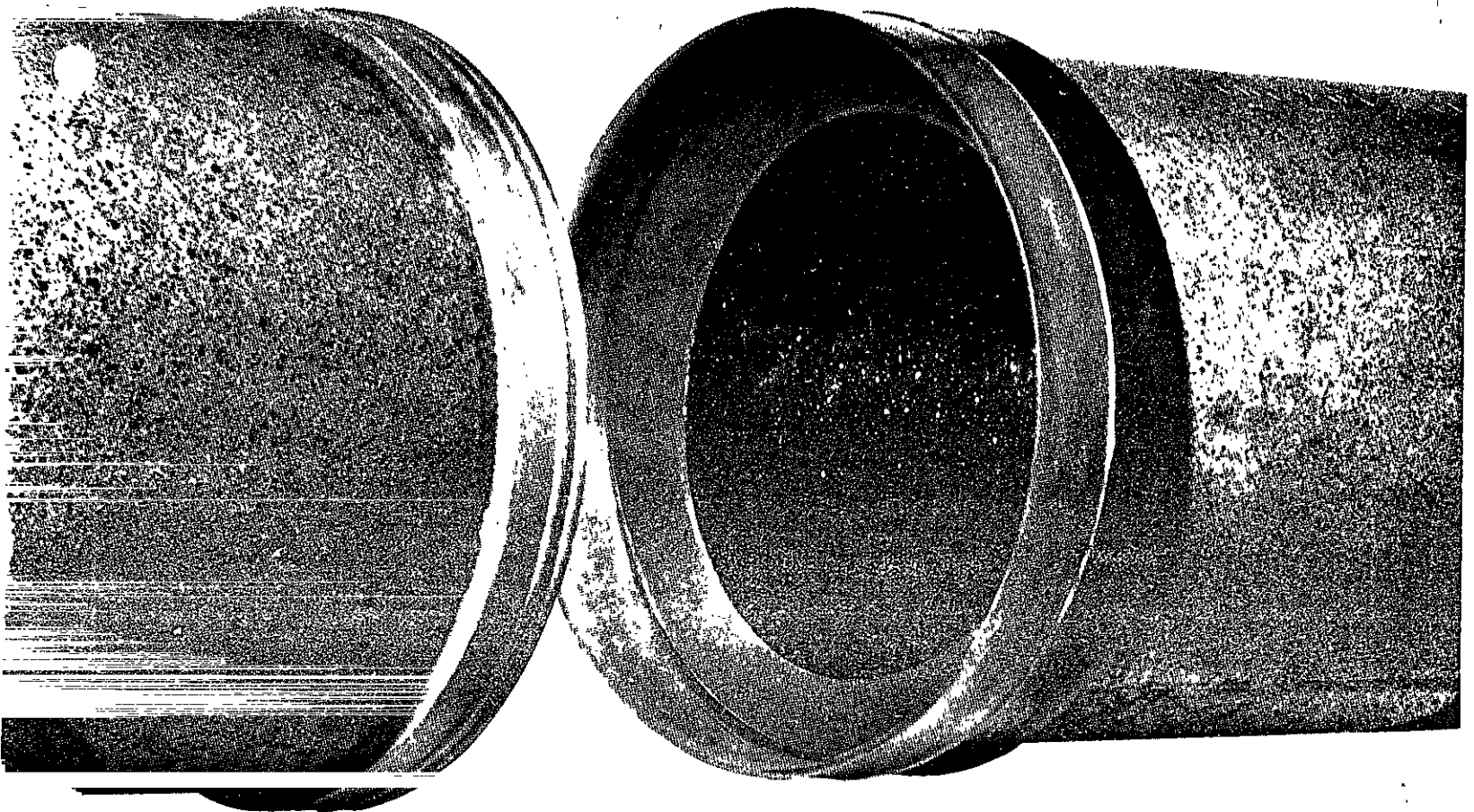
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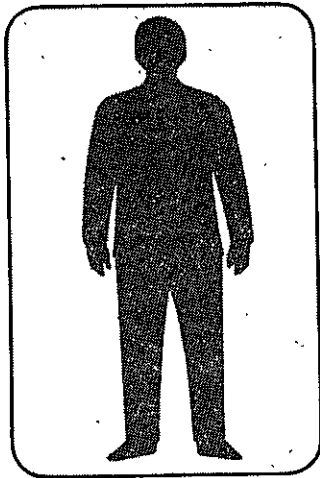
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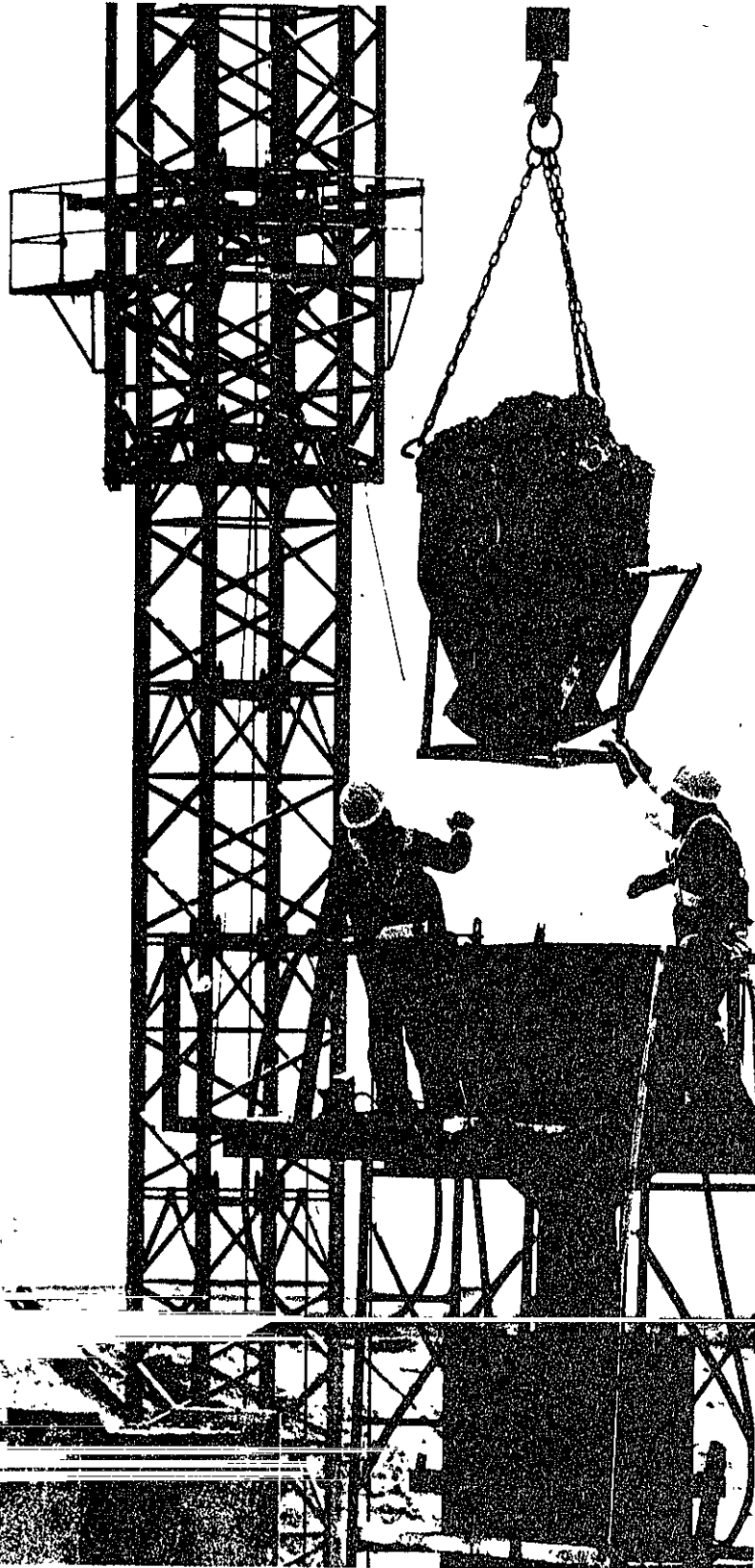
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FOREWORD



With assets nudging the R200m mark, the Murray & Roberts group (Roberts Construction in the north, and Murray & Stewart in the south) is more than twice the size of any SA competitor in the civil engineering, building and contracting spheres. In fact, it is virtually impossible to visit any town of size in South Africa without coming across the ubiquitous Roberts (green) and Murray & Stewart (orange) contractors' boards. Come to that, this Survey has been written in one of M&R's proudest building achievements, the Carlton Centre, built by Roberts. And a visitor to Cape Town could well be forgiven for thinking that Murray & Stewart is the only construction company in town.

It is not only in the towns and cities that the green and orange boards spell out Murray & Roberts' progress. They can also be seen on road and rail works — often well off the beaten track — and on dam sites, mines, harbours and any number of other projects besides.

Yet despite its emphasis on contracting, the Murray & Roberts of today is becoming increasingly diversified, moving into such seemingly unrelated spheres as security equipment, helicopter services, salvage operations and railway signalling. More than half of Murray & Stewart's profits in fact come from non-contracting entities, while Roberts Construction is also diversifying rapidly. This, of course, proves a boon to the group in times of slack (like now) on the contracting side as the group's business risks are spread that much more widely than most other construction-oriented companies.

All in all a fascinating enterprise because of its wide spread of activities, near total dependence on people and its far-flung operations from South Africa to Iran, the UK, Mauritius, Australia and back again.

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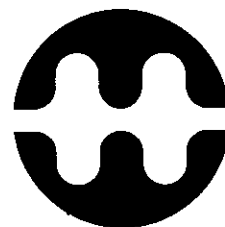
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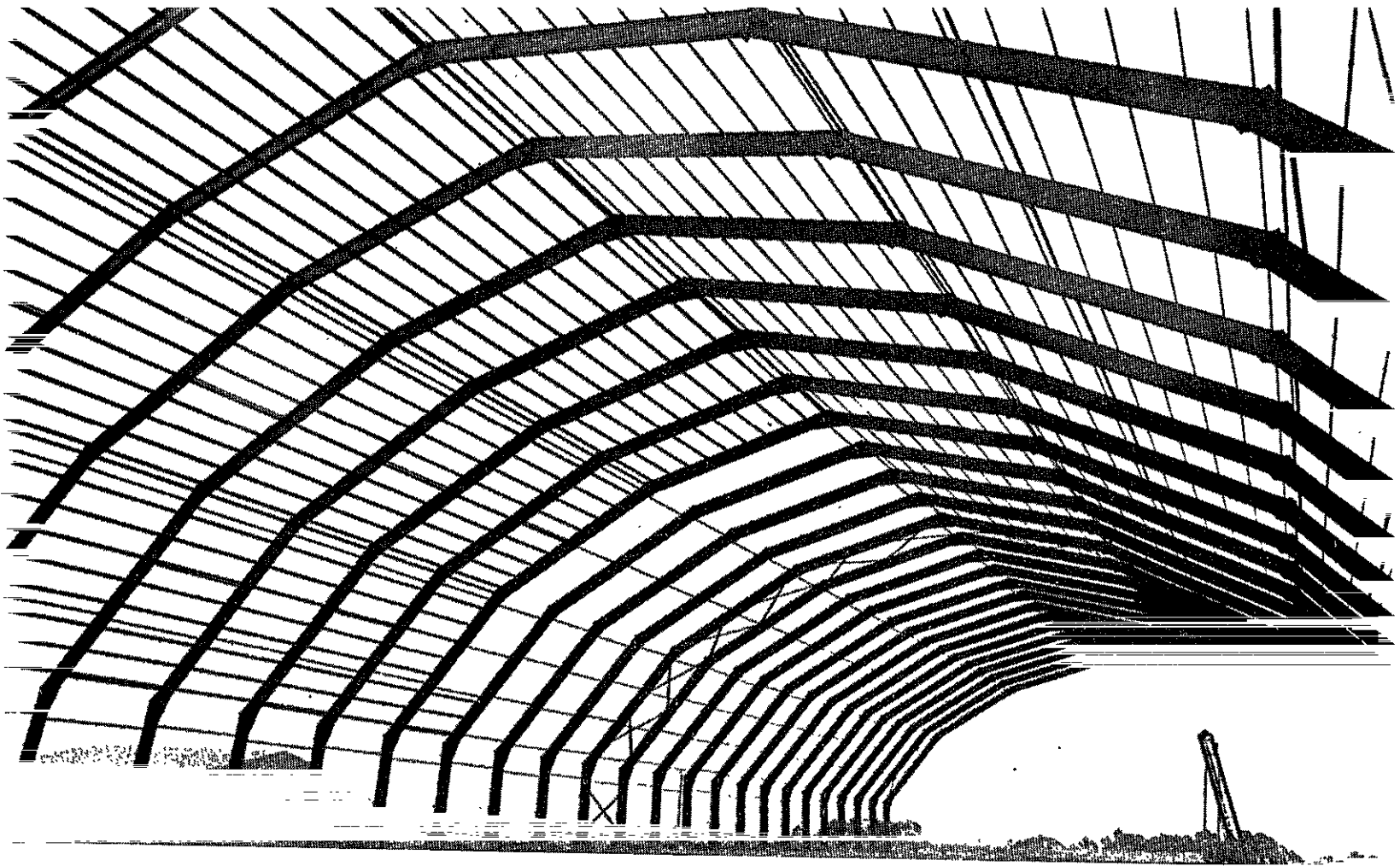
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74 YEARS ON

For nearly three-quarters of a century Murray & Stewart and Roberts Construction have been building a lion's share of SA's infrastructure. Today Murray and Roberts still dominates the SA construction scene

It was only as recently as 1967 that Murray & Roberts came into being through the merger of two major contracting and engineering groups, Cape Town-based Murray & Stewart and Roberts Construction in Johannesburg. But the links between the two groups go back a lot further than that.

Murray & Stewart is much the older of the two companies. It was founded in 1902 by two Scots carpenters named, appropriately enough, Murray and Stewart. Because of the post-South African War depression, their home-building business — which is all it then was — didn't succeed in making enough hay to keep both partners in pocket. As a result, so the story goes, the two tossed a coin to decide who should carry on alone. Stewart lost and went his own way, though his name has remained enshrined in the company's name ever since.

Unfortunately the earliest company

records were destroyed by fire in 1903, but by December, 1904, shareholders' equity in M&S stood at £2 646 and total staff numbered eight.

In 1900, John Murray and his wife had a son, Douglas, who — in later years — was to play an extremely significant role, not only in building up M&S, but in launching and financing Roberts Construction as well. Douglas Murray trained as an engineer at Wits University and it was there that he first met Douglas and Andrew Roberts. Straight after leaving university, Douglas Murray went into his father's business.

Shortly afterwards Old Man Murray died in 1927 and Douglas took over the reins. At about the same time, Douglas Roberts joined M&S in Port Elizabeth.

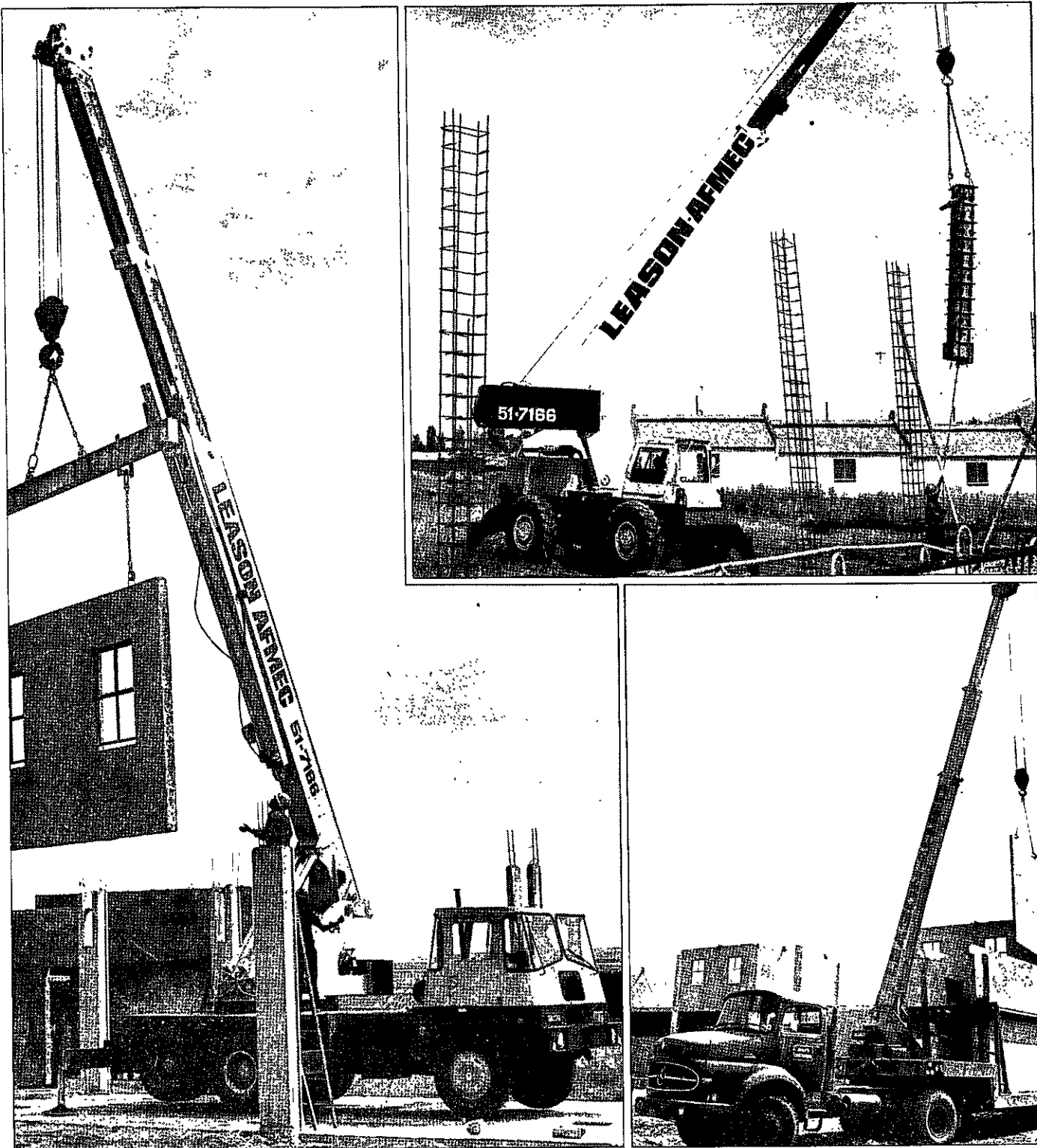
Before taking the story any further, it's worth noting that M&S expanded its operations into civil engineering as long ago as 1904, first laying the main drains

in Claremont and then building the Sans Souci bridge across the Liesbeek River. It was Douglas Murray who initiated M&S's diversification moves and gradually expanded its activities throughout the Cape and South West Africa. Today, as a result of this policy, roughly half M&S's income is generated by its non-contracting entities.

Turning to the Transvaal

By 1934 total shareholders' funds in M&S had grown to R43 055 and the labour force numbered 600. It was at this point that Douglas Murray turned his attention to the Transvaal. And so was born Roberts Construction with Douglas Murray holding 50% of the equity and Douglas Roberts a like amount.

The two engineers had a gentleman's agreement as to which company operated where so nobody would tread on anybody else's toes — hence the fact



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that Roberts stuck to the three northern provinces and M&S to the Cape and SWA.

Authorised share capital in Roberts initially amounted to £5 000 made up of 5 000 £1 shares paid up to the extent of 6d each. In 1936 Andrew Roberts joined his younger brother (he was previously chief engineer at Iscor) and the equity of the company was re-shuffled so each of the Roberts brothers and Douglas Murray held 33%.

From its first small contract — a bridge across the Caledon River — Roberts went from strength to strength, but by 1945 additional finance was needed for further expansion. M&S did the necessary, share capital was increased and M&S's stake in Roberts went back to 50% with the Roberts brothers now holding 25% each.

In 1948 Roberts Construction Holdings was formed and this took over RCC. About 20% of the total shareholding in the company was placed with friends of Douglas Murray and the Roberts brothers, and in 1951 Roberts Holdings was listed on the JSE. Shareholders funds, incidentally, amounted to £210 000 in 1948.

At this point it should perhaps be made clear that Murray & Stewart itself had always been a private company which served as the operating arm of a holding company called Associated Buildings. In turn Associated Buildings was a public company though not quoted.

In 1964 Douglas Murray — or "DG" as his friends always knew him — died. According to the current M&S MD Des Baker, "In the entire time that DG headed M&S only one engineer resigned from the company." DG had no children and is said to have treated his staff as his own. "He knew every monthly-paid worker on the payroll of M&S right up till the time of his death, and he actively encouraged staffers to become shareholders," says Baker.

At this stage in history, the Roberts brothers, M&S and their respective associates both held roughly 33% of the equity in Roberts Construction with the balance being in public hands. When DG died he left two trusts to safeguard his family interests in both companies.

M&S initiated merger moves four years after D G Murray's death and these culminated in 1967 with the registration of Murray & Roberts Holdings through the acquisition by Roberts Holdings of Associated Buildings in a reverse takeover. M&R has acted ever since as an umbrella over the two operating arms. The merger was based on the profitability of the two groups over a number of years with provision made by way of deferred shares for investments not likely to be profitable for several years. Most of these investments were in the M&S stable.



At the time of the merger, funds attributable to shareholders in M&S amounted to R4,7m while those in Roberts stood at R10,55m. Today

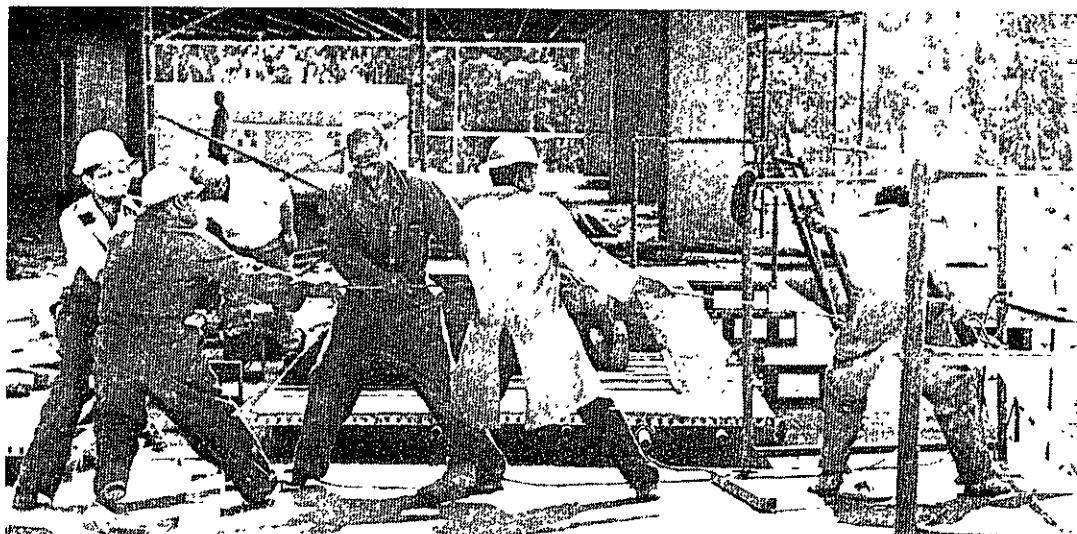
Roberts Construction is a somewhat bigger entity with greater turnover than M&S, but this is due more than anything else to the fact that Roberts has been operating out of SA's focal growth point, Johannesburg, for so many years.

Yet, interestingly, Associated Buildings still has a major financial pull in the group. For the trusts that DG Murray set up when he died hold 55% of the equity in G H Starck which, in turn, holds 31% of Murray & Roberts. This, in fact, is the biggest single shareholding in M&R today.

The M&R of 1976 now has assets nudging on R200m and last year boasted profits of R13,2m. It is by far and away the largest civil engineering and contracting enterprise in Southern Africa, though even Roberts and M&S executives stress that a comparison between M&R and companies like LTA, Grinakars and Group Five is not really valid as the latter are strictly civil engineering or building contractors and have not diversified to the same extent as M&R.

Actually, even within M&R there is a wide variance here as M&S has diversified to a far greater extent than Roberts. But diversification within Roberts is moving ahead much faster now than in earlier years.

What of the merger itself? Is it a happy one? In many ways this is more a marriage of convenience than anything else. It has enabled both operating arms to eliminate areas of friction, while still maintaining healthy competition to the benefit of mutual shareholders. But both companies retain their own operating and management styles and carry on much as before. Neither tells the other what to do and the holding company, Murray & Roberts, is more a child of the marriage than a dictatorial father. For the boards of M&S and Roberts operate quite autonomously of each other and M&R except in matters of mutual interest like financial planning and what have you.



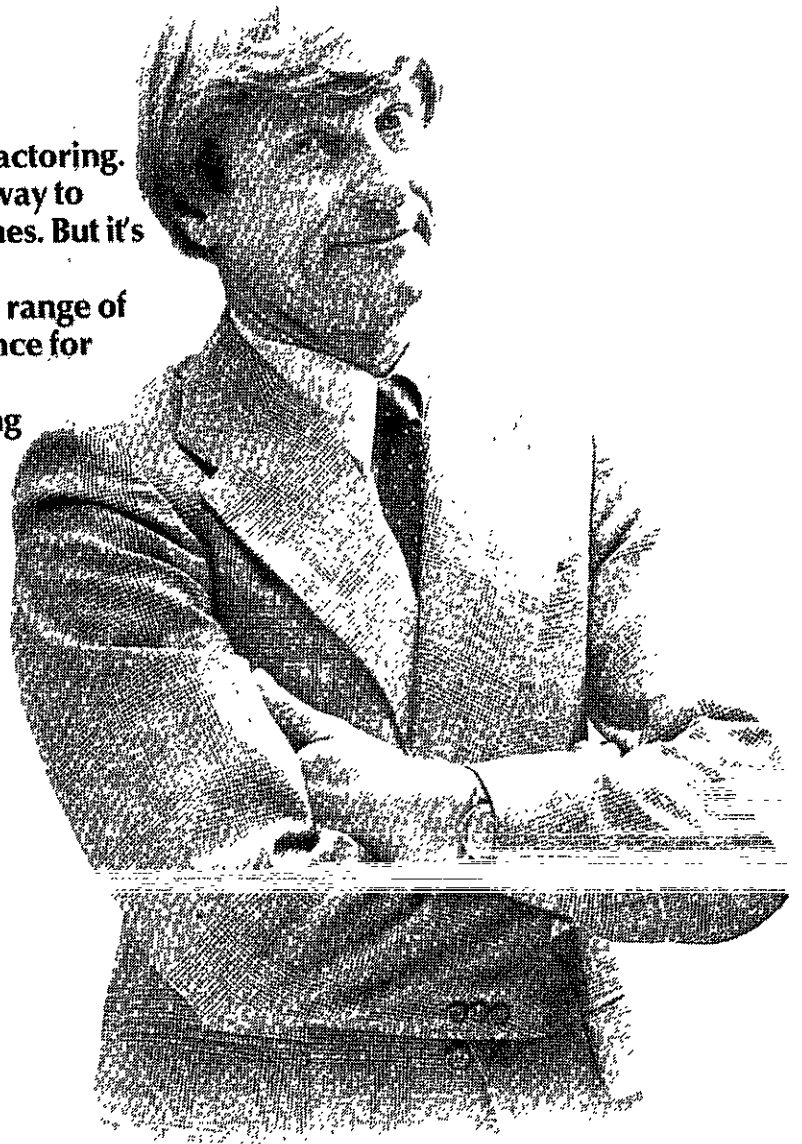
Murray & Roberts: Pulling in the work and dominating the industry

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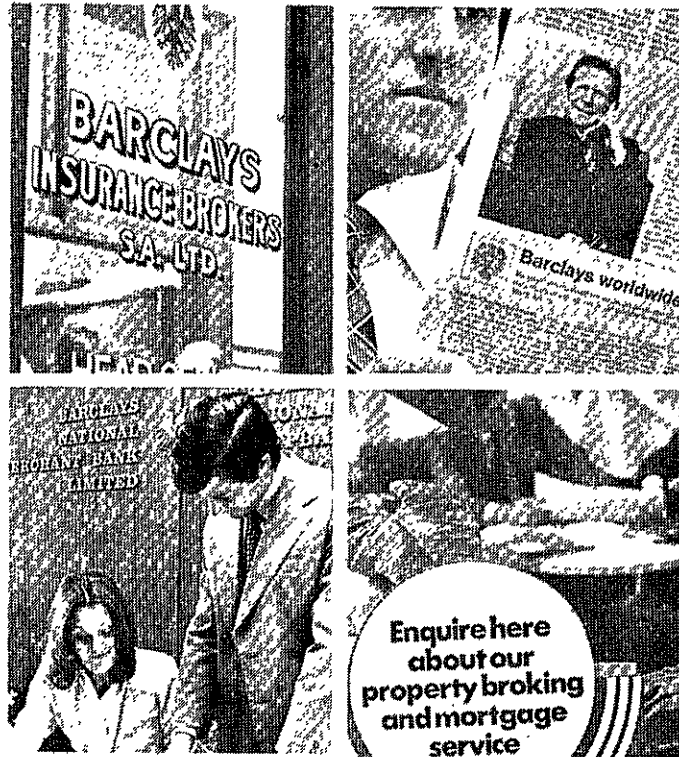
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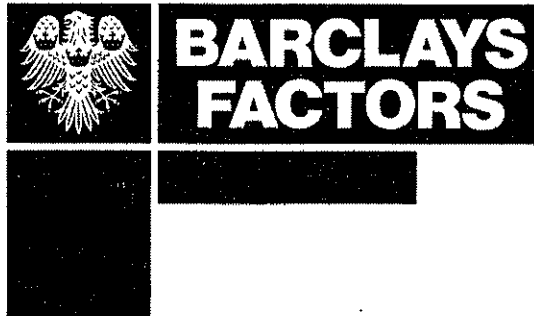


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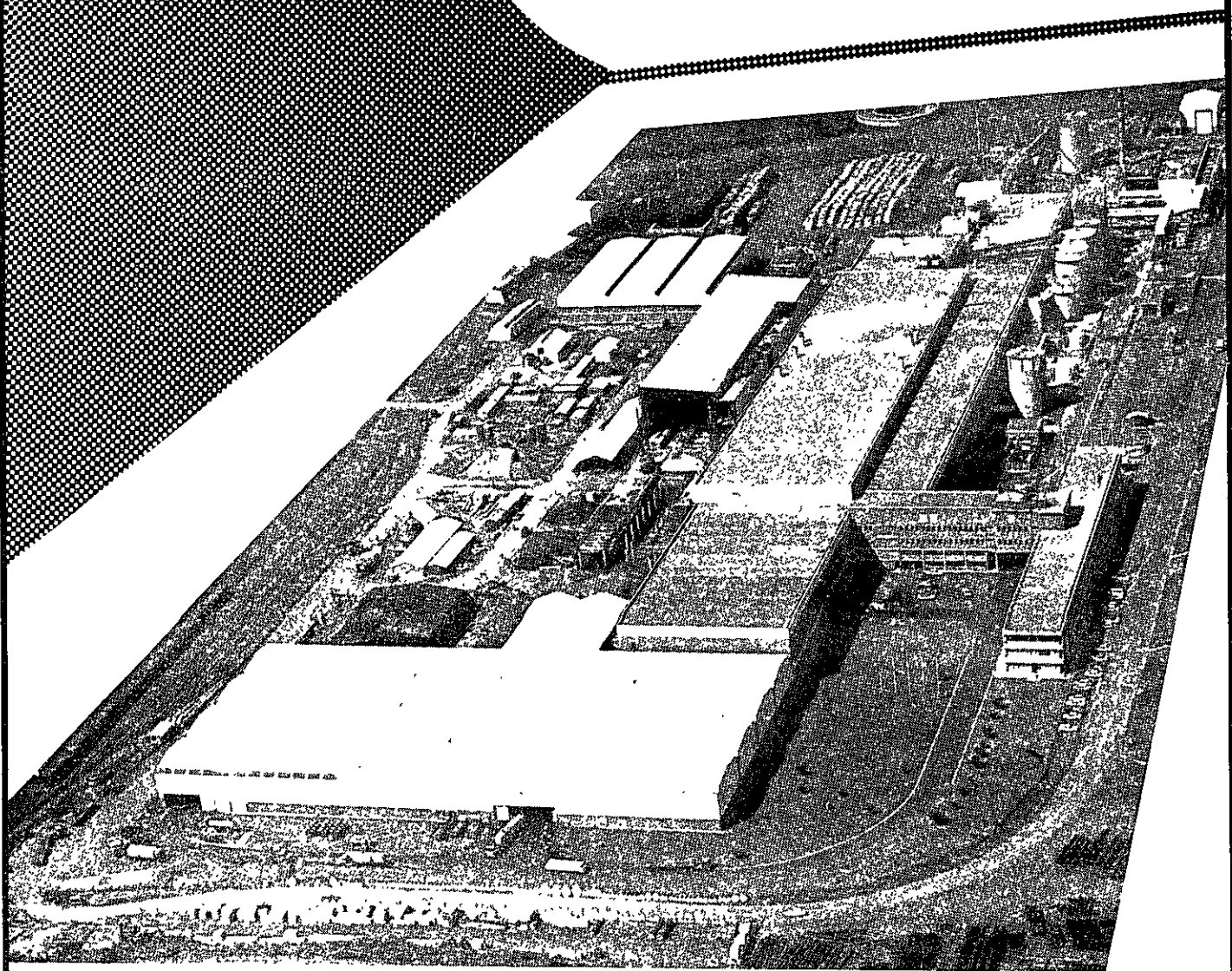
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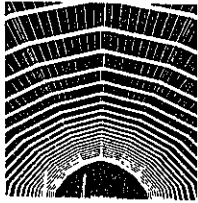
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A WAY WITH PEOPLE

Douglas Roberts, doyen of the construction industry in SA, talks of the engineering empire that is Murray & Roberts today

We only have one real asset in this group. And that is people.

FM: Coming as it does from the man who is chairman of a group listed in the *FM Top 100 Companies Survey* as having assets worth nearly R200m, that quotation sounds strange. Can you elaborate?

All the excavators and cranes in the world are useless without people to operate and manage them. Appreciation of that simple fact (in a people-intensive industry) has done more than anything else to ensure the dominant position our two main operating arms, Murray & Stewart and Roberts Construction, enjoy in SA contracting.



It's the people . . .

Both operating arms of M&R have long been recognised as leaders in the training of unskilled labour. Is this a result of your "people philosophy"?

Yes and no. It's taken a long time for companies to wake up to the potential of the Black man in particular and the value of training in general. In the civil engineering and contracting sectors, it's amazing how many companies have still got their heads buried in the sand when it comes to training.

But I cannot stress too strongly that training is not a question of philanthropy, but of using the right people in the right

way for the benefit of all.

Has your training always been aimed at non-White workers?

In the main, yes. But a real problem of the moment is re-orientating the thinking of White staff at the supervisory (foreman) and lower-middle management levels.

You should always remember that you are standing on your particular rung of the ladder, not because of the people above you, but because of the people below you. Put another way, a manager in charge of a particular site that happens to be going well is unlikely to say: "My, look how efficiently the Black workers are getting on with the job." He is far more likely to congratulate the foreman on his handling of the men. And this makes a foreman's fear of the Black man all the more ludicrous. Foremen frequently don't realise that an efficient and well-trained team of Black workers is more a help than hindrance to promotion — let alone a threat to job security.

Apart from people, what has put your group at the top?

Entrepreneurial adventure. We haven't been afraid to try new techniques or learn from other people. Certainly this has resulted in some costly mistakes, but it has also given us some notable successes and opportunities. To give two simple examples, any city-dweller in SA today would be surprised to think that a contractor on a building would do anything but build the lift shafts first. How else do you get your materials up the blessed structure?

Yet it was only when we were involved in putting up the existing Stock Exchange building in Johannesburg that the notion of building the lift core first struck us. As it hadn't occurred to anyone else either — here or in the UK — we were able to turn the discovery to good effect. It was much the same story with concrete mine headgears which we introduced to South Africa and Britain. In fact this spirit of adventure has had much to do with our diversification.

Has the M&R group followed a programme of diversification as a matter of policy?

Well, today the group is actively diversifying in a planned and co-ordinated way. But this is a relatively recent development.

In the past it was more a case of look-



. . . behind the profits

ing for new opportunities to improve profits. As we have grown bigger, so we have tried to cover all facets of construction — engineering of all disciplines, building and industrialised building. It used to be a natural and evolutionary process. For example, we might have found ourselves building a road and buying stone from a nearby quarry. Say the quarry goes bankrupt, but we still need the stone. We may buy the insolvent company. Then we're in the quarrying business. That sort of thing.

But today we are just too big to carry on in this *ad hoc* fashion — so nowadays

we put our diversification on an organized footing.

How do you co-ordinate and manage all these widely divergent companies?

You delegate. People must be given their own heads within reason. Our whole structure is a decentralised one so our management philosophy must take that into account. Of course, particular directors are in overall charge of certain areas — and down-line operating managers do make mistakes. That's only human. But none of this alters the fact that you have to leave managers alone as much as possible to get on with the job.

If you don't, you can't really motivate people. And without motivation, both personal and corporate growth die.

I believe that the way to manage is to sit back quietly and organise. Running around like a frantic hen never got any

eggs laid. That's where delegation comes in. As a matter of fact, I've just about delegated myself out of a job nowadays.

Are you able to plan ahead with any degree of accuracy?

Like many groups, we try to plan three years ahead. But with so many civil engineering and building projects emanating from the public sector, it's not that easy.

But I must explain that when we first started out in this business, our prime aim was not to become wealthy men overnight, but to become the dominant contractors in South Africa. That aim has long since been realised. Now we have to maintain it. That's all that matters, whether the economy is moving up or down. Cyclical swings affect everyone, but as long as we can maintain our station in the top position, we'll be happy.

Of course, our broad spread of con-

tracting and manufacturing activities helps cushion the bad times. To date we've no cause to be disappointed with our efforts.

The M&R group's overseas activities — particularly in Australia — seem to be thriving. Does geographical expansion follow any set formula?

Generally speaking, we only go overseas where we feel we have some specialised and unique knowledge or service to offer. South Africa is well-known for its mining expertise, so it is not surprising that in the field of shaft sinking we have been able to do better for the Australians than they could have done themselves. The same applies to the concrete mine headgears we put up for the National Coal Board in the UK and Christiani & Nielsen's harbour works in Australia.

DOUGLAS ROBERTS — moral guts and an ability to learn from others

Asked once what specific qualities he looked for when seeking senior executives for the group, Douglas Roberts, forceful founder of Roberts Construction and now chairman of Murray & Roberts, stated crisply: "leadership, drive, honesty, integrity, loyalty."

Those who know him well say these are his own qualities. Coupled with them is an ability to learn from others. Roberts: "There's a hell of a lot of knowledge outside one man's brain. If you know where to look for it you grow." He regards "moral guts and working like anything to develop the aptitude's with which you're born" as the plus factor needed for success.

His aptitude is engineering. Not surprising either — his father, John Roberts, was the Durban city electrical engineer for 40 years and spent much of his career developing electrical home appliances. It was taken for granted that Douglas would study civil engineering at Wits — his older brother Andrew did too.

Douglas Roberts also shone as a sportsman — he was Wits singles tennis champion and a member of the hockey first eleven. Sport has always been his second interest in life. At 70 he still



Douglas Roberts: 'You've got to develop the aptitudes with which you have been born'

plays a good game of tennis.

Douglas Roberts got out of active management when Roberts Construction and Murray & Stewart merged in 1967. "I've always believed that the essence of success is to pick the right man, train him properly, put him in the right job and motivate him. I've delegated myself out of a job." He admits now that learning to delegate was one of his biggest problems.

Today he keeps himself occupied "seeing that things are going all right. My last territorial ambition is to try and give the fellows ideas where to develop next."

Contacts all over the

world and a keen feel for what's needed where and when usually lie behind his suggestions. "By dropping ideas and remarks, I think I influence the way we're going."

Roberts is essentially an optimist: "If you're a contractor you must be. I have the greatest faith in the future. We could be the Workshop of Africa if we handle our politics properly." He pleads for accelerated training and uplifting of Blacks: "It's straight economics."

His business philosophy is simple: "Making profits must always be secondary to doing the best job you possi-

bly can. And then making as much money as possible."

Roberts has always found construction totally absorbing. "Just take new innovations in techniques," he says. "We've always collaborated with overseas designers and tried to introduce the latest methods. Roberts Construction introduced a number of firsts in SA — the sliding central core in a multi-storey building; pre-stressed concrete; underwater pipelines."

Douglas Roberts has travelled extensively, seen and learned a great deal in a long and unusually creative working life. "It's been exciting," he says, "I hope it will go on like that."

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Both Murray & Stewart and Roberts Construction, despite historical ties, seem to go very much their own way. The merger in 1967 under Murray & Roberts Holdings doesn't appear to have affected this much. Do you think the two companies are likely to grow closer together?

Not really. I think the present two-stream policy works extremely well. It all gets back to people again. It might have been nice for sentiment's sake to have seen a closer alliance between Roberts and M&S. But people come before sentiment. And there is tremendous *esprit de*

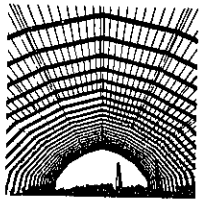
corp within each company — so why change the formula? In fact, I believe the friendly rivalry works to the benefit of shareholders.

You must not forget that Roberts and M&S operate in their own territorial regions so there is no chance of direct competition between the two. Besides, M&S is more widely diversified than Roberts and each has its own different and separate operational strengths.

But that doesn't alter the fact that knowledge and new technology are freely swapped.

To conclude on a more general note, you are well-known in business circles for the strong views you hold on State infringement on the private sector.

My thinking is simple. I don't think it's possible to manage most businesses efficiently via State control. For in such cases there is a complete lack of incentive — and without incentive I don't believe you can be as efficient as in private enterprise where it is possible for management to pay what it likes, to hire and fire as it likes and to reward managers for their businesses' success.



STEAMING AHEAD DESPITE BAD WEATHER

The construction industry is facing an uncertain future because of cut-backs in infrastructural spending. But M&R is in a better position than most

Construction shares are not top of the list for most investors at the moment. First deferments, and then cutbacks, in infrastructural spending — upon which the construction and civil engineering industry depends — has scared people off. To make things worse, fewer high-rise buildings are going up and home-building has slackened.

With profits expected to suffer (in 1977, if not in 1976), four of the five construction shares languish at or near their January 1975-April 1976 lows: Fowler, price 70c-low 70c; Grinaker, price 210c-low 210c; Group Five, 190c-180c; LTA, 145c-107c; M&R, 202c-185c.

Such companies are expected to shape relatively badly against most industrials — in stock-market time-scales. For example, the tauntly-run Grinaker was on 12.9% at mid-April, while LTA showed 12% against the *RDM 100*'s 10%.

Only M&R came close to the industrial average, at 10.4%. That is as it should be, for there are cogent reasons for M&R's better market rating. First, M&R's sheer financial muscle favours it during sticky times. The company is more than twice the size of Fowler or Group Five on total capital employed. Second, wider geographical spread helps considerably, while past diversification into closely related, though lower risk, activities than contracting is paying off.

In fact, investors in M&R have already benefited from the group's size, financial strength and ability to spread its risks across SA and beyond. The Carlton Centre project for example, was a fine



The sparkle is still there

technical achievement; but it was also "a financial disaster for the Group". By end-June 1972 it had cost "approximately R7m in losses written off against profits".

That the top holding company could

pay a dividend at all for the financial years ended June 1971 (5.25c) and 1972 (6.25c) was *inter alia* a tribute to the profits achieved by Associated Buildings. AB is the holding company for Murray & Stewart, operating in the south of the country.

Apparently, in 1969-1970 when Roberts Construction was right in the middle of the project, its profit contribution to M&R's R2.2m total was around 20%, and it was not until 1973-1974 that the two subsidiaries, Roberts Construction and Murray & Stewart, more or less equalled each other (since then Roberts has contributed the greater proportion of group profits). That they were expected to be roughly equal partners on profits, dividend contribution and capital employed was one of the original concepts aimed at when putting them together.

The equal partners concept works well. This has been particularly noticeable in dividend contributions to the total M&R payout over the past six years. Of course, variations do occur from year to

A POWERFUL RECOVERY

	Turn-over	Trading profit	Earned	Paid	Net assets
	Rm		c/share †		
1971.....	n/a	9.5	14.8	5.3	160
1972.....	n/a	12.6	18.0	6.3	166
1973.....	235*	16.5	25.1	10.0	176
1974.....	298	25.0	40.7	17.0	209
1975.....	438	36.3	58.6	21.0	254

*Estimated. †Adjusted for one-for-one share split and one-for-one cap issue of March 1974

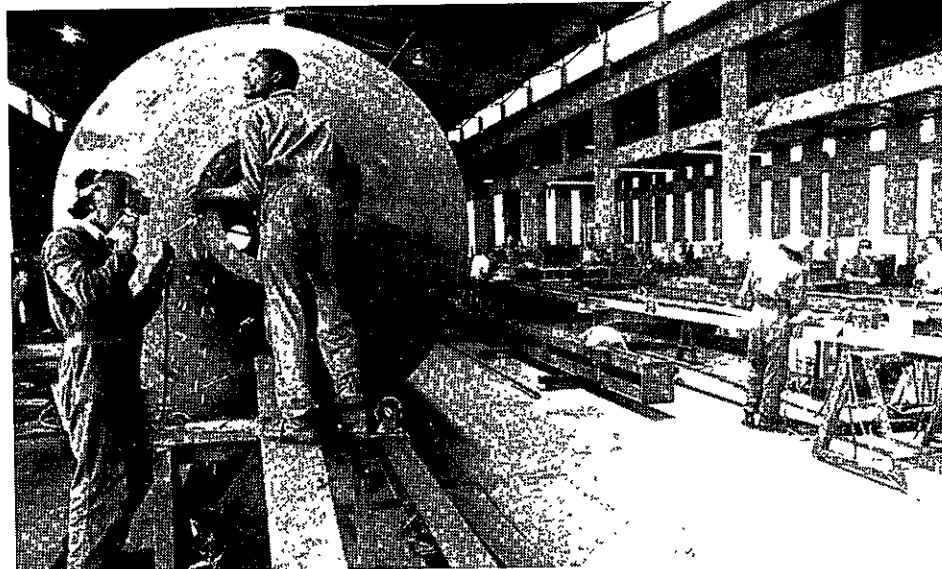


year depending on when profits on big contracts can be brought safely to account, and the split of profits when work has been done by both on a single contract.

Yet while both share the M&R umbrella, M&S and RCC are pretty independent of each other. And each must, in the normal course of things, operate as if they were unrelated. Thus during the period of the Carlton Centre crunch, and right up until 1973-1974, Roberts was spending only R1m-R1.5m/a on new plant and equipment when it should have been spending up to twice that amount: conserving financial resources was first priority. It was only in the two years ended June 1975 that RCC caught up through a burst of heavy spending on machines and equipment.

During those difficult times, M&S helped out by lending much-needed equipment to its northern associate — and the men at RCC are the first to acknowledge this. Moreover they would expect to return the compliment if ever it were needed.

For investors in M&R there are other



important factors to be considered. First, since the Carlton saga RCC has recovered completely so that both operating wings of the quoted company are now making satisfactory taxed returns on their equity funds. These are usefully in excess of 20% — around 22% for M&S and 28% for RCC for 1974-75, and showing constant improvement. Yet these percentages are a long way off Grinaker's 31% net return on equity over the same period.

Equally important to shareholders in M&R as rising returns on their funds has been the better quality of profits as measured in contributions from the various activities (contracting, manufacturing and industrial interests, and property). Manufacturing and property for example doubled their combined net contribution between 1973 and 1975.

SIGNPOSTS TO SIZE

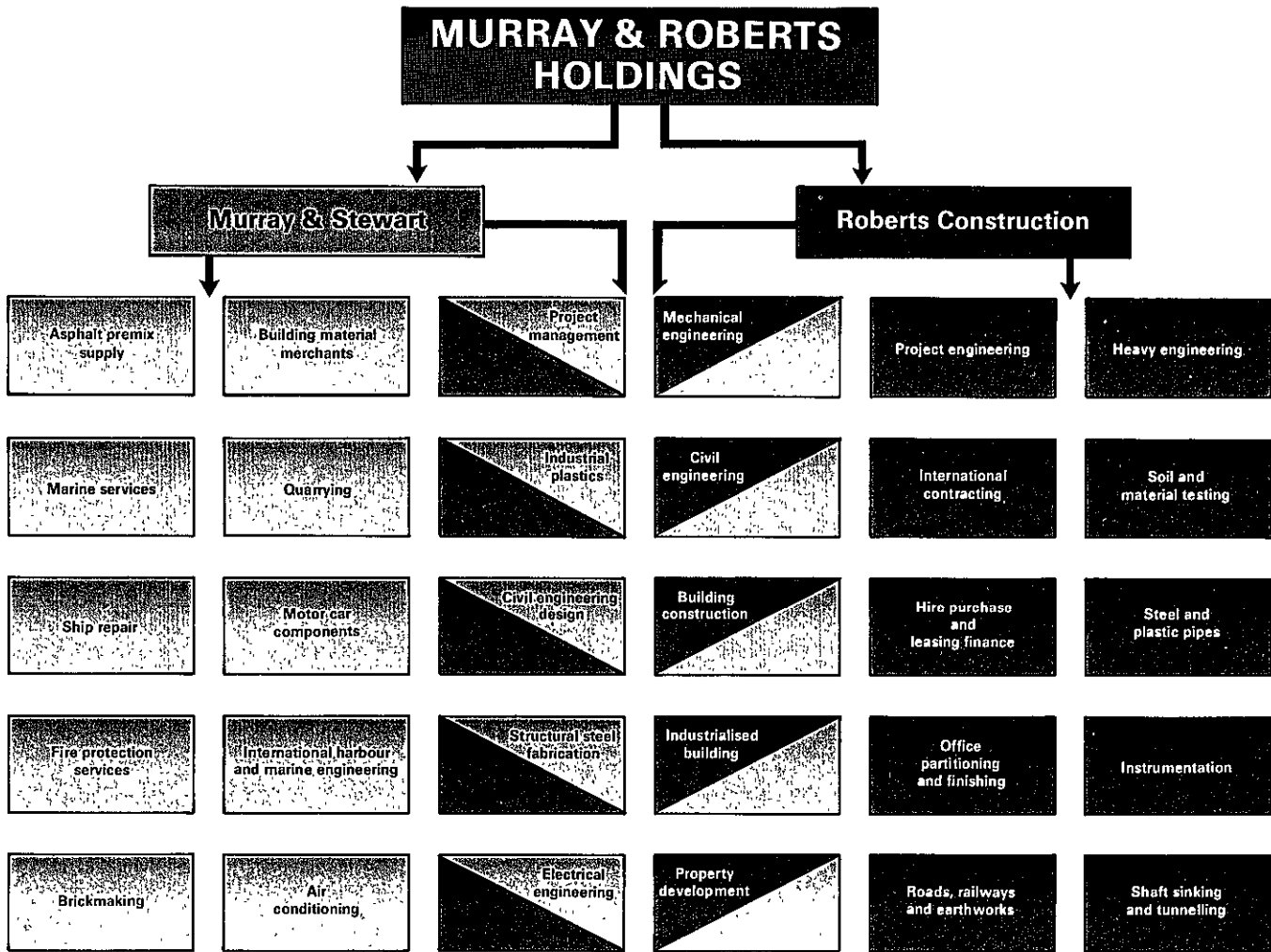
Financial year ended during '75	Turnover	Total capital	Net profit for equity
		employed	
Rm			
LTA (Mar)	244*	31.1	3.9*
Fowler (June)..	n/a	23.7	3.7
Grinaker (June)....	n/a	18.3	4.0
Group Five (Dec).....	n/a	24.1	4.7
M&R (June)....	438	91.2	11.9

* Pro rated from nine to 12 months

While the southern wing has always had a good spread of activity — less than half its net profit comes from contracting — its northern associate is edging more and more into less high-risk work. It has already weathered the start-up cost phase of most, if not all, of its manufacturing enterprises. So while in 1972-73 contracting contributed all net profits (and carried manufacturing's loss) in 1974-75 industry etc yielded 10% of the total. Hopefully, still better results are to come.

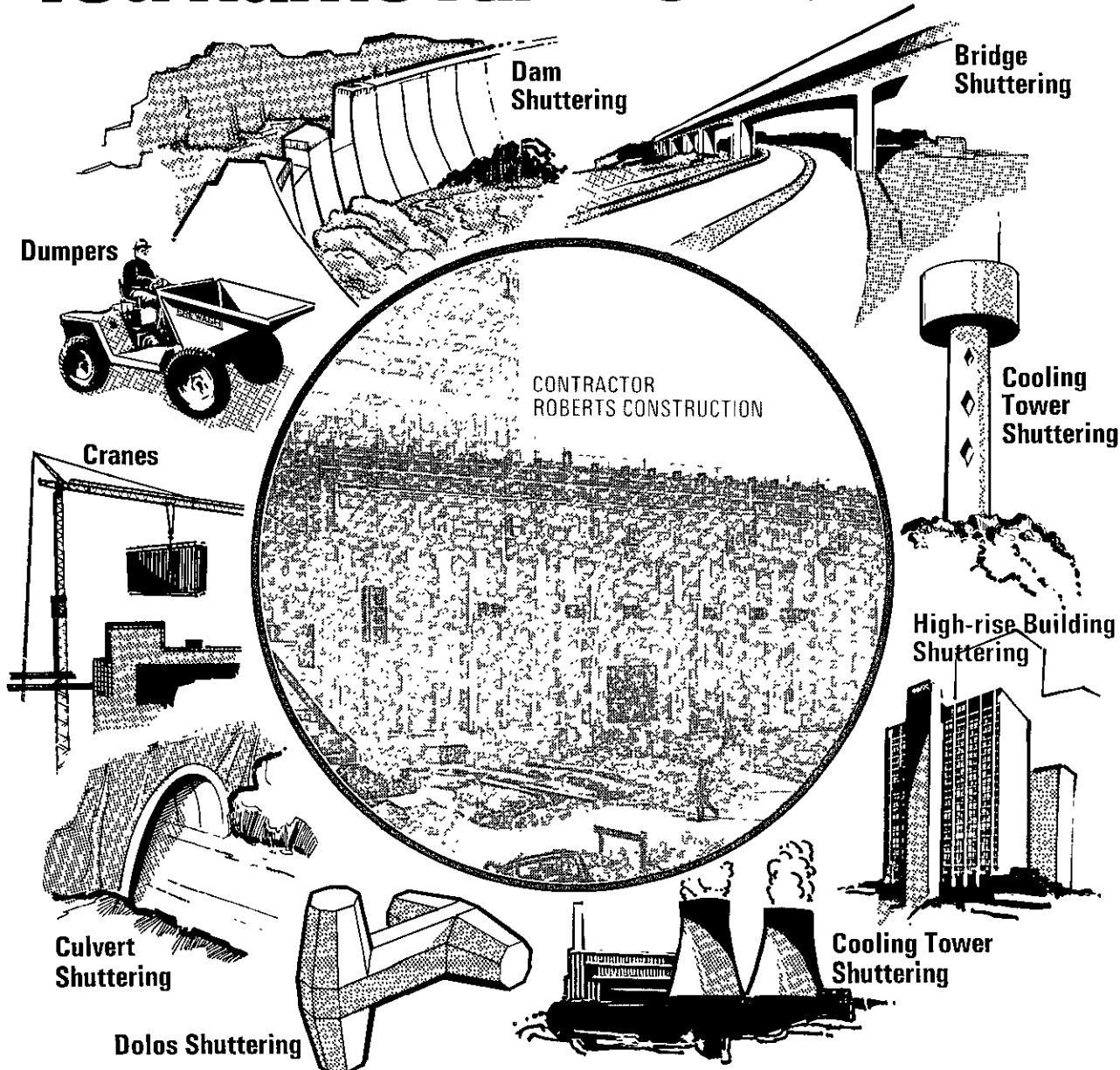
Although recently reported cutbacks in government spending on infrastructural development must be regarded as serious, for financial 1975-76 they will not, we believe, have much — if any — effect upon M&R profits. There is a better-than-even chance that profit growth projections will be virtually maintained. So higher earnings than the 58.6c of last year may be expected.

But this prognostication does not imply that the dividend will be automatically raised above the 21c payout of 1974-75. If the overall order book for the ensuing year is soft for certain periods or certain activities, then the most that can be reasonably expected is a maintained 21c for the current financial year. In the long-run, a dose of conservatism in distribution will be to the advantage of the company and its shareholders.



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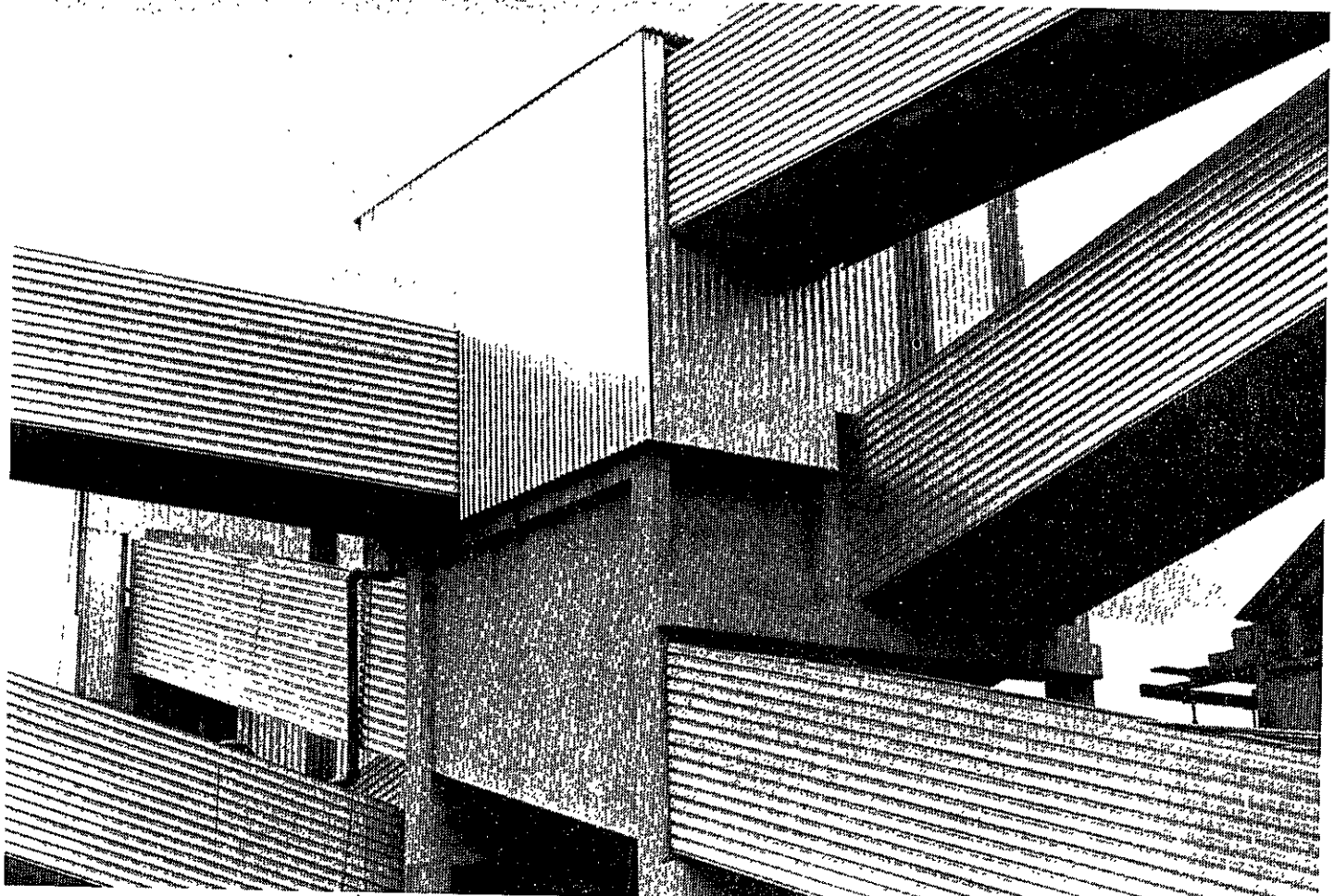
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Roberts Construction — breaking out in all directions



FROM CEMENT AND STEEL TO SIGNALS AND SECURITY SYSTEMS

Roberts' base has spread from civil work to all engineering disciplines and beyond into industrial manufacturing

Roberts Construction. To the man in the street that name is synonymous with civil engineering and building contracting. But today Roberts embraces not only engineering of all disciplines but manufacturing and industrial operations quite unrelated to contracting.

Broadly, diversification in Roberts has followed two separate channels — one associated with engineering and building work, and the other the industrial operations mentioned above. It is worthwhile tracing the background to this expansion to get a clearer picture of why Roberts has become what it is today.

In 1950 Roberts took on its first build-

ing contract — Libertas building in Marshall Street, Johannesburg. Chairman Charles Skeen admits that the company nearly went under on the contract but, undeterred, decided to press on with building activities. However, the lesson had been well learnt that building wasn't quite the same ball game as straight civil engineering contracting and that it might not be a bad idea to set up a separate building division in the group. That came about in 1956 (two years after Skeen joined Roberts from Anglovaal) and might be termed Roberts' first venture beyond its traditional civil engineering role. The next break came with the pur-

chase of French and Hollingshead in 1957 — later to become Murray & Roberts Roads & Earthworks.

Skeen firmly believed that it would be only a matter of time before the trend towards "whole project" contracting (already apparent then in the US) reached SA. What this means is that the customer wants one company to do the job he requires — from civil works through mechanical, electrical and instrumentation engineering to final commissioning.

As Skeen puts it: "Construction of all disciplines can be done under the same management and with similar machines.

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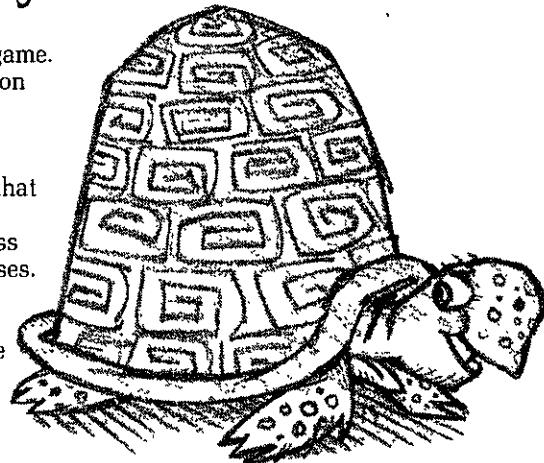
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So by broadening your engineering base you get rid of duplication of effort and cost."

Quite apart from the need to offer clients whole project capability, another advantage of the concept is that it spreads the throughput of work in a company more evenly over a period of time. As Roberts' director Jack Cheetham points out: "Engineering diversification helps bridge the gaps between the peaks and troughs on the civil side. For example, the winding gear for a mine has to be ordered and manufacture started ages before any work on site gets underway.

"Similarly, the electrical and instrumentation work on a plant is done long after all civil work has been completed. Your manufacturing, mechanical and electrical time scales are all different, so if you can get into all branches of engineering your work flow throughout the group becomes more even."

One of Roberts' first successful applications of whole project engineering was the commissioning of a mine reduction plant at Hartebeesfontein in 1954, followed by similar work for Johannesburg Consolidated Investments on Rustenburg Platinum Mines.

As each of Roberts' specialised engineering activities grew in the Sixties, it became increasingly obvious that the *ad hoc* (or "los hotnot" as Cheetham puts it) pattern of diversification needed to be knocked into some sort of programmed form. So a Group Projects Division was initiated in 1970 to look after project management and construction.

This was further broken down in October 1973 when two separate companies were formed — Engineering Management Services (EMS) and Roberts Construction Mechanical, Electrical and Instrumentation (RCC ME & I). EMS today looks after project management with the specialised engineering construction falling to ME&I.

The late Fifties and Sixties also saw Roberts moving into other specialised spheres, notably shaft sinking for mines both here and overseas. Although the SA mining houses have traditionally looked after their own shaft sinking operations, Skeen, with his Anglovaal background, was able to bring to Roberts considerable expertise in marketing mining techniques and methods overseas. One such venture was the construction of concrete headgears in Lancashire for the National Coal Board.

In the early Sixties Roberts teamed up with Anglo American to form Shaft Sinkers on a 50/50 basis but this turned out to be an unhappy marriage which ended in divorce not many years later. However, Roberts stayed in the field with Murray & Roberts Shaft Sinking & Tunneling being formed in 1970 to co-ordinate operations.

Then came big contracts in Greece

and Australia and it was decided to seek the hand of another mining house to collaborate on the Australian jobs. And so was consummated RUC Mining in partnership with Union Corporation. More than any other company in the Roberts stable, RUC has spearheaded Roberts' drive into the international arena.

Industrialised building is yet another area of diversification. In January, 1967 an Industrialised Building Division was formed and this ultimately became Roberts Industrialised Building Company (Ribco) in 1970.

Although not directly related to engineering diversification, it's worth noting that RCC Transvaal has recently found itself growing far too bulky. So in July last year the building and engineering divisions became RCC Building (Transvaal) and RCC Engineering (Transvaal) respectively. The original RCC (Tvl) is today little more than a shell which services the two main operating arms in the Transvaal.

Relatively slower growth in Natal and the Orange Free State leaves RCC (Natal) and RCC (OFS) as integral units with their own engineering and building divisions.

The provincial entities of Roberts stick very much to their own territory, but the more highly specialised products of engineering diversification — EMS, RCC ME & I, RIBCO, RUC, CHEL Engineering *et al* — roam all three northern provinces (and overseas), leaving the Cape and SWA to Murray & Stewart.

Despite the profusion of engineering and contracting (or contracting-related) companies in the Roberts group, interestingly all operate as completely separate entities under the broad group umbrella. Thus if, for instance, Engineering Management Services (EMS) is managing a mine contract in the Transvaal, the civil work on the job may be put out to tender and Roberts Engineering (Tvl) may put in a bid. But EMS is un-

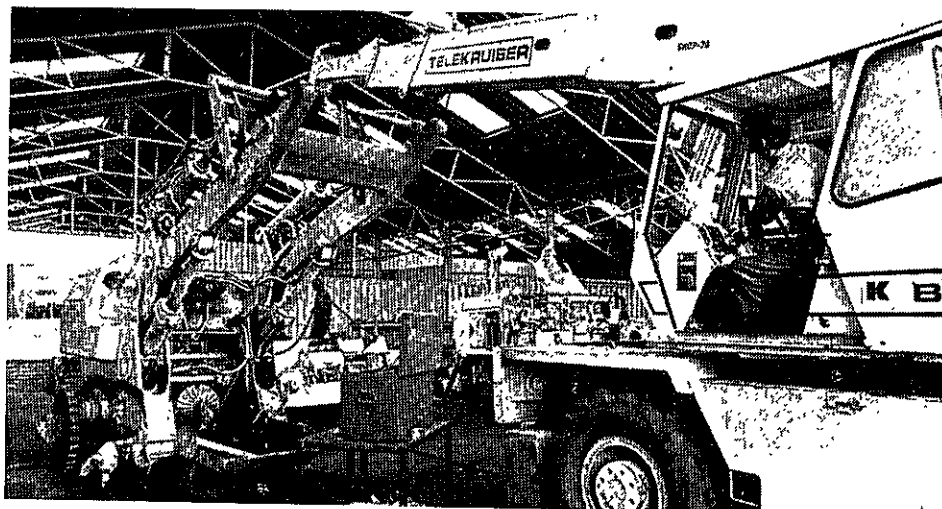
likely to grant Roberts Engineering the work if another reputable contractor puts in a better bid. So despite the fact that EMS is managing the contract, it is quite as likely that Grinakars will wind up doing the civil work as Roberts Engineering.

Of course, the sheer size and scope of the Roberts group's operations does mean that two or three Roberts companies may find themselves working on the same site. But this is usually more by accident than design. However, the "whole project" engineering facility which Roberts can offer (Grinakars and Group Five do civil and building work only) is likely to result in Roberts' companies working together more and more — but always on the basis of best tender or convenience and not collusion. Strict in-group controls are applied to make sure this *modus operandi* is adhered to and that where, for instance, EMS is managing a contract, the client is party to any and all decisions relating to how sub-contracts should be awarded and who gets the job.

On the flanks of these Roberts' companies are Construction, Design & Planning (CD&P) and Industrial Computer Services. CD&P services the whole of the Roberts group and has over 200 engineers and draughtsmen including specialists investigating foundations, structural tolerances, soil conditions and what have you. It's the think-tank for all Roberts' projects.

Industrial Computer Services co-ordinates and centralises Roberts' payrolls, order books and other administrative work throughout three provinces — keeping the tabs on each site and making sure people get paid when they should.

But so much for diversification within the engineering and contracting spheres. That is only part of the story. The rest concerns Roberts' industrial and manufacturing activities (see page 74).



An early Roberts' foray beyond straight civil engineering was into plant-intensive roads and earthworks. R&E's repair shop at Rietfontein



The most Toyota - the new Mk II

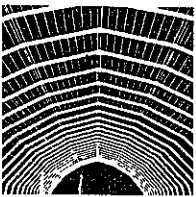
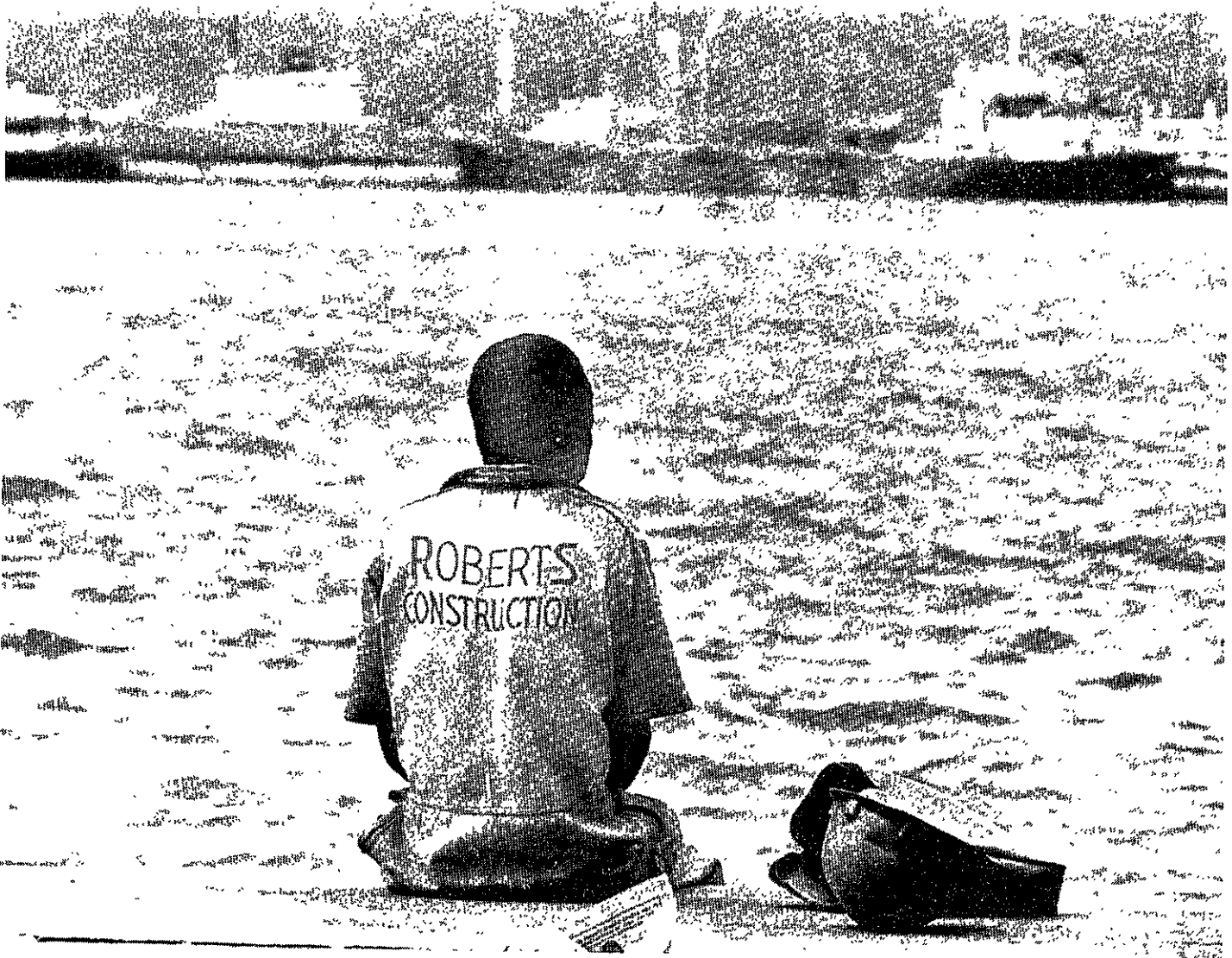
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PEOPLE PROBLEMS DOWN THE LINE

High labour turnover among both Blacks and Whites is a problem facing the whole contracting industry. Roberts has not escaped unscathed

Douglas Roberts speaks of people as Roberts' only real asset. By all accounts they are also the biggest single problem facing the whole contracting industry, particularly at the labour level.

Deputy managing director Steve Boyazoglu explains: "We have the most expensive labour in the world. And it's not because we pay too much (the average Roberts' wage for Black workers is about R25 a week) but because we just don't use our labour effectively. All it needs is planning. In the good times, in order to get a job done, managers and supervisors pack on the labour. That's where the wastefulness starts.

"I don't believe in paying money for nothing — and this applies to all races. Our Whites must be the most under-utilised in the world too. The cost of employing them per unit of work is astro-

OF OTHER TRIALS AND TRIBULATIONS

If labour is the biggest headache in the construction industry, it is not the only one. Another bugbear is the fact that the civil engineering and, to a lesser extent, building sectors depend so heavily on the stop/go policies of the public sector. As Fred Eriksson, MD of the Transvaal engineering arm of Roberts, says: "This means that during recessionary periods such as now, it is difficult to secure work at reasonable profit margins. You get any number of contractors tendering for less and less work with the result that profit margins are cut so fine that the whole proposition starts to look dicey.

"We avoid those tenders on which

there is a more than fair risk that we might lose money."

And then, of course, for as long as there have been consulting engineers and contractors, there have been arguments between them as to how the job ought to be done. Eriksson, a contractor from his bootstraps up, claims that "he who can do, and he who can't consults. We have endless problems with consultants — not least some of those in the Roberts group like Engineering Management Services and Construction, Design and Planning."

Ah, well. At least that gives the lie to any notion that Roberts might be in league with itself.

nomical."

What's behind the problem? Barry Horlock, industrial relations manager for Roberts, says: "Basically, what costs the money is turnover in labour. Among Blacks, in the period April 1974 to March 1975, this stood at 62% of the total work force in the contracting industry — peaking at 101% just after Christmas when workers failed to report back after builders' holidays.

"Among Whites turnover was 194% with a peak of 235% in the January-March quarter. Although the figures for Whites are so high, the actual number of Blacks involved is far greater than Whites.

"What it all boils down to is that the industry is having to replace well over half its labour force every year. And it costs at least R750 to replace a White worker and R100 to replace a Black

worker in terms of advertising, training, induction and what have you. So at a conservative estimate the industry is losing R3m a year due to labour turnover."

Horlock is convinced that the reason for the high turnover among Blacks is that there is still a tendency to treat them as labour units and not people. He says: "Artisans have long been regarded as part of the industry pool rather than part of Roberts. This is because of the hire and fire philosophy inherent in the cyclical nature of the contracting industry. It is not just a Roberts' problem but an industry problem. We have got to start looking at the labour pool as a collection of individuals and not an abstract body."

Group personnel manager Ken Vaughan adds: "We conducted a survey on 'people attitudes' in Roberts about 15 years ago. It was a sobering exercise. From Blacks, chief grouses were lack of

recognition of previous service when re-applying at a new site after a few years away; failure to pay when travelling between jobs and general maltreatment from immediate supervisors."

Among Whites the prime reason for high turnover is lack of corporate loyalty to any particular company — this because all leave, medical and pension benefits are handled by the Industrial Council and not by the companies themselves. In addition Whites like to stay at home in one town rather than moving from one site to another possibly hundreds of miles away.

While all this may sound like a dreadful indictment on Roberts, it is really more of an indictment on SA industry in general, and Roberts is to be congratulated on having woken up as long ago as it did to the situation, and on its efforts to do something about it.

WILBEY BAQWA — *the sweet voice of reason . . .*

Wilbey Baqwa, Roberts' Black industrial relations officer, takes the long view of his department's objectives: "The development of Blacks in all respects — educationally, socially, industrially. We'll take it right across the board."

His first priority is finding a workable compromise between the traditional attitudes of the Whites on the one hand, and Black aspirations on the other. Says Baqwa: "The Black development programme is essential to this. It is a means of justifying the up-grading of Blacks."

Baqwa, a Xhosa whose father was a Methodist minister in the Transvaal, is a mild-mannered, articulate 52-year-old who joined Roberts 25 years ago as a clerk: "I matriculated but with negligible study thereafter. I have no real papers. In this age of specialisation, people are inclined to raise their eyebrows at this."

What he *does* have is a great love of working with people. "I started doing this sort of work in a small way 15 years ago," he says. "Initially it was confined to acting as mediator between head office management and data-processing Blacks."

Seven years ago he was appointed welfare officer

responsible for all benefits to Blacks. Industrial relations formed part of the job description. And in 1974 a new industrial relations department for Blacks was started.

Baqwa runs the show. He's responsible for all 12 000 Blacks employed by Roberts in the Transvaal. He loves the job but admits the numbers involved make personal contact all but impossible. But everybody knows of him and he's the one they

look to when there's trouble on the job or at home.

Baqwa's very conscious of getting all Blacks to see that, by doing their jobs properly, they're involved in the upliftment of all Blacks and not just themselves. "They must be properly oriented," he says. "We can play a big role in changing attitudes towards Blacks."

No facet of self-improvement is ignored. One of Baqwa's jobs, for example, is arranging dinners at

which Blacks and management meet. These take place once a year, and the aim is to get them going on a more regular basis.

Tribal clashes at Roberts are few. Wilbey's attitude is one of disbelief that "clashes are necessarily manifestations of tribal differences. We don't house people according to tribal affiliations."

Baqwa is no Uncle Tom, neither is he an outspoken radical: "My personal strength is in a devotion to be unbiased." He is acutely aware, however, of the way government policy affects his people. "Job reservation must go. Individual companies rather than government must decide on jobs for Blacks." He admits concessions are being made: "I believe that whatever changes there are, are necessitated by lack of manpower rather than softening attitudes. And there's disgruntlement at all levels at the rate concessions are made."

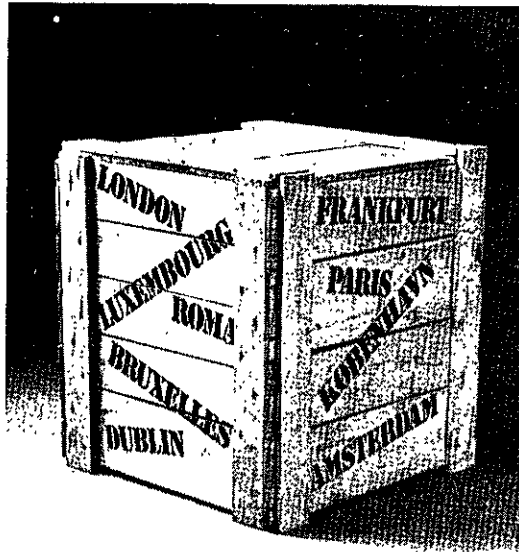
The writing's on the wall. Baqwa: "Forces from outside might make us more militant and less accepting of the *status quo*. SA's problems can only be solved on the basis of a plural society and not by creating Homelands."



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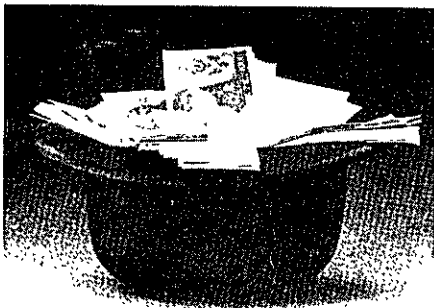
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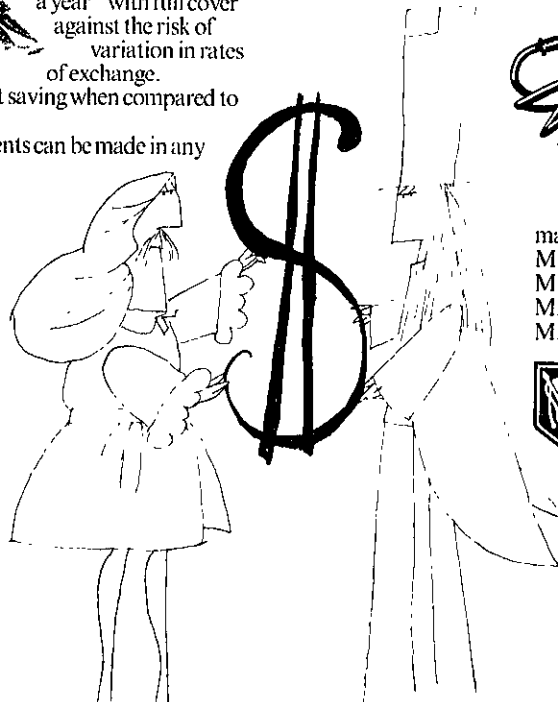
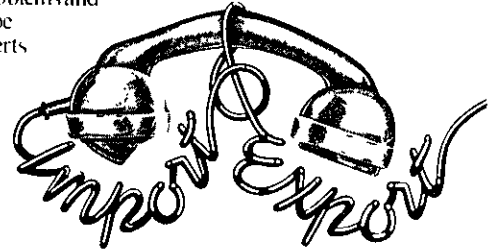
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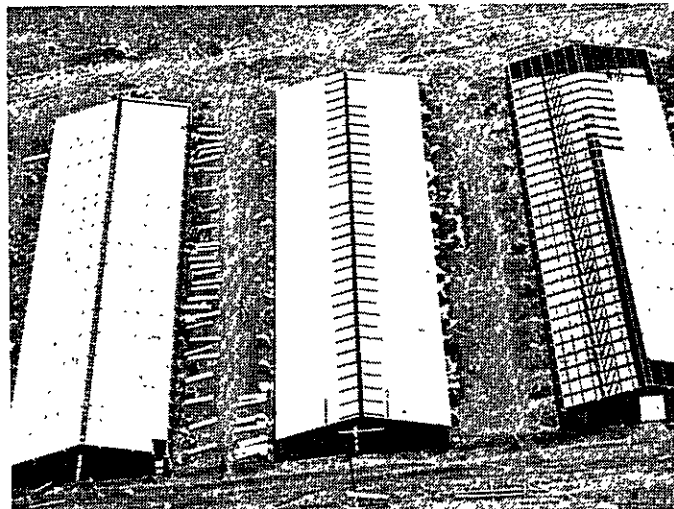
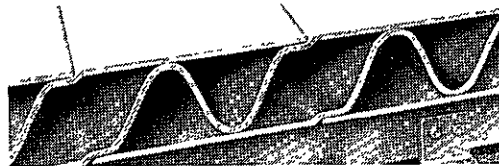


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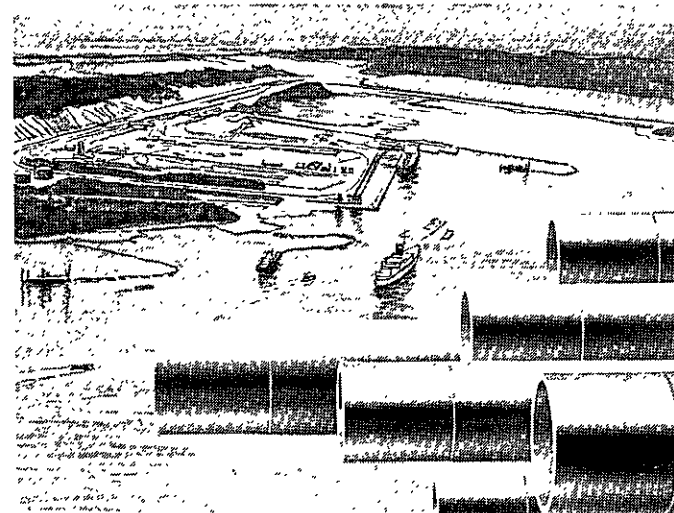
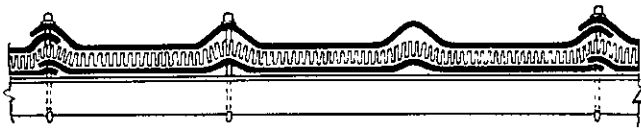
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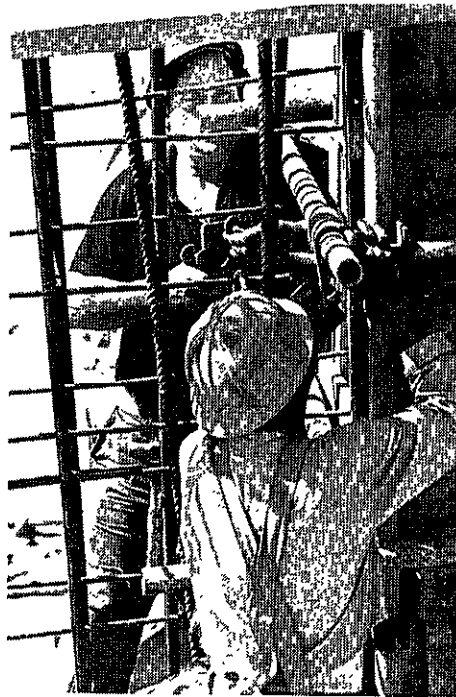
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As Boyazoglu says: "It is not so much a question of training the labour as training the supervisors to use the labour properly. Waste costs money and you've got to get your supervisors to recognise that."

Another problem that confronts Roberts in particular is its sheer size. Horlock has done some homework across the industry on this too. His figures show that, among Black hourly-paid labour, turnover ranges from 19% to 92% depending very much on the size of the contractor concerned. Lowest turnover is generally with the medium-sized companies and the highest with big contractors. "Perhaps we are too remote from the 'coal face'," he adds.

"Hopefully, works and liaison committees will go some way towards solving the problem, but we've still got a long way to go to get them operating efficiently. I don't believe that talking alone will do the trick. For we're still getting strikes — one as recently as last year — despite the works and liaison committees. We've just got to get over the attitude problem at supervisory level," he says.

As Vaughan puts it: "It's not a



Getting through the communications barrier

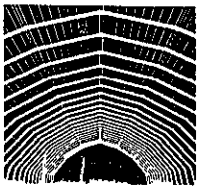
question of who's right but what's right."

No one at Roberts pretends that the group is anywhere near out of the woods on this thorny issue, but the group has

now instituted sophisticated disciplinary procedures to deal with assaults on site. These are aimed at eliminating forever the Fifties-style approach of some site managers who say: "If a Black strikes a White or a White strikes a Black, I say fire them both and to hell with who is right and who is wrong. Do that once and you won't have any call to do it again."

Horlock points out that "when people think of industrial relations, they tend to think of 'trade unions' and 'bargaining'. But that's really a different issue that involves money in the main. I believe we have got to concentrate on the internal situation within companies before looking at the broad spectrum across the construction industry. We should look in, not across."

Boyazoglu, with a trace of cynical resignation, sums up Roberts' predicament in saying: "We have been grinding away at this for years, but the fact that we still employ 50 000-60 000 people in the whole M&R group is beyond belief. Still, if we had never bothered to tackle the problem in the first place, we probably wouldn't be trading today."



TRAINING FOR OBJECTIVES

Roberts' intensive training programmes are not aimed at any sort of vague upliftment, but at specific improvement in both individual and corporate performance

"Training is not education. Education is learning to know, but training is learning to do. That's why teachers seldom make good trainers. Not enough people in the industry appreciate that" — Bert Woodhouse, group training manager, Roberts Construction.

That gives as clear an indication as any of the rationale behind training in Roberts Construction. Before analysing specific methods and the effectiveness or otherwise of Roberts' training programmes for unskilled labour, some of the broader objectives of that training bear looking into. For Bert Woodhouse has few peers in South Africa on this score. And not even modesty can keep him from acknowledging that Roberts' enviable reputation in the training area really began when he joined the group in 1969.

"There is," he says, "a tendency to think of training as play-play. Many years ago when I was training young women as tellers for Barclays, there were gasps of astonishment from management

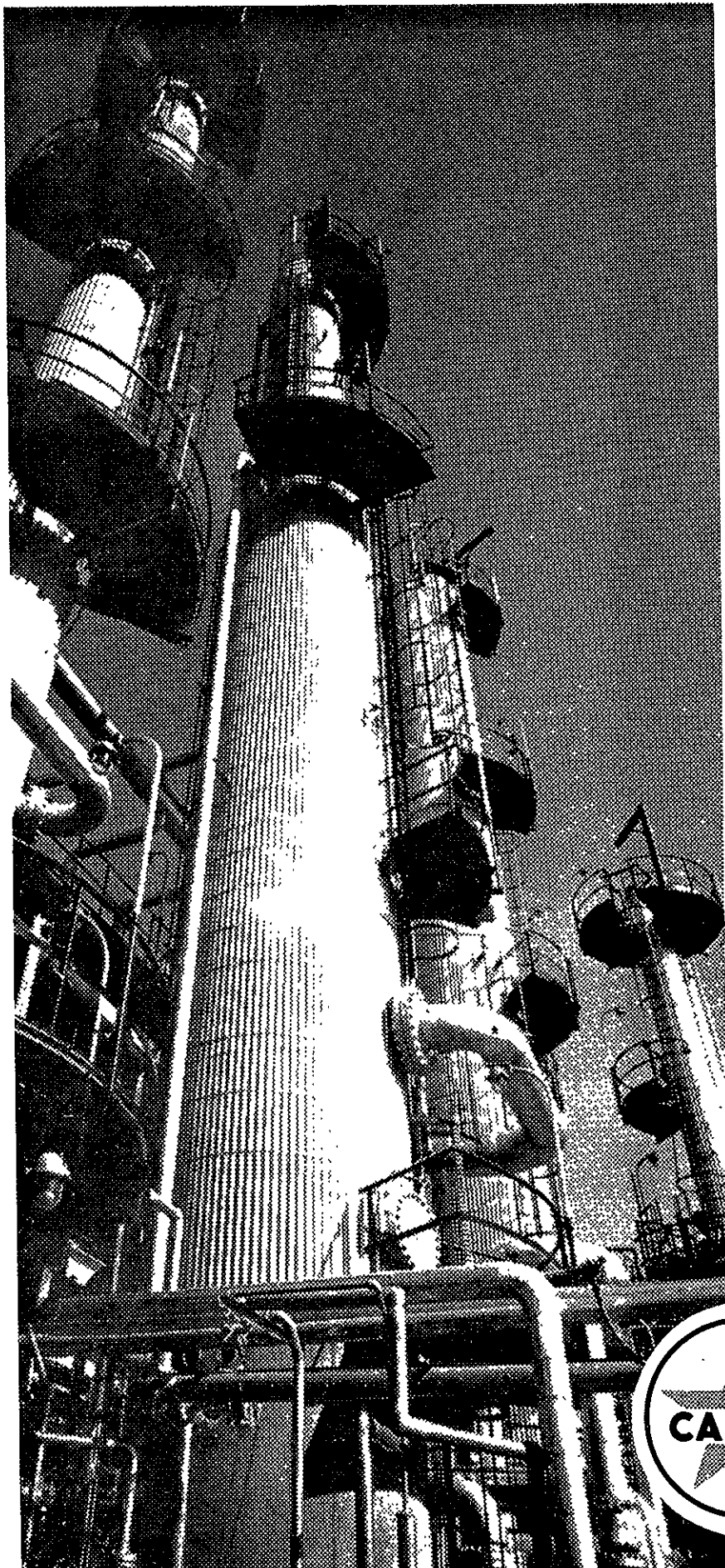
when I asked for R10 000 in cash and notes to carry out the programme. They wanted to give me little bits of paper. But tellers don't deal with little bits of paper.

They deal in real money.

"I discovered this syndrome during World War II when serving as a navigating instructor. The habit of the RAF in



RCC's mobile training unit on site at the Triomf plant, Richards Bay



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those days was to teach you all about navigation — but not how to navigate.”

Woodhouse insists that there are two things training is not: Therapy (“We’re not trying to change people’s personalities”) or entertainment.

“Training,” he says, “is only complete when a trainee can show that he can do what you have been training him to do. We are not trying to catch people out — when a man thinks that he is up to a particular test, it is up to him to say so before we apply it. The more you put the responsibility on the learner the better.”

But Woodhouse is also quick to point out that training is only of value if it is utilized. It is no use training a man to do job A and then putting him back on job B, he says, adding “that training invariably accentuates rather than narrows the gap between different people. If you take two unskilled men and put both through a training course and test, you may find that one may advance 20% above the previous level and the other 40%. So you have opened a gap between them”.

Woodhouse admits that before you can even start training, you have to be able to analyse what a job involves (and that this is important in measuring the effectiveness of training too). “Effectiveness is difficult to measure with



It's learning to do that counts in rands and sense

any degree of fine accuracy,” he says. “Basically, we regard the difference in value to the company of a trained man as being the difference in wages which we

have to pay him in his new station as against his old. But, of course, wage levels are set by supply and demand in the industry and not by Roberts. So we can never be quite sure that a trained man is producing more for the company than the extra we have to pay him.

“But generally we can find out from the men on site how much steel-fixing, for example, a really competent steel fixer can be reasonably expected to do in a given time.”

Training in the Roberts group has possibly made the greatest strides in Natal “where labour practices have never been as restrictive as in some of the other provinces,” according to Roberts Natal MD Leo Fish. He adds: “This has enabled us to get ahead a bit because of the more liberal outlook on the training of Black labour. We take for granted here practices that are still heresy in Hert-zogland.”

In essence, the training formula used by Roberts (as observed by the *FM* in Natal) involves an initial one-day test after which most workers are put on a grading from 4 to 1. Obviously, most of them only make the first rung in any particular skill. As RCC Natal training manager Ron Davies puts it: “Initially we had to physically walk around each

CHARLES SKEEN — *I'm a bit singleminded about the job*

Chairman of Roberts Construction, Charles Skeen (66), is a quietly spoken and dedicated man. A Wits graduate in both civil and mechanical engineering, he once remarked: “I don't have any hobbies except the job I'm doing. So perhaps I'm a bit single minded about it — that's all there is to it.”

Skeen's no fledgling in the construction industry. He's been with Roberts Construction since 1954, became MD and executive chairman in 1967, retired as MD in 1972 but stayed on as executive chairman till October 1974.

He still waxes lyrical about the construction business: “The most exciting thing about it is that there's always something new in any one of its many diversifications.” He sees his own strength as “being adaptable to the demands of the moment. I'm not very systematic in my approach to the job, but I have the ability

to switch from one thing to the other as the need arises.”

Skeen's role is no longer that of administrator or engineer. He explains: “The company has a record of success. To an extent I represent that past success and the people who've been associated with that success in the company. We form a basic structure of people, and I believe I've got a role to play as the most senior man in the management hierarchy.”

Skeen's objective for the company: wider expansion internationally and further diversification. “Our international activity needs to expand quite appreciably. Whether we will achieve our ideal — one third of revenue from SA, one third from territorial diversification, and one third from functional diversification — will depend on factors beyond our control like, for example, the current world recession.”

He stresses the impor-

tance of exploiting every possibility. “You've got to have some special knowledge or ability to sell,” he says. “We can't go out into the cruel hard world of contracting and try and beat people at their own game in their own country.”

On diversification he feels everything is fair game provided management looks right: “We have never said we would confine our diversification to allied fields.”

He sees the biggest problem facing Roberts as the need to secure sufficient work to maintain the core of the present workforce “so that we're ready to take the next surge when it comes.”

Skeen's not looking for enormous growth in the short term. “This is a time for taking stock and consolidating. At the same time we must strengthen the whole internal structure so that when the signal for growth comes, we can operate from a strengthened base.”



Founded on gold.

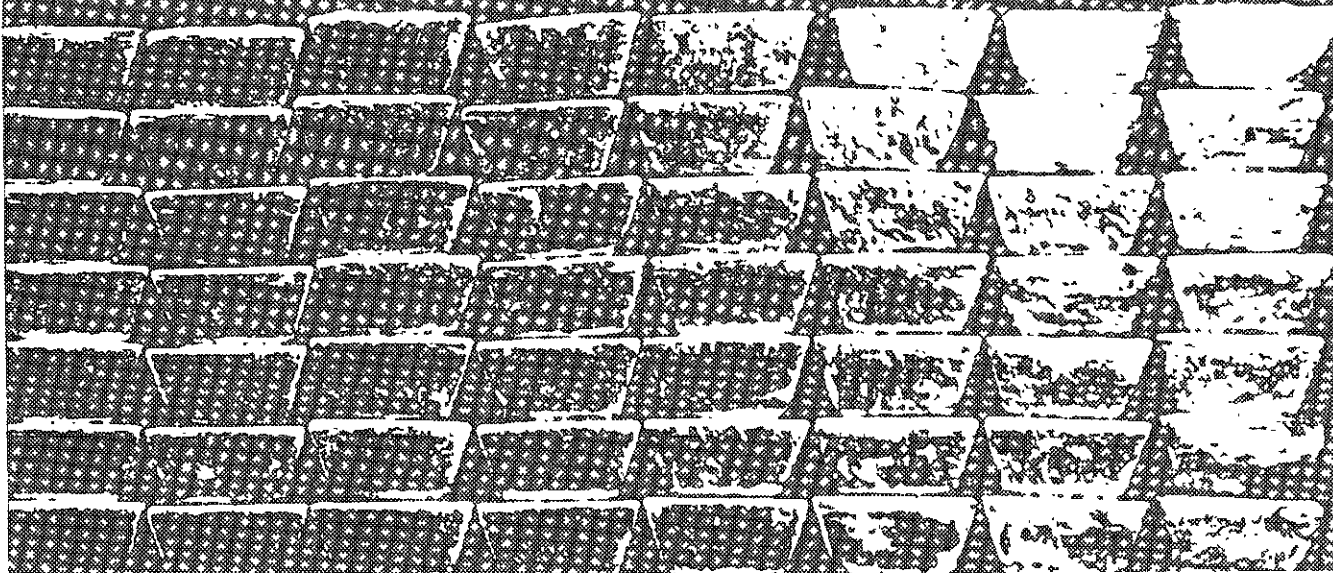
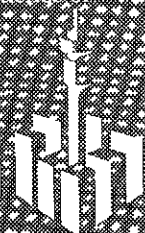
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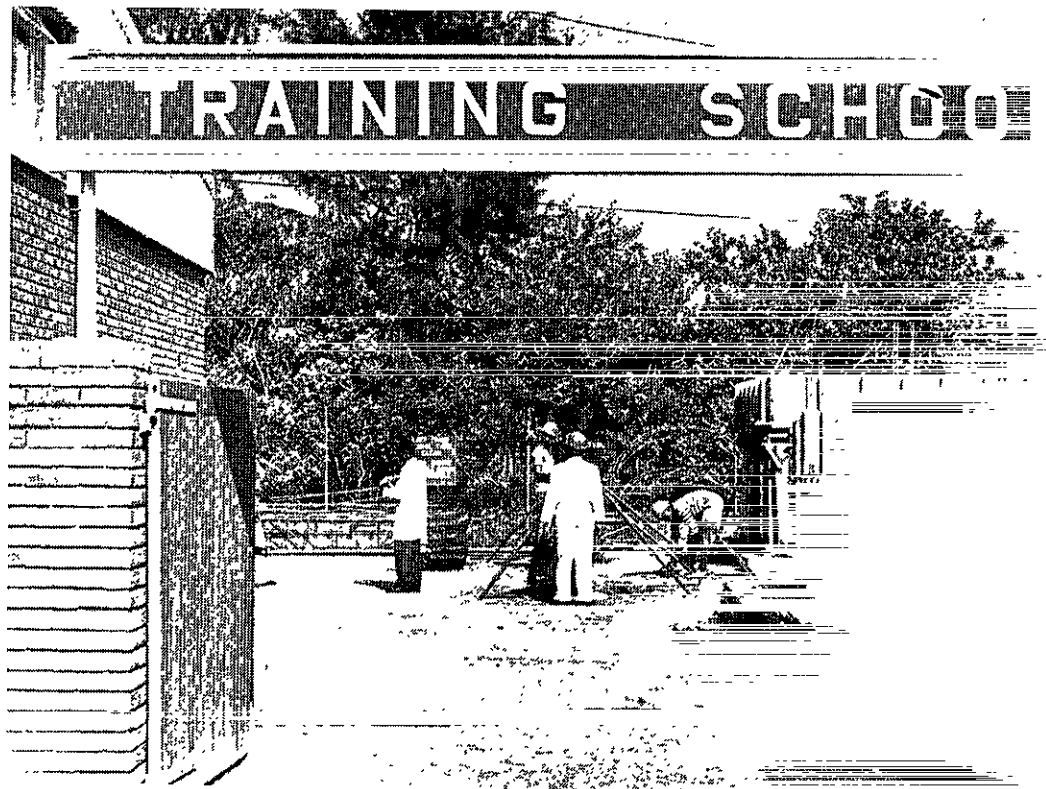
site with manpower lists in hand asking site foremen: 'What does this man usually do?' simply to find out which skill to further his training in."

After a worker has, say, reached the bottom rung of the ladder, he undergoes five-day module training courses in his particular skill in an attempt to reach the top-grade. Not many make it right up the line, but with more and more men being fed into the system from the bottom, the numbers of really competent men do build up. Of the 500 men originally tested in Natal before training officially got under way in March, 1974, roughly 100 have now made it to Grade 3.

To date, over 1 800 men have been tested by Roberts Natal and a further 1 400 have been trained on at least one of the five-day module tests, either at Roberts' static testing centre at Prospecton or in the mobile training school which is taken from site to site. This, incidentally, is run by a Black man, Cyril Cain, who trained as a civil engineering technician at Mmadikoti Technical College near Pietersburg in the Transvaal.

Ron Davies has now instituted a control board at Prospecton to prevent trained men from being discharged once work on a particular site comes to a close, so avoiding throwing away valuable skills.

All the Roberts' courses are certified by the Civil Engineering Industry Board, which insists on a proper syllabus with set objectives. This board gives each worker a blue log book in which courses passed are recorded so that he can produce proof of achievements and skill when applying to join a contractor on another site. In addition, all courses have to be vetted by the Department of Bantu Education for tax rebate purposes. (82%



The gateway to greater productivity at RCC Natal headquarters in Durban

relief on money spent on training Blacks is allowed.)

On site, trained workers wear colour-coded helmets and badges to denote their particular skill and degree of proficiency and training in that skill.

Back at head office in Johannesburg Bert Woodhouse stresses that he gives orders to no one — just advice. "This," he says, "is in accordance with the group policy of decentralisation. We like training to be done by each corporate entity on its own — in fact, each site if possible — and only lay down broad guidelines."

All in all, about 8 000 unskilled men have been trained in the Roberts group. But the focus now, as Woodhouse sees it,

must be on the training of supervisors. And not only White supervisors, who need re-orientation in how best to utilise trained labour, but also Black supervisors.

As Transvaal Engineering MD Fred Eriksson says: "The artisan situation is always critical, so we are now working on a training and Africanisation programme. We are aiming at 30 Black artisans and supervisors to one White. At the moment the ratio is about 15 to 1. Of course this means sailing close to the legal wind at times, but when you can't get White artisans you just have to push on regardless. Otherwise the job would come to a standstill."



TREADING WITH TENDER FEET

In the contracting business, tendering means walking a minefield of calculated risks. The negotiated contract may solve a lot of headaches

Somehow contracting and marketing would seem to have little in common. Yet, as Roberts' chairman Charles Skeen points out, "we also have something to sell. The only problem is in contracting that you are trying to sell the article (or your ability to build it) before you've actually made it. It's not like toothpaste or motor cars where you have something concrete to show the customer."

This makes tendering extremely risky. "Contracting is never dull," says Skeen,

"if only because of the succession of calculated risks you have to take in tendering for work. But if you engage in a risky business, you obviously hope the rewards will be commensurate, bearing in mind that you can really only hope to be right a little more than half the time."

Skeen tells the *FM* that there are two prime areas in which a contractor can go awry when calculating a tender bid:

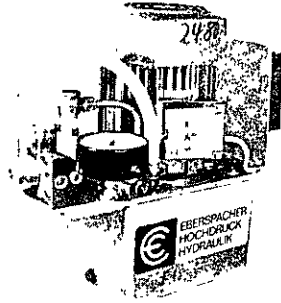
- Overestimating productivity under particular circumstances. For exam-

ple, in working on a high-rise building, you may think that more work can be done 100 m above ground during night building than in fact turns out to be the case. That means you are going to fall back on schedule.

- The operating climate may change profoundly between the time you get the job and the time you even start it, let alone complete it, which could be 4-5 years.

It is to this last factor that Skeen

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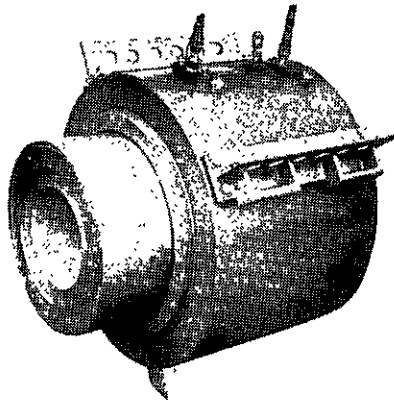


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ascribes Roberts' financial loss on the Carlton Centre project. He says: "When we initially bid for the Carlton, we worked on an inflation rate (based on historical observation) of about 3%-4%. As is now well-known, during the actual years of construction inflation rocketed to 8%, 9% and even 10%. That upset our calculations completely."

But, all things considered, Skeen still feels that there is a real place for the tendering system in the contracting business — albeit with certain modifications which will be discussed shortly. He bases his faith in the system on the need to remain "competition oriented".

On this score he cites the interesting example of a big US contractor, Morris & Knudsen from Idaho, who moved into Vietnam on a US government contract to re-construct the infrastructure behind the fighting lines. Obviously the degree of damage that needed re-building could not be estimated beforehand, so tendering was out of the question. Consequently a cost-plus arrangement of payment was worked out.

"When Morris & Knudsen moved back to the US," says Skeen, "they nearly went bankrupt as, working on a cost-plus arrangement for so long, they

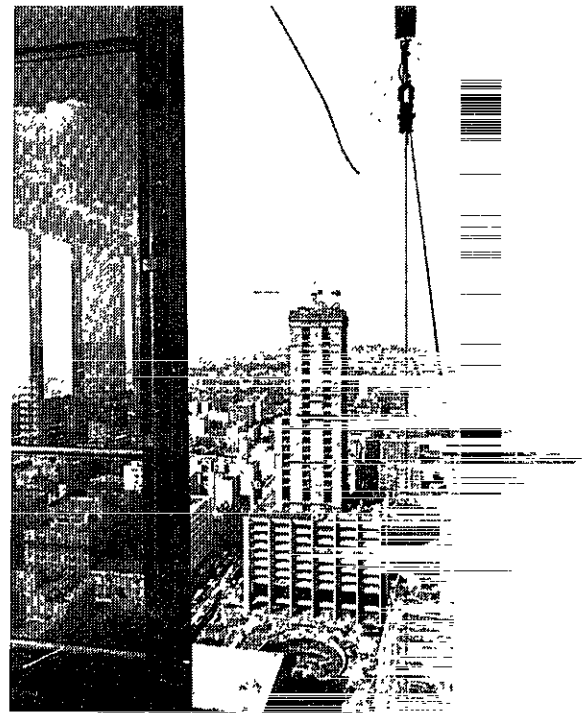
had grown complacent, and had simply forgotten how to be competitive."

But Skeen nonetheless feels it is essential that risks beyond the control of the contractor should be eliminated from the tendering system. He says that the construction industry now uses two types of CPI-linked formulae to protect it from the vagaries of sky-high inflation.

On the question of negotiated contracts — that is those where a limited number of leading contractors are asked to submit proposals on how they would go about implementing a job and what they think it would cost — Skeen says: "I think we are moving closer and closer to this type of contract on all big jobs. I just don't see any contractor tackling a job the size of the Carlton, for instance, on any other basis today."

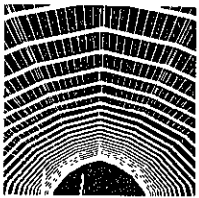
Skeen feels that, provided a contractor can put forward a proper plan of method, say what he requires in the way of profit margin, and has proof of his competence and competitiveness in general contracting work, the negotiated contract is the answer on really massive projects.

Government itself would appear to be following this line on Sasol II. In the oil industry most major jobs are negotiated so government's decision to appoint



Who would tackle the Carlton on tender today?

Fluor from the US as managing contractors on Sasol II is perhaps not surprising. But needless to add, Roberts is hoping to pick up major works at Sasol II on sub-contracts.



SETTING THE COURSE

Roberts MD 'Bill' Bramwell explains where the company is going and why

FM: There are already 37 major wholly-owned companies in the Roberts group and you have substantial shareholdings in many more. Do you intend to pursue your policy of decentralisation and, if so, won't this pose problems (of co-ordination) for management?

We have to follow a policy of decentralisation because any construction activity is people-orientated. We employ over 35 000 people. This means that we can't systematise or computerise our *modus operandi* as you would in a manufacturing process. We are totally dependant on the people down-line facing problems as they arise. For example, if it starts raining on a site, certain decisions have to be taken then and there. In a factory it doesn't matter whether it's raining or not. The show goes on.

And our second point — on the problems this poses for management?

Well, the interpretation of broad group policy and its implementation does pre-

sent some difficulties as there are so many people involved that you simply have to get some distortions and injustices down the line.

Another problem is that a team only works on one site for a certain time and is then broken up and re-grouped for work on other sites. But this is where decentralisation helps as smaller units have great 'people advantages'. That's one reason why we broke our Transvaal company down into separate corporate entities last year. It's proved a most successful exercise.

Are your moves overseas following any sort of concerted programme?

They are now, though this hasn't always been the case.

What sort of criteria do you adopt in deciding whether to go into a foreign country or not?

I would list the prime criteria as follows. We look for countries:

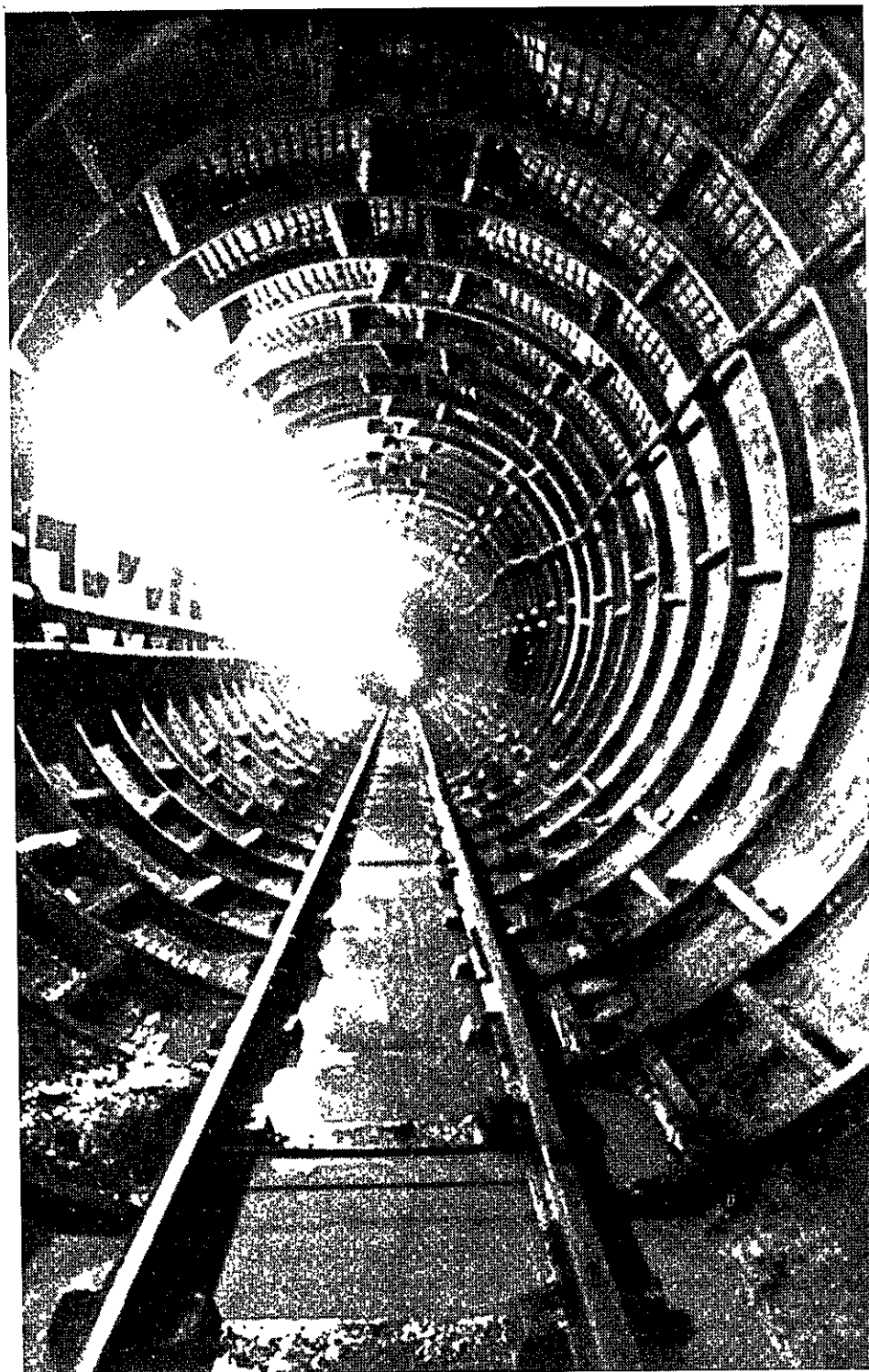
- Which have a shortage of skills that

we can provide;

- Which actually need those skills;
- Where we will be acceptable as South Africans. This is most important as our operating base is here; and
- Where, in developing countries, the SA government may be willing to provide IDC support for work undertaken — or, where developed countries are concerned, the ability of industry to pay for what we provide. We have had some problems on that score in South America before now.

On a more general level, we look at tax laws, labour laws, find out whether we are going to be able to get our money out, examine the political, financial, commercial and technical infrastructure of the country — in particular port facilities and communications.

Sometimes you find that the very absence of these makes for work opportunities so, for us, there's a positive side to lack of development in other countries.



Taking the Roberts' tentacles to Australia. The Potts Hill tunnel near Sydney

What countries are you busy in or investigating at the moment?

We are moving firmly into Iran, and we are also doing a fair amount of work in what used to be called French Africa. The only country I dare mention here is the Ivory Coast but we are working in others too. We think this whole area has great prospects for us.

Then there is Reunion and closer to home, Rhodesia, Zambia, Malawi and Botswana. We have long been busy in Australia on shaft sinking, earthworks

and railway contracts and are hoping to use Australia as a springboard for mining and high-density housing work in the wider Pacific area.

Getting back to South Africa, there has been a severe cut-back in spending by government on public works. Is this likely to affect Roberts adversely?

Obviously it will affect us — but only in South Africa. On top of that, our base is now so broad in the mechanical, electrical and instrumentation spheres of engineering that we should be able to

compensate in these areas. At no time in the past have we found ourselves unable to grow as fast or faster than the economy at large. We may find that we have to reduce the rate at which we acquire resources, but I don't think we are going to have to dissipate existing resources.

You have expressed the view that the bad times can sometimes be turned to advantage. Could you elaborate?

Yes, in a recessionary climate when money is tight, life doesn't come to a complete standstill. There are still buildings to be built and engineering work to be done. And those who need them often turn to the biggest contractor in the business because they know we are big enough to get the job done and get it done on time. Companies are often afraid that, in highly competitive times when contractors proliferate, a smaller contractor might go bust on them in the middle of a job. And the all important thing is to get the job done. A case in point is the new hypermarket we are building for OK Bazaars near Jan Smuts airport.

How much of your contract work is done on a negotiated as opposed to tender basis nowadays?

In money terms, about 30%-35%. The percentage of our negotiated work has been steadily climbing over the years.

Your deputy Steve Boyazoglu has told us that labour in SA is among the most expensive in the world. Do you think it is likely to become more so?

It simply cannot be allowed to. There is a very low rate of efficiency in the construction industry as it is. You don't get much for your rand. We've simply got to try and move closer in line to industry in general in SA, and closer to productivity standards in the construction industry around the world.

But it's not easy because of ingrained habits. For example every White carpenter insists on his *handlanger*, a Black man to carry his tools and what have you. Nowhere else in the world will you find a *handlanger*, yet our artisans demand one as a *sine qua non*.

Output is frequently reduced by increasing the number of workers on a site because everyone's level of performance falls off to the lowest common denominator. They see there is a surplus of people to do the work, so everyone takes it easy. The whole problem needs our greatest attention in all our companies and at every level of management.

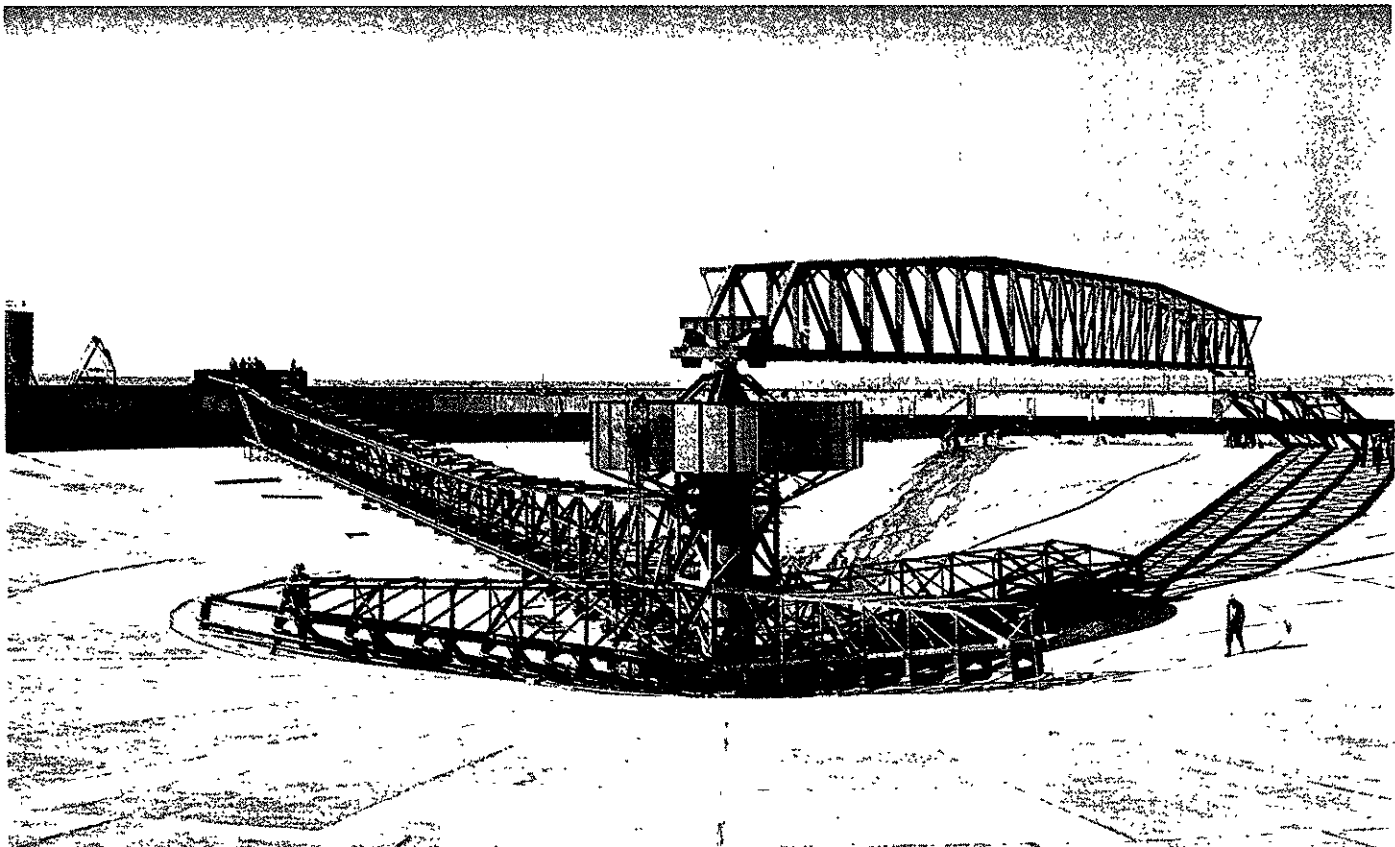
Seeing as Roberts is working in countries like Zambia and Botswana, have you any plans for doing work in the Homelands?

Yes, and precisely because we have seen how efficiently the Black man's potential can be put to use in those countries. We have two homeland projects on the go at the moment, one of which has yet to be finalised so I don't want to elaborate on that. The other is a



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Bramwell . . . using the bad times to good advantage

possible construction company in BophuthaTswana.

What are your aims in making these homeland moves?

Basically twofold. To train Blacks in construction techniques and technology; and to build up the infrastructure in the homelands.

Does Roberts intend to continue with its diversification into fields outside civil engineering and building?

We are still actively diversifying, in three directions actually. Firstly, into allied engineering fields; secondly into engineering-related but industrial and manufacturing areas; and thirdly territorially.

The whole Murray & Roberts group has shown phenomenal growth in recent years with taxed profits rising from R3m in 1971 to R13,2m in 1975. Do you see Roberts as being able to keep up its contribution to this growth, particularly in the light of the downturn already discussed?

There is no doubt that we will be able to sustain growth — but not necessarily at the same rate. Our fortunes have been largely in tune with the ups and downs of the economy, and though the bald figures do tend to indicate astronomic growth, if you compound the rate of inflation over those years it can be seen that we haven't grown that much faster than the economy at large. But whatever, I'm quite confident that we will continue to grow at at least the same rate as the economy and hopefully more quickly.

BILL BRAMWELL — *let the Blacks in through the front door*

He's quite the most relaxed looking MD on the Johannesburg business scene. That's Bill Bramwell, a bluff white haired civil engineer who has been in the Roberts Construction hot seat since 1972.

He once studied law but the war intervened so he had six years in the armed forces — the last three with the Royal Parachute Regiment. There was plenty of time for rethinking his career. Bramwell settled for civil engineering at Wits — and he's never had any regrets.

He joined Roberts in 1953 as a site engineer, aged 32, after spending three years with the SAR&H as an assistant engineer. His progress followed a steady upward curve — contracts manager in the Transvaal in 1957; assistant manager in Natal the same year; director of Roberts Construction in 1963; director responsible for international activities in 1967; deputy MD in 1969 and MD in 1972.

Yet he still finds time for

hard games of tennis and squash, and beef farming at arms length in Natal.

A fervent subscriber to the Roberts' ethos that nothing happens without the right people, Bramwell firmly believes that Roberts' strength is tied to the company's ability not only to attract, but retain excellent people. He sees his function as "listing clearly objectives and responsibilities, and then motivating people to accept those responsibilities and achieve the objectives."

When it comes to Roberts Construction's extra-territorial activities, he feels it's the people as much as the activity which makes for success. "We export people, not things. They put it all together. Being stuck somewhere with the job of creating something is an exciting challenge. But you need a special sort of person to do this work. He must be motivated." By his own definition, motivating people is a particular Bramwell strength.



He's much concerned with training Blacks: "That's our biggest problem. We don't have the skilled resources to meet the country's requirements. With the current slack in demand, we have the training and the skills. But our biggest job is to provide training and skills for escalating future demands."

Another problem is the acceptance of the Black man, says Bramwell: "Recognising his dignity and



position. It's not always easy to ensure recognition by those for whom he's working. Often the representative of management does not represent top management thinking and attitudes."

Strongest current need says Bramwell is to open up the trades to Blacks through apprenticeships: "Initial trade union resistance must be overruled. Blacks must be allowed to come in through the front door, and the sooner the better."

GOING UNDERGROUND DOWN UNDER

RUC, the jointly-owned shaft sinking and tunnelling venture started in 1970 by Roberts and Union Corporation, has been in the vanguard of Roberts' forays into international contracting.

The brief history of Roberts' diversification into mining engineering is given elsewhere, but RUC was formed primarily to service two shaft sinking contracts in Australia in the early Seventies.

RUC managing director Dave Brink explains: "At the time there was something of a mineral boom in Australia and a fall-off in work here. Initially we worked out of an office in Sydney, but it soon became obvious that we had a continuing operation on our hands so in July last year a properly constituted board was set up to run our Australian subsidiary, RUC Australasia. Shortly before this we had opened a second office in Perth."

Yet today, most of RUC's work has come home to roost with SA accounting for about R16m of the RUC companies' estimated R20m turnover in the current financial year (ending June, 1976). Roberts' half share of that R20m, incidentally, represents about 2.5% of total Roberts Construction turnover, but to put things into perspective it's worth noting that turnover in the 1973/74 financial year was only R5m.

What has been responsible for the relative and recent fall-off in Australian business? In a name, a man called Gough Whitlam. "Whitlam," says Brink, "actively discouraged mineral prospecting and oil exploration by foreign interests in Australia. When he first came to power something like 80%-85% of Australia's oil requirements, for example, could be met by domestic sources. It's estimated that by 1980 that will be down to 50%."

"For even though Whitlam's gone now, it is going to take years for the continent to pick up again as all the mining investors have got out. And what with the prices of copper, lead, zinc and iron ore all being well down, the outlook on the Australian front doesn't look too bright. So, frankly, I see RUC's main area of growth in future being right here in our own backyard."

Actually, it's not all Whitlam's fault, as Brink notes that in 1973 and 1974 there was a big pick-up in SA business as well. "The mines have always done

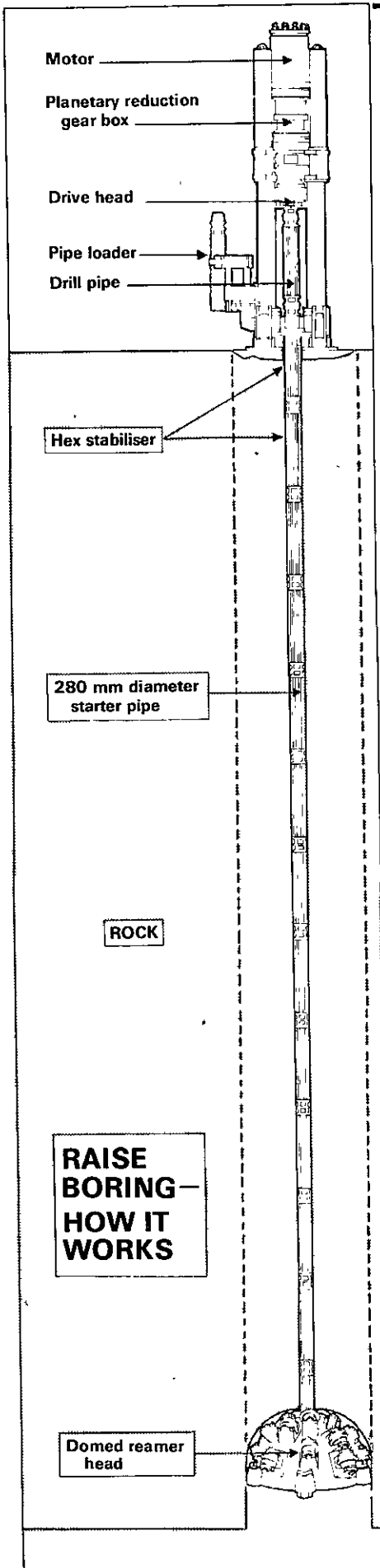
most of their own shaft sinking themselves," says Brink, "but today the argument revolves around who can do it more cheaply."

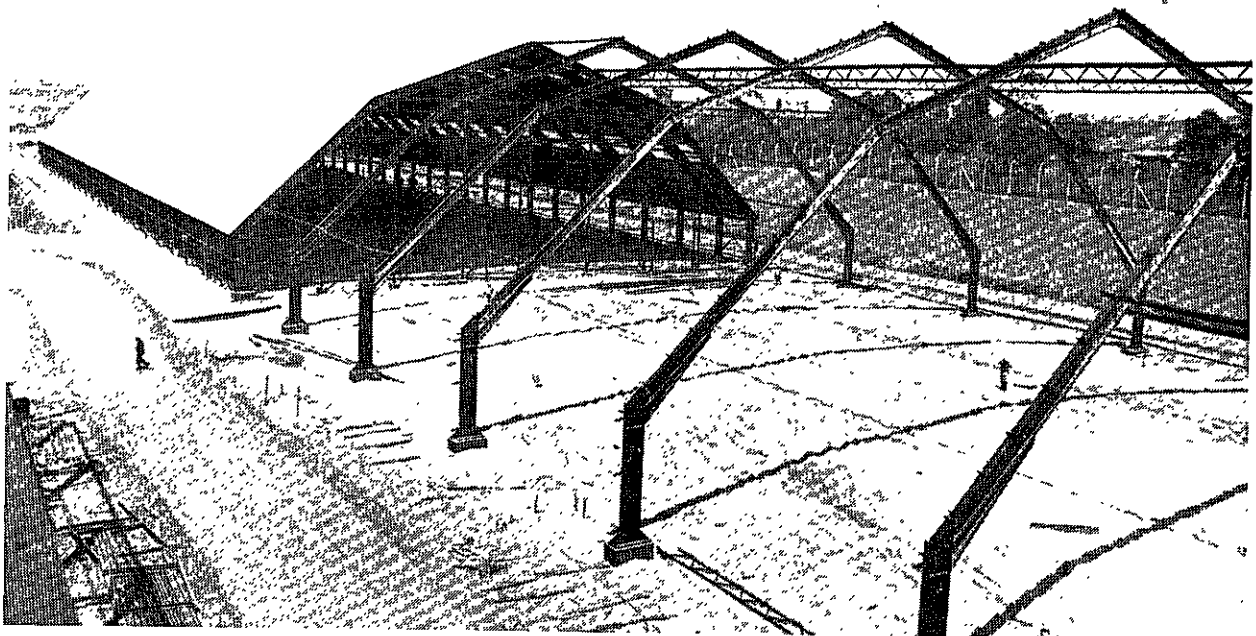
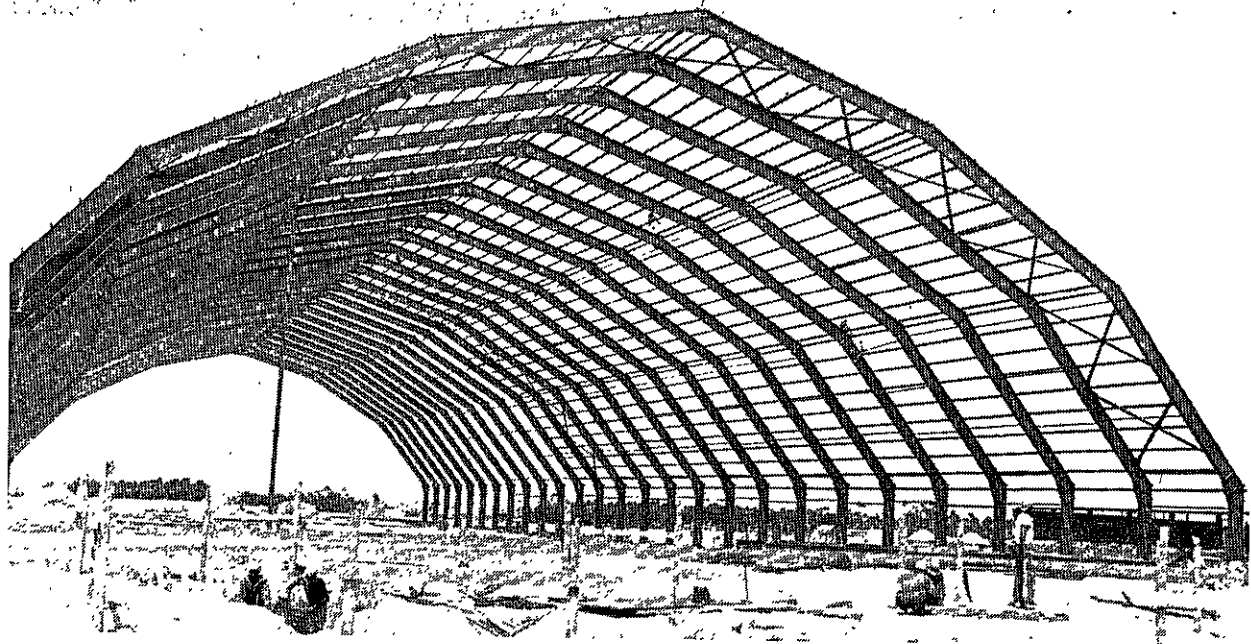
"I have no doubt that in future more and more mining work will be put out to contract because of the increasingly specialised equipment demanded by modern shaft sinking methods, and because we have greater labour flexibility than the mines. They are so dependent on the migratory labour system."

At the moment, other than work in Australia, the only over-border operation being handled by RUC is a tunnelling contract at Tedzani in Malawi on the Shire River hydro-electric scheme. "We are the only people doing underground work in Malawi at the moment and with all those miners cooped up there this job is going like a bomb," adds Brink.

Other major projects on which RUC's 1 600-strong staff is busy include two major shafts for Union Corporation at Kinross (1 900 m) and Unisel in the OFS; an incline shaft on a chrome mine in the Eastern Transvaal; tunnelling work on the Tugela/Vaal scheme in the Drakensberg and on the Steenbras pump storage scheme in the Cape; and various raise-boring schemes for sinking service and other access shafts for expanding existing mines.

The diagram on this page gives some idea as to the how and the why of raise-boring methods of tackling service shafts, ore and rock passes, and ventilation ducts. In essence, raise-boring involves drilling a 300 mm wide hole from the surface to an existing side-shaft in a mine. This enables a reamer plate to be attached to the drilling rods at the bottom, and a 2 m hole is then ground out of the earth from the bottom to the top. In the main these shafts are inclined rather than vertical. Obviously, where there are no existing side-shafts to serve as an anchor for the reamer plate, this method cannot be used. But though it is very costly (nearly twice as expensive as simply blasting from bottom to top), it is far safer than that method. For blasting from bottom to top creates the risk of miners being injured by rubble falling from above. And this is an important consideration in this extremely high-risk form of contracting.





Rock Phosphate Building (top photo) Sulphur Store (lower photo)

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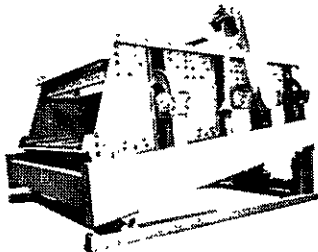
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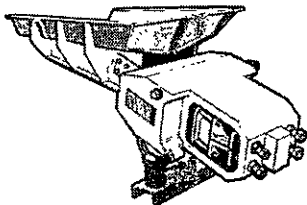
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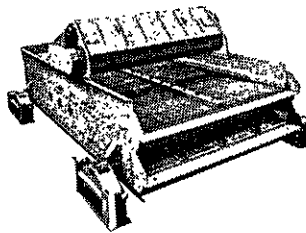


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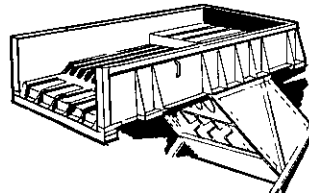
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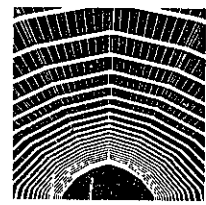
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CIVIL ENGINEERING - STILL THE MAIN SUPPORTING BEAM

Civil work was the raison d'être behind the formation of Roberts. It remains the driving force behind the group's forward thrust

Roberts Construction was formed in 1934 by two civil engineers, Douglas Roberts and D G Murray. Shortly afterwards Douglas Roberts, who headed the Transvaal-based company, was joined by another civil engineer, his brother Andrew. Ever since that time the board of RCC has been dominated by a majority of civil engineers. Today, despite diversification, civil engineering remains the bread and butter of Roberts' business, accounting for roughly 40% of the group's work.

In fact, the first functional diversification within the company came about with the formation of Concrete Development Corporation after World War II. CDC was the forerunner of today's Construction Design & Planning (CD&P) and represented a breakthrough into civil engineering design as opposed to mere construction.

Over the years Roberts can claim many firsts in the civil engineering arena. Notable among these have been:

- The introduction of pre-stressed concrete structures to SA;
- The application of the sophisticated Prometo system of moving forms or shutters for creating the service cores (lift shafts) of high-rise buildings — first used on the headgear at West Driefontein mine;
- The introduction of concrete mine headgears to SA and the UK, the Margaret shaft at Stilfontein being the first;
- Being the first construction company to introduce tower cranes — now such a familiar part of the SA urban skyline.

At the moment, RCC Engineering (Tvl) is operating in four broad areas: Northern Transvaal, primarily at Phalaborwa and Tzaneen; Eastern Transvaal (Witbank and Steelpoort); the Vaal Triangle; and around Pretoria. Of course, work is also in hand elsewhere but the concentration of work in these particular regions merits the attention of a full-time senior contracts manager in each. The same applies in Natal at Richards Bay and in the Newcastle/Vryheid area; and in the OFS at Welkom and Bloemfontein.

The major civil works being carried out or already completed in Richards

Bay by RCC Natal are outlined in some detail elsewhere in this *Survey*, but some of the projects (past and present) in the Transvaal include:

- Civil work on the Safari I atomic reactor at Pelindaba;
- Six major extensions to the Foskor plant at Phalaborwa;
- Civil work on Bosveld Kunsmis' phosphoric acid plant, also at Phalaborwa;
- Numerous road and rail bridges in the Tzaneen area, including the twin Sybrand and Marietjie van Niekerk road bridges;
- The cooling tower at Grootvlei power station;
- The coal preparation plant at Van Dyk's Drift mine; and
- The outfall sewer for Johannesburg Municipality to the north of the city.

Perhaps the most notable is the new double-carriageway (N1) being done in conjunction with M&R Roads & Earthworks between Pienaar's River and Warmbaths.

In the Free State, most of RCC OFS's civil work revolves around the gold mines.

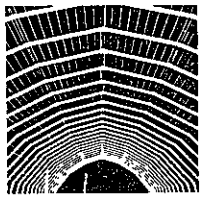
When it comes to roadworks, the various RCC engineering companies or divisions usually tender for work in conjunction with M&R Roads & Earthworks — the preponderance or otherwise of bridges or concrete structures to actual roadwork determining in whose name the tender bid is made.

Of the graduates that RCC employs, by far the largest proportion, 53%, are civil engineers, and because civil engineering is even more labour intensive, and involves far less sub-contracting, than building, the great bulk (51%) of RCC's 35 000-strong labour force is tied to the civil side.

Of course, one problem Roberts faces is finding graduates who are prepared to move around a lot. For a high degree of mobility is an occupational hazard that all civil engineers have to accept. Bramwell himself kicked off with Roberts in 1952 down at Klerksdorp. Since then he has spent time in Durban, as well as elsewhere in the Transvaal and Natal, before coming home to a roost in Johannesburg as MD.



Pioneered by Roberts . . . concrete mine headquarters



ROBERTS ON THE BUILD-UP

Today's high-rise giants have made a science of the building trade. Roberts has led the way in implementing new thinking

Ten years ago the build-up of infrastructure in South Africa revolved mainly around civil engineering projects. But with the advent of skyscrapers like the Standard Bank Centre, Trust Bank Centre and Carlton Centre in Johannesburg (the latter two, incidentally, both Roberts' jobs), the building discipline has really come into its own.

Today, Roberts Construction (Building) Tvl is looking to a turnover of about 17% of group total in the '75/'76 financial year. Total turnover of RCC Natal is about 13% and that of RCC OFS roughly 4,5%, but as the building entities of these companies are still in the form of in-company divisions, an accurate breakdown of work as between civil engineering and building is more difficult to assess. Suffice it to say that conventional building work (as opposed to industrialised building) accounts for

about a quarter of Roberts' total turnover each year.

To give a brief idea of the dominant position which Roberts holds in the building sphere, some of the major contracts recently completed or still building include:

- The new SABC headquarters and TV complex at Auckland Park (RC Building Tvl);
- Rand Afrikaanse Universiteit laboratories (RC Building Tvl);
- Civic Centre, Johannesburg (RC Building Tvl);
- Cabin Services Building, Jan Smuts (RC Building Tvl);
- Perskor printing works, Doornfontein (RC Building & Eng. Tvl);
- Daily news Building, Durban (RCC Natal);
- Shell House, Durban (RCC Natal);
- Amanzimtoti flat complex on the

South Coast for Sanlam (RCC Natal);

- Holiday Inn, Maseru (RCC OFS);
- Holiday Inn, Gaborone (RCC OFS).

Interestingly, RCC OFS moved out of its traditional province to build the Gaborone Holiday Inn at the specific request of David Lewis who had been most impressed by the work done by the company on the Holiday Inn at Maseru.

As far as building and construction techniques are concerned, Roberts has long been an innovator. Though it may seem old hat today, Roberts introduced to South Africa the concept of building the lift core of a high-rise building first, so that lower floors can be occupied before the building is completed and so that materials can be carried by lift to service construction on the upper levels.

The new Perskor printing works is another ingenious bit of building in that it is being constructed around and above the existing works without disrupting Perskor's day-to-day operations. Yet another noteworthy structure is the new building for the Daily News in Durban. This is being built on the suspended cantilever system employed initially on the Standard Bank Centre in Johannesburg.

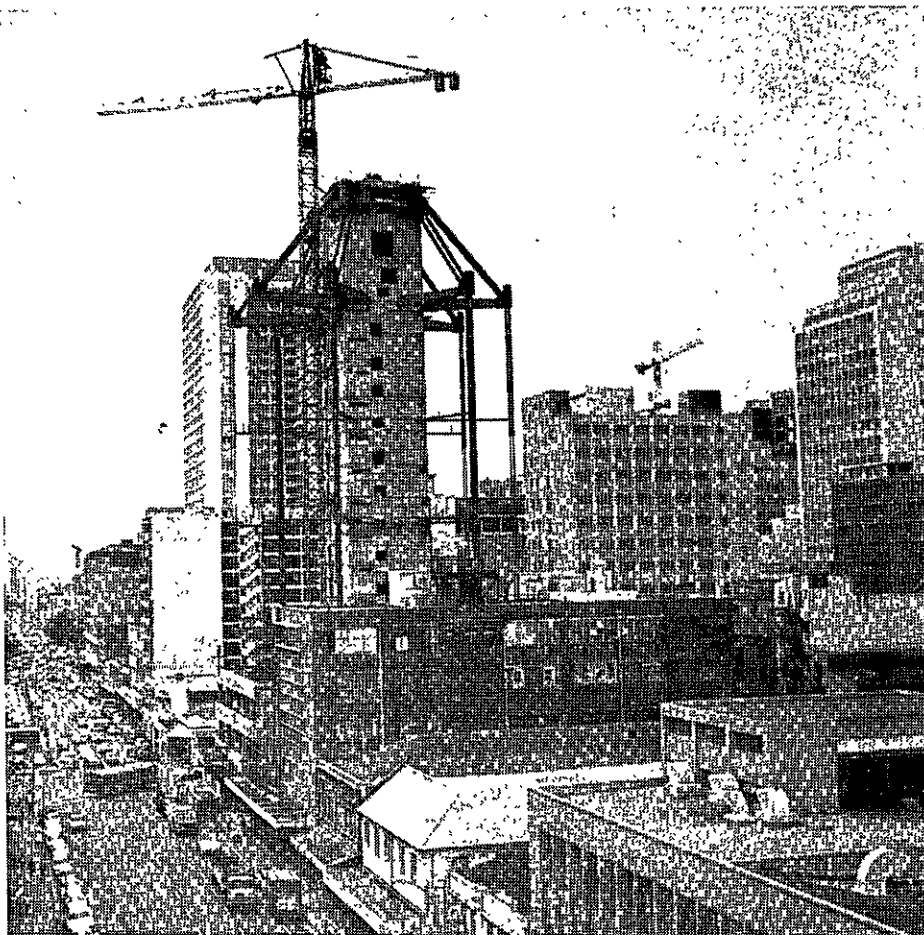
Of building generally, Transvaal Building executive director Terry Pears says: "A couple of years ago I went to the Stanford University School of Business and learnt three important lessons.

"Firstly, company image is extremely important even in the building sphere. That's why we are now on a drive to tidy up our public face by not tearing up pavements and that sort of thing when working in city centres.

"I also learnt that in the US even service organisations go in for mildly aggressive marketing techniques. That's one of our problems in SA. People are so hazy about what we do." As RCC Building marketing manager Bryan Hossak puts it: "What we have to do is sell the people who work for us."

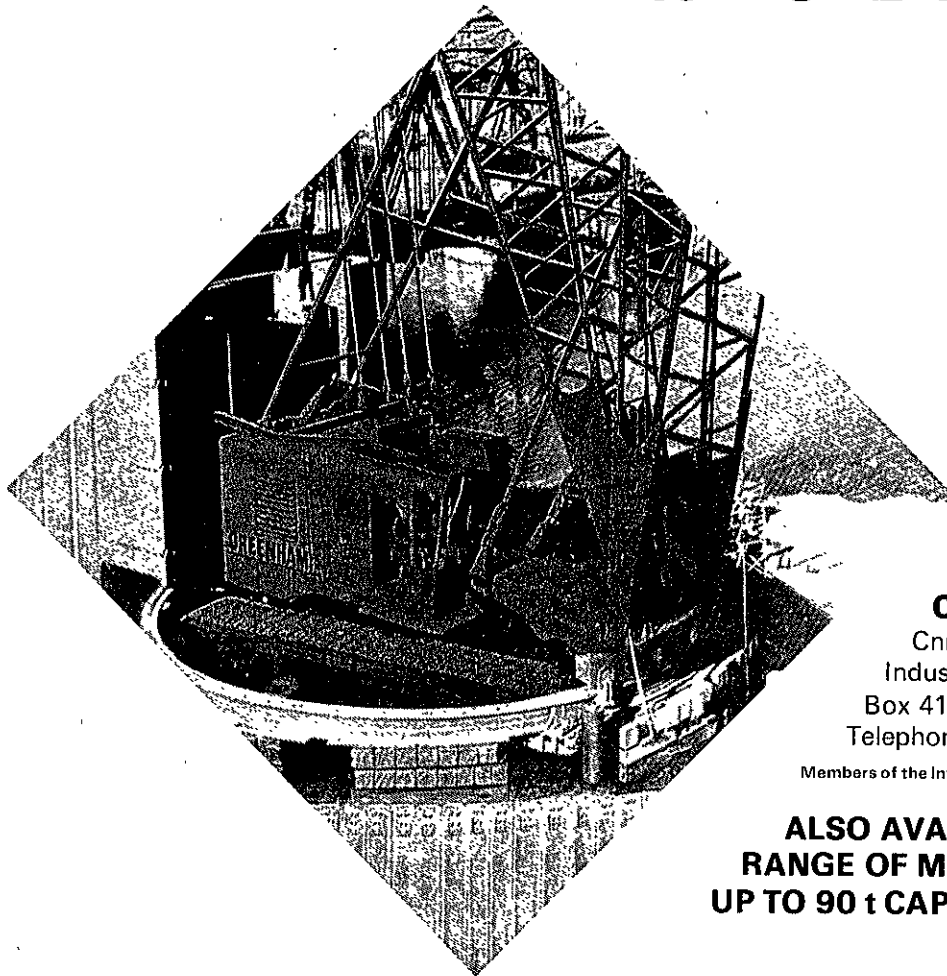
The third lesson Pears learnt was that not enough use was being made of young graduates in Roberts' Transvaal building arm. "You simply have to have graduate material on site when you are working on big projects. We have about 40 chaps with BSc degrees in building and the like and we have since been systematically developing them," he says.

One result has been that a 27-year-old building science graduate, Frank Wright,



The new Daily News building being built by Roberts in Durban

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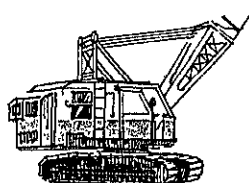
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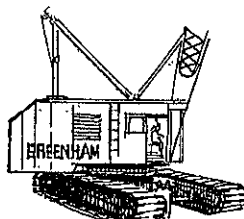
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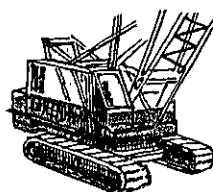
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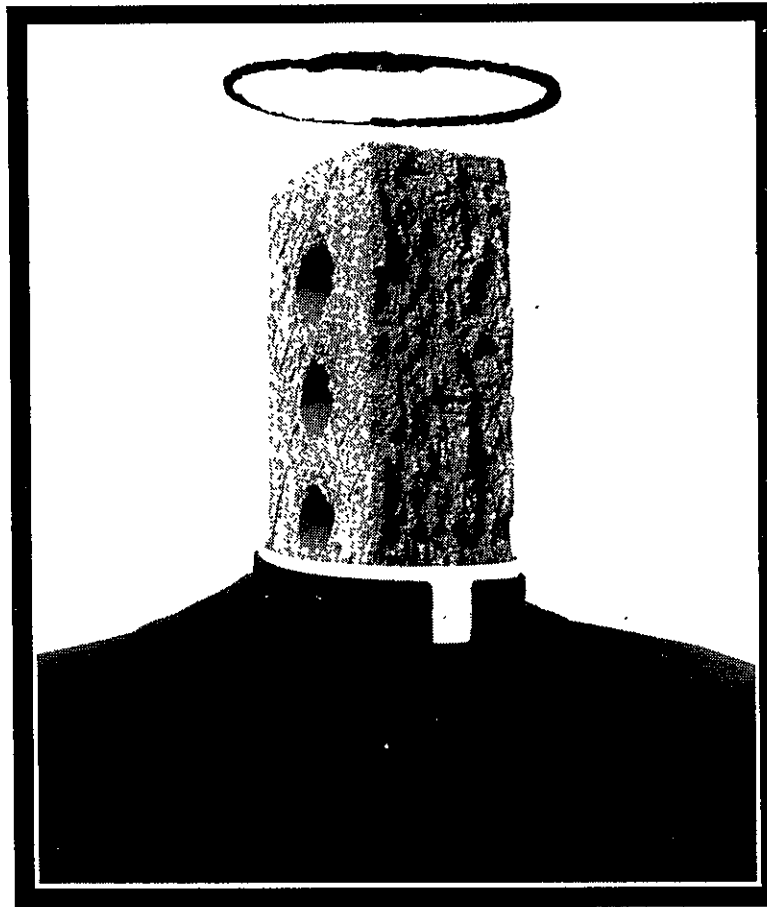
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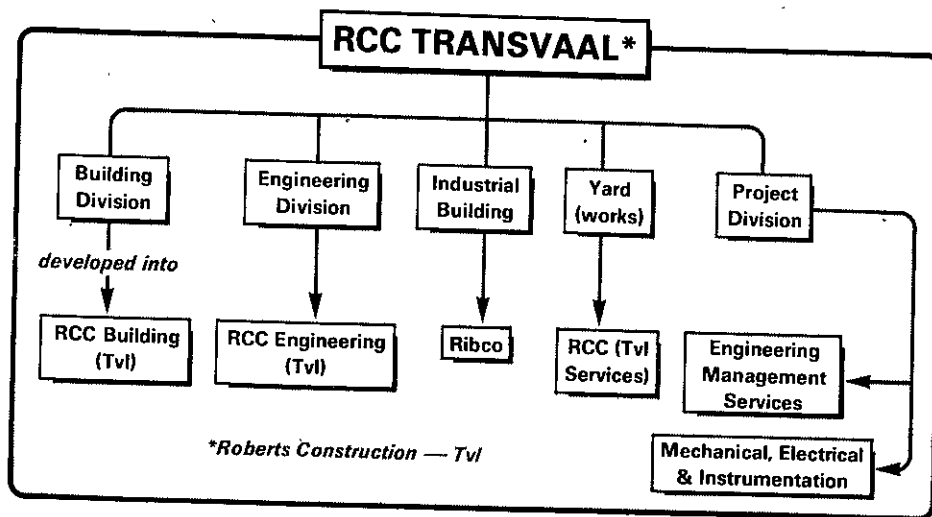
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was put in overall charge of the SABC complex while another 27-year-old, Jimmy Henrey, is now looking after construction of Roberts' own new headquarters at Bedfordview near Johannesburg.

While obviously there are problems which confront the building industry right across the country, it is interesting to note that there are certain physical bugbears which are peculiar to certain areas. For example, as RCC Natal MD

Leo Fish points out: "You have to be extremely careful in building any weighty structure in Durban. Once upon a time there were any number of streams which flowed on the surface into Durban Bay. Those streams are still there but they are all underground now.

"That means you have to put down piles to secure your buildings on a solid foundation. On the Motor Assemblies plant at Prospecton we had to put down piles to 50 m."

Another problem in Natal is corrosion. "You cannot sit on big stocks of steel for too long otherwise you lose a lot of it," comments Fish. On the engineering side, this is why Roberts is now experimenting with concrete power pylons instead of steel structures at Richards Bay.

On a more general level, builders countrywide are, of course, facing quite a fall-off in business in these recessionary times.

"As a result," says Pears, "bidding gets more and more competitive among the smaller companies that haven't diversified. That, in turn, increases the risk of insolvencies while work is in progress. And nothing is more inflationary than having to pick up the broken bits half way through a contract.

"I realise all this sounds like a plug for the big contractors like us, but it is not a case of 'Big Bad Roberts' trying to hog all the business. I firmly believe that, providing it remains competitive and efficient, the big company is in the public interest. That's why I feel selected contractors should be asked to make bids to avoid the possibility of those inflationary insolvencies and to cut down on the cost of all those tender bids — which invariably get passed on by the contractor to someone along the line."

FRANK WRIGHT — *it's loyalty that counts*

If enthusiasm is any criterion for success, Frank Wright (32), manager for RCC Building Company in the northern Transvaal, is way out in front. He proudly calls himself a dyed-in-the-wool Roberts man and lights up with dedication when extolling the group's virtues.

He joined Roberts in 1961 straight from school as a trainee quantity surveyor: "The construction industry appealed to me. I like to think I'm a creative person, although not in the artistic sense."

After 18 months with Roberts he did his army stint and then rejoined the company. The potential was clearly there and Roberts sent him to Wits to do a four-year building degree course. He graduated in 1968, winning the National Development Fund for the Building Industry's medal as the best student of the year.

The day after he finished his exams, he started on the

SABC headquarters site at Auckland Park. After one year he was appointed assistant projects manager. "It was a tremendous challenge at 26 — far beyond my years and experience. The project embraced all the disciplines one would encounter in the industry and I learned more than I ever did at university. The construction industry was going through a boom and I was tossed into the deep end. I had to learn or sink. As a career grounding it was unique."

Very much a pragmatist, Wright lists as his first priority: "Making profits. Instilling profit consciousness in employees, and learning to spend company money as if one was in business for oneself. And I believe I am part of the company. I identify fully with it." Not surprisingly he lists "loyalty" as an essential quality. In motivating employees, half the battle is developing loyalty and a



sense of belonging."

He believes firmly that the future of the construction and building industry depends on meaningful participation by Blacks: "As a matter of absolute priority we must become more involved with the Black man — encourage his participation in this industry, get to

know him, develop his loyalty and train him in the necessary skills."

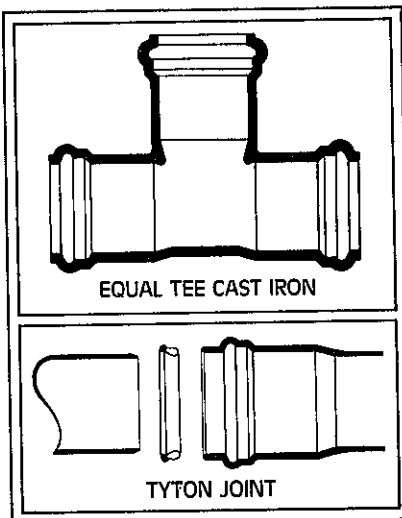
Wright attended a general management programme at the Administrative Staff College at Henley-on-Thames in 1975. "I came back a better person for it," he says simply. "It gave me the opportunity in mid-career to look at myself and assess where I'm going."

The psychometric tests revealed that Wright, a soft spoken seemingly gentle man, is actually "an aggressive extrovert" with considerable leadership qualities. He doesn't agree with the "aggressive extrovert" assessment: "I could never trample over people to get anywhere."

Where does he see himself going? Staying with Roberts Construction for one. "This company is so conscious of the need to develop young individuals providing they show that they want to get on. It inspires you."

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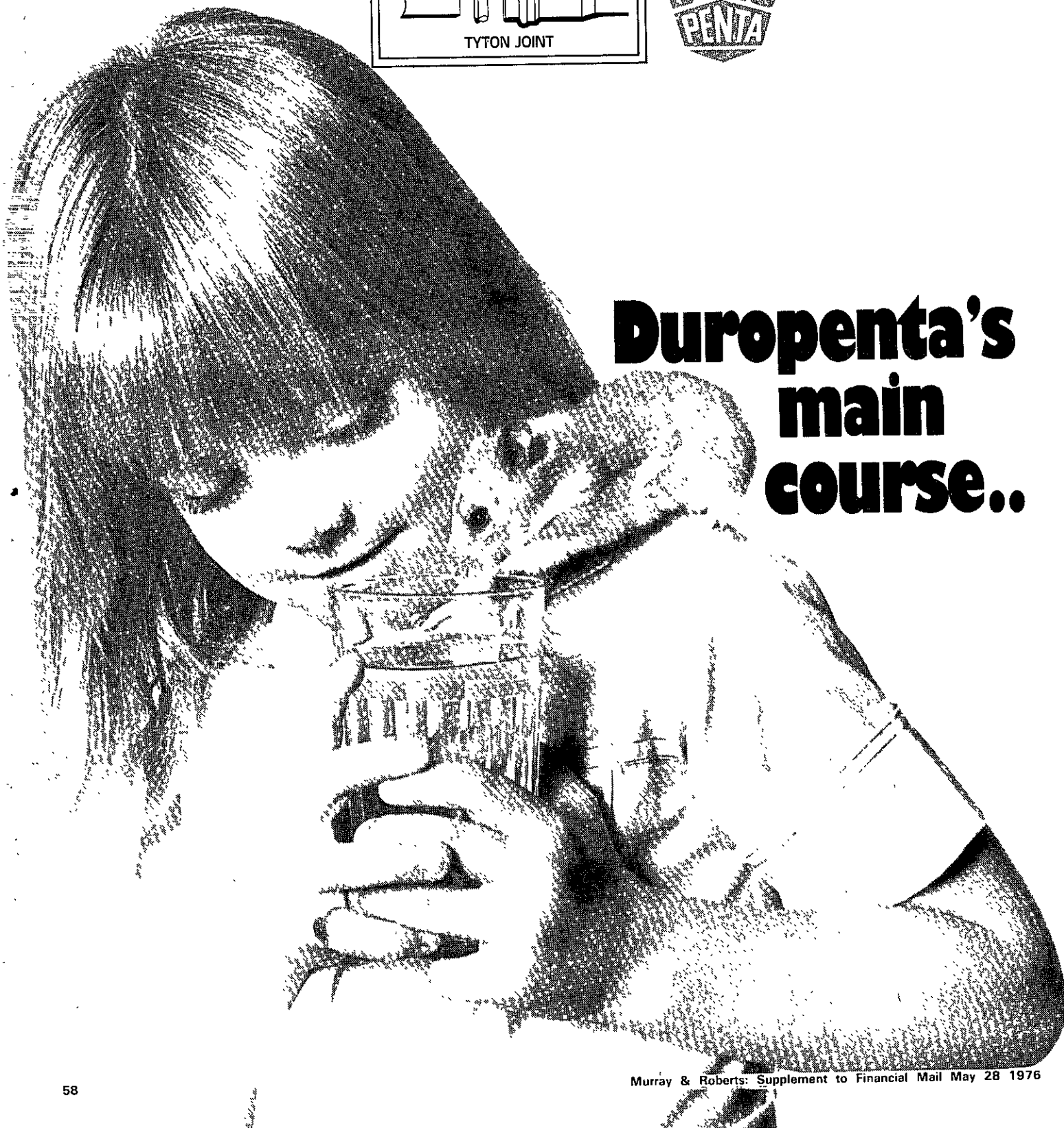
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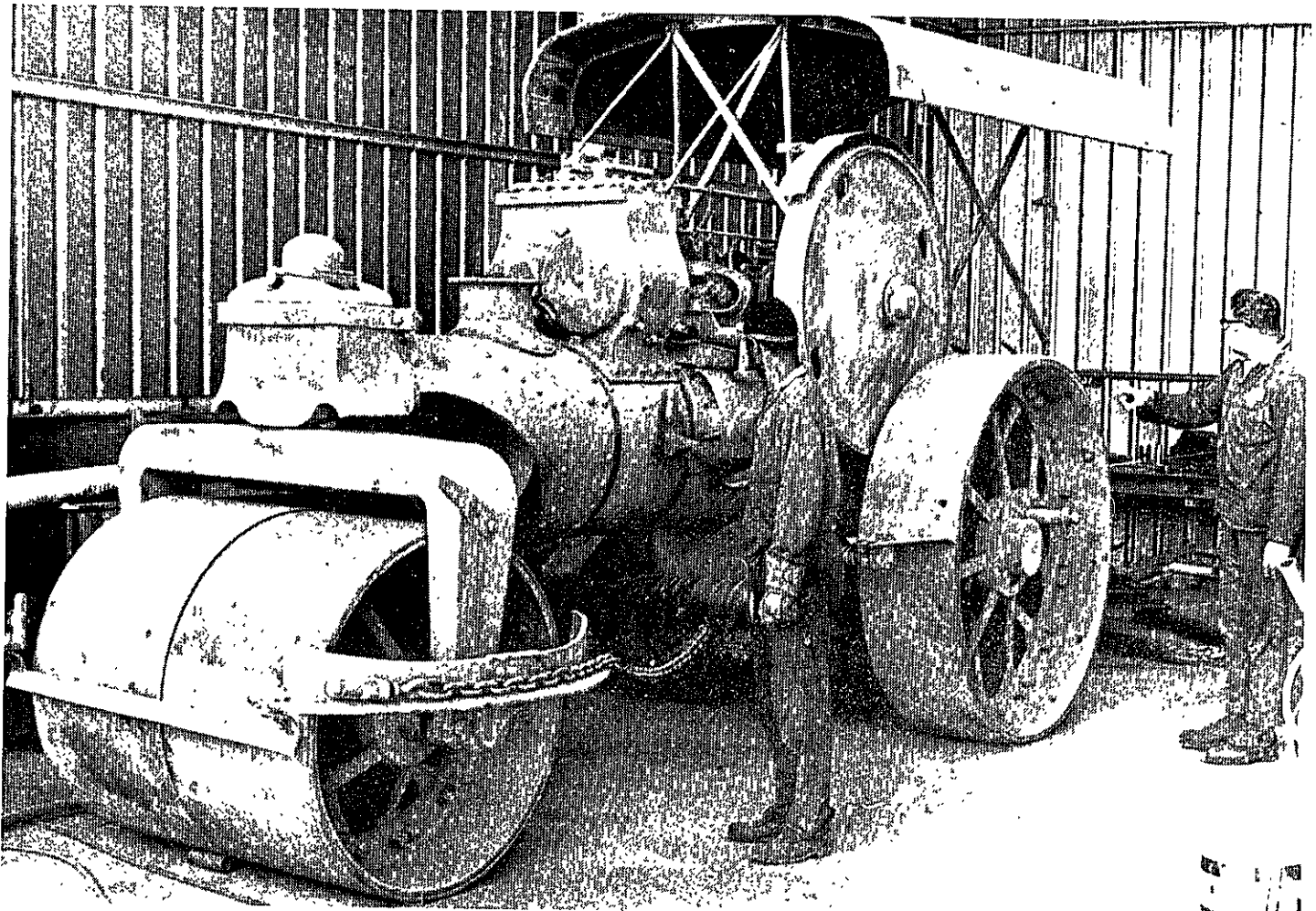
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This relic of Wolton Gray days, a 1929 steamroller, is now being restored by M&R R&E. It was built in Leeds by John Fowler & Co



OF ROADS AND EARTHWORKS

Murray & Roberts Roads & Earthworks has a long and checkered history. But the present and future certainly look bright enough

The origins of Murray & Roberts Roads & Earthworks go right back to the early Thirties when Wolton Gray, who is said to have had a fantastic command of construction language, appeared on the South African scene with an agency to sell Fowler steam rollers.

He soon got out of the selling business and formed a company called Fowler Tar which was later bought by Iscor. Then, in 1934, he set up shop once again with Wolton Gray (Pty). This company began life with a capital of £5 000 and was the forerunner of Murray & Roberts R&E. Wolton Gray concerned itself mainly with building roads on gold mines, such as Geduld and Van Ryn.

Shortly after World War II, Wolton Gray sold the company and in time a South African investment corporation, Gemsbok, acquired it. A British contract-

ing company, W & C French, took an interest at the invitation of Gemsbok — more to manage than to contribute finance. So at this juncture the company became French & Wolton Gray. French brought in Jim Hollingshead as MD and in 1953 the company was again re-named, this time French & Hollingshead.

Even at this point in its history, French & Hollingshead was experiencing chronic cash flow problems. The current MD of M&R R&E, Ronnie McLennan, who joined up in 1952, recalls that the first item on the agenda of weekly progress meetings was always cash — of which there was very little.

Eventually, in mid-1956, French & Hollingshead was put under judicial management and six months later Roberts guaranteed creditors 12/6d in the £1 which was paid back over the

following five years from profits earned. The name was changed yet again to Roberts Construction Earthworks & Foundations and the purchase was aimed primarily at broadening Roberts' whole project capability.

When Roberts and Murray & Stewart merged in 1967, Roberts Construction Earthworks & Foundations and Murray & Stewart Roads & Earthworks were combined to form M&R R&E.

Today R&E boasts a turnover of roughly 9% of overall group performance and contributes substantially to overall Roberts' profits. The company employs over 5 000 people of whom about 500 are at the supervisory level. In addition, it owns plant and machinery valued at between R10m and R15m (replacement cost).

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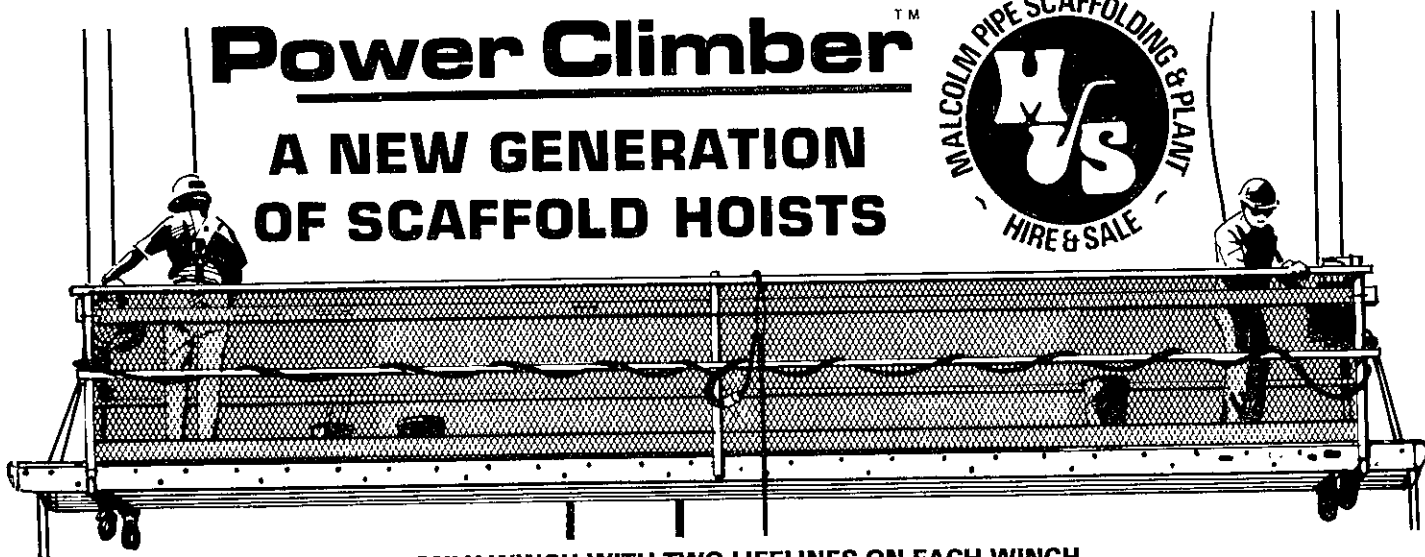
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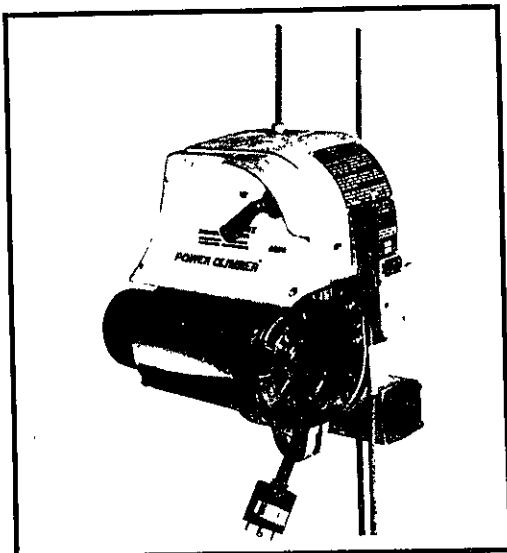


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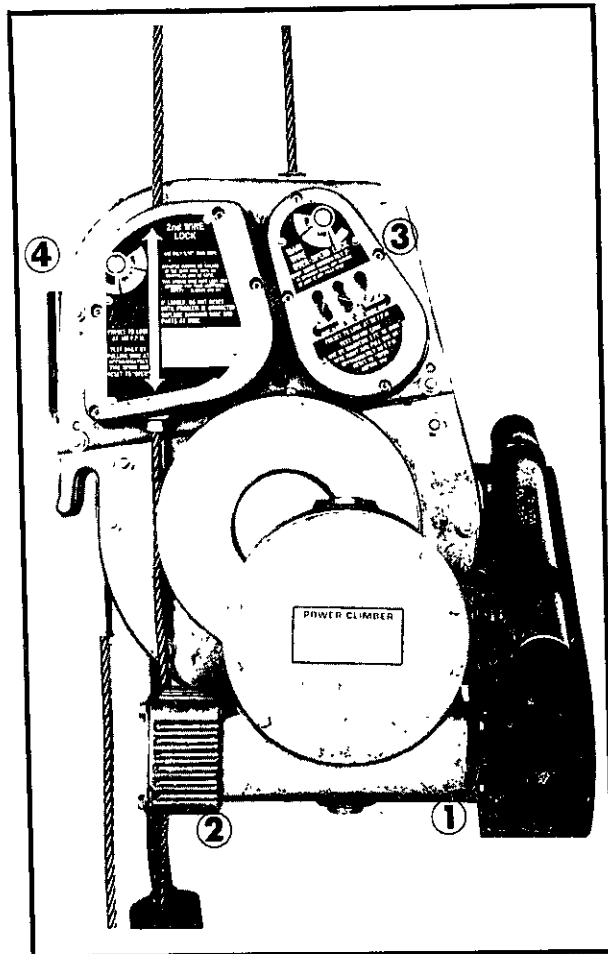
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BORN OF GOLD

Roberts Construction Orange Free State was spawned just after World War II by the opening of the Free State gold fields. And its fortunes have been closely intertwined with those of gold ever since. In fact, according to Roberts executive director Ted Gooch (who is responsible for co-ordinating RCC OFS, RCC Natal and Murray & Roberts Roads & Earthworks at head office level), at least 70% of the company's work over the years has revolved around mining — including the design and construction of head-gears, winder houses, electrical switch-yards, housing and recreation clubs.

Even the company's original head office was at Union Corporation's St Helena mine before being moved to Welkom. Today Roberts OFS still operates out of Welkom though management moved to Bloemfontein in 1968.

But RCC OFS has managed to pick up useful work outside the mines — building two hotels at Maseru (including the Holiday Inn), various flat developments, bridges, roads and grain silos together with substantial civil works on the P K Le Roux and Hendrik Verwoerd dams in the Northern Cape. This, incidentally, is one of the few Roberts forays into the Cape which is normally the preserve of Murray & Stewart as far as the wider

M&R group is concerned.

Reliance on gold has meant that RCC OFS has been forced to adapt a very flexible approach to civil engineering and building so as not to be caught with its pants down when mining expansion falters in the face of a falling gold price. There have been years when mining work has accounted for as much as 90% of the company's work and others when it's been as low as 10%.

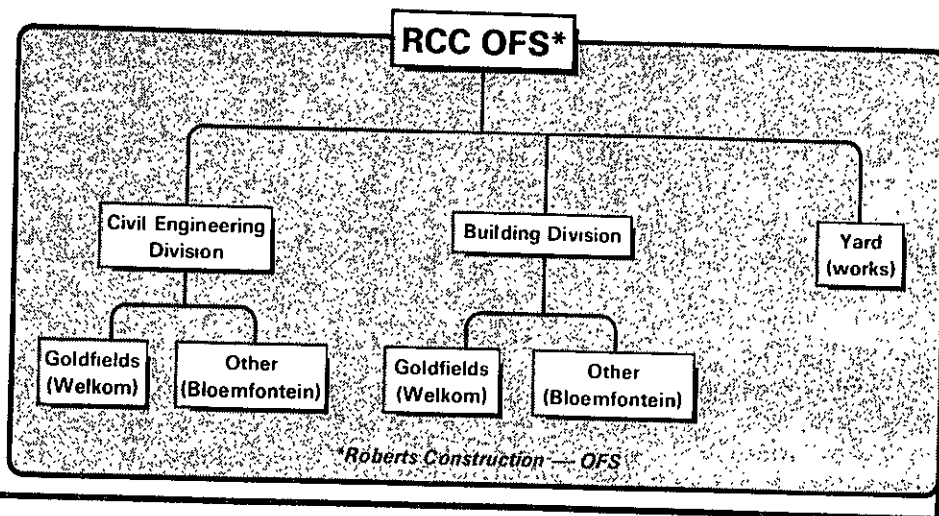
At one time RCC OFS was the company which looked after all Roberts mining work, including a shaft sinking contract for the Cerro Cor-

poration of Peru 5 000 m up in the Andes.

Under MD Jeff Walton (initially away tackling the Cape-to-Rio on his yacht *Aurora* when this *Survey* was being compiled — "And if he hits a whale you can be sure it was he who started the argument," Gooch)*, turnover at RCC OFS is likely to be around 4,5% of group performance in the current financial year.

"We were hoping for R22m," says Gooch, "but the fall-off in gold price is going to cause some cutbacks on expansion which will affect us." So the old gold link is still as strong as ever.

**He finished 39th and lost 7 kg.*



Keeping the plant and equipment working is the problem

works, R&E has moved into other disciplines such as railway track and plate laying, reticulation in townships (mainly in the Homelands) and pipe laying. "In fact, we do almost anything that involves the use of heavy construction equipment," says McLennan.

Ronnie McLennan himself deserves special mention. Very much a call-a-spade-a-spade man, he is obviously a doer and no airy-fairy planner. Born in Estcourt, Natal, his father was initially a district roads engineer in the Natal Provincial Administration before becoming chief engineer of Natal roads. Ronnie graduated at Wits and worked for the Transvaal Roads Department before moving to French & Hollingshead as a roads engineer writing specifications. So he has really got tar in his veins.

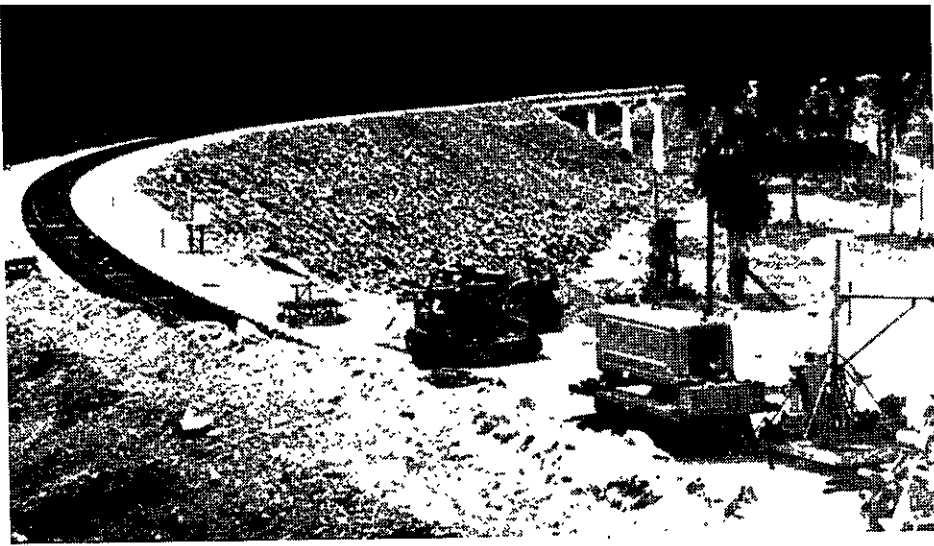
R&E is a peculiarly interesting company in the Roberts context in that it has no territorial limitations on its operations. Most Roberts' contracting companies work only in the Transvaal, Natal and the OFS, leaving the Cape and SWA to Murray & Stewart. The reason for this is, no doubt, that R&E is the offspring of both arms of Murray & Roberts even though it falls under Roberts' wing today.

Like RUC, R&E has also done its bit towards putting Roberts on the international map. Foreign ventures include railway platelaying for 240 km of line from Townsville to Greenvale in NE Australia, a R10m land reclamation scheme for the creation of sugar cane lands in low-lying areas of Mocambique, and the building of a railway line in Malawi from Balaka to link up at the border with the Mocambique line to Nacala. Designs have also been drawn up for another railway in Malawi from Lilongwe to the Zambian border.

Among the more notable achievements of R&E (or its predecessors) have been the construction of:

- Van Reenen's Pass;
- All runways at Jan Smuts Airport — including a complete re-surfacing and strengthening contract to enable Jumbo jets to land there;
- The marshalling yard at Sishen together with earthworks for 170 km of line to the Orange River; and
- The new main road (N1) from Winburg to Bloemfontein in the OFS.

Another major contract on hand at the moment is the new R16m double carriage-way from Pienaarsrivier to Warm-



On the Townsville to Greenvale railway in Australia where R&E did the platelaying work

baths north of Pretoria.

R&E is even more plant intensive than most other Roberts entities and has a substantial investment in construction and earthmoving equipment. Interestingly, it led the field in South Africa in cutting down on plant to 66%-75% of average turnover requirements. "This," says McLennan, "is so that we don't have plant standing idle during off-peak periods. When business hots up, we hire additional equipment to meet our needs. Most other contractors are now following the same pattern.

"In fact, it is this trend which has virtually given birth to the plant hire

industry in South Africa."

With, for example, motor scrapers having risen in price from R120 000 to R220 000 in two and a half years, it is not difficult to see the rationale. "But," as Ronnie McLennan points out, "it has had a somewhat unfortunate effect on the industry in that plant hire firms proliferate, make an absolute killing in the first year or two while their equipment is still new, and then find that they have spent the money they need to maintain their equipment when it starts to show signs of wear."

McLennan feels strongly that equipment suppliers are largely to blame for

this. They sell and sell again to owner/operators who find themselves perpetually in debt to the suppliers. "I would give half the plant hire firms in the country four years from birth to burial," he says.

"You have to weigh up a little bit of obsolescence against the high present day cost of machinery," he adds.

On the labour front, McLennan tells the *FM* that virtually the entire private sector depends on Black labour as far as contracting is concerned. Next item on the agenda is to train Blacks to do maintenance and to take over foremen's positions.

"Whites don't like to be too far from the bright lights today," he says. "Pioneering work is not for them — and nearly all our work is just that. So Black labour and supervision it has to be in this day and age."

McLennan says that last year R&E showed the highest profitability as an entity in the Roberts group. "We showed both the highest return on capital and assets," he adds.

In fact, talking to Ronnie McLennan you get the distinct impression that the rest of the Roberts group can consider itself extremely fortunate to have the backing of R&E. But this seems to be a not uncommon claim from many other Roberts company MDs. All are convinced that their's is the company keeping the ship afloat.

FRITZ SCHWARZENBERGER — *benevolent autocrat*

Rotund Fritz Schwarzenberger — "everybody calls me Mr Fritz" — has spent 40 of his 62 years with Roberts Construction.

An ebullient extrovert, he emigrated from Bavaria in 1936 and started his Roberts' career as a lorry driver. "I was willing to do anything. First it was one lorry, then two lorries, then repairs and there you go."

Today he reigns supreme at the Elandsfontein yard which is the pivot round which all Roberts' construction and building activities in the Transvaal revolve. His official title is executive director of Roberts' subsidiary, RCC (Transvaal Services). He admits readily that Roberts Construction is his life.

Transvaal Services' activities include manufacturing

woodwork used in building; ordering, storing and fabricating steel and structural steel; hiring and repairing plant; transporting material and equipment to the sites; selling stores. Mr Fritz is responsible for dovetailing all these activities — no mean feat in a yard of such dimensions. "You've got to work like a computer," he beams happily. "You've got to keep the plant going; it's all got to fall in line."

He admits there's a bit of downturn in activity at the moment. "But we're not doing too badly. The biggest problem is to keep labour costs down. You can't run away with money, it doesn't grow on trees."

He still speaks with a broad German accent and his voice carries for miles: "But I don't shout as loudly



as I used to." He admits he's a "bit of a slave driver". But he won't ask anybody to do anything he won't do himself. He's on the job at 7 am and often still there at 7 pm. "I come in the middle of the night if they call me. I'm happy. The yard is humming with life."

He's a perfectionist and is planning a fantastic new yard to further improve operations. "It's ideas you must have and selecting the best people for your immediate subordinates.

This is a company of co-operation. We must give 100% satisfaction. My strength is that I've built the whole thing up over the years. It's built around me. You won't find a similar operation anywhere else."

Or another Mr Fritz.

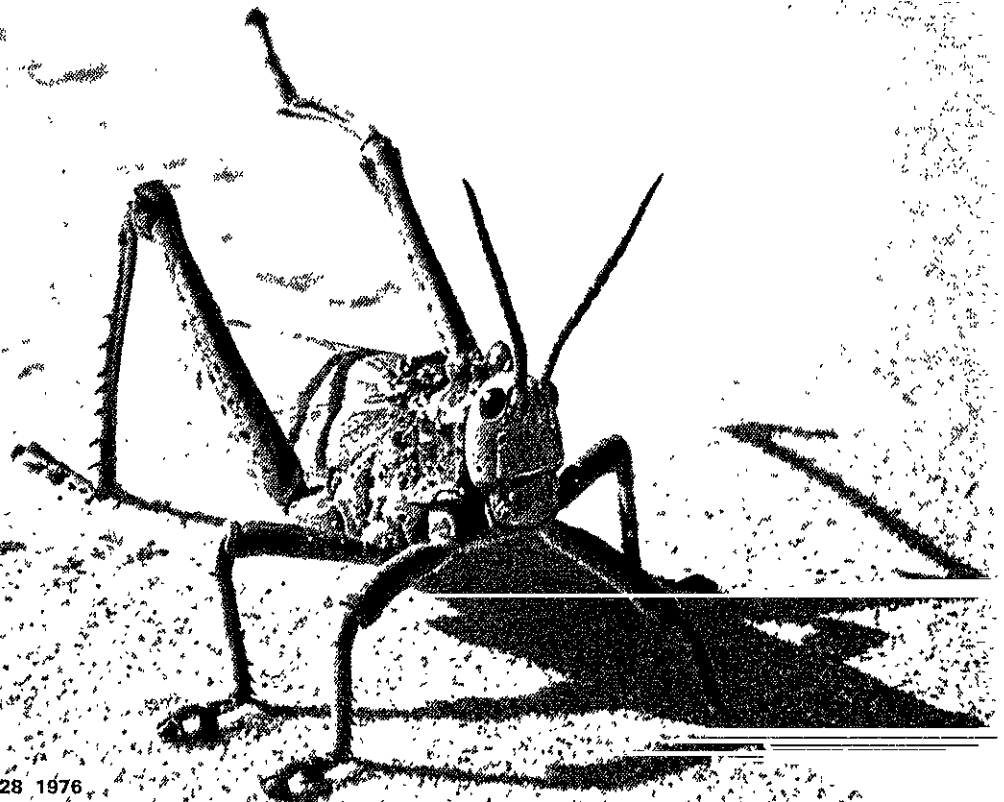
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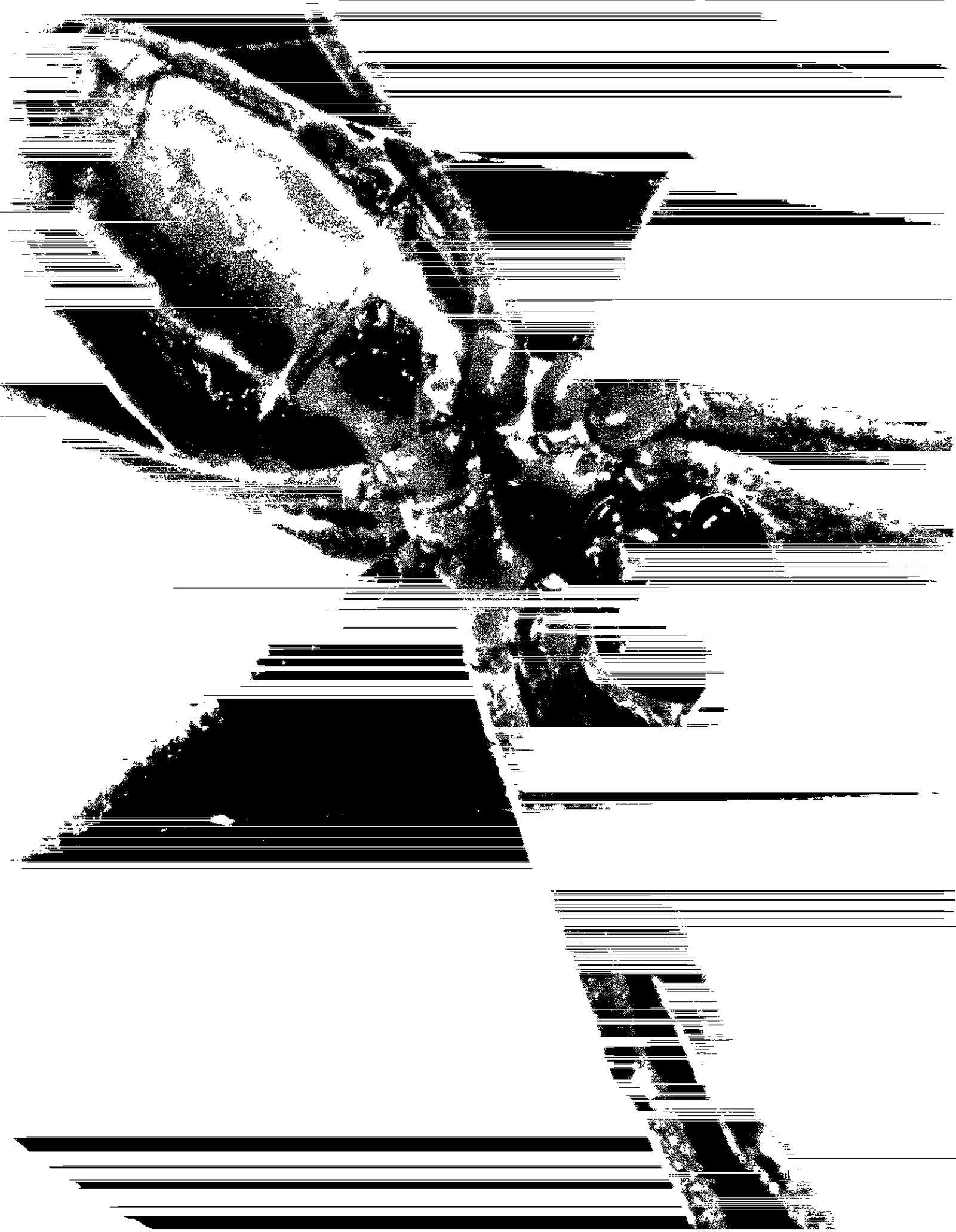
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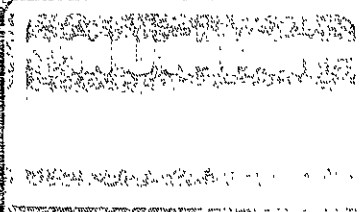
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- are one of the world's largest organisations with over 60,000 employees
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We've woven in addition a surprisingly wide range of other operations into our web.

Yes, it's not a company which has succeeded and then means that it has stopped striving, and that's wrong, isn't it?

A company which is doing its best each day is truly alive, but one that did its best yesterday, is coming to die. Certainly, why we keep on spinning.



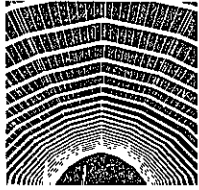
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return to us, and we look after the needs and
talents of those who work for us.

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FOR 'ME' READ 'I' AS WELL

Roberts' moves from pure civil engineering to mechanical, electrical and instrumentation work (ME&I) give the group "whole project" capability

Since the Sixties, Roberts Construction has made a determined bid to broaden its engineering base from strictly civil works to include proficiency in the mechanical, electrical and instrumentation disciplines. As described elsewhere in this *Survey*, the object has been to give the group "whole project" capability.

Originally the ME&I function was the responsibility of Roberts' Group Projects Division, which also looked after the functions of Engineering Management Services (EMS). When this division was disbanded, ME&I became an operating division of the Transvaal engineering company. Today it has its own corporate structure and operates in the three northern provinces.

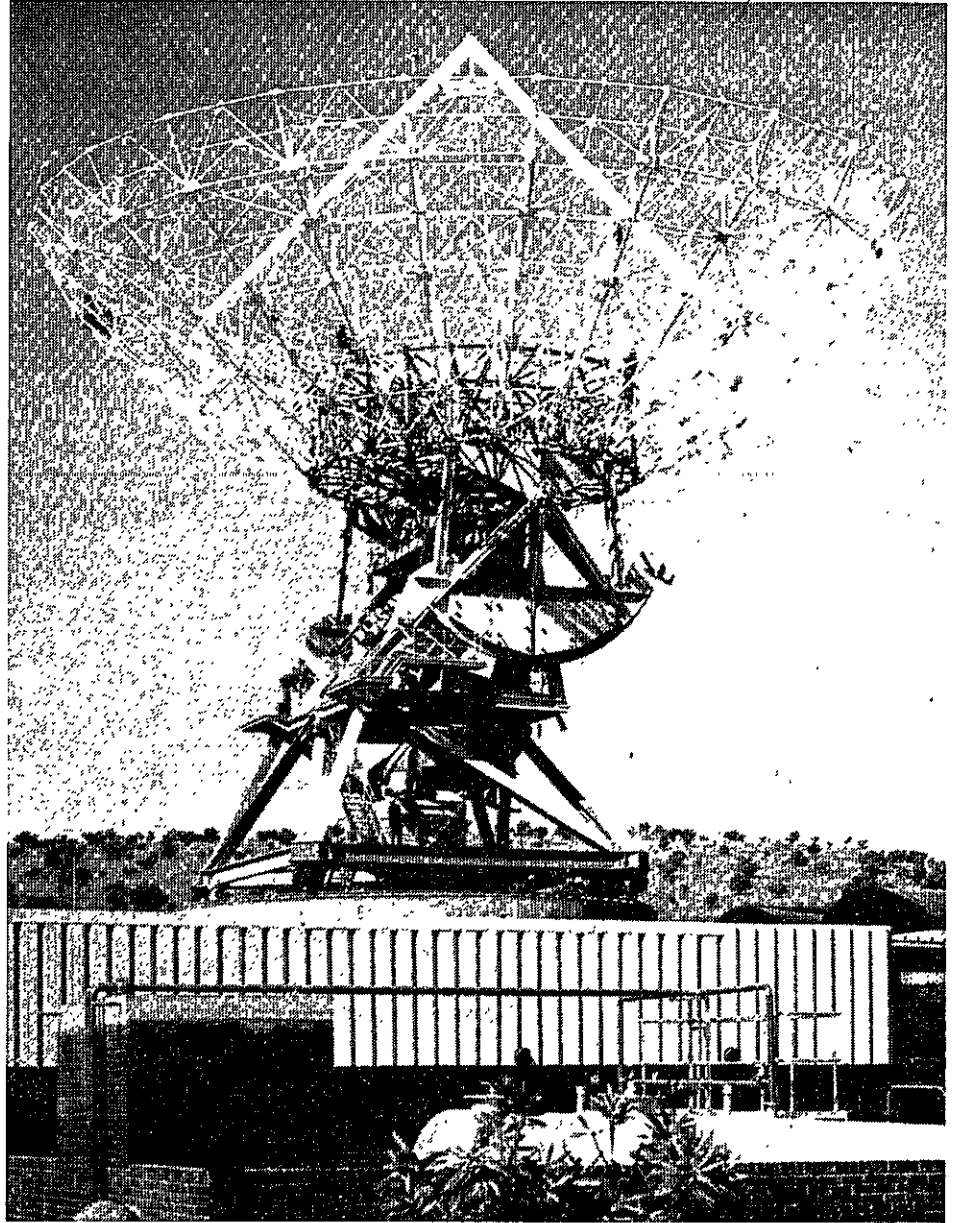
Last year RCC ME&I contributed roughly 16% of group profits — not much compared to the civil side, but significantly more than the 6% in the previous year. So it's obvious how fast this side of the business is growing.

ME&I has its own specialist team of engineers in the mechanical, instrumentation, electrical, chemical and metallurgical spheres, but relies on Construction, Design & Planning (CD&P), another company in the Roberts group, for all structural and civil design. CD&P, in fact, services the whole of the RCC group in this regard.

Actually, the Transvaal engineering company and the engineering divisions of the Natal and OFS companies do their own ME&I work on a fair scale, but where ME&I contracts start running into the R1m bracket and beyond, RCC ME&I takes over. A typical example of ME&I work being undertaken by one of the civil entities was the work done by the Transvaal engineering company on the Hartebeeshoek satellite tracking station.

The ME&I company has now developed to the stage where it has the resources and organisation to undertake projects of almost any size. Fields in which it has become involved include petro-chemical, mining, mineral and metallurgical, pulp and paper, water treatment, bulk ship loading facilities, sugar and a host of others.

More specifically, ME&I is heavily involved — along with various other Roberts companies — in the Sishen-Saldanha scheme, and was concerned in a major way with extensions to the Mobil



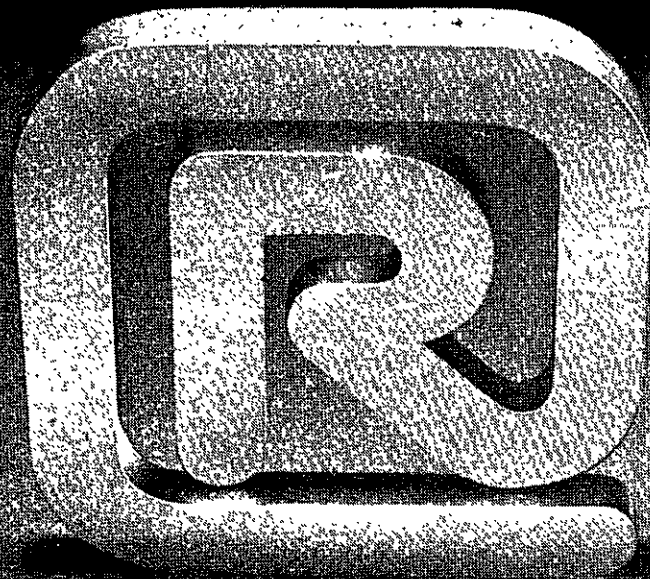
The Hartebeeshoek satellite tracking station . . . a whole project undertaken by Roberts

lube-oil refinery at Prospecton near Durban as well.

In Pretoria, ME&I was responsible for putting in over 800 km of cable when Iscor was installing its computer-controlled Universal Beam Mill. The busbar installation alone swallowed up 10 000 m of copper bar. When the time came for the first trial run of the four main 6 000

KW drive motors, some 50 000 electrical connections ranging from 33 KV to 20 volts moved smoothly into action.

There seems little doubt that in years to come Roberts' ME&I function will grow substantially to complement the civil side and to bridge the gaps between the peaks and troughs of the highly cyclical civil engineering industry.



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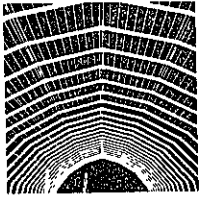
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TAKING IT ALL ON

Whole project management is now the order of the day in engineering construction. Roberts is well-equipped to implement the concept

Once upon a time, when an industrialist or mining magnate wanted a plant built, a shaft sunk or whatever, he put each and every aspect of the job out to tender and employed a large number of people himself to supervise the various sub-contractors.

This typically British *modus operandi* was taken over lock, stock and barrel by the mining houses in South Africa. But it did create problems. It's fine to have a large supervisory staff on hand while development is actually going on. But what do you do with your staff when it isn't?

That's just one problem. On top of that, advancing technology and the sheer size of many of today's construction projects have forced adoption of standard procedures and rigid disciplines. The result has been a swing towards American-style whole project management. How this capability grew in the Roberts group is described elsewhere in this *Survey*. But the entity responsible for it merits further attention. For last year Engineering Management Services (EMS) contributed 18% to group profits.

Basically whole project management involves:

- Pre-planning;
- Planning;
- Budgeting control;
- Purchasing;
- Inspection and expediting; and
- Overall supervision of construction by others.

"What is offered is a construction management service so the client only has to have a few key people keeping an eye on things while we do the rest," says EMS MD, Syd van der Walt.

Another ardent protagonist of the system is RCC Natal MD, Leo Fish, who argues that: "The whole project concept helps get planning priorities right so you can get everyone working to a common purpose, as opposed to only their particular part of the job."

EMS itself is a management company rather than a contracting company. As Syd van der Walt puts it: "To us the civil side of a project is really incidental. In a chemical plant, for example, the portion of total installed volume (TIV) in money terms of civil works is only about 15%. And it's not the raw concrete but the

actual mechanical and electrical innards of the plant that produce the goods and services."

And it is EMS's function to co-ordinate and programme the civil, mechanical and electrical aspects of a project. The company claims to be able to manage any projects from the smallest to the largest and most technically intricate.

This year, the TIV of works managed by EMS will be around R120m. Prime project under its wing at the moment is the new fertiliser export plant for Triomf at Richards Bay.

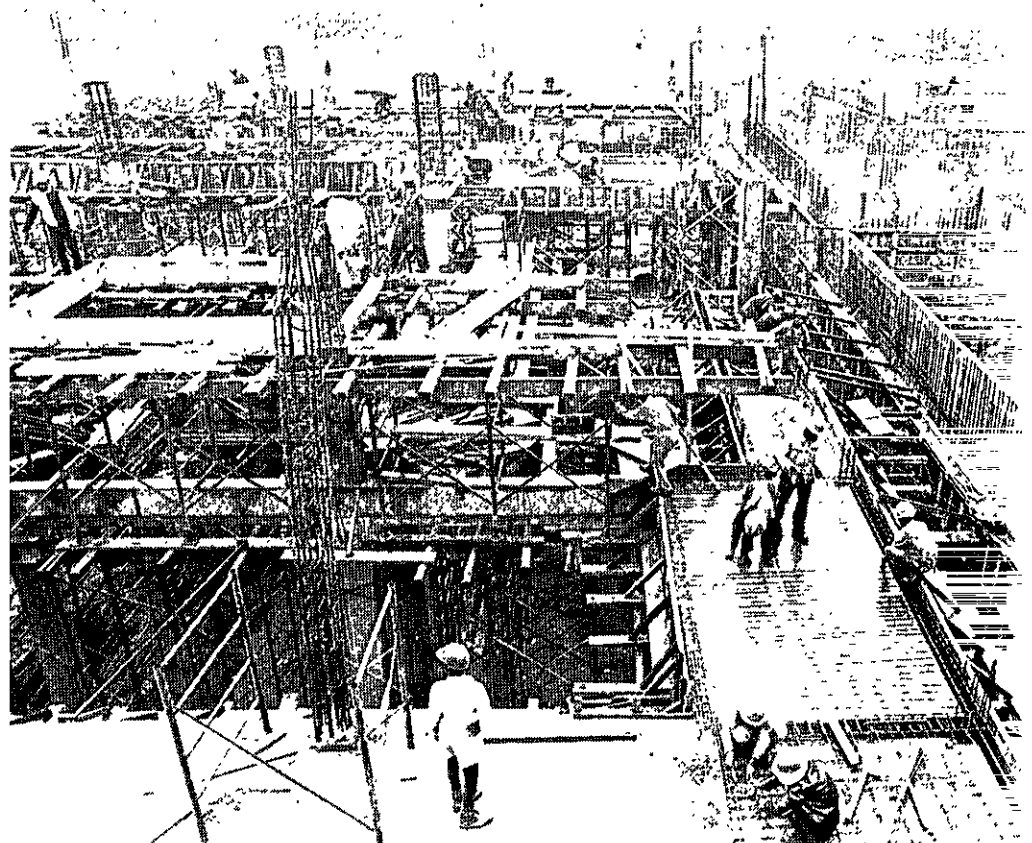
EMS also serves as the engineering design arm for the Roberts group in this particular field on RCC's foreign activities. It has, for instance, undertaken the engineering the design and procurement for a pilot copper processing plant in

Zaire. EMS operates throughout the three northern provinces and over-border.

In the US there are at least 100 to 150 companies like EMS operating in the whole project management field. Syd van der Walt tells the *FM* that EMS, in terms of TIV, would be in roughly slot number 30 if put on the US roster.

Of course, with a company like EMS managing a contract — and the sub-contractors on it — the prospect of other Roberts' contracting companies getting more favourable treatment looks like a distinct possibility.

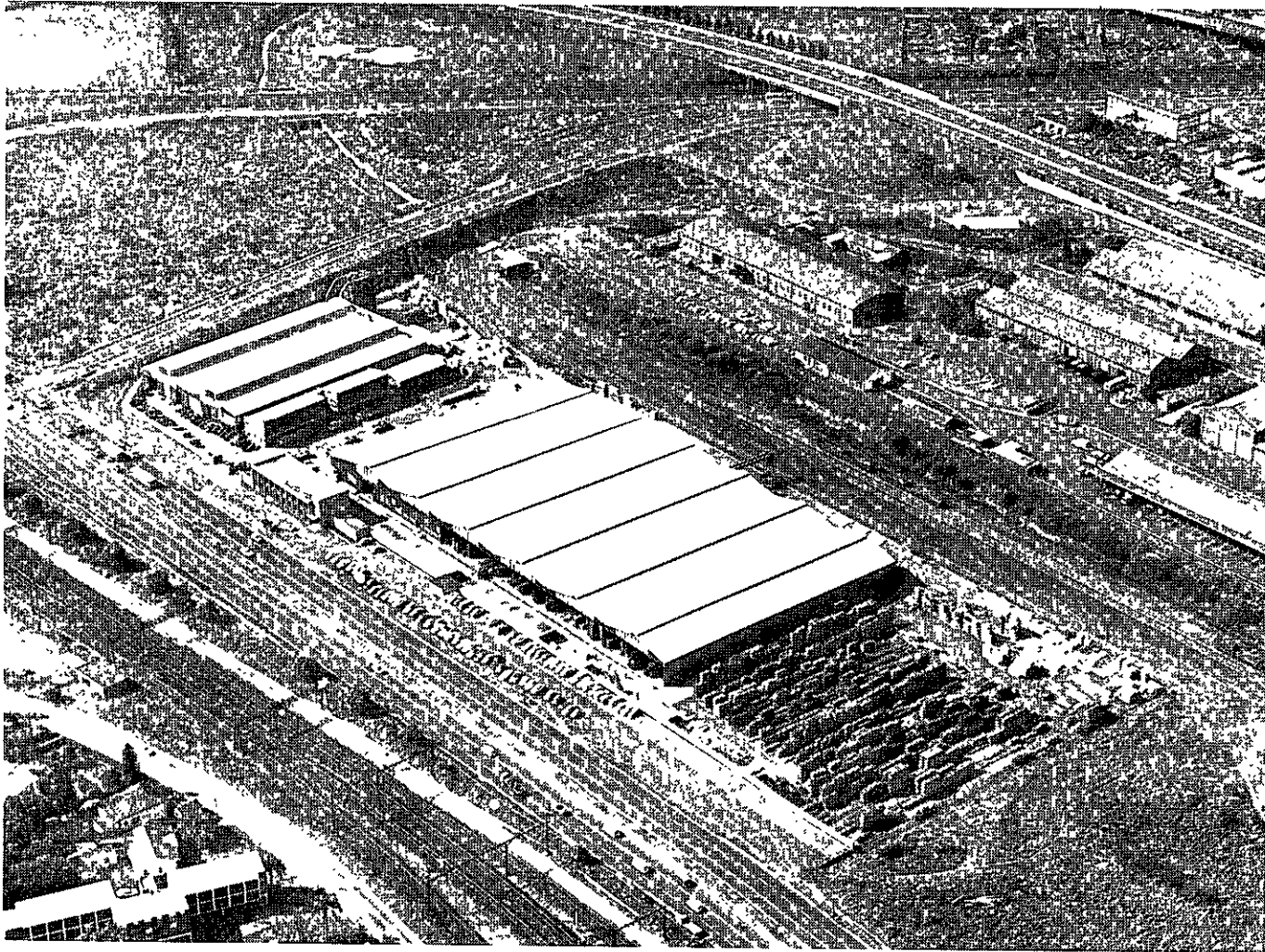
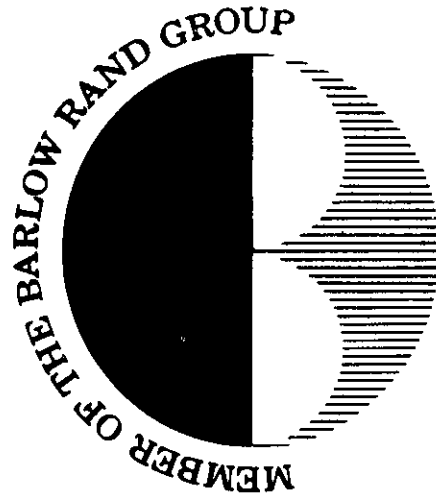
"Not so!" retorts Van der Walt: "We are completely autonomous and where we know that a Roberts company is tendering, we insist that the client open the tenders with us. We have to impose this on ourselves to survive reputation-wise."



The Triomf fertiliser plant at Richards Bay, the construction of which EMS is managing

Federated Timbers Ltd. in Natal

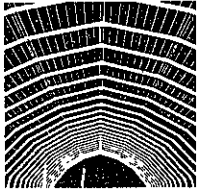
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INDUSTRIALISING AN INDUSTRIOUS INDUSTRY

Industrialised building has come a long way in South Africa. Roberts has had a lot to do with it

"We've never built a church, but we've built just about everything else from offices, flats and houses to warehouses and factories," says Dick Glanvill, who heads Roberts Industrialised Building Company (Ribco). For this type of building is yet another sphere of construction in which Roberts has paved the way in South Africa.

In a nutshell, industrialised building differs from conventional techniques in that walls, floors and other building elements are pre-cast in concrete, steel, asbestos or whatever and then assembled. There is no laying of bricks or building bit by little bit.

What, the *FM* asked Glanvill, are the advantages of industrialised building anyway. The first, it appears, is time. Dick Glanvill puts it this way: "We can design and construct a complete school in about nine months (our record, actually, is seven months and three days on a school at Witpoortje). Just to build, never mind design, a school by conventional methods takes about 21 months.

"With the cost of finance being what it is today, that saving in time is really meaningful on any building — but doubly so where we are talking about income producing structures like a block of flats or factory."

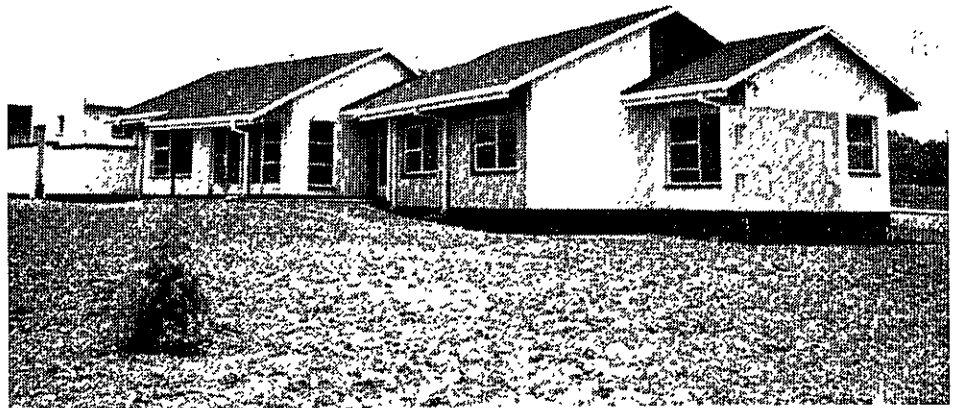
The second major advantage of industrialised building is that it enables the building operation to be de-skilled. Glanvill says, "Ribco employs about 1 800 people of whom no more than 15 are skilled artisans. This is very important when so few artisans are coming into the

trade. But I must stress that what we are doing is not cutting down on labour *per se* but on skilled labour."

As far as direct cost comparisons go between industrialised and conventional building, Glanvill says: "It is extremely difficult to make accurate assessments here. But, in general, we can build quality

numbers.

"One problem here is that government or quasi-government institutions tend to put this type of building work out to tender in 50-house lots. That means we're uneconomic on each job lot but could do the job more cheaply if only we got the whole thing."



A Ribhouse made out of pre-cast concrete walls

housing cheaper — that is, housing of the standard acceptable to SA Whites. However, when it comes to mass housing schemes for Blacks — one of our prime markets — we can build more cheaply and without compromising quality provided we can build in sufficiently large

This doesn't alter the fact that Ribco is now building 1 500 houses for the KwaZulu Development Corporation at eZakheni just outside Ladysmith. This contract was won on open tender.

"But," as Glanvill points out, "the real saving comes in cutting down construction time in the face of steadily rising building costs. So direct cost comparisons are not all that relevant anyway."

Roberts has four basic industrialised building systems — Ribwall, Ribframe, Ribhouse and what it calls System 16, a lightweight pre-fabricated building system. These all have one thing in common in that they have been designed in SA for SA.

Actually, so Glanvill tells the *FM*, one of the reasons why industrialised building has taken so long to make an impact on the SA scene is that millions of rands have been lost through trying to apply European industrialised building systems in SA.

He says: "In Europe many of the building systems involve the manufacture

Ribco

GROWING GROWTH

Roberts Industrialised Building Company has its origins in the Industrialised Building Division of Roberts which was formed in January 1967. It acquired its own corporate identity in 1969. The table below gives some idea of the company's phenomenal growth in turnover during the first half of the Seventies.

MD Dick Glanvill says Ribco will finish the 1976 financial year on a turnover representing roughly 5% of group performance.

TURNOVER GROWTH 1970=100

	Money	Real*
1970	100	100
1971	283	253
1972	350	296
1973	382	309
1974	594	425
1975	975	635
1976	1 839	1 103

*Adjusted for rises in the building cost index.

of building units in factories so that production can continue apace in wet weather. But in Europe they seldom have vast distances between factory and site. We do, so it is essential that the manufacture of building units be done on or near site. We don't have the same amount of wet weather as they do in Europe so rain is not a major problem.

"In addition, in Europe they can devise systems for a particular application, eg apartments, because there is enough business going to provide a reasonable return on capital. But in SA there's just not enough of any particular kind of work going to make highly specialised systems a feasible proposition. We have to be flexible rather than specific.

"Another reason for flexibility is that people don't like every house, every block of flats or whatever to look the same."

Though there is no reason at all why, for instance, every house built by industrialised building methods need look the same (as the picture of the Ribhouse

built for Roberts Schachat at Highway Gardens near Jan Smuts airport shows), there is, says Glanvill, still quite a bit of customer resistance to industrialised building. "This," he says, "is largely based on ignorance simply because there aren't really enough people in SA doing industrialised building. Apart from Ribco, the only others in the game are LTA and Bester (both using systems of European origin). This is a pity because if there were more of us in it the whole concept might be more widely accepted."

Yet with every succeeding month the concept is gradually gaining ground. Glanvill cites an occasion when he dropped in on the owner of one of the new Ribhouses in Highway Gardens. The owner was flabbergasted when told that his house was made of pre-cast concrete walls. What's more he was an architect.

"Once people are acquainted with the concept and appreciate the variation that can be built into it," says Glanvill, "they naturally lose this fear of the unknown.

It's rather like the born-and-bred Britisher who tends to think of Africa as being one country until he visits it and finds out what it's all about."

To get back to the systems themselves, Ribframe is designed specifically for multi-storey structures where large open areas are needed as in schools. Ribwall is applied in the construction of flats, hostels etc, while Ribhouse has already been outlined. Section 16 is aimed primarily at temporary structures but could last up to 25 years according to Glanvill. It can be put up in seven days, and is reputed to be of higher quality (though no more expensive) than comparable systems.

Glanvill makes the point that one reason for the growing popularity of industrialised building methods is that costs in this area of building have been rising at a slower rate than in conventional building. "Three or four years ago, most of our business was done in boom conditions. Now the spread of work is far more even," he says.

STEPHEN BOYAZOGLU — *we're in this business for profit*

Big, straight-talking, Stephen Alexander Boyazoglu (43), deputy MD of Roberts Construction since 1974, radiates an infectious enthusiasm for his job and for the group with which he's been associated for 22 years. "My job is really my hobby," says Boyazoglu.

He's been around with Roberts; the Free State gold fields as a junior engineer in 1954; engineer in Northern Rhodesia in 1958; Welkom in 1959; contracts manager in Phalaborwa in 1961; a senior management training course in the UK in 1967; MD of Central African group operations in 1967; GM and subsequently executive director of the Transvaal operation in 1970; deputy MD since 1974.

Boyazoglu has had time to distil his management philosophy. It hinges simply on effective communication. His office sports a collection of model earthmoving equipment and a framed inscription: "The whole range of human error is essentially due to defective communication from mind to mind."

To avoid that error he

tries to keep himself available to talk to people at all levels. "No formal structure about it," explains Boyazoglu, "the open door philosophy."

He has his priorities equally clearly defined: "Improving the performance of the contracting entities and making them more competitive." What's needed, he says, is the effective utilisation of the total resources of people, equipment and money: "We in SA waste all three."

"We must communicate the importance of what we're trying to do and why. It must filter through from the first level of management to the gang boss and the charge hand. We need the full commitment and partici-

pation of all to reduce wastage and maximise efficiency."

He stresses the need to develop and improve reporting systems. "If things start going sour, you must detect the problem as close to the beginning as possible."

Boyazoglu's current function is controlling and monitoring operations and selling policy. He misses running projects on site. To keep in touch, Steve spends one day a week on site, "otherwise I get too remote."

He would like to see future Roberts' activities aimed at providing total service to clients. "This," he says, "involves the management and execution of projects in all their disciplines whether they be road, rail,

civil, electrical or mechanical engineering, and using all the facilities the client has at his disposal. We will put the complete picture together."

Essential to the success of any project, believes Boyazoglu, is the planning and monitoring of project plans: "Planning how the plan will be carried out, building contingent plans into existing plans, and monitoring and controlling plans at site level."

Everything must be geared to being tops in the construction industry: "We take our commitments to our people and to our clients very seriously. And we're clearly in this business for profit, even though it's not socially acceptable to say so."



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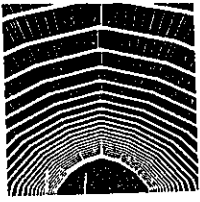


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ON THE MAKE ON THE MANUFACTURING SIDE

Roberts now has a special subsidiary to co-ordinate and develop its burgeoning non-contracting and industrial activities

How and why did Roberts ever get involved in activities as diverse as manufacturing 220-litre blow-moulded plastic drums on the one hand, and making and servicing railway signal and brake equipment on the other?

Director Jack Cheetham, who is responsible for the industrial and manufacturing activities of Roberts, puts it this way: "Originally, most of our industrial companies did have some sort of link with our contracting entities. For example, Pródorite even today is supplying PVC piping to the new Triomf bulk fertiliser plant at Richards Bay — on which, incidentally, EMS is looking after project management and RCC Natal is doing

most of the civil work. So if Pródorite is in PVC piping, it might just as well manufacture those 220-litre blow moulded plastic drums too.

"Then again, railway signalling equipment which is under the Westinghouse Bellambie banner. Murray & Roberts Roads & Earthworks has done a great deal of work on railways including both earthworks and platelaying — so there is an area of common interest between the two companies."

But no one pretends that even in the old days any sort of a link between the contracting entities and the non-contracting entities of Roberts has been a *sine qua non* standing in the way of new in-

dustrial investment. Today prospective investments are evaluated on their merits alone.

As with diversification in the engineering sectors of the company, the breakthrough into industrial non-contracting operations was motivated mainly by the need to get the group out of the straitjacket imposed by the time scales of civil engineering and building contracting.

The creation of an Industrial Division of Roberts in 1972 was the first attempt to co-ordinate what had previously been "scatter" development of the group's industrial interests. This was taken a step further in February last year with the

GEORGE ALLISON — *financial wizard and champion of the underdog*

George Allison (56), Roberts' deputy MD (finance), is a hard nosed money man. He matriculated at Jeppe High, qualified as a CA in 1940, and spent the war years as an officer in the Royal Naval Volunteer Reserve before joining a firm of accountants in the late forties. He joined Roberts Construction in 1950 as chief accountant, subsequently became company secretary and administrative manager, before being appointed a director in 1963 and deputy MD in 1964.

He claims to have no technical attributes whatsoever: "I'm interested only in the financial viability of a concept." What he does have is an impressive reputation for negotiating the financial and legal terms and conditions of contracts. Inevitably he's been actively involved in the group's diversifications, especially in the industrial field.

Allison, a crusty bear of a man, revels in being called formidable. "All financial

men are bad tempered," he wryly asserts. In fact an irascible exterior cloaks a real concern for the underdog. Very much a "people man" he uses his financial skills "to improve the conditions of those who work for us by my knowledge, for example, of the income tax laws and the social security aspects of the job."



He also puts his financial knowledge and skills to good personal use. He successfully plays the stock market and invests in

property as a counter-inflationary hedge. One thing he does not do is take tips from stockbrokers — "absolutely fatal". Not surprisingly, reading books and journals on finance is a favourite unwind.

But to really spark the Allison enthusiasm mention France, food and wine. A confirmed Francophile and a keen student of French cuisine, he can hold forth entertainingly for hours on end. He holidays in France at least once a year. He used to play golf to a four handicap, now happily admits he'd rather buy wine than play golf. "That's what business does to you!"

Unlike Douglas Roberts, Allison's a pessimist by nature: "It's damn hard as a financial man to be optimistic at the moment. Inflation will get worse before it gets better. I see it running at between 18% and 20% next year. The construction industry's particularly hard hit. Surging wage and salary bills are not always reco-

verable in the contract price. Then there's the additional financial burden of carrying greater work-in progress values which are, again, not always recoverable."

He does not feel the world economic recovery is here yet and foresees a lengthy period of political uncertainty in Southern Africa adversely affecting overseas investor confidence. He isn't pessimistic about Murray & Roberts though: "The group's fairly well diversified and geographically has a fairly good spread, all of which should help in the lean period."

But he cautions against euphoria: "The world market for capital goods is diminishing. Developing countries are becoming more self-dependent thus reducing the markets for developed countries."

But he holds out a measure of comfort for SA: "In the long run the country's fantastic mineral wealth will see us right. But it's uphill work ahead."

10.5%

PARTICIPATION MORTGAGE BONDS

10%

TWO YEARS AND LONGER

9.5%

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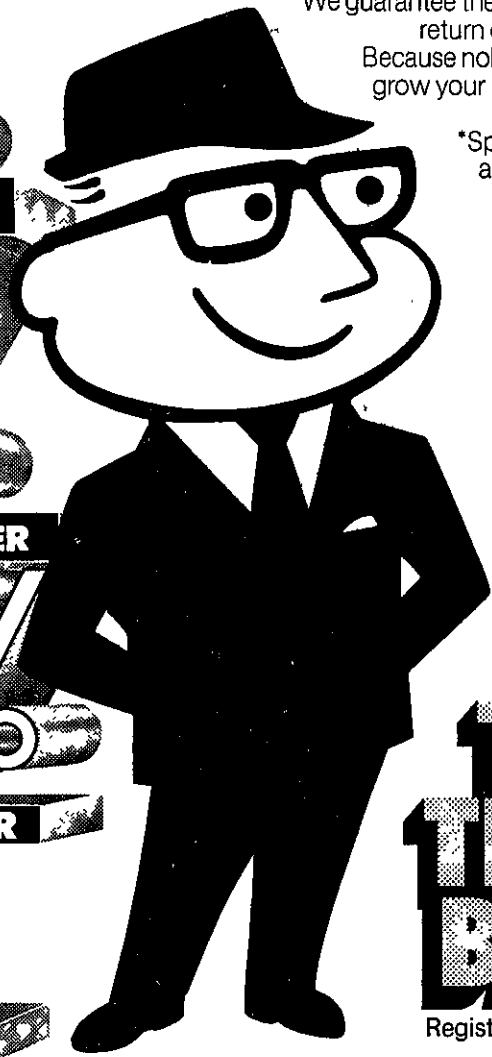
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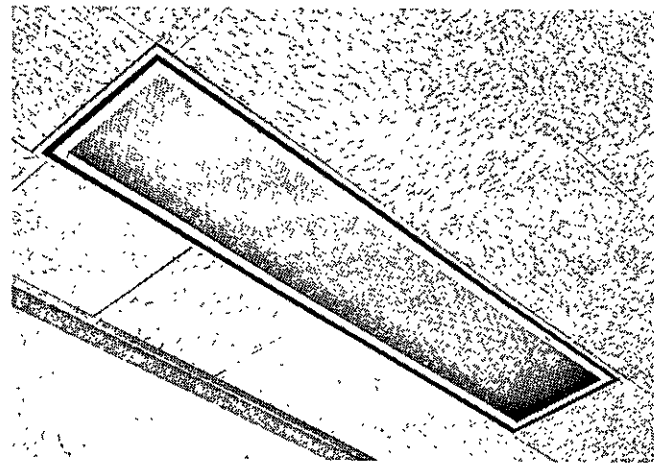


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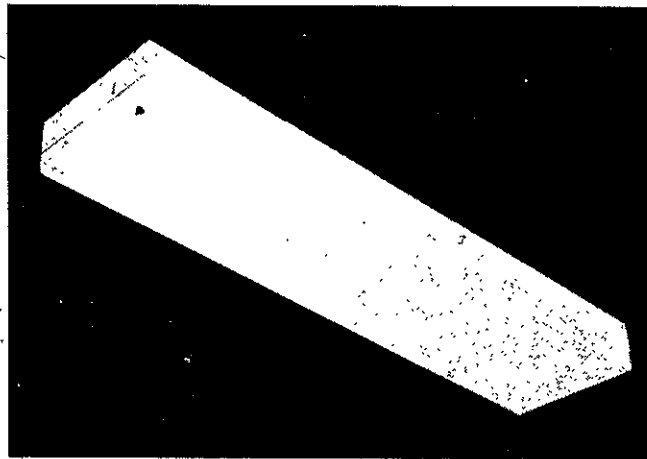
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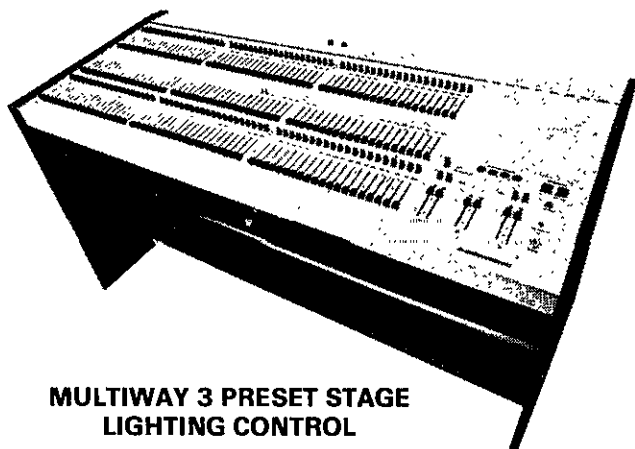
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formation of Roberts Construction Industrial Investments (RCII). Cheetham spells out the aims of RCII as being:

- To co-ordinate and control the activities of the local non-contracting and associated subsidiaries; and
- To implement the diversification strategy of the group.

Today, 34-year-old Melvin Greenberg, who has an M Sc in chemical engineering and an MBA from the University of Cape Town, is MD of RCII. He tells the *FM* that he hopes RCII's contribution to group profits will eventually rise to somewhere between 15%-20% from the current 10%.

When it comes to assessing investment possibilities, Greenberg says the first thing RCII looks at is the compatibility of a company in the Roberts context. "We have to ask ourselves whether the management of a particular company will be able to work in harmony with the Roberts' directors to whom they will ultimately have to answer.

"On top of that, we look to companies that are presently successful, have growth potential and can support at least two levels of management.

"We have had bitter experience in the past of having to fire an MD and then discovering that we have fired all the technical, marketing and financial know-how in the company as well. So there must be programmed management with built-in succession so no one man can completely upset the applecart.

"For this reason we tend to steer clear of small companies. For they usually can't afford, either in money or manpower terms, to implement the kind of controls we use in the group.

"We're looking to a smaller group of medium to large companies that are well managed rather than a proliferation of smaller operations. We're not in the business of growing small companies into big companies because we haven't got a big pool of management to draw on."

Greenberg emphasises that Roberts does not merely look at industrial companies as somewhere to invest its money, but examines purchase prospects from the point of view of whether the group's resources can make a meaningful contribution to the companies concerned, and whether there are fruitful avenues for using group management expertise.

Basically, the merchant bank grapevine, financial papers and "simply keeping one's ears to the ground" are the means used by Greenberg to get information on prospective purchases.

He stresses that the secret of co-ordinating and managing the diverse constituent companies of RCII is getting the right MD in each entity. In the final analysis there are only four decisions the MDs don't make themselves. They don't:

- Hire or fire second-line management;
- Buy or sell assets;



A far cry from civil engineering . . . but profitable

- Diversify by product line or geographically; or
- Change the financial structure of the company by raising medium-term loans, bonding buildings etc.

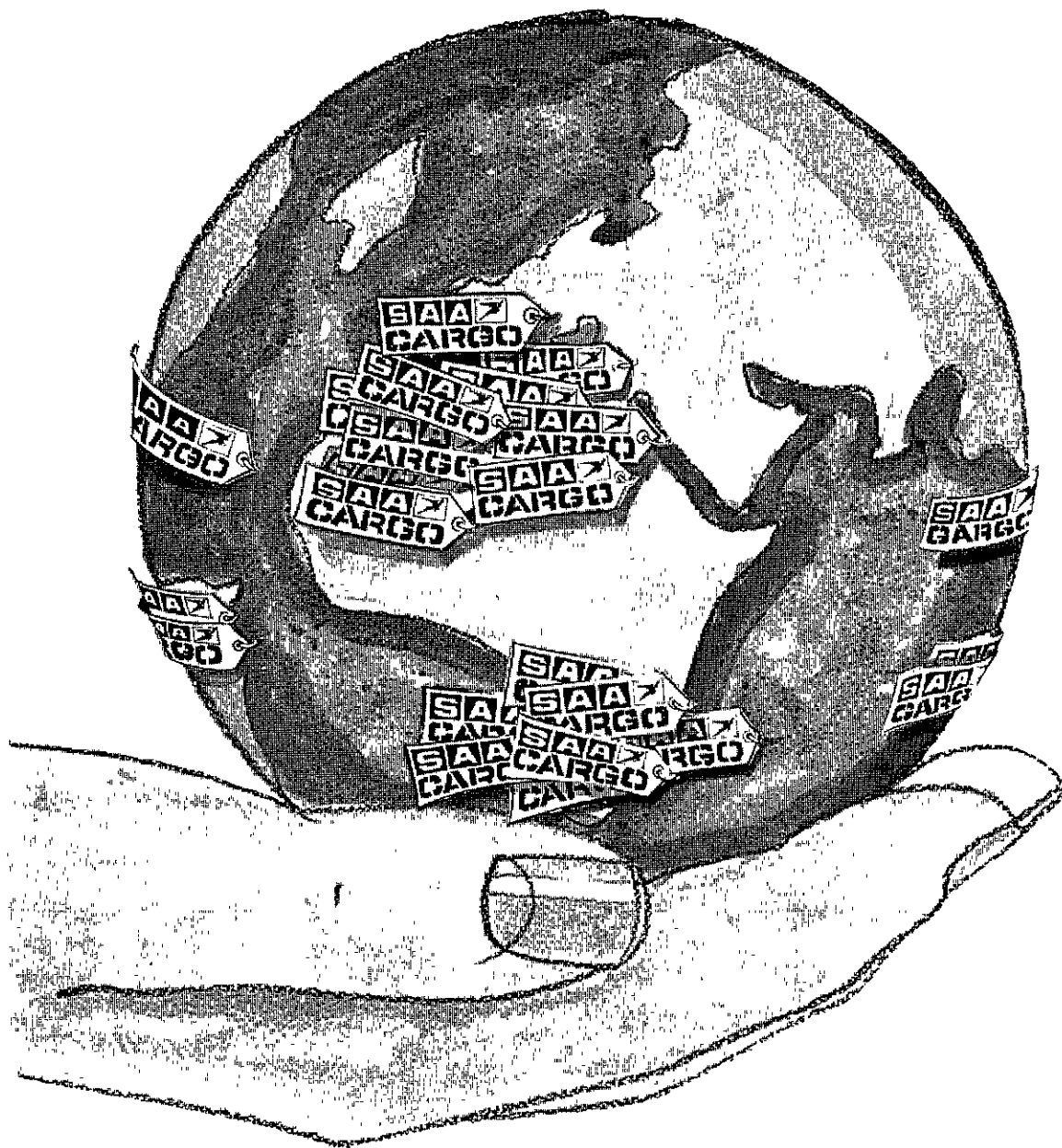
As Cheetham puts it: "If we didn't operate on this basis, it would be like buying a dog and barking yourself".

Companies at present under RCII control are Superlite Pipe, Prodorite, Scan Security, Blopac and Westinghouse Bellambie (50,25%). In addition, Roberts has a 49% interest in Siemens Cables (it's the biggest SA shareholder with German-controlled Siemens SA holding 51%), and a 27% interest in General

Erection which owns Power Steel Construction.

When the *FM* put it to Greenberg that Roberts' large minority interests in Siemens Cables and General Erection smacked of "responsibility without control", he admitted that the terms of Roberts' industrial interests are usually more bindingly entrenched than the bald percentage shareholdings might suggest at first glance.

Whatever, Roberts is committed to broadening its industrial and manufacturing base to protect the group against the vagaries of the highly cyclical contracting sector.



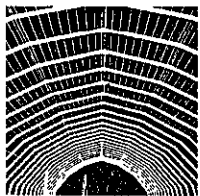
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THE TOWN THAT ROBERTS BUILT

If it's in Richards Bay, the chances are that Roberts made it. For there hasn't been much left over for anyone else since Roberts moved in

Both now and in years to come, one would be quite justified in dubbing Richards Bay as "the town that Roberts built". For never before has one contracting group so completely dominated the construction of new works in what amounts to a new town.

Companies involved have been primarily RCC Natal, M&R Roads & Earthworks and, more recently, Engineering Management Services (EMS). All in all, the value of work undertaken by RCC Natal at Richards Bay is likely to top the R30m mark once all current projects have been completed. And there may be more to come if future tender bids are successful.

Thirty-seven-year-old Roger Veysey is Roberts' resident contracts manager at Richards Bay and he has been there since 1969 when Roberts was busy on its first major contract in the area, the IDC's vast R80m Alusaf aluminium smelter. On this job Roberts Natal did all the civil engineering work as well as later extensions to the plant.



The diesel locomotive maintenance depot at Richards Bay . . . built by Roberts

Total value of works installed by Roberts at Alusaf amount to about R10m and, after the harbour itself, it is the biggest single project at Richards

Bay. Today, Roberts Natal is working right next door to Alusaf on Triomf's new super phosphate export fertiliser plant. It

RCC Natal

BUILDING IN BANANALAND

Though Richards Bay is providing Roberts Construction Natal with work valued at about R30m, total value of RCC Natal contracts in hand is closer to R100m. And with a turnover of roughly 13% of group total each year that makes the Natal company the second biggest provincial entity after the combination of the various Transvaal building and engineering companies.

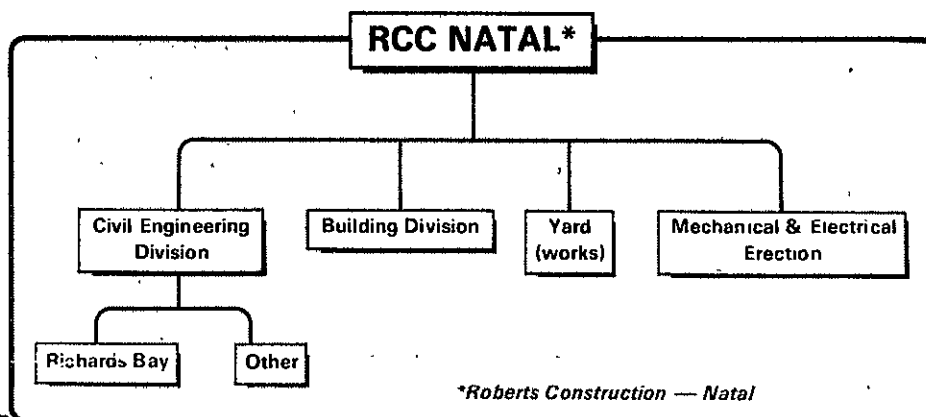
Employing over 6 000 people (5 500 of them non-Whites), RCC Natal under MD Leo Fish built the original Mondi Paper mill at Merebank on a whole project basis ie doing the electrical, mechanical and instrumentation work as well as the civil work. And it's back at Mondi now on extensions.

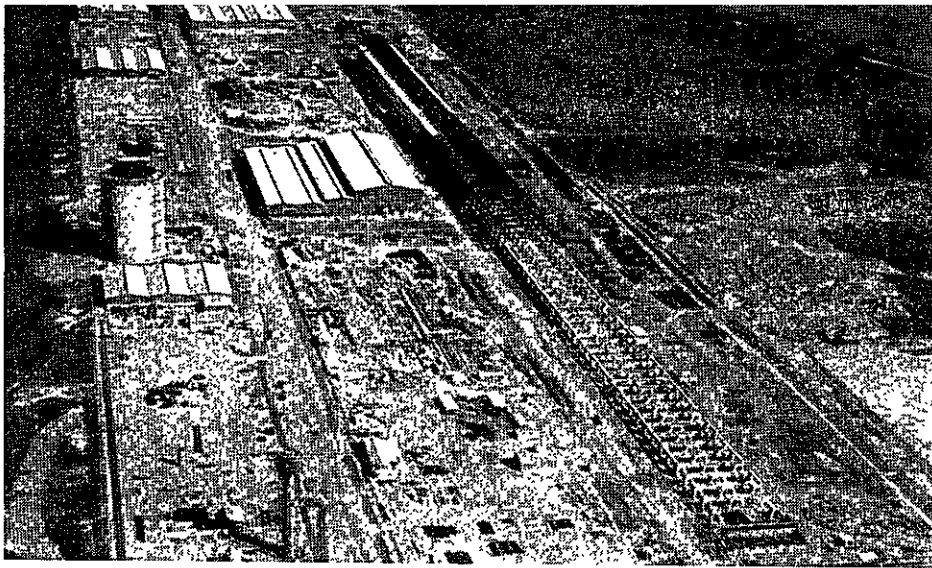
To that can be added the new Mobil refinery (at Reunion), the Motor Assemblies plant and the new and extremely interesting bulk materials terminal and ship loader on Maydon Wharf at Durban harbour. This R4m

job was built for Rennie's and is designed to handle any agricultural grain product such as rice, barley and maize as well as malt, fluorspar, pot ash, phosphates etc. Some of the high-rise building work done recently by RCC Natal is outlined elsewhere in this *Survey*.

Today, Fish tells the *FM*, about a third of RCC Natal's work is done on

the basis of negotiated contracts. As a man committed to the whole project approach to engineering, Fish is understandably pleased at this trend which he sees as the prelude to whole project construction and management. At the moment only about 20% of RCC Natal's work is mechanical and electrical, but the company is fully equipped to tackle anything going.





The R80m Alusaf aluminium smelter for which Roberts did the civil and building work

is doing all the civil work for Coppee-Rust of Belgium which is installing the phosphoric acid plant, and the same for Simon Carves which is responsible for the sulphuric acid plant. The entire project is being managed and co-ordinated by EMS and the value of civil works alone is between R4-R5m.

In addition, Roberts has recently completed the new diesel locomotive

depot near the town for the SAR. This R3m job has been done on a "whole project" basis and all labour on the site from foreman down was either Black or Coloured.

Other work at Richards Bay for the Railways includes a R750 000 building to house computer-controlled signalling equipment and an R850 000 wagon maintenance depot (again whole project).

Roads & Earthworks has done the plate-laying in the main marshalling yard at the coal terminal and is busy doing the same for Mobil to provide access to the fuel bunkering facilities. It goes without saying that RCC Natal is doing the civil and building work for these bunkering arrangements (value R480 000).

Another R400 000 worth of work for RCC Natal has been the office blocks and change rooms for the Richards Bay Coal Terminal Company. Then there was the R2m water treatment works on Lake Mzingazi for the Richards Bay town board. On this whole project job, so Roger Veysey tells the *FM*, building workers had a daily and fascinated audience of hippos which wallowed in a semi-circle round the construction site keeping an eye on progress.

Then there's been a school, municipal offices and houses — in fact just about everything going. Veysey attributes Roberts' success in Richards Bay primarily to its ability to switch from civil engineering work to building as and when the need has arisen.

Certainly Roberts has built the lion's share of Richards Bay. But by the same token, the new town has provided a major boost to Robert's earnings in Natal.

JOHNSON GUMEDE — *silver among the steel*

Nearly 31 years ago Johnson Gumedede walked on to his first Roberts site. That was in 1945 and the job entailed building a masonry factory at Estcourt in Natal. Since then Gumedede estimates that he has worked on at least 40 sites with Roberts — ranging from waterworks at Umkomaas to his present working home on Triomf's new fertiliser plant at Richards Bay.

Now a gang boss, 64-year-old Johnson stands out like a lighthouse at night on site with his gleaming silver hardhat awarded to him (along with a watch) after his first 25 years service. Still very much the old-style African (hardly surprising considering his lack of formal education and the era in which he grew up as a boy), big and burly Johnson Gumedede is philosophical about his ties with Roberts. "I can't be bothered to change jobs," he says, indicating more of a resistance

to uproot and change than any deeply-felt corporate loyalty. It's this same trait that leads his stoic acceptance of the Black construction workers lot.

But up among the scaf-

olding and managing his gang, Gumedede shows a rare gift for organizing his men and getting the job done without upsetting people's feelings. He estimates that in his entire working life he has

never spent more than five to eight months back at RCC Natal's base in Durban. But he still refers to KwaMashu as home. For that's where his wife and four children live.



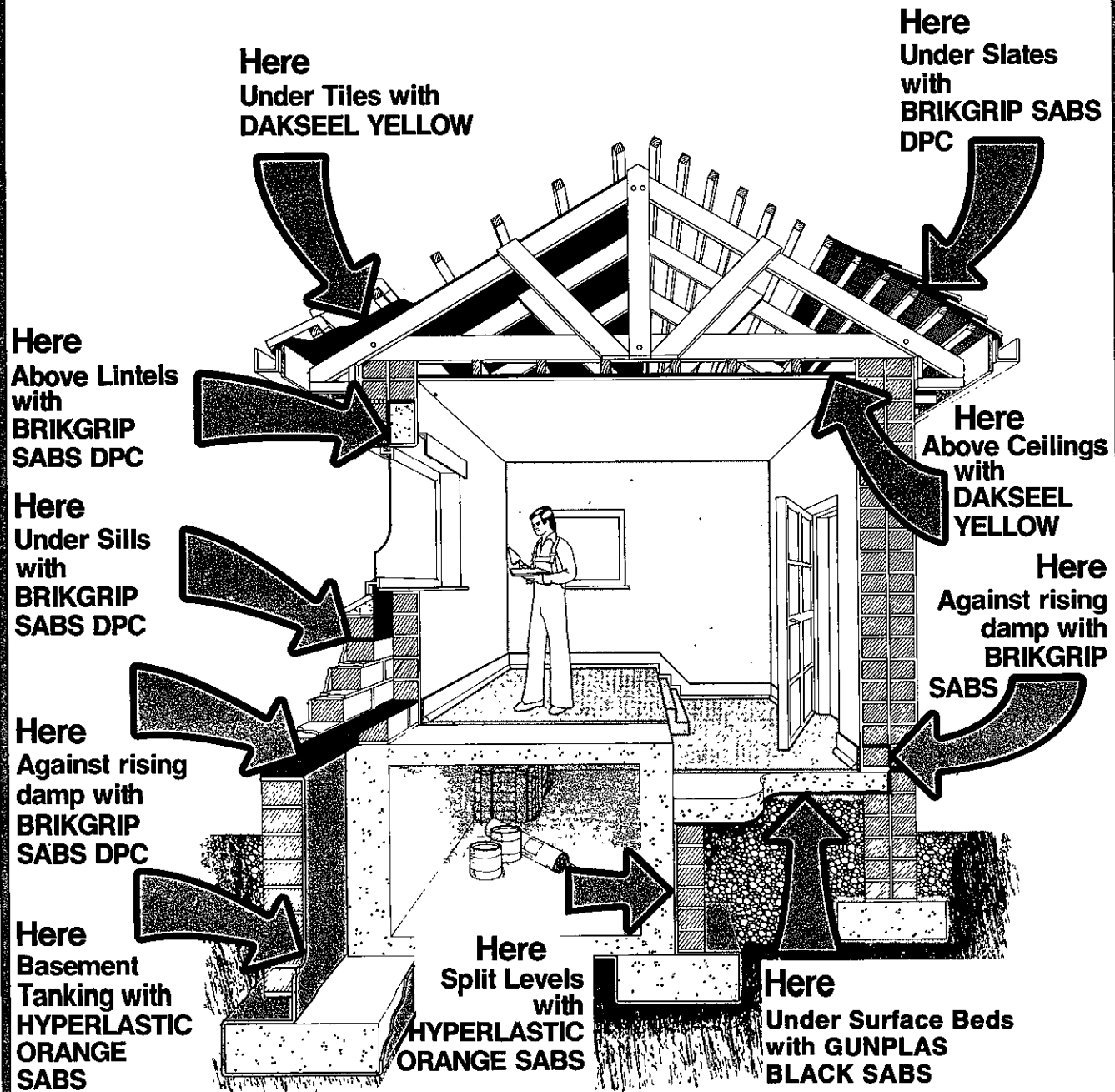


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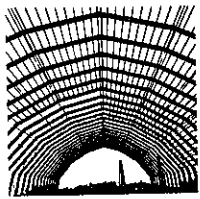
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CARRYING THE ORANGE TO THE ORANGE AND BEYOND

Murray & Stewart has long dominated the construction scene in the Cape and SWA. Today its widely diversified tentacles stretch as far afield as Australia and South America

The orange boards are everywhere: on office towers in Cape Town and Umtata; on freeways curving gracefully above city streets; on military barracks in the anxious Namib; on sites with the promise of future hydro-electric schemes.

The same two names are on them all: Murray & Stewart. For this group has left its mark all over the Cape and South West Africa — and in places further north. First it was as civil engineers, then also as builders. Today, it's many other things too as M&S's appetite for growth adds further cells to the body corporate: helicopters, divers, waste disposal, car components and more besides.

There are now some three dozen operating companies in the group. Together, they employ 23 000 people. Ambitious young engineers toil in remote areas to build bridges. In Cape Town, others sit arguing far into the night on the best design for a new R50m shopping and office complex. Nearby others debate how to build it most rapidly.

Speed, especially in civil engineering and building, is the name of the game today. High interest rates and inflation send the costs of behind schedule projects soaring. This cannot be allowed. For in today's market it's the fastest contractors who are the most successful — and M&S sets track records in all the areas where it works. The drive for ever more speed often depresses old-timers: "There's no quality of workmanship any more," they complain, "no job satisfaction."

But it's an ill-directed complaint. It is not working too fast that is the main reason for lowered building standards, but the economy expanding faster than the supply of trained workers. The group is grasping this nettle firmly. Training of Black labourers, 12 000 of whom stream back to M&S's contracting companies alone each year after the annual holiday is, at last, beginning to achieve positive results. The group is investing heavily in new building techniques, mainly aimed at reducing the need for on-site skills and replacing them with factory-made building components.

Planning and control are the keys to

all the more complex projects. Architects once chivvied builders. Now the roles are reversed as builders demand details of projects where design has hardly begun. Site men who once plotted out their own work sequences in entirety now put their heads together with full-time planners. Young engineers armed with histograms and computers knock months off proposed times.

It's a world for the young as new techniques produce feats inconceivable 20 years ago. And the young are realising it. Three universities (Wits, Pretoria

chairman John Robertson. "I'm almost frightened by the thought of what the group has to be in five years to maintain the same rate of growth. It would have to double its turnover. But you can't do that by contracting in the Cape alone."

Since Des Baker took over as MD in 1968, M&S has grown and diversified fast. In the last six years 21 new companies have been acquired or founded. Some have been related to contracting (eg new branches at George and Kimberley) but for the majority the link with contracting has been tenuous. Today



and, most recently, Cape Town) now offer degree courses in building science — and they're all well attended.

Life is as exciting elsewhere in the Group. For M&S is no longer only a builder. More than any other South African construction group, it has learned the advantage of diversification — today half its revenue comes from companies not concerned with M&S's traditional contracting activities. "We measure success by continued real growth," says

timber treatment and computer programming all help to generate income for M&S. Significantly, indications are that diversification in the next three or four years will supply an even larger percentage of profits than at present.

Successful diversification, however, is never easy. Management and new markets have to be assessed and assimilated. This, says Baker, can take 18 months. There's danger, of course, in going into unknown fields. Baker's policy

is to enter only those related to present activities, adding link after link to the chain. But the chain could get too long. Not all M&S's diversification's have proved successful.

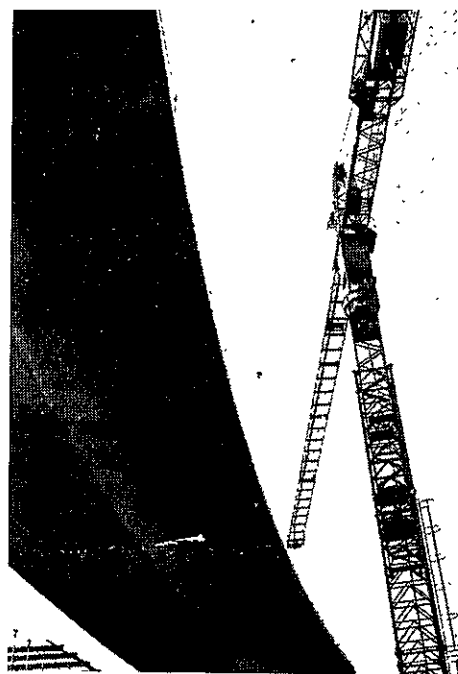
To maintain growth, new markets must be found, whether abroad or in as-yet unexplored fields at home. M&S has already found work in Australia and Mauritius and has recently been investigating prospects in Iran, the Middle East, Taiwan, Spain and various South American states. Hopes Baker: "The work overseas will increasingly compensate for any slow-down at home."

Still, a slow down in the next 12 months might not be a bad thing. It would at least provide breathing space in which to improve operating efficiencies that would serve the group well in the Eighties.

Statistics show that productivity in the

construction industry has dropped by 25% over the last decade. This is due, at least in part, to management losing touch with the men on the job. "This year I am planning to visit all civil engineering and building sites twice to establish personal contact with the younger men. I used to do it, but other commitments have kept me too busy," says Eastern Province director Beau Pryce.

Slower growth would also enable the group to recruit more selectively. "The sheer volume of work to be executed has resulted in our taking on people below our normal standard. This has been bad for efficiency, productivity and group spirit," admits Baker. Nevertheless, at middle and senior levels, where it perhaps counts most, morale still runs high. There's a shared certainty that, wherever future work opportunities occur, Murray & Stewart will be there.



DES BAKER — widening the group's role

The photograph is 26 years old. It shows him with fair hair and a strong, clear jawline. He was 24 years old then and looked 18 — a carefree site engineer.

Today he looks several years older than he is. The division between neck and jawline has almost disappeared and the eyes are often tired. Concedes MD Des Baker of his younger self: "I had a very good time." Today? "It's difficult for me to switch off. Reading any old thing is the only way I can get to sleep."

He's not complaining. "I'm completely absorbed by the business. It provides such variety you don't need other things to refresh you. I play a bit of social tennis. Apart from that, I spend my weekends dealing with papers or executives."

Born with a silver spoon in his mouth (his father was well established in East London's wool business), he spat it out and made his own way. Civil engineering studies at UCT were interrupted by war-time service with the Special Services Battalion: "The SSB was originally formed in the early Thirties during a period of severe unemployment. So it sported a very interesting cross-section of

South Africans. My time as a trooper with it served me well."

Post-war graduation was followed by a job with M&S, which had recently built a wool store for his father. By the time he was 29 years old, Baker was a director of M&S (Cape Town).

He subsequently played an important part in M&S's developing role in property. "D G Murray had built many factories in Port Elizabeth for leasing to industrialists. I introduced the idea of managed contracts in which the contractor is appointed on trust in the planning stages of the building and is involved in the overall feasibility of the project, setting the financial and



programme targets.

"Property development followed naturally from this. I felt that a construction company like M&S had a bigger and more useful role to play than just erecting buildings. All our experience was ideally suited to the development field."

Another achievement was getting the group more involved in commercial building. D G Murray was never a great enthusiast for multi-storey city buildings. Perhaps because he was a civil engineer, he liked doing factories.

Douglas Murray died in 1964. Four years later, Baker became MD. He was 43.

From the start he thought of himself (and still does) as a Murray product. Says Baker: "D G Murray taught us three things. First, your credibility and integrity are your most valuable assets. I have tried to maintain this basic philosophy in the company during a period of appreciable expansion and competition. We are long-term operators and we are here to say.

"Secondly D G taught all of us to care for our people. He firmly believed that men worked only as well as they were encouraged to. He

knew the names of almost everyone in the company, labourers included. And he was never happier than when on site paying out himself (as he did each Friday).

"Thirdly, he taught us to work hard. He had no hobbies. He just did not understand people who did not live for the job."

Baker's main achievements since then? First and foremost, say his staff, setting that same D G Murray example of hard work. Baker starts his early morning phone calls at 6.30, does an eleven hour day at the office, and then returns home for another stint — and he expects his managers and more ambitious staff to put in the same sort of effort. He'll forgive anything except lack of enthusiasm.

Then he has to keep the peace. With a number of hard-driving men under him, there's always a danger of conflict. "M&S companies are fairly thick on the ground nowadays," he comments. "I have to see that they don't move into each other's territories."

As he talks, one foot jiggles furiously: "People who are calm and collected don't produce that extra edge from themselves. I operate best under pressure."



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

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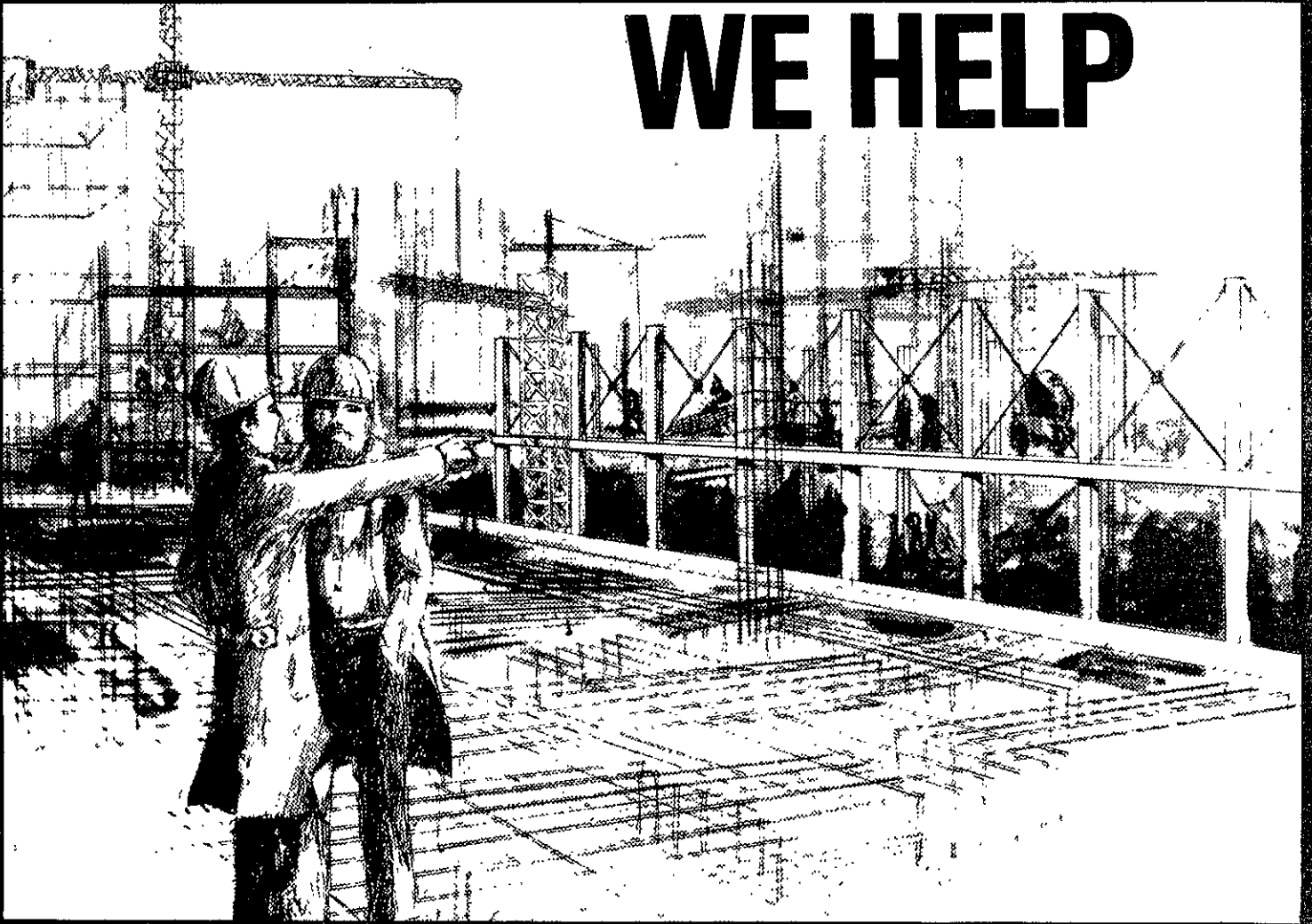
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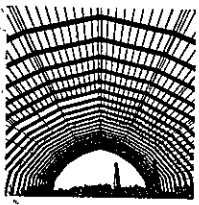
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THE MONEYCHANGERS

Keeping tabs on the financial links in the M&S family is no easy task in a group as widely decentralised as this one

Decentralised authority is central to M&S's management philosophy. Introduced by Douglas Murray, it's been meaningfully pursued under Des Baker.

Comments Baker: "D G Murray understood delegation. It came easily to him because he liked to see people develop themselves. He taught us all how to delegate." As Baker sees it, delegation has three main aims: to speed up decision-making; to create depth of management; and to boost morale not only of those exercising it but, more importantly, of those serving under them.

"It's physically impossible for me to know every supervisor in the group.

Through decentralisation, they know their promotion depends on men pretty close to them," Baker explains.

At the same time, tight financial controls are exercised by head office ("and that's in Cape Town, not Johannesburg," finance director Barnaby Brinkworth quips with mock fierceness). Particularly over the use of cash. Some companies in Cape Town report to finance director Brinkworth *twice daily* on their cash position, others once a week, giving their present position and what it's expected to be a week hence.

"Clients sometimes make single payments of over R1m," Brinkworth

explains. "You can't have that sort of money lying idle, even overnight."

It has always been a point of honour at M&S to pay creditors promptly. "D G Murray used to say: cheques go out on the 25th or you go out on the 26th," says one company manager. "The first thing he did when visiting a branch was to examine the creditors' ledger."

Today, if cash is not needed to pay creditors, it's lent out — sometimes to Roberts Construction — at commercial rates by head office. Nevertheless, operating companies' commitments are paid by themselves, not by head office.

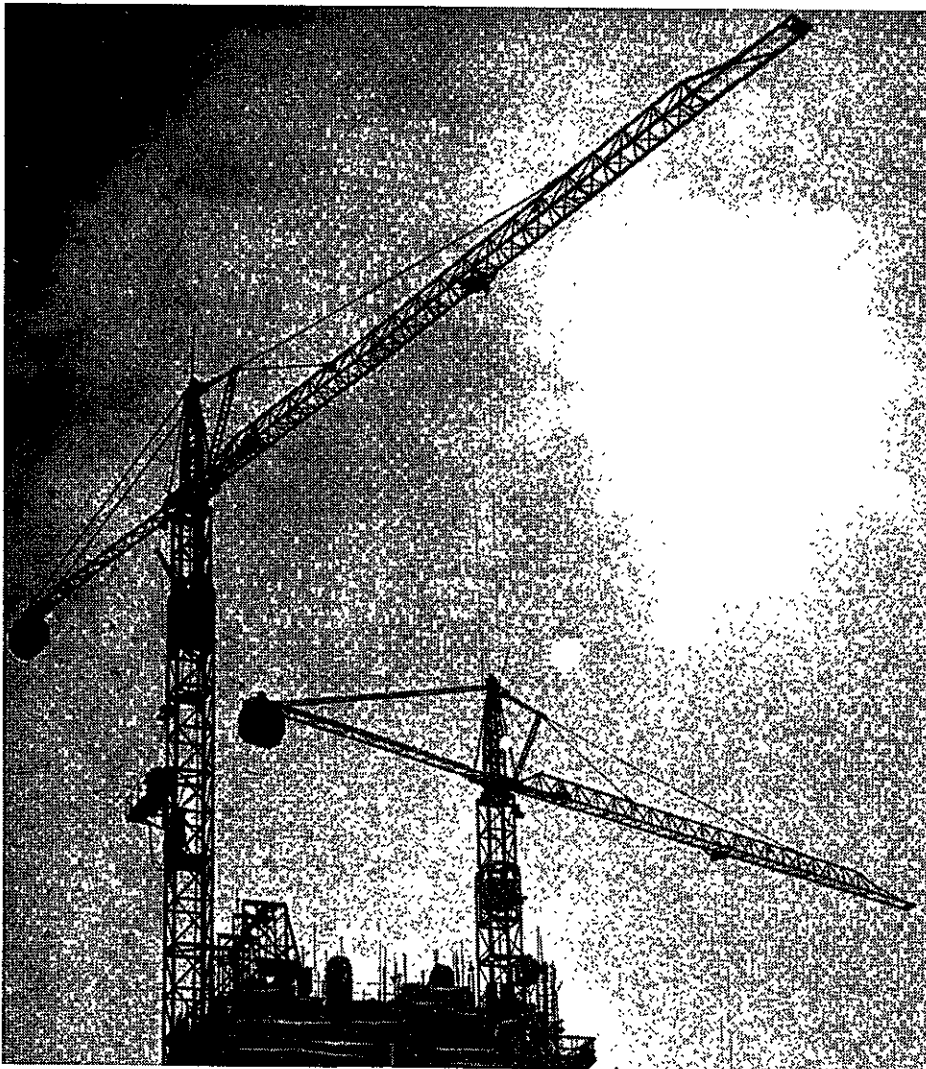
Inflation has strained M&S's finances as much as it has anyone else's. "We did an exercise a few years ago that proved, if the price of our primary materials went up 25%, we'd need 52% more working capital," Brinkworth reveals.

Civil engineering and building contracts are largely financed by the client, but the contractor does need large sums of working capital. M&S is therefore regularly in the market for short, medium and long-term loans (the last mainly for its property developments). Some medium-term loans have been raised overseas at interest rates so much lower than those demanded locally that even repayment in devalued rands hasn't hurt intolerably.

Meanwhile there's the challenge of meeting lenders' constantly changing balance sheet criteria. The main one used to be the debt/equity ratio. Today, says Brinkworth, they take into account all liabilities, including creditors. Balance sheet analysts, he warns, could be easily put off by a contracting company's figures if they didn't understand how the business works. Since clients pay seven days after the month-end and creditors generally give 30 days credit, cash flow is high relative to the contractor's own capital and so are *apparent* debts.

Nevertheless, there is inexorable pressure for greater profitability to help provide more working capital. That means keeping close, when tendering, to standard profit margins.

These, director Bob Snape reveals, vary considerably, depending on such factors as how much work is put out to sub-contractors, what the chances of future work in the area are, and the engineering risks in the operation.



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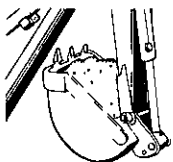
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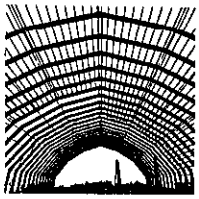
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PEOPLE FOR PRODUCTIVITY

Training enjoys high priority at Murray & Stewart today. But results are hard to measure

Civil engineering and construction is a people-intensive business. Though it provides only half M&S's profit, it absorbs more than three-quarters of its labour force. For every White in the group there are 10 Coloureds or Blacks. Some are artisans; most are labourers, and it is on them that M&S's attention has been focussed in discussions about training to improve productivity.

MD Des Baker also believes the time has come to pay more attention to the performance of the White worker. "Men in the higher echelons of the construction industry in recent years have not always been noted for their output," he says.

So far, over the first four years of the training period, all training has been on a semi-experimental basis, but now M&S's major training divisions feel that they know the game. They don't claim to have solved all the problems, but believe they are some three to five years ahead of most other constructors. Results, of course, are hard to measure.

James Kok, M&S's EP training officer, has however recently shown that a 50% increase in output can be achieved by any 5-man team after a 4-day course in formwork, scaffolding, bagging or steel fixing. "The real difficulty," says Kok, "is getting foremen to use newly-trained men as productively as possible."

Similarly spectacular results have been recorded — though not regularly — with teams at CT and East London. Geoff Knudsen, M&S's Cape Town manager, now estimates that 40% of the 2 800 African labourers there will have some specialist skill by 1978.

Training at M&S was slowed down by the construction boom of the past decade. Much labour training could only be provided over two to five day periods and there was, and is, strong resistance to giving up men for so long when the push is on to complete contracts speedily.

Before training begins you have to find out who can do what. At Cape Town, Port Elizabeth and East London regular tests have been conducted over the past two years and all M&S construction labour will, within the next three years, be "registered". This means that their skills and aptitudes are being listed, ready for manpower planning boards and the personnel computer.

The large numbers with which the

company has to deal has, throughout, been a very real difficulty. For example, the law requires that medical tests be conducted on migrant workers before they are employed. But there are too few doctors in the Transkei for that, and M&S Cape Town therefore has to spend some six weeks doing its own testing at the start of each year.

Similarly with aptitude testing: at Cape Town 2 000 men arrive in one week from the Transkei after Christmas and "you cannot put that many men through the test in under four months."

So far there have been no training courses for artisans. Without large scale firing of the lazy or less competent individuals, improving artisan productivity is generally thought to be difficult. Managers complain that a journeyman ticket can be won simply by serving a sufficiently long apprenticeship. No examinations have to be passed. As a result the standard of passes is very low, says M&S Cape Town building manager Neil Fraser.

The fault may lie more with supervisors. An Eastern Province experiment last year showed that bricklayers' daily output could be doubled by reorganising their work positions and giving them an extra labourer to hand them bricks.

Foremen, traditionally from artisan ranks, had no formal training for the job until a year or two ago when Bifsa (Building Industries Federation) introduced its compulsory training levy. Prior to that, courses had been introduced for them at technical colleges (Coloured as well as White) running simultaneously with apprenticeship training. All the bigger M&S branches have a score of men on these courses at present.

Almost all middle and senior management are afforded training opportunities soon after showing that they are likely to stay with the group. MD Des Baker reckons 100-150 attend courses each year.

Group Personnel Manager Bert Pfuhi says: "In M&S we need to define more clearly in which areas to highlight our



Getting to know who is under the same hat stimulates tighter working units

training so that a man can feel it is meaningful to him." One answer could be more post-graduate courses. M&S played a major role in getting the post graduate management courses at the Pretoria University and the University of Cape Town Business School established, and is presently sending "more than our fair share" on the UCT course.

Baker, however, still places most value on working with good senior men — and on challenge. "M&S brings on its talented people very fast as a matter of policy," he says.

"We believe an important part of an executive's strength is being known and trusted by officials, professionals and clients in each local environment," says Baker. "So we have them develop their careers in one region. People move about sideways and diagonally in this outfit far less than in others."

What if a man comes up against too low a ceiling? "He gets promoted by his company getting bigger. A number of our smaller companies exist not only to give local representation but also because they give an excellent opportunity for management training for the younger men," Baker explains, adding, "fortunately, most of our companies have grown steadily so far."

Productivity depends, of course, not only on training, but also on morale. Says M&S director, Bob Snape: "Creating happy teams is the main recipe for success in contracting."

For Blacks, morale depends on open communication about problems and grievances, and on adequate living conditions. M&S has chosen liaison commit-

tees over works committees because it believes they are more effective. But it is seriously concerned that most other companies in its areas have no Black/White communications at all. "Our work will be of little value if others don't follow suit," says Baker.

Works committees consist only of Blacks, whereas M&S liaison committees, meeting usually once a month, include a couple of Whites as well as a dozen elected Blacks, and are usually chaired by project managers. Each site typically has a liaison committee — there are 13 in Cape Town alone — which can deal with problems or queries immediately. Reports so far on their effectiveness are good.

There are virtually no problems liaison committees may not deal with. They are even able to discuss bad working relations between individuals, says Harold Sokanyile, senior lecturer at the Cape Town training school. He is the man who acts as interpreter for two Cape Town committees.

Language barrier

M&S has also tried out a Xhosa language course for young White trainees. Clearly it should be made a compulsory part of all supervisor training and other courses since, observes Sokanyile, most communication problems stem from the language barrier.

A start is to be made soon by M&S on improving housing for Black migrant workers. Dormitories put up by the Cape Town Municipality itself, however, are highly unsatisfactory because government regulations originally specified that

urban accommodation for Blacks may be only of a "temporary nature". This meant timber or asbestos-clad dormitories, some accommodating up to 30 men, with no water-borne sewerage, separate cooking equipment or leisure facilities other than beer halls.

M&S is now building new blocks in Guguletu, at a total cost of R500 000, that will be free of these drawbacks. The first are scheduled for completion by June. The aim is to have all 4 500 M&S Blacks that are working in Cape Town (not only construction workers) living in new M&S-built accommodation at a projected cost of R1,5m.

Meanwhile, a non-contributory provident fund for Blacks has recently been introduced. Some Black problems though are beyond M&S's solving. Schooling, for example, is inadequate in Cape Town. The best schools, says Sokanyile, are in the Transkei and Ciskei. But sending children to them is expensive, especially since a child — though born in Cape Town — may lose his residential rights there if he spends more than six months away from the city. Similar problems demoralise the Coloureds. Hopefully, the new Mitchell's Plain township to accommodate 250 000 will alleviate some of their worries.

M&S has 78 White and Coloured bursary students and the number is about to be increased. Literacy itself is something it would like to promote among Black workers and classes for this have been arranged.

"But would you, at the end of an exhausting day, want to start learning to read?" asks Pfuhl.

BERT PFUHL — *defining employees' needs*

There's something of actor Jack Hawkins in his bushy eyebrows and jutting jaw. But his obvious concern for people, and a tendency to ask rhetorical questions, suggest the pulpit. First impressions don't always deceive.

M&S's first group personnel manager, Bert Pfuhl, won an MC and bar in World War II, and has spent much time since preaching to fellow Methodists. He has a liking for getting involved in what he calls people situations — in business, on the campuses of universities; in various service organisations like Rotary and Jaycee, and in the Homelands and townships where he has held

courses in business management.

He joined M&S last October, at the age of 55, after a lifetime with the Old Mutual. With no university qualifications but with that strong and active interest in people he had become the Old Mutual's manager of personnel, then of development.

They retire at 60 at the Old Mutual which had no appeal for Pfuhl. So he left "with tremendous gratitude and respect" to join M&S — "the most exciting challenge I've ever had". Still very much the new boy, he nevertheless makes a few definite observations about the group. "There needs to be a



clearer identification of training needs. Then we can schedule our training as an on-going operation." Or: "We need to look more closely at the way in which rewards are given and made. We must be able to answer a man's question 'What must I do to get on in the group . . . how can I make my maximum contribution to the organisation?'"

He also wants to extend the present policy of advancing people (see main story). The temptation must be resisted, Bert Pfuhl insists, "to hang on to a number of good chaps in one operation if there is a greater need for them in another of the group's companies."



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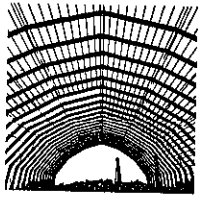
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CIVIL STRUCTURES FOR THE SEVENTIES

With well over 300 civil engineering projects under its belt, M&S can bring a welter of experience and innovative techniques to developments in this field

Visiting civil engineers nodded in admiration. For laymen, too, it was an impressive sight a month or so before the huge supporting struts on one of SA's most technically ambitious bridges were finished. The 270 m long bridge, costing R2,25m, will — by the end of the year — cross the Gouritz River, 70 m below, some 40 km from Mossel Bay.

For M&S it will be yet another technical challenge successfully met. The struts were cast *in situ* with sliding formwork. Normally a standard operation, it was made extremely difficult by the 53° angle at which the struts (tied to the river's banks with steel bars) had to project from them, as well as by the taper and slight inward tilt their design demanded. The deck (road) too, is being

cast *in situ* with cantilevered shuttering—the first time this technique has been used in SA.

The job is only one of a wide variety of civil engineering projects completed or still abuilding by the group. To the staple diet of concrete structures (22 bridges, worth a total of R5m, have been built by M&S over the Sishen-Saldanha line alone) have recently been added:

- A R6m sewerage purification plant in Port Elizabeth;
- A second R3m power station at the Verwoerd Dam;
- R7m of structural work for the Rössing uranium mine in SWA;
- The R15m power station tunnel and intake for the Steenbras pumped-storage hydro-electric scheme (see box below);

● Pipelines such as those from Voelvlei to Tygerberg, or from the Orange River to O'Okeip — both in the 100 km bracket);

● Reservoirs such as the 450 MI job at Plattekloof.

Civil engineering has always been an important activity for M&S since the company was formed in 1902. Founder John Murray was always experimenting with reinforced concrete and numbered among his earliest jobs the laying of mains drains in Claremont, the Sans Souci bridge across the Liesbeek in Newlands and the original Kloof Nek reservoir.

By 1972 the company could list more than 300 civil engineering projects it had completed. Techniques developed by the

PUMPING FOR POWER

Twin circular shafts some 20 m wide plunge deep into the foothills of the Hottentots Holland mountains. Below them, earthmoving vehicles race to prepare a large reservoir; higher up in the mountain's face a gaping hole howls in protest. It's the entrance to a 6 m-high tunnel burrowing deep into the mountain. The howl is from a ventilation pipe carrying dust away from the men driving the tunnel.

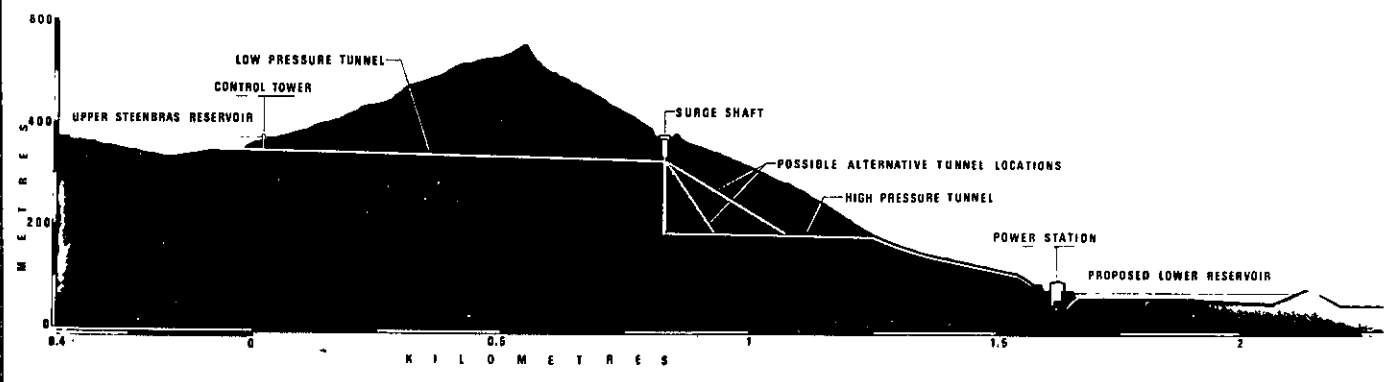
Nestling behind the mountain's ridge is the beautiful Steenbras Dam. Come Christmas 1978, its waters will be fed down 1,5 km of tunnelling to turbines and generators 300 m below

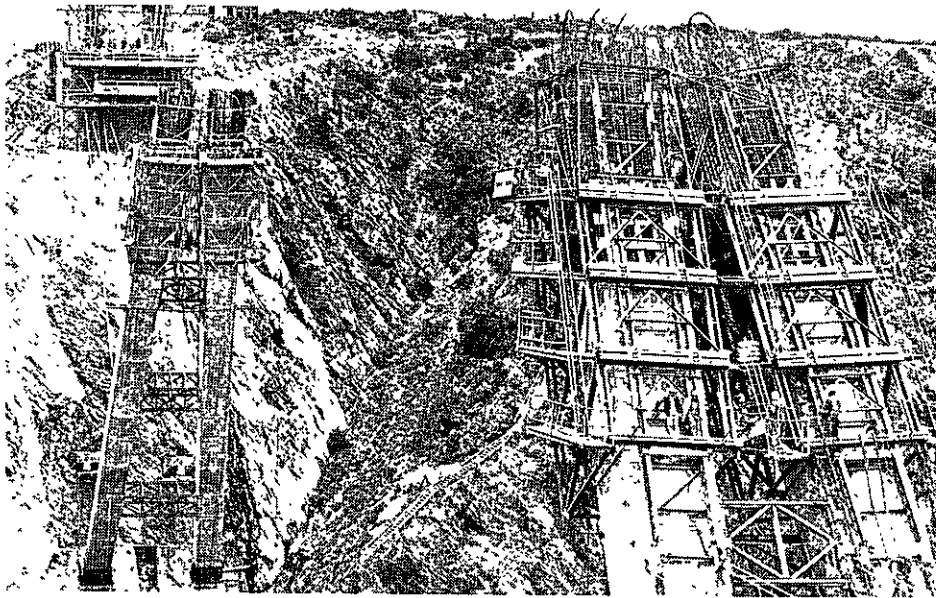
in the two shafts. There, 180 MW of electricity will be generated to help meet Cape Town's peak demand.

During the night, the water that has driven the turbines and flowed on into the reservoir will be pumped back up through the same tunnels to the dam, using the turbines and generators in a reserve capacity, so to speak. It will take 200 MW to do so, which is why the project (the first of its kind in SA) is called a pumped-storage hydro-electric scheme. Electricity is spent during the night, when general demand is low, and recovered, at a 10% loss, the following day.

The total scheme has a base (pre-inflation) price of R40m. Tunnels and surge shaft are being built by RUC (the Roberts Construction-Union Corporation partnership), while Savage & Lovemore are doing the earthmoving for the reservoir. The civil work, which is M&S's responsibility and which includes the power station, tunnel, lower dam and intake works, has a base price of R15m.

Ecologists are reported to be unimpressed, but the City Electrical Engineer has given his assurance that all the scars will be covered up and grassed over.





Bridging the Gouritz

group's civil engineers have played an important role in its building operations. The successful construction in the late Fifties of the basement for Sanlam's Foreshore building was only made possible, says MD Des Baker, by using civil engineering techniques.

It led to a contract for the rest of the building, Cape Town's first true high-rise. Most subsequent high-rise buildings in the Mother City have, as a result, been erected by M&S.

A willingness to accept difficult technical challenges does not alone, however, explain M&S's success in civil engineering. It's men who work hard, fighting time and the elements. "Overtime in the construction industry tends to be the longest of any in the Republic," Baker observes.

It tends, therefore, to be a young man's scene and his testing ground. The ambitious will seize the first opportunity

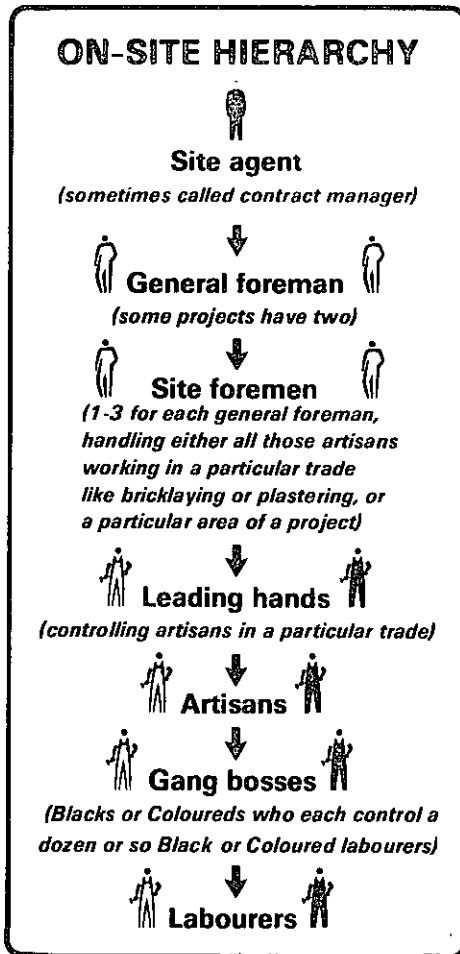
to head up-country projects. There, remote from suppliers and superiors, they must plan materials needs carefully, solve crises without external aid.

Such opportunities are not difficult to find. Few married men will leave their families for months to live in harsh conditions. Those who do suffer far more emotional stress than bachelors. Country experience was once a necessary road to the top — and for the civil engineer proper it still is. But there has been something of a split between civil and building types.

Today there are at M&S senior men in their thirties and early forties who have never sweated it out away from home. They are builders, first and foremost. Some of them even have non-civil qualifications, eg pupil-apprenticeships from a big firm or a BSc Building degree from one of our universities.

The complexities of building today

require a management, rather than a technical, training. Country-work is, however, still the best kick-off point for a young man. And for the rest of the Seventies there is likely to be more country work on offer than luxury high-rise buildings or factory complexes.



BRUCE BLACKLAWS — rising fast up-country

The face and body are lean and tough, as if both have known hard times. Indeed they have. Not Thirties-style but, rather, through the Seventies' explosion in civil engineering projects.

At the age of 30, and in only three years after graduating in civil engineering from UCT, Bruce Blacklaws has poured out more sweat than most men do in a lifetime. It's been on jobs in the northern Cape and SWA.

The first, immediately after graduating, was as site agent for the construction of 10 bridges and 50-plus culverts (together worth R3m) across the Sishen-Saldanha

railway line. Base camp was 40 km from Loeriesfontein and 150 km from Calvinia, the nearest town with a cinema.

For the first nine months Blacklaws had no direct telephone link with his boss in Cape Town. He was in control of 13 salaried men, 80 artisans and more than 200 labourers living in prefabricated wooden ski-huts. They drilled for water, built septic tanks, cooked their own food.

Work went on seven days a week, from sun-up to sunset, for 20 months. Some had to travel 120 km or more daily, for the bridges

were spread over 110 km of line. Once a month there was a break of four days (if work was on schedule). Those who could headed for Cape Town to escape shade temperatures of up to 50°C. Blacklaws (and others) were there for 20 months.

At the end of it all, after the annual three-week industrial holiday, he headed for Rössing in SWA as site agent for R7m worth of work on the uranium mine's reduction plant. Again it was 12-hour days, seven days a week.

Officially, there were 10 days off every two months. But during his 13 months

there, Blacklaws could afford the time to take only two such breaks. Fortunately, Swakopmund was only 65 km away for shorter rests. Living conditions, too, were better than at Loeriesfontein. Housing was built of blocks and food supplies provided by professional caterers.

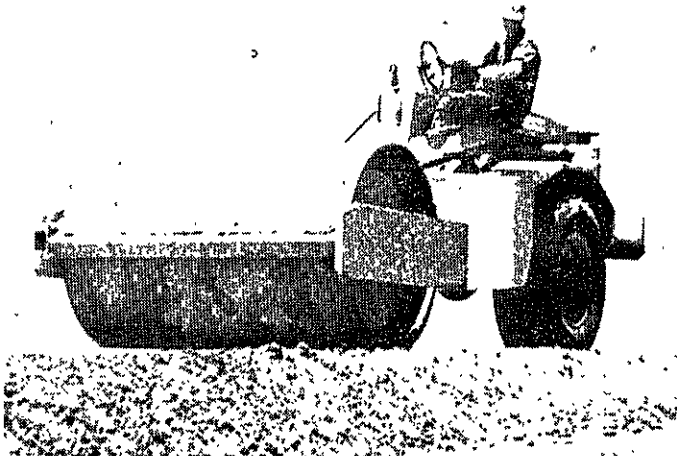
Has it been worth it? "A young chap can only benefit from country jobs," says Blacklaws without hesitation. But what about social life or marriage? "I haven't been worried about getting married," he says. "Out on site you don't get the opportunity."

1971-2071



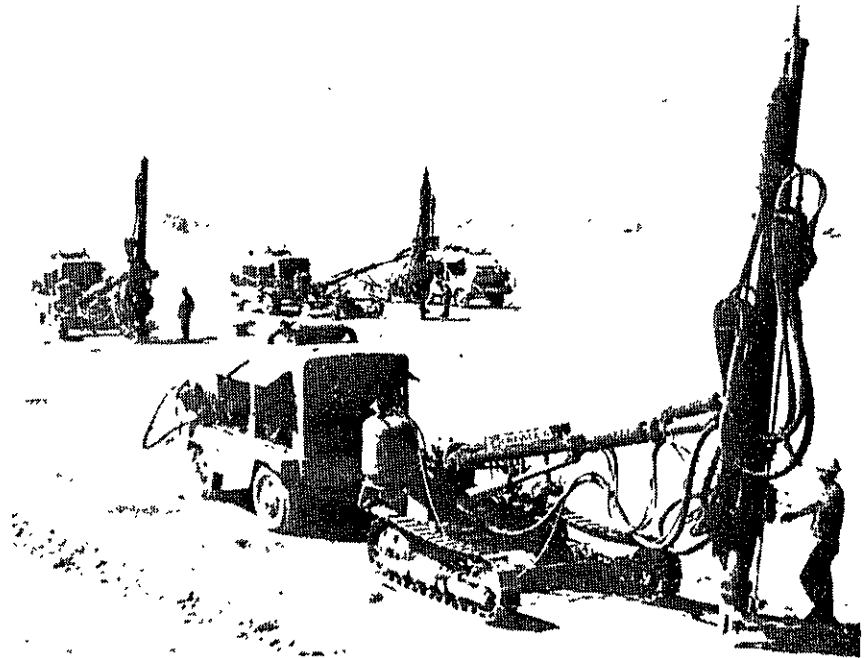
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Building industry asks State for R300-in more

STAR 30/3/79

①32 ①133

(STATES)

By Frank Jeans

The Building Industries Federation (Bifsa) has been quick to follow through on Senator Horwood's pep-up budget by making a high-level approach to the Government for an additional R300 million for housing and services for the lower income groups.

The Minister of Community Development has been asked by Bifsa to make urgent representation to the Cabinet for the extra millions, which are in addition to the R250m allocated for low-cost homes in November 1977, of which R70 million has already been drawn by the building industry from the banking sector.

So immediate does Bifsa see the need for more cash in the housing pipeline, that the federation did not take time to draft a formal letter to the Minister, Mr Sleyen, but sent him a telex message.

Says Mr Johan Grotsius, director of Bifsa: "This week's budget was clearly an expansionary gesture."

"The Finance Minister obviously wants to give the national economy a hard shove from the consumer end, and the building industry, by its nature, is one of the prime vehicles for stimulating consumer spending."

"A serious backlog in housing still exists throughout the Republic," says Mr Grotsius, "and this could build up to a serious accommodation bottleneck."

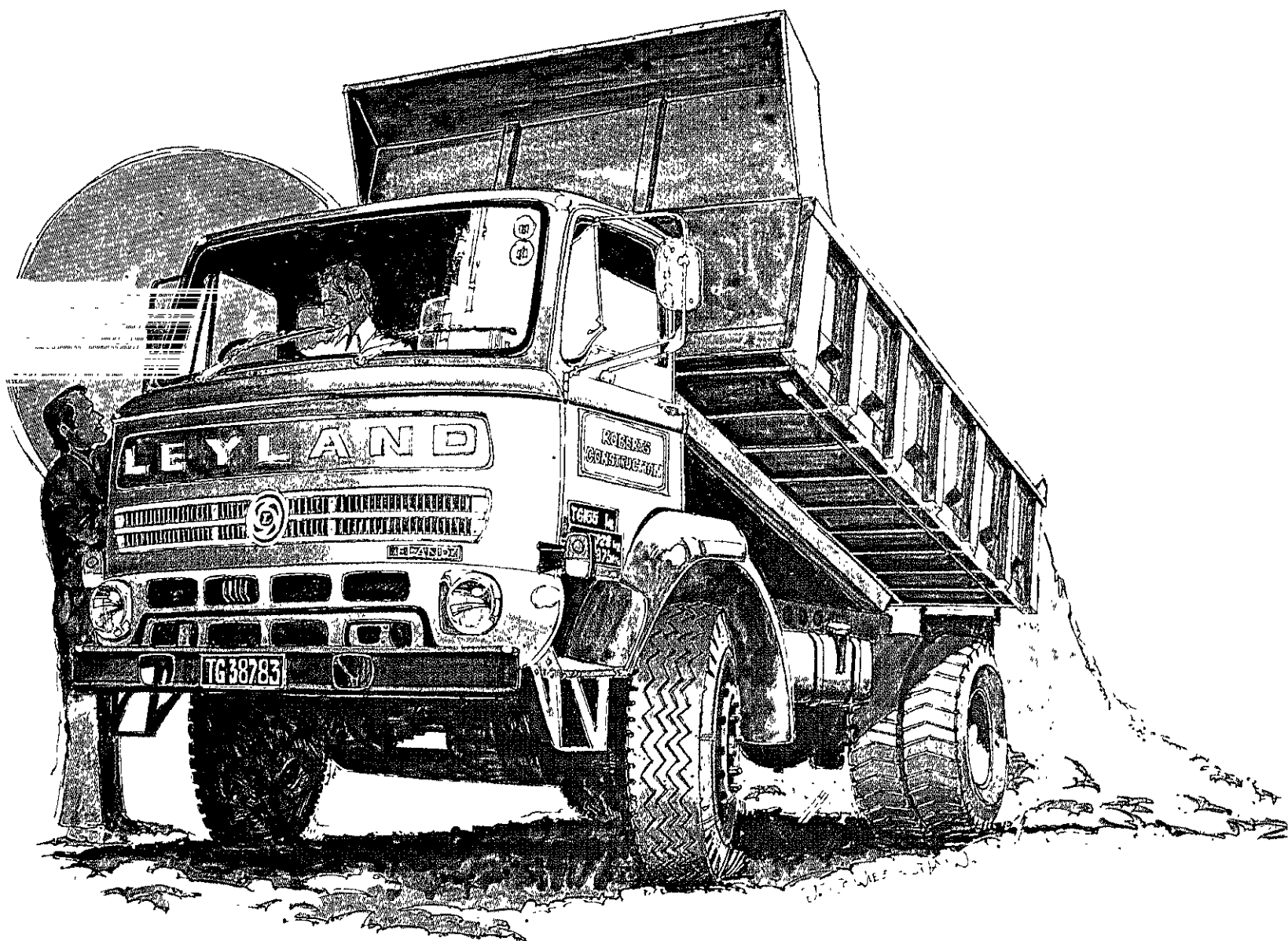
Based on the assumption that the original distribution pattern will be maintained, it is estimated that the breakdown of the R300-million would be:

40 percent for blacks, including homeland and urban;

40 percent for coloured people; and

20 percent for Asians.

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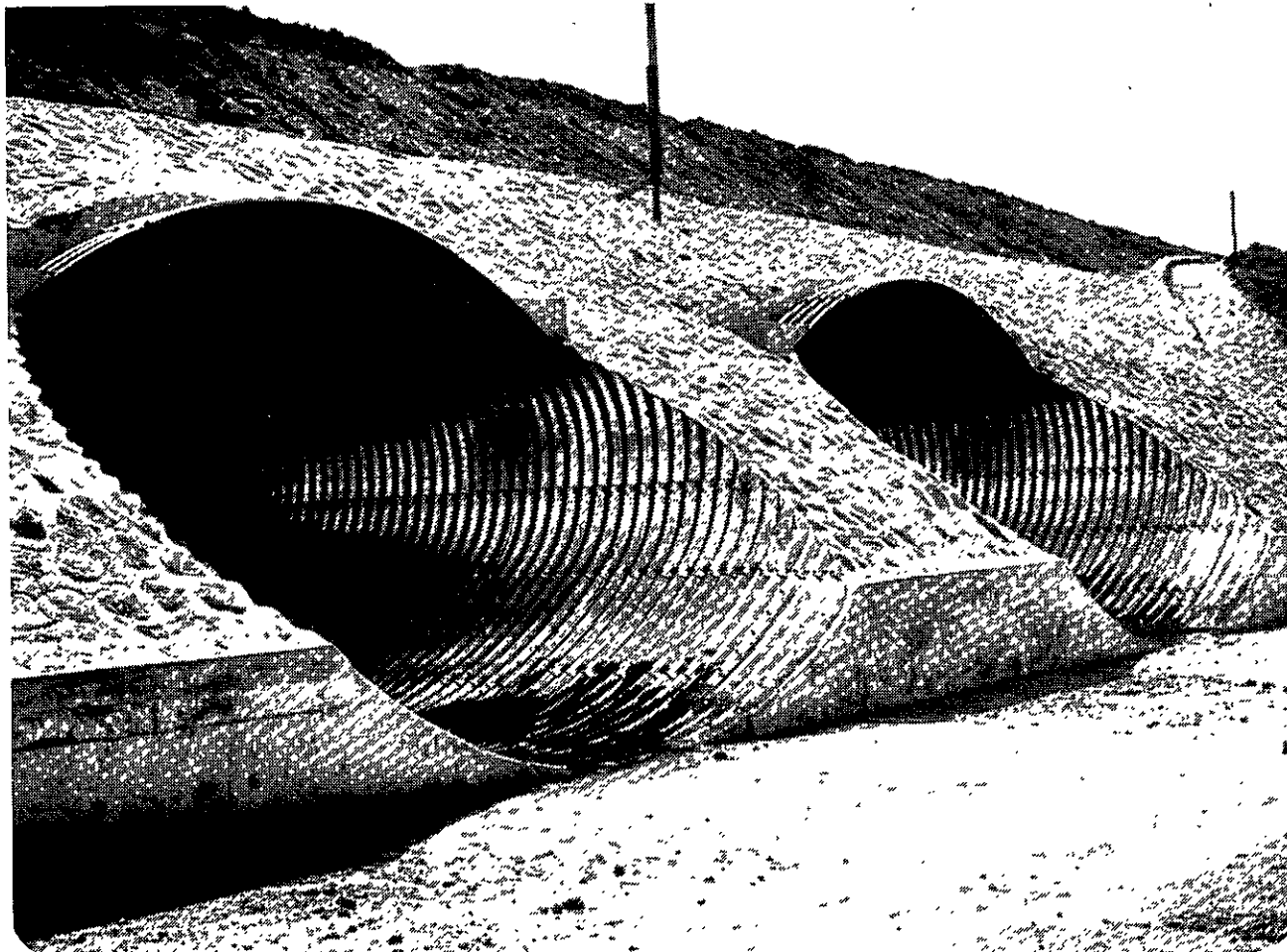
giant-sized advance on the tried and trusted Multi-Plate system. So massive it can accommodate a dual lane road for mammoth haulage trucks. The Mahudzi crossing was completed in just 25 days using unskilled local labour under the direction of Armco. Total cost? 20% less than an equivalent concrete system! So, if you're thinking big, think Super-Span!



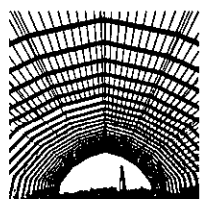
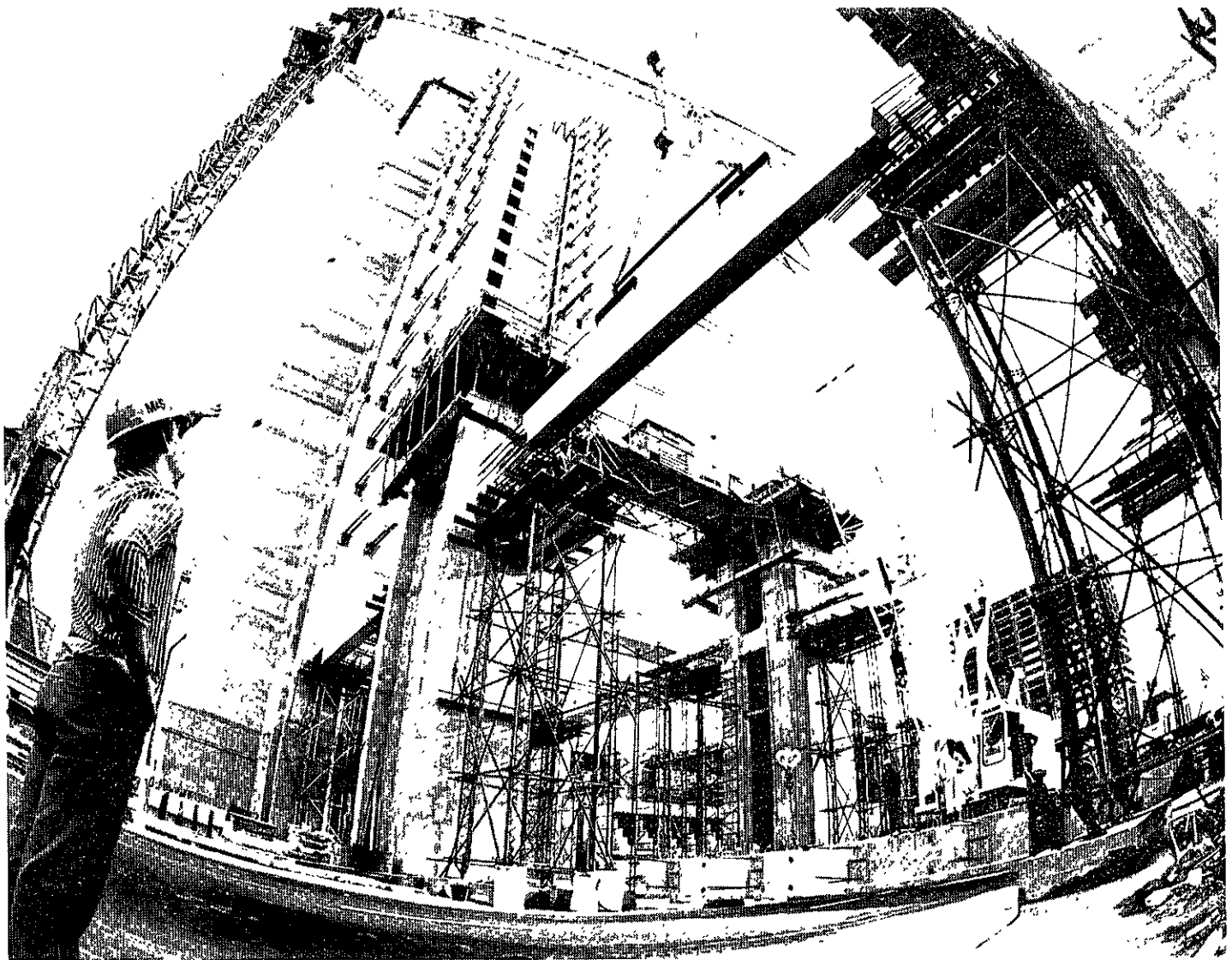
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Perspective 733/E/5/76



AT THE BUILDING FRONT

Despite the recessionary winds blowing across the building industry, M&S's vast experience and broad spread are keeping the wheels rolling

"This is our Town" boasts the M&S Cape Town advertisement. It's a fair claim. Hover over Table Bay and look landwards. Three-quarters of the true high-rise buildings are M&S jobs: Sanlam, Mobil House, Trust Bank, H F Verwoerd, BP and SA Reserve Bank. Others going up: Shell House, Golden Acre and the Civic Centre.

The story is the same for lower but still notable buildings. Begin with Disa Park's three round towers of apartments, then descend into the city: African Life, Santam and scores more. More than 100, in fact, within three kilometres of the city centre. Down on the Foreshore is the fairest of them all, the Nico Malan Opera House.

In Port Elizabeth the picture is repeated: Ford House, the PE Municipality

Building, Fidelity Centre, M&S Centre, the New Elizabeth Hotel and, still a-building, Norwich Building.

In East London there's another M&S Centre and the Standard and Trust Bank Centres; in Plettenburg Bay, the Beacon Island Hotel, and in George and Oudtshoorn a whole series of smaller buildings.

In Paarl rises the Taalmonument; in Grahamstown the 1820 Settlers Monument and in Kimberley, three of four neat shopping and office blocks. A breadth of contracting that M&S men note with justifiable pride.

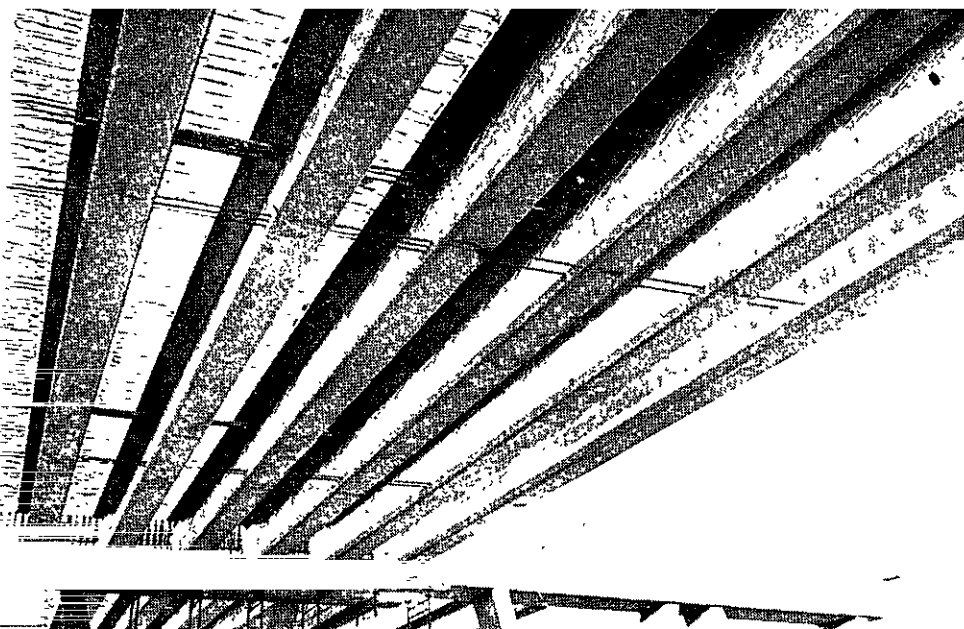
The group is working in the Homelands too. In Umtata, M&S is building a 12-storey government office block, the Presidential palace, five ministerial houses and the technical college. These, with associated roadworks, will together

cost the SA taxpayer about R17m.

On the other side of the continent, in Windhoek, is the biggest privately developed shopping and office complex in SWA, the Metje and Ziegler Building. In the same city are the SWA headquarters of the SA Permanent Building Society and Volkskas. All were M&S contracts. Another big one was the R8m hospital for Blacks (handled in partnership with LTA), forerunner of the R6m Zwide hospital now a-building in Port Elizabeth.

Less glamorous are the factories. Many are in Epping near Cape Town, and stretch inland to Worcester, where a R7m complex for Rainbow Chickens was recently completed. Most, though, are in the Eastern Province.

The local M&S company there was



formed as early as 1918. During the Thirties and Forties it provided most of the group's work. It built almost all the major wool stores in PE, as well as factories for Firestone, Goodyear and Dunlop and, among car assemblers, GM and Ford. The tradition has spread north. In East London three years ago M&S (Border) completed its biggest ever factory, a R4m plant for Dunlop. Since then it has branched out successfully into similar fields in the Transkei, building three large factories in Butterworth for the Xhosa Development Corporation.

This long history of success against competing contractors has several explanations.

First is the lead M&S has taken in devising new building techniques. It was the first SA company to use steam-driven pile drivers; the first to build an all-concrete "high-rise" (6-storey in those days) structure (Murray House in Cape Town); and one of the first to cast factory walls *in situ* with concrete. Recently it has pioneered the use of sliding formwork for high-rise cores and various easily-stripped formwork systems of the kind that can be handled fast by unskilled labour.

A second factor is the group's ability to bring civil engineering skills and experience to building challenges. It was this, in fact, that launched M&S into the world of high-risers. In the late Fifties it won the contract to build the basement for Cape Town's first true high-rise, Sanlam's Foreshore headquarters. Sanlam's consultants informed M&S that rock would be found a dozen metres or so below the reclaimed land. In the event, it was found to lie almost twice as deep.

This created a massive building problem since piling techniques were then inadequate to go that deep and carry a building of that size. M&S solved the problem by sinking caissons (huge, hollow, precast columns subsequently filled with sand), a well-established bridge-

building technique. The placing of huge beams and other precast building components is also helped by civil engineering skills. Again, bridge-building provides the experience.

A third factor explaining M&S's building success is its long experience in drawing up negotiated contracts. These had their origin before World War II in cost-plus agreements, and have since become far more sophisticated. Unlike tender contracts, these bring the builder into the project at the design and planning stage. If M&S is allowed its say at this stage, it claims it can help keep project costs down by pre-arranging work flows to meet a tight schedule.

Several months are also saved because

the contractor can get started on the excavation and foundations the day the first drawing comes off the designer's boards. Much of M&S's work is done on this basis, and M&S men prefer it because in general, with this type of contract, they feel more committed.

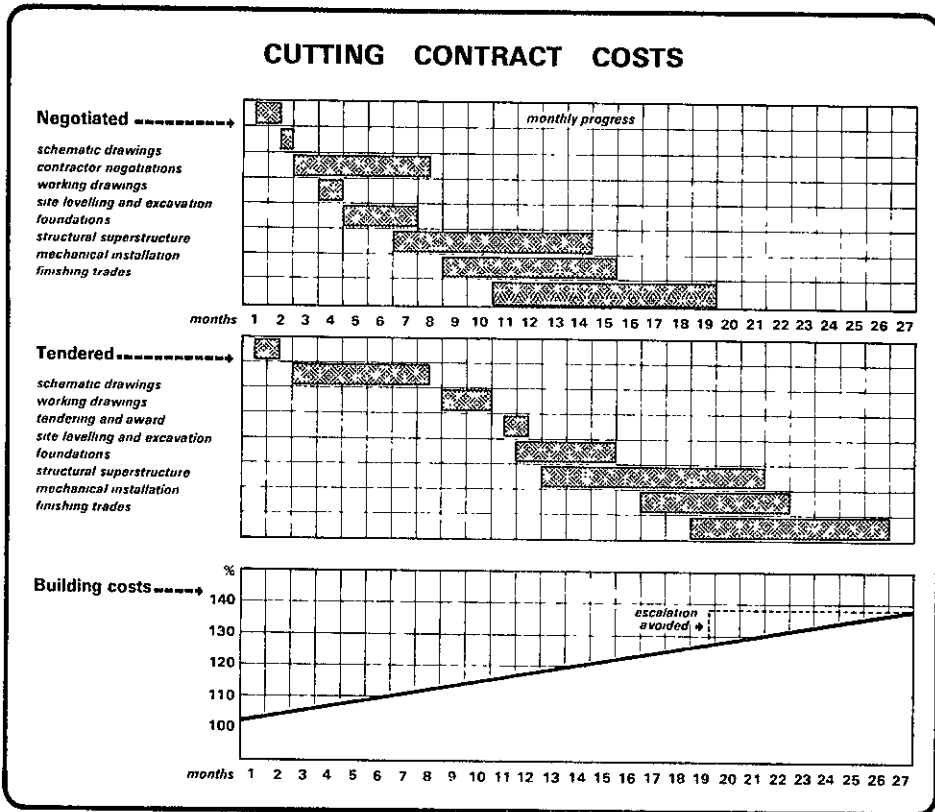
Another M&S forte is planning. This involves anticipating problems, short and long delivery times on materials and the general need for men, materials and plant at a particular time. It also involves the co-ordination and control of sub-contractors who are responsible for up to 70% of the work on today's large building complexes and whose efforts can thus make or break a contract.

Good planning pays off for the contractor as well as his client, not only in winning more jobs but in reducing overheads. Tower cranes, for example, cost up to R100 000 each, demanding maximum utilisation through good planning.

M&S's most remarkable achievement in recent years was completing the Nico Malan Opera complex in 26 months or about half the standard time. Much of the speed was due to the effective co-ordination (under the guidance of American consultants) of 160 sub-contractors.

The biggest problem facing planners today, according to several M&S men, is getting sufficiently early decisions from architects and consultants. "I don't believe professional consultants have kept abreast of developments in the construction industry and the time requirements involved," says one.

Yet saving time is vital. It not only reduces the burden of "dead" interest



incurred during construction, but also that of rapidly escalating building costs. These have been rising during the past two years at the rate of 18% pa.

If tendering is not as popular with M&S as negotiated contracts, it's because it generally serves its interests, as well as those of its clients, less well. Costing a project can itself involve tens of thousands of rands and may be money thrown down the drain if the bid is unsuccessful.

Baker insists that a contractor can materially help a client "set up" a contract so that it runs quickly and smoothly. "Not only does bad management of a project put the cost up, it worsens the contractor's ultimate problem of getting paid for work done," he says. "If the costs of a project are higher than expected due to bad management, the contractor can be quite sure that his claim for just payment will be strenuously opposed."

As work becomes harder to find, small companies are competing for large tenders, often offering prices that are, due to their inexperience, unrealistically low (many are driven into bankruptcy by such tenders). Large tenderers have to allow for this in pitching their own prices. "What we need in SA is a grading system for contractors, based on their experience, as happens in Europe," says M&S (Cape Town) building manager Neil Fraser. "Only those with adequate experience for a particular job would then be allowed to tender for it."

Meanwhile, what of the future for M&S building activities during the rest of the Seventies? Boiling down the com-

ments and predictions of M&S's top contractors, four main impressions emerge.

Firstly, the crystal ball is decidedly cloudy as regards new work. The number of contracts coming into the group has dropped by some 30% during the last six months and, says Baker, the fall-off could continue well into 1977.

But M&S is not despondent. It does not foresee the lull lasting dangerously long and appreciates that it's improving efficiency. And some surprise packets

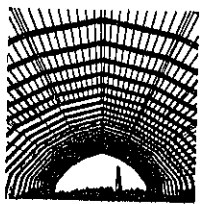
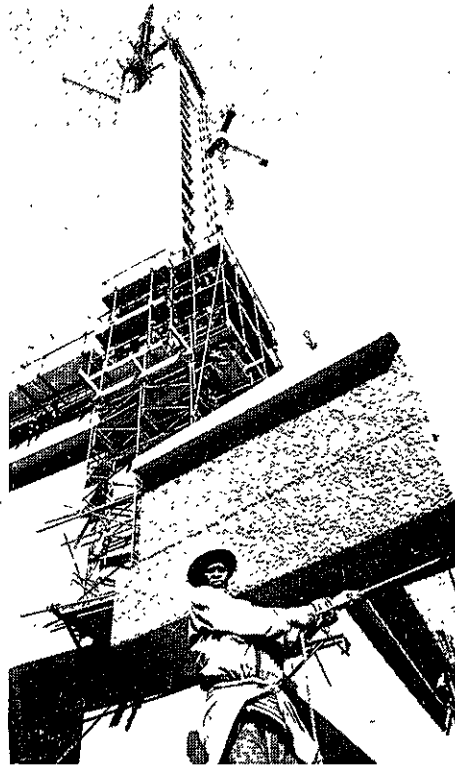
could be just around the corner. Right now M&S (Cape Town) is negotiating several multi-million rand contracts, two of which it expects to sign up before the end of the year.

Secondly, in all the branches country and peri-urban jobs are being taken on to supplement the present lack of central city work. For example, M&S (Border) will be keeping a large team in the Transkei; M&S (EP) has men on the Orange River and in the Midlands; M&S Cape Town has transferred men to Sishen and Kimberley; while M&S SWA expects to be kept busy on defence work in the north of the territory for some time to come.

It is this ability to spread its operations that, from its earliest years, has seen M&S through every recession the country has faced.

In Cape Town there is a good base load in the R25m Civic Centre, the R30m Golden Acre, and the R8m exhibition hall. In Port Elizabeth there is the R6m Zwide Hospital and the R5m Norwich building. In East London work has just started on a R1m Barclays Bank. And the SWA branch is experiencing the best year in its history (due largely to defence and mining contracts), and should be almost as busy next year.

So, while no one denies that business is in a downturn and that the fall-off in building work is likely to continue for some time, M&S building executives are generally optimistic that work in hand should enable the group to leap-frog the current recession and give M&S a firm foothold on the brighter side that hopefully lies ahead.



BUILDING BY BLOCK AND BEAM

M&S has managed to help meet the need for mass housing and schools in the Cape by turning to industrialised building

Outside Port Elizabeth lies the Coloured township of Bethelsdorp. Sociologists may wince at the stark lack of trees, parks, sporting amenities or even (so far) shopping centres. They might question, too, the effect on residents of living in thousands of identical houses.

For those, though, who have left behind them an Athol Fugard world of corrugated-iron shanties, these homes represent a vast improvement. Their relative sameness may be boring, but it enables quick erection and an earlier escape from slums. The houses are prefabricated, their parts made out of con-

crete in a nearby M&S factory and erected by M&S. Some 44 m² in area ("too small to allow for any significant variety of design," says factory manager Cedric Simpson), they are going up at the rate of six a day.

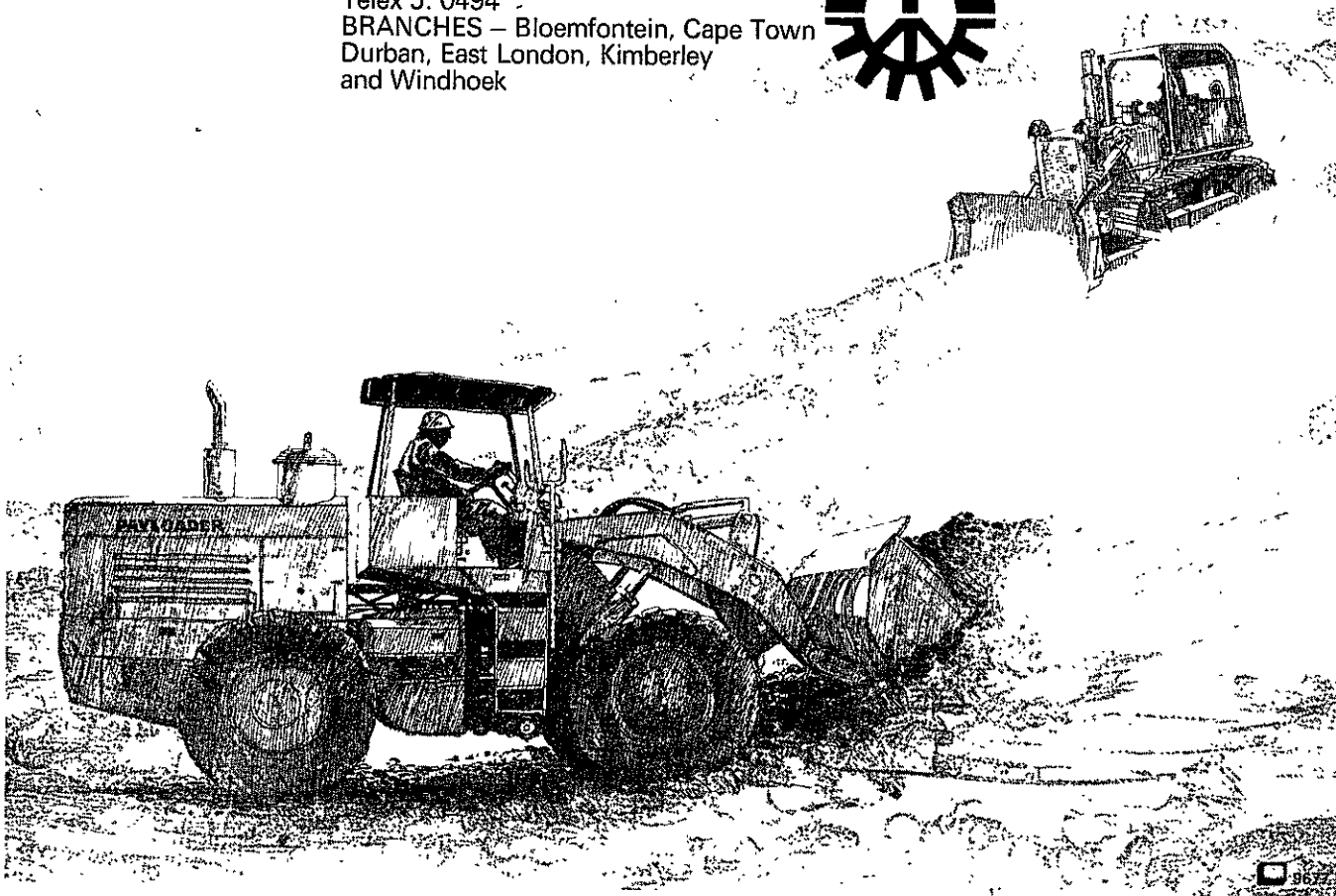
The Bethelsdorp plant, with a replacement value of R500 000, was installed in 1969. But M&S had been erecting low-cost housing units in Port Elizabeth, using what it calls industrialised building methods, since 1964. Schools, factories, blocks of flats as well as some 6 000 houses, have been built using these methods.

The more units cast from the same mould (up to a maximum of 500, by which time the mould is worn out) the more economic the system. The cost is no lower than using building blocks, but it does make for substantially improved appearance. The system has at least one minor drawback — you can add on to a precast house but it's difficult, if not impossible, to knock holes in the walls. Against that, though, are the advantages of fast erection, better appearance and easy maintenance.

So it's playing an important part in building amenities for Coloureds in Cape

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Casting concrete components at M&S's Philippi factory

Town as well. By the end of this year, M&S's Philippi factory will have produced eight schools, each accommodating 400-600 pupils, at nearby Mitchell's Plain. The components for each R500 000 school are produced by the 120 workers at the Philippi factory in two and a half weeks, and take only 3-4 months to erect.

Another major contract just completed involved 228 economic houses in the White suburb of Bothasig near Milnerton. Built for the Department of Community Development, they sell for

R12 000. Units were produced at the rate of two houses a day. Construction, by a separate M&S labour force of 100, took a year for the whole project. The system has also been used to build one of Cape Town's most prominent (and criticised) landmarks, the three circular towers comprising Disa Park, but it wasn't successful in the Western Province without major technical modifications.

A sandwich of two concrete panels and a filling of polystyrene (with no concrete bridges passing through it) were devised for wall panels used there. Rea-

son is that concrete is a far better thermal conductor than clay brick. So far more condensation used to build up on the inside of M&S's prefabricated concrete houses during the Cape's wet winters than would have been the case using bricks. Many such houses, Deputy MD Bob Snape reveals, develop mould on their internal walls. The polystyrene barrier has proved effective — but the mould remains in the older homes.

Industrialised building is a tricky business. In one sense, it's comparatively unskilled — new factory workers take

DENNIS DAWSON — *cast in a special mould*

Skin deep brown, eyes button-bright, Dennis Dawson is one of the Coloureds who've got pretty far up the M&S ladder. At 38 he's manager of the pre-casting factory at Philippi, earning close on R600/m. That, he reckons, puts him in the top 10% of Cape Town's Coloured salary-earners.

For a totally unqualified man he's come a long way, due partly to the fact that certain M&S contract managers spotted his potential and gave him a helping hand. He joined M&S at the age of 20 as a time-keeper ("I wanted to become a doctor," he says ruefully). Thereafter it was buyer, cost clerk and site administrator on jobs in SWA and East London.

He spent three years in

East London, then returned to Cape Town in 1972 because housing and schooling in the "Friendly City" were unsatisfactory. It meant taking a lesser job as assistant contract surveyor, but the next year he started moving up again when he was appointed shop foreman at the Philippi factory.

The job had previously been a White one, and there was at first no factory manager to guide him in what was a totally unfamiliar role. "Many skilled men walked out on me," he says, "because, as Coloureds, they didn't want to work under me. That problem," he adds with a satisfied twinkle, "no longer exists. The biggest change in attitude to colour has come, not from Whites, but from



Coloureds."

Once involved fairly heavily in politics, today he expresses his concern for Coloureds differently — as organiser of a social club with 150 members: "I give them pep talks to put them

on the right path . . . to motivate them." His job leaves him little time for anything else; work begins at 07h30, often ends at 20h00.

Not surprisingly, there's not a penn'orth of fat on him.

EXHIBITION CHALLENGE

The contract for the construction of Cape Town's new Exhibition Centre in Woodstock was awarded to M&S in March 1975. By all accounts, it should be pretty impressive when completed early next year.

It will consist of a large main hall, a smaller hall, restaurant, bar and toilets. The main hall will be usable not only for exhibitions but also for sport, including ice-hockey. It will seat 8 000. Measuring 55 m x 35 m, the hall will be covered by four triangular curved surfaces, forming two intersecting vaults. Support for the roof will come from two vast diagonal arches, rising to 23 m at their centre. Their ends will be joined by four smaller arches. The end-walls formed within these arches will be constructed of 1 900 pre-built inner and outer panels.

To build the hall, the largest of its kind in the world, the entire structure will have to be scaffolded out and all the precast panels of the dome placed in position. Then the six arches and the ribs between the ceiling panels

will have to be cast in continuous operations, using some 1 700 m³ of concrete and pretty complex form-work.

It will be a delicate operation. If the strains and forces are miscalculated, the arches could be overstressed and bring the whole job crashing down. No wonder M&S men refer to it as the nervy job. Nor have the first months of the contract been happy ones for M&S.

After considerable initial delays they now face having to meet impossibly difficult deadlines. Says MD Baker, "This is the sort of job which would have benefitted from being treated on a negotiated basis. While the biggest problem appeared at first to be mastering the technicalities, subsequent experience has shown that the real headaches in fact will be related to the management and co-ordination of the project.

"Had the contractor's experience been utilised at the start significant sums of Cape Town ratepayers' money might have been saved."

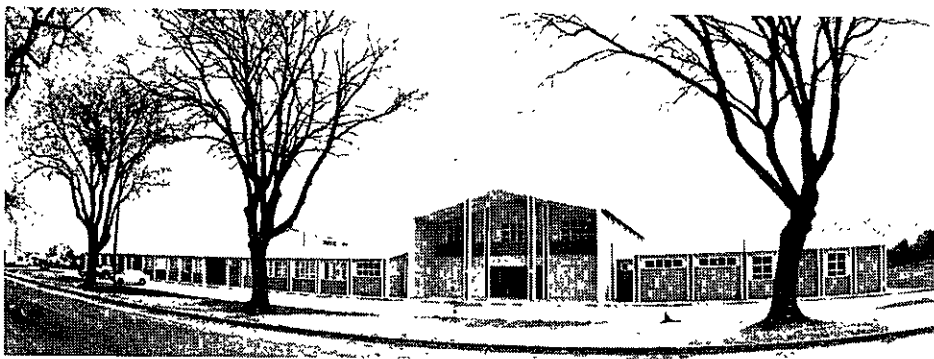
only 2-3 weeks to train and thereafter whatever satisfaction they get from the job will come mainly from working faster. Blacks seem to take more readily to this sort of repetitive work than Coloureds — so quality control can present difficulties with Coloured labour.

Wrongly designed moulds are another danger. If the mistake is discovered only when the components have to be used, thousands of rands can be lost in time and materials. There's also risk of a plant breakdown disrupting production. A high level of preventive maintenance is therefore vital.

Industrialised building has brought M&S healthy profits, says Snape. But he adds that an enclosed factory, such as the one at Cape Town, which he reckons to be the best in the country, stands in continual danger of being left without work if the specification for local housing is dropped, ie if any building method other than the fairly superior whole-wall precast panel is adopted. M&S recently spent R175 000 tendering for a large section of Mitchells Plain worth some R45m, but lost out to another system.

What of the future? A new development for houses could possibly be conventional spec building. It's possible to change the appearance of units built with industrialised methods significantly, but it costs more to do so. GM advanced money for a scheme in Port Elizabeth where considerable variety and design was achieved by adding brick plinths, balconies, tiled roofs, wood block floors, wooden windows, car-ports, timber cladding and the like.

With a little imagination more individuality can be achieved by industrialised methods. "Twenty years from now we could all be in precast houses," says MD Des Baker. Already, in Scandinavia, more flats are built on these lines than by conventional means."



It only takes three to four months to put together a school using industrialised building methods.

SANDY NEWLANDS — *thanks for the memory*

"It's the most unusual job I've ever been on," says Sandy Newlands, one of the two project managers at the Exhibition Centre in Cape Town.

A slight, neatly dressed man, he looks more like a suburban bank manager than a builder. Yet he's never worked at anything else. His father joined M&S in 1910 and rose to general foreman. Sandy followed him into the business after matriculating in 1938, and his brother joined M&S's EP branch where today he is a

senior contracts surveyor.

Sandy started off as an apprentice carpenter. After World War II, which he spent in the Engineering Corps, he returned to carpentering. By 1950 he was a site foreman.

"In those days," he reminisces, "you kept the time sheets, made up the wages, administered the whole site by yourself. Everything, of course, was much simpler then, but your passage up the ladder wasn't as fast as it is today. Demand for construction men is much



greater now."

Nevertheless, he's far less satisfied today than 10 years ago. M&S's rapid expansion, and heavy emphasis on speed of construction, has reduced human contact, he says, as well as workmanship — there just isn't enough time to do the job as conscientiously as he would like.

So at the age of 56, he may retire early. "I leave home at 07h15 and get back 11 hours later. You don't have much time to relax," he observes wearily.

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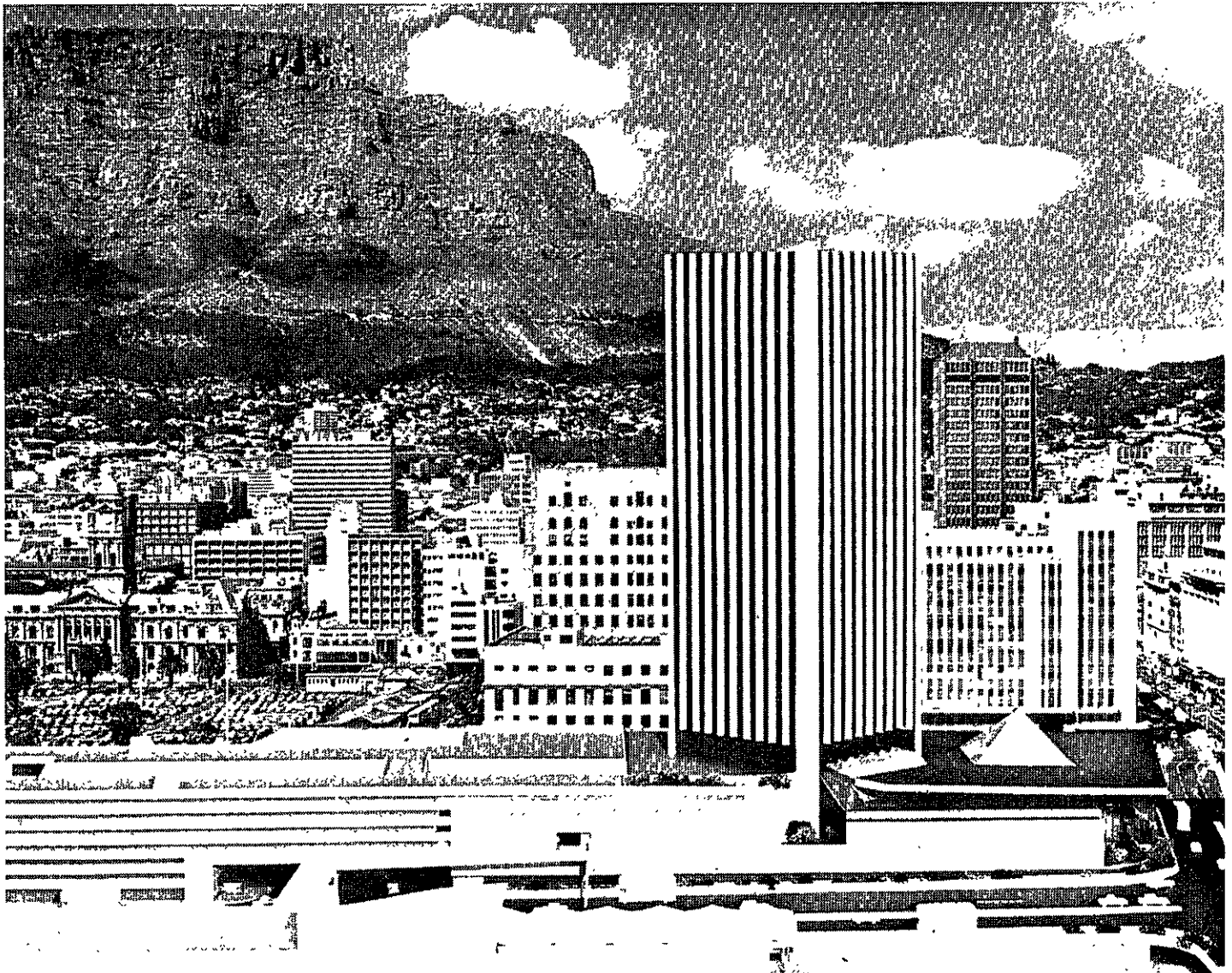
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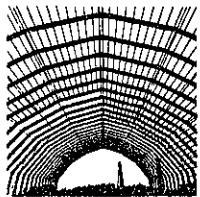
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What M&S's and Sanlam's new Golden Acre development will look like when completed



PUSHING PROPERTY'S PAGE

In a generally depressed market, M&S Properties is keeping its bow to the wind by assembling mouth-watering investment packages for prospective owners

When Murray Hofmeyr, M&S Properties director, drives past Cape Town's railway station concourse, his heart-beat starts accelerating. Across the road, on what must be the most valuable two hectares in the city, work is progressing on a scaled-down version of Johannesburg's Carlton Centre.

Called the Golden Acre, it is a development conceived, promoted and co-ordinated by M&S Properties. The owner is Sanlam, which bought the land from the City Council in November 1973 for R6,5m. Total cost of the project when completed in 1979 will be more than R40m.

The way in which M&S Properties became involved is typical of how property developers operate. The City Council wanted the land developed. M&S Properties produced a scheme and convinced Sanlam of its attractions as an investment. So Sanlam put up the money, while M&S Properties masterminds the project in consultation with Sanlam and the architects, and co-ordinates its construction.

The only unusual aspects of the deal are that M&S Properties has no equity in the project; and Sanlam, not M&S Properties, will let the 90-odd shops and 13 000 m² of office space in the

18-storey tower. Usually, M&S Properties develops a project to the point where, with tenants satisfied, it represents an attractive investment and can be sold profitably.

M&S has been involved in property development for several decades. Whenever Douglas Murray, the founder's son, had spare cash, he would put up a building (usually a factory) and rent it out. After his death in 1964, M&S realised these buildings represented capital that could be more profitably turned over through developing and selling properties. M&S Properties was formed in 1966 to do this under the direction of

Murray Hofmeyr.

Since then, among many other developments, it has created some notable landmarks, stretching from Windhoek (Capital Centre) to Port Elizabeth (the Constantia shopping centre) and East London (the Murray & Stewart Centre). In the Peninsula, it developed *inter alia* Olivetti House, Fleetway House, Douglas Murray House, Nedbank Foreshore, the Athlone and Somerset West shopping centres and (still being built) Caltex House next to M&S's own head office.

Caltex House and the Golden Acre, though, are about the only major M&S Properties projects still building. Hofmeyr is planning developments together worth some R62m, but many may have to be shelved for several years.

"We're in a very difficult period for property development," he says. "There is oversupply in virtually every kind of building except economic and sub-economic housing. The conventional way of doing things (buying a suitable piece of land for which you have conceived a scheme; arranging finance for its construction; putting the scheme up and filling it with tenants with a view to selling it profitably) is now very risky. It's not so easy at the moment to fill a building on spec. We now try to get some tenants arranged in advance and are highly selective as to where we build. It's the only way we can operate."

In the present climate it can take a

long time for a project to become fully viable. Port Elizabeth's Constantia Centre was completed at end-1973, yet it is still not quite fully let. "We have passed the break-even point, and are now fully servicing all loan finance," says Hofmeyr, "but are not yet getting an adequate return on shareholders' funds and will probably not do so until next year." It seems, in fact, that shareholders are still getting virtually no cash return on their equity.

Project problems

The cost to investors, which usually includes M&S Properties, is not only the absence of immediate net income return, but also the delaying effect on capital gain. The longer it takes to get a good rental return from a building, the longer it takes to sell it. In Cape Town, at least, it must be a tricky decision today whether to sell for a price related to current rental levels or to hang on until they rise.

Hofmeyr believes that by the time Golden Acre is completed, there will be a "rental explosion". That's why, he says, he's advised Sanlam not to pre-let offices in the project. Such expectations, though, call for steady nerves and the courage of one's convictions.

What kind of projects, then, will M&S Properties be going for during the rest of the Seventies?

In office blocks, Hofmeyr believes, high-risers could become a dying cult.

They're far more expensive to erect, he explains, than (say) eight-storey buildings, because greater safety precautions are and will be needed in their design, and because the proportion of letting to total area is less because of the need for more lifts and therefore bigger cores.

"And what do you get for your higher rental?" he asks: "A view which you shouldn't have time to enjoy if you're working."

A trend back to low-rise office buildings would greatly help property developers mainly because, being smaller, it would probably take less time to find sufficient tenants to commit themselves to new projects. "You can't afford to spend too much time looking for tenants, leaving those already committed on ice," Hofmeyr observes.

Where, however, would new office blocks in Cape Town be best sited? While Hofmeyr recognises a trend to decentralise, he reckons there are still interesting CBD positions to be developed, since traffic into Cape Town is not as congested as in Johannesburg. Position is all important: "I would hesitate, for example, at this particular time to put up another office block on spec beyond the Nico Malan on the Foreshore unless I had substantial tenancies prearranged," he says. Meanwhile, he's closely examining two CBD sites.

With shopping centres, developers are likely to have to wait for major tenants to make the first move. Hofmeyr believes

BRIAN BOLTON — *profit from systems*

M&S's EP director Beau Pryce claims that: "Accountants are more valued in the M&S group than in any other section of industry. As a result, they get faster promotion."

Not all M&S accountants would agree, but it remains a fact that in a group which runs on decentralised lines, the financial controllers are among the key men. So much so that MD Des Baker has for the last five years actively recruited accountants both here and overseas. There are no boards in M&S on which accountants do not sit and most senior directors keep an accountant at their right hand.

Brian Bolton (37) is such a man. He sits alongside assistant MD Beau Pryce, based in PE. Between them they control not only the EP,

Border, Southern Cape and Transkei contracting branches, but some six diversified companies for which Pryce is responsible.

"For me it is exceptionally good management training," says Bolton. "Although I am in no way technical, I have come to understand such varied operations as timber creosoting, computer programming, brick making and the installation of fire protection systems. After a while you get a feel as to what makes a good company."

After getting his CA Bolton — a typical bilingual young South African — joined a wool, hides and yarn firm. From there he moved across to M&S (EP) where he was initially this contracting branch's accountant. This, he says, taught him the value of close



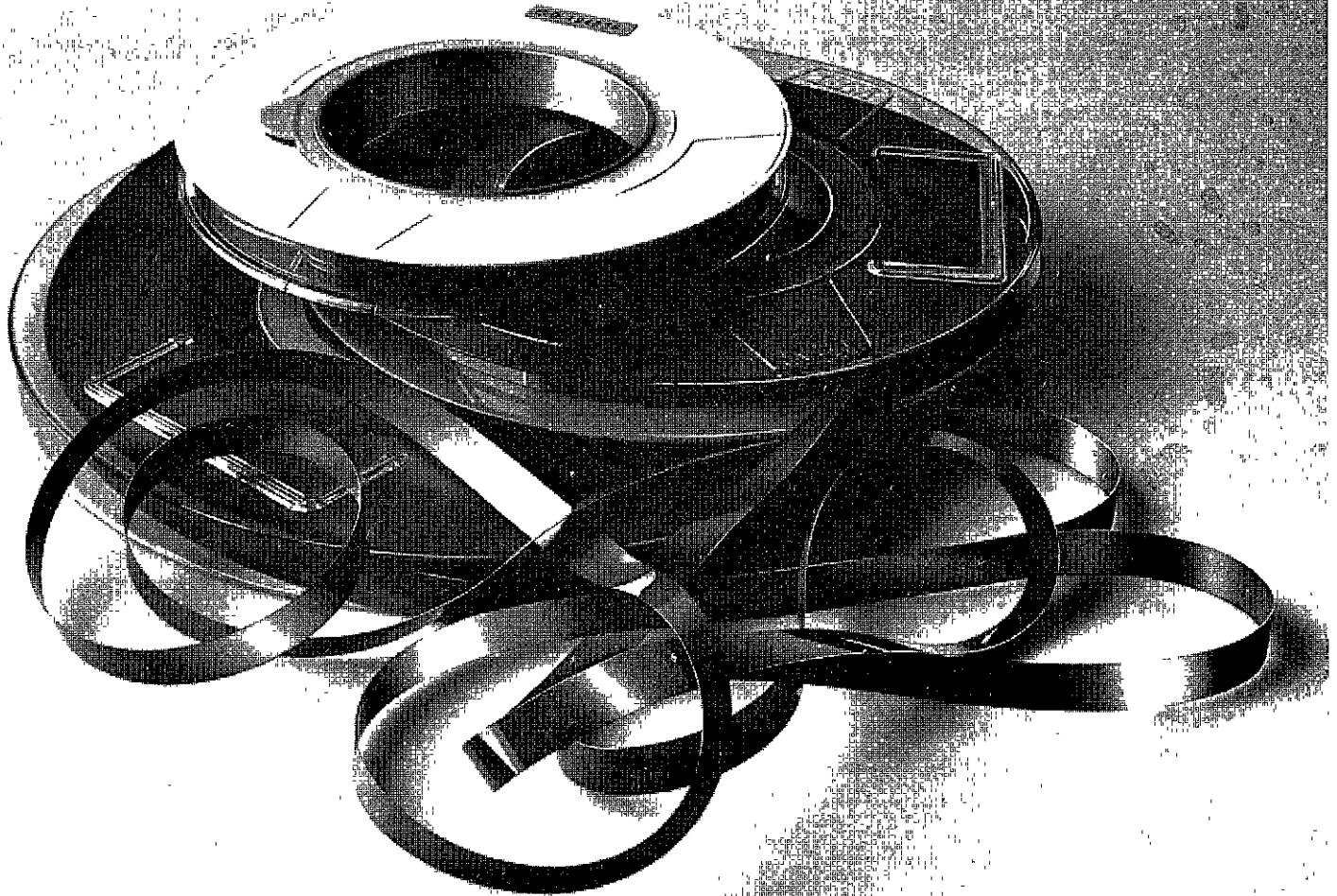
financial controls — monthly, weekly and even daily where necessary. Today he does nothing by instinct: "I can be very hard on those who don't fall in with M&S's financial systems," he says. "They are there to meet a need and

without them I can't do my job."

But isn't it all a little stultifying, being forever at Pryce's right hand? "No," he says, "because in fact we understand each other so well that I can operate for long periods without contact with the boss. Like all other senior M&S men, he knows when to leave you alone."

Can other accountants get as far as Bolton? "Definitely, yes," he says. "The young accountants in M&S are generally holding more senior positions than they could elsewhere. This is a firm where the engineers have learned to appreciate the value of an accountant. And we have learned to understand the engineers and to give them the sort of information they require — plus a little more."

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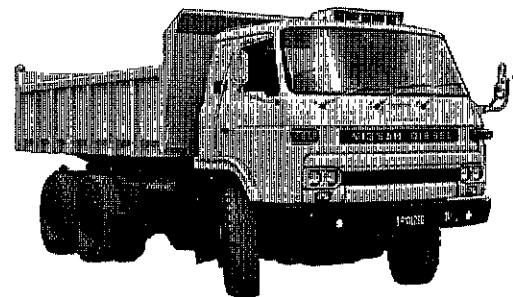


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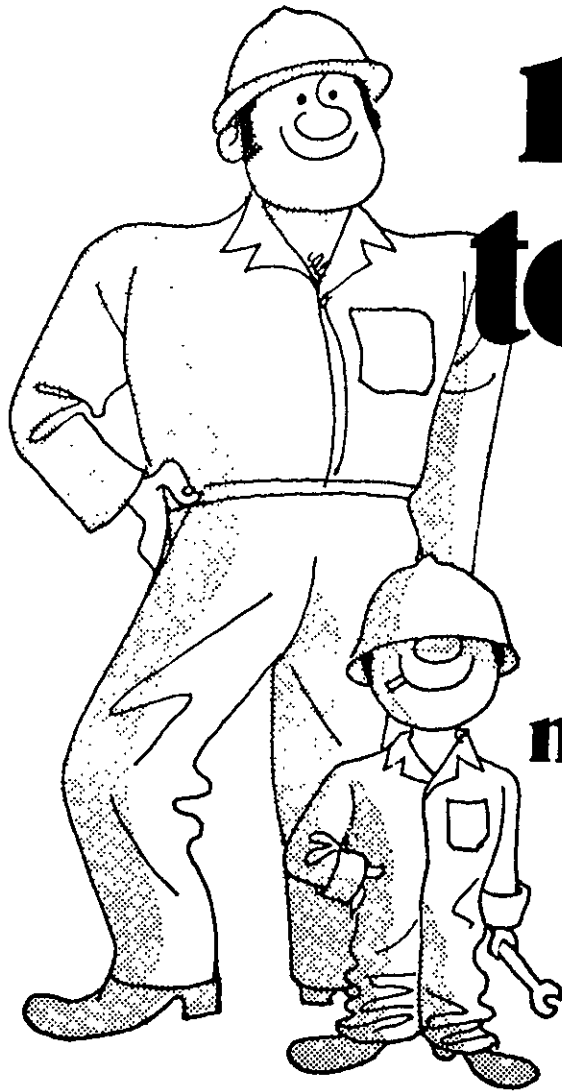


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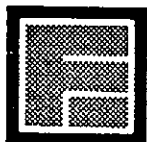


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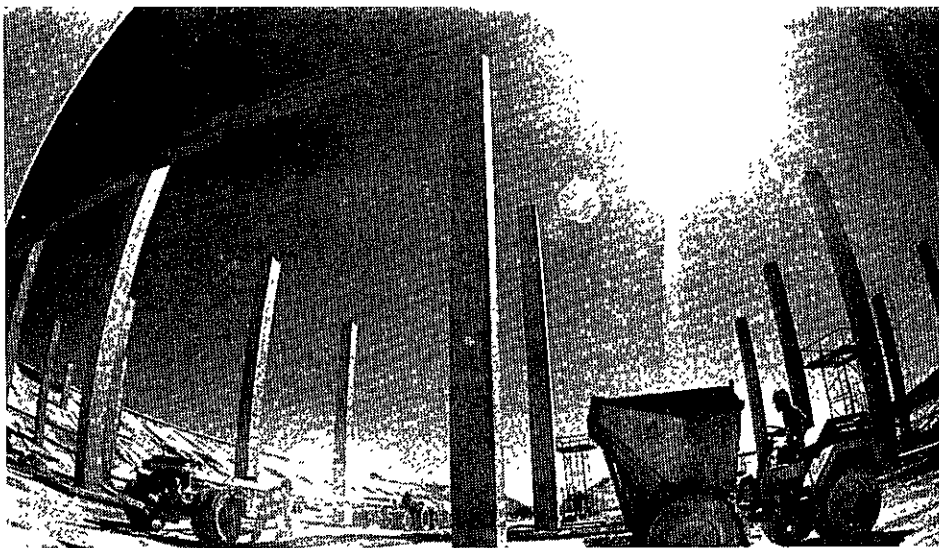
that, with a new cost-consciousness among consumers and retailers, the days of extravagant or expensively finished shopping centres are numbered. They will increasingly lose out to hypermarkets, he believes, though there will still be room for the neighbourhood centre catering for the convenience of a small catchment area of shoppers.

Even if this weren't true, property developers are bound to be highly selective before they decide to invest their own money in large centres containing many shops. Though they are invariably begun with one or two major tenants already lined up, it takes several years for these tenants to build up a sufficient catchment area to persuade smaller retailers to join them. "You've got to be pretty strong financially, as well as courageous, while you're filling a large shopping centre."

M&S Properties owns several strategically placed sites in and around Cape Town on which Hofmeyr is nevertheless confident that developments can be launched in the near future.

Finally, and least optimistically, there are flats. Like all good Sapo men, Hofmeyr rails at rent control because, he argues, it gives consumers an unrealistic idea of what economic rentals on new properties are. "At present I cannot put up a block of flats for letting," he says. "Not because I'd fear it coming under rent control, but through fear of not having sufficient people prepared to pay economic rents."

He is equally cautious concerning building flats for sale, at least until the "backlog", mainly of rent-controlled flats



Spotlighting problem areas and profit prospects

for sale, is cleared. Building sectional title flats would also require a firm undertaking by building societies to give "realistic" bonds. "You can't sell for cash except in the luxury class," he explains.

In short, M&S Properties is likely to make most of its income during the next few years, not from rental and profit on its own investments, but from putting together and selling packages in which it can maximise on the expertise and know-how of its three engineers, two architects, surveyor, three quantity surveyors and so on.

"We hope, for example, that Sanlam will eventually want to repeat the Golden Acre exercise in some form," says Hofmeyr. "For it is in this manner that we can make a positive contribution to the benefit of all concerned; by our team getting involved at an early stage of a development's planning we are able to save clients time and therefore money

and, hopefully, give them a better end result as well."

An alternative that would sell developments pretty quickly, thereby turning over M&S Properties' own capital nicely, would be to offer investors rental guarantees. The principle was established more than a year ago with the SA Permanent Building Society over a Uitenhage property. If a certain level of rental had not been achieved, says Hofmeyr, his company would have worked on the project for two years for nothing.

Hofmeyr is prepared to consider similar arrangements. Whether investors will regard it as sufficient inducement to buy, though, remains to be seen. For the rest, it looks like a matter of M&S Properties continuously updating its dreams until the economy starts moving forward again. When that happens, Hofmeyr and his men will undoubtedly be found wide awake.

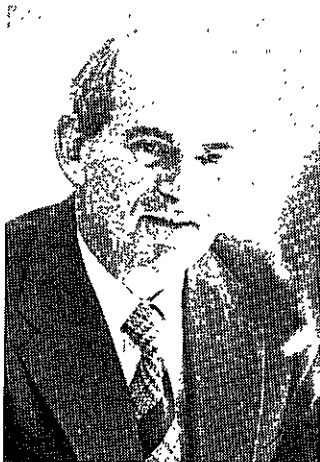
ANDRÉ VAN DER COLFF — *killing them softly*

About the time the FM dropped in on the M&S offices in Cape Town, Andre van der Colff, M&S and M&R director, had a mild coronary following a strenuous game of tennis (which he plays at First League level). The easy way he accepted this, however, and the speed with which he recovered (he was out of bed in less than a week) is typical of a man who leads the younger ranks of M&S directors and is reckoned to be one of the "brains" on the M&S board today.

Van der Colff is no blusterer. He has a quiet, crisp, clean way of expressing himself that has been known to rattle several of the many boards on which he serves

and which has frequently unnerved those who have tried to argue him round.

Schooled at Humansdorp he took a civil engineering degree at UCT. After joining



M&S (the only firm for which he has ever worked), he did his share of country work ending up as senior civil contracts manager at the Cape Town branch before moving across to head office.

Here he maintains his civil role as an adviser to all the branches on technically difficult projects and is M&S's representative on the successful Christiani & Nielsen company. But he has taken on much else. He is responsible for the group's quarrying interests and for Much's pre-mix asphalt activities (run in collaboration with Clifford Harris).

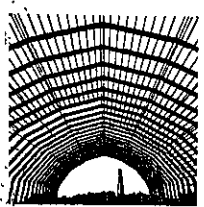
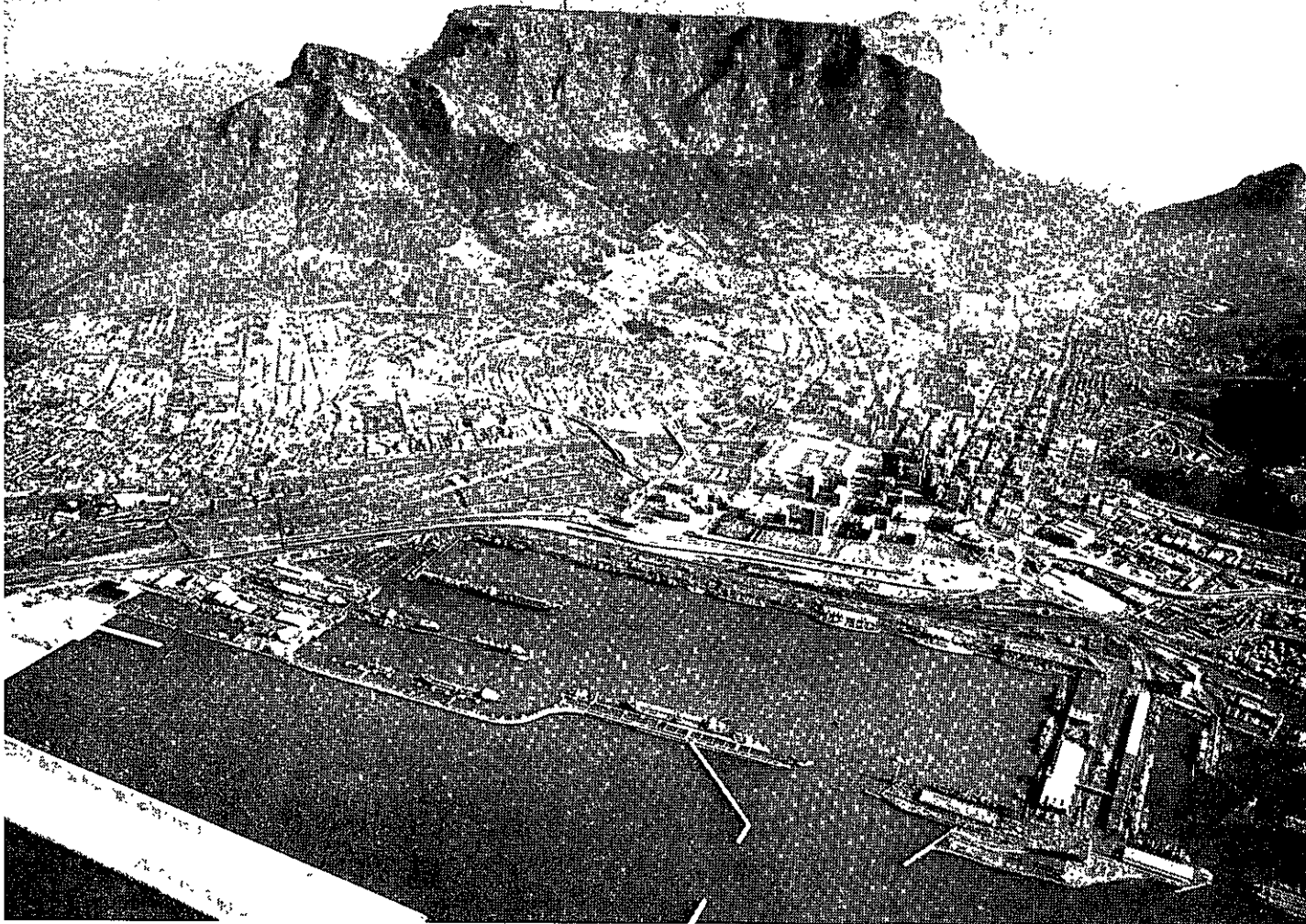
He is also the M&S man responsible for the Coastal Offshore Holdings Group

which has subsidiaries for salvage work, diving, launch services and the like.

Recognised as one of the men closest to MD Des Baker, Van der Colff differs from him in many respects. He is reserved, almost shy. Conversations with him tend to be clipped and he gives nothing away.

He also has a very sound financial grasp, hence the large number of boards on which he serves. For a man in his early forties he seems to have already "arrived". He, himself, feels that "there is so much more that I still want to learn. In the last few years I think I have operated better than ever before. But I want to improve still further."

Since M&S took over Christiani & Nielsen, harbour building has become an important new avenue of engineering diversification



AT THE QUAYSIDE

Once a civil engineer has learnt to work with rivers, he's likely to try the sea. By the time World War II had broken out, M&S had gained some experience of harbour work at Hermanus, Gansbaai and Arniston. During the war M&S and partners built, in a record 24 months, the Sturrock Graving Dock in Table Bay (still the largest dry dock in the Southern hemisphere) and then, after the War, did more harbour work at Ysterfontein (south of Saldanha Bay), Port Nolloth (about 80 km south of Oranjemund), and elsewhere.

It moved into the big time, however, in 1971 when it paid R2,5m for a 75% interest in the SA subsidiary of Danish-controlled Christiani & Nielsen (the inter-

national group had recently incurred heavy costs on a South American contract and badly needed cash). This was the company that, in Johannesburg, built the Brixton and Hillbrow Post Office towers and which was known in civil engineering circles as SA's harbour specialists. "There was no one in South Africa to touch them on this work," says Baker.

Soon after C&N, and its Dutch partner in many harbour projects, won an R18m contract to build the second stage of the extension to Table Bay harbour. At the time they were completing the first R8,5m part of the extension and had just started work on Pier No 2 at Durban. The R18m contract was then

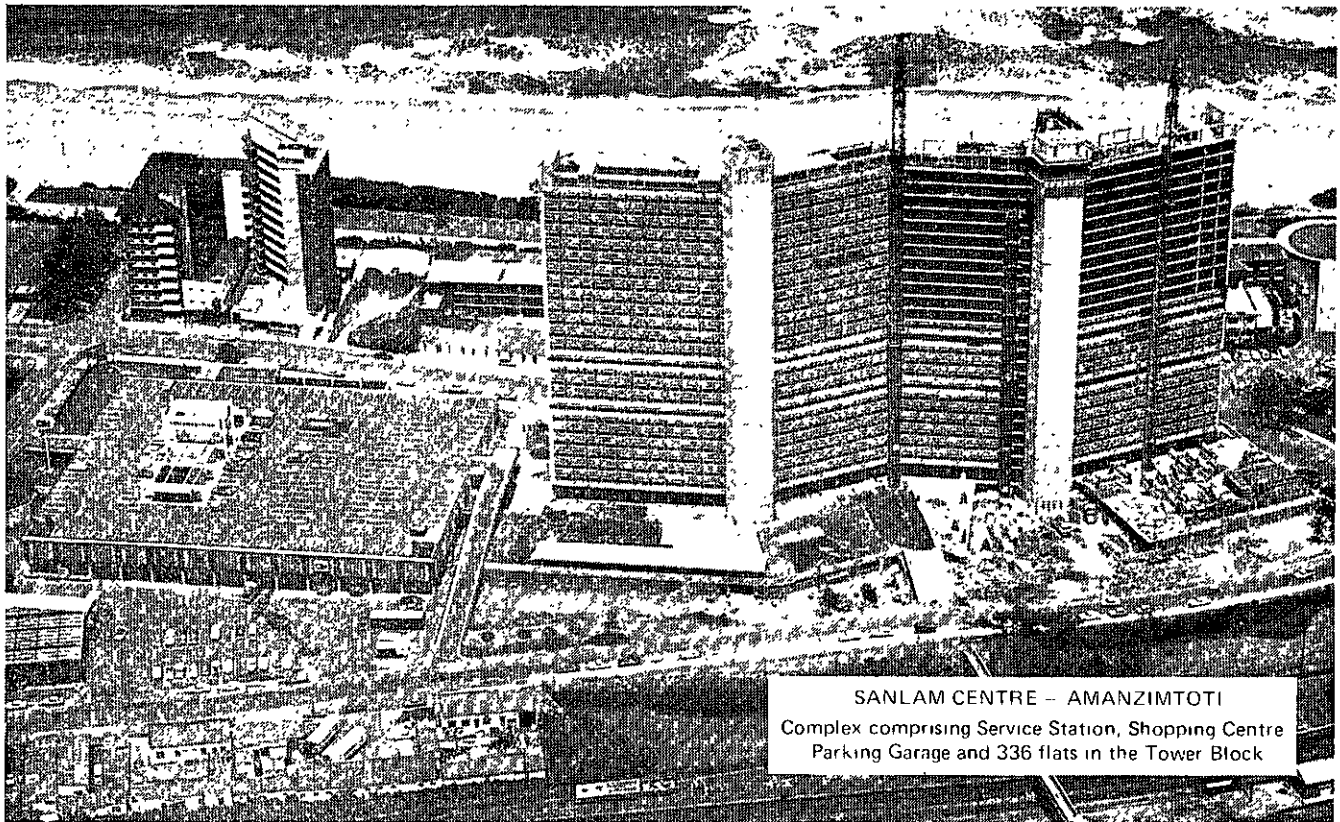
the biggest ever awarded for SA harbour work and the biggest ever won by any M&S company.

Both the Cape Town and Durban harbour jobs basically involved building quay walls around an area of sea. The shore area was then filled up with sand or other solid material to provide a foothold on which buildings and harbour equipment could be placed while the harbour itself was dredged deeper.

Most quay walls consist of huge concrete blocks weighing 100 t or more. They are put into position by floating cranes guided by divers equipped with radio. The latter, who have earlier levelled the stone bed for the blocks with water hoses and other equipment, un-

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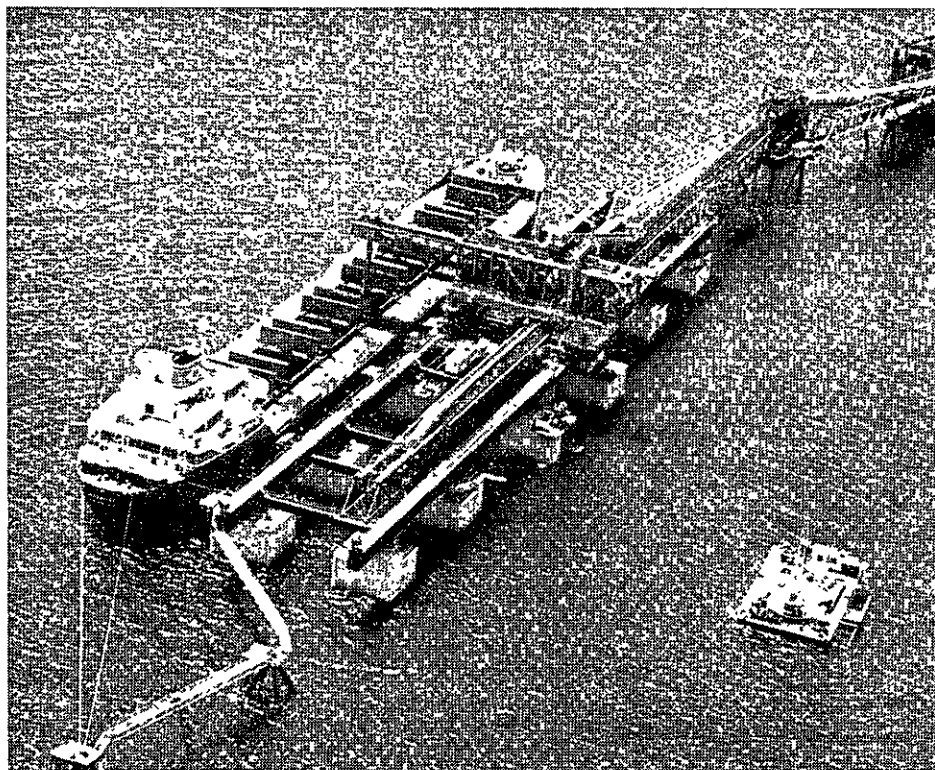
hook the blocks once they've been correctly positioned.

It sounds dangerous work. But, says C&N's manager, Bernard Davy, it isn't. "You learn to treat the sea with respect. It takes a lifetime (but rarely a life) to find out how much freedom you can allow yourself."

C&N has subsequently won even more valuable harbour contracts. The biggest, to extend Port Elizabeth's harbour, is worth R36m. This job began last September and will be finished by end-1978. It mainly involves building two walls with a combined length of 2,7 km.

to where they're needed, then sunk onto their beds. There, they are filled with sea-water (entering through scuttling valves near their base) and sand to give them adequate mass.

Because of its experience in handling massive caissons in the rough seas at Table Bay, C&N won a R10m contract in Australia. At McKay harbour on the coast of central Queensland, new coal export berths were needed at the end of a coal-transporting system jutting 2 km out to sea. The job called for the placing of seven gigantic 17 metre square caissons and three measuring 41 m x 45 m.



The coal export terminal at McKay in Queensland, Australia . . . built by Christiani & Nielsen

The 55 ha of sea thus enclosed will be reclaimed, using 5,6m m³ of sand dredged from a new approach channel. As at Durban and Cape Town, the main purpose of the extension is to cope with containerised ships. Up to 450 men will work on the contract.

Another contract won last year and worth R15m is to extend Simonstown harbour. When complete, the extension will effectively treble the berthing area and provide almost 18 ha of reclaimed land. The job will be completed by late 1979.

Quay walls or other supports, especially those in deeper waters, are sometimes built, not from blocks or piles, but from caissons. These are precast hollow pillars, usually square or oblong in cross section. They're pretty massive. Those used for Simonstown's new quay walls, for example, measure 15 m x 18 m. One advantage is that they can be floated

Despite Great Barrier Reef tidal currents of up to 4 knots, C&N had to tow these 30 km and place them in water 22 m deep — precisely at the turn of the tide.

The tow involved four tugs for each caisson which made the journey in about 12 hours. Placing on the stone bed prepared by C&N took another six hours. The total job took close on two months but was, of course, preceded by a far longer period of planning. "It simply needed people with the nerve to say they could do it," says Davy.

C&N is involved, among other contracts, with one in collaboration with M&S (Border). This is for a new bridge across the Buffalo River at East London due for completion by the end of this year, more than three years after work began. It will cost about R4m and is probably the longest (293 m) and highest (75 m from deck to foundations) bridge now being built in SA.

But that's not what makes it interesting to the layman. It is, rather, that the bridge is being built using a 300 t launching girder that covers two spans at a time. At first glance it seems that this entire contraption could, with only a slight mishap, slide into the river with consequences too terrible to contemplate. During the final part of the slide, the 300 t girder is almost balancing on one pier. Only a 20 t counter-balance keeps it from see-sawing excessively.

It says much for his confidence in the week's preparation for the final slide that Danish contract manager Peter Lundhus stands on the forward end of the girder throughout the two-hour launch. "Oh, this technique has been in regular use in Paris for the past 10 years," he says nonchalantly.

What prospects, meanwhile, for C&N during the rest of the Seventies? Most of those years will be spent completing the Port Elizabeth and Simonstown harbours and few other contractors in South Africa can boast two such worthwhile long-term jobs.

Davy admits it may be difficult to find equally large marine contracts to follow. "In the past few years we've been remarkably lucky," he says. "But fluctuations are the name of this game. Since the early Thirties, when we first started, we've never been able to predict more than two years ahead."

Meantime, there's an agreement within M&R that C&N will not do land work, except where it can provide special skills, as with the Buffalo River bridge, or where unusual structures are involved (C&N has just completed a R10m milling complex for Tiger Oats at Randfontein). The answer, therefore, says Davy, is for C&N to develop new skills such as pile-sinking and passing culverts under existing roads or railway lines. A contract to do the latter at Germiston was won from the Railways earlier this year.

Prospects for further larger-scale marine work overseas are good. "A high degree of proficiency in this specialised field puts Christiani & Nielsen in an excellent position to obtain business overseas," says Baker. "The McKay contract in Australia shows this — South African C&N being selected from a short-list of three companies, the others being American and British-based." After the McKay coal terminal, C&N opened a permanent office in Sydney to seek work among harbour boards and mining companies in Indonesia on tender.

Within the Indian Ocean there are potential markets at Mauritius and the Seychelles. C&N did R1,25m of harbour work at Port Louis in the late Sixties, so has an established name there. Baker is confident that C&N's nucleus of 300 skilled and experienced men will find adequate work. "Harbour growth is inevitable in developing countries," he says.



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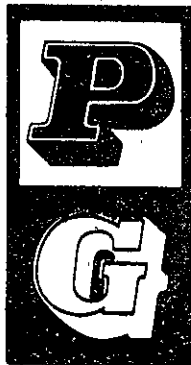
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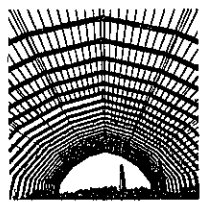
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DIVING FOR DIVIDENDS

M&S has involved itself in numerous subsidiary marine activities—from diving maintenance work and salvage operations to servicing giant tankers from helicopters

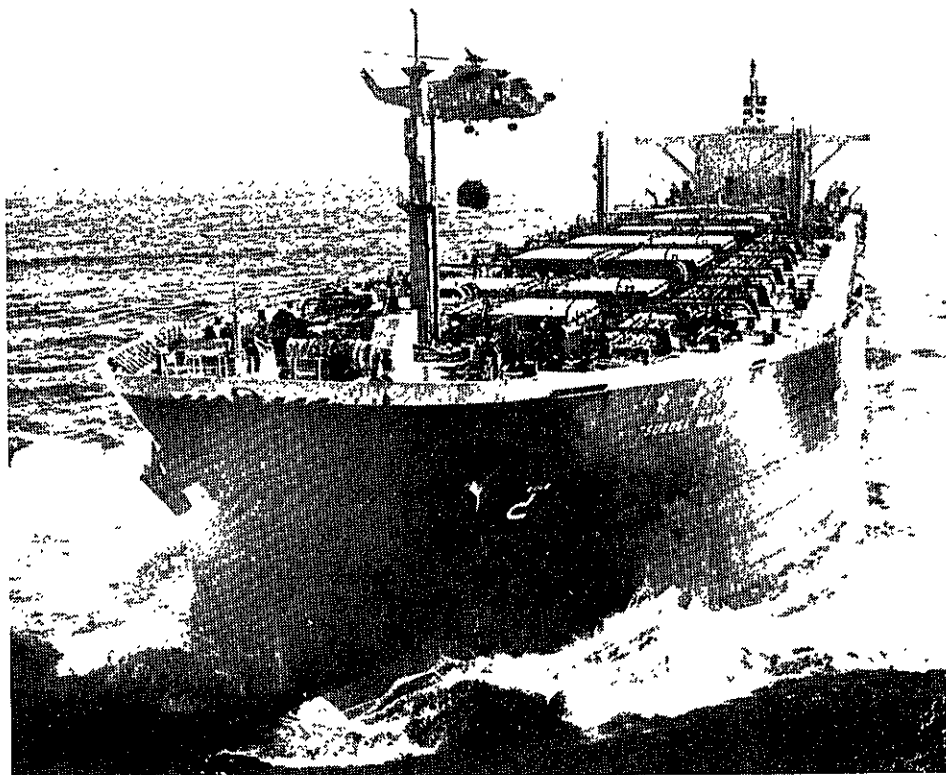
It is perhaps inevitable that a construction company already experienced in marine work should look to the sea for further diversification opportunities. M&S began more than 40 years ago by salvaging grounded vessels such as the *Paris Maru* at Port Elizabeth and today is into ship repair and several other forms of marine service.

It was even courageous enough to build a 120-t ship for itself. The result was so disastrous, even for experienced stomachs, that the exercise was never repeated. The company that built it, M&S Marine, is a ship-repair outfit started in 1967. From the start the venture was reckoned pretty daring by some. Globe Engineering had been long established in Cape Town, and Dorman Long/Swan Hunter set up shop soon after. Many doubted that there would be room for two, let alone three ship repairers.

They were destined for a surprise. Within four years M&S Marine had taken over about 20% of the available ship-repair work at Cape Town and this was enough business to make it profitable.

Since then a decline of 50% in the number of ships passing the Cape, as a result of the re-opening of Suez, has hit it pretty hard — though by no means as hard as the larger companies. In the last three years M&S Marine has been heavily involved with the larger freighters and tankers and this work is now far less plentiful. It has, however, won valuable and regular contracts during the past year or so to refit three SA Navy mine-sweepers and is working for Safmarine, the fishing fleets and on various government vessels. It also has nine valuable service agencies (eg MAN diesel engines) to help bolster revenue.

M&S Marine believes it will retain its



A Court Line helicopter and oil tanker rendezvous off the Cape coast

nucleus of 200 skilled workers, although manager Charlie Riddell anticipates a 30% drop in turnover during the first half of this year compared with 1975. That, he says, will mean far less overtime — the carrot that has kept men in this arduous and sometimes dangerous industry. Already, he reports, many have left, probably never to return. Fortunately, these have usually been the “driftwood” taken on at the time of the boom.

Skilled labour and high productivity are the keys to success in ship repair. SA charges are reasonable. They come about halfway on the international scale because local productivity is fairly high, while times achieved equal those anywhere in the world. Clearly, M&S Marine's future will depend partly on the persuasive powers of the company's agents in the US, Europe and (now being appointed) the Far East.

They will presumably concentrate on large ore carriers and oil tankers, the kind of vessel that can't use Suez. These need not necessarily actually call at the Cape. M&S Marine can put 5 to 25-man sea-going teams on board passing vessels by launch or helicopter and has, in fact, done well out of this side of the business for the last two years.

Riddell's biggest problem is that he's in competition with ship repairers throughout the world. Some competitors, particularly in Europe, are cutting rates to the bone to stay in business. Nevertheless, in the last three months he has managed to attract two vessels that could have stopped in Europe and saved themselves the trouble of the longer Cape voyage. “We have our regular customers who like what we do and come back to us every time,” says Riddell.

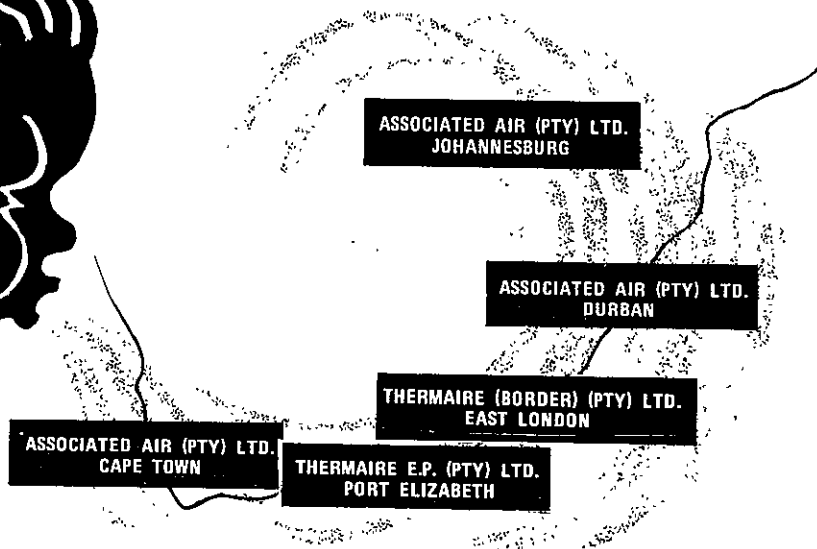
The steep decline in world shipping is also affecting other companies in the group that service vessels — though less severely. They comprise the Coastal Offshore Holdings (COH) group and Court Helicopters. The COH group (which owns 20 vessels worth R1,75m consists of Land & Marine and Salvage Contractors SA (LMS).

This was formed in 1962 and is jointly owned by the Bos Kalis/Westminster Group and SA Diving Services (SADS). The latter, in turn, has as subsidiary companies: Durban Offshore Supplies, Launch Services, Ocean Recoveries and Sarie Marais Pleasure Cruises which have recently been amalgamated to form Southern Offshore Supplies. It lays submarine pipe-lines, services deep-sea oil terminals, salvages ships, does hydro-

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OIL THROUGH WATER

At first sight, and before you know what it is, it looks like some discarded piece of flotsam on the ocean. It is, in fact, a floating mouth for receiving torrents of oil from giant tankers. The single buoy mooring (SBM), anchored 2,5 km off Durban, has been servicing six or more tankers a month since 1970 — 12 Mt of crude a year for Sapref's Durban refinery.

Berthing tankers at the SBM is the responsibility of Land & Marine & Salvage (LMS). Divers are required to stand by in case of oil spillage (LMS's vessel carries 42 t of oil dispersant and spray booms) during discharge, and to maintain the SBM. They are provided by LMS's sister company, SA Diving Services (SADS).

Tankers, which may be up to 400 m long, 60 m broad and stand 60 m above the water, approach the SBM at 2-3 knots. Engines are stopped when the tanker is 4 km from it. At this stage the tanker has on board one or two LMS mooring masters (pilots) and three SADS divers. When the tanker has drifted close enough to the SBM, it is moored to it with nylon ropes stretching from the SBM. Then it takes on board the two 300-m flexible discharge hoses.

So far, the approach and coupling up has taken 1½ hours. Discharging takes about 30 hours for a 200 000-t tanker. During that time the LMS vessel and divers are constantly on hand to deal with leakages.

The SBM is a round platform only a dozen or so metres in diameter. Below it hang two flexible pipes leading to the rigid pipe-line on the seabed. It is these and the two feeder lines connected to tankers that need most maintenance. They are the most fragile elements in the system and are most affected by currents and waves.

But the SBM's anchorage system also needs regular checking. It consists of eight anchor legs (huge chains 300 m long) that each reach outwards to two 10-t anchors. So far there has been no significant pollution from the SBM. With some 70 m tons of crude having passed through it, that's no small achievement. And one of which M&S is justly proud.

graphic surveys and takes supplies out to ships that can slow sufficiently to accept them.

Its three submarine pipe-line contracts were for:

- A 3 200 m, 220 mm diameter pipe-line stretching from Oranjemund to a deep-sea tanker berth. There, ships offload oil that is pumped ashore for Consolidated Diamond Mines. LMS completed the pipe-pull in two days;

- A 700 m, 220 mm diameter pipe-line laid in Table Bay for Caltex to remove effluent from its Milnerton refinery. The pipe-pull took three days;

- A 2 600 m, 1 060 mm diameter pipe-line reaching from the Sapref refinery in Durban to the single buoy mooring oil terminal (see box above). This pull took 12 days after a year of intensive preparation and planning.

Salvaging ships also provides income, albeit erratically. Operations fall into four main parts: refloating sunken or grounded vessels; removing cargo and other valuable contents; cutting up vessels that can't be refloated; and combating oil pollution.

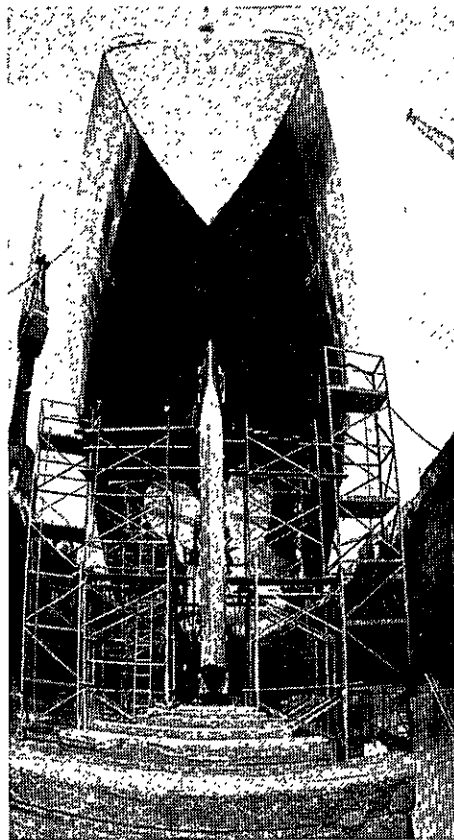
Most work is done around the Cape, though M&S has also salvaged vessels near Mozambique. Over the years it has salvaged over 150 ships or cargoes. Most recent jobs include removing cargo and assisting with salvage attempts of the freighter *Oranjeland* which went aground at East London in 1974.

LMS also carried out oil pollution control and transference of 1 000 t of bunker fuel from the 57 000 t *Oriental Pioneer*, which went aground off Cape Agulhas a year or so ago. Last August, too, the Frelimo government commissioned LMS to raise a 1 700 t dredging vessel that had sunk in Maputo harbour. That job took six weeks and went exactly as planned.

The bread and butter of salvage work in local waters comes, says M&S director André van der Colff, from fishing vessels. The misty days of early winter —

especially on the west coast — bring a steady harvest of grounded vessels. Of course salvage work carries great risks. Last September LMS made headlines by losing their 300 t salvage vessel *Gemsbok* while handing over an enormous anchor and chain off Cape Town. Eight men were drowned.

Less dramatic, but sometimes as dangerous, is carrying supplies and personnel to ships inside or beyond port limits. Southern Offshore Supplies, the SADS subsidiary, does this at Durban, Port Elizabeth and Cape Town. When seas are high and the receiving vessel towers



Salvage work . . . not high and dry yet

above SOS's vessel, it can be a harrowing experience. Sometimes, indeed, lives have been lost here too.

Finally, apart from occasional hydrographic work (analysing and mapping the ocean floor), LMS pilots ships to the two deep-sea oil terminals at Durban and Oranjemund and controls discharge operations at them. This is regular work (the Sapref contract is for 10 years) and helps boost the profitability of a high-risk group of operations. In 1975 COH was, in fact, rated as the top group company.

Though some of SADS's work is the same as LMS's, SADS is first and foremost as its name implies, a diving company. It employs 35 divers and is, therefore, by far the biggest diving company in South Africa, the only significant competition coming from Cape Diving.

Most of its divers are South African. Those from Europe are too unfamiliar with local conditions and are said to be far less versatile, especially in handling underwater equipment. Average monthly pay for a diver is R500-R700. For that, they bring a wide variety of underwater skills to the basic job of diving: blasting; cutting, welding and riveting metal; operating cameras and hydrographic equipment; even, occasionally, operating jack hammers and other construction equipment.

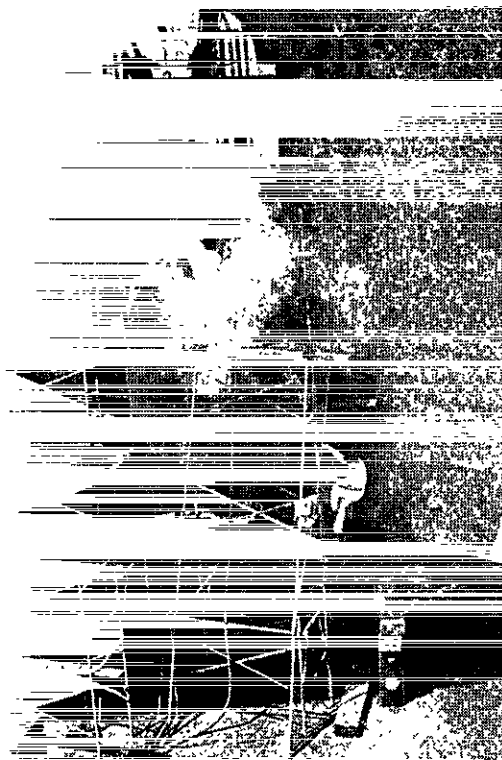
For the variety of jobs they have to do is wide. In recent years these have included:

- Servicing oil rigs off Angola and SA (where record working dives of plus-minus 200 m have been undertaken with the help of a bathyscape);

- Servicing dam gates and sluices (SA has over 200 major dams and SADS has recently repaired the outlets at Kariba Dam);

- Helping build marine walls (which usually means building a level bed of stone for 100 t blocks to be laid on);

- Salvage work (from initial investigation of damage to bringing the vessel



Keeping the propellers turning

home safely or cutting it up);

- Ship repair;
- Hydrographic survey work;
- Industrial diving — maintaining and helping build reservoirs, storage tanks and bridges;
- Laying gelnite charges (now being done in Saldanha Bay to help dredging work). Two tons of gelnite are exploded in a single charge, five times a week;
- Regular servicing of deep-sea oil moorings.

The health hazards of working up to 100 m below the surface are, through greater understanding of decompression effects, no longer as serious as they were 20 years ago. But that doesn't mean it's all joy for today's divers. As in construction, some jobs take men away from their families for months at a time, (divers are typically in their late twenties, early thirties). Work is not confined to SA, but is found all over Central and East Africa, as well as Zambia and Malagasy.

Completing M&S's present range of marine services is Court Helicopters. Its main source of income and profit is servicing oil tankers far out at sea, and deep-sea oil drilling rigs.

The company was formed in 1960 as Autair Helicopters, a subsidiary of Autair in Britain. Then based at Grand Central aerodrome, near Johannesburg, it engaged in crop-spraying, game spotting and culling in the Kruger National Park, fish spotting off the Canary Islands, and survey work throughout Southern Africa. Small "bubble" choppers were used exclusively for these jobs.

In 1968, however, an oil tanker ran

ashore at Green Point. Though no pollution resulted, the incident illustrated the dangers of large tankers changing course to meet up with supply launches between Green Point and Robben Island. Autair persuaded several oil companies to engage it to deliver mail, films, stores and personnel by air to tankers. This enabled them to keep moving, well away from the coast, while supplies were being dropped — a world first.

In 1971, Autair was taken over by Court Line. The new management decided to invest in more sophisticated helicopters, able to fly at night, in all conditions and with twin engines so that the risk of crash landing was virtually eliminated. Today, they do so in conditions sometimes so bad that the tanker captain can't see his own bow.

Court Line in Britain went under in 1974 and M&S bought a half-share in the local helicopter operation. Some months later, a valuable contract was signed with the Texaco oil company to service an oil-rig off Mauritius, and Court became much talked about in international flying circles as a result of doing thrice-weekly 13½ hour overwater round trips. It had already contributed to flying techniques by being the first company to fly regularly solely on instruments, now it was faced with the challenge of flying 12 rig crewmen at a time for a non-stop 410 nautical miles between a refuelling atoll and the rig. Such a long hop had never before been achieved.

Court managed it by extensively modifying its 28-seater Sikorsky helicopter to carry ultra sophisticated VHF navigational equipment and long-range fuel tanks. Though it's a glamorous operation, the future profitability of Court may not be as good as it has been. It faces

three problems, none of them, fortunately, too serious.

First is the fall-off in shipping round the Cape. To compensate Court is offering ships several deliveries at a declining rate. The second problem is inadequate work for its two smaller helicopters which have never really been profitable. "There is a need for a service such as this at the Cape," says MD Des Baker, "but the helicopters still have considerable spare capacity." Finally, there is the problem of finding similar work to that done for Texaco.

"Last year the Texaco job produced nearly as much revenue (and at a reasonable profit)," says Court's MD, David Todd, "as tankers." It encouraged Court to invest R800 000 in another large helicopter so that it could service tankers and oil rigs simultaneously, and although landing oil rig contracts isn't easy, Court obtained a two-year contract with Soekor in January this year.

Australia and Europe are out for various reasons, says Todd, but possibilities exist in South America and the Far East, and Todd has already spent much of this year exploring them. Maintenance, depreciation and insurance account for about two-thirds of the total cost of flying a helicopter. Court now operates about R5m worth of them, at current market value, plus R1m of spares.

Getting a satisfactory return on that investment keeps Todd — an elegant, Duke of Edinburgh type of man with 15 years flying experience with the RAF — uncomfortably tied to his desk or the seat of someone else's plane. That's the price, though, of keeping eight choppers in the air and 13 pilots on the payroll. For Court is the third largest commercial flying organisation in SA after SAA and Safair.

HAVE CASH, WILL VIEW

At R45 each, it's an expensive hour. But visitors and Capetonians alike reckon there's no better way of seeing the Peninsula and of understanding its geography.

Since last December, Court Helicopters has been taking parties of four in small helicopters on a journey that begins at DF Malan airport, passes over the industrial area en route to the harbour, then follows the coastline down to Cape Point.

By then, passengers have had the novel experience of flying above gulls (looking like nuns hurrying off to Mass), exchanging grins for scowls with Sandy Bay's nude sun-worshippers ("as if property developers weren't bad enough!") and seeing the remains of several ancient shipwrecks. Not to mention looking closely at the world's most powerful

lighthouse at Cape Point.

From there it's over Seal Island, its occupants flopping agitatedly into the sea to get away from the noise, and onward to Stellenbosch. There, at the famed Lanzerac Hotel, a civilised lunch at an extra R15 per person (covering the pilot's extra time, too).

Thereafter, a bird's eye-view of the Huguenot Memorial at Franschoek and the Taalmonument at Paarl. Both look better from the air, some think. Then a saunter over the Hottentots Holland mountains, looking down enviously at patchwork wine farms, before returning to the airport.

The trip is steadily winning popularity. But direct operating costs only are covered by the seemingly high charge, says Court's GM, David Todd.

Ah well, at least it wins friends . . .

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(a) Neglect of preventive medicine by most practitioners and inadequate budgetary provision for it. Savage also notes the excessive expenditure on cure.

(b) Both also note the maldistribution of doctors and health services. Kirsch describes this in geographical terms, and in terms of inappropriate institutions. He notes the concentration of doctors throughout the world in urban areas. Savage describes this as a concentration in South Africa on the needs of the white and urban populations; but he also implicitly recognises an international dimension.

LTA's interim profits up 12%

BY ELIZABETH ROUSE
LTA'S turnover shot up by almost 21% in the first half of the year, but the full benefits of this advance in business has not yet filtered through to the profit bottom line.
Attributable taxed profit for the six months to September 1979 increased by 11.76% to R3 801 000 from the 1978 half-year's R3 434 000. The earnings rise was narrower at just over 7% to 30c from 28c because of a bigger issued capital.
Operating profits were up 7.8% to R6 764 000 from R6 274 000, this comparatively small advance reflecting the narrow profit margins on contracts taken into account during the six months.
The operating profit return on sales was cut to 2.84% from 3.18% in the 1978 half-year.
LTA directors are reporting that prices are returning to normal in improved conditions for the construction industry. But the lag between taking and pay.

more economic contracts and taking the profits into account means that LTA will not show the benefits in the year to March 1980.
The board is confident, despite results usually being better in the first half of the year by reason of the Christmas break, that year-end profits will be higher than last year.
Based on this prediction, shareholders cannot expect a repeat of the first half's earnings of 30c. But the LTA board is usually conservative and second half earnings have not shown such a big discrepancy in previous years.
With luck and good management, LTA's earnings could near 60c (54c last year) and there might be a slight lift in the dividend from last year's 21c level.
The historic dividend yield at the current price of 320c is 6.56%, compared with an average of 6.3% in the building and construction sector.

He attributes the misallocation of resources in the health sector to interests than to ideas, and points out that this misallocation affects society as a whole and not merely the medical profession. He criticises those who, like Illich, believe that one can change the behaviour of individuals without altering the behaviour of the system, and shows that the maldistribution of doctors is a mirror of the maldistribution of resources in society. He sees the need for doctors to become involved in 'combating the health-denying aspects of apartheid in order to promote effective medicine'.

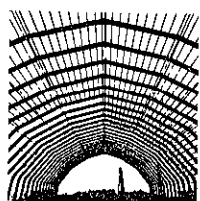
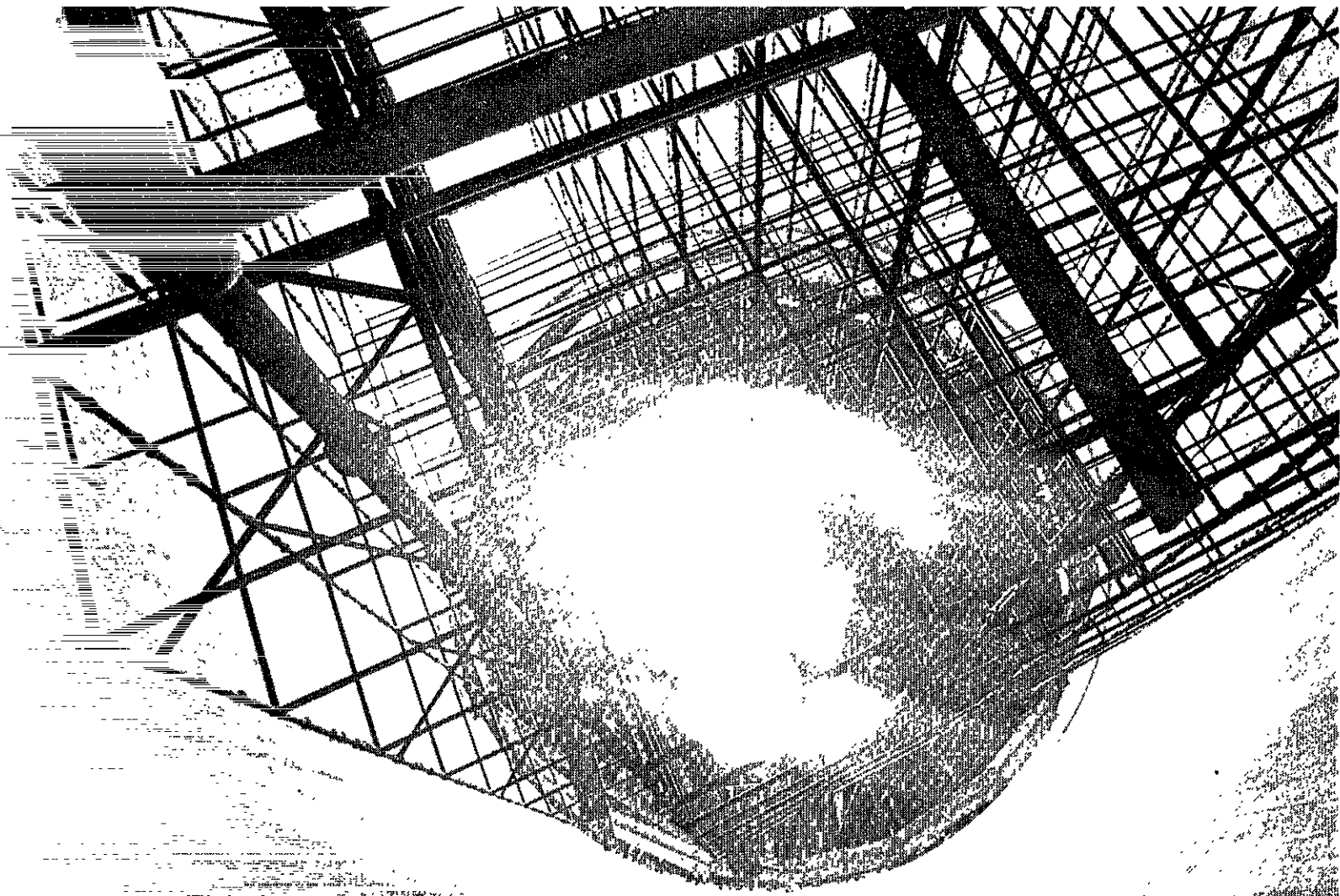
Other contributors (e.g. Adler, Vol.2) would regard the nature of the economic system, rather than the legal structure of apartheid as the root cause of the 'Inverse Care Law', as it is apparent to some degree throughout the third world and in most 'western' societies. Both Adler and Savage, although not denying the need for medical reforms, regard these as inseparable from changes in the wider social structure if they are to be effective.

2.2 Public or Private : The Options

The debate on what has come to be called 'socialised medicine' concerns which method of health care provision is most *efficient* and which best satisfies the condition of *equity*. Efficiency, in the economic sense, is taken to mean that there can be no change which will make one person better off without making another worse off. If one can, by reorganisational get something more without extra cost, without making anyone worse off, the existing situation is not efficient.

In fact, only the provision of medical care is in dispute, rather than all measures which promote health, most of which, as we have seen, concern the entire structure of the economy and society. The arguments therefore apply only to the relatively narrow, but nevertheless highly charged field of medical care. It has conventionally been accepted by the majority of those who can afford it that some basic public provision should be made for the indigent. The rising cost of medical care, particularly in the United States and some European countries, has forced a reassessment of this position by health economists of all persuasions.

The free market position is argued by Rees (*27): If a good or service can be bought and sold between individuals, and all relevant costs and benefits are taken into account in the market transactions without spilling over to outsiders (excludability), and there are no economies of scale, then individual preferences as expressed through their purchasing power can be met efficiently when the good is distributed through a free market so that neither can alter the price on their own, and no combination of buyers or sellers exists that can influence the price to their own advantage. In addition, there must be no information constraints on buyers and sellers. If these conditions are fulfilled, private provision will be efficient, although the possibility of efficient allocation may also exist under other conditions. The advantage of a private market are generally taken to be the minimal need for information transmission before an efficient distribution can be reached.



SPREADING THE NET

Failure of sub-contractors to keep abreast of technological developments has led to M&S moving into numerous fields related to contracting

Industrialists are ambivalent about dominating their markets or their suppliers. Competitive drive makes them strive for it. Many believe, however, that having too large a share limits a company's dynamism and can lead to complacency and inefficiency among employees, resentment among customers.

From the late Sixties, as it came to enjoy the lion's share of whatever construction work was available in its operational area, M&S began diversifying — mostly into fields where it had previously employed sub-contractors: electrical installations, air-conditioning, fire-protection equipment, plumbing, underfloor heating, reinforcing steel and the installation of plant and related service equipment.

Its reasons were not only those already described, but also
(1) to gain better control over large con-

tracts by adopting a "whole project engineering" approach and
(2) because, as main contractors, M&S had found that despite the increase in tempo and complexity in the industry over the last decade, sub-contractors in certain of the key sub-trades had not geared up to modern requirements.

Today only half the group's profit comes from construction. The rest is found in sub-contracting and other diversifications.

In 1974 M&S bought Cape Town's largest firm of electrical contractors, Joffe & Co. It is working on the new Civic Centre, a job worth R2m to it, and the Golden Acre as well as some 15 major projects, many of them not M&S jobs.

Joffe itself has expanded into another area: installing communal TV aerials and closed circuit TV (most recently in Par-

liament), and selling two-way radios and paging beepers. It has also supplied a sister company, Court Helicopters, with Bosch VHF radios and direction-finding navigational equipment.

Joffe also owns a large switchboard manufacturing division. Following its take-over by M&S, this division was merged with a similar M&S operation, MCB Distributors. In SWA, M&S's electrical contracting arm is Hydrodyne — established in 1969 and now the largest company of its kind in the territory. It has worked at both Black and White hospitals in Windhoek, as well as at the Ruacana hydro-electric scheme. It's also in other fields, supplying catering equipment and electrical machinery, and installing air-conditioning plant.

The last is done throughout SA by the Improvair Holding Group, an organisation for which Baker has a very high

regard. "The top men in this outfit can hold their own with those anywhere in the world," he claims.

Associated Air operates in Johannesburg, Durban and Cape Town, Thermaire in the Eastern Province. Today, the Improvair group is probably among SA's two or three biggest air-conditioning companies, M&S believes. Recent completed contracts include the SA Reserve Bank in Cape Town and a section of the University of Port Elizabeth. The group is heavily involved at PE (where Thermaire recently won a further large contract at the University); Durban (where the Associated Air head office is sited), East London, Umtata, with several jobs in Johannesburg.

least half their work from outside the group to ensure they are remaining efficient and competitive." So Glendinning also numbers major construction companies, like R H Morris and LTA, among its customers, for work that takes it as far north as Umtata.

During the same year that it entered plumbing, M&S also went into fire-protection equipment by launching Viking Automatic Sprinklers. This is one of three competing companies in SA (the biggest is Mather & Platt) and operates throughout SA and SWA. It doesn't manufacture sprinklers but imports them from the US (Viking) and Germany (Preussag) and installs them with piping, etc.

curing and installing factory equipment and ancillary pipe-work, and handling a very wide range of mechanical maintenance and repair contracts, usually on a day-work basis. More importantly, though, it does electrical contracting, which provides most of its turnover. Electrical work at the new Zwide hospital in Port Elizabeth will be worth over R800 000.

Another division is the Hydrodyne company in SWA. Again electrical contracting provides most income from projects such as Rio Tinto's uranium mine at Rössing. Installing electrical work for the plant at Ruacana should bring in a valuable R700 000.

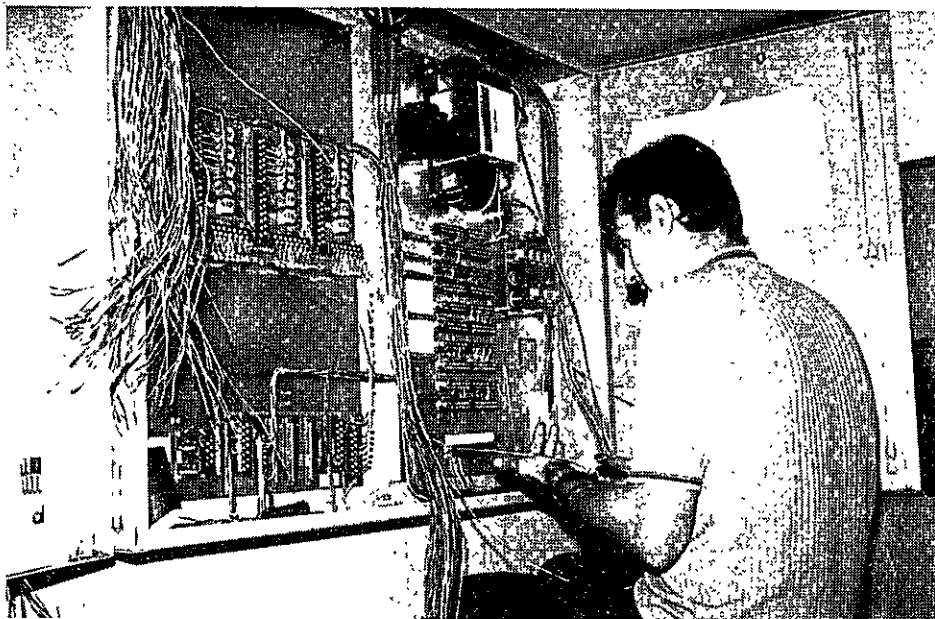
The third division covers the Western Cape and, except for heavy reticulation work or providing machinery with power, is not involved with electrical work (Joffe being available for that, in this region). Instead it concentrates on installing machinery, for which it employs 100 or more artisans (welders, pipe-fitters etc).

This has handled such projects as the installation of an acid plant for AE&CI at Somerset West and major extensions to Fine Chemicals' Epping plant — contracts each worth R500 000. The Cape Town division also has some 150 people, half of them skilled, in Sishen on contracts worth R1m. In Cape Town docks, too, it is being paid R1m to install a pipeline carrying fuel and water to certain new berths. An upcoming R400 000 job is installing turbines and generators at the Steenbras pumped storage scheme near Somerset West.

Growth potential lies mainly, however, in the fourth, Whole Project division. This is a recently launched concept resulting from a commission to M&S Mechanicals, and its British partner in the project, Wimpey, to build an extension to Caltex's Milnerton refinery (consisting mainly of pipe-work). The idea is to form a self-contained management team for each major contract. Of the R90m Caltex is spending to extend its refinery, R15m will go to M&S and Wimpey (M&S getting 52% of the profits).

Of the labour force being provided by M&S (Wimpey is providing technicians mainly), 300 are South Koreans. They were chosen in preference to the more expensive and less dedicated Western Europeans or Americans (South Africa is woefully short of the sort of skilled men required for mechanical construction). The Koreans will be housed at the refinery site.

Further work for this division, says M&S Mechanicals manager, Stan Hughes, will be in Northwest and Western Cape. The Sishen-Saldanha line, in particular, provides an axis for development, especially in mining. Hence the company branch in Sishen.



Switchboard manufacture is a more recent M&S diversification

Air conditioning is a high technology field, and so is pretty risky. If a company fails to design or install plant correctly, it can lose money heavily, says M&S director Beau Pryce.

M&S found this out to its cost in the late Sixties, when it entered the field with a company called HVAC (since absorbed by M&S Mechanicals — see below). Thereafter, it waited until it could buy proved expertise before re-entering the field. Efficiency, though, brings good rewards. In this field a reputation for technical reliability is often more important than quoting the lowest price.

M&S has always had its own plumbing divisions, but in 1973 it went further and purchased Glendinning in Port Elizabeth. As well as employing 250, the company uses a surprisingly (at least to a layman) large amount of working capital — some R500 000 of which R135 000 has been spent on such plant as compressors and excavators, as well as on vehicles.

"Our policy with such companies," says Pryce, "is that they should get at

So far, its biggest job has been to cover a 100 000 m² Railways goods shed in Port Elizabeth with 13 000 sprinkler heads. It may also be installing sprinklers in the Golden Acre in Cape Town, and is already in Umtata's new government office block.

Besides sprinklers, the company sells fire-detecting equipment and pumps, and it plans to sell fire-engines to municipalities for R15 000 or more. It has the SA agency for basic fire-engine equipment made, in Germany, and will commission local chassis makers when it receives orders.

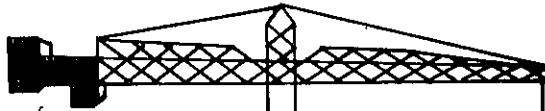
An area of diversification, however, that probably shows a potential equal to that of any of the group's straight contracting companies, is installing machinery or erecting plant. The M&S company doing this is M&S Mechanicals, formed in 1972 as a successor to the unlamented air-conditioning company HVAC, and currently employing almost 1 000 people in SA and SWA.

The company has four divisions. One covers the Eastern Cape, designing, pro-

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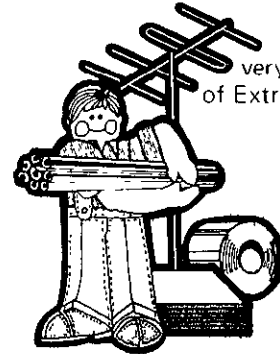
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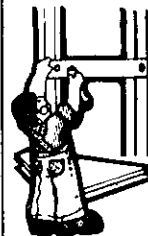
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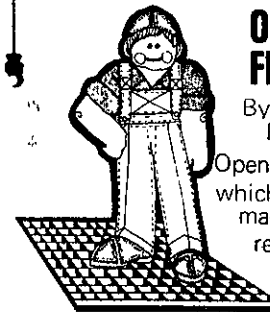
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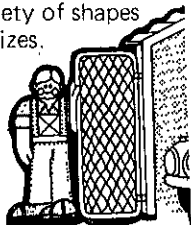
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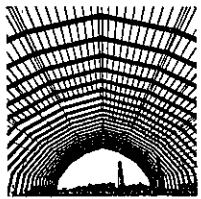
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BUILDING BUILDING MATERIALS

Once you're in building, you find yourself drawn more and more into building materials themselves. At least that's how it's turned out at M&S

There's a well proved maxim that industrialists should not expand into unconnected fields. It's one that has been pretty closely followed by M&S. Where it hasn't it has come unstuck.

For a group building roads, bridges, harbours, houses and commercial or industrial buildings, it makes sense to diversify into ancillary activities

is to crush hard rock such as dolomite or granite, than comparatively soft shale, and charging clients accordingly.

Significantly, M&S quarries are mostly managed by ex-mining men and equally significantly "Short" Corbett, the fit, tough manager of this division says that the team is too good to rest content with what they have

One problem facing the Much group is the readiness of oil companies to finance the purchase by others of bitumen pre-mix plants (costing an average R400 000), since bitumen is an oil by-product. This has led to over-capacity, severe price-cutting and bankruptcies. An upcoming problem is a cutback in provincial expenditure on new roads. This, says Van der Colff, won't affect the Much group for another 18 months, by the end of which current new roads will have been surfaced. After that, he says, "we could feel the breeze".

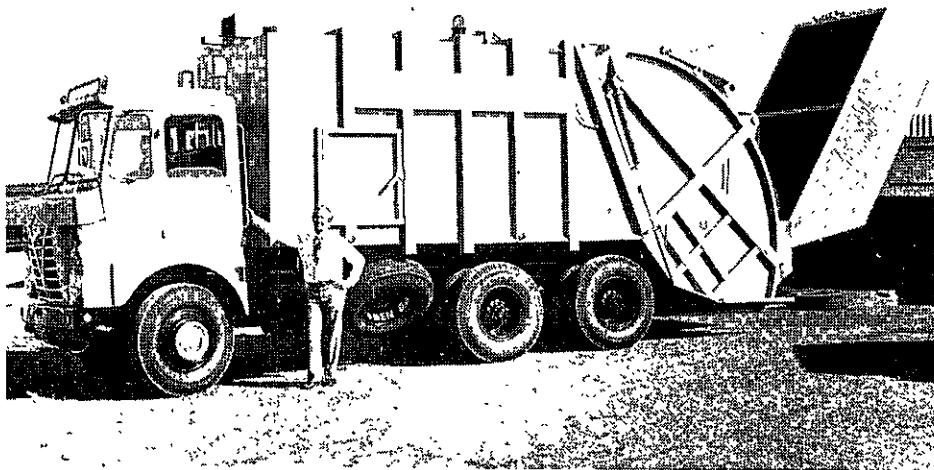
Few M&S companies have grown as fast as this one. Starting with a single plant in Eerste Rivier only 10 years ago, they now have six. The success of the group is all the more surprising because it represents a successful marriage between two seemingly incompatible bedfellows who are major rivals in the civil engineering field.

However, Clifford Harris is not the only competitor with whom this sort of successful deal has been stitched up. "The fact that we can do this with rivals," says Baker, "illustrates once again the value of our decentralised policy."

M&S is also involved in ready mixed concrete, through a one-third shareholding in Ready Mixed Concrete (Cape) and a similar interest, through PE Holdings, in Ready Mixed Concrete companies in Port Elizabeth and East London. The product is ideal for congested CBD sites where site production is not possible. Ready Mixed Concrete has, despite the slow-down, been successful in recent years, partly because, as contractors have felt the squeeze, they have become less willing to lay out capital on concrete mixing plant.

And then there are bricks. In Port Elizabeth, M&S owns Modern Brick-makers and Builders, which has two kilns producing 500 000 stock bricks a week. Of that, 20% at most is used by M&S Companies. The rest goes to independent builders who buy all they can get. There are no plans to increase capacity — they have just installed the second kiln, a new Hoffman, and a drying area at a cost of some R175 000.

In Cape Town, at Eerste Rivier, the



Wasteway . . . fighting against pollution

such as quarrying, pre-mixed asphalt and bitumen, ready-mixed concrete, brick-making, building materials and so on. M&S has, in fact, done just that during the past decade or so.

For example, it now owns the four largest quarries in the Western Cape, as well as quarries at Saldanha Bay and De Aar. It is also a partner in Richards Bay Quarries and in PE Holdings, which owns the only quarries in Port Elizabeth, East London and Uitenhage (much of the PE stone is being used by Christiani & Nielsen for its work on extending the PE harbour). Though its own construction companies use some of its output (eg for the Cape Town harbour extension), 80% of sales by the group's wholly owned quarries are to competitors.

There have been several bankruptcies during the past year or so among Cape quarries. The secret of survival? According to M&S director André van der Colff, one of the key factors is appreciating how much more expensive it

achieved so far. "They need further growth to realise their own ambitions and to keep them interested," he says.

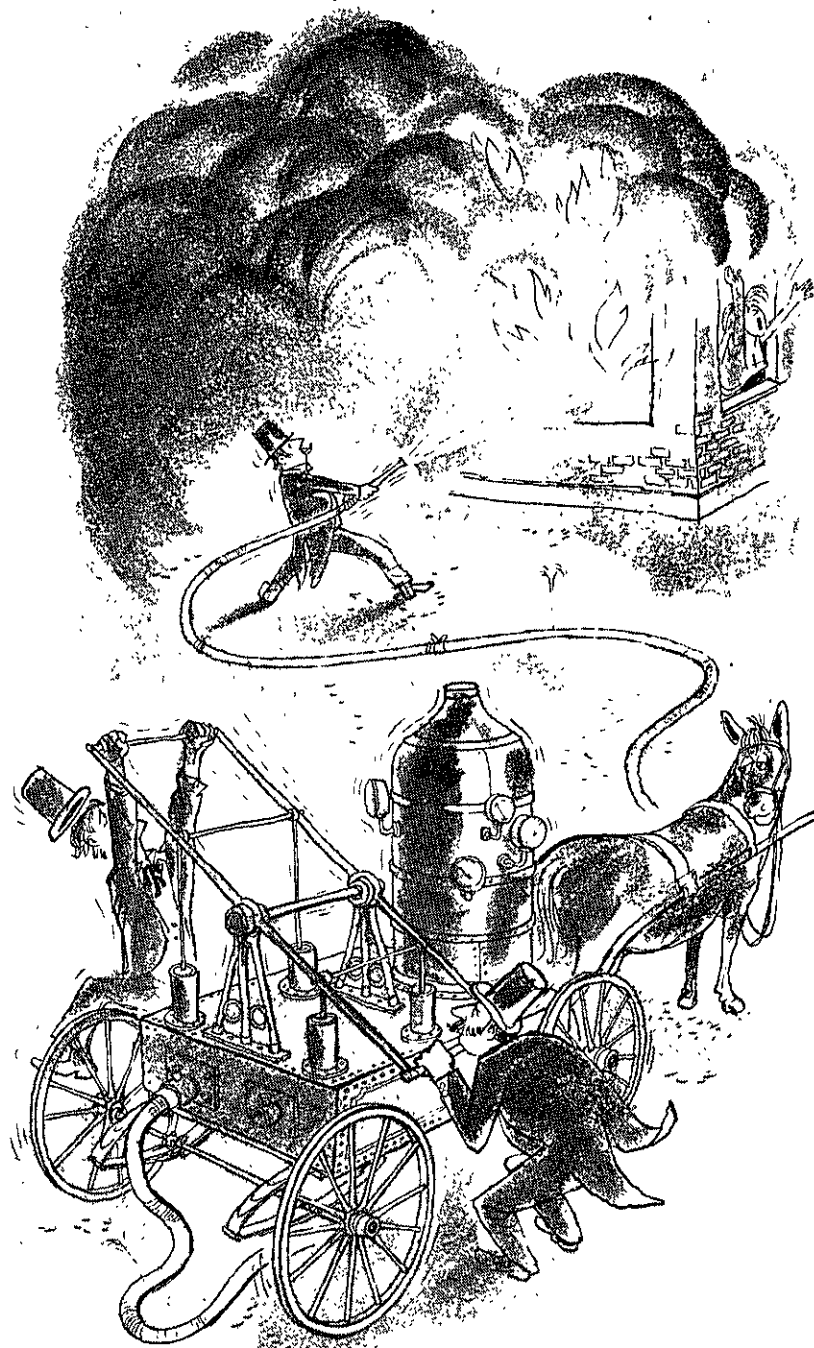
M&S is a partner with competitor Clifford Harris in Much Holdings. This is reckoned to be SA's largest producer of asphalt, with more than R2,5m worth of plant (at today's prices) in Cape Town, Port Elizabeth and East London. It also runs plants which are set up wherever asphalt-topped roads are being built, and operates numerous high speed road tankers for carrying hot bitumen.

Pre-mix asphalt is used on heavily trafficked roads, and chip-and-spray (bitumen and stone) on country roads. Much Holdings recently sold its plant and contracts to African Bitumen Emulsions, in which both M&S and Clifford Harris are partners with Shell. ABE is, in addition to pre-mixed asphalt and bitumen, also involved in epoxy resins and paints and related products such as asphalt roofing tiles.

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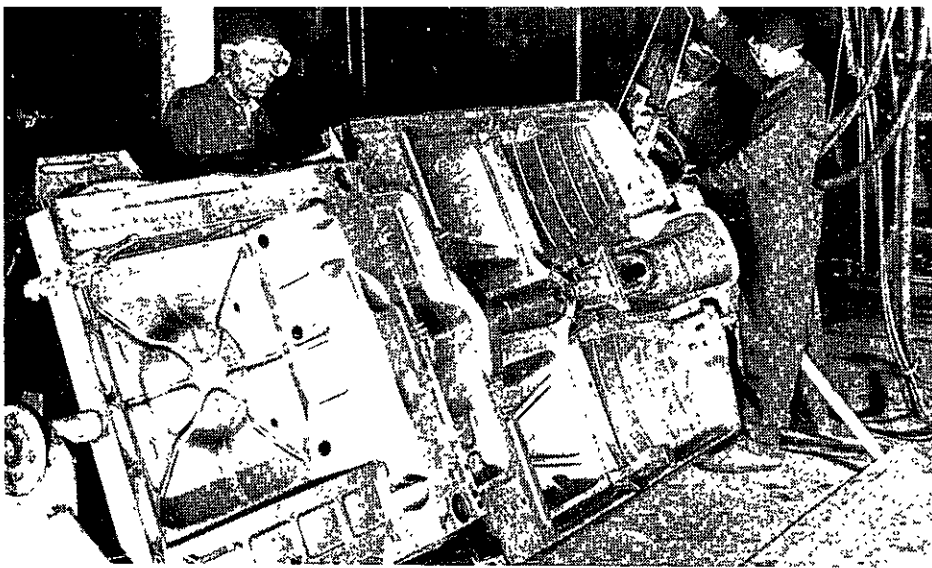
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Car components . . . not M&S's most profitable operation

group has been producing precision-compact bricks through wholly-owned Calsica Bricks (a R1m investment) for the past five years. The bricks are made from a compacted mixture of crushed stone (from the group's nearby quarry), sand and lime. Curing takes place at a high temperature, when chemical reactions form a calcium silicate bond.

The brick has several advantages. Breakage rate is only 2% against 10% for ordinary bricks. They are made in a variety of colours and textures for use as face bricks. They can be made far stronger than clay bricks, so can be used for load-bearing walls in relatively high buildings and structures. They are also made to closer tolerances (2 mm against 5 mm) than clay bricks, which makes for faster laying and neater appearance.

Finally, as far as building materials are concerned, M&S owns a large Port Elizabeth building materials merchant, Downing and Attwood. It recently opened a branch in Cape Town and bought out an existing smaller firm in Port Alfred and Kenton-on-Sea. Some 30% of the group's PE turnover comes from the joinery operation, producing wooden roof trusses, window frames, mouldings, etc.

Growth of the Cape Town branch has been rapid since it opened two years ago. Now it's consolidating its operations to face tough competition. "In this field," says Pryce, "prompt, reliable service is the name of the game, though previous competition has concentrated on price cuts and length of credit."

Expansion to other centres is to be investigated by the company's retiring chief executive, Jock Wallace, during the next two years. Johannesburg is an obvious target (Roberts Construction is not in this field, so there would be no conflict of interest).

M&S has also long diversified into service companies related to civil engineering and construction. One that used interesting techniques is Tate Associated Pipe, the result of a merger of one of

M&S's oldest companies, Tate Pipe, and an acquisition, Associated Pipe. Its main task is lining pipes, new and old, with concrete.

Pipes that were laid years ago can be treated without being first dug up. Before World War II, pipes invariably became corroded and choked, particularly in the Cape where the water is slightly acid, and on the mines where subterranean water often has dangerous qualities.

Douglas Murray introduced an Australian invention to SA in 1934 for re-conditioning such rust-clogged pipes without removing them from the ground — a saving on cost of about 70%. The process, which renews a pipe's life indefinitely, first cleans out the pipe completely then sends a rotating device down a pipe's inside, flinging concrete onto the inner wall. Access holes are cut into the pipe for this purpose every 200 m or so. The treatment has been used by public authorities as far north as Zambia's Copper Belt, as well as by mines. Cape Town Municipality has employed Tate annually since 1934.

In recent years Tate has moved into new pipe protection, concrete coating pipes *in situ* or before delivery. The biggest contract thus far was for lining *in situ* a new 102 km fresh water pipe stretching from the Orange River to O'okiep. The job, worth R350 000, took only six months. Tate also lines and coats new steel pipes (and other metal products such as tanks) and has a contracting arm that lays pipes, welding or bolting them together.

Another M&S company moving into an increasingly complex field is Wasteaway, in which it has a half-share. It entered the field three years ago under the name, Rubbish Removers. And that's exactly what it does, leaving large steel dumpers at building and other industrial sites and removing them when full. Growth has been quite exceptional. Today, the company has 600 customers including various municipalities, and compacts much of the waste in special

vehicles before carrying it to a tip.

It's also moving into liquid industrial effluent. This has involved finding and preparing its own dumping site (a worked-out clay pit beyond Milnerton, about 1 ha in area and some 20 m deep). There, Wasteaway will set up a laboratory to analyse liquids delivered by special R30 000 tankers, before acids are mixed with alkaline solutions to neutralize each other, then buried under overburden. M&S director Donald Campbell hopes the business of removing noxious liquid effluent will justify a fleet of four or more tankers within the next year.

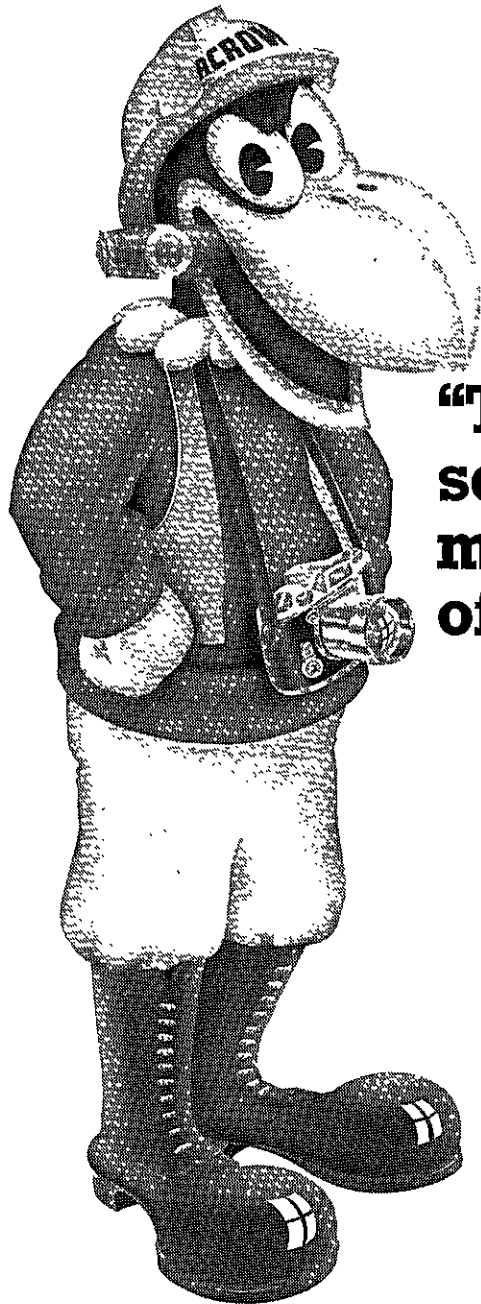
Another successful diversification has been into electrical switchboard manufacture through the MCB group. Joffe & Co has been able to merge its existing switchboard division with this under the spacious MCB roof. Together they are the largest switchboard manufacturers in Cape Town. MCB also manufactures and imports kitchenware for large institutions, numbering among its clients the Tygerberg and Windhoek Bantu Hospitals.

Finally, a timber company. Needing both management and money, Kareedouw Kreosote Werke came under M&S control about two years ago after grinding to a near halt and has now been successfully turned round. It treats timber poles in the Langkloof, 130 km west of Port Elizabeth. Its only two real markets are the Post Office and Escom, but these are both big customers.

Neither of M&S's two "problem" diversifications are directly related to its main activities. They are motor component and plastic extrusion manufacture. Car seat manufacturer Pascor was bought in 1960. At that time it operated profitably in Cape Town only. Little skill or capital was needed and the company faced little or no competition. In 1968, however, having bought an unsuccessful Port Elizabeth company also making seat-frames, Pascor expanded into pressing floor pans, petrol tanks and bonnets. At the same time, it opened another factory at Rosslyn, west of Pretoria.

After the recent closure of the Cape Town factory, the Rosslyn and PE branches have taken over their work and indications are now that, when present losses are paid off, the companies will break even.

Another problem company, Solarite Manufacturing Company, is a small firm concerned with extrusion of plastic components. Difficulties here stem, in Baker's words, from "going to the races" (an old D G Murray quote) with two partners who had both been successfully involved with PVC extrusion in the container business. Since the company's formation, PVC costs have soared and M&S has discovered how little it knows of this line itself. It is finding it hard to pull the operation right.



“The sites I’ve seen - history makers the lot of ’em”.

I’m talking about the construction sites you can see from 30 kilometres up. Like Sishen - Saldanha. Richard’s Bay. Kariba. Caborra Bassa. ESCOM headquarters. MATLA Power Station. ISCOR Newcastle and the P.K. Le Roux Dam.

Sounds like a list of battle honours don’t it? And that’s about what they were. Lots of blood, sweat and tears in all of ’em.

Often when I first saw the projected sites (I tend to get to places early because being a crow my routes are always more direct) I thought I’d been given the wrong map references. But the months that followed

revealed massive human achievements.

Acrow was right in the thick of them all. Helping the hard hats solve their formwork and supportwork problems.

That’s the way it is with all challenges Acrow is called in on. Quite natural, when you consider that Acrow is the leading

professional construction and storage equipment manufacturer and supplier in Southern Africa.

ACROW

Acrow Engineers (Pty) Ltd.
Branches throughout Southern Africa

02489

The thread of the future.

MURRAY
AND
ROBERTS



the past three years, was promised shares in the company to the value of R60 000. Last month the company, Koelwaters Bpk., was placed under

mower trimming the lawns.

"There's no point in letting the place go," he said. "One of the directors told me there is a good chance that the company

as work falls off

By Graham Fiford

SMALLER home builders are closing down their businesses and drifting back into the trade as the slump in the building industry worsens.

Although few small home builders are registered with the Master Builders Association, this trend is becoming apparent in Durban and other coastal towns.

The main reasons for the sluggish home building is the deteriorating bond finance situation, the lack of liquidity in the economy and inflated prices of building materials and land.

Construction companies report that the labour market has eased considerably as more trained artisans are joining the ranks of the job seekers each month. Government, Provincial departments and local authorities are advertising heavily for artisans with building skills — and they're signing them on steadily.

There is also evidence that some of the larger construction companies are casting around for smaller jobs — work they would not normally undertake during boom periods.

This week Mr. Bill Hamilton, chairman of Alexander Hamilton Construction (Pty.) Ltd., confirmed that the company was building a

luxury home in Durban, but described it as an "accident of tendering."

"We put in a courtesy tender and got the job. These things happen sometimes," he said.

Mr. Winston Reardon, a director of Reardon Construction (Pty.) Ltd., said there was a tendency for builders to scale down their operations as a result of the work shortage.

"There is not much private sector work around and everybody is fighting to get the public sector work. Tender prices are generally down on last year but what worries me is some builders are tendering at prices that are bound to end up in more insolvencies."

Mr. Reardon said that small home builders were more flexible than established building companies with high overheads. They could go back into the trade and wait for things to improve before starting up on their own again.

"It's easy enough for them to close up shop and tell their wives to stop making out invoices. It does the industry good to get them back but the

it down



Builders, building society officials and professional men in the construction industry were introduced to a building manual on timber frame brick veneer houses in Durban this week. The booklet was produced by the National Building Research Institute and is a complete guide on the construction of timber homes. The picture shows (from left) Mr. D. H. Eloff, director of the South African Lumber Millers Association, Mr. D. B. MacKenzie, national chairman of SALMA, Mr. H. L. de Geus, chief director, Timber Industry, of the Forestry Department and Mr. H. E. G. Ettler, chairman of the SALMA housing committee. See story page 5.

trouble is that as things improve they go out on their own again."

According to Mr. Hamilton there was still a shortage of good artisans and there would never be any real unemployment for competent men in the building industry — even though the industry was in for a lean period.

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2/193

SLUMP HITS PRODUCTION OF BRICKS

4/8/76

Financial Editor

nm

COROBRIK, previously Coronation Industrials, the Natal building-materials group, has announced that it is to close a section of its factory at Briardene due to the current low level of activity in the building industry.

Mr. Dick Kemp, managing director of the group, said yesterday that the section would be closed in phases. About 150 men will be redeployed.

"This will give us time to minimise the impact of the closure. We can transfer men to fill vacancies in our other Durban factories."

The group has seven companies and 20 factories. It has been reported that their stockpile of bricks now amounts to about 100 million.

Mr. Kemp said that Briardene was the group's oldest factory. Its closure had been under review since the opening of Corobrik's new face brick factory at Avoca in 1972.

Although the better quality face-brick shales had been largely worked out at the Briardene quarry, the demand for blue and bronze face bricks had delayed the factory's closure.

"These products will now be manufactured at the Pietermaritzburg factory."

Mr. Kemp added that Corobrik's calcium silicate factory at Coedmore would commence operations later this year.

Govt abandons plan to boost building trade

By GORDON KLING

THE Government has scrapped a plan which would have injected about R60-million into the ailing South African building industry over the next five years.

The Secretary of Community Development, Mr L. Fouche, said in an interview from Pretoria that the plan had been dropped after discussions with Treasury and Finance officials.

The move, which could curtail priority housing schemes, stems from Government concern about the country's financial image in the face of massive overseas borrowings coupled with the continuing recession and political uncertainties.

Next major contract

The next major contract at Mitchell's Plain, the 5 000 house area C, will not be directly affected. The City Engineer, Mr J G Brand, said yesterday that the project would go ahead, with the authorities arranging finance instead of the tenderers.

In terms of the plan, local builders would have been able to raise foreign loans for priority mass housing projects and submit a financial package with the construction tender.

The Department of Community Development was to have financed repayment to the extent of 10 percent of its housing budget.

Financing would have been for three to five years and this would have released an additional R60m for housing. The rate at which projects are undertaken will now depend on Government success in raising money overseas.

Loan difficulties

The director of the Building Industries Federation of South Africa, Mr J H D Grotsius, believed difficulty in obtaining foreign funds had prompted the about-face.

Partly confirming this, an authoritative source in the Ministry of Finance, said the combination of a beleaguered economy at home and several firms trying to raise funds overseas created a "bad impression".

The Treasury believed the plan to be a good idea at one stage, he said, but the benefits had been outweighed by potential damage to the rand.

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F.M. 8/10/76

— Vanacht — worse to come

The next argument in the Van Achterbergh saga will be over the liability or

WHO'LL BE GETTING SMALLER PENSIONS

The Vanacht notes were a pension and provident fund favourite, as is evidenced by some of the more interesting funds appearing (with holdings) in the share registers:
Syfrets Group 150 000

Printers Staff 50 000
Cape Town Mutual Aid Fund 43 800
Cayzer Irvine 75 000
Chamber of Mines 10 000
Diocese of Johannesburg Staff 7 000
Fedmis Non-White 20 000

Mines 41 000
SHaddon 11 000
JCI 41 000
Makro 50 000
Plate Glass 25 000
Potchefstroom University for Christian Higher Education 125 000
Presbyterian Ministers Widows and Orphans Group Small 8 000

Financial Mail October 8 1976

ropes snotty to discuss track unrest with the Prime Minister.
Director Dr Hennie Reynders told the *FM* at this week's FCI annual convention: "We have a standing arrangement with the Prime Minister, at his request, to meet once a year and discuss current matters. Hopefully our next meeting will be within a month and we plan to discuss, among other things, the whole question of labour unrest."
During Wednesday's debate on labour affairs speakers came out strongly against job reservation and urged, in general, that urgent steps be taken to deal with such major areas of Black dissatisfaction as job opportunities and training, inadequate housing, overcrowded transport and the differential in education. Said Ivan Krige of the Cape Midland Chamber: "We must form a prosperous African middle class, but there are statutory restrictions preventing Africans from joining the free enterprise system."
But it was all pretty much old hat. There was little sense of urgency, no stress on the immediate critical situation. No mention by any speaker of the

CURRENT AFFAIRS

(see box), should actually have been persuaded, as recently as August 1975, that the Vanacht notes were a sound long-term investment. For example SA Mutual registered 80 000 notes as recently as February and March this year; the Fowler Group Pension Fund 30 000 in May; and the Homes Trust Indoor Staff Pension Fund 82 000 a mere six weeks before the collapse.

Old Mutual investments manager Peter Bieber says that the Old Mutual in fact took over the notes from pension funds whose portfolios it had begun to administer. "We had them on the market from mid-year but could find no buyers".

But perhaps the most remarkable institutional deal of all concerns Sanlam. It registered 1,3m notes in May this year for which it paid R1,06m. The seller was S M van Achterbergh Construction Pty, a wholly-owned Vanacht subsidiary. At this stage, like Bieber, Sanlam's Koos Hayman feels any comment on what action it might take is premature.

Indignant when they discovered this, they were due to return to Port Elizabeth as the *FM* went to press.
The strike, which is the first legal strike by Black workers under the procedures prescribed in the Bantu Labour Relations Regulation Act, arose out of a dispute about dismissals which the workers claim were a violation of the spirit of an agreement that the factory should go on to a four-day week in order to avoid retrenchments.

The workers have twice attempted to meet management to negotiate a settlement. On September 13, Ephraim Mabena, chairman of the works committee, wrote to management that he believed "that the company has not given me or my committee a fair opportunity to negotiate a settlement of the dispute."
"It is now and has always been the intention of the workers to remain employed at the factory ... I and my committee are still available and keen to negotiate a settlement at any time and place convenient to you."

The letter was handed in to a security

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counsel opinion at the time. I had a call from a stockbroker. He made me an offer and I accepted."

This is not the only interesting transaction to emerge from a scrutiny this week of the Vanacht ordinary share register. Another is the reduction in the holding of Runnymede Properties Pty, which has the same Isando address as Vanacht but does not form part of the group.

In August last year, Runnymede held 360 000 Vanachts. By June this year, some 27% of the shares had been sold to bring the Runnymede holding down to 283 000 shares. The records of the Com-



Martin van Achterbergh ... share-dealing mystery

VANACHT SHARES *F.M. 15/10/76*
Who bought, and when

Wearing two hats can be uncomfortable. Take the case of W Q D Routledge, senior partner in the old-established law firm of Routledge-MacCullums, who is both an executor of the estate of the late Siebolds Manne van Achterbergh (founder and chairman until his death in December, 1974, of S M van Achterbergh), and a director for the past few years of the (now judicially managed) Vanacht group.

In April and May of this year, when Vanacht shares were trading at around 100c, Routledge as executor sold 428 000 of the estate's shares in Vanacht. This represented approximately one-third of the late S M van Achterbergh's holding. Today, as pieces of the group fall gradually to provisional liquidation (*FM* October 8), it seems inevitable that the shares will be worth nothing.

Earlier this year, death duties were due. As executor, Routledge was bound to do his best for the estate. At the same time, it should have been painfully apparent to Routledge as director that by April Vanacht was treading the brink of insolvency.

Asked by the *FM* whether he saw any conflict of interest, Routledge replied: "How could there have been? The shares were sold in April, and I took senior

panies Office in Pretoria reveal that the directors of Runnymede are Martin van Achterbergh, who succeeded S M van Achterbergh as MD, and his wife, Iris.

Who bought? At least two institutions climbed aboard the careering bandwagon during April and May this year. The first was Union Corporation, which bought 200 000 Vanachts in the name of Holdings Nominees. These shares were then dished out to various Union Corporation pension funds such as Sappi and Unicorn.

The other was Federale Volksbeleggings, in the name of Beleggers Nominees. Only 26 000 shares are registered under Beleggers, but the total holding is understood to be considerably larger.

Then come numerous smaller investors, who picked up parcels in the months preceding collapse on the strength of "information" that Vanacht would come right. These days, they are bitter indeed.

Audio/visuals

Venue

Is it essential to show any audio/visuals, such as a film or a videotape?

Has the venue for your presentation been decided? If so:

CONSTRUCTION STANDARDS 'DECLINE'

Mercury Reporter
PIETERMARITZBURG.
THE CURRENT depressed state of the building industry has brought with it a declining standard of workmanship and quality, Mr. I. Schnider, vice-president of the Pietermaritzburg Master

Builders Association, said yesterday.

One would expect an improved service and instant reaction to performance demands, but unfortunately the converse is closer to reality, he said.

In order to obtain contracts in the open market, builders have cut tender prices leaving

little, if any, profit mark-up and no margin for error. Consequently, economies within construction organisations have been effected.

These economies include reduction of administrative staff and remaining members being overloaded with unfamiliar duties "which will be performed with

less adequacy and efficiency than previously.

"Resulting from a reduction in supervisory personnel is a declining standard of workmanship and quality of the end product. It is logical to presume that increased maintenance and repair costs will be incurred in the future as a direct consequence."

- (d) Will everyone be able to see?
Is there a dais or platform?
Is there enough room for the proper positioning of one or more projection screens?
- (e) Will everyone be able to hear?
Will you need to use a microphone?
Is there a public address system already installed? Will there be any distracting noises and can these be silenced during your presentation?
- (f) Can the room be darkened easily?
Are there sufficient power supplies for any projected visuals or recorded sound?

Visuals

- (a) What equipment will you have at your disposal? Will there be an experienced projectionist available?
- (b) Are there any suitable visuals or other aids (e.g. films, videotapes, sound tapes, slides, etc.) already available?
- (c) What facilities are there for obtaining or making others you may need?

Budget

Has a budget already been prepared? If so, how much money has been allowed for:

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Building industry lays off 40 000

JOHANNESBURG — The building industry laid off between 40 000 and 50 000 workers last year and is going through its worst slump in 10 years, Building Industries Federation president, Mr Leo Fish, said yesterday.

Asked what the prospects were for the industry in 1977, Mr Fish said he did not expect significant improvement before next year, though there might be a better job situation by the end of the year.

He said statistics from major centres showed there had been a drop in employment of 15 per cent since last January excluding management and administrative staff — 300 000 workers in skilled, semi-skilled and unskilled categories were registered this time last year compared to between 250 000 and 260 000 registered now.

The 15 per cent drop in employment means the industry lost between 8 000 and 10 000 artisans in 1976 — using the ratio of one artisan to four semi-skilled or unskilled workers.

Mr Fish said many had

found jobs in other industries.

He said the present slump was due mainly to a shortage of capital in the private sector.

“We aren't the people who generate money, so if there is an upturn in the economy as predicted for the second half of the year, we will only benefit later.”

Mr Bernard Myle, former BIF president, said the present situation was the worst in 10 years and “was still deteriorating.”

He said thousands of contracts of workers from the homelands had been cancelled — these workers being among the most hard hit by the slump over the past year. — DDC.

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Order on building company

ARGUS 19/1/77

HUD Construction Company (Pty) Ltd was placed under final liquidation in the Supreme Court, Cape Town, today.

The application to liquidate the company was brought by the managing director, Mr Adriaan Johannes Stander.

In papers before the court, Mr Stander said Hud Construction Company had assets of R386 000 and liabilities which exceeded R400 000.

The company could not meet its liabilities because of a shortage of work, and suppliers had begun issuing summonses against it, Mr Stander said.

Mr Justice Steyn granted the final order. Mr G. Kühn, instructed by Carse, Muller and Visser, appeared for Mr Stander.

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Building: fight for survival

RDM
2/1/77

BUILDING costs would probably increase by no less than 11 per cent this year as measured by the Bureau for Economic Research of the University of Stellenbosch, a report on business conditions in the building industry said.

The report, for the spring quarter and prospects for the summer quarter, said it was difficult to imagine firms absorbing cost increases any further.

"Many firms will probably discover in the coming year that the main problem will be a struggle to stay in business.

"Survival may be the key word of the year to many and in this battle not profits only, but cash-flow will be the operational term," it said.

Commenting on private residential buildings, the report said it could be expected that private investment, excluding those in mining and agriculture, would increase only marginally to R700-million.

"In real terms this represents a 10 to 12 per cent decline in building activity."

It said the restriction

that 62.5 per cent of all loan capital be granted for house loans of R18 000 or less had contributed to the fact that the great demand for houses in the price class of R23 000 and lower had sharply forced the price of these houses up.

"The R18 000 limitation which was originally aimed at stabilising house prices had therefore had the opposite effect.

"The high mortgage rates keeping the monthly instalments relatively high have had a depressing effect on the residential market in these times of real income."

The report added that public non-residential building activity this year would undergo a change of activity. The demand for final and finishing materials such as glass, paint and tiles would be affected adversely whereas the demand for cement and bricks would benefit.

Short term prospects for the building industry were said to be poor.

"Even merely reaching a turning-point during the summer quarter is out of the question," the report said. — Sapa.

Building costs likely to jump

DD
22/11/77

JOHANNESBURG — Building costs would probably increase by 11 per cent this year, as measured by the Bureau for Economic Research of the University of Stellenbosch, a report on business conditions in the building industry said.

The report, for the Spring quarter and prospects for the Summer quarter, said it was difficult to imagine firms absorbing cost increases any further.

"Many firms will probably discover in the coming year that the main problem will be a struggle to stay in business.

"Survival may be the key word of the year to many, and in this battle not only profits, but cash-flow will be the operational term," it said.

Commenting on private residential buildings, the report said it could be expected that private investment, excluding those in mining and agriculture, would increase only marginally to R700 million.

"In real terms this represents a 10 to 12 per cent decline in building activity."

It said the restriction that 62½ per cent of all loan capital be granted for house loans of R18 000 or less had contributed to the fact that the great demand for houses in the price class of R23 000 and lower had sharply forced the price of these houses up.

The R18 000 limitation, which was originally aimed at stabilising house prices, had therefore had the opposite effect.

"The high mortgage rates keeping the monthly instalments relatively high have had a depressing effect on the residential market in these times of real income."

The report added that public non-residential building activity this year would undergo a change of activity. Finishing activities would gradually change over to commencing activities.

This meant that the demand for final and finishing materials such as glass, paint and tiles would be affected adversely, whereas the demand for cement and bricks would benefit.

Short-term prospects for the building industry were said to be poor. "Even merely reaching a turning-point during the summer quarter is out of the question," the report said. — SAPA.

Firm with Govt links in trouble

BL ERROL SYMONS
Chief Court Reporter

A construction company which has major contracts with the Government was yesterday placed under provisional judicial management by the Rand Supreme Court.

Burton Construction Pty of Kempton Park, had debts of more than R10-million and was facing liquidity problems. Mr Justice Boshoff was told during an urgent application heard late in the afternoon.

However, the company was currently negotiating a mining contract worth about R18 500 000 and stood a good chance of eventually becoming a successful concern.

The application for judicial management was brought by three major creditors acting in concert — Nedfin Bank, Barlow Rand and Concorde Leas-

ing Corporation.

Mr Thomas Roberts, general manager of Nedfin Bank's legal division filed an affidavit on behalf of the three companies.

It said Burton Construction was indebted to the three firms for lease and hire purchase agreements.

The amounts owing were R1 188 893 to Nedfin Bank, R1 116 015 to Barlow Rand and R1 449 383 to Concorde Leasing.

Mr Roberts said Burton Construction owed other creditors about R6-million.

The company had contracts with various Government departments and provincial administrations. These were projects of major importance to the economy, Mr Roberts told the court.

The company's cash flow had become insufficient to meet its current commitments, he added.

The Government's tard-

ness in paying Burton Construction for its work and the company's heavy expenditure during 1975 in preparation for new contracts were advanced to the court as causes of the firm's problems.

Mr Roberts said Burton Construction had acquired a new managing director in March 1975 but he had resigned in December that year. No replacement had been found so the running of the firm had not been tightly controlled.

Judicial management would help overcome the company's temporary liquidity problem, he said.

The three creditor companies were willing to grant loan facilities to enable Burton Construction to fulfill its contracts and meet demands of sub-contractors who, if not paid, would withdraw from construction sites.

The order is returnable on March 1.

Building plans

EAST LONDON — Building plans worth R772 300 were passed by the municipality last month, the biggest single item being for alterations to the Allied Building Society's banking hall.

The figure for the Allied alterations is given as R100 000, but the manager said by the time the alterations had been completed it was expected a lot more would have been spent.

The amount of R23 200 for a school canteen at Clifton Park High School came as a surprise to the vice-principal, Mr K. Hultzer.

He said the school committee had envisaged spending about R9 000 on the tuck shop. Somewhere along the line the cost increased.

The estimated cost for plans passed last month was about R166 000 up on January, 1976. The monthly average of plans passed in 1976 was R1 246 250. — DDR

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Gloomy picture for East London builders

EAST LONDON — It was unlikely that the dearth of private spending on new houses would change for the better within the next year.

This and high building costs had all but crippled the building industry in East London, the outgoing president of the East London Master Builders' and Allied Trades Association, Mr C. M. Russell, said in his report at the association's annual meeting.

"The private sector has not been able to prove the prolific source of work that it did in past years," said Mr Russell.

He said he was concerned at insufficient replacement work when existing building projects were completed, one result of which would be inevitable unemployment.

Emphasising what he later called a "gloomy picture" Mr Russell said the value of building plans passed in East London during the past year was

R14 955 000 compared with R17 405 000 the year before and R22 086 000 during 1973.

Mr Russell said there was one potential bright-note for builders and their employees in the possibility of investment of foreign capital in Transkei and the Ciskei and in appropriate action resulting from recent queries from the Government about unemployment in the building industry.

Office bearers for the coming year elected at the meeting were: President, Mr Brian Snell; vice-president, Mr Colin Wynne; honorary treasurer, Mr Bob Johnston.

The new executive committee is: Mr Ken Faye, Mr Ronald van der Zee, Mr Clive Parker, Mr Brian Page, Mr John Heeger and Mr Cyril van Seumeren. —
DDR

32, 248

Building costs for homes rise

Industrial Reporter

THE price increase on crushed stone, approved this week by the Price Controller, will mean a nominal R7 increase in the cost of building an average sized home, according to Mr. W. L. Davis, manager of Associated Quarries in Durban.

Crushed stone has gone up five cents a cubic metre while cartage costs have risen by five cents a cubic metre for the first kilometre and one cent per cubic metre for every kilometre thereafter.

Mr. Davis said the increase only covers the increased cost of diesel

oil and petrol consumed by the quarries. It takes 1,2 litres of diesel oil to crush one cubic metre of stone.

He added that a further application for a price increase, to cover increased production costs in other areas could be forwarded late this year.

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A blow for race relations

**Reports by
The Star's
Insight Team**

The agreement on black advancement in the Transvaal building industry was the best thing that ever happened to the artisan builder.

But its damaging consequences for race relations were foreseen long before the agreement was published.

It was in October 1974 when the president of the Building Industries Federation, Mr C H R Kincaid, warned the federation's annual congress against the "illogical, if not inhuman" thinking that black workers should be used in advanced skills only as long as the shortage of other workers warranted it.

After a full year of negotiations between employers and trade unions, the Minister of Labour approved the agreement in July 1975.

In exchange for permitting black "operatives Grade 1" to perform certain work previously reserved for (white and coloured) artisans — such as unexposed brickwork, plastering up to the pre-finishing stage and rough woodwork — artisans got:

- Guaranteed employment for the next 20 years.
 - A R1-million unemployment fund which pays unemployed artisans their full minimum wage plus fringe benefits.
 - A worthwhile pay rise.
- "ACADEMIC"**

However, there was little quid pro quo. The artisans surrendered nothing but their disputable right to hog even semi-skilled work in times of skilled labour shortage.

That was made clear from the outset by Mr

Gert Beetge, general secretary of the White Building Workers' Union.

Even before the agreement was gazetted, Mr Beetge said the concessions regarding black operatives were "purely academic" because there was white unemployment and no exemptions would be granted.

SHORTAGES

He was wrong. The employers found that shortages did exist in certain categories although a few white artisans were out of work.

Now, following a "re-minder" from the Minister of Labour, operatives Grade 1 face the possibility of being demoted or dismissed for the sake of an estimated 150 unemployed artisans.

As many as 50 000 workers may have left the building industry last year but only about 150 of these are unemployed artisans in the Transvaal.

Builders slam price controls

Michael Chester, Financial Editor
A huge question mark was today rolled over the
role of price controls in the building industry.

The attack on these controls was launched by Mr. Foreman Fears, president of the Witwatersrand Master Builders and Allied Trades Association, who branded the system as ineffective.

He argued that their failure was evident in the way the cost of building materials administered by the system had been allowed to rocket above the overall inflation rate — by 12 percent compared with average price rises of 10/11 percent.

Mr Fears told the annual meeting of the association that price controls should be scrapped to allow the price of materials to find their own levels by the process of supply and demand in open competition.

PRICING COURSE

"All the evidence is in the statistics — some under price control are increases in price faster than the rest," he said. "It seems all too easy for producers to cry on the shoulder of the Price Controller and come away with more money."

"The whole economy would be the better served if allowed to follow total free enterprise order."

"The whole building industry is on a disaster course — with a bad year in 1936 in danger of being repeated with an equality had 1937 — and more

controls seem to be making matters even worse." The Bureau for Economic Research at Stellenbosch University also spotted the plight of the industry in its latest building survey. "If price controlled building materials in a recession can still increase by more than 17 percent a year," the survey remarked, "the role and significance of price control needs to be urgently looked at."

STRATEGIC PLAN

"In such an enquiry, the resources expended in administering price control would of course be very relevant."

Mr Fears also urged the Government to prepare a total strategic plan to govern the work flow into the building industry and iron out the sharp rises and falls in the work load. At the moment the industry was pitched into ridiculous extremes — all of which could be averted by long-term planning.

Engineers face tougher year

JOHANNESBURG — The civil engineering industry had a lean 1976 — and 1977 looks like being tougher, says the latest review of conditions in the industry by the Federation of Civil Engineering Contractors.

About 12 080 non-White workers were sacked last year as employment in the industry fell about 10 percent. Non-Whites make up 85 percent of the industry's labour.

The industry, after reducing then eliminating overtime during the year, was forced to reduce the labour force as business continued to decline.

The review says only 10 percent of the industry reported a satisfactory inflow in the last quarter of 1976. And it tells of tenders attracting around 20 firms, bidding at prices which were at times marginal

or even below cost so that staff could be retained and a certain turnover and cash flow maintained.

In the present tight market, major contractors were now tendering for small work, and also carrying out work themselves which they would previously have sub-let.

Work put out to tender was mostly small to medium sized, and there were very few large tender inquiries.

All sectors

The position was generally the same in all client sectors of the industry — Government departments, public corporations, Railways, provincial administrations and the private sector. Only the total number of tenders invited by local authorities, although mainly small, was not altogether unsatisfactory.

During the last quarter of 1976, the value of awarded contracts was at its lowest level for several years.

Owing to the shortage of new work, construction activity was considerably below normal during the last few months of 1976, and capacity utilisation was estimated at between 75 and 80 percent.

Conditions were very

quiet in the Free State and Cape, while activity in Natal was slowing down. In the Transvaal, business was well below normal. — (Sapa.)

hier, soos die Nederlandse taalkundige J. L. Pauwels aantoon, met 'n oorgeëfde verskynsel te make.

J. A. VERHAGE, „Deftige en gemeensame vorme in die sinsverband van ou Kaapse taal”, *Tydskrif vir geesteswetenskappe*, jg. 5, nr. 3, 1965, pp. 307-323.

J. A. VERHAGE, „Die herkoms van die verbinding *as wat* na 'n komparatief en sy verbreding in Afrikaans”, *Tydskrif vir geesteswetenskappe*, jg. 7, nr. 1, 1967, pp. 328-342.

J. DU P. SCHOLTZ, *Taalhist. opstelle*, pp. 162-168.

J. L. PAUWELS, „De volgende van verbogen verbale vorme in het Nederlands”, in *Dietsc studies*, pp. 105-110.

onguif saam

9.5 Slotopmerkinge

Order on firm with 450 on payroll

By ZWELAKHE SISULU. A FIRM of civil engineering contractors which employs 450 people — 400 of them Blacks — was placed in provisional liquidation with an urgent order granted by Mr Acting Justice King at the Rand Supreme Court yesterday.

Witwatersrand Gold Mining Company, a subsidiary of Glen Anil, brought the action against National Soil Group Pty, a Johannesburg company.

Mr Gerald Kallenberg, of Witwatersrand Gold Mining, told the court National Soil had no source of income. Its overdraft facilities had been cancelled by Barclays Bank.

He said, however, that R50 000 had been given to the company by Barclays Bank. Of this R30 000 was used to pay 420 workers their fortnightly wages.

Tomorrow wages are again due to the 420 but National Soil has no way of raising the money.

“It would be in the interests of the creditors if National Soil Group were allowed to continue trading and complete contracts on hand,” he said.

His company was owed R309,38 by National Soil. The rule is returnable on March 8.

... in die besonder of een spesifieke faktor vir die wording van Afrikaans verantwoordelik was nie, maar dat die Afrikaanse taal die produkt is van baie eksterne en interne faktore. Besonder belangrik was die dialektiese skakerings van 17de-eeuse Nederlands; soos uit die oorsig blyk, is die meeste „kenmerke” van Afrikaans voortsettings van die een of ander dialektvorm of tendensie in 'n dialek wat in Nederland self deur beskawingsfaktore teëgewerk is of verdwyn het. Daarnaas het die invloed van die talie vreemdejinge aan die Kaap 'n rol gespeel. Ook hier kan ons net by uitsondering een groep sprekers isoleer en vir die wording van 'n bepaalde taalvorm verantwoordelik hou. Ons kan byvoorbeeld aantoon in hoever die Franse of Duitse immigrante die Afrikaanse sinsbou direk beïnvloed het nie, of in hoever hulle die vereenvoudiging van die vormstelsel veroorsaak het nie.

1. Teorieë oor die ontstaan van Afrikaans

Vroeër is daar wel aan die een of ander beslissende taalinvloed gedink. Dit was die geval voordat 'n taamlik groot hoeveelheid direkte gegewe

wens van die Kaapse taal in die Argief in Kaapstad gevind is. Kort na die stigting van die GRA het die belangstelling in die herkoms en ontstaan van Afrikaans by taalgeleerdes begin posvat en aanleiding gegee tot die ponering van verskillende teorieë oor die ontstaan van Afrikaans. Th. Hahn se *Hottentots-teorie* van 1882 was die eerste poging tot 'n verklaring van die karakter van Afrikaans. Hoewel hy vasstel dat Afrikaans „phonetically teutonic” is, d.w.s. sy Germaanse struktuur behou het, is dit volgens hom „psychologically an essential Hottentot idiom”. Maar hierdie vae stelling kan hy nie bewys nie. Kort ná hom kry ons die belangstelling van Nederlandse geleerdes soos M. de Vries en J. de Winkler, wat die *Frans-teorie* voorstaan. Volgens die teorie sou Afrikaans onder die invloed van die Franse Hugenote ontstaan het, maar D. C. Hesseling het die teorie in 1897 al weerlé. In

Hugo Schuchardt, die beroemde Duitse geleerde en kenner die tale, op twee belangrike faktore wat by die wording van 'n rol kon gespeel het; hy dink aan die een kant aan Duitse invloede en die ander kant was hy die eerste wat in 1891, op grond van 'n Indo-Portugees en Maleis-Portugees, op moonlike kreokore in Afrikaans die aandag gevestig het. D. C. Hesseling dagtes in 1897 en 1899 verder gevoer, veral in sy beroemde *Afrikaansch* (1899) waarin hy sy *Maleis-Portugees-teorie* het. In teenstelling met die vorige teorieë was Hesseling s'n wat werklik wetenskaplik verantwoord was. Volgens Hesse- daar binne die eerste dertig jaar van die volksplanting 'n ootsing van tale aan die Kaap plaasgevind het, nl. 'n botsing tussen die 17de-eeuse Nederlands van die vryburgers, soldate en amptenare en die taal van die Oosterse slawe wat Maleis en 'n vorm van gebroke Portugees gepraat het, of 'n vermenging van albei („Maleis-Portugees”). In 1658 en daarna het 'n groot aantal slawe wat gebroke Portugees gepraat het, Kaap toe gekom; dit sou volgens Hesseling 'n skielike kommunikasieprobleem veroorsaak het wat tot 'n vinnige verandering van Nederlands gelei het. Die resultaat was 'n sterk vereenvoudigde taal met 'n reduksie in sy grammatika. Wanneer 'n kultureel taal in 'n bepaalde kontaksituasie deur 'n botsing met 'n sosiaal laerstaande taal binne 'n kort tydperk 'n drastiese reduksie, struktuurverandering en vereenvoudiging ondergaan, praat 'n mens van kreolisering. Hesseling moet egter self erken dat die tipiese kenmerke van kreolisering in Afrikaans ontbreek, daarom kom hy tot die konklusie dat Afrikaans beskou moet word as Nederlands wat halfpad by staan het om 'n Kreoolse taal te word.

Ongelukkig het Hesseling destyds nie oor die nodige direkte taalgegeweens beskik nie; hy kon sy teorie feitlik net op sosio-historiese gegeweens baseer wat bowendien nie volledig en korrek was nie. Daarom was ook sy teorie ontoereikend en eensydig; dit het 'n hipotese gebly wat hy nie kon bewys nie.

Builders warned of big slump

By KEITH ABENDROTH

THE president of the Pretoria Master Builders' Association, Mr Eric Chapman, warned in Pretoria last night that a "dangerous slump of totally unacceptable levels" was facing the building industry.

Addressing the annual meeting of the association, Mr Chapman said there was no indication that the country was nearing the turning point of the building decline.

"I believe that the prospects for 1977, with Black unemployment figures spiralling and general shortages of work causing cut-throat competition, could easily lead to a highly dangerous slump," he said.

Mr Chapman, a promi-

nent developer, pleaded for greater consideration for Blacks in the industry.

He said a review of the present industrial agreement was needed in the light of its inflationary nature "which is coupled to needless racial discrimination."

The weakest link in the present agreement was the under-utilisation of Black labour, he said.

"I have come to abhor the conditions under which we use Black labour," he said.

"Labour force" meant White as well as Black workers.

"It is obvious then that the Black element in the labour force is as permanent and as indispensable factor as the White labour force," said Mr Chapman.

Building industry fights to survive

Industrial Reporter

THE building industry was fighting for survival instead of providing urgently-needed buildings for all sections of the community, Mr. K. I. W. McLeod, outgoing president of the Master Builders' and Allied Trades Association, Durban, said at the association's annual meeting last night.

He said urgent consideration had to be given to solve the housing backlog and to prevent a further rise in the level of unemployment.

"The economic ills of the industry are not of our own making and should be seen against the backdrop of world economic stresses, the high rate of inflation, balance of payments deficits and a less than satisfactory gold price.

"The dreadful spectre of large-scale unemployment is with us — in the greater Durban area 33 per cent less are employed than 15 months ago," he added.

At the meeting Mr. R. L. (Bob) Stevenson was elected new president of the association. Mr. Stevenson is the chairman and managing director of R. L. Stevenson Construction South Coast (Pty.) Ltd.

Building's death rattle

FIN. MAIL 25/2/77

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There are optimists in the building industry, but with unemployment spiralling and contractors fighting for survival, they're still outnumbered

"We're like farmers praying for rain ... totally dependent on the economic elements." So says Building Industries Federation Director Johan Grotius. And the elements are hardly favourable.

Nobody doubts that the building industry has its problems right now; least of all the smaller contractors battling for survival and the workers who have lost their jobs in the slump.

Nor can anyone doubt the industry's vulnerability to outside factors. Apart from the giants who can look for international work in hard times, there is little most building firms can do in the current crisis except wait for business to recover and government-initiated work to grow again.

"We've become increasingly dependent on government work," says LTA Group MD Michael Ridley. "For example, a few years ago public expenditure accounted for about 35% of our non-residential work. The figure is now over 50%."

Adds Grotius: "We're hoping for substantial government projects spread throughout the industry. If we don't get them we're in for the law of the jungle."

For some, it's the law of the jungle already. Master Builders Association director Basie Pretorius says many contractors are working at 30% capacity and are tendering at "suicidal" prices. And the pruning of development projects is continuing. Pretorius concedes that "things don't look too promising."

Hope largely rests on one area where government spending is virtually unavoidable — low-cost housing. Says Roberts Construction MD Bill Bramwell:

"This is an obvious growth area — particularly with the squatter problem at its present level. Wiping out the housing backlog wouldn't have a significant effect on the industry, but it would create jobs and a much-needed spin-off to ancillary industries without harming the BoP or inflation rate."

This doesn't impress the industry's pessimists, who feel Armageddon is fast approaching. Yet there is still a smattering of optimists, mostly confined to the homebuilding sector — the part of the industry which reacts fastest to an upswing. Schachat Cullum recently predicted a pick-up in house building in mid-1977 and chairman Riley Schachat says he sticks by this.

"It's more a general feeling than a firm prediction, but we are receiving a lot of inquiries," he says. "While many are willing to buy, most can't afford to."

Wimpey Homes' Denis Cheek is more buoyant still: "We're already making more sales than expected. The building societies appear to be fairly flush and that, of course, is crucial." Wimpey has introduced a new financial package to attract custom, but he argues that this doesn't totally explain the pick-up.

The building societies are, of course, the key. "As long as they maintain the flow of funds, there will be house-building activity, though standards aren't at a level to maintain a stable industry," says Grotius.

The most recent Association of Building Societies newsletter reports a 42% drop in savings deposits during October-December compared with the same period last year. Money lent

dropped 23%. Nevertheless, the movement is satisfied with these returns "under the circumstances" and societies say they currently have sufficient funds available for loans.



Unfinished housing site — Grotius (bottom right) fears the law of the jungle, but Schachat (top right) says we're out of the woods



Roberts' Bramwell — hope in mass housing

Cautions United Building Society MD Hans Hefer: "The belief that there is a shortage of funds for domestic housing is erroneous." He says the UBS is maintaining its average monthly lending level of R25m — and will do so at least until March.

Hefer believes the situation for societies has stabilised. "We're not out of the trough yet, but things won't degenerate at the moment." A spokesman for Allied says January's inflow was down on last year's but "wasn't as bad as we expected. We are helped by the fact that the banks are not in the market." Both are anxious to assure prospective loan applicants that the cash is there if they want it.

"The balmy days of 1975 are irrevocably gone," says Association of Building Societies director David Alston, "but all is not gloom. Money is tight, but this could be to our advantage. There's little institutional money coming in, but personal savings often tend to increase in a recession."

The movement concedes, however, that the public is adopting a "wait and see" attitude and that its embryonic confidence could be knocked in the next few months — particularly by unexpected political factors.

Even if funds are available, is there a demand for them? And have falling living standards hit loan repayments?

Alston reports a falling off in loan applications, but says figures are not available. UBS and Allied say demand is centred mostly on loans for middle cost housing and funds for alterations and additions.

And the societies stress there is no crisis yet with bond repayments. "There has been a slight increase in people falling

into arrears and societies are policing repayments more tightly. But the situation hasn't deteriorated significantly," says Alston. "People tend to take bond repayments a lot more seriously than other credit."

Grotsius, however, points out that the gap between Industrial Council minimum wages and the going rate in the industry (and, presumably other industries) is steadily narrowing. As this bites into artisans' pay packets, loan repayment problems may increase significantly.

Pretorius pinpoints government restrictions on loans over R18 000 as a stumbling block to house building ("a normal house today costs R28 000-R30 000"). Societies are trying to get the ceiling raised, but some say that the trend towards middle-cost housing could ease the problem. Nevertheless the pinch on small and medium contractors is likely to become excruciating.

"Large firms who generally wouldn't look at, say, R500 000 projects, are now doing so," explains Roberts' Bramwell. "This obviously increases pressure on smaller firms. But it needn't be altogether a bad thing since it's all too easy to start a construction firm in SA and it's common for the smaller, less efficient contractors to go to the wall in a levelling off period. But we're not just seeing that sort of levelling off — it's a definite downswing."



Alston ... the balmy days are gone

Bramwell's only comforting note is that things are not likely to reach the stage where the viability of established firms is jeopardised.

But what hope for the smaller fry? The

Master Builders Association is planning an approach to government in an attempt to set up a government-industry liaison committee to ensure adequate planning and an even flow of work. "It's the only way to cushion contractors from the effects of market fluctuations," believes Pretorius.

A sub-committee of the EAC has been set up to investigate ways of pumping money into the industry.

It's on the unemployment front, however, that things are likely to deteriorate quickest. Amalgamated Union of Building Trade Workers general secretary Richard Beech predicts 20% artisan unemployment by year's end; in some areas by June. This, he says, is a conservative estimate because it doesn't include labour wastage and paid-off men taking other work. Many artisans are simply absorbed into other industries, though Grotsius points out that alternative job openings are drying up.

White and Coloured unemployment also creates African unemployment — in more ways than one. As a direct result of artisan unemployment, existing exemptions allowing Africans to do semi-skilled operative work will be withdrawn on March 31 — though employers can re-apply in special cases where artisans aren't available.

This will hit contractors who have tendered for work using operative rates, increase Black bitterness, and waste money spent on training.

Worse, the steady outflow of artisans, most of whom will not return, creates immense problems when the recovery begins. "Labour has been leaving steadily for six years," says Pretorius, "we will thus have to go into a recovery with untrained workers and will have to lay out a lot more on training."

Says LTA's Ridley: "First rate artisans are still in short supply — they'll be in shorter supply when we begin to pick up."

Perhaps the only positive sign to come out of the slump is that home builders are being forced to lower their sights and opt for more modest homes. This pleases both building societies and contractors. "We're not having to sell the idea of smaller homes any more. People are asking for them. Obviously we prefer a large number of small contracts to one or two large ones," says one contractor.

Or, as the Allied's man puts it: "We've been on the crest of a wave for too long now. Whites simply can't afford to live at their present standard any longer — particularly if we're going to divert much-needed money to Black housing."

But the question remains: How many building firms will still be in business by the end of this recession to meet the demand — even for more modest White housing — if a Black housing drive doesn't get under way soon?

Union chief warns of 'job encroachment by Blacks'

RBM 26/2/77

By CLIVE EMDON
Labour Correspondent

THE Amalgamated Engineering Union has warned its 28 000 White members not to be tempted by promises of higher pay in return for handing over elements of their jobs to unskilled or semi-skilled Black labour.

The general secretary of the union, Mr T. S. Neethling, said in an editorial in the union's journal, the Metalworker, that the gradual fragmentation of artisans jobs by hiving off and allocating more responsible work to unskilled workers posed a direct threat to the future of all artisans.

He warned members of the union that tempting trained men to hand over aspects of their work by offers of increased pay "could easily be the start of a move to get you out of your job altogether."

Mr Neethling said the power of industrial councils appeared to be the only way of controlling em-

ployers who persisted in breaking the rules in their attempts to cut production costs at the expense of the future well-being of the union's members.

He said a country-wide investigation by union officials had revealed cases where employers had discharged artisans and replaced them with unskilled and semi-skilled labour — mainly Black labour. This established a precedent which could spread to other industries.

The most frequent excuse given by employers for such actions were that it was Government policy to advance Blacks, he said. But he added that employers who were saying that were not sincerely interested in the advancement of Blacks but were concerned only with increasing their profits.

He called on AEU members who were aware of fragmentation of their jobs by contraventions of employer/employee agreements to make this known to industrial councils.

MBA opens the door to blacks

27/2/77 ST

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THE DURBAN Master Builders' Association, the country's second largest, amended its constitution at its annual meeting this week to remove all racial qualifications.

The removal of these qualifications is, according to newly elected MBA president Bob Stevenson, managing director of R. L. Stevenson Construction, quite in keeping with the mood of the times.

"We have always had communication with builders from other race groups through the Building Industries Federation. Now these builders can be members of the MBA direct."

By ALAN PEAT

According to MBA director Pieter Rautenbach, the Association does not expect a flood of new members to result from the opening to all race groups.

"There is," he said, "already an African MBA, and this may serve the particular interests of the African builder better than ours."

"However, we are now pleased that any builder who decides our association can provide him with a service will be eligible to join."

Talking on the subject of the recession in the industry, Stevenson pointed out that, while there was an

undoubted downturn in the business, it had now found a more realistic level after the euphoric boom period from 1969 to 1972.

"This resulted in shortages of materials and aggravated the shortage of skilled labour, which increased building costs."

"With the ever-increasing population, we will require something like 22 000 dwellings annually. Although we, as builders, cannot do much about the high interest rates prevailing, we can assist by increasing our productivity and improving efficiency to reduce building costs."



Stevenson

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~~378~~



Beech . . . looking at a dismal target

CONSTRUCTION ^{FIN} ^{MAIL}
Come September ^{4/3/77}

Warnings that one in five building tradesmen will soon be out of work fail to reveal the real damage done by the recession to the construction industry. It faces its worst year in a decade.

As confidence crumbles, an artisan exodus is gathering pace while ancillary industries (plant hire, ceramics and the like) are feeling a slump from which some might not recover.

Pundits who predicted up-turns by New Year, March or June now face statistics showing that this year's rock-bottom business will be followed by something not much better in 1978.

"We are now talking about things starting to pick up for us in September next year," says Richard Beech, general secretary of the 14 500-member Amalgamated Union of Building Trade Workers.

Kees Lagaay, SA Federation of Civil Engineering Contractors' director, says more companies are expected to experience difficulties during the next few months as the industry reaches the stage of there being just not enough work to go round. Says Lagaay: "A handful of firms are getting big orders but there's very little left for the rest."

How little can be seen in contract figures (accounting for about 50% of construction work) being monitored at his office — November: R66m (R45m to one company); December: R44m (R21m); January: R49m (R24m); and February: R37m (12m).

Basie Pretorius, director of the 735-member Witwatersrand Master Builders' & Allied Trades Association, is still optimistic but admits: "The situation is serious."

Beech notes: "We expect unemployment (in his union) at 20% by the end of the year. In some regions that figure will be reached in June." Alarming though that sounds, some areas, according to Beech, are well on the way to the dismal target.

"Cape Town has 10% out of work and getting worse all the time," he says. "Durban is 10%; by June it will be 15%; and at the end of this year 20%."

Beech describes the Transvaal as "a problem" with its present 9% jobless hitting 20% by June. (The Industrial Council for the Building Industry puts the number of jobless on the Witwatersrand at only 107 — or 1%.) Brighter spots are Port Elizabeth — 7% "but expected to come down" — and Bloemfontein and Grahamstown with virtually no building unemployment.

Beech's "conservative figures" would reveal catastrophic unemployment rates if labour wastage (running annually at 6%-8%) and paid-off men taking up other work were included. Says Beech: "Building is one of those trades where a man sees the red light and leaves to drive a bus."

Last year an estimated 40 000 skilled, semi-skilled and unskilled men were laid off out of the 300 000 labour force. About 8 000 of these were artisans.

A similar or higher loss this year is likely to knock the bottom out of the industry which, when recovery does eventually come, will find a lot of new work teams on its hands.

R135 m road projects

EAST LONDON — The Provincial Roads Department spent more than R1.5 million during the 1975-6 financial year on roadworks between Berlin and Willsonia, Nahoon and the Gonubie interchange and the reconstruction of the road between King William's Town and Berlin.

The total amount spent on these projects was R1 544 696. Work is still going ahead on these projects.

The road-over-rail bridge at King William's Town was completed during the financial year at a cost of R160 534.

Another large project completed during the year was the Barkly East-Orpendale road. This was done at a cost of nearly R5.5 million.

Other projects in progress, with the total contract price in parentheses, are: Cathcart-Bailey trunk road (R8 582 382), Port Alfred-Lover's Twist (R10 701 483), East London-Lillyvale (R7 148 809), Barkly East-Elliot (R5 786 000).

The total figure for contracts in progress as at March 31, 1976 is R135 881 703 — DDR.

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The Star Friday M.

Builders in 'desperate' plight

Leaders of the building industry saw five Cabinet Ministers this week.

They wanted to find out if any relief measures were possible to relieve the industry's desperate situation.

The interviews followed a countrywide survey which showed that the industry's labour force had shrunk by a quarter in the year up to February — leaving more than 50 000 workers unemployed.

Recruitment of apprentices dropped by 30 per cent for the year up to

December and overseas recruitment has been suspended.

"We told the Ministers

that the situation was deteriorating faster than expected," said Mr. Johan Grotsius, director of the Building Industries Federation.

"The Ministers could not give any firm undertaking about relief measures in view of the immin-

ent Budget," he said. Mr. Grotsius was one of a three-man Bifsa delegation who saw the Ministers of Finance, Labour, Eco-

nomic Affairs, Community Development and Public Works.

The other delegates were Mr. Leo Fish, president of Bifsa, and Mr. Dave Allan, senior national vice president.

Mr. Grotsius said the delegation tried to explain to the Ministers the economic plight of the industry and to find out whether special measures to stimulate building activity could be introduced.

"I am satisfied that they are now fully aware of our situation and that they are giving careful attention to the matter," Mr. Grotsius said.

200 artisans sacked in Durban

Own Correspondent

DURBAN—Some 200 skilled artisans in the Durban shipbuilding industry will lose their jobs at the end of April when James Brown & Hamer close their shipbuilding activities except for work in hand.

Company officials here refused to comment.

A spokesman in Johannesburg confirmed the closure and the sackings, but stressed it was temporary.

The cause was the world-wide recession in the shipbuilding industry combined with the fierce competition from Japanese yards.

Although 200 skilled artisans were being sacked, and the company was trying to place them elsewhere, key men were being kept on and would be absorbed into the foundry division.

NUCLEUS

When the recession in the shipbuilding industry ended and orders started picking up the nucleus of the key staff would be available to begin shipbuilding again.

James Brown and Hamer have only two vessels left on order. These will be delivered before the end of the year.

Although it has submitted many quotations, it has failed to secure further shipbuilding contracts.

It is just three years since the firm, one of Durban's oldest yards, had R26-million of orders on their books.

Meanwhile Defy Industries, the household appliance manufacturers has laid off 88 African and coloured workers at its Jacobs factory.

300 workers paid off

DURBAN — Two Natal firms have retrenched staff while a third has started a four-day week.

James Brown and Hamer, a shipbuilding yard, retrenched over 200 workers — including 90 skilled artisans.

The men were laid off after a decision to close the company's shipbuilding operation temporarily because of the world shipbuilding slump.

Defy Industries has stopped the night shift in its foundry division and has paid off 100 workers.

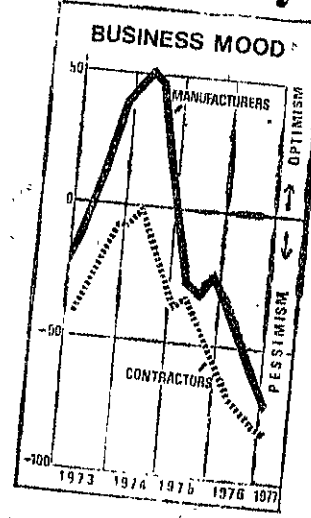
A spokesman said the night shift had been introduced last year to catch up on the backlog of orders for cast-iron cooking pots. Orders were now up to date. He denied reports of mass redundancies.

Meanwhile, Haggie Rand Wire has reduced its operations to a four-day week.

A spokesman for the company, which makes fine wire for mattresses and staples said they would not return to normal until the order book picked up. — DDC

Gloomy future for the building trade

Handwritten initials/signature



A BER graph shows how the surge of confidence among manufacturers of building materials has been shattered since its high peak in the 1974 gold bonanza. Contractors, more cautious in the boom, have sunk into an even gloomier business mood.

Market activity

The number of shares traded on the JSE yesterday was 1 115 671 against 1 143 073 previously with a total value of R2 358 087 (R2 167 616).—Reuter.

Michael Chester, Financial Editor

Still worse lies ahead for the building industry in the autumn months to mid-year, warns the Bureau for Economic Research at Stellenbosch University in a survey released today.

A grim scenario forecasts more company liquidations ahead, more shutdowns of building materials factories, more unemployment, and more skilled workers quitting the industry with no plans to return even in better times.

Longer term, signs of a revival of private investment in building construction based on a reversal in the slide of gold and foreign exchange reserves underpinned by higher exports and lower imports.

But the researchers fear the time lag will take too long to benefit the building industry in the second quarter. Indeed, the whole of 1977 may miss a revival because of the stubborn refusal of longterm interest rates to come down significantly.

BER predictions are that demand in 1977 will sag below the peak in 1973/74 by as much as 36

percent in private residential building and an even worse 48,7 percent on the private non-residential side.

In sharp contrast, demand for new public residential buildings is expected to be 52,7 percent higher. But the non-residential side in the public sector faces a 6,3 percent decline.

To make matters worse, the climb in building costs in general is expected to accelerate from 8,7 percent last year to 11 percent in 1977.

Aluminium is put at 36,3 percent higher than a year ago, cement 28,9 percent up, reinforcing steel 25 percent up, crushed stone 19,4 percent up, sand 18,8 percent up.

And for the moment there are no indications whatever that business conditions will improve in the next three months. And the business climate is gloomier than ever.

Most factories making building materials are now running 30 percent under capacity with the labour force down 13 percent.

'FLAT AGENTS ON A FIDDLE' CLAIM

Building maintenance packet is forcing up rents, director accuses property companies

2377
STC

SOME FLAT landlords and tenants are paying far more than they need to maintain their property because agents administering the buildings are involved in a kick-back scandal, it was claimed this week.

I was shown a photostat of a cheque sent by an electrical firm to one of Durban's leading property companies, with a covering compliment slip stating that it was for 10 percent

By COLIN VINEALL
PROPERTY EDITOR

commission on a bill for more than R1 000.

And, a director of a large company which supplies cleaning materials to blocks of flats said that when he recently approached two senior members of the same property company for business, he was bluntly asked: "What's in it for us?"

The director, who does not wish to be named, said he believed his firm had lost several deals with property concerns administering large blocks of flats in the Greater Durban area because he played business "straight" and refused to have anything to do with the "kickback system".

He believes that hundreds of thousands of rands could be involved each year. He bases this figure on simple arithmetic: If a service company does business worth R30 a month with each of 1 000 blocks of flats in the area, then the kickback at 10 percent would be R3 000 a month, or R36 000 a year.

Assuming that the service industries involved could cover electrical equipment, air-conditioning, building repairs and maintenance, roofing, cleaning equipment and materials, gardening services, swimming pool upkeep, plumbing and lifts — nine industries — the figure could reach R324 000 a year.

He thought this figure could be a conservative estimate, bearing in mind the number of blocks of flats in the area.

The director spelled out in detail how the agencies make money on the deals:

Dustbins

"The first step is when a caretaker sees that new equipment is needed, such as brushes or dustbins. He tells the property agent administering the building what is needed and they phone a wholesaler or janitorial supplier and place an order.

"The firms willing to pay commission then deliver the goods to the block of flats. I know of some cases where the bottom copy of the invoice becomes the delivery note and no price is reflected on it as the carbon paper is taken out.

"The caretaker receives the goods, and signs the delivery note which doesn't reflect the price. He sends that delivery note to the property agent's office, who receives the invoice direct from the suppliers.

"At the end of the month, the agent gets all the invoices pertaining to individual buildings and makes out statements

which he sends to owners. The owner receives the statement and settles with the agent — it is unlikely he will ever see the individual invoices submitted by people who did work on or for the building.

"Finally, when the supplier gets his cheque from the agent he sends off a pre-arranged commission back to the agent. The prices must have been inflated in the first place to cover that commission.

The director said that one company had appointed a new man as controller of their flat administration section. He had made many changes in staff and in the system, and refused to have anything to do with any kick-backs, or firms who operated that way.

But eventually he was fired and the man he had replaced reinstated. Immediately, the agency went back to accepting kick-backs.

Before the dismissed controller left — he is now back in England — he gave the director the photostat of the cheque made out to a property firm for R103,78 and the compliment slip accompanying it.

Inflation

The director said the system was pushing up costs all round.

"The whole thing adds to the inflationary spiral. Because of the unnecessarily high costs of materials and services, forced up by the commission deals, the flat owners are having to pay more for goods than they need.

"This in turn digs into their profits, and they find that they are not getting a satisfactory return on their investments. So they go off to the rent board, complete with figures to prove their case, and seek rent increases.

"If they are successful, it's the tenant who pays in the end."

Now, in an effort to combat the kickback system, the director's company has sent out more than 400 circulars to flat block owners listing five questions.

- Have you ever queried the cost of the cleaning materials which you pay for?
- Do you personally do the buying or does your agent buy on your behalf?
- When the goods are delivered is the price you pay shown on the invoice?
- Do you ever see the invoice?
- Are you paying a middle man commission without knowing it?

The director says that since he sent out the warning circular, the owners of 12 blocks have contacted him to check prices, and have changed their suppliers.

We're trying to ARGUS 7/14/77 build bridges too

WITH reference to the report in The Argus of March 29 concerning the allegation made by Mr Willie Meyer, CRC member for Bonteheuwel, I wish to set out the following information for your readers. We are trying just as hard as, if not harder, than Mr Meyer to build bridges but to be effective, the bridge has to grow from firm foundations on both sides of the river.

We had five public restaurants on the showgrounds this year apart from the hamburger and hotdog stands which are open to all races. The attendance of Black and Brown people was five per cent of the total attendance for the show. All catering points, space, number, crockery and cutlery were planned in conjunction with attendance figures. The catering was given out to a well-known local catering firm and all races were given the identical food and service.

The Liquor Act stipulates where and to whom strong liquor may be served. The instance which Mr Meyer referred to in his letter does not fall under the society's jurisdiction but the standholder concerned must comply with the provisions of the Liquor Licensing Act.

We provided facilities where all races could, under the Liquor Act, enjoy wine and spirits: the Continental Restaurant — (the big Restaurant Hall). Attendance figures governed the catering as well as the liquor requirements.

Other facilities such as the arena, halls and all entertainment were available to all races without any prohibitions.

The society would welcome a meeting with Mr Meyer to discuss, and as far as possible resolve any points of friction, bearing in mind that the society is also required to meet certain requirements laid down by the relative authorities.

N. C. KRONE

President

(Western Province
Agricultural Society)
Cape Town

(32)

Delay in pay rise sought

24/4/77
Paw

Labour Reporter
Employers in the Transvaal building industry have decided to appeal to the Minister of Labour for a suspension of an automatic pay increase to workers which comes next month.

But they will pay the increase while the Minister's decision is being awaited, Mr Z L "Basie"

Pretorius, director of the Witwatersrand Master Builders Association, announced today.

The decision was taken yesterday after trade unions had failed twice to attend meetings of the Industrial Council for the Transvaal Building Industry and sent a letter saying they could not allow an amendment to their agreement on pay increases.

The agreement provides for half-yearly adjustments in line with the rise in the cost of living, which means an increase of more than five percent in minimum pay rates from May 1.

Artisans are to get an extra 12c an hour, bringing their minimum pay to R2.50 an hour, and the lowest pay rate for blacks will rise by three cents to 62c an hour.

CIVIL ENGINEERING 32

More cash — less work

FIN. MAIL 29/4/77

Expected public sector expenditure over the next two years has put a damper on any hopes civil engineers had of an early recovery.

Already-strained heavy construction companies (roads, bridges, dams, sewerage) look like spending the next 18 months scratching for *less* work in volume terms although government and provincial budgets will be marginally higher, says SA Federation of Civil Engineering Contractors director Kees Lagaay.

The 1975 public sector spending (including Railways, Post Office, local authorities, Iscor, Escom and Home lands) of R1 147m dropped in 1976 to R1 092m. This year's forecast suggests a climb back to R1 123m rising, according to public sector budgets, to R1 190m next year.

Lagaay's not impressed: "You must take into account that up to 15% of each new budget is eaten away by rising costs. Even with these additions there will still be considerably less work around."

This means Lagaay's 200 members (accounting for about 80% of civil engineering turnover) are, far from pacing

themselves for better days to come, simply hanging on for any sort of upturn.

"The government's continued restrictive policy will mean a further decline for us over the next two years," says Lagaay.

Expected to be hit hardest in the construction doldrums are companies specialising in one type of contract — roads, sewerage and the like.

Private sector contracts, led by a steady demand from mining houses, are cushioning the public sector slowdown but, Lagaay warns: "The duration and severity of the recession will create serious difficulties and hardship over the next few years. Contraction leads to dissipation of resources in plant and manpower."

Building industry still battling

THE number and value of building plans passed countrywide continues to drop alarmingly and there is little to indicate at this stage that the building industry is emerging from the doldrums.

The value of plans passed for commercial buildings in January and February this year, for example, has dropped to R11.5-million from R37.3-million for the same two months last year.

New development of flats is also an obvious problem area with the number of developments dropping from 82 to 46.

Housing is badly down at a value of R57-million compared with last year's R92-million for the same two months.

In total the value of all plans passed in the private sector

dropped in January and February this year to R137-million against R211-million for the the same period last year.

This does not take into account the increased cost estimates over the year, and in reality the gap is, therefore, even wider.

The value of buildings completed in January and February this year was R147-million, which is R22-million higher than last year's figure, but relates to projects which have been on the go for some time.

The immediate future of the building industry, therefore, seems to lie more in the hands of the public sector.

For the industry's sake, let's hope Government spending in this sphere isn't cut too dramatically.

4/5/77
RAM

Building work has fallen off badly

Staff Reporter

PRIVATE sector building work in South Africa dropped off by more than a third this year, according to figures released by the Department of Statistics yesterday.

A survey covering about 90 per cent of South Africa found that building plans totalling only R206 300 000 were passed

in the first three months this year.

Building plans worth R325 600 000 were passed in the same period last year.

It represents a drop of R119 300 000 in the value of plans passed.

"This is in line with what we expected," the director of the Building Industries Federation, Mr J. H. D. Grotsius, said yesterday.

"We have seen a decline in building activity over several years."

Last year, he said, the industry lost about a quarter of its labour force — 50 000 workers. In 1975 it lost about 12 per cent of its workers.

Mr Grotsius said it was difficult to say how long the slump would last.

The signs were that it

would get worse.

Things have improved slightly in the Cape where the Department of Community Development was spending on Coloured housing and the Department of Public Works was also building, he said.

"But we are not getting the sort of spread we need to keep the industry going."

Construction men scramble for contracts to survive

SUN TIMES
(BUS. TIMES)
22/5/77

By TONY KOENDERMAN

MAJOR BUILDING and construction firms are tendering for big contracts at 10 to 15 per cent below cost as they scramble desperately for work in the deepening building slump.

"The tendering position has become absolutely critical," says Bernard Moyle, head of Moyle & Herd Constructions and former president of the Building Industries Federation, Bifsa.

"There is a little bit of work going out, but prices are way below cost. People building now will never build as cheaply again — but in many cases they run the risk that the contractor won't finish the contract.

"Many builders want to get their next job at any cost just to pay for the last one."

Latest building statistics give little cause for comfort. Though the value of buildings completed in the first three months of the year was 21 per cent higher than in the same period of 1976 (at R231million), the value of building plans passed crashed by 37 per cent.

If you discount these figures for inflation (building costs rose by 9 per cent last year), you get an even more depressing picture.

The Stellenbosch Bureau for Economic Research, in its March building survey, said a revival of private building is unlikely during this year.

"The outlook for the next quarter is rather grim," it said. "Practically all respondents report very thin order books. Consequently it can be expected that:

- Unemployment will increase;
- More liquidations of firms will occur;
- More manufacturers of building materials will close down; and
- Skilled labour will leave the industry, seldom to come back."

The labour situation is a particularly worrying one to the industry, because when the upswing does begin, the building industry is likely to be in a very poor position to take advantage of it.

The improvement in the gold and foreign exchange reserves has great import for the building industry because it is an indicator of a recovery in demand for new private buildings at a later stage.

But the upswing will only benefit the industry if it goes hand in hand with a decline in long-term interest rates, which has not happened yet.

The increase of Government investment in buildings has masked a dramatic decline in private investment at constant prices since 1973.

If the expected decrease is maintained in 1977, the total investment will have declined by 32 per cent in the four years, and in non-residential buildings by 48 per cent since 1974.

32

1

Building industry: figures indicate worse lies ahead

30/6/77

Pretoria Bureau

The slump in the private building sector stands to worsen considerably according to figures just released by the Department of Statistics.

In South Africa's 18 major municipalities, their surrounding areas and 59 urban areas, the total number of building plans for the private sector approved in the first three months of this year shows a substantial 37 percent drop as against January to March last year. This points to a considerable drop in the amount of work available to construction firms in the months ahead.

In the same period the number of residential building plans has shown a 40 percent drop. The decrease is the same in the case of non-residential buildings. Approved plans for private dwellings dropped by 38 percent in the first three months of this year against the same period last year.

However, the number of buildings completed by the private sector between January and March this year shows an increase of about 21 percent against the same period last year — indicating the smaller than usual backlog is being rapidly mopped up.

7

A bright spot in building gloom

Business Times 5/16/77

By TONY KOENDERMAN

THE ONE bright spot in the depressed building industry is the home improvement business, says Bill Nichols, marketing manager of door and window manufacturer Wispeco.

Official figures show that 28 per cent of all building work completed in metropolitan areas during the first quarter of the year was in additions or alterations.

This compares with 22 per cent in 1975 and 24 per cent for the whole of last year.

"Our home improvement market is strengthening as increasing numbers of home-owners do their own work," said Mr Nichols. "This is helping to save us from the worst effects of the building slump."

Nearly R16-million was spent on additions and alterations on the Witwatersrand in the first two months of the year, 56 per cent up on last year.

Row looms over building laws

15/6/77
RDM
32

DEREK SMITH: Property Editor

THE 20-year effort to find a set of national building regulations for South Africa is finally erupting into an open schism between Government and the local authorities.

At the centre of the gathering storm is the SA Bureau of Standards (SABS) which has the job of finding a formula acceptable to all municipalities—a virtually impossible task.

But the SABS has tried once before to find a set of model regulations. It spent some 17 years and tens of thousands of rands drawing up a vast and complicated work for local authorities, and all but a handful turned down the offer flat.

In the Transvaal, municipal engineers had already got together to do the job themselves under the auspices of the Transvaal Association of City and Town Engineers (TACTE).

That seven-year task was completed recently and the regulations are ready for formal TACTE approval.

But in the meantime the Government has produced a Bill designed to force uniform building regulations on everyone—and the body which will produce those regulations is the SABS.

Will it now foist its unwanted version on unwilling local government? Or will it accept that TACTE's regulations are more realistic, having been drawn up by the men-on-the-spot who have to deal with the matter every day?

So far the SABS hasn't committed itself. A copy of TACTE's work has been sent to Pretoria but what use will be made of it no-one knows. What is known is that the

regulations will be split into various chapters (divorcing residential regulations from commercial, for example) and that there is still a lot of work to be done.

Durban and Port Elizabeth both have men seconded to help with the job, so the voice of local government will at least be heard during the framing.

Yet municipalities still fear the Pandora's Box of regulations which could come out at the end.

TACTE itself is aware of the advantages of uniform regulations—its own efforts testify to that.

Architects and associated professionals, for example, would be helped considerably by not having to swot up differing regulations from one town to another.

Another important plus would accrue to the small municipalities which have no professionals of their own to check on standards. Uniform regulations would prove a boon.

At the same time any tendency to restrict new ideas and new techniques would be foolhardy and sterile.

Provision in the Bill for codes of practice is causing particular concern.

"We are very concerned about this," TACTE chairman Eric Hall told Property Mail, "because it means that the engineer-designer will not be able to make free use of his expert knowledge."

Johannesburg itself has had to make special provision to overcome just this kind of thing and is now able to ignore its own regulations which are often years out of date.

The dilemma has been foreseen in the proposed new legislation, formally known as the National Building Regulations and Building Standards Bill.

This envisages a central authority which would allow deviations from the regulations. But this, it is feared, will cause additional delays in approving projects which incorporate anything not laid down in the regulations or the code.

Sweeping powers are conferred on the Minister to issue directives exempting owners from complying with the regulations or, alternatively, imposing new ones.

This threat of rule by directive is another major cause of concern because the authority is transferable.

"These powers look very wide indeed," says Hall, "but we don't know at this stage how the Minister intends to exercise them. We must assume that he will act responsibly."

Municipal Administration magazine, which is the official journal of the Transvaal Municipal Association, among other municipal bodies, adds this comment: "As if all this were not enough, the Bill contains the threat of building directives to be issuable from the Centre on what the President of the United Municipal Executive refers to as 'just about every aspect of the building industry.'

"And that, as the UME's Bills Committee has pointed out, will lead to legislation by circular—a most frightening bureaucratic invasion of the domain of local government."

Builders ^{After} going on ^{20/6/77} 4-day week ⁽³²⁾

Labour Reporter

One of South Africa's largest home building firms, Gough Cooper, has been given permission to go on a four-day working week.

The Industrial Council for the Transvaal Building Industry has approved the request.

At the same time the employment situation for builders is serious and deteriorating rapidly.

This opinion is shared by Mr Gert Beetge, general secretary of the white Building Workers Union, and Mr Z L Pretorius, director of the Witwatersrand Master Builders Association.

"I know of two fairly large building firms which say they will have to shut down within three months if they don't get work now," Mr Pretorius said.

Statistics of the Transvaal industrial council indicate that employment dropped by almost 19 percent in the six months up to the end of May compared with the same period a year ago.

That follows a six percent drop the year before.

Mr J Perrott, managing director of Gough Cooper, said his company had not yet decided to go on a four-day week.

It had only made preliminary inquiries.

He confirmed that the flood of homes on the resale market was depressing the home building industry.

Loan ceiling

CAPE TOWN — The Fouché Commission recommends that all ceilings on loans by building societies be lifted, with the proviso that repayments by the individual do not exceed 25 per cent of his salary.

The commission has further recommended that no bond advances be given to a person on a building where a second bond may be necessary.

The commission believes that strict enforcement of its recommendations will be "an effective brake" on the trend to expensive houses.

On the question of building society mortgages, the commis-

sion feels that it will leave it to the societies themselves to decide whether they wish to implement so-called "low start" or "sliding scale" lending schemes to enable people to "grow" with the loan.

The State-assisted home buying scheme, run in conjunction with the building societies and started in 1972, will raise its maximum property valuation requirement from R25 000 to R30 000.

The commission also recommends that a 90 per cent loan be advanced which will mean that people will only have to save about R3 000 to be able to participate in the scheme.

— PC.

Cutting building costs

CAPE TOWN — The Fouche Commission has recommended ways in which building costs can be reduced:

They include uniform building standards entrenched in law, the standardisation of building materials, the rationalisation of plumbing and more realistic standards for electrical installation.

Other recommendations include more modest roof, wall, ceiling and floor finishing, optimum use of labour, greater economy in building design, thought-

ful application of standards and modular co-ordination and the elimination of unnecessary losses and waste of material.

The commission feels the various bodies concerned with standards and building operations in South Africa must be represented in a "launching" committee.

On building materials, the commission also felt the relevant authorities must keep an eye on the development of monopolistic conditions, even in the case of bricks, which may be increasing prices. — PC.

UNIVERSITY OF CAPE TOWN

Memorandum

FROM

DEAN'S OFFICE
ARTS FACULTY

TO

P & PD UCT

APPLICATION FOR POST-GRADUATE/MISCELLANEOUS STUDY

32

DIALECT STUDY AND COMPARATIVE LINGUISTICS

Enclosed please find an application form from:

From bad...to worse? *S. Tribune 24/6/77*

BUILDING industry activity has slumped to an all-time low and could deteriorate further if there is no swift improvement in the economic climate.

"The prolonged recession," says leading Pretoria builder Willem Bester, "has resulted in most contractors operating at a lower level, while many of the smaller contractors are either forced into redundancy or the insolvency courts."

Artisans, he adds, are leaving the building industry "in droves".

Property Reporter

And things are likely to get worse before they get better. Widespread expectations of another sharp fall-off in future building activity are reinforced by the latest Department of Statistics figures.

These show that private sector plans passed by the country's 18 major municipalities and 59 urban area authorities slumped by a hefty 37 per cent during the first quarter of this year compared to the number of plans ap-

proved during the first three months of 1976.

Another indication of contracting activity is the increasing level of unemployment in the industry. Builders estimate that between 40 000 and 50 000 workers, about 15 percent of the industry's total registered labour force of 305 000, were retrenched last year.

Bester predicts a housing crisis after the economy recovers unless the industry gears itself now to meet the expected increase in demand.

July 77 → Nov 77

Holy Cross (G.P.) Mission,
P.O. Box 12073,
NATAL, N.S.W. 1830.
10th March 1975.

1/7/77 N/MERCURY

Natal builders pessimistic

32

Financial Editor

NATAL builders, sub-contractors and builders' merchants are extremely pessimistic about prevailing and expected business conditions, according to the latest building survey from the Bureau for Economic Research at Stellenbosch.

Thanking you
I remain,
Yours faithfully

DAVIDSON
G.P. UNIT

The Bureau says that the degree of pessimism has increased in Natal since its last survey.

The reasons were obvious. There had been a decline in the value of work completed, competition in tendering had increased, there had been a widespread rise in material prices and the cost of labour had gone up.

On the other hand, no serious bottlenecks had been reported in Natal with the exception of rent control and a lack of building loan funds.

Problems with finance had, in the past, stifled building activity and led to a drop in the demand for new buildings.

Referring to the overall picture of the industry, the Bureau says that the trough has not yet been reached in the private sector but, in the public sector, the trough should occur this year.

Meanwhile, vacant office and shopping space had increased and even some rent controlled flats were standing empty.

An economic recovery and net immigration should eliminate this oversupply. However, prospects for the winter quarter are poor.

8. VOTES:

At all meetings each member present shall have one vote and no more. No member shall have, in addition to his vote, a casting vote, and a deliberate

9. EXECUTIVE

1/7/77 TV/MERCURY 32
Road safety research: a reply to AA

Mercury Reporter

PIETERMARIITZBURG — The research commitment of the National Road Safety Council already amounted to R479 500 for the current financial year, the director of the council, Dr. E. A. Uken, said in a Press statement yesterday.

He was responding to an appeal by the president of the Automobile Association, Mr. K. W. G. Anderson, that the council spend more on research.

"This current figure is in fact, virtually double the amount raised by all AA members in the form of road safety levy. What would be left for the other urgent priorities if we took Mr. Anderson seriously?" he asked.

Dr. Uken said an enlarged research programme would not provide an instant solution to the council's problems.

This could rather be achieved by "straightening out the legal machinery," supplying traffic officers with the necessary technical aids and legal powers, implementing stricter alcohol counter measures and introducing more meaningful driver tests.

"The biggest problem is, of course, to implement all these priorities," he added.

Yearling sale record

Mercury Reporter

PIETERMARIITZBURG — Another record was set at the sale of yearlings and other bloodstock which ended here yesterday when sales topped R257 900.

The sales were down on previous years with a total of only 164 horses being sold over the two-day sale organised by the Royal Agricultural Society of Natal.

The record, however, is attributed to the record sum of R28 000 being paid for the yearling, Take Flight.

The last record amount at the annual sale was R230 825, achieved in 1974.

the Organisation shall be elected at the Meeting of the

Organisation shall be elected out by the committee in such manner as may be considered necessary subject to the provisions of the Constitution of the Organisation from time to

Committee shall give notice in every quarter of any change shall be given by the Executive Committee to all members of the Organisation who shall state the business transacted. Five of the members present shall form a

the Executive Committee shall, in so far as possible, cease to attend any member to attend Executive meetings and shall be absent due leave of absence.

Executive Committee shall remain in office till the expiration of their term of appointment by the Executive Committee or otherwise of their term of office.

Organisation may elect to the Executive Committee members of their special experience or knowledge, provided that such co-opted members do not exceed the number of four.

(h) Any vacancies occurring during the year from among the office bearers of the Organisation, or

(h) Any vacancies occurring during the year from among the office bearers of the Organisation, or

Hope glimmers, but building to go lower

RDM
1/7/77
32

By CHRIS CAIRNCROSS
Industrial Editor

WEAK signals are emerging that could herald an improvement for the building industry. But there are few signs worth mentioning that the building slump has reached the bottom of the trough, or that a turning point will be reached in 1977.

This is the conclusion of the University of Stellenbosch's Bureau for Economic Research in its survey of business conditions in the building industry.

The bureau says the first significant portents of an upswing in building activity, particularly in the private sector, are the improvements in the current account of the balance of payments and the gold and foreign exchange reserves.

"Although these indicators clearly signal an approaching upswing, it should be taken into account that these signals usually lead private investment in housing by six to nine months, and that in non-residential buildings by 12 to 20 months."

Inflation, which is being fuelled by hikes in administered prices, has probably become the greatest stumbling block to economic recovery.

"If the desperate situation the building industry, the furniture industry, the car industry and the traumatic effects these are having on employment are taken into consideration, it becomes obvious that a restrictive monetary and fiscal policy to combat inflation cannot be afforded much longer.

It is, therefore, imperative that all Government action(s) to combat inflation be co-ordinated."

The bureau forecasts that business conditions in the building industry will "remain extremely poor" in the quarter to the end of August.

All indicators point to the possibility that the current declining trend in building activity will continue.

There is still no sign that the turning point has been reached, or that it will be reached in 1977, in demand from the private sector.

A reasonably constant rate of growth is expected in the State sector, and may even accelerate in the remainder of the 1970s.

Regarding public investment in non-residential buildings, the bureau says 1977 will probably be seen as the lowest point on the graph.

"An alarming feature of the private building market is the large number of vacant offices, shops and more recently even flats and houses.

"Indeed, reports are received of vacant rent controlled flats," it adds.

The bureau speculates that unemployment and smaller real incomes are to blame, forcing an increasing number of families to double-up.

If this is so, the surplus residential buildings will probably be quickly occupied at an early stage of the next upswing and the fact that they are currently vacant should cause no undue concern. The same principle will probably also hold good for the surplus office and shopping space.

A disconcerting feature of the building industry revealed in the survey is the rapid and continued increase in costs

The wholesale price of building materials is increasing at an average rate of 16% a year, which will at least be maintained until the industry moves into an upswing.

The costs of building machinery and equipment have also begun to accelerate again, and prices have already risen by more than 10%.

Manufacturers of building materials appear to be in the worst state of all, the main reason being that they have higher fixed costs than other groups, such as building contractors, and are feeling the pinch of rising labour costs and prices of raw materials in a depressed market.

Whereas production costs for this group have risen by an average 17% in the last year, selling prices climbed 14%. It would, therefore, appear that manufacturers will have to pay even closer attention to their cash flow than before to avoid liquidity problems.

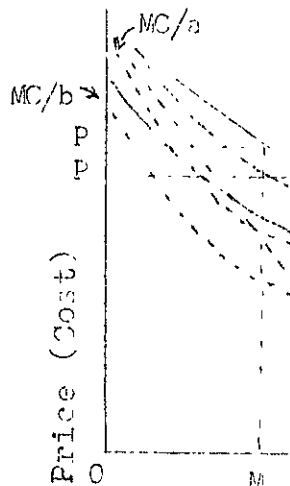
economies of scale are possible beyond those achieved by the two separate firms, so that for any given level of marginal cost its output will be twice that of each of the two firms. The relevant demand curve is now DD and it can be shown that dd then becomes the marginal revenue curve of the monopoly - i.e. with a straight line demand curve (= average revenue curve), the marginal revenue curve lies half-way between the average revenue curve and the vertical axis. But since the duopolists' marginal revenue curve was also halfway between dd and the vertical axis, M' C' will cut dd at a point (S) which is at the same height above the horizontal axis as point N. Similarly point Q which shows the price at which the monopolist sells his output will be at the same height as point P, and OM' is twice OM.

(b) ASSUME NON-IDENTICAL COST CURVES.

Explanation of how PRICE LEADERSHIP could arise by LOW-COST producer.

Firm A would like to produce the most profitable output for firm A will, of course, prevail, price. In our diagram firm A will sell at this price; if this was not so firm A would cease business and firm B would

Our general conclusion is that the price will be fixed at the level of the low-cost firm's marginal revenue for all the firms in the industry to the level which equates marginal revenue for the most efficient firm (which becomes the price leader) and the marginal cost of the rest must conform) and the price in the industry to



2/2/77 N/mercury

Debts of R250 000 built up

Court Reporter

A DURBAN building firm, J. Judge (Pty.) Ltd., was yesterday provisionally wound up in the Supreme Court having declared debts of R250 000.

Director Mr. John Judge said the company's liabilities exceeded assets by R100 000.

In papers before Mr. Justice Mostert Mr. Judge said the economic situation and the downturn in the building industry had led to the company's insolvency.

Mr. Judge said the company owed him R12 955.

Interested persons must show cause by July 29 why the order should not be made final.

Mr. Miles Freemantle (instructed by Glavovic and Associates) appeared for Mr. Judge.

price P, but the most profitable output for firm A will, of course, prevail, price. In our diagram firm A will sell at this price; if this was not so firm A would cease business and firm B would

The lower price P' is compelled to sell at this price; if this was not so firm A would cease business and firm B would be compelled to cease business. In a perfect oligopoly the price will be fixed at the level of the low-cost firm's marginal revenue for all the firms in the industry to the level which equates marginal revenue for the most efficient firm (which becomes the price leader) and the marginal cost of the rest must conform) and the price in the industry to

MC/a
MC/b
P
P'

2. PRICE LEADERSHIP - in Oligopoly

DOMINANT FIRM

Assumptions here are that other firms accept this Dominant firm as Price Leader and become themselves Price Takers, as in pure competition.

In the following diagram D is the market demand curve for the product. Since each small firm accepts the price as established by the dominant firm, we can establish a short-run supply curve for the small firms just as we did in the purely competitive model. We can sum horizontally the marginal cost curves of the small firms (assume that input supplies are perfectly elastic). This is indicated by ZMC in the figure and is a short-run supply curve showing how much all the small firms, working together, will place on the market at each possible price.

RDM 5/11/77

Building plans decline points to the worst ⁽³²⁾

By CHRIS CAIRNCROSS
Industrial Editor

THE EXTENT to which activity in the building industry has still to deteriorate is shown by figures from the Department of Statistics on proposed investment in buildings.

Building plans passed between January and May this year have declined by 32% on the comparable period in 1976. The total is R358 300 000 (R526 700 000 in 1976).

Given that building costs have risen by at least 14% in the past year, the real volume of work that is likely to come to hand will reflect an even greater decline, even excluding the possibility that some of this proposed investment may be deferred or cancelled.

The figures, which reflect conditions in about 90% of South Africa, may still not go far enough in providing an indication of the deepness of the trough into which the building sector is sinking.

The decline in new investment proposals is more marked in residential building, where the value of plans passed in the first five months of 1977 has dropped by more than 40% on the comparable period in 1976.

Plans passed total R166 100 000, compared with R277 800 000 in the first five months of 1976.

Value of plans passed for non-residential buildings has declined by 33,5%, from R138 400 000 in 1976 to R91 900 000 this year.

On this evidence, unemployment in this sector is bound to increase, confirming the forecasts made recently by the University of Stellenbosch Bureau for Economic Research.

The improvements in the current account of the balance of payments and the gold and foreign exchange reserves, although offering some hope that conditions for this sector

may turn around, are still too weak to encourage builders.

The flow of funds to the building society movement reflects much the same lassitude.

The Association of Building Societies director, Mr David Alston, says that since April — the start of the financial year — the inflow of funds appears to be maintaining roughly the same levels as in 1976.

The total in April, May and June, 1976, was about R82-million, and R65-million was invested in April and May this year.

"It looks as though the inflow is probably at about the same level," says Mr Alston.

On the other hand, the demand for loans is slightly down on last year. For the three months from April last year the outflow was about R228-million.

For April and May this year the outflow was about R150-million.

Mr Alston expects a fall both in the inflow of funds and the demand for bonds in the latter half of the year. The former because of the introduction of Defence Bonds, the R120-million extra that has to be invested in Government stock, and the new Treasury Bonds.

The building society movement is concerned that notwithstanding the lower levels of demand for bonds, there will still not be sufficient funds available to satisfy requirements, particularly for bonds above R18 000.

NATAL MERCURY

5/7/77

CONTRACT GIVEN FOR BRIDGE

(32)

Mercury Reporter

PIETERMARITZBURG—A R190 000 contract has been awarded for the construction of a bridge over the Mhlatuzi River, Zululand, which was washed away in floods earlier this year.

The bridge, on a district road in the Nkwaleni Valley, was replaced by a temporary causeway which proved unsatisfactory in wet weather.

Also included in the contract is repair work to the Umfuli River bridge on the Empangeni-Nkwaleni road.

Although the bridge was temporarily repaired, and is in use, permanent repairs are necessary before the next rainy season.

Traffic will be inconvenienced to an extent during the repair work but the road is not expected to be closed.

The contract has been awarded to Bressan Construction and is for a 12-month period.

availability of domestic and foreign interest rates and credit will influence the demands for and supplies of foreign capital.

A further influence on the money base, again ceteris paribus, is the government's fiscal deficit. The difference, over any period of time, between government spending and tax revenues requires financing. One such method of finance is via money base creation. This can take place in the form of decreases

in the Treasury might alter overdraft of more government money base is lending encourage to As the procedure Treasury the to increase government spending insufficiently attractive by comparison with other kinds of lending.

BRICK INDUSTRY IN DOLDRUMS
NY MERCURY 6/7/77
 THERE has been no change and no improvement in the brick manufacturing industry since the end of May, according to Mr. J. B. Robertson, chairman of Coronation Brick Free State Ltd. Mr. Robertson, who was addressing shareholders at the company's annual meeting in Durban, said the only comment he could make since he reviewed the company's affairs about five weeks ago was that business had "held up" to the May levels. In his review Mr. Robertson said there had been a decreasing demand for the company's products. Results were difficult to forecast for the current year but it was hoped that profits would at least equal those of the past year. J. Keir

The Reserve Bank money base, grant or take up of Reserve Bank terms that the public sector. spent by the deficit is likely relatively to

The authorities appear to have particularly concerned themselves with the size of the fiscal deficit when the balance of payments has been simultaneously unsatisfactory. Correcting the balance of payments has been seen to require increases in interest rates and also increases in government revenues relative to expenditure. A very good illustration of this process of adjustment is to be found in a detailed examination of monetary developments between 1975 and 1976. The fiscal deficit was officially recognised to be stimulating credit creation by the banks and therefore was adversely affecting the balance of payments. Improving the balance of payments had become a prime objective of monetary and fiscal policy and this in turn demanded a more conservative fiscal policy. This indicates that fiscal and monetary policy cannot be regarded as independent of each other. Nor can they be seen as independent of the balance of payments.

Outlook for builders is still dismal

32

THE LATEST figures on proposed investment in buildings prepared by the department of statistics provides an indication of the expected further decline in building activity.

Building plans passed between January and May this year are down from R526m in the same period last year to R358m.

Allowing for a 14 percent increase in building costs the real volume of work that is likely to come to hand will reflect an even greater decline, even excluding the possibility that some of this proposed investment may be deferred or cancelled.

To continue in this dismal vein the figures, which reflect conditions over the large part of South Africa, may still not go far enough to provide some indication of the deepness of the trough the building sector is sinking into.

The decline in new invest-

for this sector may turnaround, are still too weak to lift the building fraternity out of the gloom.

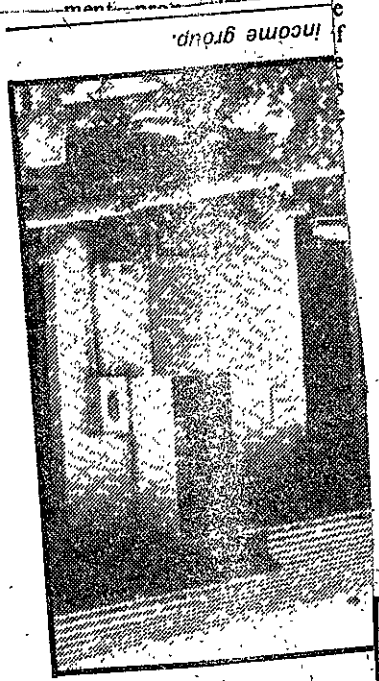
The flow of funds to the building society movement reflects much the same level of lassitude.

Mr. David Alston, director of the Association of Building Societies, says that since April — the start of the financial year — the inflow of funds appears to be maintaining roughly the same levels experienced in 1976.

“The demand for loans is slightly down on last year. For the three months from April last year the outflow amounted to about R228-million (R76m), for April and May this year the outflow amounted to about R150-million, R70-m a month.”

Mr. Alston is expecting a fall off both in the inflow of funds and the demand for bonds in the latter half of the year. The former, because of the introduction of the defence bonds, the R120-million extra that has to be invested in government stock, and the new treasury bonds.

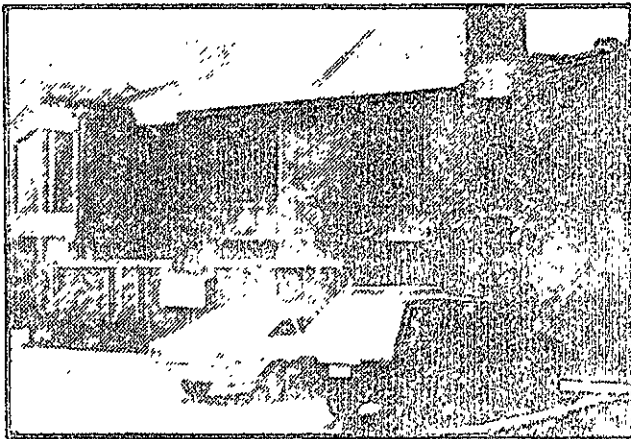
The building society movement is concerned that notwithstanding the lower levels of demand for bonds, there will still not be sufficient funds available in building societies to satisfy requirements, particularly for bonds above R18 000.



building: The trend just needs a little pushing along to help it gain momentum.

Frugal times in America

Low-cost housing is the vogue



All-timber condominium houses in Miami, Florida. There are 30 units to each hectare. Note the open parking lots.

GRAHAM FIFORD

AMERICA has always been regarded as an opulent nation where people live in large homes, with two or more motor cars per family, the latest colour television set and all mod cons.

But all this is changing. There is growing evidence of a more frugal America; a country learning to cope with the problems of inflation, the energy crisis and a burgeoning population.

America is now one of the world leaders in the field of low cost housing for the middle income group.

They have pioneered labour and cost saving innovations in the construction of their homes that South Africa, a country determined to trim the lavish standards of its White housing, could well adopt.

Mr. Gordon Chapman, a director of the Natal Building Society and chairman of the NBS Development Company, who has just returned from a

study tour of the United States, says:

"Ideally the average American would like to live in a detached home with its own garden. But he can't afford it and he's being forced by economics to accept higher density living."

For the middle income group this usually means settling for a condominium - similar to our sectional title cluster of group housing schemes - where "the occupants can enjoy a reasonable measure of privacy, the kids can have their own garden and Mom can grow her pansies."

In addition to the savings in the cost of land and services by going to higher densities, the Americans have also made savings in the ac-

tual method of construction.

Many of the units, says Mr. Chapman, have particle board for internal walls, moulded plastic bathrooms, complete with bath, basin and plastic tiling, that literally "drop" into place and others are built almost entirely of wood.

"Their internal walls are very similar to what we know in this country as dry wall partitioning. They have a pre-painted plastered appearance or are wall papered. They are supported by light weight metal clips and are hoisted into position on the building site.

Of all the innovations Mr. Chapman was most impressed with the moulded plastic bathrooms. They came complete with bath, basin and matching plastic tiling. They were easy to handle and install - just "dropped" into place and connected to the plumbing.

"They're not as nice as the normal tiled bathroom but then again they are perfectly acceptable to buyers."

The Americans made other savings too.

"The traditional South African home has one or two servants' rooms and a single or double garage. Middle income Americans don't have servants and in most cases there are carports or no cover for cars at all.

"In some cluster schemes there are no fences between the houses or along the verges. This creates the feeling of spaciousness.

"A tremendous amount of all-timber homes are built and find acceptance among buyers, but their timber is of a much higher quality than ours."

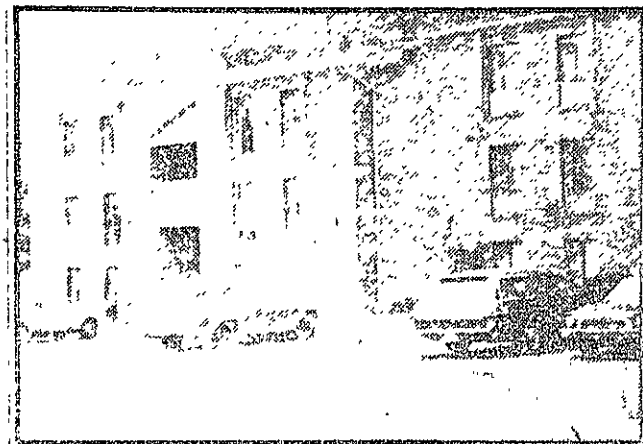
Mr. Chapman said that condominium developments often had day care centres for children, swimming pools, tennis courts and communal recreation areas. "They can make use of these facilities by spreading the cost much more easily than if they tried to purchase them individually."

In some cases developers threw in essential household items such as stoves, fridges, and washing machines the cost of which was added to the buyers' mortgage. This could not be done in South Africa because of our different financing policies

Savings and loan institutions had no hesitation in financing condominium developments. Officials told Mr. Chapman that they were perfectly acceptable to lend on and the problems involved were minimal

"I think we can learn a lot from what the Americans are doing," said Mr. Chapman. "Provided local manufacturers are prepared to follow their lead and developers can get the co-operation of local authorities, I imagine big savings can be made in home building.

"South Africans have already started to think about economy in home building. The trend just needs a little pushing along to help it gain momentum."



A CONDOMINIUM near Washington. Each house costs 26 000 dollars (about R22 500) inclusive of all carpeting, refrigerator, stove, garbage disposal unit, dishwasher, clothes washer and drier.

Mercury 9/9/77

Road contract

Mercury Reporter

PIETERMARITZBURG.
THE MAIN road to the
Cape and Transkei from
the Natal Midlands will
be streamlined, even
further with the building
of a by-pass at Rich-
mond at a cost of R2,8
million.

Tenders were called for
in the Provincial Gazette
yesterday for the 5,5km
road. The 24-month con-
tract includes 7km of
sand seal road. Tenders
close on August 28.

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SECURITY AND THE BUILDING SOCIETY LINE

32

Mercury Reporter

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BUILDING societies were not responsible for providing security measures at agencies as the societies did not appoint or have any control over staffs employed by the agencies.

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Building societies were responsible for branches and sub-branches, where the staffs were building society employees, according to a spokesman of the South African Building Society Officials' Association — the official body of building society employees.

"Provision is made on the premises of shopkeepers, chemists and other commercial enterprises for a building society agency which is staffed by people appointed by the agent.

The spokesman said the association was satisfied with steps that had and were being taken by the building societies to tighten up security at branches and sub-branches.

"Naturally the measures cannot be made public," he said. "Staff follow certain security procedures in a hold-up and are advised not to attempt any heroics."

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blems in the Western Cape (UPRU) including general.

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Roads to cost

extra

D.D. 26/7/77

R150 000

32

EAST LONDON — The approach roads to the new Buffalo River Bridge are to cost an extra R150 000.

The extra money is to pay for geological faults in the rock formation which were not apparent at the beginning of the contract, although a geologist was employed to study the route of the road.

Deep fissures have been discovered in the rocks that form the basis of the approach roads and these will have to be filled before the road can be completed said the councillor in charge of works, Mr J. Orpen. — DDR.

Council shelves road project

D.D. 24/7/77

EAST LONDON — The council's decision to reconstruct Lukin Road from where it joins the new Pearce Street to Oxford Street has been shelved, pending a further report.

It was originally estimated that the cost of the project would be about R300 000, but the actual cost was quoted at R655 000.

The councillor in charge of works, Mr J Orpen, said although Lukin Road would be eligible for provincial subsidy, it was

felt that the reconstruction would be too costly and the city engineer's department had been asked for a further report on the road

At the council's monthly meeting, it was agreed that the approval of the provincial roads engineer be obtained for the loan authority of R963 000 for the North-East Expressway.

Mr Orpen said although planning for stage three of the expressway had been stopped, R500 000 was needed to pay for various fees to this stage and also for acquiring any properties that would eventually be needed for the third stage of the expressway.

— DDR.

(32)

D.D. 29/7/77

The Way opens today

EAST LONDON — Settlers Way will be opened to the old Buffalo River bridge from about midday today.

The road between the old bridge and Settlers Way has been closed to traffic since May last year and motorists going to the West Bank industrial area, Greenfields and the airport have had to take a

roundabout route. The city's engineers department planned to open a single carriageway of the new Buffalo Bridge approach roads and Nuffield Road this weekend, but a spokesman said the finishing touches had gone smoothly and the road would be ready by about midday today. —
DDR.

(32)



N. Mercury 14/7/77

Acrow completes

R300 000 scheme

Finance Reporter

ACROW Engineers (Pty.) Ltd. this week completed a R300 000 development at Westmead in defiance of a crippling recession in the building industry.

The new development will provide employment for an additional 40 men.

Acrow are manufacturers and suppliers of plant for building and civil engineering, as well as formwork, scaffolding and support systems. All the plant is manufactured at Acrow's depot in Vanderbijl Park.

The Westmead project was carried out in conjunction with an Acrow subsidiary, Coles S.A. (Pty) Ltd., suppliers of mobile cranes.

Westmead is not the only project undertaken by the company in the past two years.

They have recently moved into a new branch in Driehoek in Germiston, which was built at a cost of R½ million.

A new head office has also been built at Randburg in the Transvaal.

In addition a sub-

branch has been established at Ladysmith, which will now be controlled from Westmead.

Explaining the company's continued expansion, Mr. Jan van Tonder, Acrow's deputy managing director, said his company had faith in the future of the country. "There will be an upturn in the economy and we want to be there when it happens. I think a lot of people are going to be caught with their pants down when it does and we don't want this to happen to us."

Acrow's parent company operates worldwide and is based in Britain.

The company is presently one of the biggest suppliers of construction equipment in Europe and is number 58 in Britain's export ratings. Acrow started its South African operation in 1946.

32

JULY 23, 1977 — 13

Settlers^{DD} Way to re-open

(32)

EAST LONDON — People working or living on the West Bank will be able to use Settlers Way again after the end of this month — weather permitting.

The Chief City Engineer, Mr. G. B. Kepple, said yesterday it was hoped to open one carriageway of the western approach to the new Buffalo River Bridge and the newly constructed section between the old bridge and Settlers Way on the weekend of July 30 and 31, provided the good weather held and there was no breakdown in plant.

Motorists have been forced to use the roundabout route to the airport, Greenfields and Sunnyside since May last year when the start was made to the western roads of the new bridge.

The new Buffalo River Bridge is expected to be open near the end of the year. — DDR

Contractors ⁽³³⁾ sell themselves short on labour

RDM 25/1/77

By CHRIS CAIRNCROSS
Industrial Editor

ENGINEERING contractors finding it difficult to survive in today's tough environment of competitive tendering can probably direct some of the blame on themselves for not making proper use of labour.

This shortcoming appears to be fairly widespread in the construction industry.

The Federation of Engineering Contractors warns that a concerted effort from management down to foreman is required to gear up this essential element of the industry's operations.

The federation says this is particularly necessary when contract prices leave no margin for inefficient use of labour.

The contracting industry has, since 1973, raised the minimum wage level by more than 100%. Regrettably, while it has been a laudable effort to help employees counter inflation, it has not been matched by an improvement in productivity.

The federation says the result is that through a significant rise in its cost structure, the industry is contributing to the inflationary spiral.

The wage increases have frequently led to higher absenteeism, which the federation says is a not altogether surprising consequence of a labour force which has not yet become accustomed to adjusting its spending and leisure patterns to more comfortable financial circumstances.

It warns that it is very well spending a great deal of effort in improving the skills of the workforce through training programmes, and coupling this effort with a wage increase incentive.

But if this is not joined by making better use of skilled workmen, then the consequence is merely to boost construction costs, with a decline in competitiveness.

"The industry's output per employee record is still disappointing and on similar work far more labour is employed than in more developed countries," says the federation.

ROM 27/7/77

Builders face monopolies test

32

THE building industry is breathing a provisional sigh of relief.

First impressions of the recently-published report of the Commission of Inquiry into the monopoly laws are that builders will be unaffected.

And for an industry which suffered the indignity of a Board of Trade inquiry only a few years ago, an unchanged situation should be good enough.

An agreement with the Minister of Economic Affairs has been in operation since shortly after the publication of the Board of Trade report.

The Building Industries' Federation (Bifsa) itself admits that it was apprehensive about the latest probe.

"We had some misgivings," Bifsa Director Johann Grotius tells Property Mail, "that the new investigation would tend to upset the arrangement we already have with the Minister.

"Having studied the report, however, we do not think there is anything in it which is likely to alter the existing situation."

The commission has recommended the establishment of a new body, the Monopolies Board, which could take a further look at the industry. But there is no certainty that the board will be appointed or even that the commission's recommendations are acceptable to the Minister.

One of the complaints against the building industry at the time of the Board of Trade inquiry concerned Bifsa's rules on the method of employment of sub-contractors.

The tendency to form consortiums or "economic power concentrations" has also come in for close scrutiny.

Some matters of concern it placed before the commission were:

- The tendency for the profit motive to fall into disrepute. The danger was that this

DEREK SMITH : Property Editor

kind of thinking would creep into any new legislation flowing from the commission's report.

- The attitude of public bodies which argued that they could cut costs by doing away with the need for profit. Bifsa says it has proved that this argument is fallacious.

- The restrictive practices applied by the State itself in the form of work (job) reservation and other provisions such as the Bantu Building Workers' Act.

- The tendency for State-assisted corporations to extend their activities into other fields while enjoying State backing, and thus competing unfairly with private enterprise.

- The criticism of "economic power concentrations." These were often needed to tackle super-size contracts.

- The need to create an economic climate which would ensure a steady flow of building work and thus create healthy competition in the industry.

Now that the Commission has reported, Bifsa sees the recommendations as aiming

only at "streamlining and improving current procedures."

The Commission, the Federation feels, wants the private sector to be encouraged to generate profits to create job opportunities and develop available resources to a maximum. The public sector should be seen to offer support.

In more general terms, the Commission wants to widen the definition of a monopolistic condition.

At the same time, the way Bifsa sees it, the intention has not been to condemn the "concentration of economic power" which was the cause of some concern. It has been recommended, however, that a Merger Tribunal should be set up to look at takeovers.

This would be in addition to the Monopolies Board which could initiate its own investigations as well as acting on complaints.

Bifsa, while not generally favouring additional controlling bodies, is supporting the idea of this one — confident that at this stage it will not itself become a subject of investigation.



Members of the Coloured Management Committee at the bridge in St John's Road, discuss the Beaconsfield by-pass which they fear will be dangerous to the people of Parkside.

EAST LONDON — The city council erred by not consulting the Coloured Management Committee before pressing ahead with the reconstruction of Beaconsfield Road.

The CMC claims that although the plans were drawn up in 1974, they were not told about the road until after tenders had been called in May this year.

The new road crosses St John's Road which is the only access into the city from the Parkside area and with about 20 000 people a day using the crossing, the CMC has warned that in spite of traffic lights, the crossing could become a death trap for the Coloured people.

The Coloured people will now approach the Administrator of the Cape to see what can be done about the new crossing which will be used by the pupils of two schools in North End.

The city councillor in charge of works, Mr J. Orpen, agreed that the Coloured people should have been consulted before the building of the road.

"Certainly the CMC has a point," Mr Orpen said.

Explaining why the road was necessary, the Chief City Engineer, Mr G. B. Keppie, said a by-pass road was needed while the new North-West Expressway was being constructed.

The new expressway will be routed from Buffalo Street through the North End and along Braeside Road to join Douglas Smit Highway which, in turn, joins the Mdantsane Access Road which is still under construction.

Once a start is made on the new expressway, then

all the traffic, including buses from Mdantsane and Duncan Village, will be diverted onto the reconstructed Beaconsfield Road and will flow through the crossing with St John's Road.

Mr Keppie agreed that this would happen, but he said once that section of the North-West Expressway was completed, the traffic would be diverted back onto the new expressway.

Mr Keppie explained that besides the cost of a flyover and cloverleaf, this would be virtually impossible without knocking down part of the schools that are on both sides of St John's Road and to have just a flyover would mean there would be no connection from St John's Road to the bus stop area and the West Bank except via Oxford Street which already carries heavy traffic.

"I want to point out that the crossing will be of a high standard with traffic lights."

Both Mr Keppie and Mr Orpen agreed it might be possible to provide an alternate crossing for pedestrians.

"That is a good idea and definitely worth investigating," Mr Orpen said.

But while the council sees the reconstruction of Beaconsfield Road as essential to the city's road system, the CMC believes people will die at the crossing.

The chairman of the CMC, Mr P. Mopp, said the road would be a danger to the people of Parkside.

"St John's Road is bad at the best of times. The bridge is often flooded and there is no other way the people of Parkside can get to the city and to their work. Thousands of people, mainly pedestrians, use the road every day and with a heavy increase of traffic at the mouth of the bridge, there is going to be chaos."

"The council has agreed to put up traffic lights, but they are not the answer. Inevitably people, including small children, will cross against the lights and someone will get killed."

Mr Mopp said because St John's Road was on a steep gradient, there would be numerous small bumps as cars stopped at the traffic lights and then rolled forward or back.

"We don't want this road, but if we must have it, then surely the experts can come up with a solu-

tion to protect our people and the authorities must not come up with the excuse of cost — there is no cost when it comes to human life."

The councillor in charge of Coloured and Indian affairs, Mr D. J. Card, said the Beaconsfield Road reconstruction was only a by-pass road which would only carry heavy traffic while the North-West Expressway was being constructed.

"What the Parkside people fear is the amount of traffic on the road, but the traffic will not be heavy until the new expressway is being constructed and I'm afraid we all have to put up with by-passes, as inconvenient as they are."

"Once that section of the expressway is completed, then the traffic will be diverted off Beaconsfield once again."

Mr Card said the crossing would be less dangerous than the present crossing at the St John's Road and Braeside Road intersection.

"The CMC has not complained about the present set up, but this is far more dangerous than the new crossing where pedestrians will be able to see vehicles approaching from all sides," Mr Card said.

The Beaconsfield Road reconstruction will take another 14 months to complete, but municipal officials would not commit themselves as to when construction on the new expressway would begin, but they seemed to hope it would start within the next four years.

The Mdantsane access road (the so-called black road) is still not complete and it will take at least another two years to finish it.

The manager of the Ciskei Transport Corporation, Mr H. Kaiser, said it was still too soon to make any decisions on the routing of buses.

"When Braeside Road is closed for the new expressway, then we will be forced to use the Beaconsfield Road route along with all other traffic, but once the expressway is reopened, routing will depend on passenger demand in collaboration with the city council and the Road Transportation Board."

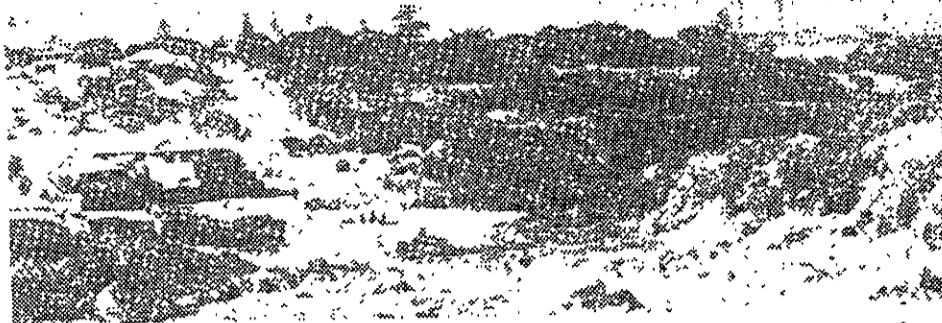
Mr Kaiser said once the Mdantsane access road was completed, most of the Mdantsane buses would use this route because of the time saving. — DDR.

D.D. 30/7/77
Death trap warning

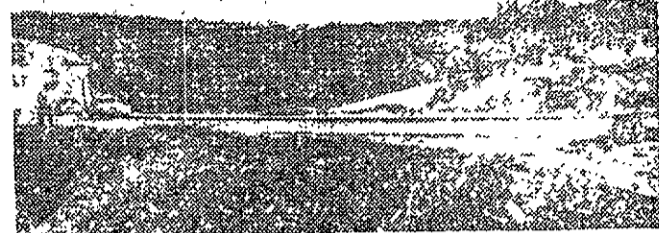
EAST LONDON — The Coloured Management Committee has warned that a new road intersection in North End could become a death trap.

The new road will cross St John's Road in the North End, which is the only access into the city from the Parkside area for about 20 000 people. — DDR.

Full story, page 7

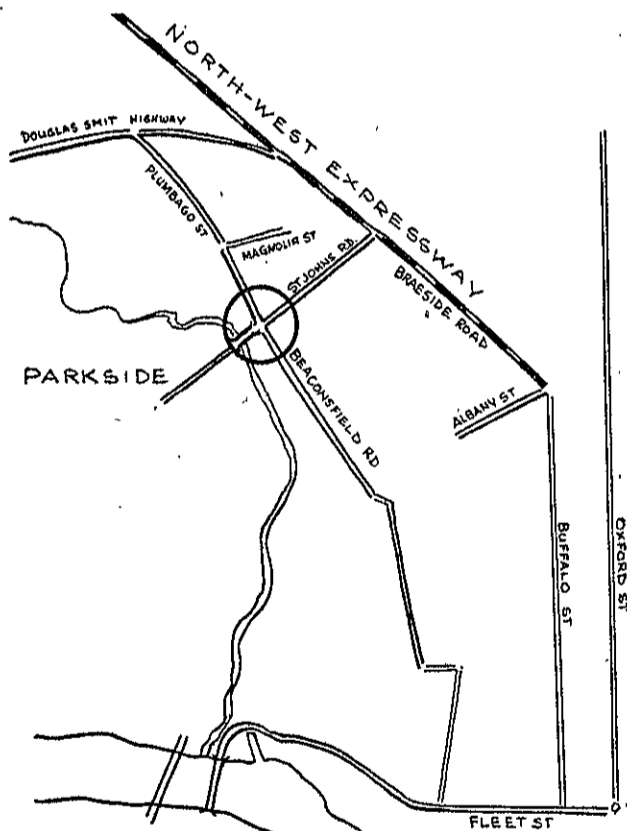


The reconstruction of Beaconsfield Road is already underway and is expected to be completed in 14 months.



Taxis from Parkside come over the bridge at the new crossing

CMC says new road a death trap



A map showing the disputed crossing (circled) and Beaconsfield Road which will act as a by-pass during the construction of the North-West Expressway.

Parkside road row: petition to be drawn up

EAST LONDON — The East London People's Organisation is to take up the question of the new road across the mouth of the Parkside bridge with the Administrator of the Cape.

This decision was taken at the civic organisation's monthly meeting in the Parkside Community Centre.

It was also decided to draw up a petition which would be signed by all those over 18 years in objection against the road.

Mr P. Mara of Genadendaal Road, Parkside, said two children has already died on that bridge as a result of accidents and the community did not want to see more people die as a result of the new road.

Mr A. Green, a former teacher, said the ELPO executive should also call on the executive of the East London Indian Association to support them in their fight against the proposed road.

Another teacher, Mr P. Aiken said if this road were built, it would be the Coloured community's inheritance. The councils' idea of temporary means permanent.

Several motorists said numerous difficulties are experienced by them at present during peak hours at the bridge and the creation of another highway past the mouth of the bridge is going to cause havoc there.

There will be serious accidents at that particular point and the city council will be blamed for that. Build a fly-over instead and not a level crossing which will be a "death trap" across the mouth of the Parkside bridge.

This call was made by the community leaders and residents of the Coloured community to the East London City Council who are going ahead with building of a new road across the mouth of the Parkside bridge at the bottom of St Johns Road.

The chairman of the Coloured Management Committee, Mr P. Mopp, said the council planned the new road in 1974 but only told the CMC of it in May this year.

"Why were we not consulted before they called for tenders so that we could have expressed our views and made suggestions how to alleviate the chaos we see will happen after this road had been constructed?"

The council should know that every day about 20 000 adults and children use this road — the only access road there is to the Coloured area."

Mr Mopp said he could foresee numerous accidents would occur at the level crossing in spite of the proposed traffic lights to control traffic and pedestrians.

"It has never been proved that traffic signals on a highway are a complete success to prevent the dangers we visualise.

"It has now become imperative that an alternative route out of the Coloured area should be investigated," Mr Mopp said.

"Hundreds of thousands of rands are being spent unnecessarily to keep the city centre free from "black traffic", Mr Mopp said.

The vice-chairman of the CMC, Mr J. H. Nash, said the council had run true to form once more.

"When it comes to matters that are important to the Coloured community and in conflict with their wishes, the CMC which is their only contact with council, is conveniently sidestepped or ignored.

"When the CMC was first told of this proposed new road we strongly objected to having a level crossing running slap across the mouth of the Parkside bridge.

"We questioned the possibility of a fly-over across the existing road leading to the Coloured area. Mr R. B. Reed, of the City's Engineer's Department, promised to investigate the matter and report back to us.

"Nothing was reported back to us and now we suddenly find that the contractors are going ahead with the construction of the proposed new road," Mr Nash said.

Mr Nash said although at one stage it had been intimated to the CMC that a fly-over would prove costly, he felt that nothing was too costly to save human lives.

"It was Government policy to create places like Parkside, so why must we now suffer as a result of that. Time and again we have to accept what has already been decided for us without the opportunity to have a say on what we believe is good for us," he said.

Mr Nash said there was no necessity for the provi-

sion of a back-door entrance for the Black community into town.

He called upon the ratepayers of East London to demand from the city council why they should pay for a road which was unnecessary and why they should pay for a road which would be to the detriment of the Coloured community.

He called on the council to be more realistic in their approach without causing racial friction and to respect the wishes of the people.

A former chairman of the former Parkside Tenants Committee, Mr P. Mara, of Genadendaal Road, said the city council's engineers who planned the road erred by not consulting civic leaders before finalising their plans.

"It has always been our request to council since the early 40's when I served on civic committees like the former Coloured and European Joint Council, to consult with us when it comes to delicate matters like these.

"We are getting fed up with engineers going ahead with plans of this nature which effects us and then at a later stage they tell us it is too late to change them," Mr Mara said.

Have any of these engineers or councillors ever bothered to come and see for themselves what happens on the bridge during peak hours before they embarked on this project?" Mr Mara asked.

"A few years ago they were even prepared to demolish 30 homes in Parkside in spite of the acute housing shortage to make way for a by-pass road they wanted to build."

Mr Mara said the council only changed its mind after the residents objected to the idea and the road across the new Buffalo bridge was changed to where it is now sited with the Queens Park.

Mr Mara suggested a footbridge for pedestrians should be built over the highway.

A spokesman on site for the firm building the road, said the road would take 14 months to complete. He said no matter what happened, nothing could be done at this stage to have the road resited.

He said the road would only be extended as far as the inter-section of Mangolia and Plumbago Street in Braelyn. — DDR

Safety ideas at Ideal Home Show

THE EMPHASIS at this year's Rand Daily Mail Ideal Homes exhibition to be held at Alberton in November will be placed on houses for first-time owners, according to Mr. Blair Ewing chairman of the Ideal Homes Committee.

The 1977 exhibition is the nineteenth in the series and is the first one to be held South of Johannesburg.

"Exhibits will be of relevance to first-time owners and young families," he said.

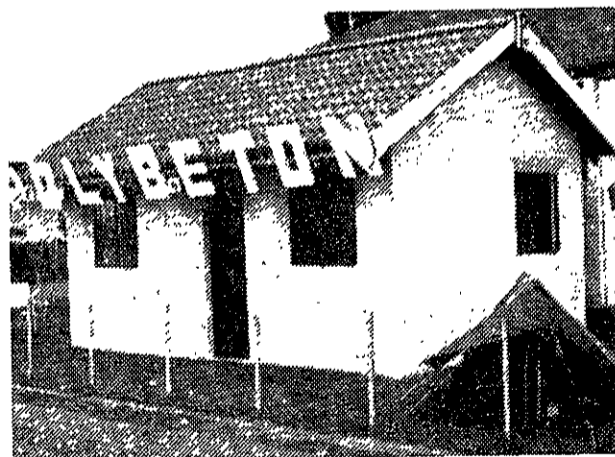
In spite of the accent on realistic prices, design advances will also feature in the exhibition and among the entries is a home with the latest safety devices such as skidproof carpeting and fittings that have no dangerous edges.

A loft home which makes use of roof space increasing the living area considerably at little extra cost will also be on display.

Outdoor living and closer contact between the housewife and the family also feature among the designs being exhibited.

Building plans for Westville

THE Westville Town Council has approved building plans valued at R1 712 400 in the borough for the months of May and June this year. Plans valued at R441 050 were approved in May and R1 271 350 in June.



A NEW instant house built of glass reinforced cement which could be the answer to south Africa's need for low-cost housing units.

Appointment

Mr. Ronnie Lubner, joint managing director of Plate Glass & Shatterprufe Industries Ltd, and chairman of P.G. Glass Holdings (Pty) Ltd., has been appointed deputy chairman of the parent company.

FOR A COMPLETE DISPLAY OF BUILDING MATERIALS, FINISHES, FITTINGS AND IDEAS VISIT THE

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IT'S HERE at last — a house that can be put up for yourself with the help of a few friends in only eight hours.

The latest innovation in quick building, the glass-reinforced cement house, was shown for the first time recently at the Bloemfontein Show.

A truck loaded with materials arrived at the showground at 11.30 a.m. A supervisor and four workmen started work and by 7.30 p.m. the house was up complete with roof tiles, glazing and painting.

This new form of instant housing, which enjoys high thermal insulation and fire ratings, is being tipped as the answer to South Africa's low-cost housing problems.

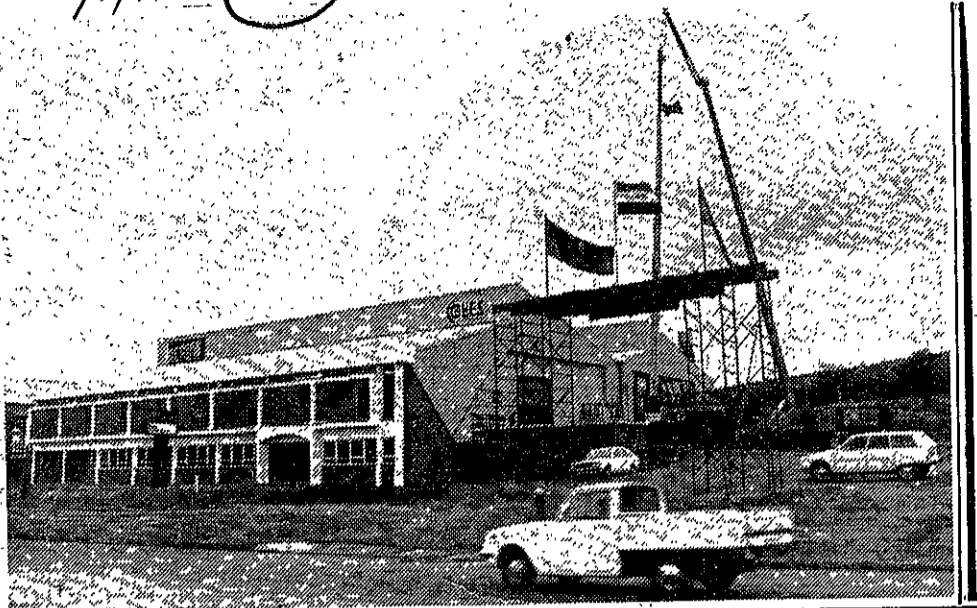
The four-walled shell of the basic home is made of 6mm skins with 80 mm of polystyrene concrete filler. Windows and door frames

are moulded into the panels. The windows are flush with the wall inside and bevelled on the outside to allow the rain water to flow away.

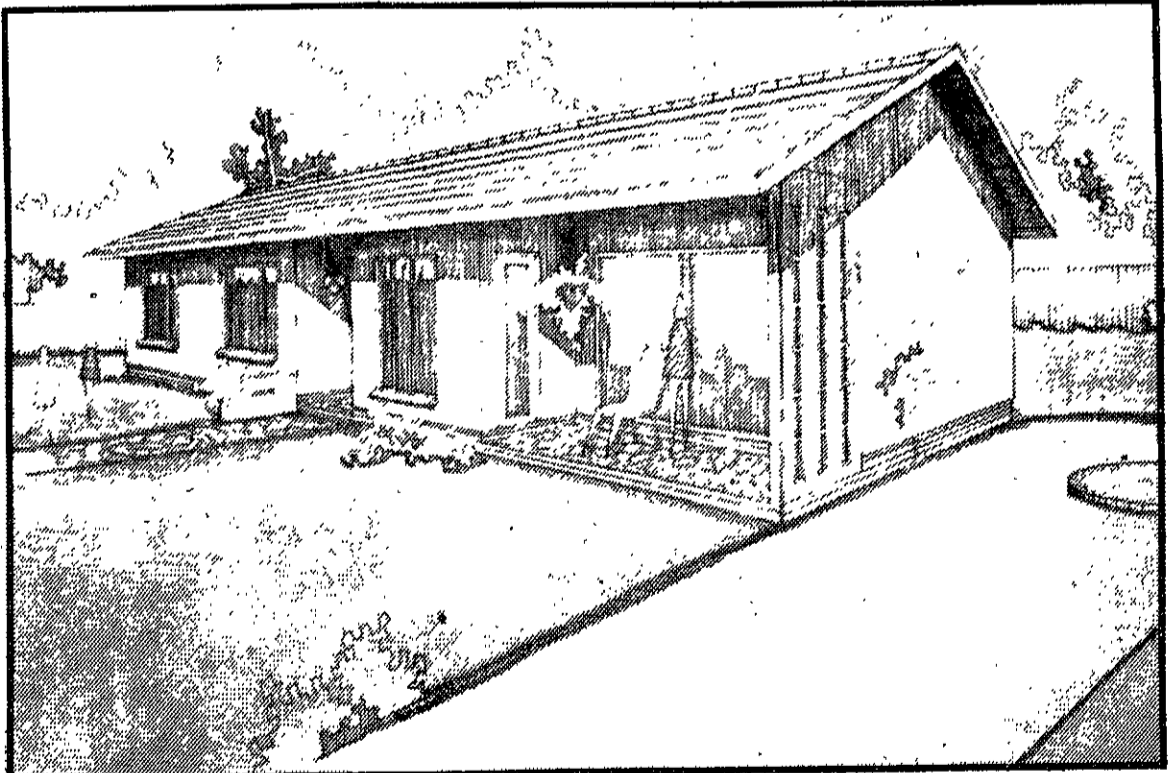
Interior walls can be built of any material and arranged to suit the occupant. Ceilings are of asbestos fixed to light-weight roof trusses and the roof tiles are standard cement tiles.

A glass-reinforced cement house with a floor area of 35 square metre by Polybeton (Pty) Ltd. costs R2 500 to erect. The company also makes a self-standing garage out of similar material.

ACROW Engineers have recently completed a new R300 000 development project Westmead in conjunction with their subsidiary Coles S.A. (Pty) Ltd. The site was officially opened by Acrow Engineers chairman, Mr W. A. De Vigier, who flew out from Britain for the occasion.



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This certificate (Certificate No. 73/13) covers the erection of Actim Buildings in all inland and coastal areas of S.A. and S.W.A.

TIMBRIK MODEL HOMES

BOX 12048, JACOBS, NATAL — PHONE 451821

TRICKY

ONE of the longest pipe-jacking operations ever embarked upon has been completed at Albert Park, Durban, after three years of work by Cementation.

The company built and jacked a rectangular water culvert 8 m wide and 4,5 m high over a distance of 160 metres in three separate drives.

At one point the culvert had to pass beneath eight rail tracks of the main line into Durban without halting the traffic.

The culvert was built at a cost of R1,2 million for the Durban municipality and will be used to divert storm water into the bay.

LTA hou dié keer kop

SAKE-RAPPORT
31/7/77

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DIT is duidelik dat LTA besig is om die storms wat die land se konstruksiebedryf op die oomblik teister deeglik te weerstaan. Dié groep doen sy sake nog op 'n winsgewende grondslag en het ook nog genoeg werk om hom minstens vir die volgende jaar besig te hou.

Dit is in skrilte kontras met 'n jaar of ses gelede toe die land se boubedryf die wind ook kwaai van voor gekry het. LTA het net soos ander groot konstruksie maatskappye kwaai op groot kontrakte verloor en

in 1971 nog 'n verlies van byna R5 miljoen getoon.

Maar dit hoort tot die verlede. Die afgelope jaar tot 31 Maart kon hierdie konstruksie maatskappye in die Anglo American-groep sy wins ná belasting van R5 231 000 tot R5 412 000 verhoog.

Dit is welliswaar geen sterk prestasie nie. Maar om in hierdie tye waar die openbare sektor se besteding aan nuwe projekte 'n laagtepunt bereik het en die private sektor nie meer met 'n lang tang aan nuwe stadsgeboue wil raak nie, net jou wins te handhaaf, wil gedoen wees.

Die voorsitter van LTA, dr. Zac de Beer, sê dat die vooruitsigte vir hierdie bedryf nie gunstig is nie, ten minste nie op die kort termyn nie.

Daar is weinig staatsfondse beskikbaar vir belegging en selfs nog minder in die private sektor. Mededinging is besonder straf en het by geleentheid aanleiding gegee tot onekonomiese prysbesnoeiing wat net tot nadeel van die bedryf op die duur werk, sê dr. De Beer.

— David Meades.

CONTRACT FOR PORT SURVEY

Mercury Correspondent 2/8/77

PARIS — A major French financial consortium has signed a contract with the Transkei to make a survey to build a port for the new State.

The survey could mean Transkei's first big breakthrough in the world of international finance. The Compagnie de Construction Internationale (CCI) represents five big building organisations and includes the Societe des Grands Travaux de Marseilles.

It is this society which has asked for a survey to be made by the French

company Service d'Etudes Equipment and Enterprise.

The CCI's secretary-general, Claud Bernard, said yesterday: "It is only a small contract. The outcome will depend on the financial backing for a new Transkei port."

He said his consortium had helped build the giant Cabora Bassa dam in Mozambique.

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N. Mercury 3/8/77 ✓

R3m for contract for road

31

Mercury Reporter

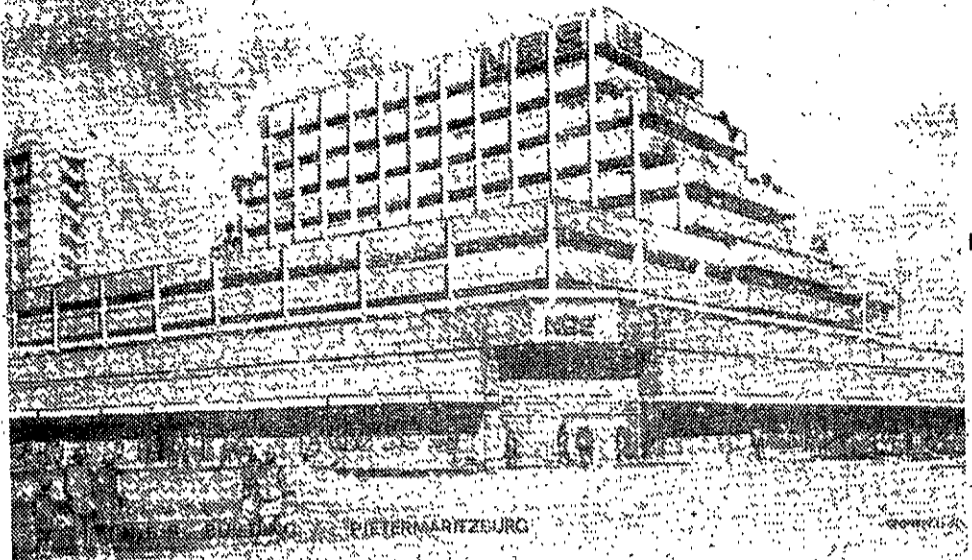
PIETERMARITZBURG

A R3 000 000 contract for the resurfacing of the 100km main road from Sunset Rest to Vryheid has been awarded and should be completed late in 1979. Mr. Dering Stainbank, MEC in charge of roads, announced here yesterday.

The road, first built more than 20 years ago, failed in last year's wet summer, potholing seriously.

Mr. Stainbank said that temporary repairs were made to the whole road which needed now a complete premix surface to lengthen it and improve the surface.

Magazine
N. Marley 6/8/77 (33)



Breaking into a new export market

MARLEY TILES (S.A.) Pty., are halfway through a three year development programme which has so far landed them export orders worth more than R250 000.

The company started trading internationally through a wholly-owned subsidiary, Safflex (Pty.) Ltd., and during the past 18 months the company has secured export orders from a number of African states as well as Mauritius, Seychelles, Israel and the Middle East.

They have also sold to Marley International who are operating in direct competition to Safflex.

"We have studied our potential markets very carefully, as we intend to stay there once we are in," said Mr. Barry William Marley's area manager in Natal.

Mr. Williams said that Marley were seeking further expansion of their export markets.



MR. CHARLES Bouchier has been appointed deputy chairman of Prudential Equity Building Society.

Planning centres

PLANS to establish Master Plan Centres in other South African cities are being made following favourable public reaction to the Johannesburg scheme.

The Master Plan Centre is supported by building products manufacturers, architects and builders and provides free of charge several hundred building plans which for use or adaptation adapt to their own needs.

A course in practical home building is also offered by the centre. The cities being considered for an extension of the Master Plan scheme are Durban, East London, Port Elizabeth, and Cape Town and Bloemfontein.

No buyers

THE AUCTION sale by RMS Syfrets of the insolvent property, Sane Marais flats at Illovo Beach failed to attract a single potential buyer this week.

A number of parties who had shown an interest in the property before the auction will now be offered a sale by private treaty.

In another auction conducted by J. H. Isaacs Geshen only one of the three properties offered attracted any interest when a property at 44 Peace Road in Kloof was sold for R37 000, subject to confirmation by the owners.

U.S. conference

A DELEGATION from the Natal Building Society is to attend the 14th world congress of the International Union of Building Societies to be held in San Francisco in September.

The delegation is to be headed by NBS chairman, Mr. Bernard Law and will include Mr. Roy Canning, managing director and Mr. John Bennett, general manager.



MR. CHARLES Williamson, a Durban businessman and City Councillor, has joined the staff of Russell and Marriott (Pty.) Limited in Durban. He will concentrate on residential property sales.

Compromise offer

From page one

creditors stand to gain about 31 cents in the rand. The compromise offer promises roughly 38 cents in the rand.

Mr. Rulten said: "I have weighed up the advantages of the offer of compromise against the advantages of proceeding against the various parties concerned in the impeccable transactions in an attempt to have them set aside.

"I have concluded that the interests of the creditors may best be served if they accept this firm offer rather than embark upon litigations which will be both protracted and expensive with the eventual result uncertain."

There will be a creditors' meeting on Friday, August 19, to discuss the offer of compromise.

BRIDGING

THE FIRST section of a R500 000 bridge building contract on the Natal South Coast has been completed by Basil Read (Natal) (Pty.) Limited. Two more bridges still have to be built. One is a grade separation prestressed in situ concrete deck bridge over the South Coast Freeway and the other is a full interchange to be constructed on the road to Umzinto. Both will be completed early next year.

THE first phase of the new head office for the Natal Building Society in Pietermaritzburg has been handed over by the contractors, Roberts Construction Company (Natal). The ground and first

floors have been completed and the remainder of the nine storey building will be handed over in February next year. The banking hall and seventeen shops are situated on the ground

floor, the second floor has been set aside for parking. The building, which has a unique design with the floor areas reducing in size to the top, is expected to cost R2,8 million.

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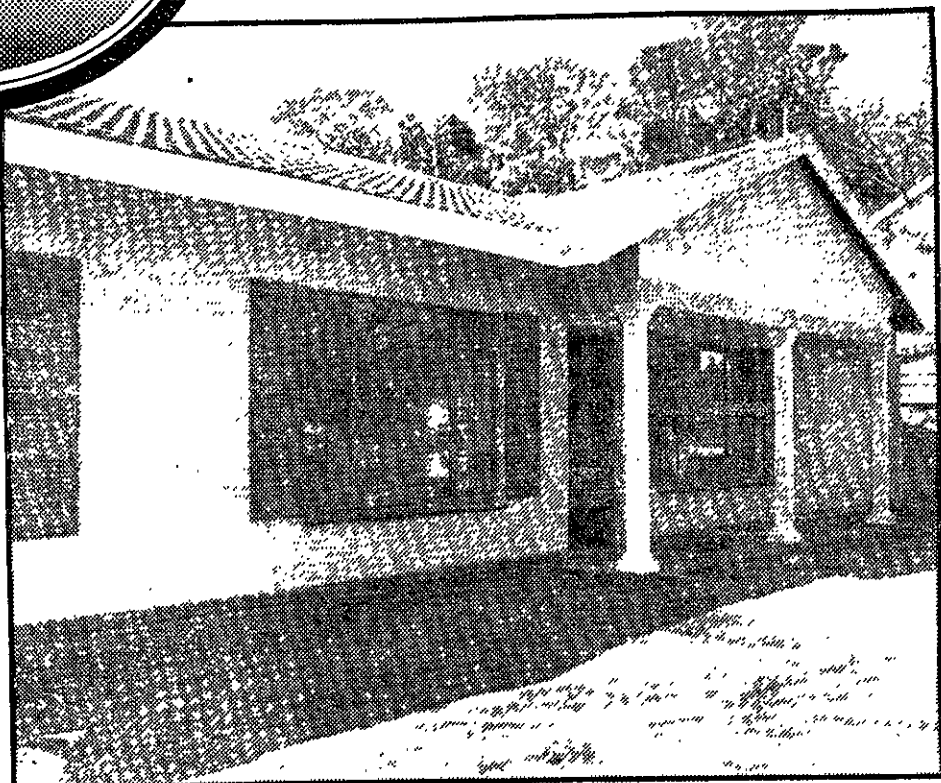
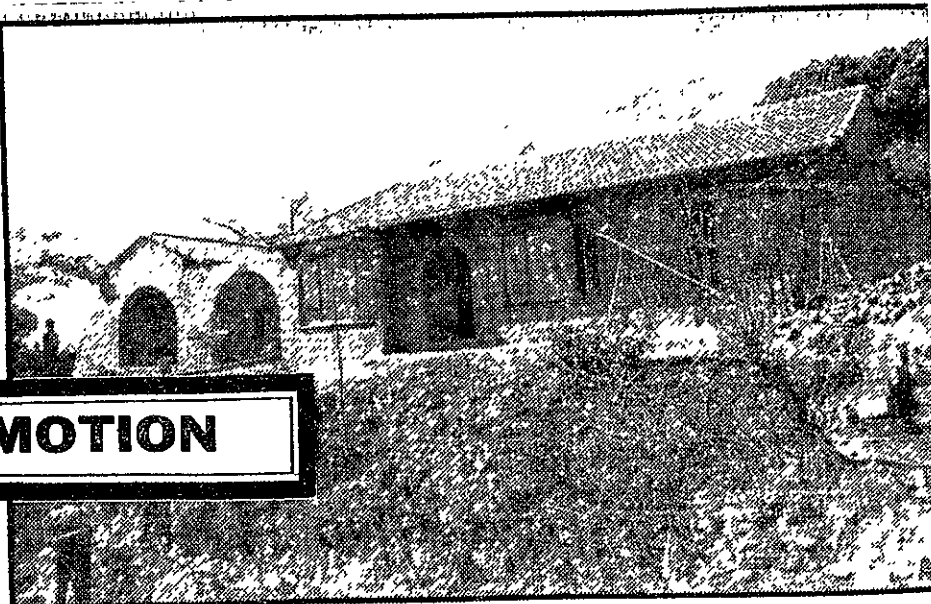
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Building plan drop
EAST LONDON
Building plans valued at
an estimated R618 500
were passed by the East
London City Engineers
Department last month.
This brings the total for
the year to date to
R5 736 950, a drop of
R1 808 234 on the cor-
responding period in 1976.
DDR
D.D. 6/3/77

Successful follow-up

**PROPERTY
AND
HOME
LOOKS AT...**

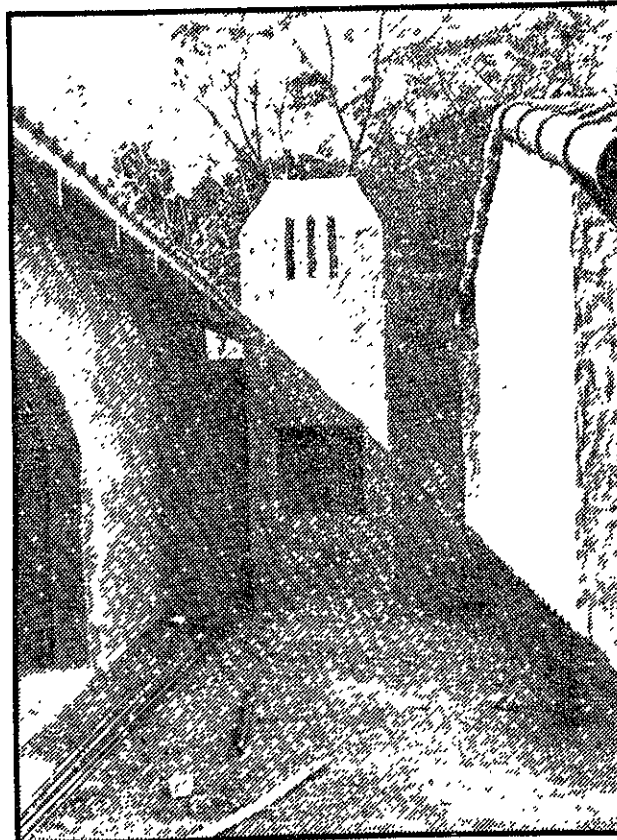
A QUEENSBURGH PROMOTION



THIS neatly built and compact house in St. Augustine Road, Queensburgh, (above left) can be bought fully fitted for R19 260. The land cost is additional bringing the total cost to R24 260 — still R3 000 below current price of similar homes in the area according to the agents.

A Spanish-styled home (above right) being erected nearby is slightly smaller and sells for about R1 500 less than the other show house. The builders have added little features to make it more unusual.

Although not carpeted a braai area and small courtyard in the Spanish home (right) is ideal for children. It can be closed off from the outside to become an indoor living area.



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A FEW weeks ago a Pinetown estate agent and a building contractor put their heads together and decided it was time to make the public a housing offer that they would find difficult to refuse.

They chose Waterfall as the place to kick off with their first economy homes package — marketed under the Economa Homes label — and true to predictions the project was an instant success.

This prompted them to try again so they moved to Pinetown and New Germany where their special housing offer proved equally successful.

Now they have a similar promotion in Queensburgh — the only difference is that this time buyers will be able to inspect two show houses instead of being expected to purchase on a plot and plan basis only.

“We found that people would come to our show days but not get out of their cars because there were no show houses on view. The average buyer likes to see what he is getting for his money and we are fulfilling that need,” said Mr. Les Cohen of Newman Estates.

And how does the Economa Homes principal work?

Mr. Cohen explained that a developer might have a piece of land that he wants to get rid of. Newman estates undertake to find the buyers while their partners, Canema Homes, provide the plan of a basic home that can be elaborated on and carry out the building contract.

By taking orders for new homes rather than building them speculatively, the developer does not have to carry the cost of the houses standing empty while a

buyer is sought. This money, often referred to as “developer’s profit,” is passed on to the purchaser.

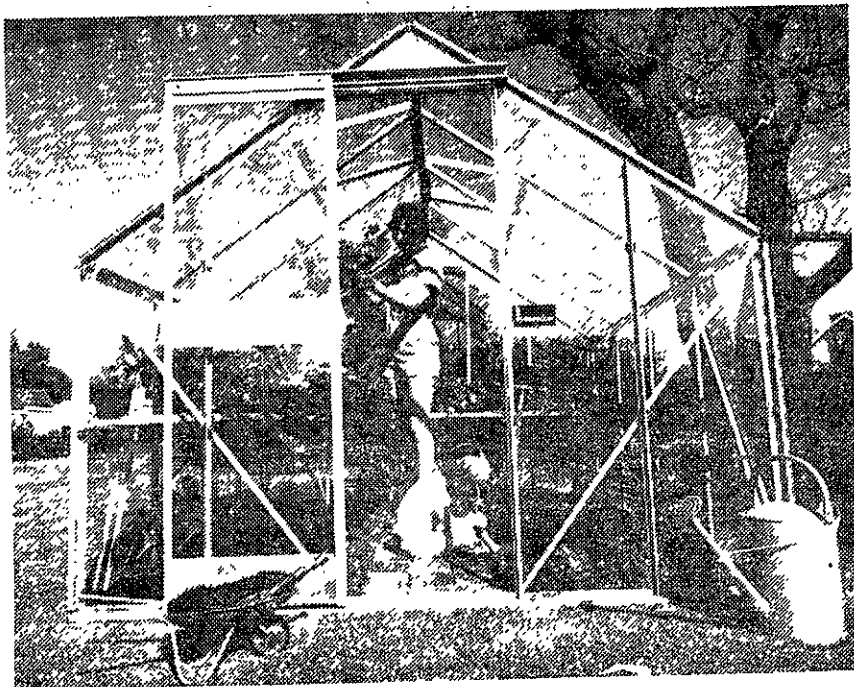
“Everybody benefits,” said Mr. Cohen. “The developer gets rid of his land, Canema Homes get a building contract and the purchasers can save up to R3 000 by eliminating developer’s profit.”

There are other advantages for the buyer too. By choosing the size and finishes of his own home he can tailor make it to suit his budget and is not pushed into purchasing something beyond his means.

Although each house is different, the basic house with three bedrooms, no out-building, carpets, coloured tiles, fitted kitchen with stick down flooring costs R16 500 to erect. Land cost is additional and the end price is determined largely by the amount of accommodation the buyer requires and the quality of the fittings he chooses.

Ten houses are on offer in Queensburgh on this basis and the two show houses will be open for viewing this weekend.

A BRIGHT 'n SHINY GREENHOUSE



Tired of that unsightly, lean-to type greenhouse that is common in most avid gardeners' backyards? Now is the time to get with it with a new aluminium, glass and fibre glass greenhouse which is so smart it will leave people wandering which is the house and which is the hot house. Made by the Plate Glass Group they retail at between R385 and R550.

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At least someone's doing well

Alastair Sempill

THE construction industry — at least for one company — is booming on the Natal North Coast where Thomas Construction of Ballitoville expect to achieve a R6 million turnover from contracts this year.

Included in the company's commitment is a new R2,5 million manganese foundry at Isetebe in Kwa Zulu.

The company also has a block of flats at Ballitoville, a

factory at Isetebe, a Natal Parks Board contract at St Lucia and sundry contracts between Umhlanga and St Lucia, amounting to well over R2 million, on hand.

It has also recently completed a major contract at Newcastle.

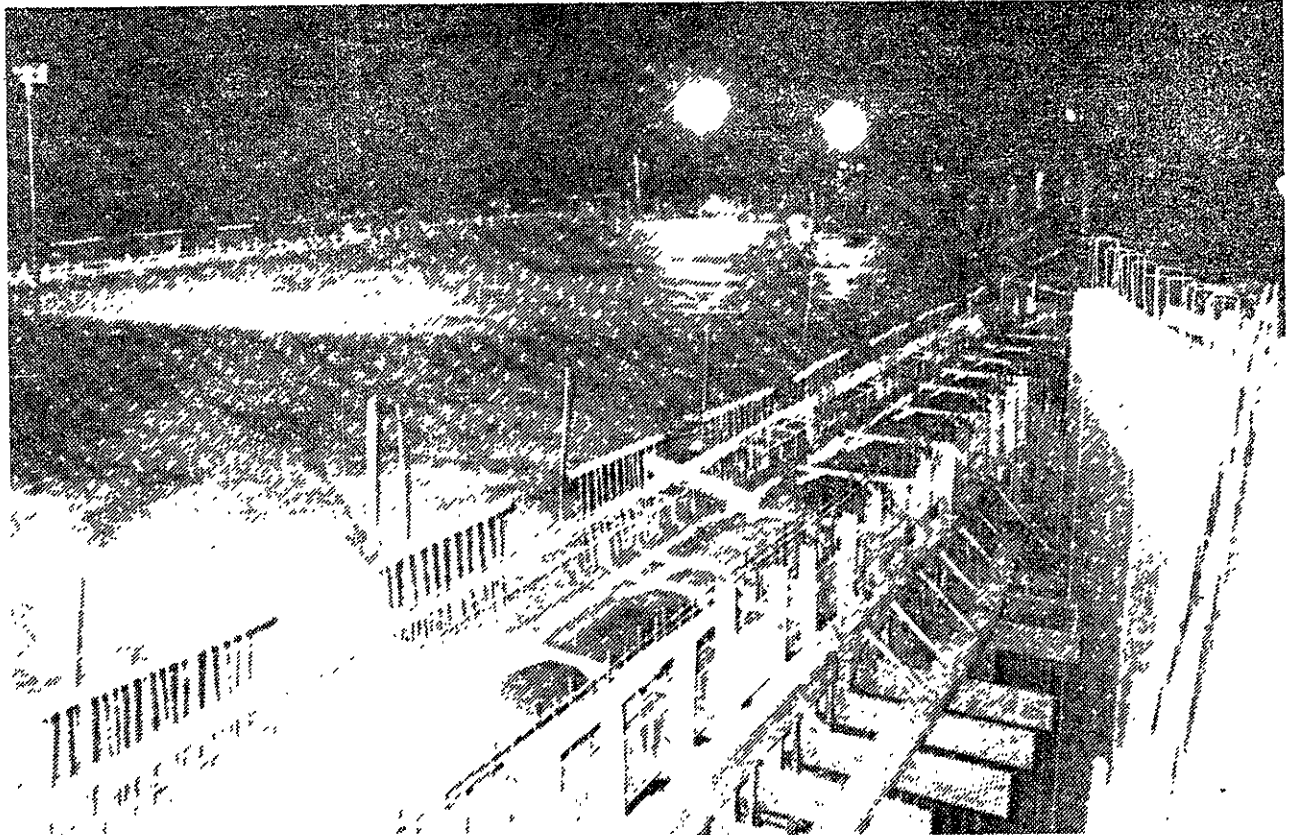
Mr. Peter Thomas who established the company in Ballitoville fifteen years ago attributes the firm's success to having the right staff and being in the right place at the right time.

He said the present boom was not out of line with what has been happening in the area over the past few years.

"We have been operating on the North Coast for a long time now and I think this has been an advantage," said Mr. Thomas.

Thomas Construction was almost entirely responsible for the Tongaat Group's poultry development project and has to its credit a 265 unit housing scheme at Verulam and a 17-storey block of flats in Ballitoville.

Recently the company diversified their operations by opening up an estate agency entering the field of property development and taking over a plumbing operation and acquiring a structural steel organisation.



Dogs Pike bridge is a name Ready Mix Concrete will never forget. A fleet of vehicles from the company ferried back and forth from Durban to the Ring Road this week to complete one of the biggest concrete pours conducted within the city limit. It took 14 hours to pour 945 cubic metres of concrete at a cost of R60 000. The picture shows work continuing late into the night.

Insolvent agency compromise bid

THE LIQUIDATORS of the insolvent Hillcrest estate agency Negus and Wagenvoorde have reported several matters relating to the conduct of the company's affairs to the Master of the Supreme Court for possible prosecution.

The contents of the report are strictly confidential and the liquidators said they could not disclose any details.

The liquidation of Negus and Wagenvoorde has been complicated by internal disputes over the sale of the company's book debts, valued at approximately R118 930, to Mangwa Properties (Pty.) Limited two days before it went into voluntary liquidation.

The liquidators consider, on the advice of counsel, that these transactions are impeachable and that creditors would have a strong chance of getting the sale set aside.

At one stage they sought

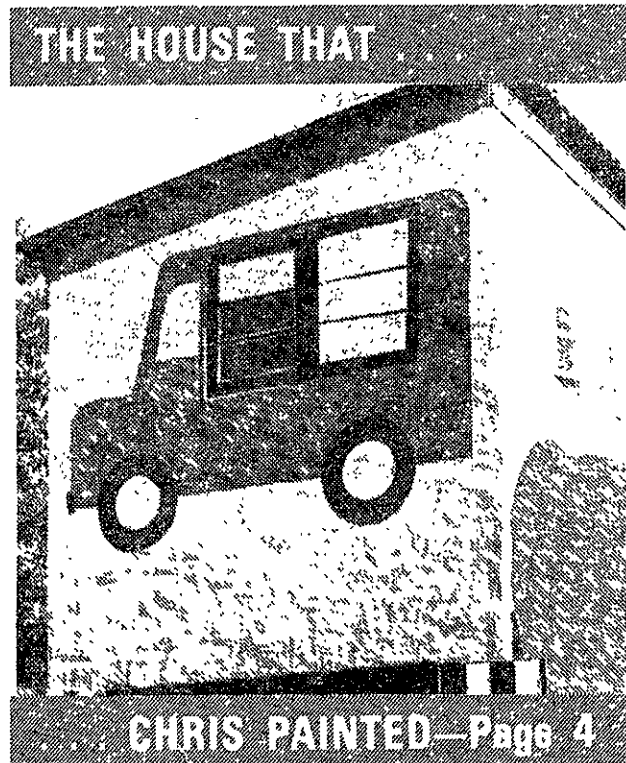
to get clarification over the incident by an interrogation of the parties concerned.

Now Mangwa Properties has come forward with an offer of compromise to creditors amounting to roughly 38 cents in the rand.

In his report to creditors the liquidator, Mr. Brian Rulten of Syfrets Trust and Executor, has estimated that in the current state of the company's affairs, creditors stand to receive roughly .02 cents in the rand in the event of liquidation.

If they are successful in setting aside the impeachable transaction with Mangwa Properties,

• To page three



THE HOUSE THAT

CHRIS PAINTED — Page 4

Building mediators wanted

ROM
1/8/77

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THE Building Industries Federation is drawing up a list of people who will be prepared to act as mediators throughout the country and reduce the high costs attached to arbitration.

The use of such mediation processes as opposed to arbitration has been recommended by the Joint Study Committee which is made up of Bifsa, the Institute of South African Architects, the Association of SA Quantity Surveyors and the SA Property Owners Association.

The committee says: "It has become common practice that both parties to a dispute which is to be referred to arbitration engage attorneys and advocates.

As a result, the arbitration proceedings are handled with the usual din of legal procedures and forms customary in the court of law.

This results in unnecessary delays, while the cost of arbitration proceedings is also considerably increased.

Business Mercury
**Building
industry**

32 **faces
gloom**

Mercury Correspondent

JOHANNESBURG — The building industry looks set to sink even further into the mire in the next six months, judging by the building plans passed in the first half of the year and the latest prognostications from the building society movement.

Building plans to the end of June this year reflect a net decline of 32% on the comparable period in 1976. Plans passed were valued at R429 600 000, against R632 300 000 in the first six months of last year.

Experience indicates that not all of those plans that have passed muster will see the light of day in view of the general shortage of investment capital in the country and the surplus accommodation that is around.

Money intake

The views of the building society movement do not hold out much hope for builders either.

Although the movement's intake of money during the first quarter of the financial year (April-June) is regarded as reasonable, and the average monthly lending rate of R75 800 000 was also regarded as satisfactory, it is not a state of affairs that is expected to continue.

The quarter was passed before certain measures introduced in the budget could take effect.

The restrictive monetary and fiscal policies, together with these additional measures, suggest that building societies can expect a smaller inflow of funds during the remainder of the year.

August 16, 1977

Business Mercury

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Outlook bleak for engineers

JOHANNESBURG — The slump in the civil engineering industry was less marked during the April-June quarter but the outlook remains bleak, says the director of the S.A. Federation of Civil Engineering Contractors, Mr. K. Lagaay.

Shrinking order books point to deepening recession, he says in his mid-year review of the industry.

Construction activity, which declined markedly in the first quarter of 1977, showed only a slight further decline in the second quarter.

Business still remained satisfactory in about 60 percent of firms but conditions were quiet in the remaining 40 percent of the industry.

However, the volume of work on hand, which has been steadily shrinking since the beginning of 1976, dropped sharply during the second quarter, and at the beginning of July stood at a very low level.

Despite the only mild decline in the actual tempo of work during the second quarter, it appears therefore that the depression in the industry has not yet bottomed out.

Further drop

"A substantial further drop in construction activity is anticipated."

Mr. Lagaay says the fall-off in order books reflects a very poor second quarter for new contracts.

However, the total value of new enquiries for which tenders closed during the second quarter, although low compared with two years ago, was better than during the first three months of this year and should result in an improvement in contract awards in the current quarter.

Competition for the available work was fierce, he says.

Building costs formula under fire

PROPERTY owners and the building industry are at loggerheads over a controversial formula introduced last year to calculate escalation adjustments in contract prices for buildings.

Owners claim that use of the 'Haylett Formula' (prepared by the Building Industry Advisory Council) over-compensate contractors by 20 to 40 per cent compared with the old proven cost system.

An objection raised by the South African Property Owners' Association, Sapoa, is that the use of the formula has been forced upon builders and owners.

'We believe property developers should be free to choose between three types of cost-price adjustments, such as the Haylett Formula, the proven cost system, and a fixed-cost tender,' said Sapoa chairman Corne de Seeuw.

In the proven cost system, adjustment is made for each cost escalation proved by the contractor.

But there are a number of drawbacks to this system. It is sometimes costly and time-wasting to prepare, audit and agree claims; reimbursement sometimes falls short of actual cost increases; the extent of reimbursement is unpredictable, which makes it difficult for the contractor to assess his costs; and in a falling

BY TONY KOENDERMAN

market it may prove impossible to obtain the necessary information from the contractor.

The advantage of the formula method, on the other hand, is that adjustment is automatic and uncomplicated by detailed record-keeping and disputes over claims.

Though it cannot precisely reflect actual cost fluctuations on any one contract, it provides a clearly defined base for price adjustments and the tenderer can price with greater confidence.

Under the fixed-price system, there is no escalation adjustment at all. This

is only appropriate for small, short-term contracts. Sapoa also objects to the details of the Haylett Formula, which is based on the assumption that 90 per cent of the contract price is adjustable, and 10 per cent not adjustable.

There are three provisions it would like to see made: no escalation of the profit element in the contract price; a fair share of the contractor's direct overheads (on-site overheads) built into the tender should not escalate; and the contractor should share the risk of the project with the developer, instead of expecting the developer to bear the whole risk.

The president of the Building Industries Federa-

tion, Leo Fish, points out, however, that Sapoa was represented on the joint study committee which approved the report of the Haylett Committee.

He contests the claim that the formula over-compensates the contractor, citing the comment of the Stellenbosch Bureau for Economic Research that 'it seems clear the client would have been better off during the whole decade if the formula had been used and the contractor had tendered according to the price level relating at tender date.'

The points of dispute are now under discussion by the Haylett standing committee, and it is expected that a measure of agreement will be reached on most issues.

CIVIL ENGINEERING

Steep climb ahead

The South African civil engineering industry, already in the doldrums, is heading for stormy waters. The sector which is taking the severest buffeting is road construction.

Based on figures submitted to the SA Federation of Civil Engineering Contractors (SAFCEC), the value of awarded road contracts tumbled from R400m in 1974/75 to R140m in 1976/77, while the value of all civil work over the same period declined from R600m to R330m. These figures are mainly in respect of public sector work and excluded semi government corporations such as Iscor and Sasol.

SAFCEC director, Kees Lagaay, doesn't pull any punches in his summing up of the present position: "The volume of work on hand which had been steadily shrinking since the beginning of 1976

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FM 19/8/77

dropped sharply during the second quarter of 1977 and at the beginning of July stood at a very low level ... It appears, therefore, that the depression in the industry has not yet bottomed out and a substantial further drop in construction activity is anticipated."

The FM with the assistance of the National Transport Commission (NTC), which governs many major roads contracts in excess of R5m, has compiled a table of those road contracts under the jurisdiction of the NTC. This clearly indicates that although there is still a reasonable amount of work to keep road contractors busy, the future, when these contracts are completed after 1978/79, is bleak.

Lagaay points out that existing contracts are primarily a carry-over from the boom in 1975 and the amount of new work being offered is not comparable in size. It is estimated that about 20%-25% of the labour force in the civil engineering industry has been laid off over the last year and about 35 000 workers have lost their jobs in the last two years.

Marginal rise

According to the public sector's capital expenditure projections, which were published by the Department of Statistics early this year, the funds allocated for expenditure on civil engineering contract work during 1977 are projected to remain virtually unchanged at R1 125m compared with actual spending of R1 090m last year. A marginal rise to R1 190m is expected in 1978. However, in view of the 15% rise in construction costs over the past year and anticipated further cost increases, the real volume of work to be undertaken by contractors is expected to drop by up to 15% in 1977 and by up to 40% in 1978 compared with 1975.

A further problem faced by road contractors is the lack of guidelines provided by major clients as to future possible road contracts. Lagaay comments: "We are in the dark as to the construction programme over the next few years, which makes it rather difficult for construction companies to do any forward planning."

Managing Director of LTA, Mike Ridley, agrees with Lagaay: "The long-term future of road construction lies in the ability of the State to organise long-term planning, while the immediate future depends largely upon the resumption of public sector spending on a larger scale."

By far the largest road contract ever undertaken in SA is that between Estcourt and Frere being built by Fowlers. The original value was R33m and it is finally expected to cost about R44m. Fowlers claim to be progressing well and expect to complete the contract six months ahead of the February 1979 deadline.

8/77

The Estcourt to Frere road, like LTA's Fairlands to Buccleugh road, marks the introduction of concrete roads on a major scale. The NTC says that in future it will consider concrete roads in all new heavy traffic projects with the final decision depending on the relative cost of concrete versus oil based bitumen. This evaluation will also take into account that concrete roads have a life of about 25-35 years versus about a 5-10 year life, without repair, of a bitumen surface.

The NTC, however, indicates that there are not many large road contracts in the pipeline and could mention only three to the FM, the Johannesburg ring roads, Westville to Kloof and possibly the Du Toit's Kloof tunnel.

The lack of major road construction work on the horizon does not bode well for the South African economy particularly in the light of the large number of workers employed by the industry.

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MURRAY & ROBERTS Housing no godsend

The prelim to June 30 reveals a 2c slip in earnings and a 1c dividend hike -- but not the all-important state of the order book.

M&R was not very forthcoming about the order book in the last report, saying only it was "similar to the situation a year ago". Chairman Douglas Roberts will add no more to this week's prelim, in which all he says of immediate prospects is: "It would be unwise in the present economic climate to predict next year's earnings. Present indications are, however, that, for earnings to increase, some improvement in the economic climate will be required".

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Financial Mail September 16 1977

This suggests that M&R is in the same boat as the other construction companies -- still doing well as it finishes the big projects started way back in times of plenty but with few new projects on the horizon.

Given the great need for housing for all population groups construction is a prime candidate for early reflation. State spending on low cost housing will probably increase, and M&R is well represented here through Ilco, which is busy at Mitchell's Plain and in Durban.

But the National Housing Fund, the main spender on black, coloured and Asiatic housing, received only R153m odd in last year's Budget, compared to R110m the year before. M&R's total turnover was R521m in 1976 and R4 600m in total was spent on all construction in SA last year which represented a 10% real decline on 1974. The State spent about 50% of total, which comprised R1 053m on residential building, R1 204m on non residential building and R2 300m on civil engineering and other construction works.

These figures suggest that nothing short of a doubling of expenditure on mass housing will compensate the building industry for the current decline in other areas, particularly the private sector.

Even if mass housing will not be a complete compensation, it does seem likely that other areas of construction will also receive a boost from the Government and that on balance a further retreat in the industry will not be severe. The earnings of M&R and the others will probably stagnate or fall back in the short to medium term but not heavily.

M&R on 220c yields 10.2% and is more highly rated than competitors LTA (12.3%), Grinaker (12.6%) and Group Five (14.8%), but not as highly as Darling & Hodgson (9.4%).

With Blue Circle on 9.1%, PP Cement on 8.8%, and Everite on 8.8%, the market appears to favour building supply companies over construction companies. I'd say the market has its priorities and values right -- except for I TA, which we know has a good order book and therefore ranks at least equal with M&R.

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Physical Geography. Cambridge - at the University Press.

BUILDING'S BLUES

Private sector buildings completed and plans passed:

Sector	Buildings completed (Jan-June)			Plans passed (Jan-June)		
	1976	1977	%	1976	1977	%
Dwelling houses.....	188	188	0	270	172	-36
Flats and other residential.....	32	36	+13	62	27	-56
Manufacturing.....	30	38	+20	51	45	-12
Commercial.....	42	62	+48	97	48	-51
Additions and alterations.....	81	110	+36	135	118	-13
Total.....	371	430	+16	615	410	-33

an enormous shortage of housing — particularly in the black urban areas.

The severity of the depression is indicated by the decline in private sector building plans for the first six months of 1977 — down 33% in money terms on the same period in 1976. In real terms that represents a drop of at least 44%.

The University of Pretoria has released a survey indicating that in 1975 the backlog of housing in black urban areas was estimated at 110 000 houses and 118 000 hostel beds — and the situation has deteriorated since then.

To compound matters an estimated 65 000 workers — that's about 20% of the total industry workforce — have been laid off in the past year because of the drastic decline in new work. Yet the value of buildings completed up till June

rose by 17%.

Despite these problems the president of the Building Industries Federation of SA (Bifsa), Leo Fish, expresses "cautious optimism" and points out that "if there weren't any optimists there wouldn't be any builders around today."

He says the industry is looking forward to some form of government stimulation. "The best place to start would be the housing sector, both because of the shortage of housing and the fact that almost 100% local content is used in construction. However, even if stimulatory measures are adopted there is unlikely to be a dramatic upturn."

Commenting on how building firms can best weather the storm, he says: "Firms must avoid the temptation to tender at unrealistically low levels — this

FIN MAIL
BUILDING 23/9/77 (32)

Waiting for reflation

If government is considering selective reflation, as suggested by the PM this week, there is no better place to start than the building industry since there is

is the shortest route to the insolvency courts. The companies best able to cope with the downturn are those which have diversified and also those which have established stable foreign markets."

Marketing director of Schachat Cul lum, Blair Ewing, says that the adoption of a more professional marketing approach can help many companies negotiate the present recession. Like Fish, he is an optimist: "Of course, there will be an upturn and a return to buoyancy, but many painful lessons have been learned in the process, and the path to recovery will be slow."

Referring to the potential for growth in black housing development, he believes it is difficult to see how the private sector of the building industry can play a meaningful role because of the shortage of finance available to blacks and because there are very few proclaimed or serviced stands available in the black urban areas.

Looking at the industry from the consumer's angle, all agree that there is no better time to build than now. Dave Mitchell from DE Corlett Construction agrees: "It's a wonderful time to build. Prices are kept and workmanship is better than ever."

INCOME
INJECTIONS (I)
INFLATION (I)
EXPENDITURE (E) High

CURRENT DUTIES

The big builders battle back

HOLLARD
STREET



32

THE stock market likes survivors. It admires a company's ability to battle through times of hardship and come out in good shape the other side.

Some of the best recent examples of this can be found in the construction and civil engineering sector of the market.

Despite some of the worst business conditions ever seen in this country's building industry, a handful of top construction groups have recently announced results and published accounts that look, under the circumstances, a credit to them.

Let it be said straight away that the building sector is not a popular one. Critics point to the general lack of work in the industry, much of it attributable to the Government cutback on major civil engineering projects, the continual increase in building costs and the countrywide surplus of office and residential accommodation.

Nor, argue the pessimists, will the situation improve significantly in the medium-term. Funds to develop major infrastructural projects are not readily available either here or abroad and once current order books have been run down, the real fight for survival will begin.

While there is no denying that trading conditions have been tough on most construction companies for the reasons stated, the worst could be over.

In the latest Grinaker accounts, chairman Ola Grinaker says: "Steps taken by the Government to meet

Edited by



Jeremy
Woods

the balance of payments situation have resulted in decreased Government spending and this has partly affected the development of the country's infrastructure, where our main operations lie. In economic terms the country could be at the lowest ebb of the tide. As yet there are no real indications that the upturn has started in our sector of the economy and the over-capacity in our industry relative to the work available has considerably reduced profit margins."

"Work on hand is marginally lower but... we can see sufficient profits from this work to achieve reasonable results. With this knowledge and in view of our strong net current asset position, the dividend has been maintained at 29 cents for the year and this is covered approximately three times by earnings."

Grinaker's balance sheet looks extremely liquid. Deposits at call and cash rose from R4.9-million in 1976 to R10.1-million for the year to June 30 1977.

After maintaining last year's dividend and increasing net profits from R5.2-

million to R5.4-million, LTA valued its work in hand in the latest accounts to March 30 at R271-million compared with R224-million at the same date in 1976.

Chairman Zach de Beer said in his statement: "The financial position of our group continues to grow stronger, with improvements in the current ratio and the ratio of loans less funds on deposit to equity."

Later he says, although future prospects for the industry as a whole are not bright in the short term "the forecasts prepared for the LTA group for the year ending March 31, 1978, indicate a net profit level approximating to that of the past year."

If this is achieved, I would also expect dividends to be maintained. LTA has R4.3-million on call and at the bank.

Murray & Roberts is another construction giant that has won through. For the year ending June 30 it increased turnover, net profits rose by 11 per cent to R13-million and the dividend for the year was pushed up from 21c to 22.5c. Borrowing and total liabilities were significantly reduced.

General Erection was another winner during a difficult period. It pushed turnover up by 36 per cent and pre-tax profits by 46 per cent, allowing dividends to be increased from 12c to 14c.

Cash bank balances moved up from R94 000 in 1976 to R903 000 for the year, while bank overdrafts declined from R2.3-million to R1.4-million.

Now all of these companies have several factors in common. First, they have

performed exceptionally well in highly competitive and difficult trading conditions by not price-cutting to a point that they make a loss on a contract. This has enabled dividends and cover to be maintained while some have even been increased. Secondly, there has been a strong move to create cash which has left most of these companies in a very liquid state to face the current year. And thirdly, order books, though down in some cases, look as though they will provide at least enough work for these well run companies to maintain last year's profits and dividend levels.

My optimism for these companies rests in the belief that they have a strategic importance to this country which no Government could afford to diminish. Who would build the next Sasol or power station without them?

Furthermore, there are continuing noises about the Government applying some gentle stimulation to the economy. If this turns out to be the case, there is every chance that the building sector will be one of the front line beneficiaries.

So although the order book situation does not look sound long-term for the industry, I think there is some chance that this will improve in the next year.

So for a medium-term view Grinaker at 245c with a dividend yield of 11.8 per cent, LTA at 160c with a yield of 11.6 per cent, Murray & Roberts at 225c yielding 10.4 per cent, Group 5 at 145c giving 14.8 per cent and Generec at 145c with a 10 per cent yield look good long-term lockups.

Suppl. to N. Mercury 27/9/79

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CONSTRUCTION AND BUILDING

At least R229 m worth order book

LTA Cons (Natal) (Incorporating Phil Rose Cons) is handling contracts worth more than R25 million and Zulu.

Construction (Incorporating Phil Rose Cons) is handling contracts worth more than R25 million and Zulu.

One of its largest jobs is the construction of a 22-storey tower block at the Royal Hotel in Durban. The block will increase the number of rooms in the hotel to 220 of R6,7 million a programme aimed at achieving five-star status for the hotel. Work will be completed in 1979.

The construction of a new road through Zululand, undertaken by LTA in August 1974, is also progressing well. The contract, worth R4.5-million calls for the construction of 31 km of single carriageway between Vryheid and Geluvsdorp.

The contract is due for completion towards the end of this year.

Another contract being undertaken by LTA is for a workshop and office complex for the Durban Electricity Department on Springfield Flats, worth R5.7 million. It was awarded by the Corporation. It is planned in November, 1978.

LTA Conjig was awarded a R2-million contract for the construction of 950 low-cost houses at Mpumalanga near Hammarsdale by the Kwa-Zulu Government.

The structure is a steel framed, asbestos clad building with concrete block paving. A feature of the building is the diagnostic centre with an ablation and office block.

Out of Durban, LTA is making rapid progress on the new R5.5-million African Reserve Building in Pietermaritzburg. The bank is due to open in March.

The house will be terraced out of the side of a hill at Mpumalanga. They will be built using Conjig's patented metal jig building system designed to achieve the best quality to cost ratio in providing bulk housing in the quickest possible time. All the houses will be built from concrete blocks made on site.

The second contract worth R180 000 is for the construction of a remelting plant for Hulets Aluminium in Pietermaritzburg. Through a process of recovering scrap aluminium for re-use. Both contracts are scheduled for completion by mid-December 1977.

Richard's Bay is a growth area, and the demand for our products has escalated to the point where we decided to establish a plant at Richards Bay. The establishment of a localised production facility will reduce some transport costs and at the same time enable us to give on-the-spot service to our customers."

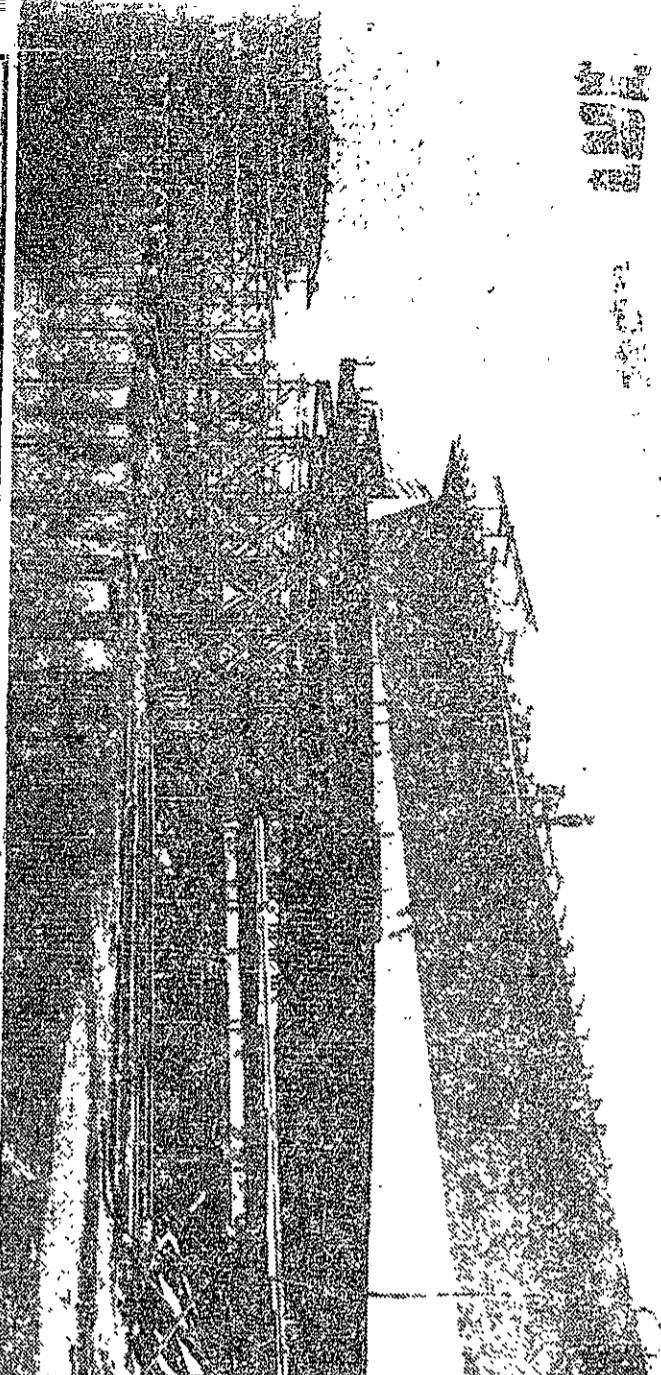
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IN November Roberts Construction Natal is due to complete the Leopold Street Bridge in Durban. The bridge traverses six main line railway tracks adjacent to Alice Street. It will carry a 18 m wide motor carriageway and has been built for the Durban Corporation at a cost of R16 million.

The R3.5-million Canal Bridge project, awarded to Phil Rose Corporation, is due for completion on 1 January 1979.

The bridge will consist of open stressed arch spans at each abutment. It will have twin spans, each 15 m wide and 280 m long, the approach

EARTH moving operations in full swing at La Mercy International Airport on Natal's north coast where it has been decided to complete the levelling of the site but not to commence any building until the economic climate improves.



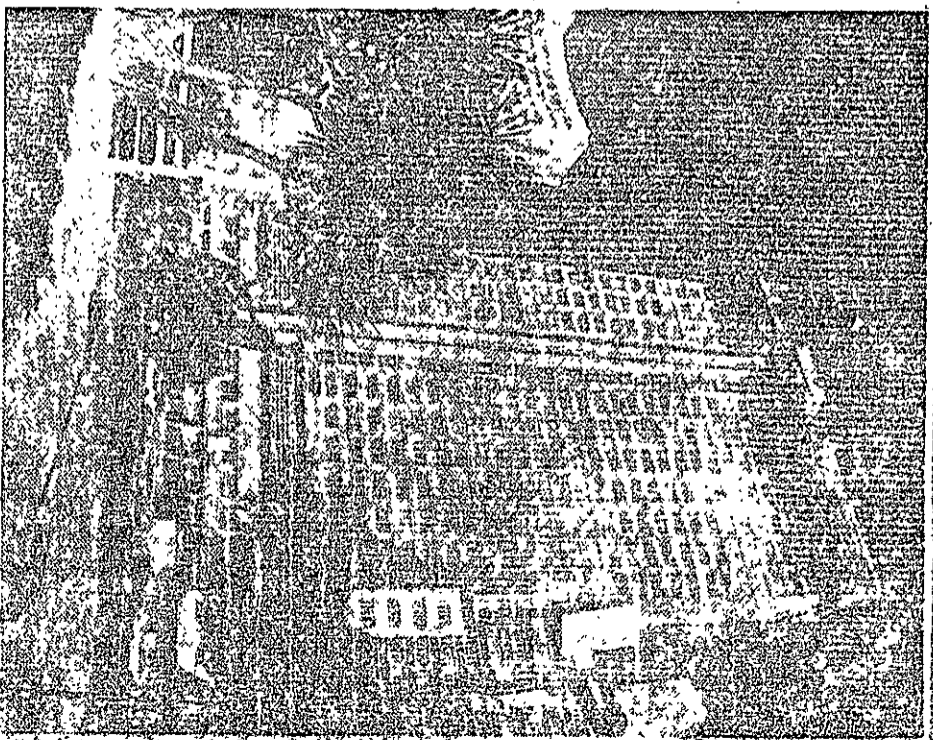
THE bridge which is being built across the Umhlanga Canal near Louis Botha Airport by Phil Rose Construction for the Durban Corporation at a cost of R3.5 million. It will be 280m long, including the approach viaduct, and carry twin carriageways.

Grinaker's new plant

GRINAKER Precast (Natal) is to expand by opening a new R150 000 production plant for its products at Allon Township in Richards Bay.

Another project worth R1.1-million, the construction of four reinforced concrete structures for Bonkoi main contractor at Shanghai flats, is completed.

IN SPITE OF the building slump in Natal, a large number of major projects are being completed. One of the tallest buildings in Durban is this new hotel, the Moberg, which is being constructed by Hofman Bense on the beach front adjacent to the Elangeni. It will be finished before the end of the year and run by Southern Sun.



IN SPITE OF the building slump in Natal, a large number of major projects are being completed. One of the tallest buildings in Durban is this new hotel, the Moberg, which is being constructed by Hofman Bense on the beach front adjacent to the Elangeni. It will be finished before the end of the year and run by Southern Sun.

Jaarkongres van Bifsa

Staat moet nie verder inmeng

Deur ALPHONS DU TOIT

PLETTENBERGBAAI

DIE aanbevelinge van die Fouché-kommissie, die heersende depressie en die nadelige invloed daarvan op die boubedryf, asook die dringende noodsaaklikheid van strategie-beplanning is van die onderwerpe wat hier deeglik op die jaarkongres van die Federasie van Bounywerhede (SA) bespreek is.

Talle vooraanstaande sprekers het aan die kongres deelgeneem wat Donderdag hier ten einde geloop het. 'n Groot aantal belangrike referate is gelewer. Hoewel 'n hele paar die huidige slapte in die boubedryf beklemtoon het, was daar geen tekens van swartgalligheid nie.

Die oud-president van Bifsa, mnr. Leo Fish, het egter in sy toespraak gesê: „Gedurende die afgelope jaar het die boubedryf meer as sy regverdige deel van die depressie gehad. Ons is egter hier, glo ek, nie om ons aan nog selfbejammering oor te gee nie, maar om te kyk na die stappe wat ons in die bedryf moet doen om die situasie die hoof te bied, asook hoe ons ander kan lei om ons by te staan om die wantoestand wat ons teister, te genees. Om die situasie te bespreek — en hopelik finaal daaroor te besluit. En om positief en

giese beplanning van die vier produksiefaktore wat van die grootste belang vir die bounywerheid is — geld, arbeidskrag, materiaal en bestuur.

„Dié faktore is nie net van toepassing op die boubedryf nie, hulle is inderdaad van regstreekse belang vir die land as geheel“. Prof. Wiehahn het dit ook belemtoon dat die bounywerheid 'n belangrike rol sal speel in Suid-Afrika se toekomstige strategiese beplanning wat die tuislande betref.

Wat die land se ekonomie in sy geheel betref, het prof. Gert de Wet, van die Universiteit van Pretoria, gesê: „Ons het die bodem van die resessie bereik en die toestand is eintlik sleg. Ons kan egter 'n stadige verbetering in die komende maande verwag. Daar moet nou deeglik vir hierdie oplewing beplan word. Ons moet ook onthou dat so 'n oplewing nie noodwendig vir ewig sal voortduur nie“.

wees.

„In sy Januarie-uitgawe van Bou-opname het die BEO egter selektiewe stimulering bepleit. Ongelukkig is daar nie genoegsame gehoor aan ons pleidooi gegee nie“.

Die aanbevelinge van die Fouché-kommissie is in die algemeen aanvaar, hoewel sommige van die aanbevelinge taamlik kwaai aangeval is.

Mnr. Roy Canning, besturende direkteur van die Natal Bouvereniging, het sy misnoë uitgespreek oor die moontlike afskaffing van die subsidiestelsel.

„So iets moet geleidelik geskied, anders is die gevolge vir die eiendomsmark en die boubedryf katastrofies“, het hy gesê. Mnr. Canning het dit beklemtoon dat voornemende huiseienaars moet leer om eers 'n taamlike bedrag geld te bespaar. Wat die toekoms betref, sal die boubedryf kleiner huise op kleiner erwe moet bou. En dié huise sal goedkoper moet wees“.

Verskeie sprekers het gepleit dat die Staat hom nie nog meer in die private sektor moet inmeng nie. Mnr. Blair Ewing, bemarkingsdirekteur van die Schachat Cullum-groep, het gesê dat die Regering nie moet oorreageer op die verslag van die Fouché-kommissie nie.

„Suid-Afrika is gebou op die sterk fondamente van die kapitalistiese stelsel. Ons moet uiters versigtig wees om nie aanbevelinge te aanvaar wat strydig is met ons beleid van vrye onderneming nie. Die winsmotief is geen skande nie.“

Mnr. Ewing het gesê dat heelwat van die aanbevelinge van die Fouché-kommissie aanvaar kan word. „Máar daar is 'n paar wat gevaarlik is. Indien hulle oornag aanvaar word, sal eiendomswaardes dramaties getref word. Die reeds sieklike bounywerheid sal amper 'n doodslag kry.“

„Myns insiens is party van die aanbevelinge te drasties. Die Regering moet uiters versigtig optree, en dan ook oor 'n betreklike lang tydperk.“ 'n D rpsontwikkelaar, mnr. S. B. Myers, het gesê dat die ontwikkelaars hulself moet dissiplineer. „Máar hulle moet hul eie kode opstel. Dit is nie die taak van die Staat nie. Die Regering moet hom nie verder in die private sektor inmeng nie.“

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Eiendoms-RAPPORT

konstruktief vir die toekoms te beplan“.

Die tema van vanjaar se kongres was Strategiese Beplanning en hieroor is baie gepraat. Prof. Nic Wiehahn, 'n lid van die Eerste Minister se Ekonomiese Adviesraad, het dit beklemtoon dat die boubedryf ongetwyfeld een van die mees primêre nywerhede is.

„Dié bedryf is arbeidsintensief en word dikwels as 'n belangrike barometer beskou. Dit is dus noodsaaklik dat aandag geskenk moet word aan die strate-

Mnr. Wilsey Kilián, hoof-ekonomoon van die Buro vir Ekonomiese Onderzoek aan die Universiteit van Stellenbosch, het aan die kongres gesê dat 'n bedrag van minstens R200 miljoen nodig sal wees indien die Regering die boubedryf selektief wil stimuleer. Hy verwag egter dat 'n bedrag van meer as R50 miljoen eers in die tweede helfte van 1979 beskikbaar sal

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Building activity declines by 27pc

Finance Reporter *Mercury Business*
29/9/77

BUILDING activity in South Africa has declined by 27 percent since 1974 and immediate steps should be taken by the Government to stimulate the industry says the Bureau for Economic Research, Stellenbosch.

Sketching the deteriorating situation in the building industry, the bureau's quarterly report says the downturn has led to widespread unemployment and the collapse of many small builders.

The Government is likely to provide selective stimulus to the economy and the building industry could be one of the sectors to benefit from such a move.

But the bureau warns it is important that a decision is taken as soon as possible.

"If the decision is taken immediately to stimulate the building industry by investing large amounts in low-cost housing, the effect will only be reflected in six to nine months at the earliest.

"If the Government should set aside funds for the construction of schools and other non-residential buildings the time lag could be as long as three years."

The bureau adds that an investment of an additional R200 million will only ensure the level of building activity in 1978 keeps pace with this year. Considerably more than R200 million will be required for any significant stimulation.

Unemployment

According to the survey, unemployment among Whites, Coloureds and Indians in the industry increased from 7 369 in August 1974 to 28 603 in June this year. No figures are available for Africans but unemployment in this sector is also believed to have increased sharply.

Inflation is still running at 11 percent and labour costs in the industry are rising

Star 31/10/77

Building plans sag further ⁽³²⁾ — to R664m

Michael Chester, Financial Editor

Two leaders among the key economic indicators today flung a cold sponge on optimism that the recession may have hit absolute bottom. Real evidence of a turnabout is still hard to find.

Figures released by the Department of Statistics show that building plans passed in the first nine months of 1977 sagged 29 percent under even the low levels recorded a year ago — down from R938,1m to R663,9m.

Though it must be emphasised the amounts refer only to planning, rather than actual new starts, they give a fair reflection of the trends ahead.

And it appears the trend can only be downward — unless the government intervenes with its package of economic stimulants, which Senator Owen Horwood, Minister for Finance, has now hinted is imminent.

The building industry, perhaps the worst hit of all in the prolonged recession, pins its hopes on the inclusion of special government action to push ahead with a sweeping low-cost housing programme.

The private sector builders badly need such a fillip. So far in 1977, they have been buoyed up by work already in the pipeline. This can be seen by no more than a mild drop in buildings completed, which have fallen only from R654m to R606m.

However, the pattern of new building plans passed indicates that the pipeline is drying up.

Plans for new houses have shrivelled 34 percent from R395,3m to R260,9m in the comparison of January-September of 1976 to 1977.

FLATS

Worse, if flats are added to embrace the total of all residential building, the slide is an even steeper 39 percent from R439,2m to R297,1m.

Building plans, passed on the non-residential side — commercial and industrial — are down 28 percent from R244,1m to R175,4m.

The second economic indicator which fails to provide any comfort is the pattern of wholesale trade sales. Seasonal variations eliminated, the monthly average in cash terms slipped no worse than 0,5 percent when February/April is compared with May/July.

But the decline had now quickened to 3,4 percent on the monthly average going on to September.

Committee seeks cheaper ways of wiring

Property Reporter

A COMMITTEE formed under the auspices of the National Development Fund for the Building Industry, is studying new systems for electrical wiring of buildings which could save millions of rands without sacrificing safety.

In a statement, the SABS says: "Should any of the systems produce the same results in South Africa as in the overseas countries where they are now operating, the financial implications for the large-scale provision of electricity in major centres such as Soweto and other urban areas will be very favourable."

According to the SABS report of a tour to West Germany and the United Kingdom last year by one of its chief scientists, certain electrical wiring systems investigated in those countries involved in-

stallation costs some 35 percent lower than the corresponding costs in South Africa.

"The savings all take place at the building itself and do not reduce or influence the cost of delivering electricity from the supply sources at the cable-laying stage or once the power is flowing."

The committee, which has begun the initial stages of its work, was

appointed as a result of a report issued by the Bureau of Standards.

While the total costs of the materials used in any of these new systems is lower than the conventional systems used in South Africa, the really significant savings are in respect of labour costs.

"The committee is not confining itself to studying systems for residential properties but blocks of flats, office blocks and industrial settings.

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Taking
Stock



With
Michael
Chester

IF ANYONE needed a reminder to take extreme care in reading the outlook for shares in the building sector it has been provided by the new economic survey published by the Bureau for Economic Research at Stellenbosch University.

A number of investors have been inspired to take a fresh look at sector prospects now that there is increasing talk that the Government is poised to pump cash into a big low-cost housing programme.

A few have been tempted to anticipate the resounding ring of a jackpot. In fact, it may be heavily muffled. And it may be only distant anyway.

The BER survey released in the week set

Don't dilly-dally over building industry investment

Sun, Feb
21/1/77 (32)

In sharp perspective the sleepiness of the recession into which the building industry has skidded and the hard slog it faces even to clamber back to where it stood three years ago. It now estimates that total construction of private residential buildings in 1977 will amount to no more than 51 per cent of the level in 1974. Worse, the total for the private non-residential side will be down to 49 per cent.

How much of a recovery is promised if the Government presses the button with a big injection of new projects?

To give an idea, the BER points out that even an additional R200 million will do no more than hold real building activity at the dreadfully low level where it stands in 1977 — assuming, fairly enough, cost increases of about 10 per cent.

So the researchers urge the Government to think in terms of pushing its additional investment in building considerably higher than R200 million if it hopes to generate anywhere near a significant stimulation. And they appeal to the Government not to

dilly-dally but make a firm decision without more ado.

Even with an immediate decision, the BER frets over the inevitable time lags before the ripple effects really benefit the builders — six to nine months at least for low cost housing programmes, and as long as perhaps three years where construction of schools and other non-residential buildings is concerned.

The Stellenbosch team — regarded as one of the wisest of all — is also fretful about the toll of recession on the labour force.

Mr G. J. J. Snyman, research officer, finds that as many as 9 226 artisans have left the building industry along with 35 458 labourers, most of

them, he fears, for ever. What very properly worries Mr Snyman is that the industry may be too weak to cope with an upturn, because of the depletion of talent as well as numbers, unless stimulation comes soon.

He advises the Government to remember that no-one yet has been able to rely on the kiss of life to revive a corpse.

The building industry may not be facing death, of course, but it is certainly in need of a large dose of pretty powerful medicine. The Government would do well to think more about the importance of its health since it is now estimated that one way or another as many as one in 12 economically active males in South Africa

relies on the construction industry for a livelihood.

A huge injection of additional cash into low-cost housing by the Government seems eminently sensible — in one stroke not only to aid a crucial but ailing industry at the very heart of the economy, but also setting about finding cures for root socio-political problems.

Perhaps the private investor should see it in these simple broad terms, rather than nose around the stock market lists trying to sniff out a piece of the action.

Even allowing for the way the public sector helped to offset the severity of recession in private building the BER calculates that the building industry as a whole will need a total growth of no less than 37 per cent between now and 1980 merely to climb back to 1974 levels.

It will be a long and hard haul.

Capital is ready

C.T. 12/10/77
— and Mafeking

signs with relief

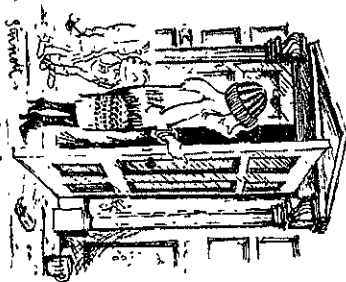
MAFEEKING. — The town is relieved not quite in the same way as when Baden Powell was besieged by the Boers back in 1899. Nevertheless the pressure is off, the steam reduced. And I can feel the sense of relief blowing almost as strongly as the hot prevailing wind which drives through the dusty pavements and streets of this northern Cape outpost.



Out B. about Fiona Chisholm

The five-and-a-half months "siege" of construction workers is over. They've finished building a capital in what surely is a record time. Today, October 14, on schedule, the Bophuthatswana Parliament and complex of ministerial offices, 12 cabinet ministers' houses, two court rooms, the president's stately residence, guard houses and all, will be handed over by Mr Geoffrey Knudsen, a director of Murray and Stewart, to the architects.

As amiable Jim Craig, project manager and at least one of a half dozen Scotsmen I have bumped into (including a Sam Chisholm) said: "I got so lonely after two months I asked my wife to join me. But she reckons she saw more of me the four days each month when I went down to Cape Town than ever she sees of me in Mafeking."



"I'm afraid they are out on a march, I'm the baby-squatter."

And almost immediately after the final checks, the officials will start moving into their astonishingly cheerful new premises painted earth yellow, brown, tomato red and a deep sea green, in preparation for independence on December 6 this year.

Whatsoever else the sceptics may think about the viability of giving independence to a highly dependant and fragmented nation, it has not stopped those involved in the building project from putting in a supreme personal effort. There have been no such

things as weekends off for five-and-a-half months the men — many brought specially from Cape Town — have worked seven days a week, with only four days off a month. At least half have slogged till 10pm and some later. Wives, children, and domestic problems and pleasures have been given the go by.

Jim explained all as we drove out in his "Kalahari Ferrari" over the bumpy, potted, untarred roads to Montshiwa, where the new capital Mamabatho meaning "mother of the nation" has risen from bare earth.

"Concrete was too slow — it requires curing. Steel is quicker. And the way the engineering firm put all the steel frames up for the entire complex, that is 650 tonnes in five weeks, really got us off to a great start. "Then came the in-fill panels, the insulation because of the heat, and we were able to cut time by making the decking for the suspended floors a permanent cast in part of the structure — eliminating the need for temporary support work beneath the first floor slabs of the main buildings.

clause) don't think quality has been cut. The parliamentary complex surrounded by a high wire-fence (we saw the remains of the government building burnt down last year) is excitingly different from the sort of dreary drab concrete slabs that we get landed with in Cape Town. Basically, this lot consists of the low long double-storied buildings, linked by five internal courtyards and with attractive circular brick towers which contain the stairways. The use of the Tswanas' four colours is important throughout. The exterior is mostly red, but there is dark green window trim. Drain pipes are not just functional drain pipes, but are decorative objects in red. Cross structural steel supports are ochre, as are the slatted screens outside the window to keep the building cool, as only the parliamentary chamber and high court are air conditioned. Inside everything is painted a cool cream and is spacious-looking and I thought the parliamentary chamber which seats 137, quite lush, yet practical. We also saw over the president's residence, stately enough for any head of state, and the more modest four bedroomed houses of the cabinet ministers, all in sharp contrast to the meagre houses of the Tswanas the other side of the high fence.

All of which makes you wonder if everything is going to be worth while. The Tswanas spoken to are not enthusiastic about independence as was shown in their recent voting issue. They point out the hand to mouth existence of the farmers, and that only three of the 12 regions (though there are six widely separated pieces) are better off as they are near the cities. Anyway we can only wait and see. If as much endeavour goes into making the homeland work, and the ministers work, as has gone into giving them a lovely complex in which to do this work who knows. One thing is for certain, however. Now the pressure is off, the tension reduced, a lot of construction workers are going to be quenching a very long deep thirst. . . .

while the winter figure is only 350 cal cm² These measurements, as expected, the great blackboard was smooth behind the high in relation to the sun, with the high over the tropic of Capricorn, the sun was in the sky for 12 hours in one's shadow. The correlation of only 52% of insolation received by an area is affected particular the topography. A north-facing rays will receive maximum insolation, while (Geiger, 1965; Ayyad, 1971). In this situation dry north-facing slopes and the mesic conditions throughout South Africa (Roberts, 1966; Van Zinderen Bakker, 1971).

Building industry: more insolvencies can be expected

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Frank Jeans

Persistent inflation continues to erode the foundations of a healthy construction industry in South Africa, and with costs mounting, despite keen competition, it is probable that more contractors will become insolvent.

Speaking at the business outlook conference of the National Development and Management Foundation in Johannesburg, today, Mr D E Baker, a director of Murray Roberts Holdings, said increased costs of 15 to 16 percent in the industry outpace an inflation rate of 11 percent.

This, coupled with an over-supply situation, puts the costs of the industry's products "beyond the pockets of its clients, investors, and eventually tenants and occupiers, whether they are commercial, industrial or residential."

Another worry for the construction sector, according to Mr Baker, is the fact that certain of the State's agencies are, through subsidiaries, competing directly with private enterprise, and "even go so far as to grant their employees fringe benefits such as sub-economical housing bonds."

Looking at township proclamation, and the "rate of growth of our bureaucracy", Mr Baker said that before a township can be proclaimed in South Africa, it requires permission of at least seven departments and

comments from 30 different official sources.

"In our country, the time between commencement of planning and proclamation of a township is normally three to four years. In Brazil, it is said, this is achieved within three months, and in Britain the process takes six to 12 months."

JOB RESERVATION

The construction industry had, according to Mr D M Baker paved the way for the "quiet removal" of job reservation, which, he said, should "assist the Prime Minister and his Foreign Secretary appreciably, apart from the psychological impact on the non-whites."

He believed the industry had achieved what the Prime Minister intended, that is, prepare the ground for the job reservation law to be removed quietly from the statute books.

"Industry," he added, "will cope with any trade union problems which may flow from such action."

UNEMPLOYMENT

On unemployment, Mr Baker said this problem was more serious than in most other industries because construction was a labour-intensive sector. This could be roughly confirmed by the fact that while the industry was producing between 1 and 2 percent of the national gross product it employed some 6 percent of the labour force.

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BUILDING INDUSTRY

FH 7 | 10 | 77

Pumping money into low-cost housing for blacks is not going to save the building industry's skin in the long-term.

That kind of stimulation, says the Building Industries Federation (Bifsa), is a short-term defence. It may arrest the slide but will not lead to a revival. "Once the measures have worked themselves out (ie once the money has been spent) we will be back to where we are now, and may begin to head down again," says Bifsa economist Hennie van Zyl.

Bifsa is thus more pessimistic in the long-term than Stellenbosch University's Bureau for Economic Research (FER last week).

While the Bureau sees an increase in domestic liquidity, based on the improvement in the current account and the increased inflow of money to the building societies in the past few months, Bifsa believes that political isolation will force SA to rely more on its own funds to finance capital expenditure projects, resulting in a drop in liquidity.

So it sees no signs of the increased economic activity needed for a building

Financial Mail October 7 1977

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industry recovery. It predicts a revival only in mid-1979. But it still thinks priming the industry with some nice fat orders is a good idea.

It has submitted its view on how this should be done to the PM's Economic

Advisory Council:

- The amount injected should be large enough to have some impact;
- Plans should be implemented immediately;
- The injection should be spread across

the country so all can benefit;

- Projects of varying sizes should be included so as to benefit large and small builders; and
- The injection should not be limited to housing.

Bleak fundamentals

FH 14/10/77

Activities: Holding company for Roberts Construction and Murray & Stewart. Activities include civil, electrical and mechanical engineering, shaft sinking, tunneling, structural steel fabrication and high rise and mass housing building.

Chairman: J D Roberts; deputy chairman: J W Robertson.

Capital structure: 20,5m ordinaries of 50c, 560 000 6,75% red cum prefs of R1. Market capitalisation: R50,2m.

Financial: Year to June 30 1977. Borrowings: long and medium term, R15,4m. Net cash: R14,9m. Debt:equity ratio: 25%. Current ratio: 1,3. Net cash flow: R17,1m. Capital commitments: R7,6m.

Share market: Price: 245c (1976-77: high, 275c; low, 150c; trading volume last quarter, 134 000 shares). Yields: 26% on earnings; 9,2% on dividend. Cover: 2,8. PE ratio: 3,8.

	74	75	76	77
Return on cap %..	21.1	25.9	25.6	24.6
Turnover (Rm)	298	438	521	522
Gross profit (Rm) ...	16.4	23.7	24.0	25.5
Gross margin %	5.5	5.4	4.6	4.9
Earnings (c)	40.7	58.6	62.9	63.7
Dividends (c)	17	21	22.5	23.5
Net asset value (c) ..	209	254	310	357

Few holders can have been disappointed by the results but those expecting an indication of the state of the order book in the report have been let down.

This year there is not even the usual vague passing reference to the value of contracts uncompleted. I'm told this is because M&R has diversified out of building and civil engineering to such a degree that the order book figure could be misleading. The report points out that sources other than building and civil engineering contributed 48% of total earnings compared to 40% in the three previous years, although the deterioration on the building and civil engineering side presumably flattered this diversification effect.

The only statistical indications as to the state of business are a static turnover figure, which implies a 10% real downturn and a "contracts in progress and contract debtors" figure that has shrunk

21% from R75,5m to R59,9m. The workforce has decreased 29% from 54 000 to 42 000.

Pre-tax profits and earnings have been maintained, thanks largely to the contribution of joint venture companies, which pushed up their pre-tax contribution from R1,9m to R4,2m, while that of the holding company and subsidiaries dropped from R19,2m to R17,3m. Of course, static profit figures actually imply a real decline.

One bull point is that these profits are probably conservative. M&R, like other construction companies, enjoys some flexibility in bringing profits to account and will no doubt have kept some back for the bleak immediate future.

The market was apparently expecting far worse results from M&R, since the share price has strengthened 36% from 180c in the past six weeks -- far more than the RDM which has improved only 10% in the same time.

M&R's best engineering hopes would seem to lie in mining, the mass housing revival promised by government and perhaps township electrification, should this eventually take off. Liquidity has surged with the rundown in activity. There has been a R16m short term turnaround, so M&R could be on the acquisition trail to broaden the earnings base. Murray & Stewart, which is active mainly in the south of the country, seems to have outperformed Roberts, presumably because of its relatively greater diversification and its overseas interests. M&S reports a "profit growth greater than the inflation rate", while Roberts reports profits "lower than the previous year" and "very serious losses" in one unnamed contracting division.

The chairman declines to predict next year's earnings in the present uncertain politico-economic climate" but the dividend has been hiked 1c as evidence of the group's confidence in the long term

future.

M&R's share price seems to be more a tribute to a highly successful past than a bright future. Profits carried forward on existing contracts and from diversification will no doubt prevent a collapse in earnings. A hard one to assess as the short-term negative factors cloud the value of its dominant position in the civil engineering field. At the moment fully priced, though institutions will no doubt continue to accumulate around current levels.

John Atkinson (Chairman)
Department of Classics,
U.C.T., Rondebosch,
698531 extn. 449
(home 692429)

- (i) Choral speaking - using poets (e.g. Ave, Ogden)
- (ii) Short dramatizations - Winnie the Pooh
- (iii) An illustrated talk on A dance drama enacting Latin songs (cf. the s
- (iv) You might care to choose (e.g. Romulus and Remus and write your own play)
- (v) Should you have any queries the dates please contact suggestions and criticisms

While the Latin reading competition is on Wednesday, 26 (7.00 p.m. on Wednesday, 26 kind of competition is planned in these LUDI and may use this time to be awarded for the best item will be Springfield Convent As this is a new venture, a these are only suggestions.

The Teachers' Meeting will be at the Teachers' Centre, Cape Town (will speak on political background of the texts prescribed for March at 7.30 p.m. Mrs. Hercules (30 mins.). In which the host school details of this competitor

Dear
This letter is to give you a preview of some of the meetings planned for 1978.

FOWLER

Hanging on

32
FM 21/10/77

Activities: Civil engineering and construction company. 59% owned by Metkor. Wholly owned subsidiaries include Racec and R H Morris.

Chairman: P K Hoogendyk; **Managing director:** L van Iddekinge.

Capital structure: 11.8m ordinaries of 50c. Market capitalisation: R2.4m

Financial: Year to June 30 1977. Borrowings: long and medium term, R3.5m; net short term, R3.9m. Debt:equity ratio: 90%. Current ratio: 0.8. Group cash flow: R3.4m. Capital commitments: R477 000.

Share market: Price: 20c (1976-77: high, 150c; low, 19c; trading volume last quarter, 148 000 shares). Yields: nil on earnings; nil on dividend.

	'74	'75	'76	'77
Return on cap %...	50.3	27.5	11.0	
Turnover index*	178	254	330	351
Trading profit (Rm)	7.9	9.2	7.4	4.0
Earnings (c)	28.4	31.5	9.9	-
Dividends (c)	14	15	4.5	-
Net asset value (c)	85	110	120	109

*1973-100

There was little alternative but to write off all losses on old contracts and those still on-going. But though this has gone some way towards putting affairs into perspective, it is not going to turn the company's results around.

The major problem area remains building contracting subsidiary R H Morris, with a R2.5m loss after the write-offs. As far as can be seen, full provision has been made for losses inherent in contracts and the major reorganisation of operations continued during the year. But at best, this subsidiary will only break even during the current year. Anything better will depend on a major increase in activity and that is some time off with the year-end order book 48% below the level a year ago.

The same order book problem exists throughout the group. At Racec, it was 28% down on the previous year, though earnings should be reasonably well maintained.

Fowler Construction's order book was 29% down on the year, though second-half profit improved on the first half. Even so, overall profit for the division fell to R0.5m (R1.9m), due to inadequate escalation provisions in two major con-

tracts. Anticipated losses on on going contracts have been provided for as far as possible through to completion.

No mention is made of how well the planned sales of surplus equipment have gone, though the company's structure has been streamlined without inhibiting its capacity. What this means is that group staff has been cut by 40%, while, presumably, it has been difficult to dispose of plant in excess of on going requirements.

Chairman, Paul Hoogendyk, has little encouragement for shareholders looking for an improvement in operations during the current year. Competition remains intense with margins on contracts being further reduced. No meaningful profits can be projected for the current year.

Which is all very well, but the company remains in a tight funding position and though there might be some relief this year, any near-term profits will have to be applied to strengthening the balance sheet.

By all appearances there has been a tremendous shake-up, especially within the loss-making divisions. But whether this is going to be enough to weather the recession without further weakening of the balance sheet, remains to be seen.

Though it is well known that the group is up for sale, no-one has been brave enough to take the plunge. At the current level, shareholders who are still hanging on, must be taking more than a short term view.

Jim Jones

of either Economics I

Mar. 25/10/77 (32)

Trade sanctions will hit the building sector too

Frank Jeans

With trade sanctions against South Africa a possibility, the business sector might well be taking stock of its position and looking beyond the direct effect such sanctions would have on the balance of payments.

And giving the building industry a few pointers in this regard was Professor G L De Wet, of the University of Pretoria when he addressed the Building Industries Federation (BIFSA) Congress at Plettenberg Bay today.

Professor de Wet has little doubt that while the

BIFSA CONGRESS

industry, although not export-oriented, will not be unaffected by the ripples after a wave of trade barriers.

"Trade sanctions against South Africa will be difficult to apply," said Professor De Wet, "but to the extent that they are applied by our customary trade partners, they will most certainly disrupt the normal pattern of development on the current account of the balance of payments."

Certain sectors of the economy would be affected directly, since they would not be able to export their products or to obtain certain inputs via imports from abroad.

Certainly, it would be in the heavy machinery sector that the building industry would feel the

main crunch, and Professor De Wet sounded a warning that in the event of sanctions these machines "could become unavailable or at least critically expensive."

Heavy machinery too, which is not directly imported often are manufactured by process which require imported contents.

Said Professor De Wet: "I am sure it will pay the industry in the long run to start now on an active programme to be at least ready to switch over to more 'primitive' labour intensive methods of production."

Looking at the economy as it affects the building industry, Professor De Wet said one should not expect more than a gradual and mild loosening of the present tight monetary and fiscal measures.

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i. Drama I can only
j. Economics IB is
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l. Geology III can only be taken after
m. Mathematics I can consist of either Maths. Ia and Ib, or Maths.Ia and Statistics Ia.
n. Mathematical Statistics I can only be taken after the completion of Mathematics I, and Maths.Stats.II after completion of Maths.II.
o. Physics II can only be taken after the completion of Mathematics I.
p. Physiology I can only be taken after the completion of Chemistry I.
q. Public International Law should not be taken in the first year.
r. Roman Law I can only be taken after the completion of Matric Latin or equivalent*
s. Roman Law II can only be taken after the completion of Latin I, and either after the completion of, or at the same time as, Roman-Dutch Law I.
t. Roman-Dutch Law I can only be taken after the completion of Matric Latin or equivalent,+ and either after the completion of, or simultaneously with, Roman Law I.
+ An elementary Latin course is offered at the University for this purpose.
u&v. Law: If you are proceeding to the LL.B.degree you are strongly advised to take Latin I and II. A working knowledge of Afrikaans is desirable.
If you intend practising as an ADVOCATE, or, after having obtained the LL.B.degree, as an ATTORNEY, in the Republic or in South West Africa, you must include in your curriculum ENGLISH I AND AFRIKAANS or AFRIKAANS EN NEDERLANDS I.
w. Zoology II can only be taken after the completion of Chemistry I.

UK construction's Mr Big to talk in EL

D.D. 1/11/77

(32)

EAST LONDON — The "Mr Big" of Britain's massive R90 million National Exhibition Centre near Birmingham will be in East London on November 9, giving facts and figures which could save South Africa millions of rands on future building projects.

But he comes with a controversial message — no major new construction project should be started in South Africa unless it is controlled by a qualified project manager!

"Mr Big" — quantity surveyor Francis Graves — is also likely to create one of the biggest controversies in years in the surveyor, architect and civil engineer professions by calling into question the whole tradition of big construction projects being handled on an architect-client basis.

"Francis Graves is the classic example of the modern building phenomenon overseas — the project manager," says Richard Proctor-Sims, managing director of Pretoria's Conference Associates, who are organising Graves's national series of one-day seminars.

He says big building projects now are so complex and expensive that the traditional system in which an architect controls them can easily break down. Often the only way to bring these projects in on budget and within time is by appointing a highly qualified project manager, who controls the whole thing, just like the managing director of a big corporation.

"Some architects can play this rôle, but only too often the architect just is

not the right person for the job, so that the client finishes up with a building which looks right, but is finished late and over budget."

Despite the current building depression — or perhaps because of the demands it makes for more efficiency — the industry is already showing



MR FRANCIS GRAVES

its desire to get fully briefed on the international phenomenon of the "Big Boss" project manager.

The University of South Africa School of Business Leadership arranged a week-long course on project management in Pretoria. The demand was so great they had had to double the number of delegates allowed to attend to 80 — and still the course was over-subscribed.

Mr Proctor-Sims is adopting a different tactic, which he thinks will communicate with a much wider cross-section of building industry's professional men in Southern Africa.

"We are getting the best man in the world to talk about project management and, in the limited time he has available, we are taking him to all the main centres in Southern Africa for consultations with the key people in our building industry.

"Our architects, quantity surveyors, civil engineers, university departments and government people will thus get exposed to top international expertise at the least cost to themselves in both time and money."

Francis Graves was the first project controller in Britain to handle a major construction scheme. In three years he has founded the sceptics and earned an international reputation by completing the massive National Exhibition Centre on time and within budget.

It can handle 100 000 visitors a day, just one of its massive halls could garage 3 000 double decker buses, and it is mounting a serious challenge to the rest of Europe as the Continent's focal point for international gatherings.

—Business Editor

Star 1/11/77

Building industry: what of future?

32

A Own Correspondent

PLETTENBERG BAY — Building industry leaders this week took a break from studying their immediate problems to hear how bad things could become when the immediate problems are over.

Not that the immediate problems are not bad enough. They include:

- A sustained and accelerated drop in demand;

- Lack of investor capital and confidence;

- Increasing unemployment: More than 100 000 unemployed in the past 18 months including more than 7 000 artisans who are expected not to return to the industry.

Delegates to the 72nd annual congress of the Building Industries Federation (Bifsa) at Plettenberg Bay were told by speakers that in addition to solving or living with these problems, there were more to come.

CONTROL

The industry would have to provide greater supervision, motivation and control: Involvement with their employees' life outside the work place on an unprecedented scale: And be prepared for changes not yet thought of.

Professor J L Sadie, Director of Stellenbosch's Bureau for Economic Research, spelt out one of the problems.

The annual increase in white workers for the whole of the South African economy for the next few years would be only about 11 000 because of the migration pattern and the increased period of military call-up and other factors.

Professor Sadie said most of these young men could be expected to seek white collar work and the only solution for the building industry and other employers was a "crash programme to train black artisans."

B ARTISANS

Bifsa estimates that in addition to the 7 000 artisans it has recently lost it needs more than 4 000 each year to 1980 and 6 000 each year of the next decade.

But numbers alone are not the whole problem as Mr B L Moyle, immediate past president of the federation, pointed out.

White youths found the building industry artisan work unattractive, he said, and while coloureds and Asians could make up the numbers somewhat the only real answer was to train blacks to artisan level.

Professor Nic Wiehahn was in a difficult position. As chairman of the current commission of inquiry into labour relations he could not tell the congress how to plan but he could indicate on what aspects to plan.

"The time has come in which employers in your industry as well as in all other industries will be pressurised to take a greater cognisance of the workers' life outside his work place," Professor Wiehahn said.

HOUSING

"Subsidised transport, housing, recreation leave or holiday facilities, education funds for children, better sick fund benefits, insurance on household effects, better compensation for injuries and responsibility for the mental or psychological well-being of the worker and many others which have only indirect reaction to the worker as a productivity unit, are matters which would be made the responsibility of the employer to an increasing extent," he said.

"This will not result from State pressure or legislation — it is a development washing on to our shores and being absorbed on an organised basis in our economy."

BLACKS

Another problem area outlined by Professor Wiehahn was the heterogeneous character of the work force and the way in which blacks were progressing.

C "More and more blacks are progressing into posts which were previously held by whites and are, therefore, achieving a parity with whites and other non-blacks in many cases," he said.

"My contention is that your industry's training in industrial relations will have to take account of this development and of necessity will have to concentrate also on the attitudes between workers.

TOLERANCE

"For example," will a white artisan work under the supervision of a coloured foreman, or a coloured artisan under that of an Asian foreman, or will black, white and coloured employees work together doing the same job, speaking different languages, having different backgrounds and attitudes towards work?

"The rise in the black and other non-white consciousness must and will manifest itself in the workplace between worker and worker and any strategy for the future on manpower and in particular on industrial relations must provide for this important aspect. The tolerance factor has become most important," Prof Wiehahn said.

But manpower wasn't the most pressing problem.

"Due to the durable nature and high cost of the product the immediate pace-setter for demand is availability of finance," the past president-in-chief of the Institute of Architects, Mr T J Louw said.

On this score there was little argument and little optimism.

FM 4/11/77 (32)

The best laid plans . . .

inflated by a small number of very large public projects.

Also, as Kilian points out, nine times out of 10, the value quoted — be it the municipal valuation, client's valuation or tender price — is a guessimate which bears little relation to the final building cost. One study by the National Building Research Institute (NBRI) showed that the value was generally underestimated by a high 22%.

Add to this the fact that a high value of building plans are shelved or ditched. In Cape Town, plans to the value of R14m, or 20% of the total, were abandoned in 1976 — almost double that of the previous year. The main reason is lack of funds.

Then there's the time lag between the date of approval of plans and the completion of the building. The cost of the project is reflected in one month's statistics, while the actual building may be spread over several years.

Yet, despite its inaccuracies, the value of building plans passed remains a useful tool, particularly in pinpointing trends. Take the latest Department of Statistics figures, for example. These show that building plans passed in the first nine months of this year fell nearly 30% or R274m below last year's levels. Assuming that the errors of compilation remain fairly constant, this index can only be interpreted as a valuable, if gloomy, guide to future building activity.

But one must be aware of its limitations.

In the 10 days from September 27 to October 7, building plans to the value of R31m were approved by the city of Cape Town, compared with just under R72m for the whole of 1976.

Does this herald the start of a building boom in the Cape? Unfortunately not.

Of the R31m, R19m was for the millitary hospital and nurses' home in Wynberg, which is already completed and in use. R12m was for a section of the half-bull Golden Acre office complex.

As a key indicator of expected building activity in the private sector, the value of building plans passed has many shortcomings. In the words of Wilsey Kilian, chief economist at Stellenbosch's Bureau for Economic Research, "Two things are certain. One is that the values given are wrong; The second is that it's still the best indicator we've got."

The inclusion of plans for buildings that are already almost completed is one of the problems. To avoid delays on major projects, municipalities often grant



BER's Kilian handle with care

provisional approval, once the main frame of the building has been passed, without waiting for details such as air-conditioning or partitioning to be finalised. But the plans are usually included in Department of Statistics figures only once final approval has been granted.

Another problem is that, although the department's statistics are intended to refer only to the private sector, public sector plans, as in the case of the Wynberg hospital, do sometimes slip through.

In this way, the planned programme is

R3,7m drop in building plans

089/11/77 (32)
EAST LONDON
Building plans valued at R770 450 were passed last month by the East London City Engineers Department.

This brings the total for the year to date to R8 008 250, a drop of R3 768 754 over the corresponding period in 1976.

Among the major items passed last month were plans for additions to the Vincent Park shopping centre at a cost of R200 000, and a new warehouse for a manufacturers' agents at a cost of R100,000. — DDR.

R250m stimulus must be spread around builders

32

Harold Fridjhon
Unless the authorities spread out the housing contracts which form part of the R250m stimulate the economy scheme among a relatively large number of builders, not only will the scheme fail to produce a maximum stimulatory effect but it could also be a final nail in the coffin for the building industry as a whole.

Yesterday, a spokesman of the building industry, said that many contractors would not re-open after the forthcoming builders' holiday and others will lay down their trowels after completing current contracts.

The strength of the building industry lies not in a handful of exceptionally large contractors but in a large number of medium sized and small firms. If these are allowed to go to the wall, the industry will not be in a position to meet the demand for private housing and small factories when the economy pulls itself out of the prevailing recession.

The result could well be that all construction will ultimately fall into the hands of a powerful oligopoly which could control prices and costs for their

benefit without the countervailing force of smaller firms whose lower overheads and fixed costs could exert a marginal restraint on the pricing mechanism.

Small contractors spread their buying of supplies around the trade, thereby stimulating business for a large number of firms; the big contractor not only has control of his own restricted supply lines but in many instances by-passes normal suppliers and manufacturers.

In the Mitchell Plain scheme at the Cape the contracts to build 20 000 houses were allocated to only four contractors who set up their own block-making plants and kept much of their supplying buying within a narrow circle.

FALLACIOUS

As Mr Maurice Ostroff, chairman of the Transvaal Sanitaryware and Builders Merchants Association, said at the recent annual meeting, the argument that the larger the contract the greater the saving is based on the fallacious belief that bigger is always better. "The prime objective should always be optimisation not maximisation."

He claimed that if contracts of the Mitchell Plain magnitude were allocated in parcels of say 500 to 1 000 houses to 20 or 40 contractors whose employees would continue to be usefully employed, the ultimate effects on the economy — and the fiscus — would be of greater value than the awarding of mammoth contracts to just a couple of firms.

CONSTRUCTION

GENERAL

1 DEC 77 -

3 DEC 78

~~WCA~~
(2) 32

STAR 1/12/77

Swingabout in migration hits house building

Michael Chester, Financial Editor

A new damper was put on the overall outlook for the building industry today by an economic study that forecasts a deep slide in demand for new homes for white families next year.

The spectre which now haunts home builders is the splintered pattern of migration — with calculations that the normal annual inflow of 30 000 immigrants per year has swung about to a net outflow of around 2 000 a year.

Olliver and Andrews, the market research consultant, who cover South African operations for the Economist Intelligence Unit, estimates that the dramatic reversal will strip demand for extra houses by between 5 000 and 7 000 a year unless the trend is turned.

Their survey puts the current rate of demand for new houses for white families down to 25 000 a year largely because of the recession squeezes on domestic finances, and the

slowdown in manpower requirements from overseas.

This is already a deep fall from the annual average running at 31 000 between 1972 and 1976.

And now they foresee the number of completions tumbling perhaps as low as 18 000 next year — 50 percent below the peak touched in 1974.

Mr Dick Olliver, who prepared the study, reckons that as much as 26 percent of total new housing demand in recent years was accounted for by the strong flow of immigrants.

7 500 COUPLES

The swing to net emigration has now robbed the house market of potential sales to an extra 7 500 immigrant married couples a year (with about 8 500 children between them) — and in fact caused an actual shrinkage in demand because of the loss of about 500 married couples a year.

On top of that, an average annual inflow of 6 400 single immigrants has also turned into a negative outflow — borne out, the survey believes, by the number of bachelor flats now standing vacant.

Home builders in the private sector are also reminded that 5 800 of the annual total of new white houses planned between now and 1982 will be put up by the Department of Community Development — 3 500 economic houses, 670 sub-economic houses, and 1 920 houses for State officials.

BLACK HOUSING

Mercifully, there is now the R250m black housing programme poised to act as a counter balance. It is estimated that the new drive will add to at least 20 000 new houses and flats a year to the non-white market.

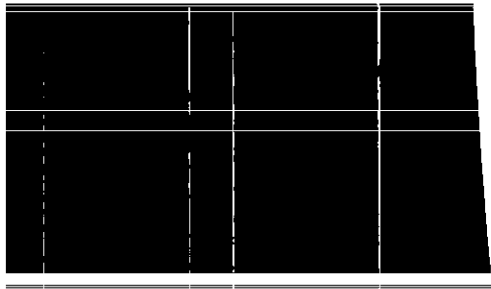
Yet to be seen, however, is precisely how the work load will be shared out.

As Mr Olliver puts it,

The biggest question mark is the future of immigration as far as white housing is concerned.

The fall in expenditure in the private sector should be mostly offset by the phenomenal rise of an extra R225m in spending on non-white housing for at least two years — double the 1976 rate and nearly five times the 1972-76 average.

But it will only rescue those industries that can serve more utilitarian needs in place of the sophisticated trappings of white housing."



NM 16/12/77 (32)

Building firm faces order

Court Reporter

A PINETOWN construction company with liabilities of R423 000 was provisionally wound up by a Durban Judge yesterday.

A director of Conan Construction (Pty.) Ltd., Mr. Donovan Neil Reid Robertson, said the company's assets stood at R223 000 but it was doubtful whether property would reach its full price on a forced sale.

The company owed him

R25 000 and E398 000 was due to other creditors.

Conan Construction had traded successfully, although it was under-capitalised, but the recession in the building trade had affected business severely, Mr. Robertson said.

Creditors would not be paid in full.

Interested persons must show cause by January 11 why the winding-up order should not be made final.

Mr. Nick Bristowe (instructed by Lionel Meskin and Levy) appeared for Mr. Robertson.

The Murray group does it again

THE Murray and Roberts group has swooped again and its bid for the Cape Town spices and food equipment company, Crown Mills Holdings, from a construction and engineering group has caught the market by surprise.

As in the case of Elgin Fireclay, the offer is being made through the Murray and Stewart side but this time the cash-rich Roberts trust company, Anchusa Holdings, is involved.

The bid is being made through a newly formed joint Murray and Stewart and Anchusa company, Manchusa Holdings. Cromill will become a subsidiary of Manchusa.

The offer price is 454c cash for a Cromill share. This appears a fair price for Cromill which was trading at 315c pre-suspension and whose net asset value was 265c according to the 1977 balance sheet.

The share was bid up to 420c on reinstatement yesterday and Anchusa rose 9c to 110c. The acquisition will have no effect on Anchusa's net asset value. Based on Cromill earnings for the year ended February 1977, and taking into consideration Anchusa's 50 per cent holding in Manchusa, Cromill would have contributed about 2,2c to Anchusa's earnings.

Diversification

The acquisition will have no material effect on earnings or net asset value of Murray and Roberts, but the directors are confident that it will result in long term benefits to the group.

The move into food is certainly an interesting diversification for the Murray and Roberts group and the move would not have been made without a thorough study of the food market.

The group is starting off in the right way by choosing Cromill as a diversification into food. It is a well managed company, has a good profit record and could be expanded.

At the moment Cromill's emphasis is on spices and the sale of equipment to the food industry. The Murray and Roberts group is sure to develop both sides as it is used to thinking big.

Building outlook 'stark'

▶▶ From page 1

stoves, refrigerators, cupboards containing steel would go up.

A spokesman for one of the country's largest manufacturers predicted that stoves would be hardest hit as they have a higher steel content.

Mr A P J Burger, President of the Handelsinstituut, said of the steel increase: "It is especially unfortunate that this increase was announced after the recent increases in the price of sugar and fertiliser, because all these commodities influence the consumer price index."

The institute estimated that the increase in the price of steel could push up the cost of living index by one half percent.

The price of cars, domestic equipment and building would surely rise.

Mr Burger said he hoped it would be possible for manufacturers to absorb the increase, either wholly or partially, to avoid passing the full effect on to the consumer.

Building outlook 'stark' over steel

Star 2/11/78
(32)

The building industry, already in the throes of a slump, faces more depression in the wake of the latest steel price hike.

A spokesman for the Building Industries Federation of SA said the steel price hike would push up the price of an average home by about 2,5 percent. A R20 000 house would cost R20 500.

The cost on high-rise housing projects would be much more and nearer an average of about 10 percent, he said.

Steel prices are going up from R27,50 a ton to R31 a ton.

A leading contractor doubted that the rise in building costs of an average house would be more than R300.

100 000 OUT

"There are about 100 000 men of all races who are unemployed in the building industry," the BIFSA spokesman said. "We have gone through gloomy times and the future now can only be called stark."

He said the value of residential building plans approved in South Africa in mid 1973 was R42 million. But by mid 1977 the figure had dropped to R12 million.

CUTBACK

The BIFSA spokesman said dozens of items including reinforcing bars, galvanised corrugated sheets, downpipes, steel windows and plumbing materials were going up.

The contractor pointed to the trend towards aluminium and plastic in new homes.

The Government was planning to spend R250 million on low cost housing mainly for black people over 1978/1979. Now that steel prices had increased unless more capital was approved for construction, 500 homes less could be built over the two year period.

Prices of kitchen units.

To Page 3, Col 7

R4.5m drop ⁽³²⁾ in building

EAST LONDON —
Building plans passed by the East London City Engineer's Department during 1977 showed a drop of more than R4.5 million on the figure for 1976.

A total of 647 plans at an estimated cost of R10 317 340 were approved last year. In 1976 a total of 757 plans at an estimated cost of R14 955 000 were passed by the department.

There were 45 plans passed in December at an estimated cost of R1 464 240.

Among these were R875 000 for extensions to the municipal fire station in Fleet Street and R142 000 for extensions and additions to the Victoria Home for the Aged in Beaconsfield Road.

R VIR BOUERY

32

Stygende koste wurg dood

Deur ALPHONS DU TOIT

DIE swartste jaar ten minste sedert die Tweede Wêreldoorlog — en miskien in ons geskiedenis — word vanjaar vir die Suid-Afrikaanse boubedryf voorspel. Toestande sal veral sleg wees wat woningbou betref.

Volgens kenners is daar in die stadium hoegenaamd geen rede vir optimisme nie. Die redes vir dié kenners se swartgalligheid kan saamgevat word in die volgende een sin:

Die boubedryf kan die steeds stygende koste nie langer feitlik alleen absorbeer nie.

Die ekonoom van die Federasie van Bounywerhede van Suid-Afrika (Bifsa), mnr. Hennie van Zyl, het aan Sake-RAPPORT gesê: „Die kostestygings in 1977, wat sowat 14% beloop het, is grotendeels deur die boubedryf self geabsorbeer. Die man op straat het net 2% bygedra terwyl die bedryf die oorblywende 12% self gesluk het.

beid aan die boubedryf, (ongeskoolde arbeiders ingesluit), oor die afgelope 18 maande was tussen 60 000 en 70 000 — met ander woorde, byna 'n kwart van die bedryf se hele arbeidsmag.

Buite-werk

„Wanneer die lang verwagte oplewing uiteindelik kom, gaan die boubedryf voor 'n arbeidskrisis staan.”

Dr. Zac de Beer, LV, voorsitter van die landwy LTA Construction-groep, ('n filiaal van Anglo American Corporation), stem saam dat die bedryf 'n donker jaar in die gesig staar. „Met die LTA-groep

loop sake nog reg,” sê dr. De Beer, „maar dit is te danke aan werk buite ons grense en kontrakte in die siviele ingenieurswese.

„Ons normale bedrywig-hede, die bou van hoëverdiepinggeboue, staan so te sê doodstil. Daar is geen tekens van enige merkwaardige verbetering in die nabye toekoms nie.”

Die besturende direkteur van die Trust-Bouvereniging, adv. Ané de Wet, is veral bekommerd oor die woningboubedryf.

„Vir minstens die eerste helfte van vanjaar gaan mense bestaande huise koop pleks van te bou. Die beteken 'n klein oplewing wat die eiendomsmerk be-

Vervolg op bl. 3, kol. 9

van die jaar sal stabiliseer. „Daar sal dan meer vroue wees en die vraag na nuwe geboue sal groter word. Die feit dat huurbeheer nog van krag is, bly 'n faktor wat die oprigting van woonstelblokke kwaai strem,” het hy aan Sake-RAPPORT gesê.

„'n Ernstige probleem is dat wanneer die oplewing kom, die vraag na nuwe wonings, hetsy huise of woonstelle, die aanbod by verre sal oorskry.”

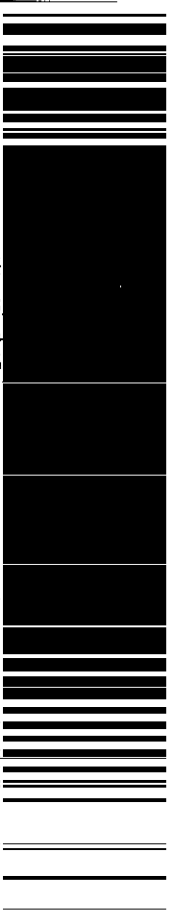
Adv. De Wet het verwys na die feit dat die waarde van bouplanne vir alle soorte wonings in 1977 met R216 miljoen gedaal het, vergeleke by die vorige jaar. „Dit kan net bydra tot die huidige slapte in die boubedryf,” sê hy.

Drie ander top-manne in die eiendoms- en ontwikkelingsbedrywe het ook in die afgelope 10 dae hul bedenkings uitgespreek oor die jaar wat voorlé. Die drie, mnr. Piet Vosloo, voorsitter van Mondorp; mnr. Hans Hefer, voorsitter van die Genootskap van Bouverenigings en besturende direkteur van die United; en mnr. Pierre Steyn, 'n hoofbestuurder van Sanlam, voel dat dit maar 'n still jaar vir die bou- en eiendomsbedryf sal wees. En dis om dit sag te stel, sê kenners.

tref, maar slegte, nuus vir die bouers.”

Huurbeheer

Adv. De Wet glo dat Suid-Afrika se internasionale posisie wel teen die middel



32

FM 13/1/78

Why you should build now

The cost of building a house has risen 45% over the past three years. But take-home pay has gone up by only 25%. And this year things are likely to get worse with costs outstripping income by even bigger margins.

A house that now costs R19 000 to build is likely to cost R21 000 by the end of the year and R23 000 by 1980.

In 1977, to get work, house builders held their increases in selling prices by slashing their profit margins from 15% (or 20%) to 10% and by increasing productivity and cutting costs. High unemployment, which meant they could hire skilled labour at a cheaper rate, also helped.

As a result, although materials and labour went up 14% last year, the tender price to the client went up by only 2% (see figure). But builders cannot go on absorbing cost increases indefinitely.

The Building Industries Federation (Bifsa) projects that costs will rise by around 12% in 1978. A 2,5% rise has occurred already by way of the steel price hike in the first few days of this year. And cement and paint increases are in the pipeline. At the same time, the electricity, sugar and bread price increases are likely to result in more wage demands.

The net result for the prospective home builder will probably be an increase in price of around 10% this year.

Last year, tender prices shot up to R160/m² from R110/m² in 1974 and R61/m² in 1968. Comparing prices on

this basis can be confusing, however. Sometimes only building costs, ie walls, floors, roofing, electricity and plumbing, are included. But some builders include carpeting, driveways and surrounding walls. Then there are overheads, architects' fees, profits and legal costs. And, if the builder is providing finance, that cost has to be built into the price of the house too.

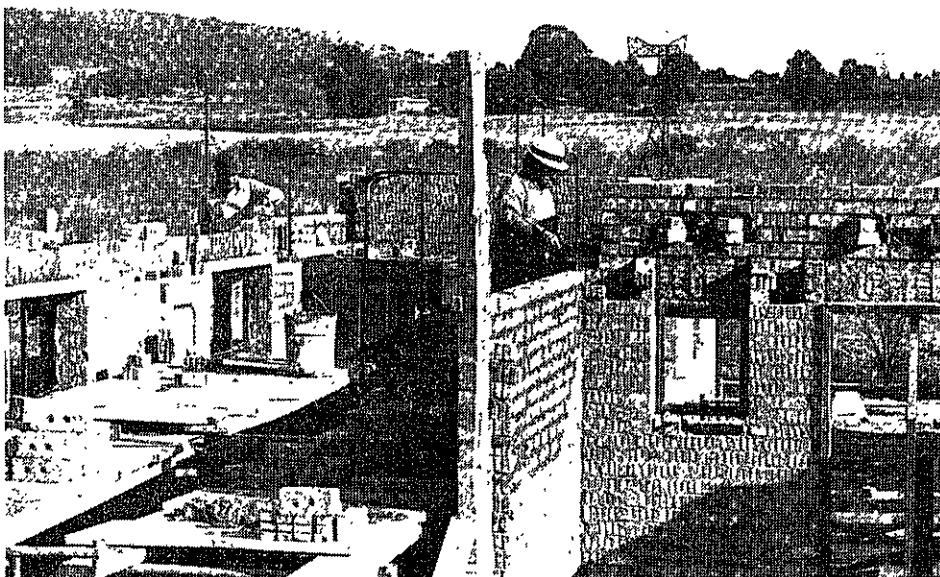
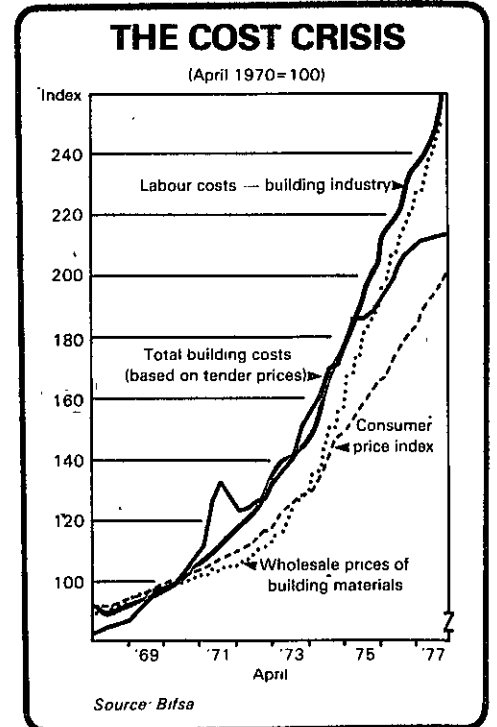
The cost, excluding finance, of building a typical 120 m² house consisting of three bedrooms, two bathrooms, lounge, dining-room, kitchen and one-car garage, but without servants' quarters, would have come to R7 300 in 1968, R13 200 in 1974 and R19 200 in 1977 (45% up from 1974 to 1977). But during this last period income went up 33% from R724 to R963 — a difference of 25% after tax. Another blow for house builder/buyers has been the hike in interest on bond repayments, up from 8,5% in 1968 to 11,5%. Where, in 1968, monthly repayments on a 20-year bond of R9 500 would have been R83, by 1977, repayments on an equivalent (adjusting for inflation) bond of R20 000 would have come to R213 a month.

The combination of rising costs and interest rates and less cash has led to houses becoming smaller. Today, says Schachat-Cullum marketing director Blair Ewing, the average is coming down to 100 m², consisting of three small bedrooms, one bathroom with separate toilet, lounge, dining-room, kitchen, no servants' quarters and sometimes no

garage, and a less luxurious finish.

The square metre cost of a small house is higher than that of a large house because of economies of scale. But the overall price is still likely to be lower.

For a cheaper quote, it often pays to go to a small builder with lower overheads. In today's market, most will undercut the big contractors to get work.



House building . . . the costs go up and up and up

But the risk is higher. Smaller companies may be unable to provide the same financial backup, for instance. This can mean months of waiting for a bond. And there's the danger that they may go under before they finish the job.

Another possibility is to reduce the land part of the cost. Following the property recession, stands that sold for R8 000-R10 000 four years ago are in some cases now going for half — or less. And buying a smaller stand means a smaller outlay and less costly services.

What about the availability of funds for that new house? Association of Building Societies director David Alston predicts an adequate supply of funds in the first quarter. However, a renewal of buyer confidence could cause an increase in demand, making bonds harder to come by.

The message is clear: if you're planning to build, build now. Money is relatively freely available and tender prices are keen. But the chances are that it would still be cheaper to buy a second-hand house.

17/1/78

Building slump to get worse

(Mercury Correspondent)

PRETORIA — The disastrous slump in South Africa's building industry will worsen during the next 12 months, according to the director of the Building Industry's Federation, Mr. J. H. D. Grotius.

He said yesterday the industry was moving into its most serious recession since the end of World War II.

The only ray of light was the level of the gold price. If this were maintained at current levels it could engender greater confidence and optimism throughout the economy, and in the building industry.

Unemployment was the most serious since the depression days before the outbreak of World War II. More than 4 000 skilled White, Coloured and Indian building workers were without jobs and 60 000 to 80 000 skilled and unskilled workers had left the industry.

BLOW FOR BUILDING INDUSTRY

600 000 sq m are vacant—as much as six Carltons

26/1/78 (sta) 32
Garth Hewitt

Latest report on the building industry will crash into the hopes of those in this battered sector like a bomb.

Estimates of vacant office shopping and factory space are as high as 600 000 sq metres — as much as six and a half Carlton Centres, according to one calculation.

The report, Building Survey, from the Bureau for Economic Research at Stellenbosch University, does have one grain of comfort.

It says the trough of the building slump is probably over, past in the last quarter of 1977, "but the recovery will be very gradual."

Building activity should start to pick up, but very slowly. Total investment in buildings during 1978

is expected to show growth of only 3,4 percent.

The hard times which the industry has been going through are reflected in the fall in architects' work. Since June 1974 the amount of architects' work has fallen 38 percent.

After adjusting for inflation this represents only 57 percent in volume terms of the work done in 1974.

Summarising the prospects for 1978, the report says:

● Public residential building will grow at 20 percent.

● Public sector build-

ing other than housing, will grow at 10 percent.

● Private housing building will grow at 2 percent.

● Private sector building other than housing will fall 17 percent.

The major hurdle to a revitalised industry is the enormous amount of vacant offices, shops and factories. But the number of houses and flats too far exceeds the number of people wanting them.

ADVERTISING

"Unusual as it is in the South African market to have large numbers of dwellings advertised for rent some owners of rent-controlled blocks of flats are being forced into the unheard of practice of advertising their vacant apartments."

One of the reasons for the huge amount of excess office and shopping space is because several firms have, unbeknown to each other, embarked on market studies of the same area.

This, in turn, has led to more buildings going up than were warranted.

Another reason is that many felt they should get their buildings up as soon as possible, because costs were rising at such a rate.

It was felt that even if the buildings were not rented immediately, the loss of income would be more than offset by the rise in costs and by capital appreciation.

These assumptions, alas, proved wrong. Higher interest rates and very little escalation of rents led to severe cash flow problems and several bankruptcies.

'State can aid building trade'

Own Correspondent

BLOEMFONTEIN — The Government can create opportunities to relieve the present crisis and slump in the building trade, says Mr D J Rouse, president of the Association of South African Quantity Surveyors.

At the annual meeting of the Free State and Northern Cape Chapter of South African Quantity Surveyors, Mr Rouse said there seems to be a danger that the industry, and especially the professions, will not be able to cope once an upsurge from this slump occurs.

COLLAPSE

Because of a large part of the building industry had reached a state of economic inactivity bordering on imminent collapse, many people were leaving the industry.

Mr Rouse quoted figures from Building Industry Federation of South Africa (BIFSA) reports showing that half of the qualified architects in

the country had left architecture over the past two years.

He also stated that in June, 1976, the building industry in South Africa employed 305 000 people which dwindled to 244 000 last year — a loss of 20 percent.

Once there is an upsurge, the professions will not be able to cope with the increased volume of work.

Mr Rouse said the present slump had made it the cheapest time to build as tender prices were levelling out.

The slump had caused fewer students to enter for degree courses.

At Free State University there would be only 18 students in quantity surveying this year, compared to 24 last year.

Overseas Indices

	Jan 26	Jan 25
UK (FIN TIMES)		
Industrial	475.8	485.2
Gold	152.7	161.0
US (DOW JONES)		
Industrial	765.3	772.4
Transport	209.6	211.4
Utilities	105.1	105.6
Bonds	89.3	89.5

does, it is likely to knock the real value of building growth far below last year's 6% increase.

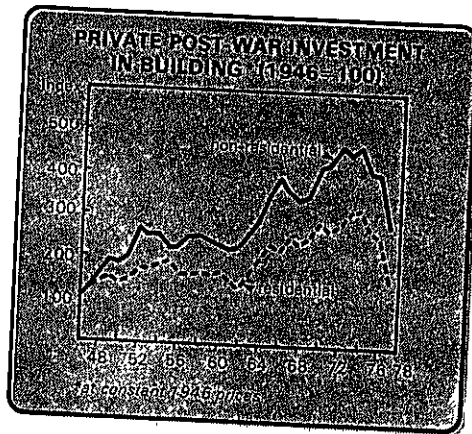
Stellenbosch expects total investment in buildings to grow by 3,4% (in real

BUILDING FM 27/1/78
Still squirming (32)

There's not much to cheer up the battling building industry in Stellenbosch University's latest building survey — there never is, these days. Prospects for 1978 continue to look grim.

Stellenbosch argues that the bottom of the slump may have been reached towards the end of last year. Even so, it predicts a low-level of activity in the coming months and a very gradual recovery.

The Building Industries Federation (Bifsa), even more pessimistically, warns that the worst is still to come. Its view is that the full negative impact of the drop in building plans passed last year (down 27% in real terms in the first 11 months) has not yet hit the industry. But when it



terms) in 1978 — still slightly higher than the expected growth in the economy. It rates public residential building — with a projected 20% increase in spending — as “the strong man of the 1978 growth league.” But private residential building still lags (see graph).

This year should see some R470m spent on public housing. This includes R90m of the R250m injection announced late last year. The balance of R160m is not likely to be spent till 1979.

Staff Reporter

Many unemployed artisans in the building industry are unwilling to go back to work because of the compensation they receive for being unemployed, reports the Master Builders' and Allied Trades Association.

A survey drawn up by the executive committee of the association also calls for the scrapping of job reservation in the industry, saying figures have shown the association will not be able to recruit enough white artisans in future. The only source of supply will therefore be black artisans.

It says experience has shown that a "great percentage" of the unemployed artisans were "not capable" and some of them "unwilling" to take up employment, especially when they have to travel long distances.

This attitude has been stimulated by the compensation for unemployment benefits, which in fact act as an enticement not to work.

"There was a tendency on the part of the employee to obtain benefits for the unemployed, who in fact became unemployed as a result of the recession in the building industry.

The intention had been, however, to pay unemployment benefits to those artisans who became unemployed as a result of the use of black artisans.

The association had tried with the introduc-

Builders on the dole won't work

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tion of more categories of work for black artisans to create further opportunities for advancement for lower-category employees,

The association failed in this because of the insistence by trade unions that a black artisan must work

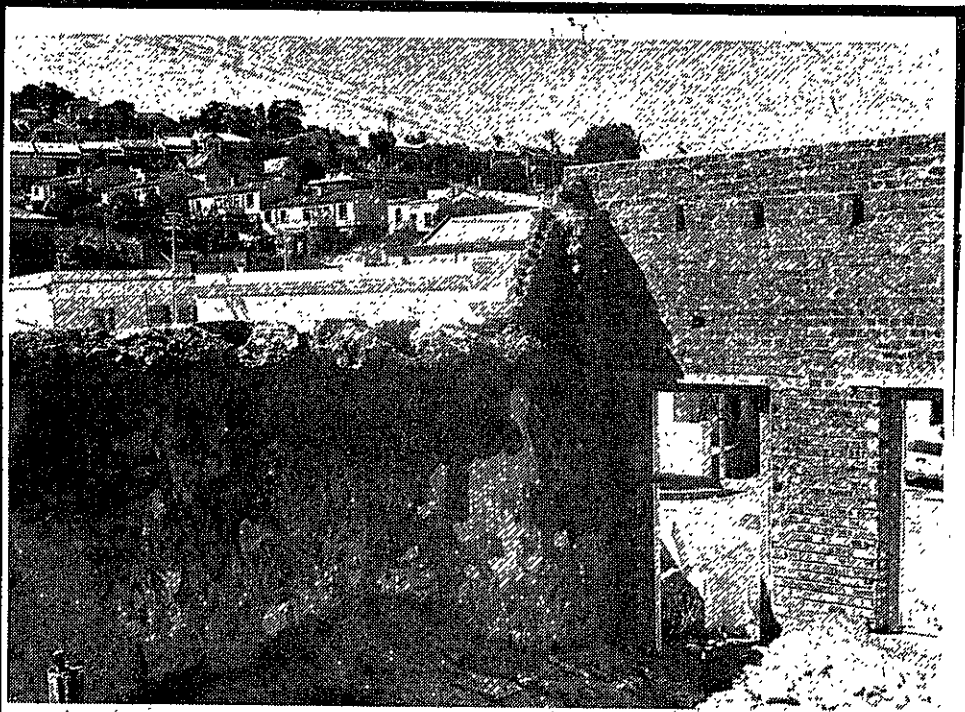
always under the constant supervision of a white.

Other points which were raised in the report were:

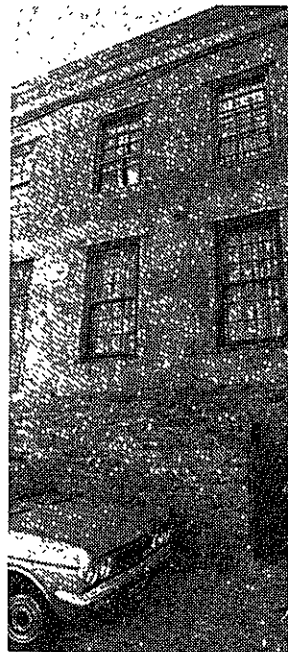
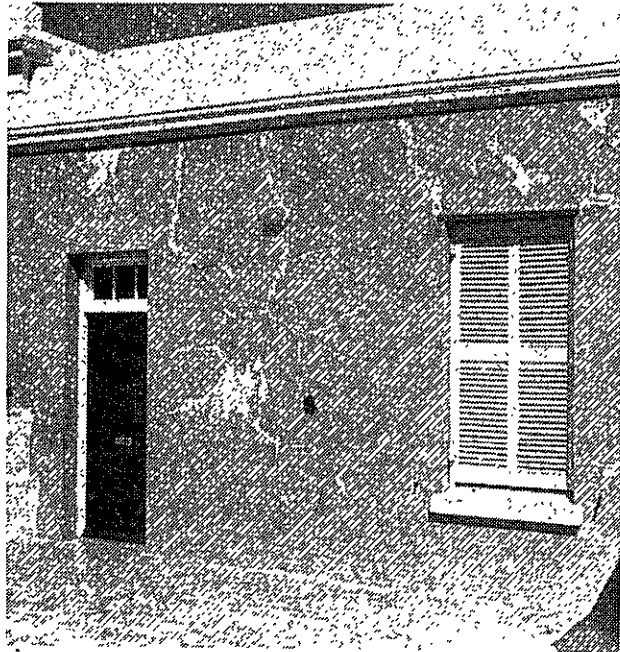
● It had been decided that future agreements between the trade unions

and the industry would not contain the automatic wage adjustments every six months although the unions have said they are against this.

● That there is a demand for good, capable artisans.



A modern brick wall built by the council meets a wall of mud brick and stone that has stood for more than a century. The contrast in building methods and materials can be seen in an unfinished council restoration in Wale Street.



One of the cottages, left, restored by the council. The walls are cracking and the paint peeling away. Right, proof that Malay craftsmanship is alive and well can be seen in this house which is being built by an artisan resident of the old Malay Quarter. Although it is a replica and not a restoration the style and feeling of the building is exemplary. The builder has been working on the house for about three years.

Malay houses: Plea to City

By TONY ROBINSON

the cottages.

houses, which are well

LONDON. — Mining shares rallied slightly after early falls on the lower gold price, affected partly by the higher investment dollar premium and by "cheap" buying interest, dealers said. Gold producers reduced morning falls of around 25 or 50 cents by as much as half among the

Once this happened the

PHARMACEUTICAL

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Cape Times 3/2/78

Council, builders ³² in formula dispute

THE City Council's refusal to accept the Haylett formula for calculating escalation in building contracts was challenged yesterday by a deputation from the Master Builders' and Allied Traders' Association.

The deputation saw the council's Executive Committee and at the end of the meeting it was decided that the deputation should make further written representations.

Requesting yesterday's meeting, the MBA said it wanted to resolve the present impasse created by the council's refusal to accept the Haylett formula and its directive to members not to accept council contracts unless they were protected from rising costs by the formula.

The MBA's letter to the council said the Haylett formula was now generally accepted throughout the private sector as well as by the all state and provincial departments.

Cape Town was one of the few local authorities that did not accept the formula.

In his report to the committee, the City Engineer, Mr J G Brand, said the formula system was inflationary as it undermined the tendency to fight price increases.

It was ideal for contractors as

it meant they could not lose, but it could be catastrophic for the client as he did not know what he was committing himself to when he signed the contract.

The formula over-compensated contractors and "some of the larger contractors admit that as tendering is very competitive at present they reduce their tenders when the Haylett formula applies" and count on the over-compensation to make up for the reductions. Others were said to tender at net cost relying on the formula for overheads and profit.

The statements, however, were made verbally in camera and were impossible to prove, Mr Brand said.

City Council policy was to compensate builders for proven cost rises for labour, cement and steel reinforcing.

The council encouraged builders to buy all other materials as soon as possible to avoid cost increases and it was prepared to pay 90 percent of the cost of these materials when they were delivered to the site.

He advised the Executive Committee to continue with the present system and not to adopt the Haylett formula.

Anger ³² over building delays

By MARTIN CREAMER

ARCHITECTS, hit by the worst building slump in memory, complained this week of additional hardship stemming from Government red tape which is holding up work on State projects worth about R100-million.

At the root of the architects' latest dilemma are newly-introduced "building norms" formulated by the Treasury.

The norms — special building guidelines — have been introduced by the Treasury to try to stop wasteful spending on Government projects.

While most architects back the principle of laying down basic standards, some are angry over what they say are "unrealistic and nonsensical excesses" of the new restrictions.

"Projects worth tens of millions of rands are being needlessly held up because of haggles over things like air conditioning," a leading architect told me.

Haggle

"And while the haggle goes on, costs go up and the industry is suffering."

He quoted extensions to Cape Town's Groote Schuur Hospital as an example: These are being delayed by disputes over the number of beds permissible, the percentage of beds in intensive care units and the use of air conditioning in general wards.

A Groote Schuur doctor told me: "There is a serious accommodation shortage for certain treatments like the radio therapy department."

The Groote Schuur extensions have been in the pipeline for nearly three years. The imposition of norms is now delaying the project further and could lead to costly redesigning. On top of that, inflation has pushed costs from about R45-million to about R86-million.

The norm laid down for academic hospitals, the doctor said, was 1 200 beds. "But there is a demand for 1 800, and we are pushing for this number."

It appears, however, that the authorities will relent and allow 1 722 beds.

Restriction

The norms restrict the beds in intensive care units to one per cent of the total.

"This is not at all realistic. Groote Schuur already has six per cent of beds in intensive care units, and even this is inadequate," the doctor said.

In terms of the norms, I was told, general hospital

Architects blame Treasury norms

wards outside Natal were to be built without air conditioning.

"The reasoning behind this is nonsensical. We experience temperatures in the 80s at Groote Schuur and if you open windows everything is blown away. Air conditioning is the only answer," the doctor said.

Now the norms are being extended to other buildings besides hospitals — technical colleges, universities and schools.

A Cape Town architect said: "Quite a number of projects are being held up. Many of the norms do not give value for money and the process of carrying them out is lengthy and unwieldy."

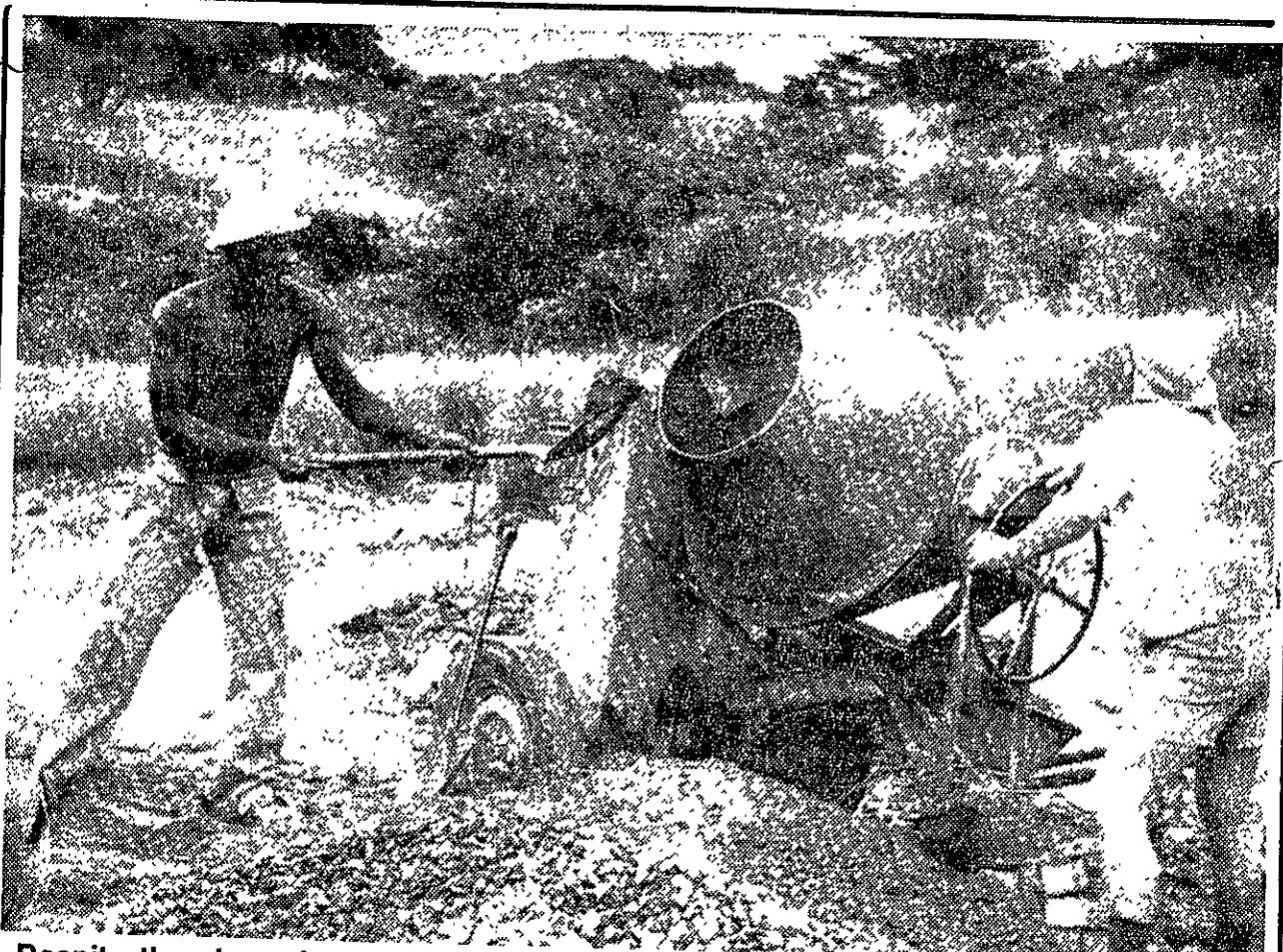
Another top architect told me: "The theorists in Pretoria responsible for the norms have no practical building experience at all."

The director of the CSIR's National Building Research Institute, Dr T. L. Webb, refused to discuss the norms with the Sunday Times, referring us to the chairman of the Treasury Norms Committee, Mr A. J. Pretorius, who said the introduction of the norms had saved the State "probably millions of rands".

Dr Kobus Louw, secretary of the Treasury Norms Committee, said the norms were flexible and decisions on their application were sometimes taken at the highest level.

"I have sympathy with the architects. They are going through a tough time and everyone should do what they can to help them."

He agreed that some projects had been delayed, but he was not prepared to disclose their values.



Despite the slump in the building industry the Indian market is still flourishing. Here work begins on a site at Naidooville, Umkomaas

MANUFACTURERS in the building industry operating in the Durban-Pinetown area have laid off one worker in three during the past year.

This is disclosed in a building survey released recently by the University of Stellenbosch Bureau for Economic Research.

The Bureau believes that the trough of the building slump was reached during the last quarter of 1977, but adds that any recovery will be "very gradual".

Discussing prospects, the authors of the survey select public residential building as the "strong man in the 1978 growth league."

"The authorities could hardly have found a more suitable vehicle for the selective stimulation of the economy than this sub-sector — it is labour-intensive, has a very small, direct import content if any at all, and there is a great housing need among the black low-income group.

"Over and above the normal increase in funds allocated to the Department of Community Development, a sum of R250 million has been made available by way of bank borrowings for the erection of low-cost housing.

"No time limit has been set with the regard to the expenditure of this additional amount. Should local authorities and the building industry be capable of this sort of expenditure in a year, or less, they will be allowed to do so.

"It is quite justifiably expected, however, that such a large amount cannot be expended immediately, due to the delays inherent in planning at local authority level.

BUILDING PROSPECTS FOR 1978

5/2/78
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By Colin Vineall

"The administrative difficulties are increased because about R35 million of the total has been earmarked for use by small municipalities throughout the coun-

On private residential construction, the authors, Mr W. F. Kilian, chief economist, (admin.), and Mr G. J. J. Snyman, research officer, say that it was not too long ago that it was considered impossible to build a house costing less than R25 000 and suitable for a middle-income family.

"However, builders are at present successfully marketing these houses for less than R20 000, despite increases in building material prices and despite rising wages linked to the consumer price index.

"It would also appear that prospective owners are willing to do without those luxury items which would have been a 'sine qua non' during the first half of this decade.

"The average house has become smaller and is also cheaper. This presents complications which make it even more difficult to estimate the value of residential building during 1977."

Kilian and Snyman also put forward regional reports in the survey.

Durban-Pinetown: "The air of pessimism found among con- and manufacturers has its origin in the low level both of building activity and the sales of building materials. "manufacturers

consequently report that raw material inventories are too high relative to planned production while stocks of finished products are also too high in relation to expected demand.

"Under - utilisation of available production capacity is reported to lie in the region of 64 percent and no expansion of capacity is foreseen.

"No serious bottlenecks are reported, with the exception of inadequate demand. Manufacturers have, as a result, reduced their labour force by 32 percent on average in comparison with the same quarter one year ago."

On prospects for 1978, the authors say that there is little reason to expect anything but a sideways movement of private investment in buildings during 1978.

"Private residential building should show some improvement along with the general economic recovery."

The Durban-Pinetown area ought to receive a relatively large portion of the additional R50 million designated for low cost Indian housing, as well as a portion of the amount due for coloured and black housing, says the survey.

Low-cost

Kilian and Snyman say that it is highly probable that the Western Cape, and particularly Mitchell's Plain, will attract a relatively large portion of the additional R100 million allocated for low cost housing for coloureds.

"Additional expenditure on low-cost housing represents a larger stimulatory dose for the economy as a whole than for the building industry 'per se'.

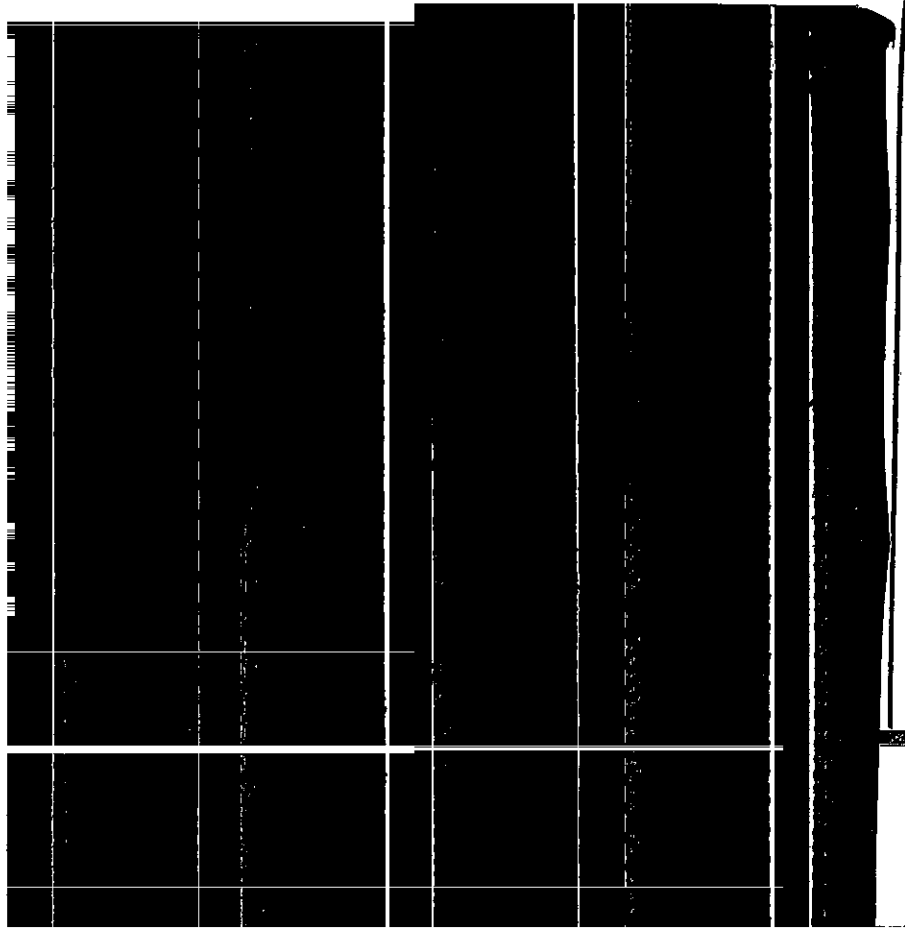
"Nevertheless, this sector remains the only one with growth prospects for the new year."

The survey's comments on the Eastern Cape "reflect an air of pessimism, which fact may also be deduced from the low level of building plans passed in the Port Elizabeth and East London metropolitan area."

The survey refers to the Witwatersrand: "As for residential construction, there is as yet no indication that the present downturn is at all about to be reversed."



Another view of the development at Naidooville in which the British giant Wimpey has become involved



Building jobless of 100 000 not likely to fall

6/2/78 Star

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Unemployment in the building industry — now running at about 100 000 — is unlikely to improve, and the slump in recruitment for training will inevitably continue says the Building Industries Federation.

A federation spokesman said the building industry and its auxiliary services would remain under-utilised for some time, but he hoped there would be real growth in the sector once the economy started to accelerate.

An editorial in SA Builder, official journal of the federation, says South Africa should not be pessimistic about current economic conditions.

This did not mean that the true state of affairs should be ignored. It was necessary to take a hard look and make a balanced assessment of the total situation, and give attention to those areas hampering economic growth.

"Nothing positive will be achieved by a negative and despondent attitude,"

says the editorial. The building industry was hopeful that the policy aimed at import replacement, increased exports and the stimulation of internal growth would show positive results.

While the uncertain political climate in southern Africa and its effects on the economy could not be ignored, there was every reason to believe that the plans would at least partially succeed.

Available figures on the value of building plans passed in the private sector pointed towards a drop of 30 percent compared

with the approved programme for the previous year. However the Government was aware of the need to accelerate its own building programme not only to provide essential services but also to stabilise, as far as possible, the total demand for building services.

"Taking into account the pressure applied on the Government to curtail public spending, it will be unrealistic to assume that this sector will initiate additional new work to offset the decline in the private sector," adds the editorial.

Disband BAB construction groups plea

Frank Jeans

A call has gone out to the Government to disband construction groups which fall under the aegis of the Bantu Administration Boards.

These organisations, according to the outgoing president of the Master Builders and Allied Trades Association, Mr T E Pears, "give rise to socialistic tendencies."

Mr Pears was addressing the annual meeting of the association at which the motion to amend the constitution to admit non-white members was put forward.

Said Mr Pears: "It is common knowledge that the Bantu Administration Boards still retain substantial building resources within their activities."

"These organisations operate on a preference basis outside the traditional free enterprise system that we value in South Africa."

If the objective is to stimulate the building industry by the provision of increased funds for low cost housing, then let it be so, and not immediately short-circuited back to the public coffers, said Mr Pears.

Turning to the question of standards within the building industry, Mr Pears pleaded for careful observation of the obligations attached to being members of the association as well as the need for discipline.

"The question whether the provision in our constitution for disciplinary ac-

tion is adequate," he said. "For example the maximum fine that may be imposed is R200. Is this an adequate deterrent to dissuade a member from 'chancing his arm' on a multi-million rand contract."

Commenting on the decline in membership last year, Mr Pears said now was the time for builders to take a hard look at operations. "Let us confess that efficiency in the industry was lacking. The economic position may improve, but never return to the situation where inefficiency could be tolerated as in the past."

"It is going to be tough for a long time. The efficiently managed operations will do well. Those who ignore this advice will end up off the role," he said.

Krugerrand

- SA Banks: Selling price R175.45 (R175.55 previously). Public buying subject to negotiation.
- SA Gold Coin Exchange: Sellers R185.00 (R184.00). Average price on Tuesday—R184.97.
- London: Domestic buying £95.75 (£96.30), selling £96.25 (£95.80). Premium on bullion price 5.8 percent. Foreign buying 181.00 dollars (181.25), selling 181.50 dollars (181.75). Premium on bullion price 3.3 percent.

Overseas indices

	Feb 7	Feb 6
UK (FIN TIMES)		
Industrial	463.7	458.1
Gold	151.6	151.6
US (DOW JONES)		
Industrial	778.9	768.6
Transport	213.5	212.2
Utilities	105.5	105.2
Bonds	89.7	89.8

Builders open association

8/2/78 & 1/21

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White builders last night agreed unanimously to invite contractors of other race groups to join their 711-member association.

A motion to amend the constitution of the Master Builders' and Allied Trades' Association (Witwatersrand) to allow black contractors to join was carried at the association's annual general meeting in Johannesburg.

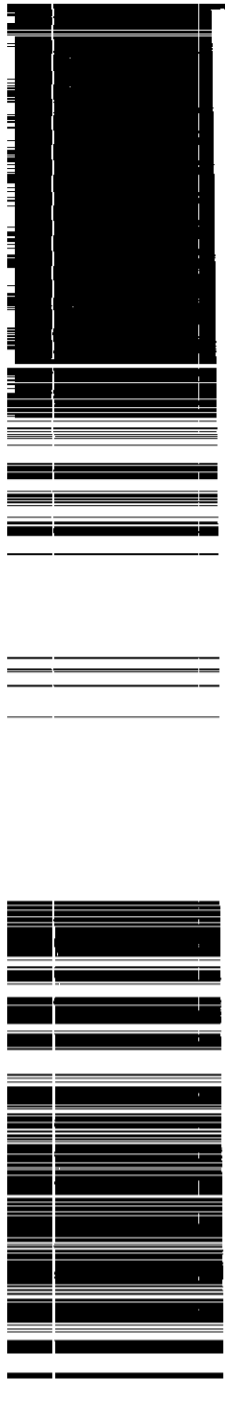
A multiracial builders' association on the Rand is in accordance with the general policy of the Building Industries Federation.

The new section of the MBA constitution reads: "A building contractor or subcontractor in the building industry shall be eligible for membership if he observes standard conditions of employment, is an employer of labour and who, at the discretion of the executive committee, possesses the necessary technical qualification, knowledge and practical experience or who employs, in a position of responsibility, a person or persons therewith to ensure that all building projects are carried out in a workmanlike and economical manner."

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The president, Mr. Terry Pears, said at this stage that there were few independent black builders with sufficient technical knowledge and financial backing to qualify. But the time would come when more efficient black builders would become members.

(See Finance Page)



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12/2/78

SUNDAY TIMES, Business Times, February 12, 1978.

Planning is key in construction

LET me begin by stating that the construction industry is not an efficient one — and it is difficult to see how it ever could be, except in relative terms. The basic reason for this is that the size of its markets vary with considerable rapidity, and companies often find themselves in the classic feast or famine situation — either a shortage of work or a trained staff.

The assembly of suitable human and financial resources to cope with their unstable situation becomes very difficult as a result. The key to overcoming the consequences of this instability — and the key to all business efficiency — lies in the realm of forward planning and forecasting. Forward planning can be

applied at all levels in a construction firm — from the weekly work programme on site, to an overall plan for each contract, and to longer-term planning for the company as a whole, extending up to five years ahead.

The basic principle is clear: all of us work more effectively when we aim at realistic targets than if we flail away with undirected energy. Planning enables the setting of such targets, and the taking of decisions calmly in advance of events.

The most important factor leading to a successful construction site operation is the need for the man in charge to meet with his key section foremen or charge hands on a weekly basis to plan the work to be carried out the next week, and to have the section heads follow the same process with the men in their group. This practice not only

meets the need to set targets, but involves the men — and any well-led team of men will quickly settle down to meet and beat those targets, whether or not direct monetary incentive wage schemes are involved.

Naturally, the performances and costs incurred in meeting the goals must be known soon after each target is attained, so that aims can be adjusted accordingly. Computerised accounting can be useful in this regard, especially when volumes are large.

The use of forward planning techniques requires a great degree of co-operation between the client, his professional advisers and the contractor, to ensure that enough design and detailed information is available to the contractor to plan the deployment of his resources. Such co-operation can lead to dramatic shortening

of construction periods. For example, close co-operation and the application of the most detailed and meticulous short-term planning enabled the new main runway at Upington Airport — at 5 km one of the longest in the world — to be constructed in 5 months.

One can gauge the pace involved by noting that the existing runway — less than one third of the size of the new one — was built under normal unhurried circumstances in about 18 months! In today's inflationary conditions, a saving in construction time will result in reductions in the amounts of cost escalation compensation payable by the client, as well as savings in cost to the contractor.

Unhappily, few projects are fully planned in detail at the time when bids are re-invited. Sometimes, extensive changes and variations are called for during construction, resulting in-

evitably in losses of efficiency and wastage of costs. Occasionally this leads to disputes between contractor and client as to who is to bear these costs.

Obviously, certain projects have to be embarked upon without the client being able to wait for completely detailed planning to be carried out. In these instances, the traditional competitive bidding system tends to break down and should be replaced by a negotiated contract with the contractor brought into the basic planning and management of the project itself, alongside the client and his professional advisers.

There are many ways of ensuring that the client is not exploited in a negotiated situation — I tend to favour target-cost systems in which the amount of profit the contractor expects is negotiated and agreed at the outset, and cost targets

and price ceilings are then set, providing incentives to the contractor if he beats them and penalties if he fails to do so.

At company level, the most important job that a chief executive can do is to keep looking into the near future, the middle distance and the long reaches. He must organise fundamental moves in assembling and holding the resources of money and people needed to fulfil the plans he has made to enter or withdraw from the various markets open to the company.

To do this effectively, the company must have information about the economic expectations throughout the geographical area in which it expects to operate, and use must be made of those general economic predictions and indications available from research bureaux and State statistical sources. One of the vital factors is

the assembly of financial resources and it is necessary for forecasts to be prepared of cash requirements in relation to plans. The employment of computer programmes to produce the forecast balance sheets and cash flow statements at various dates ahead is most useful.

The figures printed out must be examined in the light of common sense and experience and preliminary figures produced often point out errors in the assumptions.

Clearly, all this figuring can be done manually, but the use of the computer speeds up the mechanics so dramatically that the managers can be encouraged to apply their minds to many more variations and different ideals.

And this is valuable in inducing a forward-thinking attitude which is usually the difference between success or failure of a business in the long run.



Mike Ridley, group managing director of LTA and author of this article.



Raymond Croft

We can't afford

SUN-TIMES BUS. 19/2/78

(32)

building drain

PERHAPS we have in the past sought too readily to solve our economic problems within a set of guidelines that is more appropriate to mature Western economies than to an underdeveloped country.

While to some extent this is true of most sectors of domestic economic activity, nowhere is it more blatantly apparent than in the development of real estate.

We cannot afford to continue to make this mistake in view of the two problems that appear uppermost in the economic context.

Firstly, there is the likelihood that we must rely to an increasing extent on our own domestic capital resources and secondly, there is unrelenting pressure of population both on the market for job-seekers and on public sector expenditure in the socio-welfare orbit.

Over the first seven years of this decade, employment in the building and construction trade increased by no less than 42 per cent or by some 130 000 peoples.

Previously, frenetic expansionary phases saw employment rise by 27 per cent between 1949 and 1952 and by as much as 134 per cent over the 1963-1969 period, having contracted by 15 per cent, meanwhile, during the intervening early and middle fifties.

While official statistics take us up to the end of 1976, the Building Industries Federation's own records suggest that employment in the four major metropolitan areas declined by no less than 24 per cent during 1977.

As the demand for housing, offices and shops should broadly reflect population and GDP growth, major "boom and bust" cycles that figures such as these illustrate, not only inject a destabilising element into the economy, but lead to wasted recruitment, induction and training schemes and promote a misallocation of capital resources.

This is amply confirmed by the existence of more than 500 000 square metres of vacant office and commercial accommodation, and the caches of idle and

rusting construction equipment on deserted sites.

But the true cost of these inefficiencies is much higher, for, during a period of rapid expansion new enterprises mushroom, bidding up labour and materials. As an example, the latter doubled in price over the past four years.

By contrast, in the business troughs, prime city sites having been cleared and even excavated, lie boarded for protracted periods, signifying capital attrition.

Moreover, these violent swings in activity take no account of the related fluctuations in brick, cement, structural steel and other materials manufacture.

These serious shortcomings have been obscured for years as booming demand and inflation rescued even the most sloppy viability projection and bill of quantities.

Typical of the sort of distortion that has been allowed to occur is that sectional titles legislation, far from increasing the supply of accommodation

at the lower end of the price spectrum as it was intended to do, has been centered on the more expensive units.

Certainly, little thought was given at the time the implications of this legislation were studied to the possibility of the pool of rented accommodation being reduced by a conversion to sectional title ownership.

More recently, there has been an acceleration of the trend in the provision of commercial accommodation from city centre to the suburbs with little thought being given to the possible consequence of a more rapid obsolescence of city centre real estate assets and the social problems that occur as municipal revenues begin to decline.

While I do not want to suggest that changes in taste and technology should be stayed in order to preserve existing capital assets, government policies ought to be carefully thought out to discourage a too rapid obso-

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Abattoirs:

Police

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Cape Times
22/2/78

follow up

currency

allegations

By HUGH MURRAY

THE COMMERCIAL BRANCH is investigating allegations that the consulting engineers to the controversial City Deep (Johannesburg) and Cato Ridge (Durban) abattoirs have been sending money out of the country illegally.

They are also looking into claims by Mr Rupert Lorimer, MP for Orange Grove, that certain key evidence was withheld from the commission of inquiry into the massive cost escalations on the two slaughterhouse projects.

This was confirmed by the

Commercial Branch yesterday.

The firm involved — Swerdlow, Cohen, Bahr and Associates — has been subjected to a Reserve Bank probe, and the relevant papers have been sent on to the police.

Mr Stanley Ernest Cohen, senior partner of the firm, confirmed that inspectors from the Reserve Bank had conducted a probe into the matter.

"I have nothing to hide, and therefore I'm not in the least bit worried," he told me.

The investigation into possible currency infringements was initiated by the Minister of Finance, Senator Owen Horwood, after he received a short dossier on the matter from Mr Lorimer.

He has written to Mr Lorimer outlining what steps have been taken so far.

According to the Commercial Branch, the other matter related to the commission of inquiry was referred to it directly by the Minister of Justice, Mr J T Kruger. "We are now looking into certain claims," Colonel T Sherman of the Commercial Branch said.

This development is significant because the report of the commission of inquiry — giving a clean bill of health to the firm involved — was tabled in Parliament a mere three weeks ago.

The Commercial Branch is reluctant to reveal further details of the investigation because such disclosures could prejudice "negotiations" with certain people abroad.

Commenting last night, Mr Lorimer said: "I hope this means the matter will be cleared up at last. I believe it is in the best interests of everybody concerned that the authorities should get to the bottom of the whole business."

"I am grateful to Senator Horwood for the action he has taken because I believe that as long as there are loose ends and the matter has not been finally resolved, suspicion must remain.

"The police are the only people who can carry out the thorough investigation I believe is warranted," Mr Lorimer added.

GRINAKEER/GROUP 5/D&H

Surprisingly good (32)

Profits from three major construction engineering groups, Grinaker, Group 5 and Darling & Hodgson look better than generally expected.

The flexibility of long lead times has undoubtedly helped **Grinaker** produce a 56% increase in pre-tax profits to R4,1m (R2,6m), for the six months to end December. But this cannot detract from excellent results in a depressed industry.

To cope with orders in the bulk earthwork sphere, Grinaker spent R3m (R1m) in the last six months on new heavy plant and intends spending a further R4,4m (R1,5m) in the next six months. For Grinaker, bulk earthworks are a move away from the more specialised road work, where orders are falling off.

"The tax bill for the full year will be higher than last year's 36%, as we have used up most of our tax losses," says Grinaker, "but we are predicting a better year than last year when earnings were 87,2c." Certainly the group has a good start, with six monthly earnings at 50,1c (37,1c). The interim dividend at 12c (10c) has been increased to narrow the gap between the interim and final dividend, but the total will probably be maintained at 29c.

At 265c, up 5c on the results, Grinaker is enviably liquid. But while there seems little incentive to buy at this stage, this is certainly one to hold, as on any increase in infrastructure spending it should move ahead strongly.

After the disappointing first half results, **Group 5's** prelims for the year to end-December come as a welcome surprise. Forecast year end earnings were 40c, with an anticipated dividend cut to 16c (22c). Instead, earnings for the year were 48,5c (47,5c) and the total dividend was only cut to 18c.

The second half was better, explains financial director Angus MacKenzie, "because of the emphasis on productivity and because the severe cost cutting measures we took finally worked through." Pre-tax profits were R7m (R7,7m) and after tax at 35% (44%), net profits were R4,2m (R4m).

Like Grinaker, Group 5 is also highly liquid. At end December it had R17,7m in cash in the balance sheet, and is on the lookout for new acquisitions. But no doubt it is using its cash to finance its order book on decreasing margins. MacKenzie says: "The order book stands at a substantially higher level than a year ago, but at lower margins of expected profitability." The pre-tax profit margin is probably around 5%. At 120c, yielding 15% covered 2,7 times, it looks an interesting recovery situation.

Darling & Hodgson has justified its rating by producing sound prelims for the year to end-December. The second half in particular shows an encouraging performance, with pre-tax profits of R7,4m (R6,8m).

Overall pre-tax profits for the year are R13,6m (R12,8m) while turnover dropped to R142m (R153m). The 1976 comparable figures include Ready Mixed Concrete interests in the Transvaal, which were swapped for minority interests in Natal and the Cape, on a book value basis.

The disposal of the Transvaal interests accounts for the fall off in turnover. On attributable profits of R7,2m (R6,5m) earnings are 46c (42c) and the dividend has been boosted to 17c (15c). At 200c, the yield is 8,5%.

Building in Cape hit the hardest

Star 13/78
32

CAPE TOWN — The building industry in Cape Town, followed by Port Elizabeth and East London will be hardest hit by the economic recession this year.

This is shown in an analysis of building statistics by Mr H van Zyl, an economist of the Building Industry Federation of South Africa. The analysis was based on building statistics released by the Department of Statistics.

The analysis shows that in real terms, Pretoria had the smallest drop in the value of private sector plans for buildings in last year, Port Elizabeth, East London and Maritzburg showed the largest drop in this sphere.

Combining building statistics and estimates released by the Department of Statistics, Mr van Zyl claims the overall hardest hit centres will be Cape Town, followed by Port Elizabeth and East London, and then the Witwatersrand and Pretoria area. This prediction is based on both the value of private and public sector buildings planned.

ESTIMATES

Cape Town will be twice as badly off as the Witwatersrand and Pretoria area according to his analysis.

Although the Witwatersrand and Pretoria area are overall third worst in the analysis, Mr van Zyl expects most of the estimated 14 percent public building expenditure to take place in Pretoria. He bases this theory on the fact that Pretoria is the administrative capital and the heart of the Government service.

The latest figures released by the Department of Statistics reveal a national drop of 26 percent in the value of plans for buildings passed in 1977 compared with 1976.

Building costs to go up ^{star} 3/3/78 ³²

Building costs, already affected by a heavy increase in steel prices earlier this year, will rise even higher because of increased rail tariffs for transporting cement.

Mr D Allan, president of the Building Industries Federation, said from Cape Town that it was inevitable that the increase in rail tariffs would be passed on to the consumer.

TARIFFS

According to a list supplied by the Department of Transport, which outlines the effect of the rail tariff increases on certain commodities, the cost of raiiling 100 kg of cement over a distance of 211 km will increase on April 1 from R0,69 to R0,78.

Mr Allan said that in the past rail rates were probably the biggest cause of increases in the price of cement. Increases would "obviously" affect building costs.

Last October the price of cement was increased by 6,55 cents a 50 kg bag.

Steel prices went up by an average increase of R31 a ton in January this year.

5/3/18
Sunder volume

BUILDING FIRM LANDS IN THE DEEP END

(32)

Tribune Reporter

A NATAL property firm, alleged to have contravened several building by-laws, has been ordered to demolish the swimming pool at a R2,6 million Umhlanga Rocks flat complex.

The firm, Sycol Properties Lease 3 (Pty.) Ltd., will be given 30 days to remove the R3 500 pool which was completed in early December. It could cost them R1 000.

Other alleged contraventions of planning regulations, include squash courts and servants' quarters in the Hawaan View flats.

The company which built the pool at Hawaan View says it was "an innocent party" and has been told by the council to ensure in future that building plans are approved.

The pool was built by Perry Pools (Pty.) Ltd., for Edment Building Co. (Pty.) Ltd.

Mr Vernon Perry said: "We were trying to get the pool finished before Christmas. We were an innocent party, but we know now that we stepped out of line. In future we will make sure building regulations are complied with."

He said it would be a big job to shift the pool and would cost about R1 000.

Mr Geoff Reardon, chairman of the Edment company and a director of Sycol Properties, said that

Council orders swim pool to be demolished

although an application for special consent for relaxation of building line and height restrictions was refused by the council on Monday, this was only because of a technical error in the application.

The alleged building contraventions at Hawaan View were reported to Umhlanga Council's Town Planning Committee last month by officials.

The committee said in a report to full council this week that it viewed the building additions and alterations without building plans and planning approval in "a very serious light". But although the company should be censured for the contraventions, most could be rectified by the submission of building plans and special consent applications.

TUNNEL COULD DRAW

Tribune Reporter

THE National Transport Commission's controversial Du Toit's Kloof road tunnel project could eventually swallow up more than R200 million.

This week the Government gave the go-ahead to dig a 3.9 km tunnel at an estimated cost of R80 million.

This decision was described as "ridiculous in

South Africa's current economic and social situation" by a prominent academic.

Attack

Professor George Ellis, author of a major University of Cape Town report on the Western Cape's squatter problem and head of the Department of Applied Mathematics at the university, said the money could be spent far more usefully on a whole range

of completely different projects.

The tunnel has also been attacked by Opposition politicians and Cape Town City Council sources.

But this tunnel is only half the full project, plans for which involve in the long-term digging a second similar tunnel. Each would carry three lanes of traffic.

The way costs are going up, the second tunnel will be vastly more expensive than the first, when and if

it is eventually built.

And R7 million has already been spent on the project — the cost of the successful pilot tunnel which was completed this week, and which provided the physical feasibility of the project.

Cost

The chairman of the commission and Secretary of Transport, Mr Adriaan Eksteen, this week staunchly defended the approval of the R80 million first tunnel.

He refused to say how many lanes of traffic it would carry, saying this had not yet been decided on by the commission.

He said: "The trouble with these people is that they think a project like this can be postponed for five or 10 years. But then it would cost twice as much.

"In five years the existing road will not be able to carry the traffic.

"We have already done away with the Sir Lowry's Pass tunnel scheme, which

IN R200M

saved R60 million alone.

The consulting engineers have worked out that in 10 years the tunnel will save R68.5 million on man-hours, fuel and so on.

Houses

The tunnel will cut the drive from Paarl to Worcester by 11 kilometres.

Professor Ellis said spending R80 million on it at this time just did not make sense. That amount of money could probably

wipe out the official housing need in Soweto.

It would be more than enough to electrify the giant black "Sister City" of Johannesburg.

Mr Mike Savage, a University of Cape Town sociologist, said the tunnel go-ahead decision was "a mirror of the way in which our society has the wrong priorities.

"Human needs for food, housing, a proper family life and so on are crying out to be met, and are being largely ignored.



Mr Adriaan Eksteen . . . "it will save fuel"

Homes ⁽²²⁾ need *12/3/78 Sunday Tribune*

money more says prof

DD 21/3/78

R1 m road bridge ⁽³²⁾ for KWT

KING WILLIAM'S TOWN
— Cementation (Africa
Contracts) is building a R1
million road bridge across
the railway in the in-
dustrial sector of King
William's Town, to
alleviate traffic conges-
tion caused by the growth
of border industries in the
region.

The reinforced concrete
bridge across three sets of
lines is due for completion
in April 1979. — DDC

Two-pronged plan could help builders and blacks

32

21/3/78

Sunday Tribune
(Finance & Property)

Finance Reporter

THE depressed building industry and the chronic shortage of housing in KwaZulu have sparked off an idea that could well help ease both problems.

Corobrik managing director Dick Kemp's scheme is that firms involved in either building or the supply of building materials with surplus capacity should get together to get KwaZulu's embryo housing scheme off the ground.

The nub of the idea is that these firms would make the materials available as soon as possible and would only look

for payment at a later stage when funds had been allocated for the work.

This, he says would help alleviate a critical problem and provide turnover for firms battling to make ends meet in the current depressed building market.

In addition to the two main objects of the scheme, Kemp says, the project would also provide employment for a number of otherwise jobless homeland residents.

Alan Mountain, the Urban Foundation's Natal regional co-ordinator wel-

comed the scheme and said that any attempt by private enterprise to move in this direction should be encouraged.

He added that the supply of essential building materials on good credit terms would substantially reduce the financial burden of supplying homes in these areas.

While it is the state's duty to provide schools and other public facilities, the Urban Foundation did not feel that it was totally responsible for the provision of housing.

"The individual should

be able to provide for his own requirements. This is why we would grab with both hands any means of softening the financial burden on him."

Figures released in Parliament recently shows that the Government plans to spend R8,5 million on homeland housing in 1977-78, of which some R2,1-million is earmarked for KwaZulu.

If Kemp's scheme gets off the ground, it could mean that work on the desperately needed housing could start almost immediately instead of having to wait for the State allocation.

Aan boere wat 'n skool op hul plase het

1. Wanneer is die skool gebou?
2. As die plaasskool gestig is, gedurende die plaas, wat het u laat besluit o grootste invloed uitgeoefen?
 - (i) die Bantoe/Kleurling Onderwysinspekteur
 - (ii) Ander boere wat alreeds skole
 - (iii) Boere wat geen skole op hul pla
 - (iv) die plaas arbeiders
 - (v) Landbou-unies
 - (vi) andere: spesifiseer
3. Indien u probleme ondervind het met die neld asb. besonderhede daarvan.
4. Wie het u gehelp met bovermelde probleme?
5. Wie is aangestel as bestuurder van u plaasskool, of is u self bestuurder daarvan .
6. Het die toelae van die Departement (Bantoe-onderwys of Kleurlingsake) die boukoste van die skool ten volle bedek. Indien nie, het u self die verskil inbetaal of het die plaasarbeiders, ander boere of persone (spesifiseer) u daarmee gehelp.
7. Wie het die onderwyser aangestel?
8. Kom u goed klaar met die (i) bestuurder, (ii) onderwyser, (iii) distriksinspekteur? Indien nie, meld in watter opsig?
9. Is u tevrede met die leerplan of beoog u enige veranderings in hierdie opsig. (b.v. meer tegniese of sekere landbouvakke).

A boost for the builders

Mercury Reporter

THE building industry is in for a boost following the Budget announced by the Minister of Finance, Senator Owen Horwood, yesterday.

Mr. Bob Stephenson, president of the Durban Master Builders' Association, said: "We regard it as a much-improved Budget which will definitely stimulate the industry."

Of particular interest to builders was the news that the bulk of R250 million set aside by the Government last year for Black housing had yet to be utilised.

The 23 percent increase in public works spending would increase employment opportunities, and the industry would receive a further spin-off from the continued high defence spending.

"Factories will have to be built to manufacture the arms," he said.

A further item which would benefit builders as well as potential home-builders was the dropping of transfer duty on properties valued at under R20 000.

BUILDING INDUSTRY #H 31/3/78

Stony ground (32)

Finance Minister Owen Horwood's R250m black housing package — announced last November — seems to have done little to brighten the mood of SA's building industry. As Horwood said this week, only R10m of the allocation has been spent. Another R80m will be spent in fiscal 1978/79.

The *Building Survey* released this week by Stellenbosch's Bureau for Economic Research (BER) paints a pretty stark picture of current conditions in the industry.

While the BER reports a "slight improvement" in the mood of contractors and developers, their general outlook seems to be one of almost unallayed

999

gloom. Fully two-thirds believe that conditions during the summer quarter have been worse than during the same period of 1977, while a massive 96% consider current conditions in the industry to be "unsatisfactory."

Judging by some of the comments recorded by the BER, "unsatisfactory" seems too soft a word. One respondent states simply: "No work — neither government nor private." Says another: "There is insufficient work available. Some firms are tendering below cost." Yet another complains that "tender rates are so keen that the contractor may to some extent be financing the client." (See

Property, page 1033).

Sub-contractors are no less gloomy. Their reports of business conditions, says the BER, make "sombre reading." Nearly 90% believe the present climate to be worse than the corresponding period last year, while 94% think conditions are "unsatisfactory."

One sub contractor reports that "the volume of work is dangerously low. We find it difficult to keep key and senior staff employed, despite having reduced staff by 65% over a period of three years." Another complains that "because of the drastic reduction in the amount of work out to tender . . . an unhealthy pat-

tern has arisen whereby apparently non-standard labour rates or methods are being used by a small proportion of the industry, which seems to account for tender amounts well below those based on statutory rates and prices." Another sub contractor mentions "bad paying" by main contractors, and comments: "It is not safe to work for anyone at present."

Merchants in the industry are less pessimistic than the builders. Manufacturers, too, seem a little less pessimistic, although they still complain of inadequate demand. And they say they are unable to pass on higher production costs by in-

creasing prices.

As for the future, the BER believes that there is "no clear indication that a new growth phase in the building industry was reached during the survey quarter." The signs are that building activity "is bottoming out at present," and that this process will continue through the next quarter.

(32) FM 31/3/78

"Too many contractors chasing too little work," wailed one contractor in replying to the latest Stellenbosch University *Building Survey* questionnaire. "Clients," he went on, "in a buying market (are) imposing unfair and unrealistic penalties and trying to enforce fixed prices (no escalation — despite continual commodity price increases)."

This is only a hint of what is going on out there in the contracting jungle where turnovers are low, tender prices are cut to the bone (sometimes below cost) and material and labour costs continue to climb (and are often carried by the contractor).

It shows up too in the rate of increase of building costs, which the *Survey* says averaged only a 2.3% rise in 1977. Clearly last year was the year to get that building job done at the best price.

The ride may soon be over — contractors have had their arms twisted off to keep prices low but now, predicts the *Survey*, "it is to be expected that the rate of increase of building costs ... will accelerate in the foreseeable future."

FM 7/4/78
STRUCTURAL STEELS

Losing their grip?

Having lost its comparative cost advantage over reinforced concrete, structural steel is in some danger of being squeezed out of the market.

Traditionally, SA has not been a good market for steel construction, although some major buildings, such as the Trust Bank buildings in Johannesburg and Cape Town and the Parliament building of BophuthaTswana, are steel structures.

But SA's need for a steel construction industry is being questioned by, among others, Clifford McMillan, top designer and partner in Ove Arup & Partners. He claims it is a more capital intensive industry and needs more skilled labour than its reinforced concrete counterpart.

Structural steel is also more expensive than concrete. McMillan makes the point that the local steel industry "lacks the range of sections and back up products ... and ... this has an important influence on its relative economics." He adds that a detailed comparison showed "structural steel work was substantially more expensive in capital cost."

Besides the cost factor, designers are deterred from using steel because the local industry "is not as effective as it should be in producing an optimum 'total design'", maintains McMillan (that is, from the foundations to the roof).

Iscor's MD Hans Coetzee believes: "The structural steel industry has to look at certain things collectively so as to prevent or remedy ailments such as detrimental building regulations and poor

workmanship." Another problem is that "engineers and architects are usually not sufficiently trained in steel design to become experienced," says Coetzee.

Despite all the drawbacks, the SA Institute of Construction Steel is not prepared to sit back and watch its industry slide into obscurity. Says president Henrie de Clercq: "Structural steel may be poised for a second coming as the new material of the day."

Other points made in favour of the steel industry:

- o It still has a place in building;
- o Structures can be erected faster than concrete buildings;
- o It can be integrated with other materials to obtain optimal economies;
- o It has become an attractive medium for architectural expression; and
- o The more steel used in buildings the more viable is SA's iron and steel industry.

Bond plan soon for blacks — Mulder

THE ASSEMBLY — A leasehold scheme enabling blacks to raise bonds against urban stands would probably be introduced this parliamentary session, the Minister of Plural Relations, Dr. Connie Mulder said in the Assembly yesterday.

Replying to a question from Mr Bill Sutton (NRP, Mooi River), he did not say whether intended legislation would allow blacks in urban townships to hold leasehold land in perpetuity.

He made it clear that the scheme would only apply to blacks with urban residential rights.

"Legislation is contemplated to provide for registered rights for qualifying black persons in respect of stands in urban black townships against which bonds could be registered.

SUFFICIENT SECURITY

"It is my intention to introduce the legislation during the 1978 Parliamentary session. It is intended that the scheme should constitute sufficient security for the purpose of loans by building societies," he said.

Asked by Mr Gerrie de Jong (NRP, Pietermaritzburg South) whether his department proposed obtaining capital from sources other than State funds to meet the demand for black housing, Dr Mulder said his department had no new proposals in this regard.

Asked by Mr de Jong what would be the rights of the State and the purchaser of a 30-year leasehold property in a black township at the end of the 30-year period, Dr Mulder replied: "Such a system is not in existence." — Sapa.

Wat

Bes

Hot

lan toev

l. Gaer

Waar

(2)

op te los?

kens op die plaas of op

ander werkers saam te

arbeiders alleenlik

ug na die plaas te kom of nie?

BUILDERS WATCH THOSE BRICK PRICES

Sun. Trib. 9/14/78
Finance Reporter

(32)
SOME Durban builders are becoming increasingly unhappy about the price at which brick manufacturers are selling their ex-stockpile wares.

They claim the manufacturers are selling bricks, made for example in 1973, at today's price of R48,50 a thousand. This represents a tremendous profit for the manufacturer, as the 1973 price was R22.

Dick Kemp, Corobrik managing director, told TRIBUNE FINANCE that the older bricks were being sold at the current price.

He said, however, that the price controller, when deciding what increases to grant the industry, based his calculations of brick industry profits on the basis that the industry was working on full production and that this production was sold within a year.

When surplus production was stockpiled, as had been the case for a number of years, this reduced the profits in terms of return on capital to a marked extent.

He said that when the prime overdraft rate of 12.5 percent was brought into the picture, it could be seen that the price had to be increased each year in order to maintain profit levels.

Bob Stevenson, president of the Durban and District Master Builders Association said he had heard builders complaints but he believed manufacturers were justified in selling bricks ex-stockpile as they had the problem of huge stocks in hand.

However Pieter van der Merwe, managing director of Bruno Construction, said that while he recognised Kemp's argument, the price had increased by more than 12 percent.

GOUGH COOPER (32) FM 14/4/78
Strong balance sheet

R499 000, the balance sheet retained its strength.

The bulk of profits were bought to book in the first half of the year, with the completion of three bulk housing projects. During the second half sales fell away alarmingly and a R44 000 pre-tax loss was made. Like competitors, it reported a sales improvement at the end of the year, which came too late to increase production and improve 1977's profits.

Now the order book is 29% higher than at this time last year, says managing director Jim Perrott, but it is still thin. There are still two small bulk housing contracts to complete. Tendering has become so competitive that many contractors have been prepared to undertake work at prices which would enable them merely to recover expenses and keep their labour force employed.

	'74	'75	'76	'77
Return on cap %.....	20,0	20,2	20,2	7,1
Turnover (Rm).....	13,0	12,8	16,0	11,7
Pre-tax profit (Rm).....	2,1	2,1	1,9	0,5
Gross margin %.....	16,2	16,4	11,9	4,3
Earnings (c).....	33,1	28,7	25,7	6,5
Dividends (c).....	13	13	13	3
Net asset value (c).....	163	180	174	179

The contract prices of houses offered to the public were in many cases reduced over the year by the inclusion of extra features at no extra charge. Hence the drastic fall in margins. The group reduced expenditure in the development of township land to bare essentials, by restricting spending to areas in which it was contractually committed or in which sales prospects were good.

The profit nose-dive reduced return on capital to a mere 7,1% (20,2%), lower than the 11% average interest bill. Gough Cooper reduced borrowings from a net R3m to R2,8m. Of this, R2,1m is short-term debt — part of which are loans secured by freehold land, which is up for sale. The freehold land portfolio is worth R5,7m according to the directors, which is "fair and reasonable on the basis that it will be utilised for the sale and construction of houses."

Cash flow fell from R629 000 to R268 000, which means it could pay off net borrowings in 10 years. The ratio of current assets to liabilities remains strong at 2,6 (2,7). While stocks have been bought down to R621 000 (R1,1m), the biggest drop was in contracts in progress at R345 000 (R1m).

The group forecasts another difficult year in 1978. Although Gough Cooper should pull through with a relatively unscathed balance sheet, continued severe trading conditions will almost inevitably mean more pressure on the dividend. At 37c it is at a 79% discount to net asset value. Shareholders should ride out the depression in the building industry, if income is not an overriding consideration.

Gail Pemberton

Activities: Builds and sells houses, acquires and develops land, and retails timber and hardware. Directors hold 5,25% (7,5%) of the equity.

Chairman: D I E Anderson.

Capital structure: 4,2m ordinaries of 50c. Market capitalisation: R1,6m.

Financial: Year to December 31 1977. Borrowings: long and medium term, R653 000; net short term, R2,1m. Debt:equity ratio: 37%. Current ratio: 2,6. Net cash flow: R268 000.

Share market: Price: 37c (1977 78: high, 85c; low, 37c; trading volume last quarter, 51 000 shares). Yields: 17,6% on earnings; 8,1% on dividend. Cover: 2,2. PE ratio: 5,7.

Established 29 years ago, 1977 was Gough Cooper's most difficult year. But although pre-tax profits fell 74% to

Financial Mail April 14 1978

1076-30
 1602-60
 60-00
 825-89
 888-63
 8352-31

1870-47 14676-20

27-03
33-39 60-42
 59-53

paid over

119-02
 103-40

222-42
 129-08
 9-81
 18-48
 2-56
 102-88
485-23
 15281-38

g. fund
 1977

(32) F.M. 14/4/78

Financial: Year to December 31 1977.
Borrowings: long and medium term, R12m; net short term, R3,9m.
Debt:equity ratio: 93%. Current ratio: 1,4. **Group cash flow:** R2,2m.

Share market: Price: 65c (1977-78: high, 120c; low, 55c; trading volume last quarter, 168 000 shares). Yields: 26,3% on earnings; 11,5% on dividend. Cover: 2,3. **PE ratio:** 3,8.

	'74	'75	'76	'77
Return on cap %.....	13,0	17,5	19,0	13,9
Turnover index.....	1130	143	132	141
Pre-tax profit (Rm)...	4,4	5,0	5,5	3,3
Land holdings (Rm)...	22,9	20,6	17,9	17,0
Earnings (c).....	*20,2	25,6	26,9	17,1
Dividends (c).....	*10,0	11,0	11,5	7,5
Net asset value (c)...	164	140	142	151

*Cap increased by 1-for-2 rights issue in December 1974.

†Base year 1973.

Although pre-tax profits are down 40% Schachat has fared better than the rest of the building industry. The second half was harder hit — profits were down 50% at R1,6m (R3,1m) on the comparable period. But there are "positive signs that the market is turning up, and we expect slow but steady improvement now that buyer confidence is returning," says director Blair Ewing.

The major source of income is the construction and sale of homes, mainly for private individuals. But there was an oversupply of new homes in 1977, built during 1976, and a trend towards more repossession of houses. There was reduced immigration, interest rates remained high, and the industry continued absorbing most cost escalations.

Against this background net borrow-

ings were reduced from R21m to R16m. But the debt:equity ratio remains high at 93% (121%), particularly when return on capital at 13,9% (19%) is only 2,9 points higher than the average interest rate paid. The interest bill at R1,9m is only covered 2,7 times (3,5) by pre-tax profits.

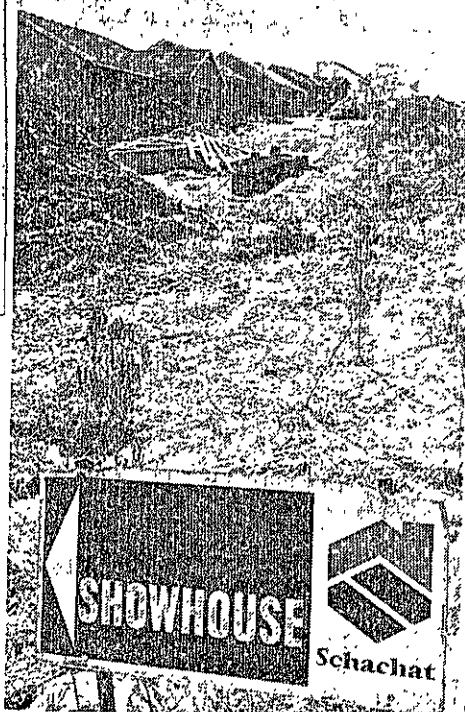
Work in progress dropped 62% to R753 000 (R2m). Total stocks are down from R4,3m to R2,5m and debtors, at R12,6m (R15,9m), also reflect lower activity. Schachat's land portfolio at cost was lower at R17m (R17,9m), and it owes R1,5m on it.

The group obtained an independent valuation of its land, in view of the deteriorating conditions in 1977. This revealed a surplus of R862 000, compared to an aggregate surplus of R4,3m on the book value the year before.

Profits were boosted by the completion of a bulk housing contract in 1977. This work is tendered for and is very competitive. The 7% increase in turnover was largely attributable to increases in the volume of bulk contracts and high rise construction, both of which traditionally experience lower profit margins than conventional housing. There are another three fairly substantial bulk contracts to complete.

Volume is the name of the game in the construction business and Ewing says "the order book is pretty good." However, with little real stimulation in the budget for the building industry there is not much to go for, at least in the short term. But with Sage and Nedbank behind the scenes, when the house market picks up, Schachat would at least have no difficulty in funding work.

Gail Pemberton



Housing project . . . what price the land

SCHACHAT (32)

Dividend cut FM 14/4/78

Activities: Housebuilder and township developer, mainly on the Witwatersrand, Pretoria and Natal. Meumann & Heyneke (Pty), 66,7% (same) owned, is active in high-rise construction. Directors own 19% of the equity. Sage Holdings is the ultimate holding company with 53,1%.

Chairman: H I Schachat.

Capital structure: 11,6m ordinaries of 50c. Market capitalisation: R7,5m.

32 15/4/78

Vorster may outline Border development

EAST LONDON — The Prime Minister, Mr Vorster, may give some indication of Government plans to stimulate economic development in the Border area when he speaks here today.

There has been mounting concern about the growing unemployment problem in the region and it is possible that some details will emerge when Mr Vorster opens the new John Vorster Bridge over the Buffalo river.

It will be Mr Vorster's first visit since the National Party won all the seats it contested in the Border region during last year's general election, capturing four seats won by the United Party in 1974.

The only non-Nationalist seat in the Border area, where Mr

Vorster himself was born and went to school, is now East London North whose MP, Mr John Malcomess, is the only representative of the New Republic Party outside Natal.

Also since Mr Vorster's last visit in 1975, Transkei became the first territory in South Africa to gain independence in terms of separate development and the Government's proposals for the consolidation of the Ciskei have been published.

The Eastern Cape is therefore one of the key areas in South Africa for the implementation of the Government's policies and the Prime Minister is likely to refer to this in his speech.

However, it is not expected Mr Vorster will discuss this week's clash with Transkei or the events leading up to Chief Kaiser

Matanzima's decision to break off diplomatic relations with South Africa over East Griqualand.

The key issue, about which people in the region are eagerly waiting for the government view, is the economic situation in the region.

Recently, a top-level meeting was held in East London with senior Government officials as well as the Minister of Economic Affairs, Mr Heunis, over the situation in the region and there was speculation about an export processing zone in East London.

But it is unlikely the Prime Minister will be able to make any announcement about the zone as the Government investigations and negotiations have not

been completed.

Mr Vorster may, however, be able to outline broad Government strategy on the Border region.

Meanwhile, in the House of Assembly yesterday, Mr Heunis said he did not know of any intentions to establish a shipbuilding industry in East London.

He asked a question from Mr Malcomess about whether there were any indications that a shipbuilding industry might be established in East London.

Mr Heunis replied, "I do not know of any intentions of this nature. However, I want to indicate the present capacity is, in any event, way beyond the demand in the industry itself."

The question arose after Mr Heunis had replied to another question about the shipbuilding industry in South Africa. — PC.

Editorial opinion, page 6; special feature page 2.

PM to open bridge

EAST LONDON — While there will be plenty of parking for all those who want to attend the opening of the new bridge over the Buffalo River by the Prime Minister, Mr Vorster, today, only the first 200 people will get seats.

The city's Traffic Chief, Mr J. Bosch, said the new bridge would be closed to traffic from 9 am today and people from the city side of the bridge will have to use the old bridge

to get onto Settlers Way where there will be four rows of parking for at least 500 cars.

The cantilevered bridge section near the bridge entrance on the West Bank side will be used as a dais from where the Prime Minister, the Mayor and dignitaries will make their speeches from 11.45 and guests are expected to be seated by this time.

When the Prime Minister arrives from the airport, he will be greeted by a Guard of Honour

made up of junior city councillors and representatives of Indian, Coloured and black schools.

After a presentation by the consulting engineers, the Prime Minister will cut the ribbon and declare the bridge officially open. The dignitaries will then board their cars, and drive across the bridge to Queen's Park for a private lunch.

The Prime Minister will leave East London later in the afternoon. — DDR.

32 Bridge over the Buffalo

known as the balanced cantilever system, which was accepted, and work began in September 1973.

The west and east abutments were constructed by normal methods, and consist of reinforced concrete structures, which are tied into the parent rock on both sides of the river by rock anchors.

The two river piers of the bridge are supported on large piles of 1.2m diameter, which had to be driven through 5m of water at high tide, and through 20m to 30m of the silt and mud of the river bed, before a suit of the binding rock to suit the bridge was encountered.

The piles for each pier are topped by a reinforced concrete pile cap, and as the construction of this cap is covered by water at each high tide, construction time was limited, and the work had to be planned carefully.

Supported by the pile caps, the 25m high piers of the bridge have a concrete cross sectional area of seven square metres, which surrounds a hollow central core.

By mid-1975 all the sub-structure work on the bridge had been completed, but in the meantime the casting of the concrete deck elements had been taking place on the East Bank of the river.

At the same time, the large launching girder, which became a familiar sight to East Londoners, was being erected behind the eastern abutment.

This steel structure was 147m in length, long enough to cover any two adjacent spans of the bridge, weighed 250 tonnes, and cost about R250 000.

The launching girder had three steel support legs, which could be positioned underneath it to suit the differing span lengths of the bridge, and these legs were located on top of each concrete pier.

Running along the length of the girder on rails, and suspended from it, a bogie, or "crab" with heavy duty lifting tackle, was used to pick up and carry the 60-tonne deck elements. This crab also acted as a counterweight, when the girders were pushed over the river to construct the next span.

The structure consists of hollow and trapezoidal elements. They are 3.30m long, and were cast in a specially constructed steel shutter in the East Bank casting yard.

The method of ensuring that each element fitted exactly to its neighbour, was that each element was cast against the previous one, with a mixture of talc and soft soap painted on the contact surface to ensure that the elements did not stick to each other after the concrete had hardened.

Because the bridge deck forms a circle in elevation, the casting bed was so constructed as to allow the previously cast element to be tilted a predetermined amount before casting the next one, and some very precise survey work together with the strict manufacture was essential to ensure the correctness of line and level of the segment manufacture.

The concrete in the elements was steam cured allowing a 24-hour cycle of production.

The novelty of the whole project lies in the placing of the superstructure segments. Once the launching girder was in position, the crab picked up an element from the casting yard and placed it on the concrete pier under the centre of the girder, where it was supported on temporary bearings.

Other elements were then added alternatively to each side of the pier element, cantilevering outwards from the pier.

When three elements had been erected on each side, the total of the seven elements were included for line, and then the

bars, which were stressed, pulling the units together. It is a similar concept to a series of cotton reels with a string down their centre, by pulling the string tight from both ends against the reel, the whole system becomes rigid.

Epoxy resin "glue" was used between each element to provide a perfect joint between segments, but only played a minor role in the strength of the deck structure.

By adding alternative elements to each side of the pier element, the superstructure was thus, to all intents and purposes, balancing on top of the pier, and it is this method of construction that gives rise to the name of the system: the balanced cantilever method.

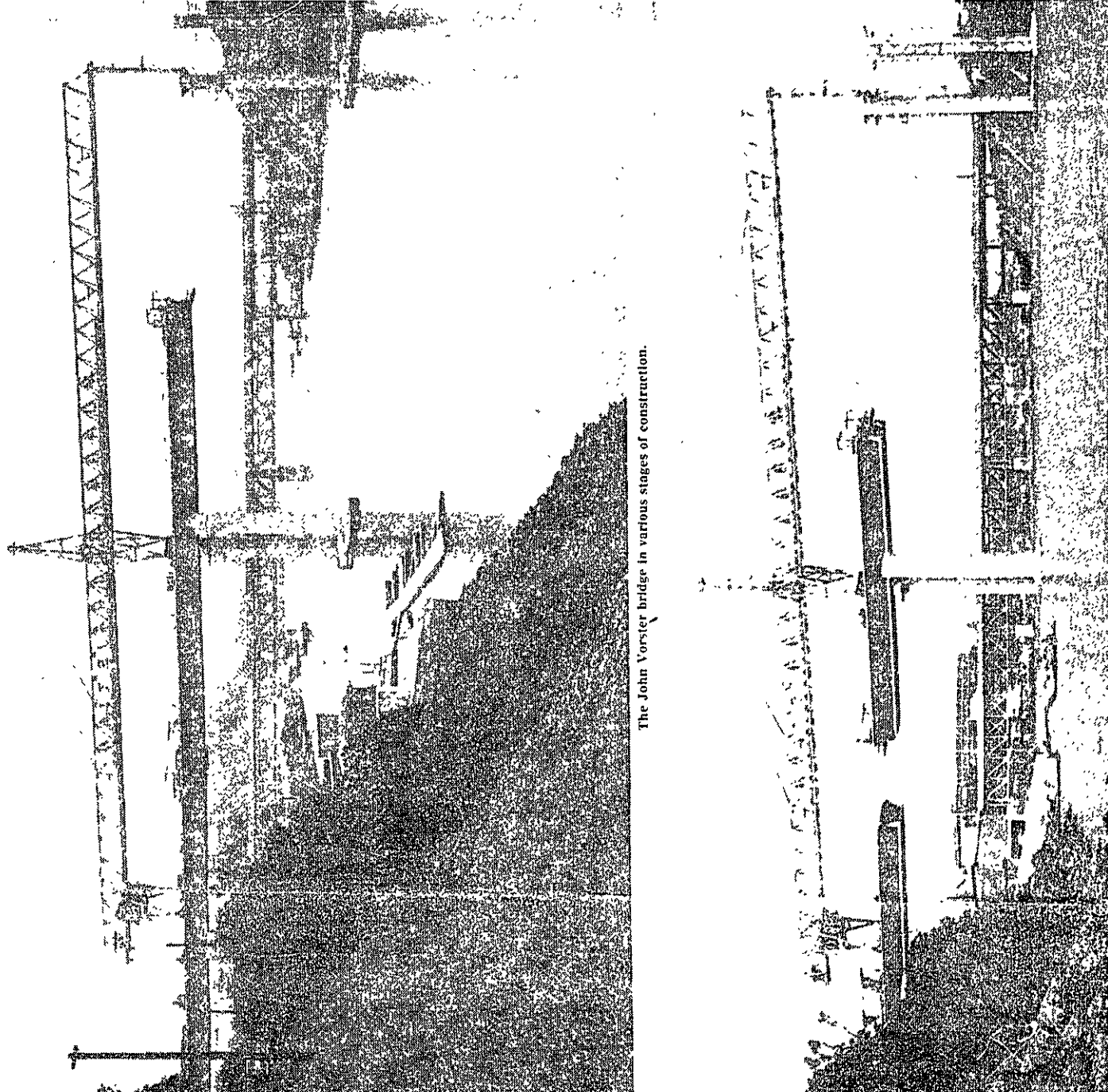
In addition, the elements on both sides of the pier continued, until they were cantilevered out a distance of half the span, and at this stage the shoreward side cantilever was connected up to the previously constructed cantilever, and permanent stressing cables were threaded through ducts cast in all the elements, and stressed using hydraulic jacks.

It will be appreciated that the longer the cantilever became, the greater the sag, or deflection, of the end became, and sophisticated computer programmes were employed to determine the stressing forces and cable profiles required to pull the bridge deck back to its correct vertical alignment.

The launching girder was then moved on to the next pier, and the process repeated.

There are, altogether 174 elements in the superstructure of the bridge, which weighs more than 13 000 tonnes. More than 280 km. of 12.5 mm. diameter prestressing strand was used in the works, together with 6.25 tonnes of epoxy resin, and the total cost of the contract was just over R3.5 million.

The bridge, the first to be constructed in Africa using the balanced cantilever system, is a notable achievement and a civil engineering landmark. It is a monument that East London and the country can look at with pride.



The John Vorsier bridge in various stages of construction.

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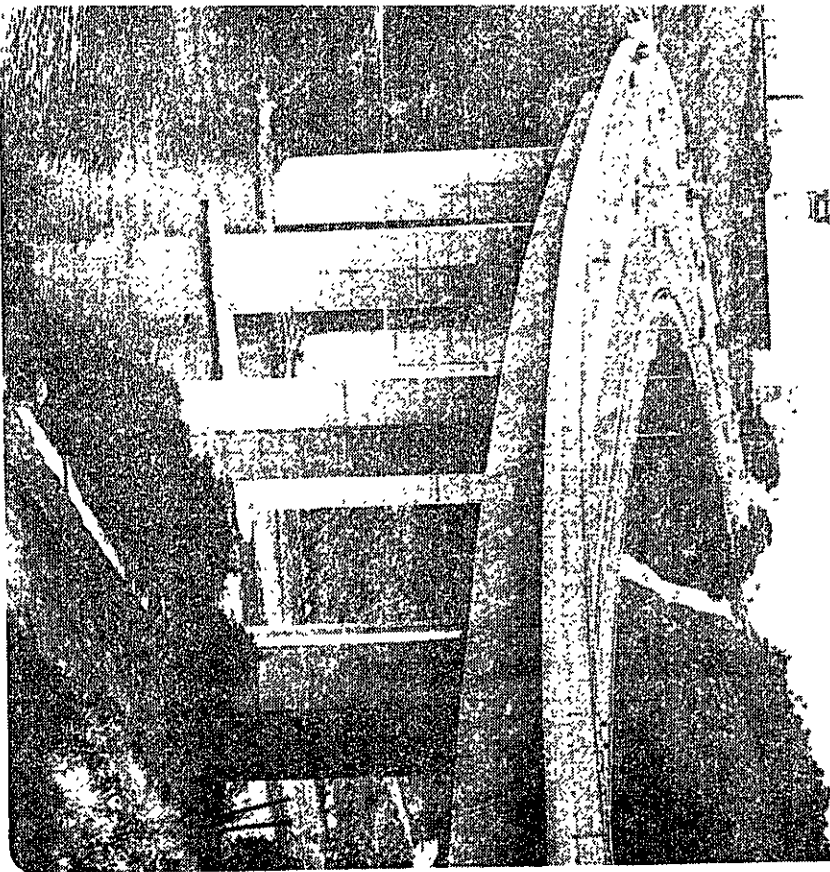
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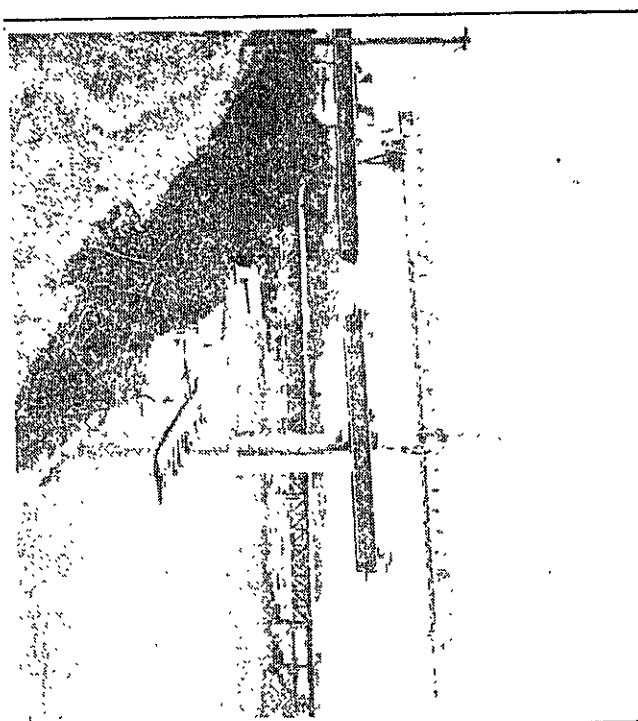
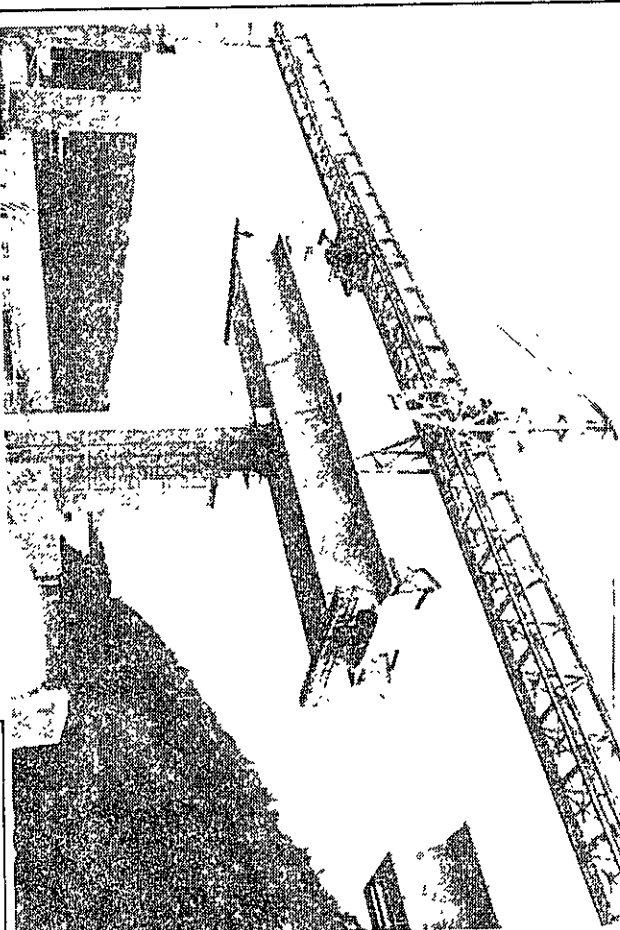
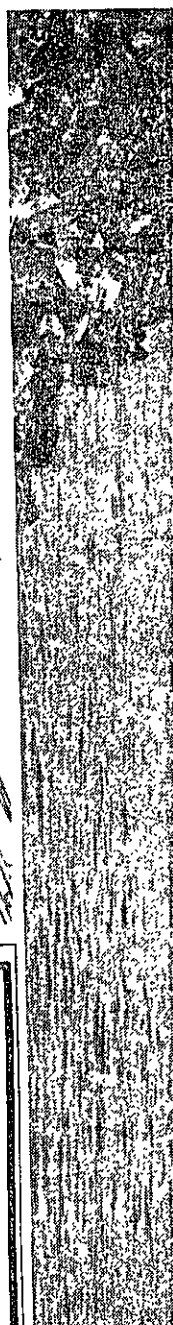
whole assembly was lowered so that the pier element rested on the permanent bearings fixed on the pier top. Contrary to the popular belief, the elements each not just stuck to each other with glue, but were joined together by temporary high tensile steel

Clients for the project were the City of East London. Consulting engineers: ZARITSKI Associates, Centurion. Murray-Christian, a Stewart & Boarder (Pty) Ltd and Christian and Nielsen (Pty) Limited.



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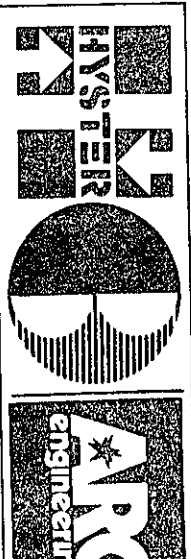
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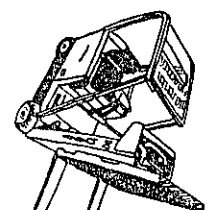
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hoodie ranch under scrutiny

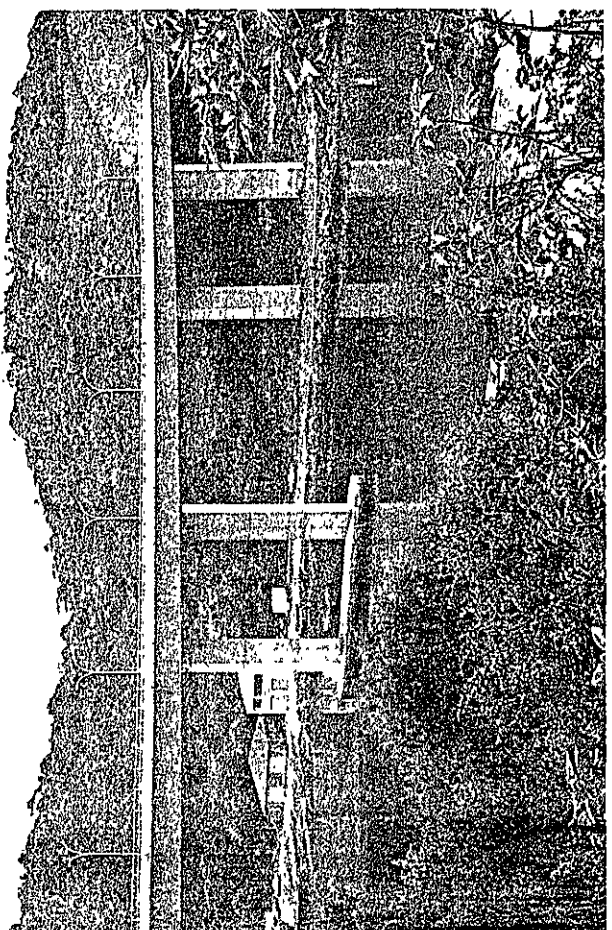
SEMBLY — Disturbing admissions by government officials to a Parliamentary committee have prompted its call for a full probe into the affairs of the Hoodie Ranch.

Deneys Khoonoe, the Committee's Auditor-General, Mr F G Barrie and a publisher, Mr Chris van Rensburg, emerged in relation to a controversial publication on which the department spent R320 000, 17 months before it received final copies of the book were published.

An admission by Dr Eschel Rhoodie that his department spends R10 million annually in foreign currency, and for some of this he does not know whether he has authority from the Reserve Bank, troubled at the time he was in the in-charge of the department.



SA wants firm details



The new bridge across the Buffalo River, East London, which will be opened by Mr Vorster at noon today.

Vorster may outline Border development

32 15/17/78

EAST LONDON — The Prime Minister, Mr Vorster, may give an indication of government plans to stimulate economic development in the Border area when he speaks here today.

There has been mounting concern about the growing unemployment problem in the region and it is possible that some details will be given.

Vorster himself was born in East London and went to school in East London North where MP Mr John Malcom is the only representative of the New Republic Party outside Natal.

Also since Mr Vorster's last visit in 1973, Transkei became the first territory in South Africa to gain independence in terms of separate development and the Government's Matanzima's decision to break off diplomatic relations with South Africa over East Griqualand.

The key issue, about which people in the region are eagerly waiting for the government's view, is the economic situation in the region.

Recently, a top-level meeting was held in London.

Mr Vorster may, however, be able to outline broad government strategy on the Border region.

Meanwhile, in the House of Assembly yesterday, Mr Heunis said he did not know of any intentions to establish a shipping industry in East London.

He was one of the few members of the House of Assembly who were able to ask questions of the government.

Special Today

Travolta new star
See page 3
★ ★ ★

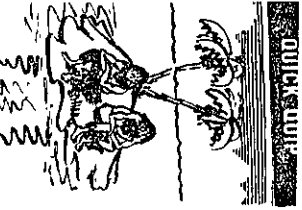
See-thru swimwear
Pictures page 3
★ ★ ★

McCartney again
Top of pops page 4.
MONDAY
Donald Woods' book on Steve Biko.

SA to be asked: quit Davis Cup

MONTE CARLO — South Africa's future in international tennis is as good as dead as the South African Tennis Union is to be asked to withdraw from the Davis Cup competition, the top event in men's tennis.

This is expected to apply equally to the Federation Cup, the leading event in women's tennis.



Wish to hell somebody would come and claim this hand of ours...

department, including his brother Deneys, were instrumental in getting the book. Stepping into the future to falsify letters to secure certain advance payment, "The disclosure that a third Rhoadie brother, Prof. Nic Rhoadie, was editor-in-chief of the controversial publication. "Although Dr Rhoadie was only entitled to spend R180 000 on the book in the 1974-1975 year, he in fact spent R320 000. "That Dr Eschel Rhoadie personally recommended to the book publishers of the book,

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But he blamed the two officials who he said asked for the letter because Mr Van Rensburg was not aware of the regulations. "I do not actually blame him for having done what he did I would not do it myself, naturally. I do blame the officials, however, who asked him to do it." Earlier Mr Barrie had told the committee he and two officials were Dr Deneys Rhoadie and Mr Braam Fourie, chief accountant of the department. Asked whether Mr Van Rensburg knew the letter was a falsification, Mr Barrie replied, "Oh yes, he must have because he admitted it was a falsification. "Cross-examining Dr Eschel Rhoadie on what he had done when he realised he had been misled to make payments on the strength of the letter, Mr Barrie asked Dr Rhoadie what he had done. "I believe, and I think the chairman also believes, that when one enters someone to make a payment which is not yet due, and this is done as a result of false representation, that may have very serious consequences in both civil law and otherwise," Mr Schwarz said. Dr Rhoadie replied, "That is right," and said he had taken steps to prevent such a recurrence in the department itself, "the disciplinary steps I have in mind concern the future of the relevant official." On Dr Rhoadie's lack of liaison with the Reserve Bank Mr Schwarz asked him whether he had been prepared to pay foreign currency. Dr Rhoadie replied he had been prepared to do so because the printing was done in Spain. Mr Schwarz, Did you discuss this with the Reserve Bank? Dr Rhoadie: No. Mr Schwarz: Do you have a blank authority from the Reserve Bank? Dr Rhoadie: I do not know whether I did not have such authority. I did not ask for that. — PC (Evidence in detail, page 14.)

US sits-ins over SA moneys

CAPETOWN — Mr Prik Botha is likely to push for a firm Western assurance that a cessfire can be entered into. According to the Anti-Apartheid, Mr Van Rensburg admitted to him responsibility that the letter was false. But he blamed the two officials who he said asked for the letter because Mr Van Rensburg was not aware of the regulations. "I do not actually blame him for having done what he did I would not do it myself, naturally. I do blame the officials, however, who asked him to do it." Earlier Mr Barrie had told the committee he and two officials were Dr Deneys Rhoadie and Mr Braam Fourie, chief accountant of the department. Asked whether Mr Van Rensburg knew the letter was a falsification, Mr Barrie replied, "Oh yes, he must have because he admitted it was a falsification. "Cross-examining Dr Eschel Rhoadie on what he had done when he realised he had been misled to make payments on the strength of the letter, Mr Barrie asked Dr Rhoadie what he had done. "I believe, and I think the chairman also believes, that when one enters someone to make a payment which is not yet due, and this is done as a result of false representation, that may have very serious consequences in both civil law and otherwise," Mr Schwarz said. Dr Rhoadie replied, "That is right," and said he had taken steps to prevent such a recurrence in the department itself, "the disciplinary steps I have in mind concern the future of the relevant official." On Dr Rhoadie's lack of liaison with the Reserve Bank Mr Schwarz asked him whether he had been prepared to pay foreign currency. Dr Rhoadie replied he had been prepared to do so because the printing was done in Spain. Mr Schwarz, Did you discuss this with the Reserve Bank? Dr Rhoadie: No. Mr Schwarz: Do you have a blank authority from the Reserve Bank? Dr Rhoadie: I do not know whether I did not have such authority. I did not ask for that. — PC (Evidence in detail, page 14.)

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Publisher won't talk

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PM to open bridge

EAST LONDON — While there will be plenty of parking for all those who want to attend the opening of the Buffalo River by the Prime Minister, Mr Vorster, today, only the first 200 people will get seats. The city's Traffic Chief, Mr J Bosch, said the new bridge would be closed to traffic from 9 am today and people from the city will have to use the old bridge. However, there is considerable doubt whether this provision can be enforced adequately by a United Nations force. Meanwhile, in Dar-es-Salaam the Patriotic Front expressed conditional willingness to attend an all-party Rhodesia conference with Premier Ian Smith. "We are prepared to continue negotiations with the United Kingdom," Mr Mugabe said. "If the British would like other parties to come in, as long as they come in with the intention of participating on the basis of Anglo-American proposals and not on the basis of their iniquitous agreement, it is fine with us." Mr Mugabe and Mr Nkomo spoke to reporters after a two-hour meeting with Mr Vorster and Dr Owen — PC-SA-AR-KNS

Dead... alive... dead

JOHANNESBURG — A middle aged woman, certified dead at a hospital here, was found to be alive as her body was being laid in the mortuary. Mrs J R Phillips was rushed back to the hospital after the mortuary attendant heard a faint cry. The ambulance men heard a man as they placed her body in the refrigerator. But she died 40 minutes later. "The death drama began at 5.45 pm, when Mrs Phillips' son, Dr Phillips, called an ambulance. This was called an ambulance. This mother had had a heart attack. When Mrs Phillips arrived at the hospital, it was found her heart had been affected because she had swallowed an overdose of pills. She was administered and treated for about 15 minutes. She was then certified dead. The mortuary attendant was signed by Dr S P May. "The ambulance men told Dr May what had happened and an electric cardiograph machine connected to her body. She was found to be alive. She lived for about 40 minutes before the machine showed she was dead. Dr May was later telephoned at the hospital and told of the ambulance men's account. Asked if he had made a mistake, he said "I, certainly, had made a mistake. But a doctor can make this mistake. I am the first person to admit that a man is only human and can make a mistake. — DDC

Petrol sale hours change

UMTATA — From yesterday Transkei garages opened from 7 am to 5.30 pm for the sale of petrol. Previously they were open from 8 am to 6 pm from Monday to Saturday. Garages still remain closed on Sundays for the sale of petrol. — DDK

in the region and therefore one of the key areas in South Africa for the implementation of the Government's policies and the Prime Minister is likely to refer to this in his speech. However, it is not expected Mr Vorster will discuss this week's clash with Transkei or the events leading up to Chief Kaiser's resignation. But it is unlikely the Prime Minister will be able to make any announcement about the negotiations and investigations have not started yet. After a presentation by the consulting engineers, the Prime Minister will cut the ribbon and declare the bridge officially open. The dignitaries will then board their cars, and drive across the bridge to Queen's Park for a private lunch. The Prime Minister will leave East London later in the afternoon. — DDK

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New sales tax gives builders a big problem

Sun. Exp. Bus. 16/4/78

32

THERE is general confusion in the building industry over the application of the recently announced general sales tax (GST), and the Building Industries Federation of SA (Bifsa) is to seek urgent clarification from Government before the new tax comes into effect on July 1.

Bifsa has been inundated with calls from members, according to its chief economist Hennie Van Zyl, with members pointing out many of the inconsistencies of the new tax and seeking urgent clarification.

With comments due in to Government by tomorrow, Bifsa has not yet lodged objections, but is seeking an extension of time to properly formulate its views.

Basically designed as an end-user tax on movables, GST will nevertheless affect practically

all basic materials going into a building, but in theory will not be levied on the final labour input of these materials.

This is fine in theory, but as things stand at present there are some glaring anomalies which Bifsa wants clarification on for its members.

One such inconsistency is the case of window air-conditioners.

As far as Bifsa has been able to determine from the authorities, these are considered a 'movable' and tax is levied on the end-price which includes installation.

Oil heaters too, are considered another 'movable' and tax could be levied on installation costs which are high in relation to the price of the product.

On the other hand, in the case of carpets which are installed as a flooring, tax is apparently only levied on the carpet itself and not on installation.

These are just some of the dozens of anomalies, says Van Zyl, and urgent clarification is essential.

Although not directly affecting the building industry, Van Zyl also believes it unfair that the ordinary consumer should have to pay tax on installation, (such as carpets) while the builder does not.

Another worrying factor is where subsidiary companies make materials for the sole use of the parent company and the inter-company transaction is now to be charged full GST on its final selling price to the parent which includes labour and other costs.

Thus, where a subsidiary company, for example, makes concrete blocks for its builder parent, the latter will now have to pay full tax on the inter-company selling price of these blocks.

However, if these same blocks were made directly by the parent company in its own name, they would only pay GST on the cement bought for manufacture.

Another problem that has to be sorted out by builders and developers before the general sales tax comes into effect is that of the controversial Haylett formula which establishes what cost increases can be passed on by the builder directly to the developer/owner.

As the formula stands at present, only wholesale price increases can be passed on to the developer — not the GST which is basically a retail sales tax.

As the formula can only be

amended by the Department of Statistics on instructions from the Building Industry Advisory Committee, Bifsa is keen that the committee should meet sooner than its next meeting scheduled in two months time.

Otherwise, says Bifsa, it must consider making representations direct to Government on the score.

Don Goddey, the SA Property Owners Association (Sapoa) representative on the Building Industry Advisory Council and voice of the developers, says that he cannot see any objections to passing on a valid cost like GST to developers.

However, he wants to ensure that there are safeguards built-in to any change to the formula so that only tax that is actually proven as paid is passed on.

Another matter of concern to builders is that of contracts in progress and tenders submitted up to July 1 when the new tax comes into force.

As far as contracts in progress are concerned, says Bifsa, if the Haylett formula is changed, there should be no problem as the GST will simply be passed on to the owner/developer.

However, there could be serious problems in the case of tenders before July 1 where GST has not been included, and Bifsa wants to meet Government soon to thrash out the problems involved.

Shifting emphases FM 21/4/78

There's little cause to smile if you are in the construction game. Business is already in the doldrums. And now government spending is set to fall for the second year running, according to recent Department of Statistics figures.

Total public sector spending in calendar 1978 is expected to rise by 15% to R5 639m on actual spending of R4 887m

Financial Mail April 21 1978

for 1977. However, the amount to be paid out to private sector construction firms will increase by only 6,5% in money terms.

In real terms, therefore, government spending in the private construction sector will fall if construction costs increase by more than 6,5% over the year — as seems inevitable.

Meanwhile, government intends to increase its spending on plant and equipment this year by 29% from R1 902m to R2 444m. This follows a 26% increase in

expenditure between 1976 and 1977. The major cause of the increase is a 37% rise in expenditure on machinery and equipment by public corporations — despite a 17% drop in their construction expenditure. Escom and Sasol 2 are the two major corporations mopping up the extra R474m provided.

Originally Sasol estimated that R1 405m of the total planned expenditure of R2 458m would be spent locally — roughly 57%. Since most of the construction work is classed as machi-

nery by the Statistics Department, it may be conservatively assumed that 40% of capital expenditure for Sasol will be paid to SA engineering and manufacturing firms. Similarly, an Escom spokesman estimated that roughly 40% to 50% of its capital expenditure on plant and machinery would be put into the hands of local manufacturers.

If this ratio holds good for most public corporations, manufacturing concerns can expect a boost of roughly R190m over the year.

~~CONFIDENTIAL~~ 12/19/75
32

Stop being negative businessmen told

DURBAN — Negative concepts such as "white survival in South Africa" must be eliminated, Prof N. E. Wiehahn told the Afrikaanse Handels-instituut's conference here yesterday. There was a need to be positive about the future, he said.

Survival concerned everyone — black and white — and a negative approach could have harmful effects on the economy and labour relations.

The future, he said, was for all.

Prof Wiehahn, who is heading a commission of inquiry into labour

matters, said a memorandum or report dealing with the broad principles should be ready in October.

"This will give the Government a basis on which to work."

He said it was not possible to move too fast on the labour question. There were delicate problems such as migrant labour from neighbouring states which were political problems.

But it was necessary to move forward as the tension from abroad was building up.

The institute's president, Mr Anker

Burger, said changes in South Africa were being made at the fastest possible tempo and the Press should do all in its power to improve the country's image abroad.

Mr Burger said he referred especially to the English Press.

"Sensational and slanted reports have done incalculable harm which we cannot afford. It is time the business world resisted strongly against this, as they are the ones directly concerned."

— DDC-SAPA.

Power cost attacked, page 5.

Alice murder appeal move is rejected

19/5/78
35

PORT ELIZABETH — Leave for two men under the death sentence to appeal against their conviction on a murder charge was refused in the Supreme Court, Grahamstown.

Aubrey Mpongoshe, 21, and Thembekile Mkululu, 20, were sentenced in the Supreme Court, King

William's Town in March. They were found by Mr Justice Cloete to have murdered Mr Gert Coetzer, 76, on his farm Ebenezer, near Alice, in July last year.

They stole Mr Coetzer's watch and stabbed his daughter, Elsie, 54, in the neck.

Evidence was that Mr Coetzer had died of a heart attack following the struggling.

The youths contested the conviction. Mr Justice Cloete found there were no extenuating circumstances.

Mr C Mouton, appearing pro deo for the men, said there was evidence that psychopathy had been present in Mpongoshe and claimed that the age of the two formed an extenuating circumstance.

Mr Justice Cloete, hearing the application, said he did not think another court would take a view of the case differing from that of the trial court. He dismissed the application.

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Building plans for Durban top R10m

22/4/78
N.M.
32

PLANS for the new 38-storey apartment block on Durban's Victoria Embankment, which will cost an estimated R4 054 000, were included in the building plans passed by the Durban city engineer last month.

Work has already started on the site, adjoining the Durban Club, and the building is expected to be completed in about 18 months time.

The Victoria Embankment project, being built by LTA Construction for the Metal Industries Pension Fund, gave a significant boost to the value of building plans passed last month.

The total value of new buildings approved was R10 747 447 — higher than any month last year and more than double the average monthly figure so far this year.

Another major project given the go-ahead was a R1 020 000 warehouse for Lever Bros. at Maydon Wharf.

Other interesting construction projects are a tank farm and tank park for Silicate & Chemical Industries Natal in Lansdowne Road which is being built at a cost of R469 000; additions to Consolidated Oil Products in Bluff Road costing R350 000 and a R120 000 improvement to the Durban Turf Club's stands at Greyville.

Building Society appointments



Mr. C. du P. Kuun (above) has been promoted to general manager (marketing) of Saambou National Building Society. He succeeds Mr. F. de M. Celliers who retired on March 31, 1978 and (below) Mr. Hennie Prinsloo who has been promoted to assistant general manager. He previously was secretary of the society.

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Bad times lead to a search for security

22/4/78
N.M.

32

Financial Editor

BUILDING societies do well in recessionary times, says Mr P. J. Richardson, the new general manager of the United Building Society.

Mr Richardson, who was addressing a seminar of UBS managers and agents in Durban this week, said that in bad times people look for security and adopt a conservative policy towards investment.

"Past experience has shown that when the country's growth rate is low investors go to the building societies. We are in this situation today.

"Everything is going for us and we must take advantage of the opportunities.

"We are opening new branches and getting closer to the people and where they live."

Another interesting trend was that the bulk of the money was being placed on deposit, or in savings accounts, rather than in shares.

Mr Richardson suggested that now would be a good

time to start a campaign with the aim of pointing out the advantages of investments in building society shares.

"The United will stick to its own business of being a building society. We have heard about one-stop banking and banks starting building societies. But, such moves can cause a clash of interests.

"People like the conservative image of the United. There is a tremendous amount of administrative work and we must ensure that this is done well. Investors like to feel that their money is being handled efficiently."

Mr Trevor Warman, chairman of the Natal Provincial Council, told the meeting that estate agents should take a pride in their new professional status.

"It is right that a strong property profession should be developed. It is essential for agents to be properly trained and that they work hard to improve their standing."

Mr Warman commented on the falling interest rate pattern but doubted whether this would help the building industry as there was too much "slack" to be taken up and too much accommodation available.

Old buildings were bound to be cheaper than new structures but with rates dropping property values would increase.

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BUILDERS

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FIGURES

Property Reporter

THE FEDERATION of Civil Engineering Contractors has challenged official figures which indicate that the volume of construction this year should be only slightly below the 1977 level.

A statement signed by the director, Mr K. Lagaay, says that this forecast may be too optimistic as the actual expenditure of the public sector on civil work in 1977 was not less than 15 percent below the spending anticipated at the beginning of last year.

"The Department of Statistics in its annual report on the public sector's capital expenditure attributes this shortfall to the policy to curtail expenditure and the financing problems experienced in the public sector, particularly by local authorities and public corporations," says Mr Lagaay.

"This year may, therefore, well turn out to be another period of significantly reduced activity for contractors engaged in work in the public sector, which accounts for about 70 percent of the industry's total activity."

The statement says that the industry is now working 40 percent below the peak in activity of a few years ago, and 40 000 employees, mainly black, have been retrenched.

It is also critical of the increase in work done by authorities' departmental units. In 1975, these departments had 35 percent of the business, with a projection of 45 percent for this year.

"The Federation wishes to express its concern about this socialistic tendency in a country which professes to subscribe to the free enterprise systems," said the statement.

Sum. Tab.
231478 (32)

Star 28/5/78 (35)
NO UPTURN IN BUILDING

The continuing plight of the building industry can be seen from the latest estimated figures from Johannesburg's City Engineer's Department which show a 26 percent drop in construction work taking place at the end of February compared with the same month last year.

The value of work in the course of construction in the Johannesburg area at the end of last month was an estimated R288,3m — a R102m plunge from the R390,5m a year ago. There was also a fall of more than R100m in the value of work in progress at the end of January this year — R285,4m as against R387,7m for January 1977.

93

Business
Start 29/5/78

40 000 jobs lost since '76 in civil engineering

Michael Chester, Financial Editor

The combined labour force of the civil engineering industry has now shrunk by as much as 30 percent below its 1976 peak of 135 000 — meaning a loss of 40 000 jobs — and the sector faces several bleak months yet to come.

In a review released today, Mr. K. Lagaay, Director of the SA Federation of Civil Engineering Contractors, finds none of the evidence of the mild recovery at last, showing in patches of the economy elsewhere.

The first quarter of 1978 saw the labour force sag to 95 000 with the real volume of work down 15 to 20 percent even compared with a year ago when the recession was biting hard.

The frustration for the civil engineering industry is that it is still trapped in a feast-or-famine syndrome of business cycles because of the stop-go swings in public sector capital expenditure on big projects.

Mr. Lagaay resumes the argument that the stop-go spurts and halts of public sector spending is not only bad for the industry but also not in the best national interests, especially with the dissipation of skilled manpower in the downturns.

BRACED

So — unless there is a change of heart by the Government about spending patterns — the industry is braced to stay about 12 months out of kilter with overall cyclical movements in the economy.

Just as the civil engineering contractors were among the last to feel the pinch of the latest recession — and in fact went on to touch a business peak in 1976 —

they now look likely to be the last to benefit from any upswing.

The fly still to be taken out of the ointment, according to Mr Lagaay, is a basic lack of co-ordination in the spending programmes of the public and quasi-public sectors.

“While it is felt that activity in the industry may not decline much further,” he says in the review, “there are at the same time no signs of an early improvement.

“It would be shortsighted if South Africa in its next economic upswing would again be faced with a lack of infra-structural facilities as occurred in the first half of the seventies and this could then lead to a recurrence of the severe bunching in expansion projects in order to overcome such bottlenecks.”

C

High priority road misses Transkei

32

2/6/78

Mercury Reporter

HIGH priority is being given to the construction of a road linking East Griqualand with the rest of Natal to by-pass Transkei. Work on the R13,5 million project is expected to start next year.

Central Government approval for the project followed recent negotiations between the Administrator of Natal and the Minister of Finance, the MEC in charge of roads, Mr. Dering Stainbank, said yesterday.

It was essential that a link road be provided for military purposes and the Government now recognised that high priority had to be given to its construction, he said.

The 70km road will stretch from Underberg to Swartberg, via Bushman's Neck and Union Bridge.

Yesterday's announcement by Mr. Stainbank is surprising because as recently as March he told the annual meeting of the East Griqualand Regional Development Association that the Government seemed unconcerned about helping to finance the project.

Townships		Men		Women		Total	
		No.	%	No.	%	No.	%
All ages	83 956	68,2	39 113	31,8	123 069	100	100
Over 16	52 879	73,3	19 234	26,7	106 258	100	100
In and outside townships	66 178	72,7	24 821	27,3	90 997	100	100

ENGINEERING
Conac's collapse

Conac, one of Natal's largest private engineering groups, has reached the end of the road. A provisional judicial management order granted in the Supreme Court in Pietermaritzburg (*Finance* May 5) is likely to be converted to a liquidation order following a meeting of creditors.

A possible takeover bid fell by the wayside and liquidity problems make it unlikely, in the opinion of the judicial manager, that it can once more become a successful concern.

In his application for judicial management, MD Eugen Ege declared: "The respondent has, through mismanagement, found itself acutely short of cash and unable to pay its debts."

It is a common and sad enough story. But this time almost 300 people stand to lose their jobs in an already desperate employment situation.

TABLE 6. POPULATIC

excluding
 Other L'ice
 excluding
 Other L'ice
 SAR & H - I
 SAR & H - L
 SAR & H - D

ACCOMMODATION FOR

TABLE 5.

Officials refer to as 'Bungalows'.
 3-storey compounds and single storey wooden buildings which Railway.
 this is not strictly accurate. The Langa accommodation divides between
 Langa. The docks accommodation is classified here as a compound though
 Finally, there are the SAR & H buildings in the docks, and bordering on
 townships, but merely to give a broad idea).
 cation of all types of housing available to men living singly outside the
 such as is found in Hout Bay. (This does not pretend to give an indi-
 site; and then again large groups of men may be housed in a compound
 are housed temporarily in corrugated iron huts, e.g. building workers on
 men are housed singly or in small groups e.g. watchmen; sometimes they
 The accommodation they provide varies considerably: sometimes
 Outside the townships, employers require a special permit to house their

AREAS OUTSIDE THE TOWNSHIPS:

CONSTRUCTION

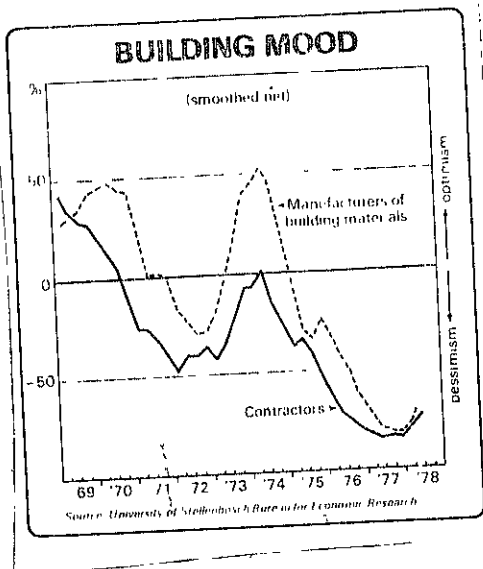
Over the worst? From 20/1/78

If SA's building industry is to achieve 1974 output levels by 1980, overall building activity will have to increase by more than 12%, and the private dwellings sector will have to grow by 37%.

This conclusion, drawn by Stellenbosch's Bureau for Economic Research in its latest *Building Survey*, illustrates just how badly the industry has been hit.

The Bureau's analysis of a number of indicators related to the industry reveals that from 1974 to 1977:

- The real value of residential building plans passed fell by 56%;
- The real value of buildings completed fell by 27%;
- The real value of loans for the erection of new buildings dropped by 45%;



- Employment fell by 30%;
- Total investment in the industry fell by 11%;
- The real value of wholesale sales of building materials fell by 34%; and
- Architects and quantity surveyors experienced a 50% cut in work owing to the fall in the number of new private and public sector contracts.

The Bureau estimates that the reduction in total building activity of both the private and public sectors since 1974 has been about 11%, but points out that investment in private dwellings has decreased much more substantially than the average. In fact, the *Survey* continues, "if government had not supported the building industry during this period, many more contractors would have been forced to leave the industry than actually was the case."

The Bureau thinks that the industry is now over the worst, but it warns that the expected upswing "will be very gradual, will start from a very low level, and will be limited to certain sectors."

Some of the Bureau's respondents seem to share this guarded optimism -- although the *Survey* is at pains to describe their mood as "reduced pessimism" (see graph).

THE STILL gloomy statistics about the building industry are behind the times, according to Mike Hughes, organiser of Interbou '78, the sixth national building and construction exhibition to be held in Milner Park Johannesburg next month.

Mr Hughes believes there are signs of a resurgence of interest reflected in willingness to take part in the exhibition, which runs from August 9 to August 17.

He said this week: "I am in touch with virtually all the major suppliers to the building industry and there seems to be generally a developing air of optimism.

"Interbou is a good example. Despite two years of recession since the last Interbou, there is no lack of ap-

INTERBOU CHIEF'S FORECAST

SUN. TRIB. 23/7/78

Forget the gloom

32

plications for this year's show. Initial reaction was a little slower but now the exhibitors are pouring in."

He said there was a change in the pattern of overseas attitudes towards exhibiting here. In the past, a number of overseas companies exhibited directly from their headquarters abroad, but this year the main trend was to leave it to their local agents.

Mr Hughes said: "The obvious inference is that

while faced with the problems of the current political climate, overseas companies are still very keen to do business here."

The organisers believe visitors will be particularly impressed by a special section devoted to security, with particular emphasis on the protection of buildings.

They say that Interbou is five exhibitions in one:

- The building and construction exhibition.
- A homemaker exhibition devoted to the needs of the home renovator and home improver.
- An ambient energy exhibition.
- An exhibition of woodworking machinery.
- Security in building.

A big display of terrorist arms, ammunition and urban terror devices will be shown for the first time. It will form part of the section of domestic and business security.

Co-operation

Mr R. M. Power, national chairman of the South African Security Association, said he had received complete co-operation from the Security Branch.

"We want to show the public what is happening on the terrorist front. There is no question of creating a panic situation — quite the opposite. The public will be able to see what efficient police work has achieved so far. There will also be video tapes of terrorist tactics and films showing the police at work.

"The display will include guns, land-mines, anti-tank missiles, mortars, bombs and captured uniforms."

On the energy side, a solar heating panel, made in South Africa, and which has stirred great interest overseas, will be shown for the first time.

Plank

Called the solar plank by its designer John Lateulere, managing director of Aluminium Extrusion Company, it was recently shown in Britain at two international industrial exhibitions where it aroused the interest of builders, architects, scientists and industrial designers.

It is now about to undergo stringent tests at the National Building Research Institute in Pretoria.

Mr Lateulere believes

the Almex plank takes full advantage of wide aluminium profiles.

The 300 millimetre profile is produced in lengths up to eight metres. Each plank has a lip for fixing to a supporting frame and interlocks with the panel next to it, making the length and width of the solar heating installation a matter of choice.

Advantage

Because the solar planks can span five metres without support, they can be used as structural units.

But, claim the makers, the big advantage is cost. The usual method of manufacture — merely an aluminium extrusion — and the ease of installation, means, says Mr Lateulere, it will cost considerably less than existing solar units.

Still on the solar front, Standby, an emergency power supply company, will be showing solar generators — and wind generators — linked to a power storage battery system, said to be unique in South Africa.

They will also have a solar electric fence on exhibition.

Other points from the exhibition:

Vivian-Colt's display of various types of natural and powered ventilation equipment. Among them, heat regenerators for the recycling of waste heat — a vital factor in the conservation of fuel and energy.

Lifts

Short Lifts will have a number of working models of both vertical domestic passenger lifts and stair lifts.

Compact-It, a part from exhibiting some of the waste disposal equipment available, will also help to keep the exhibition tidy. A fully operational stationary packer system with automatic loading will be sited outside the exhibition hall to dispose of all waste generated by the stand-holders and the public.

Brickor is planning a "show-stopper". Among the items designed to catch the eye is the Jem block, a maintenance-free, labour saving building block for economic as well as low-cost housing.

Lowcost housing? Solar heating comes in again. African Sunpower will show a total system for such homes, costing as little as R100 a house.

Top speakers will give industry a lift

SUN. TRIB. 23/7/78

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Property Reporter

"THE South African Builder conference, being held in conjunction with Interbou '78, is expected to result in the delivery of some of the most important and influential papers on the state of the building industry yet delivered in this country," says a Building Industries Federation spokesman.

"The conference comes at a time when the depleted industry is noting signs of an economic revival, albeit sluggish. So the industry thus faces, as predicted, the very real prospect of having to gear up to cope with a massive and urgent building programme," he says.

"The Interbou '76 conference was held during a period of bewilderment as the industry helplessly watched the seemingly endless recession force the dissipation of its expensive resources.

"In contrast, this year's SA Builder conference will be generating a completely different mood — the mood will be that of a job to be done in the immediate future and how best to do it. A mood, at last, of optimism backed up by promising facts and figures."

Split into 10 sessions, the conference is designed to look at every aspect of the industry likely to play a part in the anticipated activity revival.

Conference secretary Mr Dennis Linde says he anticipates a "vigorous" response.

Mr Linde says the highlight sessions are likely to be:

● The opening session which includes speeches from Dr Connie Mulder, Minister of Plural Relations and Development; Professor E. H. Galantay, Lausanne Polytechnic Professor of Urban Planning; and international consultant Mr Tony Cadman.

● The "planning for stability and growth" session which includes such speakers as Professor P. J. Nieuwenhuizen, chairman of the Rand Afrikaans University's Department of Economics and Mr J. H. D. Grotius, director of Bifsa.

● "Education and training" with a paper by Professor T. J. Olivier, J. C. Bitson Professor of Building and head of Witwatersrand University's Department of Building Science and participation in panel discussions by Professor A. Guedes, head of the University of the Witwatersrand's School of Architecture; Professor A. P. Burger, head of the University of Pretoria's Department of Architecture; and Mr C. A. J. Bornman, director of the Witwatersrand College for Advanced Technical Education.

● "Home building" and "housing for Asians, blacks and coloureds" with papers from, among others, Mr J. L. S. Hefer, United Building Society manager director; Mr J. C. Knoetze, chief director of the Vaal Triangle Bantu Affairs and Administration Board and Dr E. J. Jammine, head of the Johannesburg Municipality's Coloured and Asian Affairs Department.

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Building looking brighter

(32)

THERE is a slight upswing in the mood of building contractors. "There is a reduction in the level of pessimism," according to the Stellenbosch Bureau for Economic Research.

From the years 1974 to 1977, building plans dropped by 50 percent, the drop in the real value of loans was 45 percent, employment in the building industry fell by 30 percent, total investment shows a fall of 11 percent, and there was a 36 percent drop in the erection of new buildings.

Tender price competition is very keen, while the prices of most building materials continue to increase, and especially those of cement, wood and bricks. Other disadvantages are held to be rent control, inadequate building loan facilities and finance. However, even at the present low level of production there is a shortage of skilled foremen and it is felt that once the upswing takes hold there will be a very serious shortage of skilled men.

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Case history of a home in Westville

23/7/78
(32)

A WESTVILLE man has been engaged in a dispute with a major construction company for nearly two years over alleged rising damp in the house he bought from them.

He — and an independent company specialising in curing damp in property — claim damp is the reason that paint is peeling, plaster is falling away and that redecoration has failed to solve the difficulty.

The builders from whom the owner, Mr Ray Porter of Ashwin Avenue, Westville, bought the property do not agree, although they have made an ex gratia offer, without prejudice, of R300, to settle the matter.

Mr Porter, head of a firm specialising in office cleaning, and former property manager for a major organisation based in Johannesburg, this week described the history of his house in Westville.

He took occupation in December 1975 (transfer was taken in March 1976) and in April, the paintwork started peeling on various parts outside the house, Mr Porter said.

He approached the company's builders, and painters dealt with the walls concerned.

In August a wooden pergola collapsed, and the walls that had been painted were "worse than ever".

Mr Porter contacted the company, Longtill Construction, once more but was advised that further help would not be forthcoming.

Mr Porter called in a specialist damp proofing company, Flik Damp, which gave him a report, confirming damp was the cause of the problem, and quoting a price of R890 for remedial treatment.

Mr Porter contacted Longtill again, in March this year. Longtill replied, writing that: "As nearly five years have elapsed since the house was built, and you did buy the house voetstoets we feel that we can in no way be held responsible for the dampness now occurring."

"However in good faith, without prejudice and on an ex gratia basis, we are prepared to offer you a cheque to the value of R300 in full and final settlement in an effort to assist you with your problem."

Mr Porter refused the offer, because the quote for treatment was R890.

Mr Porter was also puzzled by the reference in the letter to the age of the house as five years, as when he bought it in December 1975, he had been told by the agents, and Longtill, that it was a new house, except that someone had occupied it for a few months while Longtill was building their home.

Mr Stan Long, chairman and managing director of Longtill Construction Company, said this week he had discussed the matter at length with his Natal general manager, Mr D. M. Spilhans.

"We offered Mr Porter R300 on a basis of trying to get a matter settled in a sympathetic way before we had these things investigated by outside parties.

"This was not because we necessarily felt we were at fault, but we wished to satisfy an obviously disgruntled customer. The National Building Research Institute sent a representative and has given us a report that the defects as such, if there are any, are the result, after several years occupation, of nothing more than fair wear and tear.

"They can find no evidence of incorrect construction.

"We also have a copy of the certificate of the Westville inspector that the damp courses have been installed correctly. Under the circumstances we really feel no reason to have any qualms about the whole position."

Mr Long said he would be replying to Mr Porter soon.

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Aan werke

LET'S BUILD THOSE LOW-COST HOUSES NOW, NOW

(82)

hede (1)

Finance Correspondent

eenlik)

THE GOVERNMENT must provide extra finance to boost the construction of low-cost housing in a bid to stabilise the building industry, says Chris Saunders, chairman of the R160 million a year Tongaat group.

jobs and will not be built as cheaply again."

Saunders adds that the Government must, for political and economic reasons, provide the extra finance since labour that is at present "unwillingly idle" and stockpiles of indigenous materials can be used to help revive the economy.

He believes his call for more low-cost housing is justified by the parlous state of the country's brick industry, the real need to create jobs and improve standards of living among the less privileged members of the population.

"It will," he says, "cause no direct drain on foreign exchange reserves nor add to the problem of inflation."

distrik)

He points out that there have been dramatic and far-reaching changes in the local market for bricks.

"The cost of such housing may increase marginally but, if the standard of construction improves, the additional outlay may well be more than offset by lower annual maintenance costs."

eenlik:

He says any revival in demand for bricks will stem from the construction of more low-cost housing.

He stresses the importance of maintenance costs, by pointing out that Durban corporation will this year contribute about R1 million from its general rate fund towards the cost of maintaining low-cost housing.

as gewerk het

"The rate of construction of these houses must be increased because they are urgently needed, will create more

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(c) Hoeveel keer reeds op die plaas gewerk

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Son.	"	"	"

(b) Jaarlikse verlof deur boer betaal
onbetaal

11. Kontantloon (weekliks)

12. Ander betaling (weekliks)

(a) Vleis: hoeveelheid
prys (as nie gratis verskaf word nie)
waarde aan boer
waarde aan werker

The damp menace

SUN, TRIB. 23/7/78

(32)

HUNDREDS OF HOMES VULNERABLE THROUGH IGNORANCE

By COLIN VINALL
Property Editor

HUNDREDS of houses throughout South Africa have to be treated for rising damp each year — because builders are either ignorant or careless about making proper damp courses.

This claim was made this week by Ron van Lear, Natal general manager for Fih Damp Proofing.

He believes there are many home owners sitting on the problem of rising damp who do not know that chemical salts are slowly but surely eating away their homes' brickwork.

Mr van Lear said that split level homes were more vulnerable, and urged owner builders to erect straight-forward properties on a flat site wherever possible.

And, worse, he knows of "heartbreaking" cases where people have built themselves a home after years of saving have hit hard times, and on discovering rising damp, just cannot afford to have it treated.

Mr van Lear said: "It is hard to tell how many houses are affected by damp. Many people's homes have it and they live with it. But the whole building does deteriorate from it — there is no doubt about that at all.

"In certain cases, depending on what kind of damp there is, it can be very expensive to deal with. But the matter we have to deal with most is construction faults.

"In other words, the building contractor has failed to put in a damp course or he didn't do it properly.

"In some cases, a damp course is a very straight forward job. But it can be complex.

"But in any event, if they didn't do it in the beginning, the cost of doing it at a later date is eight to 10 times more expensive.

"Constructors could easily put a plastic sheet across the foundations before the concrete slab is thrown — taken extravagantly it could not cost more than R100 — and that would effectively prevent any moisture rising into that house.

"It is surprising the number of houses that need remedial treatment. We have done just in specific areas, widespread — it is not work in Westville. The houses there are bigger and more complex.

"Building contractors maintain they know all about damp proofing. Quite frankly, they do not. It would be advisable for an owner

Mrs Ray Porter shows how paint easily peels from the kitchen wall. Her family suspects damp



The dream home that became a nightmare

BRIAN and Glyns Gaille designed their own split-level dream house in Westville. Work began in July 1975, and their home, in Constance Cawston Road, Berea West, was ready in November.

But trouble occurred the following year — damp.

By now, the damp has badly affected the house, and the Gailles accept that it needs remedial treatment which will cost about R2 000.

Mrs Gaille said: "Add to that

figure the replacement of fitted cupboards in the bedroom, the cost of replacing carpeting and other items, and I expect the total cost will be about R3 000."

The Gailles are not sure what caused the damp to affect the house, but Mr Gaille believes an agricultural drain might be under the house, and it might have filled in.

"They attach no blame to the builder — but point sadly to the flaking plaster which has reached ceiling height in some places.

"Some builders deny all responsibility, and admit their mistakes. We do lectures for them and try to explain how and why these things should be done.

"We are negotiating with Sapo, the property owners association, and building societies for more lectures for building inspectors."

He concluded: "I say builders should admit their mistakes and they should be expected to pay for them."

"In their place we have men who are supposed to be skilled, but they are semi-skilled. All too often these people have the builders' trust, and at a later stage, there are these tremendous repercussions.

"Some builders deny all responsibility, and admit their mistakes. We do lectures for them and try to explain how and why these things should be done.

"But," he said, "one must bear in mind that we have undergone quite a radical change in the building system over the past few years, in that we have lost a lot of the old craftsmen who really knew what they were doing.

"In their place we have men who are supposed to be skilled, but they are semi-skilled. All too often these people have the builders' trust, and at a later stage, there are these tremendous repercussions.

"Some builders deny all responsibility, and admit their mistakes. We do lectures for them and try to explain how and why these things should be done.

"We are negotiating with Sapo, the property owners association, and building societies for more lectures for building inspectors."

He concluded: "I say builders should admit their mistakes and they should be expected to pay for them."

PROPERTY

32

How attacks can happen

"Imagine what would happen in the case of a multi-storey building. If the bricks and mortar on the ground floor have gone soft, the upper stores bring a tremendous weight down on them. There must be a little bit of settlement or movement, leading to cracks in the walls.

"A very important fact is the question of cement content of mortar. Cement gets harder with age, not softer. So it is not necessarily true to accuse the builder of

this 'disease' of the wall. The salt crystals reach saturation, and then one finds there is a rapid deterioration. It goes very sandy, the plaster is quite likely to fall off the wall, the mortar between the bricks tends to fall out, and maybe, if fired properly, they will revert to clay.

"Ultimately, the building will fall down, but this is not an overnight process — it happens over a long period. "It all depends on the condition but I can guarantee that eventually, that structure

"Salt crystals have a specific shape. The minute cavities between the structure of the brickwork, the plaster and the mortar. "If the cavity in mortar is not exactly the right shape for the set form of the crystal, the crystal can do one of two things. It can form a smaller crystal, or it can form its big crystal and break down that mortar. "It is the salt, in forming crystals that actually breaks down construction. "In the first phase of

MR RON VAN LEAR, Natal general manager for a damp proofing firm, this week described how damp attacks houses, and warned that salt crystals could eventually soften bricks. "All water except distilled water has natural salts. If it is rain water it is probably nitrate, if it is underground it is different types of salt. Let us assume that water is rising through a straight-forward above ground-level wall that was not damp-proofed. "The water gets behind the plaster and it comes out and evaporates through the paint in evaporating, it leaves a salt deposit. "Salt crystals have a specific shape. The minute cavities between the structure of the brickwork, the plaster and the mortar. "If the cavity in mortar is not exactly the right shape for the set form of the crystal, the crystal can do one of two things. It can form a smaller crystal, or it can form its big crystal and break down that mortar. "It is the salt, in forming crystals that actually breaks down construction. "In the first phase of

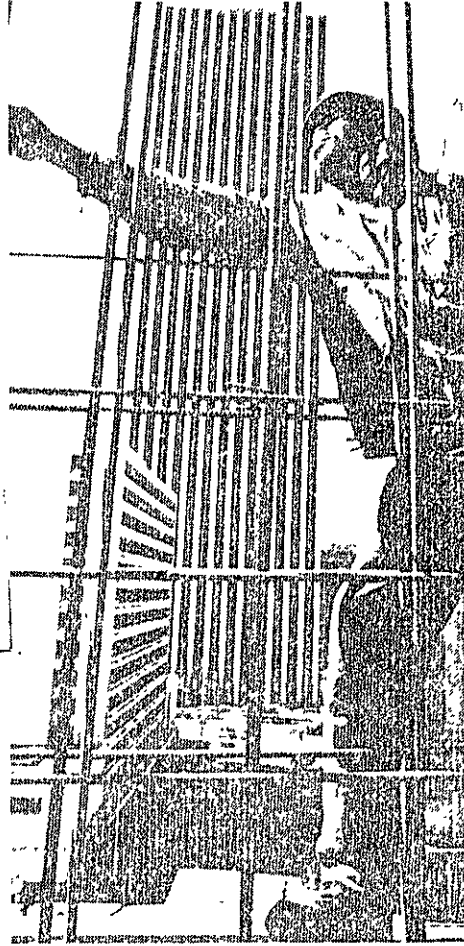
using too little cement in his mortar. "The softening of the mortar is caused by the actual formation of salt. "Some people choose to turn a blind eye to damage but while they are ignoring it, it is getting worse. Treatment of it in most cases is relatively complex. Mr van Lear believes one of the building regulations can lead to rising damp problems. The insistence of some municipalities on anti-guards — the laying of galvanised iron sheets on the foundations causes trouble in that it is extremely difficult for a builder to lay a sheet on an anti-basis.

Weeklikse loon (Dias, Corp, Tydenk Soort werk (Mistrik)

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shareholding of Roberts Construction. "But it is crucial that blacks have a majority share, to enable us to direct the course of the company," asserts Motsuenyane.



**Black construction worker . . .
barred from business**

FM 28/1/78
BLACK BUSINESS

Walled in

Black building contractors, severely hampered by restrictive legislation, are bitter.

Particularly outspoken is the African Development and Construction Company (AD&C), a Witwatersrand-based contractor with 51% black shareholders. (The rest of the shares are owned by Roberts Construction.) AD&C has been barred since its inception last year from tendering and operating in white areas.

"The whites are protected in their market, while their black counterparts face fierce white competition in black areas," protests Sam Motsuenyane, president of the National African Federated Chambers of Commerce (Nafcoc) and chairman of AD&C.

The Bantu Building Workers Act prohibits blacks from being employed in skilled work categories in white areas, whereas whites can be employed as supervisors or instructors in black areas. In terms of this law the Minister can grant exemption — which he has not done for AD&C.

"Whites have superior know-how and capital — we can't be expected to compete as yet," Motsuenyane tells the *FM*. "It is not black competition in white areas that pose any great threat, for the same reason."

Lack of capital and skills is partly overcome for AD&C by the minority

Having white shareholders also has its drawbacks. The new 99-year leasehold is only available to all black companies. So AD&C cannot lease its own premises.

Motsuenyane hopes to get round the problem by renting premises leased by an all black association, as will the Nafcoc-sponsored black supermarket chain, Blackchain. Other grievances will be hammered out when Nafcoc meets next month with Prad Minister Connie Mulder.

169 students
detained 1/8/78
in SA (3) ^{sta} (3)

— Institute (jaarliks)

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There are at least 169 students ranging in age from 13 to 25 years in detention under security laws in South African jails, according to the South African Institute of Race Relations.

Of the pupils in detention, at least 31 were under the age of 18, some as young as 13.

According to the institute, at least 19 of the pupils under the age of 18 have spent nearly two years in detention without trial.

The Minister of Justice, Mr. Kruger, told Parliament this year that there were one 14-year-old and five 15-year-olds serving sentences on Robben Island for sabotage.

The document released by the institute also states that at least 40 students over the age of 18 have been in detention for nearly two years, while 16 have been held for 18 months.

Last year, 236 males and females under the age of 18 were detained without trial under various security laws, according to figures released in Parliament.

"There has been a spate of trials relating to public violence, arson, malicious damage to property and incitement.

"Altogether, on the basis of our records, there have been 63 trials of this nature with 400 people accused," the document says.

Since the beginning of this year, Port Elizabeth has had the greatest number of cases relating to civil unrest. In all, there were 59 trials involving 169 people.

At least 1354 people have been banned in the past 18 years and at least 368 of them have fled the country, swelling the number of exiles in neighbouring states to about 3 000, according to the Institute.

(jaarliks)

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LTA **32** FM 4/8/78
Worth holding

Activities: Building and civil engineering group, and construction finance. Effectively controlled by Anglo American.

Chairman: Dr Z J de Beer; managing director: M T Ridley.

Capital structure: 12,5m ordinaries of R1; 42 000 10% cum red prefs of R1. Market capitalisation: R23,8m.

Financial: Year to March 31 1978. Borrowings: long and medium term, R5,3m; net short term, R5,9m. Debt:equity ratio: 57,3%. Current ratio: 1,1. Net cash flow: R9,3m. Capital commitments: R2,4m.

Share market: Price: 190c (1977-78: high, 220c; low, 115c; trading volume last quarter, 213 000 shares). Yields: 22,5% on earnings; 10% on dividend. Cover: 2,3. PE ratio: 4,4.

	'75	'76	'77	'78
Work in progress (Rm) ...	217	224	271	301
Return on cap%.....	*31,1	25,4	†18,4	18,6
Turnover (Rm)	*224	257	282	336
Gross profit (Rm)	6,4	8,9	9,2	12,1
Gross margin %.....	*4,6	3,5	3,3	3,6
Earnings (c)	*73,2	37,1	39,2	42,7
Dividends (c)	13,0	18,5	18,5	19,0
Net asset value (c) .	204	218	246	270

* Nine months annualised † Assets revalued

Chairman Zac de Beer starts his chairman's statement by saying: "Prospects

for significant improvement in our industry are not good ... and even if the political and economic situation in southern Africa does improve there is considerable slack to be taken up and it will be quite some time before the improvement is reflected in substantial increased volumes of construction work ..."

With the worst over, the rest of the report makes good reading. Work in progress is up from R271m to R301m, and "the order book looks healthier now than it did this time last year, even given inflation," says financial director Colin Wood.

The balance sheet remains sound. Net borrowings are substantially higher at R11,2m (R5,6m), because net short-term debt is up by R5,7m. This, explains Wood, "is due to the enormous fluctuations in our cash flow at particular times of the month, but overall our gearing is at a similar level to last year's debt:equity ratio of 33%."

LTA is always conservative in its accounting of profits, so it is not able to smooth its earnings curve to any great extent. Profit not brought to account was R8,7m, which was the difference between contract valuation and total costs as at March 31.

The group continues to benefit from a substantial tax cushion, although the rate was up at 27,6% (21,5%). It continues to use up losses incurred in 1971 and 1972, and it is benefiting from substantial investment allowances. It has a remaining tax cushion of R18,7m which should last for some years.

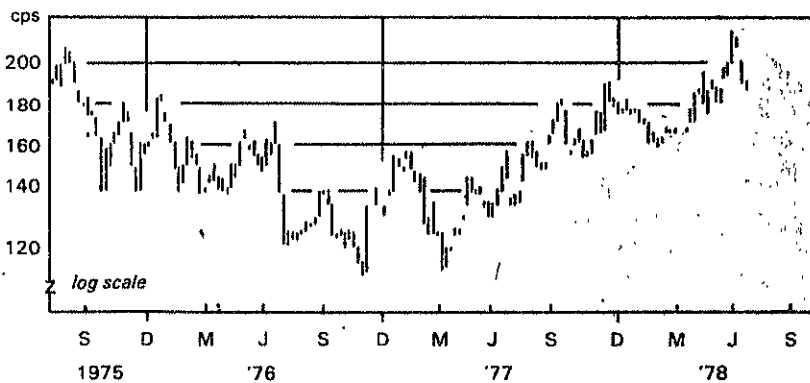
Unlike many of its competitors, LTA is not actively diversifying, although says Wood: "We are interested in diversification, but within the broader field of construction," which presumably includes the engineering spectrum. Meanwhile it has acquired the Rand Reinforcing companies, the Reinforcing & Allied group, Penman & Jochelson, electrical contractors, and is negotiating for outstanding shares in Spencer (Melksham). Acquisitions cost a total of R9m, part of

which has been financed by short-term loans.

Earnings from these acquisitions will be affected for some years to come as LTA writes down all goodwill. This stands at R1,02m in the balance sheet. But the year-to-year provision also reflects any earnings above what is warranted at the time of the acquisition.

At 190c LTA yields a prospective 10%. Over 213 000 shares have changed hands in the last three months, against 99 000 during the first four months of the year. Although no significant upturn in the building industry is being forecast for the year ahead, LTA should improve profits in the current year, and on yield considerations and long-term prospects it is worth tucking away. *Gail Pemberton*

LTA: ups and downs



the average rate paid rose from 10,7% to 13,8%.

The group's land stocks are its biggest headache. It had land worth R28,3m (R28,6m) in stock, of which R15,8m (R16,2m) is unserviced, unproclaimed and R11,6m (R11,5m) is proclaimed. There is another R17,3m of property in fixed assets, giving total property holdings of R45,6m, of which only R2,3m is unencumbered.

Debtors at R7,5m (R7,9m) and property debtors at R4,1m (R4,9m) are not much changed. Bester used to disclose deed-of-sale bad debtors but no longer does, I understand because "those debtors who were going to default on their properties already have and bad debts are no longer a problem."

Bester's vast farms, flocks and herds, given to the public company by the Bester brothers last year for a nominal R100, have hardly been a godsend. They brought with them liabilities nearly equal to assets of R20m and have so far sustained R534 000 in losses due mainly to depressed red meat prices. But the directors remain confident the farms can one day make money.

Although land and house sales are slack, Bester reports a slight improvement on the property side. Provided all goes well on the economic front, property losses should be slightly diminished next year, while construction profits should also be higher. So a substantial overall earnings improvement is a distinct possibility. But because it is so illiquid, the group can forget about dividends for another two years at least. The current share price is a fair reflection of risk and reward.

David Carte

BESTER

32

Carried by construction

FM 11/8/78

Activities: Construction, property and farming group. The Bester brothers hold 75% of the group.

Executive chairman: I Bester.

Capital structure: 12m ordinaries of 50c. Market capitalisation R4,8m.

Financial: Year to February 28 1978. Borrowings: long and medium term, R8,1m; net short term, R29,3m. Debt equity ratio 76%. Current ratio 1,1. Net cash flow R2,7m.

Share market: Price 40c (1977/78; high, 40c; low, 27c, trading volume last quarter 123 000 shares). Yields: 36,7% on earnings, P/E ratio 2,7.

	'75	'76	'77	'78
Retention %	113	104	99	132
Liquidity index (1974=100)				
Property sales	112	67	105	47
Construction	122	163	202	211
Gross profit (R'000)	4 126	4 245	5 362	7 074
Interest and lease costs (R'000)	2 934	3 119	5 298	6 120
Income tax	120	162	1 034	147
Dividends (c)	0	0	0	0
Net available (c)	95	96	108	116

*Net available (c) after tax provision deducted.

The construction division, one of the main beneficiaries of the current mass housing drive, continues to carry the group while property and farming hold it back.

Construction made R5,1m (R4,7m) pre tax profit and has an order book of R150m, of which work to the value of R90m has yet to be started. This division must have turned over R75m last year, so is earning a respectable 6,8% pre tax return on those contracts. If these margins can be maintained, the existing order book promise profits of about R10m over the next two years or so.

The previous year the property division's losses amounted to 72% of the construction division's profits. Last year it cut its losses by R500 000 and wiped out only 52% of the construction profits. The farming and industrial divisions suffered a R200 000 reverse, however, so group pre tax profits improved only 49% or R600 000 to R1,9m.

Last year Bester's accounts were qualified by auditor, Theron van der Poek, because they contained no R736 000 deferred tax provision in respect of a loss arising on the group's reconstruction. This had the effect of exaggerating taxed profits by R736 000 or 6,4c per share, the auditors said. For last year, Bester has made the provision in respect of the previous year, flattering this year's earnings improvement. Earnings last year without the provision were 16,5c and with it, 10,1c, compared to 1978's earnings of 11,7c.

However profitable the construction division, group profits and cash flow seem mired by property. So it is with liquidity. Bester seems unable to make much headway in reducing borrowings, which now total R36,9m (R26,3m). The interest and leasing bill grew from R5,4m to R6,7m and is now covered by pre-tax gross profits only 1,3 (1,1) times.

It would seem that loans rolled over are carrying higher rates of interest, as

32 FM 1/9/78

Developers call a halt

The row between private developers, who pay for buildings to be put up, and the Building Industries Federation (Bifsa) is hotting up. The fuss is about the federation's standard qualifications of building contracts and tenders, and the Haylett formula for compensating builders for cost escalations during the contract period.

A meeting between Sapoa, representing the developers, and Bifsa, which was scheduled for last week, was cancelled by Bifsa at the last minute. And now Sapoa

won't accept Haylett. It insists on another cost increase formula, the Baxter formula. Baxter, Sapoa's building contracts committee chairman Don Goodey tells the *FM*, appears to be better for the client. He cites one SAR contract where railways saved 70% of what it would have paid if Haylett had been used instead of Baxter.

If the public sector doesn't have to have Haylett inflicted on it "why should we?" private developers ask. They also complain that Sapoa wasn't invited to the

- That Bifsa should withdraw its "unilateral" qualification of private contracts and its embargo on contracts which don't contain Haylett;

- That Haylett would be acceptable if the fixed element was pushed up to 35% of the contract price (leaving only 65% subject to escalation); and

- That alternative methods of measuring cost increases should be allowed — for instance the "proven costs" method, where the builder produces actual invoices to show increases; or an amended Haylett formula; or a combination of both methods, say, Haylett on the airconditioning and electrical work and proven costs on the rest.

Sapoa has again offered to meet Bifsa to discuss the matter. Meanwhile Sapoa hopes that its members will "maintain their right" to negotiate terms with builders on any basis they like. This may mean going to builders who don't belong to the Master Builders' Association and are therefore outside Bifsa's influence.



Goodey (left) and Grotius . . . stalemate?

has had enough. It is advising its members (including most of the large developers such as the institutions and building societies) to reject Bifsa's standard qualifications. This comes in the form of a yellow sticker setting out seven conditions. The sticker is attached to Bifsa members' tenders and contracts.

The trouble started two years ago when the Building Industries' Advisory Council, which advises government on matters related to the building industry, recommended that the Haylett formula be used for contract price adjustment. This is where the snag comes in.

The BIAC, the developers point out, only recommended Haylett. But Bifsa has made it mandatory for its members to include the formula in all building contracts for the private sector, and refuses to allow its members to tender or negotiate any contract in which it is not incorporated. If a Bifsa builder doesn't toe the line he faces a heavy fine.

For builders doing jobs for the public sector, however, it's a different story. Bifsa has no say. SAR, for instance,

meeting which worked out the Haylett formula, nor to the BIAC meeting which recommended its use.

Recently it looked as if there could be compromise. In July Sapoa and Bifsa got together at a meeting chaired by the chairman of the BIAC. Nothing transpired except a minor change in the fixed element (the amount of the contract price not subject to escalation) from 10% to 15% — and a recommendation that Sapoa and Bifsa should meet again to discuss their differences. That was the one set for last week.

For the meeting Sapoa lined up clients such as Escom and SAR as well as professional bodies such as architects and quantity surveyors to put forward their views. But Bifsa said that it was only prepared to meet Sapoa. Sapoa agreed to meet Bifsa alone, yet Bifsa cancelled. Bifsa director Johan Grotius declines to say why.

Undeterred, Sapoa went ahead with a meeting with the others. They decided (and are informing Bifsa) that their main demands are:

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The sacrifice of an animal is undertaken in response to the ancestral shades "because most of the peoples ancestors want them to do something". The coloured cords appear to play numerous roles in healing, they may represent different kinds of spirits, they may be tied round specific parts of the body, e.g. wrists, ankles, waist or head and serve a protective function in warding off "enemies". Dreams of plants or herbs by "patients" are interpreted as indicating that the "patient" requires the specific plant or herb dreamt about.

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Has the construction slump changed the direction of the big five quoted construction companies? With steady cash build-up, acquisition has been the name of the game over the last 12 months.

The big five improved their cash holdings by nearly R27m in the years covered by their most recent reports (see table). But of the proportion spent on diversification, only M&R's R7,3m purchase of spice maker, Crown Mills, through Manchusa, was an engineering departure.

Darling & Hodgson has moved into open-cast coal mining and Grinaker into electronics via Racal Group 5, which had R17m net cash at its year-end, plans to use most for project finance to give it a competitive edge in tendering. It is looking outside construction, but only in the engineering field. LTA is interested only in "construction in its broadest sense."

So the construction companies remain aware that although there are few huge new projects such as Sasol II, Koeberg, Duvha, Richards Bay, Sishen and Saldanha in the offing, SA will have to build more in the next 40 years than it has since Van Riebeck arrived, despite the

current downturn.

Murray & Roberts' liquidity improved by a net R16m last time it reported. It has since spent about R20m on acquisitions of which about R7,5m went on Elgin. The R7,3m Crown Mills acquisition was in a 50% partnership with Anchusa, so will have cost M&R only R3,6m. The purchase of Cape Foundries and investments in the valve and heat exchanger industries absorbed an as yet undisclosed sum. M&R had a R10m debenture issue recently. Its prelim is due next Thursday, September 7, and the annual report at the end of the month. There will be major balance sheet changes but liquidity will not be strained as M&R is in line for a R100m coal wharf contract in Israel as well as the Valindaba uranium enrichment plant and will have retained cash for these.

Policy at M&R is to stick to engineering-related industries but Manchusa, with an estimated R16m to invest, goes its own way. Manchusa is looking at foods, mass manufacturing and consumer goods. It will generally pay cash and never accept less than a 50% holding in new ventures.

Darling & Hodgson reported

improved liquidity of R5,3m in its last report after spending R15m on plant, equipment and coal options. It has never quantified its coal operation, which is expected to make a small maiden contribution to profits in the current half year.

This was a logical diversification, as D&H had the machinery and expertise for overburden stripping before it bought its first option. D&H's new investments are expected to earn 30% pre-tax including the coal mining operation. Production has been sold to Iscor and the export market. Coal will make a "significant" medium-term contribution to group income. D&H is still in an acquisitive mood but only in fields in which it has established skills.

LTA is diversified only to the extent that it derives 49% of its pre-tax profit from building systems, reinforcing and sub-contracting. It is not interested in further diversification and was the only construction company whose liquidity did not improve in the last balance sheet. But with debt:equity at 57%, it is far from highly geared.

Nevertheless, it might judge the present as a good time for a rights issue, especially if the volume of work picks up. This applies to any capital intensive industrial company working near capacity.

Group 5 would pick up suitable engineering acquisitions outside construction but is in no hurry to move outside as it feels it can put its huge cash balance to work on project finance and this gives it an edge. The R17m of cash last reported was seasonal. Normal cash holding is R14m, says the company. The other construction companies are not big in project finance. As M&R observes "we

The big five

Company	Net cash or (short term debt) (Rm)		Cash or (total net debt) (Rm)		Cash gain (loss) on 1977 (Rm)	Last reported year end
	1977/1978	1976/1977	1977/1978	1976/1977		
D&H.....	(1,6)	(5,1)	(16,0)	(21,3)	5,3	December 31 1977
Group 5.....	17,7	13,1	16,9	12,4	4,5	December 31 1977
Grinaker.....	9,5	3,1	6,7	(0,1)	6,8	June 30 1977
LTA.....	(5,9)	(0,2)	(11,2)	(5,8)	(5,4)	March 31 1978
M&R.....	14,9	1,8	(0,5)	(16,1)	15,6	June 30 1977
Total.....					26,8	

over R500m a year and have an equity base of R70m, so the amount of financing we can do on large schemes is relatively unimportant." M&R does help us arrange leaseback financing, as in the case of the OK Bazaars hyperamas. It uses IDC financing on its overseas projects.

Grinaker's liquidity was not strained by the R6,8m Racal acquisition, R3m of

which was financed by a pref issue. Before the deal Grinaker had R10m of cash. After the deal, debt plus the prefs amount to only 31% of equity. So it has plenty of scope for further diversification, but it too will stick to engineering-related businesses.

Not all of those cash holdings can be used for acquisitions. Plant replacement soaks up considerable amounts, particu-

larly with walking drag lines costing up to R10m apiece and concrete road making machines costing R1m each. But if replacement cost is taken into account, most of the construction companies appear to be under-depreciating. This could point to heavy near-term capital investment requirements and possibly rights issues in unexpected quarters.

David Carte

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EXPORT SUCCESS

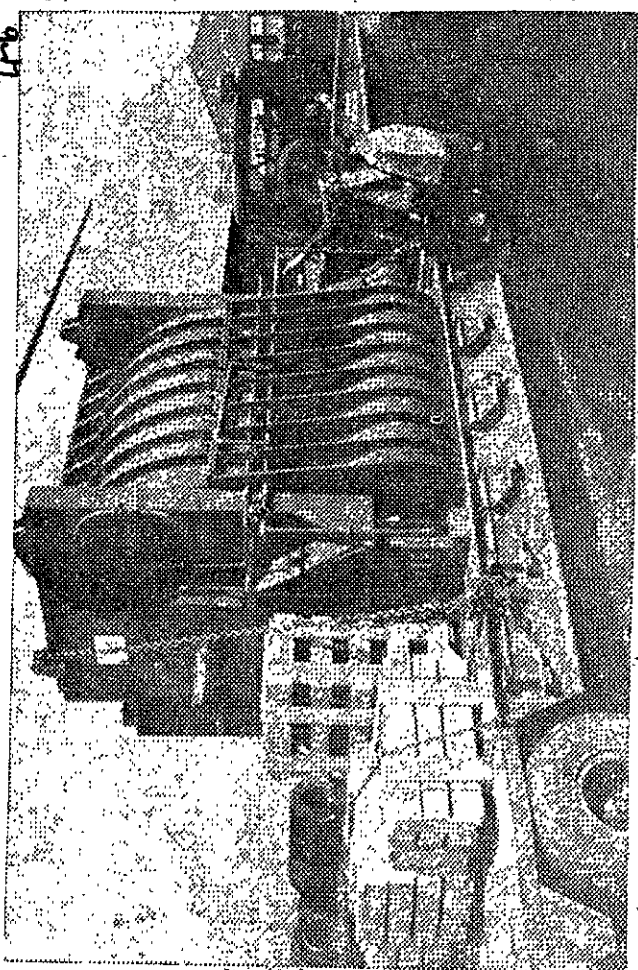
By Alan Peat Finance Editor

ALTHOUGH the shipping hubs for the United States trucking industry commercial vessels has just about died in the last year one builder has managed to stave off the economic effect through a growing export programme.

And the Anglovaal subsidiary James Brown and Hamer (J B & H) of Durban, has put its general skill in engineering into practice to supplement its lost shipbuilding cash returns.

The year-long string of export successes it has been chalking up recently included the penetration of the United States market with a R500 000 order for heavy automotive castings.

The latest order involves the supply of more than 30 000 wheel



On its way to a foreign land is a recent export order for a R100 000 Tongaat cane shredder

The latest order to leave the workshops is a R100 000 Tongaat cane shredder. Other exports have included vacuum pans, sugar-mill rollers and other spares.

During the past 12 months JB&H has also had a steady stream of export successes with sugar industry equipment manufactured in Durban.

"We are also confident of obtaining our share of the work from the multi-million rand Swazi III sugar project," said Mackie.

A question of limits

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■ Mr. Sid Benjamin, ASABOSA committee member and Durban manager of the African Coaling and Exporting Company: "Off-limits calls must remain in the hands of an approved agent."

■ MR. Les Whitehead, national ASABOSA Council committee member and branch manager of Mitchell Cotts Maritime: "... without doubt additional business for ship agents."

■ ASABOSA's Durban chairman and Freight Services' Ship Agency manager in the city, Mr. Bram Dijkstra: "Each party must keep to its own territory."

MEMBERS of the Association of Ships Agents and Brokers of Southern Africa (ASABOSA) — though unanimous in their praise for the Government's decision to allow crew changes off limits Durban — seem concerned about the possibility of local ship chandlers encroaching on duties reserved for ship agencies.

Their point is substantiated by the fact that not so long ago a Cape Town-based ship chandler, operating sea — and air-borne — supplies off limits Table Bay, began to function as a ship agent as well.

Three ASABOSA men interviewed in Durban on the matter told me that ship agencies and ship chandlers had two distinct functions.

An agent was basically an extension of the ship owner's arm ashore to protect his interests.

In that capacity, the agent had to handle all formalities on behalf of the ship owner with port officials, Customs and the Departments of the Interior and Health.

In contrast, they said, a ship chandler was "the grocer to a vessel", and as such merely one of a number of offshore suppliers for victuals. He could be contracted directly by the ship owner or through an agent on behalf of the ship owner.

Spokesmen for ASABOSA and Durban agencies maintain that because the Government's concession on off limits Durban crew changes has been granted to ship owners, the entire topic is "an agents' matter, not a ship chandlers' matter."

It is understood that their criticism is aimed at last week's official announcement of the new concession on the premises of a Durban ship chandling company instead of "more appropriate" agents' offices.

But one thing is certain: agents as well as chandlers in Durban are pleased about

the new off-limits facility.

Nobody interviewed was prepared to venture a detailed forecast on how much of the off-limits crew change and supply business would be extracted at the cost of Cape Town. Likewise, there have been no guesses about how much additional business Durban is expected to attract.

It is thought that ship chandlers initially aim at the classic tankship route between the Persian Gulf and South America.

These ships, they feel, will create new off limits crew change and supply income because our seaboard lies en route while replenishment and crew exchange off Table Bay constitutes costly deviations.

Asked about ASABOSA's views on the new situation, the association's Durban chairman, Mr. Bram Dijkstra, told me:

"Shipping is team work of ship agents, ship chandlers and other parties.

"Agents represent ship owners, contractors, suppliers, Government departments such as port officials, Port Health, Immigration and Customs.

"All these parties in

Durban are to benefit by the new concession granted, which to an extent will be utilised at the expense of Cape Town.

"Each party, however, must keep to its own territory," according to Mr. Dijkstra.

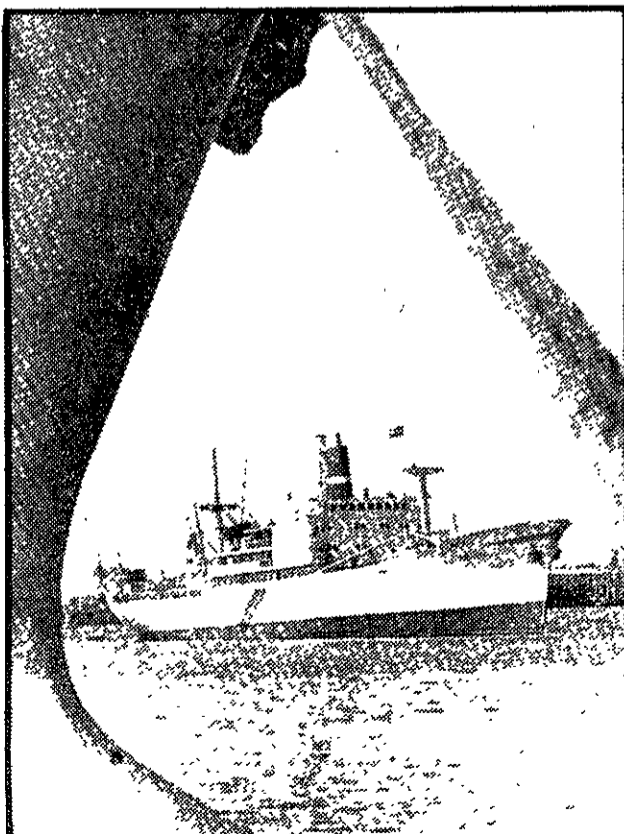
ASABOSA committee member Mr. Sid Benjamin, commented: "Overall operations must remain in the hands of ship agents.

"We don't want to see an operations breakdown. We are all very pleased with this new facility, but it must be realised that the operation of an off-limits call by vessels must remain in the hands of an approved ship agent."

Mr. Les Whitehead, committee member of ASABOSA's national council, said:

"Our company (Mitchell Cotts Maritime) handles a fair amount of off-limits traffic. We welcome this concession which will without doubt generate additional business for ship agents.

"One decided advantage to ship owners is that they will have the facility to exchange ship officers and at the same time include a hand-over period between Durban and Cape Town or vice versa."



● SINCE her arrival in Durban on September 1, the all-white Greek steam-driven reefer Ithaki Kathara has almost turned into a "landmark" at the port's inner anchorage buoys. But according to her local agents, the ex-Barcarolle's 10-day wait for a loading berth will come to an end today when she is scheduled to ship a full poultry cargo for an undisclosed destination. On time charter to the Danish Lauritzen Peninsula Lines, the Ithaki Kathara of 7 283 dwt is owned by the Ithaka-based Stala Cia. Neviers

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FM 22/9/78

BUILDING (32)

Home, sweet home

There's quite a boom in advertising on the part of systems builders, companies offering to extend homes with additional bedrooms, bathrooms, patios or whatever and usually constructed to a modular, though flexible, form of construction.

According to a straw poll among banks, building societies and construction companies all the signs are that the systems builders are poised for the good times. The climate looks favourable. There is far more activity among building planners and building societies and banks are awash with cash.

The value of building plans passed for alterations and additions in the first six months of this year, at R149,4m, edged ahead of the same period last year (R141,5m). While it is true that those figures cover industrial extensions as well as those in the private sector and the increase is slight, it is an improvement.

Added to this, says director of the Association of Building Societies, David Alston, by the end of June his members had funds of something like R108m a month available for loans. That com-



Alston, Harriman and Keyser . . . add-on or add-in?

pare with R75m a month ruling last February.

But not that they are exactly giving money away. SA Perm MD Pat Watson confirms that while there has been "nothing sensational" going on in the home improvement sector his company has been no less stringent in applying its usual yardsticks when it comes to assessing risk — despite having plenty of available cash.

Likewise, Stannic and Wesbank — who, with Trust Bank, are in the forefront of lending in the home improvement sector — report stimulated activity but

suggest that it cannot, yet, be described as a boom.

The real enthusiasm comes from the builders themselves. Witch Rooms MD Cliff Harriman estimates that he is now turning over R1m a month in installing around 150 units nationwide. As advertising pace-setter he has been active in the home improvement sector for seven years.

Typical Witch Room addition costs between R4 000-R4 500 and is essentially a timber modular construction. Harriman estimates the market to be worth around R250m a year. That's

probably on the high side but there is still plenty of work for the, perhaps, two dozen (and growing) remaining system builders.

Late-comer Kool Aluminium: Space-span Division was launched in March and reports over 300 enquiries in the first few weeks. "We're not selling bricks and mortar any more," enthuses product manager Geoff Nye, "we're selling a concept." Again, typical installation cost of his aluminium based system is around R4 000 and he is already turning over something like R80 000 a month in sun rooms, lounges, bathrooms and so on.

Nye is convinced that the market is "wide open." If he is surprised about anything it is that over 50% of his deals are for cash.

Norman Keyser of the Art Louvre group of companies is another who argues that today the public wants a complete planning and financial package. "The back-yarders," he says, "are going by the wayside; the professionals are moving in." Keyser talks of the business as being "buoyant" and tells the FM that he is doing around 70 contracts a month. Typical cost of steel and glass construction is between R1 500-R2 000.

leges for Advanced Technical Education are usually divided into three. The College at Umlazi, too, could be divided into three Schools. On the basis of table 40, the most likely would be Mechanical Engineering, Electrical Engineering, and Civil Engineering and Building.

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Department applies to the Department of Electrical Engineering where light and heavy current follow largely the same course. The Department could offer specialised courses such as Industrial Instrumentation and Electronics, at a later stage of its development should it be necessary, as well as it might with the present expansion of the electrical industry and plans for opening a TV channel for African viewers.

The Department of Applied Science, or some equivalent, could offer courses primarily for Chemical Technicians. It should be noted that the Diploma for Chemical Technicians appears to be exactly the same as the one in Analytical Chemistry, and to further confuse matters, is also called the Diploma in Chemical Technology by different Colleges for Advanced Tech-

industry" Grinaker upped pre-tax profits 48% from R6,2m to R9,2m, without any help from the newly-acquired Racal. (Rasa) which is not consolidated in the latest accounts. Yet, at the end of his chairman's statement Grinaker says: "It is sincerely to be hoped that the authorities will soon raise their capital expenditure programmes to ensure that there is a sufficient level of work to retain skilled labour in the industry, and to encourage a return to normal conditions."

	'75	'76	'77	'78
Return on cap %.....	33	27	28	32
Turnover index (1973=100).....	185	214	216	232
Gross profit (Rm) ...	6.3	6.6	7.0	9.9
Earnings (c)	83.6	89.5	75.8	104.1
Dividends (c)	27	29	29	33
Net asset value (c) ..	273	341	401	476

To counteract the cutback in expenditure on freeways, provincial roads and railways Grinaker shifted its emphasis from road works to large earth-moving operations, such as open cast mining, dams and allied work. This entailed the expenditure of about R7m on new machinery and proved a successful move. Bringing to book profits from previous contracts as well as the ability to complete urgent work in "quick time" also contributed to profitability, as several large contracts were started and completed during the year.

Acquisition of Resa will cost Grinaker R11,7m which includes R3m or more to be raised by the issue of 3m 10% cumulative redeemable prefs, to offset Resa's gearing. Racal made net attributable profits of R1,98m in its year to March 1978, equal to 40c per Grinaker share, and should contribute significantly more in the current year if its past profit growth is any guide.

Grinaker reports earnings of 115,1c per share, but on FM calculations, which exclude R526 000 recoupment of depreciation on sale of plant and equipment, and other minor adjustments, earnings come down to 104,1c per share.

Return on capital has improved to

which consists could be offered ensure that i

32% (28%) and should rise again in the current year with consolidation of Resa. This should also ensure that Grinaker continues its more generous dividend policy. It has boosted the dividend 14% from 29c to 33c, the first substantial increase since 1974.

Since this June when Grinaker first announced it intended buying Racal, the shares have been steadily rerated. From 295c then, they are now 68% higher at 495c. Grinaker excluding Racal may only maintain earnings in the current year. It will lose the interest, equivalent to about 17c per share at 10% on the R8,6m, cash consideration paid for Racal. But if Racal makes a conservative 50c, group earnings could be about 150c, which at the current PE of 4.7 times would suggest a price of 705c.

But before the market pushes the price up towards this level, it will need to see a higher dividend payment, as well as good interim results to confirm that there is sufficient work on hand to continue the impressive profit rise.

Gail Pemberton

In fact, the... GRINAKER

Secure construction

Activities: Construction and civil engineering group, which subsequent to the year end acquired Racal Electronics SA. The directors hold 22,2% (22,4%) of the equity.

Chairman: O W Grinaker.

Capital structure: 4,9m ordinaries of 50c. Market capitalisation: R24,3m.

Financial: Year to June 30 1978. Borrowings: long and medium term, R3,5m. Net cash: R9,1m. Debt:equity ratio: 20,5%. Current ratio: 1,6. Net cash flow: R6,7m. Capital commitments: R729 000.

Share market: Price: 495c (1977-78: high, 495c; low, 145c; trading volume last quarter, 179 000 shares). Yields: 21% on earnings; 6,7% on dividend. Cover: 3,2. PE ratio: 4,7.

"It has been an exceptionally good year, our best ever," says chairman Ola Grinaker. And despite the much talked of "depressed state of the construction

indicates Certificate course, oma and Certificate figures

correlation between the rank-demand and 1981 demand, despite a graph about the unreliability

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NATAL CONSTRUCTION

Help from friends

32

The building industry in Natal has good reason to be grateful to the state and the churches. They have provided a steady stream of work during the lean period.

Last month, for example, two of the most costly building plans approved in Maritzburg were for an Anglican cathedral centre (R1,3m) and for a school hostel for the provincial administration (R1,5m).

Similarly, Longtill Construction, part of Retco, has announced contracts worth R14,5m over the past month entirely from government and municipal sources. The biggest contract of R7,95m is for

100 houses at Lotus Park, Isipingo for the local council.

In Durban the most costly plan approved so far this year was the R4m block of 38 stories of flats, duplexes and parking on the esplanade for Metal Industries pension fund.

Last month two big plans were approved for storage facilities for Island View Storage (R500 000) and Durban Bulk Shipping (R400 000). Other large items approved were a warehouse for Old Mutual (R440 000) and a soft drink bottling plant and storage (R350 000) for KZ & S Investments.

It is hardly surprising that new blocks of flats are rare among the plans. The Durban City Council, for instance, is still trying desperately and without much success to let 200 vacant council flats.

) indicates Diploma course, (C) indicates Certificate course, and (D & C) indicates that the Diploma and Certificate figures have been lumped together.

That there is clearly a fairly high correlation between the rankings of each category for immediate demand and 1981 demand, despite what was written in the previous paragraph about the unreliability of the 1981 figures.

As a result of this report, the above table indicates, in order of importance, that courses the proposed Technical College at Umlazi should offer. It is important to note that the table should not be interpreted as suggesting that the College should offer a course, say, for Chemical Technology ranked third, but not one in Chemical Technology (Plastics).

In fact, the syllabi for both at the White Colleges for Technical Education are very similar, & if the proposed College were to offer a Diploma course for Chemical Technicians, it could also offer the course for Chemical Technology (Plastics) at negligible extra expense in money or time.

Colleges for Advanced Technical Education are usually divided into departments. The College at Umlazi, too, could be divided into departments. On the basis of table 40, the most likely departments would be Mechanical Engineering, Electrical Engineering, Chemical Engineering, and Civil Engineering and Building.

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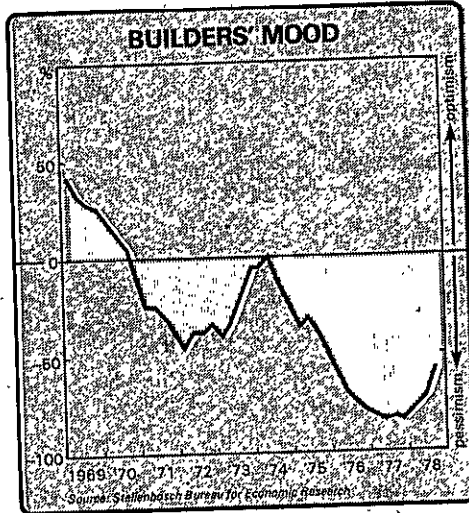
DEVELOPMENT (22)

Picking up smartly

PM 29/9/78 Brand
 The up-ended tail at the end of the builders' mood graph (this page) should not be seen as "full blown optimism" but rather as a "lower degree of pessimism." Semantic games? No, just the Stellenbosch economists who produce that graph being careful. Since the "durability" of the current economic

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upswing is, they warn, in some doubt, one can understand their caution. Still, all the signs are that the building industry is about to pull out of the trough. Main reason for the optimism in the returned questionnaires, say the Stellenbosch researchers, is the increased number of contracts now being put out to tender. Most of the work is generated from Pretoria — schools, hospitals, postal, police and defence buildings — which shows what kind of leverage government work can have in the building industry. Best news of all, say the builders, is that the tender competition for the available work is now less cut-throat. Everybody's holding thumbs.

NYM 6/11/78
**Building
industry
brighter** 32

Financial Editor

IMPROVED business conditions in the building industry, which began during the first half of 1978, continued during July and August, according to Mr. J. C. F. Johnstone, chairman of W. F. Johnstone and Co. Ltd., Durban.

Mr. Johnstone says in his annual statement that much will now depend on whether this reversal of the recessionary trend will turn into a meaningful upward movement.

A limiting factor was that there were still a large number of dwelling houses for sale at "bargain prices." There was also a surplus of office accommodation.

Construction

"Factors such as these have an adverse effect on the atmosphere in the building industry and on the prospects for new construction."

On the other hand, more confidence was being shown because of the high bullion price, the lowering of the interest rates and the Government's policy for a mild stimulation of the economy.

"This should percolate through to the building industry but there are still problems arising from international politics."

FM L/10/78

(22)

Murray & Roberts' Doug Roberts:

"The belief that only a few capitalists benefit from private enterprise is clearly proved erroneous by the fact that during the financial year your group paid R8m in taxes and only R5m to shareholders, on which latter amount the state collects further profits."

MURRAY & ROBERTS

Diversification pays off

FM 11/10/78
 activities: Holding company for Roberts Construction and Murray & Stewart. Activities include civil, electrical and mechanical engineering, shaft sinking, annealing, structural steel fabrication, high rise and mass housing building, and more recently air conditioning, mining equipment, thermal insulation and food activities. Directors hold 7,1% of the equity.

Chairman: J D Roberts; deputy chairman: J W Roberts.

Capital structure: 20,6m ordinaries of 7c. 480 000 6,75 cum red prefs of R1. Market capitalisation: R65,9m.

Financial: Year to June 30 1978. Borrowings: long and medium term, 29,3m. Net cash: R59 000. Debt:equity ratio: 44,6%. Current ratio: 1,2. Group cash flow: R18,1m. Capital commitments: R12m.

Share market: Price: 320c (1977-78: high, 350c; low, 150c; trading volume last quarter, 139 000 shares). Yields: 8% on earnings; 8% on dividend. P/E ratio: 4,7.

	'75	'76	'77	'78
Return on cap %	25,9	25,6	24,6	20,3
Gover (Rm)	438	521	522	588
Tax profit (Rm)	23,7	24,0	25,5	22,3
Operating margin %	5,4	4,6	4,9	4,6
Dividends (c)	58,6	62,9	63,7	67,5
Assets (c)	21	22,5	23,5	25,5
Asset value (c)	254	310	357	402

Diversification is making itself felt. Moves into previously unrelated fields in expansion in the engineering sectors proved profits and caused many changes in the accounts.

The group was previously very lowly valued. In the year to June 30 1977, debt was only 25% of shareholders' equity. By end-June 1978 it had risen to 44,6% and more loan funds were used to meet working capital needs with the diversifications. Loan capital has risen to R1,8m (R17,9m), while interest paid has risen to R4,9m (R3,9m). And chairman J D Roberts says the group has R44m of unused borrowing facilities.

Other major changes in the accounts include a rise in shareholders' equity of 53% to R41,2m, creditors up 25,6% to R17,1m, cash on hand down 39% to R1,6m. The changes relate to acquisitions made during the year in line with the group's stated diversification objectives.

Although the balance sheet structure has altered, return on capital exceeds the interest. On capital employed of

R134,1m, M&R earned 20,3% compared with an average interest rate paid on borrowings of 12,3%. And despite the increase in borrowings, there is still scope for more, with debt:equity at 44,6% and gross interest cover at 5,6.

Roberts says the diversification policy has helped both sub-groups, Murray & Stewart and Roberts Construction, to maintain profits and ensure continued growth in the future. He says the group



M&R's Roberts . . . still looking for acquisitions

has engaged experienced staff and introduced controls for efficient management of the new operations. It continues to look for diversification opportunities, but will not halt its expansion in the local and foreign construction fields.

No significant recovery in the construction industry is foreseen in the near future. Expected profit growth will come largely from diversifications already completed.

Diversification's effects can be seen from the table. The manufacturing, industrial, quarrying and commercial divisions increased their percentage contribution to profits while building and civil engineering's share declined.

PROFIT CONTRIBUTIONS

	1977	1978
Building, civil engineering	52	44
Mechanical, electrical engineering	13	15
Manufacturing, industrial, quarrying, commercial	24	34
Property	9	5
Other	2	2

The Murray & Stewart group expects a further improvement in the current year. Its profit in the year under review was a record, mainly because of acquisitions. Major diversifications included Crown Mills and Elgin. The group also bought the 25% of Christiani & Nielsen it did not already own.

Roberts Construction chairman Charles Skeen says construction continued to be depressed. And while he foresees no major upsurge in private or government spending this year, external ventures and acquisitions should help maintain profitability.

The group has changed its equity accounting policies to include all associate companies owned 20% or more and in which a degree of control is exercised. This had the effect of increasing 1977 earnings by 1c a share.

At 320c yielding 8%, the shares are 30c below their peak. At this level they look attractive on a medium-term view especially as diversification has lessened the effects of the construction cycle. A higher dividend seems likely this year.

Des Kilalea

Troubled firm

NM 7/10/78

may be saved 32

Court Reporter

THE construction company contracted to build the new outer ring road had liabilities which exceeded assets by R337 000, but the company might be saved if creditors accepted an offer of compromise, a Durban judge heard yesterday.

An application for the winding up of Toro Construction Company (Pty.) Ltd. was adjourned to December 1 after Mr. Justice Friedman granted the company and five others in the group leave to call meetings of creditors.

Director Mr. A. Vernetti told the Court that Toro, Toro Construction (Western Cape), Taurus Plant Hire, Findlam Properties, Kiria Investments and Direct Construction Company were unable to pay debts.

The whole group had an excess of liabilities amounting to R116 000, he said.

The general recession in the economy and escalating costs had turned what was previously a thriving and profitable civil engineering business into a concern running at a loss.

Mr. Vernetti said, however, that there was an alternative arrangement to liquidation which would probably be more beneficial to creditors.

Scribante Construction had proposed a scheme to inject capital into the group and this had to be discussed.

Mr. Phillip Meskin, SC and Mr. Noel Hurt (instructed by Nicholson, Stiller and Geshen) appeared for the group.

DD 9/11/78 (32)

Sand costs more as removal controlled

By BRIAN BRUCE

EAST LONDON — The indiscriminate removal of sand in the greater East London area — stretching from Cove Rock to Gonubie — has been stopped by various Government departments.

This has resulted in a sharp increase in the price of sand, but contrary to recent complaints, sand is still available in the East London area — and will be so for at least 30 to 40 years.

The rub comes when prices are compared — what builders paid in the past and what they must pay now. Even the East London municipality and the Mdantsane Special Organisation have to pay a much higher price.

Accusations of a Quarry Sales monopoly have also been made by smaller builders who either have to acquire sand illegally — as some are doing — or pay the price laid down by Quarry Sales.

While there is a virtual monopoly over the area where sand can be obtained legally, the general manager of the firm, Mr J. M. Vosloo, said: "We are obviously making a profit, but because the price of sand is now considerably higher, it doesn't mean we are making a large profit."

Sand is now price-controlled and any increase must be sanctioned by the Price Controller.

Government surveys in the greater East London area found sand — in considerable quantities — could be removed from an area of land owned by the Public Services Association.

The PSA called for tenders when it became obvious they had a large amount of suitable sand on their property which the various government bodies would not object to them selling — provided the ecology was not harmed.

The tender was won by Quarry Sales which pays the PSA 67c a cubic metre.

When Gonubie was still selling sand (where the new sewerage plant is to be built) the going price was 50c a cubic metre. Just before the municipality was barred from selling any further sand, they were selling it at 70c, Mr Vosloo said.

The municipality was stopped from selling sand

once sufficient sand had been removed to accommodate the sewerage works.

For one particular type of building operation — the construction of pre-cast walls — this was near disastrous. For pre-cast walling a special type of 'clean' sand is required.

The owner of one of these firms, Mr Tom Noades, said he had to have the Gonubie sand if he was not to be put out of business.

This was denied by Mr Vosloo yesterday. He said his firm could supply suitable sand legally, but at a considerably higher price than Mr Noades had been paying to Gonubie.

"We have a big operation at the PSA site and apart from having to pay them 67c a cubic metre, we still have to screen it because it is not as clean as the sand is where these other people were getting it from at Gonubie."

Building contractors can go along to the Quarry Sales site and have their trucks loaded by front-end loaders for R2,57 (less five per cent) a cubic metre.

When it comes to wanting the contract holders to deliver sand, Mr Vosloo said they used a transport tariff laid down by the Price Controller's office.

This was 75c a cubic metre for the first kilometre, then 8c for each additional kilometre. This means, for example, sand delivered 40 km from the site would cost R3,87 for delivery, plus the cost of the sand.

In January this year, pit sand sold in East London was between R3,14 and R3,50 a cubic metre delivered in town. The contractors had to load the sand themselves.

The price of delivered sand in town is now R4,12 a cubic metre. This is comprised of R2,47 for the sand and R1,65 for transport.

So while the price has increased by about R1 a cubic metre, the sand which is obtained from Quarry Sales is loaded onto the contractor's trucks, cutting out the necessity of having more than a driver in the truck, plus the fact that the sand is screened on site.

At the present rate of consumption, the PSA site has sufficient sand for about eight years. There is only four-and-a-half years left of the present tender contract. The PSA will then most probably call for public tenders again.

What about ten years from now? Mr Vosloo said there was more sand available in the immediate vicinity of the 'legal' sand-pit operation, but this depended on the willingness of the various Government departments to sanction the removal of the sand.

Typical of the sand problem is the fact that East London's biggest bridge, the John Vorster Bridge across the Buffalo River, is built of concrete, the sand for which had to be imported from the Port Elizabeth area.

Mr Vosloo said the Cove Rock dune sand was found suitable for their needs, but the Department of Forestry would not allow the dunes to be touched. Quarry Sales had even been thinking of putting in an aerial cablecar system to get the sand from the dunes.

Mr Vosloo said while his firm also suffered as a result of the prohibitions brought in by the various Government departments, in the long term he felt it better than to "have our whole coastline raped by building firms."

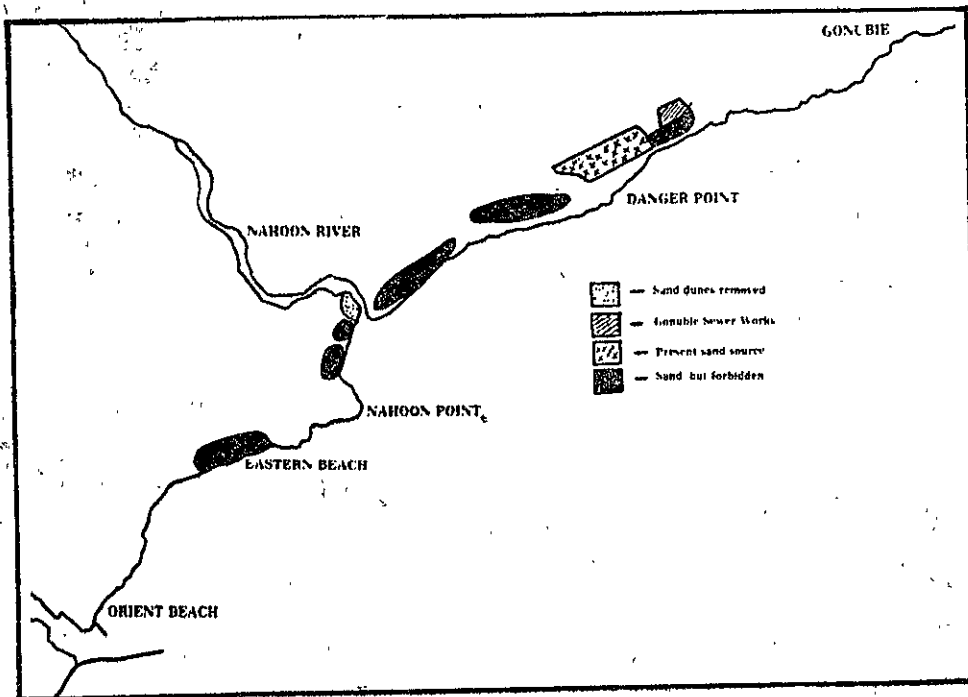
It is part of the contract Quarry Sales has with the PSA that where they remove sand, they eventually replace with topsoil and plant vegetation.

Quarry Sales, which owns farmland near the radio and television aerial just inland from East London, have a giant quarry where they quarry rock and screen it into various grades. When all the sea sand in the greater East London area has been used, suitable building sand may come from this area. The quarry will eventually become a dam.

In a letter to its members, the Master Builders' Association said it had been "rumoured" that the PSA sandpits were either closed or about to be closed.

"Nothing could be further from the truth," a circular letter said, then spelt out the fact that Quarry Sales were able to provide sand on the site they won in open tender.

— DDR



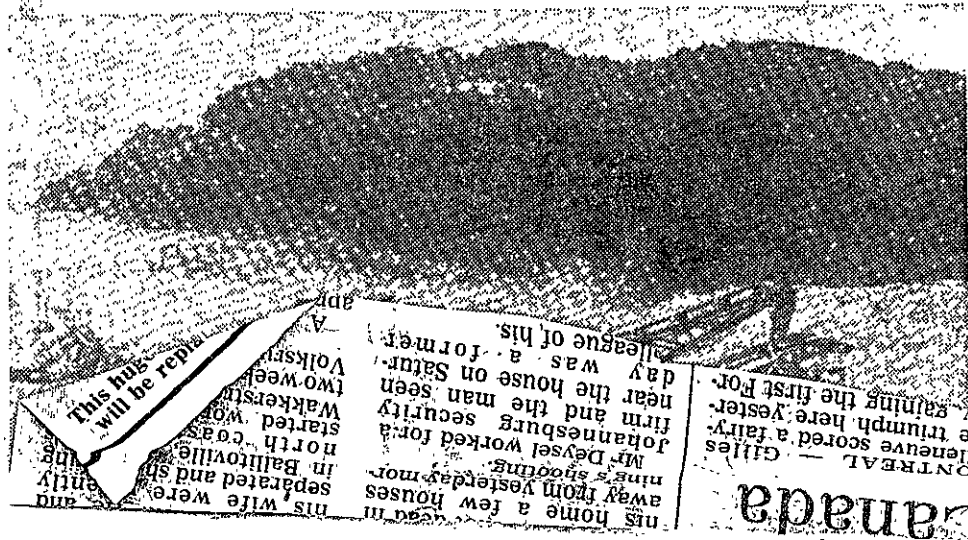
32



Mr Vosloo stands on the brink of the huge quarry which will one day become a dam.



This was once an area of sand dunes — until the building contractors moved in. Now it is not what one would call a decent beach.



Canada

MONTREAL — Gilles Villeneuve scored a fairly late triumph here yesterday, gaining the first for-

Mr Deyzel worked for a firm and the man seen near the house on Saturday was a former league of his.

his home a few houses away from yesterday morning's shooting.

Mr Deyzel worked for a firm and the man seen near the house on Saturday was a former league of his.

his wife were separated and she and

in Baltimore, north coast started work.

Wakkerstein two weeks ago.

A Volks-

and

This will be replaced

PROPERTY MAIL

Revival in the building industry

DEREK SMITH: City Editor

BUILDING plans passed in the private sector are now running 3,26% ahead of the equivalent period last year.

That's hardly fireworks taking into account inflation and the poor 1977 performance, but there are some brighter aspects as well.

Firstly, the full inflation rate of around 10% cannot be used to find real activity levels because tender prices have dropped considerably over the last year.

Secondly, the statistics do not reflect the upsurge in Government spending, particularly in the low-cost housing field.

So even if the private sector can do nothing better than hold its own during 1978, the overall volume of work available should be well up on last year.

The most improved sector in August was "dwelling houses", where plans

passed rose from R231-million to R252,3-million — an increase of more than 9%.

The categories "flats" and "non-residential" both dropped slightly over the comparative eight-month period last year, while plans for additions and alterations were R6,3-million ahead of January-August, 1978, at R195-million.

Total January-to-August plans passed for private sector development in the Department of Statistics' analysis area (90% of the total) are: R592,4-million (1978); R573,7-million (1977); R839,3-million (1976) and R680,1-million (1975).

The latest expert prediction is that the recovery in the private sector at least will not be complete before the latter part of next year.

There are many signs, however, that builders are picking up more work. The

tender price index, for example, has risen over the past few months, indicating that the cut-throat competition for business is at least not as bad as it used to be.

The commercial property market is also showing signs of revival. Although big new office and shop blocks are not going up at this stage, there are signs in several cities, especially Pretoria, that new development should be on the drawing boards if not in the tender notice columns.

Anglo American (see this page) sees signs of a filling up in Cape Town and, at least as far as its own properties are concerned, in Durban as well.

It looks long-term for most of the bigger centres at the moment, but the big action should start next year or early 1980 at the latest.

Penny hits at bond system

THE elongated system of bond rates announced last week may look good from a sociological viewpoint, but it leaves a lot to be desired from a strictly business point of view.

That's the point made by property veteran, Dr Peter Penny, who says, rightly, that it's the security offered, rather than the size

of the bond, which should determine the rate.

First off, therefore, the gap between the amount of the bond and the valuation of the property should become a highly relevant factor when deciding the rate of interest. A R20 000 bond over a R50 000 property, for example, carries a good deal more security than an

R18 000 bond over a R25 000 property.

This is the kind of security investment prudence demands, says Penny, but the building societies have gone for the opposite.

Small bonds, he says, are also known to be traditionally more risky than higher bonds — so why favour smaller loans?

Penny claims that the societies are exposing themselves to greater risks and that although the public will benefit in the short term, it's long-term interest can hardly benefit by a weakened building society movement.

26.

25.

then divide the crop equally amongst themselves. The new... is covered in shoulder-high khaki-bos and it is oil labour goes into it. I was very surprised to see the crop sales had not nearly covered the cost of and in spite of this people (some very poor) were in for seed again. For example in 1977 fourteen towards the cost of potato seed. The total crop only R10,00. There was a loss of R22,20. This the R10,00 from the sale of the potatoes and R1,00 seed again.

3. Marketing has not been an issue because of low production.

4.2.4 ABALIMI

1. This garden is outstanding in that there are 79 men expanding. It has grown steadily since started in 1974. Double the initial area planted has been opened up is called "Zenzele" but there is no Zezele organization started by the local extension officer who has worked headman. There is a favourable environment for Abalimi because the headman is very committed to making a special effort for... While there are people who per year, the majority of mainly for home consumption (those earning over R10 e.g. tomatoes and potatoes consumption).

2.

Organisation: The vegetables hard and produce well and member vary from one to eleven.

3. Marketing: Because Abalimi is so productive and large, one can assess the marketing problems existing here and so attempt to predict problems which would arise if the other, smaller gardens expanded to a similar size.

Some plots have been re-allocated from original members who never used them.

Because nobody worked their plots in September 1977 N.M. bought seed and hired labourers and used them. Now however 2 members are using their's individually and 3 others have combined into a group which divides costs and profits.

RD 11/10/78 (32)

Black building firm shows its muscle power

Argus 12/10/78 32

Argus Correspondent

JOHANNESBURG. — South Africa's first black construction company, the African Development and Construction Company, is beginning to show its muscle power in a market left almost untapped by white competitors and in which it has been operating only since July last year.

Seeing a need for blacks to create their own share of South Africa's construction and economic profits, businessman Sam Motsuenyane created the African Development and Construction Company after negotiations with Robert's Construction last winter.

The fledgling company, born under the umbrella of the National African Federated Chambers of Commerce and Robert's Construction, now employs more than 100 men, including administrators, supervisors, subcontractors and labourers. It has so far been involved in 15 projects and Mr Motsuenyane, its chairman, is optimistic about the company showing profits in its second year of operation.

WHITE CONTROL

This is all the more remarkable in a country such as South Africa where large white consortiums tend to control both black and white markets.



Mr Sam Motsuenyane

restricted by job reservation clauses. 'Morally, there is a need for white business to share its profits with black businessmen, and apart from being good for the morale of the country,

white and black need to co-operate more in business than has been the case until now,' he said.

'WE'RE HOPEFUL'

The ADCC has survived the worst of the economic slump and we're hopeful for the future. We're tendering all the time now and are beginning to spread out. We've had a great beginning and it augurs well for South Africa if we can create the kind of stake blacks ought to have in our country. The social implications are vast.

The company operates a training scheme and workers are paid in line with general building industry salaries according to its recently-appointed white general manager, Mr Peter Hansen. It receives medical, pension and other benefits from its parent company while it is growing.

The third Quarter include Association who will talk on 'Paris and the Provinces': The and Dr. Michael Biddiss of the University of Leicester, on Trial': The Nuremberg Tribunal, 1945-6. light out to South Africa by the Students' Visiting the recommendation of the History Department

committee for the hard work that they have done this to their task is evidenced by the smooth running of the general administration of the Society. Their fulfil, their interest has been keen, and we wish those he portals of this university a successful and are also very sad to bid adieu to one of our most members, Robin Hallett, who, as a lecturer vitally of Africa in general and of Cape Town in particular, st in the world around us Immeasurably. To this story course we are pleased to extend Honorary hope that he will often return to these shores to illeges as a life member of our Society.

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PROFITS

Industry's long wait

FM 27/10/78

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A racing gold price and a buoyant stock market have concealed the spotty recovery of profits from industrial companies. By the end of June no major turnaround in annual profits was apparent, although the next six months should see improvements in the figures from certain sectors.

Our table, compiled from 80 industrial companies reporting for the year to end-June, shows aggregate pre-tax profits have fallen marginally. Of the 14 sectors in the sample, only seven lifted annual pre tax profits by more than the rate of inflation. Six sectors reported profits lower than in the same period last year.

The companies in our sample were reporting on a year that took in the bottoming of the economy late in 1977, and the mild upturn of the first half of 1978. The next batch of annual reports will hopefully reflect the full benefits of 1978's projected 2%-3% real GDP growth, as well as nine months' gain from the March budget concessions. These included reduced tax surcharges for companies (from 7.5% to 5%), permission to deduct losses on foreign currency transactions for tax where forward cover was not available, and early repayment of the loan levy.

Driving ahead

The best performance came from motor companies. Pre-tax earnings rose by 61%, while taxed profits jumped 75%. The high percentage increase stems mostly from the low previous base. The sample includes McCarthy, Capcar and Robbs, which pulled 1978 profits back after dismal performances in the previous year. Indeed, Capcar and Robbs reported losses in 1977.

Food companies drew second place in the increases list, largely because Irvin & Johnson pulled profits back from a very low 1977 total. Otherwise, food sector increases were a modest 2% before tax.

Building companies listed in Hollard Street were also among the top gainers. Pre-tax profits rose 9% on average, about par with the inflation rate. Again, part of the improvement arises from a low 1977 base. This sector includes Grinaker and Murray & Roberts, which benefited by diversifying out of the industry. Market conditions were helped, according to the recent Blaikie-Johnstone annual report, by the disappearance of competition as smaller companies fell by the wayside.

Furniture companies rode the crest of the waves two years ago with the introduction of TV. This year they are at the bottom of the table with pre-tax profits down by 23%. Tedelex chairman Benny

Slome explains that saturation point in the local TV market was reached faster than anywhere else in the world, and, coupled with over-production and overstocking, TV sales were often unprofitable. Tedelex was fortunate to acquire a controlling interest in Ellerine, which contributed 61% of taxed earnings in 1978.

Despite the fall in aggregate pre-tax profits, aggregate earnings attributable to shareholders (and not shown in the table) advanced by a modest 3.5%. The reasons were lower tax and minorities payments. The concessions to corporate taxpayers in the March budget applied from April 1, so lower proportionate tax charges resulted.

Surprisingly, dividends to shareholders rose faster than taxed earnings; perhaps a smaller increase in retained profits was needed because surplus capacity obviated the need for additional investment in stock and equipment. Some companies held dividends despite falling profits. The clothing sector is an example where dividends were mostly unchanged, at R2.9m, despite a 12% dip in earnings.

The outlook for corporate profits looks brighter for the next six to 12 months. The full benefits of the mild economic stimulation should be reaped, although percentage profit advances in sectors like the motor industry may not be as marked since the pre-gst buying of May-June was a once-only phenomenon based on credit finance.

One stockbroker reckons leading companies should see earnings up 14% by June next year, with dividends increasing 12%. The bigger gains will be in geared, low profit base companies, as earnings growth should outstrip sales as capacity slack is taken up.

The recent Barclays Bank opinion survey showed 81% of corporate respondents were optimistic about the next three to six months. They detected enhanced consumer confidence, there was more money around, and demand appeared to be expanding. Facets of the higher demand included increased black spending power, expansion in the mining industry, and government stimulation to industries such as building. Lower interest rates were also a reason for the optimism, which follows a continuation of the second quarter's recovery into the third quarter. In the building and construction sectors, 44% of firms said activity in the third quarter was on a par with the second, while 37% of the sample reported increased work.

Respondents also offered hope for an upturn in fixed private investment in the medium term. About 56% said they

would not make any new fixed investment over the next six months, but 44% said they were contemplating investment. This compared with only 16% in the previous survey.

Profit margins were still under pressure, but 57% said the position was better than at the same time last year, so total profits were better. Reasons for this included productivity and efficiency improvements, and higher sales volumes.

On the other hand, a recent Standard Bank bulletin warned that consumer expenditure appears to "be one of the weakest elements in the recovery at present." Since the rush to buy ahead of sales tax, total real retail sales have fallen to levels comparable with the worst period of recession. The bank says con-

INDUSTRIAL PROFITS †

	R'000	
	Previous	Latest
Beverages.....	3 590	3 911
Building.....	50 566	55 159
Chemicals.....	32 591	37 248
Clothing.....	17 622	13 140
Engineering.....	36 840	29 958
Food.....	17 550	21 770
Furniture.....	14 998	11 582
Motors.....	6 338	10 202
Paper & packaging.....	7 793	10 545
Pharmaceuticals.....	2 531	2 571
Printing.....	429	427
Steel & allied.....	35 919	91 598
Stores.....	32 451	40 492
Transportation.....	43 917	33 089
	304 082	302 103

† This table has been compiled from pre-tax profits reported in accounts received from 80 quoted companies with June year-ends.

sumers cannot afford to buy as real wages are stagnating and unemployment appears to be rising again after a first quarter fall.

Tax relief in the next few months is possible, though unlikely. In his budget, Senator Horwood estimated total receipts from gold tax and lease agreements at R435m and R145m respectively. Then, the gold price was about \$175; now it is around \$230 and platinum prices have shot through the roof. This could allow for a reduction in personal loan levies, and if the pleas from men like Bankorp chairman Fred du Plessis are heeded, a reduction in company loan levies, too. If company levies are lowered, it would encourage investment and create employment, since at present the return on capital employed is too low in too many sectors.

But few expect any action on this front before the De Kock Commission has reported on exchange rate policy, which is unlikely to happen much before December.

Rescue plan for building professionals

28/10/78 R.D.M.

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By DEREK SMITH
City Editor

SCOTTBOROUGH. — The Government is mounting a special rescue operation to bail out architects, quantity surveyors and other professionals hit by the recession in the building industry.

Initial preparation work for building projects still years ahead is to be released prematurely in an attempt to stop the brain drain from these professions.

The incoming president of the Building Industries Federation of South Africa (Bifsa), Mr D H Mitchell, announced this in an interview in Scottborough yesterday.

He said the Government realised a dangerous situation had developed because there was not enough work to keep many firms going.

Many firms had shrunk drastically and had become inadequate to cope with the expected increase in the demand for their services, Mr Mitchell said.

The main idea was to release planning work in advance but not necessarily put it out to tender immediately, he said.

Much of it would probably be mothballed and remain ready for release at short notice.

There was a plenty of work in the military field which had to be planned and provincial administrations were also being asked to release as much work as possible, he said.

In the longer term there was considerable work from State projects like hospitals and post offices. But the amount released for construction would depend entirely on the availability of Treasury funds.

Mr Mitchell said the building industry had also suffered because good artisans and workmen had drifted out of it.

The time was coming when special attention would have to be given to training programmes.

He said the industry was also thinking of re-opening its campaign to attract immigrants into the trades.

Most of those previously employed had returned to their home countries because they could not find work.

The industry's problems would also be greatly alleviated if the Government changed its policy on labour training and restrictions on the development of industry.

After the Wiehahn Commission on Labour had reported, the industry was hoping for a new deal on the training of black artisans, he said.

Transvaal builders had already had to give a 20-year guarantee to white workers before being allowed to train black operatives.

This had helped the situation, but a complete re-appraisal of job reservation was what was needed, he said.

The industry was hoping for the right to train black artisans, but at the very least it wanted a considerable easing on the restrictions which now applied to the training and employment of blacks.

Mr Mitchell said this was an ideal time for investors to start building new projects.

Building men optimistic after talks

Sun. Trib. Bus. 29/10/78

32

By COLIN VINEALL

The nation's builders descended on Scottburgh this week for their three-day annual congress — and must have left for home at the weekend with the glow of cautious optimism ringing around their ears.

For throughout the meeting, speakers seemed to be taking a positive approach to the problems that have bedevilled the industry for some years now.

Hope there was, but there were still some grim reports. For instance, the Building Industries Federation (Bifsa), whose Free State and Goldfields branch staged the congress, had its own president report the industry was at a most critical stage.

Mr David Allan said: "Apart from the low volume of work in the industry, the country is faced with international political pressures which are not conducive to the revival of the economy.

"There can hardly be any question as yet of a general revival in demand for the industry's services and the position can at best be described as a levelling out after a continual drop in the building programmes over the past three years."

One point that is obviously worrying Mr Allan is the drop in the number of young men entering the business. He commented: "The economic situation has over the last three years been such that fewer and fewer apprentices have been engaged."

In 1973, he said, there was an intake of 1 624; 1974 1 596; 1975 — 1 597, in 1976 down to 1 113 and in 1977 it dropped alarmingly to 730.

"I doubt very much if 500 apprentices will be engaged during this

year, and I appeal to the building industry to consider very carefully the implications of the present trend of fewer people being trained when there is increased work, as there inevitably will be, and to take on apprentices if they possibly can do so," said Mr Allan.

But on a brighter note, and there were plenty of builders who commented privately that things were looking up a bit, Mr Allan said the signs of an improvement in the general economy are



nonetheless most encouraging and recognised economic commentators believe that one of the most important catalysts required to set the country finally on a course of complete economic recovery is confidence on the part of the entrepreneur.

Mr Chris Saunders of



Mr David Allan

the Tongaat Group, opened the congress with his thoughts set on the huge increase in population that everyone is forecasting.

He spoke of cities of 20 million in just 21 years from now, and then made this point.

"Some clue to our problems and fears may be supplied by the fact that during the three years 1974 to 1976, approximately 78 percent of the total amount invested in housing was channelled into the white group as against 17 percent into the coloured and Asian groups and only a meagre five percent into black housing.

"This trend has been arrested not only by the normal market forces applying more effectively to the white sector, but also by the increased investment by the public sector in non-white housing.

"Further I believe the activities of the Urban Foundation and the recently announced Government 99-year leasehold system for blacks will have a significant influence in connection with black home ownership.

Not enough doing

"If the economy is, in fact, taking off," mutters one contract builder, "I wish someone would tell us." On the other hand: "Early indications from our third quarter survey," muses Kees Lagaay, director of the Federation of Civil Engineering Contractors, "suggest there's cause for optimism."

Somewhere in between lies the experience of the bulk of the building and construction industries. Never mind that the building societies are awash with cash, that the banks have money coming out of their ears, that interest rates are falling or that bond ceilings have been adjusted.

Both industries are too long in the tooth not to know that things are only really moving when tenders start pouring in, when phones start ringing and when former tradesmen start buying bakkies and going solo. So far, only tenders are starting to pick up. For the rest, nothing.

Merbuil MD Willy Kulhanek is typical. "The volume of work," he tells the *FM*, "is dependent on the strength of the financial deals we can arrange." In practice, that means taking relatively low deposits and either organising deeds of sale or allowing the buyer a few months in which to raise the cash. As it happens it takes anything up to five or six months to get plans approved, raise a bond and complete construction. And that is usually enough time in which to raise the typical R1 000-R3 000 deposit.

March and April, adds Kulhanek, were about 40% up on last year. Since then things have just held steady on the contract building side while tender work "remains very competitive — and depressed."

Wimpey MD Trevor Chapple concurs, adding that "there's been a slight uplift in the private housing sector while private and public tendering, though remaining competitive, is beginning to look up.

Many builders reckon that 80% of their work is now in contract (as opposed to speculative) building and 80% of that is in the R20 000-R22 000 price range — excluding land costs, finance charges, transfer fees and so on.

On the other hand, the home improvement sector is becoming increasingly buoyant with Barclaycard's month-old home improvement loan plan now beginning to bite. It has an enquiry rate of 70 a day. Pools (R3 500 on average), house painting (R1 800) and paving and walling (R1 400), are on the go.

In the civil engineering sector, meantime, Lagaay estimates that things are 30%-40% quieter than the boom times of



House builders . . . a bakkie's all you need

'75-'76. The labour force during the interim has fallen from 135 000 to 90 000 even though there has been a "surprisingly low rate of bankruptcies and business failures." Like the building sector, competition remains extremely keen and prices "unrealistic."

At the top end of the business LTA joint deputy MD Aubrey Pitt reckons "there'll be no bangs and flashes" in civil engineering until at least 1980. Until then, as now, it will be the companies with the largest spread of work which will be better placed to stand the strain. It is a fact that large companies like LTA need about R1m worth of work a day to live and those who work in the heavy construction field, commercial sector, mining and housing are staying alive.

Pitt tells the *FM* that there has been a fair bit of heavy construction work, essentially on roads, in the last four months or so. His guess is that it has amounted to something like R150m in average parcels of R12m-R14m. "We don't," he adds ruefully, "expect that to be sustained."

The commercial sector (offices, shops and the like) has been, and remains, very quiet while mining projects have brought relief to many. Projects like Ergo, Vaal Reefs and those in the north west Cape have meant that many companies have been able to buck the trend and stay unusually busy.

Companies like LTA reckon to be active in the public sector (about 65%), rather than the private, so they will obviously be looking to an increase in government spending — the sooner the better.

West's D-day for sanctions

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Sake-Afrikaans

Afrikaans I:

NEW YORK — The United Nation's Security Council met yesterday at the request of African delegations to condemn South Africa for calling unilateral elections in South West Africa.

The Africans called for an urgent meeting last week, stating that South Africa had rejected the UN plan for free elections and transition to independence under the protection of a UN peace-keeping force.

Krishna Ramphul, told the council yesterday.

Speaking on behalf of the African nations, Mr Ramphul said South Africa was opposed to UN-supervised elections in SWA. He said Pretoria wanted an internal solution to maintain control over the territory.

But diplomatic sources said the Western powers were proposing to counter an African resolution exploring the South African decision by giving Pretoria until December 20 to accept the UN plan — or face sanctions.

They have drafted an unofficial resolution calling for a tight economic embargo against South Africa.

"We face a grave situation," the Mauritian Ambassador, Mr Radha

The five Western members of the council — Britain, Canada, France, West Germany and the United States — have denied that South Africa has turned down the UN plan. They have also declared they would not recognize the results of the unilateral elections.

But Mr Ramphul emphasized that such elections would automatically exclude the UN solution.

South Africa had been playing for time in showing a willingness to negotiate in the past 18 months and had not been serious in accepting the plan, he said.

Mr Ramphul said elections that Pretoria could not completely control would bring a victory to Swapo.

"We are on the verge of war in Africa. If the council takes no action against South Africa now, war would begin in Southern Africa and spread to other parts of the continent," he warned. — UPI

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woordeboek saambring. Oor en weer lenery sal
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Afrikaans-Nederlands I: Twee vraestelle (3 uur elk)

- 1ste vraestel Afd. A - Dr. Gilfillan
- Afd. B - Mnr. Walters
- Afd. C - Mnr. Snyman

- 2de vraestel Afd. A - Mev. Waher
- Afd. B - Dr. Pfeiffer (Taalgeskiedenis)

(Afr. & Ndl.
prosa)

onologie)

In die eerste vraestel moet VYF vroe beantwoord word, EEN en nie meer as TWEE uit elke afdeling nie. Vraag uit Afdeling C gekies word, moet EEN vraag en EEN vraag oor Nederlandse prosa beantwoord word. Vraestel moet TWEE vroe uit Afd. A en DRIE uit die verpligte fonetiese transkripsie, EEN vraag oor Afrikaans en EEN oor die Taalgeskiedenis.

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Ndl. grammatika (Dr. Pfeiffer) en Ndl. poësie (Dr. Gilfillan); toetse sal gedurende September afgeneem word. Die punte sal vir die eksamen tel.

Afrikaans-Nederlands II: Twee vraestelle (3 uur elk)

- 1ste vraestel Afd. A - Dr. Gilfillan (Ndl. 17de eeuse en moderne Ndl. poësie)
- Afd. B - Mnr. Snyman & Dr. v.d. Merwe (prosa)
- Afd. C - Dr. v.d. Merwe (drama)

- 2de vraestel Afd. A - Prof. Scholtz (Semantiek ens.)
- Afd. B - Dr. Pfeiffer (Taalgeskiedenis)
- Afd. C - Mnr. Walters (Afr. poësie)
- Afd. D - Mev. Waher (Taalkunde)

In die eerste vraestel moet VYF vroe beantwoord word, TWEE vroe uit Afd. A en in Afd. B minstens EEN vraag oor Ndl. en EEN vraag oor Afr. prosa en EEN vraag uit Afdeling C. In die 2de vraestel moet ook VYF vroe beantwoord word: minstens EEN en nie meer as TWEE uit Afdeling A en B nie. Uit elk van Afd. C en D moet EEN vraag beantwoord word.

Building rally boost for Blajohn



THE RECOVERY in the building industry is slow, but results coming from companies listed in the sector, and underpinned by surveys from the Bureau of Economic Research at Stellenbosch, have suggested that an upturn is on its way.

Increased prosperity in the industry will rub off on the merchanting groups like Boumat — whose chairman, Irvine Brittan, has already felt more buoyant — and on the Blaikie-Johnstone/W. F. Johnstone group which dominates the Natal building supply industry and has tentacles extending to other parts of the country, notably in the Transvaal.

Johnstone sits at the top of the group under a family company, but

They're shaking off the slump

and could be a good buy



Better times are ahead and the builders are getting busier ... this means new life for firms.

draws the bulk of its earnings from its 84 per cent stake in the operating company, Blajohn.

The last-named inevitably fared badly in its year that ended in June, 1978, with the result that dividends from both controller and controlled

Don Wilkinson reports

companies were cut, Johnstone paying 15c (21c), and Blajohn 5,5c (7,5c), each dividend, nevertheless, being covered just over twice.

And those willing to do their homework will discover that the setback to profits in the opening half of the year was encouragingly well clawed back in the second.

That claw-back did not include, incidentally, a capital profit made on

land sales equal to about 10c a share which is in Johnstone's distributable reserves.

And for those willing to do further research, that company has a net asset value of some 666c a share if the group's properties are taken in at valuation instead of book value, and the holding in Blajohn is taken at market value.

That 666c compares with a current market price of around 185c, so that the shares are standing at a rather startling 72 per cent discount on net asset value. Assets are one thing, profits another, of course, but this discrepancy is nothing if not unusual, even for the building industry.

Were the controlling interest in Johnstone not

so tightly held, the whole group would look more than ripe for a predatory raid, particularly since the industry is on the upturn. That is not to say, however, that Johnstone itself would not consider taking out the Blajohn minority — it's fashionable and in the longer run saves money from all kinds of angles.

Trouble is, of course, that the Blajohn asset value is just as much out of line with the share price as that of the pyramid, and though the latter is by no means illiquid, the expense of such a deal might not be worth the game.

Apart, however, from this rather speculative possibility, Blajohn shares are well worth watching, and on any setback from their current level, could be a buy.

Beares scoring in this Game

AT THEIR current price of 178c, the shares of the R107-million-a-year Beares group of furniture, clothing and general stores are yielding a 4,7-times covered 6,2 per cent on the 11c paid for the year ended last June. And they stand at a discount of a mere 11 per cent to the net asset value of 201c.

Things have been looking up recently for the furniture business — witness the recent figures from Afcol — partly as a reflection of pre-GST buying. The rather greater confidence, in fact, inspired Beares to pay out around R750 000 in cash for 11 Transvaal furniture stores owned by a Bromain subsidiary to bring its total in that province to 39, covering 20 cities and towns.

The real contributor to the 1977-78 improvement in the group's profits was, however, the Game acquisition, bought for around R4,2-million back in 1977, when its contribution to turnover and profits was limited to only five months against the latest 12.

Game supplies a very

chised Meat Game, also in Durban. The benefits of these should be felt this financial year.

Meanwhile, the group looks to be in better financial shape to cope with the expansion in business following the Bromain acquisitions and the new Game outlets. Last year's high retentions more than offset the R2,1-million debenture issue, with the result that the debt-equity ratio went down to a nevertheless still high 102 per cent from 121.

Chairman Aaron Beare — the Beare family controls some 70 per cent of the group equity — expects continued growth, though he offers no estimate of what this could be.

An important factor here, however, is that the group's customers come largely, where furniture is concerned, from the lower end of the market. And that's the sector —

to make the housekeeping rands go furthest and consequently has the least left over to throw out the old sticks and indulge in re-equipment.

For all that, current market thinking is along the lines of a rise of 10 per cent or so in 1978-79 earnings to around 56c. If Beares maintains dividend cover at around its more or less traditional four times average for the last five years, then a payment of 14c looks on the cards.

That would boost the dividend yield to virtually 7,9 per cent and bring the shares much more into line with comparable stocks like Russells, though still well beneath the returns offered by shares like Amrel, Ellersine and World.

The gap is, in fact, attractive enough to justify a switch from Beares into any one of these three stocks





INTROVA

44

NCW — it gives the best of all worlds

AMIDST all the ups and downs surrounding investment in gold, diamond, platinum and coal shares, most of which are the result of events largely beyond the control of those who produce the raw materials, there's something to be said for the quiet life.

In other words, obtain peace of investment mind by acquiring shares in a company which has interests in all these fields. The shares should not be too "heavy" in price, should be comparatively easy to trade in, and as an added bonus, should be standing at a sizeable discount to net asset value.

Take a look, for example, at Anglo-stabled New Central Wits, whose accounts for a 14-month period showed that during that time it had left its portfolio completely unchanged, but was nevertheless able to increase the dividend from 16,5c to 22c a share for the period, or 18,85c on an annualised basis, a figure only marginally short of the peak 19c paid for 1975.

What is more important here, however, is the fact that its Amgold stake accounts for almost 30 per cent of the NCW investment portfolio taken at market value, while gold producers add a further 9,8 per cent, making the company's gold interests virtually 40 per cent of the total.

The bulk of the remainder of the portfolio of R7-million by market value at end-August investments is in coal and diamonds. Thus Amcoal accounts for some 18 per cent-plus, with Natal Anthracite adding 1,6 per cent, while the De Beers stake makes up a further 21,5 per cent. So between them coal, gold and diamonds make up over 80 per cent of NCW's investments.

At their present price of 260c, NCW shares are yielding 7,3 per cent on the annualised dividend of 18,85c, and have a net asset value of virtually 400c, a solid 35 per cent discount on the share price.

On the not unreasonable assumption that a 22c payment is within easy striking distance for the current financial year — and chairman J. N. Clarke has taken an optimistic view of prospects in his annual statement — the prospective yield rises to 8,3 per cent.

It's a return which compares with Amgold's 5,3, De Beers 7,1, and Amcoal's 5,5 per cent on a historic basis. For the small man unsuccessful in his quest for Kimet shares, NCW might offer some solace.

First signs of civil engineering recovery

By Michael Chester, Financial Editor

At last the battered civil engineering sector has managed to apply the brakes on its long downward slide with third quarter results showing the first improvement in more than two years.

Preliminary estimates show total output between July and September amounted to around R300m — in real terms an advance of between 5 and 10 percent compared with mid-year.

Along with the rise in actual output there was also a marked increase in tender activity and the value of contracts that were awarded swung considerably higher.

But the improvement is still at a slow pace, and although a majority of contractors report that activity is now reasonably satisfactory, a considerable number still suffer underemployment.

Mr K Lagaay, director of the SA Federation of Civil Engineering Contractors, tells me that order books, while better than six or 12 months ago, are in general still poorly filled — with tender prices honed to razor sharpness because of the severity of competition.

On the whole business is still quiet in the southern half of the country. Conditions are better in the northern provinces but even here remain below normal.

Despite the numerous new national and provincial road contracts allocated so far this year, road construction work — which accounts for around 25 percent of the sector's turnover — is on the slow side.

"Generally speaking," says Mr Lagaay, "there have been too many large contracts and not enough medium sized or smaller contracts to enable many contractors to secure a reasonable work load."

He added that the industry "suffers from a lack of information about the amount of work to be put out to tender in the near future and the outlook for a further recovery next year, though viewed with some optimism, remains rather uncertain."

likely to be achieved through the redistribution of income from livestock than from the expansion of cropping. The low level of income from crop production is unlikely to improve until there is greater security in the countryside, more confidence on the technical side and the development of a service infrastructure to support production processing and marketing. Rather than the present and sadly conventional coarse grains, it may pay off to explore the value of exclusively or mainly fodder crops in support of small scale beef finishing. That would require the development of certain supplies and supervised network to a cash crop. It is an arrangement would be meaningful. Meanwhile the grazing of 1. It represents a sign of countryside. It is represented by the commercial rate argument might be million would str crop agriculture, fatteners and wool additional service Drought Relief an

The National Development rural economy during beef prices show revenue, for trade that is not the same interest as to how countryside should Drought management relief machinery. to flow where it is major national policy regions need their

the management of the your simultaneously, indications for plan implementation. ge from a serious hardship in the se. ly, an inability which allows relief. encumbrance of analogy is that their temperatures

Home building surge holds promise

HOLLARD STREET



ALTHOUGH there was inevitably some pessimism about the state of the industry at the annual congress of the Building Industries Federation in Durban last week, there are some reasons for expecting better things in the longer term.

Thus, although it has been falling consistently since as long ago as September, 1976, the value of residential building plans passed began to move upwards earlier this year.

During January-July, plans were approved for some 10 000 new houses, a 6 per cent rise on the corresponding 1977 period. And, if July is taken on its own, the rise is a shade over 20 per cent.

It's true, of course, that the improvement is calculated from a very low base, but most commentators in the housebuilding industry are now feeling that the tide has turned in their favour, albeit modestly.

By DON WILKINSON

All of which adds more point to an end-September circular from brokers Davis, Borkum Hare advising its institutional clients that while they should be in no hurry to buy, the shares of South Africa's largest housebuilders, Schachat Holdings, are worth picking up quietly.

The stealthy procedure is advocated in order not to disturb the share price unduly, but the brokers feel that even at a price of up to 85c/90c, the shares rate as a medium to long-term buy.

Such a level compares with the current Schachat price of 65c and therefore envisages an eventual 30 to 40 per cent rise while completely ignoring the near-disastrous half-time figures which the group produced early last month.

Earnings then were shown as a mere 3.1c, less than half the comparable 8.6c, and were accompanied by a cut in the dividend to 1.5c from 3.5c.

And while the Schachat board indicated that there was a "substantial improvement" in sales, it also emphasised that building costs continued to rise and affect profitability — housebuilders are normally unable to build escalation clauses into their contracts — with the result that profits for the second half of the year would merely be "not less than" those of the first six months.

Whatever the group pays this time around, however, is an academic question for the brokers, who are looking much further ahead.

They do so because they feel that allowance should be made for the exceedingly cyclical nature of the building industry, for the highly adverse state of the economy in the recent past — a state from which it now appears to be emerging — and for the fact that the group has been diversifying itself away from its normal middle/lower income group

housing market into "bulk" housing and "commercial" building.

The bulk housing market is large, involving as it does the potential of winning contracts from organisations such as Escom, new mines, government authorities and the like.

Schachat already has some under its belt, for Africans at Sebokeng and for Indians in Durban, but it will not tackle business like Mitchells Plain or Atlantis because of the large investment involved.

Meanwhile, the group claims that it has emerged from the slump as a much leaner and hungrier organisation, and concomitant with that has sharply reduced its gearing — the principal factor which has made investors wary of the shares in the recent past.

From a figure of 254 per cent for borrowings to equity back at the end of 1973, the end-1977 figure had fallen to just under 100 per cent, while total borrowings fell from R27-million some R17-million.

Having ignored the current year's results, the brokers offer projections for 1979 of an earnings figure of some 20c a share and a dividend of 8c or possibly even more, which puts the share at its present 65c on a prospective dividend yield basis of some 12.3 per cent.

And for 1980 they envisage — given continued economic recovery — a return to the earnings of 1975-76 when the dividend reached a peak 11.5c.

What is good for Schachat must be good for Sage, if not even better. And it is a market oddity that the latter, which has a much wider spread of interests as a financial services organisation, nevertheless stands on an historic dividend yield of over a full point more than Schachat at 9.7 per cent, covered 1.6 times compared with the basically academic 8.5 per cent, twice-covered return from the builders.

Sage, in fact, looks the better investment for my money.

M & R a constructive buy

OVER the last couple of months or so Roberts Construction, the Reef member of the country's largest building/civil engineering conglomerate Murray & Roberts, has announced new contracts worth around some R23-million.

The major component of that sum was the R11-million contract awarded to the group's Free State subsidiary to help in the development of the new Union Corporation uranium mine, Beisa, near Welkom.

Of the remainder, about R7-million covered a contract to build a new railway station at Newcastle and a nursing college at Johannesburg's J. G. Strijdom Hospital.

All of which suggests that the group's past reliance on Government business, such as that from Escom and Iscor, though still important, is being at least partly replaced by the private sector.

And, reinforcing that viewpoint, is the continual emphasis on overseas business.

This is reflected in the purchase in the last financial year of the minority in harbour-building specialists Christiani & Nielsen, together with the announcement earlier this month of the establishment of a couple of controlled holding companies in the US by Roberts Construction aimed at giving the group a presence in railway construction,

building, mining construction, tunnelling and shaft-sinking.

Meanwhile, the latest Opinion Survey from the University of Stellenbosch suggests that "it would appear as if the prospects for non-residential buildings are beginning to improve".

While admitting that this is difficult to prove simply because the size of contracts can vary enormously, the Bureau of Economic Research shows that the rate of decrease in non-residential building plans is "beginning to level out".

A much more concrete factor than this rather indefinable potential for the group — which is basically a function of the current rather tender business con-

fidence still struggling with unutilised capacity — is the fact that M. & R. last year spent some R29-million on diversification out of its traditional fields of activity.

These ranged through food processors Crown Mills to refractory makers Elgin Engineering.

But the acquisition trail is an ongoing one, aimed at putting to more profitable use assets hitherto locked up in contracting and thereby providing a smoothing-out of the cyclical factors which tend to bedevil the building-contracting-engineering industries.

In this connection it's worth remembering also that in his recent annual review chairman John Roberts referred to the fact

that the group still had R44-million of unused borrowing facilities.

Currently M & R shares at 325c, some 25c below their 1978 peak, yield 7.8 per cent on the 25.5c a share paid for 1977-78, covered some 2.8 times, to give a price earnings ratio of 4.6.

These are figures rather more generous than those offered by the sectoral averages.

Market opinion is that the group, diversified and thrusting as it is, will have little trouble in paying at least 27.5c for the current financial year out of earnings about 10 per cent higher than last year's — thus putting the current attractive yield at about 8.5 per cent.

OWNERS
SHARES
YIELD

Brighter building trade prospects

JOHANNESBURG — The prospects for the construction and building industries now seemed more promising than for some time, Mr G. Bulterman, chairman of Pretoria Portland Cement (PPC), said in his annual statement.

But Mr Bulterman added that it was unlikely that material benefits would flow through to the cement industry in the coming year.

"In the longer term, the need to provide housing for the country's growing population and the further developments of the infra structure — where we anticipate increased use of concrete in the construction of roads — should be beneficial to the industry."

Calling for steps to make confident planning possible within the cement industry, Mr Bulterman welcomed the "more realistic" approach

taken by the Government in determining the last cement price increase.

He added, however, that the price rise still did not provide a sufficient return for shareholders to be compensated adequately and ensure the "continued healthy development" of the cement industry.

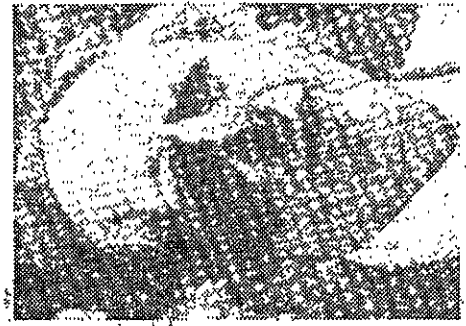
Domestic cement sales dropped by 2,5 per cent during the past year, but exports were at a record level and made up 15 per cent of the PPC cement division's turnover.

Turning to Pretoria Portland Cement's expansion plans, Mr Bulterman said the construction of additional plant to boost capacity at the PPC works in the Western Cape was progressing well.

But the total estimated cost to complete the programme had escalated to R50 million from R42,5 million expected last year.

—SAPA.

Kentridge: Terror Act revolting



MR KENTRIDGE

LONDON — The provisions of the Terrorism Act must cause a feeling of revulsion to every lawyer brought up as we have been brought up," South African Mr Sydney Kentridge, SC, said here.

He was addressing the triennial conference of the New Zealand Law Society.

"What are we, as counsel, doing in these courts?" Mr Kentridge asked.

"Are we really defending the rule of law or what remains of it, or are we helping to give a spurious air of respect-

ability and fairness to a procedure which is fundamentally unfair?"

"Perhaps indeed it may be so — that we are con- niving at the substitution of form for substance.

"Justice must not only be seen to be done, it must be done. And if it is not done in the way we have been brought up to believe in, and if we cannot change the system, what is our duty as lawyers?"

Elaborating on the dilemma of lawyers in South Africa, Mr Kentridge said some had "opted out of the system" and gone elsewhere.

"They have said it is an inherently evil system and they do not want to participate in it at any level.

"Of course, in theory, there are alternative solutions. One may think of what has been done by some American lawyers in recent years who have used the court to stage a protest. But to an advocate trained in our system, this is an abhorrent expedient.

"When we go into court in our robes, we go in as professional men and not as propagandists."

Mr Kentridge said the accused in terrorism cases and similar cases wanted

to be defended in court. "They want advocates to be there to defend them. And are they not entitled to an advocate's assistance, however little he can do for them?"

And if the advocate was told, he was lending respectability to an obnoxious system, would he not have to simply accept this as an additional burden to his calling?

Mr Kentridge said he really did not know the answer.

"It troubles many South African lawyers who act in these cases. It is a question that does not go

away for us. There is no answer to it in the old books, in the old precepts — in our time, it is a new situation for lawyers such as ourselves."

Mr Kentridge's address, which is published in the BBC publication, The Listener, ends with the hope that advocates in South Africa might at least be able to assist in "averting some evil from falling on one individual."

This was some compensation for the doubts and disquiet felt by many in the legal profession under the circumstances prevailing there now. — DDC.

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	Before		After	
	Income	Expenditure	Income	Expenditure
	21	5	100	25
	99	-	70	-
	40	-	10	-
	-	-	250 (1)	-
	-	-	50 (2)	-
	-	-	-	60
	-	-	-	20
	-	5	-	40
	-	5	-	15
	-	145	-	310
	-	-	-	30
60	160	480	480	

line. Any additional income earned under an P250 would probably add considerably to Farm savings and Expenditure on Farm Operations.

P1 million total transfer by rental sale.

P250 earned and P50 from the sale of annual P20, particularly from larger outlays on farm investment and savings from zero to an appreciable above 20%.

and education 500%.

ome from farm operations appreciably, 500% on supply of consumption and agro-industrial ng a downward pressure on prices.

services and a capacity to pay a greater to, this, particularly with transport, health and education should lead to greater

dix 3

Sun. Times Bus.
Building
 3/12/78
still in
 (32)
doldrums

LATEST building statistics dash any hopes that the building industry might be on the brink of a recovery.

In the first 10 months of the year, the value of building plans passed fell 1 per cent compared with the same period of 1977 to R742-million, while the value of buildings completed fell 14 per cent to R643-million.

The only glimmer of hope is a slight revival of demand (not yet translated into building activity) for houses. The value of building plans passed rose 10 per cent to R317-million.

FEMINISM - THE WOMEN'S MOVEMENT REPLY

U.C.T. Feminists we are appalled by the naivety of the S.S.D. editors' pretentious study entitled "A Critique of Bourgeois Feminism" in their letter. We would like to point out some of the combined misconceptions and muddled thinking that appear in their article.

...of what a Women's Movement should be confines itself to stating the Women's Movement is a political movement", "It must, therefore, identify its position within the structures of society". To assume that factors such as the reserves, squatter-camps and the role of women in these have been, even theoretically, addressed by the U.C.T. Women's Movement indicates that the article has no direct knowledge of discussions and projects in progress among Women's Movement members. A notable difference being that the Women's Movement are perhaps more aware of the discrepancy between institutions that continually produce and reproduce the structural oppression in South Africa" and developing what the writer idealistically equates to "equate political practice" from within the context of such an oppressive establishment as a white university. To theorize around the abstract struggle for liberation of all men and women" is mere idealism. Separatism must concern itself with specific oppression. Separatism is not the awareness of other oppressed groups.

In correlating such diverse statements as the "fundamental contradiction that exists between men and women" (which contradiction is never examined in detail) and saying that "the contradictions that exist between social classes then assumes secondary importance (if at all)" the writer fails to realise that he/she moves from stating a basic feminist tenet to attack one particular feminist stance - radical feminism (not to be confused with Marxist, Socialist, Liberal or Lesbian Feminism) which is only one of the numerous positions held by U.C.T. women within the 'umbrella' organization of the movement. This article is a misinformed attempt to stereotype the U.C.T. Women's Movement into an homogenous radical-feminist group and attack its policies accordingly.

By a process of flawed illogical reasoning several false conclusions are deduced, the most erroneous of which concerns "consciousness-raising". No feminist position in any Women's Movement would endorse a description of "consciousness-raising" as an involvement with personal issues. It is clear that, despite the tedious catalogue of fundamentals, the writer has failed to appreciate the basic fact that "women's problems"- rape, the pill, abortion etc., are not personal and private problems and that the small group facilitates the crucial transition in awareness from the personal to the political. Without individual political consciousness there can be no mass political consciousness. A practical example of this is the "speaking bitterness" sessions held by small groups of Chinese peasant women, which played a vital role in their mobilisation.

The cultural conditions of people's lives are as important as the economic basis of their oppression in determining consciousness. In speaking of "the very real contradictions that exist between bourgeois women who experience their oppression as discrimination and working class women who experience their oppression as essentially exploitation" a dichotomy is being set up between the 'bourgeois' psycho-sexual forms of oppression on the one hand and the 'real' material forms on the other substituting a mechanistic model of class relations for a more profound understanding of how these two aspects of oppression depend upon and reinforce each other.

The mock-warning that "Inadequate strategies" could ensure that "Women's liberation is not achieved simultaneously with the liberation of men..." shows no cognisance of the historical fact that in no third world revolution this century have women, by fighting alongside men, come anywhere near achieving equality, simultaneously or after the revolution.

F.M. 8/12/78 ?

OTIS

(32)

Escalating dividends

pre-tax earnings rose from R7,86m to R10,94m, equivalent to a 19,3% improvement on an annual basis. Attributable earnings rose from 27,4c to 37,1c, the latter being equivalent to 31,8c on an annual basis.

After allowing for a transfer of R200 000 to the pension fund, a final dividend of 25c has been declared, bringing the total to 44c for the 14-month period.

According to the prelim, the reason for this largesse lies in the group's high liquidity, which, despite high distributions to shareholders, continues to hover around the R8m mark.

Otis' good performance probably owes more to the escalations built into its service contracts than management is prepared to acknowledge. Nevertheless, better orders for new installations in the public works and mining fields must have played a significant part in the improvement.

Chairman Philip Sceales has promised a statement concerning the group's future dividend policy when the annual report is issued come December 29. It will be interesting to see whether the high rates of distribution are to continue until all surplus liquidity has been finally syphoned off.

Presumably the US parent will wish to continue receiving the high cash flow rather than make further commitments to less attractive propositions in SA. If so, there remain distributable reserves which could amount to between 35c and 40c per share.

Meanwhile, shareholders are basking in a 10,8% annualised yield with the hope that the generous tap will continue draining surplus funds in the short-term.

John White

Despite depression in the building industry, Otis continues to prosper, and is maintaining its generous dividend policy. This time round it is paying out more in dividends than it earned.

According to the preliminary report for the 14-month period to November 30,

... advanced the reason that works committees resemble closely. This is not quite correct for the differences between a committee and a trade union are more marked than the similarities. It does encapsulate the fear of collective bargaining which is more widely than the Verster survey indicates. Yet another point is bluntly that liaison committees are consultative rather than representative. This is, I believe, the crux of the matter. The disparity between the liaison and works committees established since the 1973 elections indicates that management perceives its interests to be better served by a system of control through consultation. Whether this is likely to be seen.

Works Committees in Practice

In consideration of works committees. In January 1973 there were 207 statutorily-constituted works committees throughout the Republic³³ and of these, 98 in the Transvaal, 61 (30%) in the Cape, 45 (22%) in Natal, and 10 in the Orange Free State. Later information put the number at 239 in May 1975, a 16% increase in a little over two years.³⁶

The Verster investigation collected less satisfactory data on these committees than it had on liaison committees. This was due in part to the fact that management is not represented on a works committee and in many instances was not able, therefore, to complete the questionnaire satisfactorily. In some cases, apparently, the works committee members viewed the questionnaire and its purpose with suspicion. In June 1974 questionnaires were sent to 124 organisations of whom only 34 responded. These 34 had established 41 works

33. Hansard 7 columns 485-7, 20 March 1973.

34. Hansard 10 columns 632-4, 10 April 1973.

35. Hansard 10 column 691, 15 April 1975.

36. Rand Daily Mail, 22 May 1975. Cited in: Muriel Horrell and Tony Hodgson. Op.cit. p.212.

LTA

Steady growth

For 8/12/78
447
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acquisitions of Reinforcing & Allied Industries, Rand Reinforcing, and Penman & Jochelson. Ridley says conditions in the industry remain very competitive and margins are constantly under pressure.

Unlike some other construction groups, LTA is not diversifying out of the industry. Acquisitions will continue, says Ridley, but in related fields. The group is still very liquid and most takeovers or new ventures are financed from cash flow.

First-half earnings were little changed at 27c (26c) and shareholders were helped by a continuation of the favourable tax rates arising from previous years' losses, non-taxable foreign contracts, and investment allowances. The tax cushion, estimated at about R18,7m at end-March, will diminish, but Ridley does not foresee a return to normal company rates for some years.

Second-half activity is normally at a lower level with the Christmas break, but LTA hopes to produce higher profits for the full year. This should mean earnings for the year of about 48c.

Dividend prospects depend on expected future profits and the need for retentions. But last year's 2,4 times-cover should be maintained, which promises a dividend of about 20c.

At 200c and a 10% prospective yield the share has upside potential once public sector spending gets under way. Ridley cannot foresee a great improvement in the market in the near future, but it is a reasonably safe bet LTA can maintain its profit record.

Des Kilalea

"Construction industry recovery is unlikely without greater public sector spending," says LTA MD Mike Ridley. On this basis, the company's first-half performance is creditable.

Pre-tax profits increased 10,1% to R6,4m (R5,8m) as activity held up and new techniques and cost controls maintained margins. Turnover in the six months to September 30 increased 7,6% to R197m (R183m), with all divisions meeting targets.

Ridley avers that no division really performed exceptionally. Work on hand is still at a satisfactory level, although capacity is "certainly not stretched." The value of uncompleted work on hand at end-September amounted to R400m compared with R301m at end-March.

Turnover increased in line with inflation, new contracts brought in and the

Financial Mail December 8 1978



The organisations which participated in the investigation following industrial sectors:

Industrial Classification of Participants

Sector	Number of Organisations	%
Manufacturing	257	79,0
Mining	9	3,0
Construction	9	3,0
Commerce	13	4,0
Services	27	8,0
Local authorities	11	3,0
	<u>326</u>	<u>100,0</u>

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26. Financial Mail, 22 December 1972 p.1145. Cited in: R. Verster, Liaison Committees in the South African Industry, Bloemfontein, U.O.F.S., 1974, p.9.

27. Hansard 3 columns 160-161, 22 August 1974.

28. Hansard 10 column 691, 15 April 1975.

29. Rand Daily Mail, 22 May 1975. Cited in: Muriel Horrell and Tony Hodgson, A Survey of Race Relations in South Africa, 1975. Johannesburg S.A.I.R.R. 1976, p.212.

30. Op.cit. pp.14-16.

31. Ibid, p.17.

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CONSTRUCTION GENERAL

8. 1. 79 - 30-12-79

XX

No growth year for builders

Own Correspondent

PRETORIA — Thousands of building workers returned to work today to face a year of no growth or low growth in the industry.

Mr Hennie van Zyl, the Building Industries Federation of South Africa (BIFSA) economist, said today his organisation was considering approaching the State for additional stimulation of the industry.

"There are indications that we face a low or no growth year. This is unfortunate because the industry has access to the men, material and money it needs to prosper."

OWN SOURCE

He said he believed the State should allow private enterprise to finance Government buildings from its own sources. This would mobilise some of the finance available to the industry and preclude the need to finance State buildings from taxes.

Although the industry appeared to be out of the doldrums of the last two or three years Mr van Zyl said there was no significant indication it would employ more men this year.

"I think the increasing unemployment has been halted, but very few contractors expect to employ

additional labour this year."

Contractors who could look forward to a reasonably busy year were those building residential and non-residential buildings for the State.

Those who concentrated on work for private enterprise would not be so well off.

He said the stimulatory measures adopted by the State last year had been disappointing and more stimulus was needed.

Builders back, but outlook is grim

NM 9/1/79

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Finance Reporter

BUILDERS went back to work yesterday after their annual holiday to face a year which appears destined to be another long and difficult one for the construction industry.

Building activity across the country started to decline when the country entered a recessionary phase in the early 70s. Since then there has been a levelling out in the work put out to tender but construction activity is still a long way off the earlier volume.

Unemployment, endemic in the industry a few years ago, is still rife and employers are worried

about what they call the "brain drain" of qualified artisans and building foremen to other fields of employment.

State

The private sector, which not so long ago provided the bulk of new building work, has just about dropped out of the scene and the public sector with its massive and on-going Government contracts has become the builder's major client.

Mr. Bob Stevenson, vice-president of the Building Industries Federation and president of the Master Builders' Association in Natal, has predicted that building firms geared up to

handle State contracts will be able to weather the storm but smaller operators will find the business climate increasingly difficult during 1979.

Not making things any easier has been the current round of price increases announced on major building components and the others expected to follow soon in the wake of the petrol price increases.

Wary

All these extra costs will serve to make an already shy building public even more wary before they are prepared to commit themselves to long-term capital projects.

Probably the most problematic area is the home building market where, more than anywhere, builders find their clients lack the capacity to absorb the increase in costs.

Less

Mr. Alex Montgomery, sales director of Derreg Construction, predicted people would still be building new homes this year because it was the only way they could "get exactly what they want" — but they would get less for their money.

"We are going to have to pass these increases — at least, some — on to the consumer."

is that it grants only access to land. In order to exercise the traditional right a person must have cattle or smallstock. If he/she has no livestock, or indeed if he has far less than the norm for herds in his community, he has essentially foregone a basic right conferred by the community. By foregoing the right he confers upon others benefits at no cost to themselves and with no return to himself.

Botswana represents a clear case of the need to evolve traditional forms to accommodate the commercial world. One of the forcing houses of the modern world is the company concept: essentially simple yet radical. A parallel development would be to up-grade the right to graze (that is, the right of access to land) into shares over communal land controlled equally by member households. The shares would refer to grazing units according to the grazing capacity of the communal land. In other words, the community would become a company in the modern sense, the asset base of the company being the land it controlled. In this way the right to grazing would be converted to a right over an asset i.e. land which has a certain grazing capacity. At annual general meetings of the company (the equivalent of the community) it would be decided what the carrying capacity

Sun. Express Bus

It's goodbye to Brickor and welcome Corobrick

14/1/79
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BRICKOR, the Transvaal's largest brick-making concern, will change its name to Corobrick, Transvaal tomorrow.

The idea behind this move is to bring Brickor, now in the Tongaat stable, into line with the rest of its brick operations. It will be recalled that Tongaat gained control of Brickor in October, after its fairly well-publicised battle for control of Primrose, and set out to rationalise its 33 brickmaking factories throughout South Africa under a common name and corporate identity.

Corogroup, the brickmaking arm of Tongaat, has its head office in Durban and operates companies in Natal, the Cape, the Free State and the Western Transvaal.

The acquisition of the Primrose and

Brickor operations increases the group's share of the powerful Transvaal market, which is estimated to be 40% of the national total.

Corobrick's 33 factories around the country have a total production of 1 600-m bricks a year, with a range of 160 different face bricks.

Errol Rutherford, managing director of Corobrick (Tvl), said this week: "The brick industry has yet to feel any benefit from the expected upturn in the economy. However, we are well placed to provide for any renewal in building activity."

"South African bricks are still the cheapest in the world and have significant advantages over most other construction materials."

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consciously attempted to create manpower of that type. It may also reflect the present paucity of entrance points to rural management, a too formal approach to selection for government service and, as discussed below, an inappropriate search for precision which discounts local knowledge and local capacities.

Once a clearer approach to the problems of the countryside is gained it should be possible to simplify in the Central Government arrangements for policy making and for supervision and to devolve much of the daily management to local government and other semi-autonomous units. The number of current ad hoc proposals should all be reviewed in this light.

Botswana does appear to have successfully separated the traditional roles of the Tribal Authorities from the newer concerns of the District Councils, especially over land use and infrastructure development and management. Some overlapping of representation remains that should prove amenable to reform. The present balance struck between popular and traditional representation remains delicate and its evolution could be upset should the more economically stronger rural families seek to protect their interests by alliance with the Tribal Authorities. Careful attention must be given to programme formulation if that stultifying development is to be avoided.

The Task Before Botswana

Rural development in Botswana, particularly the reduction of rural income disparities and the provision of increasing levels of productive employment to her young and fast growing population, may be looked at in two ways. Since 1972/73 Botswana has had a surplus of recurrent revenues over expenditures. In 1975/76 revenue was P72 million and expenditure P47 million,

Company booms as construction industry sags

Sun. Trib.
28/1/79

DESPITE one of the most difficult years the economy has ever experienced, Bomag South Africa, a subsidiary of the giant US Koehring company, enjoyed its "best year ever", according to managing director, Heiner Thorborg.

At a time when the construction industry suffered its third consecutive year of decline due to a steep downturn in public and private expenditure which forced many companies to the wall, Bomag, one of the country's leading suppliers of compactors, excavators and mobile cranes, managed to improve its performance by, according to Thorborg:

- Expanding local manufacturing programme;
- Pruning the cost structure carefully; and
- Increasing staff efficiency and productivity.

"This resulted in better profit margins, and more competitive prices for our compaction machinery, which we would not have been able to maintain had we continued to import our requirements," said Thorborg.

Being a private company, Bomag is not obliged to reveal its turnover and profit figures, but the managing director did admit with a degree of pride that Bomag's profits

amounted to nearly 10 percent of turnover, a margin most competitors would envy.

Furthermore, these profits represented five percent of parent company Koehring's which implies that Bomag South Africa manages to operate on a more profitable basis than other companies within the group.

Looking to the current year the managing director forecasts that demand should increase

slightly during 1979 as confidence in the construction industry returns.

"This much I anticipate, just as I anticipate that the Government will spend more due to the more favourable balance of payments situation.

"While our return on capital employed is still not what we would like it to be, I foresee a vast improvement during 1979 as we expect a far better turnover to assets ratio."

Looking at conditions in the construction equipment industry Thorborg considered special deals for buyers in this sector were a thing of the past.

"We as suppliers can only survive without signing out risky deals — and 'his applies' to all suppliers. Those who have not yet turned to local manufacture are in for a difficult period as their machinery cannot possibly be competitively priced," he said.

Bomag baffles the builders

(32)

23. Personal income equals disposable income plus

-5-

29. The slope of the consumption function is determined by the:

- (1) Average propensity to consume.
- (2) Amount of autonomous consumption.
- (3) Marginal propensity to consume.
- (4) Amount of investment induced by changes in income.
- (5) All of the above.

30. If APS is negative:

- (1) The APC must be equal to 1.
- (2) The APC > 1 .
- (3) The sum of APC and APS is < 1 .
- (4) The APC must be < 1 .
- (5) The MPS must also be negative.

31. If autonomous C is R30m, I R40m and MPS is 0.1, then (assuming no G or foreign trade) the equilibrium level of Y is:

- (1) + R77m
- (2) R430m
- (3) R700m
- (4) R400m
- (5) R340m

32. The multiplier is equal to (assume closed economy, no G):

- (1) $\frac{\Delta Y}{\Delta I}$
- (2) $\frac{\Delta Y}{\Delta I}$
- (3) $\frac{1}{MPC}$
- (4) $\frac{1}{1-MPS}$
- (5) $\frac{1}{MPC + MPS}$

33. If the APC_{Yd} and MPC_{Yd} is 0.8 and taxes are 0.4 GNP, the propensity to consume out of GNP is about:

- (1) 0.0
- (2) 0.8
- (3) 0.5
- (4) 1.0
- (5) APC and MPC are never equal so solution is unknown.

34. If a consumption function is $30 + 0.9Y_d$, then the savings function is:

- (1) $30 + 0.1Y_d$
- (2) $70 + 0.9Y_d$
- (3) $-30 + 0.1Y_d$
- (4) $0 + 0.1Y_d$
- (5) $-30 - 0.1Y_d$

-6-

Where are the future building managers?

32

Star 11/2/79

- 11. Attendance at conf with other workers will benefit from considered, but a PHAL (Private Heal Ciskei Research Soc

By Frank Jeans

While the light at the end of the tunnel is in sight, the building industry has a new problem — a sharp drop in the number of students seeking a degree in building management.

- 12. Duplicating and ci additional secretar

Since 1968 the industry has absorbed every graduate — clear proof of these specialists' value.

Says Mr Johan Grotsius, director of the Building Industries Federation (Bifsa): "There were fears over the employment prospects of expensively qualified people coming on to the market after four years of depression.

"Yet every 1978 graduate found a job to match his qualification."

Even in the current situation, the industry cannot get enough of these building specialists, which underlines the fact that when the recovery is in full swing, their services will be at a premium.

Mr Grotsius adds: "While much has been done by way of training to boost productivity, in the end rising productivity must begin with the management cadre, and this is where the BSc degree in building management comes into its own.

"Since 1974, there has been a steady falling-off in the number of university enrolments in building management. Following this trend, we can expect the total of new registrations in 1979 to be even smaller."

is essential to maintain contact to establish links with those who means international conferences are not DRU will attend workshops of e.g. (otho) and TACRESOC (Transkei and

travel expenses, booking, catering, expenses.

By JEREMY BROOKS
Staff Reporter

COAL and anthracite prices go up from Monday, the chairman of the Transvaal Coal Merchants Association, Mr Wilfred Stoloff, announced yesterday.

The public face an 18c increase, to R2,33, for a 90kg bag of coal and the same weight in anthracite has been increased by 33c to R4,80.

Mr Stoloff said that following the hike in the producer, or pithead, price for coal, the Price Controller had authorised merchants to increase their prices with immediate effect.

He said that nine cents of the coal increase was accounted for by the increased producer's price, compensating coal merchants for higher transportation costs over the past two years.

The association was also notified yesterday that the producer's price of anthracite had jumped with immediate effect.

As a result, the association was authorised to increase the maximum retail selling price of a bag of anthracite.

● Sapa reports from Pretoria that in addition to the coal price rise, an increase

Ridm
**More to
3/2/79
pay
for
coal,
bricks**

of approximately 10% in ex-works price of various types of bricks was announced in the Government Gazette yesterday.

A spokesman for the office of the Price Controller said it could be expected that the effect of the increase in the pithead price of coal on the retail price would not be higher than between 2,5% and 5%.

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overnment would first

have to proclaim a region as drought affected before the programme came into operation.

An answer to the problem lies in the Employment Guarantee Scheme as evolved in Maharashtra State in India in the last four years. Without a regular programme whereby citizens can seek and obtain work it is unlikely that government would be organised to quickly open a large number of productive small works. The guarantee of work, it appears, can only be implemented if it is a regular part of the management of rural development.

The guarantee of work in the countryside as a regular programme necessitates a move from the consideration of the most efficient form of drought relief management to a programme that, while operating as an automatic standby machinery for drought relief, is a major instrument of income redistribution. It is also, since income is redistributed by wages earned on work sites, a programme that can build much of the physical infrastructure required in the countryside.

In table 1 there is an estimate of the amount required to raise all families up to the poverty datum line; P9 million annually. In the previous section a company concept to manage grazing lands is proposed which, through the sale

New homes to cost 15 pc more

Star
6/2/79
22

Own Correspondent

The building industry expects the price of average family homes to rise by 15 percent this year, it has been confirmed in Pretoria.

This is considerably more than the anticipated inflation rate, but contractors say they cannot continue to bear the burden of increased brick, cement, transport, labour, steel and other costs without passing them on to the consumer.

A leading home construction company says it estimates a home which would cost R20 000 today will be sold for R23 000 by the end of the year.

SUPPORTED

These estimates were supported today by Mr J H D Grotius, director of the Building Industries Federation of South Africa.

He said they were roughly in line with Bifsa expectations.

Contractors have not increased their prices significantly for more than two years. But in that time increases in costs, brought about by higher labour, transport and material costs, have eaten into their profits, he said.

BURDEN

The point has been reached at which they can no longer bear the burden and increases are now inevitable.

Bifsa representatives of civil engineering concerns and cement producers met the Price Controller yesterday for discussions on recent and anticipated price increases.

It is understood there is concern about the fact that in many cases administered prices have risen more sharply than others in recent years.

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Liabilities	R300.26
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	22.00
or book prizes	(32.10)
ings a/c	2.52
50c (1979)	40.00
50c (1978)	34.00
Revenue	'77/78
Expenditure and Revenue a/c	'76/77

Accumulated Fund	R30
Balance Sept. '77	4
Savings a/c	4
Petty cash	4
Surplus for the period	4
	250
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(20.21) Stationery	
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Expenditure	'76/77
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A home of your own may beat your salary

NM 8/2/79

32

Property Editor

THE rising cost of building materials is reaching critical proportions and at least one major home builder is predicting that average income earners will not be able to afford even a standard-sized house by the end of the year.

According to the company's calculations a house costing R20 000 today will cost R23 000 by December at the rate prices are rising.

Looking at the current trends it would appear as if the next 18 months or so could be the last chance people have of acquiring the traditional South African standard housing of three bedrooms, two bathrooms and a double garage," a senior executive of Gough Cooper said yesterday.

Timber went up by 15 percent late last year, brick prices increased by up to 8 percent last week, roof tiles are going up in price towards the end of the month and artisan and labourers' wages increased by varying amounts in November and January.

Increases

In addition price increases are awaited on steel, cement, paint, glass and asbestos products as a result of rising transport and production costs.

"It's got to the stage where each week we wonder which material will be the next to increase," said Mr. Michael Hilton, managing director of Corona Homes.

He said that in spite of the fact that suppliers absorbed increases last year house prices went up by at least 10 percent. But as suppliers could no longer hold prices the percentage increase was expected to be far greater this year.

If Gough Cooper's forecasts are correct it will mean that the cost of a new house will increase by R250 a month for the next 12 months.

Losing

"Unless the prospective home owner's salary increases by a quarter of that amount, by R62 a month, he is losing ground against price rises and the type of house that he aspires to just won't be obtainable.

"This means that he will have to abandon his ideas of owning his own home or he will have to accept far less house — which in turn means lower housing standards."

It seems as if the trend towards lower housing standards is already gaining ground as builders shrink accommodation in order to provide houses for their clients.

"A few years ago we thought that a 100 sq m house was the absolute minimum we could provide, but now it is quite common to see houses of 80 sq m," said Mr. Hilton.

11

historical matter is a sign of strength description of the... location Business Arrival

entirely he has become so not because of faulty workman... (1973) the real and lasting... from his seminar... taught... A direct product of... (1923) his own guidance... (1974) sense of the Monument... (1974) of Bavaria founded... Academy... (1974) questions of historical... in the preface to the... Vicker, Rank wrote the... assigned the office of... for the benefit of... does not appear: It... (wie es eigentlich... preantation of the... they may be, in... statements were... deepest conviction... search for the truth... chapporomately... the political exigencies of the day. Probably the most famous... example of his treatment of contentious and disquieting

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ADW 14/2/79
32
marks and institutions will be destroyed or affected by the road plan. They include:
● The famous King Edward School in Houghton (probably affected but not destroyed);
● The equally well-known private school, St John's College, nearby (probably playing fields only);
● A large slice of the Johannesburg Country Club in Auckland Park.
An action group which plans to alert all established ratepayers associations will distribute maps among interested people.
While this campaign gets underway, the historic Markhams building in the centre of town has now been saved thanks to public pressure.

See Page 2

38 33 32

Pressure mounting against new freeway

By DEREK SMITH
City Editor

1906 1906 1903 1906 1906 1901 1901

A MASSIVE campaign was launched yesterday to mobilise public opinion against the planned PWV 10 freeway and its inevitable extension through Johannesburg's northern suburbs, the M6.
Architects have plotted the route carefully by working on a detailed report by the planning engineers (estimated to have cost R1-million) and have come up with a horrifying picture of urban destruction stretching from Weltevreden in Rodepoort on the west to the open spaces of Bezuidenhout Park and Cyrildene on the east.
The route of the two highways shows clearly that many well-known land-

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Moss poses range of questions on freeway

R.D.M
15/2/79 (32)

From Paull

dents' associations coming out in strong support.

Mr Tim Jackson, who started the Westdene-Auckland Park-Richmond-Melville association, has condemned the plan as "crazy". It is geared to destroy all good town planning, he said.

Current chairman of this association, Mr Dave Potter, said the biggest problem facing ratepayers was that the authorities denied the Johannesburg motorway (M6) plan existed.

"We believe they are being devious and are working with secret plans which they dare not show the public."

Professor R P Plewman, of Westdene, quoted comparative figures given by the city council eight years ago, showing that Johannesburg already has a low percentage (eight) of open space. London has 12%, Pretoria 13%, and Moscow 15%, he said.

If the PWV 10/M6 plan went ahead the percentage of open land would be reduced even more — "and this seems inequitable"

Mr Moss, who put his 17 questions to the administrator yesterday, wants to know from the administrator:

- Why the province undertook the cost of the PWV 10 design when it was provided for in terms of the Urban Transport Act from central Government funds.
- Why the consultants were instructed to proceed with full working drawings for the road when no final decision had been reached and no comment requested from property owners.

• Whether the Johannesburg or Roodepoort councils asked the province to undertake the PWV plan or not.

• Whether or not the Johannesburg council supplied the province or its consultants with the route of the link from the PWV 10 to the Johannesburg road system as required by the 1976 route determination report. If so, of what standard and in what detail of design it was given.

• Whether the province would construct the PWV 10 if the Johannesburg council did not build an east-west link of motorway standard or not.

• Whether or not an environmental impact assessment for the route was done, since the road crossed the ridge system with huge embankments and cuttings — and whether a consultant was employed to advise on environmental effects of the route or not. And if not, why not.

• What consideration objections, received when the route determination study was made, were given, and whether these were answered or not.

• What the status of the plan of the PWV 10 issued to owners along the route is.

• Why the province commissioned consultants Van Wvk and Louw to design the PWV, considering the PWV consortiums brief ended at the national ring road and did not cross the municipal boundary; and it falls within the Johannesburg metropolitan study area.

• Whether the province approached Roodepoort and Johannesburg municipalities regarding the planning of the PWV 10 east of the by-pass or not. If so, whether or not they were in agreement.

• What priority the consultants, the consortium, or the province, attached to the PWV grid system, which was designed to cover a 50 year period.

• What traffic costs and projections were used by the consultants in determining the need for this route.

• What cost study was made regarding construction and land purchases involved in the road and, whether or not these are available to the public.

• Whether a cost benefit analysis was done or not, and if so, whether this is available or not.

• Whether or not owners along the route received compensation from the province, since letters sent by the consultants to them stated categorically that their property was affected. If an owner wishes to be bought out immediately, whether this would be done or not.

• What fees — including disbursements — are payable to the consultants in respect of the PWV between the interchange with the western by-pass and the Newlands border.

• Whether or not the province was asked by the Department of Planning and the Environment to avoid detrimental development of natural features of the land.

Mr Moss expects a reply on Wednesday.

• See Page 8

Such changes in policy cannot be brought about without changing the influx control regulations and laws as well. We are well aware of this and also of the fact that this would imply a fundamental change in the government's policy towards migrant labour. In the Western Cape where the Coloured 5.1. Die herkoms van Afrikaans: tyd en plek employment preference policy exists, this is an even more fundamental change. In spite of the fact that the government has been told that the influx control regulations and laws are essential, we believe that they are not essential. We hope to eventually have a better and more equitable policy towards migrant labour. One has to consider in underskiet word. Ons het al gesien dat die algemene beskaafde Nederlanders ontwikkel het uit die taal van die hore...

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TABLE 3: DEPARTMENT OF MINES AND PETROLEUM: OUTPUT, EMPLOYMENT AND PRODUCTION ON THE DIAMOND MINES: 1946-1977

Examination Schedule, October/November 1978

Please note the Department's examination time-table listed below. The member of staff indicated for each session in column 5 is requested to be present in the examination, to check the question paper and to answer any queries that may arise; further, to leave a telephone number where the paper may be contacted during the examination, and to collect the scripts and question papers at the end of the examination. If a session is indicated as indicated where applicable. 75

Date	Time	Examination	19 332	Venue
1979	1 265	19 332	65	65
1950	1 732	19 292	90	90
1951	2 229	19 501	114	A 202
1952	2 383	19 295	124	A 202
1953	2 718	18 080	150	A 202
1954	2 859	16 541	173	JH
1955	2 629	15 451		
1956	2 586	15 156		
1957	2 579	15 929		
1958	2 702	16 714		
1959	2 838	17 357		
1960	3 141	17 609		
1961	3 788	17 682		
1962	3 918	17 028		
1963	4 376	17 346		
1964	4 450	18 121		
1965	5 026	18 111		
1966	6 037	20 511		
1967	6 668	20 672		
1968	7 437	20 197		
1969	7 853	20 254		
1970	8 112	21 488		
1971	7 037	20 523		
1972	7 389	20 475		
1973	7 565	20 421		
1974	7 510	20 934		
1975	7 295	19 819		
1976	7 023	19 741		
1977	7 643	17 451		
1978	7 023	17 451		

Proposed freeway condemned as 'crazy'

By PENNY SWIFT
TENS of thousands of Johannesburg people and their properties are affected by the controversial PWV 10 freeway plan and its inevitable extension through Johannesburg, Mr Sam Moss, Johannesburg city councillor and MPC for Parktown said yesterday.

Alarmed by the implications of the freeway plan, Mr Moss has put a series of wide-ranging questions to the Administrator of the Transvaal.

He is convinced that because the PWV 10 is planned as a major provincial road to the Roodepoort-Johannesburg boundary, it must link up with another major road. Even though the M8 plan (through Johannesburg's northern suburbs) was never officially accepted by the Johannesburg City Council, he is also convinced this, or a similar plan, is about to be "taken out of cold storage" and implemented.

The costly PWV 10 plan fits in perfectly with the 1970 internal transport plan of Johannesburg," he said.

The massive campaign to mobilise public opinion against the freeway plan is growing fast, with resi-

- J.A. (Invig.)
- J.S. (Invig.)
- P.G. BOOL (Invig.)
- L.B. (Invig.)
- J.S. (Invig.)
- J.A. (Invig.)
- P.G. (Invig.)
- M.M. (Invig.)
- M.W. (Invig.)
- M.M. (Invig.)
- J.A. (Invig.)
- LB, RW (Invig.)
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- L.B. (Invig.)
- J.S. (Invig.)
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- M.W. (Invig.)
- M.M. (Invig.)
- M.M. (Invig.)
- R.W. (Invig.)

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GRADKURSUS (bv. B.PROC., B.A. ens.)
ANDER VAKKE HIERDIE JAAR

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1971	7 037	20 523		
1972	7 389	20 475		
1973	7 565	20 421		
1974	7 510	20 934		
1975	7 295	19 819		
1976	7 023	19 741		
1977	7 643	17 451		
1978	7 023	17 451		

Jan 16/1979

Fear that more freeways will slice up suburbs

32

More freeways cutting through Johannesburg and Sandton are being planned, the anti-freeway action committee believes.

These are in addition to the PWV 10 and its extension, the M6, being planned to run east-west through Johannesburg's northern suburbs.

The additional freeways allegedly being planned are:

● The M3, due to run north from the M6 at the Perskor site in Auckland Park, through the Parkview Golf Course to Sandton.

● The extension of the PWV 9 motorway, which

is part of the provincial grid plan, planned to connect the M3 with the existing Eastern Bypass (N3).

The action committee discussed the possibility of these additional freeways at its meeting today.

Mrs Flo Bird, a committee member, said the committee would ask the National Transport Commission why freeways were being built without consulting the people affected.

She said freeways were against the spirit of the Government's Driessen Committee report which opted for public transport.

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mondjie	potjie	of
plijtjie	lântjie	af
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ons	af
kans	af

Genasaleerde vokale

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rens	o
môre	o

PROPERTY

32

Building man warns on shoddy work

SOME homeowners, particularly those in newly-developed areas, face the risk of living with a wall of death around them.

Walling — plain or artistic, giving that little extra in seclusion or character — is a growing business on the home front, but there is also the lurking menace of inferior workmanship because of short-cuts to easy profits.

Hitting out at the "here, today, gone tomorrow" operators, Mr. Dave McCaill,

marketing manager of a pre-cast concrete manufacturer, says:

"There have been very ugly developments in the walling business. If these walls are not erected or made properly, a householder can have a lethal weapon on his hands."

Normal practice of wall erection is to have one-fifth of a 1.83 m high supporting post embedded in cement underground.

According to Mr. McCaill, however, some walling operators save on cement costs by us-

ing only soil as a bed with a "collar" holding the concrete panels.

And there lies the danger. When it rains, the soil settles, leaving a gap from the "collar" to the top of the soil.

With six concrete panels coming out of the supporting post on either side, there is a mass weight of 204 kg resting on a slim "collar."

The result is, that the post takes on a pivot action, causing misalignment and, worse, the danger of pending collapse — and just hope

there are no children playing there at the time.

Most companies provide a year's guarantee, thus the wall withstands the four seasons, and after that, nothing, under normal circumstances, should happen.

"But, in other instances, the guarantee is only as good as the paper it is written on," Mr. McCaill said.

Mr. McCaill also has a collection of pieces of walling which gives ample proof of shoddy products. Properly con-

structed walling panels have welded reinforced steel cages over which concrete is then applied.

Mr. McCaill's "danger collection" reveals a scrap metal approach to panel strengthening. One piece has only one stretch of flimsy wire through it, another has chunks of stone in the concrete mix, and still another has been supported by a shovel full of oddments from hollow dipping to bottle tops.

The cost of erecting a 100 m wall should be in the region of R1 150, so

if you get a quote for the same job at say, R800 — watch it.

The labour and materials cost structure of reputable walling companies puts an average of R11.50 a metre as the going price for a wall.

So if you are told the work can be done for a good deal less, that operator is cutting corners — a saving which puts you at risk.

Says Mr. McCaill: "The bitterness of poor quality will be remembered long after the joy of a low price."

Building hopes Cement future looks brighter

Sun. Trib.

39

By TONY HUDSON
Finance Editor

THE LIGHT at the end of the tunnel is slowly getting brighter and the indications are that the cement industry may well show a positive growth rate for the first time for some years.

Business in the industry has been bad during the last few years, and, says the Cement Marketing Organisation, despite a growth in real terms in the economy of two percent in 1978, cement sales fell by three percent, for the 12 months to December 1978.

There was, says the organisation, a small upturn in September and October of last year, but this fell away without having much effect on the industry.

The forecast for real growth in the gross domestic product for this year is about 3.5 percent.

However, the outlook for the building and construction industries is a low growth of around two percent be-

The annual report should spell out just where the profit improvement has come from — with interests in the manufacture of textiles, carpets, knitwear and clothing there is no breakdown at this stage.

"It is anticipated the public sector's contribution to new residential buildings will on average show the strongest growth of all forms of building and construction activity in the short term with physical construction, to a large extent taking place in geographic zones outside existing recognised metropolitan development areas."

The organisation sees the coming changes in the regulations governing black home ownership as another bull point as it feels that banks and building societies have the liquidity to meet any demand from this sector.

The industry has the capacity to meet an even greater growth rate as kiln utilisation for the domestic cement market stands at about 80 percent.

The organisation sees another light on the horizon in the indications that South African Railways and the Defence Department are gearing up.

There is no dividend for last year, but clearly if this upward trend is maintained, progress should be returning to the dividend lists this year.

Dear Forest Glade,
Half a year has passed since our last A.G.M., and you may like to know what has been, and is, happening in the Association.

1. COMPOSITION OF THE BOARD

We have sadly had to accept the resignations of R.A. Proven, H.S. Rumbelow and G.O. Sunn from the Board. Mrs. Mary Greenhalgh, who was co-opted to the Board immediately after the A.G.M., was elected as Chairman, J.O. head as Vice-Chairman, and Mr. S.F. Mont as Secretary.

These enclosures have been made in various ways — by walls, fences or hedges, or by less obvious, but just as effective barriers made from careful landscaping or grouping of plants. The Directors have been put into a very difficult and worrying position over this, and have felt obliged to conclude that it is in the interests of all members to retain the open-plan scheme for Forest Glade. It is not possible to consider the individual merits of the various cases without appearing invidious, and therefore, it seems in the best interests of the members generally, to insist that the regulations should be complied with.

Members are reminded that no walls, fences or other external erections are allowed on their property without the prior consent of the Board of Directors and the Divisional Council. The common area must be kept open for the use and enjoyment of all members. No full enclosures of any sort can be permitted, and all which have been made must be completely opened up. Barriers or constructions

s...making progre

EL building plans down by half

EAST LONDON — The value of building plans passed in East London last year was less than half that of the 1973 total.

This was revealed by the outgoing president of the East London Master Builders' and Allied Trades Association, Mr Brian Snell, at the association's annual meeting last night.

Mr Snell referred to the "alarming" figure of R10 085 720 for building plans passed in 1978. The figure for 1973 was R22 million.

The drop in the value of plans passed should also be seen in the light of the vast increase in costs dur-

ing this period, Mr Snell said after the meeting.

The number of employers and employees in the building trade dropped dramatically in recent years.

During 1975 309 employers employed 4 389 employees, Mr Snell said. By 1977 this figure had fallen to 112 employers employing 2 433 employees.

"The latest census figures are not yet available but as you can all appreciate a further dramatic drop-off in the industry is to be expected," Mr Snell said.

Due to the decline in

building activities here the East London branch of the association has lost four member firms during the past year. Membership now stands at 69.

Mr Snell warned that the prospects for 1979 were bleak, but assured members the association had again appealed to the relevant minister for work to be released in this area.

Mr Colin Wynne, manager of the Border branch of Murray and Stewart, was elected as the MBA's new president. Mr Graham Dodd was elected vice-president.

—DDR.

STAR 7/3/79 (32)

More work on hand for civil engineers

Although civil engineering contracts awarded in the final quarter of last year were valued at about R400m, the order position in general is far from satisfactory.

This is disclosed today in the SA Federation of Civil Engineering Contractors review of conditions in the fourth quarter of 1978. This latest figure compares with an order intake of some R350m and does at least show a continued upward trend since the middle of last year.

According to the review, order books which fell to a low level in the depressed conditions of the past few years are looking healthier and contractors entered 1979 with more work on hand than for some time.

However, despite the increased work load, overall construction activity was not of material benefit during the last few months of 1978.

One encouraging point however, is that the total labour force of the industry — which dropped by 45 000 employees over the past two years — has stabilised at a figure of about 90 000 workers of all races.

Taking into account the slight upturn in the order position, there is more optimism in the current outlook.

Competition for available work remains keen. The review states that there are not enough small to medium sized contracts, and much of the recent improvement

was due mainly to major public sector contracts, like the Railways.

Geographically, comparing the business in the industry as a whole, conditions in the Transvaal are above average, poor in the Cape, and quiet in Natal and the Free State.

The reviewer warns though, that the longer-term prospects for the industry will depend on budgets earmarked for civil works, by the State and other major clients.

The industry is aware of the oil crisis and its implications for South Africa, and as a large user of petroleum products, is engaged in a "vigorous fuel saving campaign."

is que vous auriez dû suivre étaient claires.
: maîtres que Marc a laissé vendre constituait sa fortune.
participe passé du verbe être, est toujours invariable.

La blessure qu'il s'est faite n'est pas grave.
Les vérités qu'ils se sont dites ont aggravé la situation.

de notre soirée. C'est une oeuvre de quarité qui est (interpréter)
par de bons acteurs. Nous l'avons (recommander) à nos
amis qui, à leur tour, l'ont (recommander) à leurs amis. Tous sont

Troisième leçon

d'objet direct quand celui-ci est placé avant le verbe. L'accord dépend donc de la place du complément d'objet direct.

En français, le complément d'objet direct est placé le plus souvent après le verbe; dans ce cas, le participe passé reste invariable.

- Exceptions: Le complément d'objet direct est placé avant le verbe:

1. Dans le cas des pronoms ie, la, l', les, que.

Où sont les fraises? — Les enfants les ont mangées.
 Pourquoi as-tu ouvert la fenêtre? — Tu te trompes, je l'ai fermée.
 Sais-tu tes leçons? — Oui, je les ai apprises.
 Pourquoi as-tu fermé la fenêtre? — Tu te trompes, je l'ai ouverte.
 La pêche que vous avez cueillie était délicieuse.
 Les lettres que j'ai reçues venaient de France.
 La lettre que j'ai écrite à Jacques est partie hier.
 Les dispositions que vous avez prises sont insuffisantes.

2. Dans le cas des phrases interrogatives commençant par quel.

• Ne pas confondre le complément d'objet direct qui précède le verbe, le participe passé et le complément invariable.

Il ne s'est cassé la jambe en faisant du ski.
Elles se sont lavé les mains avant d'aller à table.

PARTICIPE PASSÉ INVARIABLE

Le participe passé avec avoir reste invariable:

A. S'il n'a pas de complément d'objet direct.

Ils ont parlé.
Ils ont parlé à un groupe d'étudiants.

B. Si le complément d'objet est placé après le verbe.

Les enfants ont mangé des fraises.
Jacques a ouvert la fenêtre puis il a fermé la porte.

aidé par le pronom en.

ont-ils mangé des fraises? — Oui, ils en ont mangées.
es nouvelles de Marc? — Oui, j'en ai reçu récemment.

il est suivi d'un infinitif.

is que vous auriez dû suivre étaient claires.
: maîtres que Marc a laissé vendre constituait sa fortune.

participe passé du verbe être, est toujours invariable.

accords

ce était à
auvaises
voir, ils
(enchâssé)

Engineering in need of 'incentives'

SOME incentive should be granted to the civil engineering and contracting industry, which could be a significant earner of foreign exchange, says the chairman of Group Five Engineering, Mr. J. J. A. McLaren, in the annual report.

The industry has many unique skills which could be exploited overseas.

The offering of worthwhile incentives could compensate for the additional risks involved in such projects.

The State, however, has not offered much incentive, either by way of tax relief, where the export allowances are geared to manufacturing and marketing organizations, or by provision of finance where contractors have difficulty in meeting the local content requirements, says Mr. McLaren.

With the decline in the amount of work on offer in South Africa, the civil engineering and construction industry has had to look further afield for its revenue.

A fair proportion of Group Five's work is now being carried out in adjacent territories and in Malawi.

Because of the distances involved and the delays in communication, these contracts have had to be mechanically self-sufficient and thus fully equipped with new plant.

This, together with the increase in turnover, acquisitions of subsidiaries, and, in certain instances, the providing of fi-

nance, in order to obtain work, has had its effect on the group's cash balances, which now stand at R7 m.

Mr. McLaren is concerned about the sharp rise in the cost of new plant. The situation has been worsened by the fiscal authorities deciding to remove the new plant and machinery allowance previously granted to the industry.

Unless the decision is reversed in the forthcoming budget, the reduction by way of tax relief of 14.4 percent of the cost of new plant will fall away after July 1, 1979.

The chairman is not particularly optimistic about prospects for 1979.

He says Group Five will have to make a strenuous effort to increase its profits because of the long term nature of contracts obtained in a highly competitive climate.

However, the group should maintain profit at the 1978 level at least. A larger volume of work was on offer in the last quarter of 1978, a trend which should be sustained.

Mr. McLaren warns that the low level of economic activity has continued for so long now that the ameliorating effect of long term contracts obtained at better prices has fallen away.

Group Five's operating profits declined in spite of an increase in turnover of 12 percent.

Tax allowances accounted for the slight eight percent rise in net profits.

Gains (percent)			
N Veneer	16.7	F Mis	3.8
N Coal	14.1	Inv	3.8
Toyota	9.7	Altech	3.6
Lamor	7.1	GF Prp	3.3
Comair	6.7	Afcol	3.3
Asea	5.9	Protea	3.1
Triomf	5	W. Cons	2.9
Avhold	4.7	Maries	2.9
F/Fund	4.2	Great	2.9
Matash	3.9	Iclaf	2.6

Losses (percent)			
Hamer	14.3	Msauli	3.7
C Tech	11.8	Putco	3.3
Scotts	8.7	Pr Paper	3.2
Dunswrt	8.7	Lion	3.1
Theron	6.7	Stl Met	2.9
Tucker	6.3	Uniton	2.9
Assore	5	Smith	2.8
G Tyre A	4.4	Gefco	2.8
G Tyre B	4.4	Edcon	2.8
MTD	4.1	S Mar	2.8

Volumes (R000s)			
De Brs	225	Al Lease	46
Angls	123	Harrie	45
Pl Glass	106	G Tyre	44
S Vaal	76	Unisel	43
PP Cem	73	G Tyre A	40
ERGO	71		

Bifsa, aged 75, looks to year 2000 with every confidence

By Frank Jeans

The South African building industry, battered by years of recession, is past feeling sorry for itself, and instead is looking to the future with growing confidence.

And well it might. For the builders face a rocking population that has to be housed.

Economists predict that by the turn of the century, the industry will have to build 10m houses, flats and other dwelling units — or 500 000 homes a year — compared with the 100 000 built last year. Added to this vast

build-up are the servicing centres for the 40 to 50 million people in South Africa by the year 2000 — the hotels, schools, universities, hospitals, Government buildings and still more shopping complexes.

It's a massive task, but heartening news for the builders who have been so long in the doldrums — and it's the message that comes through today — the 75th birthday of the British Industries Federation of South Africa (Bifsa).

Says the president, Mr David H Mitchell: "Organised, building is bracing itself to meet all its obligations to the South African community."

"From this year onwards, the accent will continually fall on the positive."

He believes the best way the industry can solve current problems is to take up squarely all the challenges facing it. This year, builders will start laying plans to carry out the mammoth building job that has to be done, and they must now show greater initiative in mobilising capital, labour and entrepreneurial skills, he said.

INDUCEMENTS

The building programme ahead will cost an enormous amount of money, and organised building will have to develop new inducements and stimuli of its own to draw the funds required, says Mr Mitchell.

"We can no longer leave this to decision-makers of the public and financial sectors."

Bifsa, which was established in Durban in 1904, has grown to become the co-ordinating body of building and affiliated industries which control about 80 percent of all construction in South Africa.



Mr David Mitchell, president of Bifsa

Building industry asks State for R300-in more

STAR 30/3/79

①32 ①133

(STATES)

By Frank Jeans

The Building Industries Federation (Bifsa) has been quick to follow through on Senator Horwood's pep-up budget by making a high-level approach to the Government for an additional R300 million for housing and services for the lower income groups.

The Minister of Community Development has been asked by Bifsa to make urgent representation to the Cabinet for the extra millions, which are in addition to the R250m allocated for low-cost homes in November 1977, of which R70 million has already been drawn by the building industry from the banking sector.

So immediate does Bifsa see the need for more cash in the housing pipeline, that the federation did not take time to draft a formal letter to the Minister, Mr Sleyen, but sent him a telex message.

Says Mr Johan Grotsius, director of Bifsa: "This week's budget was clearly an expansionary gesture."

"The Finance Minister obviously wants to give the national economy a hard shove from the consumer end, and the building industry, by its nature, is one of the prime vehicles for stimulating consumer spending."

"A serious backlog in housing still exists throughout the Republic," says Mr Grotsius, "and this could build up to a serious accommodation bottleneck."

Based on the assumption that the original distribution pattern will be maintained, it is estimated that the breakdown of the R300-million would be:

40 percent for blacks, including homeland and urban;

40 percent for coloured people; and

20 percent for Asians.

1978 12/17/79
BUILDING INDUSTRY (22)
Better days ahead

Latest figures from the Department of Statistics confirm that better days for the building industry are on the way. They also go some way to explaining why flat letting has been a more dismal proposition in Durban than in other major areas.

Building plans passed in January for all types of residential buildings were up

32,3% on a year ago, and the value of non-residential building plans rose by 24,4%.

The statistics for buildings completed show that Durban was the exception to the national trend. In the Witwatersrand 522 flats were completed in 1978 compared with 1 284 the previous year. In Durban 1 093 flats (436) came on stream, while in East London not a single flat was completed.

pm 13/6/79
32
CIVIL ENGINEERING
Still tender

An upturn in tender activity at end-1978 put R400m worth of contracts into the civil engineering business. Despite this, and the fact that contractors entered 1979 with more work on hand than for some time, for this year's outlook is still uncertain.

The R165m increase in State spending announced in the budget hasn't clarified matters. "It didn't indicate what civil engineering can expect as far as infrastructure spending is concerned," says Kees Lagaay of the SA Federation of Civil Engineering Contractors. Also, while the expansion of the Sasol 2 project is good news, the re-assessment of priorities and possible postponing of other jobs to accommodate it has tended to put a damper on the outlook.

Adds Lagaay: "Whether things pick up on 1978, or continue moving sideways, remains to be seen." In employment terms, the industry seems to be holding its own, and the workforce has stabilised at around 90 000 — 66% of 1976's figures.

It is, however, debatable whether an upturn in construction activity will mean greater employment. Profit margins have been slashed for firms to remain competitive, and get what little work is around, and methods and workers have had to become more productive. This trend is likely to continue, thinks Lagaay, who is also surprised that liquidations were not higher during the lean years when there were few medium and small contracts around.

This was mainly due to companies phasing out, and diversification by the larger groups. Grinaker, which notes a drop in activity of about 35% since the peak of 1975, and 15%-20% for 1978 over 1977, is one. The company moved into the communications field through

the acquisition of Racial Electronics, and through local Milero will have a stake in the fast growing data communications market.

Murray & Roberts spent P20 during 1978 on standing by a number of companies like Coopers and Lybrand, Grobware, E. G. M. Holdings, Angloline Contractors and Crown Industries at projects — mostly road, additional and catering equipment. E. G. M. has followed a policy of judicious acquisition, and bought up such companies as the Renfolding & Allied pipe and duct casting contractors. Penman is looking on.

As one of the major users of steel, the industry has been hit by price hikes, and is taking a serious look at alternatives for some applications. This has also given rise to cost escalation problems, as existing formulae have been found to be ineffective.



M&R's Roberts . . . the final act

pm 20/4/79
MURRAY & ROBERTS (2)
Another listing ahead?

Is Murray & Roberts looking for yet another listing for a group company? Already it has two, Murray & Roberts and Anchasa, and market talk has it that it is looking for a listed company for a reverse take over of its non construction, particularly engineering, interests.

This is purported to be part of the rationalisation programme that will bring the autonomous Transvaal operation of Roberts Construction together with that of Cape based Murray & Stewart.

The rationale behind such a listing would be to facilitate further diversification out of construction, without eating into funds and resources required by the construction division to capitalise on an upturn in the construction industry, if and when it comes.

The consolidation of group activities was initiated by new chairman Des Baker and MD Bill Bramwell to improve efficiencies and curb duplication of activi-

ties. Baker has in the past mentioned that Roberts Construction and M&R executives were too often rubbing shoulders overseas on different contracts that should have been tackled jointly. Obviously, the activities of the provincially managed subsidiaries have expanded far beyond their respective borders and something has to be done.

However, this rationalisation will leave some grey areas in the non construction operations. But the duplication prevalent in the construction division is not necessarily so in M&R's other fields of endeavour. Yet Baker has said that a separate pyramid should be built up to control the non-construction interests.

Diversification has been into widely disparate areas, including food, quarrying, electrical contracting, catering equipment, engineering and brick making. M&S went largely into the food and mass manufacturing markets. For example, it took over Elgin Fireclay Holdings and, together with Anchasa, formed Manchusar to acquire Crown Mills and KSH, both food companies. On the other hand, Roberts diversified largely into engineering and engineering products through its subsidiary, Roberts Construction Industrial Investments.

So it is possible that these interests will continue to be separately controlled, but no longer maintain their provincial flavours. A spokesman for the company tells me that it is unlikely that Manchusar would go for a listing, but was unable to speak for RCII. Rumour is that it is this subsidiary which is keen to get a listing.

It might be argued that a third listing is unnecessary, but the thinking behind it

would appear to be sound. After all, once the construction business gets under way again, M&R is unlikely to divest itself of its non-construction interests, and it will have done well to set up an autonomous engineering concern to free construction resources for their main task.

Although I am unable to confirm the market rumours, I reckon the next time a listed investment trust or cash shell is up for grabs, market sleuths should think of M&R as a prime candidate. Peter Pittendrigh

GOUGH COOPER ^{FM 27/4/79}
Set for recovery 32

Activities: House builder and township developer. Northwest Timber & Hardware Supplies is a retailing subsidiary.

Chairman: D I E Anderson; deputy chairman: L A Lucas-Bull.

Capital structure: 4,2m ordinaries of 50c each. Market capitalisation: R2,4m.

Financial: Year to December 31 1978.



New Gough Cooper design . . . pulling in the orders

Borrowings: long and medium term, R474 000; net short term, R3,3m. **Debt:equity ratio:** 51,8%. **Current ratio:** 2. **Net cash outflow:** R27 000.

Share market: Price: 59c (1978-79: high, 65c; low, 37c; trading volume last quarter; 59 000 shares).

	'75	'76	'77	'78
Return on cap %.....	20,2	20,2	7,1	—
Turnover (Rm)	12,8	16,0	11,4	10,8
Pre-tax profit (loss) (Rm)	2,1	1,9	0,5	(0,2)
Gross margin %.....	16,4	11,9	4,3	—
Earnings (c)	28,7	25,7	6,5	nil
Dividends (c)	13	13	3	nil
Net asset value (c) ..	180	174	179	176

exploiting is that of high density residential development. High rates, increased maintenance costs, domestic labour shortages, and security are the motivating factors. To satisfy demand, a group housing project has started in Randpark, Randburg; and land has been purchased in Bedfordview for a similar project. Anderson expects both to be "highly successful."

One aspect which should ease the financial burdens imposed on developers is the dropping by the Registrar of Building Societies of the onerous provision of having to lodge a 50% cash support for guarantees given on behalf of home purchasers. Instead, a simple guarantee from an insurance company or other institution will suffice in future. As such, working capital will get a useful boost.

Despite the recession, the company is still financially sound. The debt:equity ratio is only 51,8% (37%), having risen to support the larger volume of work on hand, and the current ratio is strong at 2.

On the operating side, the main problem area was the housing division, which lost R131 000 compared to a profit of R546 000 in the previous period. Sales of stands was lightly less depressing, losing R132 000 compared to R186 000 previously as land holding costs continued to exceed revenue.

Gough Cooper plans to continue its policy of not acquiring new township land — at least until current stocks have been whittled down considerably. It still has R5,1m (R5,7m) of freehold land for sale. While the value in a break-up situation is debatable, the group's nav of R7,4m (or 176c a share) is solid. By contrast, the group has a market capitalisation of a mere R2,4m.

Given the low level of borrowings there is little pressure to retain earnings. A return to profitability this year could be accompanied by the resumption of a token dividend. And even 3c yields a prospective 5%.

John White

at 31 May
 679 1
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 (91) x
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796 2
 000 21
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of 5/4 x 10 100 of

	R	R	R
Total	15 000	12 500	12 500
	37 500	12 000	12 000
	39 000	1 500	1 500
	1 500	32 825	32 825
	9 175		

Gough Cooper has been sliding downhill steadily since 1974. The severity and duration of the building recession, perhaps the worst in 50 years, is illustrated by the decline in earnings from 33c a share in 1974 to a loss this year of R105 000 after tax and the passing of the dividend.

But there are distinct signs that house builders in general, and Gough Cooper in particular, are set for a modest recovery. The trouble is that although sales are increasing and mortgage money is both plentiful and cheap, production costs are rising fast over a broad front. As such, profit margins will remain thin even though house prices are expected to increase considerably this year.

Gough Cooper's order book is twice as large this year as last, and chairman Douglas Anderson expects activity to accelerate further. There should, for example, be some action at Sasol 3.

One avenue being actively pursued is housing for coloured people. Anderson says this is in urgent need of special attention. The problem is one familiar to township developers. Proclamation delays and obstacles to servicing have led to very little progress. He does, however, expect serviced stands to become available for building this year.

Another trend Gough Cooper is

Mix and yield variances:

WORKINGS

QUESTION 1 - SUGGESTED SOLUTION

CEMENT PRICE Told you so

(32)
17/1/78

While the latest 8,29c/50 kg (6%) increase in the cement price has been accepted with resignation, users are nevertheless uneasy about small increases that are continually slipping through. Since October 1977 these have amounted to 25%,

①
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③

adding to the woes of the building industry.

Building Industries Federation director Johan Grotzjens points out that with the cement content of buildings running at about 5%, the increases since 1977 have pushed costs of a R20 000 house up by about R250. "Profit margins in the industry are so low that the increased costs cannot be absorbed and will have to be passed on," he says, voicing the fear that this, coupled with other material cost increases, will reduce demand.

For cement producers, it will mean that sagging returns on the R315m invested in the industry will be pushed up towards 10%. Hennie du Toit of the Cement Pro-

④
⑤

3 125	500	4 000	4 000	Cost
050	350	1 600	4 000	Hours
000	4 000	1 250	5 000	
		F.B.	Budget	(b)
5 00	350	4 00	5 000	Cost
			1 250	Hours

ducers' Association says the increase is unavoidable in view of rising costs of fuel, coal, and raw materials. "Luckily there was no increase in rail rates, so the rise could be kept as small as possible."

Kees Lagaay, of the Federation of Civil Engineering Contractors, reckons contractors on cement-intensive projects will be hard hit. "With cement price hikes generally running ahead of costs of most other construction materials, contractors don't really recover these through escalation formulae," says Lagaay, who adds that the increases will for the most part have to come out of contractors' pockets.

He also says that the civil engineering industry gets the impression that price control is somewhat liberal as far as cement is concerned. "It must be great to be in an industry where return on capital employed is protected."

Will the rise provide greater impetus for using pulverised fuel ash in cement mixes? "Alternates are certainly not being overlooked, although pfa still seems to be in the early stages," says Lagaay.

Meanwhile, the cement industry which last year sold 6,8 Mt out of a total production capacity of about 9 Mt, is battling to find a replacement market for Iran, which took up the bulk of the 949 948 t (worth R30m) exported in 1978.

While there have been a lot of enquiries, no significant firm orders have been writ-

ten up, mainly because the enquiries have come from countries where SA goods are politically unacceptable. Blue Circle's

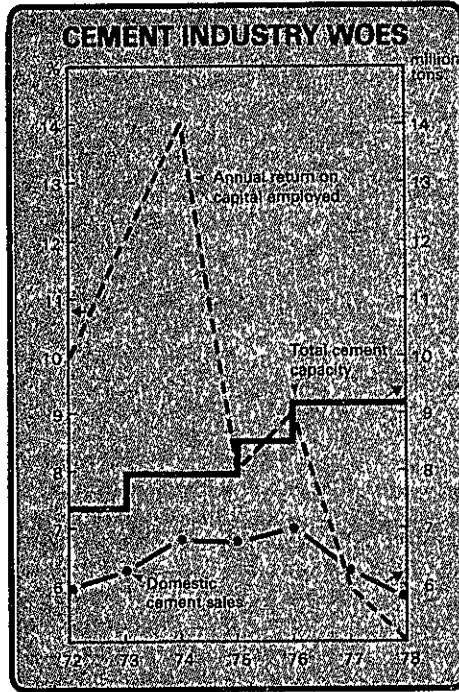
over the place," especially to Indian Ocean islands. But: "We're certainly not as optimistic as we were this time last year."

Since Iran (which consumes a total of about 4 Mt a year) dried up, there's a lot of excess cement in world markets. SA battles to compete with major suppliers like France, Spain, Japan, and Korea who command a large slice of the 25 Mt annual world trade. "With 1 000 km of rail between our northern factories and the coast, we're virtually exporting transport costs," says Morrison.

While the cement industry sees the importance of containing prices, it nevertheless feels that as a capital intensive industry, it is vital that return on investment should ensure continued growth. With three to four years lead time required for planning and construction of additional production capacity, the industry sees itself as exposed to considerable financial risk.

It also calculates that to replace plant currently in production would cost around R720m — the equivalent to a capital outlay of R4 to produce one sack of cement a year.

While new plant capable of producing 660 000 t/year and costing R53m was commissioned last year, the only other expansion planned is another R54m to increase capacity by 500 000 t/year by 1980.



Angus Morrison (also chairman of Cem-Afrique, the industry's export arm), says a lot of small parcels are being sold "all

4/5/79 N.M. 32

Zululand dam nearly triple price

ORMANDE POLLOK

CAPE TOWN — A shock report has revealed that the estimated cost of the Goedertrouw Dam on the Mhlatuze River, which is to supply the Richards Bay-Empangeni area, has rocketed from R12,5 million to R35 million.

Mr. J. P. Kriel, Secretary for Water Affairs, says in the report that the massive rise is due to a general increase in construction costs, an extended construction period and site conditions which differed from those originally expected.

Parliament approved R12,5 million for the dam in 1973. Construction started during the 1976/77 financial year and by March 31 last year R5 700 000 had been spent.

In detailing the reasons for the extra costs Mr. Kriel has outlined that not only were estimates of costs wrong, but that assessments of working conditions, construction earth works and other items were also out.

Costs

Cost estimates had been made in 1972 but from then until 1977, construction costs had increased by 96 percent. Only 10 percent had been foreseen.

In the original White Paper it had been estimated that construction would start in 1975 and that storage would begin in 1977/78. However, detailed studies had shown that 90 percent of the work would have to be completed before storage started and that this could not be done in two years.

Rain

It had also become evident, because of the high rainfall in the area, that the number of days on which earth could be placed would be less than originally expected. Therefore the organisation and residential area had had to be increased.

"Borrow areas" were also further from the dam than originally planned and the cost of roads as well as their maintenance had therefore increased.

Mr. Kriel says also that the extent of work necessary for river diversion was greater than originally expected and clearing of bush had proved to be more expensive than anticipated.

Because of vast differences in the type of excavations that would be needed and what were originally expected, costs had risen from R1,60 a cubic metre to R2,30.

(Report by Ormande Pollok, Press Gallery, House of Assembly, Cape Town)

OUTLOOK BRIGHTENS FOR BUILDERS

32

Argus 7/5/79

Financial Editor

THE depressed building industry can look forward to a substantial increase in the volume of work offered, figures issued by the Department of Statistics indicated.

The figures show that South African municipalities and other authorities gave the go-ahead to R291-million worth of new buildings in the first quarter of this year, which is 36,6 percent on last year's corresponding figure of R213,1-million.

The biggest increase in planned new construction is in houses. Plans for 5 197 houses estimated to cost R108,2-million were approved in the first quarter. In the same period last year the authorities approved plans for 4 746

houses estimated to cost R90,5-million.

It is interesting to note that the estimated average cost of this year's houses is R22 734 which is 19,2 percent higher than last year's corresponding figure of R19 065.

ENCOURAGING

It is encouraging to note that there was a large increase in the value of non-residential buildings approved in the first quarter.

Plans for buildings estimated to cost R73,1-million were passed which was an

increase of 51,3 percent on last year's figure.

This suggests that commerce and industry are at last taking a less gloomy view about the future.

Additions and alterations planned were worth R18,4-million in the first of 36,1 percent on last year's R59,8-million.

In contrast, the value of new flats planned remained low at R18,4-million in the first quarter. This, though, was a significant increase on last year's first quarter figure of R14,6-million.

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...rooms, there was a variation in assumed unit and water tracing

THEME OF BUILDING UP TO REALITY WAS

Property Reporter

THE objective of the national building research congress in Cape Town was to provide a three-day forum for the constructive discussion of the critical issues facing the whole building community, the director of the National Building Institute, Dr T. L. Webb, said as the 300 plus delegates prepared to leave what they mostly agreed was a successful series of meetings and lectures.

In an interview Dr Webb said the congress also applied itself to finding and applying solutions to those problems. "Its theme was realism, research and resources. There were all told five sessions. The first dealt with ur-

ban development, and housing; the second with energy conservation in buildings; the third with communication between all persons and bodies in the building community; the fourth, with materials, and the last with the very vexed but critically important question of stability in the building industry.

"In other words we were trying to find out what we can do to straighten out the peaks and troughs that occur, and reduce the efficiency of the industry and virtually hamstringing it and prevent it

operating effectively. "When I say the industry I also include the professions.

"The cardinal points that emerged were first the need for recognition and reward of only a few highly productive and creative people in the building community.

"Secondly, the need for uniform national and perhaps rational technical criteria for township services; third the need for consultation with the community when housing is being planned for them and, burningly important, the need for

energy conservation - it can and it must be practised."

Dr Webb said that the low energy experimental house project (Leehp) in Pretoria is going according to plan.

The NBRI is using two houses built to the same floor plan in the energy experiment.

Dr Webb said: "It has been planned for about two years. Two houses were completed during August last year, and Leehp was formally launched in September. The basic idea is to carry out objective measurement on two comparable houses.

"House A contains many energy conserving devices we feel are economically and technically feasible at this stage of the game.

"House B is virtually identical, but serves as a control to enable us to measure differences on how cost effective and how effective technically various energy conservation measures are. This is a perfectly conventional house.

"The features in the energy-conserving house are about 12 square metres of solar energy absorbing units to be used to provide hot water for the house, to

provide space heating in the house. The heat collected during the daytime will be stored up by circulating air which transfers the heat from the solar unit to a rock bed of about six cubic metres of crushed stone which will retain that heat and release it during the night.

"In the Transvaal climate it works perfectly in winter when you need heating during the night. One has almost continuous sunshine; that energy is absorbed stored as heat in the-rockbed and made use of during the cold period."

- i) Necessary entries in the partnership journal show goodwill as an asset in the books of the
- ii) Calculate the balances on the partners' capital

REQUIRED

- (a) Land and buildings were considered to
- (b) Plant was considered to be worth R350
- (c) Furniture and stock were considered to
- (d) A provision of R200 for bad debts was
- (e) The goodwill of Attwood and Benson is
- (f) Clark should pay R4 000 cash into the
- (g) Profits in the new partnership should
- (h) The new partnership will continue to n

On 1st January, 1977, Clark was admitted to

Their balance sheet at 31st December, 1977

Capital: Attwood
Benson
Loan
Accounts payable
Bank overdraft

Attwood and Benson are in partnership sh

EXERCISE: PARTNERSHIPS: ADMISSION OF P

UNIVE
DEPAF

Where were the women on the building scene?

IN THE midst of all the admiration for the excellent organisation that went to make the national building congress in Cape Town the success it evidently was, I was disappointed that once again there were no women speakers.

There were women among the delegates but it seems that the building industry remains closed to the female of the species, although I understand Durban might be in for a surprise appointment within a couple of years.

Is it male chauvinism that keeps women out of building? Or is it that women themselves are not really interested in construction or contributing in any way to the development of the built environment?

One accepts that there are women who have been involved in the building and construction industries. But they are few and far between.

One accepts too that the physical aspect of the work would put off many women from trying and discourage men from the risk of employing them. But then again there are the exceptions who have successfully tackled all jobs from brickie to carpenter to plasterer — the lot.

But one would think that more women would join the more suitable disciplines such as architecture. As it is they condemn their own sex to live and work in buildings designed by men, more often than not with male comforts in mind. I wonder how women would go about planning an office for women? Would there be much difference from a male-designed scheme? Any ideas, ladies?

★ ★ ★

CAPE TOWN was looking at its best during my visit there last week for the congress. There is some evidence of building going on although much of the industry's efforts must be concentrated on Mitchell's Plain and Atlantis. I visited Atlantis and while one admires the fact that the housing problem for the Western Cape, which according to some experts is the most serious in the country, I still feel better thinking was needed.

For instance in an obvious effort to brighten the appearance of the homes, most have been painted white. This means maintenance costs for the occupier every few years when red brick could have been just as attractive and free from future costs.

★ ★ ★

THE WIEHAHN report is, at this stage, purely academic, says the president of the Durban Master Builders' Association, Doug Robertson.

He told journalists this week at a function: "What we would like to

be able to do is apprentice black employees and employ them until they become artisans. Thereafter they can work in the building industry.

"This means the repeal of the Black Building Workers Act which we hope will come about in the near future. Before this takes place, we can really make little or no progress on the labour front," he said.

"The building industry needs apprentices urgently and we would ask the Government for immediate action.

"We must start training apprentices in our own Bifsa training centres so that when they come out of their time in three-to-four years, the industry can make use of this available labour.

"By that time we anticipate an upswing in the building industry will have taken place and industry will need more trained artisans," he said.

Mr Robertson also reported that at the request of some of the members of the MBA operating in the home building field, the association is in the process of forming a home builders' section.

He said that the home builders were complaining of the different building regulations applying in various local authority areas.

He quoted the following minimum ceiling heights for some authorities as: Durban - 2,6 metres; Emberton-Gillitts - 2,75 metres; Pinetown - 2,4 metres; Isipingo - 2,6 metres.

The difference between the lowest and highest allowable ceiling heights is therefore 35 centimetres.

"Our home building section has calculated that this can result in a cost variation for a typical house — three bedrooms and one garage — and all other things being equal of R610.

"The section cannot find any justification in these different standards and can only surmise that in some areas the inhabitants are taller than in other areas."

★ ★ ★

THERE is an important farm sale coming up towards the end of the month when the De Jong ranch near Howick goes under the Stock Owners' Agencies' hammer.

The agents say the farm is considered to be one of the most beautiful and best planned in the country with unlimited potential as a cattle, dairy or sheep farm.

There are 18 dams and streams, 125 hectares of pine gum and wattle, an office block, two managers' houses and two cottages. The main house is a double storeyed residence with pool and magnificent views of the Karkloof and Albert Falls Dam.

It is not desired to

sed by Attwood and Benson.

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Benson
Capital: Attwood

Their balance sheet at 31st Dec

Attwood and Benson are in partn

EXERCISE: PARTNERSHIPS: ADMIS

Transkei dam project

23/5/77
32

JOHANNESBURG — A R93 000 drilling contract for the Zalu Dam in Transkei has been awarded to the Cape Town office of Ground Engineering and Piling, the geotechnical arm of the LTA Group.

The dam is part of the second phase of the R15.7 million Lusikisiki district supply scheme for the town of Lusikisiki and rural villages in the surrounding 1 100 square kilometres.

The first stage of the scheme consists of purification works, a pipeline and a reservoir.

A spokesman for the consulting engineers, Hill, Kaplan, Scott and Partners, said construction of the dam could start within the next two years.

— DDC

DORBYL

Looking ahead

In anticipation of industry needs for additional infrastructural development over the next decade, Dorbyl has added the Irvine Chapman group to its construction division, bringing the number of heavy engineering subsidiaries to seven.

The worsening energy situation has prompted Sasol 3, and additional work on power stations has called for a strengthening of Dorbyl's structural division. I understand that no rationalisation of manufacturing facilities will result from the acquisition, but a consolidation of constructional efforts will be forthcoming, as two former competitors will now be working in unison.

Irvine Chapman has a turnover of about

Mr G. J. Gerwel

Mr R. Lohras
Professor R.E. van der Ross
Professor J.H. van Rooyen
Mev. S. Walters
Professor F.A.H. Wilson

Horst

vergadering van die Maat-
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.W. Habelgaarn, Terwyl geen
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NG
: die navorsing van die

A. Mobiliteit en Politieke Verandering in Suid-Afrika
Hierdie projek is h paar jaar gelede aangepak. h Onder-
soek onder die kleurling bevolking van die Kaapse Skier-
eland is onderneem. h Aantal tydelike navorsings-

R20m a year and is expected to contribute 5c to Dorbyl's earnings in 1980; but the acquisition will have no effect on nav. By comparison, Dorbyl's 1978 turnover was R379m, and its earnings 119c.

The R5,5m purchase, based on Irvine Chapman's nav at December 31, will be financed from reserves. The acquisition of the entire ordinary shareholding is retrospective to January 1.

Irvine Chapman owns subsidiaries operating in the fields of steel fabrication and erection, the fabrication and installation of mechanical handling equipment and cranes, and the fabrication of high masts and lighting poles.

For Dorbyl, the acquisition may be just the start of an ongoing programme. While the group is not so far committed to a policy of growth by acquisition, it does recognise that opportunities now exist to broaden its participation in industries which it knows and understands well. "It is believed to be in the group's interests that such opportunities are not lost," asserts chairman Claude Ellis.

As yet, the impact of the acquisition has not filtered through to the share price, which at 700c offers a yield of 7,9%. This might be a good time for long-term investment.

Jean Moon

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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het h aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegesprek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambie besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy h toelae vir die Konstruktiewe Program ontvang van die Algemeen Diaconaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.J. Boshoff, ere-fellow van die Konstruktiewe Program, het met h aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgele in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

Building industry needs 3 100 men (32)

Star Bus. 4/6/79

By Frank Jeans

As the building industry gears up to meet an increase in demand after years "in the cold," there is one vital area which needs urgent attention to prevent any further drag — recruitment.

If the industry fails to sustain its workforce through a step-up in training programmes, the current surplus in labour will soon be converted into a shortage.

This warning comes from the Building Industries Federation (Bifsa) in the latest issue of the SA Builder which points out that a review of train-

ing, particularly with regard to apprenticeship is essential if the industry is to check the "serious decline in the number of job registrations."

Says Bifsa: "There is no doubt that the 399 new registrations in 1978 and the 2 135 apprentices who were under contract at the end of last year was totally inadequate to satisfy the needs of the industry even under current conditions."

At present, it is estimated that about 3 100 artisans must be trained if the skilled labour force is to be maintained at a satisfactory level.

15/6/77 N.M. 32

R10m road contract

Mercury Bureau

PIETERMARITZBURG — The Department of Transport has awarded a R10 million contract for the building of a six-lane section of road between Farningham Ridge and Mariannahill, it was announced here yesterday.

The contract had been awarded to the Savage and Lovemore Group, and construction was expected to take about three years a spokesman said yesterday.

It had not yet been decided when the section to Cato Ridge would go to tender, he said.

Shipbuilding industry is coming to a standstill

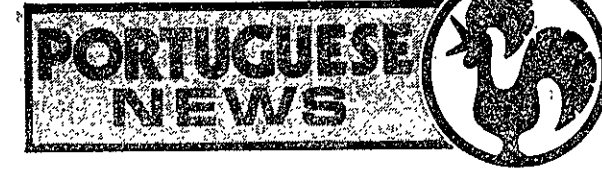
Lack of raw materials and the devaluation of the escudo is forcing the shipbuilding industry to a standstill in Portugal.

A spokesman said that if shipyards continued to import steel and engines, most would be reduced to a dumping site of international markets.

The crisis has arisen because the State and banks failed to provide aid over a lean period.

★ ★ ★

Portuguese railways have appealed to the Government for a subsidy



that will give the system a facelift and provide the country with a modern railway comparable to those in the rest of Europe.

★ ★ ★

Portugal intends to improve its tomato canning industry to enable it to

compete in foreign markets.

At present the country exports about R75-million worth of tomatoes annually and wants to double the figure.

★ ★ ★

The Islamic community in Portugal has been allowed to build its own mosque in Lisbon.

★ ★ ★

NEWS IN BRIEF

● Importers from Europe exhibited the latest footwear at an international fair in Lisbon.

● The president of a Portuguese football club has confirmed that he will reveal the "Mafia" elements that he claims control sport in the country.

New road will claim

20/6/77 32 NMM

582 homes

Mercury Reporter

ABOUT 2 000 people and 582 Durban homes face demolition after Exco's approval yesterday for the construction of the final section of the controversial Umbilo-Umgeni arterial road.

Expropriation costs are expected to run into R3 000 000.

Seventy-five of the 582 homes affected are houses and the rest flats.

Umbilo councillor Mr. Barry Clark, said last night: "This was an old settled area. Some of the people have lived there all their lives. It is a pity areas like this are affected by road works."

Mr. D. C. Macleod, the Durban City Engineer, said construction work was scheduled to start in 1981 with the first phase completed in 1984.

The project could last 15 years, since additional traffic lanes would be built according to need.

Bridge

The arterial road will connect with Edwin Swales Drive at the southern end by means of a new bridge to be built over the Umbilo River.

It will follow Bartle Road, Stellawood Road and Umbilo Road to Berea Road, where it will form part of the inner ring road before branching into Dartnell Road, which will carry north-bound traffic.

Umgeni Road at this point will carry south-bound traffic.

At Goble Road enough leeway exists in reserve to allow Umgeni Road to be expanded to carry two-way traffic.

The route approved by Exco was substantially downgraded from the original plan submitted by planning consultants in 1968. This envisaged the expropriation of 1 895 dwelling units.

The route, revised by the City Engineer's Department, would have meant expropriating 1 500 units according to a 1970 design.

The City Council's Planning Committee finally approved the present route in

January, 1977, and soon afterwards the project was submitted to the Province.

Mr. Macleod said Exco had approved the final section of the route — from Stellawood Road to the Umbilo River — at yesterday's meeting after nine months of investigation.

This last section involved the expropriation of about 150 units of the total number of 582.

Mr. Macleod said no present estimates of the final project costs were available. Latest estimate of R32 000 000 was made in 1975.

The person who organised a petition in 1972 against the Council proposals for an Umbilo-Umgeni freeway, Professor Dudley Norman, supported the arterial route.

A former city councillor and chairman of the Planning Committee until October last year, Professor Norman said the announcement of the Province's approval would enable property-owners to go ahead and develop their properties.

It will also release properties frozen by the long-term plan. People could not sell their properties because nobody wants to buy a house that is going to be expropriated.

DEVELOPMENTS

UK engineers and the Dominican affair

On December 16 last year Tom Adams, prime minister of Barbados, went on television to tell a startled population that the Caribbean island had been the subject of an invasion plot. The Barbadian Government had been warned and, with the assistance of French, British and American intelligence services, had managed to have the invasion stopped. The key plotter in this bizarre scheme was a Barbadian, Sydney Burnett-Alleyne, whose intention had been to use mercenaries recruited by Englishman John Banks. Most of the planning for the invasion was done in London in the autumn of last year. At that time Burnett-Alleyne was working with two professional engineers who were acting as consultants for a proposed \$12 000M development plan for the nearby island of Dominica. Unravelling the threads of the story, the *Leveller* magazine and subsequently BBC TV's *Panorama* have suggested that the grand development scheme was inextricably linked with the invasion, and that large sums of South African money were involved in both. *NCE* looks at how civil engineer Alan Grant and chemical engineer John Spottiswoode became involved, and the fate of the scheme once its promoter's other plans were thwarted.

An opportunity to develop an impoverished island with almost \$12 000M worth of infrastructure does not often come to civil engineers. In fact faced with such a proposal most consulting engineers would blink, wake up, and get on with the reality of commissions measured in thousands rather than thousands of millions.

Alan Grant, well known for his award winning Messina straits crossing design, was the consulting engineer approached with this fabulous project. He was, he tells *NCE*, slightly sceptical, which is hardly surprising — that \$12 000M represents approximately eight years' turnover for Wimpey, one of the world's largest contractors, and about £75 000 per head of the Dominican population. 'There was a chance in a thousand that it might materialise. What should I do? Say no and let someone else get it if it did come off?'

Grant thought not. But, he says, he did proceed with caution, particularly financially. Appointed project manager to the Dominican Development Corporation in September last year, he decided that only with cash in hand would he commit any of his own resources to the plan.

His caution was based in part on an earlier experience with the chairman of the development corporation, a Barbadian called Sydney Burnett-Alleyne. Burnett-Alleyne had approached him in 1975 with plans for an oil refinery on another Caribbean island, St Kitts. Both Grant and petrochemical specialist Hum-

phries & Glasgow lost money when, after some months planning the deal finally fell through.

Grant signed the contract between Burnett-Alleyne's funding organisation and the Dominican Government incorporating his proviso that nothing would happen without an advance payment for fees. A further clause in the contract confirmed the account would be kept permanently in credit.

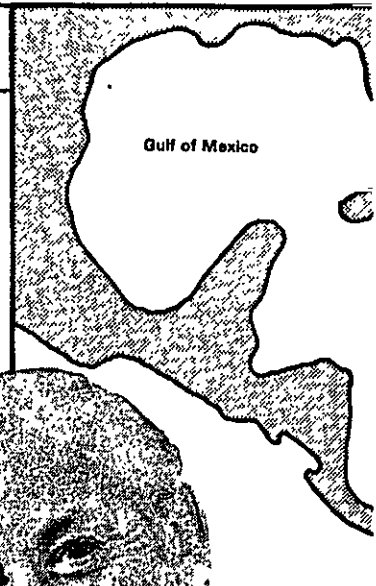
A provisional schedule of projects included immediate priorities like the international airport and roads, and later stages like industrial development, a refinery and a petrochemical complex. Within a 10 year period the island was to have a deepwater harbour, housing for 250 000 (three times the current population) and thriving tourist and petrochemical industries.

'It sounds incredible' Grant tells *NCE* 'but if you think of Abu Dhabi.....I was the first British consultant out there in the mid 60s. At that time there were 5 000 inhabitants with a few thousand Bedouins. Six years later the population had grown to 50 000. Now it's nearer 200 000.'

But of course Abu Dhabi had its own wealth and could translate dreams, even fantastic ones, into reality. Dominica did not.

Grant says where the money was coming from was not his business any more than were the investors' motives. Initial sources seem to have been Portuguese Africa he says. 'Jorge Jardim, ex gover-

BELOW:
Alan Grant:
project
manager
with
\$12 000M
to spend on
Dominica.



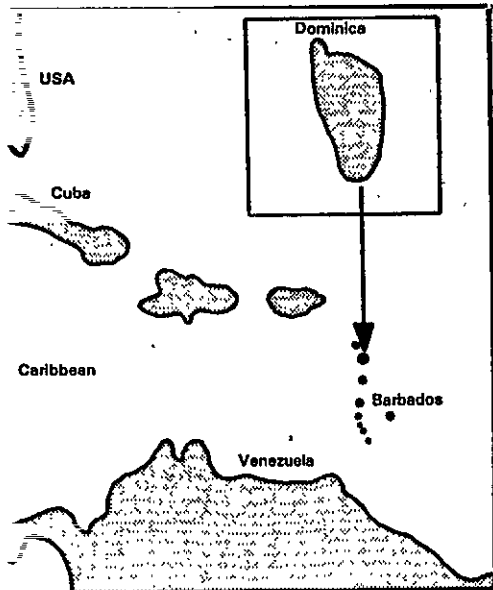
nor of Mozambique, was mentioned and much later on the South African Government was a possible source.'

Why should either Portuguese ex colonialists or South Africa want to invest such enormous amounts in Dominica? Even if Grant had asked, he is unlikely to have come up with the explanation that it was an elaborate front for an invasion of Burnett-Alleyne's native Barbados. 'It was not' he repeats 'my concern.'

Burnett-Alleyne's constant assurances that there was money available for the project to start any day were given substance by the early involvement of senior Dominican ministers and the prime minister himself, Patrick John.

'I always had big reservations about the whole thing' Grant tells *NCE*. 'Burnett-Alleyne was an extravagant talker, but he had the right connections. Within two weeks of his approaching me he brought Government ministers here. I know it's a Mickey Mouse country but there was the prime minister sitting in my office.'

Grant started to get a team together. Sticking to the principle of spending nothing until he was paid he chose, he says, people from connected consultancies and firms with whom he could make secondment arrangements. One of the team was John Spottiswoode, introduced by Burnett-Alleyne himself, and a petrochemicals expert.



Sights set too high on grandiose schemes

The miniscule Caribbean island of Dominica has been paralysed by a general strike for over a month. Prime minister Patrick John finally resigned last week after his ministers one by one had abandoned his sinking ship.

Dominica has a total population of 80 000 — the same, for comparison, as Hastings. For more than 200 years it was a neglected part of the British Empire, the most impoverished of the West Indian colonies.

In November 1978 it was finally granted independence from the UK, a fully fledged nation entitled to a seat at the United Nations, a voice in the councils of the world. Yet independence saw it with a population whose 70% illiteracy barely prepared it for the realities of the modern world. The island has few natural resources and an indifferent soil. Even its black sand beaches make it less attractive to tourists. Its main economic base, the banana crop, is losing its diminutive market share and has been attacked this year by a rotting fungal disease.

Hardly, one would have thought, the place for a \$12 000M development plan complete with schemes for an oil refinery, factories, housing for 250 000, a deep water harbour and an international airport. Things like that need a larger population base, a more sophisticated economy; above all they need money.

After independence the departing British Government gave the Dominicans £5M in grants and promised another £5M in extended loans. It was the sort of money which might have 'seeded' a handful of low level projects in agriculture, fisheries or education.

But John and minister of external affairs Leo Austin had their sights set much higher and surrounded themselves with people who convinced them that the impossible was attainable.

Chief among these was Sydney

like a prime minister. He'd carry on one meeting in the kitchen, one in the bathroom and one in the living room. You would never know what the other deals were about.'

Like Grant he did not feel that the source of the financing was a good reason to question the project as a whole. 'If South Africa was financing it so what? If they need somewhere to refine their oil good luck to them.'

He was, he says, astounded by the amount of money. 'It's a hell of a lot even

Burnett-Alleyne, a barely-plausible gun runner, conman and sometime 'financier' who signed a remarkable deal with John in 1975. In return for tax holidays and *carte blanche* in Dominica, Burnett-Alleyne was to head up the Dominican Development Corporation and attract investment to the impoverished island.

Even Burnett-Alleyne's imprisonment in Martinique in 1976 after staging an abortive coup against his native Barbados did not shake the Dominicans' faith in him: released from jail he and his grandiose schemes were more than welcome as the island headed for independence.

He brought the Dominicans powerful friends like Professor Jacques Trempont, former finance manager of a Belgian multinational armaments group and a contact from Burnett-Alleyne's gun running days. Trempont was appointed Dominican ambassador to Europe.

Burnett-Alleyne also managed to convince the Dominicans that finance was available for the project. He mentioned Jorge Jardim, a wealthy Portuguese financier and former governor of the colony of Mozambique, who he had met during some earlier political chicanery. Following revolutions in Mozambique and Angola there was lots of money from Southern Africa looking for a home, he told anyone who would care to listen, and Jardim was the channel for much of it.

And South Africa itself, a real political hot potato in the Caribbean, was interested in putting money into Dominica in return for oil storage facilities. The official agreement was signed on 6 February by Austin: but it was Burnett-Alleyne who did the spadework and set up the deal.

It may have seemed the essence of fantasy but it did not simply convince the Dominican Government. It ensnared two British engineers as well

'By October last year' says Grant 'I was ready to go. I had about 30 engineers, agronomists and other specialists to go out for preliminary investigations and all we needed was the cash.' Prime minister John was also ready to go. He wanted work to start immediately after Independence Day on 3 November so that he could face the electorate 15 months later with substantial progress.

Independence Day came and went with predictable celebrations on the island and in London, and there was still no cash. But if plans for development were going slowly Burnett-Alleyne's other plan — to use Dominica as the base for an invasion of Barbados — seems to have been moving on fast.

Burnett-Alleyne often described himself as the Barbadian Government in exile. Committed to the overthrow of the present Barbados Government he had, between planning oil refineries on neighbouring islands, been involved in at least one attempt to invade his homeland. In 1976 he had been arrested off Martinique with a boat full of dynamite and rifles and was imprisoned there for a year.

Despite this colourful interlude between the St Kitts refinery project (which did not come off) and the current Dominican plan (which showed every sign of not coming off) Grant was, he says, unaware of Burnett-Alleyne's invasion plans.

Throughout the autumn the two projects were becoming more and more entangled. Burnett-Alleyne had various meetings at a London flat with the mercenary recruiter John Banks, some of which Spottiswoode, the petrochemical engineer, attended. By now Burnett-Alleyne had 'promoted' Spottiswoode to the status of his own personal industrial consultant, reporting directly to him, not Grant.

'Everyone says now that I must have known about Banks' Spottiswoode tells NCE 'but I didn't. Sydney behaves a bit

for South Africa' he says 'but it could make commercial sense. A refinery could cost 25% less to build there. America is looking for places to build refineries because environmental pollution standards and safety precautions are so stringent in the US. It would also cut down the cost of labour to build in Dominica. So on my side it made sense.'

Though Spottiswoode and Grant may not have known that Burnett-Alleyne was plotting an invasion with Banks, others

continued on page 23

DEVELOPMENTS

did. The Barbadian authorities already knew of the plans by the end of November and on 11 December UK's Special Branch hauled in Burnett-Alleyne.

Just how deeply he was into something more than oil refinery construction hit Spottiswoode when he went with Burnett-Alleyne to the Regent Centre hotel later that evening.

'The evening after Sydney had been questioned by Special Branch he was upset and, unusually for him, drank quite a bit' recalls Spottiswoode. 'Banks' colleague, Suzanne Kilty, asked him outright "Are you messing us about — what about this shopping list?"'

Spottiswoode says he thought they were talking about a list of construction equipment. The list in question, however, was not picks and shovels but hand grenades and rifles, part of a detailed plan to invade Barbados drawn up by Banks. According to Spottiswoode, Kilty then asked Burnett-Alleyne whether or not he intended to invade Barbados. 'Sydney said yes' Spottiswoode tells *NCE*. At this point, he says, he tried to slide out of the situation. 'I don't know how to plot invasions. I know how to build refineries.'

But he was worried on two counts — firstly over his professional reputation and secondly 'I was worried that my wife would be wearing black' he says. 'These people were not the sort who would question your guilt or innocence.'

Spottiswoode told Kilty soon after that he had lodged a letter with his lawyer, his bank and an unnamed friend outlining events. By telling her, he says, he assumed that the message would get through.

Meanwhile Grant, apparently unaware that there was so much dirty business going on in the background, remained enthusiastic about the project. Spottiswoode did not tell him of his suspicions. On 16 December prime minister Adams went on national TV in Barbados to denounce the mercenary invasion plot and warn the public about Banks. The speech received some publicity in the UK but Burnett-Alleyne's explanation — that he had in fact bought off Banks and prevented the invasion — satisfied Grant.

Grant continued to work for the Dominican Development Corporation and by January was chivvying the Dominican Government for the go head. A telex from Grant to the prime minister and attorney general on 2 January informed the Government that 'a team of 150 engineers, planners, architects and specialists were on standby for departure from UK' and that he had received bankers' drafts 'sufficient to cover one year's salaries and public relations'.

This was not strictly true says Grant. 'The telex was worded by Burnett-Alleyne, who was with me when I sent it,

and its function was to get things moving. The money was only payable in Dominica and I still wasn't prepared to go until I had cash in the UK.'

At about this time, says Grant, the possibility arose of South African finance for some of the projects — at least that was the first he says he heard of it.

Agreement was reached on 6 February between the Governments of Dominica and South Africa for finance and aid in the form of construction materials in exchange for 'the stockpiling, resale and refining of crude oil and petrochemical products'. 'An advance sum in an amount agreed will be made available to my Government in order to enable it to meet outstanding and pressing commitments. The international airport and harbour facilities will be of service to your country's carriers in their commercial voyages' reads a letter signed Leo Austin, minister of external affairs to G J Coetzee at the South African embassy in London.

A meeting between Dominican government officials, Burnett-Alleyne, Grant and the UK representative of Roberts Construction, the giant South African contractor, was held to discuss construction of the international airport.

'The Government wanted an airport within a year as a showpiece for the elections. We told them the timescale was impossible' says Grant.

Ironically, with a line of finance more assured now than at any earlier stage, John and Austin had over reached themselves. Trade with South Africa was not acceptable to cabinet colleagues, let alone the opposition, and, despite consistent denials, publicity about the deals brought calls for the resignation of both.

Though Grant remains firmly convinced that the Government, like him, knew nothing of the invasion plot, publicity surrounding that has not helped. Austin conceded to the general mood and resigned earlier this month, Patrick John last week.

And what of the development scheme? There is the possibility says Grant of, yet another source of finance for a refinery. His official contact now is Professor Jacques Trempont, Dominica's European ambassador. With the current political turmoil Trempont is unwilling to be drawn on future plans for the island, but he admits to *NCE* that the earlier development plan was grandiose and unsuitable.

'Priorities for the island are self sufficiency in food, manufacturing for export and maybe eventually a refinery, but it would depend on the suppliers and the purchasers' he says.

Meanwhile the as yet unnamed investors seem to share Spottiswoode's view that there is commercial sense in building refineries where pollution and safety laws are lax and labour cheap.

NAMES & FACES

Patrick Callinan (F) has been appointed chief executive and director of the Institution of Engineers of Ireland. Callinan joined Bord na Mona in 1956 and was appointed its chief civil engineer in 1978. He is a fellow and past president of IEI.



Callinan



Wormald

Peter Wormald (F) has joined the board of Babcock Contractors and has been appointed managing director of Babcock Turnkey Operations, a newly formed company. Wormald joined Babcock from Turnriff Corporation where he was group managing director.

Former ICE vice president Sir Alfred Pugsley (F) has been nominated to receive the James Alfred Ewing Medal on the recommendation of ICE's President and the president of the Royal Society. The citation says '... an outstanding engineer of his generation, Sir Alfred's contributions to the three major engineering disciplines of aeronautics, civil engineering and marine technology has won him international renown.'

PD-NCB Consultants, a company jointly owned by Powell Duffryn and the National Coal Board is to change its name to British Mining Consultants.

Ross Campbell (F) has retired as deputy chief executive of International Military Services, but will continue as a non executive director.

Promotions to technical directors in W S Atkins group have been announced: W S Atkins & Partners — Philip Burch (M), Brian Cheal (M), Robert Corrie (M), Dr M R Dyer; Atkins Planning — Malcolm Bolton (M), R B Davidson, G A Ticktum.

Barry Boden (M) has been appointed head of the geotechnics division at the Building Research Establishment. He was head of the earthworks and underground pipes division of Transport & road Research Laboratory. He succeeds Dr John Burland who was appointed assistant director of BRE's materials and structures department in February.

A H Hall & Bros has purchased the Watts surveying instrument business from Rank Precision Industries. The firm will continue the after sales service and supply of spare parts for Hilger & Watts instruments.

32
28/6/79

Industry forecasts in construction

BER survey comes up with chilling forecasts

By Michael Chester, Financial Editor

Chilling forecasts are made today by the Bureau for Economic Research at Stellenbosch University, that the cost of new buildings will double within the next six or seven years.

The researchers warn that building costs are soaring at an alarming pace and still worse is likely as builders are hit by the repercussions of higher fuel bills.

Compared with average increases in the BER builder contract price index of only 3.5 percent be-

tween 1977 and 1978, largely because of the fierceness of competition in the struggle to pull out of recession, the annual rate of inflation has bounded to 17 percent at latest calculations.

Still to be digested are the repercussions of the June 7 fuel price increases, which the BER fears will hit builders hard.

To make matters worse, as many as 39 percent of builders covered in a mid-year survey are hitting problems of skilled labour and materials shortages.

Though the research bureau finds the general business mood of the building industry is now on the mend, the overall outlook has yet to tip the balance out of pessimism.

Indicators on a national scale show the beginning of an upswing. What the BER finds disconcerting is that skilled labour shortages are developing.

The steepness of the climb yet to be tackled by the building industry to haul back to a normal pace is shown by BER calculations on the sort of compounding growth rates needed by 1983 even to

return to the post-war averages recorded between 1946 and 1978.

Here is the scenario of investment needs over the next five years to return to the long-term growth path, even allowing for a conservative guesstimate of an average increase of 10 percent in building costs:

• Private sector investment in residential buildings must rise from R700m last year to R1 691m in 1983 and in non-residential buildings from R450m to R1 414m

• Public sector investment must go up from R348m to R800m in resi-

In the period 1962 to 1966, public residential buildings grew at an average of more than 18 percent a year in real terms, private non-residential buildings at nearly 15 percent, public non-residential buildings at nearly 10 percent, and private non-residential buildings at 12 percent.

Look at it that way, say the researchers in short, and maybe the hypothetical targets can still be reached after all.

A two-minute silence for the builders, please, while they ponder the issue.

dential buildings and from R740m to R2 097m on the non-residential side.

The BER does not believe, however, that builders should be despondent.

"Average growth rates of 10 percent and more, measured at constant prices, judged superficially, seem highly improbable, at this stage if one takes note of the low and even negative growth rates of the most recent past," says the survey.

"History teaches, however, that increases of this order need not be impossible."



Change wanted to building contract

82
M. B. M.
20/11/77

ALTHOUGH relations between developers and builders are more cordial these days, there are still substantial differences of opinion on contract price adjustment provisions and the building contract itself.

The CPAP has caused the most heartache, stemming largely from Bifsa's original insistence that the Haylett formula should be used on all contracts of more than R50 000.

The latest position agreed to by Bifsa (but Sapoia still wants major amendments) was spelled out at the Sapoia congress last week by the head of the Sapoia negotiating team, Corrie de Leeuw.

● Any method of contract price adjustment (fixed price, proven cost, Haylett or a combination of the three) may be used for negotiated contracts where only a single contractor is involved.

● Where competitive tenders are called for, either the Haylett formula (85% of contract price against the former 80%) can be employed, or the proven cost method.

● On contracts with a value not exceeding R75 000 (previous limit was R50 000) a fixed price formula can be used.

The Bifsa executive will decide later this month whether to permit the lowest tenderer to negotiate the CPAP with the developers where the particular method has been called for in the tender.

Sapoia welcomes the fact that price adjustment methods for negotiated contracts may now be dealt with in the manner called for.

But it is not accepting the 85% clause related to the Haylett formula. The Sapoia view is that the contractor should accept a large slice of the risk which goes with escalating costs. It wants the fixed portion to be reduced to 65% of the contract price.

It welcomes Bifsa's decision to allow a proven-cost method of adjustment but does not accept that the fixed-cost method should apply only to contracts of R75 000 or less.

It wants the option of fixed costs on any contract with a building period of 12 months or less because "we are of the opinion that cost escalation is mainly time-related and not necessarily money-related."

It is also insisting on the

right to negotiate with the lowest tenderer on any matter at all. It says this regulation was introduced to Bifsa bye-laws some years ago at the request of the commission of inquiry into monopolistic practices in the building industry.

Provisions in the building contract itself which Sapoia doesn't like include the right of the main contractor to get an automatic extension of time if a nominated sub-contractor delays the work.

It also doesn't like the provision for monthly payments to the contractor for unfixed materials on site. It says this presents definite legal problems and may put the developer seriously at risk.

Sapoia feels strongly that employers should be allowed to deviate from the standard conditions of contract where they consider it necessary. Bifsa doesn't share this point of view.

32 Feb 22/6/79

Fuel measures spread impact

The building industry, in common with everything else, will be hit by this month's fuel price hike. But the impact could go beyond a mere rise in building costs.

Bifsa director John Grotsius tells the FM that he warned the then Economic Affairs Minister Chris Heunis (before re-



Bifsa's Grotsius . . . hopes evaporating?

strictions were announced) that the industry's slight upward trend could go into reverse, proportionate to any cut in fuel supplies.

He calculates the price hike alone will add R20m to the industry's fuel bill. And reduced fuel supplies will see less work done with less labour — in turn cutting wages paid and potential consumer expenditure.

This is the gist of the argument Grotsius will use to plead a case for "special treatment" for the industry (what he means by "special treatment" he doesn't spell out) in terms of the proposed cuts. But this, he adds, will depend on feedback from his members.

He says the industry consumes little fuel — about 5% by value of total input costs — in relation to its contribution to the economy. But this does not include oil-based fuels used in the production of materials — bricks, steel, paint etc — or consumption in the civil engineering sector.

Tongaat Corogroup MD Dick Kemp

reckons brick production costs for the company have risen R1.7m this year as a result of fuel price hikes. He estimates that the February price hike cost R500 000, which was absorbed. This month's will cost another R1.2m — which will be difficult to absorb. Chairman Jack Robertson says that methods of saving are being looked at but switching from oil-fired to coal-fired kilns is not viable at present.

Higher production costs in this and many other sectors, though, do not necessarily mean higher prices. For instance, bricks have been selling below the controlled price for some time now without much of a reduction in the stockpile, because of slack demand.

Steve Boyazoglu at Roberts Construction reckons this month's price hike will add around 2% to total building costs — and about 5% to earthworks costs. And speed restrictions will delay the movement of materials and manpower.

"Prices have been so low for the past 18 months that we can't absorb another cent. Roberts' after-tax profit of about 4% 18 months ago is now down to less than 2%."

Aubrey Pitt at LTA confirms that a 2% increase in overall costs is a "reasonable" estimate. He says, though, that the costs of plant intensive road construction have risen about 10% as a result of this year's two fuel price hikes.

Both companies are investigating savings through improved efficiency. Boyazoglu says Roberts has cut its company car fuel bill by R250 000, for instance by switching to smaller cars.

Grotsius says Bifsa aims to cut its members' fuel consumption by 15%. But even if savings like this are achieved, it won't stop the upward building cost climb.

Spot the difference

An experimental housing project near Tzaneen, where a saving of 11,3% has been achieved by using brick-veneer timber-frame methods instead of conventional brick and mortar, promises benefits both to the timber industry and housing authorities.

Determination by the SA Lumber Millers' Association to promote the wider use of wood in construction resulted in pitting its method against conventional brick dwellings in a price contest that quantified everything down to 50c worth of panel pins per unit.

Ten apparently identical houses were built using each method.

"Nobody can tell the difference just by looking," says Salma construction consultant Doug Trower.

Scrutiny of the price tags is much simpler. Those made of brick cost R7 194,78 each, and the brick-veneer models R6 463,83.

Trower predicted building cost savings of 14,4% just before his study tour of Australia's predominantly brick-veneer housing industry (FM March 17 1978) but can be forgiven for dropping three percentage points in the first experiment in Gazankulu.

Timber-frame brick-veneer homes have not gained acceptance in SA, although they are universal in similar climates — eg California, Australia, New Zealand — or where forests abound, as in Scandanavia and Canada.

Layout of the 20 Gazankulu houses is identical for each three-bedroomed dwelling covering 79,25 m². Plumbing and electrical fittings are the same and locally-

recruited builders did work on all the units.

The method consists of a timber frame which also supports the roof, surrounded by brick-veneer cladding. The entire internal brick walls and masonry foundation walls needed for a brick-veneer timber-frame industries much of the frame is prefabricated.

Timber frame building materials for a conventional unit (R244 000 in 1978), the brick houses) and board for internal walls. Based as against masonry however, more than offset by savings of labour (R146 R1960), bricks (R 276 R1540) and cement (R259 R683).

Reliance on unskilled labour was used to tackle something they had never seen before. Erecting the house frame on the first unit for example took 13 hours, but only five hours on the last house," Trower says.

Stellenbosch sees building spectres

(32)

RD 107

29/6/79

CAPETOWN. — The business mood in the building industry continues to improve, says the Bureau for Economic Research of the University of Stellenbosch.

It notes, however, that all is not well, and that this "is reflected in the alarming acceleration in the rate of increase of building costs and building material prices as well as the indications of shortages of building materials and labour which are already developing.

The accelerating cost increases will be worsened by the increases in the price of fuel, and it is probable that costs will rise by more than the general inflation rate this year.

The bureau says the indications are that the industry as a whole bottomed out in 1977 and 1978.

It notes a significant improvement in sentiment among contractors and developers regarding prevailing conditions, and a marked improvement among sub-contractors.

The mood has improved among merchants and manufacturers, and this appears likely to endure in the coming quarter.

Assessing prospects for the next five years, the bureau says:

- It is highly probable that investment in public residential buildings will remain the main growth sector.

- The former long-term growth rate of 7% a year in public non-residential buildings

is expected to decline.

- If the Government is to build fewer buildings, it means that private non-residential buildings will have to take their place. The turning point here is expected only towards the end of this year or the beginning of 1980, and the bureau believes that long-term growth of 3,18% a year in real terms is not

unreasonably high.

- A long-term growth rate of 2,5% in private residential buildings does not appear unreasonably high. The bureau expects a boost from increased immigration.

It says that higher prices and lower real incomes will tend to keep the size of houses small.

— Sapa.

LABOUR

BER REPORT

Costs rising fast

The building industry's fears that this month's massive fuel price hike will spur already accelerating costs (FM last week) seems to be confirmed by the latest building survey from Stellenbosch University's Bureau of Economic Research.

The Bureau's preliminary calculations indicate building costs rose 17% in the second quarter of this year, compared with an increase of 12,3% in the first quarter — and 3,5% for the whole of last year.

In spite of this, the business mood in the industry continues to improve. Employment is also growing marginally, albeit from a very low base, in all areas other than Transvaal South and Pretoria — where it is still declining.

Meanwhile anticipated shortages of skilled labour and materials — particularly facebricks — are developing. And less competitive tendering has become noticeable.

However this apparent upturn could well be slowed by the fuel issue. The building industry is transport intensive — materials and labour have to be moved to the work site, very often in remote areas. At the same time most building materials

have a higher mass/volume ratio than consumer goods, their delivery is more difficult to rationalise and so transport costs will play a bigger part in the total price increase. Apart from which fuel is used in the production of many building materials, and on site itself in terms of petrol or diesel-driven plant.

Labour costs are also expected to rise in the foreseeable future, while signs of a skilled labour shortage — when the industry is still in the trough of one of its deepest post-war depressions — could hold serious implications for building costs generally.

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British Steel told us

ALL'S NOT SO WELL on the jobs front

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Building Sun. Tribune 8/17/79 industry

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spurts ahead

IF THE South African building industry needs further reassurance of better times ahead, it might take note of the latest figures from the Department of Statistics which are heartening indeed.

Building activity has taken a real spurt ahead, with the "UP" signs in every area of the private sector, and what is of particular significance is the fact that between April and May, the value of plans passed surged ahead by R112m.

The total for the first five months of this year hit R495,8m compared with a figure up to April of R383,8m.

And even allowing for the fact that a good percentage of the increased value must have gone to spiralling building material costs, the signs of a strengthening construction sector are unmistakable.

As the residential property market continues to improve — and certainly in the Transvaal existing stocks of homes are rapidly being used up — a boost for the home-builders is fast taking shape. And this is a trend which is un-

By Frank Jeans

derlined by the department's figures.

Plans for new homes for the five-month period of 1979 were valued at more than R206,4m — about a 33 percent rise over the R152,7m for the same period last year, and represents a R46m spurt from April to May this year.

There are indications, too, that the developers in industrial and commercial property are beginning to move into the market with more confidence.

Figures relating to non-residential building show that the five-month value this year hit the R116,6m mark, compared with R72,3m for the corresponding period of 1978, and here again the latest figure reflects a sizzling intervening four weeks since the last recorded value of R90m.

Building industry is recovering

BY PAUL DOLD
Financial Editor

THE slump in the building industry — the worst since World War II — is past and there are definite signs of an upswing.

Building Industries Federation director Mr Johan Grotsius says that even the Western Cape which has been very slow to react to the changed economic climate is now showing signs of improving.

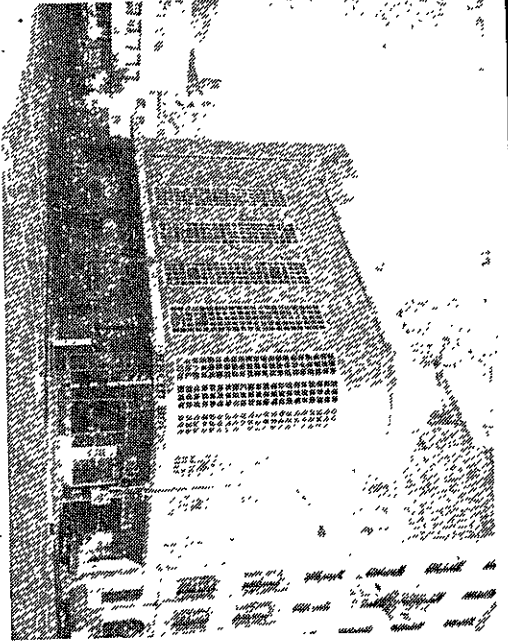
This view is backed by Mr Hannes Saaiman, marketing director of Bellandia, one of the largest local building companies. He says that the previously badly depressed white market is turning up and concurs there are definite signs of an upswing.

Buyers who for various reasons had been holding back are moving into the market.

The first group of army trainees now home are thought to be a factor in the upturn. The house rental market has a sign of an improved house market. And building society bonds are freely available, a situation which Saaiman believes will not last much beyond the end of the year as liquidity in the economy con-

tracts. The slump the industry has experienced is dramatically reflected in the the number of workers who have left the building trade. Since 1975 some 50 000 to 60 000, or roughly 25 percent of the work force, have moved into other sectors.

The better times being experienced can be seen now from the improvement in the jobless all races rate for building artisans. This has been cut from 4 200 in November 19 77 to 2 733 in April. Building plans passed have improved in real terms in the first five months by 35 percent from R354m to R496m. But buildings completed are still on the downgrade falling 16 percent from R553m to R313m in the same period. This is probably due to the lag time between plans being complet-



Heidl House at the corner of Wale and Loop Streets, Cape Town, has been sold to the SA Medical Journal for R100 000. The site area is 205 m² and the municipal valuation of the property is R110 170. The building is to be linked to Medical House to cope with expansion of their publications department. The transaction was negotiated by Peter Seckel of SRE Real Estate.

ed and projects finished. Mr Grotsius says that the pick-up in business is being seen over the whole spectrum of the industry from new house builders to those specializing in alterations.

No doubt a major factor has been the stepped up government housing programme and the fact that other Government departments have succeeded in maintaining their spending on previous levels. Currently Government investment in building is still slightly ahead of the private sector.

The Government has earmarked R250m for housing, but it appears that roughly only R88m of this has been spent so far leaving the balance to be injected into the industry before March.

The slow allocation of funds by the Department of Community Development from the funds pool provided by a banking consortium is felt by industry sources to be due to local authorities not building as fast as was expected. Mr Grotsius is confident that the rate of drawing can increase before the end of March.

Bifsa is pushing for R300m to be allocated by the Government for housing over the following two years.

With fresh stimulation of the economy likely to underpin the

hoped for consumer led upturn it would certainly make economic sense to boost the building industry and accelerate the deployment of funds which have already been earmarked particularly as the industry has a low import content. Bifsa is a firm believer in the free enterprise system but takes the view that increased spending in the industry could be a valuable economic tool at this stage of the country's recovery.

Public sector spending is expected to rise 33 percent this year and there are indications of a 19 percent rise the following year. One worrying aspect of the recovery in the industry is the rise in administered price materials and there could be further increases in the months to come. Steel, cement, bricks and glass have all risen and there is obviously a limited capacity in the industry to ab-

capacity in the industry to ab-

18/7/79 (32)

Building industry expected to have much better year

By Jean Moon

Traditionally lagging a year behind the business cycle, the building industry will probably experience a much better year in 1979.

Economic Spotlight, issued by Volkskas, finds the most important factor in the upswing, the greater flow of funds from building societies. More bond applications have been received and granted, thanks to the societies' current state of high liquidity.

The number of plans approved for private houses was 11,4 percent higher in 1978 and the first four months of this year saw a 13,6 percent rise over the corresponding period.

Building of flats, trading and office premises will assume a new importance, and is expected to carry well into 1980. Public spending on low-cost housing and non-white schools has increased exceptionally in the past year.

But continued cost rises still cloud the horizon. The Bureau for Economic Research holds the view that building materials will increase this year by probably not less than 17 percent and an average increase in building costs of more than 12 percent is expected.

The current upswing phase began in January 1978. Measured at prevailing prices, construction activities undertaken by contractors increased from R36m in 1946 to R1 768m in 1978, representing an annual average growth rise of 12,9 percent compared with the growth rate for the total economy of 10,2 percent over the same period.

Within the total economy, the share of contractors in the construction industry rose from

2,2 percent on 1946 to 4,8 percent in 1978. But price increases in the sector were greater than the average price increase in the whole economy.

Exceptionally sensitive to the business cycle, sharp growth upswings occur in times of general economic growth, but a downwards over-reaction usually takes place when the economy is in a downward phase. The great dislocation of the sector leads to increased risks on the part of entrepreneurs.

The poor economic growth between 1975 and 1977 resulted in a considerable drop in total construction activity.

In 1978 15 178 new housing units were completed in the metropolitan and 59 other urban areas, which compares with a figure of 24 124 in 1974 — the extremes of that particular cycle. This 37 percent total decline must be regarded as serious.

In the same period, the granting of bonds by building societies rose 53 percent, but this was not enough to satisfy demands for funds. Building costs for the period rose by almost 80 percent, which was partially absorbed by contractors. Interest rates rose, white living standards dropped and there was a net emigration of whites.

This drop influenced activities in other sectors supplying the trade.

The 1976 census put the value of material purchased at about R1 817m. A fall of 12 percent or 54 100 workers resulted from the decline in the past three years, but salaries still amounted to about R1 080m, and financial liquidation of many entrepreneurs resulted.

Nkope has occasional fluting and bevelling which has been used to tie it to the eastern stream, but as this feature was not common (Robinson, 1973; Table 2) and it would seem that Nkope probably belonged to a different tradition.

Phillipson (1975, 1977) has suggested that the expansion occurred as a linear continuum with Urewe as the earliest and Silver Leaves as the latest group. The linear continuum is based on the floruit analysis (Phillipson, 1975) and has marked differences from the reconstruction derived from pottery analysis which suggested that Urewe and Kwale were related through a common ancestor (Soper, 1971b). The simulations were carried out over both possible reconstructions:

Simulation 1. Urewe → Lelesu → Kwale → Silver Leaves
Simulation 2. Kwale → Silver Leaves

RESULTS

Simulation 1. The discontinuous spread model produced a faster rate of expansion than the wave of advance model. Rates of less than one kilometer per year were generated by the wave of advance model (Table 1) and these were an order of magnitude lower than the rates from the discontinuous spread model (Table 2). The rate of spread for a culture in the discontinuous spread model was similar to the rate generated by the wave of advance model (Table 3). Different input populations had little effect on the rates for the wave of advance model (Table 4) but did affect the internal culture expansion rates for the discontinuous spread model (Table 5). The differences in the rates of spread within a culture, for the discontinuous spread model, resulted from high populations inputs being spread over a large area. Only a relatively small area was colonised before fission occurred. Therefore the time taken to reach the critical population density was short and this produced fast rates of expansion.

Simulation 2. The rates of advance for the wave of advance model remained the same as in simulation 1. This was also true for the within culture expansion rates derived from the discontinuous spread model. Appreciable differences were found in the overall rate of expansion, with rates from Kwale to Silver Leaves expansion being much faster (Table 6) than from Urewe to Silver Leaves (Table 2).

COMPANIES

South Africans tiptoe into UK market...

Murray & Roberts is South Africa's largest contractor. Its 1978 pretax profit of \$26M on a turnover of \$677M puts it on a level with major international construction firms. Suffering from an internal construction recession M&R's response has been to diversify industrially and geographically. Barbara Gunnell looks at how a discreet takeover of a British family business gave M&R a substantial foothold in the UK and contracts worth over £16M with an unlikely client — the Labour controlled London borough of Lambeth. And David Morgan looks at the group's political difficulties in realising its extra territorial ambitions.

The Roberts companies in England are shy about their South African ownership — it does not appear on their site boards nor in their company returns. The head office of the Roberts companies in Leatherhead does not confirm or deny their South African ownership either, but when asked directly it refers questions to Johannesburg.

A Roberts & Co and its related companies were a well established family building group when they were taken over. For most of this century the major trading company, A Roberts & Co, has operated as a private limited 'close' company with a substantial proportion of shares held by directors from three or four families. Despite a coincidence of name no business connection with the South African Roberts existed until 1977.

As a UK-owned company it won some sizeable contracts in London, including office blocks, hotels and local authority housing in South London. The latest annual statement gives a 1978 turnover of about £9M and work in progress of £33M.

In August 1977 UK directors transferred exactly half the shares of A Roberts & Co (Holdings) Ltd to a nominee holding company Catton Securities.

On 31 October 1977 Catton was given authority to transfer ownership of the company and by June 1978 A Roberts & Co (Holdings) no longer listed the Leatherhead companies as subsidiaries. Instead — along with Plantire and A Roberts & Co etc — its own annual return shows a new ultimate holding company, Joed Dale investments (see chart).

Joed Dale Investments had at that time enjoyed only a few weeks' existence. Started in May 1978 by two accountants in Monte Carlo its registration document at Companies House gives no hint of its own ultimate ownership. The 100 £1 shares are held by First Island Trustees in Jersey, and Guernroy Ltd in Guernsey. Companies that register in the Channel Islands enjoy certain tax benefits — they

are also not required to publish accounts or details of shareholders.

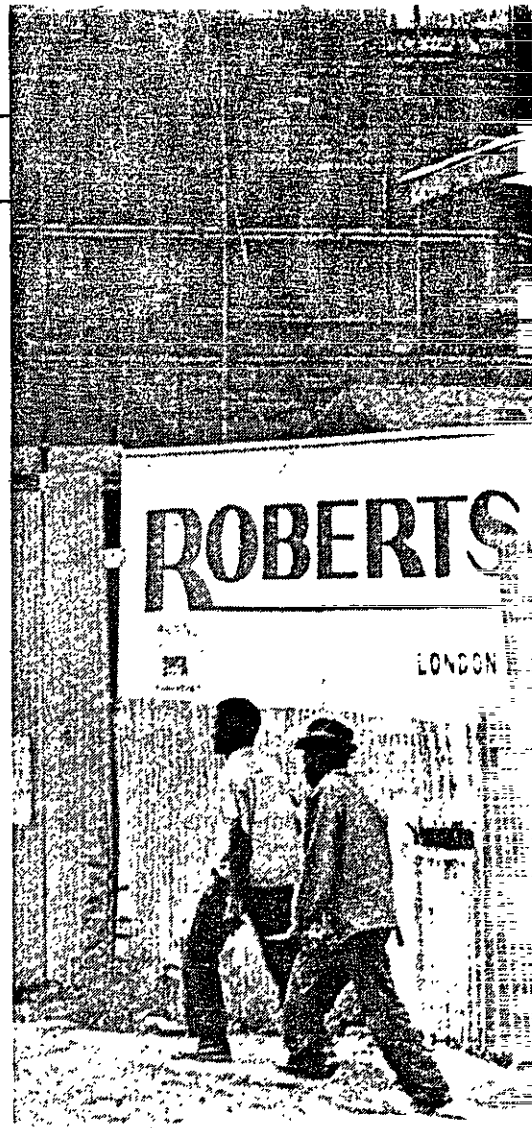
This transfer of shares from directors whose families had owned the business was accompanied by a radical change of directorships. John Edgar Dale Bramwell, RCC's managing director, was appointed director of A Roberts & Co (Holdings) on 31 October 1977 along with two other RCC directors, George Allison and Leo Fish. Bramwell and Roger Voysey, Murray & Roberts group secretary, were also appointed as director and secretary respectively to the newly formed Joed Dale Investments in August 1978 with Fish and Allison as alternate directors.

Meanwhile the South African parent, Murray & Roberts, is also displaying reluctance to advertise its new acquisition.

Its 1976 company report lists in scrupulous detail its subsidiaries and joint venture companies from the 1.5M rand RUC Mining Corporation in which it has a 50% stake to the wholly owned 'two rand' Lesotho Crushers (Pty) Ltd; in all over 400 subsidiaries are listed. By 1978 the list had not appreciably diminished but there are some exceptions and the list no longer claims to be *all* subsidiaries.

Chairman of Roberts Construction C Skeen tells shareholders: 'During the past year we established ourselves in the UK and USA. We acquired a wholly owned building subsidiary in the UK which is engaged primarily in building contracting'. Under the heading 'acquisitions' there is the following short description: '100% of an old established building company in the UK whose activities are being extended into the civil engineering field'.

Bramwell, who is a Fellow of the Institution of Civil Engineers, confirmed to NCE that the omission was intentional. Both he and Des Baker, who will take over as chairman of the M&R group when J D Roberts retires this year, were reluctant to discuss the acquisition at all and expressed concern about hostility of



unions in some of the countries in which they are trying to expand.

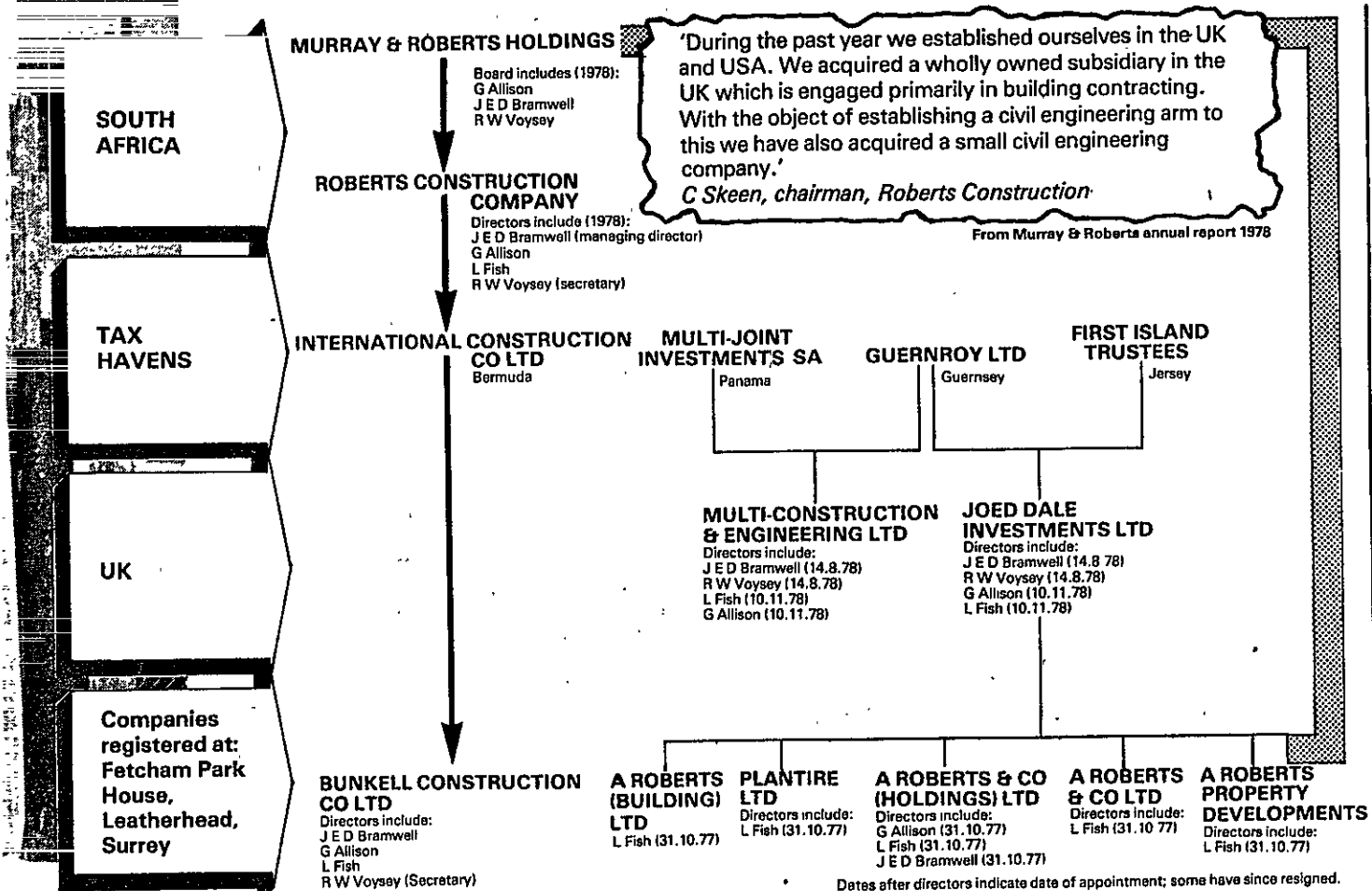
The change of ownership has certainly been a well kept secret. Full time stewards and union officials dealing with Roberts expressed surprise. The company has a good industrial relations record and one union official told NCE that the company had traditionally been one of the best contractors to deal with. 'Nothing has changed since 1977' he said.

But though the South African owners have inherited friendly labour relations they have also inherited unlikely clients for a South African concern. Lambeth Borough Council has gone on record as saying that it will not 'buy' South African and in 1974 instructed its stockbrokers to withdraw all SA pension investments.

Leader of the council Ted Knight confirmed that Lambeth did operate a policy of not placing contracts with South African companies and was surprised and disturbed to hear that Roberts was wholly South African owned.

'If it is true' he told NCE 'we will certainly be looking at them carefully if they tender for more jobs.'

Meanwhile the borough has substantial contracts with Roberts. A large proportion of the £16M Myatts Fields low rise development is let to Roberts as well as a £7.5M development in Kennington Lane for 400 homes now nearing completion.



...in global soft shoe shuffle

Murray & Roberts' reasons for wanting to push into unfamiliar and not altogether hospitable territory are easier to trace than the corporate mechanisms through which they choose to do it. In the 10 years since the two construction groups (Roberts Construction and Murray & Stewart) first got together the Portuguese withdrawal from Mozambique and Angola and continuing uncertainty over the future of Namibia and Zimbabwe-Rhodesia have conspired to reduce their prospects of major work close to home.

And on the domestic front a normally buoyant construction industry has been in deep depression — by South African standards at least — for the past three years.

Part of the group's expansion programme will involve 'territorial diversification', a delicate area into which the group, still deriving 60% of its income from construction activities, has already made modestly successful inroads. 'Bill' Bramwell, Roberts Construction chief and nominated deputy executive chairman of the consolidated group, believes that 20% of group profits for 1978-9, as

yet unannounced, will come from outside South Africa, but is reluctant to give specific information.

He explains: 'It is a subject on which we are particularly sensitive. Whether we are justified in being sensitive or not I don't know. We believe that to continue to succeed in the present political climate we shouldn't go around advertising our origins too much.'

Bramwell confirmed however, that the company's 'main drive is still in Africa' — presumably in those neighbouring countries and independent enclaves (such as Botswana, Lesotho and Swaziland) which have retained a fairly acquiescent, if not openly friendly, attitude to trade with South Africa over the years. But even in some of the more overtly hostile African countries like Zambia there is evidence of M&R involvement.

Elsewhere Australia has become a favoured hunting ground since RUC Mining (a combination of Roberts and mining/finance house Union Corporation) set up there some years ago. And this early involvement in the traditional areas of shaftsinking and tunnelling has since broadened into industrialised building.

With an eye to the Francophone markets in Africa and elsewhere an office was set up in Paris three years ago and the establishment of holdings in Brazil,

UK and USA demonstrates the quickening tempo of M&R's international effort.

The long term aspiration is clear: to succeed internationally in M&R's specialist activities — railway construction, design and construct marine work, mining and in the developing world low cost housing.

How will they fare? Des Baker has already had the risky nature of M&R's plans brought home to him by the departure of another stalwart from the world's dwindling pro-South Africa ranks — Iran. The company had ploughed a lot of money into tendering for Iranian civil engineering work and had an engineer based full time there in the year prior to the Shah's removal. 'We tendered for about four jobs. Thank heavens we didn't win any of them' says Baker.

But Baker sees promise elsewhere. 'Provided the political relationship between South Africa and the rest of the world doesn't deteriorate materially, I don't see too many problems. After all, we can't operate in countries like Algeria and Libya, which are strongly anti-South Africa anyway.

'But in other countries, countries more related to what one would call the western world, I personally detect a more realistic attitude' he adds. 'Your Mrs Thatcher gives me a great deal of hope.'

GENERAL ERECTION

32 Feb 20/9/79

Still holding up

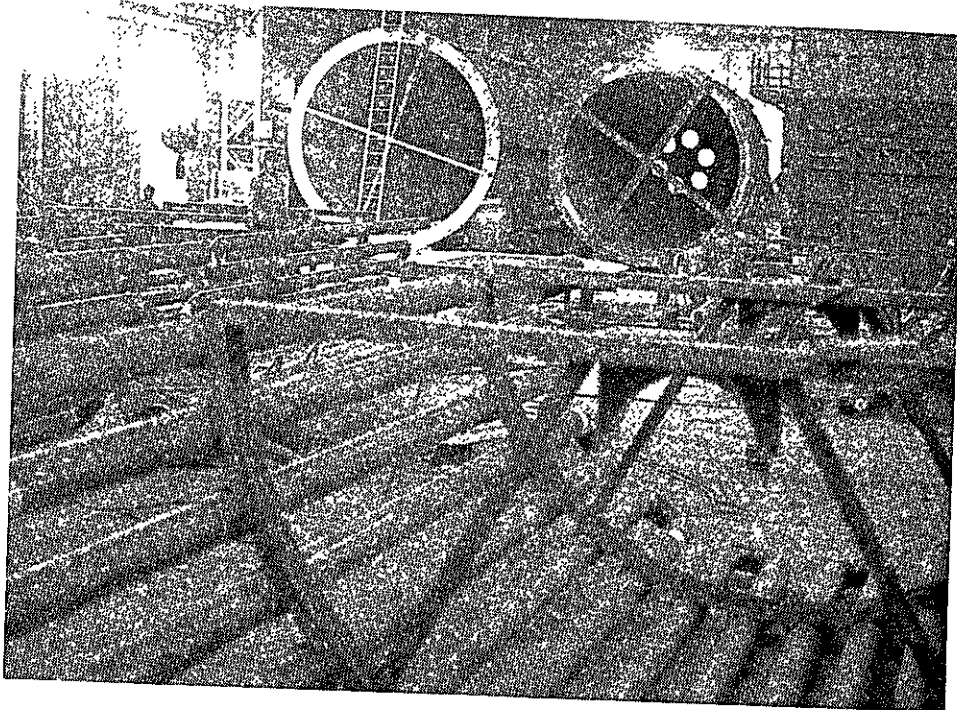
Activities: Fabrication, construction, mining, electrical and mechanical engineer. The directors hold 36% of the equity and Roberts Construction 25%.

Chairman: W M Joubert; managing director: H P Esterhuizen; deputy managing director: H P Joubert.

Capital structure: 4.8m ordinaries of 80c. Market capitalisation: R15,6m.

Financial: Year to February 28 1979. Borrowings: long and medium term, R8,9m; net short term, R1,8m. Debt:equity ratio: 70,5%. Current ratio: 1,3. Net cash flow: R7,6m. Capital commitments: R1m.

Share market: Price: 325c (1978-79: high, 330c; low, 160c; trading volume last quarter, 121 000 shares). Yields: 25,7% on earnings; 6,2% on dividend. Cover: 4,2. PE ratio: 3,9.



Genrec at work . . . but it is getting harder

	'76	'77	'78	'79
Return on cap % ...	15,8	20,9	23,4	18,8
Turnover (Index)* ...	209	284	304	328
Gross profit (Rm) ...	3,4	4,4	4,7	5,6
Earnings (c) ...	32,9	46,2	69,8	83,6
Dividends (c) ...	12	14	17	20
Net asset value (c)	179	210	262	316

*1974=100

In the next few years, the engineering sector could well emerge as one of the top performers. Substantial infrastructural expenditure on projects such as Sasol, Ukor, Koeberg and other capital works promises to more than make up for any slackness in private demand. Genrec already has a sizeable slice of this action, but, though it has a good track record over the past five years, there are several signs to suggest that future growth is going to be much more difficult to achieve.

Although earnings per share improved last year by 20% and the dividend by 18% on only an 8% higher turnover, the company had to run a lot faster and again rely on a low tax rate as a result of investment allowances.

For example, the growth in returns on capital employed was reversed for the first time in five years and total borrowings leapt during the period by 101% to R10,7m (R5,3m). As a result the debt:equity ratio rose from 44% to 70,5%. In itself this is not inordinately high. But, as a sign of the times, the dividend cover increased yet again, rising from 3,2 to 4,2 times as funds were retained to plough back into the business.

The major reason for the growth in borrowings is to be found in the rise in

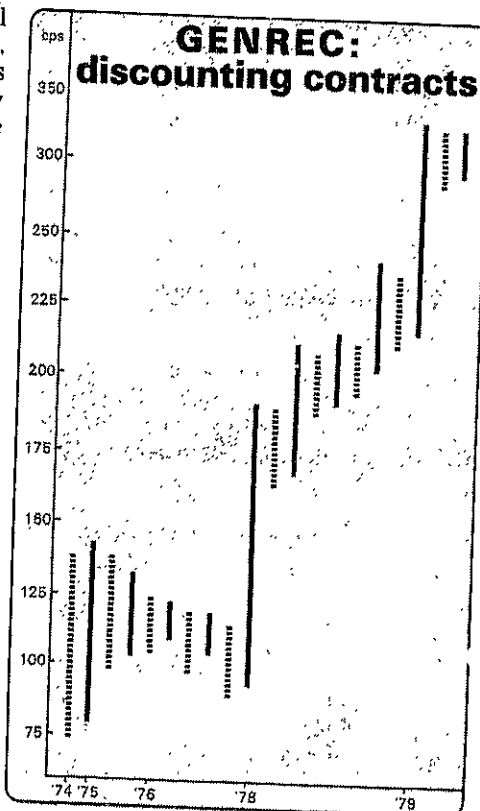
suspensive sales agreements from R3m to R7,2m. These bear interest rates between 8% and 16% and were applied towards further investment in mobile cranes,

boosting the fleet to 150 units with capacities of 5 t to 204 t.

Surprisingly, though, interest paid last year amounted to only R376 000 compared with R537 000 previously. However this was a net figure and was largely offset by the 16% earned on the loan to Rand London, the final R2,5m of which has since been repaid. In addition the previous figure has been restated, dropping from R949 000 to R537 000, as a consequence of the Receiver no longer permitting the offsetting of HP interest against profit. It now has to be capitalised.

At first sight, the company appears to be paying only 3,5% on its borrowings. Nor is there any reference in the report to the change in accounting practice, nor to the amount that was capitalised last year. While the company has restated the previous year's interest in an effort to reflect what the position would have been were HP interest capitalised, the net effect on taxed earnings was minimal due to offsetting tax allowances and depreciation charges — so the previous figure remains unchanged and is comparable.

When queried on the subject, chairman Willem Joubert airily replied: "Ag man don't bother me with that, speak to the secretary." Nevertheless, a company spokesman said that the amount of HP interest capitalised last year amounted to R250 000.



P.T.O

Build-up starts

32

Despite recent price increases (up 1%-8% on July 7) a recovery is building up in the brick industry.

Prospects have brightened in tandem with the general upsurge in housing demand. Building plans passed in the private sector between January and May 1979 were to the value of R239,6m, an increase of 34% over the 1978 figure. According to Jack Haskins, MD of the Brick Development Association, "the slump in building has very definitely bottomed out — it's now looking pretty good for the brick industry."

It will look even better if brick manufacturers succeed in winning a greater share of the mass housing market, which has been battling for a larger share for a long time. "We see an enormous opening here," says Dick Kemp, MD of Tongaat's Corogroup, which, producing about 1 600m bricks a year, supplies 53% of SA's brick needs: "We've geared some of our production specifically to a brick suitable for the requirements of mass housing."

Brick manufacturers have been in close contact with the Department of Community Development and the Urban Foundation in their bid to increase brick usage in mass or sub-economic housing. "The Government tends, unfortunately, to consider only 'first-cost' in its housing programme," says Haskins, "yet considering maintenance costs, the thermal quality of brick and the resultant energy saving, and the aesthetic quality of brick, we believe concrete should and will give way to brick."

At present, according to Department of Community Development statistics, about 70% of Government mass housing is built

in concrete. Vast forthcoming expenditure on mass housing, however, might not be so orientated towards concrete. Moreover, the Government's commitment to mass housing is an increasing one: total expenditure on housing for all race groups neared R300m in the last financial year and expenditure on the forthcoming year looks like doubling. According to Basil Myburgh, GM of Olifantsfontein Brickworks, there has been a chronic

change in the values and aspirations of Blacks over housing—"they no longer want to live in concrete boxes. An estimated 20% of the Black population today wants and can afford houses built in brick, and acknowledgement of this swing to brick in mass housing must come."

The present increase in the demand for bricks has resulted in a depletion of the surplus stockpiles that have long been a feature of the industry, but even with the

rundown of such stocks in sight, industry leaders feel confident that supply will keep pace with demand. Says Toncoro's Dick Kemp, "We have recommissioned a factory in Durban, but still have factories in Natal, the Cape and on the Reef not running at full capacity. If the demand were to increase wildly beyond expectation, we can start a new factory from scratch within two months."

Costs in the brick industry have been

profile

Safety margin

Activities: Anglo American controlled building, civil engineering and construction group.

Chairman: Dr Z J de Beer, managing director: M T Ridley.

Capital structure: 12,8m ordinaries of R1. 36 400 10% cum red prefs of R1. Market capitalisation: R24,9m.

Financial: Year to March 31 1979. Borrowings: long and medium term, R5,3m; net short term, R845 000. Debt:equity ratio: 23,5%. Current ratio: 1,03. Group cash flow: R16,4m. Capital commitments: R5,3m.

Share market: Price: 195c (1978-79: high, 275c; low, 160c; trading volume last quarter, 228 000 shares). Yields: 29,2% on earnings; 10,8% on dividend. Cover: 2,7. PE ratio: 3,4.

	'76	'77	'78	'79
Work in progress (Rm)	224	271	301	395
Return on cap %	25,4	18,4	18,6	21,2
Turnover (Rm)	257	282	336	396
Gross profit (Rm)	8,9	9,2	11,5	13,1
Gross margin %	3,5	3,3	3,4	3,3
Earnings (c)	37,1	39,2	42,7	56,9
Dividends (c)	18,5	18,5	19,0	21,0
Net asset value (c) .	218	246	270	303

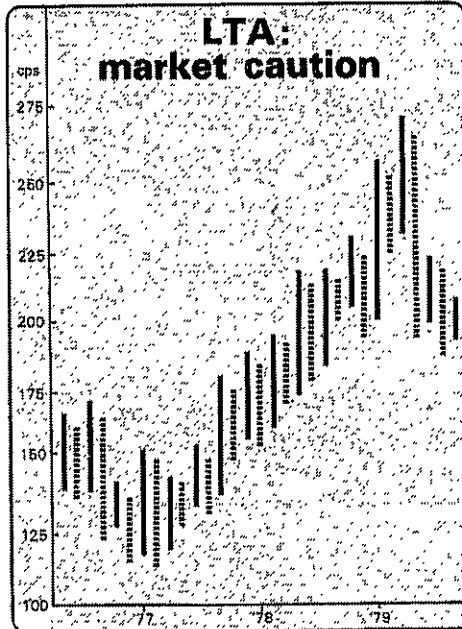
Despite conservative accounting LTA again declared higher profits and dividends. This year a further rise is on the cards as chairman Zac de Beer says the group has budgeted for a higher earnings, and the order book at end-June was 31,2% higher at R395m (R301m).

Last year, building and civil engineering contributed 58% (41%) of pre-tax profits while industrialised building, mechanical and electrical engineering and sub-contracting profits fell to 36% (48%) of the total. At the year-end, however, all divisions had reported increased turnover and "satisfactory" order books.

The earnings increase and conservative accounting policies do not hide the difficult conditions in which LTA subsidiaries operate. De Beer says margins are well below what is normally accepted in LTA's industries, and competition remains intense. Tender lists, he says, are long, and margins on tender are slim, allowing little leeway.

Nevertheless, LTA again reported more efficient use of assets with a higher return on capital employed of 21,2% (18,6%), making 1979 the second consecutive year yields have improved. Over the past four years, the average annual compound growth in attributable profits has been more than 25%.

But dividends have grown at a



relatively slow 13% as more funds were retained to finance the higher level of business and guard group assets against inflation. Dividend cover over the past five years has grown from 2,1 to 2,7 times. The board says LTA plans to increase cover to three times, although not at the expense of a growing dividend each year.

Conservative financial management meant LTA ended 1979 with sharply lower borrowings. Total borrowings were reduced to R9,9m (R19,9m) — representing 23,5% (57,3%) of equity — accompanied by lower cash in hand of R3,7m (R8,2m). Total debt is a low 60,4% of annual group cash flow compared with a

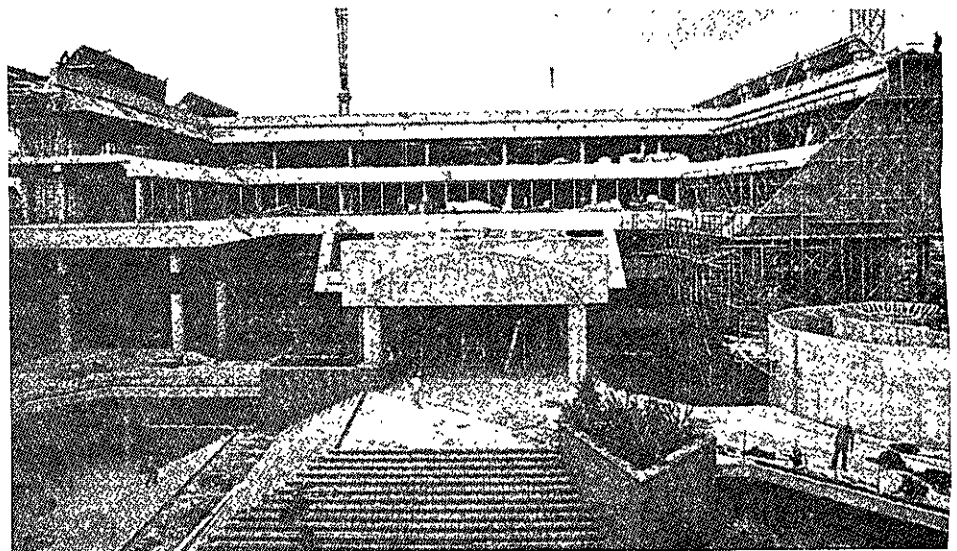
sector average in 1978 of 414%. And the interest/leasing bill is covered a very comfortable 4,2 (4,0) times by gross profits.

The directors say group borrowings could increase in the near future as LTA expands its activities into related fields. In the construction industry, they add, it is considered prudent that a 100% gearing ratio should not be exceeded. This makes LTA look ultra-prudent with its low 23,5%.

As higher profits are expected this year, a larger dividend is on the cards making the share attractive on an historic 10,8% dividend yield. Longer term, the attractions look as good, as the conservative policies pursued by management have, to a large extent, ensured that profits can be maintained even in bad years. LTA takes into account estimated profits from contracts on a yearly basis, less a margin considered necessary for safety. This has meant that the value of contracts stated in the balance sheet under work-in-progress, does not take into account R11,2m (R8,9m) which has not been taken to profit. In bad times a less prudent policy could smooth any dip in contracting.

The outlook is also improved by last year's small stake in the UK-based Bath & Portland group which will allow LTA greater scope in international contracting.

Diversification and increased scope in the international market, plus an expected improvement in the economy should bring the group closer to its stated target return of 20% on equity. Last year the figure was 17,8%. While dividend cover is to be increased, a dividend hike looks certain.



LTA at work . . . building on a sound profit base

Even if the dividend is raised by not more than the same amount as last year, the share, at 195c, stands on an attractive 11,8% yield compared with a sector average of 7,8%, particularly as the share is 30% off its 18-month high.

Des Krialea

2/18/79
32

No cutback in building

By Sieg Hannig,
Labour Reporter

The removal of 70 black and coloured artisans from the Johannesburg City Council's coloured housing section does not mean any cutback in the home construction programme.

This assurance was given today by Mr Carel Venter, chairman of the council's housing committee.

"As a matter of fact the building programme has been stepped up," he said.

He said home construction was being carried out by building contractors outside the municipal service.

Asked why the council should have removed a reported 80 percent of the building artisans responsible for coloured townships, Mr Venter said he had no clarity about this but the men concerned had been responsible for small building work done departmentally.

He saw no reason why the coloured builders should not readily find work with the contractors doing the bulk of the construction work.

c) Ander lede:

Mr K. Bosman
Professor A. Cupido
Mr N. Daniels
Mr Achmat Davids
Professor R.J. Davles
Professor J.J. Degenaar
Mr René de Villiers
Dr I.D. du Plessis
Professor J.J.F. Durand
Professor J.B. du Toit
Mr A. Flederman
Professor R.F. Fuggle
Mr G.J. Gerwel

Mr H.W. Middelmann
Errv. M.T.L. Moletsame
Professor A.D. Muller
Sheik A. Najaar
Mr Victor Norton
Professor N.J.J. Olivier
Mr L. Phillips
Professor H.P. Pollak
Mr W.J. September
Mr Franklin Sonn
Mr P.M. Sonn
Regter J.H. Steyn
Mr D. T.L.

4

NAVORSING

Gedurende die verslagjaar het die navorsing van die Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Ondersoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegesprek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambie besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandelings voorleg in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

c) Ander lede:

Mnr K. Bosman
 Professor A. Cupido
 Mnr N. Daniels
 Mnr Achmat Davids
 Professor R.J. Davies
 Professor J.J. Degenaar
 Mnr René de Villiers
 Dr I.D. du Plessis
 Professor J.J.F. Durheim
 Professor J.B. du Toit
 Mnr A. Fiederman
 Professor R.F. Fugg
 Mnr G.J. Gerwel
 Erw. D. Guma
 Professor A. Paul Harms
 Dr Gertrud Heydorn
 Mnr F.A. Jacobs
 Mnr H.M. Jimba

d) Twee Ere-Fellows:

Professor J.L. Bosh
 Dr Sheila T. van der Horst

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Building firm wins appeal

THE appeal of Mitchell's Plain company against its conviction and sentence on two charges of contravening the Industrial Conciliation Act and Building Workers Act, succeeded in the Supreme Court, Cape Town, yesterday.

Ilco Homes (Pty) Ltd had been fined R200, suspended for three years when convicted by a Wynberg Magistrate last year of underpaying an employee.

ROOFTILER

Evidence at the trial was that the employee, Mr. E. Sneider, started with Ilco Homes as a labourer in August 1977. From October to December that year he performed skilled labour as a roofer for which he was entitled to R1,48 an hour. Ilco Homes paid him between 77c an hour — the rate for labourers — and the stipulated R1,48 an hour as an artisan.

STATE FAILED

Mr. A. H. Veldhuizen, for Ilco Homes, argued that the State had failed to prove Mr. Sneider worked as a skilled labourer for Ilco Homes.

Mr. Justice Baker found Mr. Sneider's evidence unsatisfactory, uncertain and falling short of the requisite measure of proof.

He said Mr. Sneider had not established that he was underpaid.

en industriële firmas in Natal, kontak opgebou.

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Lede word na die Algemene Jaarvergadering van die Maatskappy uitgenooi en kies elke drie jaar 'n verteenwoordiger op die Beheerraad. 'n Verkieping is in 1978 gehou en die huidige ampdrager is Biskop A.W. Habelgaarn. Terwyl geen verpligtinge aan lede opgelê word nie, word hulle geraadpleeg in verband met sake wat die Sentrum se program raak.

NAVORSING

Cedurende die verslagjaar het 12 navorsing van die Sentrum die volgende behels:

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Stev Business 10/18/79 (32) (32)

Plea for tax incentives on building

Own Correspondent

The Government has been urged to ease the critical accommodation shortage by stimulating building with tax concessions.

A spokesman in Pretoria for the South African Property Owners' Association, Mr Robbie Schiltz, said developers granted tax incentives should be prohibited from

selling individual flats or from registering flat buildings under the sectional titles act.

They should be compelled to let their flats for, say, 10 years in return for the tax benefits, after which they could start selling them.

Every city needed a regular supply of flats and homes for renting by

people unable to buy their own, Mr Schiltz said.

Tax incentives, with the right strings attached, would encourage property developers to again build for this market.

He said although building costs had escalated by 170 percent over the past decade it was still practical to build one's own home. But South African

home-seekers must be prepared to lower their standards and accept more modest dwellings.

"I think homeseekers with their building societies and architects should all reconsider priorities. Then specialist builders will again be able to provide the man in the street with a home. He can afford."

JAARVERSLAG

1978

SENTRUM VIR INTERGROE

(Geregistreer as The Abe Bailey Inter-Racial Studies (Beperk deur Garar

Posadres:
p/a Die Universiteit van
Rondebosch
Republiek van Suid-
7700

Kantooradres
Leslie Social Sciences
University Aven
Groote Schuur Ca

Telefoon: 65-4145; 69-8

INLEIDING

Gedurende die eerste nege jaar van Sentrum vir Intergroepstudies geskied sy werksaamhede gepubliseer. Om te verjaarsdag op 1 April 1978 te vier in 1977 vervang deur 'n Oorsig oor

DIE OORSPRONG EN DOELSTELLING

Die Sentrum word grootliks gefinansier deur die Bailey-Trust wat ingevolge die testament van die Bailey gestig is. Dit is gereguleer deur die Institute of Inter-Racial Studies (Garansie) - 'n maatskappy beperk tot 'n aandeel-kapitaal kragtens die Wet van 1973. Nr. 61 van 1973).

Bifsa chief hits at abuse of contract mechanism

Star 4/1/79 (32)

By Frank Jeans

The specifying authorities who abuse the well-proven contract mechanism of the industry have come in for an attack by Mr David Mitchell, president of the Building Industries Federation (Bifsa).

Speaking at a presentation ceremony for a new book on "Building Contracts," the work of experts, Mr Piet Malherbe and Mr Mark Lipshitz, Mr Mitchell said:

"It is unfortunate, and indeed, a source of serious concern that there are so many diverse forms of contract being forced upon the industry by public and some semi-public bodies, as well as by certain sections of the

private sector."

Mr Mitchell said it was not difficult to list a dozen or more bodies falling into this category, and although all of them individually were major clients of the industry, they became almost insignificant when their annual building requirements were projected against the total needs of the country.

"One wonders at the persistence on their part in giving themselves out as authorities on contractual provisions suitable for the building industry," said Mr Mitchell.

The Bifsa president thumped home the point that insistence of individualised contracts ignored the important fact that the use of sub-contractors has become "a permanent and extremely important community council meetings.

part of building."

It was physically impossible for the industry to create such a wide variety of sub-contract documents which would automatically slot in with the many main contract forms and variations being used.

CHAOS

"The chaos, from a legal point of view, arising from this situation must be self-evident," he said.

"Even in the private sector, this problem is complicated by individual owners and members of the professions who, although satisfied to use the available standard conditions of contract, tend in all good faith to introduce changes into tender documents which are often done in an attempt to improve these conditions, but which are,



Mr David Mitchell "physically impossible for the industry."

in the first place, misinterpreted.

"There are numerous examples where such changes have, in fact, achieved results completely opposed to the intentions of the drafters," said Mr Mitchell.

The statement was made in the quarters co-operated and the entire re-removal was completed by 12 noon, April 3. Strict instructions were given that the removal be conducted with the minimum amount of inconvenience to those concerned and that nobody be prosecuted.

A warning is, however, issued to any person who squats after the above removal that he will be prosecuted in terms of the relevant legislations. The possibility that the squatting was organised by one or more persons is being investigated.

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CROSSROADS

The way out

the policy implications of the Cabinet decision on the future of the Crossroads squatter camp are puzzling — not least that they appear to contradict what is happening in other parts of the country, such as the East Rand, where the houses squatters in Daveyton were summarily demolished last week.

But if what the FM has been told is correct — and not simply a public relations exercise designed to still criticism — what has become a closely-watched transitional issue — the policy implications could be far-reaching. Final judgement on whether government has had change of heart, however, must await publication of the Riekert report.

Although Prad Minister Piet Koorhof has said that Crossroads was a one-off face solution to a delicate human problem to be accompanied by measures "to create similar ones from arising in the manner in which he tackled Crossroads," the Cabinet has decided that a new approach is necessary to reconcile irreconcilable interests of urban pull, rural push on the interests of people with nationalist political ideals.

Some people believe that the method of the Crossroads settlement indicates the Cabinet may have decided to dispense with the old Verwoerd M C concept of male migrant labour, to opt instead for a policy accommodating migrant labour family units, a decision can become policy with amending legislation.

big if Contract migrant family units can be accommodated by making greater use of Section 10 (1) (d) of the Urban Areas Act, so that employers would have access to this category of labour only if it could provide housing. This how is a very big if.

One of the decisive issues that caused Koorhof's Crossroads settlement was a firm undertaking from Cape Boyer groups that they would help black labour accretions to the urban areas by not only adhering to the existing provisions, but by getting involved in the provision of housing, if necessary.

In view of the high cost of capital relative to owner-occupiers' ability to pay, it is clear that the Cabinet will soon be up against another fundamental decision. If private domestic and foreign sources

13 April 1979
Financial Mail

of capital are going to be used to fund housing developments, will government permit departures from conventional public sector housing schemes and allow site-and-service?

In his Crossroads negotiations, Koorhof was implored to persuade his Cabinet colleagues, notably Marais Steyn, to agree to greater occupier involvement in setting up the new township between Nyanga and Guguletu. It is clear from his statement that the Cabinet agreed to this, but it is not clear whether the people of Crossroads will be allowed to build houses of their own choice.

Although Community Development can supply sub-economic housing funds; more expensive foreign funds could probably be made to go much further if site-and-service schemes are agreed to.

The Urban Foundation is known to have \$7.5m on offer from United States banks, with the prospect of another \$5m if needed, at rates between 6.5%-7% conditional upon owner involvement. Clearly, this source cannot be tapped to resettle the people of Crossroads unless they are given security of tenure or government guarantees the loans.

A site-and-service scheme without tenure is clearly out of the question; a government rental scheme would not qualify for foreign loans. Koorhof's next hurdle, therefore, is to work a compromise between the 99-year leasehold scheme and the tough opposition of the Cape Nat caucus to extending the long lease policy to the Western Cape. It is reliably understood that efforts are to be made to get members to accept a 40-year leasehold scheme for the region.

Although it may yet turn out that the Crossroads settlement will not be without a price — tougher application of influx control and the pass laws, etc — it is significant that luminaries like General Mining's Wim de Vilkers and Dr Piet Meyer, of the SABC, have been urging policy shifts away from paternalism over urban blacks to "more realistic and egalitarian community patterns" in which workers and their employers and the institutions could be allowed to determine their own solutions to housing problems.

Greater private sector involvement (including owners) in black housing development would remove yet another source of unproductive allocation of

scarce capital resources and introduce the stabilising influence of ownership into the black township equation.

At bottom, however, the success of the Crossroads settlement will depend on how the Cabinet's decision is administered. In Cape Town, there is still apprehension among people who will be resettled about how this will be carried out by the local administration board. Accord-

ing to residents, Koorhof has given the assurance that hardliners and bullies are out, and if there are borderline or special cases in possible danger of failing to qualify to remain in Cape Town for technical reasons, these will be dealt with by an Appeal Board consisting of a senior Prad official, Dawid de Vilkers (MD of Nasionale Pers) and Judge Jan Steyn, or their nominees.

A problem category that springs to mind is veteran workers who have abided by the law and lived in single sex hostels for many years while their families have remained in the bantustans.

And what about thousands of "illegals" who have been living a fugitive existence in the three recognised black townships or in other squatter camps? Clearly, 2 575 even at the new

Crossroads township will not accommodate all the African heads of household and their families who fall into the "qualifying" categories mentioned by Koorhof. Will they be sent away?

The unofficial answer seems to be that if they have jobs and a reasonably long and crime free track record of residence in the Western Cape, ways will be found of fitting them into the settlement plan.

Cape Times 10 April 1979

'RAID: STATEMENTS SAME'

Court Reporter IDENTICAL statements from policemen dealing with the crime prevention exercise at the Crossroads squatter camp last year were handed into the Wapberg District Court yesterday.

The statements were handed in when the inquest into the death of Mr Simele Ndlela who was shot dead during an exercise on September 14, resumed yesterday.

According to Sergeant Patrick Cleary, who fired a shot at the man, Mr Ndlela had thrown a stone at him and Mr Ndlela ran down a dune towards him in a threatening manner.

Yesterday Sergeant Edward Norman, another member of the patrol, said he and other members were asked to make statements about the events leading up to the police withdrawal at a parade some days after the exercise at Bishop Lavis police station.

He said that he had written his statement on his own and had later signed a typed copy.

He said he had not offered any help to anyone else in the writing of their statements nor had he received any in the writing of his.

In his statement, Sergeant Norman said he had gone to Crossroads in a platoon commanded by Warrant Officer Louis Albertus Bezts and that after coming under a stone attack, he had withdrawn.

He said he had heard a shot but had not seen the shooting. It was then put to Sergeant Norman by Mr G Bizos, for the Ndlela family, that his evidence concerning the statements was totally wrong.

Sergeant Norman was asked whether he had assisted four other policemen with the writing of their statements or whether they had helped him.

When he said no, the statements of the four other policemen were compared to his and he agreed that except for different names, identity numbers and one word which differed in some of the statements, they were exactly the same as his.

Earlier in the day, the second in command of the riot squad on the night of the exercise, returned to give further evidence concerning the exercise. (Another exercise was made on September 6.)

Arrests made

When the hearing was adjourned in January, Captain Hewitt Wright was asked to return with details of the arrests made during the two exercises. He told the court that on the first exercise 518 people had been arrested in connection with alleged pass violations. Five other people had been arrested on other charges.

He said on the second exercise, 414 people had been arrested on pass offences and 86 on other charges. Of those, 77 were arrested for attending an unlawful gathering.

The hearing continues today. Mr G A Debus on the Bench. Mr S Schwebel is leading the evidence. Mr A Chabane is assisted by Mr G Bizos instructed by Mr Louis Bezts. He is appearing for the Ndlela family. Mr J Swart is appearing for the Minister of Police and members of the police.

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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die...

Fringe tax a threat to building revival - Bifsa

3 Kon. 16/8/79

By Frank Jeans

Just as the building industry struggles out of the trough of the worst depression in 45 years comes the fringe benefit crunch and proposed new tax on housing benefits.

Home builders believe a "fringe" tax could have a dampening effect on the volume of new houses built, a fear which has prompted the Building Industries Federation to call on its 26 master builders and affiliated associations for a joint protest to the authorities.

FEEDBACK

Says Mr David Mitchell, president of Bifsa: "We are considering a strongly worded plea to the Department of Inland Revenue against any tax on housing benefits."

"Initial feedback from our regional associations supports the concern we feel."

Mr Mitchell believes housing schemes cannot be lumped in the same category as other perks. "Shelter is essential and should be coupled with security benefits like pensions and medical aid."

The builders argue that housing tax for employees will hit the middle-income group of potential home buyers - the bread-and-butter part of the market which provides the bulk of turnover.

A tax on housing benefits could knock the stuffing out of the promising revival that began for the building industry early this year, says the Bifsa president.

The Fouche Commission of 1977 urged employers to play a greater role in financing housing for employees. "This is clearly in conflict with the recommendations of the De Loor Commission," says Mr Mitchell.

He also questions the fairness of the "official interest rate" of 10 percent laid down by the De Loor Commission for calculating the tax on housing benefits.

"Actual interest paid by the recipient of a housing benefit is deducted from 10 percent and the balance is taxed."

"The upper figure is unrealistic and unfair. Outside of the grey market employers paying housing benefits would get considerably less than 10 percent on investment anywhere else," says Mr Mitchell.

c) Ander lede:

- Mnr K. Bosman
- Professor A. Cupido
- Mnr N. Daniels
- Mnr Achmat Davids
- Professor R.J. Davies
- Professor J.J. Degenaar
- Mnr René de Villiers
- Dr I.D. du Plessis
- Professor J.J.F. Durand
- Professor J.B. du Toit
- Mnr A. Flederman
- Professor R.F. Fuggle
- Mnr G.J. Gerwel
- Eerw. D. Guma
- Professor A. Paul Hare
- Dr Gertrud Heydorn
- Mnr F.A. Jacobs
- Mnr H.M. Jimba

d) Twee Ere-Fellows:

- Professor J.L. Boshoff
- Dr Sheila T. van der Horst

Lede word na die Algemene Jaarvergadering van die skappy uitgenooi en kies elke drie jaar 'n verteenwoordiger op die Beheerraad. 'n Verkiesing is in 1978 geplan. Huidige ampsdraer is Biskop A.W. Habelgaarn. Verpligtinge aan lede opgelê word nie, word hul pleeg in verband met sake wat die Sentrum se pr...

NAVORSING

Gedurende die verslagjaar het die navorsing van die Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Onderzoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

tuut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlike Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

Highway (32) s.k.f. deviation 17/8/77

Municipal Reporter

From Monday, motorists who have for the last few months been held up in afternoon peak periods because of a bottleneck on the Golden Highway, will face another hazard — a deviation.

The highway is being widened by the provincial roads department. For some time there have been two lanes leading into town, and only one leading to Lenasia on the section near the Viking Garage. This has caused bottlenecks and held up traffic in the evenings.

From 9 am on Monday that section of the highway will have a deviation of about 800 m.

A. Mobiliteit en Politieke Verandering in Suid-Afrika
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c) Ander lede:

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Professor J.B. du Toit
Mr A. Fiederman
Professor R.F. Fuggle
Mr G.J. Gerwel
Erw. D. Guma
Professor A. Paul Hare
Mr H.W. Middelmann
Erw. M.T.L. Moletsane
Professor A.D. Muller
Sheik A. Najaar
Mr Victor Norton
Professor N.J.J. Olivier
Mr L. Phillips
Professor H.P. Pollak
Mr W.J. September
Mr Franklin Sonn
Mr P.M. Sonn
Regter J.H. Steyn
Mr R. Tobias
Professor R.E. van der Ross
Professor J.H. van Rooyen
Mr. S. Walters
Professor F.A.H. Wilson

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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegesprek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Dikonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasverhoudinge, Kaapstad (Januarie).

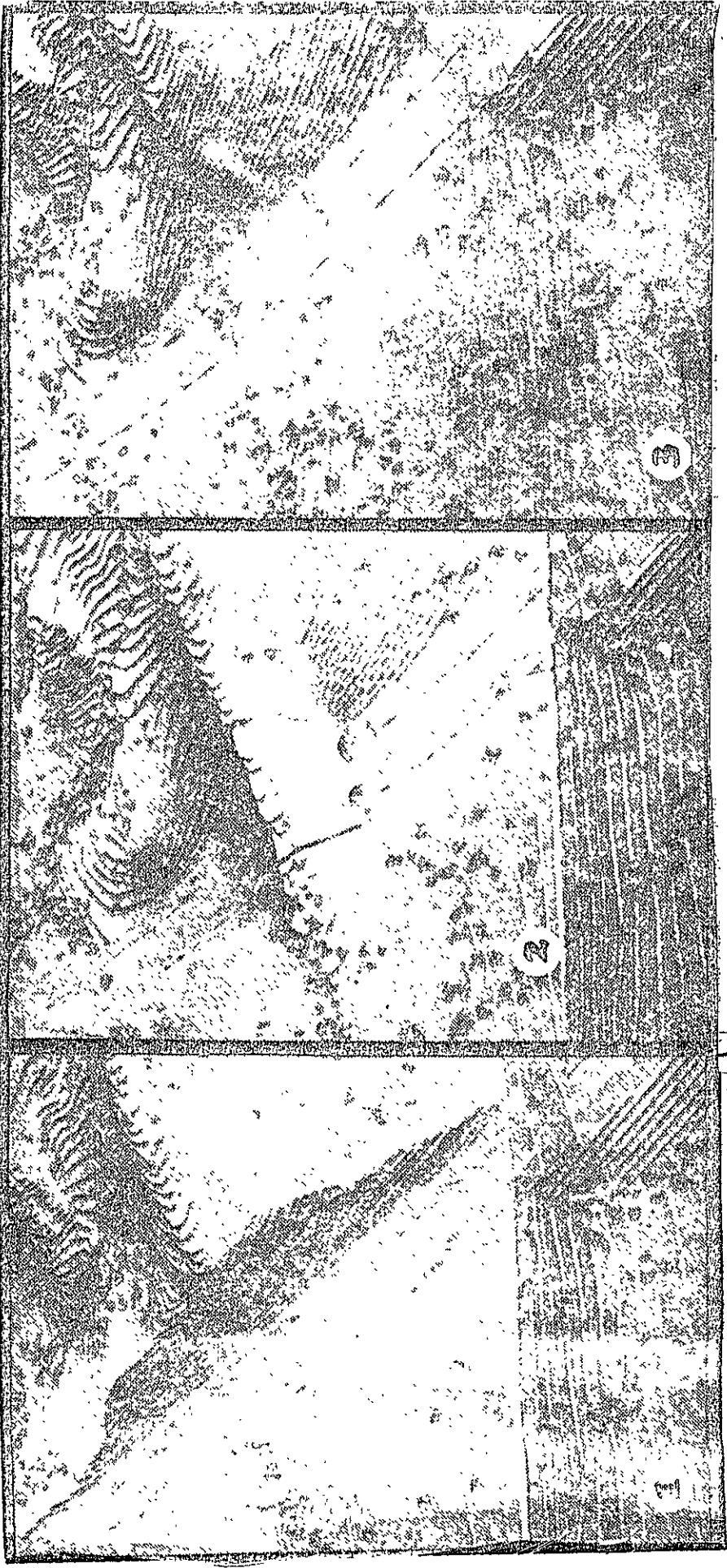
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The ecological solution

Models show the three solutions considered by road engineers and landscape architects when the Magaliesberg section of the Pretoria-Mabopane road was designed.

1. The purely engineering solution was to cut through the hills, leaving an unsightly 45 m bare cliff to scar the area.
2. A compromise solution was partial landscaping and twin tunnels, an answer which would have given the project dramatic impact for the motorist.
3. The solution adopted and likely to account for about R750 000 of the R18-million contract is full landscaping. This will call for the blasting and bulldozing of 2,5-million cu m of soil, stone and gravel, and extensive replanting of indigenous grasses and other vegetation.



The shaping of a new freeway

Pretoria Bureau
The modern road planner is being conditioned to consider ecological as well as engineering problems in his grand design.

Work is expected to begin soon on a 5 km stretch of freeway through the Magaliesberg west of Pretoria and almost 4 percent of the R18-million contract is being set aside for landscaping.

Where a few years ago a cutting 45 m deep scarcely a ripple of protest as it flashed a scar through Braek's Nek, the increasingly influential voice of conservationists has led the planners to restore as much as possible the natural beauty of the terrain.

The project calls for the blasting and bulldozing of 2,5-million cu m of

earth. About 1,75-million cu m of that will be returned to the site and the surplus 0,75-million cu m of stone, soil and gravel will be stockpiled for future contracts in which landscaping is called for.

Once the earth has been returned to the site and the new contours have been shaped, the Transvaal Provincial Administration's landscape development officer will move in. The indigenous grass series, both provincial and commercial, will provide plants to reconstitute a natural vegetation.

This section of freeway is part of a four-contract, R40-million scheme to link Mabopane, just inside the borders of Bophuthatswana, with Pretoria.

Mabopane lies about 85 km to the north-west and together with Ga-Rankuwa, Temba and the Winterveld, forms the Odh

area which is the dormitory for about 50 percent of Pretoria's black commuters.

The existing links — by road through the bottleneck of Wonderboom — and by a railway line which is being expanded to four tracks — are inadequate to cope with the daily stream of workers.

When the new road is completed in about four years' time it will be not a moment too soon. Projections indicate that it will carry about 25 000 vehicles a day — the Ben Schoeman Highway between Johannesburg and Pretoria, it is expected, will be carrying about 20 000 vehicles a day at that time.

The four contracts are to be awarded so that work on the relevant sections of road are completed simultaneously. The first contract is for the 6 km between Sand-

fontein and the Pretoria North-Brits road. Tenders have been closed and the result is expected to be announced within a month.

Two more four-lane freeway sections will be from the Apies River to Pretoria to Sandfontein, 4,5 km long and costing about R6-million, and the Pretoria North-Brits road to Rosslyn, 6 km long and costing about R10-million.

Although much of the freeway lies within the Pretoria municipal area, all the costs are to be borne by the provincial administration.

The fourth section of the road will be a 13,5 km single carriageway between Rosslyn and Mabopane. The design and supervision of work are the responsibility of the provincial administration, but the Department of Co-operation and Development will pay for it.

That Randburg road sanctioned

Stour 30/8/79 (32)

The route of the PWV 3 highway through Randburg was finalised yesterday when the town council endorsed the province's plan to build the controversial road.

In expropriation costs alone, the highway will cost the province R4,24-million and will cut through smallholdings, 34 empty properties and 27 stands with established dwellings.

The route goes from a point — fixed by the province — just outside the Randburg boundaries, 1,5 km south of the Pelindaba Road, where there will be a cloverleaf interchange linking the PWV 3 and PWV 5 highways.

From there, it cuts through smallholdings in North Riding, Olivedale, Driefontein and Bryanston 3 — where another cloverleaf will link it to the

Western Bypass — to the Ferndale Nature Reserve

At a meeting of Randburg Town Council last night, the two opposition members, Mrs Pat van Rensburg and Dr H N Farrer, voted against the proposal.

Mrs van Rensburg said she believed the PWV 3 was not necessary and should not go through Randburg.

"MONSTER"

"This monster freeway (planned as an eight-lane highway with space for two bus lanes in the middle) will destroy what is one of the most attractive residential areas of Randburg with some of the most beautiful homes.

"The PWV 3 will cut a swathe through our town, bringing with it traffic noise, pollution, plunging property prices and destruction of the environment," she said.

"Is it being built to implications, the residents of Randburg had a right to know as the road passed through the town. "We would also like to know whether this is an ideological road," she said.

"Is it being built to bring black commuters from Bophuthatswana to Randburg and Sandton on a daily basis?"

PROMISE

Mr Ernst Pienaar, said it was accepted by all that any road through a town disturbed people. He said the council had a duty to look at the long-term aspect.

People had been living in doubt about the security of their houses. Once the route of the road was settled, the province had promised to negotiate with the owners as soon as possible. He believed the road did have military implications.

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Get Wiehahn moving — Bifsa

JOHANNESBURG — An appeal to the government not to delay the implementation of the Wiehahn Commission recommendations was made last night by the president of the Building Industries Federation of South Africa, Mr D. H. Mitchell.

He said: "If the spark that has now been kindled is frustrated in any way, the resulting holocaust could run away from us and we may lose control of a situation which right at this moment is well within our control."

Mr Mitchell was speaking at Springs at the opening of the first BIFSA training centre for apprentices for all races in the building industry.

The R2 million centre — one of four in a R10 million programme to provide the building industry with qualified artisans — was opened by the Minister of Manpower and Utilisation, Mr Fanie Botha.

Mr Mitchell, speaking after the Minister, referred to BIFSA's at-

titude to the Wiehahn Commission and said: "While I do not intend to use this platform to preempt further moves by the authorities to allow the introduction into the industry of all classes of labour, I would be failing in my duty as president of BIFSA if I did not make brief reference to BIFSA's attitude towards the implementation of the Wiehahn Commission in its various stages."

Mr Mitchell said the first response had already given a clear indication of the pattern of later reports and the building industry was straining to put these indications and intentions to good use.

"Let us in the future not be accused of stopping the good intentions. Neither we, nor the economy, could afford that."

Mr Mitchell said BIFSA was fully appreciative of the delicate nature of the whole matter that has "come as a challenge to the leaders of this country in both public and private sector interests."

He added: "We appreciate that a slow and careful approach can to a large extent be justified, but let us at least be seen to be moving forward — not sideways — or even backwards."

"I am afraid that if the spark that has now been kindled, is frustrated in any way, the resulting holocaust could run away from us and we may lose control of the situation."

Mr Mitchell said the future of the country's economy, and the building industry particular, was the result of positive, responsible and above all, realistic planning by state and organised industry alike.

Mr Botha, who was main speaker at the opening, referred to the deteriorating manpower situation in the building industry and said he was perturbed that the number of apprentices indentured had dropped from 1 624 in 1973 to 339 last year.

"To me this is a bad

omen. It will be obvious to any employer in the industry that such a deteriorating situation is most serious, especially in the long term.

"I believe that one of the gravest problems facing South Africa in the future is the question: "Where are we going to get the trained labour from to facilitate the economic upsurge we are all looking forward to?"

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SUCCESS STORY IN LOW COST HOUSING

"The idea at Kanyamazane," says NBRI research officer Ken Finlayson, "was to bring together the private and public sector — to get them to collaborate on a low-cost housing scheme."

"The feeling was that few governments today could afford overall responsibility for providing fully-serviced housing — and associated facilities — for all. So what was required was a shift of strategy. We wanted to explore the roles that might be played by financial institutions, voluntary and non-profit organisations, employer bodies — even individuals and groups building for themselves."

If South Africa is to meet the growing demand for housing and create healthy, stable and productive communities, the private sector must become involved. Just HOW they can go about it — and what can be achieved — is shown in a novel project undertaken by the National Building Research Institute (NBRI) at Kanyamazane, a fast-developing housing area in the Nelspruit district. Research officers involved Ken Finlayson and Des Kaplan described the scheme to Elizabeth Wilson.

ways of involving private sector initiatives. Work was started on a number of study projects. The team looked into —

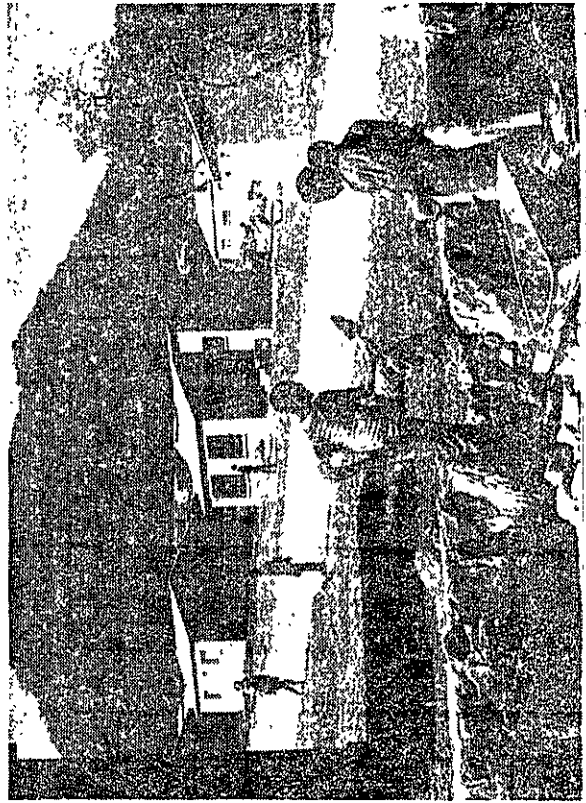
- Street patterns and planning layouts;
- Technology and construction processes;
- House types;
- How project participants were involved in decision-making and what options they had with home improvements.

CONCEPT
Street Patterns and Layout

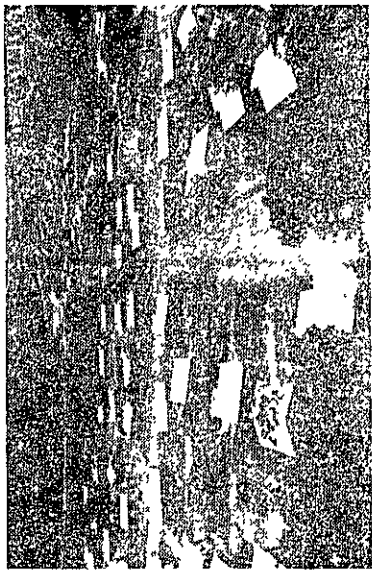
It was found that

tasks. Therefore, the more a contractor produced, the more he earned. The administration board managed the supply of materials and used heavy equipment. coordinated the activities of contractors and controlled the quality of construction. Contractors trained their own teams which meant that the construction programme also operated as a training programme for local skilled and semi-skilled workers.

"Many of the contractors building in Kanyamazane today began as employees of other contractors," says Ken Finlayson. "In addition to actual building work, contractors who have specialised skills have undertaken other aspects of the development such as main-sewer and water pipe laying, plumbing, painting and glazing."



Potential home owners at Kanyamazane are given the opportunity to discuss their priorities



A forecourt concept was introduced to involve home owners in the area surrounding their homes as well as the commercial area. It has encouraged the development of gardens and safe play areas for children.

basic shape was different. They had additional windows, which were larger, and cost about 10 percent more. Series three — were 59 cm in area. They were slightly larger and had a different roof. They also had more windows. Some of them bigger than usual. The overall cost was about 26 percent more than the \$19.

As the contractors have gained experience they have gradually been trained to assume greater responsibilities in the development programme. This use of small-scale enterprise is proving particularly valuable in promoting economic development in the local community. The system also makes it possible to build at very low cost," he says.

TYPES
The NBRI team found two basic types of house existed in Kanyamazane. Most common was the standard four-roomed house built by government known as the S19, while there were also a few owner-built houses.

"Attractive as the



CONCEPT
Street Patterns and Layout

It was found that

company management, employees from the sections of the company and the NBRI. This has helped ensure that preferences have been recorded and in April 1970 a group of 100 people from the various sections of the company moved into the new houses — some of which were found to be in poor condition and new furniture and fittings were provided.

between the houses in the neighbourhood. Examples of each of these house types together with other variations were built in groups of four to six units. The choice of materials, finishes and fittings was also discussed with the potential home owners.

Residents must now also build small flats (to approved standards) for sub-letting to small shops and offices. This could offer a means of supplementing income and contribute to local economic development.

DECIDE
In the Kanyamazane project the company provided more money per house than its basic cost. The difference was used to subsidise the

company management, employees from the sections of the company and the NBRI. This has helped ensure that preferences have been recorded and in April 1970 a group of 100 people from the various sections of the company moved into the new houses — some of which were found to be in poor condition and new furniture and fittings were provided.

between the houses in the neighbourhood. Examples of each of these house types together with other variations were built in groups of four to six units. The choice of materials, finishes and fittings was also discussed with the potential home owners.

Residents must now also build small flats (to approved standards) for sub-letting to small shops and offices. This could offer a means of supplementing income and contribute to local economic development.

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Johnson committee and management of a private company, Delta Management (Pty) Ltd at which housing difficulties of employees were discussed.

It emerged that many had poor housing, while others, though living in better houses, still experienced problems with overcrowding. They were eager to expand and improve their houses — but how?

FRAMEWORK

A housing committee was formed with the company to represent the interests and voice of employees who needed housing or whose home needed improvement.

Collaboration between this committee and the NBRI produced a framework for action and a project coordinating committee.

It consisted of representatives from the company, the local administration board and the NBRI.

The project team's approach was first to look at how housing was being handled by the public sector.

The idea here was to find ways of establishing the problems, opportunities and priorities of the people who needed the houses AND to find

children. Because the roads were public few people seemed to take an interest in the environment beyond their front boundaries.

When the area of a conventional layout was analysed in terms of responsibility for maintenance and further development, 35 percent was found to be public space, 45 percent private — each with its own character and identity.

Access to the forecourts was created from a main distributor road which could take bus traffic.

As there was no through-traffic in the forecourts the area was safer for children.

ADVANTAGES

The problem of dust was also reduced.

The revision of the township layout had additional advantages.

The private space was increased to 64 percent compared with the conventional layout. This increased the private sector contribution towards maintenance

was unsuitable for the short-term priorities of the company sponsoring the housing. The employees and the local authority... says Ken Finlayson.

"It was decided there to begin by financing improved standard housing."

These improvements included plastered internal walls, larger doors, ceilings, larger front windows and a small covered verandah.

These houses cost 25 percent more than the basic 31.9 but were much more acceptable to the occupants.

Alternative planning was also made possible — alternative room sizes, alternative door positions and roofs.

Because the building techniques in these new house types were essentially similar to those previously used in the area, very little retraining was required by the contractors. This kept cost increases to a minimum.

It is interesting that each of the houses was specifically designed to allow expansion — to more than twice the original size. Finishes were also kept to a minimum so that these could be added later.

Apart from building on to the houses to provide additional accommodation for their families, Kanvamazane

HOW TO?

The second area of study at Kanvamazane concerned existing technology and construction processes used by the local administration on board.

It revealed a number of positive features which could be developed further in the demonstration project.

Bricks made in Kanvamazane with local river sand created an important local industry and also provided employment.

Transport of materials and components provided opportunities for entrepreneurs since this was undertaken by local contractors. The construction process itself had a number of benefits — local small-scale contractors and their teams were employed on a labour-only basis at fixed rates for specific

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Series two — were also 54 cu m in area but the NBRI team developed three series of basic house types.

Series one — were very similar to the standard 51.9 house but had different roof forms and bigger windows. They cost slightly more even though they still had the same floor area of 54 cu m.

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to see the impact of houses and to understand the "bonus" implications and expansion possibilities.

They then expressed their first, second and third preferences.

PLANNING

As well as doing their own individual improvements Kanvamazane residents were also soon busy discussing in groups how they would share and improve the forecourt.

They began planning such projects as tree-planting, storm-water drainage, children's play spaces, surfacing and other aspects of landscaping.

It soon became clear that many of the residents needed and wanted guidance on technical, material and even social matters.

The company responded by setting up a community aid facility. Eventually this will be managed by suitably trained local personnel and housed in permanent accommodation in Kanvamazane where it will also serve other residents.

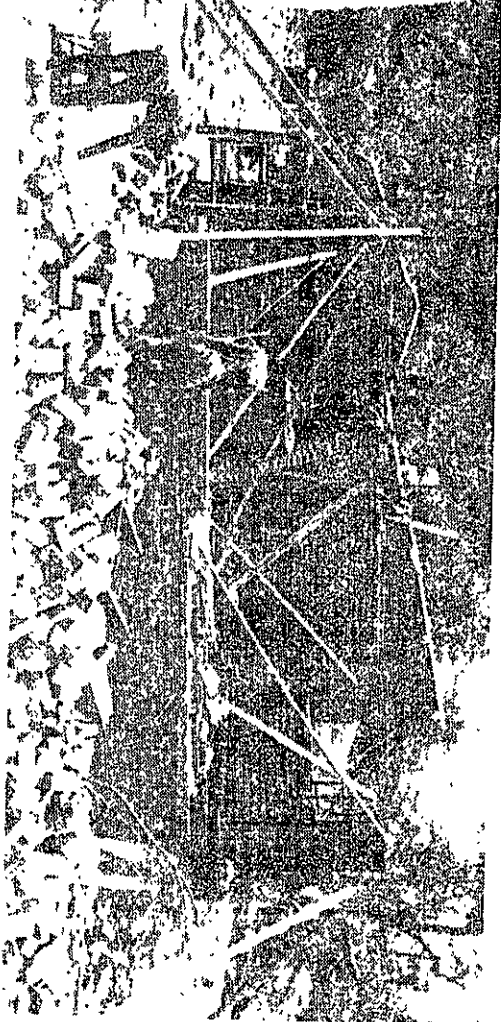
But for a start the community aid has been provided by members of

advice on bulk buying and inter-purchase agreements.

One of the most encouraging results of the experiment has been the obvious pleasure and pride residents have shown in their new homes... says Des Kaplan. "You can see it in the care they take with their gardens and with their own individual furnishings. We understand too, that others in the Kanvamazane area have visited the project and admitted the interest among local residents in these aspects of landscaping."

If Kanvamazane has sparked interest among local residents it has also stimulated other companies to begin similar schemes for their employees. A second Neispuit company has now joined a scheme with the help of the NBRI and more are sure to follow.

But stress the NBRI team the project is not complete and at an end. What visits now will improve and change according to the preferences and priorities of the community. This is necessary and significant in terms of the planning design and architecture.



Black contractors specialised in different fields are involved in all the building and construction at Kanvamazane.

One group of houses was therefore built around one of the forecourts and the remainder on sites

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STAR

SUCCESS STORY IN LOW COST HOUSING

The idea at Kanyamazane, says NBRI research officer Ken Finlayson, "was to bring together the private and public sector — to get them to collaborate on a low-cost housing scheme."

"The feeling was that few governments today could afford overall responsibility for providing fully-serviced housing — and associated facilities — for all. So what was required was a shift of strategy. We wanted to explore the roles that might be played by financial institutions; voluntary and non-profit organisations, employer bodies—even individuals and groups building for themselves.

"We had been working for some time on low-cost housing with the Department of Co-Operation and Development and it was against this background that we were invited to help with a pilot project at Kanyamazane. This would contribute towards a study of private sector involvement for the Department. The project initially arose from meetings

If South Africa is to meet the growing demand for housing and create healthy, stable and productive communities, the private sector must become involved. Just HOW they can go about it — and what can be achieved — is shown in a novel project undertaken by the National Building Research Institute (NBRI) at Kanyamazane, a fast-developing housing area in the Nelspruit district. Research officers involved Ken Finlayson and Des Kaplan described the scheme to Elizabeth Wilson.

ways of involving private sector initiatives. Work was started on a number of study projects. The team looked into: ● Street patterns and planning layouts; ● Technology and construction processes; ● House types; ● How project participants were involved in decision-making and what options they had; ● The need for help with home improvements.

CONCEPT
Street Patterns and Layout
It was found that through-traffic on roads caused parents to worry

tasks. Therefore, the more a contractor produced, the more he earned.

The administration board managed the supply of materials and use of heavy equipment, coordinated the activities of contractors and controlled the quality of construction. Contractors trained their own teams which meant that the construction programme also operated as a training programme for local unskilled and semi-skilled workers.

and development of the area. In the conventional layout, maintenance and development of streets and other public spaces is normally carried out by the local authority and costs are recovered from residents through service charges. However, a small group of families sharing a semi-private forecourt which they identify as their own, could pool resources such as



ASPECTS

"Many of the contractors building in Kanyamazane today began as employees of other contractors," says Ken Finlayson. In addition to actual building work, contractors who have specialised skills have undertaken other aspects of the development such as main-sewer and water-pipe laying, plumbing, painting and glazing.

basic shape was different. They had additional windows, which were larger, and cost about 10 percent more. Series three — were 59 cm in area. They were slightly larger and had a different roof. They also had more windows, some of them bigger than usual. The overall cost was about 20 percent more than the 51/9. "As the contractors have gained experience they have gradually been trained to assume greater responsibilities in the development programme. This use of small-scale enterprise is proving particularly valuable in promoting economic development in the local community. The system also makes it possible to build at very low cost," he says.

TYPES

The NBRI team found two basic types of house existed in Kanyamazane. Most common was the standard four-roomed house built by Government, known as the 51/9, while there were also a few owner-built houses. "Attractive as the individualised self-build approach appeared, it

Potential home owners at Kanyamazane are given the opportunity to discuss their priorities.



A forecourt concept was introduced to involve home owners in the area surrounding their homes as well as the communal space. It has encouraged the development of gardens and safe play areas for children.

residents may now also build small flats (to approved standards) for sub-letting. Or, small shops and offices. This could offer a means of supplementing income and contribute to local economic development.

DECIDE
In the Kanyamazane project the company provided more money per house than its basic cost: the difference was called a "bonus" and each family could decide what improve-

between other houses in the neighbourhood. Examples of each of these house-types — together with some variations — were built both in grouped and dispersed situations. Families then made their choice from among these combinations of location, site and house-type. The procedure for making this choice was arranged in collaboration with the residents. Each family had the chance to see the range

company management, employees from the technical and personnel sections of the company and the NBRI. This has helped ensure that preferences have been catered for and individual problems resolved. Many of the families who have moved into the new houses — sometimes from temporary shelter — have found themselves spending on new furniture and fittings. The community aid centre has offered

...were public few people seemed to take an interest in the environment beyond their front boundaries.

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It was therefore decided to re-plan the neighbourhood. A forecourt concept was introduced. In this, houses were grouped around semi-private forecourts of varying shapes and sizes — each with its own character and identity.

Access to the forecourts was created from a main distributor road which could take bus traffic.

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encouraging results of the experiment has been the obvious pleasure and pride residents have shown in their new homes," says Des Kaplan. "You can see it in the care they take with their gardens and with their own individual furnishings. We understand, too, that others in the Kanyamazane area have visited the project."

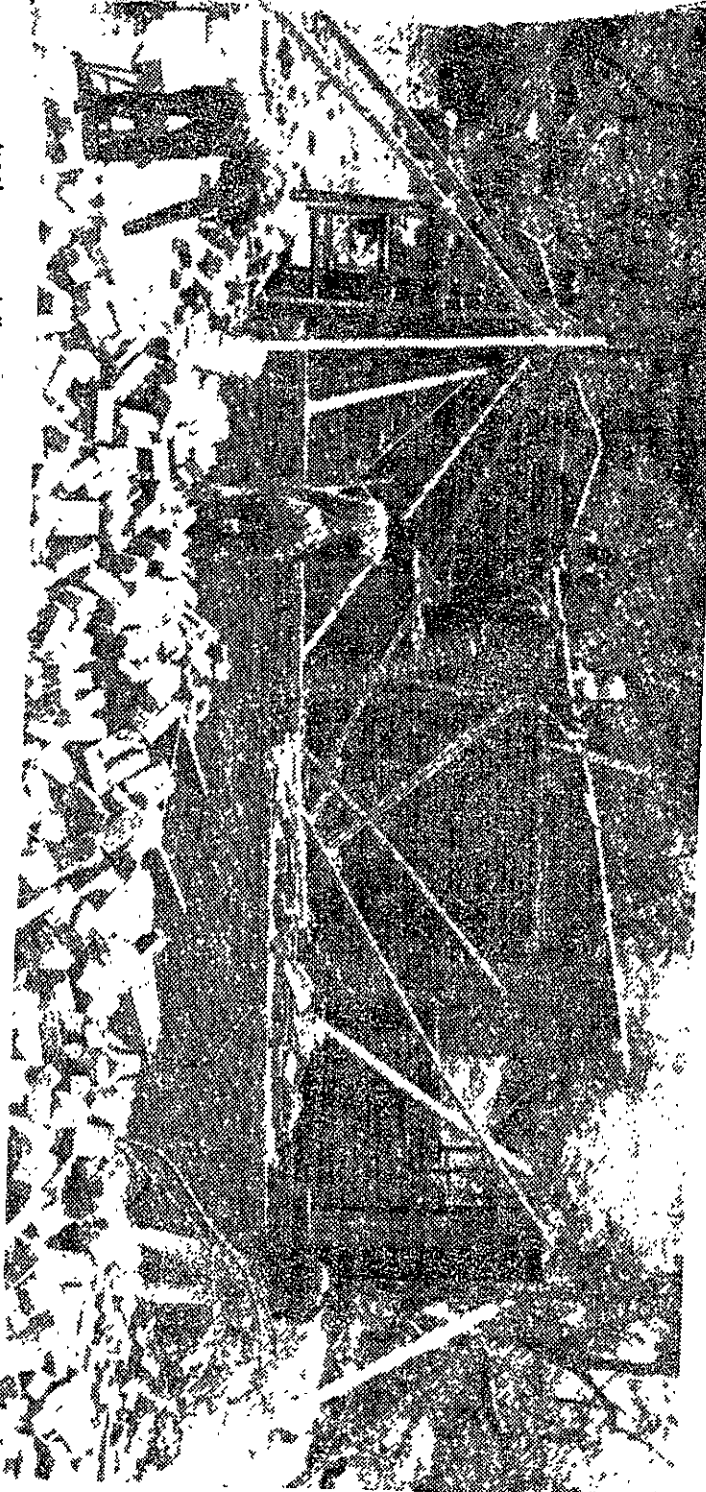
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Black contractors specialised in different fields are involved in all the building and construction at Kanyamazane.

Overall this generated a good deal of negotiation and discussion," says Ken Finlayson. "Most of the participants gained their first choice and, of the rest, more than half obtained their second choice."

"This introduction of choice and involvement in decision-making helped make it possible to satisfy priorities and cater for individual preferences," he says, "not only in the selection of basic houses but also later when each family decided how to spend the bonus."

Most people opted to spend part of their bonus on short-term priorities such as internal doors for privacy. They preferred to live in their homes for some months before deciding on improvements such as ceilings, plaster and extra rooms.

Many site development activities such as gardening and the erecting of boundary walls began immediately the families moved into their new homes.

These were financed largely from personal savings. So, aside from the bonus, people were also prepared to invest their own funds and equally important, their own labour in improvements. In this way they contributed additional private sector resources to the development.

Everyone taking part in the experiment chose first to have electricity installed.

This left a "bonus" that varied from about R300 for the Series one house (enough to build a small extra room) to R100 for the Series three house (enough, for instance, to install ceilings).

In each phase of the project the exercise of choice by residents played a valuable part. For instance, one third preferred living together as a group while the rest wanted to be dispersed.

One group of houses was therefore built around one of the forecourts and the remainder on sites

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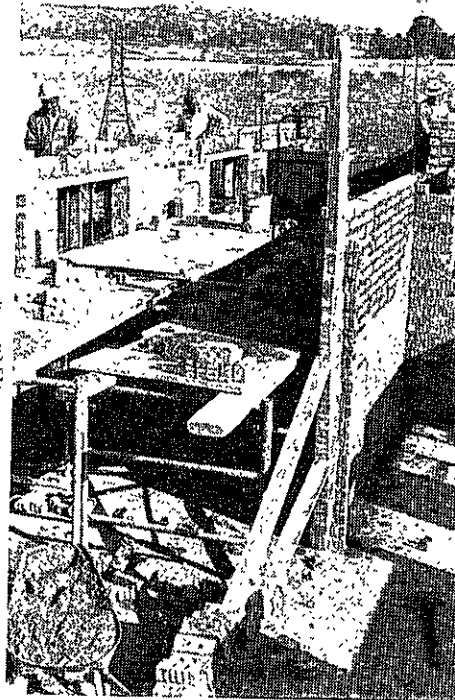
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Mortality rates greater than 5/1 000 appear in italics in Table I. For all of these major causes of mortality, the Asian and 'coloured' mortality rates exceed those of the whites.

However, in this context, what requires emphasis is that by using the major disease classification a certain amount of detail is lost. For example, despite the fact that the overall rates for diseases of the circulatory system are comparable for whites, Asians and 'coloureds', within this broad category the mortality rates for specific diseases vary markedly. Table II provides the proportional contribution of the major circulatory diseases for the whites, Asians, 'coloureds' and Africans. Whilst Ischaemic Heart Disease is the major Circulatory Disease in the white and Asian communities, Cerebrovascular Diseases are the major cause of Circulatory Diseases in the 'coloured' and African communities.

Similarly, if the Accidents, Poisoning and Violence category is examined in greater detail, the differences are the

the South African population from all contribution of the seventeen major diseases of the Classification of Disease (8th revision) various communities is summarised in Figure 7. Diseases being of minor importance of the Circulatory system (50,5%) being Africans and 'coloureds', infectious and parasitic diseases contribute to the overall mortality with diseases of the respiratory system and Parasitic Diseases, diarrhoeal diseases being of importance. The 'coloureds' combination of 'developed' and 'underdeveloped' death rate from enteritis and diarrhoeal diseases in the



Building a better profit base

Blajohn's earnings have slipped consistently from 24,7c to 12,2c (on an adjusted basis) in 1978; and margins were pared from 11,9% to 6,6% as management battled to hold turnover virtually static at R39m.

During the industry trough, Blajohn laid the foundations by rationalising operations and gearing itself for even a slight increase in demand. Also, the attrition amongst its competitors, first noted in 1977, must have escalated further, leaving Blajohn with a free hand to lift mark-ups.

If Blajohn can maintain current levels of profitability it could earn more than 30c this year. And if cover is retained at 2,4 times, there could be a total dividend of 12,5c for a 25% improvement and a prospective yield of 11%.

Holding company, W F Johnstone owns 84% of Blajohn and has little else which could influence its fortunes. Last year it passed on the full benefits of Blajohn's improvement, paying a dividend of 30c (15c) out of earnings of 70,4c (30,9c).

Financial Mail September 21 1979

males and females, a difference which is largely attributable to the high infant mortality rate in this community. It is also noteworthy that Asian females have the worst expectation of life at age 45 of the three communities, which is in marked distinction from both males and females at 60 and males at 45. The fact that for the 65+ age group, Asian women have the highest mortality rates for respiratory, circulatory, digestive, genito-urinary and ill-defined causes of death (Table I) may contribute to this anomalous situation.

Fig. 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality associated

Building beneficiary

One of the more surprising recoveries last year was posted by Natal building materials supplier, Blaikie-Johnstone. Although there has been only a slight upturn in building activity so far, which appears to have been evenly spread between the provinces, the extent of Blajohn's turnaround is considerable.

For the year to end-June, group pre-tax

Financial Mail September 21 1979

profit rose by 99% to R4,1m (R2,1m). At the attributable level, the increase was 100% to R2,4m. But, since retentions rose by a more moderate 40% to R1,4m (R1m), earnings per share leapt 140% to 24,2c (10,1c). Out of this an 82% higher dividend of 10c has been declared.

At the interim stage, attributable profit was 175% ahead at R880 000. So, in the second period the recovery accelerated significantly with R1,5m being earned, nearly double that of the first half.

Admittedly, the improvement is from a low base. But it is better than could have been anticipated given the nascent recovery in the building industry. Since 1975,

Given a 25% improvement this year Johnstone's prospective yield would be 14%.

While both are tightly held, so far this year 126 000 shares in Blajohn and 45 000 in Johnstone have been traded, the latter is more attractive on yield considerations.

noted that despite the relatively minor proportional contribution of circulatory diseases in the 'coloured' community, these diseases are higher than those of the whites. apparent inconsistency is that the mortality rates for circulatory diseases are so high that they effectively swamp the white community, the mortality rates for most causes being low, the importance of the Circulatory diseases being exaggerated.

Cracks threat to SA N-plant

32

STAR

22/9/79

By Kevin Murray

Cracks have been discovered in metals used in French nuclear reactors — reactors similar to those in South Africa's first nuclear power station being built at Koeberg, in the Cape.

The cracks were discovered by the French construction firm building the Koeberg plant.

Asked whether this would hold up the building of the Koeberg station, Dr J W L de Villiers, president of the South African Atomic Energy Board said he could not comment.

He said the board would request information on the cracks from the French engineers building Koeberg.

Nuclear industry leaders in France say the cracks found there could lead to a disaster worse than the accident at Three Mile Island in America last March.

They told a Press conference in Paris yesterday they had found major defects in the steel alloy used in the construction of their reactors.

Union leaders have urged the French Government to stop three new nuclear power stations from going into operation until all necessary checks have been made.

Threatened

They threatened a strike unless French authorities gave them a satisfactory answer soon.

Dr de Villiers said: "The board will ask to see reports on the cracks to take follow-up action in South Africa."

"We have South African officials doing quality control checks at the construction works in France and will not allow these materials to be used here if they are found to be unsatisfactory."

Scientific

He could not understand exactly what the union leaders were talking about: "They have not gone about this in a very scientific

Building industry optimistic

32
STAR
27/9/79

The business mood in the building industry has turned more optimistic, but rising costs are likely to dent activity during the rest of this year and in 1980.

In its latest "Building Survey," the Bureau for Economic Research of the University of Stellenbosch warns, however, that contracts will not be adequately compensated against rising costs — even though tender prices are likely to rise.

As most indicators point to at least another year of economic growth, "one could expect the acceleration in building costs to remain during 1980 at, or near to, record levels," the bureau adds.

INDEX

BER's building cost index shows a 15,8 percent rise in the second quarter of this year, compared with a year ago, while the index for building material prices showed a 17,7 percent increase to June. Labour costs registered a 5,4 percent rise for skilled and a 7,8 percent rise for unskilled.

Public spending and the benefits of the March Budget are beginning to be felt within the economy, and the total of non-residential building plans approved during the first half of this year rose

by 42 percent. On the surface, then, prospects for the building industry appear to be the best in years.

But there are signs which cannot be ignored. The effects of "bottling up" price rises when the industry was depressed must be felt as the business mood improves. The moment that competition in tendering returned to normal, the opportunity to include bottled-up costs recurred.

The slowly hardening building costs leapt from the 5,5 percent annual rate during the last quarter of 1978 to 11,9 percent in the first quarter this year and to 15,2 percent in the second. The preliminary figure for the third quarter is 18,2 percent.

The supply of labour and materials are other factors on the horizon.

The bureau says: "The loss in labour during the past recession has been severe and... this labour usually does not return to the industry. Although the industry wisely retained their training centres, the intake of apprentices dropped.

"These combined effects augur no good at all for the availability of labour as demand for new buildings speeds up."

Building bustles as costs rise

Rom
29/79
37/42

By HAROLD FRIDJHON

THE BUSINESS mood in the building industry continues to improve, according to the September building survey produced by the Stellenbosch University's Bureau for Economic Research.

Contractors, sub-contractors, manufacturers and merchants are all expressing optimism although the enthusiasm of contractors appears to be waning as they are beginning to encounter "bottlenecks" in the form of a shortage of artisans and, most surprising, unskilled labour.

Referring to the Witwatersrand area, the survey says the shortage of unskilled workers is "real notwithstanding the high black unemployment rate".

It is expected that building costs will continue to rise as the general upswing gathers momentum. Compared with the figure of a year ago, the BER building cost index for the second quarter of 1979 has gone up by 15,8%, and the preliminary figure for the third quarter shows the increase going up to 18,2%. It is at outpacing the CPI index — as it usually does in a period of boom.

Building prices to the public can be expected to rise even faster than costs as the easing

of competition in tendering is enabling contractors to recover overhead charges which they had been prepared to forego when conditions in the trade were more severe.

Another definite factor which is affecting the cost structure is a shortage of materials and a decline in productivity which is a by-product of a scarce labour situation.

The BER sees more work coming to the building trade from manufacturing industry. It says that although most industries still have some surplus capacity, some are operating near to full capacity and many firms must be considering increasing their investment.

This surmise is borne out by the 42% increase in the total of non-residential building plans approved during the first six months of 1979, compared with the similar period of last year.

And a closer examination of the non-residential category reveals that "manufacturing and other buildings" contributed more to the growth than "commercial" buildings.

The BER observes: "This is a complete reversal of past trends and further strengthens the expectation that new private investment will at last start to accelerate."

Fig. 6 Life Expectancy - Whites and Coloureds



shaft sinking, tunnelling, structural steel fabrication, high rise and mass housing, air conditioning, mining equipment and food. Directors hold 5,8% (7,1%) of the ordinary shares. Chairman: J D Roberts; deputy chairman: D F Baker.

Capital structure: 20,6m ordinaries of 50c 400 000 6,75% red cum prefs of R1. Market capitalisation: R87,6m.

Financial: Year to June 30 1979. Borrowings: long- and medium-term, R36,1m; net short-term, R12,1m. Debt:equity ratio: 59,8%. Current ratio: 1,2. Group cash flow: R27,1m. Capital commitments: R12,8m.

Share market: Price: 425c. (1978/79: high, 430c; low, 235c; trading volume last quarter, 180 000 shares). Yields: 19,4% on earnings; 6,9% on dividend. Cover: 2,8. PE ratio: 5,2.

	'76	'77	'78	'79
Return on cap %	25,6	24,6	20,3	20,7
Turnover (Rm)	521	522	588	704
Trading profit (Rm)	24,0	25,5	22,8	26,4
Gross margin %	4,6	4,9	4,8	4,7
Earnings (c)	62,9	63,7	67,5	82,4
Dividends (c)	22,5	23,5	25,5	29,5
Net asset value (c)	310	367	402	445

Diversification, including increased profits from recent acquisitions, has cushioned the effects of a tough year for this group which once relied entirely on building and civil engineering work for its income. Activities other than construction in fact contributed 51% to this year's profit - a marked improvement from the 35% and 41% of 1977 and 1978.

But while the company has spread its investment to cover a wide area outside the construction industry, the split of profits is not necessarily destined to continue sliding away from construction. Outgoing chairman Douglas Roberts predicts that construction turnover and profits, including that from overseas operations, will increase in the current year as "order books are larger than they were this time last year."

In softening the impact of construction industry cycles, already eased to some extent by the decision to increase the geographical spread of its activities, the company has been able to increase gearing, raising debt:equity to almost 60%. This compares with 25% in 1977 and 45% in 1978.

Although the company appears to maintain an active interest in expanding its overseas interests, borrowing locally to finance any further foreign developments is probably out of the question. With R10m available, local acquisitions are likely to be made for cash. To handle this new phase in the company's development, management has been restructured to give more divisional responsibilities.

This will place the spotlight on such problem areas as specialist services, the construction products supply company, and the property division, which has over R30m worth of land on its books but has



M&R's Baker . . . spreading the net

been restrained in its performance by the economic climate.

Although heavy borrowings for overseas acquisitions are unlikely, the company could further increase debt to fund additional working capital requirements. Group cash flow, at R27m, would probably be strained should turnover move much higher and debtors climb at the same rate as last year's R14m increase to R55,3m.

M&R's accounting policy tends towards conservatism, thus the R2m write-down of non-distributable reserves as a result of a triennial property revaluation and the transfer of associated company retained surpluses to non-distributable reserves. It is thus surprising that the directors have come to the "preliminary" view that adopting inflation accounting principles "is inappropriate to the construction industry and to certain non-capital intensive operations." Certainly the year's R9m depreciation of plant and equipment valued at R33m is a significant write-down. But any need to add to equipment as a result of more construction work could throw up weaknesses in the 2,8 times cover.

Historically the group's performance justifies the 5.2 PE ratio while on projected earnings, the share has merit. With a 10% increase in dividends, the share offers a prospective yield of 7.5%.

These reports appear after a was the latest available at two series, one for whites, country, and one for Africa, comprise the main urban area:

In 1974, there were 34 974 deaths in a population of 4 'coloureds', death registr. total African population for On the basis of a crude death Africans for the country as Since the Births, Marriages 1970, the registration of A Bantu Administration and Dev Bantu Reference Bureau registered about 100 000 deaths. Thus, report for the selected urban areas accounts for 31 410 deaths. about 100 000 residual deaths are not categorically divided in urban or

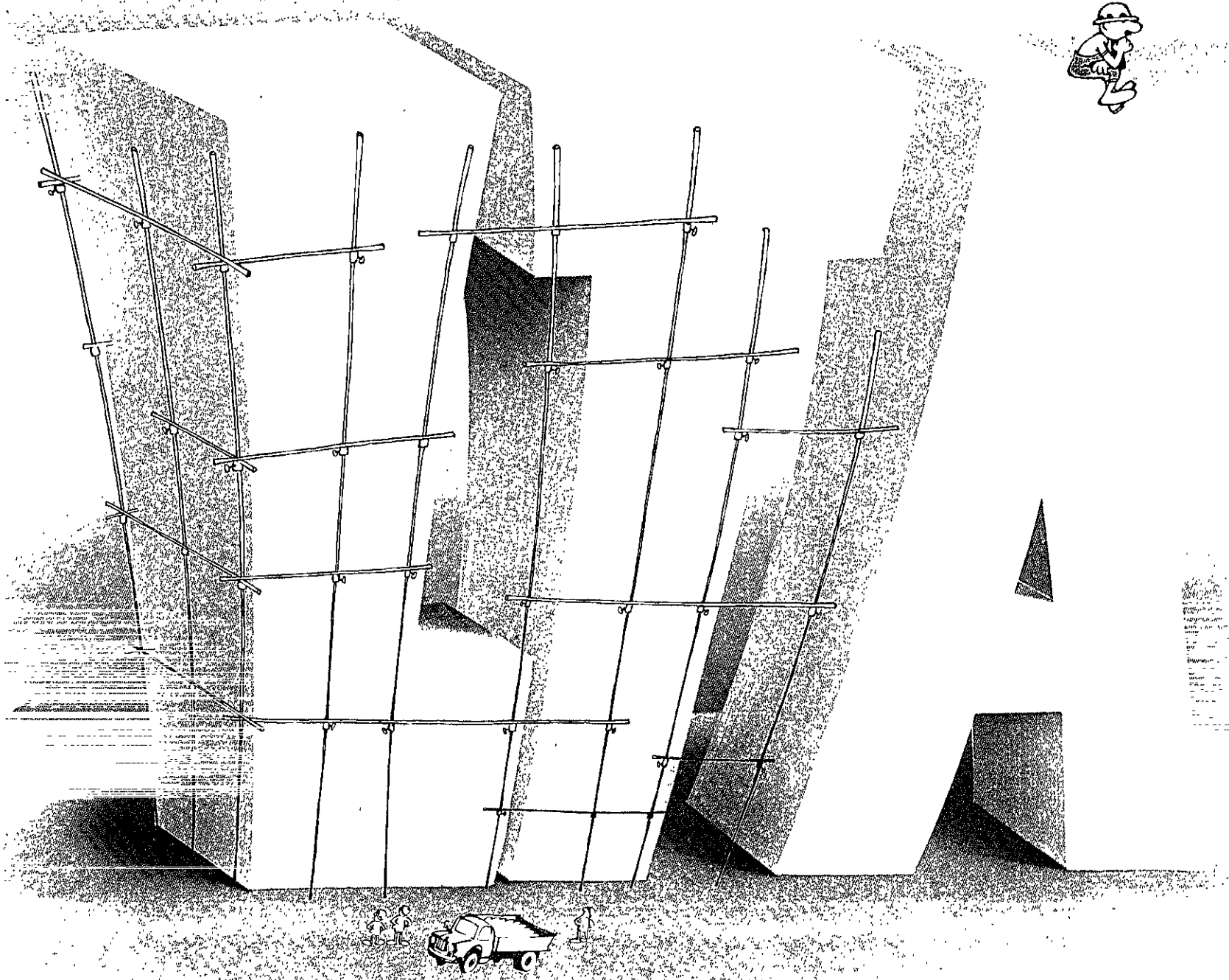
mortality data is of particular importance of certain predominantly infectious ited collection of hospital inpatient statistics morbidity data is

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Activities: Holding company for Roberts Construction and Murray & Stewart Activities include civil, electrical and mechanical engineering,

Time for reflection...

A special survey. Supplement to Financial Mail. October 5 1979



Rinsky #
F. Stoltz

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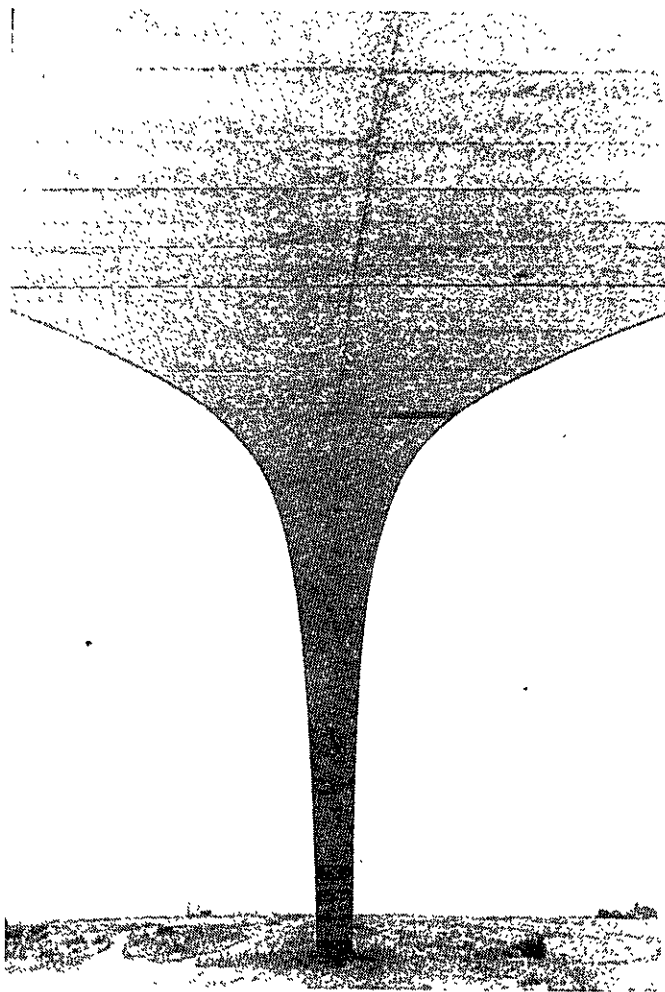
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LTA Survey: Supplement to Financial Mail October 5 1979

(JWT) J WALTER THOMPSON 7144/FM



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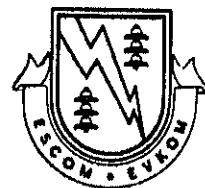
But electricity isn't all Eskom generates. It contributes to the development of all people in South Africa.

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Breviloquence (brɪvɪˈlɒkwəns), rare, 1656. [*-l.* *breviloquentia*, *f. brevis* short + *loquentia* speaking.] Brevity of speech; laconicism. So **Breviloquent** *a.* 1656.

Brevity (brɪˈvɪti), *n.* [*-l.* *brevitas* shortness, esp. as used in speech.] The being short in speech or writing. *n.* 1509. **3.** Shortness in other relations (*are and foreed*) 1597.

2. Since Breutle is the Soule of Wit. I will be briefe *Hamlet*, II, ii, 90. **3.** *2 Hen. IV*, II, ii, 135.

Brew (brʊ), *v.* [*OE. brēowan* = *OFris. *brūwan*, *OS. brewuan* (Du. *brouwen*), *OHG. brūwan*, *hrūwan* (G. *brauen*, *bräuen*), *ON. brugga* :- *Gmc. *breu(w)an.*] **1. trans.** Properly: To make (ale, etc.) by infusion, boiling, and fermentation. Also *fig.* **b.** To convert (barley, malt, etc.) into a fermented liquor *ME.* Also *absol.* † **2.** To mix (liquors) -1641. **3. transf.** To make by mixing, as punch; or by infusion, as tea 1626. **4.** To concoct, contrive, cause *ME.* **5. intr.** To be in process of mixing, concocting, etc. *ME.*

1. She brewes good Ale *Two Gent.* III, i, 304. **b.** O Willie brew'd a peck o' mant *BURNS*. **4.** To *b. hale* *ME.*, bitterness *LANGL.*, some notable matter *GOLDING*, a storm *FALCONER*, plagues *SOUTHEY*.

Comb.: b.-house, a brewery.

Brew, sb. 1510. [*f. the vb.*] The action of brewing; the beverage, etc. brewed.

Brewage (brʊˈɛdʒ), 1542. [*f. BREW* + *-age*, *com.* in origin w. *Fr.*]

1. One who brews. **2.** A concocted liquor. **3.** A brewer's shop. [*-ER*.]

1. One who brews. **2.** A concocter of 1563.

Brewery (brʊˈɛrɪ), 1657. [*prob. - Du. brouwerij* (whence *f. brauerij*); earlier *brew-house* *NV.*] **1.** A place or establishment for brewing; formerly called a **Brewhouse**. † **2.** The process or trade of brewing -1796.

Brewing (brʊˈɪŋ), *obl. sb.* 1407. [*f. BREW* + *-ing*]. **1.** The action, process, or occupation described under **BREW** (various senses). *fig.* Concoction 1515. **2.** The quantity brewed at once 1626. **3. Naut.** A collection of black clouds betokening a storm. Also *attrib.*

1. Grey brewing, small drinke 1582. **b.** I have an *Edinburgh* article in *b. AFFORD*.

brimber beg, be a mendicant; † **1. trans.** To take dishonestly. Also † *absol.* **2.** To reply, by a consideration, th. Also *absol.* **3.** To purchase † **4. fig.** To gain over by some.

2. To b. a trustee is to be guilty of a breach or an abuse of trust. He frowned, hulled, and bribed.

3. Heless, *a.* 1608. [*f. from bribes*; incorruptible (bra bad). *ME.* 1608. *brimbere* beg (verb; see *-ER*.)

4. Heless, *a.* 1608. [*f. from bribes*; incorruptible (bra bad). *ME.* 1608. *brimbere* beg (verb; see *-ER*.)

5. Heless, *a.* 1608. [*f. from bribes*; incorruptible (bra bad). *ME.* 1608. *brimbere* beg (verb; see *-ER*.)

Bribe (braɪb), *n.* [*f. from bribes*; incorruptible (bra bad). *ME.* 1608. *brimbere* beg (verb; see *-ER*.)

1. To give or offer to a voter or official to influence his vote or action. [*arch.*] The offer or application of money or other advantages to gain an election or to influence the action of a voter or official. [*arch.*] The offer or application of money or other advantages to gain an election or to influence the action of a voter or official.

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79/JS200/782/BW

Foreword

Building huge bridges, dams, office towers and power stations demands leaders of unusual courage, vision and humanity. SA has not been short of them. Many have their memory preserved in companies still bearing their names — companies that often are among SA's largest profit-spinners.

Others have been less fortunate. The companies they formed and lent their names to have merged to form major, but anonymously named groups. The absence of individuality in their names has them only dimly perceived by the general public.

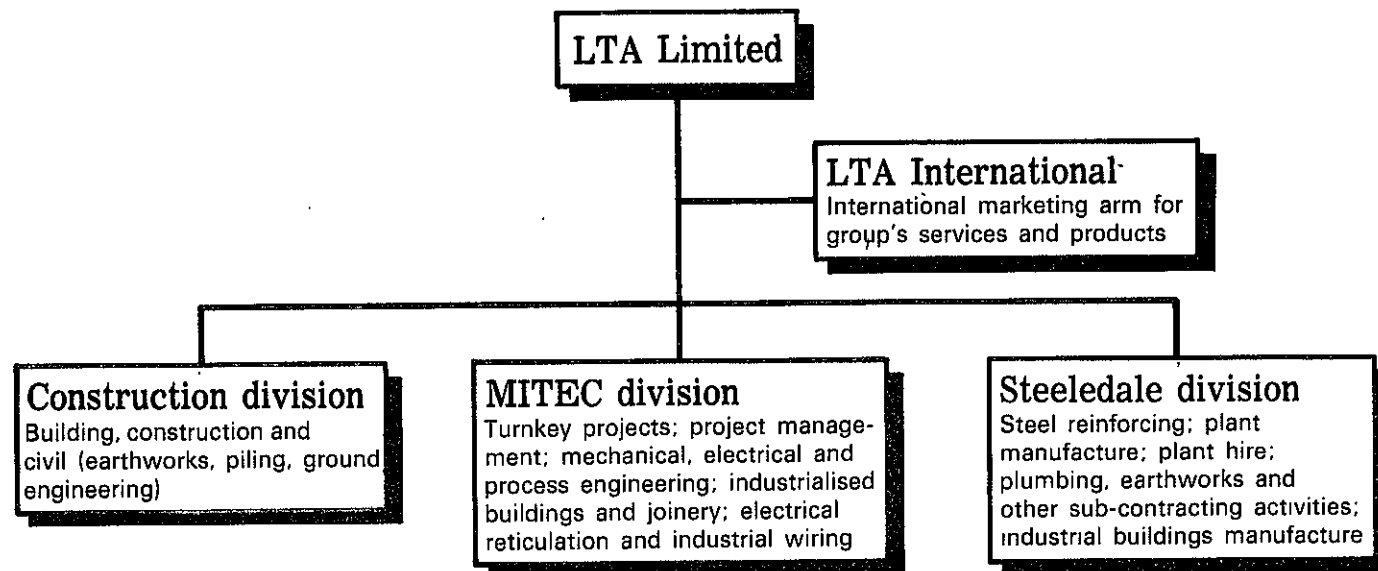
Such a group is LTA, the result of a merger in the mid-Sixties between three companies whose works, found throughout SA, were already impressive. Since then, the group has grown mightily. Today, it is close to making as much profit from construction and related activities as any other group.

Yet comparatively little is known in the broad business community about a group that is ranked as a JSE blue-chip, employs 20 000 people, is currently working on some of SA's largest projects and last year made a taxed operating profit of R7,7m. That's because LTA has acted almost shyly about its achievements (following the style of its controlling shareholder, Anglo America).

By now, though, it is 90 years since James Thompson, the oldest company to help form LTA, opened in Johannesburg as a carpenter's shop. That makes it way overdue to learn what has been happening during those years and where LTA is heading.

Hence this Survey.

CONTROLLED SPREAD



The long trek from Durban

Anyone can turn five bob a week into R400m a year, in masses of talent, incredibly hard work and enough time . . . say 90 years

of thousand years ago a Roman asked how he planned to immortalise his rule, took in the city below him a broad sweep of his arm and said, "Hell, man, if it's monuments you want, look around you."

and gestures are not part of LTA's Indeed, though part of an industry where corporate egos tend to grow in step with turnover, it offers the general public a surprisingly low profile. Yet it has many engineering and construction achievements to guarantee it a leading rôle in the development of southern Africa's hydro-electric schemes, uranium and thermal power stations; soaring office towers and sweetly curving roads.

Together, these have pushed back technological frontiers and set new standards in construction management. Clients and construction experts have responded enthusiastically. Group turnover has exploded from R25m in 1965-1966 to about

R400m last year.

Skilled men seem increasingly aware, too, that LTA's management philosophy offers them tough challenge on the one hand, ample awareness of their human needs on the other. Given the shortage of engineers SA seems bound to suffer once economic recovery is well under way, LTA's attractions as employer augur well for its ability to expand.

Where to trace the roots of that management philosophy? In the make-up of current chairman Dr Zac de Beer and MD Mike Ridley — both humane men anxious to keep a strong team performing well without any member burning out? Or much further back, in the tough-early experiences of the founder of the oldest company forming part of LTA?

James Thompson left school at the age of 12 in Durban to become an apprentice carpenter. His starting wages were five shillings a week, supplemented by his boss with one shilling pocket money. Even in

1878 for a boy so small that he had to stand on several planks to be able to work at the bench, that was hardly riches, especially as the five shillings were taken by his widowed father to help feed a family of eight.

On becoming a journeyman carpenter five years later, his wages rose to three pounds a week. Slack times in Durban saw him trying his luck in Barberton, then walking 250 km to Lourenco Marques, then finally by mule wagon (allaying boredom by memorising long passages of Sir Walter Scott and Oliver Goldsmith) to Johannesburg.

He arrived in Egoli in 1887, and began working for five pounds a week. Two years later he branched out on his own. By the time the Anglo-Boer War broke out, he was employing more than 70 carpenters. But he joined them in working up to 14 hours of every day of the week.

His premises were on the corner of Main and Rissik Streets. In 1906 he offi-



Thompson-built Parktown mansion . . . valuable long-term relationships with mining houses



NOVOBORD SALUTES

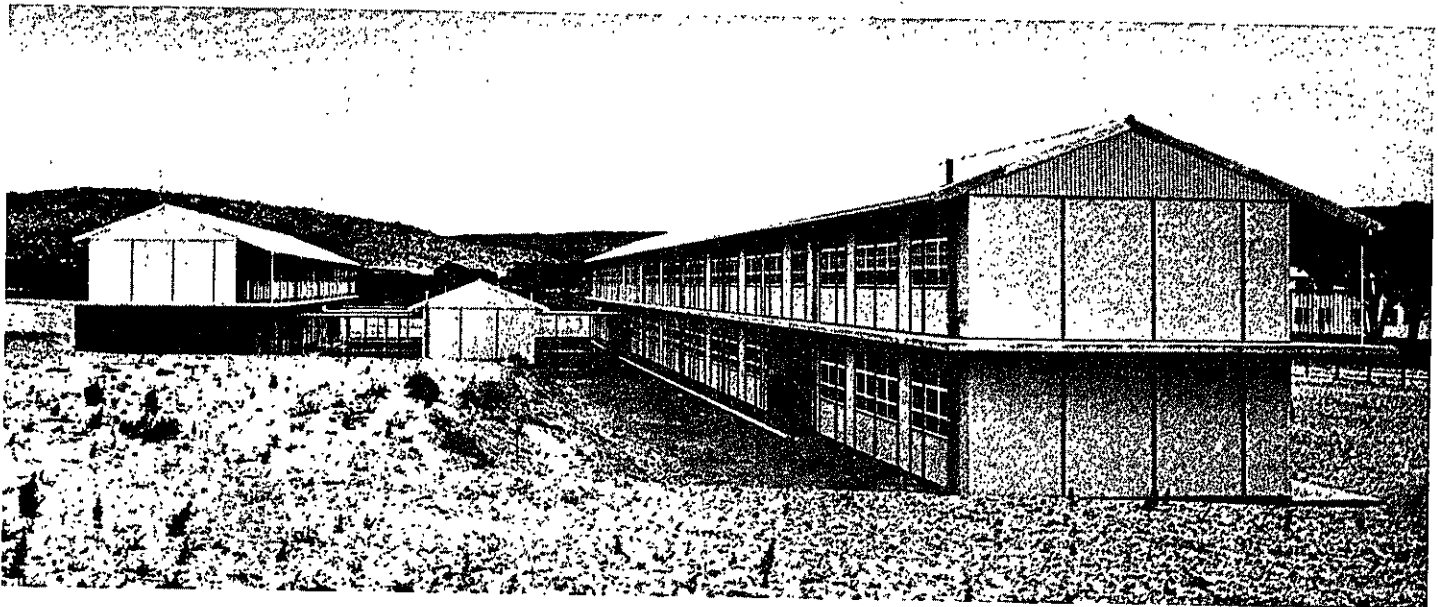


NOVOBORD'S association with LTA extends over a quarter of a century, involving thousands of contracts, and many members of the LTA Group. Close relationships have been formed over the years and the joint expertise has resulted in many profitable ventures. We are proud of the unique relationship which has been built up over the years and we look forward to many more years of co-operation.

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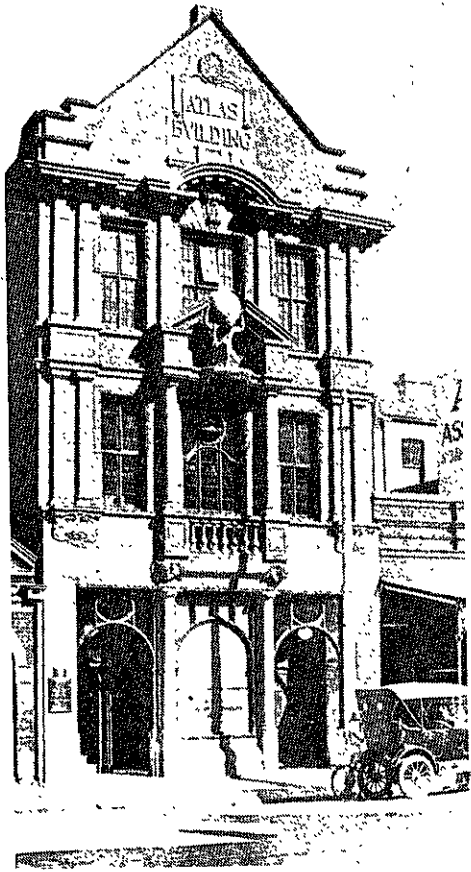


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cially valued the stand at six thousand pounds.

The following year he was elected mayor of Johannesburg. By then he was the Transvaal's biggest building contractor, carrying out many contracts for Consolidated Goldfields and architect Sir Herbert Baker. For the latter he built the Supreme Court in Johannesburg's Von Brandis Square, and a Parktown mansion, *Northwards*, that eventually became the home of the Albu family.

Other mining magnates had him build mansions for them, including Sir Lionel Phillips whose *Arcadia* eventually became a Jewish orphanage. Today, LTA men can look down at it as they work on the site of the new Johannesburg Academic Hospital.

Thompson had two sons, Mark and James. Both began their careers in their father's business as apprentice carpenters, and later, as managers, helped extend it to Bloemfontein (building Grey's University College, the Appeal Court and Reserve Bank), Pretoria, East London and Port Elizabeth.

The business was not, however, turned into a limited liability company until 1931. In 1937 its founder died.

His sons clearly inherited all of his drive, extending the company's activities into steel fabrication, industrial joinery, plumbing and so on. But building and civil engineering remained at the core. One of the company's main achievements during World War II was building the giant Baragwanath Military Hospital (now, of

course, of vital importance to blacks living in Soweto).

Meanwhile, the company had kept its links with the mining industry. In 1939 it built Union Corporation's Johannesburg head office and, for Anglo American, those sombre monuments to mighty capitalism, 44 and 45 Main Street.

Anglo's advice was sought by Thompson's board when it wanted the company to go public in 1951, and Anglo decided to take up a small part of the public issue. By then the company had completed about R4m of work for Anglo and others in the new Free State gold fields (mainly mass housing) and was also making a name for itself in Johannesburg as a skilled erector of high-rise concrete-frame office and apartment blocks. Later it branched out into pre-fabricated houses made from wood, fibreglass and plastics; pumps and petrol tanks for the oil industry; road-building (it was already well established as a bridge builder) and mechanical and electrical engineering construction work.

Meanwhile, another construction company was also winning accolades and ever expanding profits. Lewis Construction was launched by a young Australian, Harold Schwarzer, in 1931 on behalf of Sydney-based Concrete Constructions. His initial funds, most of them bank overdraft at that, were little more than R12 000. By the time Lewis helped form LTA in 1965, its shareholders' funds were worth R2m.

By then it had also become a leader in the construction industry. Indeed, its first job was to construct what was then SA's tallest building, the 12-storey Colonial Mutual Life office block in Durban's West Street. Thereafter, most of its notable buildings were in the more economically attractive Transvaal — Johannesburg's Jeppe Street Post Office (introducing diamond saws to cut its stone facing); Escom House in Rissik Street, at that

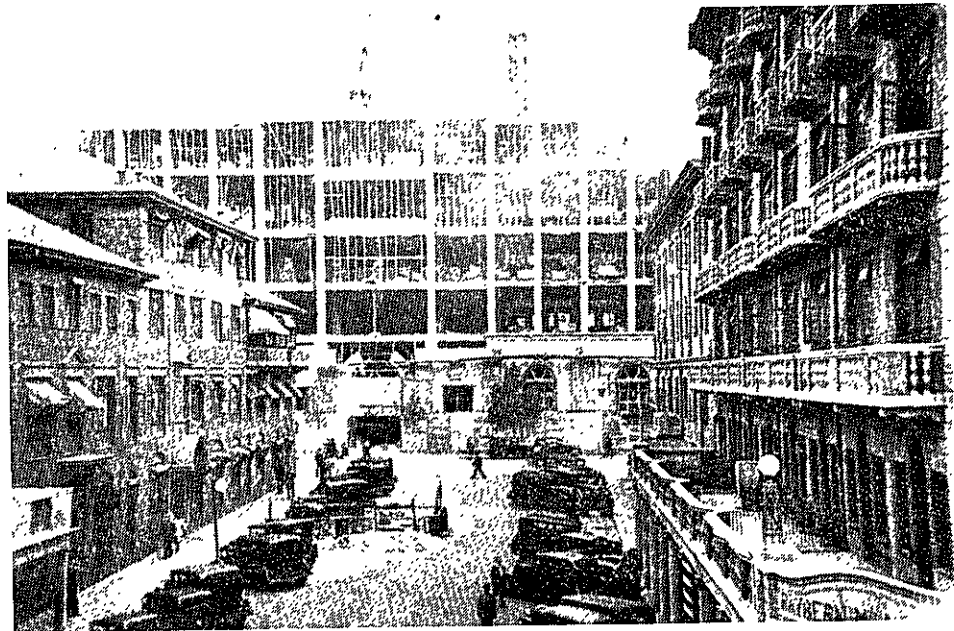
time Johannesburg's highest building; Johannesburg's cooling towers. The latter was only one of many power station contracts.

But though Escom was to Lewis what mining houses were to Thompson's, Lewis had other major clients. It built the Stuttford's premises in Cape Town's Adlerley Street; offices for Iscor in Pretoria and Vanderbijlpark; Maritime House in Johannesburg's Loveday Street (when completed in 1937 it was, with 540 offices and 16 shops, the largest commercial block in SA. Construction cost: R400 000); most of the Johannesburg railway station complex, from the Railways and SAA administration blocks to the concourse and Rotunda. Lewis also built Johannesburg's first elevated motorway (Sive-wright Avenue) and the Tower of Light in the Milner Park showgrounds.

During most of these years, Schwarzer was Lewis' chairman, with Tony Lewis as MD. In 1951 he and his fellow directors launched a separate company called Steeledale Reinforcing and Trading. Initially it merely cut and bent steel (and traded in it) to ensure a good service for Lewis' contracting activities. By 1964, though, it had expanded into the production of bolts for foundations, into structural steel work and into the manufacture of asphalt plants. Subsidiaries designed and erected scaffolding, imported building materials and were leaders in guniting.

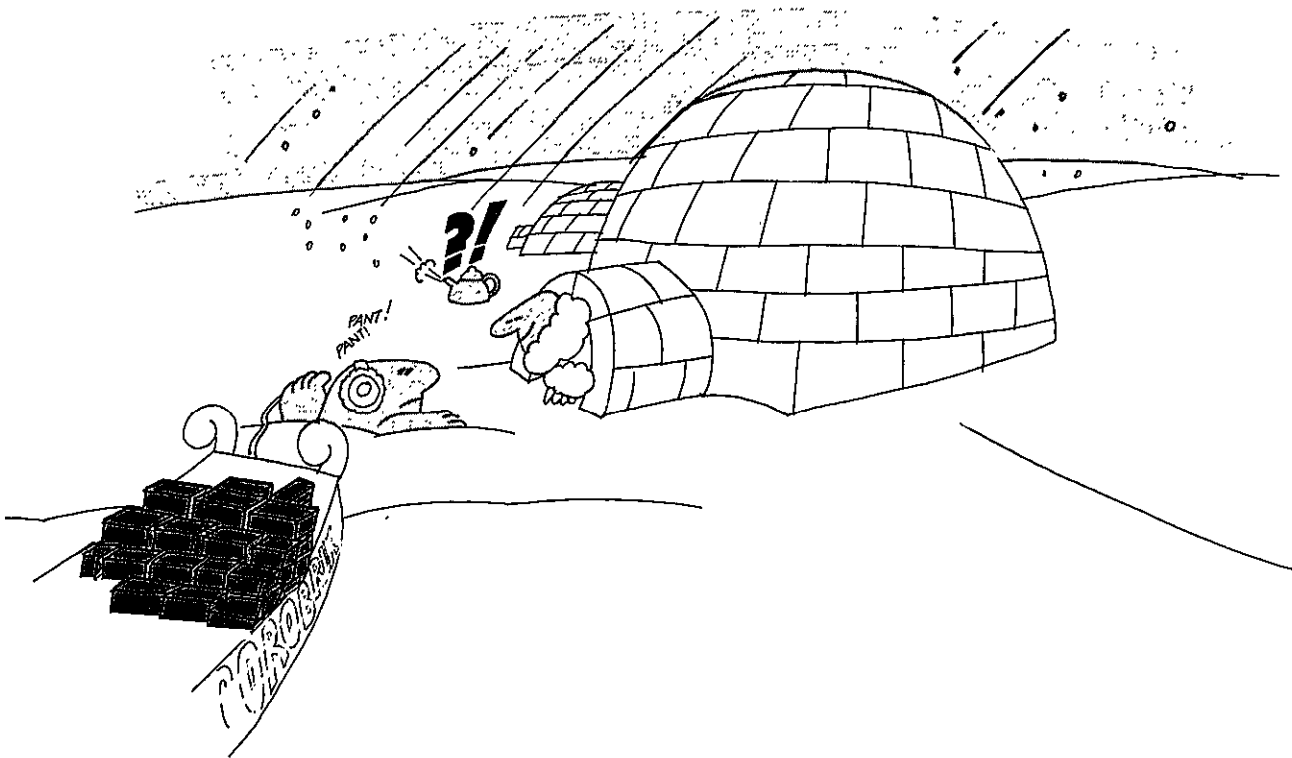
So much for the L and T in LTA. The A was provided by an Anglo American/Boart and Hard Metals company, Amalgamated Construction and Contracting (Amco). Boart and Hard Metals had prospered as a mining services company. By the mid-Sixties it was leading the field in diamond drilling, grouting, cementation and all kinds of underground civil engineering work.

Its contracting work was expanding so

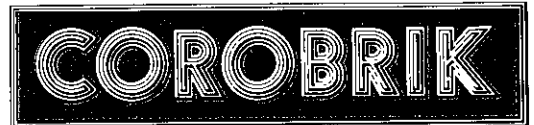


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"Take for example, the man who approached us recently. 65 years of age. Just retired. He'd received a large commuted sum from his pension fund.

"Fortunately, he realised he was in for a large tax demand and contacted us. We were able to extend his existing retirement annuity contract for one year and also increase his contribution to the maximum.

"Finally, we recommended investing his commuted sum in various tax-free plans. As a result he saved R12000 this tax year.

"But we could have saved him even more had he taken stock of his situation a little sooner. The fact is, it's never really too soon."

There comes a time in life when every man should step back and take stock.

It always starts so simply. An insurance policy and a savings account. Then a house and a bond. Provisions for retirement. And before you know it, you are on the road to a complex financial picture.

But being so much a part of the picture, it is difficult to step back and see your position as a whole. Even the financially well-informed will appreciate the need for specialist expertise when it comes to personal finance.

The Financial Analyst.

There is a man. He has moved up through the ranks of the insurance industry. He is a hand-picked man with a proven record of high-level consultation. He is the Old Mutual Financial Analyst.

Backed by Old Mutual's strength and experience, he also has special access to the abilities of experts in many related fields. The Financial Analyst can, therefore, advise you on much more than insurance.

He will be your stock taker.

Do your investments and commitments complement each other to best advantage? Could maturing investments create large tax liabilities? Does your will reflect your current wishes? Or are your dependants in for an unpleasant surprise in the way of



"We could have saved him even more had he taken stock of his situation a little sooner." – Mr. Deon du Plessis.

estate duty? What about the benefits of a family trust to hold assets? Have you co-ordinated your retirement plans? These, and many other questions, are considered by the Financial Analyst when he takes stock.

He doesn't pretend to know all the answers.

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Old Mutual's own wealth of expertise, and its close association with leading companies in all fields of finance, enables the Analyst to link the skills of top practitioners to the requirements of his clients.

The time to take stock of your personal situation.

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The Old Mutual Financial Analyst.

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LTA Survey: Supplement to Financial Mail October 5 1979

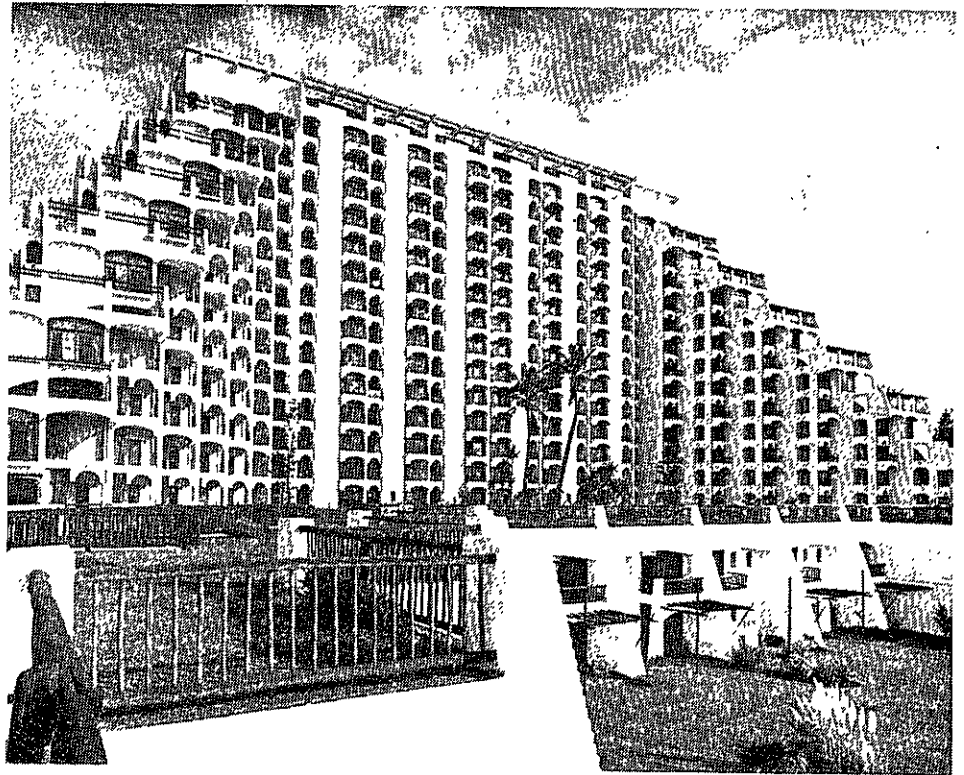
rapidly, in fact, that it decided to launch a separate company, Amco, in 1963. During the next year or so Amco worked for mining companies in SA, drove 6 km of tunnelling through the Valley of a Thousand Hills and, also for the Durban Corporation, built an intake structure for the Nagel Dam supplying water to Durban.

At the same time, it was in partnership with Lewis in Zambia, sinking shafts and performing other mining tasks as well as building tunnels and tailraces, sinking shafts and building a power hall for the Victoria Falls hydro-electric scheme. Together, Amco and Lewis were also putting up mass housing on the Copper Belt and in Broken Hill (now Kabwe).

In short, Anglo by now not only had its own rather specialised construction company, Amco. It also had men on Thompson's board. When Lewis also sought Anglo's advice in 1965 on going public, it therefore seemed opportune to merge the three companies, together with Steeledale which had common shareholders with Lewis. The rationale was synergy — getting units to achieve more together than when working separately.

The synergy argument is an attractive one. It promises shared overheads, a more powerful concentration of skills, a wider marketing network and tighter use of money.

Against this, though, is the risk of losing employees' emotional involvement. The cost of falling foul of that danger in the construction industry can hardly be over-estimated. And LTA might have been supposed to be particularly vulnerable to the danger. Both Lewis and Thompson were companies in which strong worker loyalties had been developed. It was unlikely that they would happily surrender the sense of identity that underpinned that



Holiday resort Cabana Beach . . . no rest for pyramid builders

loyalty. Nor, at more mundane levels, could it have looked easy in 1965 to impose standard accounting, reporting and tendering systems on the companies forming LTA.

In the event, some senior men did leave LTA during its first half-dozen or so years. Since then, however, it's been a story of remarkable growth — of income rising 16-fold, combined net assets soaring from about R5,5m to R39m, of after-tax attributable profits exploding from R1,5m to last year's R6,5m.

Today, the debt:equity ratio is down from 1976's 80% to only 40%, and yet the after-tax return on shareholders' funds is still a highly satisfactory 18%, especially in light of the recession of recent years.

The group, in short, could benefit greatly from a general economic upswing. How will it seek to do so? By staying within its present fields, despite the highly cyclical nature of the local construction industry? Or by deploying its powerful resources of men and money, as other construction companies have, over a far wider front?

Open in all seasons

From his office in 44 Main Street, LTA chairman Dr Zac de Beer offers his view of the group's strengths, targets and challenges

What do you see as LTA's main strengths?

First, it has developed very considerable contracting and trading skills. It also has much technical expertise, though we'd like more engineers than we have.

Then, too, it has learned to keep a very close eye on how money is moving. This has stood us in increasingly good stead during the years I've been associated with LTA.

Would these strengths persuade you to diversify as widely as some other construction groups have?

No, if for no other reason than that we

are part of Amic and therefore of the Anglo group. That makes us pretty closely related to companies already in fields into which we might otherwise wish to diversify. To do so could put us in an embarrassing position.

So the group will stay essentially in construction and must find its growth there. To continue doing that successfully, what areas need special attention?

First, the group must introduce new or improved technology. We are already tackling projects on a scale and of a technical difficulty that we wouldn't have

dreamed of a couple of decades ago. We wish to continue that kind of progress, but it raises the question of having highly skilled people in larger numbers than you literally (operationally) need, so that some can take time off for research, for mastering new techniques and so forth. That's why I say that we need more technical people than we have.

The other thing we must do is improve industrial relations. First, that means improving permanency in the industry. Its classic employment pattern is to set up each contract as a new business, hiring people specifically for it, then firing them

at the end when the contract is completed and the business, as it were, wound up. We at LTA are moving towards an ever-increasing permanency of staff, not only of highly skilled people but also of quite ordinary workmen. That serves certain humanitarian ideals, but primarily it has a business virtue. It's very difficult to rely on the skills and application of people employed for a matter of only weeks or months. We must increase the core of those who are permanently employed, though I'm not suggesting the construction industry can ever reach the stage where everyone in it is employed on a permanent basis. Ordinary, basic labour will probably always be casually employed.

But industrial relations means more than that. We must also improve organs of

through me since the shareholders will tend to be advised by me.

Apart from that, all you can do is talk on a regular basis to the chief executive and his working directors' — suggesting new management inputs, new policy directions. And then (I hope tactfully) keeping the pressure on to push them along.

What changes have, in fact, resulted in recent years from pressure from the top?

Under my predecessor, Gordon Waddell, a policy was introduced of financial conservatism and tighter organisational links. I've continued pursuing that policy, which has produced a far stronger balance sheet (we have, for example, considerable reserves in the form of under-valued work-in-progress) so that generally, if times go badly, we can hold out for a long while and, if they go well, we're in a very good position (apart from a shortage of skills) to take advantage in a pretty big way.

How much tightening of the organisational structure has been necessary?

A lot. Back in the late Sixties the links between LTA's various divisions were, to say the least, tenuous. The chairman and group administrative manager sat in the

middle and literally had to rely on the goodwill of the divisions for information of any sort. Each division had its own financial and personnel management and did its own thing. There was a group executive committee, but it was more a reporting body than anything else.

Now the group has executive and operating executive committees that meet frequently. When they do so, close attention is given by everyone to the problems of any one division. Full reporting is also done and contract tenders are approved at the centre so that the MD and his two deputies keep very tight check on what's happening all over the group, especially with regard to cash flow.

After all that, has LTA developed its own character as a group to distinguish it from others in the industry?

I can't know about other construction groups. But I do know that no member of LTA's top management has resigned during the past seven years. As a result, it has developed remarkable cohesion. Its members trust each other, speak their minds to each other and, occasionally, compete with each other for work in an open, honest manner. That, I think, characterises the group.



Chairman Zac de Beer . . . watchdog for profits and productivity

View from the top

In an office overlooking the M1 highway and Wits University, LTA's MD, Mike Ridley, talks quietly but articulately about the construction industry and LTA's future

FM: LTA has grown greatly during the Seventies. Where do you want to head it?

Ridley: Well, first we want to keep it growing steadily, at a rate consistent with the resources that we have or can find. Skilled people rather than finance are likely to be the limiting factor. We'd like to keep growing not only in construction, but also in mechanical and electrical engineering connected with contracting. We have no intention of diversifying outside that basic sphere.

We would, within that, like to concentrate increasingly, though not exclusively, on more difficult contracts which require more technical skill and less easily obtained plant so that we are operating in a sphere where one doesn't have unduly uneconomic competition, so often encountered at times in the straightforward building and civil engineering fields.

The availability of such work in Southern Africa on a reasonably consistent basis is less assured. We are therefore seeking to improve our ability to do that sort of work anywhere, particularly with reference to turnkey packages, including



MD Mike Ridley . . . eyeing the future

communication between management and the work force. The need for them is greater in this than in other industries because of its geographically extended nature and the *ad hoc* nature of each of its jobs. In saying this, I'm not for a moment questioning the necessity for conventional trade unions to negotiate wages and conditions. But the construction industry needs more, better communications than they can provide, if worker morale and productivity are to be strengthened.

Meanwhile, what can you as chairman offer?

Well, first of all I play a fairly important rôle in the group's financial planning. Decisions about investments, acquisitions and dividend policy are not made without shareholder approval and that comes

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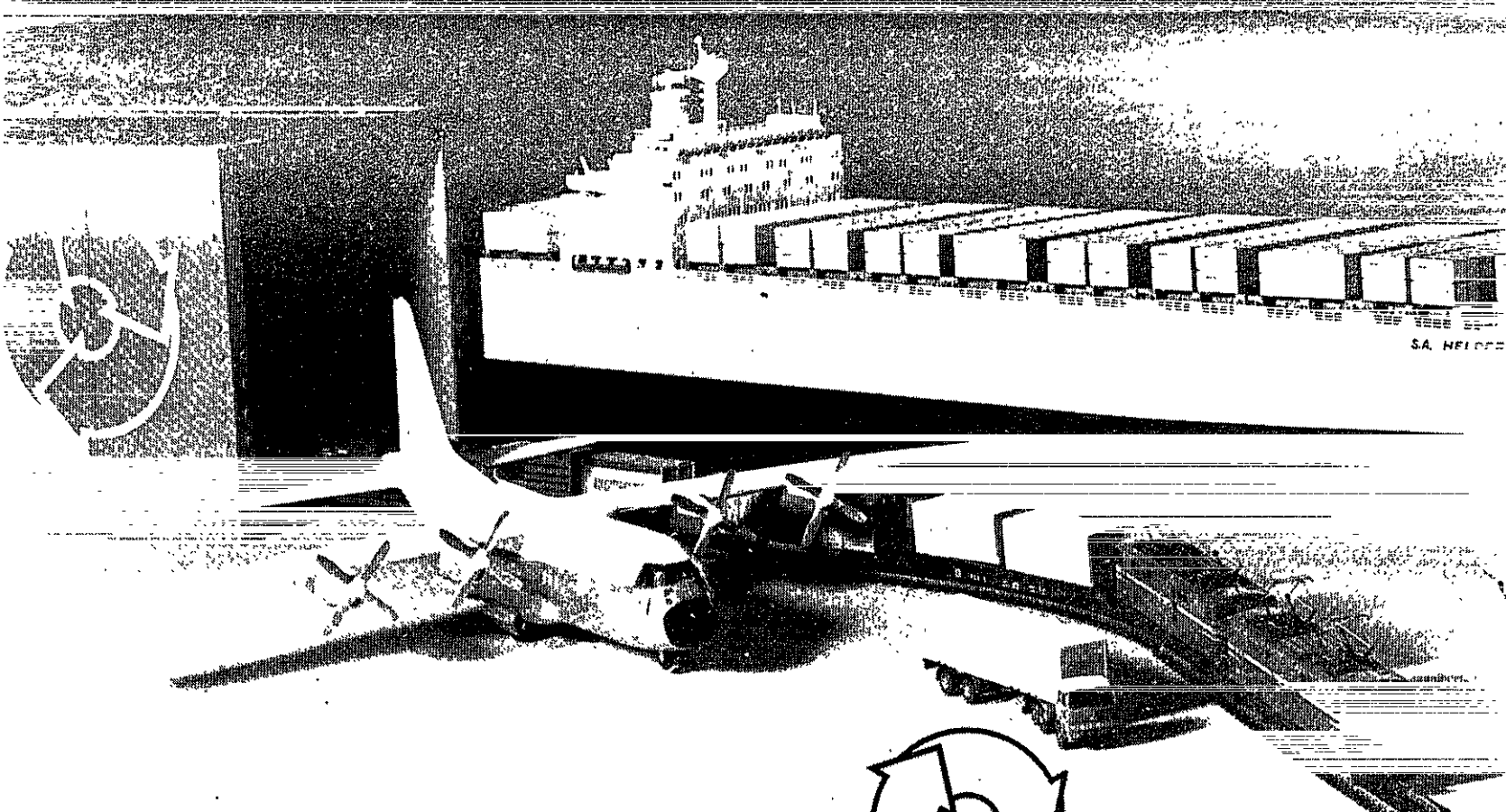
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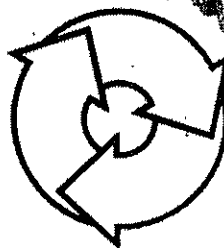
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arranging finance, in any part of the world. Even on a worldwide scale these projects are not easy to find, especially with the constraints that we have ourselves built in. That is to say, we're only interested in projects that are inherently sound — that are of real value and viability to the countries in which they are proposed.

Going for those more demanding projects will increase your need for skilled people. Could you find them?

You can do a very large project with a comparatively small number of highly skilled top management people. Indeed, you would need fewer of them to do, say, four or five large projects than 20 smaller ones.

Does that mean the group has enough highly skilled men to cope with an increase in the number of very large projects handled by it?

No. We are following plans to increase their numbers over time.

How, given the difficulty of obtaining them these days from overseas?

Yes, immigration is a problem because of the less favourable image SA has. But we have made arrangements with overseas companies to take on staff on a seconded or contractual basis. Historically, SA universities have not been turning out enough engineers who become available to the industry as a whole. And in the past couple of years the enrolment level has dropped dramatically, so that the shortage in three or four years time will be more acute than it has ever been. That will lead, in turn, to excessive strain on the graduates produced, since they will tend to be pushed too fast.

That has been happening already. In a few cases it has proved a boon to the men concerned, but generally not. The only sound way for an engineer to progress in this industry, after his formal training, is to go on site for quite a number of years, moving from one site to another so as to encounter a range of practical problems, before aspiring to a top management rôle.

How well prepared for the construction industry, in fact, are civil engineering graduates?

Their university education is not suffi-

ciently orientated towards business in my view. That's why, perhaps, only one-third of them come into the construction industry, the rest joining consultancies and so on. In my view, they don't get enough business training to make them thoroughly conscious of costs and construction economics. But even more important is a comparative lack of training in people management. I believe that, from the second or third year of their university course onwards, there should be two streams, whereby those wanting to come into the industry would receive a different kind of education from those who didn't. For the truth is that engineers who get to the top in construction are those who, first of all, understand people and can handle them and, secondly, have a clear-cut idea of the value of money.

What has been your principal function as MD?

I've been trying to spend more and more time thinking about the future and how to achieve our goals. We are decentralised into divisions which are well capable of looking after their daily affairs.

Apart from chairing the executive com-

QUIETLY IN THE LEAD

mittee, which is formed of divisional heads, our financial director and others and actually controls the long range planning, I think my most important task is to inculcate enthusiasm in people. Certainly it was of great value to have been associated with James Thompson (son of the founder), who was always vitally interested in the people in his company. I must have absorbed a great deal from his attitude, which was that every employee should be treated fairly and reasonably. I learnt from him that you didn't have to run a company as a heartless technician; that in the long run it was counter-productive to do so. Harold Schwarzer and his colleagues also had a very strong interest in people and treated their employees as members of a family.

Both Thompson's and Lewis seem to have had a strong family feeling shared by employees. That got a little blurred after the 1965 merger, if only through the group's rapid expansion. Is the policy of operational decentralisation pursued partly to help restore that sense of unity?

The main reason for decentralisation is that rapid decisions have to be made daily, at operational level, within a certain policy framework. That means having the greatest competence as close to the coal face as possible, and allowing it to make the decisions. But certainly, if divisional or company managers share the family philosophy, a smaller, more controllable environment allows them to engender it effectively.

How much of the old, pre-merger family feeling have you been able to recover?

Not enough, I feel. But it is returning, where it had decreased.

Is that feeling of practical value?

It's extremely important. The output of an enthusiastic man is considerably higher

Construction industry executives can be somewhat larger than life. Civil engineers or builders by training, they have succeeded using earth, rock, steel and concrete as their materials, tough men and powerful machines as their agents.

LTA's MD, Mike Ridley, is an exception. Though articulately confident, he is at the same time self-effacing. With no family ties to the construction industry (his father was a banker), he joined James Thompson in 1954 — mainly, it seems, because he liked the boss' character.

His first job there was assistant accountant. He had, however, gained an accountancy qualification, he says, "without any real interest in the subject at all. Right from the start I looked on it merely as a springboard to a business career."

That it was. Within seven years he was on Thompson's board. Then came the LTA merger and, for him, a succession of administration jobs in the new group before jointly running the building operations division in 1970 and, the following year, taking on by himself the additional job of heading civil engineering operations. In 1972 he was made group MD.

Does his lack of a formal construction training produce problems? "On occasions," he admits. "One has some-

thing of an uphill battle to achieve relationships with engineers. They tend to be suspicious of someone who isn't one, but you can overcome that in time. Apart from that, the larger the organisation, the less detailed technical knowledge matters because someone else always has it. One really just has to absorb enough to be able to understand the essence of it in a business sense."

By now, though group MD for the past seven years, he is still only 51. What can he do for an encore? Indeed, doesn't boredom loom dangerously?

"No, not at all," he declares. "There's always something new happening in the group. And the difficulties of achieving group aims are so great that one has constantly to think of ways to do it. The whole of industrial relations, for example, and how we're going to achieve the advancement of black staff is going to be an enormous challenge during the next 10 years. If one busied oneself only with that, one could be fascinated 24 hours a day."

Notwithstanding his obvious capacity for detail, as well as formulating broad policy and direction, he exists off the job, too. Apart from fathering six children and playing golf, he plays the piano, reads widely and has a special interest in astronomy and industrial psychology.

in this industry than that of an unenthusiastic one, even if the latter is just as well trained and qualified. And the only way that you get enthusiasm is by making a man feel that he's appreciated, and that he belongs. Salaries and bonuses have a place in all this, but they're not the over-

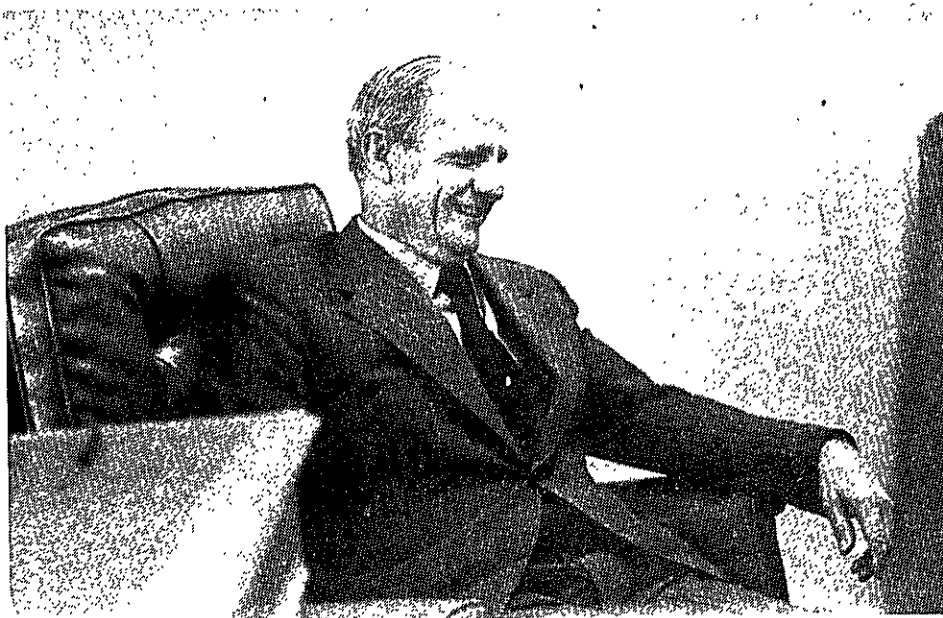
riding factor at all.

Nevertheless, money in one's pocket is important, and site workers are often paid large bonuses during or at the end of particular projects. I've heard that the tax on these bonuses is often well over half.

Yes, I regard this as a serious problem. There are now construction men paying tax at the top, or nearly so, marginal rate who weren't having to do so 10 years ago though having the same real level of income. Remember that these bonuses are incentive or reward payments for men who have been working extremely hard under difficult conditions. Often they've been separated from their families, sending their children away to school, and so on. Top rates of tax added to all that cannot encourage men to enter the industry.

Or immigrants to work here, even on a seconded basis.

It certainly doesn't make it easier. A British engineer, for example, can work outside Britain in, say, the Middle East and pay no tax at all. He would have a much better life here — but he'd have to pay what I regard as penal



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rates at the marginal level.

In short, it's going to get increasingly difficult for the construction industry to keep in step with an expanding economy, especially as projects are likely to get ever larger and more technically complex.

That's right.

What about potential black contribution to the solution?

The number and proportion of blacks, coloureds and Indians taking over artisan-

type work is rising, and is likely to continue doing so. The industry must provide adequate training for them. So far it hasn't been adequate; hasn't produced enough real skills. Yet white artisans are likely to disappear very largely during the next 10-15 years.

And above artisan level?

There we have a problem. It's not easy to find sufficient suitable candidates from non-white racial groups for higher technical training. The answer may lie in chang-

ing their schooling, or its emphasis, or in providing a course between leaving school and entering university. I have to conclude that the provision of highly trained technical skills will, in the short-term, tend to remain largely provided by whites, and those to an extent imported. It is up to our company and the industry to make very vigorous efforts to provide education and the environment to give realistic opportunities to people of all races to attain whatever heights they can in accordance with their individual capabilities.

Cash in hand

Cash flow is the name of the game in construction. Here's how to calculate it

LTA may, operationally, be a highly decentralised group. But not when it comes to the handling of cash. That is wholly centralised to prevent one company in the group borrowing externally while another allows cash surpluses to remain idle. All cash from operating subsidiaries flows daily and automatically into a central account, from where it is paid out as required to meet operating outlays.

Optimum use of cash has been vital to construction profits, especially in recent years when recession produced very fine profit margins. Group financial director Colin Wood reckons LTA has improved its cash management considerably, though unable to quantify savings achieved.

Cash management begins with a five-year plan drawn up by each company in the group. That plan, describing the company's vision of its future, is discussed first by senior divisional executives (LTA has three divisions) then at group level.

Some plans may, says Wood, prove

unacceptable. "For example, a company may say that, on the basis of market forecasts, it expects to run at a loss for the next four years, break even in the fifth and show a profit in the sixth. Our response at group level might be that the company must either close itself down forthwith, boost market share or cut overheads to an acceptable level."

The five-year plan principles are reviewed annually by the companies', divisional and group executives. They are then converted by accountants into quarterly balance sheets, profit and loss accounts and cash flow projections.

The last provide the basis for a weekly comparison with actual results. "There are always differences between actual and forecast cash flow," Wood admits. "The important thing is to know rapidly when and why they have occurred."

Unpleasant surprises occur despite safety margins built into some company forecasts. The margins are not standard, says

Wood, but based on the division's "feel" about individual contracts and the degree of optimism shown by the companies carrying them out.

Drawing up a cash budget for the whole group is therefore a highly detailed exercise. Lasting several months early in each year, it is re-examined six months later.

The broad ebb and flow of cash in the construction industry is pretty regular. There's a strong outflow during the first months of each year to March (while work picks up after the construction industry's annual holiday) followed by a steadily increasing inflow for the rest of the year.

Nevertheless, monitoring flow closely is essential not only to control activities but also to optimise the timing of acquisitions. LTA has a cash surplus placed with commercial banks. It is, as we've seen, greater during some months than others. When it's at its greatest, it's possible to pay for acquisitions with cash. In fiscal 1978, for example, the Reinforcing and Allied group was bought for R8m, paid for in several tranches spread over a year (cash was also provided by rationalising operations and, in doing so, reducing R&A's stock levels).

Building up cash reserves is important for other reasons. Inflation of plant costs and increased need for working capital has persuaded LTA that dividend cover should, over time, rise from 2.5 to 3.

But the strengthening of a balance sheet by ample cash reserves reduces costs even before work has begun. All clients demand performance bonds to be offered by would-be contractors. These are bank-guarantees of performance — or, rather, that should the contractor go broke on the job, the bank will compensate the client (usually to the tune of 5%-10% of the contract's value) for the cost of having to hand the work over to another contractor. The bank charge for issuing these bonds naturally depends on the contractor's balance sheet. With R50m-worth of perfor-

Calculating LTA's True Cash Flow

(R000. Financial year ends March 31)

	1979	1978	1977	1976	1975	1974
LOANS						
Long-term loans.....	5 297	5 815	5 624	2 347	2 545	3 326
Short-term loans.....	3 361	11 976	1 740	3 214	4 685	2 049
Bank overdraft.....	1 211	2 119	2 880	1 921	4 942	6 375
	9 869	19 910	10 244	7 482	12 172	11 750
FUNDS AVAILABLE						
Bank balances and cash.....	2 536	625	1 205	1 529	879	404
Funds on deposit.....	1 191	7 558	3 160	527	114	56
	3 727	8 183	4 365	2 056	993	460
Loans less funds.....	6 142	11 727	5 879	5 426	11 179	11 290
CASH FLOW IN/(OUT)	5 585	(5 848)	(453)	5 753	111	
(ie. annual increase/ decrease in difference between loans and funds)						
ADD: Dividends paid.....	2 689	2 387	2 324	2 548	1 492	
Acquisition costs.....	2 330	11 895	952	1 600	1 554	
(excl property companies)						
ADJUSTED CASH FLOW	10 604	8 434	2 823	9 901	3 157	
Cash flow per statement.....	16 656	13 996	10 792	9 112	6 524	
of source and application of funds						



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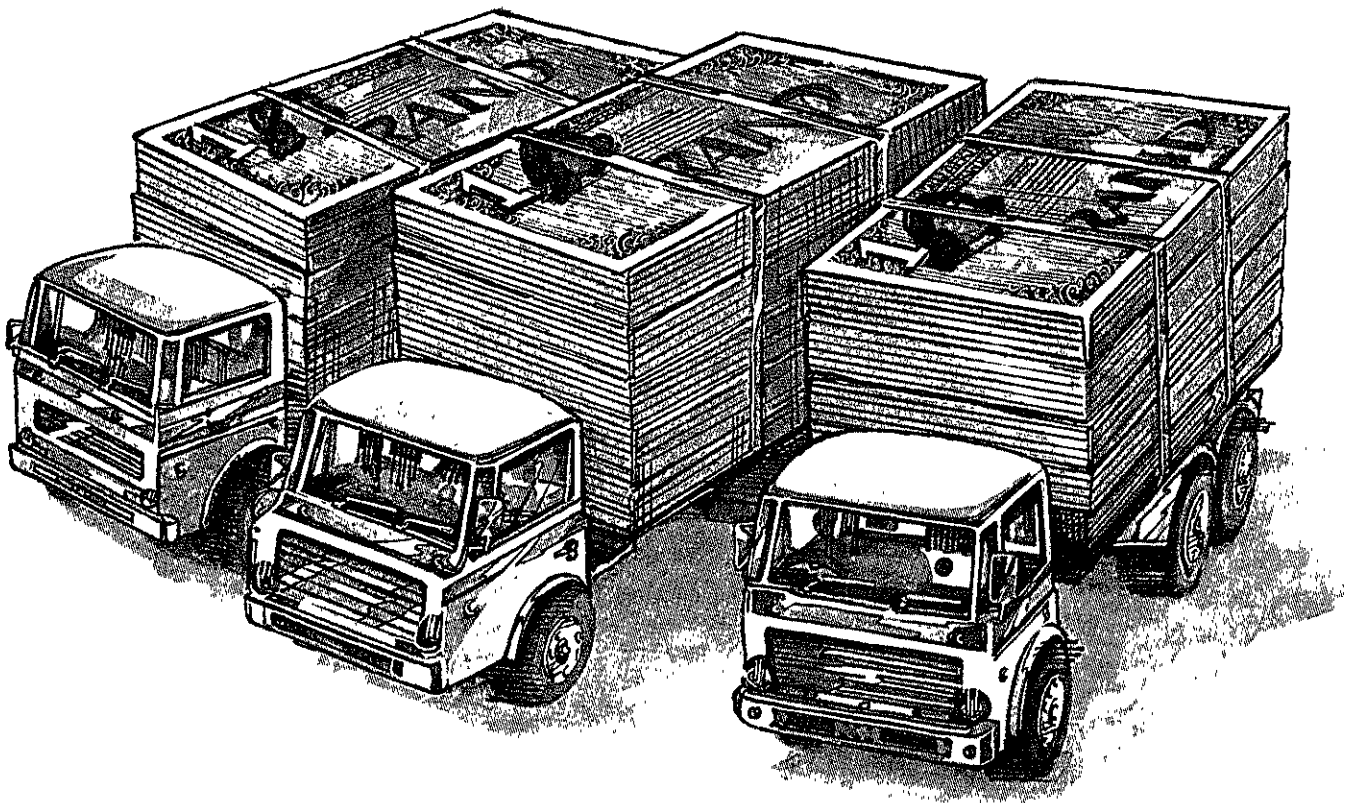
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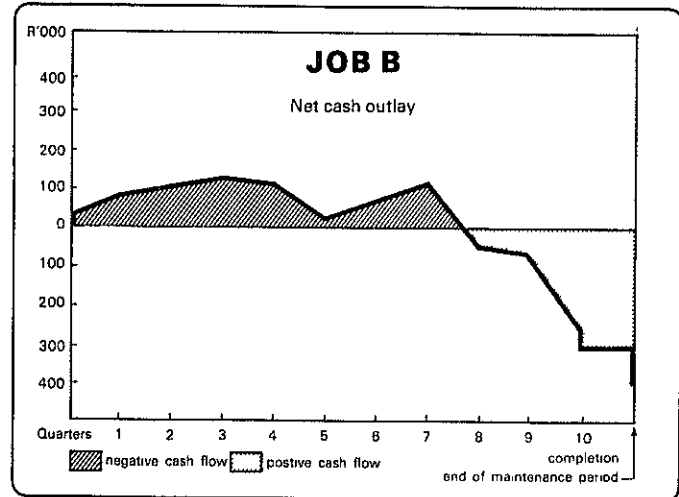
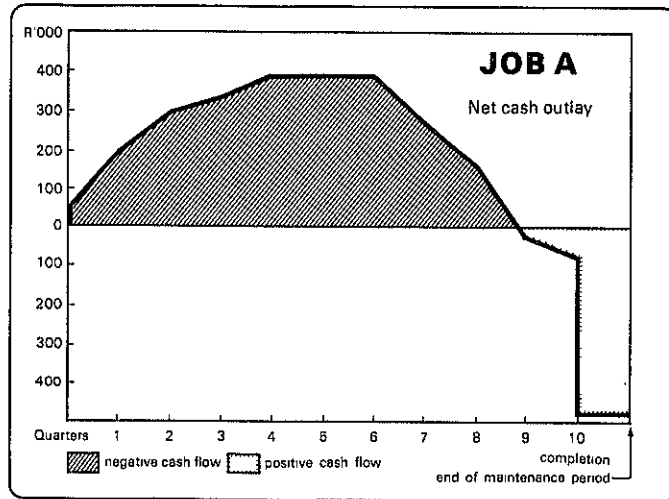
Forecasting cash flow is as important for individual contracts as for an entire group. Negative cash flow has, after all, a cost in the form of interest paid on bridging finance supplied internally (opportunity cost) or by banks. Calculating that cost correctly may mean the difference between a final profit and loss. Or may result in too high a

bid that loses a tender.

Take two similar contracts. The price on each is the same, as is the planned operating (pre-interest) profit margin and contract duration. What differ are retention arrangements and (perhaps because one job is sited in a remote area) cost of plant required and maximum level of monthly salaries

and wages.

Combine these differences and, as the two graphs below show clearly, a very different cash flow pattern emerges. Both jobs were worth R4m with a planned profit of R320 000. But with money costing 12% pa, job A cost R75 000 to finance against R21 000 for job B.



mance bonds out at any one time, it's clearly of considerable value to LTA to ensure that the premiums it pays on them are as low as possible. It can only achieve that by making its balance sheet as strong as possible.

Assessing the financial results of a major construction group is almost impossible to do well from published information alone. Meaningful criteria are difficult to identify, let alone apply.

Wood believes that, in construction, cash flow is the name of the game. But calculating cash flow, he says, doesn't mean merely taking the P&L and adding back depreciation, as that provides only part of the picture and not a particularly accurate one, at that. "What we like to know," he says, "is how much money a company has thrown off, having met all the costs of staying healthily in business (ie, keeping its plant and similar investments at an adequate level)."

His own approach is first, therefore, to strike a balance between loans and cash assets. A reduction in the net borrowings from one year-end to the next would represent positive cash flow. Add to that cash paid out as dividends and to make acquisitions, and a figure is produced that, using a year-to-year comparison over several years, gives a truer indication of the business' success, Wood believes, than any other.

Wood's criteria show that, after an exceptionally strong cash flow in 1976, the group had a drop in 1977 but recovered

strongly (by about 200%) in 1978. Wood's approach also shows a strong cumulative rate of improvement between 1975 and 1979.

All of which emphasises the often expressed need to judge the results of a construction group on a 3-5 year moving average basis.

Mixed prospects

The construction industry wants more work. But how much more could it handle?

Construction is the largest of LTA's three main divisions. It employs almost 13 000 of the group's 20 000 employees and in fiscal 1979 contributed 58% of the group's pre-tax profit.

The variety of work carried out by the division is impressive. It includes, on the civil engineering side, the building of power stations, bridges, elevated motorways, dams, tunnels and associated underground structures, ground engineering, earthworks and open-cast mining. Building activities produce high-rise office and apartment blocks, shopping centres, schools, hospitals, hotels and housing. Put more dramatically, the division can point, on the one hand, to the vast subterranean halls of the Drakensberg hydro-electric pumped storage scheme and, on the other, to the soaring splendour of the Cabana Beach holiday flats on Natal's north coast.

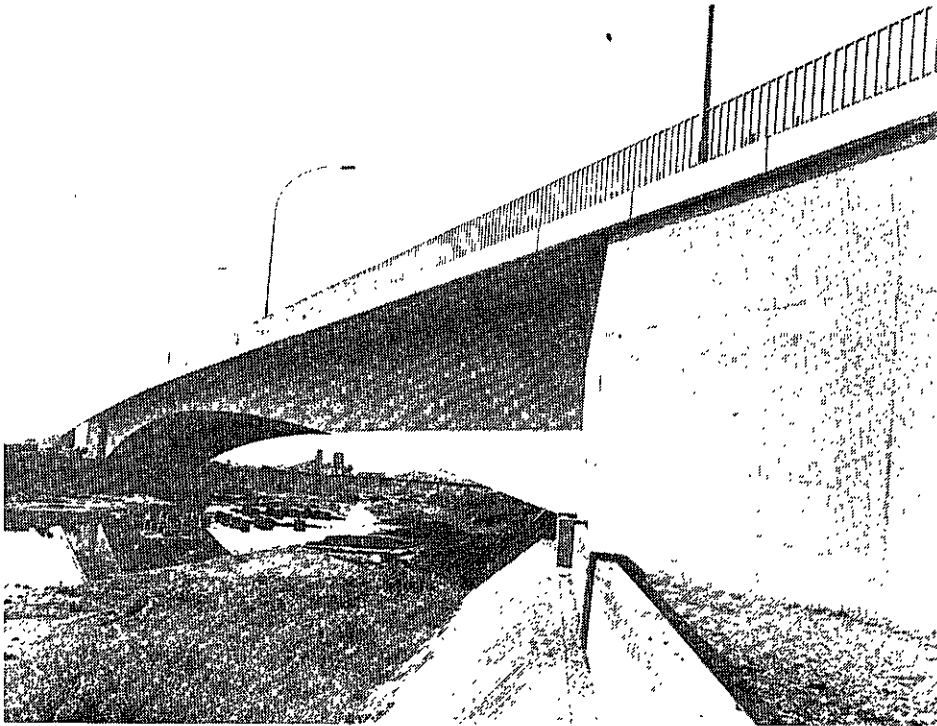
But while the division's chairman, Peter Jacobsen, is rightly proud of these

achievements and the accumulated technical prowess they indicate, he shares the construction industry's anxiety over its future. That concern is caused fundamentally by the heavily fluctuating volume of civil engineering work coming from government, which today provides about four-fifths of all civil engineering work and uses it as a major economic regulator.

During the past three years the construction industry has, with the rest of the economy, suffered worse recession than most people in it can remember. Though a 15% increase in the real volume of work is forecast by the Department of Statistics for the current year, the civil engineering industry is sceptical (the Department was wrong by a whopping 20% in 1978).

It points, also, to the proportion of government work carried out by government works departments. This year it's expected to be higher than ever at 31%.

The effect of all this is that, at all levels

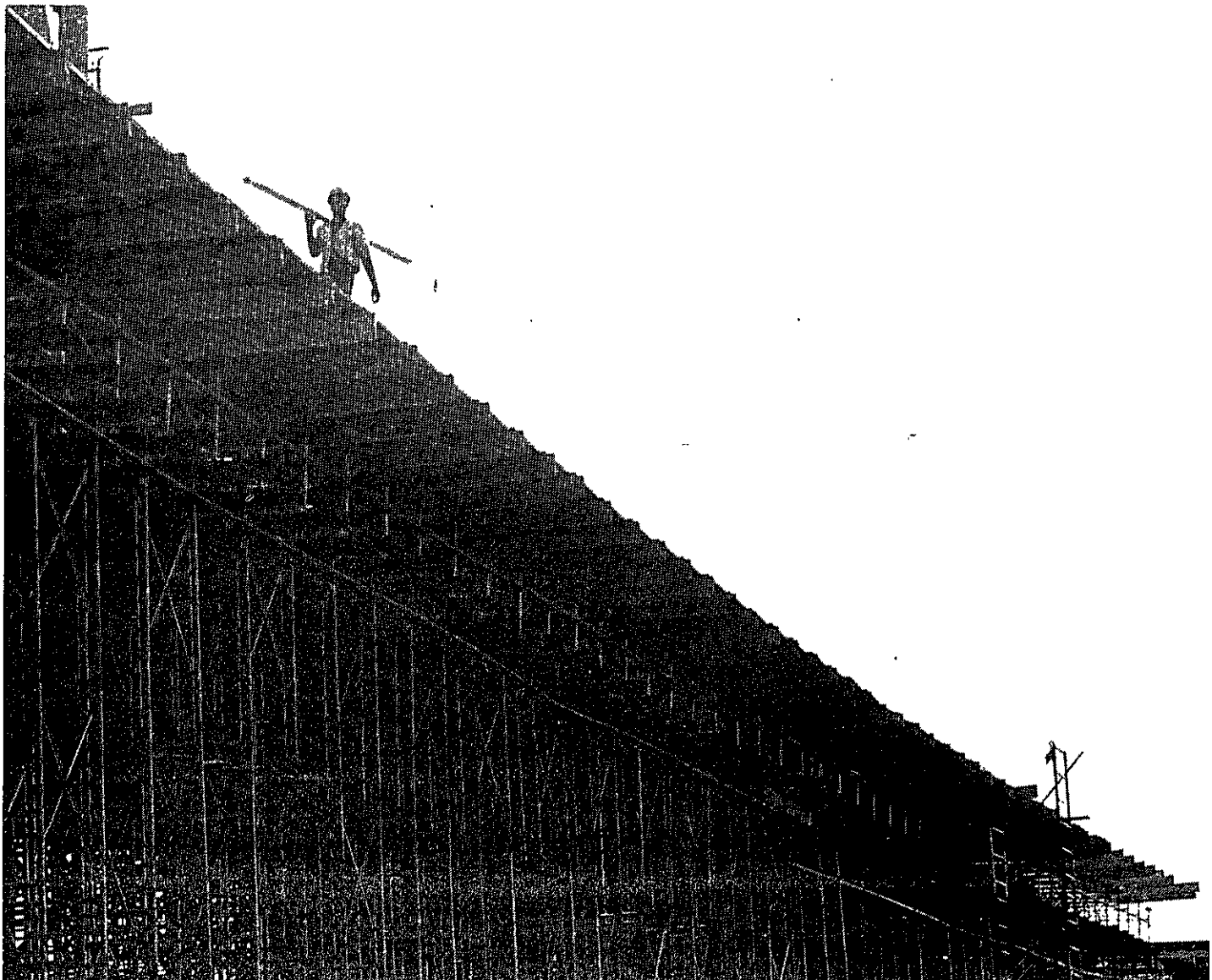


of skill, men are being lost rapidly by the construction industry. In 1976 the civil engineering industry employed 135 000. Today it's only about 95 000 and top executives fear those gone will never return. The reduction in the building industry is even worse — from 350 000 to 250 000 workers.

At the same time the number of men studying civil engineering, building science, quantity surveying and architecture at university level has fallen rapidly in recent years, portending a serious shortage of graduates within the next few years. Many potential recruits, like the departed artisans noted above, have been put off by the industry's heavily fluctuating work load and employment prospects.

In short, the construction industry is deeply ambivalent in its hopes. It would like more work. But if it obtained much more, its capacity to handle it well would be badly strained.

In fact, though civil engineering work prospects are improving (fewer companies are bidding for individual tenders and prices are tending, therefore, to be more





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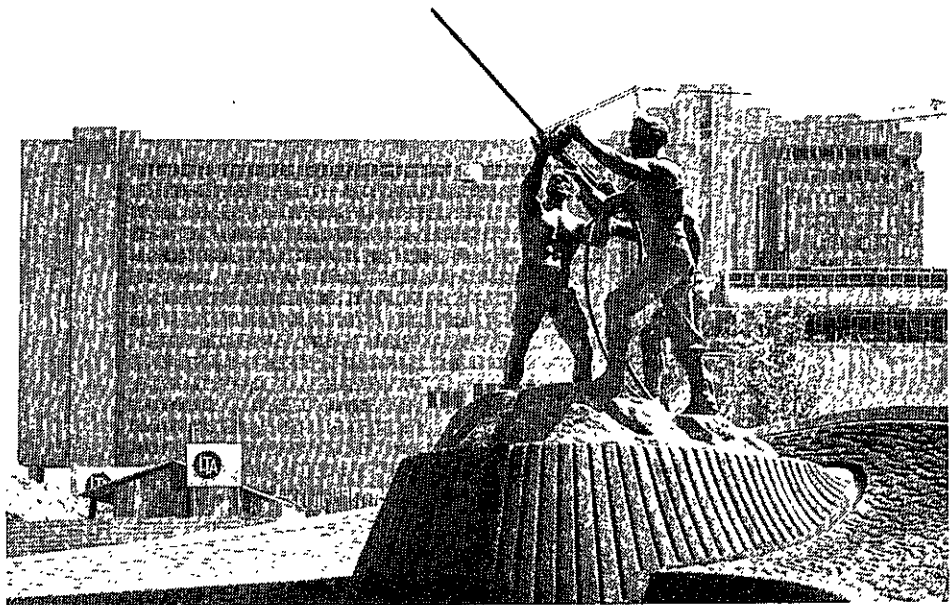
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realistic than last year's), there are still few signs of recovery in the building industry. "We hear of large private sector buildings that are going to come to tender," says Jacobsen, "but they are to meet the clients' own space needs rather than being property development investments. There's a lot of need for more building in SA, and there's a lot of money about. What's needed is more confidence. The construction industry remains Cinderella — the first to suffer from recession and the last to recover."

Increasingly, construction companies realise the value of keeping their ears close to the ground. Early information about a proposed job may enable a construction company to land the job on a negotiated contract basis rather than have to compete for it by tendering. That doesn't necessarily mean a higher price to the client (negotiated contracts are reckoned usually to produce a shorter design and construct time than tendering and therefore help reduce exposure to inflation and lower bridging finance costs). "But it does mean a more mutually equitable basis and better value for money to the client in its totality than tendering has recently offered," says Jacobsen.

Even if early information about forthcoming projects doesn't lead to negotiated contracts, it is still useful in helping a construction company decide which



tenders to bid for in the light of its own special strengths. Given the expense of tendering, that can save costs considerably.

Advance information about a job that's likely to be landed also enables a construction company to begin designing its own input, such as formwork, early on and thus reduce construction time. Indeed, it may also make possible special operative training (eg, in formwork erection) to

reduce construction costs still further. The savings offered by early order placing are significant, too, in current inflationary conditions.

LTA's construction division therefore has men in each of its operating divisions responsible for collecting market information over as wide a front as possible. It is fed to a central point, collated and rerouted to whichever company in the group can most benefit from it.



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Bridging the gap

White artisans are steadily leaving the construction industry. LTA's strategy for replacing them and boosting management ranks, too

There's no argument about the problem. The construction industry has lost its appeal to white youngsters who, in the past, might have considered becoming building artisans, but has generally been slow to replace them with others. As a result, construction sites are already experiencing acute shortages, not only of skilled craftsmen, but also of experienced supervisors who traditionally have been drawn from artisan grades.

But what to do about it? There's surely only one satisfactory long-term answer — train as many blacks (including Indians and coloureds) as rapidly as possible.

Perhaps because of the recent recession and the temporary availability of Portuguese "handymen" who fled from Angola and Mozambique after Independence, the industry seems to have been slow to accept it. LTA's construction division, however, employing almost two-thirds of the group's total labour force, has been showing real energy and initiative in training all its people, from labourers to MDs.

A divisional training committee of senior operational managers formulates policy and monitors training activities at all levels throughout SA. Each operating

company in the division prepares and implements its own detailed training programme, in line with stated policy, making maximum use of existing in-service training facilities. A divisional training co-ordinator maintains constant contact with them, and reports on their progress, providing on-the-ground help whenever necessary.

"The success of the training committee and its co-ordinator lies in an approach based on persuasion, advice and assistance rather than on a dictatorial attitude," observes divisional staff planning and development manager, JG (Mitch)

"You know," says Peter Jacobsen, musing on his 37 years in the construction industry, "although I'm heavily involved in clearing bush for new roads, churning up the veld for new development, I am at heart very interested in conservation and nature generally. When I feel the need for a break, I head for the hills, far from civilisation."

There, no doubt, the 55 year-old chairman of LTA's construction division finds plenty of peace. For the general impression he gives, with his chubby cheeks and twinkling eyes, is one of relaxed good humour.

About the construction industry's future, though, he is less relaxed. "We must train far more," he insists. "In the old days it was a see-saw. If there was a shortage of work, there were unemployed artisans. Today, there's still not much work — but certainly no unemployed artisans on the Witwatersrand. Unless we do more on the training front, we're going to be desperate in five years' time."

Already, he observes, it's difficult to forecast site productivity and to guard profit margins. That's because the industry is fast losing white artisans and foremen, but hasn't yet successfully replaced them with blacks.

When he eventually retires from full-time employment, therefore, training is the area through which he'd like to remain connected to the industry. "I can't just leave it . . . disappear," he insists.

Well, no. Apart from anything else,

the industry has been good to him.

Grandson of a Danish carpenter and of a Scottish stonemason, he began as an apprentice plumber for Thompson's, where his father had already worked 20 years. Army service in World II soon ended that. When he returned to Thompson's after the war, it was to become a builders quantity surveyor, studying in the evenings at Johannesburg's technical college (he observes the ease with which full-time study can be enjoyed today with envy but no bitterness).

His first significant site job was the extensions to Pretoria's power station. By 1951 he was in Welkom, the start of a lengthy Free State career that had him a director of Thompson's main board shortly before the 1965 merger. In 1975 he was made MD of LTA's building division, joint MD at end-1975 of the newly formed construction division (an amalgam of the building and civil operations) and executive chairman of it from last year.

It's not easy, he confides, being chairman. The temptations must be resisted to get actively involved in individual projects — to start conducting the site orchestra, which is the real intellectual reward, he believes, in construction. A chairman must remain satisfied with offering "advice and useful comment, while still seeing that things get done."

To make advice and comment trenchant demands a heavy daily diet of company reports, and as many site visits as he can fit in, "just to keep up



Construction division's Jacobsen
... peace in the hills

with the game." At home, then, he has little inclination or time for leisure reading. Instead, wisely, he stays fit playing golf and riding. And in touch with the industry's broader interests by serving on its various national bodies — Bifsa (several years on its national executive), the Witwatersrand Master Builders Association (of which he was president last year) and the SA Institute of Builders (currently on its council).

Mitchell. Thus, the overall training and general educational programme was launched some three years ago with an extensive series of in-house training programmes for senior and middle management, and for first-line supervision, covering the whole area of site performance and how to improve it. Strongly emphasised in these courses was the planning of human resources and the urgent need for training and re-training. The message was delivered especially strongly to site supervisors and foremen whose traditional independence has long tended to restrict training, particularly of blacks.

Forecasting how many men in the various grades of skill will be required by the construction industry during the next five years is, in fact, extremely difficult. LTA believes that, relative to the total labour force, there will be steadily declining demand for highly skilled tradesmen. That's because of the considerable broadening of the range of jobs it forecasts will be handled by semi-skilled men, aided by the development of systems formwork,



pre-fabrication, etc. Similarly, and following the example of more developed economies, LTA foresees a proportional reduction in the number of unskilled men as a result of greater mechanisation.

Apprentices are still badly needed, however, not only to replace (after training) artisans who have left the industry, but also to cope with the steadily rising volume of construction work that could at any moment, LTA believes, suddenly explode. At present, LTA's construction division has less than two dozen white apprentices. In the Cape province and SWA/Namibia its artisans have been almost exclusively coloured, in Natal Indian. It has tried to recruit coloured apprentices in the Transvaal, but the standard of applicants has been low and there have also been logistical problems in organising their training.

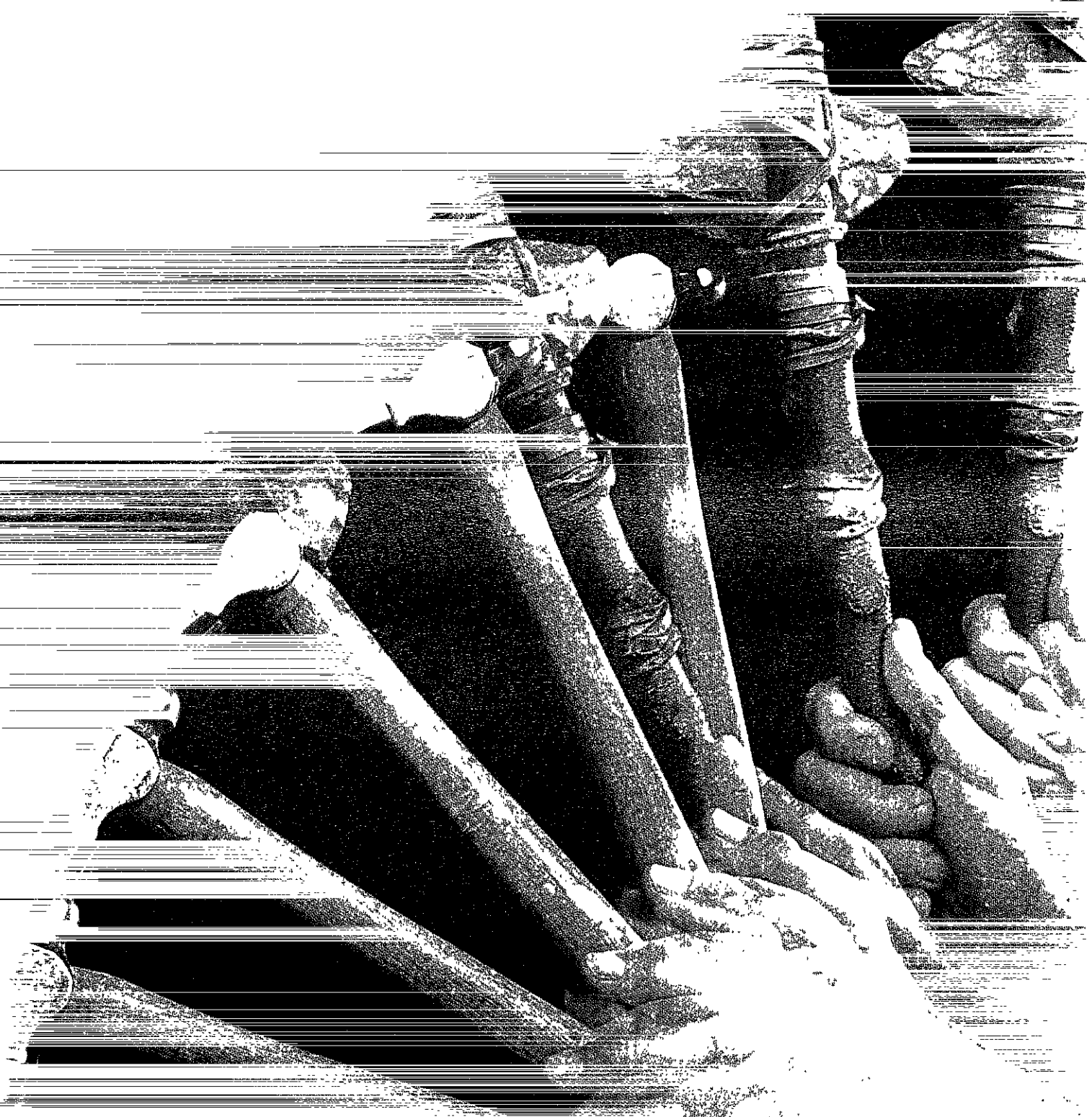
Sponsoring blacks

Meanwhile, the division is directly sponsoring a score or so black apprentice trainees at government trade schools in Lebowa and Venda (to NTC 11 and NTC 111 levels). Practical training is given on various construction sites and at one or more local in-service training centres. The results have been so encouraging that the division recently decided to double the number of its sponsored students.

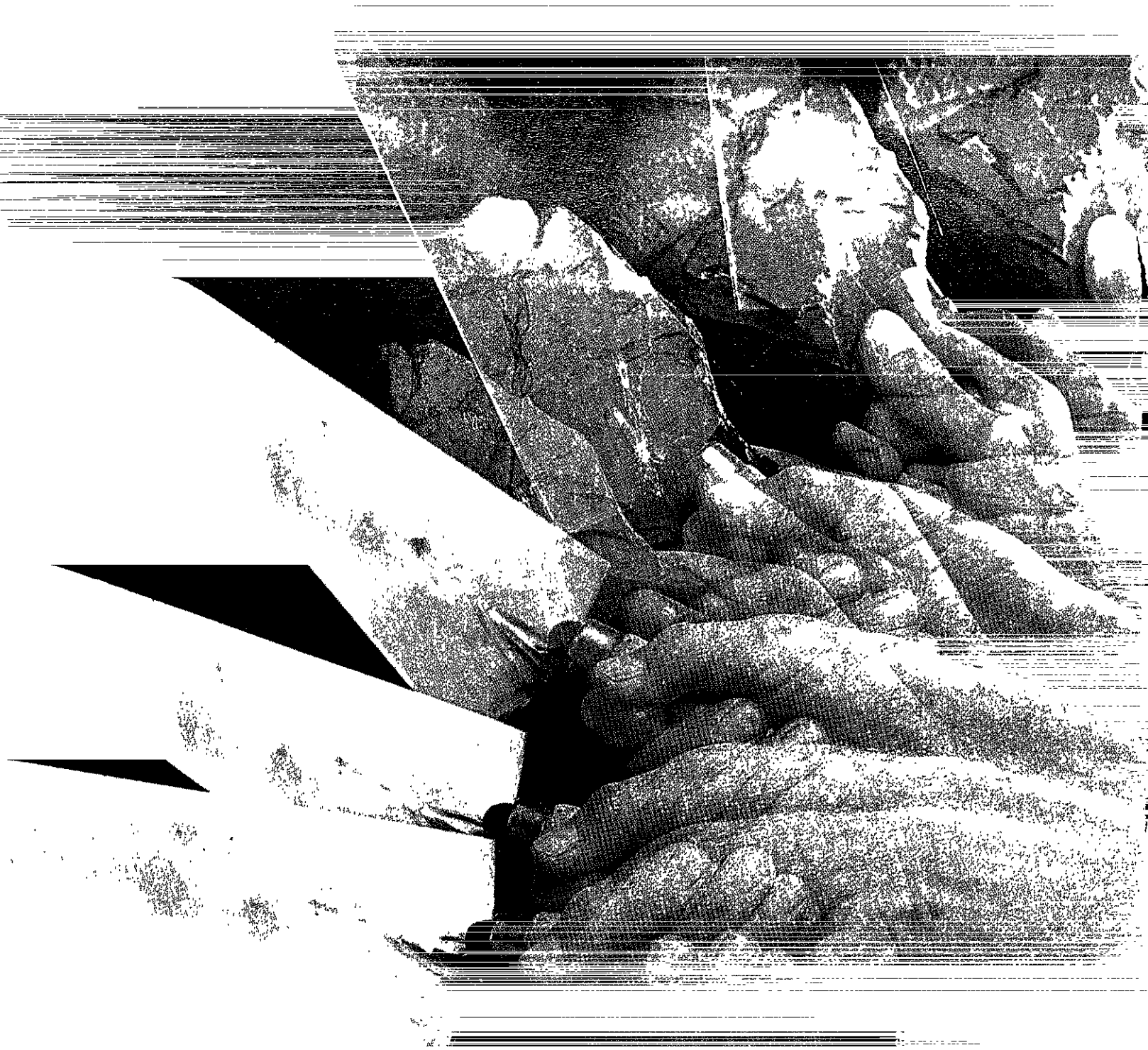
At the same time, the first batch of carefully selected young blacks is being assembled for training as apprentices in "white" SA as soon as facilities become available and the Wiehahn Report's recommendations in this matter become law. Until then, instruction will be offered them "within the bounds of existing legislation".

Black technical training does not end there. LTA is also organising internal

Over two hundred thousand years ago he demonstrated his ability to respond to a need in an inventive and practical manner. In the 21st century man has become more sophisticated. The companies he has created have become more diverse while ever increasing their skills. Not only in the performance of their primary business but their care for employees, the environment and the community as a whole. The LTA Group is such a multi-faceted conglomerate active across the full spectrum of the construction industry. Continually pioneering new techniques. Compounding its technological and administrative skills. Meeting the ever increasing demands of progress at home and abroad. With its holistic approach LTA contributes towards the establishment of a solid base upon which our social, commercial and industrial activities can thrive. For in the distant past LTA sees the promise of a brighter future. **LTA Group.**



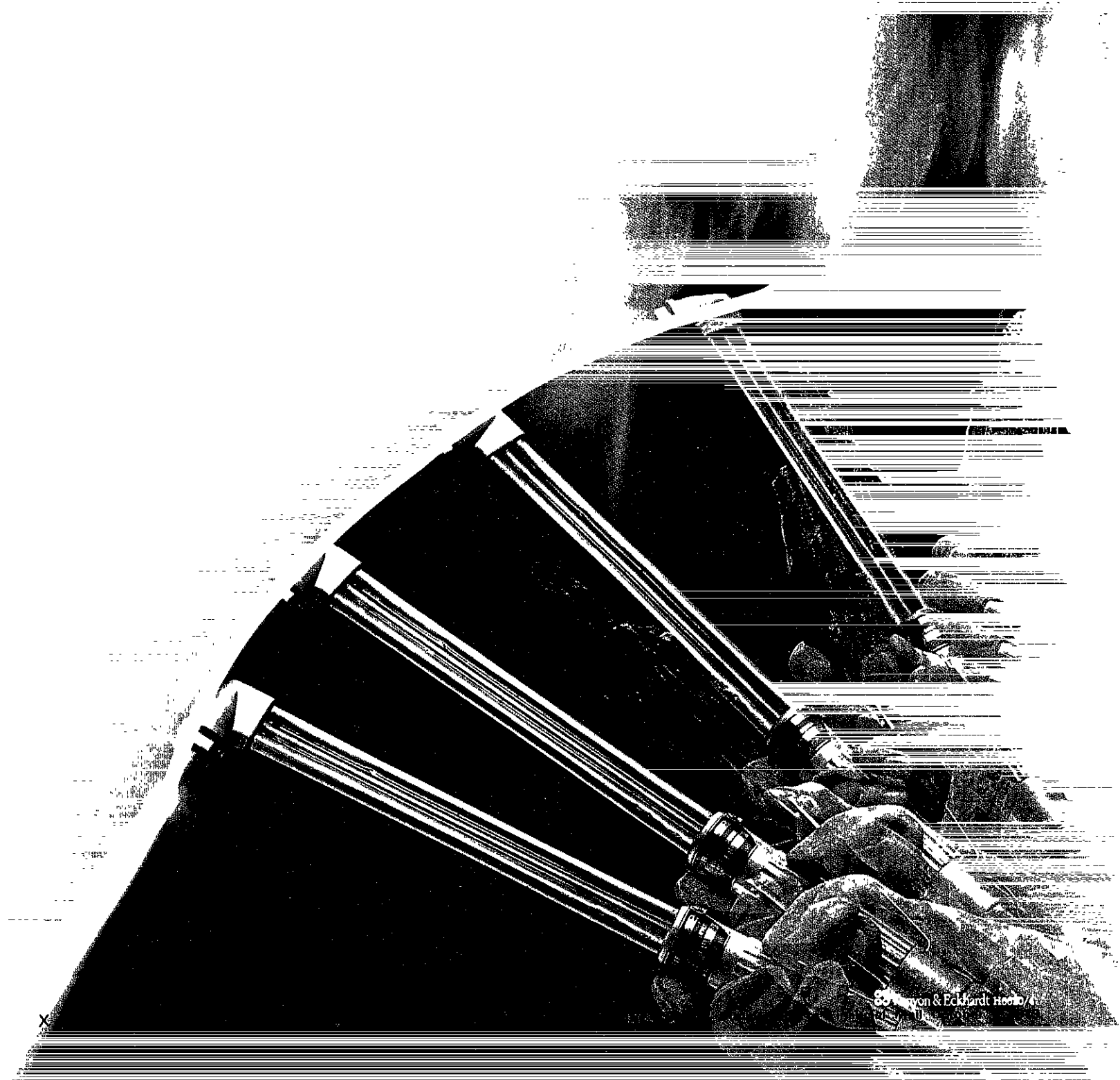
LAYING THE FOUNDATION FOR A DYNAMIC NEW AGE. Since man discovered that a simple slab of rock, used as a tool, could take him to great achievements, he has never stopped growing in stature. Similarly, LTA Construction regards innovation as the key to progress. By constantly updating its building, civil engineering and project management techniques, it maintains its place as a major contributor to economic growth. LTA Construction Division undertakes all forms of building incorporating high-rise complexes, shopping centres, schools, offices, universities, hospitals and flats. The Division's civil engineering operations include roads, earthworks, concrete structures, ground engineering, piling, foundation engineering and an engineering design service that is capable of originating designs and supervising their execution in the field. LTA Construction, hand in glove with development in South Africa, is proud to be instrumental in laying the foundation for a dynamic new age. **LTA Construction Division.**



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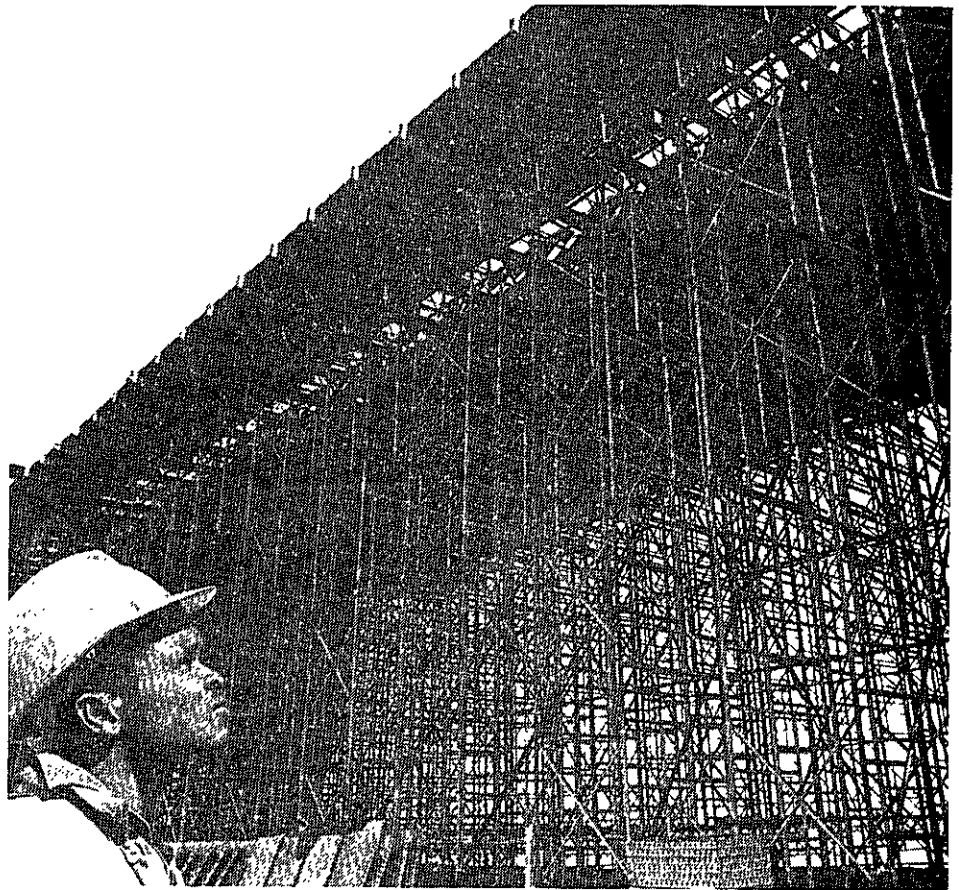
courses for black quantity surveying trainees, as well as for black trainee engineering surveyors.

Meantime, there's the longer term problem of replacing top-class white supervision as retirement thins its ranks. LTA is confident black foremen will one day be acceptable in the construction industry. That day is, however, still pretty distant, it fears, particularly for African foremen. Training courses available nationally for black supervisors have mostly not yet progressed beyond boss boy/gand leader level.

As an interim measure, therefore, the division has begun retraining existing (white) foremen, to make them more effective supervisors. It is also making greater use of graduates and diploma technicians in foremen positions for a couple or so years as part of their progression to more senior grades.

A dozen or so cadet foremen (matriculant, ex-National Service NCOs) are also being given concentrated training on site and at technical college. Several, says Mitchell, are already proving to be excellent junior supervisors. Bifsa has, encouragingly, followed LTA's lead by providing a cadet foreman course at its new Springs training centre.

The construction industry faces a likely shortage of higher skills, too, as the economy expands and immigration (a major supplier in the past) becomes an increas-



Some look forward, others back . . . the construction industry is leaping traditional barriers in its efforts to progress

SUNNY LANDSCAPE

Some notable civil engineering and building jobs completed by LTA during the past decade, or still under construction:

JOHANNESBURG AND ENVIRONS

The Western bypass from the Buccleuch interchange to Fairlands; the Diepsloot outfall bridges (those immensely long curves striding through the veld near Chartwell carrying a sewerage pipeline); Edgardale (Sidney Press' homage to his employees); Milpark (Johannesburg Chamber of Commerce building, Triomf House, Holiday Inn and a shopping complex); Sanlam Centre in central Johannesburg; Standard Bank's head office (in consortium); Johannesburg's Civic Centre; United Towers; Kine Centre in Commissioner St.

EASTERN TRANSVAAL

Power stations at Duhva, Kriel, Hendrina and Camden. Highveld Steel & Vanadium's works

NATAL

Cabana Beach in Umhlanga; Sanla-meer on the South Coast; Paradise Valley (residential complex) in Pine-

town; Hazelmere Dam; 320 West St and John Ross House (both Durban high-rise blocks); Drakensberg hydro-electric pumped storage scheme (in conjunction with Shaft Sinks).

CAPE TOWN

Custom House, Foreshore; I L Back's head offices and factory in Parow; Kenilworth shopping centre; Koeberg nuclear power station (in consortium).

PORT ELIZABETH

Admin tower block and various low-level buildings for the University; Mutualhof (high-rise apartment block).

TRANSKEI

The new university

AIRPORTS

International concourse, freight terminal and other buildings at Jan Smuts; the new 5 km-long runway and ancillaries at Upington; new international and domestic concourses at Louis Botha (Durban).

INTERNATIONAL

Cabora Bassa hydro-electric scheme (in consortium)



ingly unreliable source. Clearly, the problem of too few local recruits for university-level studies is a problem the industry must itself solve, rather than leave it to individual companies.

LTA's middle and senior management, however, has in recent years enjoyed an intensive, continuous education pro-

gramme. It includes numerous in-house courses, attended by close on 1 000 people during the past three years.

During the past four years, too, some 30 younger men showing management potential have been sent to courses in construction management offered by the business

schools associated with the universities of Pretoria and Cape Town. Others are sent to management development courses at Wits University or Bradford University in Britain. Senior men attend Harvard University courses.

At various levels, Mitchell concludes,

this year will see his division training over 3 000 men. That means an increase in the number of skilled men, a boost to productivity and, Mitchell adds, improvements to wages and conditions.

How many companies, in or outside the construction industry, could match that?

Wagner, Valhalla and volts

At 1 000 Mw it's SA's biggest hydro-electric pumped storage scheme and a massive civil engineering challenge

If film-maker Ken Russell were, after re-inventing Mahler and Tchaikowsky, to direct his feverish talents at Wagner, this is where he'd set up his cameras. The vast subterranean halls, ill lit even by powerful quartz-iodine lights, are a veritable Valhalla. And what more likely to appear through the damply echoing tunnels feeding into them than a battalion or two or Rhinemaidens?

But violated Wagner is not the purpose of the halls and tunnels comprising the Drakensberg hydro-electric pumped storage scheme. It is, rather, to produce 1 000 Mw for Escom's national power grid to help meet peak daytime demand. And, at night, to pump Tugela water (the scheme is near Bergville in western Natal) over the Drakensberg into the Wilge, thence to flow into the Vaal Dam supplying the Reef. Once completed in the early Eighties, the scheme is likely to have cost some R350m. That's about the same as a thermal power station of the same size.

Power will be generated by feeding vast

amounts of water from Driekloof Dam at the top of the Drakensberg to Kilburn Dam 500m below it. In descending, the water will pass through turbines and cause them to drive generators.

The turbines can, however, be electrically operated (drawing from the national grid) to act as pumps, returning water from the lower to the higher dam. That means that the same water can be sent back and forth, descending during the day to produce electricity and consuming spare electricity at night on its return journey. It also means that more water can be pumped up than electricity generation needs, spilling over from the Driekloof into the adjacent Sterkfontein Dam and on into the Wilge. A neat concept dreamed up a few years ago by Escom and the Department of Water Affairs.

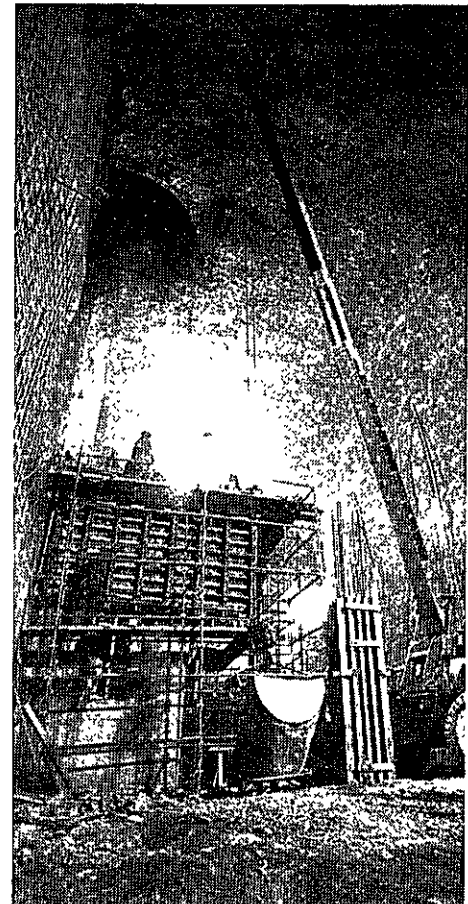
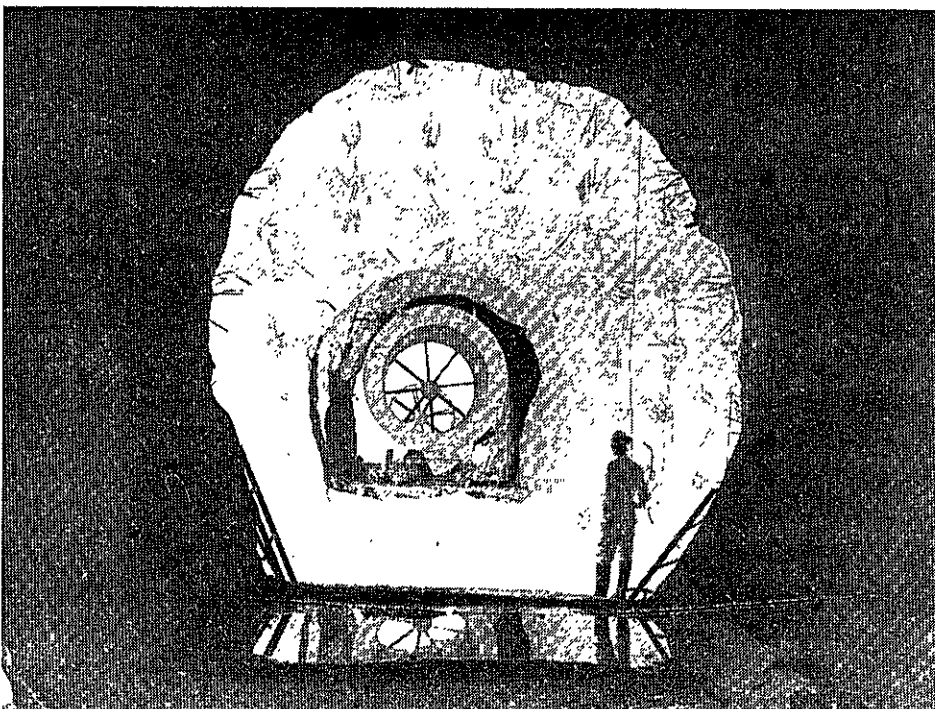
Bringing the concept to life is, however, something else. It means driving some 6,5 km of road-width tunnelling into the Drakensberg, sinking several hundred

metres of shafts and, finally, excavating vast chambers deep inside the Drakensberg to house control valves, turbines, generators and transformers.

The main hall, accommodating four 250 Mw turbine/generator plants, is almost 200m long and 50m high. That's enough to contain a 13-storey apartment block offering 77 two-bedroom flats on each floor. No wonder most of it disappears into shadow.

Above the roof of the chamber sit 250m of rock. To make them even more nervous, visitors are informed that the rock is sedimentary, made up of alternating layers of sandstone, siltstone and mudstone.

The last two dehydrate rapidly when



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exposed to air, turn to clayey-sand and collapse. And air is being forced through the whole system at the rate of more than 100 000m³/minute.

To prevent disaster, air is excluded from rock faces within a few hours of their being exposed by blasting. Steel anchor bolts are drilled several metres into the rock. Their outer ends hold face steel plates against the rock, forming a massive corset.

To the latter is secured a mesh of reinforcing steel, over which concrete is sprayed. By the time the scheme is complete, over R4m of steel bolts will have been used and more than 60 000 t of cement.

The main civil engineering work for the scheme is being carried out by Drakon, a partnership between LTA's construction division (60%) and Shaft Sinkers (40%). Together they have already done work

worth R50m, with a further 2,5 years' work still to be completed. Some 350 whites and 1 400 blacks are employed by Drakon.

Naturally, in a novel scheme of this size, there have been many design changes since work began. Some have demanded a major replanning of work schedules. Nevertheless, construction is reported to be happily still well up to schedule.

Runway to success

LTA's 1975 construction record at Upington Airport has it doing a lap of honour today around Johannesburg

Concrete roads were once, because of their low maintenance needs, associated mainly with airfields and bushveld strip roads. The soaring price of oil, from which bitumen for asphalt roads is derived, has in recent years, however, seen a surge of concrete road-building around metropolitan areas.

LTA Earthworks (Pty), for example, built 23 km of concrete highway from near the Buccleuch interchange, north of Johannesburg, to Fairlands. The cost averaged R1m/km. The company is currently building three more concrete free-ways: a section from Ogies to Witbank (R13m), from Louisrus to Hoog en Droog (R16m) and from Fairlands to the Main Reef Road — a logistically difficult exercise that will cost R24,5m at current prices, though providing only 6 km of road.

All of which gives the company a greater share of current concrete highways than any other.

"We realised," said director Frank Crowley, "that we knew little about building concrete roads once we were into the first half of the Buccleuch-Fairlands job and we had to learn fast. Tolerances are much finer than with asphalt roads and you have to learn when to cut expansion/contraction lines across the road. Do it too soon and the concrete has not hardened sufficiently; too late and the concrete cracks up as you cut it. Trouble is, concrete's curing rate depends on the prevailing weather conditions.

"You have to plan the sequence of operations far more tightly, too, because once that enormous concrete-laying train starts moving down the road, nothing must stand in its way."

That aside, the really tricky stage in building concrete or asphalt roads is not constructing the roads themselves but assessing ground conditions that will be met when building bridges and culverts to carry them. Make a mistake on the

amount of soil compaction needed to meet a client's specifications, or reckon that rock can be ripped out when it ultimately proves to need more expensive blasting — and the 3% built into a tender as profit margin can quickly disappear. "Art based on experience is more valuable in assessing ground conditions," Crowley observes, "than lengthy scientific methods."

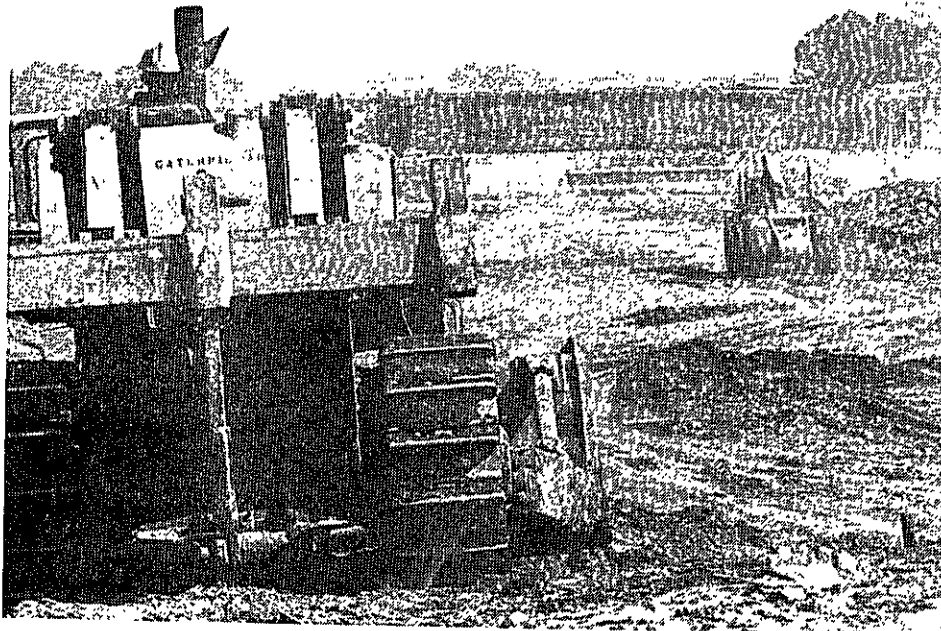
It's also vital to have drainage installed before the rainy season begins, and bridges above ground level. "Rain caused enormous damage to our work on the

western by-pass," Crowley confesses.

Nevertheless, the first part of that job was, as promised, completed in barely more than half the time stipulated by the National Transport Commission. The second half was also completed in 24 months against a stipulated 30 months (only the non-availability of the concrete train prevented a shorter time being achieved).

Those were achievements stemming from experience gained while carrying out major conversions to the Upington Airport in 1975. Because Upington is 900 m lower





than Jan Smuts Airport, planes can take off with full fuel tanks, avoiding the need to refuel on the way to Europe.

LTA Earthworks was therefore commissioned to build an enormous runway, 5 km x 60 m wide, to accommodate them,

as well as other facilities. Government decided that the utmost speed of construction was needed, and allowed LTA only five months for the job — one month of which was the normally unproductive December annual holiday season.

That it finished on time was due to tight planning and operational control. A team of 10 worked around the clock for two days preparing a R8,5m tender. The tender decision was officially announced a week after the bid results were known. During that time, LTA intensively planned its operations and started moving men and machinery to Upington in anticipation of the official announcement. Two weeks after the latter, the full complement of 60 whites and 300 blacks, plus 150 units of heavy plant and equipment, were hard at work.

A daunting task faced them. The runway alone involved the shifting of more than 1,3m m³ of fill, rock and sub-base material. Because, too, the ground surrounding the runway slopes, the runway had in some places to be filled in to a depth of about 5 m to level it. Finally, a total of seven layers of different materials had individually to be laid and levelled along the runway.

"It was tough, deciding whether we could meet the deadline," says Crowley. "Failure would cost not only the R2 000 a day penalty clause but, more ruinously, a sharp drop in one's own productivity as morale slumped in the face of failure. Behind that decision, therefore, was the question of whether we could get together enough good people."

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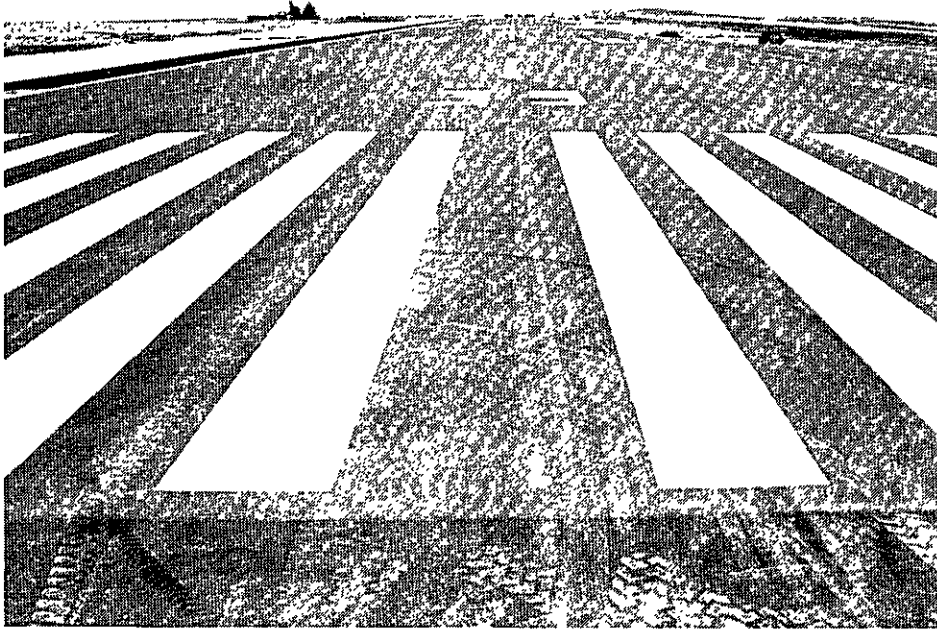
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construction. A man's morale can be heavily affected by his wife's and children's happiness and Upington offered them the prospect of being five months away from any large town in dry, unfamiliar surroundings, living only in cramped caravans.

"In the event," says Crowley, "the wives backed us to the hilt, though they never saw their husbands except when they were dead beat. I remember speaking to one 65-year-old man who was still going strong after a continuous 42 hours on the job."



Team work depends, however, on good management. "We decided right from the start," says Crowley, "that we would have meticulous planning and would stick to it no matter what happened. Every load of material was planned in detail — what is consisted of; where it was coming from, going to and when. Each day's output was planned and measured at the end of the day, so that we knew how we were doing. Decisions had to be made immediately in the planning office where all the schedule information was kept, not on the runway. As a result, we were never more than a week behind schedule or more than four days ahead.

"The fourth month was perhaps the most tense as the time drew closer when we would know whether we were going to succeed or fail. Fortunately, we all knew each other well. If we saw one guy beginning to crack, we could suggest he take a weekend off."

Finally, LTA's success was won with the help of powerful, sophisticated machinery. It included one of the world's largest bulldozers and two automated graders that combined great accuracy with high output. The company also used a square roller for the job, to provide greater impact compaction.

The real benefit from Upington, Crowley reckons, is that the company, when offering to do a job in less time than clients had anticipated, can do so with confidence and credibility.

Taking pride in the job

Pressure, productivity and performance produces pride. LTA's many old-hands are not short on either

When a construction man reminisces, he usually associates even domestic events in his life with whatever contract he was then working on. Past jobs often, therefore, crop up in conversation. Some are described ruefully, others with pride.

Occasions for pride among LTA men have been pretty numerous in recent years. It comes from knowing that a job was well managed — men working as a tightly knit family to carefully planned and monitored schedules. Perhaps new technical frontiers were also established.

Take Edgardale, for example, Edgars' head office and distribution centre southwest of central Johannesburg and built by LTA. Most visitors are probably impressed by its palatial hall and the vast open-plan floors above.

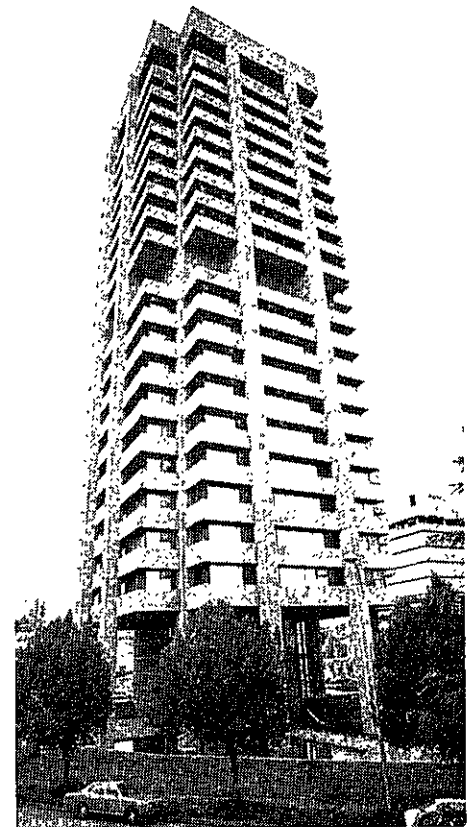
Construction men, however, glance at neighbouring mine dumps, then at the ground they're standing on . . . and raise an interested eyebrow. Until Edgardale was built, it was generally supposed that the entire area, either already under-

mined or likely to be so at some future date, was unsuitable for major buildings.

Edgardale, however, was designed in five vertically separated sections, each of which can move independently, their columns resting on rubber bearing pads. Ground movement caused by subsidence would therefore produce only a harmless flexing of the total structure.

Edgardale was also a triumph of construction management, being completed (on request) four months ahead of its schedule. Management is not only a matter of optimised planning, though that, among other things, allowed LTA to design special formwork and train black operatives for six weeks, before construction began, in its erection. It also means getting men dedicated to the total job so that they will co-operate fully with others, especially in sister companies when co-operation seems most difficult to achieve, as well as work harder than reason could demand.

During the final stage of the Edgardale



LTA built head office for Metal Box . . . planning the key

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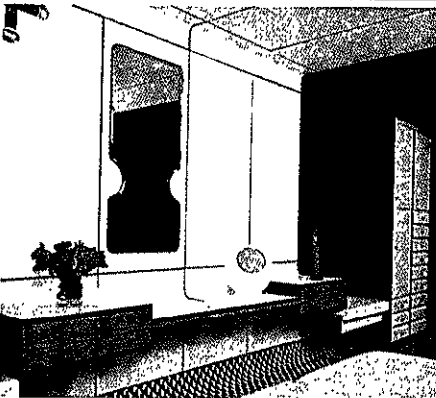
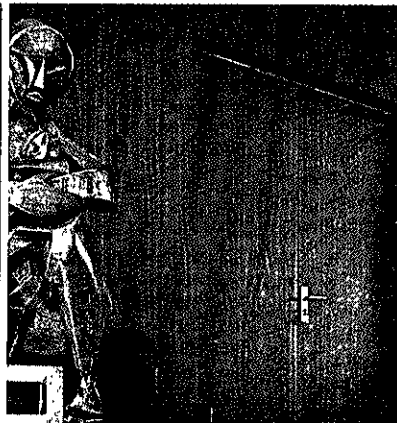
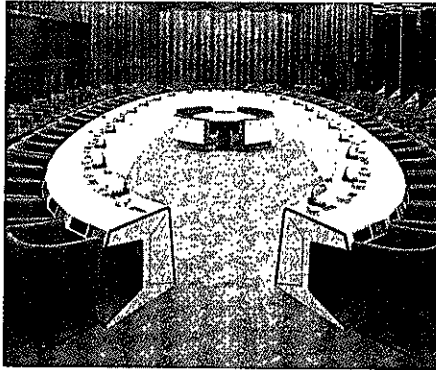


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contract, which for some trades continued through the industry's annual holiday straddling Christmas and New Year celebrations, LTA's men and specialist subcontractors worked overtime every day of the week. Soweto's 1976 riots also occurred during construction and saw many of LTA's black workers rising as early as 02h00 to ensure arriving at the job punctually. Indeed, LTA claims that it had better black attendance on the job during that time than any other construction site in

Johannesburg. "It was," says contracts manager Roy Henderson, "one of the happiest contracts I've ever worked on in my life. During its entire duration we had only one artisan and two blacks leave, which is most unusual. The contract was also entirely accident-free."

Good productivity, as already noted, depends not only on high morale but also on having sufficient semi-skilled as well as skilled men at the start of a contract. Though the industry traditionally suffers

from a hire-and-fire image, LTA is keenly aware of the value of retaining a sizeable cadre of skilled and semi-skilled men. While building Sanlam Centre in central Johannesburg, LTA's Witwatersrand construction company alone handed out 125 long-service (15 years or more) awards. Most artisans working for the company, says director Bob Griffith, have 10 or more years' service, some blacks a quarter of a century's.

They certainly helped save the bottom

It is, at first sight, a conservationist's nightmare. Huge machines tear away top soil and underlying rock to get at coal.

In fact, the open-cast mining LTA is engaged in near Utrecht in Natal has been planned to produce environmental improvements. In contrast to badly eroded land nearby, areas that have been mined have had their rock and top soil carefully replaced and recontoured. Land that, before mining began, was lost to agriculture has been given a new lease of life.

Mining interests (in this case Rand Mines' Welgedacht 'Exploration) also benefit from open-cast mining. It allows a far higher proportion of coal to be recovered than using conventional underground methods.

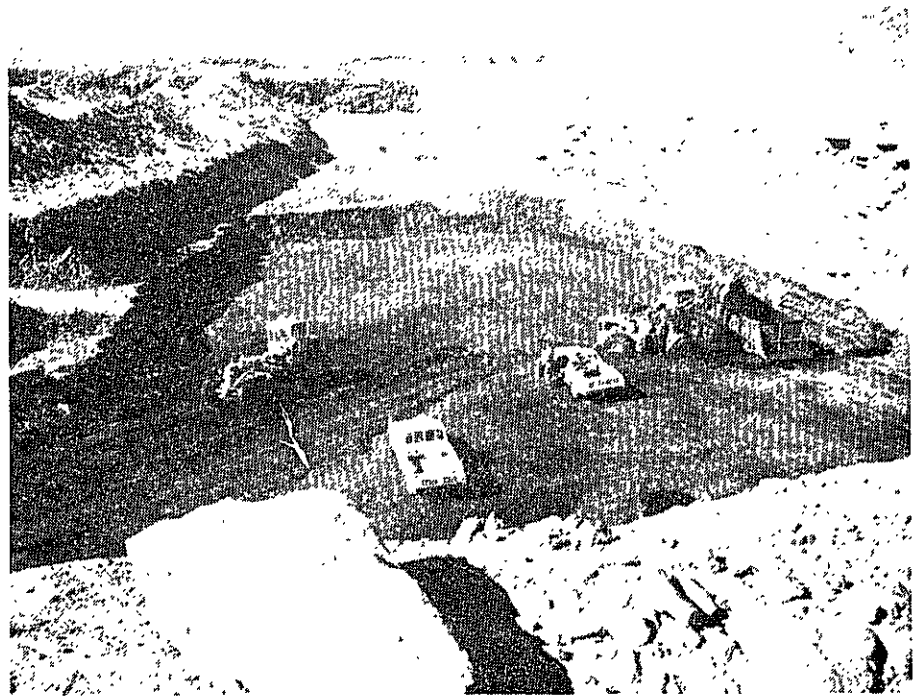
Which is reckoned overall more economic, however, depends mainly on how deep the coal lies. LTA Open Cast (Pty) gets fellow subsidiary, Moolman Bros, to remove soft overburden before it begins itself to remove rock which overlays the bituminous coal. The soil is 7 m-14 m thick, the sandstone 9 m-13 m.

Faced with a coal seam 3 m or so thick, LTA scrapes away whatever is loose (about half the seam thickness) and breaks up the rest by blasting. Besides a R1,7m dragline embodying a 43 m-long boom, huge wheeled and tracked units are employed to remove and transport the coal to a nearby mine (Zimbutu) for crushing and washing before being exported. These units consume much fuel, the rapidly rising cost of which threatens to make open-cast less advantageous compared with conventional underground methods.

Certainly the costs of open-cast mining have to be watched closely by LTA as well as Welgedacht. LTA obtained its contract by successful tender three years ago when the previous contractor, Burton Construction, went into liquidation.

"We, too, went into it thinking that open-cast mining would be quite straightforward earthmoving," admits project manager John Fourie. "We

SEDUCTIVE FOOD



Strip mining near Utrecht . . . not just a matter of scraping away earth

quickly learnt otherwise."

LTA is working the area in strips 40 m wide and 380 m-550 m long (length varies because the area defined by Welgedacht as suitable for open-cast mining is asymmetrical). Top soil and rock removed from one strip is used to restore the adjacent, previously mined strip.

That demands tight daily work scheduling, since expensive machines mustn't be kept waiting by others that haven't completed their tasks. Schedules are produced by computer-processing information about ground conditions provided by current work and test-holes drilled in advance areas.

Precise blasting techniques are also vital to productivity. Without them coal can be blasted sideways, leading to additional recovery costs and problems. It can also be shattered into lumps of unsuitable size for optimum loading. "We've improved our blasting

techniques and have thereby boosted monthly output from each front-end loader by about 20%," says Fourie."

By now LTA has moved 25 Mm³ of overburden to produce 3 Mt of coal. Monthly output is agreed beforehand with Welgedacht which itself is limited by an export quota. To meet the current rate of 68 000 t/month, a couple of dozen whites and 130 blacks are employed.

At that rate the present contract will last another two years or so — far too short a time to justify investment in the dragline despite its comparatively low operating costs. But there are other coal-bearing areas nearby suitable for open-cast mining.

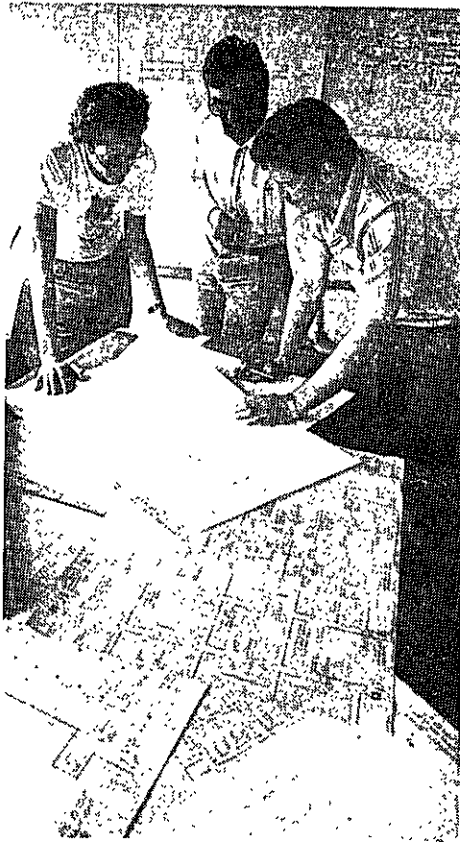
Meanwhile, LTA's mining activities have spread to Groblersdal, where it is recovering granite for export to Italy and Japan. There it will be turned into tombstones, LTA men report with nervous chuckles.

line of the Sanlam job. Excavation of a hole nearly 12 000 m² by 14m deep was forecast to take six months. But the blasting it required (a dyke ran through the site) called forth municipal noise-abatement restrictions that doubled excavation time. "The situation was saved by the efforts of a highly motivated site team," says Griffith.

Estimating accuracy when preparing quotations is, of course, as vital to profit as site productivity. But even those with much experience find it difficult forecasting how high worker morale will be on a particular job (boom times see it slumping disastrously, yet the difference between 800 and 900 bricks for an average bricklayer's daily output can, if repeated over the whole contract, mean the difference between profit and loss).

Nor can estimators be certain what new technical problems a new contract will present. Nor the rate at which, on high-rise buildings, productivity will improve before inevitably declining.

Griffith explains: "On every high-rise contract there's a learning curve. The aim is to enjoy its benefits for as long as possible before distances for transporting men and materials to upper floors become so great that productivity is badly affect-



ed and learning curve benefits more than offset. On the Sanlam job, maximum productivity was achieved at the 19th floor."

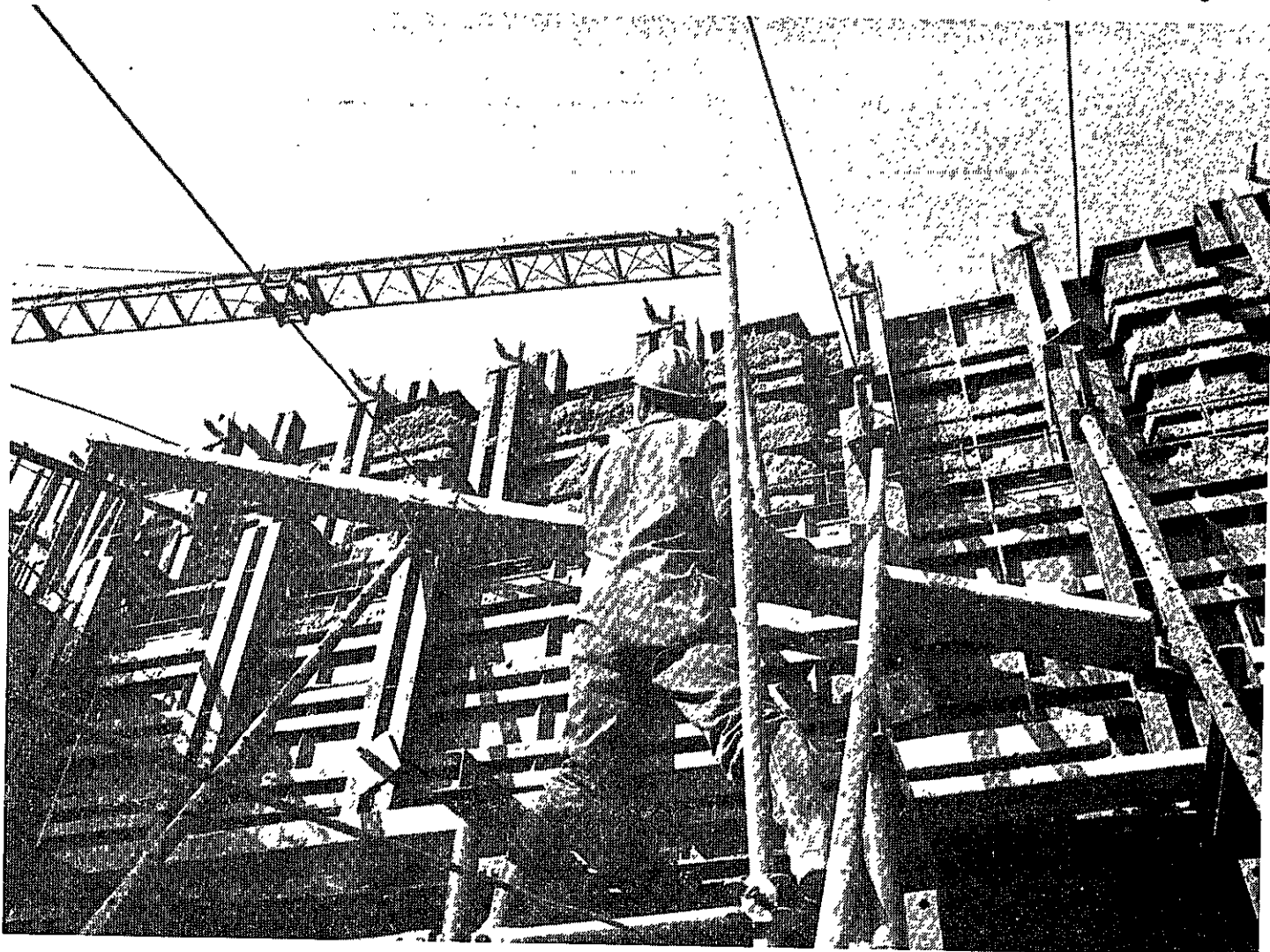
That was constructed in 8,5 days. But there were still 16 floors to go. In the event, the average floor construction time was 12,5 days — exactly according to initial estimates.

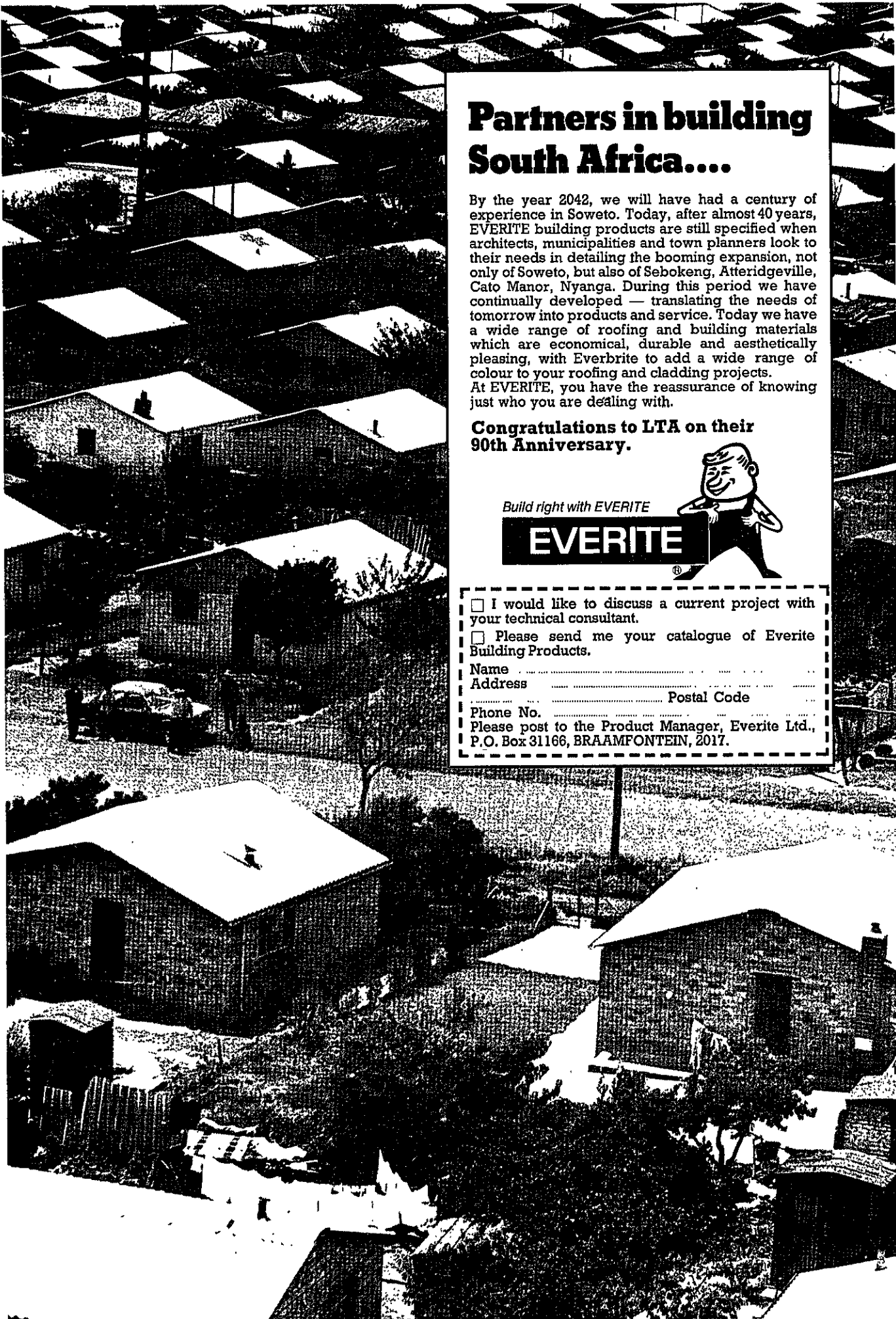
What to do when estimates prove badly off-beam? The price, after all, is fixed apart from cost increases due to escalation, so productivity must be improved.

If low morale is a problem, a change in the site team may be necessary, says Griffith.

If it's seemingly poor logistics, consider installing a time-lapse camera. By speeding up a day's site activity, as it appears on film, logistical absurdities can be quickly spotted. Several were thus discovered on, for example, the site of the R18m Basic Sciences block LTA is now a-building at the new Johannesburg Hospital.

"It's not a tool that produces good results on every job," Griffith observes. "Its best application is on semi-mechanised jobs on which most snarl-ups can occur. Remember, too, that the idea must be sold to foremen as an aid. Otherwise they think it's big brother watching."





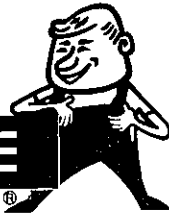
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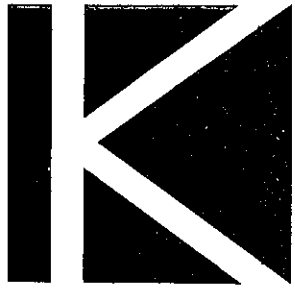
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Of LTA's three divisions, Mitec seems the most likely to broaden the range of the group's activities. Since the 1965 merger it has been SA's leading producer of industrialised buildings. In recent years, too, it has associated itself with overseas expertise in order to branch out into engineering design and construction (sugar mills, uranium extraction plants, etc — see below). Now, in collaboration with local experts

outside the group, it is turning its attentions to agriculture, seeking further opportunities for road and dam building and other civil engineering activity.

Mitec, in short, is far from being homogeneous. Its products or activities compete with each other or with those in other divisions. It is, in fact, exactly the kind of maverick, opportunistic division that every group needs to keep it feeling alive.

Pre-fab becomes respectable

Once fit only for transit camps, industrialised building methods, dominated in SA by LTA, have become widely accepted.

Industrialised building began making headway in SA soon after World War II. New mines, especially, created a sudden need for rapidly erected black accommodation and offices.

James Thompson entered into a license agreement with Britain's Terrapin to produce its folding, transportable buildings. The company developed another British system to produce Lumreek houses that were lightweight (walls are 40 mm thick woodwool/cement faced either side with asbestos cement) and completely demountable. Both products were winning local sales by the early Sixties. In 1970 the acquisition of Engineering, Design and Construction (Pty) added a similar product to the range. But where the Lumreek unit is timber-framed, EDC's employs steel.

Other acquisitions expanded the territorial spread of what, from 1965 onwards, was a separate industrialised building systems division. McCarthy Contractors in Cape Town added a chipboard-faced unit to the range that became popular for schools. EM Joinery Manufacturers at Gingindlovu in Zululand was acquired to service the Natal market. It proved more economically serviceable from the Transvaal, however, so EM Joinery has not expanded its activities beyond the manufacture of hardwood doors and window frames.

Today, IBS finds itself in a highly competitive market. On the one hand are conventional builders looking hard for work in recessionary times. Much Cape school work has been taken from industrialised systems and given to them, presumably to help reduce unemployment.

Competition from other industrialised systems, on the other hand, has also to be faced. Meeting it successfully means seeking constantly to improve the quality of existing products, while keeping close tabs on the market to identify as early as

possible new demands. IBS has about one-third of the R75m a year market for lightweight structures, which says something for its efforts on those two fronts.

It's looking to increase its share slightly during the next couple of years. But that



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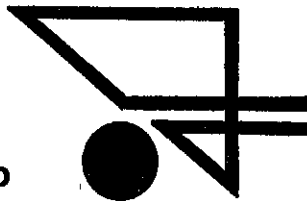
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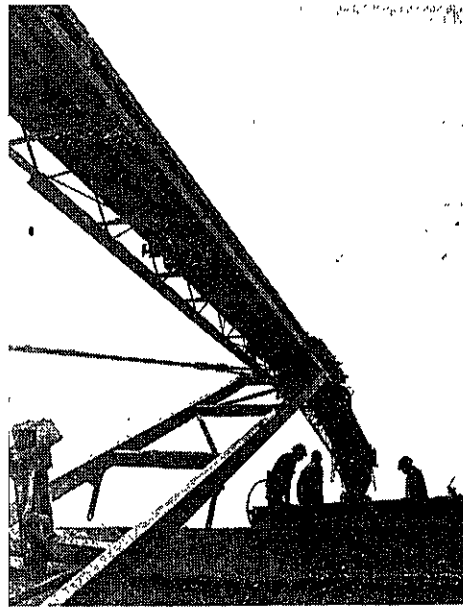
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is in a market that Hennie Strydom, MD of LTA Industrialised Building Systems, expects will remain static during that time. Thereafter, he's pinning his hopes largely on nationally standardised building by-laws that would force municipalities to insist on buildings meeting performance criteria rather than necessarily being made of brick, etc. Since his buildings carry Agreement Board certificates giving them an overall thumbs-up, Strydom is confident that effective marketing will open up for them a sizeable municipal private sector market. Already, he has had market research conducted to ascertain how much public resistance there is likely to be, and why, to the idea of investing in industrialised accommodation (officially calculated to have an effective life of 30 years or more).

One answer could be that there's no price advantage usually. If large organisations invest heavily in such accommodation, it's mainly because it can be erected quickly. IBS is putting up 150 houses at Secunda (Sasol II's township in the Eastern Transvaal) in a mere nine months.

No one knows, of course, how rapidly site labour costs for traditional houses will rise if a new housing boom does, indeed, get under way. Mitec chairman, Spencer Whiting, is convinced that buying a prefabricated house off the shelf will become a trend in SA home ownership as



it has in Europe and, to a lesser extent, the US.

Meanwhile, the company continues its export efforts, if only to offset the cyclical pattern of local demand. It's had much success, too, with foreign sales annually averaging R10m in recent years. Units have been sold in many developing countries. "But we will be concentrating more on the East now," says Whiting.

Mitec is also in heavy industrialised

building systems, through Conjig and Conforce. Their turnover has skyrocketed from R2m in 1965 to more than R25m today.

Conjig produces concrete blocks on site. Unskilled labourers place them in jigs to form walls for low-cost housing, including blocks of flats. Among Conjig's major projects are the entire KwaZulu capital, Ulundi; 6 000 houses in another KwaZulu town; the Selibe-Pikwe mining township in Botswana; 200 three-storey blocks of flats in Cape Town and 1 940 units at Paarl.

Conforce, meantime, makes pre-cast concrete panels that fulfill a structural as well as a cladding role. Its main business today is building hostels for mine workers. But it has also built schools, office blocks, factories, etc. Most of the heavy industrialised building systems' sales growth of recent years has come from Conforce.

Winning sales for industrialised building methods has been helped by the provision of a design service. Recently, Mitec has branched out into, not only landscaping around mine hostels, but also town planning — providing village greens, pubs and so on.

It all helps to improve industrialised buildings' image. From being associated with drab transit camps and hastily erected factories, it is increasingly identified with rational construction and attractive vistas.

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NO EASY RIDER

The oldest, at 58, of LTA's top management, Mitec chairman and LTA deputy MD Spencer Whiting is probably also the toughest. The set of his face suggests it, along with the odd aside. His career, too, indicates tough independence.

Schooling at Johannesburg's Ridge prep and Natal's Michaelhouse was followed by time in London studying economics and accountancy. Came World War II and Whiting joined the RAF. He won the DSO but, being in the SAAF reserve, was court-martialled

for not having obtained permission to join the RAF. "I wasn't convicted," he smiles. "We had a party on it."

With Hitler defeated, he was posted to the Far East, married a Dutch girl there and, the war over, worked for KLM for 11 years as pilot, flying instructor and operations manager. He gave it up to spend more time with his family. Flying LTA planes today is some compensation.

KLM was followed, in 1957, by his own import-export agency. "Running your own company is probably more

fun than being part of a large group," he still believes.

He has experience of both. He was wooed from his own business by Ropes and Matting and, after five years there, by friends Norman Westcott and James Thompson, who wanted him to run Thompson's new mass-housing operation.

He's a man of well-defined convictions and is not reluctant to voice them. Thus:

"Common sense is the most important requirement. If you have it, you can do anything. The idea that the possession of a degree guarantees success is the worst thing that could happen to the holder of that degree."

"The problem with some of today's youngsters is that they have never been hungry. We tell new arrivals that they must, if necessary, give the job twenty-four hours a day. In this industry, you've got to get up ahead of the opposition."

"There appear to be fewer leaders today than 20 years ago, as well as fewer entrepreneurial managers."

"We must remain simple. There's a tendency to see things as complicated which, quite unnecessarily, prevents the job getting done."

"Some of today's youngsters are very bad salesmen, curiously reluctant to sell themselves. If you don't sell yourself, you won't get anywhere."

Taken together, such comments may make Whiting sound like a jaundiced old man. He's neither, but remains a tough, hard-driving executive. His time in the office averages 10 hours a day. There's much travelling, too, and usually work taken home.

Yet he still finds time for fishing and tennis. "Looking back," he says, "there's nothing I regret at all."



Expanding beyond contracting

Wiring up houses merely provided the spark for an electrifying expansion into process plants and beyond

New services, introduced to accommodate clients or avoid employing sub-contractors, often develop into major businesses. So it was with LTA's electrical contracting operation, Industrial Electrical Co (Pty).

It began with electrifying low-cost housing built by Conjig. Today, wiring houses produces only a small part of its annual R20m turnover. The rest comes from

electrifying railways and power stations, putting in cabling for such enormous projects as the Drakensberg pumped storage scheme and the Koeberg nuclear power station, township reticulation and factory electrification. Penman and Jochelson (Pty) was acquired a year or so ago for its expertise in electrifying high-rise buildings and factories.

By now, LTA is one of SA's three biggest electrical contractors and prospects, according to divisional chairman Spencer Whiting, remain "tremendous. Thousands of kilometres of railway line have still to be electrified and there's much urban development still to come. I've no doubt at all that we'll do a great deal of the work for Soweto."

From being one of the first companies to receive a Johannesburg Municipality contractor's licence in the early 1900's, we've become a major electrical contractor in South Africa and part of a multi-business group.

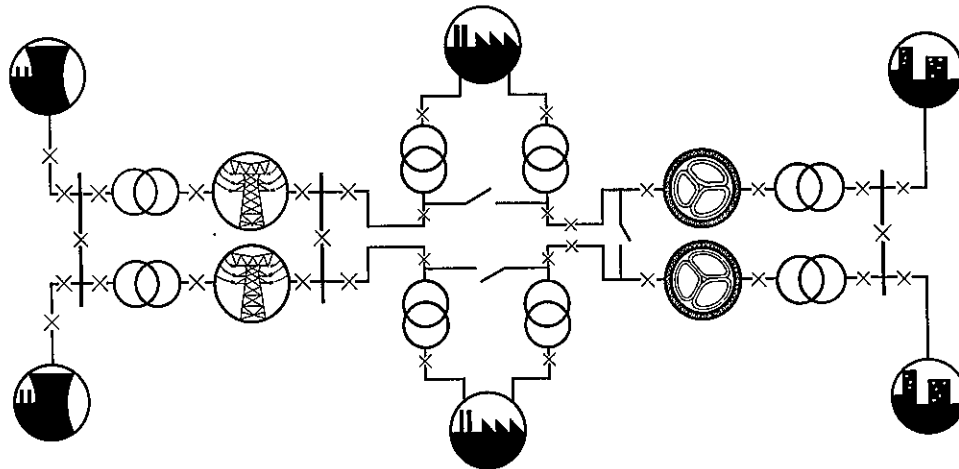
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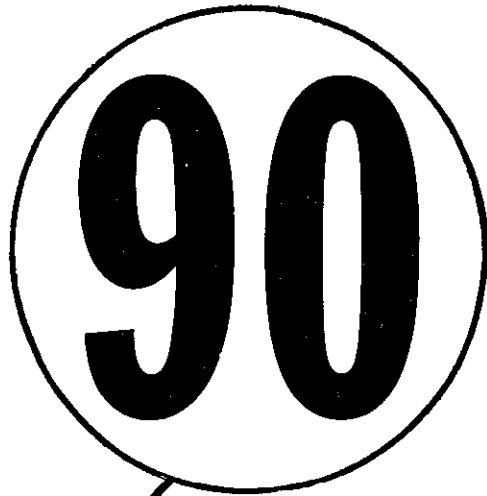
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In 1976 LTA took a controlling interest in Spencer Melksham (Pty), a company engaged in mechanical handling, industrial lighting and control boards. In recent years Spencer Melksham has diversified into water purification, feed milling and abattoirs.

By then, anyway, LTA had decided that it wanted to get into the field of turnkey projects, designing as well as building plants. "Building a very strong mechanical engineering and process division must be a major aim for us," says Mitec's MD, Dave Thompson, "since process plant jobs provide a lot of spin-off for other LTA companies."

LTA's strategy in obtaining turnkey projects for process plants has been to ally itself with overseas specialists. Thus, it tied up with Canada's Kilborn to produce two uranium extraction plants, together worth R80m, for Vaal Reefs and another for President Brand. Its partner in greatly extending the Mhlume sugar mill in Swaziland was W Germany's BMA group; in producing coal processing plant its partner is Britain's Birtley Engineering.

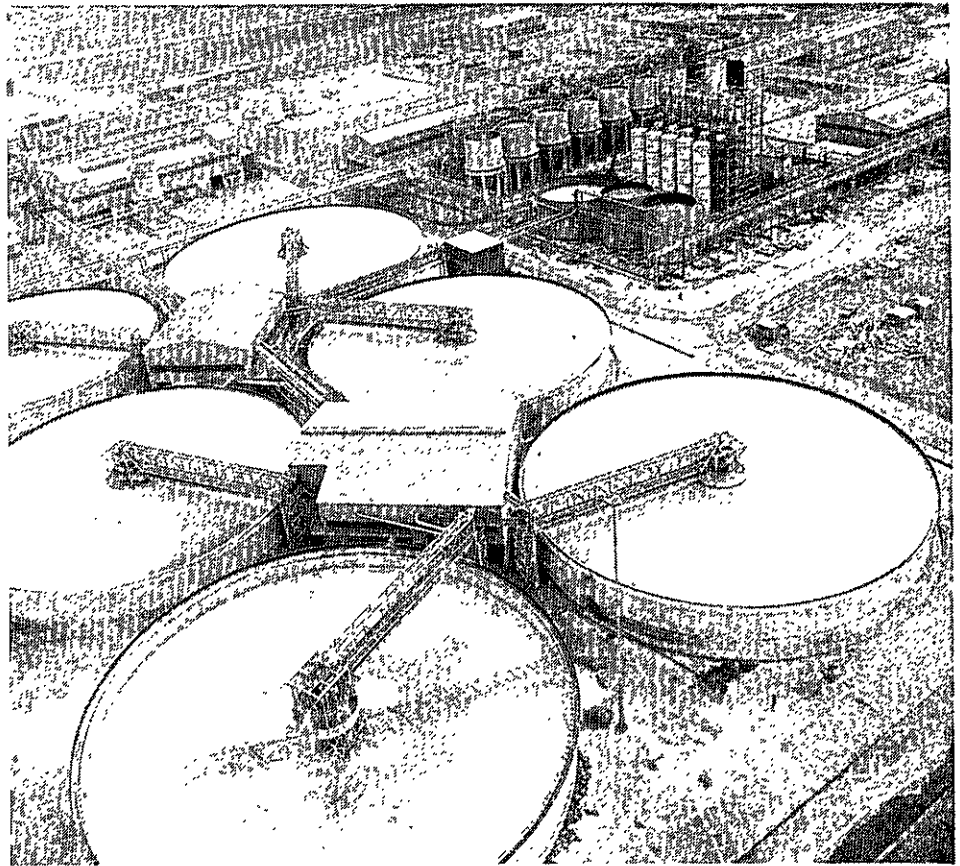
"The initial idea," says Whiting, "was that LTA would provide finance, administration and project management. Today, however, it's providing as much technical input as its foreign partners, calling on them only for very specialised help."

There's heavy emphasis now on extending expertise into related fields to provide as steady a level of project work as possible. That's necessary not only to maintain profits, but also to retain skilled men (from draughtsmen upwards).

Immigration is an extremely expensive and, from a manpower quality point of view, not an entirely satisfactory source of skills. The answer must be to find and train local men and ensure enough work to justify retaining them.

Some of that work can be on quite a small scale. LTA seconded 30 men, for example, to AECI's Coalex project team.

Whether the search is for big or small jobs, though, "Chippy" Rathbone, Mitec's deputy MD, now has responsibility for heading a more intensive marketing



Uranium extraction plant for Vaal Reefs . . . developing local know-how

operation. "We already have access, in various parts of Mitec, to much advance market information. It will be my job to centralise and co-ordinate this information and ensure that it gets to the right people at the right time," he says.

One way of getting work is, of course, to open up completely new markets. That is the aim behind newly formed Agtec, a partnership between Mitec and a Pretoria firm of agricultural consulting engineers. It hopes to consult to homeland governments and others on how best to develop agricultural regions, advising on the planning and construction of roads, dams, canals, electrification, food processing plants (all, of course, producing work that

LTA can handle) — even which crops to grow. Apart from drawing up highly detailed regional development proposals, Agtec is offering to arrange finance and to construct, operate and maintain projects, too, where necessary, as well as train others from the regions to take over the projects.

Already, the company has won investigation commissions in Venda and Kwa-Zulu. The latter is to investigate how a modern agricultural project can be set up without running counter to Zulu tribal traditions.

"Agtec's potential is exciting," Whiting concludes, "since any one scheme could run into tens of millions of rands."

Reinforcing steel profits

How far should steel manufacture extend? That's the question challenging the Steeledale division.

What to do for excitement when your main product has little competition and your two other major products are among the market leaders? Clearly, competitors must be kept at bay. But should further challenge be sought in activities closely related to those currently pursued, or further afield?

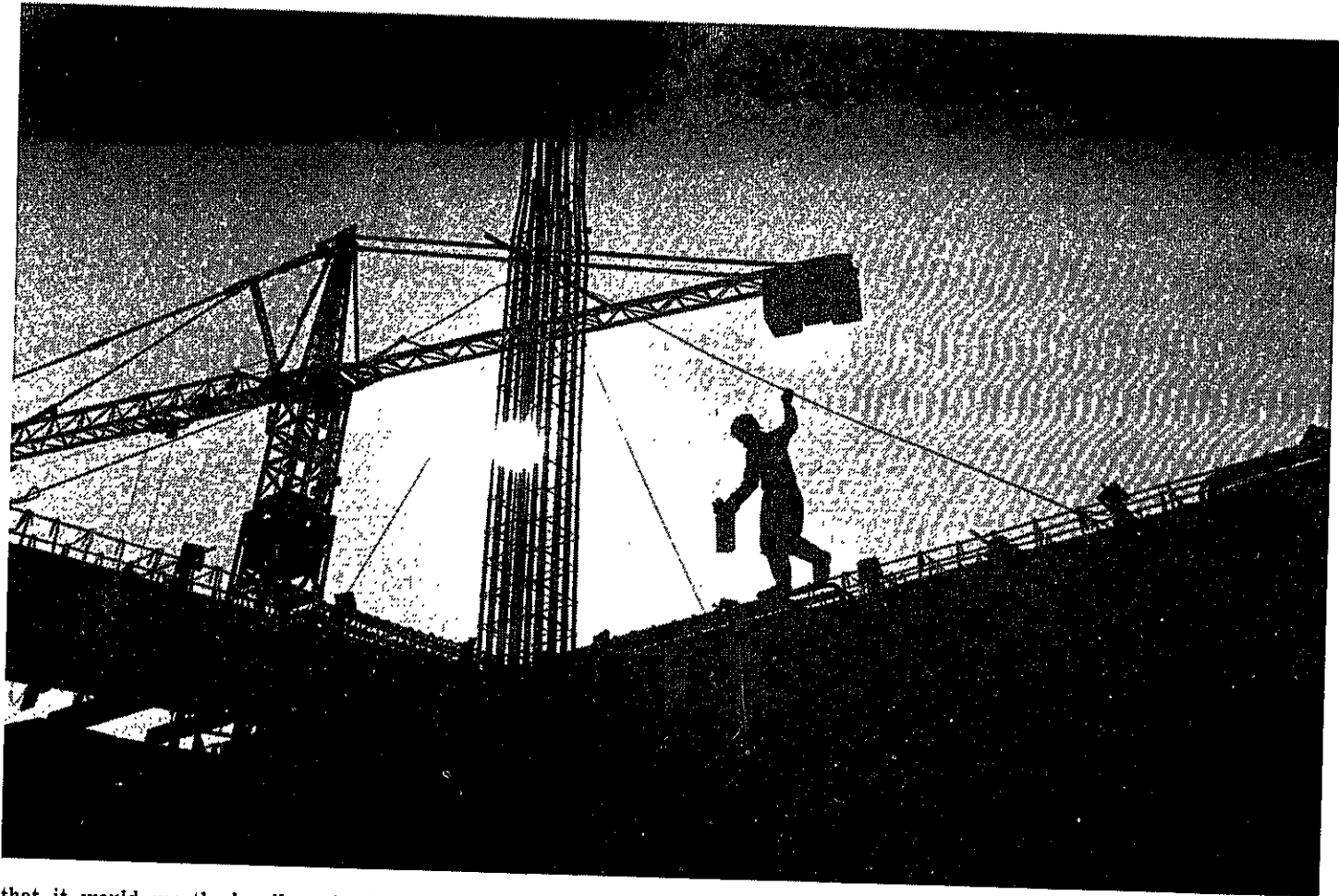
That is the question facing Steeledale

chairman Peter Keet. If he seems reluctant to expand rapidly into new fields as main contractor, having taken initial steps in this direction, it's probably because his division's spurs have so far been won in sub-contracting.

Today, sub-contracting activities cover pretty well the whole range of construction needs. Yet their beginnings were

humble enough.

In 1952 Lewis Construction chairman Harold Schwarer became dissatisfied with service from existing reinforcing steel sub-contractors. Together with others, mainly Lewis shareholders, he formed Steeledale Reinforcing and Trading as a company quite separate from the Lewis group. The initial intention, though, was



that it would mostly handle only Lewis work.

Within two years, however, it was serving many other contractors, too. Its success, marked by the rapid opening of branches throughout SA and SWA, came about thus. Where its competitors saw themselves as seeking profit mainly from a design service, in competition with consulting engineers, Steeledale offered no design service, but sought profit instead from its steel sub-contracting and supply operations.

That had two benefits. It delighted consulting engineers; and it compelled Steeledale to monitor its manufacturing costs closely so that it could remain profitably competitive. On both counts, consulting engineers frequently specified Steeledale as the sub-contractor main contractors should use for reinforcing steel.

As a result, Steeledale was soon ahead of the field. To remain there, it has invested heavily during the past decade in sophisticated automated cutting and bending equipment. "We continue to monitor the latest equipment internationally available. Doing so has enabled us to keep the rise in our production costs during the past 15 years far below the dramatic surge in labour costs," says joint-MD, Colin Campbell.

Today, Steeledale's aggressively protected lion's share of the market for reinforcing bar leaves little room for competition or for real growth in its own

turnover. The acquisition of Reinforcing and Allied Industries a few years ago also boosted its share of the steel reinforcing mesh market to a powerful 36%.

It's also a strong contender in the prestressed sector, being local licensee for two highly regarded post-tensioning systems — the Swiss VSL system for cable and the German Dywidag system for bar. Both systems have been systematically improved by their overseas parents over the years.

But if there is substantial growth left in the market for pre-stressed steel, how much will be at the cost of conventional reinforcing steel? Pre-stressed steel is increasingly being used in horizontal slabs, traditionally reserved for reinforcing steel, because it allows a lighter weight of slab to be used and fewer support columns. That makes it cheaper, as well as technically attractive when constructing parking garages and other areas needing as little interruption by columns as possible.

Steeledale offers, meantime, other sub-contracting services. Reinforcing steel led on pretty naturally to shuttering and scaffolding, even to concrete guniting. "We were the first in SA to gunite a swimming pool," says Keet.

Within its chosen area, too, Steeledale is pretty big in plant hire. It got into it early on in its history. Schwarer bought a company, Ujic, to manage Lewis' own construction plant. But he also wanted to

compel his construction men to use cranes on high-rise buildings, rather than traditional skips for hauling up materials. By having Ujic own cranes, he felt more able to pressure his men to use them.

Today, only one-quarter or so of Steeledale's plant hire turnover comes from within the LTA group. Other contractors turn to it, not only for shuttering and scaffolding, but also for compressors (for which it's about the biggest hire company), compacting equipment, welding machinery, dumpers and dewatering equipment. Hiring is done in the Transvaal by Construction Plant and Equipment (Pty), while Ujic still operates in Natal and the Cape.

It's been far from roses all the way. "We had to launch a plant replacement programme 18 months ago," admits Jimmy Wood, Steeledale's other MD. "Equipment offering reliability and good service is obviously vital for successful plant hire but, because of recession, plant hire companies in recent years have been cutting rates to levels so low as merely to cover their own leasing costs. Many companies, therefore, including ourselves, simply failed to replace old equipment. That meant that low income was aggravated by high maintenance costs. Without a plant replacement programme, our very survival was at stake."

Plant hire fortunes being inexorably linked to the construction industry, Steeledale is looking to its manufacturing oper-

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ARTFUL MANAGER

Ask a senior executive in his fifties what he does in his spare time and chances are he'll claim to have no time or energy for hobbies. Not Peter Keet. Though chairman of LTA's Steeledale division, he sees himself merely as part of a troika (the other two are his MDs, Jimmy Wood and Colin Campbell) running the division. Each has more than 15 years service at Steeledale and work together in unusually close harmony. "I have plenty of energy left at the end of each day," says Keet.

Now 53, he was educated at Johannesburg's Houghton College (head prefect and First XV). An ambition to become an accountant ("Figures are my forte. I can remember numbers") saw him studying for the CIS qualification at night while working as a clerk. Later he became accountant for Stewarts and Lloyds' Johannesburg branch.

In 1956 he joined Steeledale as company secretary. Eight years later, after a succession of MDs, he took on the job himself. By the late Sixties he was executive chairman.

Was his success always based only on close understanding of the figures? "Far from it," he disclaims. "I've had

to make myself technically conversant with everything we do. In fact, I could probably manage any of the division's companies better than I could be their accountant."

But he doesn't have to do either.

Which gives time and enthusiasm during the week for chess and much reading (mainly fiction). Weekends see him on his six hectare Vaal property looking after his animals, swimming, fishing and playing golf.



ations to give it a smoother flow of income. Interestingly, though, its venture into manufacture began in the early Sixties for the construction industry, producing steel holding-down bolts. Later, the bolt-producing company, Steelform, expanded into minor steel work used in concrete work — curb angles, ducting, etc.

Came the 1965 merger and Steeledale absorbed a loss-making Thompson company, Construction Engineering, that among other things produced structural steel. That launched Steeledale into the manufacture of lightweight, pre-fabricated steel buildings. Today, these produce a monthly turnover averaging R500 000. Steeledale has also begun manufacturing specially selected heavier structural steel.

Still, in all this, Steeledale remained the sub-contractor. In 1968, however, it began producing pre-mix asphalt plants in partnership with Germany's Wibau. Those were boom times and the company made fine sales and satisfactory profits. Today, however, Conaph Equipment Services (ex-Wibau SA) is the only local manufacturer of these plants (only one component has to be imported).

It has expanded into asphalt-laying and batching equipment as well as into concrete pumps. Trying to sell the latter to highly sceptical construction men and pre-mix concrete companies forced Conaph to

go itself into pre-mix concrete to show that the pumps worked well. Once it had overcome scepticism, it withdrew from the field.

What expansion potential then, for manufacturing operations? Plenty, Keet reckons. The steel building operation still covers only the Transvaal. Items not particularly related to the construction industry could also be produced. Already, Steeledale has done engineering work for LTA Birtley on coal-sampling plant, conveyor belting for the Vaal Reefs uranium extraction plants and gearboxes for Dorman Long's straddle carriers used at the container berths in Durban and Cape Town harbours.

Now the division is looking at producing

a large industrial vacuum cleaner that so far it has only been importing and selling. Gasification plants also look a promising area, says Keet.

To get away from construction's cyclical fortunes, he and his colleagues have also been looking at steel merchandising. The problem, says Keet, is to find the right area of specialisation, the latter being vital in steel merchandising.

In short, the attitude of Steeledale's management towards the future closely reflects that of the whole group — aware of the dangers of remaining too closely associated with construction, yet more than a little cautious about extending skills and other resources significantly beyond it.

Distant prospects

Foreign contracts could be attractive. If . . .

Economic cycles around the world are unlikely to be closely in phase. By obtaining work in enough different countries, therefore, a steady level of activity can be produced. That is one of LTA's strategies for solving the cyclical problem of SA's construction industry.

It has, during the past decade, done some impressive work abroad — in Africa, Australia and S America. Best known is its participation in the Cabora Bassa hydro-electric scheme in Mozambique.

To intensify the search for foreign work, LTA International was formed two

HEAD RANGER

Looking for business opportunities and helping develop group strategic planning have been Aubrey Pitt's specific tasks since he was appointed an LTA deputy group MD in 1975. Marketing, however, has been at the core of his contribution from the time he joined Lewis Construction in 1961 to launch a property development company. A professional architect with considerable war-time engineering experience, his formal task was to ascertain some of SA's property needs so that Lewis could meet them as builder and property developer.

The information he gained from architects, financial institutions and others may not have led Lewis, and subsequently LTA, to become major property developers (though Amaprop originally had one of its roots in LTA Property Investments, of which he was MD). It produced enough information about forthcoming projects, however, for Lewis and LTA to land many negotiated building contracts.

From property development, Pitt expanded into construction — first, in the late Sixties, as chairman of LTA's construction companies in the Western

and Eastern Cape. In 1970 he was made chairman of the group's building division, which was separate from the group's civil engineering activities. When they were brought together in 1975, he became a deputy group MD.

All this time, though, he reckons to have played a major marketing rôle. "That, after all," he observes, "is the job of a chief executive." His job as head of LTA International is a logical extension of his group marketing function.

Pitt's visits abroad have certainly helped broaden his interests. He is, by natural disposition, something of a sportsman (rugby at KES, ice-hockey at Wits, rock-climbing with his children when they were younger, and golf today — which may explain why he looks noticeably younger than his 57 years. A warm smile that frequently lights up his eyes and exercises his facial muscles also helps).

Regular business visits to France have inspired him, however, to learn French. And that, in turn, has led to a Unisa degree course in the subject, leaving him little time for other leisure reading. Music and theatre, however,

remain active interests.

No doubt his wife's profession also helps keep him intellectually up to the mark. Imagine telling the headmistress of St Mary's you're too tired to do your prep!



LTA International's Aubrey Pitt . . .
an eye on foreign parts

of what kinds of contract one shouldn't waste time seeking (strong local competition, difficult logistics, severe labour problems, etc)," he observes.

Such contracts, he adds, haven't been easy to find. Foreign political attitudes to SA, sharpened by local political events such as the Soweto disturbances, haven't helped, either. Negotiations in black Africa on two major contracts were progressing well until the Soweto riots brought them to a sudden end.

Politics aside, the number of foreign contracts that are really attractive is limited. They must either be in areas with a stable currency, or require virtually no working capital investment by the contractor.

In short, a tough search in which the unwary can be the victim of fool's gold.

Given its typical caution, LTA is unlikely to fall victim.



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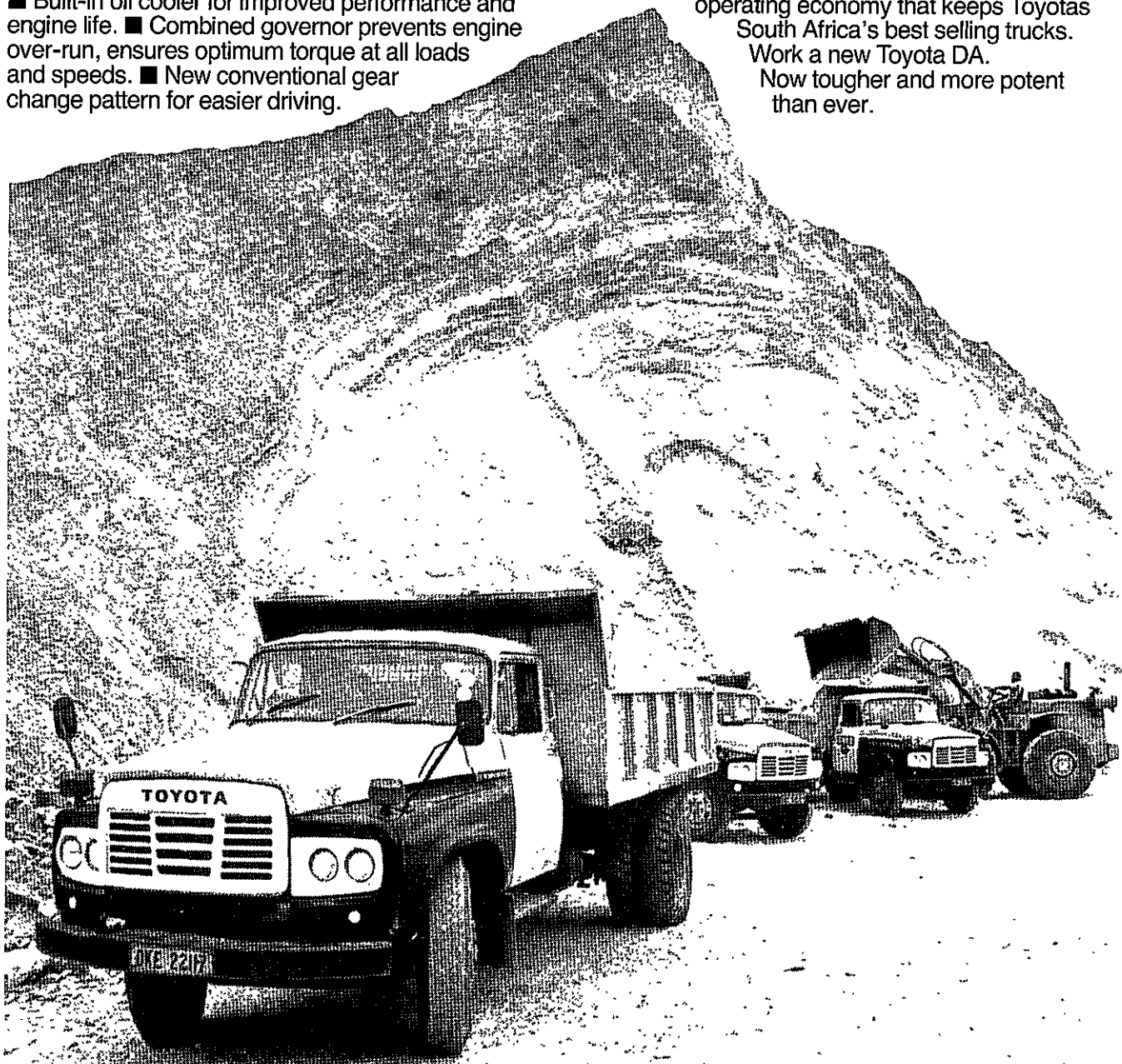
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Self-defeating controls

(32) *Fun 5/16/77*

Although the latest cement price increase was as recent as April 23 this year, evidently one of the industry's biggest challenges still lies in the area of profitability. Currently it is too low to attract the large funds necessary for modernisation, and fairly soon, for expansion. Nor, if the funds are borrowed, could resulting profits service interest payments without jeopardising cement companies' viability.

Strangely, cement is, at least in the eyes of government, a very emotive issue. Like bread, pricing decisions appear political rather than economic. It is one of the few commodities that requires a Cabinet committee decision for a price increase.

That this should be the case is extraordinary considering that cement comprises only 1% to 4% of building costs, depending on the type of construction. Also, railage accounts for up to 50% of the selling price of cement.

In all negotiations, the cement industry

invariably presents a united front, but not without considerable infighting, in the shape of the SA Cement Producers Association. In submitting evidence to the Price Controller, the industry appoints an outside auditor to prepare an industry balance sheet and income statement. So each of the big three companies retains a measure of privacy.

With some logic, the Price Controller is now keeping the cement price well below a normal or long-term realistic level on the grounds that, in a free market, the price would under current conditions be low anyway. According to Anglo Alpha's MD Peter Byland, "I think the industry could go along with this if, on the other hand, prices were allowed to reach above-

DWINDLING RETURNS

Year	Capital employed (Rm)	Annual profit before tax (Rm)	Annual return on capital employed %	Shortfall against 15% (Rm)
1972	118	12	10	6
1973	130	15	12	5
1974†	146	20	14	2
1975	213	16	8	16
1976	258	23	9	16
1977	297	18	6	27
1978	315	15*	5*	32*

* Position before latest price increase
† Catch-up year.

Financial Mail October 5 1979

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is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970. Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of mortality emerges if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require emphasis. Firstly, whilst being affected by the incidence of the diseases in question, these rates are also influenced by their fatality rates, for example, a decrease in the mortality related to Tuberculosis will not only be influenced by a decreasing incidence of this disease but also by improved prevention at primary, secondary and tertiary levels of intervention which will consequently decrease the fatality rate and, therefore, the associated mortality.

Secondly, it should be appreciated that although the calculation of rates is important for comparative purposes since they take into consideration the underlying population, for the providers of health care the actual numbers are also of importance. This is particularly true for those groups which contribute a comparatively large proportion to the total population, for example 'coloured' children 0-4 years old. The different demographic profiles of the two communities for 1951 are presented in Fig. 1, and this provides an indication of the age distribution of whites and 'coloureds'. The changes in this distribution which occurred between 1941 and 1970 are, for the purposes of the present study, of relative unimportance.

The expectations of life for 'coloureds' and whites are presented in Fig. 6. Although data has been published for Africans⁵, this is speculative and is not considered to be of sufficient reliability to warrant inclusion. Two different expectations of life have been included: (1) e_0 - the expectation of life at birth, and (2) e_{45} - the expectation of life at 45 years of age. Characteristically women have a better expectation of life than men, and Fig. 6 indicates that this is so for both whites and 'coloureds'. In fact, so marked is this difference that at 45 'coloured' females have a better expectation of life than white males. What is perhaps of some concern is that the gap between the expectation of life for males and females is widening. This trend is apparent in both the whites and the 'coloured' communities, although it is particularly marked in the latter for whom Male:Female deficit of 1,0 years in 1941 at e_0 has become 6,9 years in 1970. For whites a deficit of 3,7 years in 1929 has increased to 7,0 years in 1970.

- (iv) Proportional Mortality, accounted for by specific conditions.
- (v) Expectation of Life. This was calculated both at birth (e₀) and at 45 years of age (e₄₅) for both males and females. It expresses the average number of additional years an individual would be expected to live beyond birth and 45 years.

For Africans, the proportional mortality was the only index calculated.

RESULTS

The infant mortality rates (IMR) and standardised mortality rates (SMR) for whites and 'coloureds' are provided in Fig. 2 and Fig. 3. Whilst

to 15.7%, indicating that the whites had 'coloureds'. Similarly, for children aged 1941 to 1970, the white mortality 'coloureds' had decreased from 15.2% to 10.0 year age specific death rates are 10.0. This is because the denominator for births whilst for the latter it is the number of age.

The proportional contribution of selected mortality experience of the white, 'coloured' and 'coloureds' have shown a changing spectrum

whites have shown a changing spectrum

DATES TO REMEMBER

Last day to register for dividends: Friday October 12: Bakers 27c; Bro-main 15c; Far West Rand 1c; Frem-corp 10c; Hebotex 6c; New Central Wits 23.5c; Rand London 8c; Reunert & Lenz Ord & A 19c; Theron 10c.

Meetings: Monday October 8: Village Main Reef. Friday October 12: Gold Fields Proper.

All meetings are in Johannesburg unless otherwise stated.

by 1970, this figure improved disproportionately to 4 years of experience as a 7.1%. It should be higher than the former is the mid-year population

Fig. 4 provides causes of death and African communities

During the period of mortality which infectious diseases are increasingly 'coloureds' and deaths caused by mortality which whilst the 'coloureds' and Africans than it

What is of part: 'coloureds' is developed and the

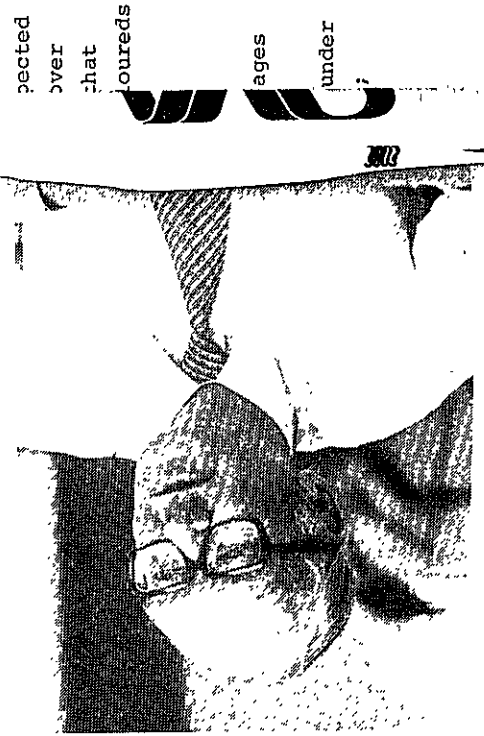
ing consumer and industrial demand, are up R800 000 to R1.4m; and work in progress has soared from R165 000 to R2.8m. Although certain contracts reflected losses, says Grinaker, attributable income rose 11% to R6.1m. Earnings declared are 123.7c (114.6c) a share, but this has been adjusted by the F/M to 105.6c after stripping out non-recurring items: recoupment on depreciation (R689 000) and a R30 000 currency exchange surplus. The company does not reveal its turnover figure, so margin changes are not known, but Grinaker does say that the tax liability percentage was increased because of taxes levied on work done in neighbouring territories. The tax charge rose disproportionately from R3.6m to R5.1m on operating income up from R2.8m to R11.5m.

Although intense competition in the construction industry has shaved margins, Grinaker has maintained its penetration in SA as well as opening up in new areas such as the homelands and independent southern African states. Unlike the unhappy experience of some competitors, Grinaker has avoided major problems in its foreign excursions and is planning to spread into new geographic areas this year.

The company has used its borrowing capacity judiciously and is in a sound cash position despite the Racial purchase. At R12m, net working capital is strong, and the company's stated aim of improving the 1.4 current ratio should easily be achieved as contracts in progress increase and creditors and short-term borrowings decrease.

Construction is not likely to demand extra capital in the next two years - nor will the construction products division which has just completed building new facilities - so the R6m earmarked for capital expenditure is likely to be used for the electronics and data systems divisions.

Cash flow is all-important in the con-



Return on cap %	27	28	32	31
Turnover index	214	216	232	307
Gross profit (Rm)	6.6	7.0	9.9	11.7
Earnings (c)	89.5	75.8	104.1	105.6
Dividends (c)	29	29	33	36
Net asset value (c)	341	401	476	520

*1973=100

In his 1978 statement, chairman Oia Grinaker said: "It has been an exceptionally good year, our best ever." It can only have been fear of repetition which prevented similar sentiments from preceding his 1979 review. Although the overall increase in turnover and trading profit of the group was due to the acquisition of Racal Electronics (now Grinaker Electronics), the company has used the year under review to strengthen its order book and its well-chosen diversification projects.

Grinaker does summarise the group as being in "excellent shape" but this treatment has been going on in the engine-room of the company. Raw material stocks have risen, to cope with increased orders, from R1m to R3.3m; finished products, ready at a time of increased

Soundly constructed

Chairman: O W Grinaker.

Capital structure: 4.9m ordinary shares of 50c, 3m cum red 10% prefs of 10c.

Market capitalisation: R28.4m.

Financial: Year to June 30 1979. Borrowings: long- and medium-term, R3.7m. Net cash: R5m. Debt: equity ratio: 25.9%. Current ratio: 1.4. Net cash flow: R8m. Capital commitments: R6.3m.

Share market: Price: 580c (1978-79); high, 580c; low, 250c; trading volume last quarter, 114 600 shares). Yields: 18.2% on earnings; 6.7% on dividend. Cover: 2.9. P/E ratio: 5.5.

Activities: Construction and civil engineering group with industrial products and electronics divisions. The directors hold 23.1% (22.2%) of the equity.

Building industry costs explode

A COST explosion has been detonated in the building industry. The return to growth in the industry has unleashed previously bottled-necked costs, causing them to accelerate at record rates. These cost increases will have a dramatic effect on housing prices, which will rise proportionately with costs — just when demand for residential property is lifting off.

The September Building Survey of the Bureau for Economic Research at the University of Stellenbosch (BER), says slowly harden-

ing building costs leapt from the 5.5% annual rate of increase during the last quarter of 1978 to 11.9% in the first quarter of 1979 and to 15.8% and 18.2% in the following quarters.

By ANDREW McNULTY

As at least another year of economic growth is foreseen, the BER expects the acceleration in building costs to remain at, or near, record levels during 1980.

A Building Industries Federation (BIFSA) spokesman says: "We agree fully with the BER findings. This cannot go on indefinitely.

"Most materials in the industry are price controlled and we are at present making representations to the Government to have the whole concept of price control reviewed.

"We would like to see price control removed and greater competition between manufacturers of building materials."

The speed of the acceleration in costs is attributed by BER to the sustained bottling-up effect which the cut-throat competition had on the ability of contractors to recoup price increases.

The moment that competition in tendering returned to normal builders rapidly stopped absorbing an abnormal

proportion of post-ponable costs in tender bids.

This has been underpinned by a scarcity of materials and labour.

Investment in manufacturing capacity was reduced and labour which left the industry in large numbers during the long and deep recession of 1974-1977 will be difficult, if not impossible, to entice back.

Builders tendering under the controversial CPAP (Haylett) formula must be suffering under-compensation says BER, as the formula showed cost increases of 12.2% to 12.9% from January to June 1979.

During this period material prices increased at an average annual rate of 17% building plant at an average of 15.4% and labour at about 6%.

The Haylett formula is currently the subject of a study by the University of the Witwatersand, which is aiming to find a more acceptable structure.

5. Further to Note 4, assume now that the company has a set profit before depreciation of R60 000 in 19.8. Draw up the income statement for the 19.8 financial year under a) liability method b) deferral method Assume the tax rate remains 42%

2. Show how the income statement assuming	a) d	How will the company, as of an extra in the 19.7	4. How does the deductible income from income statement
3. How will the company, as of an extra in the 19.7	a) d	How does the deductible income from income statement	

1. What is the balance on deferred tax account of the plant at 31.12.19.7, assuming

a) deferral method
b) liability method?

A. Alpha Limited acquired an item of new plant on 1 May 19.6. Depreciation is provided on a straight line. A 25% initial allowance for tax purposes, wear and tear being 20% on balance. Tax rates were 40% in 19.6 and 45% in 19.7. Taxable income amounted to R45 000 and respectively, for the financial years ending 31.12.19.6 and 19.7.

APPLIED EXAMPLES

DEFERRED TAX QUESTIONS

GENERALLY ACCEPTED ACCOUNTING PRACTICE



BIFSA

(32) pm 12/10/79

Laying new foundations

The expected revamp of the Building Industries Federation (Bifsa) is on the way. Director Johann Grotsius is to be superseded by a new "top man" and the whole organisation is to be re-vitalised to provide master builders with more official punch than they've enjoyed for years.

The writing has been on the wall for more than a year — ever since the 1978 congress formally agreed to bring in management consultants to fathom out a new policy to guide South Africa's second largest industry.

As the executive sees it, the problem quite simply is that Bifsa does not exert the kind of influence on national policy which it deserves. With a capital programme of more than R2 000m a year, the building trade ranks second in the country only to mining.

But, says president David Mitchell, this power base is not being fully used and the building sector is losing out to lesser industries and organised commerce. Specific areas of complaint are not identified, but it's an open secret that rank-and-file members have been less than happy over the past few years.

The downturn in the economy, which hit builders particularly hard, didn't do much to help matters. There have been harsh words about Bifsa's expansive training schemes which have not produced the kind of labour force everyone was hoping for. Bifsa says this criticism is unfair. The pilot training scheme in Springs is still less than a year old, it points out, and is

only the beginning of a far bigger national programme.

Last year's government allocation of work to the private sector also caused some ill-feeling among smaller companies which claimed that the work was not equitably distributed in spite of Bifsa's efforts to talk government into a fairer distribution.

A prior decision by the Electrical Contractors Association to quit Bifsa also had a telling effect on morale as well as losing for the federation a large slice of both membership and influence. Subsequent attempts to pressurise a developer into accepting only Bifsa members on electrical contracts in Port Elizabeth was summarily overruled by the Board of Trade. Inevitably the Bifsa image suffered. But talks with the ECA are proceeding, says Mitchell, and good progress is being made towards a new understanding.

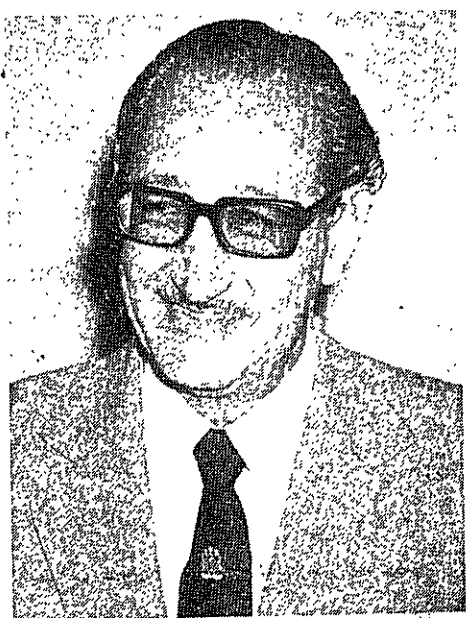
The celebrated battle with Sapoa over the standard building contract and cost adjustment procedures (notably the Haylett formula) also found Bifsa making concessions, although general lack of work has obviously had a lot to do with that.

Despite the many problem areas to have developed over the past few years, Mitchell singles out the lack of influence on national policies as the main reason for a re-think. The change in approach, he says, is going to be drastic and various alternatives are being studied.

An important part of the new-look policy will involve training which is becoming more vital with the current pick-up in building activity. But the approach, he says, will be worked out with the new executive head who will come in on January 1.

Grotsius' position is still being "sorted out", explains Mitchell, but Grotsius himself says he cannot comment because he has been on the "touchlines" and the matter is still under discussion.

But the task of re-structuring has already begun. "We want to be more a part of the economic mainstream," asserts Mitchell, "we are tired of playing a subsidiary role."



Johann Grotsius . . . waiting on the touchline.

Financial Mail October 12 1979

Despite the problems of using mortality data as a means of assessing a community's health status, it is a measurement which has stood the test of time and, to date, is usually the only method of evaluating the health

requently the only data routinely collected mor-
ndication of the unhealthy
tions are appreciated, they
alth profile of the com-
and identifying major
st in order to place the
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PROBLEMS AS... reliability (See Pt. II).

Building firm's attitude strange - Union

CAPE TOWN. - The "intransigent attitude" of a building firm was strange in light of its parent company's proclaimed adherence to the EEC code of conduct, the General Workers' Union said in a Press statement in Cape Town yesterday.

The statement follows an out-of-court settlement this week of a R12 500 claim by contract workers for underpayment of wages.

The 42 workers alleged that they had been recruited to work in Cape Town for Dura Construction at a rate of 77c an hour, but had been put to work at Atlantis at 57.5c an hour.

They began legal proceedings in 1978. The first hearing was set down for October 23 in the Supreme Court, Cape Town.

The Union statement said: "We are very critical of the fact that the company should wait until the last minute before offering any settlement whatsoever."

"Management clearly did not believe the workers possessed the necessary commitment and determination to pursue a protracted action."

"The Union said it rejected an attempt by Dura Construction to make the settlement confidential."

"The company has refused to recognise the role played by the Union in this and a number of other critical issues concerning our members. We are surprised that it should now attempt to secure a covenant of silence from us."

"We believe it is in the public interest that actions of this sort be publicised and that other employers, particularly in the building industry, take heed of the results of the dispute."

"The intransigent attitude of the company is strange in light of the Dutch parent company's proclaimed adherence to the EEC code of conduct."

A spokesman for Dura Construction confirmed that the company had settled the matter for the full amount claimed. - Sapa.

the cost of the fund native raising of rais project. budget. Where the sources in different programmes by means of Linear Programming, though health service choices cannot usually be presented in the simplified way required by this method.

when spent related in geriatric basis but in A separate age groups

the grouping of expenditure into programmes is an art. Fole, an economist in the U.K. Department of Health, writes:

"Programme structure should, in my view, be mainly determined by the decisions to the taking of which one wishes it to contribute... One might suggest that where decisions are primarily a matter of political or moral judgement - of determining basic priorities - one would want the activities to be compared to reside in different programmes - the mentally handicapped against the alcoholics; but where it is a more technical question of how particular objectives can best be achieved - drug therapy against behavioural therapy - one would want the activities to be compared to be within a particular programme. This distinction ties up with an economic jargon of slightly older vintage - that of cost-benefit and cost-effectiveness; and through that to the main stream of neoclassical welfare economics, which attempts to make a distinction between the choice of the composition of the basket of outputs and the choice of the set of resources from which each output is to be produced. The former is, in a broad sense, a question of tastes, values, or utilities; the latter is a question of techniques".

2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a given objective. But what tools are available to aid the choice of objectives themselves? Can anything be said on the question of the priority to be given to particular diseases or age groups, whether to allocate more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this: but all of them require that expenditure be accounted for by the ends it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

- (a) to know the cost of pursuing each objective;
(b) to group together activities with the same objectives which

He adds:

"In practice, it is not an easy matter to make a hard and fast distinction between technical matters and matters of values or utilities in the health services. From one point of view, the question whether to treat schizophrenics in hospital or in the community is a technical one. Which is the cheaper way to fulfil whatever are the society's requirements for the treatment of this group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate".

Programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

Firm's R12 500 pay settlement

ET. 12/10/79

(32)

Staff Reporter

THE Dura Construction company has agreed to pay a R12 500 underpayment claim to 42 contract workers in an out-of-court settlement.

The claim for R12 500 against Dura — a subsidiary of a giant Dutch multinational — was instituted in 1978 by the workers. They alleged they had been recruited in Transkei for work in Cape Town at 77 cents an hour, but had been put to work in Atlantis at 57½ cents an hour.

The first court hearing of the claim was set for October 23 in the Supreme Court. Dura has agreed to pay the full claim, legal costs, and interest

amounting to R2 600.

A spokesman for the Western Province General Workers' Union, which is unregistered, said the claim was part of a long-standing dispute between the company and the workers and their union.

He said the union had rejected an attempt by the company to make the settlement confidential.

"We believe it is in the public interest that action of this sort should be publicized and that other employers, particularly in the building industry, should take heed of the results of this dispute," he said.

STUFFED CABBAGE SALAD

1 fresh green medium size cabbage
onions
carrots

tomatoes
fresh pineapple
radishes

May Bennett, Ridgeworth

43

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well, then pile the salad into the cabbage "bowl". Garnish with radish roses and a small bowl of mayonnaise for those who like it. To make the radish roses, cut across the tops in a double cross, then put them in iced water until the radishes open up.

---o0o---

GERMAN POTATO SALAD

boiled potatoes
cooked bacon
mayonnaise

chopped onion
salt and pepper

Ethne Beard, Port Elizabeth

Cube the potatoes while still hot. Chop up the bacon, mix with the potatoes, onion and salt. Chop up the radishes with a little

SPRING GREEN SALAD

1 medium size lettuce
2 onions
parsley

1 cucumber
mint (fresh)
scallions

May Bennett, Ridgeworth

44

Wash and shred the lettuce, chop onions finely and parsley; keep a few pieces for garnishing. Wash cucumber peel and cube. Wash scallions, and cut tops off leaving a short piece of the green left on. Toss the lettuce, parsley, cucumber, onion and scallions together, salt and pepper. Pour over a little French dressing and serve in a glass bowl. Garnish with a few sprigs of mint and parsley.

---o0o---

CURRIED GREEN BEAN SALAD

2 lbs sliced green beans
2 chopped onions

1 d salt, level
2 cups water

Mrs Futter, East London

Boil the beans (sliced) with salt and onions till cooked, then pour off the water.

Sauce:
1 1/2 cups sugar
1 d curry powder

1 heaped T flour
1/2 bottle vinegar

Mix the curry powder, flour with a little water. Mix well, so that no lumps form, and then add the sugar and vinegar, boil up and stir all the time, then add the cooked beans and onions, bring to boil again. Bottle.

---o0o---

APPLE TUNA TOSS SALAD

1 medium head lettuce, torn in bite-size pieces (4 cups)
2 cups diced apple
1 11 oz can (1 1/3 cups) mandarin orange sections, drained
1 6 1/2 or 7 oz can tuna, drained and broken in large chunks

1/3 cup coarsely chopped walnuts
1/2 cup mayonnaise or salad dressing
2 t soya sauce
1 t lemon juice

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

---o0o---

rich dressing.
teproof paper

cut side

Ridgeworth

London

led and diced
peas

Brick shortage in Transvaal critical

By TERRY MEYER
Property Editor

32
14/10/74

MASSIVE brick shortages are being experienced by builders in the Transvaal as a building explosion has hit the main Witwatersrand/Pretoria complex in recent weeks.

In a *Homefinder* survey this week of leading builders as well as the brick-making industry, homebuilders complained bitterly about the current delays being experienced in getting bricks. These are causing building delays — and ultimately lead to higher costs.

Merbuild managing director, Dr Willi Kulhanek tells the *Sunday Express* that there are delays of between 14 to 16 weeks in the delivery of certain types of bricks — which is costing builders extra in those cases where they are unable to pass on the costs.

His own company, however, is fortunate in having access to its own brickyard (owned by the Mercabank group), but at the current rate of expansion even he

will soon have to look outside his own brickyard.

Omega Homes chief buyer, Steve van Rensburg, says that the situation at present is "critical" in the Transvaal. Builders are having to wait up to six to seven weeks in many instances for bricks and he expects the situation to get worse before it gets better.

Wimpey marketing manager, Jonathan Fair, also complains about delays in

getting materials from the larger brickyards.

The lion's share of bricks in the Transvaal and Natal today is supplied by the Tongaat-Corobrik group — with all other brickyards small in comparison.

Some builders feel that this very lack of competition in the industry has led to these long delays, but this is denied by the brick-makers themselves.

"The sudden increase in

demand for bricks which far outstripped even the optimistic forecasts of Bureau of Economic Research of Stellenbosch University, caught us completely un-awares," says Tongaat-Corobrik MD Dick Kemp.

Kemp, however, reassures *Homefinder* that the position will improve. As from November 1, he says, Corobrik Transvaal will be manufacturing an extra 3½-million bricks a month.

(32) PM 12/10/79

Reinforced prospects

Activities: Manufacturer and supplier of fibre-reinforced cement, pitch fibre and plastic products for the building and construction industries. Has a 46.3% stake in Asbestos Industries, which operates an asbestos mine in the northern Cape. The Swiss Eternit group has 45% of the shares.

Chairman: H Thoeni; managing director: R J Lambson.

Capital structure: 16.2m ordinaries of R1. Market capitalisation: R40.5m.

Financial: Year to June 30 1979. Borrowings: long- and medium-term, R5.9m; net short-term, R10.6m. Debt: equity ratio: 23.7%. Current ratio: 1.8. Net cash flow: R8.4m. Capital commitments: R4.4m.

Share market: Price: 250c (1978-79: high, 255c; low, 145c; trading volume last quarter, 178 000 shares). Yields: 13.1% on earnings; 6.6% on dividend. Cover: 2.0. PE ratio: 7.6.

	'76	'77	'78	'79
Return on cap %	19.0	13.1	13.2	14.2
Turnover (Rm)	53.1	49.9	64.5	80.4
Pre-tax profit (Rm)	10.6	7.9	8.8	10.5
Gross margin %	22.3	17.9	13.4	15.4
Earnings (c)	34.2	28.0	28.5	32.7
Dividends (c)	15.0	15.0	15.0	16.5
Net asset value (c)	343	369	405	433

Everite's strategy of diversifying within the pipe market has allowed the company to improve profitability on higher turnover. Although plant utilisation in many divisions is still below optimum, the company's wide product spread ensured an overall improved profit margin on sales boosted to R80.4m. Operating income was 24.7% up at R9.5m — exactly the same percentage gain as for turnover.

Chairman Hans Thoeni says profits are expected to increase this year as the company is geared to meet any upturn in the building industry. Although demand for the group's building and construction products started picking up towards the latter part of 1978, the major portion of increased turnover stemmed from the acquisition of subsidiaries such as Pipekor and Structural Concrete Products.

This year, the company could feel the impact of the R250m low-cost housing

project announced by government in late 1977 and the recent allocation of another R760m to State housing and construction projects. Private sector building plans passed are 30% up on the comparable 1978 period; so with production levels "well below optimum capacity", demand rising, and costs contained, building and construction products should contribute substantially more in the fibre cement division. Although the pipes side of this division could restrain gains, a small increase has a large effect on profits as fibre cement contributes 78.5% of trading profit.

Profits in the concrete pipes division are below management's target because of substantial under-utilisation of capacity in the industry and consequent price-cutting. In plastics the company has bought itself into second place as a PVC producer, with the acquisition of Pipekor, which has helped in reversing the R579 000 loss suffered in plastics last year into a R461 000 profit.

Pitch-fibre pipes, enlarged by the Pipekor pitch-fibre plant, improved profits only marginally due to "technical problems" which have now been sorted out.

Financially the group has come through a severe building/construction industry recession with flying colours although management has not been able to halt the erosion on return on equity. At 14.2% (19% five years back) the return is unacceptable. Over the past five years turnover has increased 91.1% while pre-tax profit is up only 18.2% over the same period.

Retentions have stuck at about half of



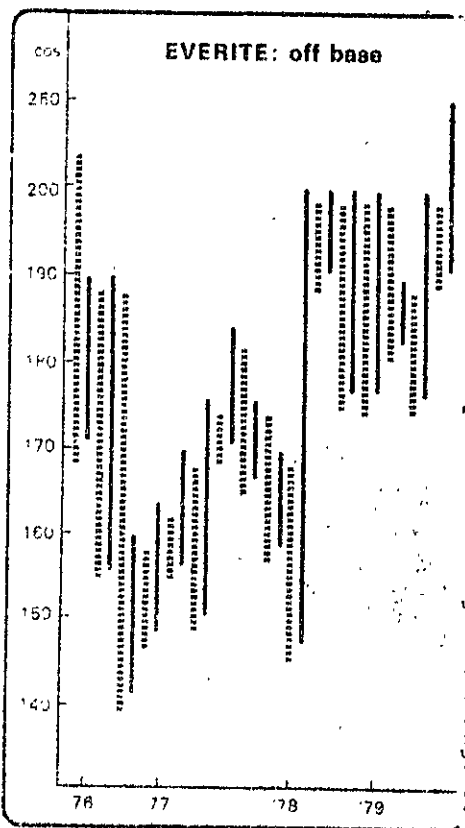
Hans Thoeni . . . buying position in plastic pipes

profits for some time, with capex never more than R5m in any single year. While the balance sheet is strong, and the company is under-borrowed at the right time, the previously healthy current ratio is thrown out by a R6m increase to R17m in accounts receivable.

Cash flow is strong and covers leasing and interest charges a comfortable 5.3 times. For the past three years, however, investors have been getting a return of only 7% on shareholders' funds. Given that no funds are likely to be required for major expansion in the next few years, a case could be made out for reducing the dividend cover.

Although the share seems fully priced at the moment, increased construction industry activity makes the counter attractive at its current 250c.

Ian Muir



at mortality rates (IMR) and standardised mortality rates (SMR) and 'coloureds' are provided in Fig. 2 and Fig. 3.

Proportional Mortality, accounted for by specific conditions. Expectation of life. This was calculated both at birth (e₀) 45 years of age (e₄₅) for both males and females. It expresses the number of additional years an individual would be expected to live birth and 45 years. Whites, the proportional mortality was the only index calculated.

195

The mortality rates for persons over age 15, between 1960 and 1970 for 'coloureds' is. mortality rates of whites and constant for persons between the ages less than 5 years of age, the gap widening. In 1941, white children under mortality of 'coloured' children;

196

14/10/79

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PROPERTY MAIL

A SHARP fall in the rate of increase in building costs was forecast at the retailing and distributing conference in Johannesburg organised by the National Development and Management Foundation.

The forecast came from quantity surveyor Mr C P de Leeuw.

But Mr De Leeuw said costs in the year to March 1980 could end up by rising 25%.

He told the conference: "I am of the opinion that the escalation in building costs which has been running at 2% to 3% per month over the last few months will now flatten out to an average of probably 1,5% per month for the next few months and will then hopefully drop to an average of 1,25% a month for a few months and thereafter fall back to the average 1% per month which we became accustomed to before

Hope that escalation in building costs will flatten out soon...

RDM 32
14/10/79

the recession."

Mr De Leeuw said: "The massive increase in building costs of 19,8% over the last nine months may be attributed to an adjustment back to normality after the severe recession of the past four or more years during which profit margins were slashed, causing lower building costs and during which the productivity of the

PROPERTY REPORTER

workforce was higher than usual, causing a further lowering in building costs, at a time when inflation was nevertheless rife."

He said: "It is not only the main contractors who have adjusted their profits but also the sub-contractors.

"Add to this the fact that the productivity of the workforce has now again reduced somewhat due to more jobs being available.

"Add also inflation and the effect of the fuel increase and the 19,8% increase in building costs over the past nine months becomes understandable.

"During the period January 1960 to December 1969 building costs in Johannesburg escalated at an average annual compounded rate of 4,77%.

"During the period January 1970 to September 1979 this percentage increased to 12,7%.

"During the period January 1980 to September 1979 building costs have escalated at an average annual compounded rate of 8,75% — higher than the escalation of the consumer price index."

Mr De Leeuw said: "The increase in building costs in Johannesburg over the past five years has been as follows:

- During 1975, 10,1%.
- During 1976, 6,7%.
- During 1977, 1,1%.
- During 1978, 6,0%.
- From January to September 1979, 19,8%.

An excellent investment

PROPERTY and building shares on the Johannesburg Stock Exchange generally have proved an excellent investment for those who had the foresight earlier this year to see the first signs of the long-awaited recovery.

The Rand Daily Mail index of property shares rose from 37,9 at the beginning of this year to 79,1 at the end of October — a rise of more than 100%.

The shares comprising the index are Amaprop, GF Props, RM Props, Retco, Sorec and Tuckers.

Although GF Props and RM Props are often speculative targets because of their mining links the six shares give a fair spectrum of the main property groups.

Building shares have shown less dramatic growth but useful investment opportunities have been there.

The RDM index of building and construction shares increased from 203,2 at the start of 1979 to 299,8 by the end of October.

Shares in this index are Anglo Alpha, Grinaker, Group 5, LTA, Murray and Roberts, Otis, Placor, Plate Glass and PP Cement.

By way of comparison that is less than the overall rise in the industrial share market.

The RDM 100 industrial index rose from 270,5 to 408,1 over the same period.

However, some share sectors which might have been expected to move ahead quickly — such as engineering and stores, for example — have shown a similar pattern to building.

The RDM stores index increased from 322,1 to 417,4 and engineering from 127,7 to 197,8.

But what will happen to building and property now? Cautionary voices have rightly and sensibly been heard urging that the property upturn is still not a national "boom".

There is clear evidence of a big surge in residential demand in select areas — the northern suburbs of Johannesburg, for example — but the ripple effects have yet to be felt across the board.

Building costs are still soaring even if there is hope that the escalation will slow.

But with next investment experts expecting a bigger economic growth rate next year than this 1980 could be another good year for property.

tractor. The contractor is required to substantiate his claims.

• A contract with a formula to regulate compensation to the contractor for building cost escalation such as the Haylett formula where 85% of the contract sum is adjustable in terms of indices published by the Department of Statistics."

Mr De Leeuw asked: "How does building cost escalation affect the retailer's rent?"

He told the NDMF: "In a suburban shopping centre which was analysed the 19,8% escalation in building cost since January this year would have resulted in an increase of approximately 15% on rents — for example, from an average of R4,50 per m² per month to an average of R5,18 per m² per month.

"In a CBD shopping centre the same escalation in building costs would have produced an 18% increase in rentals — from an average of R9,00 per m² per month to an average of R10,62 per m² per month.

"Had these increases occurred during the building period and had the Haylett formula been used, then the resultant increase in rentals would have been approximately 50% of those quoted above.

"The effect of the increase in building costs is somewhat offset by the fact that developers are today prepared to accept appreciably lower returns on their investments than even a year ago."

He said: "In a simulated case study done in April this year the cumulative effect of the above-mentioned factors were taken into account together with 10% inflation and resulted in a building cost increase of 22%.

"Of course, our inflation rate this year is in excess of 10% and it is therefore possible that the building cost escalation in the period April 1979 to March 1980 could be more than 25% with the highest increase having occurred in the period April to September 1979.

"In certain areas where the building industry has not been as buoyant as in the Johannesburg — Pretoria area, building costs have not increased to the same extent as in the Johannesburg — Pretoria area. The escalation in building cost in the western Cape has, for instance, been much slower than here — but their turn will come.

"Post-contract building cost escalation is another matter, as it depends entirely on the contractual arrangements with the contractor.

"There are various methods of dealing with compensation to the contractor for post-contract building cost escalation. Some of these are:

- A fixed price contract where the contractor accepts the full risk of escalation and presumably prices it into this tender.
- A proven cost contract where some or all escalation in cost is passed on to the developer based on actual cost increases suffered by the con-

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HOME CHEAP HOME

BUILDING costs have risen in the past 10 years, but most other products and consumer goods have gone up even more. With the building industry coming out of a bad five-year period home-builders were entitled to try to get back to "normal" level of profitability, says Mr Reg van Rij, managing director of Derreg Construction.

He said it was in the builder's interest to encourage by whatever means he saw fit "action" on the part of potential customers.

"Do it now" is a valid marketing message. Whether there is validity in the message itself is a second question. I have noticed in Johannesburg newspapers recently the theme 'build because everything is going up so fast,' Mr van Rij said.

"When one says that costs are going up by X percent, I think one has to determine whether one is talking about costs to the builder — his input — or costs to the customer, his outlay."

Because in between these two there is the question not only of overheads, because that presents one of the inputs, but gross profits.

"The building industry in any contracting industry in fact — is very much in the hamster game. You know, you keep buying nuts for the winter."

"When times are hard you have to thin out and go through a lean period. The rider to that is when times are good, you hear the complaint: 'I just cannot find a builder to do the work.'"

"We've been through that in 1970-71-72 and under those conditions of supply and demand the normal free-enterprise forces take effect and prices go down to the betterment of the builder's profit-and-loss account."

"Now I see absolutely nothing wrong with this. It is either firmly entrenched with both feet in the free-enterprise system

or both feet out of it. Free enterprise says you maximise profits in the long term — on an ethical basis, sure — but that is the whole purpose of business; to maximise profits through efficiency, through volume, through extracting the highest prices you can against competition.

"Input to the builder is going up without any shadow of doubt. My view is that it is going up roughly in accordance with the normal rise in the Consumer Price Index, in the same way as butter, eggs and bacon."

He doubted whether the increase in actual building costs would be as high as the 25 percent some sources estimated.

"But," he said, "there are two reasons why such a high figure might be quoted. One is that the price to the public could be going up by that because relative to yesterday's building builders' prices, builders are now getting back, in terms of profitability, to some normal basis."

"Builders have had to carve their prices down to nothing, so that in this particular year, 20 percent may be on the cards but we may be getting back to some form of normality in terms of level of gross profit required to make a business out of this industry."



Reg van Rij

BUILDING costs have been increasing steadily in recent years, and some experts say they are expected to rise by 20-25 percent this year. This week Mr Reg van Rij, managing

director of Derreg Construction of Pinetown, put the homebuilder's point of view concerning the increases in an interview with Property Editor Colin Vineall.

"In the course of the climate we have been through, all the parties who represent input to the builder as well as the builders themselves have been cutting their cloth."

"Builders' merchants have had their volumes declining but they still have the same mills and factories, the same delivery vans, except they have half a load on them."

"They have been thumped by bad debts. The workmen have found employers in a more dominant position in negotiations on labour rates."

"Now the industry is coming back, so everyone involved — not just the builder — but the guy who is growing the trees, the merchants and the manufacturers and the labourers who have been forced to hold back over a five-year period are now saying: 'Let's get back some of yesterday's bad results.'"

Mr van Rij said that one must not look at the increases in building costs in the same way as the rises in consumer product costs, but rather vis-a-vis the past five years in the building industry.

"The cost of building a home today is, give or take a few cents, double what it was 10 years ago. But it must be remembered that building is a visible industry. One sees skyscrapers going up or homes being built, and the cost of a home is also the biggest single monthly expense in a normal house."

"We get a monthly bulletin from America which shows home ownership costs. The cost

of literally an 80 square metre box is anything up to R40 000. For a Westville, typical, three-bedroom, two-garage home, according to the area, it would be R80 000 to R125 000.

"The cost of any commodity must be seen relative to incomes. So the valid test as to whether people can afford to own a home or not is what the consumer's rand bought 10 years ago, and what it buys today."

"The human condition is such that we tend to look at the cost of an item compared with the day before without looking at our

salaries. In general, salaries have more or less kept up with inflation. Black wages have gone much higher.

"Much more important, one must have a look at the same relationship on buying power in developed, overseas countries. You will discover without any shadow of doubt that South Africans still have the cheapest homes in the world — literally. And why? The main reason is that into our home-building operations today goes a tremendous amount of black labour, and this is still cheap."

Builders to put their industry under microscope

52 Sunday Tribune
14/10/79

Property Editor

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THE Prime Minister, Mr P. W. Botha, will perform the official opening of the Building Industries Federation (Bifsa) congress in Johannesburg on October 22. A member of his Cabinet, Dr Piet Koornhof, Minister of Co-operation and Development, will be guest speaker at the official banquet the same evening.

Before Mr Botha makes his opening address there will be an introductory speech to the delegates by the president of the host Witwatersrand Master Builders' and Allied Trades' Association, Mr C. A. Robinson, and the Mayor of Johannesburg Councillor J. D. Opperman.

The retiring president of Bifsa, Mr D. H. Mitchell, will speak after the Prime Minister, and the congress will get down to work in the afternoon.

The working sessions begin with a review of the energy requirements of South Africa, and potential supplies until the year 2000, by Dr D. J. Kotzé, director of the Institute for Energy Studies at the Rand Afrikaans University.

This will be followed by an address by Professor B. Givoni, head of the building climatology division of the Institute of Desert Research, Ben Gurion University of the Negev, and chairman of the advisory committee to the Israeli Ministry of Housing for research on energy

conservation and the use of natural energies in buildings. He will speak on the "consequential effects of the energy crisis on the design and construction of buildings."

On the following day focus will be on housing in the 1980s in South Africa, with talks on lessons to be learned on overseas experience by the Secretary for Community Development, Mr Louis Fouché; housing for the lower income group by Mr R. N. Granelli, regional manager for the Transvaal for the Urban Foundation, and housing for the middle and higher income group by Mr Blair Ewing, corporate communications director, Schachat Cullum Group.

Mr D. W. Viljoen, president of the Institute of Town and Regional Planners, will speak about Atlantis, the huge planned town for coloured people in the Western Cape, while in the afternoon Mr G. H. Beetge, general secretary of the white Building Workers' Union, will speak on the preservation of buildings as part of our national heritage.

In the afternoon the congress will take on an international flavour with addresses by speakers from Canada, Britain, America and Australia.

At the conclusion of the congress Mr Bob Stevenson of Durban will be installed as president for the coming year. National vice-presidents will be Mr L. E. Davis (Pretoria) and Mr J. A. Barrow (Witwatersrand).

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GOUGH COOPER Foundations still firm

Gough Cooper, the only home builder left on the JSE's boards, is painfully caught in the vice of fast-rising building costs and finance-restricted buyers. The company's anticipated profit turnaround from 1978's R220 000 loss is now unlikely before 1980.

Signs at the half-way stage, to June 30, point to the company suffering a greater loss this year, new chief executive Roy Mawson tells me. "In the next 12 months I expect the cost of houses to rise by 20% and although salaries will ultimately rise

Financial Mail July 20 1979

to cover these increases, the gap between costs and what the public can afford will widen, meaning fewer contracts over the next year," he says.

Results for the half year are expected to be announced in mid-September but, says Mawson, current indications are that inflation has caught up with the company's order book and a loss for the first half is likely. This, it seems, will probably include losses projected into the second half, with the company budgeting for turnaround in 1980.

Without adjusting its target market, which remain as the middle- and lower-income groups, the company is now aiming at providing American-style option housing. "So apart from reducing the time spent on a house, now about five months compared with the previous average of seven to eight months, we will be building the frame with the buyer getting the option to add his own frills or extension later," says Mawson.

What the company must now achieve, he emphasises, is to stabilise costs. The costly effect of time is highlighted by political obstacles encountered in signing up contracts in Coloured and Indian townships. "We are now on the point of signing up five contracts, but because of delays in formalising ownership and bonds we lost almost 30 clients who could not afford the increased costs," says Mawson.

Although the company remains active in township development, completing over 40 houses a month in the Transvaal, no additions are to be made to the current land portfolio, valued at over R5m at December 31 1978. Holding costs, says Mawson, are now being written off rather than capitalised.

Mawson tells me that two profit centres

in the group this year could be the timber and hardware subsidiary Northwest Timber, and contract housing A contract housing scheme in Edenvale has been tendered for and, at under R2m, Mawson believes Gough Cooper to be the lowest tenderer

At 58c the current share price reflects some confidence in the group's ability to ride out the worst. Whether the price accurately reflects the continuing cash haemorrhage, exacerbated by the 52% debt:equity ratio, will probably only be seen once the interim is announced.

Of more immediate concern to the directors, however, is the company's under-capitalisation and the imbalance of R474 000 long- and medium-term debt compared with R3,3m, short-term loans. Unless the directors are able to shore up the balance sheet with some longer-term financing, a projection of future cash inflow weakness could leave Gough Cooper wide open to a corporate raid. The price already discounts nav by 67%.

Engineers head for clash

From Page 1

the low levels of work which have been available to the industry over the past couple of years, adding that many companies have geared themselves to a lower level of activity and will, therefore, not suffer too seriously from a smaller growth rate in the future.

Mr Wood stresses that although the overall projection is one of 3.1%, it should be borne in mind that certain sub-sectors will grow at a slower rate and others will advance quicker.

Work on the construction of power stations, for example, should increase at a tempo well above 3.1% a year.

Mr A R Jamieson, joint deputy secretary for the boom years of the mid-1970s for some time unforeseen event, recovery of new tops up.

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Civil engineers in growth rate row

By JOHN SPIRA

THE R1 000-million South African civil engineering and construction industry is heading for a confrontation with the authorities over the growth rate projected for the industry by the latest official Economic Development Programme.

The civil engineering and construction sector, which currently employs 95 000 people, is distressed that the EDP expects an annual growth rate of as little as 3.1% over the next decade for an industry which, over the past 15 years, has achieved a real growth rate of 6% to 7% a year.

The S.A. Federation of Civil Engineering Contractors (SAFCEC) intends making strong representations to Pretoria in the near future.

Of particular concern to the industry is the paltry 2.1% annual growth rate projection for employment in this sector of the economy.

The labour force in civil engineering and construction grew by 11.5% annually between 1968 and 1967 and by 5.4% between 1968 and 1977.

Since the construction sector is one of the country's biggest employers of labour, the implications for the South African economy as a whole are serious.

Hees Legacy, director of SAFCEC, told Business Times that the 3.1% EDP figure spells a gloomy future for civil engineering and construction companies.

He said that his federation had made prior representations

to the EDP officials, stressing the need to further develop the country's infrastructure in order to avoid a recurrence of the serious disruptions and bottlenecks which plagued South Africa's transport system in the early 1970s.

"However, these representations appear to have fallen on deaf ears," he said.

He acknowledged that the EDP is little more than a guide for government planners and investors.

"But it is the implications of the programme which give cause for concern," he added. "There can be little doubt that the Treasury will make constant reference to the EDP when determining its capital expenditure budgets."

"This is bad news for the industry, which is currently showing signs of recovering from two years of deep recession."

Mr Legacy is surprised that the EDP figures do not subdivide the construction sector into its two main components, namely civil engineering work on the one hand and building on the other.

He suspects, however, that the rate projected for civil engineering must have been somewhat lower (perhaps around 2%) than the 3.1% for construction, as a whole, with building having been projected at rather more than the 3.1% average.

The following remarks, extracted from the EDP document, appear to reinforce this view:

"It is not expected that especially the Government's real expenditure on civil construction will remain at the same level as it has been over the past 10 years.

"On account of changed priorities, it is more likely that Government expenditure on low-cost housing and other social infrastructure services will grow more rapidly than in the past."

Turnover for the civil and construction sector was R1 100-million in 1978. It is expected to rise by around 20% in 1979 but industry sources point out that in real terms this year's figure will be no higher than the turnover recorded in 1976.

Then civil and construction work totalled R1 000-million and the industry boasted a labour force of 135 000.

Total turnover of the sector is broken down as: 30% for roads and bridges, 25% for mining and industrial work and around 10% each for railways, water and sewerage and high-rise structures. The balance is made up of smaller percentages.

Some 70% of turnover is accounted for by Government work with the remainder coming from the private sector.

Mr C J M Wood, an executive director of LITA (one of South Africa's largest construction groups), believes that the low projected growth rate will force local companies to scale for work abroad on a scale greater than has been the case in the past.

He also draws attention to

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Workers 'need' assurance

By Frank Jeans

While welcoming the recommendations of the Wiehahn and Riekert reports, white, coloured and Asian building workers will have to be reassured that their interests will be looked after.

Bifsa 75 Building plans hit a new high mark

Bifsa's 75th anniversary congress opening could not have had a better send-off than the latest figures on building activity from the Department of Statistics.

These show, that for the eight-month period of January to August, the value of plans passed hit the R837m mark - R191m up on the same period last year.

And, with the big Government-backed boost

in sub-economic housing announced recently - a R42m programme is earmarked for the Johannesburg area alone - the value of new work for the building industry in the coming months is certain to break the R1000m target.

Again, the latest figures reveal the plus factor in all main sectors of the industry, and the improving trend in new home-building is being maintained.

This was one of three main points which Mr David Mitchell touched on in his presidential address at the opening of the 75th anniversary congress of the Building Industries Federation (Bifsa) in Johannesburg today.

"It is apparent there is a noticeable degree of uncertainty among the white, coloured and Asian workers," said Mr Mitchell. "The industry must take a lead in reassuring these people that it is not the intention to flood the industry with a surplus of black skilled labour once effective use can be made of the Wiehahn principle concerning the training of black apprentices."

ONE BODY

Mr Mitchell said that with the advent of black trade unions, it would be necessary to develop and maintain a healthy negotiating mechanism.

He called for an end to the "fragmentation of industrial boards" and urged the setting up of one national body for all the industry's workers.

"The creation and development of black trade unions cannot be seen in isolation," said Mr Mitchell.

Mr Mitchell believes the most encouraging feature for the industry is the fact that investment in building in the private sector was "well on its way towards returning to normal levels."

Hopefully, this particular investment would soon reach the stage where it would represent the bulk of the national building programme.

LEASEHOLD

"Unless this is achieved," said Mr Mitchell, "the declared policy of Government to foster and stimulate private enterprise will continue to be in jeopardy."

"The matter will have to receive serious attention if one of the main branches of private enterprise is not to be allowed to die off to the detriment of the whole system."

Referring to the controversial issue of 99-year leasehold, Mr Mitchell said it did not seem to be making much headway.

"The industry is perplexed by the apparent lack of progress in this regard," he said.

reproduction of experimental data accordingly is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

- (a) to know the cost of pursuing each objective;
- (b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

Programme budgeting, then, entails the grouping at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-geriatric criteria, and those in which the role of the public health officials

but the economist's concern is to keep them separate.

of an easy rather to take a hard and fast technical matters and matters of values or health services. From one point of view, the great schizothronics in hospital or in the community, which is the cheaper way to fulfill the requirements for the treatment of this very care originally become fashionable as a The practitioners are now set to provide the arguments when it suits them, and the practitioners equally so when it suits them.

of a total judgement of determining basic want the activities to be carried to progress - the mentally handicapped against here is a pure technical question of we can best be achieved - day therapy, help - one would want the activities to in a hospital programme. This distinct economic factor of slightly older vintage - and co-ordination; and through that reciprocal, various economic, which attempts between the factor of the composition of the to be reduced. The former is, in a broad tastes, values, or utililities; the latter is less.

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Local opinion

Accurate forecasting is one of the building industry's most urgent needs. Too often has it been caught on the wrong foot as fortunes have turned virtually overnight.

The Stellenbosch opinion survey has done much to help, but now the Building Industries Federation (Bifsa) has enlisted the aid of powerful new friends of its own. The latest Bifsa annual report, presented at the annual congress in Johannesburg this week, includes, for the first time, the opinions of scores of local authorities on the state of the building market.

Bifsa sees the municipalities as significant barometers of the building mood and, hopefully, the survey will come out on a regular basis. Right now, municipal opinion is marginally bullish.

"Taken collectively," says Bifsa, "one can say that the analysis is indicative of a moderate improvement in the fortunes of the building industry over the next year or so." But that view is by no means unanimous.

Only 24% of respondents believe that prospects for the next 12 months are better. That's certainly a good deal more than the 4% who expect things to get worse, but the majority of councils (72% of respondents) foresee "no change" in

activity. Predictably, the biggest worry is housing, with 45% of local authorities reporting shortages.

And what of other problem areas? Not surprisingly, building costs are causing most headaches and are weighted 43% on the Bifsa scale. Finance (22%) and low demand (11%) are the only other really significant bottlenecks, with skilled labour accounting for only 3% of the hassles — a loading which will probably change significantly over the next few months.

Management (2%) and materials (3%) obviously present few problems. And unskilled labour (with a 1% loading) is the least worrying aspect of all. Considering the estimated 25% black unemployment rate that's saying nothing.

Management (2%) and materials (3%) obviously present few problems. And unskilled labour (with a 1% loading) is the least worrying aspect of all. Considering the estimated 25% black unemployment rate that's saying nothing.

ties. However, what is of interest is the ratios of the expectations of

the South African population from all causes of death. The proportional contribution of the seventeen major disease categories of the International Classification of Disease (8th revision) to the overall mortality of the various communities is summarised in Fig. 5. The whites show a typical 'developed' country spectrum of mortality with Infectious and Parasitic Diseases being of minor importance (2,0%) and Neoplasms (15,6%) and Diseases of the Circulatory system (50,5%) being of major importance. For urban Africans and 'coloureds', Infectious and Parasitic Diseases make an important contribution to the overall mortality (19,5% and 23,5% respectively), with diseases of the respiratory system and certain causes of perinatal mortality also being of importance. Within the category of Infectious and Parasitic Diseases, diarrhoeal diseases and tuberculosis are the most important causes of mortality. The 'coloureds' experience an interesting combination of 'developed' and 'underdeveloped' mortality with a high death rate from enteritis and diarrhoeal diseases in the young and circulatory diseases in later life. What is also of interest is the relatively large number of symptoms and ill-defined conditions, particularly in the African community (22,5%). This provides some indication of the provision and utilisation of medical services to Africans in the urban areas. In general, the Asians have a spectrum of mortality intermediate between the whites on the one hand and the 'coloureds' and Africans, on the other.

Clearly, the presentation of the cause specific mortality data as proportional mortalities conceals a certain amount of information. Table I provides a more detailed analysis of these data in the form of cause specific mortality rates for defined age groups by sex, in the white, Asian and 'coloured' communities.

If the mortality rates (Table I) are compared with the proportional mortalities for the seventeen major disease categories (Fig. 5), it will be noted that despite the relatively minor proportional contribution made by circulatory diseases in the 'coloured' community, the actual rates for these diseases are higher than those of the whites. The reason for this apparent inconsistency is that the mortality rates for Infectious and Parasitic Diseases are so high that they effectively swamp the proportional mortality of the Circulatory Diseases in the 'coloured' community. In the white community, the mortality rates for most causes of death are so low, the importance of the Circulatory diseases become disproportionately exaggerated.

Nuwe rekrute vir boubedryf gesoek

DIE Suid-Afrikaanse boubedryf sal teen 1983 nie genoeg top- en middelbestuurders hê om aan sy vereistes te voldoen nie tensy 500 nuwe studente hulle inskryf vir die graad B.Sc. (Boubestuur) wat deur ses van Suid-Afrika se universiteite aangebied word. Hierdie waarskuwing kom van die president van die Federasie van Bounywerhede (BIFSA), mnr. David Mitchell.

Ouers van potensiële bougegradeerdes, sowel as skoolverlaters self, het dié vier jaar van depressie veels te ernstig opgeneem. Dit wil voorkom asof die boubedryf nie genoeg sekuriteit gebied het vir die toekoms nie.

'n Merkwaardige feit van die boubedryf gedurende die depressie was egter dat sy bestuursvlakke 'n groter maat van sekuriteit geniet het as baie bedrywe.

Hy sê die bestuurslui van die boubedryf het die afgelepe drie jaar al 'n gebrek aan nuwe rekrute.

Geen enkele houer van 'n graad in boubestuur was sonder werk sedert die depressie in 1975 begin het nie.

Such physiographic features in much of tropical Africa is modified by widespread tsetse infestation. Tsetse zones tend to vary by season, expanding in the wet season, then being reduced to riverine gallery forest during the dry season. Pastoralists can thus use the wetter tsetse areas on a seasonal basis as soon as they become free from infestation. This has been described by Stenning (1959) on Fulani transhumant patterns in West Africa.

Since this vector of trypanosomiasis is so common in Africa an understanding of its ecology is crucial in any pastoral model.

The tsetse fly, *Glossina* spp., can be divided into three groups: a) *Fusca* group, b) *palpalis* group and c) *Morsitans* group. The environment of the *Fusca* group is tropical forest and has little relevance to pastoral ecology. Of the latter two groups *palpalis* appears to be most general, being basically adapted to a forest environment, but has managed to inhabit a number of different environmental regions, including the savannah zone, by its "linear distribution along streams" (Nash, 1969:51). The *Morsitans* group is primarily associated with the wooded grassland environment and tends thus to be more dry-ecology adapted.

According to Scott (1970:615) the riverine tsetse, *G. palpalis* and *G. tachinoides*, appear to be most commonly associated with human trypanosomiasis, being the vectors for Gambian Sleeping Sickness. Nash (1970:611), however, gives details of blood meals of these two species and the mammalian hosts which included

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both man and large ungulates, including cattle. The *Morsitans* group is the vector for Rhodesian Sleeping Sickness and the usual hosts are game animals.

There are several factors that have to be taken into consideration in tsetse ecology. With the dry-ecology adapted species, such as *Glossina morsitans*, rainfall is again probably the most important element. Rainfall produces the vegetation which shelters the tsetse. The need for shade appears to be fundamental to survival, particularly in the dry season. Study of *G. morsitans* under laboratory conditions shows that temperatures greater than 43°C with relative humidity above 20% induces death (Buxton, 1955:219). These figures would not be unusual in the dry season in the savannah zone of West Africa. The insects can die of desiccation, even if food is available (Ibid:250), but they do have a mechanism for lowering body temperature by evaporating water, however this can only be done for a short period. These studies stress the strong correlation needed between shade and water for survival of tsetse in the dry season.

The fly also needs to have food available for survival. Thus the habitat must also include sufficient numbers of game animals from which to obtain blood meals throughout the year. In areas where fire is used as a mechanism for clearing brush, either for growing crops, hunting, or preparing the land for the next season's grass, the habitat must be able to withstand this seasonal burning so the fly can retreat. The fly also needs well-drained breeding places, such as rocky outcrops, which will not be affected by fire or seasonal inundation (Nash, 1969:136).

The flies apparently have certain food preferences when there is a choice, but are quite capable of adapting to many ungulate hosts and man. Comparisons between the feeding habits of *G. morsitans* from both West and East Africa (Ibid: 90-91) gives one an idea of these preferences in the two areas:

<u>East Africa:</u>	bovids	40% (mainly kudu, buffalo and cattle)
	suids	36% (primarily warthog)
	primates	9% (man)
	other	15% (elephant, rhino, etc.)
<u>West Africa:</u>	bovids	13% (mainly bushbuck, buffalo and cattle)
	suids	60% (all warthog)
	primates	15% (man)
	birds	3%
	other	9% (porcupines, etc.)

Not all game species are used by tsetse for meals. Those which tend to be ignored are zebra, impala, wildebeest, waterbuck; others of low preference: baboons and other monkeys, kob, hartebeest, oribi, gazelles, steinbok, roan and carnivores (Ibid:96). Reedbuck, eland, sheep and goats are also of low preference, but will be used when choice is limited.

Moisture plays an important role in tsetse ecology. Rainfall must be

come relief from the depressed state of affairs that had persisted for so long", he does not comment on the actual level of business. That sales have, however, improved is seen in Blajohn's turnover which has risen 20% to R46m and is now at a five-year high.

On this higher turnover the company was able to return improved profits because, says Johnstone, "the busier conditions resulted in a more orderly market and the severe price competition at uneconomic levels lessened". In addition, the contraction of Blajohn's balance sheet, to cope with the recession in the industry over the past few years, has stood the company in good stead. Some competitors had insufficient reserves to ride out the reduced level of activity and, as Johnstone says, "the discontinuance of operations by certain of our competitors helped to stabilise the market". To ride out the storm the company reduced its debt: equity ratio from 29% to 22,4% in 1978 and then geared up to 32,3% in 1979 to take advantage of the upswing. Debtors, for example, were extended from 69 days in 1977 to 80 days in 1978 and 81 days in the year under review. This measure would have cost the company a small amount in interest on cash tied up in debtors but would have ensured a continuation, and possible expansion, of

definitions

Gross profit: Pre-tax profit plus all interest paid.

Debt:equity ratio: All interest bearing debt as a percentage of total shareholders' funds.

Total shareholders' funds: The total of ordinary, minority and preference shareholders' funds adjusted for the market and/or directors' valuation of investments less intangibles (eg goodwill).

Return on capital: Gross profit as a percentage of capital employed.

Capital employed: Total shareholders' funds plus deferred tax and all interest bearing debt

Gearing: Total interest bearing debt plus preference share capital as a percentage of net asset value.

Net asset value: Net assets attributable to ordinary shareholders after adjustment for market and/or directors' valuation of investments less intangibles.

Return on equity: Pre-tax profits less preference dividends as a percentage of total shareholders' funds less preference.

Current ratio: Current assets divided by current liabilities.

Cash flow, group: net profit plus depreciation: net retained earnings plus depreciation.

Capital commitments: Contracted and authorised commitments.

Gross margin: Gross profit as a percentage of turnover.

Stock turnover: Turnover divided by the year-end stock figure.

Market capitalisation: Number of ordinary shares multiplied by latest market price.

Earnings per share: Net profit after tax, minority interests and preference dividends, and after adjusting for non-recurring items, divided by the weighted number of ordinary shares in issue.

PE ratio: The number of years' purchase of latest earnings per share represented by the current share price.

Cover: Earnings divided by ordinary dividends paid.

market penetration at the expense of competitors.

Now, with business improving and margins no longer under pressure, the company is well-placed to finance any expansion necessary to increase turnover and entrench itself in new market segments.

Johnstone hints at possible expansion through loan-financing but he is chary of forecasting this year's growth other than warning that it will not be at the same rate as achieved in 1979.

Although the past five years have seen dividends slide to a low of 5.5c, retentions have been held at a sound level and net worth has grown.

The share price has discounted much of this, however, and probably anticipates at least a 10% earnings growth in the current year. The share is relatively tightly held, only 183 000 traded in the last quarter, so buyers could push the price up to an uneconomic level.

Ian Muir

5.

distribution of sites, since it compares the observed distribution with random spacing and evaluates the data on a scale ranging from complete clustering through random distribution to even spacing. Other techniques for performing more sophisticated tests of similar kind have recently been described by Hodder (1977). Theissen (1965), on the other hand, are useful in regional identification (Haggett, 1965) and have been used both to identify the territories of plazuela groups in the Maya realm of Lubaantun (Hammond, 1972) and in the analysis of British Iron Age Hill forts (Cunliff, 1971). As an initial method of locational analysis, this technique could profitably be applied to a wider range of situations.

Despite the considerable differences in the approaches described there is, however, one thread which runs through all of them. This is the assumption that the decision where to locate the site was a rational one taken with full knowledge of the environment and with the intention of maximizing the returns obtained from the resources available with the minimum expenditure of effort. This assumption lay behind Von Thunen's original formulation and is acknowledged for Site Catchment Analysis (Henshall, 1967; Vita-Finzi and Higgs, 1970). It also lay behind Christaller's ideas and was made explicit by Losch (Haggett, 1965). Indeed, any deviation from this principal will clearly introduce "noise", which, if too loud, will presumably make the identification of determinants for settlement pattern impossible. Haggett (1965) has termed this "the continual problem of sub-optimal behaviour".

Wolpert (1964) has presented a caricature of "Economic Man" which effectively identifies the consequences of the assumption of maximum efficiency; "As a rational being, Economic Man is free from the multiplicity of goals and imperfect knowledge which introduce complexity into our own decision behaviour. Economic Man has a single profit goal, omniscient powers of perception, reasoning and computation and is blessed with perfect predictive abilities. For these reasons his behaviour may be studied in a controlled environment, his strategies may be anticipated, and the outcome of his actions can be known with perfect surety" (Wolpert, 1964: 537). Wolpert's own studies in Middle Sweden showed that the average farmer achieved only two thirds of his potential productivity. This was seen as a result of the impossibility of predicting crucial variations in the weather, the parameters of which deviated between 15% and 25% from the average, and made profit maximization an impossibility. Conrad (1978) has recently applied a similar approach in an archaeological context. Examining the settlement patterns of the Moche state, which dominated the northern Peru coast between A.D. 200 and A.D. 700, he modelled three ideal solutions for Central Place Theory with the utilization of arable land maximised, resource exploitation effort minimized and with the needs of administration dominant. None of these coincided with the observed settlement pattern and Conrad concluded that sites were positioned to satisfy conflicting needs. Although Conrad's conclusion that there was "sub-optimal behaviour inherent in the compromises is not wholly acceptable (Losch's modifications of Central Place Theory allows for a variety of goals to be met optimally) it would certainly seem that there was an element of indeterminacy in the locational decisions made in the Peruvian example.

Although the search for probabilistic trends rather than for normative laws is well established in allied disciplines such as geography and

BRICKLAYING schools are very

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popular



By The Housing Editor

MORE and more blacks are taking up amateur bricklaying in the townships. The reason? So they can help themselves out says the Brick Development Association.

The association is setting up more schools in the black townships to meet the demand from people who want to learn the trade and build in their spare time. In Soweto alone over the last two years three centres have been running two-month crash courses in bricklaying. These classes are conducted in Molapo and Orlando.

Another busy centre has been in Katlehong Natalspruit, where several groups have already qualified as competent amateur bricklayers.

The aim of these lectures is to teach basic skills to a level where the amateur can handle small jobs very skillfully.

Additional centres will be opened in Dobsonville, KwaThema, Mamelodi, Sebokeng, Tembisa and Atteridgeville. The association will provide instructors and the necessary essential tools for laying bricks.

The ten-week course costs R35 and classes are held in the evenings or on Saturday mornings.

A bricklaying school in action. More and more people are learning to lay bricks so they can improve their homes.

Building societies want guarantees

ALTHOUGH in principle desirous of lending directly to more owners in now-independent black states, building societies "mindful of their position of trust, are looking to the fulfilment of certain pre-conditions before they feel free to invest in the areas concerned"

This is stated in a letter released to the Association of Chambers of Commerce from Mr Wyndham Louw, registrar of financial institutions.

In the letter Mr Louw said he had recently discussed the matter of black housing finance with the Association of Building Societies.

"Since they accept that the non-independent homelands may develop towards full independence, they require an assurance at central government level in respect of the following matters:

① That homelands will not, after independence, nationalise land without compensating bondholders.

② That building societies will remain registered to carry on business in the ordinary manner, that is as regards both the accepting of investments and the granting of loans.

③ That legal processes for recovery of a debt in the event of the default of the borrower will be efficient, and

④ That there will be no possible loss as a result of currency changes."

Mr Louw says building societies are prepared to accept the commercial risk but feel that in respect of the risks mentioned, they need a satisfactory assurance or guarantee from the central government.

"Furthermore, they need satisfactory arrangements in regard to the following matters in order to carry on their business: That owners will have proper title necessitating proper surveys, that owners will have security of title, that there is in operation an efficient system of title registration, including registration of mortgage bonds and that there is a free property market."

He added that it had also been emphasised that building societies would only lend on solidly constructed houses in good conditions in recognised townships to borrowers who have an adequate income. — Sapa.



Building industry all set to enjoy a lively period

PROPERTY REPORTER

THE building industry seems set to enjoy a huge increase in activity in the next year or so.

This is based on the latest figures from the Department of Statistics on building plans passed and buildings completed.

Plans passed between January and September this year were 30% higher than in the January to September level in 1978.

The rise was from R729-million to R950-million.

And the trend appears to be accelerating.

For September (the October figure is not yet available) the increase was from R83-million to R113-million.

All this, however, is in stark contrast to the sluggish level of buildings completed this year.

The Department of Statistics reports between January and September this year completions totalled R598-million.

That was actually down on the 1978 January to September figure which reached nearly R617-million.

In unit terms the position is, of course, even more depressed because of the increase in costs and building prices during the past year.

Even so there are signs that the industry is seeing an upturn in activity.

At the 74th annual congress of the Building Industries Federation last month the president, Mr D H Mitchell, said: "When my predecessor, Mr David Allen, delivered his address to congress a year ago he came to the conclusion and rightly so that the industry had reached the most critical stage in its history."

"This pessimistic tone was not only influenced by a low level of activity but also by other problems which beset the industry in that internal and external pressure points existed which required delicate handling."

"During the past 12 months much has changed which has given cause for a greater measure of optimism."

"Were I a Roman of old I would have announced that the advent of Bifsa's 75th anniversary has brought with it tidings of better fortune."

The Bifsa celebrations can take place in a more optimistic and relaxed atmosphere as there are a variety of factors pointing towards a better year ahead.

the Department of Statistics

rise in building plans for residential accommodation.

For January to September the plans passed for houses were worth R421-million, up 34% on the 1978 equivalent of R314-million.

In September alone the increase was by 52% from R35-million to R53-million.

The upsurge in flats was even more pronounced.

The 10-month rise was from R38-million to nearly R60-million — 56%.

For September the increase was a whopping 88% — from R4 500 000 to R8 500 000.

The increase in plans passed for non-residential buildings and "additions and alterations" was smaller — by 17% and 31% respectively for the 10-month period — but the total 30% rise (and 47% for September) has obviously given the industry a more cheery note.

By contrast the Department of Statistics says that during

January to September this year there was only a small rise in the number of houses completed, from 12 222 to 12 717.

The rise in the value of those houses by just over 8% — from less than R251-million to nearly R272-million — shows some of the difficulties facing the industry at a time of acute cost rises.

The figures do not disclose, however, what changes took place in the type of units which would obviously have a vital bearing on the amount of materials involved.

The construction of flats was sharply down with the value dropping from R40 222 000 to R24 157 000.

There was also a drop in non-residential buildings completed — from R164-million to R141-million.

Mr Mitchell said: "Although tending to react slowly to improvements in the general economy the building industry,

with the exception of a few isolated areas, has already shown positive signs of moving with an expanding general economy.

"The most encouraging feature is the fact that investment in building in the private sector is well on its way towards returning to normal levels and which hopefully should reach the stage where it will again represent the bulk of the national building programme.

"Unless this is achieved the declared policy of the Government to foster and stimulate private enterprise will continue to be in jeopardy and the matter will have to receive serious attention if one of the main branches of private enterprise is not to be allowed to die off to the detriment of the whole system."

The pattern of building plans passed looks as though the industry is well set.

The depressed level of buildings completed explains why Mr Mitchell and others have been so anxious in the past.



ROBERTS Construction Property Developments have completed and handed over their latest 15 town-houses. The project, known as "The Firs" (above), is in Bedfordview and consists of 15 duplex town-houses. All were handed over on due date. The development was fully let three months prior to the completion.

Rents on the current scheme vary from R285 to R315 per month for two and three bedroomed units.

The site of the project has been described by Mr Eric Field, executive director of R C Property Developments, as "extremely attractive". It is just north of the main Johannesburg/Airport freeway, adjacent to the Kensington golf course and within 400 m of the Bedford Centre and one kilometre of Eastgate. It is very close to schools and on a bus route but still manages to maintain a country atmosphere as the

specified for the roofs while rooms have been fitted with carpets or, in the case of the kitchens and bathrooms, a cushioned vinyl flooring. Built-in cupboards are standard items. The main bedrooms have balconies leading off them. Large glazed areas are a feature of many of the north facing rooms. The internal walls are all smooth plastered in a mocca colour, while terra cotta face-bricks have been used extensively.

Each house has its own store and an "exclusive-use" garden area. In addition, the development as a whole has some 620 square metres of communal ground that will be maintained by the developers.

The project, which has cost in the region of half a million rand, is currently about to be sold, on a lease-back basis, to a large institution but Roberts Properties

ing out from the multiplicity of... the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

(a) to know the cost of pursuing each objective; (b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

73,1	31,6	60,2
25,1	10,7	23,4
Rand amounts expressed in millions		

Operating profit
Less taxation

239 32

By IKG. MOTISAPI

More than four million houses will be built in black residential areas throughout the country in the next 20 years, according to Mr. J. H. Grotsius, director of the Building Industries Federation of South Africa.

Announcing the scheme that will involve about R20 000 million, Mr. Grotsius said the houses will

4-million house plan for black areas

be built mainly at a proposal by Dr. Piet Koorhof, Minister of Co-operation and Development, and as a basic master plan to change "the face of the country". He added as soon

as the scheme was underway about 250 000 job opportunities would be created. He said this will rise as the programme continued.

He added that his executive will meet Dr. Koorhof to discuss and finalise plans of starting with the project. The project will also be discussed at Bifsa's conference in Johannesburg on November 22.

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sus. "Bitsa is willing to act as a catalyst to get the scheme off the ground on a coordinated basis." However, the key issues are not the mammoth number of houses to be produced or the cost to government or the private sector. They are rather whether blacks can afford the type of housing envisaged, and whether government can impose high and unrealistic housing standards for the masses.

Take the type of housing envisaged for the residents of the new Crossroads. Reliable sources say that the housing planned will mean more than a 100% increase in monthly rentals. The cheapest one-bedroom house will rent for nearly R25, compared with a previous rental of R7 a month.

Government's 99-year leasehold scheme will not help alleviate the situation. As David Alston, director of the Association of Building Societies, points out: "99-year leasehold is not the alpha and omega. Many people cannot afford building society loans — nor would they want them. Unless government can rationalise the cost structure, it will appeal to only a limited number of people."

In fact 60% of prospective black homeowners will find the scheme far too expensive. Over 80% of SA's urban blacks earn less than R200 a month and will have difficulty securing building society loans. A recent survey in Alexandra, by Unisa's sociology department, showed that nearly 22% of households had average incomes of less than R100 a month, and 50% earned below R150.

According to a senior UBS official, "even those who can afford loans through conventional channels often cannot afford the required 20% deposit." It is in this area that employers could usefully step in by providing collateral for loans. Rick Granelli, Transvaal regional manager of the Urban Foundation, adds: "Under present circumstances the criteria imposed by financial institutions on loans for housing are not appropriate to low-income groups, and it will be necessary to develop revised criteria to make it possible for small loans to be provided for self-help builders."

Piet Genis, Wrab's chief housing officer, estimates that 367 applications for leasehold have been lodged to date. However, only 35 leasehold rights have actually been issued.

Is government trying to market the unmarketable? The cost to a tenant of converting a conventional 51.9 dwelling unit to leasehold status is nearly double that of continuing to rent or taking a 30-year lease. The jump from a possible R15/month in rental to R36/month in ownership repayments is obviously too much for many.

And just where is the money going to come from? Over the past 25 years R1 341m has been spent on housing using Treasury funds — and this is for all races.

in the May 1980 local authority elections.

F.M. 23/11/79
BLACK HOUSING

(32)
(423)
(339)

Bifsa's brainwave

Prime Minister PW Botha is certainly aware of the magnitude of SA's black housing problem. At an international conference on housing, in Cape Town last month, he announced that 4.1m houses would be required by the end of the century. This was such a mammoth task that private enterprise had to become involved.

The Building Industries Federation of SA (Bitsa) announced last week that it had written to Minister of Co-operation and Development, Piet Koornhof, asking for clarification. Putting its cards on the table, Bitsa has also announced that it will call a national conference next year to plan the launching of a grandiose scheme to build the equivalent of 40 new cities the size of Johannesburg.

According to Bitsa director Johan Grof-



Only a portion has been for black housing. To solve the problem now nearly R1 000m must be spent every year.

However, according to Bifsa president Bob Stevenson: "We have the ability and the know-how. We can assist the government in ways of finding money which is expected to come from the private sector building societies."

It will be interesting to see just how...

VII DISEASES OF THE CIRCULATORY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,33	1,10	0,21	1,80	1,59	0,13	0,10
1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	<u>9,75</u>	4,44	<u>14,76</u>	<u>10,70</u>	<u>10,33</u>	<u>8,25</u>	4,61	<u>5,01</u>
65+	<u>42,19</u>	<u>32,93</u>	<u>55,30</u>	<u>47,72</u>	<u>43,12</u>	<u>40,90</u>	<u>13,55</u>	<u>14,21</u>
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

VIII DISEASES OF THE RESPIRATORY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	2,90	2,22	<u>7,81</u>	<u>4,85</u>	<u>32,20</u>	<u>28,78</u>	<u>13,54</u>	<u>14,15</u>
1-4	0,22	0,28	0,90	0,69	<u>5,32</u>	<u>5,45</u>	2,46	2,13
5-24	0,05	0,06	0,17	0,11	0,21	0,23	0,18	0,16
25-44	0,20	0,12	0,37	0,33	0,94	0,72	0,66	0,52
45-64	1,46	0,92	3,33	1,85	4,88	2,14	2,75	1,72
65+	<u>11,52</u>	<u>7,89</u>	<u>16,51</u>	<u>13,42</u>	<u>20,07</u>	<u>10,49</u>	9,32	6,19
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	1,24
NO.	2336	2019	430	282	3270	2588	2858	1951

IV DISEASES OF BLOOD AND BLOOD-FORMING ORGANS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,02	0,03	0,20	0,21	0,06	0,16	0,06	0,06
1-4	0,01	0,01	0,02	0,00	0,02	0,04	0,01	0,01
5-24	0,00	0,00	0,01	0,01	0,01	0,01	0,01	0,01
25-44	0,01	0,01	0,01	0,02	0,00	0,01	0,01	0,01
45-64	0,02	0,02	0,03	0,03	0,06	0,04	0,01	0,03
65+	0,11	0,11	0,13	0,15	0,13	0,15	0,03	0,03
ALL	0,01	0,02	0,02	0,02	0,02	0,03	0,01	0,01
NO.	128	85	26	23	289	164	366	187

Signs of growth, says Bifsa

THE building industry had shown signs of moving with an expanding economy and a most encouraging feature was that private sector investment in building was returning to normal levels, the president of the Building Industries Federation (Bifsa), Mr D H Mitchell, said in Johannesburg yesterday.

Speaking at the annual congress of Bifsa, he said it was gratifying to note that despite the State's declared intention to curtail public spending, expenditure on building work had shown positive growth and had made a substantial contribution toward giving the industry a measure of stability even though the private sector had not performed well.

The Wiehahn and Riekert Commission reports would have far-reaching effects on the country's labour structure, he said. His only criticism was that the recommendations were not being implemented fast enough.

	M	F	M	F	M	F	M	F
0-1	0,52	0,18	0,50	0,41	2,02	1,56	1,20	1,20
1-4	0,05	0,05	0,02	0,07	0,45	0,26	0,23	0,18
5-24	0,03	0,01	0,05	0,04	0,09	0,06	0,09	0,07
25-44	0,03	0,01	0,04	0,05	0,23	0,09	0,13	0,06
45-64	0,07	0,07	0,21	0,11	0,36	0,13	0,26	0,07
65+	0,18	0,13	0,00	0,15	0,47	0,18	0,44	0,15
ALL	0,06	0,04	0,07	0,06	0,25	0,14	0,17	0,12
NO.	128	85	26	23	289	164	366	187

Bifsa seeks Govt talks on planning

Stew
24/7/79
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Own Correspondent
DURBAN — The Building Industries Federation has asked for a discussion with the Government to map out specific short-medium and long-term plans for housing development.

This was revealed by Mr Bob Stevenson, president of the Building Industries Federation of South Africa (Bifsa).

Mr Stevenson, who was reacting to the call by the Prime Minister, Mr P W Botha, for greater economic growth in the rural areas of southern Africa, said his federation could make a substantial contribution in the housing field.

"The industry has just

come out of the worst recession in its history and in order to expand its factors of production many times over, it will require some definite action plans and firm financial commitments measured against a practical timetable that any businessman would understand," he urged.

Mr Stevenson said that in outlining a possible economic strategy, Mr Botha acknowledged that certain obstacles existed. Bifsa, he said, intends informing the Government of these obstacles.

Mr Stevenson added

that Bifsa realised that a huge training programme was necessary if any benefits were to be gained from the proposed closer economic co-operation which the Prime Minister was advocating.

"Training will not only ensure a wider distribution of wealth, but will also directly contribute towards overall wealth and will combat unemployment.

"The question of labour-intensive building operations in preference to mechanisation is also receiving the attention of the industry," he said.

Venezuela oil

(a) Neglect of preventive medicine by most practitioners and inadequate budgetary provision for it. Savage also notes the excessive expenditure on cure.

(b) Both also note the maldistribution of doctors and health services. Kirsch describes this in geographical terms, and in terms of inappropriate institutions. He notes the concentration of doctors throughout the world in urban areas. Savage describes this as a concentration in South Africa on the needs of the white and urban populations; but he also implicitly recognises an international dimension.

LTA's interim profits up 12%

By ELIZABETH ROUSE
LTA's turnover shot up by almost 21% in the first half of the year, but the full benefits of this advance in business has not yet filtered through to the profit bottom line.
Attributable taxed profit for the six months to September 1979 increased by 11.76% to R3 801 000 from the 1978 half-year's R3 434 000. The earnings rise was narrower at just over 7% to 30c from 28c because of a bigger issued capital.
Operating profits were up 7.8% to R6 764 000 from R6 274 000, this comparatively small advance reflecting the narrow profit margins on contracts taken into account during the six months.
The operating profit return on sales was cut to 2.84% from 3.18% in the 1978 half-year.
LTA directors are reporting that prices are returning to normal in improved conditions for the construction industry. But the lag between taking and pay.

more economic contracts and taking the profits into account means that LTA will not show the benefits in the year to March 1980.
The board is confident, despite results usually being better in the first half of the year by reason of the Christmas break, that year-end profits will be higher than last year.
Based on this prediction, shareholders cannot expect a repeat of the first half's earnings of 30c. But the LTA board is usually conservative and second half earnings have not shown such a big discrepancy in previous years.
With luck and good management, LTA's earnings could near 60c (54c last year) and there might be a slight lift in the dividend from last year's 21c level.
The historic dividend yield at the current price of 320c is 6.56%, compared with an average of 6.3% in the building and construction sector.

Savage would also note the maldistribution of doctors and health services. He attributes the misallocation of resources in the health sector to interests than to ideas, and points out that this misallocation affects society as a whole and not merely the medical profession. He criticises those who, like Illich, believe that one can change the behaviour of individuals without altering the behaviour of the system, and shows that the maldistribution of doctors is a mirror of the maldistribution of resources in society. He sees the need for doctors to become involved in 'combating the health-denying aspects of apartheid in order to promote effective medicine'.

Other contributors (e.g. Adler, Vol.2) would regard the nature of the economic system, rather than the legal structure of apartheid as the root cause of the 'Inverse Care Law', as it is apparent to some degree throughout the third world and in most 'western' societies. Both Adler and Savage, although not denying the need for medical reforms, regard these as inseparable from changes in the wider social structure if they are to be effective.

2.2 Public or Private : The Options

The debate on what has come to be called 'socialised medicine' concerns which method of health care provision is most *efficient* and which best satisfies the condition of *equity*. Efficiency, in the economic sense, is taken to mean that there can be no change which will make one person better off without making another worse off. If one can, by reorganisatic get something more without extra cost, without making anyone worse off, the existing situation is not efficient.

In fact, only the provision of medical care is in dispute, rather than all measures which promote health, most of which, as we have seen, concern the entire structure of the economy and society. The arguments therefore apply only to the relatively narrow, but nevertheless highly charged field of medical care. It has conventionally been accepted by the majority of those who can afford it that some basic public provision should be made for the indigent. The rising cost of medical care, particularly in the United States and some European countries, has forced a reassessment of this position by health economists of all persuasions.

The free market position is argued by Rees (*27): If a good or service can be bought and sold between individuals, and all relevant costs and benefits are taken into account in the market transactions without spilling over to outsiders (excludability), and there are no economies of scale, then individual preferences as expressed through their purchasing power can be met efficiently when the good is distributed through a free market so that neither can alter the price on their own, and no combination of buyers or sellers exists that can influence the price to their own advantage. In addition, there must be no information constraints on buyers and sellers. If these conditions are fulfilled, private provision will be efficient, although the possibility of efficient allocation may also exist under other conditions. The advantage of a private market are generally taken to be the minimal need for information transmission before an efficient distribution can be reached.

Orders

star 11/12/77

better,

Seifsa (32)

reports

Metal and engineering industries continue to show further improvements in order intakes and output levels, Seifsa says in its October business conditions report.

Producers of electrical equipment and domestic appliances are experiencing an accelerated demand for their products which should, the report says, continue through the final quarter.

The building industries supply sector, light metal engineering and sheet metal manufacture are benefiting from the increase in building and construction activity.

The report says the current upswing in the majority of industries which fall under the Seifsa umbrella is also reflected in a 12.7 percent increase in steel production for the first 10 months of the year compared with the same period last year.

Both producers of pig iron and ferro alloy report satisfactory output levels with export earnings from ferro-chrome expected to reach R300m this year.

On the ferro alloy side producers believe that rapidly rising costs of energy worldwide will enhance the country's competitiveness in world markets.

Seifsa says there has also been some consolidation of recovery trends in the general engineering sector, but that the heavy engineering sector and structural steelwork still remain sluggish.

Building costs expected to rise by 15%

BUILDING costs in 1980 are expected to rise by 15 percent, Mr Bob Stevenson, president of the Building Industries Federation (BIFSA) has said in a review of the industry.

Prospects for the industry in 1980 were excellent. The economic expansion that showed this year should accelerate. The gold price which played a paramount role in the economy should remain firm and could advance further. Even increased oil prices could only strengthen the inherent confidence of the world in gold.

The policy of the government of promoting exports as far as possible was a strong factor in the belief that prosperity was coming. At the same time, the recognition of the need to reduce unemployment by encouraging economic growth made for more work in the industry.

"For four years the economy has been almost static and much leeway must be made up, if only to keep pace with natural population growths. Consumer demand is also clearly reviving. The government is committed to the possibility of fulfilling the economic and social aspirations of the black population.

"Immigration has swung round to a positive gain in population over the last couple of months", he said.

A dramatic symbol of renewed building activity was the reappearance against city skylines of tower cranes used by builders on large projects. For four years this kind of equipment was conspicuous by its absence.

"Demand for building in 1980 can be expected to exceed the 1979 figure by as much as seven percent. This year should lead to a resurgence in flat building as the economy sets about making up the backlog. The implications are that the authorities should apply more positive stimuli to the flat building situation."

Saying that labour which left the building industry seldom returned, it was to be expected that 1980 would see the reappearance of skilled labour shortages, which must lead to the payment of premium wages.

"Coupled with other factors this will push up labour costs by 12 percent next year. Because manufacturers have been able to expand capacity of considerable in-

a minimum and profit margins could now be expected to become normal again.

"This fact plus the usual cost components should add up to no less than a 15 percent increase in building costs during 1980."

Mr Stevenson said that BIFSA's chief aim was a more efficient labour force leading to a productivity figure equal to that of any other industrial sector.

Reviewing 1979, Mr Stevenson said that probably the most significant single development for the industry was the announcement by Dr Piet Koornhof in October that the government planned to build 4.1 million homes for blacks by the year 2000.

This would inject at least R20 billion into the economy over the next 20 years.

On the social front the most important events were the publication of the Wiehahn and

Riekert reports which gave promise of a new mobility and dynamism in South African labour

During 1979 building plans passed by about 30 percent. Actual building activity was about five percent higher than in 1978.

Flat building had consistently declined year by year since 1970.

"Indications are that serious building is already in a buoyant phase which is surprising if one considers that building costs increased at an average 1.5 percent a month. Commercial building activity showed a marked revival in the latter half of 1979 and the employment graph showed a rise of about two to three percent.

"Shortages of skilled labour were already developing. Wholesale and administered prices increased during 1979 by more than 15 percent but labour costs only by eight percent."

salt to taste
2 1/2 t mustard

4 T vinegar

Boil onions and drain. In a double boiler, beat eggs, add vinegar, salt and sugar. Mix mustard with water, and add; stir till it thickens. Pour over onions.

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45

May Bennett, Ridgeworth

WESTLEIGH SALAD SPECIAL

- 2 oranges
- 1 pineapple
- 1 red apple

- 2 tomatoes
- 1 onion
- lettuce

108

S. Young, Rondebosch

- 4 slices toast
- salt and pepper
- 1 t dry mustard
- 4 T milk or beer

WELSH RAREBIT

- 1/2 lb cheese
- 1 t butter
- 2 t Worcester sauce
- 2 t flour

3/4 cup milk

Line a pie plate with your favourite short crust pastry. Corned beef slightly. Combine beef, cheese, garlic salt, pepper and parsley. Beat eggs, add sauces and milk. Pour beef mixture. Mix well. Pour into pastry. Bake at 375 minutes on middle shelf in oven.

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S. Young, Rondebosch

CORN PAELLA

- 3 - 4 rashers bacon
- 2 oz (1/4 cup) butter
- several cooked or canned potatoes
- seasoning

Cut the bacon into strips, fry until nearly crisp. Add to allow to melt, then add the diced potatoes, drained sweet sliced olives or parsley. Beat the eggs, add the cheese lightly. Pour over the hot mixture in the pan and allow to serve at once. Serves 4.

Variations: Speedy paella: Use about 4 oz cooked rice (about 1 cup) of the corn. This is an ideal way of using up left-over cooked peas and carrots instead of the corn. Use diced canned asparagus instead of the corn.

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More work for builders ahead

August 22/12/79 (32)

THE Cape building industry has more than R109-million worth of building ahead according to plans passed — R8 million more than last year.

Figures released by the Department of Statistics show the healthy growth in the Cape in the first ten months of this year compared to the first ten months of last year.

Plans passed totalled R109 353 000 this year compared to R101 214 000 last year.

While plans for houses, were fewer than last year — 2 785 to 2 971 rising costs forced this year's plans to R52 050 000 as against R44 352 000 last year.

Significantly, plans for flats this year were reduced by half — from 31 to 16.

Alterations and additions to buildings represented a large part of this year's increase in plans passed — R40-m compared to R35-m last year.

Figures for value of buildings completed show a relative marking time with the good times ahead for builders.

The value of buildings completed during the first 10 months of this year compared to the same period last year was the same — R 75-m.

The number of houses completed in the Cape metropolitan area was almost the same — 2 232 to 2 309. However the number of flats dropped sharply from 478 to 109.

Sales flying high in brick industry

S. J. J. 23/12/79

(32)

SOUTH AFRICA'S R200-million brick industry is recovering smartly from the doldrums of the past few years — a sure sign that building is headed towards a prosperous period following one of its worst depressions since the 1930s.

And since the building industry is widely regarded as among the most reliable barometers of economic activity, the encouraging brick sales pointers confirm that the country's economic recovery is gaining momentum.

Cedric Savage, managing director of Toncoro, South Africa's largest brick manufacturer, says that the group's sales in the Transvaal are running at a level 25% higher than a year ago. Turnovers in Natal and the Western Cape are around 8% up.

Toncoro's stocks in the Transvaal (of all types of brick) are at present only 3%

million — equivalent to three weeks' production at current rates — compared with a figure of 67-million at the beginning of the year.

"The industry's recovery is being led by the Transvaal," says Mr Savage. "But there are distinct signs that the rest of the country is following suit."

"History has shown that the Transvaal leads the other provinces by around four months and we accordingly expect the industry to be enjoying a country-wide boom early in 1980."

He adds that the order position for the first couple of months of next year confirms these observations.

The supply situation in the Transvaal has reached crisis proportions, with demand now outstripping supply.

As a result, Toncoro is making strenuous efforts to increase supply by expanding its existing production facilities and taking previously closed-down factories out of mothballs.

Mr Savage believes that once

these steps are implemented, Toncoro's production capacity will be capable of coping with the present level of demand. But he adds the rider that if demand continues to expand at anything like its present rate, an undersupply situation will unquestionably recur.

"We are therefore seriously considering the establishment of new factories in the Transvaal — a step which we cannot take lightly in view of the high capital cost of such units (some R4-million to R5-million apiece) and the fact that our industry tends to go from one extreme to the other."

A new plant would be capable of producing 48-million bricks a year. This is a relatively small volume when seen against the background of Toncoro's annual production of 1 400-million bricks.

Yet viewed in the context of the present delicate balance between supply and demand, two or three of such plants could well close the gap and produce

a salutary effect on Toncoro's earnings.

The higher demand for bricks has emerged largely as a result of black housing developments being undertaken by the public sector and the gold mines.

Of total current demand, 50% emanates from the Transvaal, 8% from the O.F.S., 17% from Natal and 25% from the Cape.

Bruce Amm, chairman of Brick & Clay Holdings (which company's brick interests are concentrated solely in the Western Cape), says that during the course of 1979 his company had reduced its brick stockpile by 40% and had increased production by 10%.

On the other hand, he stresses, 1979 was not a good year for his group's brick interests since it was only in the past two to three months that demand picked up to any marked degree.

He, too, expects more buoyant conditions in 1980. Brick & Clay is gradually taking up excess capacity. It has "some way to go" before reaching its physical production limits.

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Construction costs set to rise 15 percent ^{A. J. Irvine} _{30/12/79} (32)

DESPITE the many expressions of confidence and revival in the building industry, the Building Industries Federation believes that actual building activity was up by only five percent on 1978.

This is disclosed in a year-end statement by Bob Stevenson, president of Bifsa this week.

Stevenson says 1979 saw the emergence of various trends which had a positive bearing on the state of the industry.

The pattern of demand for building showed a significant increase and building plans passed increased by about 30 percent.

But Stevenson warned that this figure must be seen as the intention to build and not actual building activity. Some projects could be abandoned and there is also the time lag as plans work themselves through into bricks and mortar.

Although the employment graph showed a rise of only between two and three percent during the year, Bifsa members reported that shortages of skilled labour were already developing.

Stevenson said building costs increased by about 1.5 percent a month, and yet labour costs rose by only eight percent.

He believes the most significant single development for the building industry in 1979 was the announcement that the Government planned to build 4.1 million homes for blacks by the year 2000.

Stevenson remains optimistic about 1980 and said the demand for building could be expected to exceed the 1979 figure by as much as seven percent. This year should lead to a resurgence of flat building as the economy sets about making up the backlog.

The reappearance of skilled labour shortages would lead to the payment of premium wages and coupled with other factors this could push up labour costs in 1980 by 12 percent.

As with all other industries, cost increases will continue to be a yearly feature of the building industry, he says, and next year's increases should add up to no less than 15 percent.

Bifsa's "positive answer" to the inflating labour costs is planned intensive training for every level of its labour force in a programme scheduled over the next 20 years.